

## What's News

### Business & Finance

**U.S. inflation eased** in March to its lowest level in nearly two years, but underlying price pressures likely keep the door open for the Fed to consider another rate hike at its May meeting. **A1, A2**

◆ **Yields on 10-year** and 2-year Treasuries declined. U.S. stocks fell, with the S&P 500, Nasdaq and Dow retreating 0.4%, 0.9% and 0.1%, respectively. **B10, B11**

◆ **JPMorgan employees** internally flagged Jeffrey Epstein's large cash withdrawals two years before he was convicted of soliciting a minor for prostitution, according to new court papers. **B1**

◆ **Juul agreed to pay** \$462 million to settle lawsuits filed by six states and the District of Columbia, resolving nearly all of the pending litigation against the company. **B1**

◆ **Gojo, the maker of** Purell hand sanitizer, is seeking a buyer and is drawing interest from some big names in consumer products. **B1**

◆ **The judge overseeing** a defamation case against Fox News said he was likely to appoint a special master to investigate whether the network improperly withheld information during the litigation. **B2**

◆ **Warner Bros. Discovery** introduced "Max," its new streaming platform that will combine HBO content with Discovery+ fare and eventually feature new shows. **B4**

◆ **Twitter has told** the courts that it has a new company name in a new state: X Corp., an entity incorporated in Nevada instead of Twitter's previous domicile in Delaware. **B4**

### World-Wide

◆ **Auto makers face** steep challenges in transitioning the nation to electric vehicles to meet tougher tailpipe emissions standards proposed by the EPA, with hurdles including consumer sentiment, supply-chain issues and a still-evolving network of public charging stations. **A1**

◆ **The U.S. government** is treating the apparent disclosure of classified material surrounding the war in Ukraine as an insider's leak, people familiar with the matter say, but hasn't yet homed in on key suspects for the breach. **A1, A8**

◆ **The U.S.'s top** hostage negotiator called on Russia to allow American Embassy officials to visit detained Wall Street Journal reporter Evan Gershkovich and pledged to find a way to secure his release and that of another American, Paul Whelan. **A9**

◆ **France's Macron** walked a diplomatic tightrope on Wednesday, seeking to calm a trans-Atlantic uproar over his recent remarks on Taiwan while also defending his push for Europe to chart its own course on foreign policy. **A18**

◆ **A Memphis panel** voted to return Democratic former state Rep. Justin Pearson to the legislature, less than a week after he and another Democratic lawmaker were expelled by Tennessee's Republican-led House. **A6**

◆ **Suicide rates rose** in the U.S. in 2021 after two years in decline, federal data showed, driven by more deaths among men in nearly every age group. **A3**

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# Inflation Hits Lowest Level Since 2021

**CPI rose 5% in March, but pickup in core prices keeps Fed hike on table for meeting in May**

By GWYNN GUILFORD AND NICK TIMIRAO

U.S. inflation eased in March to its lowest level in nearly two years, but underlying price pressures likely keep the door open for the Federal Reserve to consider another interest-rate increase at its May meeting.

The consumer-price index, a closely watched inflation gauge that measures what consumers pay for goods and services,

rose 5% last month from a year earlier, down from February's 6% increase and the smallest gain since May 2021, the Labor Department said Wednesday.

Consumers saw lower prices last month for groceries, gasoline, medical care and utilities, and higher prices for shelter, airline fares and vehicle insurance, the department said.

High inflation and a tight labor market led Fed officials to signal they could raise interest rates at their next meeting despite a higher likelihood the economy would enter a recession later this year, according to minutes of the March 21-22 gathering released Wednesday. The three major U.S. stock

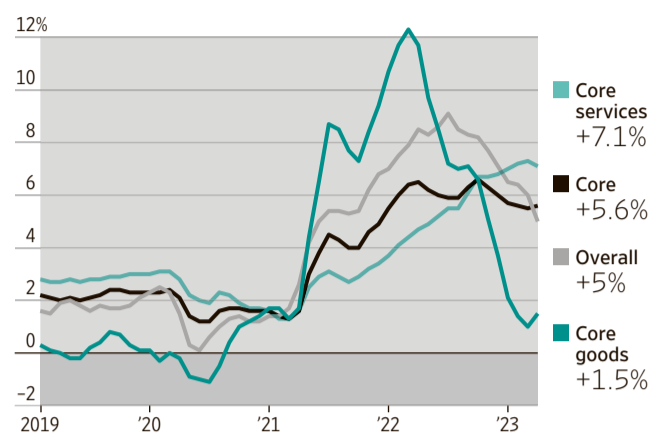
indexes closed lower on Wednesday, after giving up gains made earlier in the day. Yields on 10-year and 2-year Treasuries declined.

Inflation remains elevated—well above the 2.1% average in the three years before the pandemic and the Fed's 2% target.

Core prices, an underlying measure that excludes volatile energy and food categories, increased 5.6% in March from a

◆ **Greg Ip: Labor crosscurrents** complicate rate path..... **A2**  
◆ **Officials signaled a potential** tightening next month..... **A2**  
◆ **Treasuries end higher, while** stocks lose ground..... **B10, B11**

Consumer-price index, change from a year earlier



Note: Core CPI refers to consumer-price index less food and energy. Core services refers to services less energy services. Core goods excludes food and energy items. Source: Labor Department

## Biden Makes the Rounds in a Trip to the Emerald Isle



**SMILE:** President Biden takes a selfie in Dundalk, Ireland, on Wednesday. During an earlier stop in Northern Ireland, he delivered a speech marking the 25 years since the Good Friday Agreement ended decades of civil conflict in the U.K. province. **A18**

## Emissions Proposal Aims to Boost EVs

By KEN THOMAS AND RYAN FELTON

WASHINGTON—Auto makers face steep challenges in transitioning the nation to electric vehicles to meet tougher tailpipe emissions standards proposed by the Biden administration on Wednesday—with hurdles including consumer sentiment, supply-chain issues and an evolving network of public charging stations.

The Environmental Protection Agency's emissions proposal would apply to cars, sport-utility vehicles and pickups in the 2027 to 2032 model years, with the goal of jump-starting EV sales and phasing out internal combustion engines.

The proposal would be the nation's toughest-ever restrictions on car pollution—and

◆ **Heard on the Street: EPA** can't control EV plans..... **B12**

## U.S. Cracks Open Bitcoin Anonymity

Solving a \$3.4 billion crypto heist from 2012 shows the long reach of federal authorities

By ROBERT McMILLAN

James Zhong appeared to have pulled off the perfect crime.

In December 2012, he stumbled upon a software bug while withdrawing money from his account on Silk Road, an online marketplace used to hide criminal dealings behind the seemingly bulletproof anonymity of blockchain transactions and the dark web. Mr. Zhong, a 22-year-old University of Georgia computer-science student at the time,

used the site to buy cocaine.

"I accidentally double-clicked the withdraw button and was shocked to discover that it resulted in allowing me to withdraw double the amount of bitcoin I had deposited," he later said in federal court. After the first fraudulent withdrawal, Mr. Zhong created new accounts and with a few hours of work stole 50,000 bitcoins worth around \$600,000, court papers from federal prosecutors show.

Federal officials closed

Please turn to page A10

## Missteps, Powerful Critics Put Stop to EY Split Plan

For months, Ernst & Young's top leaders characterized their planned breakup of the firm as almost inevitable. All that was left were some

By Jean Eaglesham, Alexander Saeedy and Mark Maurer

adjustments around the edges and votes by partners in dozens of countries.

They missed a brewing revolt at the firm's biggest operation, where EY's top leader and the architect of the breakup had deep ties. A handful of U.S. partners, prodded by a vocal group of EY retirees, scuttled the deal.

EY abandoned on Tuesday

its plan to break up the 390,000-person firm into separate businesses, one that would look like a traditional auditor and another that would focus on consulting. On Wednesday, EY's top executives pointed fingers, mostly at the U.S. operation, in firmwide calls and expressed fear that the effort had weakened it and encouraged rival firms to poach its staff.

The firm spent \$600 million and more than a year working on the split, executives said on internal webcasts Wednesday.

Anna Anthony, a senior executive at EY's U.K. arm, played down the spending on a call with partners, saying the cost was offset by \$400 million that EY saved on projects

that were deferred because of the proposed split.

"People have gone through...frustration, disappointment, fear, anger, that we have not been able to move forward," Patrick Winter, EY's managing partner of the Asia and Pacific region, said on a call with partners. He added there also was a "sense of embarrassment for each of our partners in how they're having to deal with this news."

Some of EY's overseas leaders warned Wednesday that rivals could recruit its staff amid a broad shortage of auditors. There also was worry that EY's overseas operations could sell off their consulting

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## Fake Snow and \$864 in Sex Toys: Influencers Chase Tax Write-Offs

Field tests IRS; 'I need an accountant that understands outrageous.'

By SARAH E. NEEDLEMAN

In recent weeks, Ali Spagnola has been carefully compiling receipts for thousands of dollars worth of supplies, including 40 pounds of cotton-candy sugar, 15,000 Lego pieces and a red baby grand piano.

Based in Los Angeles, Ms. Spagnola makes goofy music and art videos to post online for a living. She's looking to write off as many of the items as possible when she files her 2022 tax returns.

Now she has to prove to a tax preparer—and the Internal Revenue Service—that these purchases qualify as bona fide business expenses.

"I need an accountant that understands outrageous," says Ms. Spagnola, who's on her third bean counter, after the first two couldn't grasp why, for instance, buying an elf suit and enough fake snow to fill a van was essential.

Content creators say they need to spend big to entertain

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**THE FUTURE OF EVERYTHING**  
HOW AI WILL CHANGE YOUR HEALTH  
R1-8

## Leak Investigation Focuses on Insiders

WASHINGTON—The U.S. government is treating the apparent disclosure of classified material surrounding the war in Ukraine as an insider's leak,

By Byron Tau, Sadie Gurman and Aruna Viswanatha

people familiar with the matter say, but hasn't yet homed in on key suspects for a massive intelligence breach that has exposed the challenges of safeguarding sensitive U.S. information and has tested ties with some of the U.S.'s closest allies.

The bulk of the more than 60 documents, if genuine, appear to originate from the Central Intelligence Agency's Operations Center and the Pentagon's Joint Chiefs of

Staff. Such documents are typically briefed to senior-level decision makers at the Pentagon in an environment protected from electronic surveillance and secured against leaks.

The Federal Bureau of Investigation is using clues in the images that have circulated online in recent weeks to aid its criminal investigation, law-enforcement officials said. Some of the documents would be accessible to several hundred people, while others would be restricted to a much smaller group, U.S. officials said. Focusing on the access to

Please turn to page A8

◆ **Russian military infighting** described in documents..... **A8**  
◆ **U.S. fights the Kremlin's** disinformation efforts..... **A8**

# U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

## Labor Crosscurrents Complicate Rate Path



By historical standards, the labor market remains remarkably strong. Payroll growth last month clocked in above 230,000, more than double what was once considered normal. The unemployment rate, at 3.5%, stayed near its lowest in more than 50 years.

Several crosscurrents are at work, and a closer look suggests the labor market is cooling quite rapidly. Yet it hasn't cooled enough for the Federal Reserve to conclude inflation will fall back to its 2% target. So while labor demand hasn't fallen to recessionary levels, it may still.

To understand why, it helps to identify three distinct forces: first, Covid-19 and its aftermath; second, the normal business cycle; third, the supply of labor.

First, since the economy reopened after pandemic lockdowns of early 2020, employers have struggled to fill vacant positions.

In fact some sectors are so understaffed, their hiring has been virtually impervious to business conditions. Total employment in leisure and hospitality, education

and health and government expanded at a 4.6% annual rate in the three months ended March—little changed from a year earlier. This tells us little about the underlying state of labor demand.

Second, look at sectors less afflicted by Covid, and more sensitive to the business cycle. Employment in retail trade, construction, manufacturing and finance was growing more than 4% annualized a year ago, but in the three months through March 2023, that had slipped to 0.7%.

Other indicators point to labor demand falling back: The number of job vacancies has plummeted by 17% in the past year. Last week, the Labor Department revised weekly data on new claims for unemployment, and they appear to have been trending higher since January. Private surveys, such as by the National Federation of Independent Business, show less hiring.

This shouldn't come as a surprise. The Fed began raising interest rates a year ago specifically to slow the economy and cool a labor market it considered too tight. It has actually taken longer than expected, in part because

Three-month annualized growth in payroll jobs

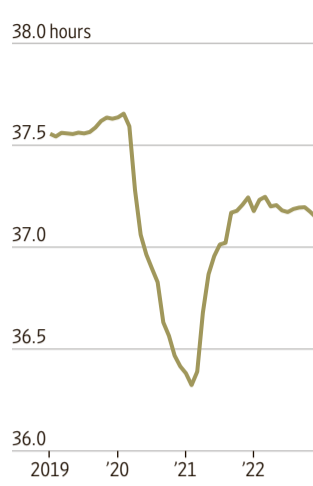


Sources: Labor Department (payrolls); Katharine Abraham and Lea Rendell, Univ. of Maryland (hours)

higher rates hadn't really done much to tighten overall financial conditions, such as the level of stock prices or the availability of credit.

That changed in March when two regional banks failed and deposits flooded out of small and midsize banks. In its Global Financial Stability Report released Tuesday, the International Monetary Fund said banks' stock prices are strongly correlated to their willingness to lend, and their recent fall pointed to bank lending in

Average weekly hours worked per employed person



the coming year falling by 1% and economic growth lower by 0.44 percentage point.

The IMF still expects the U.S. economy to grow 1.6% this year but worries the banking stress will spread if central banks keep interest rates high, or raise them further. "A hard landing—particularly for advanced economies—has become a much larger risk," it said.

Will the Fed head off that risk by using the latest evidence of weakening labor demand to conclude its job is

done, and lower interest rates? Probably not, which brings us to the third factor in the labor market: supply. It is still constricted, which is helping to sustain wage and inflation pressure.

To be sure, it's less constricted than before. The labor-force participation rate fell from 63.3% in February 2020 to 61.5% at the end of that year, but has since recovered to 62.6% in March. Moreover, because the population is aging, participation would have fallen even without the pandemic, and it's roughly where the Congressional Budget Office, in early 2020, projected it would be now. For people 25 to 54, participation is 83.1%, higher than in February 2020.

This doesn't mean the labor supply is fine. First, the loss of some retiring baby boomers was expected, but that still leaves a hole that employers must fill. Second, the U.S. population is 1.4 million people smaller and the labor force 900,000 smaller than would have been expected in 2019 because of Covid deaths and reduced immigration, according to a study by Wendy Edelberg, director of the Hamilton Project, a liberal think tank,

and three co-authors. (Immigration rebounded somewhat in the past year.)

Third, people employed worked 0.6 fewer hours a week in the last quarter of 2022 than just before the pandemic, a Brookings Institution study co-written by University of Maryland economist Katharine Abraham found. This is equivalent to 2.3 million fewer workers. Some of that might be because of Covid health effects, and some might reflect people simply wanting to spend less time working, the study said.

Add it up and there simply isn't as much labor for employers to draw on. Even if their need for labor has cooled, they must still pay up. Wage growth has slowed but not to levels consistent with 2% inflation. The modest 0.3% rise in hourly pay in March was more like 0.4% when adjusted for the shifting composition of jobs, according to independent analyst Riccardo Trezzi.

The bottom line: While labor demand may be weakening, it will likely have to weaken further, perhaps into recessionary territory, for the Fed to consider easing.

## Officials Signaled a Potential Tightening Next Month

By NICK TIMIRAO

Stubbornly high inflation and tight labor markets led Federal Reserve officials to signal they could raise interest rates at their next meeting despite a greater likelihood of a recession later this year.

The fallout from the failures of two midsize banks led Fed officials to consider skipping a rate increase at their meeting last month, but they concluded regulators had calmed stresses enough to justify a quarter-point rate rise, according to minutes of the March 21-22 gathering released Wednesday.

For the first time since officials began lifting rates a year ago, the Fed staff forecast presented at the meeting anticipated a recession would start later this year due to banking-sector turmoil, the minutes said. Previously, the staff had judged a recession was

roughly as likely to occur as not this year.

Looking ahead, the minutes hinted at potential policy divisions, with some officials pointing to greater risks of a sharper-than-anticipated slowdown and others highlighting the prospect of firmer inflation this year.

Officials concluded that given the strength of price pressures and the demand for labor, "they anticipated that some additional policy firming may be appropriate" to bring inflation down to the central bank's 2% goal, the minutes said. They also said they would pay close attention to bank lending conditions as they weigh their next move.

The latest rate rise brought the Fed's benchmark federal-funds rate to a range between 4.75% and 5%. All 18 officials who participated in last month's meeting supported the increase, the minutes said.

New economic projections released then showed nearly all expected they would lift rates one more time this year. Most of them expected to hold rates steady after that, provided the economy grows little this year and labor demand cools.

### Fed minutes show backing for a possible rate hike despite the chance of recession.

Over the past year, the Fed has raised rates at its fastest pace since the early 1980s to combat inflation that jumped to a 40-year high last year. Until recently, officials had signaled that they were likely to keep lifting rates until they saw more conclusive evidence that economic activity and price in-

creases were slowing.

The rate outlook became much more uncertain after banking-system stresses flared last month, beginning March 9 when panicked depositors pulled money from Silicon Valley Bank, which regulators closed the following day. Regulators closed a second institution that also faced a run, Signature Bank, on March 12 and intervened aggressively to shore up confidence in the banking system.

Many Fed officials anticipated "there would be some tightening of credit conditions, and that would really have the same effects as our policies do," Fed Chair Jerome Powell said at a news conference March 22. "If that did not turn out to be the case, in principle, you would need more rate hikes."

The question ahead of the Fed's May 2-3 meeting is whether officials place more

emphasis on anecdotes and surveys of credit conditions if they signal a pullback in lending, which could call for forgoing an increase or raising rates while signaling a pause, or whether they place more weight on economic data that might show less effect on credit availability but be more dated.

Inflation moderated somewhat last month, the Labor Department said Wednesday. The consumer-price index rose 0.1% in March and by 5% over the previous 12 months, the smallest annual increase in nearly two years. But core prices, which exclude volatile food and energy items and which central bankers see as a better gauge of underlying inflation, rose 0.4% in March and by 5.6% over the previous year, up from 5.5% in February.

The Fed fights inflation by slowing the economy through raising rates, which causes

tighter financial conditions such as higher borrowing costs, lower stock prices and a stronger dollar, which curb demand.

"While the full impact of this policy tightening is still making its way through the system, the strength of the economy and the elevated readings on inflation suggest that there is more work to do," San Francisco Fed President Mary Daly said in a speech Wednesday.

Philadelphia Fed President Patrick Harker said Tuesday he has long anticipated the central bank would need to raise the fed-funds rate above 5% "and then sit there for a while."

Last year, supply-chain healing offered a compelling reason to think price growth would slow. This year, the case for inflation falling depends more squarely on declines in the demand for labor and consumer spending.

## Inflation Lowest Since 2021

Continued from Page One year earlier, accelerating slightly from 5.5% the prior month. Core inflation, which economists see as a better predictor of future inflation, has stayed stubbornly high in part because of inflationary pres-

sures from shelter costs.

The CPI rose 0.1% in March from the prior month, down sharply from February's 0.4% increase, while core CPI increased 0.4%, down slightly from 0.5%.

The Fed has raised interest rates nine times over the past year to cool the economy and tame inflation, which shot up as the economy rebounded from the pandemic during supply-chain disruptions and labor shortages. The benchmark federal-funds rate is now at a range between 4.75% and 5%. Officials have signaled they

will pay close attention to measures of economic activity, including lending conditions following banking-system stress, as they weigh whether to raise rates again at an early May meeting.

"The inflation problem doesn't get solved by itself—it needs higher unemployment to get there," said Steve Blitz, chief U.S. economist at TS Lombard.

The economy started the year with surprising strength, but it has shown recent signs of slowing. Tighter lending following two recent midsize

bank failures also will slow growth this year, the International Monetary Fund estimated Tuesday.

The labor market cooled some in March, with hiring gains moderating and wage growth easing. Weekly jobless claims, a proxy for layoffs, are up from historic lows. And job openings have dropped—a signal that demand for workers is softening. Consumer spending, the primary driver of growth, rose more modestly in February.

Grocery prices declined in March from the prior month, marking the first one-month drop since September 2020. Egg prices, which soared last year because of an avian flu outbreak, posted the biggest single-month drop since 1987. Gasoline and residential natural-gas prices also dropped. New auto prices rose but used auto prices fell.

Matt LeRoy and his wife, Melanie, cut back on after-school care for their 6-year-old son, and they are driving to visit family for spring break instead of renting an Airbnb in the Poconos. Mr. LeRoy said they saved all of his annual bonus this year, rather than spending part of it on a home-improvement project or purchasing a three-burner gas grill he was looking at.

"We got our deck redone last year, and more than anything I wanted a nice, new grill. But we already have one. And, sure, it's 10 years old, but it does its job," said Mr. LeRoy, a senior manager at a healthcare tech company in Simsbury, Conn. "That's where our heads are at right now—being savvy savers and making sure we're thinking about the long term."

The clogging of the supply chain, an early driver of the inflation surge, has abated. Shipping rates from China to the West Coast have dropped close to prepandemic levels after soaring in 2021.

## CORRECTIONS & AMPLIFICATIONS

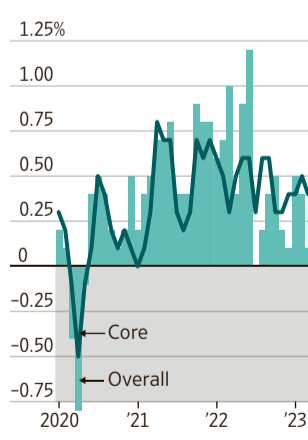
**Three states in 2022** allowed residents to upload their driver's licenses or state ID cards to the Apple Wallet. An April 4 Personal Journal article about what people carry in their wallets incorrectly said the number was eight states in 2021.

**The U.S. stock market** was closed Friday, April 7, for Good Friday. On Tuesday's and Wednesday's Markets Digest pages, the Nasdaq Composite Index candle graph incorrectly displayed April 6's open, high, low and close for April 7, rather than a blank space.

