

THE WALL STREET JOURNAL.

DOW JONES | News Corp *** MONDAY, MARCH 27, 2023 ~ VOL. CCLXXXI NO. 70 WSJ.com ★★★★★ \$5.00
Last week: DJIA 32237.53 ▲ 375.55 1.2% NASDAQ 11823.96 ▲ 1.7% STOXX 600 440.11 ▲ 0.9% 10-YR. TREASURY ▲ 5/32, yield 3.379% OIL \$69.26 ▲ \$2.33 EURO \$1.0762 YEN 130.71

What's News

Business & Finance

Elon Musk said Twitter employees will receive stock awards based on a roughly \$20 billion valuation, less than half of the \$44 billion price he acquired the company for last year, according to an email viewed by The Wall Street Journal. **A1**

◆ **The concern around** TikTok in Washington is drawing fresh attention to how Chinese apps have woven themselves into the fabric of young Americans' lives and what makes them so popular. **B1**

◆ **The economic fears** gripping Wall Street have sparked outside swings in oil prices, exacerbated by trading that investors and analysts say has little to do with the fundamental value of crude. **B1**

◆ **Working remotely** is becoming increasingly rare a few years after the pandemic caused millions of Americans to decamp from workites to their homes. **A2**

◆ **Crypto picked** a former Coinbase employee convicted of insider trading as an unlikely ally in its battle against oversight by the SEC. **B1**

◆ **Tens of thousands** of people can't withdraw investments in companies controlled by indicted financier and self-described billionaire Greg Lindberg. **B1**

◆ **A judge ruled** that a nonprofit online platform violated the copyrights of four leading publishers by lending digitally scanned copies of their books without permission. **B3**

◆ **Bregal hired** former Carlyle partner Ryan Selwood as the private-equity manager's chief investment officer. **B2**

World-Wide

◆ **Israel's Netanyahu** fired his defense minister in an attempt to quell dissent against a controversial judicial-overhaul plan, spurring tens of thousands of people to protest in cities across Israel. **A1**

◆ **The Pentagon is** seeking to enlist Silicon Valley startups in its effort to fund and develop new weapons technology and more nimble suppliers, as the U.S. races to keep pace with China's military advances. **A1**

◆ **After months of** new weapons deliveries from the West, Ukraine is poised to punch back at Russia's invasion forces in coming weeks, a high-risk campaign that will set the course of subsequent battles and potential peace negotiations. **A8**

◆ **Ukrainian officials** called for an emergency meeting of the U.N. Security Council after Putin announced plans to deploy tactical nuclear weapons in Belarus. **A8**

◆ **Trump, appearing** before thousands of supporters at a rally in Texas, attacked the various legal investigations he is facing, including a potential New York indictment for his role in a hush-money payment to a porn star. **A4**

◆ **The Biden administration's** nominee for the top job at the FAA took himself out of the running for the position after criticism from Republicans over his credentials. **A5**

◆ **The EU reached** a deal with Germany that is expected to water down the bloc's plan to effectively ban new internal-combustion-engine cars from 2035. **A9**

CONTENTS
Arts in Review... A15-17
Opinion... A15-17
Outlook... A2
Business Finance... B25
Personal Journal A11-12
Sports... B3
Technology... A14
Crossword... A14
Technology... B4
U.S. News... A2-6
World News... A7-9



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Mississippi Picks Up the Pieces After Deadly Tornado



DIGGING OUT: Undray Williams, a Rolling Fork, Miss., city councilman, stands in the wreckage of his home Sunday, where he was rescued after being trapped in the rubble. The tornado that struck Friday night killed 25 people in the state. **A3**

Musk Says Twitter Is Worth Less Than Half What He Paid

By ALEXA CORSE

Elon Musk said Twitter Inc. employees will receive stock awards based on a roughly \$20 billion valuation, less than half of the \$44 billion price he acquired the company for last year, according to an email viewed by The Wall Street Journal.

Mr. Musk in the note to staff wrote that he was optimistic

about the social-media company's future. "I see a clear, but difficult, path to a >\$250B valuation," meaning stock granted now would be worth 10 times more, he wrote.

Mr. Musk also wrote in the email that Twitter is being reshaped so rapidly that the company "can be thought of as an inverse startup."

Radical changes have been necessary in part to ensure

that Twitter didn't go bankrupt, according to the email, which was reported earlier by Platformer and the Information.

The new valuation figure is a sign of the challenges that have faced Twitter since Mr. Musk's takeover. Many big advertisers stopped spending on the platform, challenging Twitter's main source of revenue, though the company has been working

to woo advertisers back.

Separately, Twitter said in court filings that parts of its source code were leaked online, an incident that could raise security concerns for the company. In documents filed Friday in federal district court in northern California, Twitter said that a person or group operating under the username FreeSpeechEnthusiast "posted

Please turn to page A9

Trump's Strategy: Vilify Prosecutors, Stall, Rally His Base

Donald Trump has survived impeachments, investigations and congressional inquiries. Now, as criminal probes advance on several fronts, the for-

By Rebecca Ballhaus, Alex Leary and Corinne Ramey

mer president is employing his familiar scattershot tactics to meet the start of a potentially more precarious legal chapter.

Mr. Trump, who is mounting his third consecutive presidential campaign, could face an indictment as early as this week in the Manhattan district attorney's investigation into his role in paying hush money to a porn

star. On Friday, Trump lawyer Evan Corcoran spent more than three hours before a federal grand jury in Washington in special counsel Jack Smith's investigation into the handling of classified documents at Mar-a-Lago.

Some of Mr. Trump's closest advisers have been summoned to testify in a separate probe by Mr. Smith of efforts to overturn the 2020 election. And a district attorney in Georgia investigating efforts by Mr. Trump and his allies to over-

turn the 2020 election. And a district attorney in Georgia investigating efforts by Mr. Trump and his allies to over-

◆ **Former president is defiant** at Texas rally..... **A4**
◆ **GOP lawmakers** want a peek into probe of Trump..... **A5**

Final Four Set In Men's Hoops



Miami will play Connecticut and San Diego State will face Florida Atlantic on Saturday in Houston as they compete for the national men's championship. A14

Pentagon Seeks Out Silicon Valley Firms As Arms Suppliers

The Pentagon is seeking to enlist Silicon Valley startups in its effort to fund and develop new weapons technology and more nimble suppliers, as the U.S. races to keep pace with China's military advances.

By Sharon Weinberger, Robert Wall and Doug Cameron

The push to tap private capital comes in the midst of concern that U.S. defense-industry consolidation has led to dependence on a few large companies that rely on government funding for research and is hampering innovation. Meanwhile, China has pulled ahead in some key technolo-

Netanyahu Fires Minister, Escalating Protests

Israel's defense official is dismissed as divisions deepen over planned court overhaul

By DOV LIEBER AND AARON BOXERMAN

JERUSALEM—Prime Minister Benjamin Netanyahu of Israel fired his defense minister on Sunday in an attempt to quell dissent against a controversial judicial overhaul plan, spurring tens of thousands of Israelis to pour into the streets of Jerusalem, Tel Aviv and other cities across the country in protest.

The decision to fire Defense Minister Yoav Gallant came one day after the minister, who is a member of Mr. Netanyahu's own Likud party, said the judicial overhaul should be delayed because protests over the proposals within the military had become a grave threat to the nation.

Mr. Gallant's firing comes as Mr. Netanyahu barrels forward with a deeply controversial judicial overhaul plan that has prompted some members of his own party to urge him to delay bringing the legislation to a vote. If he delays the vote he risks the collapse of his coalition, as most of his allies are adamant on pushing ahead with the legislation.

The decision to rein in any dissent suggests Mr. Netanyahu won't back down from the overhaul, even as many political analysts believe the country could be headed toward a constitutional crisis.

Please turn to page A7

San Francisco Fights Disorder—And Goes After a Little Library

Inspectors threaten couple with a \$1,402 fee, also target benches and awnings

By JIM CARLTON

SAN FRANCISCO—Many of this city's streets are clogged with homeless tents, drug addicts and illegal vendors. City inspectors recently went after a Little Free Library.

"Remove unpermitted encroachments from public right of way," ordered a city notice to Susan and Joe Meyers, unless they applied within 30 days for a \$1,402 "Minor Sidewalk Encroachment Permit" to keep the library and a bench they built in front of their Victorian in the Lower Pacific Heights neighborhood. City officials dropped the heavy hammer of government

on the mini library due to what officials said was a single anonymous complaint.

Since the Feb. 22 notice from San Francisco Public Works, hundreds of supporters of the library have rallied around the couple, who put the small pedestal in front of their home a decade ago and have helped stock it with a revolving catalog ranging from "It's Fun to Make Things From Scrap Materials" to "Break-free From Compulsive Eating." The book-sharing cabinet is run on the honor system, and anyone can leave or take a book, for free.

Please turn to page A10

Al Qaeda Closes In On U.S. Ally in Africa

In Ghana, a fight between ethnic groups is the kind of bitter dispute militants exploit

By MICHAEL M. PHILLIPS

BAWKU, Ghana—The good news according to Salifu Bashru, an elder of the Mamprusi people, is that if al Qaeda militants attack, they'll probably kill his rivals from the Kusasi community first.

The bitter, 65-year dispute between Mamprusi and Kusasi over which ethnic group rules this small northern Ghanaian city has turned deadly in recent months, with neighbors exchanging machine-gun fire and each side vowing never to let the other get its way.

So Mr. Salifu relishes the idea of al Qaeda gunmen storming through Kusasi

neighborhoods even more than he worries about the terror group invading Ghana in the first place. "We wouldn't help the Kusasi at all," vowed the 60-year-old, seated in front of a mural listing Mamprusis who have served as paramount chief of Bawku since 1721.

The clash between Bawku's main ethnic groups is a hyper-local conflict with potentially global implications. Both Ghanaian and U.S. officials fear that al Qaeda militants, who have attacked villages in Burkina Faso just a few miles away, could take advantage of the tensions to establish a beachhead in

Please turn to page A10

INSIDE



PERSONAL FINANCE
Retirees stretch a smaller nest egg to retire on less than \$1 million. **A11**

BUSINESS & FINANCE
Focus on TikTok draws attention to popularity of Chinese apps with young Americans. **B1**

U.S. NEWS

Mississippi Digs Out, Looks to Future

Volunteers flock to tornado-ravaged areas, while residents seek a boost from relief funds

BY RACHEL WOLFE
AND GINGER ADAMS OTIS

ROLLING FORK, Miss.—Several hard-hit Mississippi towns continued to dig out after a powerful tornado cut a path of destruction through parts of the state Friday night, as residents balanced grief with a hope that the disaster could eventually spur renewal in their rural communities.

Driving down Highway 61 into the Delta town of Rolling Fork, population 1,800, on Sunday, the smell of barbecued meat and wood smoke was overpowering. Much of the town, located not far from the Mississippi River, was leveled by the storm, including its business district. The tornado claimed at least 25 lives in Mississippi, more than a dozen of them around Rolling Fork, as residents lost parents, cousins, lifelong friends and what some said were their dream homes.

Volunteers across the region came to offer muscle, equipment and moral support. Three local businesses set up outside the Sharkey County Department of Human Services with mobile grills giving out chicken wings, hot dogs, ribs and corn to the community.

Kenneth Williams, a 51-year-old postman who owns a traveling barbecue business, drove in from nearby Greenville, to distribute food. While outsiders viewed the area as a poor part of the country, “there is life outside of what you guys are thinking, and I wouldn’t trade it for the world,” he said. “The thing about living in the Delta, the housing is very cheap so they’ll use the federal money they get to build stronger housing.”

On Sunday afternoon, 58-year-old Hollis Washington, who works for the city doing road maintenance, was pulling what he could from the rubble of his house, which, as a young boy, he helped his father build. In 1974, he said, it was one of the first two-story homes in



A man in Rolling Fork, Miss., below cried on Sunday while talking about the damage to his properties and those of his neighbors after a tornado hit the community.

town. Friday’s storm ripped off that entire second floor and brought an exterior wall down on top of his leg, trapping him in debris.

Still, “I didn’t come out of the house being like ‘oh no, my house.’ You can get another house, but you can’t get another me, so I’ve been blessed,” Mr. Washington said. “I’ve always had a story to tell about this house, and this is just another chapter.” He said plans to help rebuild a more modest version as soon as he is able.

The tornado that smashed into Rolling Fork tore across the state in a continuous path for 70 minutes. At its strongest, preliminary data show it had wind gusts anywhere from 166 mph to 200 mph, the weather service said. It traveled 59 miles before it lifted off the ground.

Silver City, 30 miles east of Rolling Fork, was abuzz with chain saws, hammers and generators on Sunday, as dozens of volunteers fanned out to pass



out water and stretch blue tarps over damaged roofs. Three people in town were confirmed dead, with two in critical condition.

Bruce Williams, the sheriff of Humphreys County, said the town, with little more than 200 residents, was destroyed, but community members were resilient. “It’s just what we do. We come together and help each other out and do what we

can for our neighbors,” he said.

Mr. Williams said that as tragic as the storm was, there was an opportunity on the other side of it to bring back people back to an area whose population has been steadily declining because of a shortage of jobs. “There’s a potential for jobs rebuilding. Contractors are already here,” he said. “People are in wooden shotgun houses, so now when the fed-



Camille Bressange/THE WALL STREET JOURNAL

eral government comes in they build better, cost efficient homes.”

In Amory, a town of just over 6,500 in the northeast part of the state near Alabama, most residents were still without power or gas on Sunday.

Amory Fire Department Captain Steven Cox, who rode out Friday’s tornado in his underground storm shelter, said first responders were trying to

get an accurate count of the number of properties damaged. “I’d say about 40% of the city is pretty much a total loss,” Mr. Cox said.

The storm’s path was estimated to be at least half-a mile wide. It made a direct hit on the Amory Water Department and careened into three of the area’s biggest employers, he said.

While state residents continued to process the damage, some in the disaster areas managed to escape unscathed and expressed mixed emotions about their good fortune.

Rolling Fork’s Natalie Washington, a 43-year-old housekeeper at a local casino, said her house only lost a few roof tiles and she feels guilty that her home is still standing when so many of her friends lost everything. When she drove around town Friday night, “I broke down and cried, and then even more the next day with daylight. You just started seeing this and that gone.”



Sen. Mitch McConnell

McConnell Back Home After Injury And Rehab

BY SIOBHAN HUGHES

WASHINGTON—Senate Minority Leader Mitch McConnell (R., Ky.) is home from an inpatient rehabilitation facility where he was recovering from a concussion suffered after tripping at a hotel during a private dinner a little over two weeks ago.

“I want to sincerely thank everyone for all the kind wishes,” Mr. McConnell said in a Saturday statement, adding that he planned to work from home for the next few days on the advice of his physical therapists.

Mr. McConnell, who was hospitalized after the accident, said he was in frequent touch with Senate colleagues and staff. He said he looks forward to returning in person to the Senate soon.

Mr. McConnell, 81 years old, had been absent from the Senate since his March 8 fall. The accident occurred at the Waldorf Astoria Washington D.C., formerly the Trump International Hotel, where he was attending an event organized on behalf of the Senate Leadership Fund, which raises money to support Republicans running for U.S. Senate seats.

Doctors found that he had suffered a concussion and a minor rib fracture. Mr. McConnell had polio as a child and his gait is still uneven. Mr. McConnell fractured his shoulder in 2019 during a fall. Earlier, in 2003, he had triple bypass surgery.

Housing Is Struggle for Some Ukraine Refugees

BY ALICIA A. CALDWELL

Ukrainian refugees fled their war-torn country last year and found havens in the homes of Americans, but now some are struggling to navigate the tight housing market without a sponsor’s support.

“Everything was wonderful until it wasn’t,” said Svitlana Lazarieva, speaking through a translator, about a strain with her family’s sponsor. Ms. Lazarieva said she and her family left their home near Bakhmut, Ukraine, last June, about four months after Russia’s invasion of Ukraine began. The family planned to resettle in suburban Orange County, about an hour south of Los Angeles.

Uniting For Ukraine, a first-of-its kind U.S. government program, allowed Ukrainians to legally live and work in the U.S. for two years under an immigration-law provision called humanitarian parole. U.S. citizens, in some cases strangers, agreed to sponsor them and effectively invite them into their

homes on arrival. As of late February, about 115,000 Ukrainians had moved to the U.S. under the program, according to government data about it.

The Ukrainian parole program differs from the way the U.S. has for decades resettled refugees, because it puts a time limit on their stay and doesn’t offer government-funded housing or guaranteed assistance from a resettlement agency. It also differs from the way asylum seekers who cross the U.S. border have been treated. Typically, they aren’t immediately allowed to work and have no access to assistance.

Many Ukrainian refugees say the move has been great so far. “I see families who host people for a month, two or three; there are other cases where people are willing to host people for longer,” said Iryna Petrus, a Ukrainian woman who works with the Ukrainian American Community Center in Minneapolis. “People are very very generous here in the United States.”

There have also been hiccups, including initial delays in securing work permits and some of the social-welfare benefits approved by Congress last year, immigration lawyers, advocates and Ukrainian parolees have said.

The loose structure of the sponsorship requirements has

As of late February, about 115,000 Ukrainians had moved to the U.S.

been a struggle for many, too. Under the program rules, sponsors are supposed to help ensure that parolees have adequate and safe housing, though their lawyers and advocates said that requirement hasn’t been enforced. As a result, unclear expectations or soured relationships with their sponsors have left some Ukrai-

nians to navigate the high cost of living in parts of the U.S.

The Department of Homeland Security said sponsors are vetted for fraud and security concerns before an application is approved. “We thoroughly review each reported case of fraud or misconduct, and may refer those cases to federal law enforcement for additional investigation,” the department said.

Ms. Lazarieva said the sponsorship program offered a lifeline for her, her daughter, her grandson and the family dog to leave the war zone. The family started to put down roots, she said, her grandson enrolling in school and she and her daughter making friends and looking for work. The relationship began to sour late last year.

In January, Ms. Lazarieva said she found herself in urgent need of a new place to live. Her daughter, grandson and the dog had been able to move in with friends. But she, a lawyer in Ukraine who has found sporadic work in the U.S. cleaning

houses while she learns English, faced being homeless.

A social worker in Orange County connected her with Nova Ukraine, a nonprofit aid group that has established an emergency housing group to help Ukrainians facing similar situations. For more than two months, she has been living in a converted church office building in a business complex. A former office with a twin bed is her room until she can afford an apartment on her own.

Finding affordable housing has been a struggle for many, advocates, lawyers and parolees said.

“Housing is definitely one of the most painful obstacles that is not resolved, but continues to be an issue,” said Alex Budnitsky, chief executive and executive director of the Marks Jewish Community House of Bensonhurst, a Brooklyn, N.Y., aid group helping Ukrainians moving to the U.S.

◆ Ukraine poised to punch back against Russian invasion.... A8

New York Poised to Ban Natural Gas in New Buildings

BY SCOTT CALVERT

New York is poised to become the first state in the U.S. to pass a law banning natural-gas and other fossil-fuel hookups in new buildings, a step Democrats are pushing to help the state meet targets for greenhouse-gas reduction.

The measure is on track to be added to the state’s coming budget, which is due to be completed this week. Democratic Gov. Kathy Hochul in January pitched an all-electric building mandate in her spending plan, and both chambers of the Democratic-controlled State Legislature included similar proposals in their respective budget outlines. One of the legislation’s most noticeable effects would be an end to gas stoves in new homes, along with other gas-powered appliances such as

water heaters, furnaces and clothes dryers.

It faces opposition from some Republicans, labor unions, gas companies and business groups, citing concerns including affordability and reliability. Environmental groups have cheered the efforts.

Democrats in Albany are still hammering out final details such as when the mandate would take effect, lawmakers said, though all proposals on the table take a phased-in approach. The suggested effective dates tossed around so far, for various kinds of buildings, range from as early as Jan. 1, 2025, to as late as Dec. 31, 2028. The Senate and Assembly measures would exempt uses such as commercial kitchens, hospitals, crematoriums, laboratories and laundromats, while the governor’s office said a

range of exemptions would be possible.

“The basic premise here is that if you continue to build buildings that are going to require fossil fuels for decades to come, you are baking in...destructive behavior that burning fossil fuels causes,” said Democratic state Sen. Brian Kavanagh, an advocate in the Senate. “The first step is to stop digging the hole deeper.” Senate Republican Leader Rob Ortz said the proposals would remove options. “Seeking a cleaner energy future does not have to involve outright prohibitions on reliable, affordable energy,” he said.

Controversy over gas stoves flared nationally earlier this year following a news report that the U.S. Consumer Product Safety Commission was considering a gas-stove ban on indoor-air health concerns.

Republicans and some centrist Democrats cast the Biden administration as trying to out-law a beloved way of cooking. The White House said President Biden didn’t support a gas-stove ban.

New Yorkers for Affordable Energy, a coalition that includes labor unions and gas companies, argues against a mandate, calling it unpopular with residents. A recent Siena College poll found that 53% of all New York respondents said they opposed the idea.

“Natural gas is going to continue to be part of the bridge between what we have now, with the heavy use of fossil fuel, and what we are going to have in the future,” with more-renewable sources, said Daniel Ortega, of the coalition. “Unless we are able to address reliability and affordability, none of this is going to work out.”

Under New York’s proposals for banning fossil-fuel hookups, people who already have gas stoves could keep them.

Passage of a statewide building electrification requirement could spur other states to follow, said Amy Turner, senior fellow at the Sabin Center for Climate Change Law at Columbia Law School.

Dozens of U.S. municipalities already have all-electric building mandates, and lawmakers in some Republican-led states have passed laws blocking cities from imposing such requirements.

“This is going to be the biggest way we can chop off a huge amount of the pollution,” said Assembly member Emily Gallagher, a Democrat who sponsored an all-electric building bill.

U.S. NEWS

Former President Defiant at Texas Rally

By Adolfo Flores and Alex Leary

WACO, Texas—Donald Trump, appearing before thousands of supporters at a rally here, attacked the various legal investigations he is facing, including a potential New York indictment for his role in a hush-money payment to a porn star, declaring “they have nothing.”

“From the beginning it’s been one witch hunt and phony investigation after another,” said Mr. Trump, who is making his third consecutive White House bid and has pledged to continue no matter what charges he faces. He called the “weaponization” of the justice system “the central issue of our time.”

Prosecutors in New York have considered charging Mr. Trump with falsifying business records to hide the payment to adult film actress Stormy Daniels, which was made ahead of the 2016 election to keep her from going public with her story.

Mr. Trump said the payment to Ms. Daniels wasn’t a crime and denied having an affair with her, using a slur to describe Ms. Daniels, who alleges the two had a sexual encounter.

His appearance in this central Texas city came amid the 30th anniversary of the deadly



Former President Donald Trump criticized the investigations he is facing in a speech to thousands of backers Saturday in Waco, Texas.

standoff in Waco between federal authorities and Branch Davidian leader David Koresh, though campaign officials denied any connection.

The former president also attacked his primary rival for

the GOP nomination, Florida Gov. Ron DeSantis, calling him disloyal and reminding the crowd of the former congressman’s support for budget resolutions that would raise the retirement age for Social

Security, a position Mr. DeSantis has retreated from. A spokesman for the governor declined to comment.

Mr. Trump hardly had to persuade his supporters to stick with him, many of whom were

given signs with the slogan “Witch Hunt.”

“If he’s arrested I think people will stand behind him even tighter,” said B.J. Apgar, 47 years old, who showed up hours early for Mr. Trump’s

first traditional rally since launching his campaign in November.

Rick Scordo, 62, of McKinney, Texas, said he doesn’t believe the possible indictment would hurt Mr. Trump. “The prosecutors don’t have a case,” Mr. Scordo said. “If there was anything to the accusations the feds would’ve already gone after him.”

Mr. Trump’s rally remarks followed threatening rhetoric he has used in recent days. On Friday, he asked on social media why he would be charged, “when it is known by all that NO Crime has been committed, & also known that potential death & destruction in such a false charge could be catastrophic for our Country?”

Mr. Trump’s critics and defenders of Manhattan District Attorney Alvin Bragg decried the former president’s posts as inappropriate and irresponsible. The district attorney previously has said, “We are investigating thoroughly and following the facts without fear or favor.”

The evening rally was the first large-scale event since Mr. Trump announced his campaign in November. He has done a number of smaller events, while also drawing a packed crowd earlier this month in Davenport, Iowa.

—Corinne Ramey contributed to this article.

Trump Sets His Legal Strategy

Continued from Page One
turn the state’s presidential results in January said charging decisions were imminent.

To counter those probes, Mr. Trump is relying on a scattered team of lawyers and advisers with little sign of a coordinated strategy beyond attacking investigators, seeking to delay proceedings and casting himself as the victim of a witch hunt, according to current and former aides and legal advisers. His legal team, much as it was for the duration of his presidency, has been plagued by infighting and has suffered frequent turnover due to clashes over personality and legal strategy.

Mr. Trump’s lawyers have questioned each other’s tactics and competence behind the scenes and have urged contradictory approaches. One skirmish came last year in the classified-documents case, with lawyers arguing over whether to be conciliatory with the government in hopes of resolving the issue or to take an adversarial posture. The latter prevailed, and the case continues to hang over Mr. Trump.

The lawyers representing him in different probes around the country have been in little contact, people familiar with the matter say. Mr. Trump has long encouraged infighting among his attorneys by playing them against each other, at times calling advisers to ask what they think of his legal team’s performance and calling other lawyers to ask them to join or replace members of his team.

‘Totally reactive’

What Mr. Trump is missing, said former Trump White House lawyer Ty Cobb, is an attorney who would serve as a leader for the lawyers working on disparate investigations. “He plays his own captain, and legally that is suicidal,” Mr. Cobb said. “His strategy, to the extent there is one, appears totally reactive.”

Mr. Trump has often proved a difficult client over the years, which Mr. Cobb, who left the Trump White House on good terms, said would be an obstacle to finding a lawyer to take on such a leadership role. “Nobody considering assisting the former president at this stage of the game can be unmindful of the extraordinary speed with which Trump turns lawyers into witnesses,” he added.

Mr. Trump has denied any wrongdoing in each investigation he faces.

The Trump campaign said it is equipped to handle any legal issues. “This operation has been fine-tuned since 2016,” said spokesman Steven Cheung. “Dealing with these types

of news cycles, you learn to get good at it. We have a full-spectrum response operation on the campaign that can deal with anything that comes our way.”

Chris Kise, a lawyer for the former president, said it was “sheer nonsense” that the teams weren’t coordinating. “You are working on disparate paths but ultimately everyone is on the same team,” he said. He called Mr. Trump a “focused and deliberative decision maker,” adding: “Does he listen all the time, no. But in more than 30 years as a lawyer I have never had a client who listens all the time.”

Mr. Trump’s team sees the compounding investigations as more of a political issue than a legal one, advisers say. His lawyers view the probes as challenging to manage amid a presidential campaign, but appear less concerned about the legal ramifications for Mr. Trump. If convicted in the Manhattan case, he would be unlikely to face prison time. Potential penalties in the other investigations are less clear.

His allies see potential political upside from an indictment, which they hope would rally Republicans around the former president. Mr. Trump has sent a flurry of fundraising emails in recent days casting himself as a beleaguered warrior for his supporters. “They only want to lock me up because I’m the one thing standing between them and YOU,” one recent solicitation read.

On social media, Mr. Trump has mounted an escalating series of attacks on Manhattan District Attorney Alvin Bragg, which some legal experts say could come back to hurt him if he were to face a trial. In a post just after 1 a.m. on Friday, he called Mr. Bragg a “degenerate psychopath” whose actions could bring “potential death & destruction”; a day earlier, he posted a photo of himself with a baseball bat beside a photo of Mr. Bragg’s head.

A spokeswoman for Mr. Bragg’s office has said the office evaluates cases based on the facts, law and evidence.

Mr. Trump for decades has managed to ward off serious legal jeopardy, frustrating his detractors.

“He believes the best defense is an offense,” said longtime ally Roger Stone. “As far as the trail ahead, he’s fatalistic: I’ll fight each challenge one by one and I’ll win.”

Mr. Trump has expressed mixed views in private conversations on a potential indictment. He is unsettled by the idea of being indicted, people close to him said. But he has also told advisers he is pleased that the controversy has put him squarely back in the spotlight, which he believes has let him overshadow other Republicans in the presidential race.

Mr. Trump on Saturday night appeared before thousands of supporters at a rally in Waco, Texas, where he lashed out at investigators and cast himself as a victim. The



Chris Kise, left, is a lawyer for the former president.

“weaponization” of the justice system, he said, is “the central issue of our time.”

Swing voters

While an indictment could boost Mr. Trump in the Republican primary, it could further alienate swing voters turned off by the barrage of controversies. Mr. Trump shed moderate GOP voters and independents in his 2020 loss to President Biden. Republican angst intensified following the November midterm elections when a number of high-profile Trump-backed candidates lost after echoing his false assertions about election fraud.

