

## U.S. NEWS

## At Hospitals, Medics Train for Combat

By BEN KESLING

CAMDEN, N.J.—Army Spc. Hannah Broman cut into the patient's chest and put her finger in to feel his ribs and lung to check the pathway for a chest tube needed in hospital surgeries like these—or after a soldier is shot in combat.

Chris Derivaux, a thoracic surgeon at Cooper University Hospital and an Army reservist, watched closely to make sure Spc. Broman made the incision properly for a procedure she might someday have to do on a battlefield.

Spc. Broman, a licensed practical nurse assigned to Fort Belvoir in Virginia, was one of a handful of young soldiers on a two-week rotation recently at Cooper University Hospital in Camden, where she is spending time in the trauma center learning how to treat the worst injuries the hospital sees and assisting in surgeries. She is one of many troops across the U.S. working at civilian hospitals in a partnership between the Defense Department and nonmilitary healthcare centers to make sure combat medics know their craft.

"This is invaluable training and experience that they can't get anywhere else," Dr. Derivaux said.

Even though U.S. troops face combat across the world in small conflicts, the volume is nowhere near what was seen in Iraq and Afghanistan. During those two decades of war, everyone from high-level military doctors and nurses to front-line medics with about four months of medical training were getting intense field experience, treating patients wounded in combat. In peacetime, uniformed personnel have to go into the civilian world to make sure the medical lessons of war aren't lost. In turn, they can teach civilian doctors lessons learned in combat.

"Trauma centers come out of the concept of a surgical hospital that's 24-7," said John Chovanes, chief military surgeon in Cooper's trauma department and an Army Reserve colonel. "That concept comes out of Vietnam and Korea."

Updates to civilian procedures also have been informed by what doctors and medics learn in war, where new tech-



Above, Sgt. Robert Baker Jr., at right, was shown how to suture a patient at Cooper University Hospital; below right, Spc. Hannah Broman, in center of photo, learned about treating major injuries; below left, Sgt. Baker and Spc. Broman on the hospital's helipad.



niques are tested in combat. Since Vietnam, civilians have adopted widespread use of tourniquets, compression bandages, wound care and transfusion procedures.

"These two systems are intimately related," said Dr. Chovanes.

The military operates hospitals on its bases, but few are set up for extensive trauma treatment, as most of those

cases are flown or driven to civilian hospitals. The pre-eminent trauma center in the U.S. Army system, Brooke Army Medical Center in San Antonio, can't accommodate all the troops who need to learn trauma care, said Maj. Hillary Battles, an Army nurse and officer in charge of coordinating the Army's exchange program.

"To spread out some of that learning, we've looked to our

civilian partners," she said. High-traffic civilian trauma centers are the closest thing to combat medical operations.

In 2016, the National Academy of Sciences released a report warning about losing hard-earned combat lessons, which prompted federal legislation. Congress first approved embedding military medical personnel in civilian hospitals in 2017. The Army has pro-

grams for military doctors and nurses to work full-time at civilian trauma centers for three-year stints, and another focused on two-week rotations for nurses and medics. The Army pays travel expenses and the Department of Health and Human Services provided \$80,000 grants to the participating hospitals last year, according to Maj. Battles. Cooper is among eight hos-

pitals that partner with the Army.

Dr. Chovanes, a trauma surgeon with multiple deployments, worked as an EMT and registered nurse before becoming a physician. In 2001 he joined the Army Reserve and has since served six tours. His hands are steady when performing a procedure but otherwise in constant motion as they gesture and slice through the air to teach a new technique.

Sgt. Robert Baker Jr., an Army combat medic stationed at Fort Campbell in Kentucky, was at the very start of his two-week rotation when Dr. Chovanes quizzed him during the trauma team's morning meeting, asking him how he would treat the patient there in the hospital, but also how he would treat the same case on the battlefield. Minutes later, he sent Sgt. Baker to help stitch a patient's tracheostomy in place under the supervision of a resident.

"Everything I'm learning here, it's knowledge that I wouldn't have been able to gain at my unit," Sgt. Baker said.

Kirby Gross is an active-duty Army colonel and trauma surgeon with 10 deployments who has been assigned to Cooper as part of the three-year program. He walks the halls of the hospital in an olive-drab scrub hat and a nametag that shows he is a soldier. He is there both to shepherd young soldiers learning the ropes and to pass on his knowledge of combat medicine to young doctors.

On a recent day, he joined a team making rounds in the trauma intensive-care unit. One patient, a police officer, had been shot in the leg. Such wounds could become severely infected from dirt and debris in a combat zone, Dr. Gross said. Such infections could happen in similar conditions in the civilian world, and a specialized test on the police officer showed he had avoided infection.

That afternoon, a call went over the hospital loudspeakers that a pediatric trauma case was en route. A boy had gone over the handlebars of his bike and opened a gash in his groin. As the team jumped into action, Spc. Broman and Sgt. Baker were there, keeping the boy calm.

## U.S. WATCH

VIRGINIA

## Mother of Child Who Shot Teacher Indicted

A grand jury indicted the mother of a 6-year-old who shot and injured his teacher at an elementary school in January.

Deja Taylor faces one felony count of child neglect and a misdemeanor charge of recklessly leaving a loaded firearm so as to endanger a child, said Howard Gwynn, the commonwealth's attorney for Newport News, Va., on Monday. A lawyer for Ms. Taylor didn't respond to a request for comment.

Local authorities have said the boy intentionally shot his 25-year-old teacher on Jan. 6 after bringing a handgun from home to his school, Richneck Elementary, in his backpack. They have said the 9mm gun was legally purchased by the child's mother in York County, Va.

—Talal Ansari

WASHINGTON, D.C.

## Commanders Settle Ticket-Deposit Suit

The District of Columbia reached a settlement agreement with the Washington Commanders football team over allegations that the team systematically withheld fans' ticket deposits, made the reimbursement process intentionally difficult and redirected those funds for the team's own purposes, Attorney General Brian Schwab said Monday.

Under the agreement, the team's ownership corporation, Pro-Football Inc., will pay \$425,000 to Washington, D.C., for restitution, attorneys' fees, costs associated with the investigation and contributions to the city's litigation support fund, the attorney general's office said.

The team will also be required to return an estimated \$200,000 of outstanding security deposits to customers.

In the settlement agreement announced Monday, the team denied all of the district's allegations about the ticket deposit issue.

—Louise Radnofsky

## Drugs Pose Risk to Diet Industry

Continued from Page One

Drugs such as Ozempic, Wegovy and Mounjaro have upended the business of losing weight in the U.S. They are shaping up to be blockbusters for Novo Nordisk, which makes Ozempic and Wegovy, and Eli Lilly, which makes Mounjaro. The drugs are also ripping up the long-held beliefs that diet, exercise and willpower are the way to weight loss.

"I think they [the new drugs] are going to transform the industry of weight loss," says Alex Fuhrman, senior research analyst at Craig-Hallum Capital Group LLC. "The traditional approach to weight loss has been the only game in town for a very long time except for more drastic surgical interventions. The behavioral approach to weight loss is going to be under pressure now."

Some big players, including WeightWatchers, are embracing the drugs, sometimes referred to as GLP-1s, and betting on them as a critical part of the industry's future. Others are positioning their diet and exercise programs as a natural alternative to pharmaceuticals, championing the notion that there is no quick fix. Some are noting the medications' downsides: Side effects such as nausea and diarrhea, and the prospect of having to be on them long term to keep the weight off. At stake for companies are their business models; for consumers, their health.

"Most of my clients have been on a ton of different diets," says Alix Turoff, a registered dietitian and personal trainer. "No one can follow them because they're so insanely restrictive."

Companies have profited off Americans' weight-loss dreams for decades. WeightWatchers, founded in 1963, brought its promise of weight



Treatments such as Mounjaro lead to significant weight loss.

loss through food-tracking and lifestyle changes to generations of Americans. In the '80s, Jane Fonda told Americans to feel the burn; Atkins later surged to popularity urging people to cut carbs.

Weight-loss drugs have come and gone, often felled by links to health problems. The fen-phen diet-drug combination was thought to be a miracle treatment in the 1990s but was taken off the market when some users developed heart issues. Dexametrim, an over-the-counter pill, was linked to an increased risk of strokes.

And still the country got heavier, with about 42% of U.S. adults being obese, according to data collected between 2017 and March 2020 by the federal Centers for Disease Control and Prevention. That is up from about 31% in 1999-2000.

## CORRECTIONS &amp; AMPLIFICATIONS

In some editions Monday, European Commission President Ursula von der Leyen's title was incorrectly given as European Council president in a Page One article about China and Taiwan.

A chart with a Page One article on Friday about the Federal Reserve showed the Fed's outstanding lending in selected programs in billions of dollars. The chart was incorrectly labeled as percentages.

A chart with the Science of Success column in Saturday's Exchange section showed Nike Inc.'s annual U.S. revenue by sneaker type in millions of dollars. The chart was mislabeled as billions of dollars.

The song "Cathy's Clown" was written by Don Everly of the Everly Brothers. A Weekend Confidential profile of Smokey Robinson in Saturday's Review section incorrectly credited him with writing "Kathy's Clown."

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company that connects members to doctors who can prescribe Ozempic, Wegovy, Mounjaro and other drugs used for weight loss.

WeightWatchers has spent the past 60 years telling members they can lose weight by tracking the food they eat, doing frequent weight checks and making other lifestyle changes. But fewer people are banking on that promise: The company's membership declined to 3.5 million at the end of 2022 from 4.2 million a year earlier and down from its record high of 5.03 million subscribers at the end of the first quarter of 2020.

Now, WeightWatchers sees an opportunity to market access to the new drugs to its former members.

"There are probably people we could have served better," said Sima Sistani, the company's chief executive. "For some, these medications can help them adhere to a program like WeightWatchers." Many current members are potential candidates for the medications, too, she said.

WeightWatchers' embrace of the drugs has upset some within its own community, with some members expressing disappointment and even a sense of betrayal. Ms. Sistani, who has received some angry messages, said she is surprised by the backlash.

WeightWatchers also plans to create programs geared to members who are using the GLP-1 medications. The drug can cause people's appetite to change dramatically, so they may need additional guidance to get adequate nutrition.

Other weight-loss companies are pointing out the drawbacks of the new drugs.

"The early side effects are massive nausea and diarrhea. The more concerning parts are the unstudied side effects," said Dan Chard, chairman and chief executive officer of Medifast, whose company's Optavia program generated \$1.6 billion in revenue in 2022.

Mr. Chard said he sees Optavia as an alternative or a complement to the medications. Users are paired with coaches, most of whom started as Optavia users, who earn a commission on sales of the company's products and provide support.

At Canyon Ranch, longtime medical director Stephen C. Brewer said he is hoping the craze over new drugs for weight loss subsides. He has prescribed the drugs to some guests who had diabetes and were overweight but is reluctant to do so for others who haven't exhausted other avenues for weight loss. "I'm always hoping that there are places like us that are the voice of reason," Dr. Brewer said.

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## U.S. NEWS

# Five Dead in Kentucky Shooting

Eight others injured in attack at a Louisville bank; the gunman, an employee, is killed

BY JENNIFER CALFAS  
AND JON KAMP

A gunman killed five people and wounded eight others after opening fire at a bank in Louisville, Ky., Monday morning, officials said.

The Louisville Metro Police Department said the shooter, a 25-year-old employee at the bank who live-streamed the killings, was fatally shot in a confrontation with police after they quickly responded to the scene.

Officers arrived at Old National Bank in downtown Louisville shortly after a report of shots fired and a possible active shooter at around 8:30 a.m. local time, according to Paul Humphrey, deputy chief of the police department. They exchanged gunfire with the shooter within minutes, he said.

The gunman, Connor Sturgeon, was employed at Old National Bank, said Jacquelyn Gwinn-Villaroel, interim Louisville Metro Police chief. A LinkedIn profile under that name showed his job as syndications associate and portfolio banker, and that he was a graduate of the University of Alabama.

Those killed include bank employees Joshua Barrick, 40 years old; Deana Eckert, 57; Thomas Elliott, 63; Juliana Farmer, 45; and James Tutt, 64. The toll had been four killed, but police said Ms. Eckert died Monday evening.

"These are irreplaceable, amazing individuals, that a terrible act of violence tore from all of us," Kentucky Gov. Andy Beshear said.

The governor said Mr. Elliott was one of his closest friends who helped him build his law career and become governor. Mr. Elliott also gave him advice on fatherhood, he said. Mr. Beshear ordered flags in the state to be flown at



Police at the scene of a shooting at Old National Bank in Louisville, Ky. Below, community members attended a vigil following the shooting. Five people were killed and eight others were wounded. The shooter was fatally shot in a confrontation with police.

half-staff until Friday evening.

UofL Hospital was treating nine patients from the shooting, including two police officers and seven civilians, said Heather Fountaine, a spokesperson for UofL Health, the health system that includes UofL Hospital.

Three of the patients were in critical condition, including one of the officers. Three others were discharged by early Monday afternoon, and the other three patients remained in the hospital with non-life-threatening injuries, said Jason Smith, chief medical officer at UofL Health.

Chief Gwinn-Villaroel said Officer Nickolas Wilt, a 26-year-old who graduated from police academy in March, was shot in the head while responding to the shooting. The police department said late Monday that Officer Wilt was fighting for his life.

Mr. Beshear and Mayor Craig Greenberg, both Democrats, said the quick action of



first responders saved lives.

"We will come together as a community to work to prevent these horrific acts of gun violence from continuing," Mr. Greenberg said. The mayor es-

caped a shooting at his campaign office in February 2022.

"I'm a survivor of a workplace shooting," Mr. Greenberg said. "To the people who survived, whether you were phys-

ically hurt or not, I know that you're hurting too. We're here for you as well."

Old National Bank, a unit of holding company Old National Bancorp, said members of its executive team, including Chief Executive Jim Ryan, were on site in Louisville. The company said it was deploying employee assistance support.

Chief Gwinn-Villaroel said the shooting suspect had live-streamed video. Meta Platforms Inc., which owns Instagram and Facebook, said: "We are in touch with law enforcement and quickly removed the livestream of this tragic incident."

President Biden called the shooting "another senseless act of gun violence" and called on Republicans in Congress to act. The deaths Monday came two weeks after a heavily armed shooter killed three children and three adults at a private Christian school in Nashville, Tenn.

—Ken Thomas  
contributed to this article.

## Ousted Nashville Lawmaker Voted Back to Legislature

BY MARIAH TIMMS

NASHVILLE—City officials voted to return former state lawmaker Justin Jones to the Tennessee House of Representatives just days after he and a fellow Democratic legislator were removed by the chamber's Republican leaders.

Less than an hour later, he was sworn in on the statehouse steps and returned to the House floor to reclaim his seat in the state legislature. The move fills the vacant legislature seat until a special election is held.

Mr. Jones, who represented parts of Nashville, and Justin Pearson, who represented parts of Memphis, were last week expelled from the legislature in a rare punishment for

speaking out of turn on the House floor. Another Democratic state lawmaker, Rep. Gloria Johnson, narrowly avoided expulsion on the same charges as her freshmen colleagues.

Messrs. Jones and Pearson, who are Black, and Ms. Johnson, who is white, were accused of disorderly conduct on March 30, following a school shooting that left six dead earlier that week. A 28-year-old suspect killed three students and three adults at a private Christian school in Nashville. Police killed the shooter.

Supporters have dubbed the lawmakers the "Tennessee Three" after they joined a crowd of demonstrators, mostly local students, who interrupted a House session with chants for several min-

utes the week of the shooting. They took the opportunity to call on their Republican counterparts to act on gun control.

Thousands of protesters marching on the Capitol have been pressuring Tennessee Re-

### A vote by Nashville's Metropolitan Council was unanimous, 36-0.

publican leaders to make it harder to buy guns following the state's most high-profile mass shooting in years. The shooter had legally obtained the guns used at the school

and fired more than 100 rounds in roughly 15 minutes, authorities said.

Republican Gov. Bill Lee and leadership in the GOP-dominated legislature have focused on pushing school-security measures in response but have been resistant to Democratic calls to tighten gun laws. Both state chambers have a Republican supermajority.

Observers on Monday packed the Nashville Metropolitan Council chambers, where the meeting lasted just several minutes, with loud cheers from assembled supporters. After the vote, hundreds of demonstrators walked with Mr. Jones a few blocks uphill to gather in the shadow of the state Capitol. Mr. Jones was sworn in and returned to the House floor.

In a plaza across the street, Jan Sebastian-Hatchett, 65, a retired educator from Nashville, said getting Mr. Jones back in office was just a first step toward pressuring Republicans on gun control.

"It is a good start. Because here's what everybody has seen all over the world: This is something that's not going to go away," said Ms. Sebastian-Hatchett, who doesn't live in Mr. Jones's district but said she felt like he was still her representative based on his gun-control push.

Tennessee's Constitution calls for local legislative bodies to appoint someone to an empty legislature seat in the event of a midterm vacancy, until a special election can be held. In Nashville, the Metro

Council acted on behalf of the consolidated city of Nashville and Davidson County, which Mr. Jones's district included. The vote was unanimous, 36-0.

In Memphis, the Shelby County Board of Commissioners, with its Democratic majority, is set to vote for someone to fill Mr. Pearson's seat.

Tennessee House Speaker Cameron Sexton planned to seat the new appointments from the Nashville and Memphis officials, spokesman Doug Kefner said before the vote.

"The two governing bodies will make the decision as to who they want to appoint to these seats. Those two individuals will be seated as representatives as the Constitution requires," Mr. Kefner said, though he didn't give a timeline.

## Fight in Tennessee Deepens State's Urban-Rural Divide

BY GINGER ADAMS OTIS

The contentious ouster of Tennessee state lawmakers Justin Jones of Nashville and Justin Pearson of Memphis is the latest skirmish in a long-standing power struggle between Republicans who control the state's politics and Democrats in charge of its fast-growing cities.

Now, after GOP legislators used their majority power to expel the two representatives last week, Democrats in the metro areas plan to use their authority to send them straight back, with Nashville-area officials voting Monday to return Mr. Jones to the Tennessee House.

Republican state leaders in recent years have passed an array of measures that override local policies. A recent law, for example, cut the size of Nashville's Metropolitan Council to 20 from 40 members.

The city sued, arguing in part that there wasn't enough time to define the new council districts ahead of the August election. On Monday, a three-judge panel in a state court

blocked enforcement of the law while it continues to consider the city's suit. The Tennessee Attorney General's Office was reviewing the ruling late Monday, according to representative Elizabeth Lane.

Democratic city leaders have accused their state counterparts of trampling over the power of locally elected officials. Tennessee's GOP state leaders are primarily white, while many of the Democratic leaders of the cities and counties are Black.

Last week's expulsion vote took Tennessee's schism to a new level, said Nathan Kelly, a professor of political science at the University of Tennessee in Knoxville.

"It was quite a power play on the part of Republicans. It's not something we've seen before," Mr. Kelly said.

Tennessee is an extreme example of a polarized power dynamic playing out in many parts of the U.S. where red states contend with blue cities. In Texas, conservative state lawmakers have enacted laws pre-empting cities from passing prohibitions on fracking

within city limits and other local policies that state leaders disagreed with. In Missouri, Republican lawmakers and the state's GOP attorney general this year have pushed plans to oust St. Louis's top prosecutor, a Democrat.

Mr. Jones, who represents Nashville, was reinstated by the city's Metropolitan Council on an interim basis until a special election can be held. Mr. Pearson represents parts of Memphis, where the Shelby County Board of Commissioners, with its Democratic majority, is set to vote for someone to fill his seat.

Messrs. Jones and Pearson, who are Black, were accused of disorderly conduct along with a third Democrat, Gloria Johnson, who is white, for speaking out of turn on March 30. The "Tennessee Three," as their supporters have dubbed them, interrupted a House session for several minutes to call on their Republican counterparts to act on gun control, after a mass shooter killed six people at a private Christian school in Nashville last month.

Ms. Johnson, a 60-year-old



The 'Tennessee Three'—state Reps. Justin Jones, Gloria Johnson and Justin Pearson—last week.

who represents part of Knoxville, kept her seat by one vote. Asked why she thought she wasn't expelled, Ms. Johnson replied, "It might have something to do with the color of our skin."

Cameron Sexton, speaker of the Tennessee House, didn't respond to requests for comment. House Republicans have said the three had broken rules about decorum and displaying political messages.

For more than a century until 2008, both parties had sizable representation in Tennes-

see, with Democrats often holding the majority, said Carrie Russell, a professor at Vanderbilt University who specializes in Southern politics. Many of its larger cities, particularly Memphis and Nashville, are historically Democratic.

Currently, Republicans hold 75 of the 99 seats in the state House, and 27 of the 33 seats in the state Senate, as well as the governor's office.

Those supermajorities have allowed Republican state lawmakers to enact almost any legislation they want. They

have moved to expand gun access in recent years and enact policies, opposed by some Democrats, promoting charter schools and tuition vouchers.

Tennessee Republicans have used their power to redraw voter district maps on the federal and state level. The new maps took particular aim at deep-blue parts of Nashville. In Knoxville, the redrawn map's lines put Ms. Johnson's home outside the district she was then representing. She had to move to a new district to be re-elected.

## New York Governor's Pick for Chief Judge Is Backed

BY JIMMY VIELKIND

ALBANY, N.Y.—Democratic legislators welcomed Gov. Kathy Hochul's nomination of Rowan Wilson as chief judge of the New York State Court of Appeals, months after their bruising and unprecedented rejection of Ms. Hochul's first choice for the job.

Judge Wilson, 62 years old, has been an associate judge on the seven-member Court of Appeals since 2017. The Democratic governor nominated him to serve as chief judge and announced her intention to appoint Caitlin Halligan, a private litigator, to fill his spot as an associate justice.

Brad Hoylman-Sigal, who chairs the state Senate Judiciary Committee, said Judge Wilson was a well-respected jurist with a distinguished record in the private sector. Before his appointment, Judge Wilson was a partner at Cravath, Swaine & Moore LLP and managed the firm's pro bono practice.

That is a rhetorical shift from earlier this year, when Mr. Hoylman-Sigal voted against Ms. Hochul's first choice to lead the court, Hector LaSalle. Democrats who control the New York State Senate—which must confirm Court of Appeals nominees—objected to Justice LaSalle's rulings on labor rights and other matters while overseeing a Brooklyn-based appellate court.

During hours of hearings, Justice LaSalle said his record had been distorted.

Judge Wilson was unanimously confirmed by the Senate in 2017, when the chamber was led by Republicans. He would be the first Black person to lead the Court of Appeals.

## U.S. NEWS

## Wildfire Almost Contained After Destroying More Than 650 Acres in Nebraska



**AIR FIGHT:** A National Guard helicopter dropped water south of Lake Waconda, in southeast Nebraska, on Monday, after overnight rains helped contain the blaze between 70% and 90%. The fire started Saturday in Iowa and spread to the neighboring state when sparks blew across the Missouri River.

## Lawmakers Traded Amid Bank Fallout

Stocks were bought and sold during efforts to stabilize financial system as firms failed

By REBECCA BALLHAUS

Two lawmakers reported trades in bank stocks last month as they worked on government efforts to address fallout from two of the largest bank failures in American history.

The disclosures, by a New York Republican and an Oregon Democrat, mark the latest instance of congressional stock trading intersecting with official business.

Rep. Nicole Malliotakis (R., N.Y.) bought stock in a regional bank before a subsidiary agreed to take over Signature Bank's deposits following its closure. Days before she bought the stock, she said she met with financial regulators to discuss the bank's closure.

Rep. Earl Blumenauer (D., Ore.) reported three trades in bank stocks as he co-sponsored legislation seeking to strengthen restrictions on financial firms in the wake of the bank failures.

## Bills would curb trading

The trades could intensify the pressure on Congress to restrict stock trading by lawmakers. That effort briefly gained momentum last fall, when House Democrats released a bill to ban stock trading by members of Congress, judges and senior executive-branch officials, but has since stalled. A bipartisan group of lawmakers earlier this year reintroduced a bill

seeking to ban congressional stock trading.

Lawmakers are uniquely positioned to gain insight about particular industries in the course of their work. But beyond rules mandating regular disclosure and the laws against insider trading, they face no other restrictions on what stocks they are allowed to own or trade.

They are required to disclose any trades by them or their spouses of \$1,001 or more in stocks, bonds, commodities, futures and other securities within 45 days, and must disclose their assets and liabilities every year in broad ranges.

A spokeswoman for Ms. Malliotakis said the lawmaker made the trade at the recommendation of her financial adviser and that she wasn't aware the bank planned to bid on Signature Bank assets. A spokeswoman for Mr. Blumenauer said the trade was made by his wife and that he wasn't aware of it at the time.

Lawmakers aren't required to disclose the time at which their trades were made, making it impossible to determine how much money they made or lost on stock trades.

## Malliotakis purchases

Ms. Malliotakis bought \$1,001 to \$15,000 in New York Community Bancorp Inc. stock on March 17, soon after she met with financial regulators.

Days before she bought the stock, she emphasized her work on Signature Bank, which New York regulators had put into receivership on March 12.

"Both last night and this morning I have been meeting with the Federal Reserve, U.S. Department of Treasury, Governor [Kathy] Hochul and New York State Department of Financial Services Superintendent Adrienne Harris to discuss the closure of Signature Bank," she said in a March 13 statement posted to her office's Twitter account. "I have been assured all depositors will be

made whole through the Deposit Insurance Fund which is made up of contributions from all member banks, not taxpayer funds," she added.

The next day, Ms. Malliotakis, a member of the House Ways and Means Committee, called for the Fed and the Biden administration to "review its monetary policy," saying that rising interest rates had "played a role" in the failure of Silicon Valley Bank the previous week.

On March 17, she bought the New York Community Bancorp shares. On March 19, the Federal Deposit Insurance Corp. announced that NYCB's Flagstar Bank would take on Signature's deposits. NYCB stock rose 32% on the news the next day.

Ms. Malliotakis's disclosure said the stock purchase was made by her spouse. She is unmarried. A spokeswoman said that was an error and that the report will be updated.

Ms. Malliotakis's financial adviser "recommended the purchase of NYCB as a long-term investment given the purchase price was \$6.69 with a 9% dividend considering the stock was over \$11.00 last March," the spokeswoman said in an email.

The spokeswoman said there was no mention of NYCB in the briefings she participated in. She learned that the bank's subsidiary had agreed to take on the Signature deposits in the news on March 19, the spokeswoman said.

## Blumenauer transactions

Rep. Blumenauer reported selling between \$1,001 and \$15,000 in Bank of America stock on March 9, as panic was

spreading and shares of the four biggest U.S. banks—including Bank of America—slid. The next day, federal regulators announced they had taken control of Silicon Valley Bank, marking the second-biggest bank failure in U.S. history. A week after the sale, the stock was down 5%.

Mr. Blumenauer also reported a less successful trade made March 9: a purchase of between \$1,001 and \$15,000 in SVB Financial Group. Shares of SVB were halted the next morning, shortly before its subsidiary, Silicon Valley Bank, was taken over.

Less than a week later, on March 14, Mr. Blumenauer was among lawmakers who co-sponsored a bill to repeal the 2018 law that relaxed restrictions placed on financial firms.

Days later, as the banking industry continued to reel, Mr. Blumenauer reported a sale of between \$1,001 and \$15,000 in First Republic Bank. On that day, March 20, the bank's stock closed down 47%, after The Wall Street Journal reported that a group of big U.S. banks were in discussions about fresh efforts to stabilize the lender.