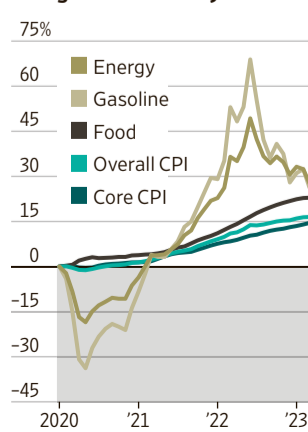
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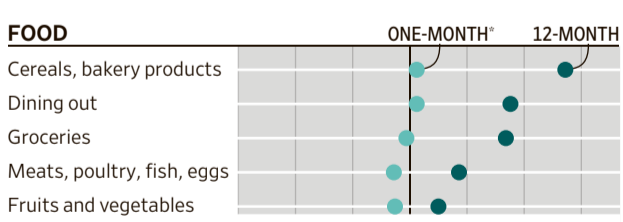
Consumer-price index, change from a month earlier\*



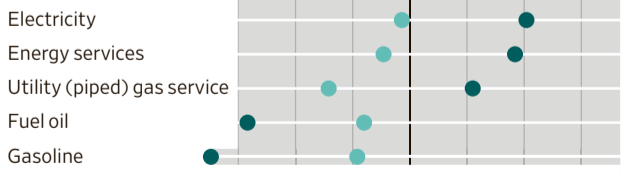
CPI select items, change since January 2020\*



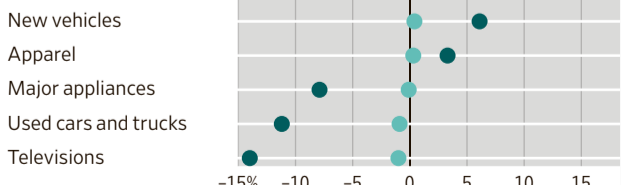
Consumer-price index change, select items



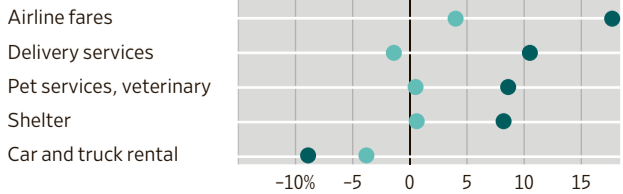
### ENERGY



### GOODS



### SERVICES



\*Seasonally adjusted Note: Core excludes food and energy prices. Source: Labor Department

Tristan Wyatt/THE WALL STREET JOURNAL

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## U.S. NEWS

## Pick of Fed Vice Chair Proves Tricky For Biden

By Andrew Restuccia  
and Nick Timiraos

WASHINGTON—The White House is working to secure the support of key Capitol Hill allies as officials deliberate over whom to nominate for the No. 2 job at the Federal Reserve, according to people familiar with the matter, with Democrats' slim majority in the Senate hanging over the search.

Last month, some administration officials privately identified Janice Eberly, a finance professor at Northwestern University, as the leading candidate for the Fed vice chair. But Sen. Robert Menendez (D, N.J.), a senior member of the Senate Banking Committee, has continued to mount an aggressive campaign to pressure the White House to nominate a Latino economist for the job.

At the same time, some progressive lawmakers, including Sen. Elizabeth Warren (D, Mass.), a member of the committee and a critic of Fed Chair Jerome Powell, have urged Mr. Biden to nominate someone who will work to shape opinion inside the central bank in favor of a less aggressive monetary policy.

The position became vacant in February when President Biden selected then-Vice Chair Lael Brainard to head his National Economic Council.

While Ms. Eberly is still seen by some administration officials as the best candidate, the search has continued amid Mr. Menendez's push to nominate a Latino economist.

Diversity is one of several factors the administration has weighed from the start of what has become an increasingly thorny internal deliberation, White House officials said. Mr. Biden has pledged to improve the diversity of the board, and last year nominated two Black economists who were subsequently confirmed by the Sen-

## Sen. Menendez has pressured the White House to nominate a Latino economist.

ate.

The White House has narrowed its list of candidates after initially considering dozens of economists, the people said. A White House official said a final decision is expected in the coming weeks.

Because Democrats have a 13-12 majority on the Senate Banking Committee, any White House nominee would need the backing of every Democrat on the panel to advance to the floor if Republicans uniformly oppose the pick. If Sen. Menendez doesn't support the nominee, the White House would need to rely on at least one Senate Republican on the committee to cross the aisle.

White House officials have canvassed an array of Latino candidates for both the Fed vacancy and other economic-policy jobs, including a seat on the Council of Economic Advisers and the top economist at the Treasury Department. Ben Harris, Treasury's assistant secretary for economic policy, recently stepped down.

While Ms. Brainard publicly supported Mr. Powell's interest-rate increases last year, in recent months she highlighted considerations in setting policy that would have favored a milder approach. The Fed vice chair has often served as an important policy surrogate for the Fed chair by helping to shape the agenda for the central bank's rate-setting meetings.

An aide to Mr. Menendez said the senator has provided a list of Latino candidates to the White House and has received assurances from administration officials that they are being vetted. Mr. Menendez and his office have declined to reveal those candidates, and the senator hasn't yet publicly said whether he would oppose a non-Latino nominee or would be satisfied if the administration taps Latino economists for other key positions.

## Toxic Smoke From Industrial Fire Forces Thousands of Indiana Residents to Evacuate

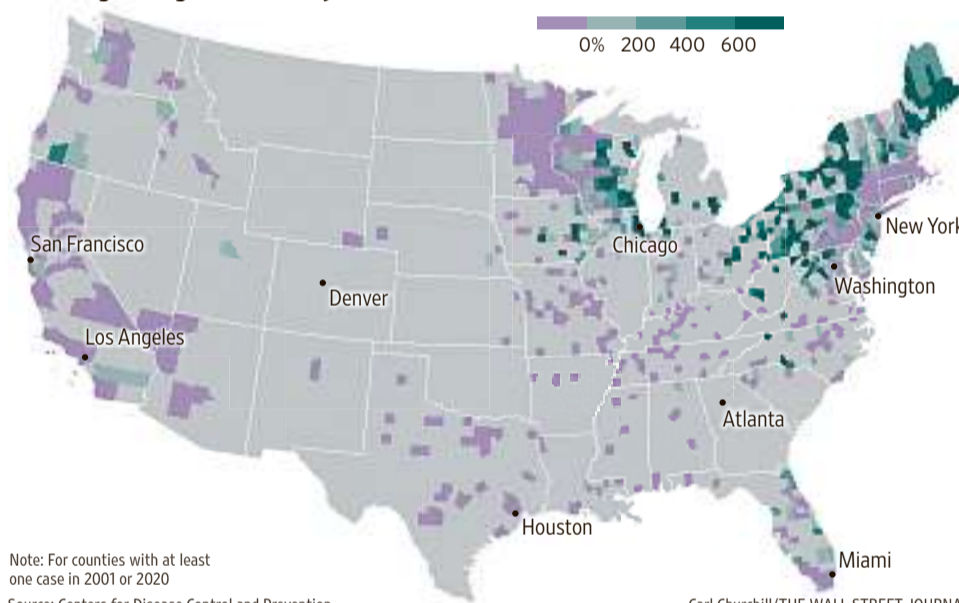


**UNSAFE AIR:** Clouds of smoke filled the air Wednesday after fire engulfed at least six buildings in Richmond, Ind., that were being used to store a large amount of plastic, local Fire Chief Tim Brown said. Thousands of residents were told to leave their homes. Authorities said the blaze, which started Tuesday, could smolder for several days.

## Ticks, and Their Diseases, Spread Out

By Brianna Abbott

Percentage change in cases of Lyme disease from 2001 to 2020



Note: For counties with at least one case in 2001 or 2020

Source: Centers for Disease Control and Prevention

Carl Churchill/THE WALL STREET JOURNAL

People won't stop mailing ticks to Griffin Dill.

They come in zip-lock bags, plucked from pets, hikers and homeowners from across Maine. Mr. Dill, manager of the Tick Lab at the University of Maine in Orono, said that there used to be a lull from around mid-December to March. Now the ticks are showing up year-round.

More ticks are arriving from farther north in the state, and about two-thirds of them are found around people's homes. Mr. Dill tests the parasites for infectious diseases including Lyme and babesiosis, a flulike illness that can range from asymptomatic to life-threatening. Mr. Dill and his colleagues are also testing for diseases such as Rocky Mountain spotted fever that aren't common in Maine.

"We wanted to make sure we're testing for the pathogens we know are here and the ones that might be knocking on our doorstep," Mr. Dill said. The lab isn't finding Rocky Mountain spotted fever, he said, but there have been increases in the prevalence of Lyme and babesiosis over the past five years.

Ticks are on the move in the U.S., thanks in part to expanding deer populations and a warming, more hospitable climate. Some mosquito populations and the diseases they carry such as West Nile have also spread. The shift is exposing more people to new infectious disease threats.

John Aucott has watched the geographic expansion of tick-borne diseases over the past two decades reflected in the patients who come to see him. When he arrived at Johns Hopkins University School of Medicine, Lyme disease was mostly a coastal disease. Now, it is in eastern Ohio and West Virginia, he said.

"People get told there is no Lyme disease in West Virginia. Well, that is changed," said Dr. Aucott, director of the Johns Hopkins Lyme Disease Clinical Research Center.

Cases of tick-borne disease reported to the Centers for Disease Control and Prevention more than doubled in the U.S. between 2004 and 2019, when some 50,800 cases were reported. Lyme disease makes up the majority of tick-related infections, CDC data show. Cases are also significantly undercounted, with reported cases of Lyme accounting for less than 10% of the estimated yearly infections, according to the CDC.

The tick that carries Lyme disease, the deer tick or blacklegged tick, lives throughout the eastern U.S. The number of counties where blacklegged ticks are established has more than doubled in the past two decades, according to CDC researchers. Lone star ticks, which can cause a red-meat allergy known as alpha-gal syndrome in people they bite, are moving up from the Southeast.

"As the climate changes, so does the habitat of where the ticks feel comfortable," said Nicole Baumgarth, director of the Johns Hopkins Lyme and Tickborne Diseases Research and Education Institute within the Bloomberg School of Public Health. "It is critical that we get a handle on the risk in various parts of the country."

Regrowing forest in the Northeast and the surging U.S. deer population, a main host for traveling ticks, have helped drive the expansion,



**A deer tick. Tick-borne diseases are on the rise in the U.S.**

researchers said. People are building homes deeper into the woods, increasing the chances for tick encounters in backyards or playgrounds.

Shorter, warmer winters have lengthened the time ticks can be active, as places including New England and the upper Midwest become hotter and wetter. Many ticks and mosquitoes need a warm, humid climate to thrive.

"These are really good conditions for ticks to grow," said Lyle Petersen, director of the Division of Vector-Borne Diseases at the CDC.

Babesiosis, also carried by the blacklegged tick, has become more common across the Northeast. Some 16,400 cases were reported across 37 states between 2011 and 2019, according to a March CDC report. It was endemic in seven states in the Northeast and Midwest in 2011. Now, Maine, New Hampshire and Vermont have been added to that list.

More cases of alpha-gal syndrome, the red-meat allergy, have also started appearing farther north in places including Long Island, where

lone star ticks that harbor the virus weren't found until recently, Dr. Petersen said.

When Mary Black was told by an allergist that she should be tested for alpha-gal syndrome, she had never heard of it. The 37-year-old nurse and Oklahoma resident had been experiencing repeated bouts of facial swelling, hives and joint pain since summer 2022 with no discernible explanation. She was diagnosed in February and is adjusting to cutting out red meat and other mammal products.

"I honestly feel the lack of education is making a huge impact. My primary-care provider had never heard of it," Mrs. Black said. "If you look at the map of where alpha-gal or the lone star ticks are, the line goes right through where I live."

People should remove ticks with tweezers and clean the bite area and their hands with soap and water or rubbing alcohol, the CDC says. Ticks can be flushed down the toilet or put in a sealed container to be sent for testing.

The CDC doesn't generally recommend antibiotics after tick bites to prevent disease. People should consider talking to a doctor if Lyme or other tick-borne diseases are common where they live and watch for symptoms including rashes, fatigue or fever.

Some mosquito species and the disease they carry are also on the move. The Aedes aegypti mosquito, which is capable of harboring viruses including yellow fever and dengue, has invaded cities in the southern U.S. West Nile virus, carried by the culex mosquito, is endemic across the country, after first being introduced in the late 1990s.

Wearing long sleeves, using bug spray, doing tick-checks and showering soon after being outdoors can help prevent tick and mosquito bites, the CDC says.

## Suicide Rates Saw Largest One-Year Increase in 2021

By Julie Wernau

Suicide rates rose in 2021 after two years in decline, federal data showed, driven by more deaths among men in nearly every age group.

Suicides rates increased 4% in 2021 from a year earlier to 14.1 deaths per 100,000 people, the National Center for Health Statistics said on Thursday, the largest one-year increase in data collected from 2001 to 2021. For men, the rate was 22.8 deaths per 100,000, roughly four times that for women.

Suicide rates have long

been an indicator of a dearth of intervention and treatment for mental health in the U.S., said Amanda Fialk, partner and chief clinical officer at The Dorm, a treatment program for young people struggling with mental illness or substance use.

"People are in pain and their symptoms are getting worse and worse," she said.

Men die by suicide more often than women, though women report thoughts of suicide more often and make more nonfatal suicide attempts than men.

More men died by suicide

in 2021 than in any year since record-keeping began in the early 20th century, the data showed. About half of all suicides involve a gun, according to an analysis of federal data from Kaiser Family Foundation.

Suicide rates were highest for indigenous people, with 42.6 deaths per 100,000 men in 2021 compared with 28 per 100,000 for the white men, the second-highest rate. Pregnancy-related mortality rates among indigenous people are two to three times those of white people. Indigenous people also experienced the big-

gest drop in life expectancy in 2021, driven by Covid-19 and addiction-related illness.

While the highest suicide rates are for older people, separate federal data showed that emergency department visits for people with suicidal ideation was highest for adolescents, with girls ages 14 to 18 the most likely to arrive at an emergency room with suicidal thoughts.

"There's an incredible amount of stress for adolescent girls," said Mitch Prinstein, chief science officer for the American Psychological Association.

The National Suicide Prevention Lifeline switched last summer to a three-digit number, 988, for people to call for help with suicidal thoughts or mental-health crises. Vibrant Emotional Health, the nonprofit that administers the crisis line, said the number has received more calls, texts and chats and improved answer rates since it went live.

From July to December 2022, Vibrant said 988 received more than 2.1 million calls, texts and chats, about 892,000 more than the same period the year before the transition.

## U.S. NEWS

## Senators Demand Answers in Soldier's Death

'Deep concern' as Fort Hood private had told her family she was being sexually harassed

BY LINDSAY WISE  
AND NANCY A. YOUSSEF

A bipartisan group of senators is pressing the commanding general of Fort Hood for answers about the death of a female Army private in March at the Texas military installation, where a past report found a "permissive" culture of sexual harassment and assault.

In a letter to Army Lt. Gen. Sean Bernabe, the senators expressed "deep concern" about the circumstances surrounding the death of Pvt. Ana Basaldua Ruiz, saying the 20-year-old had told her family that she was being sexually harassed by peers and a superior while serving at Fort Hood. The Army is conducting an investigation

into Pvt. Basaldua Ruiz's death, and the senators urged Gen. Bernabe to ensure that the probe be "complete, thorough, and impartial."

Persistent sexual assault and harassment in the military has drawn intense scrutiny from Congress in recent years. The 2020 murder of Spc. Vanessa Guillén, also 20, at Fort Hood led to a scathing report that detailed failures to protect troops at that installation and across the force from sexual harassment and assault.

"Once again, Fort Hood has failed the young women who stand up to serve our country and entrust themselves to the Army's care," the senators wrote. "The permissive environment identified years ago has not been eliminated and has claimed another victim," they wrote.

The letter was signed by Sens. Kirsten Gillibrand (D., N.Y.), Chuck Grassley (R., Iowa), Mazie Hirono (D., Hawaii) and



Pvt. Ana Basaldua Ruiz

Elizabeth Warren (D., Mass.). The Pentagon declined to comment, saying it would respond to the senators directly. Fort Hood's 1st Cavalry Division leadership announced Pvt. Basaldua Ruiz's death in March. Officials have so far provided few details except to say there were no indications of foul play.

Ms. Gillibrand said in an interview that Pvt. Basaldua Ruiz's case needs to be investi-

gated thoroughly to make sure it wasn't murder, and to provide answers about any harassment she endured before she died. "Especially for this 20-year-old young woman to have told her parents that she was being harassed—that is just such a big red flag," she said.

The senators' letter noted that the 2020 review of Fort Hood's command climate after Spc. Guillén's death had criticized the installation's sexual-harassment prevention and response programs as ineffective, and found that Fort Hood allowed a "permissive environment" for sexual assault and harassment.

During a news conference last month about Pvt. Basaldua Ruiz's death, Gen. Bernabe said Fort Hood would support the Army Criminal Investigation Division's investigation, which he described as independent.

While Gen. Bernabe said the Army was aware of allegations of harassment in Pvt. Basaldua

Ruiz's case, he said Fort Hood doesn't "tolerate harassment of any kind."

An attorney for Pvt. Basaldua Ruiz's family members said they fully support the call for an independent investigation into the command climate and culture at Fort Hood. "We remain reluctantly patient but skeptical, particularly given the Army's sad history of doing the right thing for its soldiers and their families—especially at Fort Hood," said Ryan Guilds, legal counsel for the family. "We will not rest until a comprehensive and transparent investigation surrounding Ana's death takes place."

Over opposition from military-service leaders, Congress recently approved sweeping changes to the way the military justice system handles certain serious crimes.

Those changes would strip commanders of their traditional authority to decide whether to send such cases to

trial, to appoint juries, convene initial hearings, grant immunity and clemency, and approve expert witnesses. Those decisions will be made by independent military prosecutors instead of by commanders.

In December 2020, more than a dozen soldiers were relieved of command at Fort Hood after an independent review determined there was a longstanding culture of sexual harassment and assault at that base. The review had been commissioned by the secretary of the Army in response to the slaying of Spc. Guillén by another soldier.

In their letter, the senators brought up another recent case: Pvt. Denisha Montgomery Smith, 27, was serving in Germany in August when the mother of three was found dead in her barracks. An armed-forces medical examiner ruled her death a suicide, but her family has pressed for more details.

## U.S. WATCH

## HEALTH

## EPA's Drinking Water Rule for PFAS Faulted

Authors of a new study say that the federal government is likely underestimating the extent of "forever chemicals" contamination in drinking water nationally.

Authors of the Natural Resources Defense Council study, published in the journal Science of the Total Environment on Wednesday, found 26 different types of PFAS in drinking water in 16 states. Twelve chemicals, or nearly half of those detected, aren't included in the Environmental Protection Agency's current monitoring.

The study identified four cases where public water systems wouldn't be required to install treatment under regulations the EPA proposed last month, despite higher levels of some types of PFAS. In all, 30 out of 44 water samples in the study contained PFAS.

In response to findings of the NRDC study, the EPA said different test methods can be expected to yield different results. The agency said it chose the methods for its monitoring program for a variety of reasons, including that they can be used consistently by labs across the country.

"In short, while there may be other PFAS present, EPA chose to act decisively to propose regulations for those PFAS for which the agency had sufficient information in order to reduce PFAS health risks as soon as possible," the agency said.

—Kris Maher



RISE AND SHINE: The Bay Bridge was seen bathed in the morning sun Wednesday beyond California Street in San Francisco.

## FLORIDA

## Trump Sues His Ex-Lawyer Cohen

Donald Trump filed a lawsuit against Michael Cohen, alleging his former personal lawyer breached his professional obligations to the former president through his frequent podcasts, books and media appearances.

The lawsuit, filed Wednesday

in federal court in the Southern District of Florida, seeks more than \$500 million in damages. Mr. Trump "has suffered vast reputational harm as a direct result of Defendant's breaches," the lawsuit claims.

Beginning in 2006, Mr. Cohen served as Mr. Trump's personal attorney and as counsel to his company, the Trump Organization, the lawsuit says. It alleges that Mr. Cohen signed an agree-

ment that prevented him from sharing confidential information, including about the business affairs of the Trump Organization.

"He's lied to the judge. He's lied to the prosecutors. He's lied to his employers. He's lied to his own attorneys," said Chris Kise, a lawyer for Mr. Trump. "So at some point someone needs to hold this serial liar accountable."

Lanny Davis, a lawyer for Mr. Cohen, said the former presi-

dent was using the judicial system to harass and intimidate his client.

"Mr. Cohen will not be deterred and is confident that the suit will fail based on the facts and the law," Mr. Davis said. "Is there anyone in America, aside from a shrinking minority base of believers, who takes Mr. Trump seriously when he files these frivolous lawsuits?"

—Corinne Ramey

## New Rules Sought for Emissions

Continued from Page One  
one of President Biden's most aggressive moves yet to combat climate change. He previ-

ously called for half of all new vehicle sales to be electric-powered by 2030.

Auto makers are already transitioning to EVs, but industry-group officials said meeting the new goals will hinge on a number of factors, among them consumer appetite for EVs.

"There's no question that's where we're going," said John Bozzella, president and chief executive of the Alliance for

Automotive Innovation, the industry's top U.S. lobbying group. "How we get there, whether we have the necessary complementary conditions in the marketplace and in the industrial base to get us there are, I think, critical conditions that we need to continue to examine as we go through this rulemaking."

Republicans said many consumers can't afford the higher price of EVs.

In March, the average transaction price for an EV was \$61,800, compared with \$45,600 for vehicles with internal combustion engines, according to J.D. Power, an industry-research firm.

"The 'electrification of everything' is not a solution. It's a road to higher prices and fewer choices," said Sen. John Barrasso (R., Wyo.).

Biden administration officials said the tougher pollution standards are needed to reduce the nation's dependence on fossil fuels that generate greenhouse gases.

"Time and time again, I think folks have bet against the ingenuity of American workers and American industry to continue to deliver products that will help us lead the world in the clean-energy economy," said White House National Climate Adviser Ali Zaidi in a call with reporters.

During the past two years of Mr. Biden's presidency, Mr. Zaidi said, the number of available EV models have doubled, as have the number of charging stations. At the same time, he said analyst projections for EVs were raised.

To help spur the transition, the U.S. is planning to spend \$7.5 billion to expand the charging network as part of the \$1 trillion infrastructure bill passed in 2021.

And next week, the U.S. plans to issue criteria for tax credits of up to \$7,500 for consumers who buy qualified EVs, a measure funded by last year's Inflation Reduction Act.

The EPA's proposal Wednesday, which is expected to be finalized in the spring of 2024 following a public comment period, is designed to let

auto makers meet performance-based standards and comply through a broad array of emission control technologies—mostly electrification, administration officials said.

A separate proposal, covering medium-duty vehicles such as box trucks and school buses, is expected to electrify nearly half of those vehicles by the 2032 model year.

The EPA estimated the benefits of the proposals would

protect this planet," Mr. Regan said Wednesday.

But high costs remain a major factor for many buyers and polls show mixed results in consumer interest.

A Gallup poll released this week found 12% of Americans are seriously considering buying an electric car while 43% of U.S. adults said they might consider buying an EV. The poll found 41% unequivocally said they wouldn't.

Major auto makers have been charging forward to shift their vehicle lineups to include more battery-powered cars, powered by the success of EV leader Tesla Inc., and tougher tailpipe-emissions standards around the globe.

In 2021, General Motors Co., Ford Motor Co. and Jeep maker Stellantis NV jointly agreed to target 40% to 50% of their annual U.S. vehicle sales to be electric by 2030, in line with the administration's goal at the time.