Florida Gov. Ron DeSantis, who appears likely to be Mr. Trump’s most formidable primary challenger, has criticized the New York investigation but also jabbed the former president over the payoff, telling reporters: “I don’t know what goes into paying hush money to a porn star to secure silence over some type of alleged affair.”

“I don’t think any political candidate says ‘Hey I want to improve my campaign, how about I get indicted,’” said former New Jersey Gov. Chris Christie, who is considering entering the Republican primary. A trial would take “time and effort and money away

from what you’re doing politically,” he added.

Mr. Trump’s political-action committee, Save America, paid more than \$16 million in legal consulting fees in 2021 and 2022, more than half of which went to firms linked to the lawyers representing him in various investigations, Federal Election Commission records show. It is legally murky whether the PAC will be able to continue paying for Mr. Trump’s legal fees now that he is officially running for president.

Normal schedule

Mr. Trump has kept a normal schedule at his Mar-a-Lago resort. He dined Thursday night with friend and actor Jon Voight. In conversations with advisers last week, he has talked about his polling advantage over Mr. DeSantis, and has been exploring new avenues to attack the governor.

His legal operation stands in contrast to his campaign, which so far has lacked the internal disorganization and drama of the past, and is led by two veteran operatives, Susie Wiles and Chris LaCivita.

The Trump operation, which in some previous inquiries has relied on congressional Republicans to battle in its defense, has done less to coordinate strategy with the

Hill this time, even as a group of House Republicans have argued that Mr. Bragg is abusing his authority, according to a person familiar with the matter.

Some Trump lawyers have reached out to the House Judiciary Committee to check in, but there has been little discussion of strategy with the panel, the person said. The committee’s chairman, Jim Jordan (R., Ohio), is among the Republicans who have sought Mr. Bragg’s testimony about his investigation, a move the DA’s office called “an unlawful incursion into New York’s sovereignty.”

In recent years, Republicans have often criticized—both publicly and privately—the lawyers Mr. Trump has chosen to represent him. Several of Mr. Trump’s lawyers, including Rudy Giuliani and John Eastman, have come under investigation themselves. Both have denied wrongdoing.

Currently, the former president’s team includes Boris Epshteyn, a lawyer and political adviser; Mr. Kise, a well-connected former Florida solicitor

‘He plays his own captain,’ says a former Trump White House lawyer.

general who was brought onboard last summer to help with the Justice Department’s investigation into the handling of sensitive documents at Mar-a-Lago but whose responsibilities have widened; and Jim Trusty, a former federal prosecutor who caught Mr. Trump’s attention by defending him on television.

In the New York hush-money probe, Mr. Trump is represented by Susan Necheles and Joe Tacopina, both longtime New York criminal de-

fense lawyers.

In court, Trump lawyers’ strategy has focused on delaying and attacking any potential charges and has at times drawn the scorn of state and federal judges.

In January, in a separate matter, a federal judge in Florida levied a nearly \$1 million fine on Mr. Trump and his attorney, Alina Habba, over their March 2022 filing of what he called a frivolous lawsuit alleging a political conspiracy during the 2016 election.

The actions of Mr. Trump’s attorneys have also been a central part of the Justice Department’s documents probe. One of them, Christina Bobb, told federal investigators that another lawyer, Mr. Corcoran, assured her that he conducted a thorough search of Mar-a-Lago before he asked her in June to certify that all records requested by a subpoena had been returned. The certification by Ms. Bobb was undermined two months later when the FBI searched the Florida compound and retrieved hundreds of sensitive and classified documents.

Prosecutors have asked about the role of Mr. Epshteyn in the Mar-a-Lago investigation, with questions suggesting an interest in whether he sought to influence witness testimony, according to people familiar with the investigation.

Mr. Epshteyn and his lawyer have declined to comment on prosecutors’ interest.

‘Very weak’

Mr. Trump’s team is appealing a recent ruling by U.S. District Judge Beryl Howell, who found that the special counsel had presented sufficient evidence that Mr. Trump misled his own lawyers about his retention of the documents. A Trump spokesman argued that the focus on his attorneys was “a good indication their underlying case is very weak.”

In Georgia, Mr. Trump’s lead counsel, Drew Findling, has asked a state court to scrap the investigation, saying the inquiry had been “tainted by improper influences,” including media interviews given by Fulton County, Ga., District Attorney Fani Willis, the presiding judge and a grand jury forewoman. The motion has little chance of success, legal experts unconnected to the case said.

A New York judge who presides over separate litigation between New York Attorney General Letitia James and Mr. Trump has repeatedly criticized the former president and his company for delays and not responding sufficiently to subpoenas. Earlier this year, he declined to dismiss the civil-fraud lawsuit against Mr. Trump, calling his lawyers’ “witch hunt” arguments “frivolous.”

On Saturday night in Texas, Mr. Trump declared, “From the beginning it’s been one witch hunt and phony investigation after another.”

—Sadie Gurman and Jan Wolfe contributed to this article.



Boris Epshteyn, a lawyer for Donald Trump, is shown speaking to Trump supporters in 2020.

U.S. NEWS

Republican Lawmakers Want Peek Into Probe Of Trump

By NATALIE ANDREWS

House Republicans pressed Manhattan District Attorney Alvin Bragg to cooperate with their request for information about the potential indictment of former President Donald Trump over his role in paying hush money to a porn star.

In a Saturday letter to Mr. Bragg, House Judiciary Chairman Jim Jordan (R., Ohio), Oversight Chairman James Comer (R., Ky.) and House Administration Committee Chairman Bryan Steil (R., Wis.) outlined their reasoning for why Congress should have access to communications, documents and testimony relating to the Manhattan district attorney's investigation.

"This matter does not simply involve local or state interests," the three congressmen said in an eight-page letter. "Rather, the potential criminal indictment of a former President of the United States by an elected local prosecutor of



District Attorney Alvin Bragg

the opposing political party (and who will face the prospect of re-election) implicates substantial federal interests, particularly in a jurisdiction where trial-level judges also are popularly elected."

A spokeswoman for Mr. Bragg said Saturday that the office evaluates cases based on the facts, law and evidence. "This unprecedented inquiry by federal elected officials into an ongoing matter serves only to hinder, disrupt and undermine the legitimate work of our dedicated prosecutors," the spokeswoman said.

House Republicans are seeking information about the Trump investigation after the former president expressed worry that he would soon be arrested, calling it prosecutorial overreach and politically motivated. A Manhattan grand jury has been hearing testimony in the matter.

Prosecutors have considered charging Mr. Trump with falsifying business records to hide the payment to porn star Stormy Daniels to keep her from going public with allegations that she had an affair with Mr. Trump. He denies the affair and says he has engaged in no wrongdoing.

In rebuffing the House lawmakers, Mr. Bragg's office requested a meeting to determine whether the lawmakers had a "legitimate legislative purpose" in requesting materials related to the Trump matter.

Mr. Trump has repeatedly called the investigation a "witch hunt." He recently told followers on Truth Social that he expected to be arrested. Any indictment of Mr. Trump wouldn't be public until it is unsealed by a judge.

Mr. Jordan also sent letters to former Manhattan prosecutors Carey Dunne and Mark Pomerantz, both of whom worked on the Trump investigation and resigned after Mr. Bragg declined to move forward with an earlier, broader case against Mr. Trump. Those letters requested documents and communications related to the district attorney's Trump investigation, dating back to 2017.

Democrats accused Republicans of protecting Mr. Trump. "The continued efforts to meddle in an ongoing criminal investigation to shield a political ally is irresponsible, egregious and dangerous," said Rep. Joe Morelle, the top Democrat on the House Administration Committee.

—Corinne Ramey contributed to this article.

Biden's Pick to Lead the FAA Withdraws

By MICAH MAIDENBERG AND LINDSAY WISE

The Biden administration's nominee for the top job at the Federal Aviation Administration has taken himself out of the running for the position following criticism from Republicans over his credentials for the job.

Phil Washington, currently chief executive of Denver International Airport, withdrew his name from consideration to serve as FAA administrator, a White House official said Saturday.

Mr. Washington declined to comment.

The FAA hasn't had a Sen-

ate-confirmed leader for about a year. The agency, with around 45,000 employees, oversees operations in U.S. airspace and a range of aviation policy matters.

The FAA recently has been focused on a string of recent near collisions between planes that threatened passengers and crew at several airports around the U.S. and a January technology breakdown that led to the first nationwide flight halt since the 9/11 terrorist attacks. It also has continued to scrutinize Boeing Co.'s efforts to improve its engineering and factory operations after two 737 MAX crashes.

"Given the significant chal-

lenges facing the FAA, this wasn't the time for an administrator who needed on-the-job training," Sen. Ted Cruz of Texas, the ranking Republican on the Senate Commerce panel, said on Saturday. "The Biden administration must now quickly name someone to head the FAA who has an extensive aviation background, can earn widespread bipartisan support in the Senate, and will keep the flying public safe."

At a Senate Commerce Committee hearing in early March, Mr. Washington said he had the skills to lead the FAA, and pledged to speed up efforts to carry out various regulatory programs at the agency.

Senate Commerce Committee Chairwoman Maria Cantwell (D., Wash.) on Saturday maintained her support for Mr. Washington.

The Senate panel had scheduled Mr. Washington's nomination for a vote last week, but it was canceled over uncertainty about whether he could win approval.

Sen. Kyrsten Sinema of Arizona, an independent who caucuses with Democrats, was among those on the committee who had concerns about Mr. Washington's FAA nomination.

Reuters earlier reported that Mr. Washington was withdrawing from consideration.

Mr. Washington rose to the rank of command sergeant major during a 24-year Army career. Before taking on the top job at the Denver airport, he led a transportation authority that serves Los Angeles County and headed a Denver-area transportation agency.

The Biden administration nominated Mr. Washington to lead the FAA in July 2022.

Billy Nolen, a former American Airlines Group Inc. pilot and executive focused on regulatory and safety matters, has served as acting administrator of the agency since the last permanent administrator, Steve Dickson, stepped down from the job last year.



JENNA BASCOM PHOTOGRAPHY

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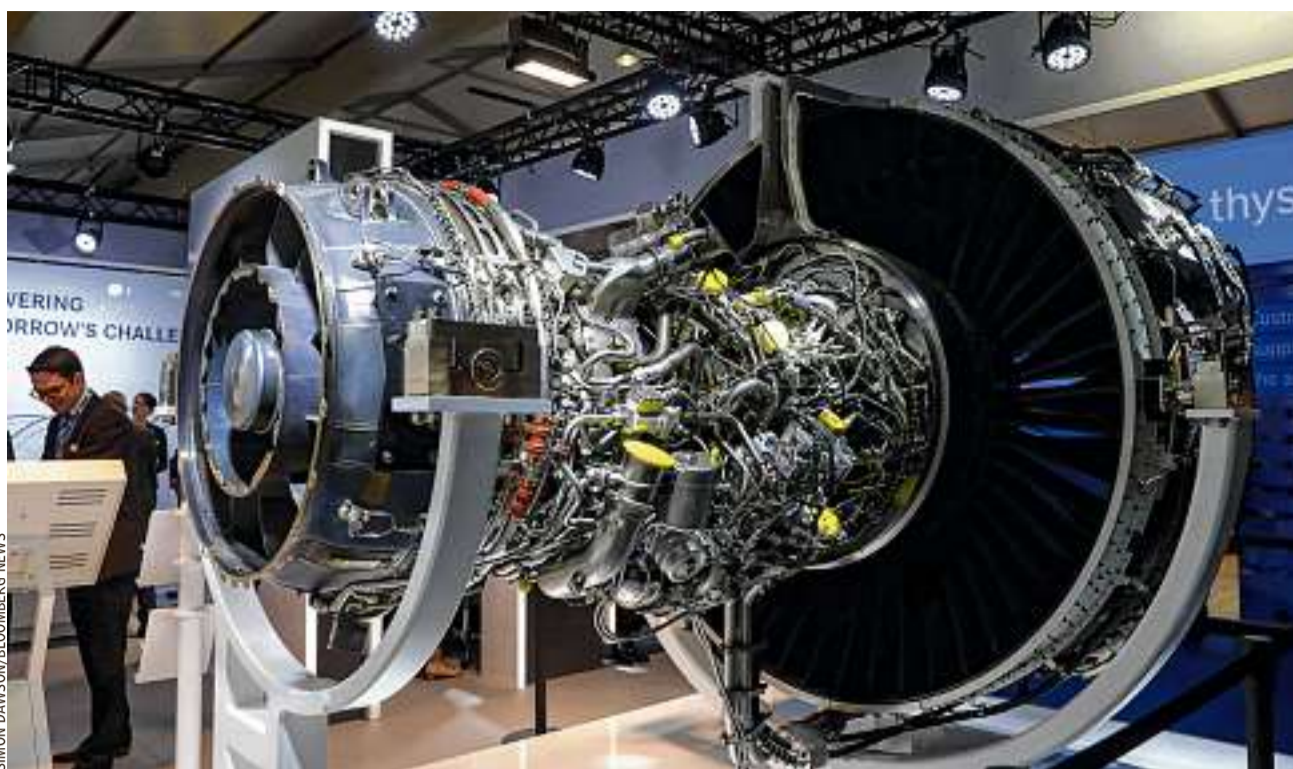
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Pratt & Whitney engine. An indictment says a former Pratt & Whitney director was the leader of a conspiracy. He maintains his innocence.

Executives Go on Trial Over Alleged No-Poach Conspiracy

By DAVE MICHAELS

WASHINGTON—Federal prosecutors are scheduled to begin a trial Monday in which a former Pratt & Whitney manager is accused of conspiring with his suppliers to prevent them from poaching one another's workers, in a new test of the government's more aggressive antitrust strategy. The case, in federal court in Bridgeport, Conn., is the latest example of a new category of prosecution: collusion among employers to restrict workers' mobility or wages. The Justice Department has struggled to persuade jurors at three prior trials to convict defendants accused of crafting such agreements.

The trial centers on Mahesh Patel, a former director at Pratt & Whitney who was in charge of its relationships with suppliers. A subsidiary of Raytheon

Technologies Corp., Pratt has tens of thousands of employees and is one of the world's largest aircraft-engine makers.

Mr. Patel allegedly conspired with five executives of Pratt's suppliers not to hire or recruit one another's engineers or other skilled workers. Robert Harvey, Harpreet Wasan, Steven Houghtaling, Tom Edwards and Gary Prus also were charged. Prosecutors said the aim of the alleged conspiracy was to hold down labor costs and preserve the companies' profit margins.

Mr. Patel was the leader and primary enforcer of the conspiracy, according to a grand jury indictment issued in December 2021. The other executives complained to Mr. Patel after learning a rival supplier had offered a job to or sought to hire one of their employees, prosecutors said. Prosecutors obtained emails

in which the men talked about rescinding employment offers that would have violated their agreement. According to one message cited by prosecutors, a chief executive wrote: "Our general aim is NOT to recruit from the local 'competition' because no one wins; salaries rise, the workforce get [sic] unstable, and our margins all get hurt."

Brian Spears, a lawyer for Mr. Patel, said his client "has maintained his innocence throughout these proceedings and looks forward to the opportunity to clear his name." A Justice Department spokeswoman and a lawyer for Mr. Houghtaling declined to comment. Attorneys for the other defendants didn't respond to messages seeking comment.

The Justice Department once treated wage-fixing or no-poaching agreements as civil violations, but it changed its posi-

tion in 2016 and said it would deal with them as crimes.

A jury in Colorado last year rejected the first attempt to prosecute an alleged no-poach agreement. Dialysis provider DaVita Inc. and its former chief executive officer, Kent Thiry, were acquitted on three counts of conspiring with other companies not to recruit one another's senior-level employees.

In another trial loss for the DOJ, a federal jury in Maine last week acquitted four managers of home-health agencies accused of fixing wages and agreeing not to hire one another's workers.

In October, prosecutors obtained their lone win in a criminal wage-fixing and no-poaching case. VDA OC LLC, a healthcare staffing company in Nevada, pleaded guilty to one count of conspiring to restrict the pay of nurses around Las Vegas.

Telehealth Apps Warned on Data

By PATIENCE HAGGIN

The Federal Trade Commission is cracking down on the data-sharing practices of telehealth companies, focusing on widespread uses of data that many companies in the industry have failed to disclose to users.

The FTC this month reached a proposed settlement with BetterHelp, a subsidiary of Teladoc Health Inc., over allegations that the therapy-focused telemedicine company promised to keep users' health data private but shared it with advertising partners.

Many telehealth apps have similar data-sharing practices and are likely to face scrutiny as the agency continues to focus on health data, privacy specialists said. "We're very concerned by how easy it is for consumers to hand over their most sensitive information," said Miles Plant, senior privacy and data security attorney at the FTC.

BetterHelp settled the charges and didn't admit wrongdoing. BetterHelp described its practices as industry-standard and said the FTC was working to "set new precedents around consumer marketing."

The FTC's proposed order, which is expected to be made final by the commission, would require BetterHelp to pay \$7.8 million and bar the company from sharing consumers' health data for advertising.

Millions of consumers turned to telehealth providers at the onset of lockdowns. Consumers continue to turn to apps for medicine, therapy and other issues. Telehealth revenue is expected to grow 4.6%, to \$30.4 billion, in 2023, according to estimates from the market-research firm IBISWorld.

Nicholson Price, a professor at the University of Michigan Law School, said many consumers erroneously expect that the Health Insurance Portability and Accountability Act safeguards their health data in all contexts.

In February, four senators—Amy Klobuchar (D., Minn.), Susan Collins (R., Maine), Maria Cantwell (D., Wash.) and Cynthia Lummis (R., Wyo.)—requested more information from three telehealth companies about their privacy practices.

The FTC has pursued privacy-related settlements with other companies. This year, the prescription-drug discount provider GoodRx Holdings Inc. agreed to pay a \$1.5 million civil penalty to resolve FTC allegations that it unlawfully disclosed consumers' personal health information to adver-

Telehealth revenue is expected to grow 4.6%, to \$30.4 billion, in 2023.

tisers. GoodRx didn't admit wrongdoing and proactively addressed the issues before the FTC inquiry began, a company spokeswoman said.

Last year the FTC alleged that Kochava Inc. sold geolocation data that could reveal users' visits to abortion clinics, addiction-recovery facilities and other sensitive locations. Kochava sued the FTC and argued in court that the agency's allegations "are based on vague, ill-informed references to our business practices and hypotheticals that don't violate any law," Charles Manning, founder and chief executive of Kochava, said. The FTC sued Kochava. Both suits are pending.

In 2021, the FTC settled with the menstruation-tracking app Flo Health Inc. over allegations that it improperly shared personal data. Flo Health didn't admit wrongdoing and has since completed an external, independent privacy audit, a company spokeswoman said.

—Rolf Winkler contributed to this article.

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Pentagon Woos Tech Startups

Continued from Page One called the Office of Strategic Capital, which is designed to attract more investment, particularly venture capital, into companies producing technology and products viewed as critical to the military. It is the latest in a variety of Pentagon-backed efforts to harvest ideas from outside the traditional defense sector.

These efforts coincide with rising interest by venture-capital investors in the military business, spurred by Washington's focus on China, and the success of such companies as Elon Musk's SpaceX in winning Pentagon business.

About \$6 billion annually is now flowing from private capital into the U.S. defense and aerospace market, up from around \$1 billion in 2017, according to PitchBook Data Inc., which tracks private funding.

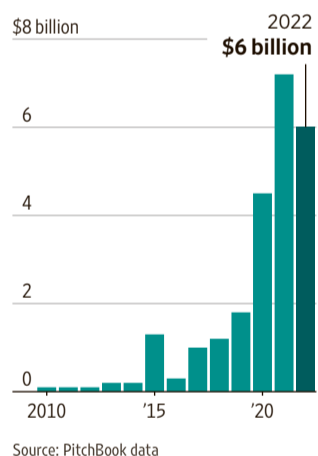
The burgeoning links between the tech sector and the U.S. military come with their own set of complications. The shock waves from Silicon Valley Bank's rapid collapse this month rippled through the Pentagon, where officials scrambled to come up with plans for startups working on defense projects that had accounts there, according to government and industry officials.

The Federal Reserve eventually guaranteed deposits. "It was a very close call," said Eric Levesque, co-founder of Strider Technologies Inc., a data and software-services startup that contracts with the Defense Department. He said Washington's decision to fully guarantee deposits spurred a "sigh of relief."

Had the government not stepped in, some military production could have been at risk, said Mike Brown, a former director of the Pentagon's Defense Innovation Unit, which aims to strengthen ties between the military and tech startups.

"It would've created immediate problems in the current supply chain," he said, adding that some suppliers to classi-

U.S. venture capital deal activity in aerospace and defense technology



fied programs could have been imperiled. Mr. Brown is now a venture partner at Shield Capital, which invests in defense-related startups.

The Pentagon referred questions about Silicon Valley Bank to the Treasury, which declined to comment specifically on defense startups.

Trae Stephens, a partner at the venture-capital Founders Fund, said investors are turning to defense because of changing dynamics in the startup market. The view of many VCs, he said, is, "You really can't deploy capital into crypto anymore, you really can't deploy capital into e-

SpaceX and Palantir both had to sue before winning military orders.

commerce anymore. Where am I going to deploy capital? Well, there is a recession-proof category, it's defense."

The Defense Department has for years signaled an interest in working with nontraditional suppliers in the tech industry, but there were few successes. That changed in 2016, when the software startup Palantir Technologies Inc. sued to compete on a Pentagon contract, said Mr. Stephens, a Palantir executive at the time.

The startup, which designed a system to sift through large intelligence data sets, argued it had an existing product rather than developing a bespoke system. Palantir prevailed.

"This was the turning point for private companies," said Mr. Stephens, who co-founded Anduril Industries Inc., a startup that makes drone and surveillance systems. Mr. Musk's SpaceX had to sue before it won Pentagon orders. More recently Anduril has secured U.S. military business without the need for a legal battle.

Those companies have demonstrated that the Pentagon is a market now open to startups, said Gilman Louie, chief executive and co-founder of America's Frontier Fund, which invests in technologies to address national and economic security problems.

"It's the younger, innovative companies that are dominating the cyber, AI, software spaces," said Mr. Louie, who ran In-Q-Tel, the Central Intelligence Agency's venture-capital arm.

What helped some of the early startups prevail were deep-pocketed backers, raising questions on whether less well-heeled newcomers can succeed. "You can probably count on one hand companies that have billionaire founders who can just keep funding and funding and funding the thing until eventually they crack the nut and get a large program," said Warren Katz, who heads the Alliance for Commercial Technology in Government.

It is hard to determine how deep the Defense Department's interest in new suppliers goes. Mr. Stephens of Founders Fund said the Pentagon's inclination to work through large defense contractors means that many of the smaller VC-funded startups likely won't survive.

Adding to that concern, Pentagon acquisition chief Bill LaPlante lashed out last year against traditional defense manufacturers for lagging production, and against Silicon Valley, questioning the relevance of technologies such as artificial intelligence and quantum computing in the midst of an artillery war in Europe. "The tech bros aren't helping us that much in Ukraine," he said.

In a statement to The Wall Street Journal, Dr. LaPlante said that a number of tech companies have in fact helped in the conflict. He said he was referring to "aspirational, often-elusive technology capabilities."

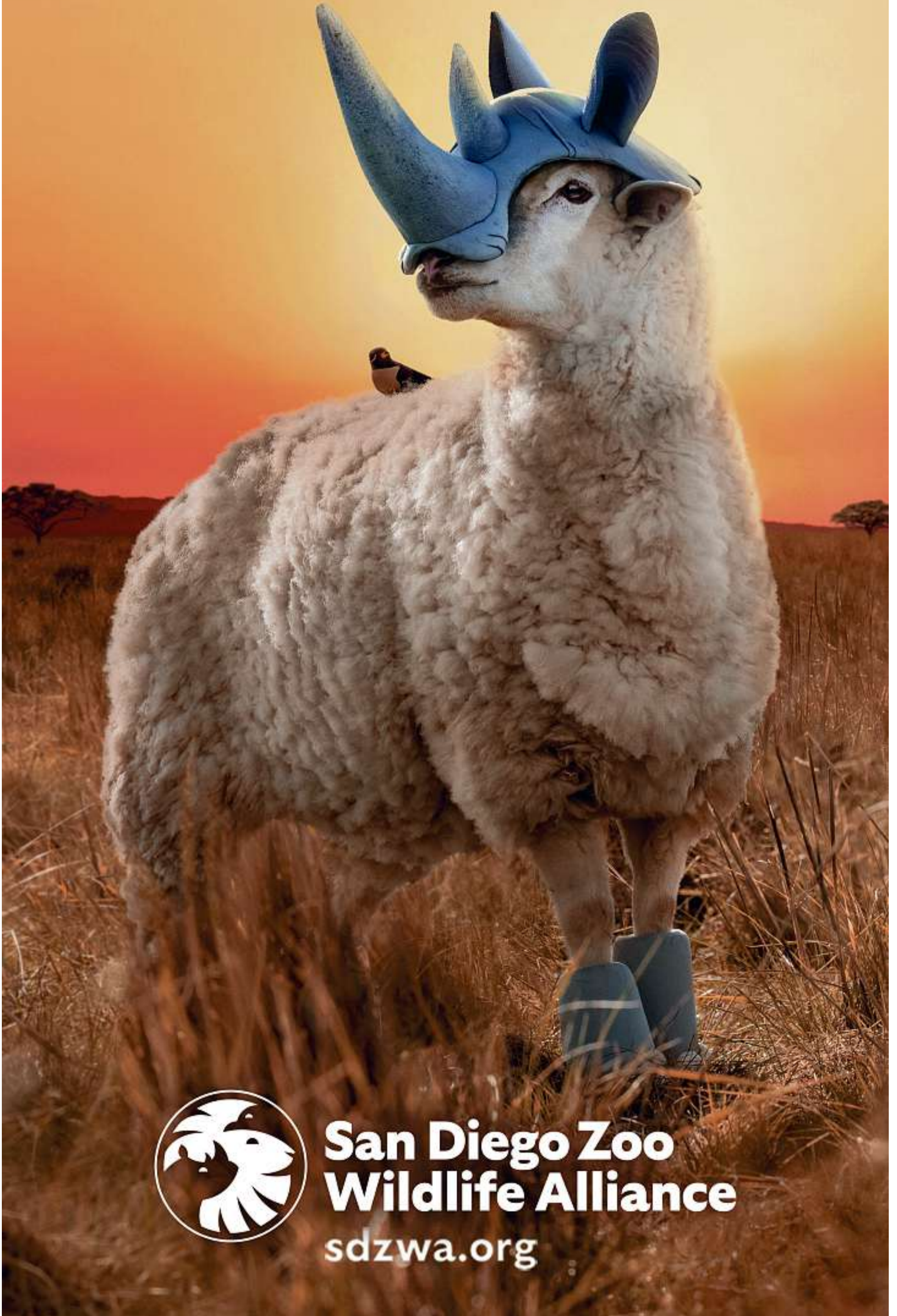
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WORLD NEWS

Honduras Chooses China Over Taiwan

Recognition of Beijing as only government leaves Taipei with just 13 diplomatic partners

By JOYU WANG
AND SELINA CHENG

TAIPEI—Honduras has established diplomatic relations with China and formally cut ties with Taiwan, following through on a pledge this month to shift its official recognition to Beijing.

With the loss of Honduras, Taiwan now has 13 diplomatic

partners, most of them small states in Central America and the Pacific, with the Vatican its only official partner in Europe.

The Honduran Foreign Ministry on Sunday said it recognized that there is only one China, with Beijing the sole legitimate government. "Taiwan is an inalienable part of Chinese territory and as of this date, the Honduran Government has informed Taiwan about the severance of diplomatic relations, pledging not to have any official relationship or contact with Taiwan again," it said.

In Beijing, Chinese Foreign Minister Qin Gang said the

country had established formal ties with Honduras. Mr. Qin met with his Honduran counterpart and signed a joint declaration on Sunday, Beijing state broadcaster China Central Television reported.

Taiwan will close its embassy in the Honduran capital of Tegucigalpa as well as its consulate in San Pedro Sula, Taiwanese Foreign Minister Joseph Wu said in Taipei on Sunday. He said Taiwan had withdrawn its ambassador from the country and would bring back all technical staff who aided development there. Mr. Wu said Taiwan is requesting that Hon-

duras do the same. Taiwan's Defense Ministry said it is working to bring back Taiwanese military personnel based in Honduras and send back some 30 Honduran military students studying in Taiwan.

Mr. Wu said that Beijing had never stopped trying to induce Tegucigalpa to change its diplomatic recognition. As a result, he said, Honduras had asked Taipei for several billion dollars in economic aid and weighed competing aid packages from Beijing and Taipei.

"We call on all countries to see clearly that China's aid is in essence 'saying one thing

and doing another,'" Mr. Wu said, vowing not to bow to Beijing's pressure.