Mr. Blumenauer's disclosure said all three trades were part of his spouse's retirement portfolio. A spokeswoman said the congressman doesn't personally own any stock and has "no knowledge of financial transactions made by his wife." His wife uses a financial adviser who makes transactions "without her input, advice, consent, or prior knowledge," the spokeswoman said.

—Natalie Andrews contributed to this article.



Reps. Nicole Malliotakis (R., N.Y.) and Earl Blumenauer (D., Ore.).

## Auditors Didn't Flag Bank Risks

Continued from Page One

The latest upheaval exposed the gamble some banks took in betting heavily on long-term government bonds, which last year plunged in value as the Federal Reserve raised interest rates.

Banks can keep these losses off their books by classifying their bondholdings as "held to maturity," or intended never to be sold, allowing them to be held at cost rather than fair value. The banking industry last year relied more heavily on this accounting maneuver, as rising rates pummeled balance sheets.

Accounting rules say banks can classify bonds as held to maturity only if they have both the intent and ability to hold on to them, rather than having to sell them to meet demands for withdrawals. For well-capitalized banks, that likely isn't a

tough call to make.

But it is a much more nuanced issue for many of the lenders at the center of the crisis. Unlike the biggest banks, smaller banks are largely reliant on deposits for funding, which can prove flighty in stressed times, calling into question a bank's ability to indefinitely hold long-term assets.

The parent of Silicon Valley Bank, SVB Financial Group, had \$91 billion of held-to-maturity bonds on its Dec. 31 balance sheet, which a footnote said had a fair value of \$76 billion. That \$15 billion loss was big enough to wipe out most of the bank's total equity of \$16 billion at year-end.

The lender's total deposits had shrunk from the previous year, its financial statements showed. What's more, its reported cash was around 8% of total deposits, heightening the risk it would need to sell long-term assets if significant numbers of its depositors left.

That appears to tick all the boxes for the auditor to highlight this issue as a critical audit matter. "The judgment as to whether or not Silicon Valley Bank had the ability to hold these securities to maturity was certainly a complex

question, it was material to investors, and it is hard to see how liquidity was not a matter for discussion with the audit committee," said Mr. Baumann, who is a former senior partner at Big Four audit firm PricewaterhouseCoopers.

"I'm not the auditor of the bank and I don't know if this [bonds issue] should have been included in the auditor's report," he said. "But as the lead author of the standard,

## \$91B

Amount of SVB Financial held-to-maturity bonds at 2022's end

this certainly is the kind of item that we had in mind for critical audit matters."

Representatives of the accounting industry pushed back on suggestions auditors should have sounded the alarm ahead of the turmoil. Dennis McGowan, vice president of professional practice at the Center for Audit Quality, said accounting standards don't require companies to anticipate

"extremely remote" scenarios in deciding whether they can classify bonds as held to maturity.

"Some of what's happened could not have been anticipated. Social media fueled the withdrawals from one bank, for example," Mr. McGowan said. "Auditors don't have a crystal ball to anticipate that kind of thing."

KPMG's audit of Silicon Valley Bank could be tested in court if shareholders decide to include the firm in lawsuits.

"The lack of a relevant critical audit matter and of a going concern are going to come up if it comes to litigation," said Jack Castonguay, an accounting professor at Hofstra University. He added it was difficult to judge KPMG's audit without seeing the firm's work papers or knowing what risks it discussed with SVB's audit committee.

A KPMG spokesman declined to comment. In response to a request for comment to SVB's successor bank, a spokeswoman for the Federal Reserve cited the regulator's description of the bank's failure as a "textbook case of mismanagement." She declined to comment on KPMG's audit of the lender.

Auditors' apparent blind spot on the interplay of rate

and liquidity risks isn't confined to Silicon Valley Bank.

Auditors for nine other U.S. banks most exposed to bond losses didn't flag this as an issue when they signed off on the financial statements for 2022, according to an analysis by The Wall Street Journal.

The Journal reviewed the audit opinions for the 10 small to midsize U.S. banks that last year reported the highest losses on held-to-maturity securities as a proportion of their shareholder equity, based on data from research-firm Calcbench. Silicon Valley Bank ranked second on the list.

None of the auditors included a critical audit matter related to the bank's treatment of the bonds. Instead, nine of the 10 reported a critical audit matter for estimated losses from loans or other bad debts. That is the risk that brought down banks in the 2008 financial crisis. Auditors didn't report any critical audit matter for one of the banks, the analysis found.

A PCAOB spokeswoman declined to comment on whether the lack of critical audit matters related to the latest troubles was a reflection of the effectiveness of the measure.

## Abortion Pill Ruling Appealed

Continued from Page One

weighed in, saying in an open letter that the Texas decision could threaten FDA regulation of medicines more broadly.

Judge Kacsmaryk in his Friday-evening ruling said he would suspend the FDA's approval of the drug this Friday if a higher court didn't intervene. If his decision takes effect, it could cut off supplies of a drug that is the most common method for ending a pregnancy. The FDA approved mifepristone in 2000.

Healthcare providers, lawyers and advocates on both sides of the abortion issue spent the holiday weekend grappling with what could be another sea change in the national abortion landscape, less than a year since the Supreme Court removed constitutional protections for the procedure.

The Justice Department on Monday asked the Fifth Circuit to either delay the judge's decision for a longer period or rule on its emergency motion by Thursday, which would allow the administration to seek intervention from the Supreme Court if necessary.

Amid the legal maneuvering, Massachusetts and California said they would be stockpiling abortion pills in an effort to ensure continued supply in their states even if a court ultimately orders the FDA to pull mifepristone off the market.

The state of Washington announced a similar measure last week to purchase a three-year supply of the drug.

California Gov. Gavin Newsom, a Democrat, said his state would be purchasing large quantities of misoprostol, the second in a two-drug regime typically used in medication abortions. Women can

take misoprostol alone, but researchers have said it is less effective and produces more severe side effects. The governor said California has already received more than 250,000 pills.

While at least a dozen states have banned most abortions since the Supreme Court overruled *Roe v. Wade* last June, this latest battle is unique in that it also imperils abortion access in states where the procedure has remained legal. Clinics in those states already have been scrambling to cope with a surge in demand, and the potential loss of the abortion pill is likely to significantly complicate those efforts.

Judge Kacsmaryk, a Trump appointee, said in Friday's ruling that the FDA had failed to seriously consider legitimate safety questions about the drug, in violation of its statutory duty. He also said the agency used improper regulatory procedures in granting the drug approval.

The DOJ's emergency motion on Monday said those conclusions were incorrect. It also argued the judge made a series of other errors, including entertaining the lawsuit at all.

The plaintiffs in the lawsuit were antiabortion medical associations and individual physicians who said they were harmed by the drug because when women present with complications it strains the medical system and sometimes forces physicians to treat women with incomplete abortions despite their moral opposition to the procedure.

The department said none of the plaintiffs had standing to challenge the FDA's approval of a drug that they neither take nor prescribe.

Complicating the legal landscape, a federal judge in Washington state on Friday issued a decision that could prevent the FDA from limiting sales of the abortion pill in 17 states and the District of Columbia that had sued the agency to preserve robust access.

In a separate filing on Monday, the Justice Department asked that judge to clarify how his ruling interacts with the Texas decision, saying the two rulings appeared to be in "significant tension."

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## WORLD NEWS

## Pentagon Launches Document-Leak Probe

A team will examine how the purported classified information was exposed online

By GORDON LUBOLD

WASHINGTON—The Pentagon is conducting an internal investigation of how purported secret documents detailing Ukraine war plans and intelligence on U.S. allies surfaced online in recent weeks, as the U.S. sought to soothe foreign governments whose countries were mentioned in the files.

The Justice Department and the FBI are leading a criminal investigation into the leaks, but the Pentagon has assembled a team to conduct its own inquiry to determine the authenticity of the photographs

of the classified slides that appeared online.

Pentagon officials along with the government's other investigators also are trying to assess the extent of the potential damage and seeking to learn the identity of the leaker, while attempting to contain diplomatic fallout from the unauthorized disclosure.

"This team is really working to get our arms around everything that has to do with this distribution," Pentagon spokesman Chris Meagher said.

The Wall Street Journal wasn't able to independently authenticate the documents, but they contain enough detail to give them credibility. Defense officials have said they believe the documents are authentic, though caution that some appear to be altered.

The probe reflects the U.S.

government's deep concern that the leak disclosed sensitive information about the war in Ukraine, intercepted communications about U.S. allies, and U.S. penetration of Russian military plans.

"A significant leak can be very damaging to our ability to collect information," said John P. Carlin, a former senior Justice Department official and now a partner at Paul, Weiss, Rifkind, Wharton & Garrison LLP.

Most allies have been publicly quiet about the documents, though a South Korean official on Monday said the government in Seoul is investigating the circumstances around the leak, which appeared to show intercepted communications of discussions among Seoul officials about concerns over selling ammunition to the U.S. that could end up in Ukraine. The

Journal has reported that the U.S. has been seeking to persuade South Korea to supply artillery ammunition to Ukraine. Seoul has mostly resisted providing lethal assistance, citing their neutrality in the conflict.

Other allies mentioned in the leak include Canada, which according to one document, was targeted by hackers who breached critical systems at an unnamed Canadian natural-gas pipeline operator in February. The hackers, according to the document, told Russian security services they had accessed the systems.

A spokesman for the Communications Security Establishment, Canada's lead cybersecurity agency, declined to comment on the leaked report. He said the agency remains "deeply concerned," about threats to critical infrastruc-

ture posed by cyberattacks on operational technology.

Among the most controversial items in the trove appears to be a March 2 edition of the CIA Operations Center Intelligence Update that said Israel's foreign-intelligence agency encouraged its own officials and the country's citizens to protest against Prime Minister Benjamin Netanyahu's proposed justice-system overhaul. The purported CIA document suggests the U.S., a close ally, has been intercepting the communications of the leaders of the Israeli intelligence agency, known as the Mossad.

The Mossad called these allegations "without any foundation whatsoever."

Just more than 50 documents with Secret and Top Secret classification markings have surfaced so far. But more documents, possibly in the

hundreds, were posted starting in January on an obscure messaging channel of the Discord social media platform.

Officials have said that hundreds of people could have had access to the purported classified documents, but wouldn't specify how many.

The U.S. so far doesn't yet appear to know the origins of the leaks of the documents, said John Kirby, a spokesman for the National Security Council.

Asked if the leak was contained, he said: "We don't know, we truly don't know."

Sen. Mark Warner (D., Va.), chair of the Senate Intelligence Committee, said his body would continue to follow the issue closely alongside intelligence leaders.

—Daniella Cheslow, Natalie Andrews and Will Mauldin contributed to this article.

## Social-Media Platform Is a Focus in Secret-Papers Release

By SARAH E. NEEDLEMAN

A federal investigation into a major leak of highly classified U.S. documents has cast a spotlight on a social-media outlet popularized by videogame enthusiasts.

On Discord Inc.'s online platform, users chat about games, investing and other topics in mostly private, invitation-only groups called servers. Like others in social media, the company has at times struggled to rein in bad actors.

Discord has been accused of being used to share child pornography and playing a role in the Charlottesville, Va., violence in 2017. The company said its highest priority is to ensure a safe experience for users, and that it investigates and responds to policy violations.

San Francisco-based Discord has about 150 million monthly users worldwide, making it much smaller than social-media leaders such as Meta Platforms Inc.'s Facebook and ByteDance Ltd.'s TikTok,

which each have more than one billion monthly users.

Discord got its start in 2015 as an easy way for people to communicate while playing online games. An early mover, it grew in popularity by providing several ways to interact, and gradually expanded its appeal to a variety of users, who say it offers higher-quality audio than other chat services.

With Discord, which can run on a desktop or mobile phone, users set up servers for chatting via video, audio or text. The majority of servers are private. Discord, which is free to use, makes money by selling enhanced versions of its chat software, starting at \$2.99 a month.

In addition to chatting while playing games, people use Discord to watch movies and do homework together. Among its largest groups are servers dedicated to games such as Riot Games Inc.'s "Valorant" and those on Roblox, as well as artwork created using generative artificial intelligence. The plat-



People gathered at the Discord booth at the Game Developers Conference in San Francisco last month.

form also hosts communities supporting Ukraine's cause.

In April 2021, Discord ended discussions over a possible acquisition offer from Microsoft Corp. The company was valued at \$14.7 billion as of Septem-

ber 2021, and it had raised \$1.1 billion as of March 2022, according to PitchBook Data Inc.

Discord said it is cooperating with law enforcement on the probe into the classified documents leak.

The leaked documents, which appear to have numbered in the hundreds, stayed among the members of a tiny group on Discord until early March when another user reposted several dozen of them

to another group with a larger audience. From there, at least 10 files migrated to a much bigger community focused on the computer game Minecraft.

The latest leaked reports include a range of U.S. intelligence assessments, some not related to the war in Ukraine.

"Someone was just taking a bunch of pictures and putting them up there" on Discord, said Thomas Rid, a professor of strategic studies at Johns Hopkins University.

Discord uses a combination of machine learning, employees and volunteer moderators to weed out behaviors that violate its policies. The firm has about 900 employees and roughly 15% work in trust and safety.

Discord said it always seeks to find and remove abhorrent content from its platform. It said it uses the latest technology to find such content and punishes users who post it by banning them and sometimes reporting them to authorities.

—Robert McMillan contributed to this article.

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WORLD NEWS

# Ukraine Says Russia Is Decimating Bakhmut

By MATTHEW LUXMOORE AND ANN M. SIMMONS

Russia is using “scorched earth” tactics as it fights to take Bakhmut, a top Ukrainian military commander said Monday, as the city in Ukraine’s east is reduced to rubble after months of heavy combat for which Kyiv and Moscow have paid a heavy price in lives and equipment. “The fighting from both sides is tough,” said Col. Gen. Oleksandr Syrskiy, Ukraine’s commander of ground forces overseeing the Bakhmut campaign, according to the military. Russia, he said, is “destroying buildings and military positions with airstrikes and artillery fire.” Col. Gen. Syrskiy described the situation in Bakhmut, where Ukrainian forces largely have been pushed out of the city center and are relying on precarious supply routes to deliver arms and personnel, as “difficult but under control.” Moscow’s forces have in re-

cent weeks steadily advanced in grinding house-to-house combat accompanied by heavy artillery and mortar fire, seeking to claim their first significant military victory in months. On Monday, Russian state media posted a video showing Denis Pushilin, the Russian-installed leader of the occupied parts of Donetsk region—of which Bakhmut is part—standing in the city’s central square beside administrative buildings reduced to rubble. “Our units continued to liberate Russian lands,” he said, blaming Ukraine for the city’s destruction and saying Moscow was evacuating civilians. Mr. Pushilin said Russian forces were in control of about 75% of Bakhmut but fierce battles were still being fought in the western part of the city. Meanwhile, Moldovan President Maia Sandu called for closer integration with Europe, and urged supporters to take part in a mass action to signal



A vehicle was destroyed by Russian shelling near the front line in Ukraine’s eastern Bakhmut area.

the European Union at home.” Her comments come amid heightened security threats surrounding the Ukraine war and growing concerns in Chisinau and some Western capitals that Moscow is aiming to overthrow Moldova’s government to install a pro-Russian regime. The Kremlin has troops in Transnistria, the sliver of land along its border with Ukraine that for decades has had complicated relations with Russia. The breakaway region has its own police force, currency and postal service catering to a large population of ethnic-Russians. The Kremlin denies it is trying to destabilize Moldova, but the foreign ministry has warned of consequences if Chisinau continues to try to draw closer to Europe, comparing the situation to that of Ukraine. On Monday, the foreign ministry said Moldova’s deepening cooperation with NATO would lead to negative outcomes for the country.

that Europe is the path they have chosen, rejecting the Kremlin’s attempts to pull the ex-Soviet nation back into its orbit.

“Everyone’s voice will cement our European path,” she said in a televised address Monday and called for supporters to assemble in the Great National Assembly Square on May 21 in the capital of Chisinau. “Let’s prove that we want peace. We want

ble in the Great National Assembly Square on May 21 in the capital of Chisinau. “Let’s prove that we want peace. We want

## Detention Deemed Wrongful

Continued from Page One with U.S. consular officials from the local embassy, a right Mr. Gershkovich has thus far been denied.

The department’s designation and additional resources are “crucial as we condemn Putin’s assault on free press,” Sen. Bob Menendez (D., N.J.), chairman of the Foreign Relations Committee, wrote in a tweet, referring to Russian President Vladimir Putin. Mr. Gershkovich is from New Jersey.

“While this case has moved at a record pace, it still took almost two weeks for our government to make this determination. We must do more to streamline the process—especially as it relates to journalists,” said Eileen O’Reilly, presi-

dent of the National Press Club, and Gil Klein, president of the National Press Club Journalism Institute, in a statement. “We believe it is always a wrongful detention when a journalist is held for doing their job.”

They called on the State Department’s hostage envoy to refer the case to the White House National Security Council for a speedier resolution.

Lawyers representing Mr. Gershkovich on behalf of the Journal reported last week that Mr. Gershkovich was in good health and grateful for the outpouring of support from around the world, said Emma Tucker, editor in chief of the Journal.

Even before the determination was made, Secretary of State Antony Blinken said he had “no doubt” that Mr. Gershkovich had been wrongfully detained by Russia, adding that he stressed that fact in a call with his Russian counterpart, Sergei Lavrov, earlier this month.

The Journal has vehemently denied wrongdoing on the part of Mr. Gershkovich and has

called for his immediate release.

“We are doing everything in our power to support Evan and his family and will continue working with the State Department and other relevant U.S. officials to push for his release,” Ms. Tucker and Almar Latour, publisher of The Wall Street Journal and chief executive of Dow Jones & Co., said in a statement Monday after the designation was announced.

“He is a distinguished journalist and his arrest is an attack on a free press and it should spur outrage in all free people and governments around the world,” the statement said.

The White House has labeled Russia’s accusation “ridiculous,” denied Mr. Gershkovich was a spy, and said he had never worked for the U.S. government. In a joint statement Friday, the Democratic and Republican leaders of the Senate condemned Mr. Gershkovich’s detention and demanded his release.

“He doesn’t belong there. He needs to be released. He’s a

journalist, not a criminal,” White House National Security Council spokesman John Kirby said Monday. “And it doesn’t mean that we aren’t going to continue to follow this case as closely as we can. We still don’t have consular access and we’re also trying to get that.” The “wrongfully detained”

### The determination on Mr. Gershkovich unlocks resources to work on his case.

determination unlocks other U.S. government resources to work on Mr. Gershkovich’s case. It broadens the State Department’s authority to exert pressure on Moscow, monitor intelligence, build diplomatic coalitions, exert media pressure and fight for regular consular access.

The designation is relatively rare: Some 99% of

Americans held overseas face legal troubles in which the U.S. doesn’t conclude that they are being held improperly.

Mr. Gershkovich, 31 years old, was detained March 29 and accused of espionage while on a reporting trip to the Russian city of Yekaterinburg, about 800 miles east of Moscow. He is the first U.S. journalist to be detained by Moscow since 1986, but he is one of several U.S. citizens deemed wrongfully detained in the country in recent years.

He is accredited to work as a journalist in Russia by the country’s Foreign Ministry.

Moscow claims that its Federal Security Service, known as the FSB for its Russian initials, caught Mr. Gershkovich “red-handed” but offered no evidence to back up the allegation or offer cause for his arrest. Russia said it is acting in accordance with its own laws.

Mr. Gershkovich is being held at Russia’s Lefortovo Prison, a pretrial detention center run by the FSB. His arrest has sparked global

condemnation. World Bank President David Malpass said Monday that detention of Mr. Gershkovich is a “brazen act” by the Russian government that violates freedom of the press.

In December, basketball star Brittney Griner landed in the U.S. after being released from a Russian penal colony as part of a prisoner exchange for a Russian arms dealer—a deal brokered in part by the Office of the Special Presidential Envoy for Hostage Affairs. The State Department had deemed her, too, wrongfully detained more than 10 weeks after she was detained.

Ms. Griner had been convicted of drug smuggling and possession over a small amount of hashish oil found in her luggage at Moscow’s airport in February 2022.

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SCAN ME

## FROM PAGE ONE

## Oil Giant's Green Bet On Carbon

Continued from Page One

lub, who has the blessing of the company's largest investor, Warren Buffett, said the plan will help it reach net-zero emissions on all its operations, its own energy use and its customers' use of its products, by 2050, and allow it to keep investing in oil extraction.

Ms. Hollub told investors last year she also expects the clean-energy efforts to eventually become more lucrative than the company's chemical segment, which manufactures basic chemicals and petroleum-derived products such as vinyls, and is the next-biggest revenue generator after oil and gas. Oxy-Chem's revenue was \$6.7 billion in 2022, roughly 19% of Occidental's revenue that year, according to the company.

Removing CO<sub>2</sub> from the atmosphere at this scale has never been done before, and the enterprise comes with commercial and scientific uncertainties. It is unclear what the appetite for carbon removal will be, how much the service will eventually cost or how massive volumes of buried carbon dioxide will affect the subsurface in the long term.

Just three years ago, the company was wobbling, after an expensive and disputed acquisition of Anadarko Petroleum Corp. saddled it with debt right before pandemic lockdowns took a swipe at oil prices. The recovery in prices righted the company's finances, and the purchase put Occidental in position to capitalize on prized shale assets.

Occidental plans to make money with the CO<sub>2</sub> removal plant by selling carbon-dioxide removal credits to companies such as airlines, trucking and marine companies that can't currently switch to clean energy without breaking their business models. It also plans to turn some of the carbon dioxide into products to sell, including synthetic jet fuel, or use it in the process of pumping what the company calls net-zero oil from its own wells that it hopes to sell at a premium.

The plant's fans will pull up to 500,000 metric tons of carbon dioxide from the air a year—about as much as 111,000 American cars spew out in a year, according to the Environmental Protection Agency.

The Houston-based company said it wants to build up to 135 such plants by 2035, depending on public incentives and demand for carbon credits. That would be more than seven times the number of CO<sub>2</sub>-removal facilities currently operating worldwide, according to the International Energy Agency. Occidental has leased more than 400 square miles from Texas to Louisiana to trap CO<sub>2</sub> underground, and has presold carbon credits to Airbus SE, Shopify Inc. and BMO Financial Group.

Ms. Hollub is embarking on the strategic expansion when Occidental's existing business, based almost entirely on fossil-fuel production, is healthy. Like its U.S. rivals Chevron Corp. and ConocoPhillips, Occidental has ridden high energy prices to record profits. The company paid down more than \$20 billion in debt since the Anadarko acquisition. Its stock was the S&P 500's top performer last year.

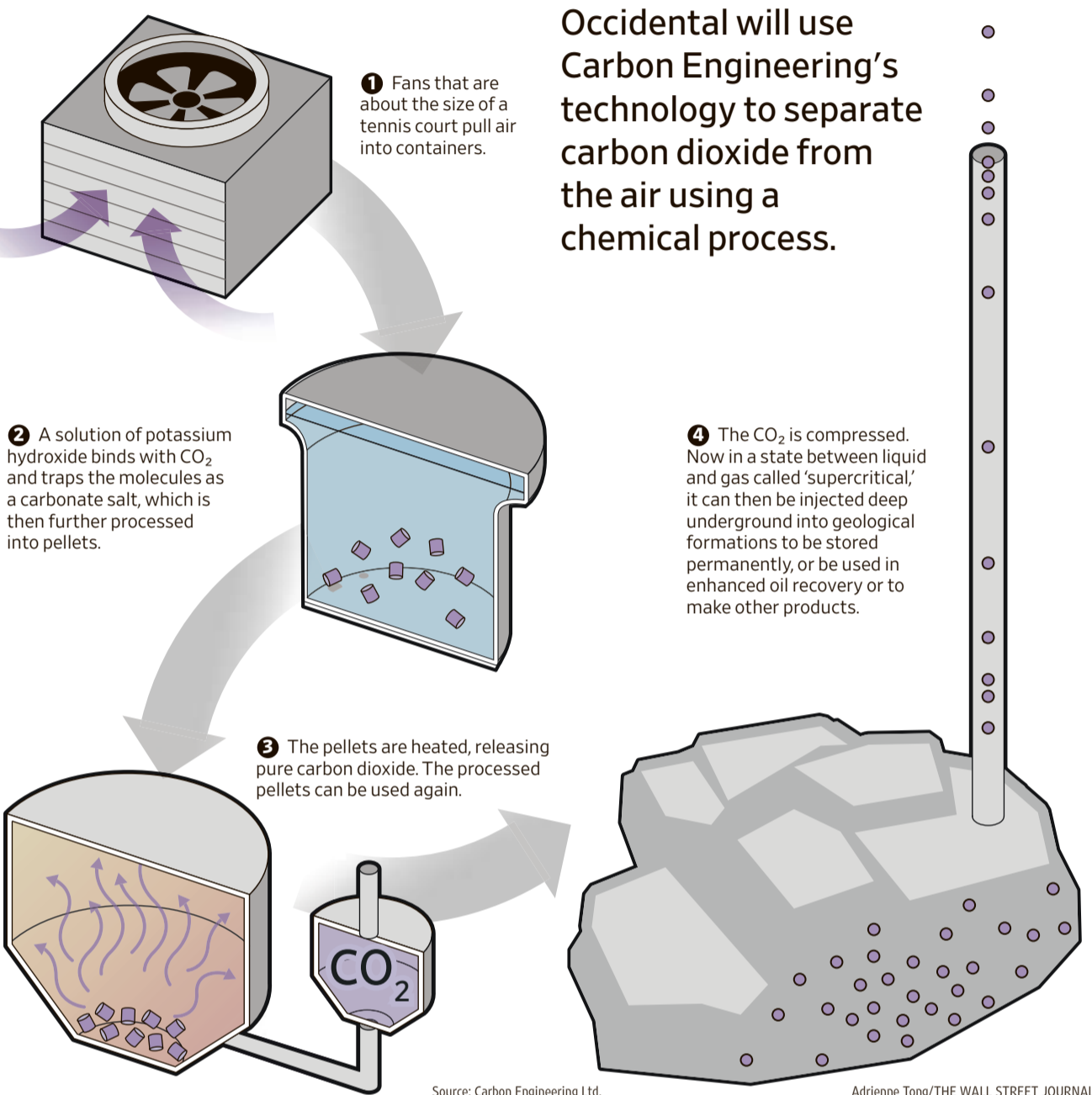
## Giant fans

To succeed in carbon capture, Occidental has to crank out plants at an unprecedented scale, figure out a way to operate them cheaply and find a market for the carbon credits.

Many industry experts doubt that direct-air capture can be done economically because the amounts of air that need to be scrubbed are so large. Operating the plants themselves will re-



A direct-air capture facility by Carbon Engineering in British Columbia. Occidental is building a larger plant using the technology in Texas.



quire huge amounts of energy, which will need to be emission-free to avoid defeating the purpose of the effort, they say.

Occidental executives said it would power the Permian plant with solar energy and additional renewable power from the grid, and it has also looked into potentially powering its plants with mini-nuclear reactors, according to people familiar with the matter. The company also said it is exploring using energy from natural-gas powered plants that capture their own CO<sub>2</sub>, an early-stage technology in which it has invested.