The revamped emissions standards were set in motion in a 2021 executive order from Mr. Biden, which set a target for electric vehicles, hydrogen-fuel cell and plug-in hybrid vehicles to make up 50% of U.S. sales by 2030.

The executive order called for the National Highway Traffic Safety Administration to complete new corporate average fuel economy targets for model year 2027 and beyond no later than July 2024.

A NHTSA spokeswoman said the agency expects its CAFE rule to be proposed soon. The agency expects its proposed standards to align with EPA's emissions rules in terms of net effect to the industry, the spokeswoman said.

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# \$7.5B

Amount U.S. plans to spend to expand the charging network

exceed costs by at least \$1 trillion, achieved through lower vehicle-maintenance costs, savings on fuel and by reducing emissions of greenhouse gases.

The proposal is expected to avoid 7.3 billion tons of carbon-dioxide emissions through 2055, EPA administrator Michael Regan said, which the agency said was the equivalent of eliminating all greenhouse-gas emissions from the U.S. transportation sector for four years.

Mr. Regan acknowledged concerns about the proposal but said the industry would have flexibility to achieve them. "We're giving the markets and the automobile industry and the private sector the options to choose on how we best move forward to reach these very, very, very ambitious climate goals that we must reach if we are to pro-

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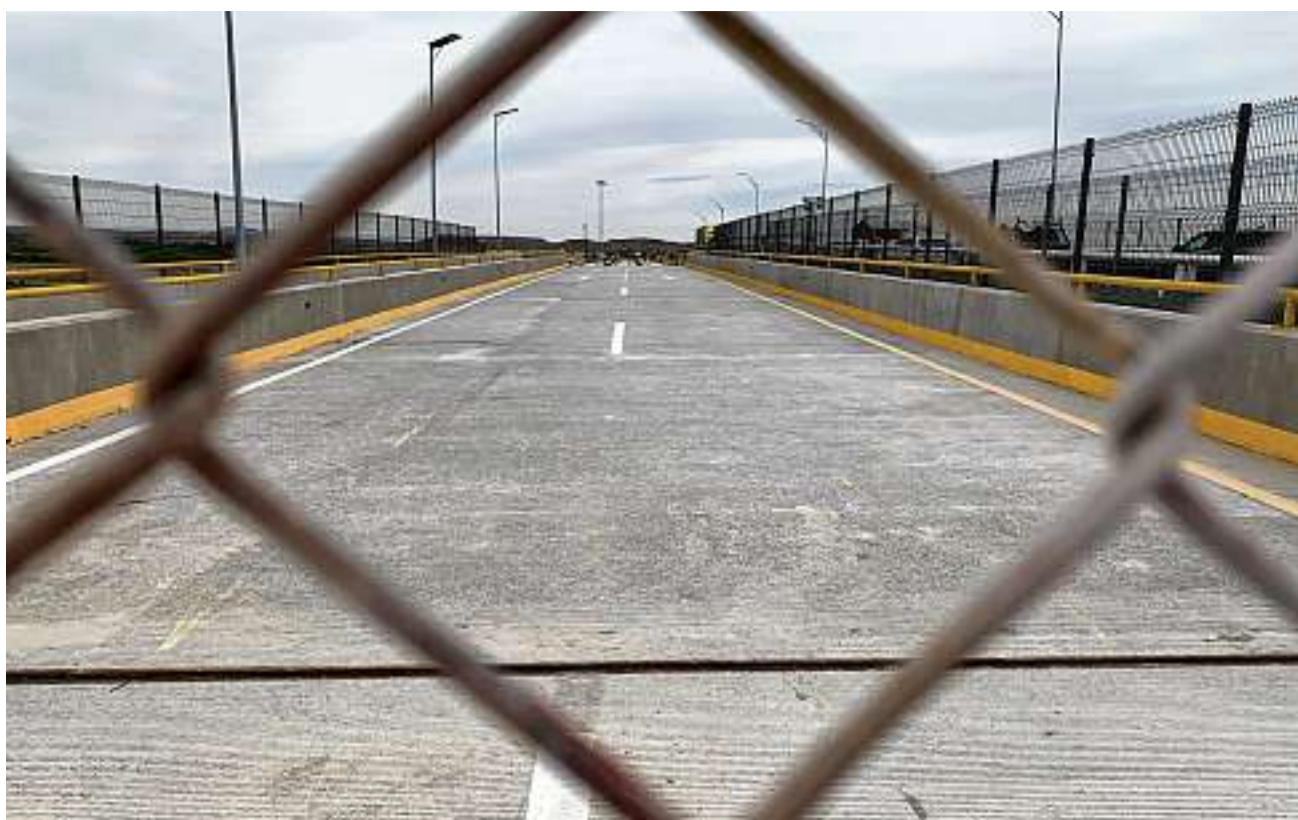
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U.S. NEWS

Texas-Mexico international bridges



Sources: Texas Department of Transportation (ownership); U.S. Census (trade value)  
Emma Brown/THE WALL STREET JOURNAL



A section of bridge under construction in Presidio, Texas. About \$515 billion of trade went across Texas-Mexico bridges last year.

# Texas Cities Race to Expand Border Bridges

Communities seek cut of fees from crossing international spans as U.S.-Mexico trade rises

By ELIZABETH FINDELL

PRESIDIO, Texas— In a parking lot above a sun-bleached desert border town, Victor Carrasco examined a used water tanker, picked up secondhand in Houston and bound for resale in Chihuahua.

Mr. Carrasco, from nearby Ojinaga, Mexico, is one of a growing number of transmigrants—people who buy up old U.S. vehicles, machinery, electronics and household goods to resell in Mexico and Central America—who are making Presidio their south-bound crossing point. The bridge connecting Ojinaga and Presidio, a West Texas town of 3,300 people, is quieter than those he has used to cross the border before, he said, but new lanes are under construction.

Trade is increasing in Presidio and officials are hoping to keep it that way. Bridges across the Rio Grande that serve as international ports of entry between the U.S. and Mexico are racing to expand amid growing trade between the two countries, especially via Texas.

Judge Jose Portillo Jr., Presidio County's elected executive, said he wants bridge traffic to be a windfall for the county—which has the third-highest poverty rate of Texas' 254 counties—as other bridges have been for other communities. "They have money. They have lobbyists," Mr. Portillo said of other international bridges. "We haven't been a significant player, but we want to participate."

### Toll revenue stays local

Although they serve as entries to the U.S. manned by the federal government, most of the international bridges are built and owned by the communities that surround them, and a few are privately owned. That

means that revenue from the tolls vehicles pay to cross stays local, significantly bolstering the budgets of low-income border cities and counties. In Presidio, which holds the only bridge owned by the state of Texas, locals are attempting to create a local port authority to bring revenue to the city and county.

Some \$515 billion of trade went across Texas-Mexico bridges last year, up from \$401 billion in 2019 and accounting for 81% of trade from Mexico, according to U.S. census data. Laredo, the country's top land port, was the crossing point for 22% of trucks hauling goods into the U.S. last year.

"All local cities are looking to capture a bit of this trade, which is a consequence of the growth," said Daniel Covarrubias, director of the Texas Center at Texas A&M International University, which analyzes the state's international trade.

Dr. Covarrubias attributes the sharp increases in state imports and exports to the supply chain normalizing after Covid disruptions. He said he thinks the growth will continue, as pandemic supply

problems and geopolitical uncertainties have led to a push to source more products regionally. Vehicles, machinery, electronics and fuel top the list of goods that cross Texas bridges daily.

Several Texas bridges are at different phases of attempting to expand, an often-tedious process that relies on federal government approvals beginning with a presidential permit. As cities compete to draw traffic across their own bridges, they must also angle for federal support of inspection facilities and customs inspectors.

In the Rio Grande Valley cities of McAllen and Brownsville, projects are under way to allow more commercial trucks to cross both directions and to speed their passage.

The city of Pharr, a neighbor of McAllen, received a presidential permit in 2020 to double its bridge's capacity by building a second four-lane span. The city expects to begin construction next year, Bridge Director Luis Bazán said. Officials hope to cut crossing times on the bridge, a top produce port that brought in some 41% of the nation's avo-

cado imports and 26% of its imported strawberries and raspberries in 2021, according to a city-commissioned report.

"We have to be prepared for all this trade that's coming," Mr. Bazán said.

### Key permit elusive

Meanwhile, Laredo, the state's 800-pound trade gorilla, has been caught in what Bridge Director Yvette Limon described as a frustrating roadblock of presidential permit procedures, which have changed twice under the Trump and Biden administrations. The city, which operates four bridges, wants to add 10 lanes to the commercial-only World Trade Bridge, Ms. Limon said.

The city applied for a presidential permit for the project last year, but was told its environmental review needed to come first, she said. It is now lobbying to complete both concurrently. Revenue from the bridges contributed \$77 million to Laredo's \$630 million budget this fiscal year.

International bridges haven't been an immediate boon to all cities. In late 2010, the city of

Donna, a community of 16,000 people in the Rio Grande Valley, opened a bridge that the city had taken out a \$30 million loan to build. But after basing its financial projections on revenue from crossing commercial trucks, the city was unable to get federal support to build and staff a commercial customs inspection station.

Donna leaders have spent more than a decade seeking avenues to obtain commercial traffic after the bridge's debt forced them to greatly increase property taxes. "I didn't think it was going to be that hard," said Mayor Rick Morales. The bridge is now self-sustaining through tolls on passenger vehicles, he said. The city this month is issuing \$80 million in bonds that will allow it to start construction on an inspection station for commercial trucks, he said.

Mr. Morales said he is confident U.S. Customs and Border Protection will staff the facility, though the agreement hasn't been finalized. "We're a poor community," he said. "But we're expecting this bridge to be a game-changer."

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Justin Pearson gestures after a vote for his reinstatement on Wednesday, days after he was expelled.

# Second Ousted Lawmaker Regains Seat in Tennessee

By JOSHUA JAMERSON

A Memphis panel voted to return Democratic former state Rep. Justin Pearson to the legislature, less than a week after he and another Democratic lawmaker were expelled by Tennessee's Republican-led House of Representatives.

GOP leaders in the chamber removed Mr. Pearson and fellow Democrat Justin Jones on April 6, a rare punishment for speaking out of turn on the House floor following last month's mass shooting at a Nashville school. Republicans, who hold a 75-23 majority in the House, failed to get the two-thirds majority needed to expel their colleague Rep. Gloria Johnson. Democrats and gun-control advocates have rallied around the lawmakers, dubbing them the Tennessee Three.

The Democratic-controlled Shelby County Board of Commissioners, in a special meeting Wednesday afternoon, appointed Mr. Pearson in an interim capacity until a special election can be held. The vote was unanimous, 7-0. On Monday, Nashville officials voted—also unanimously—to return Mr. Jones to the Tennessee House; he was sworn in shortly afterward.

Mr. Pearson said on social

media that he would be sworn in Thursday morning, and that he was organizing buses to take supporters from Memphis to Nashville, the state capital. Shelby County Commissioner Mickell Lowery, the board's chairman, said he would work quickly to finalize paperwork to make the appointment official. "We need to get that to Nashville as soon as possible," Mr. Lowery said.

A spokesman for Tennessee

### Mr. Pearson said he would double down on pushing for tighter gun restrictions.

House Speaker Cameron Sexton previously said he planned to seat whomever was chosen by local officials.

Mr. Pearson is a 28-year-old environmental activist and had taken office earlier this year.

He walked to the meeting Wednesday with supporters gathered around him. After the vote, he thanked the commissioners for voting to reinstate him. "Nashville thought they could silence democracy," Mr. Pearson said. He added that,

when he got back to the state House, he would double down on pushing for tighter gun restrictions. "What we have shown here in Memphis...is that we do not speak alone. We speak together. We fight together." He ended his speech to sustained applause, shouting: "Let's get back to work!"

Speaking Tuesday, Mr. Pearson said he was expelled despite being sent to the legislature by voters. "We got a problem going on in Tennessee," he said, adding later: "If you continue to erode democracy, you will reach a point when you will not have it."

Republicans moved to expel the Democrats for "disorderly behavior" after they interrupted a House session on March 30. GOP members said the trio had broken rules about preserving order and displaying political messages after a school shooting that left six dead. A 28-year-old suspect killed three students and three adults at a private Christian school in Nashville on March 27; police killed the shooter at the scene.

Ms. Johnson joined the protest on the House floor, but she said she didn't raise her voice or use a bullhorn to speak.

—Mariah Timms and Alyssa Lukpat contributed to this article.



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## WORLD NEWS

## Kyiv Probes Video's Authenticity

Footage purports to show Kremlin forces beheading a soldier; Moscow seeks proof

By IAN LOVETT  
AND BOJAN PANCEVSKI

DNIPRO, Ukraine—Ukraine's security service launched an investigation into a video posted on social media that appears to show Russian forces beheading a captured Ukrainian soldier.

The video, which hasn't been independently verified by The Wall Street Journal, first appeared Tuesday evening on social media and appears to show a Russian soldier using a knife to cut off the head of a screaming Ukrainian soldier.

"This is a video of Russia as it is," Ukrainian President Volodymyr Zelensky said in a video posted to Twitter on Wednesday. "This is not an accident...This was the case in Bucha. Thousands of times," he said, referencing the Kyiv suburb where Ukrainian soldiers discovered hundreds of bodies after Russian forces withdrew.

The video elicited outrage across Ukraine on Wednesday morning, with citizens labeling it an emblem of Russia's campaign not only to seize land but to destroy Ukrainian identity. Mr. Zelensky said the images should catalyze leaders around the world to help Ukraine defeat the Russians. "Action is required now," he said.

Kremlin spokesman Dmitry Peskov said that the video displayed horrible images but that its authenticity must be established, according to state news agency TASS.

The Rusich Group, a neo-



Ukrainian soldiers participated in a ceremony for Ukrainian Armed Forces at St. Michael's Cathedral in Kyiv on Wednesday.

Nazi Russian paramilitary unit, posted a still from the video on its Telegram channel with the caption, "You will be surprised how many of these videos will gradually pop up" and a smiley face emoji.

The video is the latest in a series of clips that have appeared to show Russians executing Ukrainian prisoners in brutal ways. Kyiv also is investigating video that appeared to show the killing of a group of surrendering Russian soldiers.

The United Nations last month said it had gathered evidence of a range of atrocities that Russian forces committed

against Ukrainians that amount to war crimes, including killings, imprisonment, torture, sex crimes and the deportation of civilians.

Ukrainian forces also committed "a small number of violations" of international law, the commission found, including the shooting and torture of Russian prisoners of war, a report said.

On Wednesday, Russia's Defense Ministry said it conducted a successful launch Tuesday of a new advanced intercontinental-missile system capable of carrying nuclear warheads to targets across the U.S., follow-

ing thinly veiled threats by Russian President Vladimir Putin to use nuclear weapons after invading Ukraine.

The show of nuclear strength, which Moscow said was communicated to Washington in advance, comes as Russian forces struggle to gain ground in east Ukraine, with elite forces and mercenary groups engaged in bloody house-to-house combat.

In February, Russia suspended its participation in the last remaining nuclear-arms control agreement with the U.S., the New Start treaty that agreed to limits on the two

nations' nuclear arsenals.

The new missile was launched from the Kapustin Yar test range in Russia's southern Astrakhan region and hit a target in the Sary Shagan firing range in neighboring Kazakhstan with the required precision, said the Russian Defense Ministry. The test was part of broad exercises of Russia's ground-based strategic forces that started in March.

While there are few official details about the capabilities of the new system, Russian military commentators have said it can simultaneously deliver multiple nuclear warheads.

## Russian Military Infighting Described

By MATTHEW LUXMOORE  
AND JARED MALSN

Leaked documents purporting to contain Pentagon presentations depicted Russia's military leadership as distracted by infighting over the war in Ukraine and grappling with the outsize role played there by the paramilitary Wagner Group.

The Pentagon and Justice Department last week launched an investigation after purported U.S. Defense Department documents were posted online and amplified by Russian, pro-Kremlin Telegram channels. The Wall Street Journal wasn't able to independently authenticate the leaked documents, but they contain enough detail to give them credibility.

In addition to indicating some military vulnerabilities on the Ukraine side, the documents appear to paint a negative picture of the state of Russia's war effort and fraying cohesion at the top of its military command, with one of the files detailing arguments between military leaders and a paramilitary commander that prompted President Vladimir Putin to personally intervene.

According to one of the U.S. documents, Valeriy Gerasimov, the chief of Russia's General Staff, reportedly ordered a stop to munitions supplies for the paramilitary Wagner Group on Feb. 12, at a time when its units were suffering significant losses in the campaign to seize the city of Bakhmut in eastern Ukraine after months of heavy fighting.

Wagner founder Yevgeny Prigozhin has used the force's battlefield presence to gain sway with the Kremlin, publicly taking credit for victories such as January's seizure of Soledar north of Bakhmut and the capture of Severodonetsk last summer. But by late February, he was vocally criticizing Russia's military leadership, attacking Mr. Gerasimov and Russian Defense Minister Sergei Shoigu for preventing his fighters from getting the ammunition they need.

"There is simply direct opposition going on, which is nothing more than an attempt to destroy Wagner," Mr. Prigozhin said, saying the ammunition was sitting in warehouses but officials were preventing it from reaching his men.

According to an image of the leaked document, which has no visible publication date but is part of a batch dating to late February, the Russian Defense Ministry in mid- to late February was struggling to counter the claims by Mr. Prigozhin, a Putin ally, because the Kremlin was making no moves to rein him in and his high profile made it difficult to discredit the narrative he was advancing on social media.

The document cited a Wagner "affiliate," Vladislav Andriyevsky, as saying that Mr. Prigozhin was ultimately called into a meeting with Mr. Putin and Mr. Shoigu that was aimed at calming tensions between the two. Russia's Defense Ministry didn't respond to a request to comment.

## U.S. Battles Kremlin Disinformation Efforts

By MICHAEL R. GORDON  
AND DUSTIN VOLZ

WASHINGTON—The State Department is increasing efforts to push back against the Kremlin's disinformation campaign even as Russian propagandists have sought to exploit the extensive leak of purported classified information.

In meetings this week in the Balkans, a senior U.S. envoy outlined proposals to help governments there strengthen their capability to ferret out Russian and Chinese disinformation sites on their territory so they can call them out and, the U.S. hopes, shut them down.

"With Secretary Blinken's strong endorsement, we are going after the purveyors of Russian disinformation," James Rubin, the envoy, said during a stop in Pristina, Kosovo, in a reference to Secretary of State Antony Blinken.

Moscow has long sought to exploit the traditional affinity between Serbian communities and the Russians, as well as lingering divisions over the breakup of Yugoslavia and North Atlantic Treaty Organization interventions to protect Kosovo and quell the ethnic strife in Bosnia.

Online news websites with Facebook pages are one of the main ways people in the region receive news. The U.S. has identified several that have echoed Russian disinformation, including claims by one site that Ukraine is pre-



U.S. envoy James Rubin outlined proposals to help Balkan nations ferret out disinformation sites.

paring a false-flag operation that it could blame on Russia.

"There is perhaps more social receptivity to the kind of narratives that the Russians are apt to put forth and perhaps less institutional capability to deal with it," Daniel Fried, who served as the top State Department official for Europe, said of the region. "There's work to be done. It doesn't mean it's hopeless."

The push marks a departure for the Global Engagement Center, the State Department office led by Mr. Rubin that was established in 2016 to counter foreign propaganda and disinformation abroad.

For years, the nearly 200-strong office, which has an annual budget of about \$61 million, has published detailed analyses to rebut Russian and Chinese attempts to manipulate global opinion. Now it is starting to target the machinery that transmits that disinformation in foreign countries.

By its own account, the State Department effort has a long way to go. Like the U.S. military, the Global Engagement Center has shifted its focus from countering Middle East militants to the "great power" competition with Russia and China, only to find itself operating at a disadvantage.

"We are massively behind," said Mr. Rubin, who was named as a special envoy and coordinator of the Global Engagement Center in December.

Mr. Rubin has urged officials in Montenegro to craft an information code of conduct that would enable the government to crack down on websites that have been carrying Russian propaganda on the Ukraine war. The next day he offered technical support to North Macedonia to help it ensure the troll farms that once disseminated Russian narratives in the country couldn't re-emerge.

The proposals are part of a broader package the U.S. is de-

veloping with the European Union that includes the establishment of a common database of Internet Protocol addresses and domain names that traffic in disinformation.

An effort also is under way to use software to trace Russian and Chinese narratives as they migrate across borders so the U.S. and its foreign partners can try to counter them.

The longer-term effort would see legal standards strengthened abroad to preclude disinformation and U.S. support to foreign partners to develop the in-house expertise to identify it. U.S. economic sanctions against malign actors that facilitate Russian and Chinese disinformation also could be in the offing.

Among the center's initiatives has been an effort to unmask Russian intelligence agencies that used online publications to undermine confidence Western Covid-19 vaccines. A Kremlin spokesman denied the allegations.

The Global Engagement Center's activities have drawn the ire of Elon Musk, who bought Twitter last year and has accused the center of engaging in censorship by seeking to influence social-media content. A spokesman for the center said that the office identifies sources of disinformation but doesn't focus on U.S. social-media accounts or tell them what to do.

A common criticism is that the center has struggled to find its footing in recent years.

## Government In Search Of Leaker

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the more restricted documents gives investigators a way to narrow the field of potential leakers, they said.

The Defense Department has extensive procedures around the handling of classified documents in both digital form and on paper, according to former intelligence community and Pentagon officials. Printing classified documents nearly always generates a digital trail of some kind, one that investigators have been able to follow in other cases of leaked documents.

Government printers connected to classified networks keep detailed logs of all classified documents printed on

them. In addition, some classified documents contain invisible markings that can help trace the origin of the document, according to people familiar with the matter. Many classified workspaces also have internal cameras to prevent the theft of paper documents, the people said.

Glenn Gerstell, a former general counsel with the National Security Agency, said a significant number of people might have access to these types of documents, which are widely used to brief senior-level policy makers around the government.

"The CIA briefing goes to a lot of people, including people on Capitol Hill. The Joint Chiefs book goes to a significant number of senior military leaders," Mr. Gerstell said. The documents are available in both digital and print form, he said, with significant security measures taken to protect the documents in either form.

"If you're printing any of these reports out, they're

printed on secure printers. There isn't stuff lying around on desks. It's not a normal office," said Mr. Gerstell about government workspaces.

Even a photograph of a printed classified document can give investigators important clues about the material's origins, said Joshua Skule, a former senior FBI executive and now the president of the government contracting firm Bow Wave.

"The FBI will be conducting lab analysis from the evidence they collected, which could lead investigators to other clues like type of paper, ink and other items for follow up," Mr. Skule said. "This is traditional investigative work in addition to technical forensics."

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 some of the documents could be authentic.

The leaked documents ap-

pear to have been printed and folded twice. In some images, there are items clearly visible in the background, including a hunting magazine, a knife and a tube of Gorilla-brand glue. All could be clues as to how and by whom the documents came to be initially posted within a small group of indi-

## The documents contain enough detail to give them credibility.

viduals on Discord, a social-media outlet popularized by videogame enthusiasts where users chat about games, investing and other topics in mostly private, invitation-only groups called servers.