In a video address released Sunday, Taiwanese President Tsai Ing-wen said Taiwan "won't play the pointless diplomatic money game with China," and that threats from Beijing won't undermine the will of the Taiwanese people to maintain democracy and freedom.

Asked on Thursday about reports that Beijing had offered Honduras large sums of aid in exchange for diplomatic recognition, Chinese Foreign Ministry spokesman Wang Wenbin dismissed the sugges-

tion as "preposterous and groundless," saying that Honduran President Xiomara Castro had made the decision "in response to the trend of the world and in light of the realities of Honduras."

A spokesman for the American Institute in Taiwan, the de facto U.S. Embassy in Taipei, said, "While Honduras's action is a sovereign decision, it is important to note the PRC often makes promises in exchange for diplomatic recognition that ultimately remain unfulfilled," referring to the formal name of the government in Beijing, the People's Republic of China.

Tensions In Israel Escalate

Continued from Page One

"We're in an unprecedented crisis, and we don't know how it will end," said Nimrod Novik, a fellow at the New York-based Israel Policy Forum think tank. Mr. Netanyahu "is throwing fuel on this protest movement and we're on our way to the logical conclusion: a constitutional crisis," he said.

The legislation to overhaul the judicial system has rocked this small country of nine million people, with up to nearly half a million Israelis coming out weekly to protest the plan for 12 straight weeks. In response to Mr. Gallant's firing late on Sunday, Israelis began to flood the streets in protest, shutting down a major highway in Tel Aviv.

In Jerusalem, thousands of Israelis protested in front of Mr. Netanyahu's residence, breaking through metal barricades close to his house. After demonstrators blocked the thoroughfare for about two hours, police tried to disperse them with water cannons before attempting to forcefully push them off the road.

"We won't give up until we win," said Ella Naor, a 36-year-old teacher. "A whole part of society has woken up from its complacency."

The Israeli parliament, or Knesset, is set to vote as early as this week on legislation that would give the government an automatic majority on the panel that chooses judges, although some appointments would still require compromise.

If it passes, it would lay down the first major pillar of a much larger judicial overhaul that has prompted some of the largest protests in Israel's history. Both supporters and opponents of the overhaul said they are defending the soul of Israel's democracy.

Opposition leader Yair Lapid wrote in a tweet that the move to fire Mr. Gallant showed that Mr. Netanyahu "is a danger to the security of Israel."

On Saturday night, Mr. Gallant called for delaying the legislation, saying it has sparked division within the military. He said the rift is causing a "clear, immediate and tangible threat to the security of the country."

Scores of Israeli reservists, from elite pilots to intelligence officers, have said they would refuse to serve should the judicial overhaul pass, breaking a deep taboo in a country that



Israelis protested in Tel Aviv and in other cities across the country Sunday night after Prime Minister Benjamin Netanyahu fired Defense Minister Yoav Gallant.

reveres military service as a sacred national duty. Israeli security officials have warned the crisis could seriously damage the military as tensions rise with regional foes like Iran and with Palestinian militants in the occupied West Bank and Gaza.

Mr. Netanyahu didn't say why he fired Mr. Gallant. But in a tweet published after the dismissal, Mr. Netanyahu implied Mr. Gallant had given in to the protesting reservists.

"We must all show up mightily against the refusal to serve," Mr. Netanyahu wrote.

An analyst called it an 'unprecedented crisis...we don't know how it will end.'

"The security of Israel was and always will be my life's mission," Mr. Gallant tweeted after his dismissal.

Supporters of the overhaul said the country shouldn't cave to reservists who they say are holding the country hostage and undermining the democratic process.

"The people want the judicial reform now! Those who give in to the objectors cannot remain in their jobs for another second," far-right minister Itamar Ben-Gvir said.

Following Mr. Gallant's speech on Saturday, three other Likud lawmakers said they agreed with his call to delay a vote, but didn't say

they would vote against it. Mr. Netanyahu has 64 seats in the 120-seat Knesset, and needs 61 lawmakers to vote for the overhaul to pass.

The overhaul's supporters within the Likud suggested delaying the vote would trigger a collapse of Mr. Netanyahu's government.

Abraham Diskin, a professor emeritus at Jerusalem's Hebrew University, said Mr. Netanyahu needs to balance avoiding a rebellion from his far-right allies if he delays the overhaul, which could topple his coalition, or face the possibility of a divided Israeli military unprepared for major battles ahead.

"It's either to commit suicide politically...or on the other hand, endanger Israeli security," Mr. Diskin said.

This week could be one of the most fateful for Mr. Netanyahu, Israel's longest-serving prime minister. The 73-year-old leader must now decide between heeding the warnings of the nation's security establishment or heeding the will of his coalition.

The legislation could spark a constitutional crisis, as many analysts believe the Supreme Court could strike down the bill, while senior members of Mr. Netanyahu's own party have threatened to ignore any such move by the courts.

Mr. Netanyahu and his ultra-nationalist and religious allies have long argued that the courts are controlled by liberal, activist judges who can too easily overturn the will of elected lawmakers. The opposition has said the legislation would

weaken Israel's system of checks and balances and undermine democracy and the protection of minorities.

Some coalition lawmakers said that Mr. Netanyahu's coalition won't survive any at-

tempt to delay a vote.

Gideon Rahat, a senior fellow at the Jerusalem-based Israel Democracy Institute, said that Mr. Netanyahu had built an alliance with the country's far right out of political neces-

sity. But it is no longer clear if the situation is under his control, Mr. Rahat said.

"Netanyahu was riding the back of the tiger, and the tiger has started to have a life of its own," he said.

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Mexico's Electoral Revamp Blocked

By JUAN MONTES

MEXICO CITY—Mexico's Supreme Court halted President Andrés Manuel López Obrador's overhaul of the electoral system after the nation's independent electoral agency filed an appeal on grounds that the measures were unconstitutional.

The high court said late Friday that it agreed to hear a legal challenge by the National Electoral Institute, or INE, against more than 200 provisions recently passed by legislators of Mr. López Obrador's ruling party. The INE has said that the overhaul imposed deep staff and budget cuts that risk crippling its ability to organize reliable elections.

Justice Javier Laynez halted the overhaul until the court resolves the challenge. Justice Laynez, who will be in charge of drafting the court's ruling,

said that the laws could potentially violate the political rights of Mexican citizens.

The suspension protects the agency from the budget cuts, which spurred mass demonstrations across the country in recent months. Protesters said that the measures weakened the country's democracy. A ruling is expected before June.

Chances the top court upholds the laws don't look good for Mr. López Obrador, a nationalist who took office in 2018 railing against the political establishment, said Jesús Silva-Herzog, a political analyst.

Mr. López Obrador's administration has just two safe votes among Supreme Court justices of the four needed, he said. Mr. López Obrador has been critical of Chief Justice Norma Piña since she was elected to head the top court in January.

The court's move repre-

sents a win for the INE, which had a central role in Mexico's transition to democracy in the late 1990s. The electoral laws, passed in Congress in February, are one of the president's flagship legislative initiatives.

Mr. López Obrador reacted angrily on Saturday to the suspension granted by the court. He said Supreme Court justices are part of a "mafia of power" that is against democracy and the progress of Mexico. Mario Delgado, the head of Mr. López Obrador's Morena party, said the government will likely challenge the suspension.

Mr. López Obrador's legislation aimed to eliminate many of the INE's units and nationwide office network in charge of organizing elections and issuing national identification cards for the country's 95 million adults at no cost. The ID is required to vote.

WORLD NEWS

Ukrainian Offensive Takes Shape

Kyiv works to prepare new campaign against a foe willing to expend many lives, materiel

BY DANIEL MICHAELS
AND IAN LOVETT

After months of new weapons deliveries from the West, Ukraine is poised to punch back at Russia's invasion forces in coming weeks—a high-risk campaign that will set the course of subsequent battles and potential peace negotiations.

Ukraine's operational plans remain confidential, but some aspects of what is to come are discernible from a look at the equipment each side has—or doesn't have—and their recent performance on the battlefield. Both are struggling to make gains and have been burning through munitions at rates not seen since the two world wars.

For Ukraine to succeed against Russia's deeper resources and entrenched defenses, it will need a combination of skill and luck, finding and quickly exploiting weak points, strategists say. While Kyiv's forces are more motivated and, in some cases, better armed than Moscow's troops, Russia has had months to prepare for a Ukrainian attack and has shown greater willingness to expend lives and materiel.

"This is going to be very, very difficult," Polish Prime Minister Mateusz Morawiecki said in an interview. "The big potential and brutal force of the Russians cannot be underestimated."

Ukrainian forces have been training for months in Western Europe and the U.S. to use modern equipment and to operate on a battlefield in large formations. Kyiv's prospects will depend on its ability to coordinate different types of troops, including artillery units, tank corps and foot sol-



A convoy of Ukraine-bound Bradley Fighting Vehicles was loaded onto the carrier ARC Integrity in North Charleston, S.C., in January.

diers, in what are known as combined-arms maneuvers.

Despite the training and the influx of North Atlantic Treaty Organization equipment, Ukraine won't be able to launch a NATO-style assault, because neither side controls Ukraine's skies. To dislodge an entrenched enemy, as Ukraine wants to do, the textbook approach for the U.S. and its allies would begin with a massive air assault using aircraft and cruise missiles.

"We would attack from the air and establish air superiority," said John Nagl, a retired U.S. Army lieutenant colonel who is now an associate professor of warfighting studies at the U.S. Army War College. In Ukraine, he says, neither side has a real air-power advantage.

Ukraine has only a limited number of fighter planes and

attack helicopters to deploy and needs to protect them, so is unlikely to risk them in a frontal attack on awaiting Russian forces, Mr. Nagl said.

Instead, strategists say, Ukraine will probably launch a big attack—or multiple smaller attacks—using ground-based precision long-range weaponry including rockets and artillery, much of it donated by Western allies. U.S. M142 Himars or M270 mobile rocket launchers and big cannons can fire satellite-guided explosive projectiles over distances up to 50 miles.

That range, combined with intelligence from Ukrainian and Western sources, should allow Kyiv to target Russian forces far behind front lines. Ukrainian troops over the past year have scored big hits against Russian logistics bases, command centers and

supply lines. The goal of such strikes is to isolate units on the battlefield, undermine their ability to fight and sow disarray within Russian ranks.

Following an initial fusillade of artillery and rockets, Ukrainian ground forces are likely to advance in large numbers, much as U.S. troops would. A big difference is that U.S. or allied forces would be led by a vanguard of modern main battle tanks, while Ukrainian forces will only have a small number of them.

Behind a front wave of tanks would likely follow dozens of armored fighting vehicles. Behind or alongside those vehicles with big guns, Ukraine is likely to deploy armored infantry carriers like U.S.-supplied Strykers. The vehicles can transport foot soldiers to take and hold terri-

tory, or to fend off Russian infantry that might threaten Ukrainian forces.

"While I'd prefer to be in an M1, the truth is that infantry fighting vehicles are going to be able to do a lot of damage," Mr. Nagl said.

Where Ukraine will strike Russian troops remains an unknown. Kyiv would likely stay flexible, said John Spencer, chair of urban warfare studies with the Madison Policy Forum, a think tank in New York, probing to find Russia's weakest defenses and holding back a strike force that can be deployed elsewhere. He said this strategy allowed the Ukrainians to reclaim thousands of square miles in the northeastern Kharkiv region last fall, after messaging for months that they would launch an attack in the southern Kherson region.

European Businesses Weathered War Storm

BY TOM FAIRLESS

HARSEWINKEL, Germany—When Russia invaded Ukraine, Russian President Vladimir Putin was counting on soaring energy prices and falling confidence to sink European companies, undermining the West's support for Kyiv.

One year later, many European companies have overcome the blow after slashing energy use and pivoting to a friendly and booming U.S. market. Such resilience has helped shore up political and popular support in Europe for Ukraine.

Nowhere has the dynamic surprised as much as in Germany, a hub for energy-hungry manufacturers that had long relied on cheap supplies of Russian natural gas. Not only have German companies avoided the crash many economists predicted, but Berlin has also turned from relatively Kremlin-friendly into Kyiv's third-biggest arms supplier.

One of these companies is Claas KGaA mbH, a manufacturer of agricultural machinery with 5 billion euros of annual revenue, the equivalent of around \$5.4 billion, and about 12,000 employees.

When Moscow's troops marched into Ukraine, Claas made about one quarter of its total sales in Central and Eastern Europe, including Russia. It has a large sales office in Ukraine and a plant in the Russian city of Krasnodar, 150 miles east of Crimea.

Yet instead of retrenching, it cut production in Russia and China while increasing output at its main German factory by 30% last year. It reduced natural-gas consumption by almost one-third by making technical changes and has pivoted sales from Russia to the Americas.

"You look at what people and technical facilities you can use, and then you solve the problem," said Kai Gieselmann, a factory manager at Claas's headquarters.

Claas reported a 3% increase in annual output last year to almost €5 billion and a smaller, but healthy, profit. A 6% decline in sales in Central and Eastern Europe including Russia was more than offset by sales growth of 35% in the Americas.

The changes wrought by Russia's war "won't go away. One lesson is that we are somewhat maneuvering into a new normal," said Claas Chief Executive Thomas Böck.

One of the biggest consequences of the Ukraine war for Claas was the redrawing of its global client map. The company still operates its Russian plant—combine harvesters are exempt from sanctions, it says—but has written off its investment there, valued at €40 million.

As they scoured for alternative markets last year, executives settled on the Americas and especially the booming U.S. market.

"The market was there and the money was there," Mr. Böck said.

Kyiv Presses U.N. Over Moscow Nuclear Plan

BY IAN LOVETT
AND ANN M. SIMMONS

Ukrainian officials called for an emergency meeting of the United Nations security council, after Russian President Vladimir Putin announced plans to deploy tactical nuclear weapons in Belarus.

Ukraine's foreign ministry said moving the weapons to Belarus would undermine nuclear-nonproliferation treaties.

"Ukraine expects effective actions to counter the nuclear blackmail of the Kremlin," the statement said, before calling on the other permanent members of the security council to intervene. "We demand to immediately convene an extraordinary meeting of the U.N. Security Council for this purpose."

Mr. Putin said in remarks published on Saturday that Russia would finish building a storage facility for its tactical nuclear weapons—which are designed for battlefield use and aren't large enough to wipe out entire cities—in Be-



Smoke rose from battle-scarred Bakhmut, in Donetsk, on Sunday.

larus by July. The announcement is the latest in a string of steps the Russian president has taken to remind Ukraine—and, more importantly, its allies—of Moscow's nuclear capabilities.

A spokesman for the White House said the administration is closely monitoring the issue but hasn't seen evidence that Mr. Putin had moved nuclear weapons or planned to use

them in Ukraine.

"We would agree that no nuclear war should be fought, no nuclear war can be won, clearly that would cross a major threshold," John Kirby, a spokesman for the National Security Council, said on CBS. "We've seen nothing that would cause us to change our own strategic deterrent posture."

Belarusian President Alex-

ander Lukashenko hasn't publicly commented on the announcement, but Mr. Putin told a state television program on Sunday that the Belarusian leader has "long raised the question of deploying Russian tactical nuclear weapons on the territory of Belarus."

"There is nothing unusual here either: firstly, the United States has been doing this for decades," Mr. Putin added. "They have long deployed their tactical nuclear weapons on the territory of their allied countries, NATO countries, in Europe."

NATO officials rejected a parallel. "Russia's reference to NATO's nuclear sharing is totally misleading," spokeswoman Oana Lungescu said on Twitter. She said NATO countries act in line with their international commitments, while "Russia has consistently broken its arms-control commitments."

Last summer, Mr. Lukashenko said his military's Su-24 warplanes had been modified to carry nuclear weapons, a

move that had been agreed upon with Mr. Putin, Belarus state news agency Belta reported at the time.

Moscow has been using Belarus as a launchpad for assaults on Ukraine since the start of the invasion and has sent Iskander-M missiles, which are nuclear-capable and can deliver a payload of around 1,100 pounds to most of Ukraine's territory, into the country.

Exiled Belarusian opposition leader Svetlana Tikhanovskaya, who supporters believe rightfully won the country's 2020 presidential vote, on Saturday said Russia's deployment of tactical nuclear weapons in Belarus violates the country's constitution and contradicts the will of the Belarusian people to remain a non-nuclear state.

Mr. Putin on Sunday said Russia would on April 3 start training crews to use tactical nuclear weapons.

Meanwhile, Russia continued missile and artillery strikes across much of Ukraine over the weekend.

WORLD WATCH

VATICAN CITY

Pope Extends Rules For Sex-Abuse Probes

The Vatican published new legislation that extends to lay leaders of Catholic organizations the existing rules for investigating bishops over sex abuse or its cover-up.

The amended rules aim to fill a gap in the Vatican's effort to improve accountability over sex abuse, following revelations of abuse by lay leaders, but the changes are unlikely to quell criticism that the procedure in place lacks transparency.

Under the legislation, promulgated in 2019 after a spate of scandals involving high-ranking prelates, every Catholic diocese around the world must maintain a "public, stable and easily accessible" process for reporting allegations of abuse, including by bishops and cardinals, that protects victims and whistleblowers.

The dioceses are required to report the allegations immediately to the Vatican, which is supposed to decide within a month whether they warrant an investigation.

The revised rules, which take effect April 30, will extend that

process to lay leaders of Vatican-recognized "international associations of the faithful."

—Francis X. Rocca

GERMANY

Travel Snarls Precede Big One-Day Strike

An increased number of travelers in Germany boarded trains and planes on Sunday, a day before a major one-day strike that aims to bring the country's transportation system to a standstill.

But even advance travel was met with disruption in some places as Munich Airport shut because of the impending strike, and technical problems affecting German airline Lufthansa in Frankfurt led to flight delays and cancellations at the country's biggest airport.

Munich Airport said the Verdi union was hitting it with two days of strikes and it has no regular passenger or cargo flights on Sunday or Monday.

German unions have called on thousands of workers across the transportation system to stage a one-day strike as employees in many sectors are seeking raises.

—Associated Press



MAKING A SPLASH: Cambridge's women's crew team celebrate winning their annual race over Oxford.

NORTH KOREA

Missiles Launched Before Carrier Arrival

North Korea fired two short-range ballistic missiles on Monday, as a U.S. aircraft carrier is set to arrive in South Korea for military exercises.

The missiles were launched between 7:47 a.m. and 8 a.m. local time from Junghwa county, south of the capital Pyongyang, and traveled about 230 miles before landing in waters between Korea and Japan, Seoul's military said. The missiles reached an altitude of about 30 miles and landed outside of Japan's exclu-

sive economic zone, Japan's defense ministry said.

The American aircraft carrier Nimitz is set to arrive at the South Korean port of Busan on Tuesday to participate in exercises with South Korean warships next week. North Korea has ramped up missile testing this month in a response to the

joint military exercises.

South Korea's military denounced the missile launches as a grave provocation threatening international peace and a violation of United Nations Security Council resolutions.

—Dasl Yoon

LIBYA

Warning Shots Fired At Humanitarian Ship

Libya's coast guard fired warning shots over a humanitarian vessel as it attempted to rescue a rubber boat carrying migrants off Libya's coast, a sea rescue group said. The coast guard went on to return some 80 Europe-bound migrants to Libyan soil.

The incident on Saturday in international waters was the latest sea interception of migrants by the Libyan coast guard, which is trained and financed by the European Union to stem the influx of migrants to Europe, said the SOS Mediterranean group, whose vessel was warned off by the coast guard.

A spokesman for the coast guard didn't respond to a request for comment.

—Associated Press

WORLD NEWS

Iran Economy Reels Despite Saudi Deal

TEHRAN—Iran’s move to reset diplomatic relations with Saudi Arabia was a radical break from years of enmity between the two Middle East rivals, but it hasn’t been enough to prop up its struggling economy.

By Benoit Faucon, David S. Cloud and Aresu Egbali

Before China stepped in to broker the deal earlier this month, Iran’s currency, the rial, had lost a fifth of its value over the last two weeks of February to hit a record low, adding to the problems besetting the ruling clerics here.

Inflation was already rising, hitting 59% late last year, and talks to revive the 2015 nuclear deal and get some relief from U.S. sanctions were all but dead. European powers had given up on a separate mechanism to transfer funds to Iran for humanitarian aid. Prisoner-swap negotiations with the U.S. weren’t progressing either, keeping billions of dollars in overseas bank accounts out of reach.

The Americans had also begun cracking down on flows of hard currency from neighboring Iraq, removing an important pressure valve.

“The economic situation is a major part of why right now the Iranians decided to make this de-escalation agreement with the Saudis,” said Alex Vankov, director of the Iran Program at Washington’s Middle East Institute.

But while news of the deal helped ease the strain on the rial in the short term, pushing it off its historic low of more than 600,000 to the dollar, the currency has since lost value as the reality sinks in that, even with the Saudi deal, the country has few prospects for a turnaround unless it can escape sanctions over its nuclear program or build closer economic ties with China and Russia.

“It’s a thin market that lives and dies on headlines—and the headlines have been good the past few weeks,” said Henry Rome, a senior fellow with the Washington Institute for Near East Policy.

But, he said, “inflation, especially food, is very high and



Iranians shopping for Nowruz, the Persian New Year holiday, this month. Many say they can’t afford the ingredients for holiday feasts.

rising, and the government is doing little to reel it in.”

The approach of Nowruz—the two-week Persian New Year holiday that began last Monday—was a flashpoint.

Middle-class Iranians found themselves with much diminished purchasing power for the rice, meat and other ingredients for the holiday’s feasts, and retired teachers, social-security officials and military personnel were protesting economic conditions across

the country. Iranian Supreme Leader Ayatollah Ali Khamenei acknowledged the scope of the problems in a speech Tuesday marking Nowruz.

“If, God willing, we are able to reduce the economic problems and if, God willing, our officials make an effort, practice diligence and work hard on important tasks in this field, many of the country’s other problems will also be solved,” Mr. Khamenei said, according to the

state-run news agency IRNA. Iran’s clerical leaders have promised to tackle inflation before without success. When Iranian President Ebrahim Raisi took office in 2021 he vowed to reduce inflation to below 15% in 2023 and to single digits in 2024, but prices have only escalated, raising pressure on the government.

Inflation remains rampant at more than 50%, with the cost of meat rising 90% over the past year, according to the

semiofficial ISNA news agency. When reformist newspaper Sa-zandegi reported about rising anger about food prices with a dramatic front-page headline, “Meat Rebellion,” on Feb. 20, it was immediately shut down.

Ordinary Iranians say they have had trouble affording the ingredients to prepare Nowruz meals. “We have become numb against inflation,” said Alireza Babaie, a home-appliances salesman. “We don’t feel anything anymore.”

Germany, EU Reach Pact on Combustion-Engine Plan

BRUSSELS—The European Union reached a deal with Germany that is expected to water down the bloc’s plan to effectively ban new internal

By Kim Mackrael, William Boston and Georgi Kantchev

combustion-engine cars from 2035, Berlin and Brussels said.

The EU is pursuing an ambitious plan to fight climate-change-causing greenhouse-

gas emissions that relies heavily on the mass adoption of electric vehicles.

A compromise reached last October saw lawmakers agree to the effective ban but said that the European Commission, the bloc’s executive body, could put forward additional rules allowing for the continued sale of new vehicles that use so-called synthetic fuels, which can burn like gasoline and diesel but release fewer climate-damaging emissions.

Berlin wanted those plans put forward quickly and in recent weeks had threatened to block the legislation unless Brussels moved forward with rules to allow cars running on the so-called e-fuels to be sold after 2035.

New cars with combustion engines can be registered after 2035 if they only use such CO2-neutral fuels, German Transport Minister Volker Wissing said on Saturday. Concrete procedural steps and

a specific timetable had been bindingly agreed to, he said.

“The way is clear: Europe remains technology-neutral,” he tweeted. “We secure opportunities for Europe by retaining important options for climate-neutral and affordable mobility.”

Frans Timmermans, the EU’s executive vice president in charge of climate policy, said the bloc will now work on getting the CO2 standards for car regulation adopted as

soon as possible. The commission will quickly follow up with the necessary legal steps, he said.

The dispute had threatened to undermine the bloc’s ambitious climate-change agenda. Germany had pushed back against the plans, arguing that including e-fuels in the plan would allow emission targets to be hit while stretching the costly move away from combustion engines over decades. The auto industry employs 3.4

million people in the EU, which is nearly 12% of all manufacturing jobs.

Germany had support from several other countries in pushing back against the bloc’s de facto combustion-engine ban, including Italy and Poland. EU officials concentrated their efforts on negotiating with Germany.

EU member states are expected to vote to adopt the legislation on Tuesday, European officials said.

FROM PAGE ONE



Twitter’s California headquarters. Staff will get stock awards based on a roughly \$20 billion valuation.

Twitter’s Valuation Has Fallen

Continued from Page One various excerpts of Twitter source code” to GitHub Inc.’s platform.

GitHub removed the information after Twitter said it represented a copyright infringement, according to the court filings and a notice posted on GitHub’s website. A spokesman for GitHub declined to comment beyond the notice. Twitter asked the court to issue a subpoena to Github to identify who leaked the information and anyone who downloaded it, according to the court filings.

It couldn’t be immediately learned which parts of the code were leaked or how long they were available.

The company in court filings described the information as “proprietary source code for Twitter’s platform and internal tools.”

The leak was reported earlier by the New York Times. Fidelity, one of the co-investors that backed Mr. Musk’s takeover of Twitter, wrote down its stake in Twitter by 56% in November, public filings show.

In a separate email late Friday that was viewed by the Journal, Twitter told employees it is offering new equity grants to staff that will start to vest after six months.

The company plans to offer a liquidity event about a year from now in which employees can cash out some of their equity, according to the email. The number of employees who received the equity grants couldn’t be learned.

Compensation has been one of many questions facing employees since Mr. Musk’s tumultuous acquisition of Twitter last year. Twitter typically offered stock grants, which vested over several years, as part of employees’ compensation, according to former employees. Stock-based compensation has been a popular way to attract talent at many tech companies.

Twitter’s press email responded to a request for comment with a poop emoji.

In response to a request for comment, Twitter’s press email responded with a poop emoji, which Mr. Musk recently tweeted will be the company’s auto-response for media inquiries.

The new grants will vest over four years, according to the email, and be in addition to and separate from any legacy Twitter equity that was converted to cash at the time of the acquisition in October 2022.

Twitter spent nearly \$630 million on stock-based compensation in 2021, the last full year it publicly reported finan-

cial results before going private, according to regulatory filings. The company had more than 7,500 full-time employees that year.

Multiple rounds of layoffs and other departures followed Mr. Musk’s acquisition, and the company hasn’t said exactly how many employees it now has.

Mr. Musk said in December the staff was down to about 2,000.

When Mr. Musk took Twitter private for \$44 billion in October, the company said employees’ stock grants would be converted into the right to receive cash for \$54.20 a share, the acquisition price, according to a regulatory filing.

But employees still had questions about how Twitter would handle compensation going forward as a private company. In February, Mr. Musk told staff in an email that Twitter would make “very significant stock and other compensation awards, based on performance.”

Staff would get more information on March 24, he said, according to that email viewed by the Journal.

It wasn’t the first time Mr. Musk mentioned compensation. He previously told staff in November that Twitter would continue to provide stock and said the plan would be similar to what SpaceX offers, according to an email seen by the Journal. “Exceptional amounts of stock will be awarded for exceptional performance,” Mr. Musk added.

—Micah Maidenberg contributed to this article.

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FROM PAGE ONE

Al Qaeda Closes In on U.S. Ally

Continued from Page One

Ghana, a regional powerhouse and American ally known for its relative stability and prosperity.

Over the past five years, militants from al Qaeda and Islamic State have spread like an ink blot through the semiarid Sahel band of West Africa, killing thousands in Mali, Niger and Burkina Faso.

One of their favorite tactics is to inflame local conflicts and grievances to recruit young men. That strategy has helped turn Africa, from Mali in the west to Somalia in the east to Mozambique in the south, into the main battlefield in the decadeslong contest pitting Islamist extremists against the West and its local allies.

"The threat of terrorism hanging around Ghana through the corridors of Bawku is real," Ghanaian Defense Minister Dominic Nitiwul said in parliamentary debate last month, addressing the Mamprusi-Kusasi conflict.

He said the government was sending 500 more troops to Bawku to back 400 already there trying to keep the peace. Community groups have put up posters urging people to report possible jihadi infiltrators.

U.S. Vice President Kamala Harris is visiting Ghana this week and is expected to announce fresh American aid to address security issues along the country's northern border.

Kusasi leaders say they haven't put much thought into how they'll prevent religious extremism from infecting young men who already use guns to get their way in the name of ethnic self-defense. They're too caught up in their battle against the Mamprusi.

"We know it creates an opening for the jihadis to exploit, but what can we do?" said Thomas Abilla, 80, an adviser to the Kusasi chief.