The company also has to convince shareholders that the new area can deliver juicy returns outside its core oil business. While Exxon Mobil Corp. and Chevron have said they intend to spend billions on carbon capture through 2030, their plans don't call for a monumental build-out of new technology. They plan carbon capture from smokestacks, as well as investments in alternative fuels such as hydrogen and biofuels.

"I think you have to be careful on the amount of capital you're [allocating] to any of these carbon-capture efforts," said Kevin Holt, an executive at Occidental shareholder Invesco Ltd., an investment firm, saying he wasn't commenting on the company's plans. "I prefer the moving-slowly path for anybody with a new technology, as opposed to just sprinting."

Some environmental groups

say carbon capture will prolong the world's dependence on fossil fuel and divert investments that could be poured into renewable energy. Energy consultancy Wood Mackenzie estimates that \$156 billion will be invested in infrastructure worldwide to capture, transport and store CO<sub>2</sub> over the next 10 years.

Occidental in 2019 took a stake in Carbon Engineering, a Canadian startup backed by Bill Gates, which developed the system to capture, purify and compress carbon dioxide, a greenhouse gas that traps heat in the Earth's atmosphere and causes climate change.

Fans pull air into containers, where chemicals bind with the CO<sub>2</sub> to separate it from the air, eventually creating pellets. The pellets are heated to release pure carbon dioxide, which is compressed to be transported through pipelines and funneled deep underground.

For now, plants need to be located in places where cheap renewable power is available, and ideally near the geological storage sites. Since CO<sub>2</sub> spreads throughout the atmosphere, they don't need to be near heavy producers of the gas. Academics say the CO<sub>2</sub> can be safely stored underground and that the storage doesn't affect the land at the surface, but that it is uncertain how CO<sub>2</sub> will behave under the surface over very long periods of time.

Today, 18 direct-air capture plants are in operation around

## Occidental will use Carbon Engineering's technology to separate carbon dioxide from the air using a chemical process.

the world, most operated by Swiss company Climeworks, which uses a different technology than what Occidental plans to use. The startup earlier this year said it had successfully pulled CO<sub>2</sub> from the atmosphere and stored it underground. Other facilities transform carbon dioxide into modest volumes of synthetic fuels.

Selling carbon-removal credits and what Occidental is calling net-zero oil will initially yield the most revenue, said Richard Jackson, Occidental's president of U.S. onshore re-

## Occidental said it wants to build up to 135 direct-air capture plants by 2035.

sources and carbon management. "We can turn CO<sub>2</sub> into value," he said.

To produce net-zero oil, Occidental said it would pull CO<sub>2</sub> from the atmosphere and use it in a pumping process known as enhanced oil recovery, which permanently stores the carbon underground. This way, the company said, it will eliminate as much or more CO<sub>2</sub> than made by the production, transportation and burning of the oil.

SK Trading International, part of the Korean conglomerate SK Group, has signed up to re-

ceive up to 200,000 barrels of the net-zero oil per year for five years, according to the companies. The production of the barrels will lock up about 100,000 metric tons of atmospheric CO<sub>2</sub>, which Occidental said is about the amount the crude will produce over its lifetime.

Carbon emitters today can buy nature-based offsets linked to reforestation or CO<sub>2</sub>-eating crops, but these don't offer the same guarantee that carbon dioxide will remain trapped as plans to pump it underground, sustainability experts said.

Airbus has pre-purchased credits from Occidental covering 100,000 metric tons of carbon removal a year over four years, according to the companies. The Houston Texans football team said it had purchased enough credits to offset the emissions linked to the team's future air travel to regular season away games over three seasons, according to the company. In March, the Astros baseball team announced an agreement for an unspecified amount of credits.

Also buying Occidental's credits are firms seeking to jump-start the direct-air capture industry, such as e-commerce tools provider Shopify, which prebought 10,000 metric tons. Stacy Kauk, head of sustainability at Shopify, said it wants to have access to comply with potential future regulations on emissions. If that happens, she said, prices could rise.

"We're very comfortable pay-

ing that early adopter premium...in order for us to determine if this is actually going to work," she said.

The companies declined to say how much they paid for the credits. Individual and small to medium corporate customers of Climeworks, the Swiss company that operates most existing plants around the world, pay \$1,200 per metric ton, though larger companies likely pay less per ton.

Occidental said it could use some of the pure carbon dioxide removed from the air to make synthetic aviation fuel, which can result in lower greenhouse gas emissions. It also said it could sell CO<sub>2</sub> as a raw material to make new low-carbon products, such as building materials or clothes.

## Holding down costs

To be successful, Occidental will need to bring the cost of capture and containment down by hundreds of dollars per metric ton of CO<sub>2</sub>, according to energy executives and analysts.

Occidental estimated its initial cost to remove a metric ton of CO<sub>2</sub> would be between \$400 and \$500. It said that as it manufactures more plants and efficiencies kick in, it will be able to roughly half that to between \$200 and \$250 a ton by the end of the decade, according to the company. None of the figures include federal tax credits.

Scientists said that for CO<sub>2</sub>-removal to reach a meaningful scale, costs would need to plummet to \$100 per metric ton.

The Inflation Reduction Act, signed into law by President Biden last year, rewards companies that capture and store atmospheric CO<sub>2</sub> with a \$180 tax credit per metric ton contained permanently, up from \$50. Credits for capturing atmospheric CO<sub>2</sub> and using it in enhanced oil recovery rose to \$130 a metric ton, up from \$50. The bill also offers incentives to companies that capture CO<sub>2</sub> at industrial plants and sequester it, which Occidental also plans to do.

The credits can be received for a 12-year period beginning when a plant starts operating.

Occidental expects to generate between \$400 and \$630 in revenue per metric ton of atmospheric CO<sub>2</sub> captured this decade, including federal tax credits, it said.

The company has also applied to generate credits through California's low-carbon fuel standard, which requires providers of transportation fuels there to reduce the carbon footprint of their product. It will be able to stack federal credits and the California credits, according to the company.

Analysts said collecting CO<sub>2</sub> from smokestacks requires much less energy and is therefore cheaper.

Howard Herzog, a leading researcher on carbon capture at the Massachusetts Institute of Technology, said he didn't think bringing the cost of direct-air capture down to around \$100 a metric ton was a realistic goal. Occidental is "probably more bullish on direct-air capture than I would be," he said. But he added that how much buyers of carbon credits are willing to pay will also determine how profitable direct-air capture turns out to be.

Ms. Hollub told The Wall Street Journal in August that Occidental's efforts on carbon capture and on becoming a net-zero emitter would allow it to keep up its investments in oil and gas. She warned that underinvestment in fossil fuels, which she says will be needed for years even amid the broader transition to clean energy, will lead to a scarcity of supplies. In contrast, she said, other oil majors such as BP PLC and Shell PLC have shrunk their oil segment and invested in renewables.

Oil companies will have to find ways to remove as much carbon dioxide as they emit "if they want to be the last producer standing in the world," Ms. Hollub said.

## WORLD WATCH

## JAPAN

## Central Bank Chief Says Policy Is Steady

Kazuo Ueda, the Bank of Japan's first new governor in 10 years, said he would maintain monetary easing and negative interest rates despite market expectations for an early policy change.

"We will continue the monetary easing adopted by the previous leadership," Mr. Ueda said Monday night after finishing his

first workday on the job. He became governor on Sunday, succeeding Haruhiko Kuroda.

Mr. Ueda said that achieving sustainable and stable 2% inflation was "the project of many years," and he wants to finish it. It is "not an easy goal," he said.

The Japanese central bank has come under strong market pressure during the past year to tweak the easing program introduced by Mr. Kuroda. The yen fell last fall to its lowest level during Mr. Kuroda's term.

—Megumi Fujikawa

## FRANCE

## Macron Comments On Taiwan Criticized

French President Emmanuel Macron faced criticism on both sides of the Atlantic over comments he made during a recent trip to China, where he called on Europe to develop a stance independent of the U.S. in navigating tensions between Beijing and Taiwan.

Mr. Macron made the remarks in an interview with Polit-

ico and the French daily Les Echos on a flight Friday.

"The question we Europeans are asking ourselves is the following: Is it in our interest to accelerate when it comes to Taiwan? No. The worst thing would be to think that we Europeans must become followers on this topic and take our cue from the U.S. agenda and a Chinese overreaction," Mr. Macron was quoted as saying by both publications. A French official confirmed the remarks.

—Stacy Meichtry and Daniel Michaels

## INDIA

## Dalai Lama Sorry for Encounter With Boy

The Dalai Lama apologized for an encounter during a public talk with a boy whom he kissed and told to "suck on my tongue."

Video of the February event circulated online recently in India, where the exiled Tibetan spiritual leader lives, and beyond.

A statement posted on the Dalai Lama's official website on Monday said he "wishes to apol-

ogize to the boy and his family, as well as his many friends across the world, for the hurt his words may have caused."

At the February talk, the boy addressed the 87-year-old Dalai Lama, asking if he could give him a hug. The Dalai Lama agreed, telling him to kiss him on the cheek. He then told the boy to kiss him on the lips, pulling him close to do so. He said "and suck my tongue." The Dalai Lama stuck his tongue out at the boy, but only their foreheads appear to meet.

—Austin Ramzy



FROM TOP: JOSEPH BUI FOR THE WALL STREET JOURNAL (2); MARC TOSIANO

## What to Know About Cheaper Hearing Aids

Over-the-counter options should offer reliable service, easy returns



**FAMILY & TECH**  
**JULIE**  
**JARGON**

**N**ew, lower-price hearing aids promise to help people with mild to moderate hearing loss. But when you buy one, how well does it work out?

Six months ago, over-the-counter hearing aids began showing up in retail stores and websites following a new rule by the Food and Drug Administration. They offer an attractive alternative to doctor-prescribed hearing aids, which can cost \$5,000 or more and come with a deeper commitment.

Though sales of these over-the-counter models are up, the better gauge of their success is the feedback from the people using them. Two men who purchased OTC hearing aids in that time offer a pretty compelling review. They say OTC hearing aids require a lot of experimentation with fitting and sound settings, and that frequent and reliable customer support from the manufacturer is critical.

David Davies, a 74-year-old who runs a water-filter business in

Houston, bought a \$299 pair of Volt hearing aids from MDHearing in November after receiving a postcard from the company with a limited-time offer. (A pair currently costs \$399.)

Mr. Davies had never worn hearing aids but had been struggling to hear conversations. He figured the price was low enough to give them a try.

He initially had trouble getting them to fit comfortably in his ear, but says the company sent him different sizes until he found one that worked. "That's one of the negatives of ordering hearing aids online—there's a lot of trial and error," Mr. Davies says. "The adjustment of sound is also a challenge."

Mr. Davies, whose hobbies include music mixing, guitar playing and film editing, has a better ear for sound quality than many people.

**Marc Tosiano says he talks more quietly now that he's used to wearing hearing aids.**



That meant getting on the phone with a customer-service representative for help fine-tuning his hearing aids to suit his needs.

MDHearing Chief Executive Doug Breaker says customers often need help long after they have bought hearing aids, which is why his company includes lifetime support from licensed hearing-aid specialists and audiologists.

Marc Tosiano, a retired statistician from Hampton, N.H., in December bought a pair of Eargo 6



David Davies tried an over-the-counter hearing aid when conversations became hard to follow.

hearing aids for \$2,450.

Mr. Tosiano, 68, says the hearing aids didn't sound right at first so he called the company. A customer-service representative reviewed his audiogram and programmed the aids remotely, through an app. He's since called the same representative a few times with other questions.

"When they send you the device, they arrange for a welcome session with someone. I thought when you buy an over-the-counter hearing aid, it's, 'Bye, you're on your own'—but customer support

**Customer support is key for the devices, which need experimentation with fitting and settings.**

is part of the purchase price," Mr. Tosiano says.

That is, many over-the-counter brands do include it. Others don't. Eargo CEO Christian Gormsen

says providing customer support for hearing aids is important, because without it, people hit a rough patch then give up. Eargo's hearing aids are carried by some Verizon Wireless resellers where customers can have their hearing screened. The manufacturer, which had been able to sell directly to consumers online, saw quarterly sales rise by more than 60% after the FDA rule change.

As for advice, Messrs. Davies and Tosiano offer plenty after their experiences over the past few months:

► **Consider your lifestyle.** Mr. Tosiano likes using his phone to change the settings on his Eargo hearing aids, but Mr. Davies purposefully chose a basic pair that doesn't come with an app. "That's an added level of complexity," Mr. Davies says. "I wanted to be able to go out for walks or to synagogue and not have to take my phone with me."

He wears one only in his left ear, where his hearing is worse, and says he can change its settings by tapping on it.

Mr. Breaker, the MDHearing CEO, says it's a trade-off. Some people want to keep it simple, while others want app-based benefits, such as the ability to get remote adjustments from the manufacturer.

► **Compare features.** The National Council on Aging assembled a group of reviewers who collectively spent more than 5,000 hours testing and interviewing customers about OTC hearing aids. They came up with seven winners based on such criteria as affordability, style and fit. (Eargo and MDHearing devices are on the list.)

► **Gauge the level of support.** Once you've narrowed down the brands that fit what you're looking for, call their customer-service lines to understand the level of help they'll provide. Ask whether they provide unlimited customer service. Is it included in the cost of the device or is it extra? Do they employ licensed hearing-aid specialists or audiologists to provide help? Will they do video calls?

► **Understand your options if you're dissatisfied.** Find out the companies' return policies—the longer the return period, the better. Do they offer warranties on their hearing aids, and how long are they?

► **Be patient.** Getting used to hearing sounds you haven't heard in a long time can be jarring. It can take several weeks for your brain to adjust. Mr. Davies says water from a faucet sounded like a rushing river after he began wearing the hearing aid.

Mr. Tosiano says he didn't realize how loudly he was talking until he heard his own voice through the hearing aids. "This has been good for my wife," he says. "I'm no longer shouting at her."

## Humble Library Card Can Save You Cash

By SHARA TIBKEN

Taylor Swift's new album. Colleen Hoover's latest novel.

Prince Harry's audiobook. Your Ancestry family history. Rosetta Stone language classes. Classic films from the Criterion Collection.

All free...with a library card. Inflation has made everything from butter to medical care more expensive. At the same time, streaming video and music services have been raising prices after getting us hooked on their content.

One way to lower your costs: Lean into your local library's free digital perks, which go well beyond ebooks. (Libraries also offer plenty of nondigital perks, such as museum passes and ukulele loans as well as bike repairs.)

"Our digital presence is very big but as important as any of our physical locations," said John Szabo, city librarian of the Los Angeles Public Library. "It is just so, so, so popular."

Freebies vary from library to library, but several things are broadly available—such as ebooks, audiobooks, videos and educational apps. Check your branch's website or app to figure out exactly what you can get. And don't forget that other library systems can also give you a card.

**Open a library card wherever you're eligible.** Most libraries re-

quire you to live in a city to get a card there. Some are more flexible. Many California libraries grant cards to all state residents, and New York City public libraries give cards to anyone who lives, works, owns a home or studies in the state.

Some libraries let outsiders pay a fee for access. The Queens Public Library charges \$50 a year for non-New Yorkers, while the Houston Public Library charges \$40 a year for out-of-staters.

► **Download library ebooks—even for Kindle.** For ebooks, download the Libby app. It is used by about 90% of public libraries in North America, said Steve Potash, chief executive of Libby parent company OverDrive. As so with physical library books, there are a limited number of licensed digital copies available from each library.

You can read inside the Libby app or with Amazon's Kindle app and e-readers.

► **Compare other ebook services.** Libraries often use several ebook lending services, which can help you get a book quicker. The San Francisco Public Library, for instance, also offers Axis 360 and Hoopla Digital.

Axis 360, which is owned by library content and software provider Baker & Taylor, works similarly to the way Libby does—a library licenses a certain number of copies. On April 4, the Libby app showed



that all SFPL's 175 digital copies of Ms. Hoover's novel "It Starts With Us" were checked out, resulting in a four-week wait for would-be borrowers. On Axis 360, where the SFPL has only 16 digital copies, seven were available right away.

Hoopla's catalog is available to all patrons immediately, but there is a catch: It has few new bestsellers such as Ms. Hoover's book.

► **Get on ebook wait-lists for coming releases.** Dying to read David Baldacci's "Simply Lies" as soon as it hits shelves later this month? Some libraries, such as the Brooklyn Public Library, let you get on a vir-

tual "Coming Soon" Libby wait list weeks ahead of release.

► **Read free comic books, magazines and newspapers.** Hoopla, which is owned by library media distributor Midwest Tape, offers more than 25,000 comic books, including the Marvel and DC franchises.

Another common library offering, digital periodicals, can often be accessed through the PressReader and Flipster apps.

► **Watch free videos.** You can check out videos through Hoopla and OverDrive-owned Kanopy. They include a mix of new and old TV shows and films, including Oscar

winners, PBS programming and documentaries—just no fresh blockbusters or series made by platforms such as Netflix or Hulu.

Both Kanopy and Hoopla have child-friendly modes with age-appropriate content.

► **Listen to audiobooks and music.** Libby, Hoopla and Axis 360 offer audiobooks through their apps, and can play when offline. You can adjust the playback speed and set a sleep timer in each.

Hoopla also lets you check out and download full albums from most major record labels, except Sony Music, Hoopla founder Jeff Jankowski said. It has Ms. Swift's "Midnights" album as well as her back catalog. Other libraries offer Freegal Music.

► **Learn a new language or get live tutoring.** Language classes, both virtual and in person, are another common library offering. One program provided by SFPL is Rosetta Stone.

Tutoring for science, math and other subjects from kindergarten through college are available if your library offers the Brainfuse HelpNow service.

► **Get career advice.** Brainfuse JobNow offers adults live, chat-based career coaching. You can download templates and submit your résumé for expert feedback. Many libraries also provide free LinkedIn Learning video courses to help you develop skills.

► **Find legal forms, investor tips, genealogy and more.** Libraries provide other free services, such as legal forms, tax advice and individual financial coaching. Some let you research your heritage using Ancestry, or provide access to investment research.



## PERSONAL JOURNAL.

By JACOB PASSY

Public demonstrations and strikes have made life hard for travelers this year.

Nationwide demonstrations have gripped France as citizens have voiced their anger over President Emmanuel Macron's plan for pension overhaul. The protests have curtailed Paris's public transportation and temporarily closed attractions such as the Eiffel Tower.

Large protests have also occurred in Israel in recent months against Prime Minister Benjamin Netanyahu's government, including a labor strike that affected Ben Gurion Airport. A transit strike in Germany brought most air and rail travel to a halt in late March.

Yet travelers continue showing up. Occupancy in Paris hotels since the start of the pension protests in mid-January has been 68.1%, higher than the same period in 2022 and 2019, according to hospitality data and analytics company STR.

STR data shows a similar trend in Tel Aviv, where the hotel occupancy rate is up over last year. On average, hotels in the Israeli city and Paris are also more expensive than during the same time last year.

Civil unrest frequently affects travel plans. But the difference now, travel companies and tourists say, is that many are unwilling to cancel plans after a few years of pandemic-limited travel.

"People are not waiting to take that bucket-list trip anymore," says Beth Marino, chief operating officer of Fox World Travel, based in Oshkosh, Wis.

Christy Lickei, a 47-year-old director of a historical society from Watertown, S.D., was planning a trip to France with her family a year ago, but postponed because of Covid-19 concerns.

A year later, she says nothing was stopping her from going, regardless of the demonstrators marching through Paris streets. She visited France in March with her two daughters, her mother



The Place de la Nation in Paris was the site of a recent pension protest.

how much they spent on the trip.

Depending on how dangerous a destination is, travelers might want to review whether their policy would cover the high costs associated with an evacuation. They would also be wise to consider membership with a company such as Medjet, which charts flights for medical and other evacuations, Mr. Sandberg says.

Not all travel insurance policies cover evacuations for nonmedical reasons, and the amount of coverage varies among those that do. Coverage for a political or nonmedical evacuation can range from \$25,000 per person to \$150,000 per person. Travel-insurance companies generally decline to sell policies for trips to especially dangerous or war-torn countries, Mr. Sandberg says.

## Foreign Protests, Unrest Don't Deter Travelers

France and Israel remain popular tourist destinations despite strife

and a friend.

Throughout their trip, the group relied on the advice of their Airbnb host amid the Paris protests. Their host directed them to a website with information about transportation closures, and would message them to let them know of neighborhoods to avoid, Mrs. Lickei says. "She kept us out of trouble," Mrs. Lickei says.

### Before you go

Americans going abroad should register with the U.S. State Department's Smart Traveler Enrollment Program, travel advisers say. The free program alerts the local embassy or consulate of your travel plans, which can help them contact you in an emergency. Travel-

ers enrolled with STEP also receive updates on safety conditions at their destination.

The State Department also maintains guidance regarding the

**'People are not waiting to take that bucket-list trip anymore,' says a travel firm executive.**

safety of travel in every country across the globe, which travelers should review.

Travelers should also sign up to receive notifications from travel

providers, including airlines and rail companies, in case of service interruptions.

### Understand your travel insurance policy

Most travel insurance plans cover costs associated with a trip that is interrupted or delayed by a unannounced strike, says Stan Sandberg, co-founder of TravelInsurance.com. If protests had already started or a strike was announced at the time the trip was booked, the traveler might not be covered.

Cancel-for-any-reason policies are available, though they generally cost more and must be purchased shortly after a trip is booked. The cost will vary depending on travelers' ages and

### Know when to cancel

Before leaving, check reliable local news sources about your destination and monitor them during the trip. Social media or international news coverage might magnify the nature of a situation, says Matt Berna, president of the Americas at Intrepid, a small group adventure travel company.

In any case, travelers should consider whether their presence in a destination could put themselves and locals in danger.

Mr. Berna says Intrepid temporarily stopped offering tours to Peru to visit sites including Machu Picchu when protests broke out. The antigovernment protests have occurred since President Pedro Castillo was removed from office in December and have at times turned deadly. Occupancy rates have declined recently compared with prior years, according to STR.

Even if danger is low, you might be better off waiting to visit a destination experiencing strife.

"If local businesses are shut, activities aren't opening and restaurants aren't opening, it's not a great time to visit," Mr. Berna says.

## Compost Is Getting Fancy

Continued from Page One  
matter, a level of scrutiny typically seen in fine dining. "It's a craft, making compost like we do," says Bridget Elworthy, one of the co-founders of Land Gardeners. "It's like making wine, although making wine seems very glamorous, and making compost is very unglamorous. So maybe it's like making yogurt."

Flamingo Estate, a private garden that offers such products as honey from the homes of celebrities Julianne Moore and Will Ferrell, now sells \$75, 9-pound bags of its own composted manure. The product, called the Good Shit, sold out over the holidays after Gwyneth Paltrow's Goop put it on its Christmas gift guide. A spring release had a wait list.

It's all part of a zeitgeisty moment for compost. For do-it-yourselfers looking to recycle their kitchen scraps, the \$500 Reencle compost bin, which says it can break down food in under 24 hours, was one of the buzzy gadgets at the trade show CES this year.

The Six Senses Ibiza, a resort in Spain where rooms start at around \$769 a night, composts its food waste from its restaurants and uses the material on the hotel's farm. The resort will begin offering compost workshops this summer, says Adao Zerio, the resort's sustainability supervisor.

Bespoke compost is catching on with rookie gardeners who became first-time suburban homeowners during the pandemic. "In parts of Rhode Island, where old-money New Yorkers meet new-money New Yorkers, gardening and compost has become a staple of cocktail-party conversations," says Rebecca Wright.

Formerly the president of boutique fitness brand The Class, Ms. Wright moved to Stonington, Conn., and opened a summer farm stand

shop, William Wright and Co. She says customers snapped up small bags of compost she was selling for \$20 from Vita Nova, a Rhode Island business. Ms. Wright says the compost helped give her "gorgeous, deep red tomatoes that taste amazing."

At the Spencer family estate, Land Gardeners abides by a simple formula most composters use, mixing nitrogen-rich materials like fresh greens and manure with carbon-rich materials like wood and straw. The company also adds clay from Althorp Estate's grounds, as

generally always in a great mood."

Mr. Christiansen says his farm has been met with ridicule over his manure's cost since the Goop mention, but noted the price takes into account fair labor wages and responsible and organic farming practices.

"Mother Nature is the last great luxury, and we are the purveyors of her luxury goods," he says.

Irena Stathis, a 37-year-old herbalist in L.A., says her garden has fewer weeds and is more lush since discovering Mr. Wynbrandt's compost



Once-humble compost is having its moment in the sun.

well as a charcoal-like material they buy locally. The elements go into long piles, called windrows, and it all gets tumbled by a machine-pulled turner. The result is a concentrated mix Land Gardeners says works with just a small amount added to soil.

Richard Christiansen, founder and owner of Flamingo Estate, takes into account the diets of the animals whose manure goes into his compost. "Our goats and chickens listen to music, nibble on wild sage and eucalyptus and roam the property freely," he says. "They are

a few years ago. "It's like all the life of the forest floor," Ms. Stathis says.

Some find that more ordinary compost works just fine. Yehuda Brum, a 41-year-old lawyer in Fair Lawn, N.J., has been tending to his tidy home garden for eight years. To care for his dahlias and zucchinis, he sprinkles in food scraps from his kitchen, such as crushed eggshells and coffee grounds.

He also uses leaf compost he picks up free from a recycling center. "I don't really see the need to invest in a \$25 bag of poop."



### PRESTIGE AND EXCELLENCE

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ARTS IN REVIEW

New York IT'S NOT JUST the white girls who are in trouble at "White Girl in Danger," the new musical from Michael R. Jackson...



Lauren Marcus, Molly Hager, Alyse Alan Louis and Latoya Edwards, left; Ms. Edwards, below left

THEATER REVIEW | CHARLES ISHERWOOD

A Loopy Soap-Opera Spoof

A musical fuses a critique of racism with the tropes of daytime TV

show a certain amount of energy and satirical thrust, although subtlety is not, to understate the matter by many orders of magnitude...

white doesn't sit well with her mother, Nell (Tarra Conner Jones), the high-school lunch lady: "Experience any micro-aggressions yet?" she asks.

leaves consistency of plot and character behind. Keesha attempts to seduce all the boyfriends, and later becomes a lesbian.

any such messages get lost. (The music is skillfully composed pop and R&B inspired by various sources, from the Weather Girls to Kesha.)

What is most dismaying is that none of the artistic staff of the organizations that produced the show, the Vineyard Theatre and Second Stage Theater, discerned that some order should be imposed on the material to make it more accessible...

Eventually Mr. Jackson tosses aside his lunatic plot, and has our "writer"—who is in fact black, named Clarence Peabo Bryson, and played with austere dignity by James Jackson Jr.—start explaining things to us.

A small sample: "Because we bourgie-class . . . Negroes are so detached from reality that we spend the days of our lives savagely mocking Karens and Beckys, when half the time we're the Karens and the Beckys . . . who have gotten twice as good at being twice as bad as the whites we love to hate and hate to love.

Clearly, Mr. Jackson has provocative, and personal, ideas he wants to share, but the forum he has crafted here is an unwieldy vehicle for them.

White Girl in Danger Second Stage Tony Kiser Theater, \$39-\$119, 212-541-4516, closes May 21

Mr. Isherwood is the Journal's theater critic.

ARTS CALENDAR

HAPPENINGS FOR THE WEEK OF APRIL 11

By WSJ Arts in Review Editors

The Wall Street Journal's Arts Calendar is a regular series of listings highlighting some of the most important and engaging cultural events each week...