That presentation, however, could have been contrived by a sophisticated adversary to throw off investigators, former

defense officials said.

Investigators haven't yet definitively ruled out the possibility that the publication of the documents was a foreign-sponsored intelligence operation designed to look like a leak, or that classified information was somehow lost through mishandling and later posted by people not authorized to access it.

On Wednesday, Microsoft Corp. President Brad Smith said his company's "digital-threat analysis team" has been spotting efforts by Russians in recent months to infiltrate online communities around gaming. In-game chats built into popular videogames have been used as a channel for covert communication by spies and terrorists in the past, according to people familiar with intelligence operations.

"It is the Wagner Group, it is Russian intelligence, and they're just in part using this as a place to get information into circulation," said Mr. Smith, speaking at a summit convened

by the news platform Semafor. "That's what happened here. It included the Discord channel around Minecraft."

Security controls around classified documents have proved vital to finding past leakers. In 2017, the government quickly identified Reality Winner, at the time a contractor for the NSA, who printed out top-secret material and sent it to the Intercept, an online news organization. The government was able to determine that only six people had printed the document during the time it was on a classified computer network, and then quickly narrowed the field of possible culprits to Ms. Winner, who later pleaded guilty to leaking the information.

Ms. Winner, who served time in prison, said she leaked information to the media in hopes of turning public attention to what she saw as an important issue.

—Daniella Cheslow and Warren P. Strobel contributed to this article.



WORLD NEWS

Hostage Envoy Vows to Gain Prisoners' Release

The U.S.'s top hostage negotiator called on Russia to allow American Embassy officials to visit detained Wall Street Journal reporter Evan Gershkovich and pledged to find a way to secure his release and that of another American, Paul Whelan.

By Louise Radnofsky, Gordon Lubold and Ann M. Simmons

Roger Carstens, the special presidential envoy for hostage affairs, made the remarks during television interviews on ABC, CBS, NBC, CNN and MSNBC.

Mr. Gershkovich hasn't received a visit from U.S. Embassy officials two weeks after he was detained while on a reporting trip and accused of espionage. The Journal and Washington vehemently deny the claim.

"We have yet to have consular access to Mr. Gershkovich, and the Russians owe that by international law and by consular convention," he said on CNN.

Russian officials said they wouldn't succumb to pressure from the U.S. as to when to grant consular access. He has

been visited by lawyers retained by Dow Jones & Co., the parent company of The Wall Street Journal.

Russia's Deputy Foreign Minister Sergei Ryabkov complained Wednesday, according to the state news agency TASS, that visas haven't been issued to Russia's foreign minister, Sergei Lavrov, and a Russian delegation to attend U.N. Security Council meetings to be held in New York this month. The State Department didn't respond to a request for comment about the visas.

Mr. Carstens declined to provide details about what U.S. negotiators might be able or willing to offer to secure Mr. Gershkovich's release. "We've begun in earnest to start sketching out what negotiations might look like," he said on ABC.

He said it isn't clear, beyond anecdotal suspicions, that Russia was emboldened to detain Americans to negotiate for the release of Russian prisoners held in the U.S. And he focused on recent successes in securing the release of 26 Americans, and pledged to bring Messrs. Gersh-



Roger Carstens says: 'We've begun in earnest to start sketching out what negotiations might look like.'

kovich and Whelan home. "We'll find a way and a path to bring both Paul Whelan and Evan home," he said on MSNBC.

Mr. Whelan is a corporate security executive from Michigan who the U.S. considers wrongfully detained by Mos-

cow. He has been held since late 2018 on espionage charges that he, his family and the U.S. have denied. He was sentenced in 2020 to a 16-year prison term.

"I can't get into the specifics, just as I was told by the administration recently, we have a sig-

nificant offer on the table," Mr. Carstens said on MSNBC. "We urge the Russians to take it."

Mr. Carstens said he spoke with Mr. Whelan, by phone on Monday, and they mostly talked about Mr. Gershkovich's case. "Paul Whelan is still

front and center in the administration's mind," he said.

Mr. Carstens wouldn't discuss whether the administration would negotiate Messrs. Gershkovich's and Whelan's cases together. His office doesn't give priority to certain cases of Americans who are wrongfully detained overseas over others, he said.

Mr. Whelan's siblings recently have expressed concern that their brother could be left behind for a third time when other Americans are freed, and said any recurrence would be "an unconscionable betrayal."

Moscow has dismissed the State Department's designation of Mr. Gershkovich as being wrongfully detained as inconsequential. Kremlin spokesman Dmitry Peskov told reporters Wednesday that "the American side has obligations....And America must fulfill these obligations." He didn't elaborate.

Russia's Foreign Ministry spokeswoman Maria Zakharova said Wednesday that the U.S. "creating noise" over whether there would be a prison swap for Mr. Gershkovich wouldn't help.

Global Group Presses For Reporter's Freedom

By PAUL VIEIRA

OTTAWA—A global coalition of democratic countries that champions press freedom has condemned Russia's arrest of Wall Street Journal reporter Evan Gershkovich and called on Moscow to immediately release him from custody.

The executive arm of the Media Freedom Coalition, a partnership of 51 countries from six continents, said in a statement released Wednesday that Russia is using its authority to intimidate and harass journalists for their critical reporting in the country.

"The detention of journalists under the guise of espionage charges is troubling and undermines the basic principles of democracy and rule of law," the statement said. "It is imperative that journalists are able to work independently and without fear of spurious charges being brought against them."

The Federal Security Service, Russia's main intelligence and security agency, detained Mr. Gershkovich in the eastern city of Yekaterinburg on March 29

while he was on a reporting assignment. He has been charged with espionage—an accusation that both the Journal and Washington vehemently deny.

Mr. Gershkovich was accredited to work as a journalist in Russia by the country's Foreign Ministry at the time of his detention. The 31-year-old has worked as a reporter in Russia since 2017.

The coalition said charges against Mr. Gershkovich should be dropped and his release expedited. It added that Mr. Gershkovich is a widely respected journalist "who has spent years reporting on events in Russia with insight and integrity."

Canada and the Netherlands are the coalition's co-chairs. In addition to those two countries, the statement was signed by the U.S., U.K., Germany, the Czech Republic, and Estonia, who also are members of the executive group.

Meanwhile, in Germany, more than 40 of the country's media executives, publicists and journalism associations sent an open letter on Wednesday to Russia's ambassador in Berlin demanding Mr. Gershkovich's immediate release.

"Journalism is not a crime," they said. The initiative, which has been supported by nearly all of Germany's leading news media, joins other Western governments, global news organizations, press-freedom advocates and human-rights groups in demanding the journalist's release.

The State Department has designated Mr. Gershkovich as "wrongfully detained." His case now shifts to a State Department unit focused on negotiating the release of hostages and Americans classified as wrongfully detained abroad.

U.S., U.K. Expand Oligarch Sanctions

By IAN TALLEY

WASHINGTON—The U.S. and the U.K. expanded the West's economic sanctions encircling Russia, targeting a major metals firm and scores of other companies in an effort to cut off more of the international assets and finance channels connecting Moscow's economy to global trade and finance.

Notable among Wednesday's additions to the U.K. and U.S. Treasury, State and Commerce Department sanction and export control lists are a global network of firms and associates of Alisher Usmanov, one of Russia's wealthiest oligarchs, including metals and mining conglomerate USM Holdings Co.

Mr. Usmanov was sanctioned in March 2022 when

Ukraine's European allies launched a major economic pressure campaign against Russia in response to the invasion of Ukraine. But many of his most important assets weren't. Western officials were concerned that sanctioning all of the oligarch's companies could create turmoil in global markets, some officials said.

The U.S. also added dozens of other firms based worldwide, including in China, Turkey and the United Arab Emirates, that officials say are helping supply Russia's military and industrial base. The U.K.'s foreign secretary said it also sanctioned what he called financial fixers for Russian oligarchs previously cut off from international markets.

"As the Kremlin seeks ways around the expansive multilat-

eral sanctions and export controls imposed on Russia for its war against Ukraine, the United States and our allies and partners will continue to disrupt evasion schemes," said Brian Nelson, undersecretary of the Treasury for terrorism and financial intelligence.

USM said the sanctions against Mr. Usmanov, his family, associates and his firms are "unfounded and unjust," and they will challenge their legality.

After putting Mr. Usmanov on the sanctions list, U.S. authorities waited more than a year to list the firms separately. In addition to concerns the sanctions could cause collateral damage in Western markets, investigators needed time to comb through the thicket of corporate holdings

obscuring the assets, said current and former U.S. officials.

German authorities last year searched the offices of an international bank as part of a money-laundering probe into Mr. Usmanov. And some of Mr. Usmanov's dealings were run through the offshore financial haven, the Isle of Man, whose corporate and banking secrecy laws have attracted investors seeking to keep their operations under the radar, some British lawmakers and financial-transparency analysts say.

"Even some of the countries who have publicly opposed Russia's unconscionable war are falling short on action to ensure that Russia can't exploit their companies and banks to equip its military," said a senior Treasury official.



WSJ journalist Evan Gershkovich is being held on spying charges.

Country Music Star Brad Paisley Performs in a Kyiv Square



A SONG IN HIS HEART: The singer performed a new song, 'Same Here,' and a Ukrainian folk song Wednesday during a visit to Ukraine's capital with a delegation of U.S. senators. Mr. Paisley is an ambassador for United24, a fundraising platform for Ukraine.

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EY Split Stopped by Missteps

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businesses on their own. "Our competition is going to have a field day with poaching our people," Julie Teigland, the leader of EY's European region, said on a call with partners. "Clients are really worried that we're going to lose talent...based on the uncertainty that we've had and the infighting."

Carmine Di Sibio, EY's global chairman and chief executive, speaking on an internal webcast, asked for time to let the dust settle. He took much of the responsibility for the failed breakup effort and it isn't clear how long he will stay at EY.

He launched the breakup plan, dubbed Project Everest, more than a year ago to free EY's consulting business from widespread conflict-of-interest rules that prevented it from doing business for audit clients. Mr. Di Sibio failed to anticipate the potential U.S. opposition

and miscalculated the financial hurdles a deal would face.

The idea was for the consulting firm to raise billions of dollars by borrowing and selling a stake in an initial public offering. The money would go in part to pay the partners who were staying with the auditing firm, while the consultants would get stock in the new firm.

As the biggest and most influential part of the firm, the U.S. operation had an effective veto over the deal, which it used to try to extract more concessions for the auditors, before deciding to vote down the plan.

In the days after news of the split emerged last spring, Mr. Di Sibio talked about the complexity of getting partners in dozens of countries to approve the deal. EY, like all major accounting firms, is made up of separate partnerships in different countries that are affiliated with each other under the EY brand. Each country has its own governance structure. In the U.S., a two-thirds majority on the executive board was required to approve the deal, giving a small group of partners immense power.

The U.S. operation was seen as a beneficiary and Mr. Di

Sibio had held senior executive positions at the firm before moving up to a global role.

But a group of influential retired U.S. partners, including former top executives of the firm, quickly banded together to oppose the deal. They said it would weaken the audit business and criticized Mr. Di Sibio, who was in line to become chief executive of the new consulting business. He had originally been scheduled to retire in June due to age restrictions, but had been given a two-year extension to see the plan through.

The retired partners had a deep interest in the deal because some of the proceeds were intended to fund their pension plan. They also believed a breakup threatened their legacy. The U.S. executive committee rejected the deal on Friday without a full vote of the firm's U.S. partners.

The U.S. concern stemmed in part from the worsening economics of the deal. Rising interest rates increased the cost of the billions of dollars in debt the new consulting company was planning to take on, while a nearly frozen market for initial public offerings made the proposed public sale of a stake in the business more

challenging. A tougher economy also has pressed on profit margins leading to a round of cost cutting and questions about ambitious targets set for the new businesses.

But the fundamental issue that sank the deal was the U.S. leadership's inability to decide how EY's lucrative tax practice should be divided up, even within the U.S., according to people familiar with the matter.

Mr. Di Sibio appeared confi-

'Our competition is going to have a field day with poaching our people.'

dent of success almost until the end, saying as recently as February that he saw "no tremendous hurdles" to getting the deal done.

Though there was still internal opposition, the firm's U.S. executives had joined their overseas colleagues in giving the deal the green light in principle in September.

"If they weren't going to follow through on this, that's

the time they should have stopped it," one person familiar with the matter said.

EY's U.S. leader Julie Boland appeared to cement her support for the plan in December by agreeing to head the new audit-focused partnership. That was taken as a sign she could deliver the two-thirds vote needed on her executive committee to approve the split.

Instead, Ms. Boland said she saw the September green light as a move from the feasibility stage to design, rather than a definite go-ahead for the plan. "The split and ensuing transaction...was one option, but never the only option to maximize the potential of the firm's operations," Ms. Boland and other U.S. executives said in an internal note after the deal failed.

Some partners have privately questioned why Mr. Di Sibio chose to try to split the firm now, when it has enjoyed a period of record growth that took its global revenue to \$45 billion in the year through last June. Regulators worldwide have for years raised concerns about the risk to auditor independence from having consulting services under the same roof, but there are no signs any of the firms

will be forced to separate.

Mr. Di Sibio also has been criticized by some within the firm for overseeing the planned split while also planning to lead the new consulting company, and get a payout worth tens of millions of dollars.

He wasn't alone in pushing the plan, however. Other senior EY executives strongly backed the move and it isn't clear what they will do next. When the U.S. concerns earlier this year threatened to derail the deal, one contingency plan involved selling at least some of the non-U.S. consulting business, likely to a private-equity buyer.

There also are question marks over the future of Ms. Boland. She had taken over the U.S. firm shortly before the breakup plan was begun. She is the daughter of a retired EY partner, and held talks with the U.S. retired partners about their concerns.

Typically, Mr. Di Sibio's successor would come from the U.S. operation, but it is unlikely that angry non-U.S. partners would back a candidacy from Ms. Boland. That could leave a power vacuum at the top as the firm tries to move ahead.

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# Bitcoin's Anonymity Is Breached

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Silk Road a year later on criminal grounds and seized computers that held its transaction records. The records didn't reveal Mr. Zhong's caper at first. Authorities hadn't yet mastered how to track people and groups hidden behind blockchain wallet addresses, the series of letters and numbers used to anonymously send and receive cryptocurrency. One elemental feature of the system was the privacy it gave users.

Mr. Zhong moved the stolen bitcoins from one account to another for eight years to cover his tracks. By late 2021, the red-hot crypto market had raised the value of his trove to \$3.4 billion. He still lived in a modest house in Athens, Ga., and dressed in shorts and T-shirts. He also had a lake-house getaway in Gainesville, Ga., a Lamborghini sports car and a \$150,000 Tesla.

In November 2021, federal agents surprised Mr. Zhong with a search warrant and found the digital keys to his crypto fortune hidden in a basement floor safe and a popcorn tin in the bathroom. Mr. Zhong, who pleaded guilty to wire fraud, is scheduled to be sentenced Friday in New York federal court, where prosecutors are seeking a prison sentence of less than two years.

Mr. Zhong's case is one of the highest-profile examples of how federal authorities have pierced the veil of blockchain transactions. Private and government investigators can now identify wallet addresses associated with terrorists, drug traffickers, money launderers and cybercriminals, all of which were supposed to be anonymous.

Law-enforcement agencies, working with cryptocurrency exchanges and blockchain-analytics companies, have compiled data gleaned from earlier investigations, including the Silk Road case, to map the flow of cryptocurrency transactions across criminal networks worldwide. In the past two years, the U.S. has seized more than \$10 billion worth of digital currency through successful prosecutions, according to the Internal Revenue Service—in essence, by following the money. Instead of subpoenas to banks or other financial institutions, investigators can look to the blockchain for an instant snapshot of the money trail.

Government investigators exploit a feature of bitcoin and many other digital currencies: Every transaction is stored forever in blockchain's online ledger and open for anyone to see. Since Mr. Zhong's heist, authorities and private firms have compiled the equivalent of a blockchain address book to aid the IRS, Federal Bureau of Investigation and state and local authorities investigating cybercrimes. The blockchain-analytics company Chainalysis Inc., based in New York, said it has mapped more than a billion wallet addresses, separating out legitimate and questionable holdings and identifying the exchanges where the cryptocurrency is converted to cash.

"If there's one thing the blockchain does really well, it preserves evidence perfectly," said Jonathan Levin, one of the founders of Chainalysis.

When bitcoins are stolen, the criminal is now "like a guy that robbed a bank in the snow," said Matthew Price, a former IRS investigator who now runs investigations for cryptocurrency exchange Binance Inc. The criminal's name might be unknown, he said, but digital breadcrumbs, like footprints in the snow, remain for authorities to follow.

Federal investigators have used blockchain-tracing techniques to shut down a child-pornography website, disrupt funding for terrorist organizations and, in the Justice Department's largest-ever financial seizure, retrieved \$3.6 billion from a New York couple charged with laundering the proceeds of the 2016 hack of cryptocurrency exchange Bitfinex. Each case adds more accounts to the government's blockchain address book.

These advances make it difficult for criminals to convert their spoils to cash. After government officials publish wallet addresses connected to crooks, no legitimate cryptocurrency exchange wants to do business with them, fearing legal consequences.

Last year, a group that U.S. officials linked to North Korea stole about \$720 million by hacking two cryptocurrency services—Harmony's Horizon Bridge and Sky Mavis's Ronin Network. In February, the FBI published a list of wallet addresses linked to the \$100 million Horizon Bridge theft, effectively stonewalling hackers from withdrawing cash through legitimate exchanges.

## Bitcoin breakthrough

In a groundbreaking case, Mr. Levin and his business partner Michael Gronager were brought in to investigate the 2014 collapse of Mt. Gox, a cryptocurrency exchange that was once the world's most



Michael Gronager, seated, and Jonathan Levin, founders of Chainalysis at their offices in New York.

popular online destination for buying and selling bitcoin.

They developed software to monitor cryptocurrency transactions, using state-of-the-art research, their own data crunching and dogged detective work. "It was really the first time that it had been possible to create a whole entity view of something on the blockchain," Mr. Levin said.

Working from a San Francisco Airbnb, it took three months for Mr. Levin, an economist, and Mr. Gronager, a computer scientist, to learn that Mt. Gox held fewer bitcoins in reserve than it believed. Today, Mr. Levin said, that kind of investigation would take 30 seconds. All told, thieves had stolen 600,000 bitcoins.

The work prompted Messrs. Levin and Gronager to start Chainalysis, which now flags risky sources of funds for more than 200 clients, including the IRS, FBI and the Drug Enforcement Administration, as well as banks and cryptocurrency exchanges. The company was recently hired by business partners and creditors of the failed cryptocurrency exchange FTX.

Blockchain analytics provide law-enforcement investigators with an important piece of the blockchain puzzle—mapping the flow of cryptocurrency belonging to specific people and groups. Greater regulatory scrutiny of crypto-

currency exchanges has also helped. Exchanges have stepped up systems to identify the parties they do business with—under so-called know-your-customer requirements—and are more responsive to law-enforcement inquiries.

A host of blockchain-analytics companies, including Elliptic and CipherTrace, which is owned by MasterCard Inc., have sprung up.

## Federal authorities have pierced the veil of blockchain transactions.

Ransomware victims worldwide paid at least \$457 million last year to bitcoin addresses controlled by criminals, according to Chainalysis. Ransomware refers to hackers locking up a computer network by encrypting hard drives and demanding money to reopen them. Blockchain-tracking techniques have made it possible for federal officials to recover more stolen funds, which has contributed to a slowdown in ransomware payments. The DOJ has seized about \$40 million in ransom payments as of November, said Eun Young Choi, the director of the DOJ's national cryptocurrency enforcement team.

ments. "At least upstairs in my house, I was myself being on a computer."

Computers also provided a financial escape. Mr. Zhong was a cryptocurrency pioneer, who in 2009 was mining hundreds of bitcoins a day. They weren't worth much at the time. But by the time he was in college, he converted some of his digital wealth into \$700,000 in cash. He wanted to have a "case full of money like in the movies," Mr. Zhong said, according to a psychological assessment filed with the court. "He hoped the visual appeal of the cash would impress a female into having sexual relations with him. He stated his plan did not work."

For five years after the Silk Road theft, Mr. Zhong sat on his digital treasure. In 2017, he embarked on a \$16 million spending spree, much of it spent trying to win friends, according to court papers and his lawyer, Michael Bachner. Mr. Zhong gave away 258 bitcoins, many of them on digital devices each loaded with 50 bitcoins and now worth close to \$1.5 million. He hosted friends on chartered planes and boats, at sporting events and in fancy hotels, according to court papers and Clayton Kemker, a former bond salesman who became Mr. Zhong's business partner.

Mr. Zhong made his big mistake on Dec. 16, 2020, according to court records and an analysis of his bitcoin transactions by Elliptic. He combined crypto funds the IRS had linked to the Silk Road thefts with legitimate funds he kept in a cryptocurrency exchange.

With Mr. Zhong's Silk Road link in hand, authorities went to the bitcoin exchange that handled the transaction. The exchange gave IRS agents an IP address, 45.20.67.1, and Mr. Zhong's internet service provider confirmed that he had been using that address since 2016. A month later, federal agents searched Mr. Zhong's house and found the digital storage devices that helped clinch the investigation.

The government seized more than 50,000 bitcoins from Mr. Zhong, which at the time were worth \$3.36 billion. A DOJ spokesman declined to comment on the case.

Messrs. Zhong and Kemker had planned a real-estate development that was to encompass 340 apartments, 60,000 feet of retail space and a rooftop bar in Memphis, Tenn. Mr. Zhong pledged \$42 million for the project, which has since been abandoned.

The partnership with Mr. Zhong cost him his life savings, Mr. Kemker said. "He didn't know how to navigate the business world. He just knew coding and tech."



From left, James Zhong in an undated photo from his online Foursquare page; a computer motherboard that held some of the digital keys to Mr. Zhong's fortune; the popcorn tin where it was found; some of the cash seized during a 2021 search of Mr. Zhong's house.

# Tax Time Is Odd For Influencers

Continued from Page One

their followers—but making the math work is becoming harder. Over the past year, big social-media companies such as Meta Platforms Inc., Snap Inc. and Pinterest Inc. ended or scaled back cash bonuses for viral posts, and soon ByteDance Ltd.'s TikTok could be banned in the U.S.

So influencers are increasingly testing the limits of what expenses will pass muster with the IRS. The livelihood is hard to explain to Aunt Betty, let alone Uncle Sam.

Rachael Johnson, who is 49

and lives on the road in an RV with her husband and their dogs, had gotten used to receiving monthly payments from Facebook for posting three to four videos a day about the cross-country adventures of the pooches, Peanut Butter Brickle and Fruitycake. That has now been cut, so she hopes the IRS will allow her to deduct pet-related purchases she made last year, such as the \$200 she spent on costumes that she and the dogs wore in the fall to reenact a scene from the movie "The Sound of Music."