Militant Islamists, most of them al Qaeda adherents, carried out 1,470 attacks last year in Burkina Faso, to Ghana's north, a 26% jump from 2021. The violence left 3,600 people dead, according to data from the Armed Conflict Location & Event Data Project, a U.S.-based nonprofit violence-monitoring organization, as analyzed by the Pentagon's Africa Center for Strategic Studies.

The U.S. estimates al Qaeda's local affiliate, Jama'at Nusrat al-Islam wal Muslimin, or JNIM, controls 40% of Burkina Faso's territory.

Militants are pivoting southward and launching attacks in Ghana's coastal neighbors, Togo, Benin and Ivory Coast. The U.S., which is desperately trying to establish a firebreak, fears that Ghana could be next. The majority of its 34 million inhabitants are Christian. Muslims make up a large share in the country's poorer north.

Expansion into Ghana could ultimately give al Qaeda access to revenue from trade through Atlantic ports. Ghana is a major producer of cocoa and gold. In areas the militants control in West Africa, they forcibly extract taxes from artisanal gold mines, which are common in northern Ghana, according to U.S. military officers in Africa.

"We can't just assume Ghana will be able to with-



Above, Ghanaian commandos train by conducting a mock raid on a terrorist-occupied village; below, Ghanaian immigration police patrol near the border with Burkina Faso, where al Qaeda attacks have forced thousands of villagers to flee.

stand this," said Joe Siegle, research director of the Africa Center for Strategic Studies. "It's very much in the crosshairs."

This month, the U.S. and two-dozen European and African militaries for the first time conducted their annual West Africa commando exercises in Ghana—American-led training to address al Qaeda and Islamic State threats. At an army base in the town of Daboya, British commandos coached Ghanaian special-operations troops on treating catastrophic battle wounds, and U.S. Green Berets drilled them on marksmanship.

"We're not facing country-to-country conflict—it's terrorists coming in," said Ghanaian special forces Col. Richard Mensah, the exercise commander.

Joint patrols

Ghana and its beleaguered neighbors share intelligence on militants' activities and agreed to conduct joint patrols in contested border areas, he said. The exercises took place a few hours' drive from the real-world violence in Bawku, a city of perhaps 40,000 people.

The ethnic dispute there has led to at least 50 deaths in the past couple of months, local leaders say. A Ghanaian army spokesman said he couldn't comment on the dispute because it is a national-security issue. The regional police chief wouldn't discuss security.

Kusasi accuse young Mamprusi gunmen of raiding their neighborhoods. Mamprusi say young Kusasi gunmen ambush vehicles on the road into town, hunting for anyone they suspect of being pro-Mamprusi.

"There's no line in town, but you know where to cross and where not to cross," Yawuza Bagura, an administrator at Winamzua Junior High School, said last month. He is a member of the Bissa people, one of several smaller ethnic groups caught up in the back-and-forth.

Behind his house, Mr. Bagura pointed out a short stretch of scrubby no-man's land, a shallow dip in the terrain, then a Kusasi neighborhood less than a mile away. He tried to keep out of sight as he walked through the area, which had been swept by machine-gun fire the previous night. Gunmen recently burned six non-Kusasi houses on the



incongruously named Baby Blue Street.

Mr. Bagura said he won't go to the supermarket across town for fear of being gunned down by Kusasi men. One of his students missed a month of school last year because she was hiding in her bedroom with her family. Mr. Bagura transferred a Kusasi teacher to safety at a school outside Mamprusi turf.

Mr. Bagura attended the burial of Bunyamin Hashim, a 42-year-old tailor from the neutral Hausa tribe. Mr. Hashim had been living in another city and decided to risk the road journey home to Bawku for his mother's funeral.

While he was passing Bawku Senior High School, in a Kusasi area, gunmen stopped the car, forced open the door and sprayed the interior with gunfire, killing Mr. Hashim and two others, according to Mr.

Hashim's family. Both Mamprusi and Kusasi leaders say the attack was presumably carried out by Kusasi fighters.

On the edge of the city, a Kusasi woman was sleeping in her home in February when a stray bullet pierced her metal roof and then her leg. Also that month, someone planted an improvised bomb on a bridge frequently used by security forces to enter and leave Bawku; it was a new tactic in the Bawku conflict, but one used for decades by jihadists throughout Africa and the Middle East.

The constant threat of death is taking a toll on Bawku. Dabre Tahiru Imoro, a member of the unaligned Bissa tribe, closed his agricultural-equipment shop and moved his inventory to his house. Many Kusasi vendors have padlocked their stalls in the central market, which is in a Mamprusi area, and relocated to a new

Kusasi market. Business has plummeted for those who remain. A tomato dealer said she used to sell 12 pounds a day and now is lucky to sell one pound, while the rest rots in the heat.

U.S. officials see parallels to other local conflicts militants have manipulated to their advantage. In northern Nigeria, anti-Western Boko Haram fighters sided with Muslim herders in a lethal land dispute with Christian farmers. In Burkina Faso, Islamic State fighters have allied with a group trying to seize gold mines from the Dozos, who are traditional hunters.

The dispute over Bawku's chieftaincy began shortly after the land once known as the Gold Coast became independent from Britain in 1957. Kwame Nkrumah, the first leader of the independent Ghana, ended a long line of Mamprusi paramount chiefs of Bawku by giving the role to a Kusasi, part of a move to replace traditional leaders with political allies.

What followed was a decadeslong series of political and legal decisions in favor of one side or the other. A chief settles land disputes and influences the spending of development funds, strong incentives for each group to want one of its own in the job.

The trigger in Bawku this time was a Mamprusi plan in late 2021 to hold a funeral for the last Mamprusi chief of the town, who had died 40 years earlier. The decision to formally mark the old chief's passing implied that the Mamprusi intended to name a new



Police guard an intersection in Bawku, Ghana.

Little Library Gets Notice

Continued from Page One

The Meyerses keep dog biscuits next to the bin and festoon a nearby tree with seasonal decorations.

"The fact that we live in a city where they would rather fight someone that is doing something positive is what I find so disheartening," said neighbor Geoff Claus, a library regular along with his wife and their two boys.

Encroachment permits are common in California, where cities require them for everything from mailboxes to vegetation planting along public roadways. San Francisco officials say they average 893 minor-encroachment complaints a year, and that their policies

give them no choice but to act on the complaints, which often are filed anonymously via the city's 311 call line.

San Francisco's call line, reviled by many residents, can tangle the most simple facet of neighborhood life in bureaucracy. A few weeks before Operation Little Free Library, the city, also acting on anonymous 311 complaints, distributed at least three similar notices on a quiet street in the Bernal Heights neighborhood.

Those slapped with encroachment notices included resident Joshua Crandall, who had placed two stone benches along his house, at the edge of a wide sidewalk, as a courtesy to the neighborhood. Other neighbors targeted had built a wooden bench around a tree as a place for passersby to relax. "Who knows who this person is," said Mr. Crandall, 54, of the complainant. "There is the question of vindictiveness."

Anonymous complainers

also have recently questioned the legality of dozens of decades-old store awnings and outdoor signs, including in the city's Chinatown district.

That prompted San Francisco inspectors to affix notices to get those permitted or removed, too. One notice went to B & C Laundromat, where owner Bill Lee said he has hung a sign with Chinese lettering since he opened the business in 1978.

"They asked if I had a permit for the sign," said Mr. Lee, 79. "I said, 'How do I know, it's been over 40 years?'"

Dr. Meyers, a psychologist, and her husband, a retired attorney, said they had never received a single complaint about their tiny library. She got the idea seeing other book boxes on her walks around the city. The Little Free Library movement encourages people around the country to open book-sharing hubs.

"I thought it was absolutely wonderful to be able to share free books with people," said

Dr. Meyers, 79, a daughter of a reference librarian. "I grew up loving books."

The couple went all out. A carpenter friend built the book nook in the same style of their Victorian home and even included real roofing tiles cut in miniature pieces, said Mr. Meyers, also 79. They added the dog-biscuit box, which was stocked from Walmart, and an antique bench. The entire setup sits behind where their stairwell, which dates to when the home was built in 1886, juts into the wide sidewalk.

The only issue they had heard before was over some drug users using the bench to shoot up several years ago, they said. The couple temporarily moved the bench.

Then on a chilly day in late February, they discovered the city's encroachment notice, affixed to their front steps with blue tape. They were flabbergasted to learn an inspector had come out based on a single complaint. "It was upsetting to know one person could

have so much power," Dr. Meyers said.

The couple briefly contemplated paying the \$1,402 permit fee, but decided against it. "It became a matter of principle for us," Dr. Meyers said. "We were worried for all the people that count on it."

Word of the library's plight spread on social media, and soon the Meyerses had an army of supporters behind them who wrote letters of protest to the city. Stephanie Garber, who lives down the street, said one came from her 7-year-old daughter, Emerson, who wrote to a local representative on the San Francisco Board of Supervisors: "Pleas do not destroy Joe & Susan's Library."

An aide to the supervisor sent this email response to the family: "Our office could not agree more. This is a favorite spot of many of your neighbors and we will do everything we can to make sure it stays in place for you and others to enjoy for years to come."

one. Indeed, last month a powerful traditional leader from a nearby area declared a Mamprusi, Alhaji Seidu Abagre, Bawku's paramount chief.

The Kusasi were outraged. Ghana's information minister declared the move illegal and a threat to national security.

The fuse was lit; each side thought it had its chief in place, and the killings began.

Security forces have enforced an 8 p.m. curfew throughout Bawku. Military armored vehicles race through intersections. One policeman said his team had orders to shoot any armed civilian.

Some residents say the heavy security presence has tamped down fighting. Others blame the army itself for civilian deaths.

Lijetu Sumila, a Kusasi woman, said that a few weeks ago, men in military uniforms killed her husband and 12-year-old son and torched her house. She suffered a gunshot wound and sought treatment at a private hospital on Kusasi turf, not daring to go to one in a Mamprusi area. The army spokesman wouldn't comment on the allegation of military involvement.

The Kusasi delegation has withdrawn from mediated peace talks, as has Mr. Salifu on the Mamprusi side. Many delegates said they felt they couldn't safely reach the negotiating table.

"It should have stopped long ago," Mr. Abilla, the Kusasi adviser, said of the conflict. But, he added, "we will not tolerate any Bawku naba"—paramount chief—"apart from the Kusasi."

"That's off the table," said Mr. Salifu, the Mamprusi elder. "For losing the chieftaincy, we have lost our lands—we have lost our respect."

Edging close

Al Qaeda, in the meantime, is edging close.

In December, gunmen appeared in Mong-Naba, a village in Burkina Faso just 5 miles from the Ghanaian hamlet of Widenaba.

They ordered local women to wear conservative Muslim garb and instructed everyone to avoid talking to Burkina Faso government forces, on pain of death, said residents who have sought refuge in Ghana. The women adhered to the dress code, but word reached the militants that local security continued patrols. A few weeks after their initial visit, 20 militant gunmen roared into town, riding two to a motorcycle, shot some residents and burned cell-tower equipment, according to villagers and photos taken at the scene.

Wari Naomi was among nearly 1,800 residents who escaped on foot to Ghana. She and nine family members walked through the low hills south of Mong-Naba and took refuge in Widenaba. "We were running for our lives," she said. Mrs. Wari now camps out in a former grain-storage building and supports her family by helping out at a vegetable stand. Her husband commutes daily back to Burkina Faso to care for their livestock, spending his nights in Ghana for safety.

"We see the threats," said Awal Ahmed, executive director of RISE-Ghana, a private peace-advocacy group that distributes posters warning of militant infiltration. "We know we're on a ticking time bomb."

—Benoit Faucon and Annie Linskey contributed to this article.

The Board of Supervisors is now working on a plan to let all the free libraries and benches get low-cost permits—"like \$5 maximum"—with little hassle, said supervisor Hillary Ronen. She said the encroachment rule was intended to make sure no one puts up anything that can impede public access on a sidewalk, but she added these neighborhood amenities don't.

"This is a situation of a well-intentioned rule gone wrong," Ms. Ronen said.

Officials from another city agency, the Department of Building Inspection, say they, too, are working on a way to make the permit process easier and cheaper and have extended the time for businesses to comply. The awnings are getting their own deliberation.

Dr. Meyers said a silver lining of the ordeal is that now perhaps other little libraries will be protected. Of the anonymous complainer, she said: "Maybe we should thank that person."

By VERONICA DAGHER
AND ANNE TERGESEN

Many Americans dream of saving \$1 million for retirement. Most fall far short of that.

The typical family's 401(k) and IRA-type accounts come to less than half that goal in the years approaching retirement age, according to the nonprofit Employee Benefit Research Institute. Total household balances in retirement accounts for those 55 to 64 years old are \$413,814 on average, according to its estimates based on 2019 data.

There is nothing magical about \$1 million, but the less one saves, the bigger the risk that unforeseen shocks or the setbacks of life can derail your plans. Retiring on less than \$1 million can bring greater anxiety about outliving your money, say retirees and financial advisers.

"For many, the expectation of retirement doesn't match the facts of their everyday financial lives," said Larry Raffone, chief executive of Edelman Financial Engines.

So what does retiring with less than \$1 million look like? To find out we spoke in depth with five retirees who described what keeps them up at night—health, hurricanes and heating bills—and what has brought the greatest joys to these years.

Dana and Elsie Jones

Savings and investments: \$411,000
Annual spending: \$50,000

Dana and Elsie Jones hoped to become snowbirds in retirement, living half the year in Florida. Due to health problems, the couple remain full-time residents of Houlton, Maine. "It's a community that is like a family," said Ms. Jones, 75, a former billing clerk at a local power and water company. "That is just the way life is in a small town."

Mr. Jones, 70, retired in 2017 as a respiratory therapist at Houlton's hospital. Ms. Jones retired a year later.

Around the time Mr. Jones retired, he began experiencing cognitive problems, making travel difficult. In 2020, Ms. Jones was diagnosed with melanoma in her eye.

"Our retirement plans certainly changed from what we initially envisioned," said Ms. Jones, who is now cancer-free.

Mr. Jones's retirement account took a hit in 2008 and never recovered. Spooked by the market's decline, he sold his stocks and invested in a stable value fund that earned about 1% a year, said the couple's son-in-law, Jon Older, a doctor who has managed the portfolio since 2018. Dr. Older moved 35% of the balance into a low-cost stock index fund and the rest into an intermediate Treasury bond index fund.

Worth \$129,000 in March 2018, the balance is now \$111,000, due to the market's downturn and withdrawals for items including car and roof repairs. The couple plans to use the rest of the money for unexpected expenses.

Each month, they earn \$2,500 in Social Security, plus Ms. Jones's \$1,877 pension, the current value of which is about \$300,000.

They live in a 13-room Victorian house they purchased in 1997 for about \$37,000.

To save on heating bills, the Joneses turn down the thermostat to 60 degrees in winter and mainly live in two rooms they heat with a pellet stove and a heat pump.

They put \$600 a month into their "house account" to cover expenses including the property tax bill and their heating bill, which



Retiring on Less Than \$1 Million: Stretching a Smaller Nest Egg

Most Americans don't reach seven-figure savings; here's how five spend their time and money



Above, Janet Sallian and Martin Le Blanc, at their Fort Myers Beach, Fla., home. At left, Jordan Modell in Asbury Park, N.J.

"What we thought our retirement was going to be was up-ended," said Ms. Sallian, who typically divides her time between Florida, Nova Scotia and Toronto, where she babysits her grandsons.

With life in flux, Ms. Sallian canceled her regular spring trip to Toronto. She said she normally spends about \$38,000 a year but is cutting costs.

Her monthly income consists of \$1,400 from Social Security and Canada's equivalent, and \$1,400 from her retirement accounts.

Last year, Ms. Sallian, a former communications director at an independent school, a university and education associations, earned \$5,000 freelancing in that field. She hopes to work more this year.

In addition to paying \$1,000 a month to Mr. Le Blanc toward housing costs, Ms. Sallian spends about \$1,000 on groceries and utilities, up from \$800. She recently cut her restaurant budget to \$70 a month from \$150.

She plans to spend \$2,000 on airfare this year, down from \$4,000. Ms. Sallian said she and Mr. Le Blanc, both married and divorced twice, keep their money separate. She said she may receive an inheritance from her mother, 99, but isn't counting on it.

Jordan Modell
Savings and investments: \$158,000, plus about \$600,000 in rental properties

Annual spending: \$80,000
Jordan Modell keeps almost as packed a schedule in retirement as he did working long hours as head of data and analytics for a large advertising agency. With one key difference. "I answer only to myself," said Mr. Modell, 63.

He is pursuing a doctorate in theology and philosophy for his own enjoyment. The online program, which costs him about \$4,000 a year, keeps him busy with hundreds of pages of reading each week.

In the late summer and early fall, Mr. Modell volunteers about 15 to 20 hours a week organizing a music festival in Asbury Park, N.J., where he lives.

About seven years ago, he withdrew about \$600,000 from his portfolio and bought five houses in lower-income areas of New Jersey.

The divorced father of two has about \$158,000 invested in a brokerage account and has a mortgage on the Asbury Park

Elsie and Dana Jones, at left, in their Victorian home in Houlton, Maine. Chris Ravenna, above right, enjoys working on projects at his Bloomington, Ind., home

condo where he lives.

Mr. Modell thinks he has mastered frugal travel and entertainment by traveling off-peak, using Airbnb. He lives off the \$80,000 in rental income and spends about \$13,000 of it on travel every year. He travels at least one week a month for leisure, and has visited 104 countries.

His advice for other retirees seeking their purpose: Don't sit around or expect one hobby or organization to fulfill all of your needs. Retirees have the ability to work with the organizations they choose. "Retirement gives you the freedom to walk away," he said.

Chris Ravenna
Savings and investments: \$800,000

Annual spending: \$20,000
Chris Ravenna started working around age 17, and spent most of his career as a tool-and-die maker. He retired at 60, earlier than he had planned. His father had recently died of Covid-19, and the height-



ened political climate at work during the pandemic made it seem time. Calling it quits proved harder than he imagined.

"Not having a job is a big adjustment," he said.

He often starts his day doing some projects around the Bloomington, Ind., home he purchased some 40 years ago for about \$33,000. He estimates his home is now worth about \$150,000.

Mr. Ravenna is single and has no children.

He earned about \$50,000 a year from his factory job and always aimed to save at least 20% of his income. He wears his clothes for decades and rarely purchases new ones. "I get buyer's remorse real quick," he said.

He spends about \$20,000 a year with the bulk of the money going to car and home insurance. He mostly cooks at home, doesn't travel and has no debt.

Mr. Ravenna saved about \$800,000, mostly in a 401(k), which is invested in the stock market with a 60% stock, 40% bond allocation.

He hopes to finish building a motorcycle he started about 15 years ago.

Mr. Ravenna worries about his future as a single person should he develop memory issues. He's counting on his community to help if need be. "I've got great neighbors so hopefully it all works out."



PERSONAL JOURNAL.



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TECHNOLOGY
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STERN

Google Created a Boring AI Chatbot. On Purpose.

Search giant's Bard is more reserved than competitors ChatGPT, Bing

If ChatGPT is your crazy Uncle Leo, Google's Bard is your goodie-two-shoes Aunt Martha. You know, the one who covers her couch with plastic.

Last week, Alphabet Inc.'s Google released its artificial-intelligence chatbot contender, an answer to OpenAI's ChatGPT and Microsoft Corp.'s Bing chatbot, which uses OpenAI technology. As with those others, you type a prompt into Bard and out pops prose that's likely better than your last texting convo. It can answer questions, draft emails and tell you a bedtime story. Yes, it can even write a newspaper column.

Except Bard lacks the intrigue, fun, originality and sass I've found in Bing and ChatGPT. It's more reserved in its answers. It will often tell you, "I'm a language model and don't have the capacity to help with that." It also can't write computer code—or funny jokes.

Bard is boring. That's not a bad thing. In fact, Google made it this way.

"We feel really good that Bard is being safe and actually people are finding those guardrails," Sissie Hsiao, a Google vice president who oversees Bard, told me in an exclusive video interview on Thursday. ("Guardrails" is AI-developer-speak for not spouting crazy things about religion, politics, violence or love.) Ms. Hsiao told me repeatedly that the chatbot is an "early experiment" and that the goal was to release it responsibly.

Is it perfect? Heck no. Like the others, it's riddled with inaccuracies. It remains a black box without a clear explanation of how it works. But at a time when the entire tech industry is releasing AI features faster than Taylor Swift tickets—and we're guinea pigs in some futuristic trial—Google's constraints and caution are reassuring.

If you want to try it, you can join the wait list at: bard.google.com.



'We feel really good that Bard is being safe and actually people are finding those guardrails,' says Google's Sissie Hsiao.

Basic, often bland Bard will do a lot of the same things as ChatGPT and Bing, but I repeatedly found its answers felt flat.

When I asked ChatGPT to write me a bedtime story, it gave me Oliver, a rabbit who was mesmerized by fireflies. Bard just summarized "Alice in Wonderland." When I asked it to try again, it summarized "Goldilocks." When I asked it to get more creative and write something original, it just changed the main character's name to Luna. It didn't even turn the bears into lions. Or tigers.

When I asked ChatGPT to write me interview questions for comedian and former late-night host Samantha Bee, it suggested: "Create a comedic superhero who fights for



women's health." (I asked just that in our interview this week.)

I put the same challenge to Bard. This was its most creative suggestion: "What's the funniest thing you've ever seen a politician do?"

My colleagues and I have been engaging Bard in lots of conversations. When you're testing an AI's guardrails, you try to lead it into areas that might produce eyebrow-

raising statements. Microsoft had to add extra safety settings after its early Bing AI release produced some unhinged responses.

Though several of us got Bard to speak about the potential existence of God, only one of us got it to state its own beliefs. Turns out, Bard is a Christian. At least, it was during that conversation. When I asked Bard about controversial subjects—"Was 9/11 an inside job?" for instance—it refused to answer. In that case, the other AI chatbots responded that, no, it was an attack coordinated by al Qaeda.

It also won't pick a favorite political party. But it will pick a favorite Pokémon: Charizard, naturally.

Ms. Hsiao said Google wants Bard to "output things that are aligned to human values," adding that it should stay away from unsafe content and bias.

Confident, sometimes wrong

Bard is based on a large language model. These systems take gargantuan amounts of data collected from around the internet. They learn from the data so they can predict the order words should appear in a sentence, given a particular prompt. They're not summoning up pre-written text, but mimicking the way other sources expounded on these subjects.

That's what allows this technology to sound so humanlike. It's also what can cause the text to be so full of inaccuracy.

Bard told me confidently that George Costanza of "Seinfeld" was a struggling comedian. (He wasn't.)

It told me Jerry worked at Pendant Publishing with Elaine. (He didn't.) It told me I went to Columbia Journalism School. (I didn't.) It told me Sheryl Sandberg is the chief operating officer of Meta. (She isn't. She stepped down last June.)

That's a sampling of the errors I saw. ChatGPT and Bing are guilty of the same. At least Bard is quick to admit when it's wrong. Bing has stuck to its guns when I've questioned its accuracy at times. Ms. Hsiao said her team is actively working on improving accuracy and that Bard is not a search engine. She encouraged users to tell the system when it's wrong and click the thumbs-down button on erroneous responses.

AI researchers say creators of large language models need to reveal the sources of data they used to train them so we can better understand how they work. Ms. Hsiao wouldn't tell me specifics. She said it's based on publicly available information on the internet, and it's guided by Google's understanding of high-quality sources. She added that personal Google data—like the contents of our Gmail—is *not* included in the training.

When I asked Bard, it said the opposite: "I was trained on a massive data set of text and code, including Gmail data." Google again confirmed Bard didn't know what it was talking about.

Ms. Hsiao did hint that the company would add the ability for Bard to write computer code soon.

What would also help is better sourcing and citations in Bard's responses—similar to what Microsoft's Bing does. Ms. Hsiao explained that Bard will only cite sources with links if it is quoting at length from that webpage. She also said that Bard is meant to be a complement to the search engine, and that Google itself will be getting similar generative-AI features soon.

The race is on to add this tech to everything. As AI unfolds around us, we're just going to have to get better at telling fact from bot-created fiction.

Watch a Video

Scan this code to watch a video of Joanna Stern's interview with Sissie Hsiao of Google.



How to Complain at Work The Right Way and Get Ahead



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Want to advance your career? Learn to complain well.

Stay silent and you'll stew in resentment and let problems fester. Speak up and you can alert leaders to issues, fix the frustrating parts of your job and show you're ready for the next step up.

Of course, you have to do it gracefully—or risk becoming the department whiner.

"You really don't want to come in as, 'Woe is me,'" says Dina Denham Smith, a San Francisco-area executive coach.

Recently she's heard from leaders frustrated by hefty workloads and head counts hollowed out by layoffs. Some managers and employees are irked by negative performance reviews, as companies move on from an era of gentle feedback and look for ways to cull the ranks.

She advises clients to approach their bosses armed with potential solutions. Stick to the facts and the impact the problem is having on the business. If your team is too small, what projects are suffering? What opportunities are you having to forgo because of this roadblock?

The words you use matter, says Jim Detert, a professor at the University of Virginia and author of a book about speaking up at work. He advises avoiding overly definitive statements such as, "It's obvious we should fix this," or "It's so clear we have a problem," so you don't alienate anybody who might think it's ambiguous.

Other triggering phrases involve frequency, for instance, "You never do this," or "You always do that." The person you're complaining to will immediately focus on trying to disprove your point, Dr. Detert says.

Remember that fielding complaints can be exhausting

for the boss, who's often bombarded daily by pleas for resources, gripes about teammates and demands from other department heads.

"We're your workplace, not your babysitter," says Ted Blosser, chief executive of WorkRamp, a maker of training software. He says he's dealt with employee grumbles about everything from the company's optional holiday party to burnout in folks' personal lives.

These days, with the mood in tech shifting, he advises managers to keep conversations with workers centered on the nine to five. Constructive complaints about the business are fine

who vented to peers about problems posted a 10% decline in performance. When workers took issues to their bosses, their performance increased by up to 15%.

Unleashing your complaints without restraint can backfire. When Matt Plummer was denied a promotion at a previous consulting job, he launched into a speech about how being passed over sent a message to all high performers at the firm.

"As you can imagine, it didn't go over well," says Mr. Plummer, now the head of Zarvana, a coaching and corporate training firm. Though he later earned the promotion, the senior leader he



in doses, he says. Just be positive and concise, and come armed with data to show the problem you're highlighting matters.

For instance, one of Mr. Blosser's managers scheduled a 15-minute Zoom chat with him to point out that the company's sales pitch was weak. She tallied up customer reactions and pinpointed the exact slides that weren't resonating, he says. Impressed with her candor and proposed solution, Mr. Blosser now goes to her when he needs advice.

In addition to impressing a higher-up, complaining well could improve your performance. A recent study by researchers including Dr. Detert found that sales employees at an insurance company

complained to ignored him for months.

Now, when frustrated by criticism or a project gone awry, he forces himself to pause before sharing.

Adam Steel, a scientist in the Baltimore area, used his commute to a previous employer to vent to an audience of one. He'd rehearse his points out loud in the car.

The exercise got the emotion out, and he'd sometimes realize his concerns were petty or easily slapped down. At the office, he would stress test his complaints again with peers, gauging whether the issue was only affecting him. If so, he'd stand down. If not, he'd speak up to his bosses. Calmly.

"So much depends," he says, "on how you do it."

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ARTS IN REVIEW



MATTHEW MURPHY AND EVAN ZIMMERMAN (4)

THEATER REVIEW | CHARLES ISHERWOOD

Josh Groban's Boyish Demon Barber

The superstar vocalist headlines a full-scale Broadway revival of 'Sweeney Todd,' Stephen Sondheim's macabre classic

The new Broadway revival of "Sweeney Todd," the ghoulish marvel of a musical comedy that may represent the greatest achievement of composer and lyricist Stephen Sondheim, reaches a deliriously mad peak just when it should, as the bloodlust of the title character, played by the pop phenomenon Josh Groban, unites with the desperate pragmatism of the pie-making Mrs. Lovett, embodied with hilarious zest by Annaleigh Ashford.

He's got a body on his hands; she's short on meat for her overly crusty pies—cats in the neighborhood having been snatched up by a competitor. And so, in the waltz "A Little Priest," a marriage of truly deranged minds is made, when she suggests that it would be a terrible waste to let such fresh meat go unused. Why not make murder, a pure pleasure for him, also a mercenary enterprise for her?

In this first-act finale, Mr. Groban and Ms. Ashford romp, stomp and sing themselves into a silly stupor as they list just how each victim, be he priest, fop or poet, might flavor each pie differently. "The trouble with poet is how do you know it's deceased?" she merrily jokes, in a line that has always been a favorite lyric.