Film

"Renfield" (April 14)

Nicolas Cage sinks his teeth into one of the most famous monster roles in film history, playing Count Dracula in this horror-comedy.

unleash otherworldly havoc on the country.

TV

"The Marvelous Mrs. Maisel," season 5

(Prime Video, April 14)

If, somehow, you haven't gotten around to the period comedy sensation despite its laundry list of awards, impressive design, and roster of stars long enough to pack any comedy club, now's the time: Its fifth and final season launches Friday.

Theater

"Camelot" (Vivian Beaumont Theater, New York, opens April 13)

One of Lerner & Loewe's crowning achievements re-

that time her father died, her adopted daughter was born, the #MeToo movement shone light into the darker corners of the entertainment industry...

Opera

"Champion"

(The Metropolitan Opera, New York, April 10-May 13)

Grammy winner Terence Blanchard returns to the Met with his 2013 work about a closeted gay boxer. James Robinson ("Fire Shut Up in My Bones") directs a cast featuring Ryan Speedo Green and Eric Owens; Yannick Nézet-Séguin conducts.

Art

"Georgia O'Keeffe: To See Takes Time"

(Museum of Modern Art, New York, April 9-Aug. 12)

While best known for her semi-abstract floral paintings, Georgia O'Keeffe had a special bond, particularly during the earlier parts of her career, with works on paper, which played an important role in the ways she developed her ideas.

Last Call

"Phantom of the Opera" (Majestic Theatre, New York, closes April 16)

After more than 13,000 performances and 30 years in the city, "institution" seems too slight a word to describe Andrew Lloyd Webber's tale of love and obsession in a Parisian opera house.

Music

Feist, "Multitudes"

(April 14)

Indie singer-songwriter and Broken Social Scene member Leslie Feist returns with her first solo record in six years, an album inspired by tumult: In



Georgia O'Keeffe's 'Evening Star No. III' (1917)

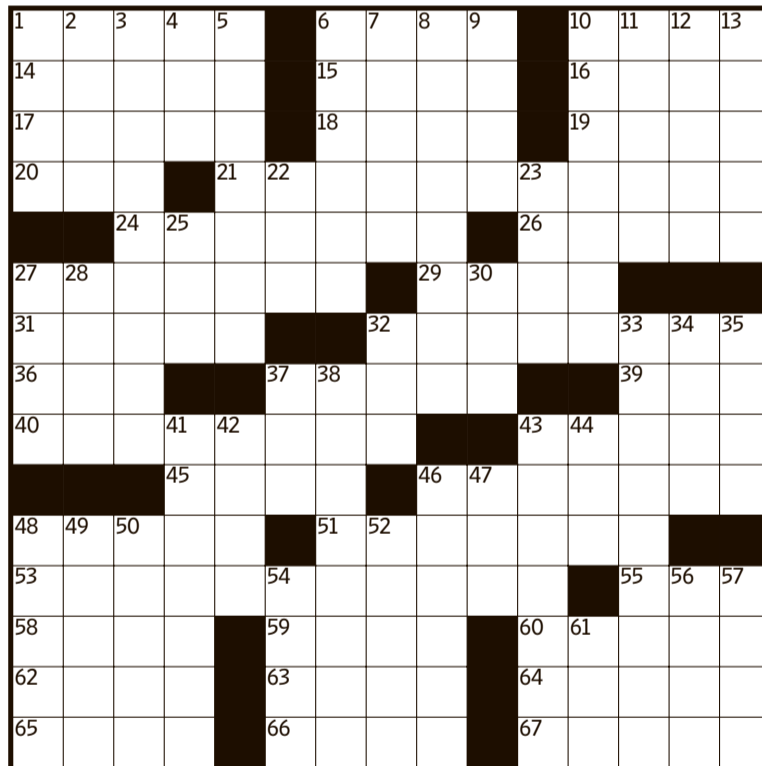
hangdog assistant, Renfield (Nicholas Hoult), to the point that he seeks to part ways with his befanged boss and strike up a romance in New Orleans.

"Suzume" (April 14)

Though not a household name in the U.S. like Hayao Miyazaki, filmmaker, animator and manga artist Makoto Shinkai is a critical (and box-office) darling in his native Japan.

turns to Broadway for one brief shining moment with a revised book by Aaron Sorkin. Whether the famed screenwriter's revision proves to be a virtue (deadly or otherwise), the other personnel—director Bartlett Sher, Tony winner Andrew Burnap as Arthur, Grammy winner Phillipa Soo as Guenevere—mean this staging may be the heir apparent to the great "Camelot" productions of the past.

The WSJ Daily Crossword | Edited by Mike Shenk



- 25 Org. for 10-Across
27 Risk or Trouble
28 School along the Thames
30 Stopped fasting
32 Garden section
33 Beverage maker's new exotic animal collection?
34 If's logical partner
35 Act
37 Camera initials
38 Left the band, perhaps
41 Place of study
42 Tiny amount
43 They're simply gorges

EXPANSION PLANS | By Jess Shulman

- Across
1 Places for catnaps
6 Toupee setting
10 2011 25-Down champs
14 Crockpot concoction with a kick
15 They may be refined
16 Bus. sch. course
17 Loosen, as laces
18 Number cruncher's numbers
19 Nation between Ghana and Benin
20 Unruly swarm
21 Ticket reseller's new meal kit service?
24 Like some stares
26 Highway divisions
27 Song from the Beatles' "Let It Be" album
29 Fidel Castro's brother
31 Country records?
32 Gave away
36 Reply of feigned innocence
37 Finn's neighbor
39 Shout heard at FIFA events
40 Required
43 Made a selection
45 Hokey humor
46 Shattered
48 Paintball sound
51 Access
53 Candy bar maker's new fragrance line?
55 The Buckeyes' sch.
58 As soon as
59 Take part in democracy
60 Seeps
62 Six years, for a senator
63 Major fashion magazine
64 Nary a soul
65 Do exceptionally well, in modern slang
66 Kikkoman sauces
67 Vaccine jabs
Down
1 Bathtub buildup
2 "That's not good!"
3 Activity tracker company's new fiction imprint?
4 Comedian Wong
5 Afternoon breaks
6 Unimportant small town
7 Most Tunisians
8 Connected wirelessly, as a cellphone and computer
9 Jacob's twin
10 Annual NYC event organized by 12-Down
11 Nut seen on a dime
12 Major fashion magazine
13 Superior sorts
22 Gumshoe, in old-time slang
23 Sharpen's opposite
44 FDR's successor
46 Shopaholic's outings
47 Hamm in the National Soccer Hall of Fame
48 Places
49 Group on a dais
50 Dance class fabric
52 In a suitable manner
54 French director Allégret
56 Transmitted
57 Calls upon
61 Awed sound

Previous Puzzle's Solution



Solve this puzzle online and discuss it at WSJ.com/Puzzles.

## SPORTS

JASON GAY

## Quinnipiac Shocks Hockey World

The Bobcats captured the school's first-ever national title with a pair of dramatic late goals



Quinnipiac players celebrate after defeating Minnesota 3-2 in overtime in the championship game of the men's Frozen Four in Tampa, Fla.



I hope it isn't too late to discuss the sporting event of the weekend, which really has a chance to go down as one of the greatest sporting events of the year.

Not the golf Masters, though congratulations to the impressive first-time green jacket Jon Rahm—and also to second-place finisher Phil Mickelson, you crazy, slimmed-down, 52-year-old, 65-shooting Augusta National pirate.

The sporting event of the weekend didn't happen in baseball, or tennis, or basketball, though the NBA's Minnesota Timberwolves

have started taking swings at each other, which is always a promising sign for a club trying to make a postseason run.

It wasn't even my beloved Paris-Roubaix bike race, which was won by the Dutch legend in progress Mathieu van der Poel, though I'm sure you knew that, since one-day cycling races in France are already America's 3,200th most popular sport.

No, the sporting event of the weekend happened in college hockey. Yes, you heard me, college hockey, where the Quinnipiac University Bobcats won their first-ever NCAA title in any sport, de-

feating Minnesota 3-2 in overtime Saturday at the men's Frozen Four finale in Tampa, Fla.

The above paragraph does no justice to how this victory went down. What happened Saturday is almost too bonkers to describe. Even *superbonkers* won't suffice.

With a little more than three minutes left in regulation, the Bobcats trailed the Gophers 2-1. That's when Quinnipiac head coach Rand Pecknold made the decision to yank his goalie, Yaniv Perets, to give the Cats a 6-4 power play advantage (Minnesota had just seen a player sent off with a penalty.)

This is a risky tactic Quinnipiac is known to deploy aggressively, and on the biggest possible stage, it paid off—with 2:47 left, just as the power play ended, sophomore Collin Graf found the Minnesota net to even the score.

Foghorn blast. Tie game. Then the third period ended and teams braced for overtime. Quinnipiac had the energy and the momentum, but hockey overtime is a savage format. Strange bounces happen. You must put a pot of coffee on and prepare for a long night.

Or not. Quinnipiac just took care of it,

ruthlessly. It was like they had a dinner reservation they needed to get to. They blasted out of the face-off into a set play—one they had practiced many times before. In the time it takes to read this sentence, Bobcat Jacob Quillan took a brilliant feed from Sam Lipkin and sent it home for the title-winner.

Ten seconds. Ten! That's all the overtime Quinnipiac needed. If you looked down at the remote, you might have missed it.

It was fast, thrilling, heart-breaking, all of it. Minnesota was crushed. Quinnipiac rushed the ice in celebration. (Who doesn't enjoy a gloves-flying, stick-tossing hockey celebration?)

The men's Frozen Four title is Natty No. 1 for the Hamden, Conn., school. It's a triumphant exclamation on one of the country's best college hockey programs—and a long time in the works.

Quinnipiac may sound like a Cinderella—*isn't that the place where they do all those political polls?* But they're a respected hockey powerhouse, one of the best in the country for many years.

The second-seeded 34-4-3 Bobcats earned their way into a championship foursome that included Minnesota, Michigan and Boston University, thumping the Wolverines 5-2 to make the final.

The roots are humble, though. Head coach Pecknold arrived at Quinnipiac 29 seasons ago to a Division II program that lacked its own facility and would practice close to midnight because it was the only time available. Pecknold wisely kept his gig as a high school history teacher. Competing for a title of any kind was an absurd fantasy.

Now it's real. No one seemed more excited than the 56-year-old Pecknold, who turned to an ESPN reporter during his postgame interview and...asked for a hug.

"I need a hug," Pecknold said. "Give me a hug." (He got a hug.)

Does it get any better? Mighty Quinnipiac—who joined, ahem, the Wisconsin Badger women as your 2022-23 Division I National Champs—soared to the top of every social media index. The 10-second OT goal is already legendary. It's as unlikely a sequence as you'll ever see, the kind of shock moment makes people watch this stuff.

Highlight of the weekend. For Quinnipiac, it's much more. It's everything.

MIKE EHRLANN/GETTY IMAGES

By ANDREW BEATON

Augusta, Ga.

Midway through the Masters, Phil Mickelson made a prediction that was easy to write off, coming from a 52-year-old who spent the past year as a lightning rod for controversy and the face of the Saudi-backed LIV Golf league.

"I'm ready to go on a tear," he said.

Then, despite his age and the polarizing narratives that have followed him for the past year, Mickelson went on a tear.

A sight that was once so familiar at Augusta National Golf Club—big crowds and cheers as Mickelson clinically dissected the country's most famous course—improbably returned, even if it was completely different than before. Mickelson lit the grass here on fire and finished at 8-under par after a final round with eight birdies. The last one came on the 18th hole, where he pumped his fist twice after he nailed yet another big putt.

Mickelson's surge toward the top of the leaderboard made him the clubhouse leader for much of the afternoon. He finished tied for second place, four strokes behind winner Jon Rahm, alongside Brooks Koepka—another LIV player, who until the final round looked like he might win.

Mickelson became the oldest player to finish in the top-five of the tournament—and returned, for the moment, to the forefront of the competitive golf world after a turbulent year in which he was at the center of attention for everything that has divided the sport off the course. With his run at Augusta, he highlighted some of the changes he helped force on the PGA Tour, without saying a word.

Mickelson didn't play in last year's Masters amid a prolonged absence from professional golf after the publication of incendiary comments he made about Saudi Arabia, its human-rights record and the new golf circuit it was starting. He later re-emerged to leave the PGA Tour for LIV, becoming the highest-profile acquisition of the new circuit backed by the kingdom's sovereign-wealth fund. Later, he was the lead plaintiff when a number of LIV players sued the PGA Tour, before eventually dropping off the suit.

The future of golf, and especially the upstart league backed by Saudi Arabia's sovereign-wealth

## Phil Mickelson Makes His Point With a Magical Masters



Phil Mickelson shot a final round 65 to finish tied for second at the Masters, four strokes behind Jon Rahm.

fund, remains uncertain. It's an issue that will be settled in court, where LIV and the PGA Tour have sued and countersued one another, and in the court of public opinion. For now, Mickelson's performance was a counterpunch to the salient doubts about LIV, its format and his continued relevance.

Mickelson didn't take a victory lap after his electric final round. Instead, he expressed appreciation for being able to play in a tournament that he has won three times, in spite of the upheaval that has roiled an entire sport. On this surprising day, his game had done the talking.

"I wouldn't look at it like that," he said about if he felt like he was carrying the mantle for LIV. "I'm very appreciative that we're here, that we are able to play in the majors. And I thought it was exciting

that this tournament rose above it all to have the best players in the world here and lost all the pettiness."

Heading into this Masters, it was easy to doubt the competitiveness of LIV—and its members'

Heading into this Masters, it was easy to doubt the competitiveness of LIV.

ability to compete in a field at a major championship. Many of the high-profile players who joined, such as Mickelson, were given lucrative deals for simply showing up, in addition to the record-

breaking prize funds at the events. LIV's tournaments also include just 48 players, and a weaker spread of players than a typical PGA Tour event, while playing 54 holes instead of the traditional 72.

Then Mickelson turned in his finest round over the final 18 holes. While Koepka, another LIV player, struggled over that span and coughed up his lead to Rahm on Sunday, the final leaderboard ultimately featured two players from the circuit tied for second place.

Their performances amplified LIV's presence at the Masters, especially with Mickelson wearing a shirt and hat with the logo of the HyFlyers, his LIV team that he credits with keeping his game sharp. It also raised questions about LIV's viability: Even though its players are capable of playing

at such a level, LIV's tournaments have drawn very low ratings since its debut on the CW Network this year.

The scene was a jarring change from a year ago, when Mickelson was absent from professional golf for months. The publication of comments from Mickelson by the Fire Pit Collective, a golf media company, had rocked golf even before LIV first teed off. Mickelson acknowledged Saudi Arabia's shoddy record on human rights, including the killing of journalist Jamal Khashoggi, but said he was willing to do business with the country because it was the best opportunity to change how the PGA Tour operates.

The past year has, in some respects, validated Mickelson's criticisms of the PGA Tour, which since LIV's launch has overhauled its structure. Purses at tournaments have gone up while the Tour has also altered its schedule and elevated select events to incentivize the best players to compete in the same tournaments more often.

In the lawsuit between the parties, the complaint from LIV and its players claimed that Mickelson was suspended by the Tour during his absence last year because he had allegedly been trying to recruit other players to the rebel circuit. Augusta National chairman Fred Ridley said a year ago that Mickelson wasn't disinvented from the Masters, and that it was Mickelson's decision not to attend.

The Tour replied in its counterclaim that it believes Mickelson worked to recruit other players to LIV while on Tour, and breached its obligations to the organization by doing so. The Tour has also said that he and other players were suspended for violating its rules.

Those tensions evaporated on Sunday. The fans who stood and cheered when Mickelson birdied the 18th hole at the Masters to take the clubhouse lead didn't seem to be bothered by the angst Mickelson helped ignite.

It was also a reminder that Mickelson, now far skinnier than he was just a few years ago, remains relevant at actually playing golf even when most people his age are playing on the senior tour. This was a lesson Mickelson had reminded golf fans about just a couple of years ago.

That's when, at the PGA Championship, he became the oldest-ever winner of a major.

JUSTIN LANE/EPA/SHUTTERSTOCK

## OPINION

## Trump's Enemies Need Him



**MAIN STREET**  
By William McGurn

A Jules Feiffer cartoon in the Village Voice once depicted a man suffering from liberal ennui. The man shifted uncomfortably in his chair and explained how he was bored all the time, had no appetite, no interest in life, no sense of humor, no capacity even for outrage.

The punch line? "I need Nixon."

The cartoon ran in September 1974, a month after Richard Nixon resigned the presidency rather than face impeachment. Suddenly legions of satirists, activists, politicians, pundits and celebrities were left without the

**He brings them a sense of purpose—not to mention ratings and in some cases money.**

man they had denounced, battled and tried to bring down for years. Many, like the poor fellow in the Feiffer cartoon, didn't quite know what to do with themselves.

Donald Trump is the new Nixon. Yes, his significant early lead in GOP 2024 primary polls reflects a large constituency that wouldn't abandon him, as he once put it, if he stood in the middle of Fifth Avenue and shot someone. Still, Republicans have other candidates they could nominate and it

wouldn't lead them to a crisis of the soul.

Not so for Mr. Trump's most ardent foes. Some of them—the Lincoln Project comes to mind—have made a small fortune off Mr. Trump. At least two online journals, the Dispatch and the Bulwark, got started as expressions of conservative opposition to Mr. Trump. And would former Rep. Adam Kinzinger ever be

in the news if Mr. Trump weren't there to attack him?

Mr. Kinzinger is a small fish compared with others invested in Mr. Trump. The New York developer and former reality TV star might have been a newbie to politics, but he was made for television. In the year leading up to his election in 2016, the tracking firm medi-aQuant estimated Mr. Trump generated \$5 billion in "earned" media, the industry term for free advertising.

Much of this coverage was negative. MediaQuant, for example, says his percentage of negative publicity was roughly twice that for Hillary Clinton. Another way of saying that is that Mr. Trump was ratings gold for his professed enemies at CNN and MSNBC. After the long dry spell that followed the 2020 election and Mr. Biden's swearing-in as president, media outlets are again looking for Mr. Trump to spin his circus into ratings gold—as his arraignment last week did.

Mr. Trump was also good for his friends at Fox News—perhaps too good, given the lawsuit by Dominion Voting Systems against it. But those



CARMEN MANDATO/GETTY IMAGES

who hate Mr. Trump need him far more than those who love him. A 2017 headline in the Independent, a left-wing British newspaper, summed up the dynamic: "Trump's attacks on CNN helped their revenues far more than his praise helped Fox News, new figures suggest." The New York Times accused CNN president Jeff Zucker of creating a monster with all the attention the network lavished on Mr. Trump. Then again, the Times' own coverage also contributed to the frenzy with both the quantity and the combative tone.

Or look at Alvin Bragg. Without Mr. Trump, Mr. Bragg would be remembered merely as Manhattan's worst district attorney. But the former president—with a supporting cast out of a Tom Wolfe novel, including a porn star and a lead witness with a perjury conviction—gives Mr. Bragg the chance to redeem himself as the Man Who Got Liberty Valance . . . er, Donald Trump.

Then there are the Democrats, who have been running against Mr. Trump for so long it's not clear they would know what to do against another

Republican candidate except shout "Jan. 6" in response to any statement about taxes or spending or the Biden administration's incoherent foreign policy.

Joe himself won because he wasn't Mr. Trump, and he spent the presidential campaign pleasantly resting in his Wilmington, Del., basement while the press fixated on Covid policy and the Trump White House drama. When he was elected, he rightly told the nation it was a time for healing.

But no one's been less willing to turn the page than Mr. Biden. In addition to blaming Mr. Trump for his own fiascos—first it was inflation, last week it was the catastrophic withdrawal from Afghanistan—he routinely demonizes Mr. Trump's supporters. Mr. Biden depends on Mr. Trump for his own sense of moral heroism, so much so that if the GOP nominated someone else, Mr. Biden would campaign against Mr. Trump anyway.

Donald Trump has any number of supporters in the Republican Party who would love to see him return to office. But many of these people would likely be satisfied with a victory by someone like Gov. Ron DeSantis.

Not so Mr. Trump's detractors, who, like the subject of Mr. Feiffer's cartoon, would find themselves wifful without Mr. Trump to kick around. They may not want him to win, but they sure need him to run. Write to mcgurn@wsj.com.

**BOOKSHELF** | By Matthew Hennessey

## How Gangsters Play the Game

**Life Sentence**

By Mark Bowden  
(Atlantic Monthly, 302 pages, \$28)

Baltimore, like most of America's large cities, fell to pieces in the late 1960s. Crime and disorder skyrocketed, forcing businesses and middle-class residents to flee to the suburbs. Anyone who stayed, either by choice or by necessity, learned to live under a cloud of menace.

For decades the intellectual class has made a habit of excusing urban violence, explaining that crime is an entirely rational response to the social forces at work in the inner city. Systemic poverty and the chronic underfunding of schools, it is said, have created an underclass for whom selling illegal drugs is an economic necessity and street violence a form of revolutionary expression. By such lights, urban crime is a protest against what Mark Bowden calls "a time-honored American project, Keeping the Black Man Down."

In "Life Sentence: The Brief and Tragic Career of Baltimore's Deadliest Gang Leader," Mr. Bowden chronicles the exploits of Montana Barronette, aka Tana, a gang leader of fearsome reputation who, in the late 2010s, bid to rule the drug trade in Baltimore's Sandtown neighborhood. This is the same broken milieu depicted in David Simon's TV series "The Wire."

It's a sad, and sadly familiar, tale. When we meet Tana he is a "likable" fatherless boy in a rough neighborhood. When we leave Tana he is in federal prison, serving a life sentence for racketeering and multiple murders. In between he is up to his eyeballs in what Mr. Bowden insists on calling the Game. "Selling and using drugs was the family way," Mr. Bowden says. "The Game paid handsomely."

Tana's crew, known as TTG, or Trained To Go, is ruthless, as adept at killing people as they are at rapping about their crimes in "expertly produced" YouTube videos. Mr. Bowden seems impressed by the artistry. One clip, for the track "Be With God," he describes as "a well-crafted short story." He offers a sample of the lyrics: "He gon' be with God / If he disrespect my squad. . . / I'm from the Murderland / This is how we live. . . / It's all about The Game / Selling drugs, banging bitches / It'll never change."

The pages of "Life Sentence" are filled with the outlaw escapades of a hard-to-differentiate cast of characters. Neighborhood baddies with names like Fat Guy, Hell Rell, Beezy, Scratch and Pony Head come and go in a blur of bullets and blood. But Tana plays the lead, murdering his enemies with cold nonchalance. In one incident, he targets Dirty, a high-ranking member of the gang Black Guerilla Family. After one of Dirty's associates takes a potshot at Tana, the TTG crew springs into action. A hail of bullets eliminates Dirty along with two innocent bystanders. A fourth victim survives. "These three had just been sharing a stoop with the wrong person," Mr. Bowden observes.

The author, whose books include "Black Hawk Down" (1999), about the Battle of Mogadishu in 1993, tries mightily to flesh out his sketches of these dead-enders—to give us a fuller sense of their backgrounds and inner lives—but he doesn't have much to work with. Most of his information about TTG seems to come from the cops who busted up the ring. The book's later chapters feature extensive verbatim passages from the police department's interview room.

For long stretches, Tana goes missing from the story as the biographies of various snitches and TTG associates are elaborated. Tana's sister Shanika provides perhaps the book's best line: "People in the streets, where we live at, it's like a bucket of crabs." The scene describing Tana's arrest provides the only flash of personality we get from our star. Cops and task-force agents swarm Tana and his girlfriend as they emerge from a movie theater. "Man, you all treat me like I was John Dillinger," quips the gang leader.

**In a broken Baltimore neighborhood, young men come and go in a blur of bullets and blood. A gang leader murders with cold nonchalance.**

One thing Mr. Bowden knows for sure is that the fate of the TTG crew was written in the stars. From Tana on down, the fix was in. Like Mr. Simon, Mr. Bowden sees the members of Baltimore's criminal underclass as victims of social and economic forces. The Game, he says, "was irresistible" to the neighborhood's young men. "The pull was gravitational."

What to do? Neighborhoods like Sandtown, Mr. Bowden says, need "more counseling and community involvement, stronger gun laws, more employment opportunities." So it's the same old story. Without addressing the root causes of crime—with familiar policies that routinely fall short—it's unreasonable to expect safe streets.

Like many others these days, Mr. Bowden seems eager to forget the revolution in public safety that saved many U.S. cities in the 1990s. In New York, Mayors Rudy Giuliani and Michael Bloomberg achieved a large and sustained drop in street crime, and the city's law-enforcement methods—including "broken windows" policing and Compstat, the data-driven model for deploying the police and measuring their effectiveness—were widely admired and imitated. Both mayors insisted that nothing was inevitable about crime and disorder, that with the right policies inner-city residents could get a reprieve from the violence that shaped, and often shattered, their lives. Envious mayors brought New York's methods to Miami, Philadelphia and elsewhere, including—for a brief, shining moment—Baltimore.

In 1999, Martin O'Malley became Baltimore's mayor on a promise to make the streets safe. He hired as his police commissioner Ed Norris, who had been a key part of Compstat's success in New York. Mr. Norris worked quickly to lock up the city's most dangerous criminals, producing a dramatic drop in Baltimore's murder rate and major reductions in violent crime.

Mr. Bowden dismisses this result as "mostly luck" and asserts that "stern tactics" served only to aggravate "the old friction between cops and Black citizens." He concedes that Mr. O'Malley "had been doing something right," but the reformist mayor couldn't "undo the image—buried deep in Baltimore's past—of police as enforcers of the racist status quo." When Mr. O'Malley left Baltimore to become Maryland's governor in 2007, crime came roaring back.

How to reduce crime is no longer a mystery. The law-abiding residents of Sandtown, themselves serving a life sentence, deserve better than to be trapped inside the Game.

Mr. Hennessey is the deputy editorial features editor at the Journal.

## How Obama Killed Nuclear Nonproliferation



**GLOBAL VIEW**  
By Walter Russell Mead

When Ukraine emerged from the corpse of the Soviet Union, a significant arsenal of Soviet-era nuclear weapons was left on its territory. The Clinton administration devoted much of its diplomatic energy to persuading Ukraine, along with Kazakhstan and Belarus, to return those weapons to Russia.

As President Clinton told the Irish news service RTE last week, the Ukrainians resisted American pressure to denuclearize: "They were afraid to give them up because they thought that's the only thing that protected them from an expansionist Russia." But Americans, as Mr. Clinton's secretary of state Madeleine Albright once put it, "stand tall. We see further than other countries into the future." And so the Clinton administration pushed another message on the Ukrainians: The rules-based international order would protect Ukraine's future better than anything as anarchistic as nuclear weapons.

"I feel terrible about it," Mr. Clinton told RTE, arguing that now Americans must help Ukraine in a crisis brought on in large part by their trust in our word.

The real situation was complicated. Russia still controlled the nuclear weapons left on Ukraine's territory. They were less a Ukrainian hedge against Russian adventurism than outposts of

Russian power on Ukrainian soil. Nevertheless, with hindsight it appears that trusting the word of a U.S. president and the rules of the international order rather than relying on a nuclear deterrent was a blunder of historic proportions.