"We did an actual video on top of a mountain," says Ms. Johnson.

She's confident the government will come through for her since she says she already wrote off \$100 she spent on four shoes for Fruitycake—one for each paw—after she adopted him two years ago. (Of course, the government could

still opt to sniff out Fruitycake's footwear in the future.) "He's afraid of water so we have to put shoes on him," Ms. Johnson adds. "Those are pretty expensive."

The creative-software company Adobe Inc. estimated in a report last year that about 14 million people in the U.S. earn money through posting social-media content and have more than 5,000 followers on their main platform.

Creators make money in a variety of ways, such as by hosting advertisers, selling merchandise, charging subscription fees—and, until recently, some also received regular payments from social-media companies for popular posts. The livelihood has grown tougher as tech companies reduce spending over concerns about a slowing economy.

When it comes to filing returns, creators are at a disadvantage because their profes-

sion is so new, according to Sima Gandhi, chief executive and co-founder of San Francisco-based Creative Juice, a startup that provides funding and financial services to such workers. The tax code was largely written "before the internet existed, let alone YouTube," she says.

Ms. Gandhi, who used to work for the U.S. Treasury Department, says many creators don't realize they can deduct even basic expenses including the cost of setting up a limited liability company and equipment such as microphones and selfie sticks. "These things should be reasonable and necessary in the eyes of the IRS," she adds.

Outside Las Vegas, 43-year-old YouTube creator Thomas Jackson, who makes videos about cars and various antics, once live-streamed himself lob-

bing sex toys at a building. He says YouTube asked him to take the prank video down, but that he still claimed \$864 worth of dildos as a business expense on his taxes. "Nobody asked me any questions about it," he says.

Paul Matreselva, who does social-media posts about betting on mixed-martial-arts fights, is seeking a deduction for tickets to a December match in Orlando, Fla., that cost him around \$3,000.

The tickets were prizes for the first eight of his followers to sign up to receive text messages with his betting tips.

"It was a nice night out for my subscribers," says Mr. Matreselva, who adds he bought the most expensive seats available. "We were right in front of the cage sitting with celebrity fighters."

Joe Honey, an accountant in Chattanooga, Tenn., got his

first creator client last year—Mr. Matreselva—and his second this year. "They present some challenges," he says.

In St. Augustine, Fla., Tommy King, who makes YouTube and TikTok videos about videogames from his bedroom, became a full-time creator last year and says a tax expert he consulted was "dumbfounded" when he handed over receipts for \$1,000 worth of outfits for his avatar in the game "Fortnite" and fees for making it perform dance moves.

Mr. King says he ended up doing his own taxes last year. In addition to the "Fortnite" goodies, he says he deducted expenses such as \$3,000 worth of computer parts and a \$500 gaming chair to support his 6'5" frame. "I'm a really big guy and I need a nice chair," he says. "It was probably one of the best investments of my setup."

# PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Thursday, April 13, 2023 | A11

By Rachel Wolfe and Imani Moise

**W**e're finally reckoning with our expensive subscription habits. For two straight quarters, cancellations have outpaced new subscriptions for digital memberships, food-of-the-month clubs and a host of other purchases, according to personal finance app Rocket Money. Streaming services have been particularly affected, with cancellations for Netflix, Hulu and HBO Max and others up 49% in 2022 from the previous year, according to subscriber-measurement firm Antenna.

"People are taking stock of their subscriptions and trying not to make the same mistakes they made in 2022 given that budgets are getting a lot tighter," said Courtney Alev, consumer financial advocate at Credit Karma.

The decision to cancel had been building up for some time, financial analysts said. Even though inflation cooled last month to its lowest level in nearly two years, budgets continue to be squeezed by higher prices.

About a third of respondents to a December Credit Karma survey said their biggest financial mistake last year was paying for services they never used. Americans were also paying about \$133 more than the \$86 they thought they were paying for subscriptions each month, according to a 2022 survey from market research firm C+R Research.

Retiree John Ritzinger, 72 years old, said canceling subscriptions he never used would spare him needing to penny pinch at the grocery store.

First to go was the satellite radio in two cars he never drove, saving him \$45 a month. Next, the MotorTrend magazines that lived in an unread stack on the coffee table and a \$1,000 annual, dining-only membership to his local Dayton, Ohio, country club in favor of ordinary restaurants. Stopping the \$750-a-year pest control service was more of a debate with his wife.

"But if we get a bad enough infestation I figure we just burn the house down anyway," he joked.

He's putting off his call with the cable company to deactivate the land line he always ignores and downgrade his package until he's socked away enough patience for an hours-long customer-service call.

## Taking on subscription overload

A new proposal from the Federal Trade Commission could make it simpler to break up with your subscriptions. The consumer watchdog wants to require merchants to make it as easy for customers to cancel as it is to sign up, often with just a single click.



FROM TOP: ILLUSTRATION BY DANIEL DIOSDADO; MIKE BLANE/REUTERS

## People Grow Sick and Tired Of the Cost of Subscriptions

Consumers are rethinking their streaming, membership and club deals—and so are companies



### People underestimate their total subscription bill for food and other deliveries and streaming services.

Apps that help people take stock of their recurring payments such as Rocket Money and ScribeUp aren't worried a new FTC rule will cut into their user base.

Over the past year about 70,000 people have downloaded ScribeUp, a new service that provides a credit-card number to use only for recurring payments.

Chief commercial officer Erica Chiang said she wanted to give people a way to automatically opt-in, rather than out, of renew-

als after having to jump through hoops to cancel subscriptions as a consumer. The card will automatically cancel subscriptions on a user's behalf if she doesn't actively choose to continue.

At one point, Ms. Chiang said she had to travel from Los Angeles to New York to end a monthly gym membership after learning she could only cancel in-person at the gym where she signed up.

When Dylan Kenney conducted an audit of his spending after too many months in a row of wondering where his paycheck was going and hoping to save up for a house, he realized he was somehow paying for two separate Amazon Prime accounts.

Though he's not trying to recoup the money he lost, he did save \$270 a month by combining streaming services with his partner and canceling his weekly HelloFresh meal box, which he said had him paying \$150 a month more for groceries than going to the store himself.

"I wasn't really thinking of all the minor charges coming out of my account every month," said the 27-year-old, who works for an aviation consulting firm in Arlington, Va.

One ScribeUp user, 46-year-old LaKisha Mosley, paid for a subscription to health club aggregator ClassPass for over four years without realizing it, adding up to over \$5,000.

"I can count on one hand the amount of times I actually logged in," she said.

Ms. Mosley said she wasn't able to get the money back, and that she expected ClassPass to let her know when her subscription was coming up for renewal, which never happened. She's heartened, however, to see more companies starting to send alerts before a charge comes up.

"When members sign up for ClassPass, they are notified that their memberships automatically renew on the same day each month," a company spokeswoman said, adding that ClassPass sends reminders when members haven't used their accounts to book classes.

### Companies change strategies

Some companies are shifting their business model to meet changing consumer feelings about subscriptions.

Among them is Bark, which was founded in 2011 as a monthly box of dog treats and toys and has since expanded to sell a la carte. The company recently laid off 12% of its staff and said it would invest more in nonsubscription products.

"These are always difficult decisions, however, we believe that it was the right direction for the business, and it better aligns our cost structure with the current economic environment and allows us to better focus on our highest priorities, which are profitability and growing our consumables business," Chief Executive Matt Meeker said in an emailed statement to The Wall Street Journal.

HelloFresh said on its most recent earnings call that it expects its number of active customers to decline in the first half of 2023, after dropping to 7.1 million in the fourth quarter of 2022 from 8 million in the third quarter.

Evanston, Ill., restaurant Soul & Smoke launched a meat of the month box in 2020, but recently made the decision to discontinue the offering amid waning interest.

"It made more sense to get rid of it and focus on the other things we were doing," said co-owner Heather Bublick, pointing to a new bricks-and-mortar location and live events.

## Guilty Pleasures Help Ease Travelers' Stress at Airport



CARRY ON  
DAWN  
GILBERTSON

**G**rab-and-go fruit and yogurt. Protein boxes. Vegan hot dogs.

It's not hard anymore to find healthy food options in airports, and more are on the way. Farmer's Fridge, the company behind those salad vending machines that have become a favorite of flight attendants, is expanding to 100 Hudson News airport shops.

Don't tell that to Bruce Spector, though. The retired entrepreneur, 70, who works out with a trainer five days a week and eats clean at home, says the airport is his cheat zone. On a trip out of Texas' Austin-Bergstrom International Airport in March, he bought a strawberry Sprinkles cupcake from a vending machine. It wasn't his first one.

"Every time I go there it's at least half empty, which means I'm not the only one doing this," he says.

Airport treats are a travel ritual for many of us, a stress reliever, vacation primer or break from meal prep. Witness the snaking lines at airport fast-food joints and packed

bar stools ahead of early-morning flights. The top concessionaire at sprawling Denver International Airport last year, based on airport revenue statistics: the three McDonald's locations. (No. 2: Root Down, a local favorite with a "fresh from the Earth" menu.)

"Travel is expensive and it's a treat," says Debbie Petitpain, a dietitian and spokeswoman for the Academy of Nutrition and Dietetics.

### 'When we're making an investment in a trip, most of us don't want to feel deprived of anything.'

"When we're making an investment in a trip, most of us don't want to feel deprived of anything."

Stress is another trigger driving us to the food court or bar for what nutritionist Stephanie McBurnett calls self-soothing.

"Is it the healthiest thing? No," says Ms. McBurnett, nutrition educator for the nonprofit Physicians Committee for Responsible Medicine. "But people feel like these food choices are aiding them in feeling

less stressed and more comforted."

Candace Darby, a 31-year-old content creator from Atlanta, says she doesn't eat at Bojangles outside the airport but wolfs down its fried chicken, biscuits and potato wedges before a morning flight at Hartsfield-Jackson Atlanta International Airport.

Ms. Darby is also a fan of breakfast cocktails in the terminal. Mimosas or wine help her "get the ball rolling for relaxing."

Before an 8 a.m. flight to Chicago in March, she ordered an espresso martini at Cat Cora's Kitchen, which she describes as "like morning coffee but a little bit better."

Farmer's Fridge Chief Executive Luke Saunders says he eats something from one of his machines at least once a day.

Even he indulges at the airport sometimes. On a trip through St. Louis Lambert International Airport with his family earlier this year, he ordered barbecue chicken pizza from California Pizza Kitchen.



Candace Darby, in hat, and Ebony Foreman enjoying a glass of wine at the Atlanta airport before a morning flight in January.

foods. Not so easy to do at an airport, even for Ms. Petitpain who likes an occasional airport cheeseburger but not fast food.

"I love that McDonald's offers you apple slices instead of fries, but who smells fries and still orders the apples?" she says. "We're triggered by all our senses."

American Airlines Chief Executive Robert Isom says he favors yogurt and fruit for breakfast, doesn't drink coffee and swims the chilly waters off Alcatraz for a challenge. That doesn't mean he avoids airport treats.

On visits to New York, his new favorite is to pick up half a Reuben and matzo ball soup from Junior's deli at LaGuardia Airport to bring to his hotel.

Fast food isn't off-limits. After meeting with Transportation Secretary Pete Buttigieg in Chicago in December to showcase a new aircraft mechanic training partnership, he and a colleague grabbed McDonald's before their late-night flight back to Dallas.

"A two cheeseburger meal with regular fries always hits the spot," he says.

## PERSONAL JOURNAL.



**ON THE CLOCK**  
CALLUM BORCHERS

# In a Worker vs. Bot Battle, Humans Outsell AI

Personal touch better at closing deals, but rising threat to jobs feared

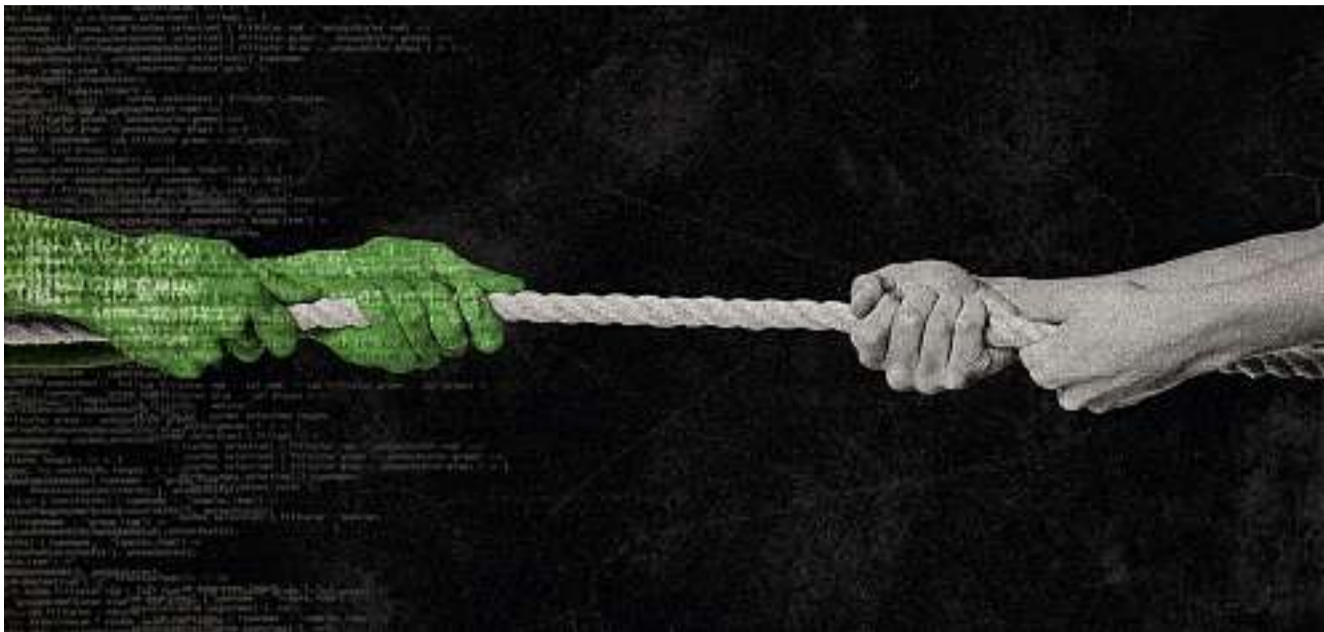
The Nanit baby monitor uses a high-tech camera and software to track an infant's sleep habits. It's like a \$249 AI parent who stays up all night logging rollovers and breathing patterns, and doesn't need coffee the next morning.

So, imagine shoppers' surprise when they type a question into the Nanit website and get a response from a real person instead of a chatbot.

"I have to reiterate: 'Hey, I am a human. My name's Brookelyn, and I'm real,'" says sales representative Brookelyn Castro, who takes one-on-one video calls with customers from her home in Florida.

Ms. Castro works on commission through a third-party company called Feel, a venture-backed startup with an off-trend pitch to retail clients: When algorithms and artificial intelligence can offer product (and parenting) recommendations, human touch is still the best way to close a sale. Apple Inc. last month introduced a similar service that allows online shoppers to speak one-on-one with people via video.

Nanit Chief Executive Sarah Dorsett says 1% to 3% of people



who browse her company's website make purchases. When visitors speak with a sales rep, such as Ms. Castro, that conversion rate is far higher at 10% to 25%.

But even Feel is training bots to match the sales success of people—if they can. "Then it'll be stupid to continue having humans and paying for them," says Oren Harnevo, Feel's co-founder and chief executive.

The stakes for people in sales, as in many fields, are clear: Keep doing your job better than a bot could do it—preferably a lot better—or risk replacement.

**The stakes in sales are clear: Do your job better than a bot could do it or risk replacement.**

AI proponents often claim that technology will make people more efficient and free them from drudge work to do higher-level tasks.

Lately, however, several tech executives and top AI researchers have begun to talk openly about the prospect of job losses.

The leading voices include Tesla Inc. CEO Elon Musk and AI pioneer Yoshua Bengio, and they're calling for a six-month pause in development to set safety standards for the industry.

"Should we automate away all the jobs, including the fulfilling ones?" the group of researchers, which also features Apple co-founder Steve Wozniak, wrote in an open letter last month. "Should we develop nonhuman minds that might eventually outnumber, outsmart, obsolete and replace us?"

Sam Altman—CEO of OpenAI, maker of the strikingly humanlike text generator ChatGPT—says a moratorium is unnecessary. But he acknowledges his technology's potential to harm people's careers. Part of the solution, he recently told The Wall Street Journal, could be a government-funded, universal basic income that pays people regardless of whether they work.

Melissa Werneck, global chief



'Humans crave other humans,' says Brittany Arnold, who sells fashion and home goods.

people officer of Kraft Heinz Co., tells me the possible effects of AI tools on her company's 37,000 employees unnerve her.

"It's a growth opportunity, but that's what's keeping me awake at night—how to use them as a co-pilot, not an autopilot," she says.

Benign uses could include speed-reading translations in multilingual factories and scanning drafts of the

company's job listings for phrases that might inadvertently discourage minority applicants, she adds.

Both scenarios feature AI in subordinate roles, but some view bots as future decision makers that need human helpers for now. Resident Home LLC, which sells mattresses, leans on artificial intelligence to manage a roughly \$200 million marketing budget.

Why pay the likes of Don Draper to divine what customers want when a computer can analyze their shopping habits and set an advertising strategy?

"You do need a person to watch over and make sure the machine is reading the data correctly," says Chief Executive Ran Reske, but he expects full automation is coming. "We'll probably be able to get there. I love AI. Let's be extremely clear about this. But it's not 100% there yet."

Resident Home is a client of Feel, the supplier of live sales reps who chat with online shoppers. This is largely because its experiments with automated responses to customers' questions have been unsuccessful so far. Mr. Reske

says AI answers are usually on-point at first but seem increasingly canned as chats progress, ultimately turning off customers.

Some human sales associates insist they don't sense constant pressure to outperform AI. They maintain that certain qualities are simply irreplaceable.

"Humans crave other humans, and I think that interaction is always going to be something that AI will never come close to," says Brittany Arnold, who sells fashion and home goods for some of Feel's retail clients. "I helped a lady mourn the death of her service dog one day."

That kind of personal touch—and its ability to drive sales—is part of what attracts venture capitalists like Scott Cohen. The partner at Aviv Growth Partners adds that intuition influences his investment decisions, too, even as he predicts AI will affect his own job.

"I guarantee an artificial-intelligence program somewhere is making investment decisions in startups," he says. "I wouldn't quite say we're all on notice, but all of us need to be paying attention."



'I have to reiterate: 'Hey, I am a human.' ' says sales representative Brookelyn Castro.

## Adderall Shortage Puts Lives on Hold

By ALEX JANIN

Patients with attention-deficit hyperactivity disorder and other conditions treated with Adderall and similar stimulant medications are struggling to fill their prescriptions.

As of the week of April 10, six pharmaceutical companies that manufacture Adderall and its generics reported to the Food and Drug Administration that some immediate-release formulations were unavailable or in shortage.

The shortage is largely thanks to manufacturing delays and rising demand. Since 2020, the government has made it easier to get these drugs through telehealth appointments. There was a 30% increase in monthly prescriptions of Adderall and its generics from January 2018 to January 2022, according to health analytics company IQVIA.

The struggle to find Adderall, other stimulants or generics is one in a series of rolling drug shortfalls over the past year, including of amoxicillin and Ozempic. In the case of Adderall, patients say not being able to find the drugs can mean the difference between being able to work, sleep or perform daily tasks like shopping for groceries, or not.

Dr. Kathryn Boling, a family medicine doctor with Mercy Personal Physicians in Lutherville, Md., says she has combined smaller doses or swapped drugs for another stimulant. Doctors have been prescribing other stimulants such as Ritalin, Concerta and Vyvanse, to help tide over patients.

Lindsay Scola, a Los Angeles-based writer and non-profit adviser, had her narcolepsy relatively well under control for years thanks in part to Ritalin. About three months after the FDA announced a shortage of Adderall, Ms. Scola started having difficulty filling her prescription.

But on April 7, Ms. Scola

woke up and the prescription bottle was empty. "My body was about to shut down," she says.

Before starting on medication, Ms. Scola, 40, says she battled regular, often painful, sudden urges to sleep immediately.

"I felt like a lunatic zombie," she says, recalling midday naps in bathroom stalls at work.

The day she ran out, she says she called 73 pharmacies. She started making a plan to travel to Baja, Mex-

drinking more coffee and tracking her schedule in a daily planner. Sometimes she forgets the planner at home.

Some providers are reluctant to prescribe patients holdover stimulants given the drugs' differences.

"Ritalin is like a tiny pinch to wake up and Adderall is like a punch in the face, they're not the same drug," says Dr. Gauri Khurana, a psychiatrist and clinical instructor at Yale University School of Medicine.

Because stimulants are controlled substances, patients face additional hurdles in trying to access them, says Dr. Michael Ganio, senior director of pharmacy practice and quality at the



A February survey of independent pharmacy owners said 97% reported shortages of Adderall and its generics.

ico, if her search failed. She canceled appointments and get-togethers, knowing she could no longer drive.

As of Wednesday morning, she still hasn't been able to fill the prescription.

A February 2023 survey of independent pharmacy owners said 97% reported shortages of Adderall and its generics, up from 89% when the FDA declared the shortage in October, according to the National Community Pharmacists Association.

Layla Holloman, who has ADHD, says she started rationing her Adderall when she first started hearing about the shortage last fall.

Ms. Holloman, 24, ran out of her medication on March 20 and says she hasn't found an alternative aside from

American Society of Health-System Pharmacists. The prescriptions can't be transferred between pharmacies and can't be filled early.

For those who have to call around, mail-order pharmacies, which tend to have large inventories, and small independent pharmacies may be patients' best bets, he says. Patients who lose access to their medications say the changes in their body and mind make the logistical barriers even more difficult to manage.

"It feels like a program on your computer that freezes and just hangs there forever until you force-quit," says Wren Clements, a 23-year-old in Richmond, Va., who says she regularly rations her Adderall.



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## ARTS IN REVIEW



CULTURAL COMMENTARY

# Rialto Pictures' High-Caliber Film Canon

By PETER TONGUETTE

With the advent of streaming, film fans are akin to customers adrift in a big-box store: They have access to a seemingly infinite variety of classic films, but relatively little direction about which aisle to peruse.

More than ever, then, viewers are dependent on cultural gatekeepers to help light the path. Critics have traditionally filled that role, but for the past 25 years, the distributor Rialto Pictures has promulgated its own vision of film history. The company—led by co-presidents Bruce Goldstein, also the founder, and Adrienne Halpern—brings to theaters a carefully curated body of movies, many of them newly restored. The Rialto catalog constitutes its own canon.

In recognition of the significance of the distributor's imprimatur, the Museum of Modern Art, from April 19 through May 22, will present "Rialto at 25," a selection of its signature releases. Moviegoers are accustomed to organizing movies according to director or country of origin, but this series demonstrates that a film being brought out by Rialto confers a mark of quality.