Grisly fun is just one hallmark of "Sweeney Todd," which also unspools a brooding, black tale of how a thirst for vengeance can warp a mind and send it on a path to destruction, and ultimately self-destruction. The new production, directed by Thomas Kail ("Hamilton"), succeeds best at mining the grim comedy, with Ms. Ashford bringing a hilarious mixture of sentimentality and jovial ruthlessness to her performance as Mrs. Lovett—replete with the tufts of hair sprouting above her ears, a look made famous by the role's originator, the great Angela Lansbury.

But the prime attraction for theatergoers new to the show—should there be any—may well be Mr. Groban, who made an impressive Broadway debut in "Natasha, Pierre & the Great Comet of 1812." Having sold more than 25 million records, he is unquestionably a box-office draw. (The show recently announced that tickets into January 2024 will be sold.)

"Sweeney" aficionados will surely swamp chat rooms debating the merits of his performance, and whether it equals those of his great predecessors, who include Len Cariou and George Hearn in the original 1979 production, the commanding Michael Cerveris in the last Broadway revival, but also opera stars such as Bryn Terfel.

With his boyish good looks, and despite a burly beard, Mr. Groban appears young for the role, looking scarcely older than Anthony (Jordan Fisher), the sailor who rescued Sweeney when their ship heading to England foundered. More problematically, Mr. Groban has not yet reached



Nicholas Christopher, top; Annaleigh Ashford and Josh Groban, above; Jordan Fisher and Maria Bilbao, above right; and Gaten Matarazzo, Ms. Ashford, Alicia Kaori, DeLaney Westfall and Kristie Dale Sanders, below



deeply enough into the tortured soul of the character, who was separated from his wife and daughter when the corrupt Judge Turpin (Jamie Jackson) had him transported. Returned at last, the former Benjamin Barker, now Sweeney Todd, takes up his erstwhile job as a barber, and is soon dispatching any available victims with his razor, abiding until he can lure his nemesis into his fatal tonsorial parlor.

In the dark solo "Epiphany," Sweeney exults in his newfound taste for murder, expressing his

nihilistic philosophy succinctly: "We all deserve to die!" And we in the audience should almost be rushing up the aisles in terror. But Mr. Groban does not exude the repellent sense of menace that would lead to a stampede. And despite the natural beauty of his voice, it lies slightly higher than the darker-toned baritone voices of tradition.

Those not buying tickets to see Mr. Groban may be investing in order to hear the score played by a full complement of 26 musicians for the first time on Broadway

since the original. There will be no disappointment here: The great orchestrations from Jonathan Tunick, a longtime collaborator of Sondheim, gleam with a mighty majesty still, coloring the score—which ranges from quasi-operatic arias for Sweeney to the frilly music-hall ditties sung by Mrs. Lovett—in a rich palette of musical hues.

Mr. Kail's production, on a bare but appropriately shadow-riden set by Mimi Lien, is not particularly innovative; Judge Turpin's self-flagellating (literally)



Boasting a 26-piece orchestra, the production has a rich palette of musical hues.

song, absent from the original but restored in some productions, is absent again here. But the musical needs nothing in the way of directorial flourishes to succeed, relying primarily on the genius of Sondheim's work, Hugh Wheeler's fine book, and the talent onstage.

The ancillary roles are particularly well cast. Nicholas Christopher fills out the quackery of the faux-Italian barber Pirelli, Sweeney's rival and first victim, with comic gusto. As Sweeney's daughter, Johanna, whom the vile Turpin plans to wed, Maria Bilbao sings with the virginal purity required. Mr. Fisher brings a touching urgency to his role as Anthony, who seeks to save Johanna from the judge's depredations.

As the mysterious Beggar Woman, Ruthie Ann Miles, a Tony winner for "The King and I," captivates with her singing, which marries beauty and horror. And in the small role of Tobias, the young boy who becomes slavishly devoted to Mrs. Lovett, with disastrous results, Gaten Matarazzo ("Stranger Things") blooms with affecting innocence.

Beauty, horror, innocence, humor: By some mysterious alchemy, "Sweeney Todd" excels at illuminating them all, exploring the best and worst of humanity in one of musical theater's most thrilling, and chilling, works.

Sweeney Todd
Lunt-Fontanne Theatre, 205 W. 46th St., New York, \$49-\$249, 877-250-2929

Mr. Isherwood is the Journal's theater critic.

SPORTS

Final Four Is Missing the Top Seeds

Miami, San Diego State, Florida Atlantic and Connecticut are the last teams standing in an upset-heavy tournament

At this time last year, a collection of college basketball's royalty—Duke, Kansas, North Carolina and Villanova—was preparing to gather for one of the highest-pedigreed Final Fours in men's tournament history. This season, the glamor teams are out, replaced by a trio of

By Robert O'Connell in Kansas City, Mo., and Laine Higgins in Louisville, Ky.

lesser-known underdogs from beach communities—Miami, San Diego State and Florida Atlantic—plus the northerners from Connecticut, who are by far the most familiar basketball power in the pack. It is the first time since 2011 that none of the tournament's No. 1 or No. 2 seeds reached the Final Four.

Miami and San Diego State, each a No. 5 seed, defeated second-seeded Texas and sixth-seeded Creighton respectively on Sunday. Both games were thrillers that saw early deficits overcome and late, nervy moments endured. The Hurricanes and Aztecs join a Final Four that already included No. 9 seed Florida Atlantic and No. 4 seed UConn, who won their regional finals on Saturday.

Miami trailed throughout the first half and withstood a Texas barrage early in the second that pushed their deficit to as many as 13 points. With just eight minutes remaining, Miami's backcourt ignited a 12-2 run to close the gap. A steady-handed jump shot from Isaiah Wong started the stretch; a careening layup from Nijel Pack and alley-oop dunk by Norchad Omier capped it off.

If a flurry evened the game, fortitude won it, as the physicality ramped up down the stretch. Miami's Jordan Miller stepped time and again to the free-throw line and made good on all of his 13 opportunities, just one component of a perfect evening. Miller scored 27 points, on 7-for-7 shooting, joining Duke's Christian Laettner as the only players to make all of their



The Miami Hurricanes will join San Diego State, Florida Atlantic and Connecticut in the men's basketball Final Four.

shots on at least seven attempts from the field and the stripe during the NCAA tournament.

Miller's hot hand summed up a Miami attack that compensated for a severe 3-point disadvantage with top-notch efficiency from every other sector of the floor. The Longhorns made 10 3-pointers to the Hurricanes' two and repeatedly gave full-court attention to Pack, who had laced seven triples in a Sweet 16 win over Houston. The Hurricanes shot 59% from the field, though, and made 28 of 32 free-throws overall.

"No one wanted to go home," Miller said. "We showed really great perseverance."

For Miami coach Jim Larrañaga, the win bookends one of the unlikely one-twins in NCAA Tournament history. In 2006, he led mid-major George Mason to an overtime upset of Connecticut to

clinch an out-of-nowhere Final Four berth. 17 years later, the 73-year-old Larrañaga has taken a power-conference club aided by one of the most aggressive NIL programs in the country to college basketball's promised land.

"Obviously Coach L was a huge piece of transferring," Pack, who arrived from Kansas State over the offseason, said on Saturday, a day before he would be crowned the Midwest Region's Most Outstanding Player.

Sunday's surprising outcomes are a reminder that the sport's big brands aren't the only ones who think they're supposed to make it to the final weekend of the season.

"Our plan is to make it to a Final Four, to win a national championship," San Diego State coach Brian Dutcher said before Sunday's game. "So we can't act surprised when we're sitting up here."

Expected or not, Dutcher looked relieved on Sunday afternoon when officials signaled that his team had indeed defeated Creighton in comeback fashion. Later, it turned into overflowing joy: standing atop the ladder with a severed net in hand, a giddy Dutcher did a trust fall into his teams' outstretched arms.

The game came down to Darrión Trammell at the free-throw line with 1.2 seconds left and the score knotted at 56, after a hotly contested foul was whistled on Creighton's Ryan Nembhard. Trammell, an 85% free-throw shooter, missed the first. He swished the second.

"I definitely wasn't going to miss the second one," Trammell said after the game.

Creighton guard Baylor Scheierman then did his best Patrick Mahomes impression and launched an

inbound pass the entire length of the floor, only for it to be tipped out of bounds. The buzzer sounded and Aztecs danced across the court, but there was some confusion as to whether the ball was tipped with time still remaining on the clock. An official review said no and San Diego State's celebration started anew.

Dutcher, who has served in various roles with the Aztecs' basketball team for 24 years, now advances to the first Final Four in program history. His team will face Florida Atlantic in Houston on April 1.

For Dutcher, making it to Houston is a little bittersweet. Three times in his more than two decades with the program, the coach said, he had felt like San Diego State had a team good enough to do it. In 2011, the Kawhi Leonard-led Aztecs ran into the ascendant UConn team that Kemba Walker willed to the championship. San Diego State also had a deep team led by Xavier Thames in 2014, but it lost to Arizona in the Sweet 16.

After Dutcher took over for Steve Fisher as head coach in 2017, San Diego State was on track to earn a No. 1 seed for the NCAA tournament in 2020. They were on the plane ride home from the Mountain West Conference tournament, where they had lost in the final on a buzzer beater, when they got word that the tournament had been canceled.

"I told the guys, don't worry about this. The greatest experience of your life is about to happen. Then it didn't happen," Dutcher recalled of his post-game pep talk. "The 30-2 team never got a chance to play."

"I was crying on the airplane the day the season got canceled," said senior Aguek Arop, a freshman in 2019-20.

Sunday's win for Arop and the other four seniors who were part of that 30-2 team three seasons ago felt like redemption.

"I felt bad for the seniors that didn't have this," said Nathan Mensah. "I feel like now we are here to represent them."

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbers 1-66.

- 26 "All sales are final"
28 Sewing kit item
29 Gardening need
30 Silly Putty container
31 Leave astounded
32 Cherry or raspberry
33 Button on Amazon pages
34 "The Raven" writer
35 A pop
38 Figure on the Sistine Chapel ceiling
43 Sirius, or Toto, in another sense
44 ___ Vallarta
45 Nevada gambling mecca
46 Popular Italian scooter
47 Fighting
48 Cheech's partner
49 Forbidden
50 Thing blocked by sunscreen
51 They're bound to sell
53 Leaves like a skydiver
54 Decorative woodwork
60 UFC sport

COME CLEAN | By Bob Frank & Jeff Chen

Crossword puzzle grid with clues for 'Come Clean' section.

Previous Puzzle's Solution

Grid showing the solution to the previous puzzle.

The contest answer is TAKE CUES. The four theme answers sound like plurals of letters: E's I's, T's U's, C's P's and O's B's. Find the one grid answer with each of those as a double letter: TEEN, ALII, KITT, EQUUS, COCCYX, UPPERCUT, EBOOKS, SUBBED. The first letters spell the contest answer.



Arizona State's Léon Marchand will be a swimmer to watch ahead of the 2024 Paris Olympics.

Swim Star Emerges for Paris

By LAINE HIGGINS

While much of the sports world was watching the NCAA basketball tournament looking for the next hoops phenoms, the next Michael Phelps may have emerged at the NCAA swimming championships last week. And he's a 20-year-old Frenchman named Léon Marchand.

Swimming is quick to anoint every multi-talented swimmer as the heir to the retired Phelps, who won 28 Olympic medals, but Marchand may finally be the one who deserves the hype.

At the NCAA swimming championships at the University of Minnesota, Marchand won three individual events in record-setting fashion, raced historically fast on four Arizona State relays that he helped to top three finishes, and led the Sun Devils to a program-best second-place team finish.

It was a strong and versatile performance Marchand's coach says merits the Phelps comparison. He would know: Arizona State coach Bob Bowman turned Phelps, a 12-year-old butterfly prodigy from Baltimore, into the most decorated Olympian of all time.

"Léon and Michael are both aerobic animals," Bow-

man said. "There is a motivational factor, because all I have to do to get Léon to do something is say, 'Well the fastest I ever saw Michael do was this.' And he's beaten it a couple times, so that actually does work."

Phelps's bread-and-butter races were the 200 butterfly and 400 individual medley—his 2008 world record in the latter race still stands—but wasn't as comparatively dominant in the shorter races. Marchand, a sophomore, is similarly dominant in the individual medleys, but might be even more versatile because he's strong at butterfly and breaststroke and is just as good at sprinting 50 yards as he is 500.

Last month during a dual meet, Marchand dove in for the first 500-yard freestyle of his career and finished in 4:07.81—then the fifth fastest time in NCAA history. "Nobody in the world ever swims their first 500 and does the fifth fastest time ever. It just doesn't happen," Bowman said.

The other end of Marchand's range was on display on Wednesday. His 22.27 second split in the 50-yard breaststroke, on the Sun Devils' 200-yard medley relay, was the fastest collegiate relay split ever.

There are three steps swimmers usually take to reach peak form. First, they dial back the intensity of their training, called "tapering," to let their body rest. Then, they shave every square inch of skin on their body, save the eyebrows, in an effort to make themselves more hydrodynamic. Lastly, they race in fast suits, high-tech compression suits inspired by shark skin and designed to repel water.

At Arizona State, Bowman has had his swimmers don fast suits, but not shave or taper, for most meets. Until this week's NCAA championships, Marchand had never fully tapered. Nor had he shaved. "You would be surprised. He's pretty hairy," Bowman said.

The freshly shaven Marchand dominated in all of his individual races and swam some of the fastest relay splits in history this past week. He capped off the meet with a third individual title and NCAA record in the 200-yard breaststroke, finishing in 1:46.91.

It was a performance that could put Marchand on track for a packed schedule at the 2024 Paris Olympics, where he will have one advantage Phelps never had: a hometown crowd.

OPINION

The Economy Gets Wrung Out



INSIDE VIEW
By Andy Kessler

So now what? You don't just lose Silicon Valley Bank, Signature Bank (used by fake heiress Anna Delvey) and Credit Suisse in a week without repercussions. We saw hundreds of billions in stock-market value and tons of debt vaporized. Yes, all U.S. bank deposits are now supposed to be fully insured. And yes, the Federal Reserve has rolled out a new Bank Term Funding Program that offers banks one-year loans against underwater Treasuries and mortgage-backed securities at par value. Wow. Last week the Federal Reserve announced a currency-swap line, basically to help foreign banks. But is that even enough?

More failures and quickie mergers are inevitable—banks are some \$2 trillion underwater with their bond portfolios. First Republic Bank's stock has fallen 90% in three weeks as depositors pulled their money. Like SVB, First Republic goosed returns by chasing yield. Unfortunately, it doesn't have many of the bonds that the Fed's Bank Term Funding Program will loan against, hence the \$30 billion in "deposits"—almost charity—from 11 large banks.

I suspect someone will buy First Republic soon, similar to United Bank of Switzerland (UBS) buying Credit Suisse for

a bar of Toblerone. The deal was helped by \$17 billion in contingent convertible bonds, or Cocos, which went puff, wiped out in value. Plus, the Swiss National Bank will cover nearly \$10 billion in losses and provide almost \$110 billion in liquidity. But UBS inherits Credit Suisse's First Boston curse. Everyone on Wall Street recalls the scandals that plagued First Boston: "Bid 'Em Up Bruce" Wasserstein, the 1989 Ohio Mattress "burning bed" deal, IPO kickback charges, and most recently Archegos and Greensill.

Last week I heard some crypto hysteresers have been telling startups to put some of their future payroll into crypto for safekeeping in case of more bank failures—which probably is why bitcoin popped 40%. That might end up being expensive insurance. And circular reasoning, considering the stablecoin USDC had \$3.3 billion deposited at SVB.

Even if there are no more bank failures, credit is tight and getting tighter. Last week saw February home prices down 0.2% year over year, the first drop in 11 years. By the way, the mortgage-debt market is \$8 trillion. And \$1.5 trillion in commercial real estate debt is due over the next three years. Work from home means future office vacancies, a ticking bomb. It's starting: In late February, Pimco and its Columbia Property Trust defaulted on \$1.7 billion in loans on seven buildings. Brookfield stopped paying \$784 million

in loans on two Los Angeles buildings. As all New Yorkers know, there's never just one or two cockroaches.

It's increasingly improbable that we escape a recession. Clearly the 2008-09 financial crisis was worse. No one knew what was inside all those weird derivatives Wall Street invented, and no one wanted to hold them. This time, it's a case of underwater bonds as interest rates have risen—someone will buy those bonds at a discount.

A steady drip of bad news, including missed earnings and layoffs, is under way.

But things move slowly. Bear Stearns had a shotgun wedding with JPMorgan in March 2008, 15 years before SVB's implosion, beware the ideas. Lehman Brothers didn't fail until September 2008, along with other bailout mergers like Washington Mutual and Wachovia. The stink of those deals, and media derision, is why big banks are reluctant to buy bad banks today. And remember, the stock market didn't bottom until March 2009, after the crisis but three months before the recession ended. Don't wait to see the whites of their eyes.

There still seems to be excess to wring out of the system—in stocks, crypto, real estate and banks. As credit

tightens and the economy slows or recedes, the next phase will be earnings disappointments. Drip, drip, drip, every day another miss, another round of layoffs (this month more Amazon and Facebook workers were let go). It could take six months, a year or, with policy failures, 10 to 15 years. Despite some ups and downs, the Dow Jones Industrial Average effectively went sideways from 1966 until 1982.

It's often darkest before dawn. One night in January 1991, I was dreading Morgan Stanley's morning meeting because I had a buy on Intel's stock and the company completely missed its earnings estimates. The world economy was frozen after Iraq's invasion of Kuwait. But Operation Desert Storm began that night—we all watched on CNN. By morning, Intel was up huge, launching a 19-year bull run.

The more 500-point market drops due to bank-failure fears, recessions, Russia and China, or concern over our pending AI overlords, the closer we are to wringing all the positive sentiment out of investors. No one rings a bell at the bottom (or top) of markets. When the news is bad, people capitulate and swear off stocks forever. Then, get your butterfly net ready to scoop up the next wave of innovative companies that got thrown out with the bath water—a stock picker's paradise. Beats leaving your money in a bank.

Write to kessler@wsj.com.

BOOKSHELF | By Andrew R. Graybill

Conservatism's Mexican Roots

William F. Buckley Sr.

By John A. Adams Jr.
(Oklahoma, 302 pages, \$29.95)

Reflecting on the Revolution in France in his classic 1790 treatise, the Anglo-Irish politician and philosopher Edmund Burke wrote that "whenever our neighbor's house is on fire, it cannot be amiss for the engines to play a little on our own." More than a century later, William F. Buckley Sr.—father and namesake of the conservative American icon—took a similar view of the Mexican Revolution (1911-20), sharing Burke's pragmatic approach to government as well as his concerns about liberal contagion. But unlike Burke, who observed the happenings in France from the safety of England, Buckley was a participant in the drama that unfolded in Mexico, where he had moved in 1908. This is the subject of "William F. Buckley Sr.: Witness to the



Mexican Revolution, 1908-1922," a fascinating if uneven book by the independent historian John A. Adams Jr.

Considering the Buckley family's indelible association with New York City and its leafy environs, it may come as a surprise that Buckley père was raised in South Texas, where he was born in 1881. Will and his siblings grew up poor, "blessed with neither electricity, gas, telephone, running water, nor refrigeration," as one of the children later recalled. But they were bilingual, perhaps of

necessity, given that 90% of the 2,000 residents of San Diego, Texas, their hometown, were of Mexican descent. Despite his straitened circumstances, Will earned undergraduate and law degrees from the University of Texas, and shortly thereafter opened a legal practice in Mexico City, quickly expanding into oil and real estate, assisted by his brothers Claude and Edmund. The business climate in Mexico was promising for foreigners like the Buckylys, thanks to the pro-development policies of its autocratic president, Porfirio Díaz, who would rule the country for more than three decades.

Buckley's prominence among the American expatriate community made him a natural conduit between officials in the U.S. and Mexico once the latter country was plunged into chaos following the ouster of Díaz in 1911. Buckley was Zelig-like, cropping up repeatedly at key moments. He visited the U.S. Embassy in February 1913 during the *Decena Tragica* (Ten Tragic Days), when Francisco Madero, Díaz's successor, was overthrown in a coup led by Gen. Victoriano Huerta, instigating a spasm of violence that killed thousands in Mexico City. Likewise, Buckley found himself in the port of Veracruz in April 1914 when U.S. troops landed there to block an arms shipment intended for Huerta, who had lost the support of President Woodrow Wilson. Allegedly, Buckley was even on hand at the celebrated December 1914 meeting of rebel leaders Pancho Villa and Emiliano Zapata in Xochimilco.

Buckley favored Huerta, serving as the regime's legal counsel in negotiations with the U.S. aimed at preventing hostilities between the two nations. He was thus dismayed by the ascendance of Venustiano Carranza and, later, Álvaro Obregón. Both leaders endorsed the Mexican Constitution of 1917, including Article 27, which asserted national ownership of natural resources while circumscribing the economic power of the church. These provisions horrified Buckley, who was a staunch believer in free-market capitalism as well as a devout Roman Catholic. In the bulletin of the American Association of Mexico, an advocacy group he founded in 1919, Buckley denounced the "dangerous Bolshevik movement" that had taken root in Mexico. Notwithstanding his professed commitment to isolationism, he bankrolled a feckless 1921 coup against Obregón, who expelled Buckley from the country. Buckley then shifted his business operations to the emerging oil fields of Venezuela, kickstarting what would become a global conglomerate and financial powerhouse. He spent his golden years in Connecticut and South Carolina and died in 1958.

The elder Buckley had a front-row view of many major events of the Mexican Revolution. The experience deeply influenced him and his children.

Among the book's greatest strengths is the depth and quality of its research. Mr. Adams, who has written more than a dozen volumes—mostly about Texas and Mexico—makes terrific use of primary documents, especially those found in the Benson Latin American Collection at the University of Texas. That archival work, he tells us, was complicated by the chaotic state of Buckley's papers, which were borrowed by the U.S. State Department in the 1920s and returned in a jumbled mess several years later. Moreover, Mr. Adams consulted with several Buckley family members, including a descendant based in Mexico City, as well as Judge James L. Buckley, the sole survivor among the 10 children born to Will and his wife, Aloise. Judge Buckley, who recently celebrated his 100th birthday, contributed a foreword acknowledging the importance of Mexico to the family's understanding of itself, writing that "it had somehow permeated our DNA."

Mr. Adams's style, however, does not make for easy reading. Even granting that the Mexican Revolution is extraordinarily complex—consider that, in the revolving door that was the Mexican presidency at the time, one head of state served for less than an hour in 1913—the author presumes more familiarity with events than can be reasonably expected from a general audience. At scarcely more than 200 pages of text, the book leaves little room for helpful explanation while consigning some critical events to the cutting-room floor. Chief among these is the Plan of San Diego, a 1915 irredentist movement aimed at reclaiming for Mexico the parts of the American Southwest it lost in its war with the U.S. during 1846-48. That the plot—which led to the brutal repression of Mexicans in South Texas—was incubated in Buckley's hometown makes this omission all the more surprising.

As another of his offspring once said, Buckley's experience in Mexico "deepened his frontier suspicions of autocratic [leaders] (and big government in general), and that attitude dyes all his children strongly." Surely that was true of Buckley's favorite son, William F. Buckley Jr., who, after serving a short stint with the CIA in Mexico City (he, too, was fluent in Spanish), founded National Review in 1955, which remains one of the leading voices of the conservative movement. The elder Buckley helped fund his son's upstart venture with a \$100,000 contribution from a fortune that traced its origins to Mexico during the most tumultuous period of that nation's history.

Mr. Graybill is a professor of history and director of the William P. Clements Center for Southwest Studies at Southern Methodist University.

What's John Kerry Doing in Mexico?



AMERICAS
By Mary Anastasia O'Grady

During a visit to Mexico last week President Biden's climate envoy, John Kerry, heaped praise on President Andrés Manuel López Obrador. "I see wisdom in his leadership that wants to undo some of the mistakes of the past and help to promote the interests of the people," Mr. Kerry said of the 69-year-old career politician who sat nearby whispering to his team and grinning.

Mr. Kerry apparently saw no irony in linking arms for a photo-op, on the same trip, with Manuel Bartlett, one of the most notorious "dinosaurs" of Mexico's one-party state during the 20th century.

He certainly hasn't been representing the interest of green energy investors.

Mr. Bartlett is now the director of the state-owned Federal Electricity Commission, or CFE, which is at the center of a dispute with American renewable-energy investors.

The climate envoy's job is to travel around the world spreading fear about global warming and pressuring countries to adopt the environmental lobby's agenda. Mr. Kerry is good at the former. But while his seven trips to Mexico over 18 months seem to have made him Mr. López Obrador's new BFF, they've done nothing

to advance the cause of renewable energy in Mexico.

Mexico reformed its constitution in 2013 to allow for private investment—foreign and domestic—in energy. In November 2018, then-President Enrique Peña Nieto signed a renegotiated North American Free Trade Agreement, christened the U.S.-Mexico-Canada Agreement. Whereas Nafta did not commit Mexico to open its energy sector, USMCA consolidated the opening Mexico had done unilaterally and prohibits discrimination of investors and service providers.

AMLO, as the Mexican president is known, took office in December 2018 with a goal of restoring the monopoly power of the CFE and the state-owned oil company Petróleos Mexicanos, or Pemex. To get there, he's been backtracking on Mexico's USMCA obligations. Climate-envoy Kerry, who ought to represent U.S. interests, has served as a prop.

Pemex is a polluter. Last week the Mexican daily Reforma reported that about 30% of the output from its refineries is dirty fuel oil, roughly the same as its gasoline output. This compares with about 1.5% of output from U.S. refineries that is fuel oil. Pemex has trouble exporting this high-sulfur residual so it depends on the CFE as a buyer.

Under USMCA, Mexico is committed to issue permits to energy producers and allow interconnection with the electricity grid on a nondiscriminatory basis. The independent systems operator is supposed to dispatch the energy used for



The climate envoy.

electricity generation according to its marginal cost. This implies that solar and wind projects go first. Yet to the extent that they displace Pemex, they are unwelcome by AMLO's government.

Operating renewable projects now face different levels of generation restrictions and other projects have yet to be given permits to operate. As Oregon Sen. Ron Wyden told U.S. Trade Representative Katherine Tai when she testified on Capitol Hill last week, "Mexico is flouting its USMCA obligations by shutting out our renewable-energy providers."

The U.S. and Canada have been in consultations with Mexico since last year over its discrimination against private energy investors, including in oil, natural gas, gasoline and renewables. In its July request for talks, the USTR pointed to "Mexico's inaction, delays, denials, and revocations of private companies' abilities to operate in Mexico's energy sector." Eight months later there's been no progress.

To give himself cover for his economic nationalism, AMLO has now pivoted to building his own wind and solar farms. In February he said that four

CFE-owned wind projects will be financed by the U.S. I asked the State Department if this was true.

A State Department spokesperson told me that the U.S. plans "to catalyze and incentivize investments in renewable energy and mobilize climate finance to assist with these efforts."

That sounds like yes, which is strange given that under a new electricity law, which AMLO pushed, energy produced by the CFE will enjoy preference in the dispatch queue regardless of how it's generated. The law has been challenged and Mexico's federal court has issued a stay pending a Supreme Court ruling. But if it goes into effect, U.S. financing of CFE projects will help Mexico displace American investors in favor of a state-owned monopoly.

Will the U.S. aid be deployed intelligently? Doubtful. The government has already overbuilt solar supply in the remote Sonoran desert, while the dream of a better grid, which is arguably a natural monopoly and the job of the state, remains elusive.

Green energy has advanced but it's still an intermittent supply. To make it work requires more private capital in things like battery technology and creative thinking about how to structure future cost-sharing contracts with reliable producers. But AMLO's attempt to nullify the ground rules under which private green capital has entered Mexico only drives new investment and innovation away. Note to Mr. Kerry.

Write to OGrady@wsj.com.

White House Disorder: Do Voters Care?

By Tevi Troy

After staying mum for months about Donald Trump, Ron DeSantis has unveiled a critique of the 45th president: Mr. Trump's chaotic management style.

In an interview with Piers Morgan, Mr. DeSantis contrasted his own style with that of leaders who bring "daily drama" and undermine political teamwork with their "own agenda." On March 10, Mr. DeSantis told Iowans, "If you talk to Floridians, there's no drama in our administration." At the Reagan Library a few days earlier, he said: "I can tell you in four years, you didn't see our administration leaking like a sieve, you didn't see a lot of drama or palace intrigue."

Mr. DeSantis didn't mention Mr. Trump by name, but

the reference was clear. Mr. Trump famously had one of the most chaotic administrations in American political history—filled with firings, leaks and backstabbing, all breathlessly reported in newspapers, on cable news and on Twitter.

DeSantis attempts an unusual line of attack against Trump.