Bill Clinton's reflections come as the barriers to nuclear proliferation are rapidly weakening around the world. Russia and China are abandoning all pretense of opposing the North Korean arsenal. In South Korea, polls show that 70% of the population believes that the time has come to follow the North's lead. In the Middle East, Iran's relentless progress toward nuclear weapons is touching off the long-feared regional proliferation cascade. Saudi Arabia and the United Arab Emirates are taking the first steps toward acquiring the capability to enrich uranium. Turkey is unlikely to lag far behind as nuclear weapons become a normal part of the arsenal of middle powers. Nationalists in countries such as Brazil and Argentina will want their countries to join the expanding nuclear club.

The fight against nuclear proliferation has been a centerpiece of American foreign policy since the first bombs fell on Japan in 1945. American diplomacy tried and failed to stop the Soviet, British, French, Chinese, Israeli, Indian, Pakistani and North Korean programs. The Non-Proliferation Treaty went into effect in 1970 and was permanently extended five months after the 1994 signing

of the Budapest Memorandum. In that memorandum, Russia, the U.S. and U.K. agreed not to threaten or attack Ukraine, Belarus and Kazakhstan, and to consult on helping if they were attacked; also, the three former Soviet republics joined the NPT as nonnuclear states. The NPT has been hailed as a cornerstone of the rules-based international order. Backers

**He took the rules-based international order for granted and wouldn't defend it.**

hoped that nonproliferation was only the start. Ultimately the nuclear powers would follow the example of Ukraine and give up their nuclear arsenals in the service of world peace.

History will name Barack Obama as the man on whose watch nonproliferation definitively failed. His waffling response to Russia's 2014 invasion of Ukraine not only marked the end of the post-Cold War holiday from history; it also marked the death of the dream that the leaders of the democratic world had the strength and vision to uphold the principles of the rules-based international order in the face of a ruthless opponent. It further taught the world that nuclear weapons are a better defense than American pledges. Coupled with the failure to address North Korea's nuclear progress

and the Iran deal's sunset clauses, which made the treaty about delaying rather than blocking Tehran's nuclear advances, Obama-era diplomacy made clear that, despite high-flown rhetoric to the contrary, Washington had no plan to stop the spread of nuclear weapons.

Nonproliferation was always more dream than practical program. Improving technology makes it easier and cheaper for countries to develop nuclear weapons, and aspiring members of the nuclear club have more sources for the technology and expertise they need. The NPT slowed but couldn't stop proliferation. That was better than nothing, but we must now learn to live in a post-NPT world.

Mr. Obama's real error was to base his foreign policy around a rules-based international order that he lacked the skill and will to defend. He couldn't bring about the world he wanted, or prepare the country for life after the death of the dream.

In the Budapest Memorandum, Mr. Clinton made a moral commitment to Ukraine that Mr. Obama declined to honor. The results include an accelerating decay of the nonproliferation regime, a vicious war, the closest alliance between China and Russia since Stalin's era, and a global decline in the value of America's word.

This is a sobering legacy. We must hope that President Biden and his advisers think carefully about how they wish to be remembered.

## Rolex the Trademark Watchdog

By Gregg Opelka

What's in a name? Shakespeare's Juliet asks. For corporations, hypervigilant about protecting their brands, the answer is plenty.

Take Chipotle. Last week the chain that serves Mexican fast food sued the health-food restaurant chain Sweetgreen, only to drop the suit two days later. As reported in the Journal, the dispute arose over Sweetgreen's new menu item called "CHIPOTLE Chicken Burrito Bowl."

Unlike the Biblical one, this David and Goliath story—Sweetgreen's market capitalization is less than 2% of Chipotle's—has a happy ending for both parties. Sweetgreen agreed to rename its new menu item "Chicken + Chipotle Pepper Bowl" and Chipotle

withdrew its suit. Chipotle styles its restaurants CHIPOTLE Mexican Grill, but it couldn't protect the lowercase common noun "chipotle," which refers to a smoke-dried ripe jalapeño pepper.

**Chipotle's lawsuit takes me back to the time I was accused of infringement.**

Corporations deal with trademark violations swiftly—even when they are innocuous. I encountered this firsthand in 2009. My friend Patti owned a large dog she acquired for protection. In just she named him Rolex—her "watch" dog. That September, for her birthday, I surprised Patti with a gag gift.

I purchased the domain name RolexTheWatchdog.com on GoDaddy and presented her with a certificate announcing the new URL. She was thrilled, and as she later told me—although I couldn't confirm this—so was Rolex.

The dog, that is, not the company. A week later, I received an email from the legal counsel of Rolex SA ordering me to cease and desist from any use of the domain or face a lawsuit. I was surprised at both the rapidity of the timepiece maker's response and its concern over what was obviously an innocent private use of the company's name. If anything, I thought they would be happy to get a little free advertising.

I capitulated and ceded the domain to Rolex. The lawyer who handled the case generously agreed to my request that Rolex repay my cost of

registering the domain name for one year. Later that week, I sheepishly reported to Patti that her birthday present hadn't even lasted a month. After showing her the company's threatening email, I contemplated buying her Wilsdorf And Davis The Watchdog.com as a consolation prize, but it didn't have the same ring to it. Wilsdorf & Davis was the original name of the company now known as Rolex, named in honor of its founders Alfred Davis and his brother-in-law Hans Wilsdorf.

Whether it's a chili pepper or a timepiece, it's best to consider the trademark infringement possibilities before you take action. Otherwise, you could wind up with a tempest in a burrito bowl.

Mr. Opelka is a musical-theater composer-lyricist.

## OPINION

## REVIEW &amp; OUTLOOK

## Wartime Leaks Can Sink Allies

The leak of classified U.S. documents related to the Ukraine war looks like a debacle at many levels—undermining the confidence of allies in the U.S., revealing how much the U.S. knows about Russia's military deliberations, and above all betraying the weakness of Ukrainian air defenses.

The source of the leak isn't known, which is disconcerting on its own. The documents first appeared on social media, and the press hasn't been able to verify their authenticity. But the obvious alarm among U.S. officials suggests that much of the leaked intelligence is accurate. The Justice Department and Pentagon began a criminal investigation last week, for what that is worth.

The leaks are especially damaging because they disclose secret U.S. judgments about the progress of the war. It's not the same as betraying the location of troop movements, but it's close. The disclosure of how much the U.S. knows about Russian military plans could be a death sentence for sources in Russia.

The most troubling leak is that Ukraine's air defenses could be defeated by May, which would give Russia air superiority and a huge tactical advantage. The Kremlin hoped air dominance would help it achieve an early victory, but Ukrainian air defenses held up well against the initial assaults.

Russia chose to keep its aircraft sorties in Ukraine to a minimum to preserve its expensive air force; instead it has relied on Iranian drones

and cruise missiles. This has made it harder for Russia to disrupt Ukrainian convoys and artillery deployments.

But the leaked documents assess that Ukraine is running out of missiles. If Kyiv's air defenses collapse, Russia will have free rein to attack Ukrainian ground troops and move to capture more Ukrainian ter-

ritory.

The leak hands Russia vital intelligence that will complicate Ukraine's decisions for its long-anticipated spring offensive. It may also give new confidence to Vladimir Putin that his forces can outlast Ukrainian forces.

The U.S. in particular has been far too slow in delivering advanced air defenses to Ukraine, which has had to manage mainly with old Soviet-era defenses. President Biden waited until December to authorize the delivery of a single Patriot missile battery to Ukraine, with another coming via Germany. France and Italy are providing their version of the Patriot. But none of these systems has been deployed.

That dereliction may now have serious battlefield consequences. After the leak, the U.S. has an even greater obligation to speed up deliveries of Western air defenses and advanced fighter jets such as F-16s that can defend the skies if Russia unleashes its fighters.

Meanwhile, let's hope the intelligence leak is a one-time episode. If the leakers have stolen more documents, and this becomes a deluge, more than Ukraine will be in trouble.

### If Ukraine's air defenses are now at risk, the U.S. bears some of the blame.

### Progressives want to stop voters from challenging state laws.

## Direct Democracy Dies in California

Democrats hold every statewide office in California and super-majorities in California's Legislature. Apparently that's not enough. So now they are seeking to entrench this power by making it harder for voters to block their laws. Which party is really undermining voter rights?

Unions and green groups are pushing legislation that would create enormous new hurdles to ballot initiatives that repeal or alter laws passed within the prior two years. The so-called "ballot reforms" are intended to stop "well-powered set of interests that often undermine the collective will of the people of California," says the bill's Assembly sponsor Isaac Bryan.

By well-powered interests, he means the voters. His legislation would undermine direct democracy while cementing union and progressive power. For starters, it would limit the time that campaigns seeking to block state laws have to collect some 550,000 signatures to 90 days. Other ballot campaigns would continue to have 180 days.

Ballot campaigns often pay workers to collect signatures because it can be tough to find enough volunteers to do so. The bill would require that at least 10% of signatures be obtained by volunteers. Paid signature gatherers would also have to register with and receive training from the state. These requirements would apply only to initiatives seeking to cancel state laws.

The goal is to limit the supply of signature gatherers that businesses can hire for referendum campaigns. The kicker is that the bill exempts unions so they can rely entirely on paid organizers to collect signatures in the unlikely event Democrats pass a law unions oppose and want to mount a referendum to overturn it.

Petitions would also have to follow a strict template, including a sheet with the list of the "OFFICIAL TOP FUNDERS" at the top in bold-face 16-point font. In addition to signing their names and addresses to the petition, voters would have to initial and date that they reviewed the top funders. Signatures of voters who don't would be invalidated. Referendum campaigns would also have to immediately note any changes to their top funders. Signatures on allegedly out-of-date petition sheets would be invalidated.

The sum of all this is to create a procedural minefield that voters would have to navigate if they want to challenge a new state law. Make even a small paperwork mistake, and tens of thousands of voter signatures could get nullified.

As progressive power in Sacramento grows, voters are increasingly turning to referenda to restrain the one-party Democratic state. Voters approved an initiative in 2020 that exempted many gig-economy workers from the state's AB5 law, which reclassified many independent contractors as workers. The same year, they blocked a law that ended cash bail.

An initiative to repeal a new law that bars new oil drilling in much of the state has qualified for the November 2024 ballot. As has a referendum to block a law creating a state council to dictate wages and work conditions at fast-food joints. But Democratic lawmakers and their friends don't want to give voters a say over the laws they pass.

Progressives are trying to disenfranchise voters on the sly, trusting that the press won't report on and oppose their attack on democracy because it rarely does.

His legal mistake is overstepping his authority as a judge to conduct his own review of the abortion drug's risks and benefits. Congress has delegated such technical questions to regulatory agencies. It's not the role of judges to redo an agency analysis.

As D.C. Circuit Court of Appeals Judge Neomi Rao, a Trump appointee, explained in

a 2020 decision, "Meaningful review of the agency's actions does not require us to step into the FDA's shoes and reassess its scientific judgments—a role that we are 'ill-equipped' to play 'under the guise of the APA's arbitrary and capricious standard.'"

Justice Brett Kavanaugh, another Trump appointee, stressed for a unanimous Supreme Court in 2021: "The APA's arbitrary-and-capricious standard requires that agency action be reasonable and reasonably explained. Judicial review under that standard is deferential, and a court may not substitute its own policy judgment for that of the agency."

Too often lower-court judges use their review power under the APA to fly-speck regulators' analysis. But Democrats don't seem bothered when liberal judges do this to invalidate environmental reviews on fossil-fuel projects. And they cheered when federal Judge Thomas Rice, an Obama appointee, on Friday disagreed with the FDA's safety restrictions on mifepristone.

Our disagreement with Judge Kacsmaryk concerns the separation of powers, which is part of the originalist judicial project. Abortion policy should be set by the people and their representatives, not by judges. If higher courts overrule Judge Kacsmaryk on appeal, this will likely be the reason. And let's see if the legal eagles on the left give them due credit for intellectual consistency.

### Critics on the left are confusing the legal issues at stake.

## The Law and the Abortion Pill Case

If you haven't heard, Judge Matthew Kacsmaryk's decision invalidating the Food and Drug Administration approval of the abortion pill mifepristone is another example of a Trump-appointed judge assailing the administrative state. Or so the press and many legal scholars proclaim. Let us explain why this narrative is false.

At legal issue in *Alliance for Hippocratic Medicine v. FDA* is a run-of-the-mill question of whether the FDA acted arbitrarily and capriciously under the Administrative Procedure Act (APA) when it approved mifepristone. We disagree with the judge's decision in part because the FDA's safety judgments don't appear to have been unreasonable.

But the dispute isn't over whether an administrative agency stretched a law to do something Congress didn't authorize, as in the Obama Clean Power plan (*West Virginia v. EPA*), the Biden Administration's student-loan forgiveness, the Centers for Disease Control and Prevention's eviction moratorium, and the Occupational Safety and Health Administration's vaccine mandate.

Nor does the mifepristone case implicate the judicial principle of *Chevron* deference, which holds that judges should defer to administrative agencies' interpretation of ambiguous laws if they aren't clearly unreasonable. *Chevron* has been abused by judges to uphold sweeping regulations even when laws aren't ambiguous.

Conservative jurists have increasingly sought to rein in *Chevron*, including with the major questions doctrine, which holds that regulatory actions with significant political and economic significance must be expressly authorized by Congress. But Congress clearly empowered the FDA to evaluate the safety and efficacy of drugs, and Judge Kacsmaryk doesn't hold otherwise.

## LETTERS TO THE EDITOR

## Milton Friedman, a School-Choice Visionary

William McGurn gives proper credit to Milton Friedman for the wave of states enacting universal school choice policies ("Milton Friedman's Revolution," April 4). Friedman wasn't the only public intellectual to propose school-choice in the 20th century, but his vision more than any other's has driven the recent successes.

Until recently, most school-choice policies in 32 states more closely resembled the proposals by academics that offered targeted vouchers to low-income families or other needy populations in order to advance "equity." Low-income families often can't afford to rent or buy homes in communities with high-performing public schools or pay for private-school tuition. School vouchers, the argument went, should empower the neediest families through educational opportunity.

Friedman argued that these "charity vouchers" had "served their limited purpose well," but he had a grander vision in mind. Limited choice policies "could not provide the kind of market needed to stimulate innovative experimentation." That would require making school choice "available to all students regardless

of income or race or religion."

"Sooner or later," Friedman predicted in the Journal in 2005, "there will be a breakthrough; we shall get a universal voucher plan in one or more states. When we do, a competitive private educational market serving parents who are free to choose the school they believe best for each child will demonstrate how it can revolutionize schooling."

The breakthrough finally has arrived. In the past two years, six states enacted education choice policies that are now available to all K-12 students, or soon will be. Friedman's revolution is under way.

JASON BEDRICK  
Heritage Foundation  
Phoenix

Discussions on school choice usually center around politics, teachers unions and students. Seldom mentioned is the benefit of an educated public to society.

We need an educated population, regardless of how we get there. Public, private or home school, it doesn't matter. Results are what is important.

ED PAULIS  
Parkville, Md.

## Medicare and Medicaid Are the Original Sins

Profit motives aren't the root cause of our broken U.S. healthcare system, as purported in Aaron Rothstein's review of Wendy Dean and Simon Talbot's "If I Betray These Words" ("First, Do No Harm," Bookshelf, April 4). The original sin in healthcare is the highly complex and bureaucratic Medicare and Medicaid programs, which drive reimbursement methodologies for all payers of healthcare.

As a former hospital CFO, I learned that government-funded healthcare reimburses providers using arcane codes that the public and even many providers fail to understand. Commercial insurers largely follow this methodology in their payment arrangements with physicians and hospitals. As a result, providers have an incentive to document care to optimize reimbursements rather than provide care to the patient in exchange for an easily understood

price. One reason your provider is glued to his computer, laptop or tablet during your visit is that documenting care appropriately to be reimbursed is complex.

The inability of the healthcare system to find and describe the right price for care is the root cause for the inefficiencies that make U.S. healthcare the most expensive in the world. Further, some physician practices refuse to take new Medicaid or Medicare patients due to low reimbursement levels.

The overall cost of healthcare would be lower over time with a transition to a voucher system for the Medicare and Medicaid programs. Insurance companies would then have to compete anew on price and quality, using transparent and understandable reimbursement methodologies.

MICHAEL HACHEY  
Naples, Fla.

## AI Will Attract More Students to Accounting

Higher pay is necessary to attract more people into accounting jobs ("Accountant Pay Climbs Sharply," Business & Finance, March 30). Also, artificial intelligence can reduce tedious accounting work, freeing up accountants to focus on higher-level tasks. Automation can perform repetitive tasks such as data entry and bookkeeping, which will help reduce errors and increase efficiency. Implementing AI will make the profession more appealing to younger genera-

tions who are interested in technology and innovation.

Further, a new combination of accounting and data analytics will create a new pipeline of accountants who can provide more than traditional accounting services. Combining accounting skills with data-analytics expertise will allow accountants to conduct descriptive, predictive and prescriptive analytics on accounting data. This will help businesses make informed decisions.

The combination of accounting and data analytics requires a unique set of skills, including data visualization and machine learning. With these skills, accountants can help businesses make sense of their financial data.

PROF. MARTIN MULYADI  
Shenandoah University  
Winchester, Va.

## Trump Pressured Powell To Keep Interest Rates Low

Allysia Finley is correct that "if the Fed is to blame, it's for leaving interest rates too low for too long" ("The Coming Biden Bailout of Blue States and Cities," Life Science, April 3).

Also to blame is former President Donald Trump, who repeatedly pressured and even threatened to fire Federal Reserve Chairman Jerome Powell to continue to keep the interest rates low to aid his re-election campaign. When Mr. Trump was first elected, the 2007-09 recession and its aftereffects had more or less ended. But he wanted low interest rates to artificially boost the economy at great expense. He met with the Fed chairman to remind him of his expectations.

Ms. Finley accuses Mr. Biden of bailing out blue states and citizens. Unlike Mr. Trump, however, who favored red states, Mr. Biden has demonstrated that he will come to the assistance of any state in need.

AMERICO A. SALINI JR.  
Andover, Mass.

## Unpleasant Repetition on TV

The "F" word used to be the Cadillac of cussing. Now, its overuse has reduced it to a pale synonym for the word "very" ("Curses! Why All The Crude Talk?" Review, April 1). I had a professor who would stop reading our assignments if we repeated a word too often. He would write "Unpleasant repetition" in the margin along with "I quit here!" Now I realize too many TV script writers have grown lazy and believe the "F" word is the only way to emphasize a point. I quit here!

JO HERSHBERGER  
Middleton, Wis.

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## Pepper ... And Salt

THE WALL STREET JOURNAL



"Stop resisting the winds of change."

## OPINION

## Another Medical Revolution Is Under Way

By Michael Milken

Polio was such a threat in 1950s America that some people thought the need to build “iron-lung hotels” would bankrupt the nation. In 1987 Oprah Winfrey told her TV audience that “1 in 5 heterosexuals could be dead from AIDS in three years.” Senior California officials in March 2020 warned that half the state’s 39 million residents could be infected with Covid in two months and that five million needing hospitalization would overwhelm the fewer than 100,000 available hospital beds.

We sometimes forget that, as recently as the 19th century, people suffered through gruesome surgeries without anesthesia and childbirth without antiseptic procedures. The first part of the 20th century saw

**Twenty years ago we couldn’t have imagined cell-therapy applications, but they’re a reality today.**

only slow progress in clinical medicine. Medical research was sporadic, and one of the few bright spots was the advancement of public health, which saved millions of people through basic sanitation.

Even by the early 1970s, when I began using my resources to support medical research, doctors for the most part still could only observe the human devastation caused by the most serious diseases. They had little in their arsenal to treat such conditions. The situation began to improve only as

research uncovered disease mechanisms at the genetic, molecular and cellular levels.

Science now allows us to respond to health crises with antibiotics, polio vaccines, statins, genome sequencing, immunotherapies, monoclonal antibodies, anti-retroviral cocktails, robotic surgeries, advanced nutrition, powerful new diagnostic scans, focused ultrasound, artificial intelligence, Crispr gene editing and mRNA vaccines. The achievements of medicine over the past half century have been stunning: heart disease cut in half, AIDS increasingly controlled, cancer deaths heading down, several hereditary defects corrected, Covid vaccines delivered in record time.

Twenty years ago, the idea of putting a live cell in a human, directing it to travel to a specific location, and having it do a specific task would have been considered impossible. Today it’s reality, and hundreds of companies are working on cell-therapy applications.

That’s only the beginning. As I note in my new book, “Faster Cures: Accelerating the Future of Health,” advancements arriving at an exponentially increasing rate lie ahead as new discoveries reach the clinic with breathtaking speed. We can now reasonably speculate about therapies that will give us the ability to clean tiny cancers from our bodies as routinely as dentists clean our teeth. We can look for the possibility of gaining immunity from dozens of viruses with a single vaccine and editing genes to eliminate



GETTY IMAGES/ISTOCKPHOTO

Those of us in the wealthier nations live years, often decades, longer than the average African, Latin American or South Asian. A study found that on a 20-minute subway ride from Midtown Manhattan to the South Bronx, neighborhood life expectancy declines by 10 years—six months for every minute on the train. The study goes on to say that “between the Chicago Loop and the West Side of the city, the difference is 16 years.” Similarly, a National Institutes of

Health study found that in central Baltimore, a man can expect an average life of 63 years. Five miles away, in the Greater Roland Park/Poplar Hill neighborhood, it’s 83.

Even with access to the best medical care, too many people continue to destroy their health through neglect or abuse. That’s why I felt compelled to include a chapter on prevention in my book. It’s great when medical science develops a new cure; it’s even better when we can prevent disease from occurring in the first place. As one pharmaceutical executive told me, “The next great drugs will be prediction and prevention.” The more we resolve to focus on such social determinants of health, the more we will reap the benefits of the amazing revolution in life sciences.

Mr. Milken is chairman of the Milken Institute. This is adapted from “Faster Cures: Accelerating the Future of Health,” which will be published Tuesday.

knits them together as a seamless creative unit.

New computational tools are accelerating progress in every corner of medicine. Physicians can target cancers more precisely with the right drugs, in the right amounts, at the right time, with fewer side effects, because they can now sequence actual tumors. Scientific understanding of the immune system, blood components and the microbiome has grown by orders of magnitude. Our increased ability to sequence gut microbes allows more-precise nutrition.

Meanwhile the lead time for vaccine development is shrinking. What used to take years can be completed in days. By harnessing artificial intelligence, machine learning and massive computational power, scientists can now design drugs from scratch inside a laboratory computer.

Despite all this progress and exciting future prospects, such challenges as health equity remain.

## The World Is Ending, but It’s Been Ending Many Times Before



**FREE EXPRESSION**  
By Gerard Baker

Sitting through the Christian liturgy for Easter weekend is, aside from its other virtues, a useful therapy for the catastrophism that has modern humans in its grip.

America and the world are living through a very long Good Friday. Like Jesus’ terrified and defeated disciples, we have no inkling of any Easter rising in our future. We are figuratively locked in an upper room of our own fears, bereft of hope, pondering the many ways in which the world is going to demolish us.

It’s the climate, roasting us in a crucible. It’s that old tormentor thermonuclear war, long submerged beneath trendier concerns, back with a vengeance because of an actual land war in Europe and a seemingly inevitable conflict with China. Plague, an older agent of human destruction, stalks us again; Covid was a mere foretaste if the alarmists are right. The latest terror is artificial intelligence. If you haven’t read it,

do seek out the article in Time everyone is talking about, by Eliezer Yudkowsky, an AI expert. Given all the other threats we face, there is something perversely calming about its essential conclusion: We’re all going to die soon.

At home the republic and democracy are finished. From one side the orange beast is slouching back toward Washington. From the other, a left wing authoritarianism is moving its slow thighs, crushing free speech and politicizing the law, its weird ideology pitting race against race even as it denies the existence of biological sex. A much noted Wall Street Journal/NORC poll last month found that tens of millions of Americans seem to have lost their faith and their values and think about nothing other than making money.

If you’ll indulge me for a second, I note an inappropriately pleasing irony. One of the many charges that atheists and agnostics have brought against religious belief is that it has inflicted unique amounts of suffering on the world: war, persecution hatred and prejudice. If you look back over the centuries there was a meretricious truth to this: When people insisted God sanctioned their cause,

their authority was literally infinite—and demanded the annihilation of his enemies.

But the 20th century—when more people died under the heel of godless ideologies than had perished in all of Western civilization’s religious wars put together—ought to have put paid to the idea that there was something intrinsically religious about a monomaniacal belief that you are right and your opponents evil.

**Maybe our tendency to see catastrophe is a product of how easy we have it in this age of abundance.**

And now we have the 21st century—in which, for the first time in a couple of thousand years, believers in the Judeo-Christian heartlands of North America and Western Europe are outnumbered by nonbelievers, and the picture is, if anything, even worse. Even the rationalists can’t credibly blame religion for today’s wars, climate, AI and Trump.

But we are Easter people, not Good Friday people. And while those of us who believe the Gospel think redemption is the ultimate reality, the really good news is that you don’t even have to believe in the resurrection—or have any religious faith at all—to think our prospects of rising above our seemingly terminal challenges are better than they seem.

We have plenty of evidence that the past half-century has been the best for humans, including Americans, than any period in history. It takes an almost Old Testament fateful determinism to think that the current crises won’t succumb as all others have to the creativity of human ingenuity and the science and technology it generates, or that this time, unlike all the other times in history, humanity indomitability has met its match.

I don’t minimize the various challenges we face, and it’s true that past triumphs have sometimes come at staggering cost, but I suspect part of the current immanent gloom is a direct result of the dramatic relative success we have achieved. We have lived so long without a world war—more than three quarters of a

century—that actual existential misery is unfamiliar to most of us so it needs to be replaced with an imagined one. The ease with which we analogize opponents to Hitler or their objectives to the Holocaust tells us only how far removed we really are from understanding genuine menace.

It’s a kind of obverse of the “Minsky moment” in finance—an extended period of relative calm and prosperity induces complacency and risk-taking among investors that ends in crashes. But I suspect in the nonfinancial world, it works the other way—the long period of calm induces only fear of something much worse.

You can see this in the frailties of the generation now emerging into maturity, the furthest removed from actual calamity in their lives and the ones most attuned to the supposed imminence of it. They require trigger warnings to read Shakespeare or Jane Austen, as they fill their social-media accounts with lurid panics over climate, gender, race, elections.

In addition to exposing themselves to alternative ideas and a little history, maybe they could read the Gospels. It might cheer them up.

## Israel Isn’t Perfect, but It’s an Example for the Mideast

By Nadim Koteich

Abu Dhabi

In Israel, the battle to safeguard democracy takes precedence above all else. Despite Iran’s recently enriching uranium at 83% purity—shortening the time to create a nuclear weapon to about two weeks—Israelis remain focused, first and foremost, on fighting for their nation’s democratic principles. This presents a valuable lesson for the rest of the Middle East.

Last Saturday evening, tens of thousands of Israelis gathered across the nation to protest Prime Minister Benjamin Netanyahu’s recently paused judicial-reform plans. That was a mere two days after a brief yet perilous spate of violence visited Israel in the form of missiles fired from Hamas in Lebanon and Gaza.

These unceasing protests—the subject of which isn’t the nation’s increasingly belligerent adversaries

but its own government’s judicial-reform plans—reveal the maturity of Israel’s democracy. More specifically, they underscore that for many Israelis the pursuit of the rule of law is superior to national-security concerns.