Organized by MoMA department of film curator Dave Kehr, the retrospective shows how many movies have been given a fresh lease on life thanks to Rialto. Such is the case with two of the best films included here: Jean-Pierre Melville's staggering French Resistance masterpiece "Army of Shadows" (1969), which had been unable to secure distribution on these shores prior to Rialto's do-



mestic debut in 2006, and Francesco Rosi's "Christ Stopped at Eboli" (1979), a drama of rare sociological acuity set in isolated portions of Italy in the 1930s whose authentically epic dimensions had been obscured in the decades since its debut: The film was known to most audiences in severely abbreviated versions before Rialto located and brought out a comprehensive 220-minute cut. (The company's rerelease of Fellini's 1957 Italian neorealist classic "Nights of Cabiria," also to be shown, folded in largely unseen footage, too.)

In 2021, Rialto again emerged as an agenda-setter with its rerelease of Jacques Deray's sharp-as-cut-glass thriller "La Piscine" (1969), revived again for the MoMA series. The film stars Alain Delon and Romy Schneider as languid jet-setters passing the prime of their



Clockwise from top left: images from 'La Piscine' (1969), 'Christ Stopped at Eboli' (1979) and 'Army of Shadows' (1969)

less" remains animated by boyish spunk—represented in its references to American B-movies, Humphrey Bogart and William Faulkner—but the film's conclusion, in which Patricia (Jean Seberg) resolves her feelings for the outlaw antihero Michel (Jean-Paul Belmondo) by exposing his whereabouts to the police and thus assuring his demise, seems more strangely fatalistic than ever. "Alphaville," too, looks different in light of Godard's now-complete career: The filmmaker's stylistic audacity once held the promise of youth but now must be seen as part of a closed chapter in cinema.

By bringing old movies back into the conversation, a fresh theatrical run allows us to see them anew. The muddled state of post-World War II Europe so deliriously evoked in Carol Reed's "The Third Man" (1949)—in which Harry Lime (Orson Welles) dismisses peace-loving nations by insisting that Switzerland bequeathed nothing more to civilization than the cuckoo clock—is relevant in light of present-day global affairs, including the war in Ukraine.

Contemporary synchronicities also abound in a pair of films that seem to anticipate our own conspiracy-minded age: Welles's Kafka adaptation "The Trial" (1962) and Francis Ford Coppola's "The Conversation" (1974), both of which portray paranoid protagonists—Anthony Perkins's Josef K. in the former, Gene Hackman's Harry Caul in

the latter—attempting to contend with complex modern societies whose secrets, shadowy figures and bureaucratic systems practically invite conspiratorial thinking. Even the films' forms express the idea of individuals trying to make sense of a confused larger world: Welles films Josef K. engulfed in a pattern of symmetrically arranged desks, while Coppola asks us to scrutinize his soundtrack, again and again, to find signs of a crime.

The series reflects Rialto's preference for titles dating from world cinema's golden age of the 1930s through the 1970s, but it's refreshing to encounter a number of more recent English-language films, too. Included here are Joe Dante's "The Howling" (1981), a humor-tinged werewolf movie with a welcome sense of its own horror-genre heritage, and John Carpenter's grim foretelling of the isle of Manhattan as a literal cutthroat prison, "Escape From New York" (1981). Both are far less high-toned than many of the surrounding films but deserve inclusion thanks to their unerring style.

Regardless of epoch or genre, the films presented here are of uniformly outstanding quality—it's hard to imagine any new movie this summer leaving audiences more rapt than the bit-by-excruciating-bit heist scene in Jules Dassin's dazzling "Rififi" (1955)—and, taken together, serve as a testament to Rialto's discernment over the past quarter-century.

*Mr. Tonguette, a contributing writer at the Washington Examiner, also writes frequently for The American Conservative, National Review, and The Spectator World.*

By HEIDI WALESON

OPERA REVIEW

## A Composer's One-Two Punch

Terence Blanchard's return to the Met tells the true story of a boxer

**A**fter its huge success with the New York premiere of Terence Blanchard's "Fire Shut Up in My Bones" in 2021, the Metropolitan Opera moved quickly to get Mr. Blanchard's first opera, "Champion," on the schedule; it opened on Monday. "Champion," which had its premiere at Opera Theatre of Saint Louis in 2013, is tighter and less abstract than "Fire"; it is a propulsive and percussive score firmly rooted in the composer's jazz idiom. The production has been expanded to fill the Met's much larger stage, and the orchestra, under Yannick Nézet-Séguin, supplies some lush effects, but it's the rhythm quartet, led by drummer Jeff "Tain" Watts, that drives the evening.

**The work's score is propulsive, percussive and firmly rooted in the jazz idiom.**

"Champion" is based on the true story of Emile Griffith, a champion boxer in the 1960s from the Virgin Islands and a closeted bisexual. In a 1962 title bout in New York, he killed his opponent, Benny Paret, who had taunted him at the weigh-in with homophobic slurs. Michael Cristofer's libretto deftly outlines and deepens the tale: The elderly Emile (Eric Owens), who suffers from dementia and is still haunted by both the killing and guilt about his sexual identity, conjures up the turbulent odyssey of his younger self (Ryan Speedo Green). Structural fragmentation and repetition in the piece poignantly re-

flect Emile's dementia—the clipped, often rhyming, text, insistently set; the flashes of clarity; the punctuation by the boxing announcer and the bell; and Emile's frequently repeated line: "In my head, it happens fast. / Something good / Turns into something that don't last."

Mr. Blanchard's music gives the story's episodes a visceral intensity. A Caribbean carnival call-and-response chorus, accompanied only by drums, dispatches Emile from his island home to make his fortune in New York; an ensemble of overlapping voices urges Emile to "stay in the game" during the Paret fight. Sometimes the vocal parts are more rhythmic than melodic, as when Emile's ambitious mother, Emelda (Latoria Moore), narrates his transformation from gentle hat-maker to prizefighter in a speedy, rap-like extravaganza, "Tarzan knows which tree to climb."

When he does write melodies, Mr. Blanchard's style is unpredictable. The line of Young Emile's musing aria, "What makes a man a man," is questioning and inconclusive, appropriate for his unresolved question of whether love makes a man strong or weak. The skillful dramaturgy alternates these types of scenes. In Act 2, a fast-paced sequence has reporters badgering Emile with the same banal questions—how does it feel to win the fight? To be the champ? To kill a man?—after each win. Then the chaos retreats, and Howie Albert (Paul Groves), Emile's manager, expansively explains that "the truth don't fit in a three-inch column."



Ryan Speedo Green in 'Champion' at the Metropolitan Opera

James Robinson and Allen Moyer, who directed and designed the original production in St. Louis, have effectively scaled up the show for the Met with a large boxing ring and a big chorus. Montana Levi Blanco's eye-catching costumes encompass St. Thomas carnival stilt-walkers, New York drag queens and flashy 1960s nightclub denizens; Greg Emetaz's scene-setting projections and videos establish the crowd of Madison Square Garden fight fans and Emile's Long Island apartment complex; Donald Holder's sensitive lighting limns the difference between

splashy public moments and solo musings. Camille A. Brown, who created the show-stopping step dance for "Fire," supplies compact cameos here, like a group of boxers warming up and sparring at a gym. The fatal fight itself was staged with heart-stopping verve.

Mr. Green and Mr. Owens, in splendid voice, made a powerful team; one could discern the deep-seated insecurity both in the vibrant excitement of the younger Emile and in the pathos of the older one. The roots of that insecurity are disturbingly explained by a child Emile (Ethan Joseph), who ap-

pears in a still more distant flashback, forced by his strap-wielding, fundamentalist cousin Blanche (Krysty Swann) to hold cinder blocks above his head in order to drive out the devil. As Emelda, Ms. Moore was game, if not entirely secure, in her rhythmic numbers in Act 1; she sounded more comfortable in her dreamily lyrical Act 2 aria, accompanied only by plucked string bass, about her sad past.

Mr. Groves brought humanity to Howie, especially in the scene where Emile's early dementia becomes apparent. Stephanie Blythe had an all-too-brief bluesy cameo as Kathy Hagen, the flouzy-mouthed proprietor of the gay bar where Young Emile goes looking for company and solace. A distinctive moment for Brittany Renee, as Emile's wife, is an imploring duet with Emelda, begging Young Emile to come home as he goes to Kathy's bar for the last time (he is assaulted by gay-bashing thugs outside). Other notables in the cast included Chauncey Packer as the kind Luis, Emile's adopted son and caretaker; and Eric Greene, playing both Benny Paret, who haunts Emile, and Paret's son, who helps Emile find peace at the end of the opera.

As was the case with "Fire," the capacity opening-night crowd seemed unusually young, diverse and enthusiastic. The Met, noting how well pieces like "Fire" and "The Hours" did at the box office, has declared its intention to devote a substantial percentage of its season to contemporary works, starting with 2023-24. With original voices like Mr. Blanchard's to draw from, that should be no hardship for its audience.

*Ms. Waleson writes on opera for the Journal and is the author of "Mad Scenes and Exit Arias: The Death of the New York City Opera and the Future of Opera in America" (Metropolitan).*

# SPORTS

## Hockey's Strange Coaching Switcheroo

Three of the NHL's best teams are set to make Cup runs with coaches who were recently fired

By LAINE HIGGINS

When Jim Montgomery was announced as the next head coach of the Boston Bruins last July, he was disarmingly candid about his coaching philosophy. "I don't have any real, original thoughts," he said.

And yet Montgomery has done something very original in his first year with the Bruins: He has coached them to National Hockey League records 64 wins and 133 points this season, with one game left to play. The Bruins will head into the NHL's playoff marathon, which begins next week, with the highest point total in the league this year and in history, having topped the 1976-77 Montreal Canadiens' 132-point season.

Montgomery is also at the center of another remarkable feat this season. He's part of a nationwide coaching switcheroo among three of the league's best teams: Boston, the Vegas Golden Knights and the Dallas Stars.

All three teams fell off last year after making playoff runs in recent years, then fired their coaches. Then all three hired a coach who had been recently fired by one of the other two.

Here's how it worked: The Bruins fired Bruce Cassidy as their coach after a season of growing discontent in the locker room and a first-round playoff exit. So Cassidy then was hired by Vegas to replace Peter DeBoer, who was canned when the Golden Knights failed to make the playoffs.

DeBoer, in turn, was hired by Dallas, replacing a coach who had taken the reins after Montgomery was fired midseason in December 2019 for "unprofessional conduct" related to alcohol abuse. Montgomery, after receiving inpatient treatment at a rehabilitation facil-



Jim Montgomery, above, took over in Boston after Bruce Cassidy was fired. Cassidy, left, is now the coach in Vegas.



ity and subsequently working for the St. Louis Blues as an assistant, took Cassidy's old gig in Boston, completing the strange triangle.

It has worked out pretty well for everyone. The Bruins made history. Vegas sits atop the standings in the Pacific Division with a 49-22-9 record. The Stars are in second place in the Central Divi-

sion, just behind the defending Colorado Avalanche. The coaching-go-round raises the question, how much does a head coach really matter in hockey?

Unlike football, where the entire game is a series of set plays, much of the action on the ice develops organically. A bas-

nized chaos," ESPN analyst Ray Ferraro said.

That isn't to say that the person wearing a suit and tie on the bench has no impact—it's just a bit harder to measure. Foremost, how they boil down complicated schematics into concepts simple enough for players to implement them at split second's notice on the ice is key.

"Those are the best coaches: the ones that can communicate that quickly and simply and directly to the players," Ferraro said.

Coaches also set the tone in the locker room, for better or worse. Cassidy has Vegas on track to earn the top seed in the Western Conference in the playoffs, which begin on April 17. It was exactly the thing he was hired to accomplish. His predecessor, DeBoer, was fired last May when the Golden Knights failed to make the postseason for the first time since their inaugural 2017-18 campaign.

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

1	2	3	4	5	6	7	8	9	10	11	12
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- 25 Some presidential appointees
- 26 Sitting on
- 27 They're in front of stages
- 28 Jets or Sharks
- 29 Océano Pacifico contents
- 30 Child labor?
- 31 Many a Broadway singer
- 35 Chasing
- 37 Without help
- 38 Action that gets action, sometimes
- 40 Landlocked nation between South Africa and Mozambique
- 42 "That \_\_\_ last year!"
- 45 Tenth of a microjoule
- 48 Nurse, e.g.
- 50 Pyramids, perhaps
- 51 "Becoming" author Michelle
- 52 Diametrically opposite
- 53 Guitar fingerboard inlay
- 57 Extra pizzazz
- 58 Used to be
- 59 Polo competitor
- 60 Spot
- 62 Places for C-sections
- 64 Fighting
- 65 Banned propellant
- 66 Villainous chuckle

### GET A BIG REACTION | By Colin Ernst

<b>Across</b>	33 "The Morning Watch" writer	61 Crazy as ___	8 Pioneer in this puzzle's theme
1 Soldier's station	34 Car accessory cooperative	63 Give yourself a timeout?	9 Comedian Margaret
5 Disney character who says "Some people are worth melting for"	36 Big supporter?	67 Source of the word "kiwi"	10 Like a luxury mansion, often
9 Letters on a cosmonaut's spacesuit	39 With 41-Across, massive reaction found four times in this puzzle	68 Widespread	11 Sentence starter, in a way
13 Domain	41 See 39-Across	69 Umbrella for Mary Poppins, e.g.	12 Suitor spurned by Juliet
14 Green feature	43 Manners of moving	70 Temple chests	15 Deals with troublesome laces
15 Translator in space	44 They precede spikes	71 Incise	17 The floor, in a kids' game
16 One whose talents are slow to develop	46 Classic jazz album "___ and Louis"	72 Victor's "Samson and Delilah" co-star	21 High return
18 Respectful rejection	47 Flock holders	<b>Down</b>	24 Prima ballerina Pavlova
19 Intelligence gathering?	49 Chance to stretch, say	1 You might read lines from one	
20 Jan. honoree	51 Where caps and gowns are worn	2 Provide an address	
22 Reaction to details of last night's exploits, perhaps	54 Shilling, in slang	3 Spotted	
23 Getaways, of a sort	55 One might be tapped out	4 Something to keep on someone else	
28 Bean in a dip	56 Guest vocalist on Arcade Fire's "Reflektor"	5 "Now the full story comes out!"	
32 Numbskull		6 Shuttle location	
		7 What one of the letters of 55-Across stands for	

#### Previous Puzzle's Solution

B	O	A	R	S	J	A	V	A	N	G	A	S	
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S	A	T	S	T	O	N	Y	E	R	D	O	S	

## LeBron James Just Wanted a Chance At the Playoffs. Now He's Got It.

By ROBERT O'CONNELL

**AFTER A SEASON** in which nearly nothing went according to plan for LeBron James, the crucial play on Tuesday night did.

With about 100 seconds left in the Los Angeles Lakers' overtime win over the Minnesota Timberwolves, James drove hard to the rim, veered away, and floated a pass to forward Anthony Davis. Davis snatched the ball under the basket and, shouldering through a double-team, muscled home a layup to give the Lakers a five-point lead. A few minutes later, they would win by six, escaping the NBA's play-in tournament and earning the seventh seed in the playoffs proper.

"We went 2-10, the analytics said we had a 0.3 [%] chance of making the postseason," James said after the game, recapping the start of a calamitous campaign that saw James and Davis sit out a combined 53 games and required a roster overhaul in February just to get the Lakers to the play-in tournament. "That's all you ask for, is a chance, I guess."

The Lakers have lately made their own luck. Including Tuesday's victory, Los Angeles has won 10 of its last 12 games, establishing its first extended hot streak of the season and sending a warning to the rest of the Western Conference.

They are not the on-paper force that they were predicted to be in October, when they landed among the betting favorites to represent the West in the Finals. But recent form has aligned, finally, with reputation. A team with a healthy James and Davis, and with a new assortment of complementary players surrounding them, is one to be taken seriously.

If recent weeks have been the obvious peak of the Lakers' year, it is hard to pick out a

single nadir. There were 164 game days during the 2022-23 regular season, and Los Angeles was outside the top-10 standing required for Western Conference play-in qualification for 135 of them, according to Stats Perform.

Davis missed time with a foot injury; a supporting cast headlined by poor-shooting guard Russell Westbrook made little use of the open looks James created for them. In early February, James spoke publicly and hopefully of the chance to play with his former teammate Kyrie Irving again; that opportunity disappeared when the Dallas Mavericks traded for the All-Star guard.

Just a few days after missing out on Irving, though, Lakers general manager Rob Pelinka swung a more comprehensive deal—sending away Westbrook in a three-team trade that yielded a trio of lesser-known but valuable rotation players, point guard D'Angelo Russell and wings

Malik Beasley and Jarred Vanderbilt. They re-created, overnight, the formula that had worked throughout James's career, giving him one luxury running mate and a slew of defenders and marksmen, to offer him space on one end and apply the clamps on the other.

The refurbished team managed to go 8-5 during a stretch that James missed with a foot tendon injury; it is 7-2 since his return late last month. The advanced numbers are even rosier. Entering Tuesday's game, the Lakers had scored 4.6 more points per 100 possessions than they have allowed since the deal. Stretched over a full season, that would amount to the best mark in the Western Conference, according to Stats Perform.

"There's nobody that [the defense] can really just key on," James said after a win over the Phoenix Suns last week. "Can't just key on AD, can't just key on me." For fans who haven't stayed up late with the Lakers since early winter, Tuesday's game might have been a "Previously on" recap. Los Angeles came out listless and at one point in the third quarter trailed by 15 to a Minnesota team missing two key figures, one who was suspended after punching a teammate (center Rudy Gobert) and another who injured himself punching a wall (Jaden McDaniels).

This weekend, the Lakers will travel to Memphis to take on the Grizzlies. Los Angeles' first-round opponent is in many ways its opposite: built around young stars instead of aging icons, fresh off a season spent wire-to-wire near the top of the conference standings. The Grizzlies will rightly be favored to advance, but James has gotten his wish and then some. The Lakers are still alive, and their odds keep getting better.



LeBron James

FROM TOP: CHARLES KRUPA/ASSOCIATED PRESS; FRED GREENSLADE/ASSOCIATED PRESS

GARY A. VASQUEZ/USA TODAY SPORTS

# OPINION

## Is 'Democracy' a Dirty Word?



**WONDERLAND**  
By Daniel Henninger

It isn't quite true to say it has become a conventional belief in Republican Party circles that the U.S. no longer supports democratic movements in other countries. But it could get there. You don't hear many Republicans these days embracing democracy as a worthy goal for other nations, lest other conservatives accuse them of committing the U.S. to the waste of resources—Iraq, Afghanistan—that they deride as “democracy building.”

So it was revealing to see these factions unite behind last week's visit to the U.S. by Taiwan's President Tsai Ing-wen. Support for Taiwan's independence against an invasion by China may be the only significant political issue on which bipartisan agreement exists.

Look closely, though, and you will see daylight between President Tsai and some of her Republican enthusiasts. Republican support for defending Taiwan against China is positioned almost wholly as a commitment that would be in the U.S. “national interest.”

In her remarks at the Reagan Library, where she met with House Speaker Kevin McCarthy, President Tsai acknowledged “our shared interests,” but she seemed to think the relationship was also about defending Taiwan's democracy, which has existed as a functioning reality only since the late 1990s.

“The democracy which we have worked hard to build,” she said, is facing unprecedented challenges. “We once again find ourselves in a world where democracy is under threat, and the urgency of keeping the beacon of freedom shining cannot be understated.” She then cited the famous words of Ronald Reagan, whose ideas on foreign policy and economics are also losing favor in some conservative circles, that freedom “must be fought for and defended constantly by each generation.”

President Tsai surely appreciated the statements of support for Taiwan, but she saw how the world adopted Hong Kong's fight for freedom in 2019 and then let it sink into China's antidemocratic embrace. How steadfast is all this support?

She is aware of what has happened to Ukraine, a nation steadily losing favor among Republicans only a year after the beginning of its war to repel Russia's invasion. Whatever Florida Gov. Ron DeSantis's real views on Ukraine, his comment that its war with Russia is a “territorial dispute” sits as one pole of conservative sentiment. In his Tuesday interview with Tucker Carlson, Donald Trump said, “They've taken the military that I've rebuilt and they've given it all to Ukraine.”

And not just in the U.S. It is clearly the view of France's President Emmanuel Macron and Germany's Chancellor Olaf Scholz that Ukraine needs to negotiate with Russia over Crimea and the Donetsk region.

One has to believe that a phrase constantly on the

mind of Taiwan's President Tsai and Ukraine's democratically elected President Volodymyr Zelensky is “sell out.” Will the Americans and Western Europeans find a way to sell us out?

It's hard not to notice the most ardent support for Ukraine comes from the Eastern European democracies nearest Ukraine—Poland, the Czech Republic, Slovakia, Romania, Lithuania, Estonia and Latvia.

### Republicans need to decide if their support for Taiwan and Ukraine is real or not.

The Cold War may exist today mainly as historical narratives on various websites, but for Ukraine's neighbors, what is likely very much alive is what happened at Yalta in 1945. Meeting with Joseph Stalin in the Crimean resort town, Franklin D. Roosevelt and Winston Churchill effectively consigned the nations of Eastern Europe to 40 years of life under communist rule. Stalin said he would allow free elections in the areas liberated from the Nazis, but of course he lied. These countries, all self-determining democracies now, don't want to see that happen again. But Vladimir Putin wants it on the table.

Writing in the National Interest in 2020, Mr. Putin referred to “the principles of peaceful development, laid down at the Yalta and San Francisco conferences of 1945.” He

speaks regularly of achieving another Yalta.

Those now pressuring Ukraine to negotiate to get the war over need to explain why Mr. Putin won't violate any deal, as Stalin did. Mr. Putin will pocket Donetsk and Crimea and over time absorb or seize more territory. Is it beyond imagining that Mr. Putin would eventually murder Mr. Zelensky and Ukraine's other democrats?

It is an irony that just as the Republican Party is abjuring “democracy building” (or whatever euphemism will be proposed for the party platform in Milwaukee next year), Mr. Putin and China's Xi Jinping are actively engaged in democracy destruction from Ukraine to Taiwan and beyond.

Resolving the U.S.'s future commitment to freedom is largely an internal Republican debate. Joe Biden will talk a good game, but it's ultimately just talk. Democrats, should they retain power, will never increase national-security spending sufficiently to defend Taiwan or other emerging threats. Nothing can stop the Democrats' upward spending trajectory on entitlements and climate subsidies.

With the odor of a Yalta sellout drifting through the Republican Party, the time is now to start debating where the GOP leadership or its presidential candidates stand on the expressed desire of Taiwan and Ukraine for help to preserve their democracies. At the least, give these countries time to prepare for whether the U.S. is realistically going to be there for them, or not.

Write [henninger@wsj.com](mailto:henninger@wsj.com).