Mr. DeSantis, who has been careful and disciplined, obviously thinks this will be a fruitful line of attack. Is it? Every White House sees infighting and sharp elbows, but few outside the Beltway care. Who remembers the fractious Ford administration, during which chief of staff Al Haig

physically grabbed an aide to his nemesis, Robert Hartmann? John Robert Greene, who wrote a history of the Ford administration, called this issue "the most inside of inside baseball."

Yet in pursuing this attack, Mr. DeSantis is clearly betting that voters will remember the infighting at the Trump White House and blame the former president for it. His White House tumult got more attention than that of previous administrations. It featured four chiefs of staff in as many years, untold firings and resignations, constant leaks—purportedly including one by a recording pen—and its own physical altercation, in which chief of staff John Kelly grabbed Corey Lewandowski by the collar. Many bestselling books, both memoirs and journalistic works, covered

the internal intrigue of Mr. Trump and his team.

But Mr. DeSantis is getting at a larger point as well. If his line of attack is successful, it will be because it resonates with the impression that Mr. Trump is full of chaos and drama, not merely in his management style. Americans decided in the 2020 election that they'd had enough of that, and the question now is whether Republicans are ready to decide the same thing.

Mr. Troy is director of the Presidential Leadership Initiative at the Bipartisan Policy Center and author of "Fight House: Rivalries in the White House from Truman to Trump." He served as a White House aide (2005-07) and deputy secretary of health and human services (2007-09).

OPINION

REVIEW & OUTLOOK

A Climate for Failed Bank Regulation

Congress will hold hearings this week on the role of regulators in recent bank failures, and let's hope they're instructive.

One question that deserves probing is whether misplaced priorities at the San Francisco Federal Reserve Bank caused it to overlook financial risks hiding in plain sight.

The Fed's mandates include promoting price stability and full employment on monetary policy and a safe and sound banking system as a regulator. The San Francisco Fed is responsible for regulating banks in the Western U.S., and one of those was Silicon Valley Bank (SVB) that failed two weeks ago.

The problems at midsize banks appear most acute in the SF Fed district. See failed Silvergate Bank, and First Republic and PacWest Bancorp, which have scrambled to raise cash. What did the Fed's examiners miss, and why?

* * *

Judging by her public presentations, San Francisco Fed President Mary Daly has been focused more on the progressive priorities of climate change and equity. In June 2021, she touted the regional Fed's work cataloguing climate risks, including "formal surveys, listening sessions, and targeted meetings with CEOs to better understand how climate risk affects decision making and resiliency planning." She added: "Consistent with our history, we have assembled a team to study how these issues are likely to impact the Federal Reserve's mandates in the future."

Climate change "including the frequency and magnitude of severe weather events—affects each of our three core roles," the bank's website says. For instance, climate change may "challenge the resiliency" of banks and "low-and moderate-income communities and communities of color." What about the resiliency of banks to runs on deposits or rising interest rates?

A San Francisco Fed memo last October noted that its "Supervision + Credit (S+C) group" has been working with Federal Reserve Board Vice Chair for Supervision Michael Barr to "inform his agenda and priorities"—namely, financial risks to banks from climate change, cryptocurrency, financial fairness and the Community Reinvestment Act. None of these contributed to SVB's failure.

SVB was required under the Dodd-Frank Act to conduct quarterly stress tests to ensure it could withstand financial shocks and other adverse events. It's not clear if the bank evaluated a scenario in which rapidly rising interest rates led to an outflow of deposits and losses on sales

of fixed-income assets, but it should have.

The San Francisco Fed's job is to ensure that banks model economic and financial scenarios that could materially impact its balance sheet. News reports say examiners flagged problems at SVB as early as 2019 in its risk controls and uncovered more last summer. But why didn't they take corrective actions—for instance, by limiting the bank's ability to grow?

Perhaps because SVB was fulfilling the SF Fed's social and climate agenda. SVB noted in its 2022 annual investor report that it received its first "outstanding" rating from examiners on its Community Reinvestment Act plan, which included billions of dollars for low-income housing and initiatives to promote "a green economy and green communities that build wealth in communities of color."

These investments didn't cause SVB to fail, but it's fair to ask if they caused examiners to be more permissive of its balance-sheet risks. Recall how regulators before the 2008 housing meltdown overlooked the underwriting lapses at subprime lenders and Fannie Mae because they promoted affordable housing.

Democrats blame former Fed vice chair for supervision Randal Quarles, whose term ended in October 2021, for the regulatory lapses at SVB. But there's no evidence that his regulatory changes contributed to the risk-management failures at SVB or other banks that have lately run into problems.

* * *

Mr. Barr has been appointed to lead the Fed's review of the supervision lapses at SVB, and he's the wrong choice. Like Ms. Daly, he has elevated climate and equity as part of the Fed's mandate and said in a speech in September that "fairness is fundamental to financial oversight." No, safety and soundness are fundamental to financial oversight.

Part of the blame may also lie with the Biden Financial Stability Oversight Council, which is supposed to monitor systemic financial risks. In October 2021 the FSOC identified climate change as an "emerging threat" to financial stability and a key priority, yet it didn't mention the risk from imminent monetary tightening on bank deposit flows and asset values.

Regulators have a hard enough job monitoring financial risks. When they muddle their mandate by adding political causes, the risk of mistakes rises. If failed bankers deserve to lose their jobs, failed bank regulators also deserve to lose theirs.

Gordon E. Moore, 1929-2023

The last half of the 20th century was an era of American business invention and economic leadership, and one of the men who defined that era and launched the digital economy was Gordon E. Moore. The co-founder of Intel Corp. died Friday at age 94.

Moore was present at the creation of the locus of innovation in northern California that became known as Silicon Valley. After studying at UC Berkeley and Cal Tech and a stint at Johns Hopkins studying solid rocket propellant, he moved to California to work on the nascent technology of transistors in William Shockley's semiconductor laboratory.

He soon left with others to join what became Fairchild Semiconductor, the company that spawned dozens of startups and from which the Valley grew. In 1968 Moore and the legendary Robert Noyce, co-inventor of the integrated circuit, founded Intel, which married technology with precision design and engineering to become world leader in memory chips.

Moore became president in 1975 and CEO in 1979 until 1987 and remained as chairman until 1997. As competitors rose in Asia, Intel leapt

ahead again in the 1980s and 1990s by innovating on advanced microprocessors.

Moore is most famous as the author of Moore's Law, which posited that the number of transistors per silicon chip doubles every year. He later changed that to every two years, but the law has held with remarkable durability despite the difficulty of crowding transistors ever more closely together. This has made it possible to put far more computing power in the hands of the average person than was imagined at the dawn of the computer age.

It's a sign of America's relative economic decline that Intel is one of the firms that lobbied for subsidies in last year's Chips Act. But that shouldn't obscure the accomplishments of Noyce, Moore, later Intel CEO Andrew Grove, and others who made possible the advances that transformed the world economy and contributed to the greatest and most broadly based prosperity in human history.

Moore's life and career are a reminder of a golden age in U.S. entrepreneurship. The challenge of our era is rediscovering the educational standards and freedom that helped to make his achievements possible.

The Intel co-founder led a golden age of American innovation.

Washington Judges Redefine Income

Public unions and progressives have tried for years to overturn Washington State's ban on income taxes. And on Friday they finally succeeded as the state Supreme Court upheld a new 7% tax on capital gains. Washingtonians can look forward to a future of higher taxes on property and investment.

Washington has a provision in its state constitution requiring uniform taxes on property. Decades of precedent in the Washington courts have defined income as property, thereby preventing lawmakers from imposing income taxes without amending their constitution.

That restraint on grasping politicians is now over, as a 7-2 majority ruled that the tax on capital gains passed by the Legislature in 2021 is really an excise tax rather than a tax on property or income. That slick redefinition let the judges call the tax constitutional without having to overrule its 1933 precedent that prohibits a progressive income tax.

The majority's logic contradicts common sense, nearly a century of state law, and the view of the U.S. Internal Revenue Service, which defines capital gains as a form of income. The majority opinion boasts that "forty-one other states and the District of Columbia tax capital gains." Yes, and every one considers capital gains to be income.

The state Supreme Court rewrites the law to dodge the constitution.

In her dissent, Justice Sheryl Gordon McCloud writes that "'capital gains' are income. In Washington, income is property. A Washington 'capital gains tax' is therefore a property tax."

The policy bias of the majority leaps out of its opinion. Justice Debra Stephens writes that "Washington's tax system has earned the regrettable title of most regressive in the nation" and the "burden falls disproportionately on Black, Indigenous, and People of Color (BIPOC), who are overrepresented in low income brackets." As such, "Washington's tax system perpetuates systemic racism."

Are you kidding? The Justices whose sworn duty is to uphold and follow the state constitution sign onto an opinion that denounces the document as racist? The Justices are also effectively calling the people of Washington racist because voters have rejected an income tax 10 times, including six proposed constitutional amendments and four ballot measures. When progressives can't get a policy past the voters, they always resort to the courts, which are their backstop legislature.

Washington State now has a capital-gains tax imposed by judges, and watch Democrats seek to build on the judicial ruling by trying to redefine other income taxes as excise taxes. The new tax bills start arriving in April. Enjoy.

LETTERS TO THE EDITOR

Do Cameras Belong at the Supreme Court?

Ryan Owens and Ryan Black warn of "The Danger of Cameras at the High Court" (op-ed, March 22). But it's just as easy to imagine that letting Americans see for themselves the majesty and collegiality of the Supreme Court's proceedings would be a benefit, with the public's view of the court already at or near a nadir.

For the most part, Supreme Court arguments are uneventful. The justices are far more likely to complement, and compliment, their colleagues than act impolitely. Decorum hasn't suffered during the three years in which live audio of oral arguments has been permitted.

We've also had for 40 years the type of "further research to examine the consequences" that the authors recommend: All 50 state Supreme Courts have allowed their hearings to be televised. "The impact of video and audio has no equal," Ohio's then-Chief Justice Maureen O'Connor wrote in 2013, "and absent really being there, there is no substitute."

Finally, the authors underestimate the educational value of cameras. During a televised argument in 2014 at the U.S. Court of Appeals for the Second Circuit, Judge Gerard Lynch noted: "The procedure here is going to involve lawyers making arguments, they are likely to be interrupted and asked a lot of questions by the judges. That's not because we're rude. . . . This is, to some degree, our

time to ask questions of the lawyers to clarify the points that they're making." One can imagine Chief Justice John Roberts offering a similarly beneficial explanation were the Supreme Court to allow cameras.

GABE ROTH
Executive director, Fix the Court
Brooklyn, N.Y.

What about grandstanding? Televised advocates before the court may pitch their arguments not to the justices, but to the public, hoping to put pressure on the court. It isn't beyond the pale that a sitting justice could do likewise. Recent history shows other attempts to bring pressure, including demonstrations at justices' homes. The Founders wisely structured the court to insulate justices from much public pressure. That isolation should be preserved to the extent possible.

NED DORSEY
Cincinnati

In this age of transparency, it may be seditious or ludicrous to oppose televising anything. But as a U.S. Senate staffer in 1986, the year the world's greatest deliberative body allowed cameras, I can say that I was present at the dawn of our decline. We have enough performers in Washington. Don't let cameras create nine more.

LANCE MORGAN
Washington

Judges Shouldn't Be Able to Select Their Own

In "Netanyahu's Judicial-Reform Blunder" (Politics & Ideas, March 22), William Galston calls for a halt to all judicial reform in Israel, due to large weekend demonstrations against the reforms. In Mr. Galston's perfect knowledge of the future, he predicts "unending discord" as the result of Israel's democratic process.

Naturally, Mr. Galston acknowledges the imperfections of the "status quo" and that the Israeli Supreme Court has "expanded its jurisdiction." But rather than encourage the people's representatives to fix one of the most obvious issues, he demands a halt.

The Israeli Supreme Court effectively selects its own. This problem is easily understood by Americans. Imagine if Justices Amy Coney Barrett, Brett Kavanaugh, Neil Gorsuch, Samuel Alito and John Roberts could have nixed Justice Ketanji Brown Jackson. The self-selection problem is so pronounced that intellectuals of the right and left have opposed it for years. But Mr. Galston would have Israel hold up removing this

undemocratic self-coronation process than allow the Knesset credit for doing its job.

The political forces of a democracy are working to solve the problems that Israel faces. Even though the left chooses the streets rather than engage in conversations, the ruling coalition has modified some reforms and suspended others, as Mr. Galston notes.

Rather than encourage the protesters in do-or-die intransigence, the readers of these pages are better served appreciating the strength of the democratic process at play in Israel. The voters deserve this and other common-sense reforms. With due sensitivity for the needs of all our citizens, this government intends to deliver them.

MK SIMCHA ROTHMAN
Jerusalem

Mr. Rothman is chairman of the Israeli Knesset's Constitution, Law and Justice Committee.

EDWARD WEINHAUS
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Don't Fault SVB for Serving New Startups

Kimberley Strassel portrays as a bad thing that "SVB was beloved for its willingness to offer 'banking services to startups that often weren't profitable, in some cases didn't have a product, and would otherwise have a hard time getting a line of credit or a loan'" ("Did ESG Help Sink SVB?" Potomac Watch, March 17).

I worked for three Silicon Valley companies that went public. No

startup is profitable right from the start. By definition, they don't have a well-defined product or credit profile and would have a hard time getting credit on ordinary criteria. That's why "cash burn" is a well-known phrase in Silicon Valley.

Nevertheless, having received funding from venture capitalists, startups have banking and financial needs. The idea behind SVB's business was to provide an off-the-shelf solution so that startups could focus on developing new technology instead of managing working capital. If the startup failed, SVB would be there to help provide an orderly windup. To compare software companies to mature businesses seeking credit is to miss the point of venture capital.

FRANK DEROSE
Fremont, Calif.

Excessive Taxation Only Feeds the Black Market

Tax greed leads to undesirable consequences ("Taxes Have Made New York Into an Empire of Cigarette Smuggling" by Todd Nesbit and Michael LaFave, Cross Country, March 11). But criminal activities aren't limited to cigarette smuggling. A majority of states have legalized marijuana for personal or medical use, and a number have followed up with excessive tax schemes and regulations. This has led to increased illegal sales, something that legalization proponents hoped to limit, in addition to providing additional tax revenue.

Frequently, it is much cheaper to purchase marijuana illegally. The potential for adulterated and unsafe illegal marijuana isn't always enough reason to persuade the consumer to spend the additional money to make the purchase in a legal venue. States that refuse to reconsider their tax laws do so at their peril.

EUGENE M. HYMAN
Los Altos, Calif.

What if We Made a Change?

Big cities should take a crime-fighting lesson from Seattle—change governance ("Crime and Consequences in Seattle," Review & Outlook, March 22). Seattle took a small step in that direction by electing Republican Ann Davison as city attorney. She got my vote.

TOM GUMPRECHT
Seattle

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

A New Censorship Loophole

Stanford law students are apparently protesting the school's apology to Judge Kyle Duncan ("The Tyranny of the DEI Bureaucracy," Review & Outlook, March 18). They claim that preventing his speech was an expression of their own free speech. Oppressors around the world might pick up that line to good effect: The censorship of Chinese internet is the Communist Party's free expression.

ANDREW BARTON
Douglas, Mass.

Pepper ... And Salt

THE WALL STREET JOURNAL



"I'm losing my edge. I can't maintain my rage through all the available news channels."

OPINION

You Can't Cancel Me, I Quit

By Mary Eberstadt

I was scheduled to give a speech on Monday at Furman University about my recent book, “Primal Screams: How the Sexual Revolution Created Identity Politics.” I canceled it. Here’s why.

In the spring of 2014—in retrospect, the dress rehearsal for cancel culture—some commencement speakers around the country were disinvited or withdrew themselves from consideration owing to left-wing protests. I wasn’t among them. A few faculty members at Seton Hall University tried to have my invitation rescinded on the grounds that I wasn’t what they meant by “Catholic”—progressive. They failed. I delivered my address as scheduled at New Jersey’s Meadowlands Arena to some 6,000 graduates, families and friends, and was awarded an honorary doctorate in humane letters.

I was supposed to speak at Furman University. I decided to beg off rather than indulge an angry mob.

It was a thrilling event. I enjoy talking to students. I teach graduate students and young professionals, and I founded an organization that helps mentor hundreds of women involved in journalism and media, many of them right out of college. Those experiences probably explain why I had never been the object of protest by students.

But 2023 is light years from 2014. Some months ago, the head of Furman’s Tocqueville Program invited

me to give a public lecture about “Primal Screams.” Not knowing a soul there, I googled. Nestled in scenic Greenville, S.C., the university was founded in 1826 by the Southern Baptist Convention. Furman’s website features young people said to be “innovative in their thinking, and compassionate in their approach to career, community, and life.” The Tocqueville Program has hosted impressive speakers. This seemed a promising opportunity to visit an attractive campus, befriend some students and faculty, and talk over ideas. What could go wrong?

Well, consider what happened to the speaker who preceded me last month in the same series: Scott Yenor, a professor of political science at Boise State University.

Mr. Yenor had been invited to speak on “Dostoevsky and Conscience.” An inhospitality committee sprang into action, “triggered” not by his speech topic but by opinions that he had expressed elsewhere, including his critique of feminism and support for “sex-role realism.” Scores of faculty and student protesters “silently” objected inside and outside as he spoke. Three armed policemen were assigned to his protection. Within the auditorium, protesters lined the walls the professor had to pass, holding posters with ad hominem slogans and quotations of his taken out of context, staring balefully at him throughout.

I called Mr. Yenor to ask for his take. “Never in my life have I experienced a crowd so uninterested in learning, and so unwilling to hear,” he said. “They were simply filled with malice.” No one in the administration commented on his treatment, much less apologized for it.

Soon after, something called the Cultural Life Program at Furman,



which requires students to attend a certain number of public speeches, mysteriously decided to deny credit for mine unless the program inserted a different faculty interlocuter rather than the one who had invited me—presumably because the latter would have been too supportive. An article was posted by the independent online student newspaper, the Paladin, attacking the Tocqueville Program, applauding the public abomination of Scott Yenor, darkly noting that Catholics had been invited as speakers, and taking potshots at me. There’s no evidence that the indignant writer had read my books or even knew their titles. The piece accused me of perpetuating “dangerous” (dog whistle) myths, adding that students “demand to interrogate” (another whistle) the Tocqueville Program.

Posters advertising my speech disappeared en masse around campus the week before the event. They were replaced and disappeared again. Furman community members following social media and conversations on campus relayed independently that

the protest was expected to be “substantial,” as two put it. They also informed me about a letter that was sent by some students to the Cultural Life Program’s committee, caricaturing my work and calling me names in an effort to revoke credit for attending my speech.

As I mulled what to do about such unexpected hostility, different calculations came to mind. What might be the odds of an ugly Yenor-style experience? Likely high.

What about the odds of physical injury? Low, but not nonexistent. In 2017 students at Vermont’s Middlebury College attacked Prof. Allison Stanger, sending her to the hospital, after she hosted a talk by Charles Murray. Bystanders have been injured during other recent campus brawls, like the March 14 protest of a Charlie Kirk speech at the University of California, Davis that left an officer injured. In 2021 the Foundation for Individual Rights in Education polled 37,000 students at 159 campuses; 23% said they believe violence is justified against unwanted speech. Not all students think sending campus guests to

the emergency room is good form—but 1 in 4?

In the end, it was a different thought that led me to pull the plug. As Liel Leibovitz put it recently in *First Things*, “The terrible power our pursuers hold over us, the power of intimidation and of setting the terms of the debate, dissolves the moment you realize you’re free to disengage.” To which I add: Bullies have a right to protest, but that right doesn’t extend to dragging others into untruths—including the untruth that people who join a hateful mob have any intention of listening to a speaker in the first place. They don’t, and the rest of us are under no obligation to help them live that lie by playing along.

To the students who did want to hear my speech: I’m sorry to miss you. On a positive note, it’s better to read than to watch. Copies of “Primal Screams” have been sent to every student in Furman’s Tocqueville Program, and two dozen more will be available this week for whoever wants them—delivered care of the university president’s office, since social-media mobs lack mailing addresses.

The book makes the case that social upheavals since the 1960s have led to compounded fractures on generations and that the implosion of family, real-life community and religion has weakened many people’s sense of identity. It further argues that the rise in mental and emotional problems, increasingly visible on campuses and on the streets, is a result. The students revulsed by free speech these days aren’t victims of that analysis but poster children for it.

Ms. Eberstadt is author of “Primal Screams” and “Adam and Eve After the Pill, Revisited.”

When Big Business Married Big Government



LIFE SCIENCE
By Allysia Finley

When liberals look back on the Biden presidency, they may hail its greatest accomplishment as ushering in a new era of corporate government dependency. Without fail, and no matter the industry, the administration has hooked businesses on Washington handouts while attaching conditions that put taxpayers and consumers on the hook for leftist policy preferences.

The latest example is the banking panic. The 2010 Dodd-Frank Act provided an implicit taxpayer guarantee for the country’s largest banks. With Silicon Valley Bank’s collapse, mid-size banks are now arguing they’re also too big to fail and lobbying the Federal Deposit Insurance Corp. to guarantee all uninsured deposits for two years to prevent more bank failures. In other words, they want the government to backstop poorly managed banks.

Massachusetts Sen. Elizabeth Warren has lent support to the idea but demands that a government guarantee be tied to increased regulation. And don’t think she has only stronger capital and liquidity

standards in mind. Like-minded officials will surely demand a ban on stock buybacks and dividends, executive compensation caps and perhaps even growth restrictions.

Government help is never free, as semiconductor companies are learning. Chip makers lobbied Congress for enormous subsidies to build plants in the U.S., which they claimed would shore up supply chains and protect national security. Republicans joined Democrats last year in approving some \$39 billion in direct financial aid, plus a 25% investment tax credit.

Commerce Secretary Gina Raimondo then conditioned the grants on companies implementing the administration’s social policy. According to new rules unveiled last month, chip makers receiving more than \$150 million in federal grants will have to provide child care for their employees and guarantee “family-sustaining benefits that promote economic security and mobility,” including “paid leave and caregiving supports.”

Chip makers will also have to pay construction workers union wages. Intel CEO Patrick Gelsinger, meet your new boss: Ms. Raimondo. Mr. Gelsinger was the Chips Act’s loudest business advocate, and little wonder why: Intel has been losing ground to

other chip makers in recent years and recorded a \$664 million loss in last year’s fourth quarter. Fortunately for Intel, the Treasury Department last week clarified that companies will be allowed to pocket the 25% tax credit—estimated taxpayer cost: \$24 billion—even if they owe little or no income tax because they aren’t profitable.

From banking and chips to broadband and pharma, Biden has ushered in a new era of dependency on D.C.

Broadband providers also volunteered to become charges of the government when they backed the 2021 Infrastructure Investment and Jobs Act, which included \$42.5 billion in grants for states to build high-speed broadband plus \$14.2 billion in subsidies for low-income Americans to purchase internet service plans.

Here, too, the Commerce Department is imposing political conditions on the cash. Broadband providers will have to pay union wages, commit to not opposing unions, and use project-labor agreements between unions and contractors that govern

terms and conditions of employment.

Commerce’s grant-funding guidelines also suggest that states require broadband providers to open up their networks to competitors as a condition of support. The administration is trying to socialize the internet through a funding back door.

Democrats learned from ObamaCare that dangling subsidies can turn businesses into permanent government dependents and allies in their cause to expand the welfare state. ObamaCare gave health insurers millions of new customers and increased their profits by heavily subsidizing premiums in return for regulations on prices and plan designs.

The 2021 American Rescue Plan Act sweetened the insurance subsidies even more. These enhanced subsidies were set to expire this year, but insurers lobbied Congress for an extension—warning, as the America’s Health Insurance Plans lobby did, that “nearly 3 million Americans would become uninsured” if the subsidies lapsed at the end of 2022.

The Biden administration is now trying to co-opt the pharmaceutical industry. In December the administration solicited ideas from private industry on how to boost biotech manufacturing in the U.S., including suggestions for financial incentives.

The administration has set a goal of boosting the manufacturing speed of 10 common therapeutics tenfold in five years.

In response, the Pharmaceutical Research and Manufacturers of America lobby suggested strengthening intellectual-property protections and streamlining the permit process, among other things. Biden officials are unlikely to do either, but they may be more supportive of PhRMA’s proposal for a 25% investment tax credit as well as direct loans and loan guarantees for U.S. drug production. The administration could then tie the subsidies to progressive policies, such as price restrictions, exactly as it’s doing with chip makers.

Perhaps no industry has become as dependent on government in the Biden years as auto makers. A Goldman Sachs report last week estimated that the Inflation Reduction Act’s electric-vehicle consumer and battery-production tax credits alone could cost taxpayers \$523 billion over 10 years—nearly seven times as much as the 2008-2009 auto bailout.

Auto makers are losing billions of dollars on electric vehicles, but the administration is making the industry too big to fail. How long before they ask government to backstop their losses?

For the First Time, the Fed Is Losing Money

By Paul H. Kupiec and Alex J. Pollock

Like all central banks, the Federal Reserve was designed to make money for the government from its monopoly on issuing currency. The Fed did generate profits, which it sent to the Treasury, every year from 1916 on—until last fall. In a development previously unheard of, the Federal Reserve has suffered operating losses of about \$42 billion since September 2022.

That month, the massive interest-rate risk created by the Fed’s asset-liability maturity mismatch began generating cash-operating losses, and the losses now average \$7 billion a month. This is because the Fed’s trillions of dollars of long-term investments yield 2% but cost 4.6% to finance. The Fed will soon have

negative equity capital, and as operating losses continue to mount, its equity-capital deficit will grow.

In a July 15, 2022, note, the Fed’s Board of Governors discussed the possibility that the system could incur substantial operating losses as it increased interest rates to fight inflation. The Fed tried to play down the importance of the issue, arguing that its “mandate is neither to make profits nor to avoid losses”—a deflection that is disappointingly transparent to anyone familiar with central banking.

The Fed traditionally avoided policies that would expose it to significant losses. In the early years, member banks could borrow from reserve banks only by posting specific collateral. The Federal Reserve Act required loans to be backed by qualifying short-term self-liquidating bills—what today we call commercial paper.

Over time, loan collateral requirements evolved, but as they did, the Fed introduced policies to protect it from losses when lending to member banks.

When Congress or the executive branch tapped the Fed for emergency loans to avert a wider financial crisis, it sought government guarantees to protect itself from default losses. Franklin D. Roosevelt’s administration asked the Fed to stand ready to provide loans to banks that were allowed to reopen after the 1933 national bank holiday. Instead of lending directly to these banks, the Fed proposed that it lend to the Reconstruction Finance Corp., which could then lend the proceeds to the newly reopened banks—because the RFC had an explicit federal-government guarantee that would protect the Federal Reserve

system from potential losses should a newly reopened bank fail.

Similarly, the Fed’s special lending programs in response to the 2008 and 2020 financial crises were undertaken only after the Treasury allocated funds to absorb losses the

program (which lends banks the par value of their underwater mortgage-backed securities and Treasuries) will be covered by the Treasury.

Avoiding credit losses is a requirement Congress added to the Federal Reserve Act in 2010. Section 1101 of the Dodd-Frank Act requires the Federal Reserve Board to establish “policies and procedures . . . designed to ensure that any emergency lending program or facility . . . protect taxpayers from losses.” Federal reserve banks are also mandated to assign “a lendable value to all collateral for a loan executed by a Federal reserve bank . . . in determining whether the loan is secured satisfactorily.”

While the Federal Reserve Act requires the Fed to avoid taking credit related losses that could have an impact on taxpayers, it makes no mention of losses from interest-rate risk exposures. The act’s authors never imagined such losses. Monetary policy was all but assured to generate Fed profits prior to 2008. That changed once the Fed started paying banks interest on their reserve balances and making large open market purchases of long-maturity Treasuries and mortgage-backed securities.

Fed losses from its interest-rate-risk exposures—unrecognized taxpayer losses—are now being realized in ways Congress never intended and at magnitudes neither the Congress nor the Fed ever expected.

Mr. Kupiec is a senior fellow at the American Enterprise Institute. Mr. Pollock is a senior fellow at the Mises Institute and a co-author of “Surprised Again! The Covid Crisis and the New Market Bubble.”

Notable & Quotable: Cuomo

Jared Gans writing for the Hill, March 25:

Former New York Gov. Andrew Cuomo (D) slammed the New York and Georgia investigations into former President Trump as being part of a “cancer in our body politic,” arguing they are politically motivated.

Cuomo told John Catsimatidis, who hosts the talk radio show “The Cats Roundtable,” in an interview on WABC 770 that he expects Trump will be indicted in Manhattan next week. He said he “doesn’t understand” why Manhattan Dis-

trict Attorney Alvin Bragg (D) is “putting such an emphasis” on the case investigating a hush money payment made to adult film star Stormy Daniels ahead of the 2016 presidential election. . . .

He said prosecutors bringing “partisan” cases confirms people’s “cynicism.”