While Israel debates policy and holds regular elections, much of the Middle East remains under authoritarian rule that quashes political discourse and silences dissent under the saying “No voice goes higher than the voice of the battle.” As a Lebanese who has lived under the dictatorships of Hezbollah and Bashar al-Assad, I’ve witnessed how this slogan has been used to free autocrats from accountability for economic disarray, the erosion of human rights, and the destruction of infrastructure.

Any Middle Eastern observer would draw a distinction between the demonstrations in Israel and the protests elsewhere in the region—including, more recently, in Iran, Iraq

and Lebanon. In those countries, public dissent is often described by the authorities as treasonous, the work of foreign enemies, or both. These claims are used to justify harsh repression in the form of lawless imprisonment and execution.

Yet when similar conspiracy theories surfaced in Israel—suggesting, as the prime minister’s son did, that demonstrations were prompted and supported by Washington—Israelis firmly rejected them. Israelis’ resistance to these ideas further showcases the strength of their democratic commitment.

Israel’s democracy isn’t flawless. The state grapples with its two goals—preserving its Jewish core while promoting inclusivity for all, including Arab Israelis. This dilemma sometimes marginalizes the latter group and perpetuates socioeconomic inequalities. The low political participation and representation of Arabs hinders their influence.

Likewise, Israel’s resettlement policies in the West Bank tarnish its democratic image, raising concerns about its commitment to liberty, equality and justice. Addressing these issues is crucial to strengthen Israeli democracy and foster a genuinely inclusive society.

**Its citizens are fighting over the rule of law, while many of its neighbors are merely fighting.**

But the Palestinian issue shouldn’t be the sole metric by which we measure Israel’s standing as a democracy. Few countries in the Middle East have a sterling record when dealing with ethnic or racial minorities. Ask the Kurds and Christians in Iraq, Syria, Iran and Turkey,

or consider the hostilities between Sunni and Shiite Muslims.

Nevertheless, Israel’s democracy stands tall. Its current struggle is a fight to uphold the rule of law, which ought to be the primary focus of the region’s people and leaders, particularly given the prevailing conception that conditions aren’t ripe for a fully developed democracy in the Arab world.

Countries such as the United Arab Emirates have embraced the principles of good governance, advocating transparency, accountability and the rule of law as cornerstones for economic and social development. The U.A.E., a federation of seven sheikhdoms led by Abu Dhabi, has achieved stability and progress without adhering to a wholly democratic model. In recent years, it has maintained its ability to attract and retain talent, especially in the fields of fintech, artificial intelligence and the arts—all of which rely heavily on an efficient judicial system that safeguards intellectual-property rights and fosters a business-friendly environment. By adopting the rule of law, the U.A.E. stands at the forefront of efforts to foster a more inclusive and peaceful future for the Middle East—as seen in its signing the historic Abraham Accords with Israel, Morocco, Sudan and Bahrain.

The battle to safeguard Israeli democracy and the rule of law will doubtless continue for some time. As we in the Middle East observe this unfolding drama, we can glean valuable insights that, if employed wisely, could improve the region’s well-being and security for years to come.

Mr. Koteich hosts “Tonight with Nadim” on Sky News Arabia.

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## Notable &amp; Quotable: Burn

*From a resignation letter to Richard Corcoran, interim president of the New College of Florida, from Aaron Hillegass, the college’s director of applied data science:*

Hillsdale College is bad for America. It cultivates prejudice against immigrants, the LGBTQ+ community, minorities, and non-Christians. It pushes a nativist and nationalistic agenda that would isolate the US from other nations.

When a governor guts the leadership of a state school in an effort to make a facsimile of Hillsdale, that is fascism. Not the shocking Kristall-

nacht-style fascism, but the banal fascism that always precedes it.

The nation is watching this experiment. If it is successful, the academic freedom of every state school under a conservative governor will be in peril. I love New College, but for the good of our nation, I hope the school fails miserably and conspicuously.

If I were more patriotic, I would burn the college’s buildings to the ground. However, the soft spot in my heart for the students and faculty who remain prevents this. Thus, I will (not outraged, just moved by a nagging sense of duty) vote with my feet, and simply walk away.

## WORLD NEWS

## Netanyahu Keeps Fired Defense Minister

Far-right lawmakers, ministers lead march for government's right to settle in Evyatar

By DOV LIEBER

TEL AVIV—Israeli Prime Minister Benjamin Netanyahu said Monday he was retaining his defense minister, two weeks after firing him in a decision that amplified widespread protests amid concerns that it would undermine the country's ability to confront a challenging security environment.

Mr. Netanyahu on March 26 said he was firing Yoav Gallant—a member of the premier's own Likud party—a day after the defense minister called for a delay to the ruling coalition's controversial plan to overhaul the judiciary. Mr. Gallant said then that protests within the military against the proposals had become a grave threat to the nation.

"We had disagreements between us, even tough ones, but I've decided to put them behind us," Mr. Netanyahu said in a televised address from the country's Defense Ministry.

After the premier's speech, Mr. Gallant tweeted a photo of himself sitting with Mr. Netanyahu at a recent meeting. "We're continuing together at full strength for the sake of Is-



Israeli settlers and far-right leaders held a protest march to the evacuated settlement of Evyatar in the occupied West Bank on Monday.

rael's security," he said.

Mr. Netanyahu's judicial-overhaul plan has divided the country since it was formally unveiled three months ago. After Mr. Gallant's dismissal sparked spontaneous protests and strikes across Israel, Mr. Netanyahu suspended the overhaul plan. He has since

joined talks with opposition parties to seek a compromise.

The premier's decision to backtrack on Mr. Gallant's dismissal comes at a sensitive time for Israel.

Israel's security forces called up reinforcements after clashes last week between Israeli police and Palestinians at

Jerusalem's flashpoint Al Aqsa Mosque compound sparked rocket attacks by militants from Gaza, Lebanon and Syria. Israel responded by carrying out airstrikes against what it called militant targets in those areas.

Heightening days of tensions, on Monday a large

group of Israeli ministers and lawmakers belonging to the country's ruling coalition led thousands in a march to an evacuated settlement in the occupied West Bank demanding its legalization.

Residents of the hilltop outpost in Evyatar were asked to vacate the site two years ago

by Israel's then-government because it was established illegally and Palestinians claim the land. Organizers of Monday's march said they were out to emphasize Israel's right to settle anywhere in the West Bank and as a response to a spate of recent Palestinian attacks targeting Israelis.

"We will not surrender to terrorism, not in Evyatar and not in Tel Aviv," Israel's national security minister, Itamar Ben-Gvir, said at Monday's march, according to a video released by his office. "We are here to say: The people of Israel are strong."

The far-right leader was joined by six other ministers and 20 lawmakers from the ruling coalition, according to the organizers, which political analysts say is the most right-wing and religious in Israel's history. Mr. Netanyahu's government came to power in late December, promising, among other things, to expand Israeli settlements in the West Bank.

Tensions have risen in recent days around Jerusalem as Jews, Muslims and Christians celebrate overlapping holidays—the Passover festival, the holy month of Ramadan and Easter—drawing tens of thousands of visitors to the Old City's holy sites.

—Aaron Boxerman  
contributed to this article.

## China Ends Drills Around Taiwan

By JOYU WANG

TAIPEI—China's military wrapped up three days of exercises around Taiwan, including a swarm of jet fighters launched from one of its aircraft carriers, saying it gained experience coordinating its different forces.

The Eastern Theater Command of the People's Liberation Army, which oversees forces positioned closest to Taiwan, said Monday it ended exercises launched after Taiwan's president returned from a visit to the U.S. that Beijing opposed.

The army said the drills were a success, adding that they tested joint-combat capabilities involving several services "under actual combat conditions."

Separately on Monday, China Central Television released video footage of Chinese bombers and jet fighters ostensibly conducting simulated strikes on key targets in Taiwan. The state broadcaster said exercises were intended to practice establishing an aerial blockade of the self-governing island, which Beijing claims as part of China.

China is set to continue another series of live-fire drills in coastal areas near Taiwan during the next two weeks.

The show of force is part of Beijing's response to a two-stop U.S. visit by Taiwan President Tsai Ing-wen, which included a meeting in California last week with House Speaker Kevin



A Chinese ship sails toward an area where exercises are slated to start.

McCarthy (R., Calif.) that marked the highest-level political meeting that a Taiwanese leader has held on U.S. soil. Beijing, which opposes any diplomatic engagement with Taiwan, warned that it would retaliate if such a meeting occurred.

When Mr. McCarthy's predecessor as House speaker, Nancy Pelosi (D., Calif.), visited Taiwan last summer, Beijing responded by launching missiles over the island and simulating a blockade. The Chinese military response this time was less dramatic, but still robust.

As of 6 p.m. Monday local time, Taiwan's Defense Ministry reported 12 warships and 91 Chinese warplanes near the island, including nuclear-capable H-6 bombers and J-15 jet

fighters carried by the Shandong, China's second aircraft carrier, which the Taiwanese military said was involved in a training mission in the western Pacific Ocean.

The Taiwanese military will continue to pay close attention and gather intelligence on the movement of the PLA's rocket army, its long-range artillery force and the Shandong carrier, said Taiwan's Defense Ministry.

Japan's Maritime Self-Defense Force tracked the Shandong as it sailed south of the island of Miyako, observing 80 takeoffs and landings by jet fighters and 40 by helicopters between April 7 and April 9, Japan's Defense Ministry said.

Issuing its "strongest condemnation," Taiwan's Foreign

Ministry accused Beijing of challenging the international order by using Ms. Tsai's travels as a pretext to conduct military drills that undermined regional security.

"We solemnly demand that China act rationally with self control, and stop coercing the people of Taiwan and change the status quo in the Taiwan Strait," the ministry said, referring to the 100-mile-wide body of water that separates China from Taiwan.

The military drills are "serious warning against the collusion and provocation of Taiwan independence separatist forces and external forces," said Chinese Foreign Ministry spokesman Wang Wenbin.

The Taiwan navy on Monday conducted a war-preparation drill in Kaohsiung, deploying its Hsiung Feng antiship missiles along with several missile boats off the southern coast of Taiwan, said the island's Defense Ministry.

In the South China Sea, most of which China also claims as its territory, the U.S. Navy sent a guided-missile destroyer near a fortified Chinese island in the disputed Spratly archipelago, the U.S. Seventh Fleet said. The operation was intended to assert navigational rights in the region and challenge excessive maritime claims, it said, without directly mentioning China.

—Peter Landers  
contributed to this article.

## Two Chinese Activists Sentenced to Prison

By KEITH ZHAI AND SHA HUA

SINGAPORE—A Chinese court sentenced two of the country's most prominent human-rights activists to prison terms of more than a decade each for subversion, slamming the door on an era of activism that briefly carved out space for liberal values in the authoritarian country.

Xu Zhiyong was sentenced to 14 years in prison and fellow lawyer Ding Jiaxi was sentenced to 12 years on Monday by the Linshu County Court in eastern China's Shandong province, said Mr. Ding's wife, Luo Shengchun, citing information from their lawyers. Messrs. Xu and Ding had earlier been found guilty in a secret trial in Linshu in June, she said.

No further information about the ruling was available as the lawyers were prohibited by authorities from speaking with her over the phone, according to Ms. Luo.

"The government is putting the most intelligent, brave, and passionate people in jail," she said.

Both men were widely expected to spend time in prison, given China's unusually high conviction rate and a continuing crackdown on political activists waged by Chinese leader Xi Jinping. Still,

their punishment was unusually heavy, according to human-rights experts.

The Linshu court didn't answer multiple calls Monday. Chinese Foreign Ministry spokesman Wang Wenbin said he wasn't aware of the case, but that everyone in China is equal before the law and its legal institutions ensure protection of individual rights.

Mr. Xu, 50 years old, first attracted national attention in China in 2003, when he led a surprising campaign to abolish a system known as custody and repatriation that local police used as cover to abuse and exploit migrant workers. Later that year, he won election to the local legislature as an independent candidate, a rare feat lauded at the time by official media.

In 2010, he teamed up with Mr. Ding, now 55, and others to launch the New Citizens Movement, a loosely organized group of activists, lawyers and liberal business elites who advocated for government transparency, rule of law and equal access to education. After Mr. Xi came to power two years later, the group used the new leader's campaign against corruption to justify street protests demanding officials disclose their sources of income.

## Scientific Discoveries Elevate the Minds and Skills of Neanderthals

By AYLIN WOODWARD

Neanderthals might have an unfair bad rap.

Popular culture has often depicted our Neanderthal cousins as stupid, unsophisticated brutes whose nomadic-hunter lifestyle precluded them from social gatherings and might have contributed to their demise.

But a growing body of research shows these extinct relatives—who overlapped in time and space with anatomically modern humans, or Homo sapiens—were similar to us in many ways. Recent studies suggest Neanderthals altered the landscape around them with fire and were sophisticated hunters who could exploit a variety of prey in groups larger than paleoanthropologists once thought.

Studies show the species used fire to cook, constructed tools to manipulate meat and stone, built structures and made jewelry. They swam and dove for shells, which they used as tools and beads, and distilled birch bark to make tar. Neanderthals decorated and engraved bones and used red ochre—a natural clay pigment—to alter surfaces.

"The more we learn about Neanderthals, the more similar they look to us behaviorally," said Chris Stringer, research



Left, a Homo sapiens skull. Right, a Homo neanderthalensis skull discovered in the Dordogne region of France.

leader in human origins at the Natural History Museum in London.

Scientists have discovered, too, that Neanderthals buried their dead in a fashion—at one site in Iraq named Shanidar, fossilized pollen showed flowerers might have been involved in such an interment. They also cared for their sick and injured peers, and combined twisted fibers into string that could have been used to make nets, mats, baskets or fabric.

Homo sapiens and Neanderthals evolved largely separately in Africa and Eurasia over hundreds of thousands of years. However, within 20,000 years of the two species cross-

ing paths in Europe and western Asia about 60,000 years ago, Neanderthals had completely disappeared from the fossil record.

Yet DNA extracted from ancient bones and teeth show Neanderthals live on in a tiny bit of many present-day humans' genes. About 2% of DNA in the genomes of people of European or Asian descent is inherited from these cousins—the result of ancient interbreeding between the two species.

"The species lines are surprisingly blurred," said Briana Pobiner, a Smithsonian Institution paleoanthropologist. "So if you know modern humans and Neanderthals mated,

did we assimilate them? Did we conquer them?"

The paleogenetic record suggests it is almost certainly the former, according to Dr. Rasmus Nielsen, an evolutionary biologist at the University of California, Berkeley. "We integrated with Neanderthals. They went extinct by love, it wasn't war."

Since the species' discovery more than 150 years ago, scientists have uncovered bones and teeth from about 400 Neanderthals, known officially as Homo neanderthalensis. These fossils revealed a shorter, stockier species with robust chests and limbs. Neanderthals had a longer skull with pronounced brows and swept-

back cheekbones, physically quite distinguishable from the earliest humans.

Genetic and fossil evidence shows Neanderthals thrived across Europe and western Asia between about 400,000 and 40,000 years ago—weathering a climate that vacillated from a glacier-dominated Ice Age to mild, interglacial periods that resemble the Northern Hemisphere today.

A February study showed how Neanderthals living on the Iberian Peninsula harvested and ate brown crabs, bringing them back to a cave to roast on a fire.

"They had to know about the tides and crab behavior," said Mariana Nabais, an archaeolo-

gist at the Catalan Institute of Human Paleocology and Social Evolution in Spain who co-wrote the study. "It shows abstract thinking, it shows planning, it shows that they understood the environment where they were living."

Our cousins also consumed tortoises, rabbits, birds, fish and shellfish, Dr. Nabais added.

Another recent study, published in the journal Science Advances, suggests Neanderthals also hunted and butchered straight-tusked, Ice Age elephants. The research, based on fossil evidence from a 125,000-year-old site named Neumark-Nord in Germany, suggests Neanderthals might have gathered there in larger-than-expected groups at times to consume meat.

The authors looked at thousands of tusks, teeth and bones from about 60 elephants that showed Neanderthals who had gathered at Neumark-Nord flayed meat off bones using tools, and then possibly roasted or dried their catch. One 11-ton elephant could feed 25 people for three months, or 100 people for a month, or 350 people for a week, they calculated.

Such gatherings help uphold the idea that Neanderthals were primarily nomadic hunter-gatherers that stuck to small groups all the time.

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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## FTX Approved Some Expenses by Emoji

By CAITLIN OSTROFF AND VICKY GE HUANG

FTX's failures are rooted in "hubris, incompetence, and greed," the crypto exchange's new management team said in a report outlining scathing details about the lack of financial controls and record-keeping under founder Sam Bankman-Fried.

understanding what its positions were, let alone hedging or accounting for them, the report said. "We sometimes find \$50m of assets lying around that we lost track of; such is life," Mr. Bankman-Fried said in an internal communication. He described Alameda as "hilariously beyond any threshold of any auditor being able to even get partially through an audit."

man-Fried declined to comment. At FTX Group, expenses and invoices were submitted on Slack and were approved by emoji. These informal, ephemeral messaging systems were used to approve transfers in the tens of millions of dollars, leaving only informal records of such transfers, or no records at all.

exchange lent billions of dollars worth of customer assets to fund risky bets by Alameda. Before its demise, FTX presented itself as more technologically sophisticated than rivals and attracted roughly \$2 billion from venture capitalists. The report reiterates that most decision making sat with Mr. Bankman-Fried; Nishad Singh who was director of engineering at FTX; and Gary Wang, the firm's former chief

technology officer. One executive remarked that if Messrs. Singh or Wang got hit by a bus, "the whole company would be done." A lawyer for Mr. Wang declined to comment. A lawyer for Mr. Singh didn't respond to a request for comment. The crypto exchange and its related companies lacked proper controls for keeping crypto assets safe, the report said. Private keys, akin to a password that allows for the

movement of crypto assets, were sometimes in plain-text files and without encryption on an FTX Group server. The bankruptcy team found private keys to millions of dollars in crypto assets that lacked proper descriptors, with some simply titled "use this" or "do not use." In a September 2019 tweet, Mr. Bankman-Fried reminded crypto followers to use two-factor authentication, noting

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## Construction Boom Comes Amid Shortages



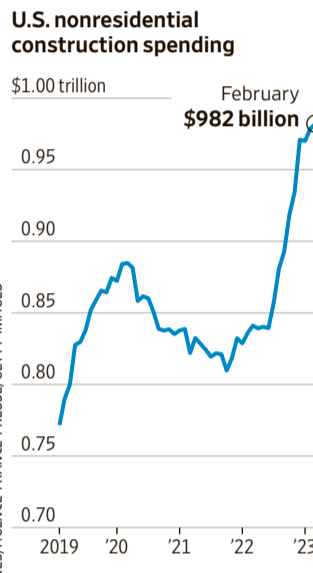
Some analysts warn the construction backlog signals contractors' greater difficulty completing jobs.

By BOB TITA

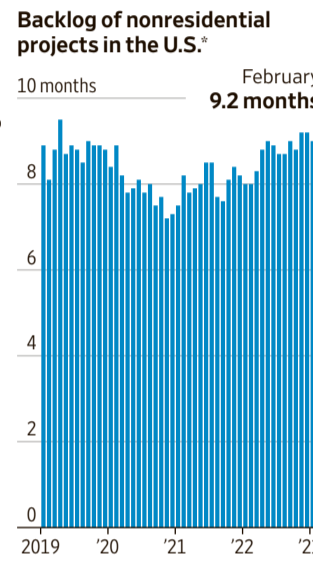
The construction industry has become a pillar of strength in the U.S. economy, helping contractors offset rising expenses as they deal with labor shortages. A building boom in industrial plants, infrastructure and other nonresidential projects is offsetting home construction in the U.S. that has been weakening under the weight of higher interest rates. Contractors

said spending on nonresidential projects has stayed strong as borrowing costs rise, which usually drives up the cost of financing construction work. Spending on nonresidential construction for February, the most recent month available, totaled \$982 billion, nearly 17% higher than a year earlier and steady with January, according to the U.S. Census Bureau. "I've got more work to look

at and bid on than I could possibly handle," said Jeff Harper, president of Harper Construction Co. in San Diego. "I've said 'no' to 10 jobs in the last four months." Mr. Harper, whose company specializes in buildings for schools, universities and military bases, said he is booked with jobs through most of 2024. He said projects are taking longer to complete because of waits for critical materials, particularly for electrical gear,



U.S. nonresidential construction spending. February \$982 billion. Sources: U.S. Census Bureau via St. Louis Fed (spending); Associated Builders and Contractors (backlog)



Backlog of nonresidential projects in the U.S. February 9.2 months. Sources: U.S. Census Bureau via St. Louis Fed (spending); Associated Builders and Contractors (backlog)

## Tyson Heir Moves Past His Legal Troubles

By PATRICK THOMAS

John R. Tyson began Nov. 5 running 7 miles in a weighted vest. In the wee hours of the next morning, he was arrested by four police officers and taken to jail in his underwear. Since his arrest, the family-controlled Tyson Foods Inc. has stood by its chief financial officer, who is also the great-grandson of the company's founder and son of its current chairman, as Mr. Tyson's case played out in court and the media.

Now, with his case resolved with a guilty plea resulting in a fine for public intoxication and criminal trespass charges, the 33-year-old Mr. Tyson is trying to help steer the Arkansas-based meat giant, as the company grapples with higher costs affecting its beef and chicken businesses. In February, Tyson posted its biggest percentage drop in quarterly profit in more than a decade.

In addition to the business pressures, the company is also dealing with questions about its rapid turnover of executives. The arrest of Mr. Tyson has highlighted the questions that public family-owned companies can face about corporate governance. The Tyson family's interests maintain a more than 70% voting stake in the company, according to the company's 2022 annual filing. Tyson is one of the largest S&P 500 companies where the founding family has majority voting power, according to executive-search firm Crist Kolder Associates.

The company declined to make Mr. Tyson available for an interview. Mr. Tyson said in February, "Business is tough right now," at a meeting for employees. Chief Executive Donnie King said in February, "This is the first time I've seen all markets work against us all at the same time."

Tyson, which produces one out of every 5 pounds of chicken, beef and pork sold in the U.S., in recent months has replaced the heads of several of its major business divisions. It also ousted its chief technology officer, and the company's stock price is down roughly 34% over the past 12 months, underperforming about a 9% drop in the S&P 500 over the same period.

Tyson said that it is confident in its growth strategy, its portfolio of brands and its executive ranks to help it navigate difficult market conditions.

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## Tonal CEO Leaves Post After Drop in Valuation

By LAUREN THOMAS

The founder of Tonal Systems Inc. is stepping down as chief executive after the at-home fitness company completed its latest funding round at a fraction of its prior valuation. Aly Orady is leaving the role at the closely held company, effective immediately, Tonal officials told The Wall Street Journal. He will be succeeded by Krystal Zell, Tonal's current

president. Mr. Orady will step into the role of chief technology officer, the officials said. San Francisco-based Tonal said it raised \$130 million from existing investors including private-equity firm L Catterton, bringing its total funding to \$615 million since the fitness company was founded in 2015. Tonal's valuation in the latest funding round fell to between \$550 million and \$600 million.

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Apple was one of three stocks that drove half of the S&P 500's returns in the first quarter.

## Active Stock Pickers Trailed Benchmarks in First Quarter

By VICKY GE HUANG

Only one in three actively managed large-cap mutual funds beat their benchmarks in the first three months of the year, the worst performance since the three-month period ended December 2020, according to data from Bank of America Global Research. That marked a shift from last year when 57% of large-cap mutual funds raced ahead

of their benchmarks in a market rocked by red-hot inflation, rising interest rates and worries over a potential recession. More funds beat their benchmarks in 2022 than in any other year since 2007, when 71% of them did so, according to data compiled by Goldman Sachs Group Inc. Heading into this year, active fund managers were largely positioned for more of the same—a bear market with

a tilt toward value over growth stocks, investors and analysts say. Then stocks rallied to kick off the year, led by shares of fast-growing companies. In March, troubles in the banking industry rattled financial markets and sparked contagion fears. Yet markets proved to be more resilient than many investors thought possible. The S&P 500 rose 7% in the first quarter.

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# BUSINESS & FINANCE

## Newmont Increases Newcrest Bid

By RHIANNON HOYLE

ADELAIDE, Australia—**Newmont Corp.** raised its takeover offer for **Newcrest Mining Ltd.** to around US\$19.5 billion, as it aims to seal what would be the largest-ever M&A deal in the gold-mining industry.

Newmont's decision to improve its all-stock offer for Newcrest, Australia's largest-listed gold miner, from roughly \$US17 billion comes as gold prices are approaching a high amid stress in the global banking system and heightened worries over the economic outlook.

Newmont is offering 0.400

share for each Newcrest share, Newcrest said in a regulatory filing on Tuesday. In addition, Newcrest said it is permitted to pay a special dividend of up to US\$1.10 a share around the time that any deal is completed.

Newcrest, which owns mines in Australia, Canada and Papua New Guinea, said this represented a 16% increase to an initial bid from Newmont that it had rejected. After assessing the latest proposal, Newcrest said it would open its books to Newmont to firm up a binding offer.

A spokesman for Newmont, which is based in Colorado and is the world's top gold pro-

ducer, declined to comment. Newmont's pursuit of Newcrest illustrates how gold producers are seeking to do deals as the industry struggles to make large new discoveries of the precious metal. In 2019, Newmont acquired Canadian gold producer Goldcorp Inc. in a transaction valued at US\$10 billion. The same year, Newmont and rival Barrick Gold Corp. formed a joint venture in Nevada to cut costs, after an earlier offer from Barrick to buy Newmont was rejected.

Newmont previously said its business was complementary with Newcrest's and that a combined entity could "set

and responsible gold mining." Newmont has indicated the latest bid is its best and final price unless a rival suitor emerges, Newcrest said. Barrick previously signaled it wasn't interested in making a competing bid for the Australian gold company.

The revised offer represents an equity value of A\$29.4 billion and an enterprise value of A\$32 billion, Newcrest said. A deal would result in Newcrest shareholders owning about 31% of the combined company, with Newmont investors owning the rest.

Newcrest's stock was up 4.7% to A\$29.62 early in Sydney on Tuesday.

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## Building Boom Faces Challenges

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Chief Executive Jim Umpleby told investors in March at a construction-equipment trade show in Las Vegas. "That business has been improving and will continue to improve."

The backlog of nonresidential projects in the U.S. under contract but not yet started was 9.2 months in February, more than a month longer than the previous February, according to the Associated Builders and Contractors Inc., a trade group based in Washington, D.C.



A North Carolina jobs fair, above. Many contractors haven't been able to quickly replace exiting older workers. 'There's not enough talent...to do all the jobs that are out there,' one executive says.



contributing to bigger backlogs and jobs taking longer to finish because they are typically less productive than the older, higher-skilled workers they are succeeding, said Anirban Basu, chief economist for the Associated Builders and Contractors. Some contractors said they have raised pay to attract and retain newer workers and started training their own laborers to fill openings for skilled workers.

To accommodate less-experienced workers, machinery maker Deere said it standardized the controls on its new excavator models with its other earth-moving equipment and designed cabs to reduce the operator fatigue that can contribute to worker turnover.

The federal infrastructure funding also carries stricter requirements for using American-made materials that contractors said could increase costs for some jobs.