**BOOKSHELF** | By Stephen Brumwell

## A Storm Of Stuarts

### The Blazing World

By Jonathan Healey  
(Knopf, 492 pages, \$38)

In England you are never far from a pub. Ironically, the country's most popular pub name, “The Red Lion,” commemorates the heraldic arms of its old enemy, Scotland. The enduring presence of the ruddy lion rampant on so many “democratic” signboards recalls the efforts of England's first Stuart monarch, James I—who was already reigning as James VI of Scotland—to stamp his personal authority throughout his kingdoms.

James had inherited the English and Irish thrones upon the death of the childless Elizabeth I in 1603, and felt he needed to reinforce his position. His father, Henry Stuart, had been murdered in 1567, when James was still an infant; his mother, Elizabeth's cousin, Mary Stuart “Queen of Scots,” was executed for treason 20 years later. James's insecurities were swiftly vindicated when he narrowly escaped being blown sky high by the pro-Catholic “Gunpowder Plot” of 1605.

In popular memory, James and his Stuart successors have been overshadowed by the more glamorous Tudors who preceded them. Historians, by contrast, have long debated the significance of the century over which the Stuarts presided. Jonathan Healey's “The Blazing World” makes a convincing argument that the turbulent era qualifies as truly “revolutionary,” not simply because of its cascading political upheavals, but in terms of far-reaching changes within society.

The author, a professor at Oxford University, delivers a clear-eyed narrative of 17th-century England, deftly integrating original and insightful analysis of underlying social phenomena and expressing his enthusiasm in brisk, wryly humorous and occasionally bawdy prose. As England's Stuart epoch unfolded following the “Jacobean” prelude under James I, Mr. Healey writes, the increasingly “absolutist” rule of his son Charles I was overthrown after a bloody confrontation with Parliament. This led to the king's execution (1649) and the monarchy's replacement by a short-lived republic under the formidable “Lord Protector,” Oliver Cromwell.

The Restoration of the exiled Charles II in 1660 ushered in a quarter-century of relative political stability, but the accession of his openly Catholic and overly authoritarian younger brother James in 1685 provoked a reaction that heralded the “Glorious Revolution” of 1688, when the Protestant Dutch ruler William of Orange was invited to oust him, and reign jointly with his wife, James's eldest daughter, Mary. Now “constitutional” monarchs reliant upon parliament's cooperation, they ruled as William III and Mary II.

Besides tracing developments that still resonate on both sides of the Atlantic—for example, the emergence of political parties defined by distinct ideologies and of a powerful press capable of shaping public opinion—“The Blazing World” embraces episodes of high drama equal to any associated with the Tudors. There are conspiracies, battles and executions aplenty, plus apocalyptic scourges of pestilence and fire in 1665-66. One sensational incident is commemorated in another familiar English pub name, “The Royal Oak”: In 1651, after his defeat at the Battle of Worcester during a third and final spasm of civil war, Charles II miraculously escaped the ensuing Cromwellian manhunt by hiding amid the spreading branches of an oak tree at Boscombe in Shropshire, on the Welsh border.

### England's 17th century had battles, conspiracies and executions aplenty—plus scourges of pestilence and fire.

The Stuart dynasty's early decades were marked by widespread concern about rocketing crime rates and plummeting morals. As Mr. Healey observes: “Everywhere, people seemed to swear, blaspheme and drink too much.” In 1606, Parliament passed legislation that helpfully defined drunkenness as the condition “where the same legs which carry a man into a house cannot bring him out again.” Ten years later, despite previously using alehouses as a place for self-promotion, King James railed against their proliferation as the very root of evil and vice.

Mounting opposition to the policies of Charles I generated a steady flow of pamphlets, culminating in an “explosion of print” in 1641, on the cusp of war with Parliament. Journalists, chasing sensation, gleefully reported the antics of outlandish new religious groups, including the naked “Adamites.” Channeling the widespread sense of “a world turned upside down,” hack writers invented female radicals with provocative names like “Penelope Punk” and “Ruth Rakehell.” Meanwhile, the circulation of news—especially through regular “news-sheets” that first emerged in London in 1620—broadened political discussion beyond the established elite. Significantly, Mr. Healey looks to this culture of rising literacy to give voices to “middling” and more humble folk previously absent from the written record.

During the warfare of the 1640s, a prevailing mood of crisis helped to fuel brutal witch-hunts in England's eastern counties, led by the execrable Matthew Hopkins, the so-called Witchfinder General. Yet a spirit of scientific inquiry encouraged growing skepticism toward outmoded superstition, while increasing economic stability reduced crime and the capital punishment that attempted to curb it.

Under the Stuarts, foundations were laid for a sprawling empire. Although the establishment of Jamestown in 1607 and Plymouth in 1620 led to thriving American colonies, other imperial ventures failed: When Charles II agreed to wed Portuguese princess Catherine of Braganza in 1661, her dowry included the city of Tangier. For 22 years a beleaguered garrison defended Stuart England's North African outpost against the local “Moors” before it was abandoned.

In 1685, at the Battle of Sedgemoor in Somerset, hardened Tangier veterans were instrumental in crushing the rebellion of Charles's illegitimate son, James Duke of Monmouth, against his uncle James II. But revulsion at the savage repression of Monmouth's erstwhile supporters helped pave the way for the Glorious Revolution that soon after cost James II his crown. Henceforth, in what Mr. Healey rightly identifies as a fundamental transformation, Britain's monarchy became dependent upon the will of Parliament to an extent that would have been utterly unthinkable to James II's namesake grandfather.

Mr. Brumwell's books include “White Devil: A True Story of War, Savagery, and Vengeance in Colonial America.”

## Odd Times Call for Unconventional Wisdom

By Karl Rove

In his 1958 book, “The Affluent Society,” economist John Kenneth Galbraith assailed what he called “conventional wisdom,” his caustic term for “beliefs that are at any time assiduously, solemnly and mindlessly traded between the conventionally wise.” Today, we're constantly bombarded by news of the latest high jinks of candidates and officeholders, and for each new political drama there's new conventional wisdom on what it means. But what if much of it is wrong?

Conventional wisdom on the debt-ceiling fight says that Speaker Kevin McCarthy and House Republicans are on the defensive, while Democrats belittle their attempt to get President Joe Biden to negotiate with the GOP. Maybe.

But would voters really prefer that Mr. McCarthy bow to Democratic demands and simply raise the debt ceiling? Or would they rather take the speaker's proposal to pair that with cuts in nondefense discretionary spending, the recovery of unspent Covid relief money, and a requirement that able-bodied people receiving welfare either work or look for work? Still suffering from the inflation caused by excessive spending, voters might conclude some deficit reduction is better than none.

Conventional wisdom also says that Donald Trump's legal problems have strengthened

him politically. In the short run, that appears right. The charges brought against Mr. Trump by Manhattan District Attorney Alvin Bragg were criticized by legal experts on the right and left as convoluted, shaky, unsupported and likely to fail. But what if special counsel Jack Smith obtains an indictment of Mr. Trump for either or both of the federal cases he's investigating, and they are far stronger than Mr. Bragg's? A significant number of Trump supporters may conclude that they've had it.

### If the obvious were always true, Hillary Clinton would have won in 2008 and 2016.

It's conventional wisdom among many Democrats and journalists that Mr. Biden should declare for re-election now. But what if getting him on the campaign trail makes it clear how much age has taken its toll? Being seen as president rather than a candidate for three or four more months allows him to duck scrutiny. Now in his eighth decade, Mr. Biden needs that.

Longstanding conventional wisdom holds that as the incumbent, Mr. Biden would be weakened if he had serious primary opposition, à la President Jimmy Carter with Sen.

Ted Kennedy in 1980 or President George H.W. Bush with Pat Buchanan in 1992. That's probably true. But what if Mr. Biden overcame a real challenge—not Marianne “Crystals and Woo-Woo” Williamson but a formidable governor or senator? If he rose to the moment, Mr. Biden wouldn't only secure the Democratic nomination but also ease doubts about his fitness among swing voters who might leave him in the general election if there's a decent Republican candidate.

Conventional wisdom points to Mr. Biden seeking reelection despite a lack of enthusiasm among Democrats. (Only 25% of them in a March 20 Monmouth Poll preferred he run again.) But what happens if he doesn't? Democrats have a deep bench. And resetting the board on their side might cause the GOP to do the same, jolting Republicans into realizing just how weak Mr. Trump might be in the general against a fresh Democratic face.

Conventional wisdom says Florida Gov. Ron DeSantis is faltering, hampered by frequent missteps and a wooden campaigning style. But what if Mr. DeSantis learns from his early stumbles? Other nominees have shown an ability to get better. Sen. Hillary Clinton led the April 18, 2007, Fox News poll with 41% to Sen. Barack Obama's 20%. But Mr. Obama got better and turned on the afterburners with a November 2007 speech at the

Iowa Democratic Party's Jefferson-Jackson Dinner that left attendees impressed. Team Obama will tell you their candidate won the nomination because he had time to get better. What if Mr. DeSantis excels at self-improvement, too? Then he should up his game soon.

Conventional wisdom is that much of the Republican presidential field are third-tier wannabes. But there are successful governors, senators, cabinet officials and business leaders among them who could do surprisingly well. Maybe we're past the point where a novice can surprise and win a party's nomination, as Wendell Willkie did in 1940 and Mr. Trump did in 2016. But then maybe not.

This isn't to say, as Galbraith did, that conventional wisdom is necessarily shallow or wrong. The problem, rather, is that our politics seem to be in a period when the system is so fractured, the process so broken, public attitudes so jumbled and fragile, that the unconventional and unexpected can win out.

Every election season has surprises. Our current tumultuous era could produce more shocks to conventional wisdom than normal.

Mr. Rove helped organize the political-action committee American Crossroads and is author of “The Triumph of William McKinley” (Simon & Schuster, 2015).

## I Came, I Sawed, I Conquered

By Mark Naida

Before Mr. Bolster handed back the assignment, he told us that the whole class had failed. The previous day he'd passed out rulers and a sheet of paper printed with lines of varying lengths. The task was simple enough: Measure the lines and write down their lengths.

We wondered how we all could have failed such an easy assignment. But not a single student had written whether the measurements were in inches or centimeters. This was seventh-grade wood shop; details mattered here.

I was lucky enough to attend middle school in a rural Michigan district where the curriculum wasn't obsessed with college preparation. The high school had courses in small-engine repair and welding basics. In the seventh grade, the elective options were home economics and wood shop. In the eighth,

home economics and metalworking.

The school backed up to acres of corn fields, and many of the students came from farming families. Teachers didn't plan lessons for Nov. 15, knowing that many kids would skip school on the first day of firearm deer-hunting season.

### Lessons from wood shop came in handy when I needed a table.

And more than a few students (nearly all boys) would find ways to spend as much time as possible in the shop.

The projects the teachers tasked us with were achievable: a tic-tac-toe board, a jewelry box, a bird house. But scattered around the shop were engineered marvels, including a scale replica Ferris Wheel with a small motor inside to make it rotate, built

by high schoolers.

We spent the first half of each class learning how to use the shop tools without maiming ourselves. The discussion always ended up on the topic of how much blood had to be mopped off the shop floor after a student had lopped off the tip of his thumb.

Our teacher stressed the importance of wearing safety goggles, especially when working a lathe. He made sure we understood how not to pull the drill press through our hands and how kickback works with a table saw. To demonstrate the shop's newest tool, a SawStop table saw, he showed a video of someone touching a hot dog to the whirring blade, causing the blade to drop safely into the body of the machine and leaving only a nick on the hot dog. But, Mr. Bolster warned, none of the other tools have such a feature.

For students today, wood shop is no longer the rite of

passage it was for their parents and grandparents. Many schools have phased the program out as vocational training has diminished in importance in American schools.

But as I work on projects around my home, I find myself recalling the adages (“Measure twice, cut once.” “Know safety, no injury. No safety, know injury”) and giving thanks for the time spent learning how to fix and construct.

Prices for patio furniture are astronomical, and my wife and I figured we could build our own and save thousands of dollars. We found a simple plan and made an outdoor sofa ourselves out of 2x4s. We built an outdoor table that seats 12 after that. Because of that class I took nearly 15 years ago, we knew how to start.

Mr. Naida is an assistant editorial features editor at the Journal.

## OPINION

## REVIEW &amp; OUTLOOK

## Biden Remakes the Auto Industry

The U.S. auto industry is nominally still privately owned, but it is slowly becoming a de facto state-directed utility. That's the meaning of the Environmental Protection Agency's proposed new vehicle-emissions standards Wednesday that will force-feed the production of electric vehicles, whether or not consumers want them.

The EPA is using its authority under the Clean Air Act to regulate tailpipe pollutants. But make no mistake this isn't about clean air. This is about forcing auto makers to produce more EVs that consumers will have no choice but to buy since there will be few gas-powered vehicles left.

\* \* \*

The EPA lacks the legal authority to mandate EVs, but it will do so indirectly by setting CO2 emissions standards for 2027 through 2032. The standards are so strict that auto makers must electrify their fleets to meet them. Under the proposed rules, EVs would account for about two-thirds of light-duty vehicle sales in 2032, up from a mere 6% or so last year.

The EPA mandate is even more aggressive than President Biden's August 2021 executive order, which set a goal of 50% EV sales in 2030. EPA says at least 20 countries have announced plans to phase out internal-combustion engine cars in the coming decades, so its proposal is no big deal.

"In February 2023 the European Union gave preliminary approval to a measure to phase out sales of ICE passenger vehicles in its 27 member countries by 2035," EPA says. It conveniently ignores that the European Union last month walked back the ban amid concerns about its enormous costs.

Auto makers such as Ford and Stellantis have recently announced layoffs owing to rising EV costs. They are shifting investment to EVs from internal-combustion engines, meaning fewer gas-powered cars for sale with higher prices. Gas-powered cars are subsidizing EVs, which aren't profitable though they cost 10% to 40% more than alternatives.

The EPA nonetheless says its rules are feasible because of the Inflation Reduction Act's (IRA) subsidies. A recent Goldman Sachs report estimates that electric-vehicle consumer and battery-production tax credits alone could cost taxpayers \$523 billion over 10 years.

Even with the IRA subsidies, the Energy Information Administration last month forecast that EVs will make up only 15% of sales in 2030 and 19% by 2050. While EVs are becoming more popular in the luxury class, they "remain less

competitive against conventional gasoline-powered cars and light trucks serving the mass market," the report noted.

Reasons include higher prices and insurance costs, a battery range that typically tops off at 250 miles and long charging time. Even rapid chargers take 20 to 30 minutes, which most people don't want to spend while driving children to soccer or baseball games.

EVs now appeal mainly to the affluent who live in urban areas and don't travel long distances. Tesla accounted for 64% of the U.S. EV market last year. Traditional car makers can make more EVs to meet the EPA standards, but if consumers don't buy them, the companies will have to buy compliance credits from Tesla or other luxury EV makers.

Tesla has raked in \$4.8 billion over the last three years from such credit sales. All this explains why auto companies are kvetching. "EPA's proposed emissions plan is aggressive by any measure," the auto maker lobby said. "This requires a massive, 100-year change to the U.S. industrial base and the way Americans drive." That may be an understatement.

While the rules don't dictate the specific cars or models that must be made, the Administration is remaking a major industry in a way that is unprecedented in a free-market economy. This is Chinese-style central planning, as auto makers answer first to their political overlords rather than consumers and investors.

The auto companies might deserve sympathy if their executives hadn't become political supplicants. In addition to lobbying for subsidies, they intervened to defend the Administration's recent emissions standards against a legal challenge by GOP state attorneys general. They sold themselves out to the government for subsidies, and now they are pleading for more subsidies to meet its mandates.

Democrats and auto makers say EVs are the future, but then why does the government have to subsidize and mandate them? The government didn't have to force Henry Ford to make his Model T, nor consumers to buy Apple's iPhone. The left's problem is that current EV technology and costs limit their appeal.

The Administration's coercive EV transition is being done in the name of reducing CO2 emissions, but it will have almost no effect on the climate. Climate has become the political cudgel to remake entire industries and coerce Americans to do what progressives want. They don't believe Americans are enlightened enough to make their own choices.

### His new car rules are a de facto order to make and buy EVs.

## Harvard Has a Free Speech Moment

Conservatives are so few at American universities that the battle to restore respect for free and open debate will have to be led by what used to be known as traditional liberals. Well, maybe there's hope. On Wednesday Harvard University said it's forming a new faculty-led Council on Academic Freedom dedicated to the free exchange of ideas as a cornerstone of "reason and rational discourse."

In an op-ed for the Boston Globe, Harvard professors Steven Pinker and Bertha Madras write that "an academic establishment that stifles debate betrays the privileges that the nation grants it." Free speech, they write, is also essential to human progress. Intellectual orthodoxy "is bound to provide erroneous guidance on vital issues like pandemics, violence, gender, and inequality."

The professors note that although they are comfortable with expressing controversial or unorthodox views, others on campus are not. Tenure no doubt helps. But the diversity, equity and inclusion bureaucracy is powerful at Harvard and the school ranks 170 out of 203 in the Foundation for Individual Rights and Expression's

free speech list. Mr. Pinker and Ms. Madras acknowledge the school has had "cases of disinvitation, sanctioning, harassment, public shaming, and threats of firing and boycotts for the expression of disfavored opinions."

The academic freedom group includes former Harvard president and Treasury Secretary Larry Summers, former dean of the Harvard Faculty of Medicine Jeffrey Flier, law professor Jeannie Suk Gersen, economist Gregory Mankiw, social ethics professor Mahzarin R. Banaji and Islamic intellectual history professor Khaled El-Rouayheb, among others across the ideological spectrum.

This is progress, but the message will have to spread across the school's administration and especially the student body. Students at many colleges these days operate like Red Guards in China's Cultural Revolution. Being unwoke is socially punished. Breaking that culture of conformity will take reinforcement across the institution.

There's ample reason to be skeptical, and we'll believe it when we see it. But if Harvard's faculty is recommitting the school to the bedrock principles of university life, hear, hear,

### Fifty professors form an alliance on academic freedom.

## The Price Is Still Wrong

Is inflation over? That was the temporary market sigh of relief you heard Wednesday morning as the feds reported that the consumer price index for March rose a mere 0.1%. The White House chimed in with a statement from President Biden in Ireland claiming credit and noting that "inflation has now fallen by 45% from its summer peak."

Our readers understand that you can use statistics to prove just about any point as long as you pick the right comparative dates. Why did inflation surge in the first place starting in autumn 2021? The White House would prefer not to mention that.

Mr. Biden is right that inflation has fallen from its monthly 1.2% peak last June, and its more than 9% peak on 12-month basis. But prices are still rising at a 5% 12-month rate, which will not strike most Americans as a triumph. So-called core prices, less food and energy, rose 0.4% for the month, the fourth month in a row at that pace or higher. That's 5.6% on 12-month basis. Service prices less energy are up 7.1% over 12 months, with transportation services up 13.9%.

This is what economists mean when they say inflation is "sticky." Optimists say that the shelter index accounted for 60% of the price in-

creases less food and energy, and that housing and rent increases are already moderating. That should help in the coming months, but then energy prices are rising again and may offset that.

Mr. Biden also boasted that wages are "now higher than they were 9 months ago, after accounting for inflation."

There's that convenient date-picking again. Real wages are still down 0.7% from March 2022, and they are down since the President took office. The average American hasn't had a raise after inflation over the course of his Administration.

This is the real inflation story. A price level that rises 5% instead of 9.1% isn't deflation. It is disinflation, which means prices are still rising, only not as fast as they were. The overall standard of living is lower and Americans are still paying more for nearly everything.

Equity markets took in all of this and sold off later on Wednesday after the Federal Open Market Committee minutes from its last meeting reported that the Fed staff now expects a "mild recession" this year. That will have the Fed doves calling for the central bank to stop raising rates. But the March inflation numbers suggest that getting inflation to the Fed's target of 2% from 5% will be a lot harder than it was getting to 5% from 9%. Inflation isn't over.

## LETTERS TO THE EDITOR

## Drop the Climate and Focus on Your Day Job

David Barker's op-ed "The Fed's Climate Studies Are Full of Hot Air" (April 10) prompts me to recall Federal Reserve Chairman Jerome Powell's admission about "transitory inflation." Last summer, Mr. Powell said in surprising self-criticism: "We now understand better how little we understand about inflation."

Clearly, with this important discovery, the time and intellectual resources of the Fed's 400 economists would be much better spent improving the understanding of the complex inflation phenomenon rather than writing superficial studies on climate change. The Fed has no underlying comparative advantage in climate studies. By trying to appear politically correct, it only further erodes its credibility.

ISTVAN DOBOZI  
Sarasota, Fla.

Mr. Dobozi was a lead economist at the World Bank.

The Fed-driven fantasies linking climate change to low economic growth are outdone by activist health researchers who believe climate-change action is more important than delivering quality care to medical and psychiatric patients. My own work has shown how researcher-activists use the same statistical sleights of hand as Federal Reserve economists to demand root-and-branch reform of healthcare to reduce the carbon outputs involved.

It is deeply troubling that it is necessary to say this, but healthcare systems must focus on caring for patients. Imposing unrealistic climate goals on hospitals and medical practitioners will harm patients without improving the climate, however much they make advocates feel like righteous crusaders.

ANDREW AMOS, M.D.  
Thuringowa Central, Australia

## Can Cities Be Fixed When So Many Have Fled?

Regarding Allysia Finley's "You Can't Throw the Bums Out if You've Voted With Your Feet" (Life Science, April 10): The American federalist system was designed to allow states to experiment as creative policy laboratories. They can try different paths of governance and see which succeeds. I say that citizens who vote with their feet are part of the inputs to those policy experiments. Let the politicians and voters who remain have their unfettered way and feel the full effect of their decisions.

JAY BLOSSER  
Morganton, N.C.

The issue isn't confined to the urban core. I observe that many people have fled Philadelphia for a "safer" environment with "better" schools in the suburbs without making any connection between the causes and the effects of the problems in the city. As a 22-year resident of Chester County, I note that those refugees don't vote as suburbanites did but as residents of Philadelphia do: uniformly Democrat.

We have seen our township and county turn from well-run Republican entities into Democratic strongholds with an insatiable hunger for increased tax revenue. The schools are no longer the exemplars they once

were. They are now controlled by the teachers-union machine through its friends on the school board, all Democrats of course, and especially hungry for increased tax revenue.

LARRY DEYOUNG  
Devon, Pa.

A more vexing problem than people fleeing progressive-leaning cities is that residents are eschewing big-city municipal elections altogether. The turnout in Chicago's mayoral and city-council elections was around 35%. Given the high-stakes challenges confronting Chicago, that's pathetic.

Elections in America's other largest cities have fared no better. In New York's 2021 mayoral election, the turnout was 23%. In Houston the incumbent mayor was re-elected in 2019 with only 19% turnout. In Los Angeles this past November, 45% of registered voters turned out to choose a new mayor, but it was also an election for federal and state offices.

One can conclude that the majority of registered voters in our largest cities simply don't care enough about who is charged with providing public safety, quality education, economic vitality and the rest.

JACK MODZELEWSKI  
Chicago

## Why Not Hold Leaders to a Higher Standard?

Holman Jenkins, Jr., begins his column "Pro-Biden Prosecutorial Discretion" (Business World, April 5) by asking, "How many politicians since [1787] have paid off mistresses? Only God knows. The numbers must be in the thousands."