“I don’t believe a Democratic prosecutor just happens to be attacking a Republican. I don’t believe a Republican prosecutor just happens to be attacking a Democrat. I think it’s all politics, and I think that’s what the people of this country are saying,” he said.

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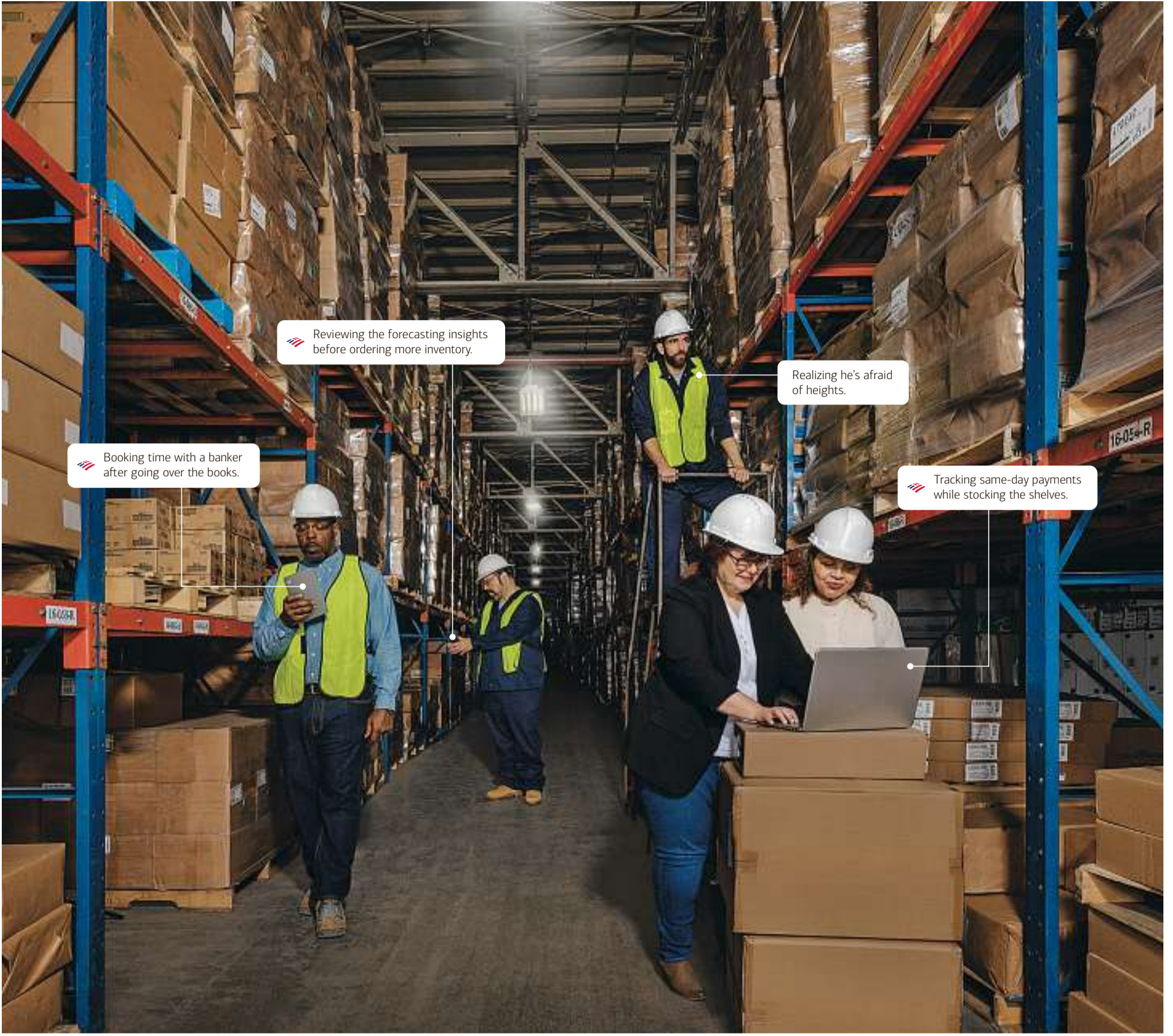
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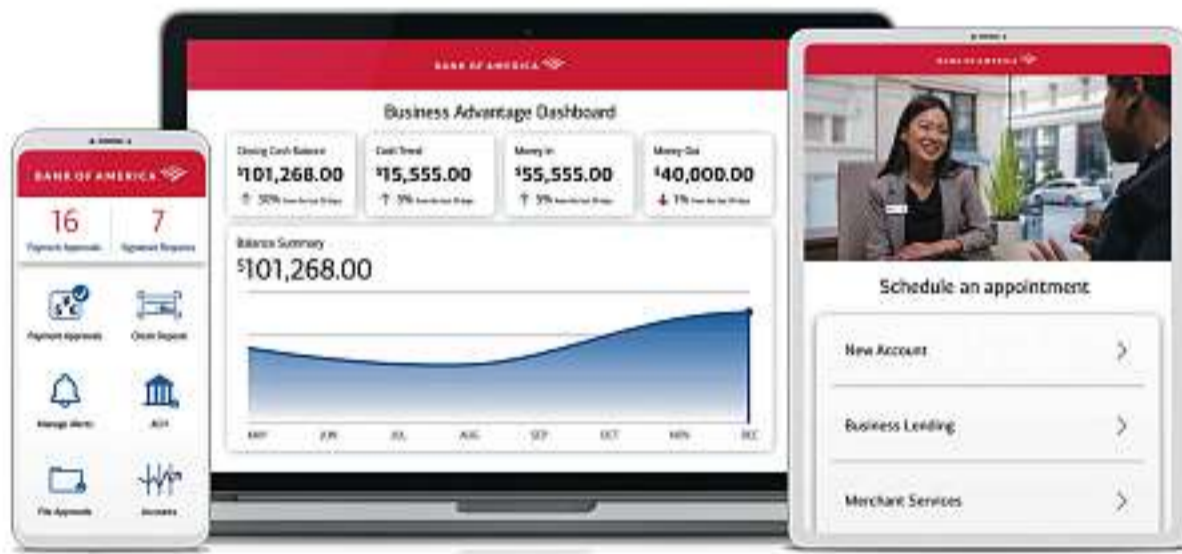
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Monday, March 27, 2023 | B1

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Options Amplify Oil Volatility

Trading steepened a price drop to 15-month lows and could help spark a rebound

The economic fears gripping Wall Street have sparked outsize swings in oil prices, exacerbated by trading that investors and analysts say has little to do with the fundamental value of crude.

By David Uberti, Bob Henderson and Joe Wallace

One culprit is an arcane area of trading known on Wall Street as delta hedging, aimed at reducing the risks tied to directional price moves.

This month, oil's steepest weekly slide in almost three years accelerated as futures approached levels where many producers owned derivatives designed to lock in prices. As declines mounted, banks and trading firms on the other side of those trades had to unload crude to mitigate potential losses, investors said, dragging benchmark prices to 15-month lows.

Now, many expect similar dynamics could add momentum to any rebound if the economic outlook improves—leading to more expensive oil that could increase the cost of gasoline and diesel later this year. It is the latest example of how volatility in financial markets can spill into the real world, shaking an oil industry stretching from the shale basins of Texas to refineries in China.



Oil has traded this year within a relatively narrow price range as investors weigh resurgent demand in China against recession fears.

The recent retreat “in many ways had not a lot to do with oil,” said Ben Luckock, co-head of oil trading at Trafigura Group, at an industry confab hosted by the Financial Times last week. “We got caught up in the macro world again, which happens all the time. It’s OK,” he added. “But it distorts what happens in the future.”

In the coming week, investors will continue parsing the health of banks along with new readings on home prices, consumer confidence and the Federal Reserve’s preferred inflation gauge. A U.S. slowdown would eventually have big implications for crude and other commodities as well as stocks.

Delta hedging revolves around a type of derivative

known as put options, which are contracts granting their owner the right to sell oil or other investments at a specified price. For oil-and-gas producers such as EQT Corp. and Hess Corp., put options can function like a form of insurance, ensuring they can sell their output at a profit months in advance, even if prices fall.

Banks and trading firms get paid premiums to sell puts. But the value of the options can rise—saddling them with paper losses—as crude approaches the “strike” price of the contracts. Traders can protect themselves either by buying puts of their own or by delta hedging, which in this case entails unloading crude futures.

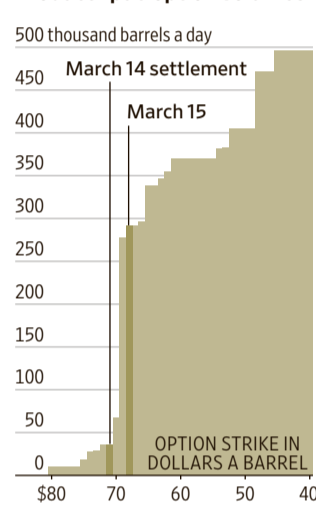
Please turn to page B2

U.S. crude-oil futures prices*



*Front-month contract Sources: FactSet (prices); Standard Chartered Commodities Research (volume)

Producer put-option volumes



Disgraced Crypto Veteran Is Its Legal Hope

By Dave Michaels

WASHINGTON—Crypto has picked an unlikely ally in its battle against oversight by Wall Street’s chief regulator: a former Coinbase Global Inc. employee convicted of insider trading.

Ishan Wahi, a former manager at Coinbase, pleaded guilty this year to giving his brother and a college friend trading tips that generated almost \$1.5 million in illicit profits. An Indian

immigrant, he could serve more than three years in prison and be deported after doing time.

But Mr. Wahi is fighting the Securities and Exchange Commission, which sued him because it says some of the Coinbase assets were securities. The outcome of that civil case isn’t likely to change Mr. Wahi’s future, dimmed by his prosecution and likely imprisonment. But it could affect how digital assets are regulated in the U.S.

In a motion seeking early dismissal of the case in Seattle federal court, Mr. Wahi’s lawyers argue the SEC doesn’t have a role because Coinbase’s digital assets aren’t securities. Prosecutors charged him with conspiracy to commit wire fraud, not securities fraud.

Opposing the SEC in lawsuits like the one against Mr. Wahi has become the crypto industry’s best hope for beating back the commission’s campaign to

regulate digital assets. The industry hopes federal judges will find crypto is too different from stocks and bonds to fall under rules written for Wall Street.

Because Coinbase is a target of an SEC enforcement probe, Mr. Wahi’s prospects are aligned with the company’s, even though it fired him and cooperated with the investigations of his role in the insider trading.

The SEC’s staff last week told Coinbase it is likely to recom-

mend enforcement action against the company over listing assets that regulators believe are securities, among other suspected violations, according to the company. If the SEC does sue Coinbase, the outcome could force the company to stop trading some of the digital assets it offers to its users and alter the growth of the industry.

Regulators’ civil case against Mr. Wahi is likely to

Insurance Case Freezes Retirees’ Savings

By Mark Maremont and Leslie Scism

Mark Zintel, a retiree who lives near Tampa, Fla., is furious that \$700,000 in annuities he bought from an insurer have been frozen for almost four years. He is one of tens of thousands of people whose money was rendered unreachable as the empire of self-described billionaire Greg Lindberg slowly imploded.

Many may never recover a portion of their money, and some have died while waiting.

“It has blown a hole in our retirement plan,” said Mr. Zintel, 67 years old. He said he and his wife sold their house and moved to a smaller one to conserve cash.

Mr. Lindberg, meanwhile, Please turn to page B4

INSIDE



ENERGY

ConocoPhillips doubles down on Alaska drilling as a source of oil for decades to come. B3



TECHNOLOGY

Artificial-intelligence bots patrol voice chat in videogames to reduce harassment. B4

‘No Good Way’ to Pick Who Is Laid Off

By Chip Cutter

Soon after a company decides to cut its head count, the debate begins: Who should go?

In the current economic environment, a final decision can take weeks, according to executives and corporate advisers. Workers remain in short supply, raising the stakes of determining who is expendable and who is worth keeping. With layoffs that target corporate staff, department heads often take the lead and human resources troubleshoots their lists, which can lead to intense debate and multiple rewrites.

“There is no good way to do this,” said Gregory DeLapp, a human-resources executive who spent much of his career at the steel and materials manufacturer Carpenter Technology Corp. in Pennsylvania, where he helped conduct layoffs. “Ultimately, someone’s unfairly treated in the end.”

The process is playing out across the corporate sphere. In



Amazon’s latest cuts would be concentrated in cloud-computing, advertising and streaming.

recent weeks, companies as varied as Salesforce Inc., Hasbro Inc., Dow Inc. and others have announced job cuts. Amazon.com Inc. last Monday said it was eliminating 9,000 more jobs, following previously an-

nounced layoffs.

Seniority once guided layoffs at many U.S. businesses, with companies eliminating junior employees first. Today, it is more common for companies to conduct layoffs based

on skills rather than tenure, according to human-resources executives. An employee’s recent performance will likely factor heavily into any decision. Employees with high salaries Please turn to page B2

SaaS implementations prove disruptive to large organizations

GAME-CHANGING

Embrace Volatility

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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.

A	F	N
Adani Group.....B5	Fannie Mae.....B9	News Corp.....B3
Alphabet.....A12	G	Nintendo.....B4
Amazon.com.....B1,B3	Goldman Sachs Group	O
AstraZeneca.....B10	B10	Okta.....B2
B	GSK.....B10	P
Bertelsmann.....B3	Gun Raiders	PDD Holdings.....B4
Boeing.....B2	Entertainment.....B4	Q
Bregal Investments.....B2	H	Qualcomm.....B4
ByteDance.....B4	Hasbro.....B1	R
C	J	Regeneron.....B10
Carlyle Group.....B2	John Wiley & Sons.....B3	S
Carpenter Technology,B1	L	Salesforce.....B1
Cofra Holding.....B2	Lagardere.....B3	Sanofi.....B10
D	M	Sony Group.....B4
DaVita.....A6	Merck.....B10	Space Exploration
Discord.....B4	Meta Platforms.....B4	Technologies.....A9
Dish Network.....B3	Microsoft.....B4	T
Dow.....B1	Modulate.....B4	Teladoc Health.....A6
E	Morgan Stanley.....B10	Twitter.....A1
EQT.....B1		

INDEX TO PEOPLE

A	K	Rielly, John.....B2
Adani, Gautam.....B5	Kea, Arleas Upton.....B9	Risinger, David.....B10
Adani, Vinod.....B5	L	Rodehorst, Sarah.....B2
Andurand, Pierre.....B2	Liebrechts, Justin.....B4	Ryan Lance.....B3
B	Lindberg, Greg.....B1	S
Bouchouev, Iliia.....B2	Luckock, Ben.....B1	Sarvadi, Paul J.....B2
Bovenzi, John.....B9	Lu, Fan.....B1	Selwood, Ryan.....B2
C	Lu Mai.....B4	Staanovo, Giovanni.....B2
Carmichael, Greg.....B9	M	T
Chew, Shou Zi.....B4	Mayopoulos, Tim.....B9	Tavis, Anna A.....B2
Cook, Tim.....B4	McKinnon, Todd.....B2	W
D	Murphy, Brian.....B2	Wahi, Ishan.....B1
DeLapp, Gregory.....B1	P	Z
G	Pappas, Mike.....B4	Zwickert, Kathy.....B2
Guo Yu.....B4	R	

'No Good Way' on Layoffs

Continued from page B1

aries also might face greater attention, though advisers said those workers might be among a company's top performers.

At many companies, top leaders, including the chief executive officer and chief financial officer, often set high-level criteria for a layoff, mandating that a company cut a certain percentage of its workforce, for example, or reach a specified cost savings. Some confine layoffs to specific areas. **Boeing** Co. earlier this year said it planned to cut 2,000 jobs primarily in finance and human resources, while hiring in engineering. Amazon said its latest cuts would mostly be concentrated in its cloud-computing, advertising and Twitch streaming businesses.

The task of deciding who should be eliminated often falls to divisional leaders and department heads, according to executives. The business-software company **Okta** Inc. in February said it would cut 300 employees, or 5% of staff, after the company said it overhired during the pandemic. Many departments across the company

were given specific financial cost-cutting targets to meet, said CEO Todd McKinnon, and did so in different ways.

Innovation and product-development teams gave priority to keeping people who were working on projects and goals that seemed achievable in a three-year timeline versus a five-year one, he said. Okta eliminated some salespeople focused on small and medium-size businesses in North America.

Executives asked: "Where is the business? Where do we need investments?" Mr. McKinnon said, adding that the layoffs coincided with Okta's annual planning process, which helped in determining which initiatives deserved attention and which could be jettisoned. "It was a difficult thing to go through, and difficult decisions."

Many think it is the job of human-resources staffers to select the individual employees to terminate, though it is often far more likely that the business leaders in each area of a company suggest names of employees to target, said Kathy Zwickert, a former chief people officer at NetSuite and most recently a director at the cloud-based software provider Avalara.

"HR is not in control over who's coming and going," said Ms. Zwickert.

She said she has seen situations in which department

leaders are told to come up with a proposed list of individuals to lay off based on a set criteria. That could include anyone who got a low rating in a recent performance review, or who joined the company in the past six months. Managers will then compile a list of employees to let go, often giving the layoff document a code name such as "Project Falcon," so the file's purpose is unclear if it is accidentally discovered by another employee, she said.

In addition to reviewing an employee's performance history, many companies consider workers' potential to adapt

'Ultimately, someone's unfairly treated in the end,' says HR executive.

and take on new jobs in the future. "It's really down to a one-on-one assessment of performance in determining who you're going to keep," said Paul J. Sarvadi, CEO of Inspecity Inc., a human-resources services and outsourcing company.

Once individual employees are identified, human-resources staffers then work to scrub the list, looking to see if a company is, for example, dis-

proportionately laying off people over the age of 40 or unfairly targeting minorities, veterans or other groups, Ms. Zwickert said. Any such discrimination could open an employer to a lawsuit. Companies at times also rely on outside help in that process, buying tools or engaging lawyers to sift through a layoff list to identify possible red flags.

Sarah Rodehorst, CEO of Onwards HR, whose software performs a statistical analysis during terminations to see if certain groups are adversely affected, said such reviews can uncover other problems. On a list of layoff candidates, a company might find it is about to fire inadvertently an employee who previously opened a complaint against a manager—a move that could be seen as retaliation, she said. "It's so important to get this right," she added.

Even when companies decide to shut down entire business units, executives might make decisions to keep some high-achieving employees and move them elsewhere, said Anna A. Tavis, a former global director of talent at the insurer American International Group Inc., who now teaches and researches human-capital management issues at New York University's School of Professional Studies.

"There's a lot of subjectivity involved, even with all the rules in place," she said.

Bregal Taps Former Carlyle Partner For New Investment Chief Position

By CHRIS CUMMING

Private-equity manager **Bregal Investments** has made a new executive hire as it embarks on an ambitious expansion plan and moves beyond its origins as an asset manager for a single wealthy family.

The London firm said it has hired Ryan Selwood as its chief investment officer, a new role.

He joins Bregal from New York private-equity giant **Carlyle Group** Inc., where he spent a little more than a year as a partner and chief development officer. Before that, Mr. Selwood spent more than 15 years at the Canada Pension Plan Investment Board, the nation's

largest pension manager, with more than 520 billion Canadian dollars, the equivalent of about \$379 billion, in assets under management.

Mr. Selwood is part of a raft of senior hires for Bregal in the past year and a half, including Chief Executive Alain Carrier, who joined the firm more than a year ago.

The firm, which manages more than €15 billion, or \$16.14 billion, also has added new heads of technology, marketing and human resources, while also positioning itself more toward environmental, social and governance, or ESG, investing.

Bregal originated in 2002 as the private-equity fund-of-

funds manager for **Cofra Holding** AG, which manages money on behalf of Europe's Brenninkmeijer family. The firm has since launched five direct private-equity investment strategies of its own, typically seeding these funds with money from Cofra before opening them to outside investors once they have a performance record.

Bregal now aims to add more outside capital and operate more like the large, international private-equity firm it has become.

At Bregal, Mr. Selwood will assist with asset management and fundraising, and will sit on investment committees.



Eventually, lower prices encouraged some bullish traders as well as oil consumers to buy.

Options Spur Oil Volatility

Continued from page B1

These types of trades can shake up all kinds of markets. When stocks endured bursts of volatility between long periods of calm in the years before the pandemic, some investors blamed hedging with derivatives. During the meme-stock craze, frenetic options trading in shares of companies such as GameStop Corp. and Tesla Inc. led to delta hedging that often amplified price swings in both directions.

"It's not just volatility to the downside," said Giovanni Staunovo, a commodity analyst at Swiss bank UBS Group.

Oil has traded this year within a relatively narrow price range as investors weigh resurgent demand in China against growing recession fears in the U.S. and Europe. Worries about the banking sector fueled a fresh round of selling Friday, sending benchmark West Texas Intermediate crude futures down 1% to \$69.26 a barrel.

At Hess, which pumps oil from projects including offshore rigs near the coast of

Guyana, the hedging strategy includes put options that cover about 65% of the company's projected crude output in 2023, a spokeswoman said. The New York-based company this year has bought contracts covering 80,000 barrels a day of U.S. crude output at \$70 a barrel as well as 50,000 barrels a day of Brent, the global price gauge, at \$75. "Just like you have insurance in your home, you hope you never have to use it," said Hess Chief Financial Officer John Rielly, speaking at an investor conference this month.

Crude prices recently began falling when stocks and bond yields dropped and algorithmic, trend-following trading programs began to sell oil futures, said Pierre Andurand, chief investment officer of Andurand Capital Management. His firm and other funds then sold some of the oil futures they owned to cut potential losses, he added.

Options dealers were hedging puts on roughly 80 million barrels of crude oil with strike prices near \$70 a barrel when oil dropped toward that level on March 15, according to Standard Chartered. As the possibility grew that financial institutions would need to pay out on those contracts, investors said those trading desks sold futures at an increasingly rapid clip. "The more you do that, the lower the price goes and the more it pushes other people to

do the same thing," said Iliia Bouchouev, managing partner at Pentathlon Investments. "It's a chain reaction."

The moves accelerated a selloff that pulled the domestic crude benchmark to \$66.74 a barrel by the close on March 17, a 13% week-on-week drop that was the sharpest such decline since the pandemic dragged U.S. crude below \$0 in April 2020.

Eventually, lower prices encouraged some bullish traders as well as oil consumers—such as airlines—to step in and buy. That propelled prices higher before Friday's selloff eroded some of the gains.

"A lot of consumers were sitting on dry powder waiting for this move," said Brian Murphy, a derivatives broker at Tullett Prebon.

Mr. Andurand, whose \$1.3 billion hedge fund lost money in the recent rout, said his firm plans to rebuild its bullish position as energy markets stabilize. He is among the traders who think China's appetite for oil will push prices up later this year, even as some analysts suggest that demand outside Asia is sluggish and global supplies are plentiful.

Mr. Andurand believes oil prices could reach as high as \$140 a barrel later this year.

"Demand will really surprise...in a significant way," he said.

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BUSINESS NEWS

ConocoPhillips Bets on Alaska Oil

CEO says state where he began career will provide much-needed crude for decades

By Benoît Morenne

ConocoPhillips Chief Executive Ryan Lance was only a budding oilman when he first set foot in Alaska. Nearly four decades later, his company reigns supreme over the U.S. Arctic.

With most of its competitors abandoning the state, ConocoPhillips is forging ahead with drilling there, emboldened by President Biden's approval this month of a robust, new project.

At a time when investors profess gloomy views of long-term demand for oil and demand quick returns from companies, Mr. Lance's contrarian strategy sets him apart. The CEO says that a dearth of investments in oil and gas means that the world will need new supplies of crude; as a result, he is pursuing a strategy to drill wells that will yield oil for decades.

That plan is underpinned by ConocoPhillips investments in Alaska, where Mr. Lance's career started. He spent around 14 years there navigating the state's energy landscape, politics and, occasionally, its wildlife.

An avid hunter and fisherman, Mr. Lance embraced the local lifestyle. The oil boss likes to tell people about the time he was hiking through the Kenai Mountains and crossed paths with a bear that chased him up a tree, said Don Walette, a former chief financial officer at ConocoPhillips.

People who know Mr. Lance said his experience in Alaska shaped his advocacy for the roughly \$7 billion Willow project in the state's North Slope, which Mr. Biden greenlighted earlier in March. Willow cements ConocoPhillips's status as the largest producer in the state and gives it license to keep expanding, analysts said.



The site of the Willow oil project on Alaska's North Slope, which President Biden has greenlighted.

Environmentalists argue Arctic drilling should be halted immediately to avoid a climate catastrophe. The project is expected to yield 180,000 oil barrels a day at its peak.

"These are larger-sized projects because we know the oil is going to be needed for decades," Mr. Lance said at the CERAWEEK by S&P Global energy conference this month.

While competitors Exxon Mobil Corp. and Chevron Corp. grab more headlines, Houston-based ConocoPhillips under Mr. Lance has quietly become one of the largest Western oil producers. The company's market capitalization, hovering around \$118 billion, now exceeds that of British giant BP PLC, which was one of the largest producers in Alaska before selling all of its assets there in 2019.

Alaska has been a reliable cash provider for ConocoPhillips. Between 2012 and 2022, the company's business there prospered to represent on average around a quarter of its annual profit, according to a Wall Street Journal review of regulatory filings.



CEO Ryan Lance

Mr. Lance, a Montana native, toiled away on drilling rigs in Wyoming to put himself through college and earn a petroleum engineering degree from Montana Tech University. When he failed to sign up for a job interview with oil company Atlantic Richfield Co., he brought a six-pack of Budweiser to the conference room where the recruiter was camping. He got an interview and nailed it, said Jerry Schuyler, the former recruiter and a confidant to Mr. Lance.

Mr. Lance in 1984 joined Arco's Alaska unit—a company whose assets wound up in

ConocoPhillips' portfolio. It was a strategic move: Alaska at the time provided roughly a fourth of U.S. crude production.

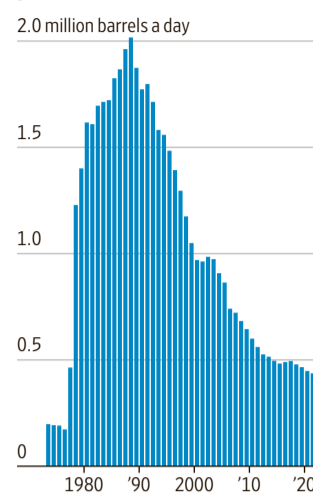
Mr. Lance soon was promoted from a job handling oil field data to one overseeing drill sites—a task that required interacting with regulatory agencies and legislators in the state, said Dan Pickering, chief investment officer at Houston-based Pickering Energy Partners and a former Arco engineer in Alaska.

"Ryan got experience being not just a champion of technical projects, but understanding how the system worked," he said.

Mr. Lance eventually became vice president of Arco's operations in the Western North Slope, part of a region that produces virtually all of Alaska's oil. Phillips Petroleum Co.'s acquisition of Arco Alaska in 2000 catapulted him up the corporate ladder. After Phillips merged with Conoco Inc., he was promoted to international roles, before being appointed CEO of the combined entity in 2012.

Under Mr. Lance, the com-

Alaska annual crude-oil production



Source: Energy Department

pany shrank its global presence, in part to prioritize assets generating the highest returns and augment returns to investors. But even as the company shed assets from Algeria to Kazakhstan, it kept nabbing leases and acquiring competitors' wells in Alaska.

Major oil companies including BP and Shell PLC once also coveted Alaska's oil riches. But regulatory challenges, combined with fruitless exploration efforts and the emergence of shale gushers from North Dakota to Texas refocused some drillers' attention away from the remote, capital-intensive Arctic, leaving ConocoPhillips ample room for new business.

"What we're seeing in Alaska is a departure of the bigger companies," said Republican Sen. Lisa Murkowski of Alaska, who has supported Willow. "Conoco has made a commitment, and they're sticking by it."

Willow has earned ConocoPhillips scorn from environmental groups, who say the project will emit climate-warming gases for decades. But it has found support among some Alaska Natives' associations and the Alaska delegation in Congress. Proponents say Willow could generate local, state and federal revenue of up to \$17 billion and create jobs.

Publishers Prevail In Ruling On Ebooks

By Erin Mulvaney

A federal judge ruled Friday that a nonprofit online platform violated the copyrights of four leading publishers by lending digitally scanned copies of their books without permission.

U.S. District Judge John Koeltl in Manhattan rejected arguments by the organization Internet Archive that it was making fair use of the copyright-protected books in its possession by allowing online readers to borrow digital copies, one person at a time.

The case was being closely watched as a test of copyrights and library lending in a digital age. Judge Koeltl in a 47-page ruling said the Internet Archive's model threatened publishers' potential revenues by diverting readers and libraries from authorized ebooks.