February prices for cement, asphalt, flat glass and drywall sheeting increased more than 10% from the same month last year, according to the Bureau of Labor Statistics, which also reported significantly higher year-over-year increases for hiring plumbing, roofing and electrical contractors.

## Tyson Heir Looks to Business

Continued from page B1

"We remain focused on operational excellence," a company spokesman said. "We have a disciplined growth strategy and a strong, proven executive leadership team."

Part of that leadership team is Mr. Tyson, who is considered by many in the meat industry and among Tyson employees as next in line to succeed his 69-year-old father as chairman of the company.

Mr. Tyson, a Harvard and Stanford-educated M.B.A. grad-



John R. Tyson

uate, represents the fourth generation to join the family business since John W. Tyson founded the poultry company in 1935. He took over the role of Tyson's chief financial officer four weeks before his arrest, making him the youngest CFO of a Fortune 500 company at that time.

Before joining Tyson as chief sustainability officer in 2019 at age 29, he had worked in various roles in investment banking, private equity and venture capital. He has attended board meetings since he was a teenager, his father has said in past interviews.

Current and former employees say he is well-liked across the company.

The day before his arrest, Mr. Tyson had been out tailgating for the University of Arkansas' football game against Liberty University. In the early hours of the following day he walked to a stranger's home and fell asleep in a bed, where he was later awakened and handcuffed by local police, according to the police report.

Mr. Tyson has apologized to investors and told employees in a companywide email that he was getting counseling for his alcohol use. In January, he pleaded guilty to public intoxication and criminal trespass charges and paid a fine of \$440 with fees, according to city officials.

He had two prior alcohol-related arrests in 2010 during his time in college. One arrest was for drinking underage with an identification that wasn't his, and the other for public intoxi-

cation, according to police and court records.

To several Tyson current and former employees, the November arrest came as a surprise.

Dean Banks, a former Tyson chief executive, said he always has seen Mr. Tyson behave responsibly.

"John's a very bright, mature leader, and it was a pleasure to work with him," he said.

Tyson's internal standards policy for managers states that disciplinary action is taken for unacceptable behavior after work hours that hurts the company's reputation.

In a statement, the company said Mr. Tyson was disciplined after a review process was conducted pursuant to internal procedures and best practices in corporate governance. The company didn't specify how he was disciplined.

Mr. Tyson's father and current chairman, John H. Tyson, has openly talked about his addiction to cocaine and alcohol in the 1980s and becoming sober in 1990, the year his son was born, and how he benefited from working at a family-controlled company.

"I can tell you the only reason I was on the payroll is because I was the son of the boss," the elder Mr. Tyson testified at a 1998 court trial for former Agriculture Secretary Mike Espy, according to a transcript. "At any other company, I would have been thrown to the wolves."

Tyson declined to make the elder Mr. Tyson available for comment.

"It's harder to address governance issues in general, and especially with family companies," said Juan Salazar, senior engagement specialist at Pictet Asset Management, a Tyson investor.

Investment firm Aristotle Capital Management said in a March note that it decided to sell its Tyson stock in the fourth quarter of last year partly because of concerns with management changes over the past year, including the company's decision to name the younger Mr. Tyson as financial chief. Wall Street analysts have said continual management changes at Tyson have been a concern among some investors.

Tyson's board said in December that it had confidence in him as CFO following a review of the incident. Mr. Tyson was on the company's quarterly earnings call a week after his arrest in November.

Mr. Tyson showed ambition in high school, telling the Harbor High School yearbook in Springdale, Ark., that he could see himself as a senator one day and hoped to play basketball at an Ivy League school.

Former classmates described him as one of the popular kids, smart, an athlete and an excellent singer. He once took a Tyson private plane back from an away high school basketball tournament to take a college admissions test that same weekend, they recalled.

—Sarah Nassauer and Thomas Gryta contributed to this article.

For factories, energy projects and other industrial jobs, the backlog was 10.4 months in February, an increase of two months from January and 3.8 months from February 2022.

While the rising backlog indicates continuing demand for construction, some analysts warn the backlog signals contractors' increasing difficulties completing jobs and a reluctance to start new ones.

**Caddell Construction Co.** said it recently completed distribution warehouses near Dallas and Charleston, S.C., with about 2.5 million square feet of space in each building. The contractor based in Montgomery, Ala., has opted not to pursue contracts for some larger buildings because of concerns about the availability of workers and materials needed for the projects, said Ricky Byrd, senior vice president for commercial construction.

"There's not enough talent in the market to do all the jobs that are out there," Mr. Byrd said. "We say 'no' to projects more than we say 'yes' these days. It's part of managing our risk."

About one-fifth of construction workers are older than 55 years old and are often the most skilled workers or super-

visors on a job site, the builders-and-contractors group said. As older, higher-skilled workers retire or leave for other jobs, many contractors haven't been able to quickly replace them with younger workers with the same skill levels.

The number of construction-industry carpenters in 2022 rose 4% from 2021, according to the Bureau of Labor Statistics. Electricians increased almost 9% last year. Even with the increases, the number of carpenters remained below the prepandemic level in 2019, the agency said, while electricians were just slightly above 2019.

The number of U.S. nonresidential construction workers in March increased by 3.3%, or 149,100 workers, from the same month last year, the Bureau of Labor Statistics said Friday.

Contractors have been ramping up hiring of entry-level laborers in an attempt to compensate for shortages of other workers. The number of laborers last year was 8.6% higher than in 2019. These newer workers are

## Tonal's Founder Cedes Role

Continued from page B1  
million, down from as much as \$1.6 billion in 2021, according to people familiar with the matter.

Past Tonal investors include basketball star Stephen Curry and tennis star Serena Williams, as well as **Amazon.com Inc.'s** Alexa Fund. It couldn't be learned whether they participated in the latest funding round.

Tonal's devices mount onto the wall and use artificial intelligence to tailor exercises using digital weights.

The machines, which retail for \$3,995, also offer cardio, yoga, Pilates and other classes for members who pay monthly fees.

Consumers splurged on **Peloton** bikes, Tonal devices and other fitness equipment to build out their home gyms after the onset of the Covid-19 pandemic.

More recently, that appetite has cooled, eating into valuations, and Tonal has had to pare costs to better match anticipated demand. It also has raised the price of its signature machine.

"A key strategy [of ours] is around cleaning up our balance sheet," Ms. Zell said in an interview.

She said the company has a road map to achieve profitability on a basis of earnings before interest, taxes, depreciation and amortization in the near term.

Tonal at one point during the pandemic was readying an initial public offering, Mr. Orady has said previously, but investor appetite for companies in the sector has dimmed, evidenced by the decline in Peloton Interactive Inc.'s share price, which currently trades at less than half its 52-week high.

Fitness companies have sought out additional avenues for growth, including by devel-

# \$3,995

How much Tonal machines cost at retail

oping new products and expanding into new markets globally.

Ms. Zell said the outlook for the company's products remains strong.

"Covid brought forward a bit of demand," Ms. Zell said, "but as people have hybrid work—as life is hectic and busy—people still really need to have options from a health-and-wellness perspective."

Ms. Zell joined Tonal as president in July 2022, after stints at Home Depot Inc. and Starwood Hotels & Resorts Worldwide Inc.

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BUSINESS NEWS

# NPR Account Gets New Designation Following Backlash

By ALYSSA LUKPAT

Twitter Inc. is no longer describing National Public Radio as "US state-affiliated media," instead labeling it as "Government Funded Media" in a tag near the top of the broadcaster's profile.

The social-media company made the change following backlash from NPR, which last week called the designation disturbing and unacceptable. NPR has 8.8 million Twitter followers.

NPR said that less than 1% of its budget comes from federal grants.

Twitter has mostly given the label to media companies influenced by authoritarian governments, like Russia's RT network and China's Xinhua News Agency.

NPR and Twitter didn't immediately return requests for comment. John Lansing, NPR's president and chief executive, said in a statement last week that the broadcaster provides independent, fact-based journalism. "It is unacceptable for Twitter to label us this way," he said.

NPR said on its website that less than 1% of its budget comes from federal grants, including from the government-supported Corporation for Public Broadcasting.

Most of NPR's revenue comes from corporate partnerships, it said, and dues and fees paid by its member stations.

Twitter's guidelines say it gives the "state-affiliated media" designation to news organizations controlled by a government.

NPR said in a news story last week that one of its reporters had emailed with Elon Musk, Twitter's owner. When the reporter told him that government funds represented about 1% of NPR's finances, Mr. Musk wrote, "Well, then we should fix it."

The BBC in the U.K. also has a "Government Funded Media" label. The broadcaster said on Monday that it objected to the label because it is an independent news organization. The BBC, which is based in London, receives funding through a TV license fee that people in the U.K. must pay to watch live television.

Mr. Musk, the billionaire who bought Twitter in October, has since used the social-media platform to take aim at certain news organizations.

He took away the New York Times's verification check mark earlier this month. Mr. Musk also started limiting how Substack Inc. integrates with the platform after the digital-newsletter company announced it was preparing a social-media rival.

Mr. Musk has had a pessimistic view of news outlets for some time, saying they are driven by getting "max clicks." He has also said he increasingly views news companies as Twitter's rivals in the information business. Twitter relies on users to tweet information in real time. Many of its biggest users are journalists.

### Watch a Video



Scan this code for a video on Elon Musk's plans for Twitter.

# Former Twitter Executives Sue Platform for Unpaid Fees

By ALEXA CORSE

Three former Twitter Inc. executives sued the social-media company, seeking reimbursement for more than \$1 million in legal expenses tied to a shareholder lawsuit and inquiries including from federal authorities.

The lawsuit was filed Monday in the Delaware Court of Chancery by Parag Agrawal, Twitter's former chief executive; Vijaya Gadde, the company's former chief legal officer; and Ned Segal, the company's former chief financial officer. They were among a group of top executives that Elon Musk fired when he closed his acquisition of Twitter

nearly six months ago.

Messrs. Agrawal and Segal and Ms. Gadde say in the complaint that the company's obligation to cover their legal expenses remains in effect for any proceedings tied to their corporate roles, which they say have included a shareholder lawsuit and inquiries from the Securities and Exchange Commission and the Justice Department.

Lawyers for the former executives tried in January and again in March to request payment for expenses incurred investigating factual allegations, researching legal theories, developing a defense and other legal matters, the suit shows.

The suit represents another case of Twitter being accused

of overdue payments since Mr. Musk took control and moved quickly to slash costs. Landlords, consultants and vendors were among those who sued for payments, though several of those lawsuits have since been dismissed, according to court documents.

"Once again, Twitter has failed to honor its contractual obligations to pay its bills," said Aaron Zamost, a spokesman for Ms. Gadde and Mr. Segal, who declined to provide additional comment. Mr. Agrawal couldn't be reached for comment. Twitter responded to an emailed request for comment with an auto-reply of a poop emoji.

Twitter's corporate bylaws

and contracts with the former executives obligate Twitter to cover their legal fees for proceedings related to their one-time roles at the company, according to the lawsuit, which was previously reported by the New York Times. Twitter is incorporated in Delaware, with its business headquarters in San Francisco.

The executives said they incurred legal expenses related to several proceedings, including being named as defendants in the shareholder lawsuit and a subpoena sent to Ms. Gadde from the House Committee on Oversight and Accountability to testify at a congressional hearing in February, where she appeared.

# PC Shipments Sink, Led by Apple

By WILL FEUER

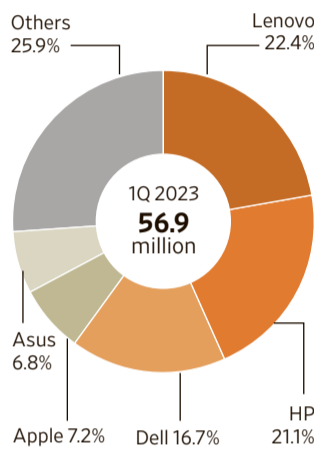
PC shipments sagged on weaker demand, with Apple Inc. leading the decline as the industry grapples with a pandemic-driven glut in inventory, according to market research firm International Data Corp.

Global PC shipments sank to 56.9 million in the first quarter, down 29% from a year earlier and below the 59.2 million units shipped in the first quarter of 2019, before the pandemic drove a surge in demand, IDC said.

Apple, which IDC says commands a 7.2% share of the global PC market, saw shipments tumble by 40.5%, leading the drop across the five PC companies analyzed in the IDC report. Lenovo Group Ltd.'s shipments fell 30.3%, HP Inc.'s shipments dropped by 24.2%, and Dell Technologies Inc. shipped 31% fewer units than it did a year earlier.

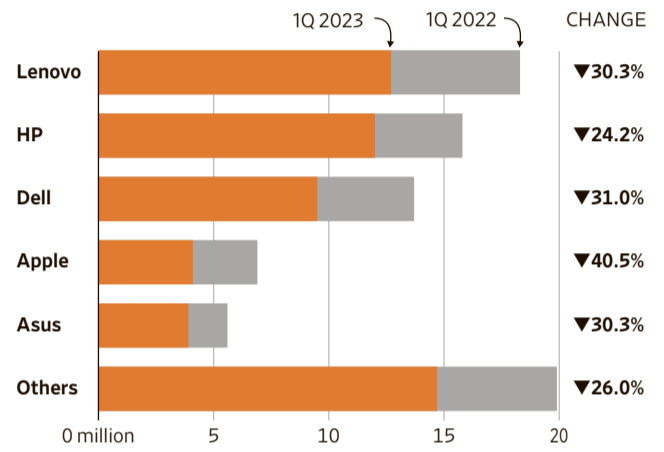
Inventories have come down in the past few months but are still elevated, accord-

### PC market share\*



\*Percentages may not total 100% due to rounding

### Worldwide PC shipments in the first quarter



Source: IDC

ing to Jitesh Ubrani, a research manager at IDC.

"Even with heavy discounting, channels and PC makers can expect elevated inventory to persist into the middle of the year and potentially into the third quarter," he said.

Linn Huang, research vice president at IDC, said the industry could get relief next

year as customers look to upgrade aging computers. He warned that an economic downturn could weigh on that recovery.

"If the economy is trending upwards by then, we expect significant market upside as consumers look to refresh, schools seek to replace worn down Chromebooks, and busi-

nesses move to Windows 11," Mr. Huang said. "If recession in key markets drags on into next year, recovery could be a slog."

IDC noted that the slowdown is giving the industry room to reconsider its supply chain, with many manufacturers exploring production options outside of China.

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# New Startups Seek Funds as Job Cuts Free Up Tech Talent

Entrepreneurs are on the hunt for venture capital as investors pull back

By YULIYA CHERNOVA

Venture-capital investors as recently as last year used to seek out founders who were quitting their technology jobs to launch their own businesses. Now that mass layoffs are pushing many people down the entrepreneurial path, venture investors have grown stingier.

More than 330,000 people have lost their jobs at tech companies since early 2022, with some 168,000 job losses this year, according to data tracker Layoffs.fyi.

Among them are entrepreneurial folks well suited for the risk of starting a business because they are highly skilled and tend to be financially stable after years at big tech companies. Some are launching "revenge startups," as one investor described them.

Jen Zhu co-founded **Maida Health Inc.**, a startup that provides software tools for healthcare organizations, after her job as a senior manager of program development at **Carbon Health Technologies Inc.** was eliminated last year.

"For me it was initially a sense of relief," Ms. Zhu said of her dismissal, which made her feel like she "didn't have an excuse anymore" not to pursue her entrepreneurial ambitions, she said.

Maida Health has raised \$100,000 from **Day One Ventures** so far and is looking for ways to generate revenue early to be more self-sufficient and appeal to investors, Ms. Zhu said.

Layoffs can serve as an impetus for people who want to be their own bosses, said Meghna Virick, an associate

dean of undergraduate programs at San Jose State University who has studied entrepreneurial intent after a layoff. "There's a discontinuity in someone's career trajectory. And that can be a jolt," she said.

But getting capital for their ventures is another story. Money flowing into early-stage startups recently hit a multiyear low.

In the fourth quarter of 2022, venture investments at the seed level in the U.S. dropped 40% from a year earlier to \$3.1 billion, invested through 829 deals, a 50% decline, according to PitchBook-NVCA Venture Monitor. The number of seed deals completed in last year's fourth quarter marked the lowest three-month showing since 2016.

In March, many venture investors had to put funding conversations on hold to deal with the collapse of Silicon Valley Bank.

Preliminary data showed that both total deal volume and deal count declined again in the first quarter, according to PitchBook-NVCA Venture Monitor.

Some venture firms are

wary of entrepreneurship dabblers who want to test an idea because they have time now.

Wesley Chan, co-founder and managing partner at **FPV Capital**, a \$450 million early-stage venture firm, says his firm has received pitches from founders affected by layoffs. "We always encourage them to pursue their idea but we are unlikely to fund it," he said. "The startups that drive exceptional returns have been thinking of their idea their entire lives."

Sarah Porter, a 28-year-old who lives in West Des Moines, Iowa, said having a strong mission has helped her deal with the reality of launching a startup last year in a shrinking venture market.

She co-founded **MedDefend Corp.**, which aims to help patients navigate the medical system to get to a diagnosis faster, after her job leading direct sales at a startup ended in October.

"Having a good group of people around you and using that fear to motivate you is helping me overlook the market conditions. There's money out there," Ms. Porter said. MedDefend has joined **Hatchet**



Google parent Alphabet in January said it would cut 6% of its staff, its largest-ever layoff round.

**Ventures**, an advisory network that helps early-stage startups raise capital and expand their businesses, in hopes of improving its chances of success.

MedDefend pushed back a few conversations with potential investors in March due to the unraveling of Silicon Valley Bank, Ms. Porter said. She added that many angel investors the company is speaking with weren't affected.

Some investors have said they are excited about the possibility of great new businesses coming out of the downturn, in line with Silicon Valley's culture of reinvention and rebirth.

On the January day that Google parent **Alphabet Inc.** said it would cut 6% of staff, its largest-ever round of layoffs, Jason Calacanis, an angel investor

and a host of a popular podcast about startups, posted a tweet urging former Googlers to band together and launch companies. "Now is the time...you've got nothing to lose and a huge severance package to underwrite your revenge startup!" he wrote in a post on Twitter that was viewed some 1.2 million times.

During the booming tech market of recent years, Masha Bucher, founder and general partner at venture firm **Day One Ventures**, said she was eager to find startups launched by people who left tech companies.

Now that such talent is flooding the market, Ms. Bucher said she has decided to address the process more systematically, by launching a program last fall called **Funded**, not **Fired**. She said her firm picked seven startups, including Ms.

Zhu's **Maida Health**, out of 1,200 applicants, and invested \$100,000 in each.

One of the founders selected by **Day One** ended up deciding that running a company was too hard and went back to looking for a regular job, she said.

Ms. Bucher said she has grown more skeptical of the latest wave of entrepreneurs. "Now I'm more focused on finding out risks, finding out flaws, reasons to be pessimistic and not believing in this thing," she said.

Despite the downturn, some laid-off founders are finding fundraising success fairly quickly.

Teddy Ni and Alex Danilowicz co-founded **Mirrorful**, a startup that develops open-source software for use by software engineers, last year after they both got laid off from a startup. They raised \$500,000 from **Y Combinator**, a Silicon Valley startup accelerator that they joined in January.

Mr. Ni, 26, who had worked as a software engineer at **Rob-Inhoo Markets Inc.** before joining the startup that laid him off, said he had considered launching a startup since college but held off in part because he enjoyed his full-time work, plus the compensation and the professional development that came with it.

Mr. Ni has taken lessons from getting laid off, he said. It became clear that many companies didn't keep good track of their spending. "Hopefully, we won't make those mistakes," he said.



Sarah Porter, left, co-founded MedDefend after losing her job in October. Jen Zhu, center, co-founded Maida Health after her role at Carbon Health was cut last year. Maida has raised \$100,000 from Day One Ventures, which was founded by Masha Bucher, right.

# Pro-Russia Group Said They Hacked Canadian Pipeline

By JAMES RUNDLE

Leaked Pentagon documents show that pro-Russia hackers told that country's security services they had breached critical systems at an unnamed Canadian natural-gas-pipeline operator in February, though security experts said the claim is likely to be either disinformation or less serious than suggested.

According to a report contained in the tranche of secret documents that was viewed by The Wall Street Journal, a pro-Russia hacktivist group called **Zarya** told a presumed officer from the Russian Federal Security Service, known as the FSB, on Feb. 25 that they had compromised industrial control

systems at the unnamed operator. The FSB is the successor agency to the Soviet Union's KGB.

Canada is one of the world's largest producers of liquefied natural gas. The country's energy regulator oversees a roughly 42,000-mile network of operating pipelines throughout the country.

The hackers claimed the access they gained could allow them to increase valve pressure, disable alarms and force the shutdown of a gas-distribution center. **Zarya** is a relatively new hacking group, according to cyber researchers. It was spun out of **Killnet**, a collective that has claimed responsibility for cyberattacks in support of Russia's war in Ukraine.

The report is among documents purporting to show highly classified U.S. intelligence covering the war in Ukraine and other international matters. The Journal wasn't able to independently authenticate the documents, but they contain enough detail to give them credibility. U.S. defense officials have said they believe some of the documents could be authentic and others appear to have been altered. The Justice Department is investigating the leak.

The Russian Embassy in the U.S. didn't respond to a request for comment.

A spokesman for the Communications Security Establishment, Canada's lead cybersecurity agency, declined to

comment on the leaked report. He said the agency remains "deeply concerned" about threats to critical infrastructure posed by cyberattacks on operational technology.

## Experts doubt the allegation found in leaked documents from the Pentagon.

The leaked report said FSB officers expected the hack could potentially cause an explosion and were monitoring Canadian news reports for such an incident. The presumed FSB

officer told the group to maintain their access and await further instructions, the report said.

Cybersecurity specialists said they doubted the claims and suggested the report could be designed to stoke fears of Russian cyber capabilities.

"While it is possible the claim is authentic, it seems more likely to be active disinformation," said Mike Parkin, a senior technical engineer at cybersecurity company **Vulcan Cyber Ltd.**

Michael Hamilton, founder and chief information security officer of cybersecurity company **Critical Insight Inc.**, said that even if the reports were legitimate, it is unlikely that a hacking group would be able to

fully control a pipeline operator's industrial systems.

More likely, said Mr. Hamilton, who was previously Seattle's chief information security officer, is that hackers gained access to software known as a human-machine interface, rather than infiltrating core systems.

Lesley Carhart, director of incident response for North America at **Dragos**, said that even if operational systems were compromised, simply gaining access wouldn't necessarily enable attackers to cause mayhem on the scale claimed.

"There is a mountainous gap between getting access to control devices in an industrial network, and actually being able to make something, and I quote, explode," she said.

# Fox News Settles Defamation Suit With Businessman on Election-Fraud Claims

By ISABELLA SIMONETTI

Fox News and former host **Lou Dobbs** have settled a defamation lawsuit brought by Venezuelan businessman **Majed Khalil**, who alleged he was falsely accused of having helped rig the 2020 U.S. presidential election against Donald Trump.

In a letter filed in a New York federal court on Saturday, the parties said they had reached a confidential agreement to resolve the case.

"This matter has been resolved amicably by both sides," a Fox News representative said. "We have no further comment." Mr. Dobbs and a lawyer for Mr. Khalil declined to comment.

The settlement comes before another defamation case against Fox News and parent **Fox Corp.** is scheduled for trial April 17. In that case, voting-machine company **Domin-**



The suit alleged Lou Dobbs, seen in 2019 hosting Fox News, fed a conspiracy theory accusing the plaintiff of helping miscount votes.

**ion Voting Systems** is alleging that Fox News and Fox Business aired segments in which associates of former President Trump falsely claimed that **Dominion** was involved in a scheme to steal the election. **Dominion**, which is seeking

\$1.6 billion in damages, argues that Fox had a financial incentive to air the claims, in a bid to retain viewers, an allegation that Fox denies. Fox has said it is a question of press freedom to report on a major news event.

Mr. Khalil had alleged that Mr. Dobbs and Trump associate **Sidney Powell** helped fuel a conspiracy theory on air and on Twitter that accused him of helping to aid Dominion and **Smartmatic USA Corp.**, another voting-machine company, miscount votes in the election—in one instance describing the situation as an "electoral 9-11 against the United States." Fox has denied the allegations.

Mr. Dobbs's Fox Business show, "Lou Dobbs Tonight," was canceled by Fox Corp. in early 2021, a day after Mr. Dobbs was named as a defendant in a \$2.7 billion defamation lawsuit filed by **Smartmatic**. A judge recently allowed the case to move forward. Fox denied the allegations.

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## BUSINESS &amp; FINANCE

# Hotel Workers Score Record Pay Raise

Union wage deal at properties mainly in New York City suburbs is biggest in 100 years

By KATE KING

A New York hotel union has reached a deal with hotel owners and operators that will boost the wages of hospitality workers by \$7.50 an hour, the largest increase in the union's 100-year history.

The agreement covers 7,000 members of the Hotel and Gaming Trades Council who work at 87 suburban hotels spanning from Princeton, N.J., to New York's Albany region and Long Island. The five-year pact has already been ratified by the employers and is expected to be ratified by workers this month, according to union President Rich Maroko.

The new contract doesn't include New York City hotels, where union members are also represented by the Hotel and Gaming Trades Council and where wages are still at a premium compared with the suburbs.

But the hotels' proximity to New York City was a major factor driving the significant wage increases in the new agreement, said Arash Azarbarzin, chief executive at hospitality management company Highgate.

"The gap is definitely closing," he said. Highgate runs two New Jersey hotels covered by the new contract and is one of the biggest hotel operators in New York City, where it manages 36 properties.

The wage increase reflects the intense pressure hotel operators are under to pay workers more amid inflation and lingering labor shortages. Despite a recent hiring spree by the hospitality industry, hotel owners across the U.S. have struggled to find and retain workers during the pandemic. Owners are raising pay and benefits and offering incentives such as retention bonuses, career-development programs and more



The agreement covers 7,000 members of the Hotel and Gaming Trades Council who work at 87 suburban hotels.

flexible schedules.

Nationwide, about 10% of the hotel workforce is unionized, according to David Sherwyn, a Cornell University professor and director of the Cornell Center for Innovative Hospitality Labor and Employment Relations. Unions are most often found at brand-managed, full-service hotels in large cities such as New York, Chicago, San Francisco, Los Angeles and Honolulu.

Nonunionized hotels in heavily unionized cities often pay as much or slightly more in hourly wages than nearby unionized hotels to attract talent, Mr. Sherwyn said. Many

owners and operators boost pay in the hopes of heading off unionization, which typically results in much costlier benefit packages and less-flexible work rules.

Before the pandemic, hotel owners in areas with low union representation such as Miami or Atlanta would likely shrug at generous wage and benefit increases in New York, Mr. Sherwyn said. But recent successes by union organizers at companies such as Starbucks Corp. and Amazon.com Inc. could prompt hotel operators elsewhere to consider pre-emptively raising their compensation packages.

"I think that everybody's looking around now and saying, 'We're in a labor shortage and we're in a time of positive feelings about unions,'" Mr. Sherwyn said.

Under the new union contract in New York, housekeeper and front-desk-worker hourly wages will increase from about \$20 an hour to \$27 by 2028, depending on location.

The agreement raises employer contributions to the union's defined-benefit pension plan by 40% over the life of the contract, which includes new benefits to subsidize child care and housing costs.