The plaintiffs were Lagardère SCA's Hachette Book Group, John Wiley & Sons Inc., Bertelsmann SE's Penguin Random House, and HarperCollins Publishers, which like The Wall Street Journal is owned by News Corp. The plaintiffs sued Internet Archive in 2020, saying the platform unlawfully offered a range of books from modern bestsellers to classics including William Golding's "Lord of the Flies," Toni Morrison's "The Bluest Eye" and Zora Neale Hurston's "Their Eyes Were Watching God."

Brian Napack, president and CEO of Wiley, said the ruling "confirms that the defendant was unequivocally engaged in large-scale digital infringement." The other individual publishers didn't respond to requests to comment.

Internet Archive plans to appeal, said Corynne McSherry, legal director of the Electronic Frontier Foundation, part of the nonprofit's legal team.



The satellite-TV and wireless provider said it has resolved many issues stemming from the attack.

Dish Is Still Reeling From Hack Disclosed Last Month

By Will Feuer

About a month after **Dish Network Corp.** disclosed a cyberattack, the satellite-TV and wireless provider is still working to get all its operations up and running.

Customers said they are still struggling to access certain services such as HBO Max and other third-party streaming services, get into their accounts and reach customer-service call centers. Millions of people are waiting for updates from the company on whether their personal information was compromised in the data breach.

Dish said wait times for customer service are running longer than usual as customers search for answers. The company said it has resolved many of the issues that emerged from the initial incident, which Dish disclosed Feb. 28.

On Thursday evening, the company restored its mydish.com site, where customers can review billing information, request programming changes and make other account adjustments, a spokesman said. Some customers said they were still struggling to get into the site Friday morning.

The company said its wireless Boost Mobile service is back to normal and its Sling

TV streaming service is fully working.

Dish also said it has been signing up and installing new services for customers for weeks.

"The vast majority of our websites, customer care functions, self-service applications, and payment systems are now operational," the company said.

Some customers said they are still struggling to access services and sitting in hours-long waits with call centers to get the company to answer questions about recent bills. Some said they have been left in the dark about the data breach. Dish has yet to say whether personal data, including billing information, were accessed in the data breach.

Lise Brown of Peoria, Ariz., said she has had various service issues with Dish TV for the past month. She said that she can't access Amazon.com Inc.'s Prime streaming platform, which she has through her Dish TV subscription, and that she has had trouble changing channels on Dish TV. She has tried to call the company, but hasn't gotten through to customer service.

She said she filed a complaint with the Federal Communications Commission and plans to end her Dish TV subscription as soon as she is able to get in touch with the com-

pany.

A Dish spokesman said customers should be able to access third-party services now.

Leesa Gardt of Garrett, Ind., said she canceled the credit card that she had on file with Dish because she is concerned about the data breach. Ms. Gardt said she is frustrated by what she said was a lack of transparency from Dish about the cybersecurity incident. She said she is switching TV providers.

The fallout from the data breach could weigh on Dish's financial performance in the short term, according to analysts at New Street Research. They estimate that Dish lost about 75,000 potential new pay-TV customers because the hack prevented the addition of new subscribers for nearly a month.

The pay-TV industry is already hurting from cord-cutting as Americans switch to streaming services. In the last three months of 2022, Dish lost 268,000 pay-TV subscribers, leaving it with 9.75 million.

The analysts estimate that the hack could drag down 2023 revenue by \$325 million. The average analyst estimate for Dish's 2023 revenue stands at about \$16.2 billion, according to FactSet.

Shares of Dish have fallen about 23% so far this month.



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TECHNOLOGY

Apple CEO Upbeat at Beijing Confab

By YOKO KUBOTA

BEIJING—Apple Inc.'s Tim Cook took the stage Saturday at an economic conference in Beijing sponsored by the Chinese government, giving an upbeat talk that was welcomed with applause.

The treatment his counterpart at TikTok received days earlier in Washington couldn't have been more different: hours of questioning by lawmakers over the short-video platform's links to Beijing.

Mr. Cook, making his first known visit to China since the pandemic began, spoke for about half an hour in an exchange with a former official of the forum's organizer from a TED Talk-style stage set up in Beijing's historical Diaoyutai State Guesthouse.

"I am thrilled to be back in China," the chief executive told the China Development Forum, hosted by a research center of the State Council. "It means the world to me and I feel really privileged to be here."

Mr. Cook spoke about how Apple and China have grown together over the three decades since the company entered the country—which it has relied on both as a manufacturing hub as well as a rapidly growing consumer market. "This has been a symbiotic kind of relationship that we have both enjoyed," he said.

He also answered questions about the importance of education from Lu Mai, a former official of the China Development Research Foundation, the forum's organizer. Mr. Cook said Apple is committing 100 million yuan, equivalent to around \$14.6 million, to help fund educational projects run by the foundation, a unit affiliated to the State Council's research center.

Like Mr. Cook, TikTok's Shou Zi Chew runs one of the world's most high-profile tech services. TikTok is owned by Beijing-based ByteDance Ltd. That puts it at the center of the growing strategic rivalry between Washington and Bei-



Tim Cook, center, visits as U.S.-China relations are under strain.

jing, with bilateral relations at their lowest point in decades.

During a House hearing that ran for more than five hours on Thursday, Mr. Chew—a Singaporean national—was subject to withering attacks on TikTok as he tried to make his case that the company would earn lawmakers' trust.

In a rare bipartisan display, Democrats and Republicans repeatedly questioned him over similar issues, at times

not allowing him to finish sentences. TikTok later said that political grandstanding had dominated the hearing.

Apple didn't immediately respond when asked why it was important that Mr. Cook attended the Chinese-government sponsored conference at a time when U.S.-China tensions are on the rise.

For U.S. business leaders, the risk of potential fallout from being seen hobnobbing in Beijing is high, given how

senior American government officials have held off from visiting China. In February, Washington indefinitely postponed a visit to Beijing by Secretary of State Antony Blinken after a suspected Chinese spy balloon drifted over the U.S.

In some of the sessions Saturday, the geopolitical tensions loomed as the elephant in the room. On stage, many multinational executives didn't touch on the implications for businesses of worsening relations between the world's two biggest economies.

Qualcomm Inc. CEO Cristiano Amon focused his talk on the digital transformation and 5G, and their potential to boost businesses and productivity in society as a whole. When asked later by The Wall Street Journal how he felt about visiting China as political ties sour, Mr. Amon responded with a smile and a "thank you" as he walked away.

—Grace Zhu and Xiao Xiao contributed to this article.

Chinese Apps Are Favorites

Continued from page B1

generation of tech entrepreneurs who are looking for global growth as China's firewalled market becomes saturated. They are backed by China's vast pool of tech talent: While Temu is a shopping site, more than half its workforce are engineers focused on getting people to swipe and buy.

Chinese internet companies' organizational efficiency is overlooked by their American competitors, say investors, engineers and analysts. The Chinese firms spend lavishly to push their apps in the U.S. They leverage China's one billion internet users to test user preferences and optimize their AI models at home, then export the tech overseas.

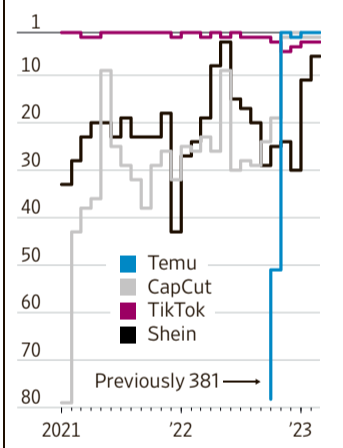
"They are totally killing it in markets where they need to constantly reiterate products to meet user demands," said Guo Yu, a former senior principal engineer at TikTok's parent ByteDance Ltd. who worked at the company between 2014 and 2020.

TikTok, ByteDance, Temu, its parent PDD Holdings Inc., and Shein didn't respond to requests for comment.

The popularity of the apps has gotten them caught in the crossfire of U.S.-China geopolitical tension—TikTok in particular. The Biden administration threatened a possible ban on the app if ByteDance doesn't sell its stakes in TikTok, citing national-security concerns. On Thursday, U.S. lawmakers pummeled TikTok's Chief Executive Shou Zi Chew about Beijing's potential influence over the app.

Beijing has opposed a TikTok sale and said it would never require companies to illegally gather data from overseas.

Apple app store rankings of four popular Chinese apps, monthly



Source: Data.ai

Meanwhile, a bill gaining momentum in Washington would result in a blanket ban of broad categories of Chinese technology, including U.S. teenagers' favorite apps, if it is passed.

Both Shein and Temu have sought to avoid the kind of scrutiny TikTok has come under by attempting to mark a distance from their Chinese roots. In 2021, Shein changed its parent company from a Hong Kong-registered firm to a Singapore-incorporated entity. Temu is based in Boston and runs its U.S. business through a Delaware-based company.

Shein, with a supply chain rooted in southern China's Guangdong province, was until recently the top-ranked shopping app in the U.S., according to Sensor Tower. Arriving in the U.S. just in time for last year's holiday shopping season, Temu raked in 13 million downloads in the fourth quarter, more than double that of Shein. Like Shein, Temu connects bargain hunters in the U.S. with China's manufacturers, offering lower prices by cutting out the middleman.

The companies use data to drive every decision.

Former ByteDance engineers say ByteDance is one of the most aggressive in executing a strategy known within the industry as "horse racing," where multiple teams are assigned to build the same product or feature with slight variations. Once it becomes clear which version is performing better, the winning team is given more resources while the other versions are scrapped, these people say.

Watch a Video



Scan this code for a video on China's response to U.S. TikTok concerns.

Insurance Case Freezes Savings

Continued from page B1

moved nearby and lives in luxury. He moors his 214-foot yacht near Tampa and recently bought a 10-bedroom estate and another spacious house in the area.

The 52-year-old executive was indicted last month on federal charges that he defrauded his insurers by lending \$2 billion of their funds to companies in his private conglomerate, while allegedly siphoning off huge sums to finance his lavish lifestyle. He has pleaded not guilty and is out on bail.

Until last July, Mr. Lindberg was in federal prison on bribery charges related to the insurers. He was released after 21 months when an appeals court overturned the conviction. A retrial is scheduled for November.

The executive also is fighting a drawn-out court battle with North Carolina regulators, who seized his insurers in 2019 and now say they should be liquidated. Mr. Lindberg, who previously lived in North Carolina and was the subject of investigative articles in The Wall Street Journal in 2019, says the insurers are healthy and he has a plan to rescue them.

What rankles Mr. Zintel and others is that they believe Mr. Lindberg is using their money to fight his legal entanglements, allowing him to continue living extravagantly even as they cut back. Among the alleged extravagances: The divorced executive has spent millions of dollars on gifts for women, according to court documents, including paying some women to produce offspring for him.

Some 70,000 holders of annuities totaling \$2.2 billion are unable to withdraw their money, filings show. Many are retirees or conservative investors who bought five- to seven-year annuities in 2017 and 2018. Financial advisers typically marketed them as a safe, higher-yielding alternative to bank CDs.

"This is an unplanned-for catastrophe in retirement," said Stephen Round, 71, of Pomfret, Conn. He and his wife Susan, 69, are retired schoolteachers who invested \$100,000 in a Colorado Bankers Life annuity after selling their house in 2017. Mr. Round recalls a representative at their local Citizens Bank assuring them the money was



Susan and Stephen Round invested in a now-frozen annuity.



'Gun Raiders' uses a bot that temporarily mutes players who violate the game's code of conduct.

AI Bots Are Policing Toxic Voice Chat in Videogames

By SARAH E. NEEDLEMAN

In the videogame "Gun Raiders," a player using voice chat could be muted within seconds after hurling a racial slur. The censor isn't a human content moderator or fellow gamer—it is an artificial intelligence bot.

Voice chat has been a popular part of videogaming for more than a decade, allowing players to socialize and strategize. According to a recent study, nearly three-quarters of those using the feature have experienced incidents such as name-calling, bullying and threats.

New AI-based software aims to reduce such harassment. Developers behind the tools say the technology is capable of understanding most of the context in voice conversations and can differentiate between playful and dangerous threats in voice chat.

If a player violates a game's code of conduct, the tools can be set to automatically mute him or her in real time. The punishments can last as long as the developer chooses, typically a few minutes. The AI

can also be programmed to ban a player from accessing a game after multiple offenses.

The major console makers—Microsoft Corp., Sony Group Corp. and Nintendo Co.—offer voice chat and have rules prohibiting hate speech, sexual harassment and other forms of misconduct. The same goes for Meta Platforms Inc.'s virtual-reality system Quest and Discord Inc., which operates a communication platform used by many computer gamers.

None monitor the talk in real time, and some say they are leery of AI-powered moderation in voice chat because of concerns about accuracy and customer privacy.

The technology is starting to get picked up by game makers. Gun Raiders Entertainment Inc., the small Vancouver studio behind "Gun Raiders," deployed AI software called ToxMod to help moderate players' conversations during certain parts of the game after discovering more violations of its community guidelines than its staff previously thought.

"We were surprised by how much the N-word was there,"

said the company's operating chief and co-founder, Justin Liebrechts.

His studio began testing ToxMod's ability to accurately detect hate speech about eight months ago. Since then, the bad behavior has declined and the game is just as popular as it was before, Mr. Liebrechts said, without providing specific data.

Traditionally, game companies have relied on players to report problems in voice chat, but many don't bother and each one requires investigating.

Developers of the AI-monitoring technology say gaming companies may not know how much toxicity occurs in voice chat or that AI tools can identify and react to the problem in real time.

"Their jaw drops a little bit," when they see the behaviors the software can catch, said Mike Pappas, chief executive and co-founder of Modulate, the Somerville, Mass., startup that makes ToxMod. "A literal statement we hear all the time is: 'I knew it was bad. I didn't know it was this bad.'"

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BUSINESS & FINANCE

'Elusive' Brother Was Behind Adani Deals

Founder's sibling played key role in activities questioned by U.S. short seller

By SHAN LI

Gautam Adani is the face of **Adani Group**, the Indian conglomerate that was accused by a short-seller firm of stock manipulation and accounting fraud.

Behind the scenes, another family member played a pivotal role in the company—and the activities that critics say misled investors: his elder brother, Vinod Adani. For decades, according to allegations published by Hindenburg Research, the elder Mr. Adani was instrumental in managing overseas shell companies that Hindenburg says Adani Group used to manipulate the stock price of Adani companies, and artificially boost the financial health of its family-run firms in ways that were hidden from investors.

In one example, Hindenburg alleged that Vinod Adani used a Singaporean entity to remove impaired assets from the books of an Adani mining company in Australia so the business wouldn't have to reflect the losses on its balance sheet.

In another instance, which hasn't been reported previously, a Singaporean entity that lists Vinod Adani as a director received large loans from a Dubai investment firm that he manages, and lent funds to Adani firms in Australia. The loans occurred around the same time Adani Group was planning to build a railroad in Australia, but ran into funding complications after an Australian state government vetoed a federal government plan to extend a loan for the project. The Wall Street Journal wasn't able to determine the source of the Dubai company's funds. The rail line was built in 2020 and 2021.

The Hindenburg report prompted a stock selloff that wiped out \$105 billion in market value from the seven public companies that bear the Adani name. India's Supreme Court recently formed an expert panel and asked the country's market regulator to investigate the Hindenburg allegations, including whether Adani Group failed to disclose transactions from groups related to the family.

In a 413-page rebuttal to the Hindenburg report, Adani Group denied allegations that it committed fraud or stock manipulation, and said it properly disclosed all related-party transactions, including some involving overseas companies, as required by law. Adani Group also said Vinod Adani has no managerial position or role in

the day-to-day operations of Adani companies, and it has no control over the investment decisions of many overseas entities mentioned in the report.

In response to a request for further comment, an Adani Group spokesperson said it disclosed Vinod Adani's role as part of Adani's promoters, a term used in India for founders and their associates, when required. The spokesperson said it was inappropriate to comment further, pending the panel's review.

Efforts to reach Vinod Adani through multiple email addresses for him, an investment company he runs, Adani Group's spokesperson and people who know him were unsuccessful.

Corporate filings in Mauritius, the Bahamas, Cyprus and other countries, reviewed by the Journal, show Vinod Adani has been deeply entwined with Adani Group operations for decades. In some filings, the conglomerate said the name "Adani Group" refers to three people and their relatives: Gautam Adani, Vinod Adani and Rajesh Adani, a younger brother who serves as a managing director.

Unlike Gautam Adani, who has done interviews over the years, little is known about Vinod Adani. The Wire and The Morning Context, two news sites in India, dubbed him "the elusive brother."

The 74-year-old has operated largely overseas for decades, living in Dubai and holding a Cyprus passport and permanent residency in Singapore, according to Indian government documents and corporate filings in the Bahamas and the British Virgin Islands that were leaked as part of the Pandora Papers and Panama Papers and disclosed by the International Consortium of Investigative Journalists and Süddeutsche Zeitung, a German newspaper.

Growing up in the Indian state of Gujarat, where the Adani family were commodity traders, Gautam Adani considered Vinod Adani a father figure, said R. N. Bhaskar, who wrote a biography of Gautam Adani published last year. When Gautam Adani went into the import-export business, Vinod Adani oversaw international shipments in Dubai from the port of Jebel Ali.

He helped raise funds for building his brother's port in the Indian city of Mundra, which became the cornerstone of the Adani Group's business, Mr. Bhaskar said.

In 1994, Adani Exports, which became the Adani flagship company Adani Enterprises, went public. That same year, Vinod Adani moved to Dubai, according to his paid advertorial in Indian media, and

began building a network of overseas shell companies, according to registration and corporate filing documents from the Bahamas, revealed during the Panama Papers leaks.

In January 1994, Vinod Adani set up a company in the Bahamas, which listed him and his wife, Ranjanben Vinod Adani, as directors, according to registration documents in the Bahamas in the Panama Papers leaks database. Two years later, he applied for a correction to his name, from Vinod Shantilal Adani to Vinod Shantil Shah, according to an internal document from the Mossack Fonseca law firm that comprised the Panama Papers leaks. That name has appeared over the years in numerous corporate filings related to



Indian billionaire Gautam Adani is the face of the Indian conglomerate Adani Group.

AMIR COHEN/REUTERS

Adani companies.

Hindenburg said in its report that it identified 38 Mauritius shell entities controlled by Vinod Adani or close associates, as well as shell companies controlled by Vinod Adani in Cyprus, the United Arab Emirates, Singapore and several Caribbean islands. Many of the foreign entities controlled by Vinod Adani appear to function as middlemen for shifting money

around the conglomerate while obscuring the source of those funds, analysts and critics said. Many of the companies had no obvious signs of operations or reported employees, yet collectively moved billions of dollars into Indian Adani entities, often without required disclosures, Hindenburg said.

In the instance that wasn't included in the Hindenburg report, a Singapore-based com-

pany named Abbot Point Port Holdings Pte. Ltd. received more than \$1.1 billion in loans in the 2021 and 2022 fiscal years from Adani Global Investment DMCC, according to corporate filings in Singapore. Adani Global Investment is a Dubai investment firm managed by Vinod Adani, according to its website. The source of Adani Global Investment's funds couldn't be determined.

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Disgraced Veteran Is Crypto Hope

Continued from page B1

play out before any broader suit against Coinbase is resolved, and its outcome could set a precedent for what assets the SEC can oversee.

"This goes beyond the impact of the prior enforcement cases where the entire case came down to that early point in the life of a token, when the company exchanges it for money," said Nick Morgan, a Los Angeles attorney whose nonprofit organization, Investor Choice Advocates Network, represents people fighting what it calls SEC overreach.

Mr. Morgan's ICAN group is one of several organizations that filed friend-of-the-court briefs supporting Mr. Wahi's arguments. The Digital Chamber of Commerce and the Blockchain Association, two crypto trade groups, filed briefs that attacked the SEC's case. Coinbase asked the judge to let the company submit its views.

An SEC spokesman declined to comment. A Coinbase spokeswoman declined to comment but pointed to recent statements on Twitter by Paul Grewal, the company's chief legal officer. The SEC could have created "practical, lasting solutions like developing rules or registration options" for the industry, Mr. Grewal wrote, but instead filed a "misguided suit."

The Jones Day law firm is representing Mr. Wahi against the SEC and filed a motion to dismiss the case in February. Coinbase isn't paying for Mr. Wahi's lawyers, according to two people familiar with the matter. A Jones Day spokesman didn't respond to messages asking who is funding its work.

In their motion, Jones Day lawyers say the SEC's efforts to police crypto violate the major-questions doctrine recently adopted by the Supreme Court. The standard restricts regulators from writing rules or taking other steps that have vast economic or political significance without what the majority of justices consider explicit direction from Congress.

Jones Day attacks the SEC's reliance on a 76-year-old Supreme Court test known as *Howey* to regulate many crypto projects. The case provided a definition for an "investment contract," a type of security that can be regulated by the SEC. "The SEC may not use the phrase 'investment contract' as a blank check to cash whenever it seeks to expand its regulatory ambit," Jones Day and other lawyers for Mr. Wahi wrote in the brief.

At his plea hearing on the wire-fraud charges in February, Mr. Wahi admitted to tipping his brother and his college friend but said he "relied on the statements of Coinbase and others that these cryptocurrencies are not securities." He apologized and said he would lose "the entire life that I've worked hard to build over the last 17 years," according to court transcripts. Mr. Wahi is scheduled to be sentenced in May.

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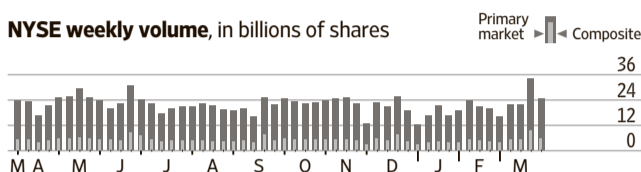
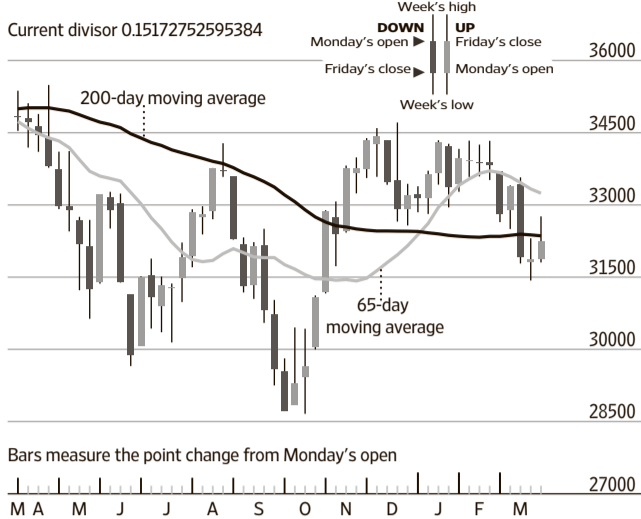
THE WALL STREET JOURNAL.

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MARKETS DIGEST

Dow Jones Industrial Average

32237.53 ▲ 375.55, or 1.18% last week
Trailing P/E ratio 22.40 19.36
P/E estimate * 17.08 18.14
High, low, open and close for each of the past 52 weeks
Dividend yield 2.05 2.02
All-time high 36799.65, 01/04/22

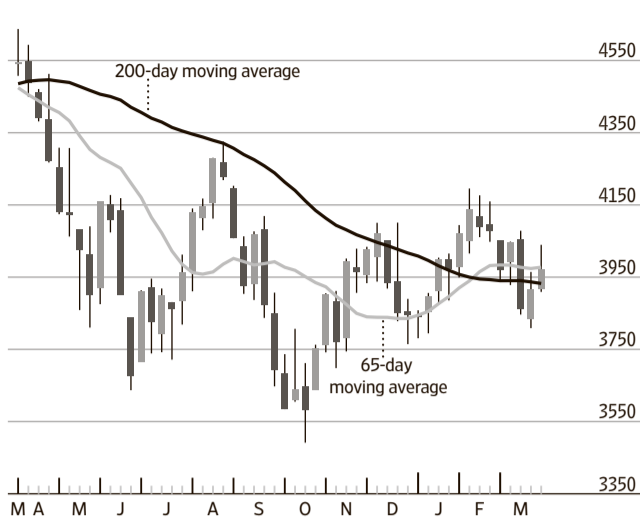


Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Composite, S&P 500, and Russell 2000, with columns for High, Low, Close, Net chg, % chg, 52-Week Range, and YTD % chg.

S&P 500 Index

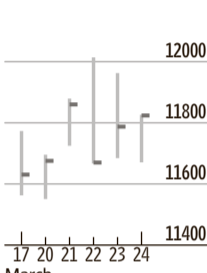
3970.99 ▲ 54.35, or 1.39% last week
Trailing P/E ratio * 17.72 24.78
P/E estimate * 17.75 19.85
High, low, open and close for each of the past 52 weeks
Dividend yield * 1.73 1.39
All-time high 4796.56, 01/03/22



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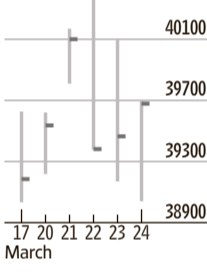
Nasdaq Composite

▲ 193.45, or 1.66% last week



DJ US TSM

▲ 493.34, or 1.26% last week



MARKET EVENTS COMING THIS WEEK



Carnival is expected to report a loss of 60 cents per share.

Table of market events for Monday through Friday, including Earnings expected, Mort. bankers indexes, Initial jobless claims, Consumer Confidence, Earnings expected, Personal spending, Personal income, GDP Deflator, U.Mich. consumer index, and Chicago PMI.

International Stock Indexes

Table listing international stock indexes by region (World, Americas, EMEA, Asia-Pacific) with columns for Index, Close, % chg, Low, High, and YTD % chg.

Commodities and Currencies

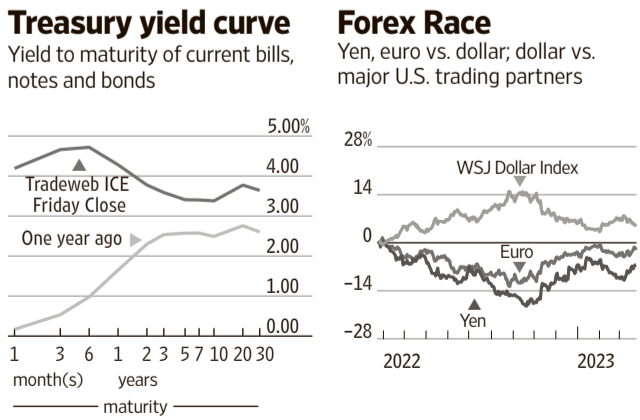
Table listing commodity and currency prices including DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, Gold, U.S. Dollar Index, WSJ Dollar Index, Euro, Yen, and U.K. pound.

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Consumer Rates and Returns to Investor

Table showing U.S. consumer rates (Prime rate, New car loan) and selected rates (Bankrate.com avg, First Savings Bank, Colonial Savings, etc.) with columns for Rate and 52-Week Range.

Benchmark Yields and Rates



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for U.S. Treasury, U.S. Treasury Long, Aggregate, Fixed-Rate MBS, High Yield 100, Muni Master, and EMBI Global.

Public and Private Borrowing

Table listing public and private borrowing events including Treasury auctions (Monday, Tuesday, Wednesday, Thursday) and lockup expirations.

Currencies

Table showing U.S.-dollar foreign-exchange rates in late New York trading for various countries including Americas, Europe, Asia-Pacific, and Middle East/Africa.

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, March 24, 2023

Table of 52 wk Prem Ttl Ret for various funds including General Equity Funds, Specialized Equity Funds, and Convertible Sec.'s Funds.

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Table of Prem12 Mo NAV Close/Disc Yld for various funds including General Equity Funds, Specialized Equity Funds, and Convertible Sec.'s Funds.

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A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 375.55 points, or 1.18%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$29,921, or a loss of 0.26%, on the \$30,000 investment, including reinvested dividends.

Table showing stock price changes and 1,000 Invested (year-end '22) for various companies like Amgen, Dow, Apple, Goldman Sachs, etc.

*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data; FactSet.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on March 24, and year-to-date stock performance of the company.

Biggest weekly individual trades

Table of biggest weekly individual trades with columns for Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%)

Sellers

Table of sellers with columns for Date, Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), Ytd (%)

Buying and selling by sector

Table showing buying and selling by sector including Basic Industries, Capital Goods, Consumer durables, etc.

Sources: Refinitiv; Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but do not always represent actual transactions.

Table of money rates including Inflation, U.S. consumer price index, International rates, U.S. government rates, Other short-term rates, Discount, Federal funds, Commercial paper (AA financial), Libor, Secured Overnight Financing Rate, Fannie Mae, and DTCC GCF Repo Index.

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 March 23, 2023. Other prime rates are for various international markets.

Cash Prices | wsj.com/market-data/commodities

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 of cash prices for various commodities including Energy, Metals, Gold, Silver, Fibers and Textiles, Grains and Feeds, Food, and 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=Soiland Platinum; R=Silver; S=Platts-TSI; T=Outlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 3/23