"Wage and benefits in-

creases like this absolutely benefit hotels in terms of retention," Mr. Maroko said.

The union's first contract covering suburban hospitality workers was signed by four hotels in 2013. It has since grown to include nearly 90 properties. This growth gave it the added leverage necessary to extract significant wage increases, said Sean Hennessey, a hotel consultant and associate professor at New York University's Tisch Center of Hospitality.

Union officials have also lobbied lawmakers in New York and New Jersey for legislation benefiting the hotel industry, and therefore its abil-

ity to boost worker pay, such as limits on short-term rentals, Mr. Maroko said.

Fre Bryant, who earns \$23.30 an hour working at the front desk of a DoubleTree by Hilton in northern New Jersey, said she had been planning to leave after 18 years with the hotel. She changed her mind after hearing the details of the new contract.

The agreement's pay increases and added benefits for members persuaded her to continue making the one-hour commute from her home in Bushkill, Pa. "I'm going to stick it out because this contract is so good," said Ms. Bryant.

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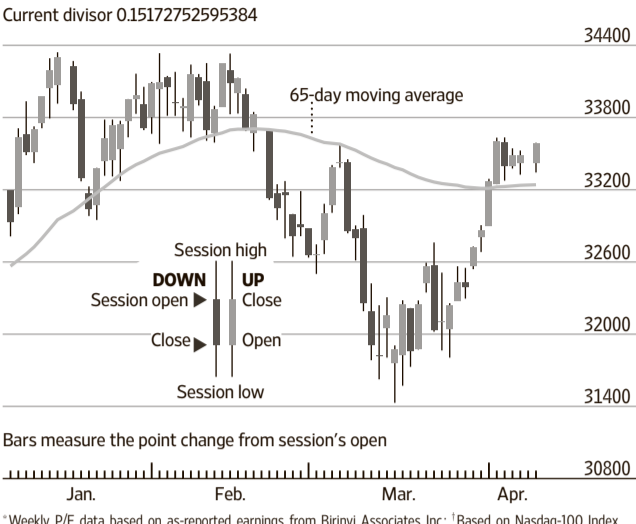


MARKETS DIGEST

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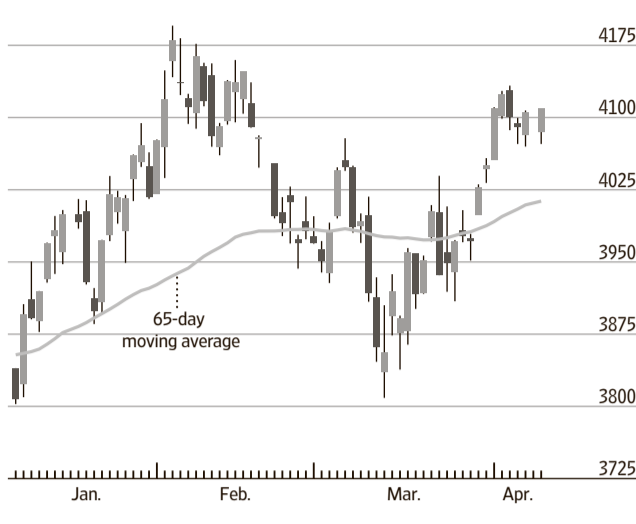
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33586.52 ▲ 101.23, or 0.30%
High, low, open and close for each trading day of the past three months.



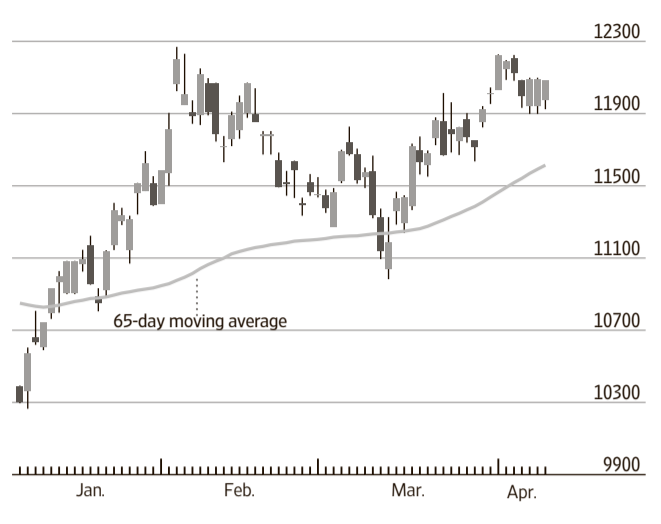
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High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

12084.36 ▼ 3.60, or 0.03%
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Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Composite, S&P 500, and Russell 2000 with their latest values and percentage changes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table listing the most active issues in late trading, including SPDR S&P 500 ETF Trust, Invesco QQQ Trust, and Ford Motor.

Percentage gainers...

Table listing percentage gainers in late trading, including Ngin, NGL Energy Partners, and Patterson-UTI Energy.

Trading Diary

Volume, Advancers, Decliners

Table summarizing trading diary statistics such as total volume, advancers, decliners, and issues traded for NYSE and NYSE Arca.

International Stock Indexes

Table listing international stock indexes by region/country, including MSCI ACWI, Euro STOXX, Nikkei 225, and Hang Seng.

Percentage Gainers...

Table listing percentage gainers in international markets, including Elox Pharmaceuticals, Kaler, and Shengfeng Development.

Most Active Stocks

Table listing the most active stocks, including Mullen Automotive, PLX Pharma, and Tesla.

Percentage Losers

Table listing percentage losers in international markets, including Tupperware Brands, Apollomics CI A, and AudioCodes.

Volume Movers

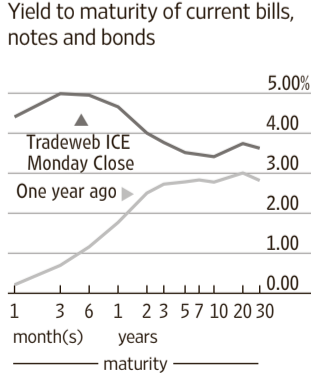
Table listing volume movers, including Elox Pharmaceuticals, Blue Safari Group CI A, and ProSh Ultra Cnsmr Staples.

CREDIT MARKETS

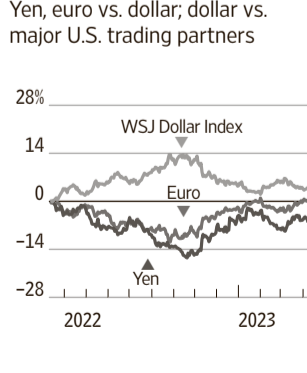
Consumer Rates and Returns to Investor

Table showing consumer rates and returns to investor, including Federal funds rate target, Prime rate, and various mortgage rates.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table listing corporate borrowing rates and yields for various companies and bond indices.

CURRENCIES & COMMODITIES

Currencies

Table showing U.S.-dollar foreign-exchange rates in late New York trading for various countries and currencies.

Commodities

Table listing commodity prices for various goods including oil, natural gas, and gold.

COMMODITIES

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Futures Contracts

Metal & Petroleum Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, and Gasoline.

Agriculture Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Natural Gas, Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, Rough Rice, Wheat, and Wheat (KC).

Interest Rate Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Milk, Cocoa, Coffee, Sugar-World, Sugar-Domestic, Cotton, and Orange Juice.

Currency Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Three-Month SOFR, Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, and Australian Dollar.

Index Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, and Mini Russell 1000.

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Monday, April 10, 2023

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Cash Prices table with columns for Monday and commodity names. Includes Energy (Coal, Oil), Metals (Gold, Silver), Fibers and Textiles, Grains and Feeds, 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=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 4/9

Source: Dow Jones Market Data

Interest Rate Futures

Interest Rate Futures table with columns for Open, High, Low, Settle, Chg, and Open interest. Includes Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 2 Yr. Treasury Notes, 5 Yr. Treasury Notes, 30 Day Federal Funds, and 10 Yr. Del. Int. Rate Swaps.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Bond benchmarks table with columns for Total return, YTD total return, Index, Yield, and Mortgage-Backed Bloomberg Fixed Income Indices.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Global Government Bonds table with columns for Coupon, Maturity, Country, Yield, and Spread Under/Over U.S. Treasuries.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

April 10, 2023

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Money Rates table with columns for Inflation, Federal funds, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount, Treasury bill auction, Secondary market, Fannie Mae, Other short-term rates, Call money, and Commercial paper.

dog·ger·el advertisement for The National Disaster Search Dog Foundation. Includes a photo of a dog and text: 'I've never met you, but I love you more Than waves love sand upon the shore. And so I'll never stop searching for you, That's why I'm here. If you're ever trapped under rubble, I promise to find you there.'

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities...

Table of the 1,000 largest stocks by market cap, including columns for Stock, Sym, Close, Net Chg, and various financial metrics.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, April 10, 2023. Table of stock prices and changes for the first 100 stocks.

Table of stock prices and changes for the next 100 stocks.

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BANKING & FINANCE

Binance Gives Big Boost To Obscure Stablecoin

By Vicky Ge Huang

The market value of a little-known digital token doubled in a month after the world's largest cryptocurrency exchange, Binance, started to heavily promote the coin on the platform.

Binance removed spot bitcoin trading fees for TrueUSD in March, and the coin's market value soared to \$2.1 billion, an increase of about \$1 billion, according to CoinMarketCap data. TrueUSD is currently the only stablecoin—a cryptocurrency pegged to the dollar—that Binance users can trade for bitcoin free.

Stablecoins have become a critical component of the digital-asset ecosystem, accounting for more than \$130 billion in market value, up from just \$11 billion in June 2020. Crypto exchanges rely on stablecoins to facilitate trades because these dollar-pegged tokens allow traders to quickly get in or out of their positions in more volatile cryptocurrencies without having to convert back to fiat currencies. Stablecoins also serve as the underlying asset for crypto loans and the base currency in which other tokens are quoted.

For years, most tokens and derivative contracts on Binance have been quoted and collateralized in tether, a first-mover advantage that has helped tether grow into the largest stablecoin in the world.

More recently, Binance had been focused on growing its own stablecoin, Binance USD, to compete with tether. This fall, the company had all but delisted the smaller, rival stablecoins in favor of it—automatically converting user-deposited stablecoins including TrueUSD, Pax Dollar and USD Coin into Binance USD.

A regulatory move put an end to that approach. In mid-February, the New York Department of Financial Services banned the new issuance of Binance USD. Since then, the



Binance removed spot bitcoin trading fees for TrueUSD in March, and the coin's market value soared.

token's market capitalization has more than halved to \$7 billion.

Investors and analysts say Binance's new move to diversify into TrueUSD, and potentially other stablecoins, makes sense because of stablecoin giant Tether's dominance on its platform.

"Our objective is to identify a diverse set of stablecoin products to offer users, particularly products that are transparent, regulated and have strong relationships with banking institutions in markets that support innovation," a Binance spokeswoman said.

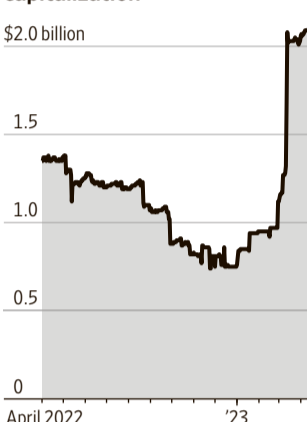
TrueUSD "is the first of what will hopefully be many new stablecoin products being offered to users."

The demise of Binance USD and the recent depegging of Circle Internet Financial's USD Coin have only enlarged the lead of the stablecoin giant. Tether's market capitalization recently surpassed \$80 billion.

On centralized crypto exchanges overall, 80% of all trades are done using tether, according to Clara Medalie, director of research at Kaiko, a digital assets data provider.

"I don't think any market is healthy with just one stable-

TrueUSD market capitalization



Source: CoinMarketCap

coin, and on Binance you're really just using tether," Ms. Medalie said. "That's a centralized point of failure that the entire crypto industry has right now, and it's all concentrated in a single stablecoin."

Last month, Binance started charging fees for trading spot bitcoin against all stablecoins after about nine months of zero-fee trading.

The firm also replaced the Binance USD holdings in its billion-dollar emergency insurance fund with TrueUSD and tether. More recently, it added

six cryptocurrencies quoted in TrueUSD, allowing market makers to trade them free.

TrueUSD was created in March 2018 by Rafael Cosman and Danny An, who co-founded the San Francisco-based startup TrustToken, which rebranded as Archblock. The company raised funding from firms including Founders Fund, Stanford's StartX, Andreessen Horowitz and Jump Trading.

Archblock, the operator of TrueUSD, manages its reserves, works with banking partners and oversees compliance for TrueUSD. The intellectual property of the token is owned by Asian investment conglomerate Techteryx.

For TrueUSD, having Binance as its promoter could attract attention from regulators, according to Kaiko's Ms. Medalie.

The Commodity Futures Trading Commission recently sued Binance, alleging the exchange operated illegally in the U.S. and violated rules designed to prevent illicit financial activity. The company has said it didn't "agree with the characterization of many of the issues alleged in the complaint."

Coinbase Wins Award in Insider Trading Case

By Dave Michaels

A cryptocurrency trader accused of using illicit tips from his brother, who worked at exchange operator Coinbase Global, was ordered to pay \$469,525 in restitution as part of a plea agreement approved by a Manhattan federal court.

Nikhil Wahi must pay that amount to Coinbase, which was "the victim of the offenses," U.S. District Judge Loreta Preska wrote in an order made public on Monday.

The amount awarded to Coinbase represents the amount the company spent on legal fees and other costs to comply with the Justice Department's investigation, according to court records.

Mr. Wahi was earlier sentenced to 10 months in prison and ordered to forfeit \$892,500 in illegal trading gains.

Mr. Wahi's brother, Ishan Wahi, has also pleaded guilty to criminal charges. Ishan Wahi, a former manager at Coinbase, admitted tipping his brother and a college friend to which digital assets Coinbase planned to list. The traders

then purchased those coins before Coinbase made its announcements.

The charges against the Wahi brothers represented the first insider trading case ever focused on cryptocurrencies, according to the Manhattan U.S. attorney's office, which prosecuted the case.

The Securities and Exchange Commission is still in court with Ishan Wahi, who has argued that regulators don't have the authority to separately sue him because the digital assets listed by Coinbase aren't securities.

That fight may be moot. The SEC and Ishan Wahi have reached a deal to settle the agency's civil lawsuit, while regulators are also negotiating a settlement with Nikhil Wahi, according to a court filing made public on April 3.

The disclosure of the potential SEC settlement didn't reveal how much the Wahi brothers would pay in fines or any other terms of punishment.

The SEC's commissioners still must approve any deal before it is presented to the court for approval.

Goldman Sachs to Pay \$15 Million to Settle Swaps Probe

By Dave Michaels

Goldman Sachs Group Inc. agreed Monday to pay \$15 million to settle regulatory claims that it obscured the cost of derivatives that clients purchased to bet on or against an index of overseas stocks.

The Commodity Futures Trading Commission said Monday that Goldman in 2015 and 2016 didn't tell clients that it priced swaps in a way that put them in a disadvantageous position. The swaps contracts were tied to an index of stocks from Japan, Europe, Hong Kong, Singapore, New Zealand and Australia, the CFTC said.

Clients that traded with Goldman on those terms either bought the index at an above-market level or sold at a below-market level, which put them "underwater" at the start of the trade, the CFTC said in a settlement order with a unit of Goldman it oversees. In settling the case, Goldman admitted that it failed to disclose important pricing details, the order shows.

"As today's penalty against Goldman demonstrates, the CFTC will aggressively pursue swap dealers that violate these business conduct standards," Enforcement Director Ian P. McGinley said. A Goldman spokeswoman declined to comment.

Swaps are financial contracts in which traders agree to exchange payments based on, say, changes in the price of a stock, index or other asset. Buyers can purchase them from a bank such as Goldman, typically paying a fee, expressed as an interest rate, when they enter the trade.

In the transactions investigated by the CFTC, Goldman traders set the initial price of the swap using the MSCI Europe Australasia and Far East

Index's value on the same day the parties agreed to the trade, regulators said.

Such trades are typically priced on the following day's value of the index, in order to reduce the risk that banks with more information about the underlying markets could gain an advantage in how the swaps are priced, the CFTC said.

Goldman benefited when it found a client that would agree to same-day swaps because it could enter into related trades that quickly netted a profit, the CFTC said. The bank's traders didn't disclose what the CFTC said was an important midpoint price that influenced the buyer's cost, and sometimes told cli-

The CFTC said the bank failed to disclose important pricing information.

ents they were getting a better deal than they were, regulators said.

"The 'preferential' interest rates that Goldman offered clients to entice them to transact same-day did not fully compensate the clients for the disadvantage at which the client would start" the trade, the CFTC's order stated.

Goldman tended to target the trade at clients who understood less about how the underlying markets of the swaps worked, the regulator said.

"Communications show that Goldman personnel believed that the less the clients understood about the economics of the same-day swaps, the more profit Goldman could make," the settlement order said.



The report says Sam Bankman-Fried's crypto hedge fund Alameda Research often had difficulty understanding its own positions.

Expenses Approved By Emojis

Continued from page B1 that "90% of crypto security is making sure you've done the basics."

But privately, his firms didn't enforce the use of multifactor authentication for its

Google accounts and password-management provider.

In a reply to a user's question on that same tweet, Mr. Bankman-Fried claimed that his crypto exchange distributed user funds across a mix of crypto accounts, some of which were connected to the internet and some of which weren't.

The latter—so-called cold wallets—were less vulnerable to hacking.

In practice, FTX and its affiliate companies kept virtually all crypto assets in hot

wallets, the report said. The firms also didn't require multiple people to approve crypto transactions, a common practice in crypto to ensure funds aren't moved easily by illicit actors.

When employees sought to clarify corporate responsibilities, they faced backlash, the report said. The former president of FTX.US resigned following disputes over delegation of authority and key hires at the company's U.S. operations. After raising issues, his bonuses were drastically re-

duced.

A company lawyer was fired after expressing concern about Alameda's lack of corporate controls and risk management.

"While the FTX Group's failure is novel in the unprecedented scale of harm it caused in a nascent industry, many of its root causes are familiar: hubris, incompetence, and greed," FTX's chief executive, John J. Ray III, said in the report.

—Caitlin McCabe contributed to this article.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table with columns for Stock, 52-Wk % High/Low, and % Change. Lists various stocks like AGI, APGB, ARES, etc., with their respective price movements.

Table with columns for Stock, 52-Wk % High/Low, and % Change. Lists various stocks like BPT, RLY, NTR, etc., with their respective price movements.

Table with columns for Stock, 52-Wk % High/Low, and % Change. Lists various stocks like GRN, HIF, HYL, etc., with their respective price movements.

MARKETS

# Economy-Tied Shares Spur Rebound

By ERIC WALLERSTEIN AND CAITLIN McCABE

Cyclical stocks that are sensitive to the performance of the economy led a market rebound, with investors parsing the latest monthly jobs report for potential clues about the path of the Federal Reserve's interest-rate policy.

Investors are bracing for another potential increase in interest rates at next month's Fed meeting following the March jobs data, which were released Friday when the stock market was closed and bond trading was abbreviated.

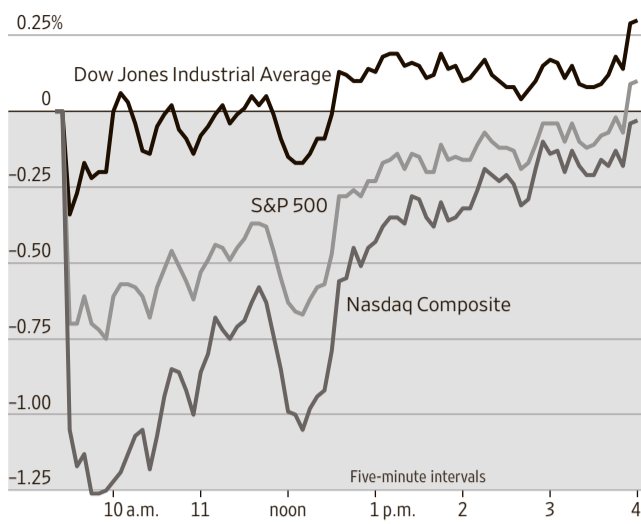
The Labor Department data showed workers remain in high demand, sending bond yields surging during Friday's light trading as prices fell, a trend that continued Monday.

Major stock indexes opened the session lower and reversed course in afternoon trading. The Dow Jones Industrial Average added 101.23 points, or 0.3%, to 33586.52. Caterpillar, Dow and American Express were among the biggest gainers in the index.

Small-caps were a relative bright spot—the Russell 2000 index rose 17.98 points, or 1%, to 1772.44.

The S&P 500 edged up 4.1

Index performance Monday



Source: FactSet

points, or 0.1%, to 4109.11, while the tech-heavy Nasdaq Composite slipped 3.6 points, or 0.03%, to 12084.36. Tech and other growth-oriented stocks are particularly vulnerable to higher interest rates owing to their potential to generate profit windfalls far out in the future.

Monday's action marked a reversal from much of a year during which tech stocks have climbed and investors have pared their expectations for further interest-rate increases.

Tech's outperformance this

year has been "extraordinary," according to Adrian Helfert, chief investment officer of multiasset strategies at Westwood Holdings Group.

"The stock market is looking forward to lower rates or improved growth out in the future," he said. "The market's prognostication on the depth and longevity of the potential recession is generally positive."

Shares of Apple and Microsoft represent the two largest holdings in the Westwood Income Opportunity Fund, managed by Mr. Helfert, according

to Morningstar.

Renewed hawkish Fed expectations dragged the S&P 500's communication services sector down 0.7%. Meanwhile, energy and industrials notched gains, rising 0.7% and 0.9%, respectively.

Pioneer Natural Resources rose \$12.06, or 5.8%, to \$220.22 after The Wall Street Journal reported that Exxon Mobil was considering acquiring the fracking company. Micron Technology brushed off the broader sector's declines, jumping \$4.71, or 8%, to \$63.27 after its chip-making competitor Samsung said that it would cut production last week. Shares of Tupperware Brands fell \$1.18, or 49%, to \$1.24 following a Friday statement regarding a need to improve its financial structure.

Federal-funds futures show investors see a more than two-thirds chance that the Fed will raise rates by 0.25 percentage point next month, according to CME Group data. Traders expect the policy rate to peak around 5% before falling below 4.5% by year-end, FactSet data show. When banking turmoil fears were at their worst in mid-March, traders were betting that the Fed would cut rates below 4% by December.

"The Fed is focused on inflation reaching 2%. Full stop," said Mr. Helfert.

Investors have a heavy set of data coming in the back half of the week: The consumer-price index for March is due Wednesday, and the latest producer prices will be released Thursday.

Bond yields extended their climb. The yield on the benchmark 10-year U.S. Treasury note rose to 3.414% from 3.382% Friday. The two-year yield moved to 4.004% from 3.970%.

Brent crude futures, the international benchmark for oil, fell 1.1% to \$84.18 a barrel.

Major European markets were closed for Easter. Early Tuesday, Japan's Nikkei 225 was up 1.4%, Hong Kong's Hang Seng Index was up 0.9% and South Korea's Kospi was up 1.2%. S&P 500 futures rose 0.2%.

### AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

	13-Week	26-Week
Applications	\$135,458,243,000	\$134,415,848,900
Accepted bids	\$62,737,063,000	\$52,831,248,900
noncomp	\$2,152,988,800	\$2,005,865,000
foreign noncomp	\$200,000,000	\$0
Auction price (rate)	98.741167	97.575861
	(4.980%)	(4.795%)
	5.128%	4.996%
Bids at clearing yield accepted	17.16%	67.27%
	912796KQ7	912797FA0

Both issues are dated April 13, 2023. The 13-week bills mature on July 13, 2023; the 26-week bills mature on Oct. 12, 2023.

# Newly Listed China IPOs Soar After Rule Change

By REBECCA FENG

Shares of the first 10 companies that listed on the main boards of the Shanghai and Shenzhen stock exchanges under the country's new IPO system surged on their first trading day, gaining 48% to 222% in their debuts.

Chinese regulators used to limit first-day stock rises on the main boards of the Shanghai and Shenzhen stock exchanges to 44% and declines to 36%. China this year overhauled its IPO process to make it easier for companies to go public. As part of the rule changes, limits on companies' daily gains and losses for their first five trading days were scrapped.

Shares of electronic-components distributor Shenzhen CECport more than tripled from their IPO price. Those of dental-care company Dencare (Chongqing) Oral Care and room-cleaning systems provider BOTH Engineering Technology surged 174% and 111% respectively.

The benchmark CSI 300 index ended the day 0.4% lower.

# Active Stock Pickers Lag

Continued from page B1  
quarter, while the tech-heavy Nasdaq Composite Index climbed 17%, outperforming the Dow Jones Industrial Average—which is largely populated by old-economy stocks—by the widest margin since 2001. Against that backdrop, passive strategies

faired better.

For many active investors, trimming their positions in big tech stocks in favor of financial and energy stocks backfired. Bank stocks were clobbered after the abrupt collapses of Silicon Valley Bank and Signature Bank, while energy stocks, which soared in 2022, fell in the first quarter along with crude-oil prices.

A top-heavy stock market further exacerbated active managers' woes.

Just three stocks—Apple Inc., Microsoft Corp. and Nvidia Corp.—drove half of the S&P 500's returns in the

first quarter, said Savita Subramanian, Bank of America's head of U.S. equity and quantitative strategy, in a research note.

Tech stalwart Apple, which active funds were on average 40% underweight, accounted for more than 20% of the benchmark's return during this period, she said.

The dynamic is reminiscent of what happened in the decade after the 2008 financial crisis when active managers missed out on gains because of a broad underweighting in big tech.

Stock pickers struggled to beat their benchmarks in the

decade following the crisis. Ultralow interest rates, easy monetary policies and a strong U.S. economy fueled a bull run that drove major indexes to records. Optimistic investors bid up shares of megacap tech stocks so much so that they grew to represent the majority of the S&P 500.

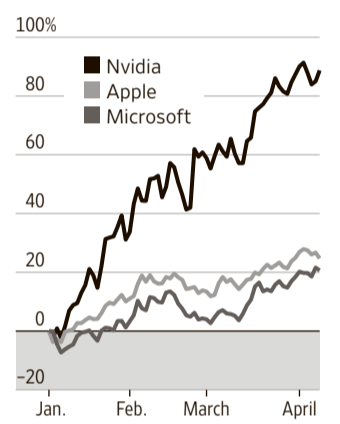
"I'm skeptical that we're going to continue to see this narrow leadership," said Garrett Aird, vice president of investment management and research at Northwestern Mutual Wealth Management Co. "I don't necessarily think it's healthy when a handful of stocks are driving all of the

returns for an index."

Mr. Aird said his firm uses a mix of active and passive funds in client portfolios depending on asset classes. For large-cap growth funds, they tend to get exposure through index-tracking exchange-traded funds, while favoring active over passive in less-efficient areas of the market such as small-cap stocks.

Despite small-cap stocks trailing their large-cap peers by the widest margin since March 2020, 52% of small-cap fund managers outperformed their Russell 2000 benchmarks in the first quarter, according to Bank of America data.

Share-price performance, year to date



Source: FactSet

# Everyone should be welcome at the table.

We're on a mission to provide a billion meals by 2030. Because over 30 million Americans don't know where their next meal is coming from. It could be anyone, even your neighbors. Let's break the cycle of hunger, together.



## NourishingNeighbors.com

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