These thousands of good old boys were—and still are—given carte blanche for immoral and even criminal behavior involving women. Is this the

correct response, or should the society move forward and hold our elected officials to a higher standard? Only God knows.

NANCY GIFFORD HUMPHREYS  
Doylestown, Pa.

"In your heart you know he's right." This was Barry Goldwater's motto in 1964, but it could well be Donald Trump's in 2024. As Daniel Henninger points out in "The Targeting of Donald Trump" (Wonder Land, April 6), despite facing favorable demographics, high inflation, a poor economy, a weak foreign policy and a disliked incumbent, Mr. Trump is likely unelectable. That is because the election will be more about him than Mr. Biden's record.

Worse, like Goldwater, Mr. Trump is likely to pull down the party. The same unelectable candidates will hang on to his coattails during the primaries, then lose in the general. The good candidates will have an uphill battle in swing states. Mr. Henninger should really say, "We have met the enemy and he is us."

JON LINKER  
Houston

## Heroes of Our Democracy

If a Republican lawmaker had used a bullhorn on the House floor last year to rile up protesters in the House gallery and prevent Speaker Nancy Pelosi from conducting proceedings ("Who's Undemocratic in Tennessee?" Review & Outlook, April 8), would Mrs. Pelosi and President Biden have praised the Republican representative for conducting a peaceful protest and furthering democratic principles?

JAMES SOBIERAJ  
Hinsdale, Ill.

## Silicon Valley Bank Needed A Real Board of Directors

Aaron Klein's well-written op-ed on the history of federal deposit insurance ("Why FDR Limited FDIC Coverage," April 10) fails to identify governance as one of the culprits in Silicon Valley Bank's failure. Boards of directors have a duty to be independent, possess moral authority and understand the business they oversee. SVB directors were neither independent nor did they have knowledge of the banking business.

Regulators, whose role is to ensure the safety and soundness of the banking system, should exercise their authority to remove directors who lack these three traits, just as regulators who are asleep at the switch should be held accountable.

Shareholders are also critical to good governance. They have a direct duty to express their views annually, but, unfortunately, few individual shareholders do because of a massive information gap. Governance is broken in many venues in America, including certain elements of the banking industry, as is plainly clear now.

DONALD E. POWELL  
Amarillo, Texas

Mr. Powell was chairman of the FDIC, 2001-05.

## When to Use an Exclamation

Priscilla Jensen's review of "An Admirable Point: A Brief History of the Exclamation Mark!" by Florence Hazrat (Bookshelf, April 7) reminds me of something the novelist D. Keith Mano wrote in National Review in 1975: "The exclamation point may be used only in dialogue and then only if the person speaking has recently been disemboweled."

EDGAR ISAACS  
Salisbury, Md.

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## Pepper ... And Salt

THE WALL STREET JOURNAL



"Show him that he is a microscopic blip in the expanding universe."



## OPINION

## ‘Net Zero’ Will Mean a Mining Boom

By Daniel Yergin

California made a stunning decision last year—that by 2035 all new cars sold in the state must have at least 2½ times as much copper as conventional cars today. That’s not literally what the mandate said, of course, but it’s the practical effect of ordering all cars to be electric in the next 12 years. “Big Shovel” will compete with “Big Oil” as mining ramps up to supply the vast increase in a wide range of minerals that energy transition requires. But getting everything that will be needed will be tough.

The drive toward energy transition will increase demand for lithium, cobalt and other minerals many times over. An offshore wind project uses nine times the minerals of a natural-gas-fired power plant of the same generating capacity.

### But political instability will make it difficult to obtain all the minerals electric cars will need.

As countries roll out targets for “net zero” carbon emissions by 2050, it’s becoming clear how difficult it will be to source this huge increase in minerals. The U.S. and Japanese governments, the European Union and a host of multilateral organizations have issued alarming reports about the magnitude of the challenge. The International Monetary Fund warns that striving to achieve net zero by 2050 will “spur unprecedented demand for some of the most crucial metals,” leading to price spikes that “could derail or delay the energy transition itself.”

Consider a recent S&P Global study on copper. Much of the energy transition is predicated on electrifying as much as possible, as fast as possible. That will require a huge

amount of copper, as it is the “metal of electrification.” The report concludes that translating the 2050 net zero goals into the equipment and technologies that will be needed—electric-vehicle batteries and charging stations, offshore wind, onshore wind, solar panels, battery storage, etc.—adds up to a doubling of the need for copper by the mid-2030s.

World copper production is highly concentrated geographically, more so than oil production. Three countries—the U.S., Saudi Arabia, and Russia—produce 40% of world crude-oil supplies. Two countries mine about 40% of world’s copper supplies—Peru, where the government is in disarray after the president was impeached and arrested, and Chile, whose government is struggling between its populist agenda and the need for economic growth.

This instability is a particular problem for mineral extraction because developing a major new mine takes 15 to 20 years or more. That’s partially because of the sheer amount of planning, logistics and construction required. A good part of the time is also taken up by the arduous process of negotiating and obtaining permits, which shifting government policies and regulatory complexity slow down. The huge \$7 billion Oyu Tolgoi underground mine in Mongolia, which just went into operation, will be the fourth-largest copper mine in the world. Getting there entailed many years and a multitude of delays, and even now the project is far from finished. “It’s not been a smooth ride,” Jakob Stausholm, CEO of Rio Tinto, the mine’s operator, told the press.



The Lavender copper mine near Bisbee, Ariz., was abandoned in 1974.

Minerals Security Partnership, which aims to diversify mineral supply chains. Some aspects of the massive Inflation Reduction Act aim at building up mineral supply and processing either in the Americas or like-minded countries.

But rejiggering the mineral supply chains won’t be easy. Copper production has fallen by half in the U.S. in recent decades, and dependence on imports continues to grow. Getting permits for new projects is difficult, subject to repetitive and lengthy reviews by regulatory agencies and recurrent challenges in courts. And costs for mining and processing in the U.S. tend to be considerably higher than in other countries.

There will be countervailing forces to those that would constrain supply. Despite these challenges, rising prices will be a powerful signal for innovation. Companies and investment will seek to increase output from existing mines as well as to develop new technologies, substitute materials, and recycling on a much larger scale. In fact, funding is already flowing into those areas, but the impact won’t appear overnight.

One of the leading wind and solar developers in the U.S. summed up the issue recently: “The single biggest challenge for renewables going forward is how supply chains evolve.” It’s becoming clear that there is a very big gap, not easily closed, between aspirations for energy transition and the availability of the minerals needed to implement those goals.

Mr. Yergin is vice chairman of S&P Global and author of “The New Map: Energy, Climate and the Clash of Nations.”

“Let’s be honest about that.”

As the years pass and a project begins, much can go wrong, especially without a stable government and policies. Though the rise in mineral prices will stoke investment and therefore new supply, it will also stoke populist interest in changing the government contracts that set the rules for mining operations—a challenge the late economist Ray Vernon described as the “obsolescent bargain” that could constrain mineral supplies.

Let’s say a company invests \$6 billion to develop a new mine. The government and executives celebrate at a banquet with toasts and little flags on the table, but a few years later a populist regime is elected. The new government, noting that the price of the commodity is going up and seeing an opportunity to profit, demands a renegotiation of the contract and an increased share of revenue. The company replies that it’s protected by the sanctity of its contract and

halts new investment. As a result, output won’t increase to the degree that rising mineral prices would suggest.

The quest for net zero emissions will face similar challenges with other commodities, where the growth in demand will be much greater. Seventy percent of cobalt, critical for electric-vehicle batteries, comes from the Democratic Republic of the Congo, where large mining operations coexist with small, hand-dug mines in which both adults and children work.

There’s a further complication—about 60% of the world’s lithium is processed in China, and 47% of copper is smelted there. By comparison, the U.S. processes 4% of world copper. Once the U.S. had more than a dozen copper smelters; now it has two.

With great-power competition intensifying, many nations are concerned about having too heavy a dependence on China. The U.S. has taken the lead in establishing the

## A New American Grand Strategy to Counter Russia and China

By John Bolton

The post-Cold War era is over. This brief interregnum following the Soviet empire’s defeat proved an illusory holiday from reality and is now rapidly disappearing before expanding or newly emerging threats. History often fails to arrange itself conveniently for our understanding, especially for those alive when its tectonic plates shift. By any standard, however, history is now moving rapidly.

Xi Jinping certainly thinks so. He told Vladimir Putin after their recent Moscow summit: “Right now there are changes—the likes of which we haven’t seen for 100 years—and we are the ones driving these changes together.” For China’s communists, that century started with the 1927 onset of civil war against Chiang Kai-shek’s Kuomintang, culminating victoriously in 1949 when Mao Zedong established the People’s Republic of China and famously declared that “the Chinese people have stood up!”

Mr. Putin similarly proclaimed that “an era of revolutionary changes” is under way globally, but not as exuberantly as Mr. Xi. Mr. Putin is clearly the junior partner as the Beijing-Moscow relationship shifts from “entente” to “axis.” Nonetheless, the Kremlin holds a

strong strategic hand in nuclear weapons and energy. China’s nuclear weapons remain critically dependent on Russia for highly enriched uranium, and Moscow’s grip on Europe’s civil nuclear-power industry is firm.

America’s next president will take office in 2025, the 75th anniversary of NSC-68, Harry S. Truman’s foundational document of U.S. Cold War strategy. With less than two years before Inauguration Day, presidential candidates should be thinking in grand-strategy terms, for both campaign policy statements and their incipient administrations. Given the Sino-Russian axis and accompanying rogue-state outriders like Iran and North Korea, any serious contemporary reincarnation of NSC-68 will be as daunting and hard to swallow as the original.

To get the ball rolling, here are three critical elements for any plausible course of strategic thinking:

First, Washington and its allies must immediately increase defense budgets to Reagan-era levels relative to gross domestic product and sustain such spending for the foreseeable future. Federal budgets need substantial reductions to eliminate deficits and shrink the national debt, so higher military spending necessitates even greater reductions domestically. So be it. Neither the

obese welfare state nor massive income-redistribution schemes protect us from foreign adversaries. Higher levels of economic growth, freed from crushing tax and regulatory burdens, will underlie the necessary military buildup.

Twenty years ago we rightly thought in terms of “full-spectrum superiority.” With the advent of cyberwarfare, hypersonic weapons, drone capabilities in every physical domain and more, today’s spectrum

### The U.S. and its allies can’t afford to drift aimlessly as history’s tectonic plates shift.

is even broader. Key sectors like national missile defense have languished. Politicians have ignored our aging nuclear stockpile and the inevitable need to resume some underground testing to ensure our nuclear deterrent’s safety and reliability. Nor can we omit massive increases in the defense-industrial base and logistical and transportation resources, the unheralded but basic instruments of defense.

Second, America’s collective-defense alliances need improvement

and expansion, with new ones forged to face new threats. Good allies are critical force-multipliers, a test not all our current “allies” meet. We should pursue José María Aznar’s proposal to take the North Atlantic Treaty Organization global, inviting Japan, Australia, Israel and others committed to NATO defense-spending targets to join. Efforts like the Proliferation Security Initiative against weapons of mass destruction, from which Russia recently withdrew, need reinvigoration. We must address the unease our Middle East friends feel about American resolve and, consistent with longstanding U.S. policy, exclude Moscow from regional influence, along with Beijing.

Emerging Indo-Pacific security efforts like the Quad (India, Japan, Australia and America) and Aukus nuclear-powered-submarines can be enhanced and replicated. An Asian NATO isn’t imminent, but there is enormous room for innovative alliances with like-minded states, including more South Korea-Japan-U.S. cooperation. Most urgently, Washington and its European and Asian allies should provide Taiwan much more military aid and embed Taipei into collective-defense structures with other states opposing Beijing’s hegemonic aspirations.

Third, after Ukraine wins its war

with Russia, we must aim to split the Russia-China axis. Moscow’s defeat could unsettle Mr. Putin’s regime. What comes next is a government of unknowable composition. New Russian leaders may or may not look to the West rather than Beijing, and might be so weak that the Russian Federation’s fragmentation, especially east of the Urals, isn’t inconceivable. Beijing is undoubtedly eyeing this vast territory, which potentially contains incalculable mineral wealth. Significant portions of this region were under Chinese sovereignty until the 1860 Treaty of Peking transferred “outer Manchuria,” including extensive Pacific coast lands, to Moscow. Russia’s uncontrolled dissolution could provide China direct access to the Arctic, including even the Bering Strait, facing Alaska.

Obviously, any modern-day NSC-68 would include far more, but the gravity and scope of the strategic task ahead are ample motivation to launch the debate. You can bet Beijing and Moscow are thinking about it.

Mr. Bolton is author of “The Room Where It Happened: A White House Memoir.” He served as the president’s national security adviser, 2018-19, and ambassador to the United Nations, 2005-06.

## I Helped Make Corporations Woke, and I Regret It

By Gregory T. Angelo

I sat in the Washington office of a major airline’s head of government relations, where we were joined by the top lobbyist for one of America’s largest hotel chains. It was 2013, and I was president of the gay conservative group Log Cabin Republicans. I had come to secure corporate support for the Employment Non-Discrimination Act, which would have banned discrimination on the basis of sexual orientation. Pressure from leading corporations,

I correctly assumed, would push waffling Republicans to vote for the legislation.

What business did airlines and hotel chains have weighing in on gay-rights legislation? None. In fact, doing so could even be bad business, as the lobbyist explained: “We already have a longstanding LGBT nondiscrimination policy, which actually puts us at a competitive advantage as a more appealing employer for gay people.”

“But count us in,” the hotel rep sighed. Avoiding the public flogging

the company would take if it failed to support the bill was worth the cost of losing an edge in hiring. Months later, ENDA passed the Senate with the votes of 14 Republicans. (It never made it through the House.)

If the gay-rights movement in the U.S. didn’t ignite the trend of corporations taking stands on cultural issues, it was definitely a prime accelerant. And I was there writing op-eds that declared corporate backing for gay causes was “a sign of success.”

It was also completely unnecessary. Market forces organically shaped a culture in which almost every American now believes in equal job opportunities for gay people. And we’d have same-sex marriage in all 50 states today with or without 379 major corporations filing friend-of-the-court briefs with the Supreme Court.

The trend I helped begin, I now realize, was a disaster. In the past three years, major U.S. corporations have weighed in on everything from abortion and Black Lives Matter to election laws—even as the American public overwhelmingly wishes they wouldn’t. A 2021 report by the Brunswick Group found that 63% of corporate executives felt “unequivocally” that companies should speak out on social issues, while only 36%

of Americans agree. A recent Journal poll found that 63% of respondents wished that companies wouldn’t take public stands on political and social issues.

Corporate activism turns off consumers and exposes C-suite hypocrisy. Companies demand “equity” in America while profiting from human-rights abuses in China. Or underwriting abortions for employees

### The politicization of everything is too high a price for the gay-rights advances of the 2010s.

while maintaining anemic maternity-leave policies. Or issuing proclamations of “antiracism” by all-white executive teams.

Institutions’ obsequiousness to left-wing causes has also had a chilling effect on public discourse. An August 2022 Populace study found an alarming prevalence of self-silencing as Americans conceal or misrepresent their private views to avoid conflict and assure colleagues they hold the approved opinion. Self-silencing “destroys social trust,” Populace co-founder Todd Rose notes. “And it tends to

historically make social progress all but impossible.”

Overcoming self-silencing requires turning against the forces that brought us here. American consumers need to call CEOs out for the chasm between their sermonizing and the scant public support for it. Decent Americans must unite and deliver an unequivocal message: If you want to get political, run for office—otherwise, focus on the bottom line.

My own efforts are no longer spent in boardrooms with executives and lobbyists. Instead, I have been rallying grass-roots activists so we can take on corporations’ double standards and push them back to neutrality.

We’re putting companies such as Walmart and American Express on defense for subjecting employees to propaganda and discrimination. We’re supporting student organizations that would otherwise be deplatformed at schools such as Emory University, and we’re playing a role in Facebook’s rule-making process.

Holding corrupt institutions accountable is penance for my part in getting America into this mess. These days, I’m committed to getting us out of it.

Mr. Angelo is president of the New Tolerance Campaign.

## THE WALL STREET JOURNAL.

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## WORLD NEWS

## Biden Extols Northern Ireland Accord

President emphasizes link between peace, economic opportunity, with eye on trade issue

By CATHERINE LUCEY

BELFAST—President Biden offered optimism for Northern Ireland in comments marking 25 years since the Good Friday Agreement ended decades of civil conflict in the fractious British province, declaring that “peace and economic opportunity go together.”

Mr. Biden spoke at Ulster University on Wednesday at the start of a four-day tour that will include stops in Ireland. He emphasized the importance of the so-called Windsor Framework recently negotiated by British Prime Minister Rishi Sunak. The pact is seen on both sides of the Atlantic as a crucial step forward in addressing political tensions in Northern Ireland sparked by Britain's departure from the European Union.

“It's up to us to keep this going, keep building on the work that has been done every day for the last 25 years,” Mr. Biden said. “To sustain the peace, unleash this incredible economic opportunity, which is just beginning.”

Before his remarks, Mr. Biden met with Mr. Sunak and greeted the province's political leaders. His time in Northern Ireland was brief. After the remarks, he was heading to Ire-



‘To sustain the peace, unleash this incredible economic opportunity, which is just beginning,’ Mr. Biden said in Belfast on Wednesday.

land, where he plans to connect with distant relatives and celebrate his Irish heritage.

Political tensions in the region persist. Pro-U.K. unionist politicians in Northern Ireland are refusing to re-enter a power-sharing assembly in the province that was a pillar of the peace deal. Mr. Biden said Northern Ireland's leaders must determine their future, but argued: “An effective devolved government that reflects the

people of Northern Ireland and is accountable to them...is going to draw even greater opportunity in this region.”

“I hope the assembly and the executive will soon be restored,” he said.

He also referenced the attempted murder in February of Detective Chief Inspector John Caldwell in Omagh, Northern Ireland, who local police say was the most senior officer targeted by suspected

dissident Irish republicans since the peace deal.

Mr. Biden called it “a hard reminder that there will always be those who seek to destroy, rather than rebuild.”

The 1998 Good Friday Agreement, which was negotiated with U.S. help, largely ended three decades of civil conflict in Northern Ireland between mostly Catholic Irish nationalists who want to see Irish reunification and mostly

Protestant unionists who favor remaining in the U.K. The deal resolved the issue by stipulating that when a majority of people in the province want reunification, a referendum will be called. Polls show that while support for reunification is growing, it still falls short of a majority.

Since taking office, Mr. Biden has led an unusual private and public campaign aimed at resolving an issue that arose

following the U.K.'s decision to quit the EU: where to locate a new customs border between Britain and the bloc. One idea was a border dividing Northern Ireland, still a part of the U.K., with Ireland, an EU member.

The U.S., Irish and British governments all worried that a trade border cutting the island of Ireland in two might stoke renewed violence. The Good Friday Agreement was built on the premise that goods and people could flow freely.

Rather than risk renewed violence, former U.K. Prime Minister Boris Johnson agreed in 2019 to a sea border, essentially keeping Northern Ireland in the EU common market, unlike the rest of the U.K. But after an outcry from unionists in Northern Ireland, who felt cut off from mainland Britain, Mr. Johnson switched gears and soon began trying to rewrite terms of the EU deal, sparking concern in Washington.

Mr. Biden didn't see the issue as a trade problem in another country but as a threat to the Good Friday Agreement.

In February, Mr. Sunak and the EU reached a modified agreement called the Windsor Framework that kept the border along the Irish Sea but reduced customs checks.

## Watch a Video

Scan this code for a video on President Biden's visit to Northern Ireland.

## Macron Reassures on Taiwan

By NOEMIE BISSEBIE AND STACY MEICHTRY

PARIS—French President Emmanuel Macron walked a diplomatic tightrope Wednesday, seeking to calm a trans-Atlantic uproar over his recent remarks on Taiwan while also defending his push for Europe to chart its own course on foreign policy.

Flanked by Dutch Prime Minister Mark Rutte, Mr. Macron spoke at a news conference in Amsterdam at the end of a two-day visit to the Netherlands that was largely overshadowed by a trip the French president made to China last week.

Shuttling between meetings with Chinese leader Xi Jinping as China prepared to conduct military exercises around Taiwan, Mr. Macron told Politico and French daily Les Echos aboard his presidential plane on Friday that taking cues from the U.S. on tensions between Taiwan and China would be “the worst thing” for Europe. Criticism swelled on both sides of the Atlantic as lawmakers and diplomats questioned whether France was wavering in its support for the U.S. and Taiwan at a time when Washington is sending billions of dollars in weapons and aid to Ukraine.

On Wednesday, Mr. Macron sought to reassure Western allies by reaffirming France's support for Taiwan's status quo as well as its backing of the “One



French President Emmanuel Macron, center, Dutch Prime Minister Mark Rutte, left, and Taco Dibbets, director of the Rijksmuseum in Amsterdam, chatted in front of a Rembrandt painting there.

China” policy, under which France, the U.S. and other countries that have bilateral relations with China agree not to recognize Taiwan diplomatically. “That's a position that has always been in line with the role of an ally,” Mr. Macron said. “But it's exactly on this point that I must insist on the importance of strategic autonomy. Being allied doesn't mean being a vassal.”

Behind Mr. Macron's use of the term “strategic autonomy” lies a grand Gallic ambition: To build Europe into what Mr. Macron describes as a “third pole” capable of contending with the economic and mili-

tary superpowers of the U.S. and China. Only by developing its own military might as well as industrial and foreign policy, Mr. Macron says, can the European Union become autonomous enough from the U.S. to shape its own destiny.

The fallout from Mr. Macron's three-day trip to China, however, has exposed just how far Mr. Macron and Europe are from attaining that goal. Mr. Macron found himself squeezed between the foreign-policy imperatives of two actual superpowers: China's push to assert itself with Taiwan and the Biden administration's efforts to contain Beijing.

## Saudi-Led Push for Syria's Readmission Faces Hurdles

By BENOIT FAUCON AND SUMMER SAID

A Saudi-led push to bring Syria back into the Arab fold is facing resistance from some of its allies, according to Arab officials, in a setback to the kingdom's efforts to lead a broader geopolitical realignment under way in the Middle East.

Riyadh's latest plan was to invite Damascus to an Arab League summit that Saudi Arabia is hosting on May 19. The move was designed to demonstrate Crown Prince Mohammed bin Salman's diplomatic clout as rivals re-establish ties with Syria and countries such as China and Russia challenge the U.S. for influence in the volatile region. Saudi Arabia, the United Arab Emirates and some other Arab states are rekindling ties with the government of Syrian President Bashar al-Assad.

Syria's readmission to the Arab League would legitimize building ties with Mr. Assad, a decade after the Syrian leader was ostracized for his brutal crackdown on opponents and plunging the country into civil war. Engineered by Riyadh, it would also help bolster Prince Mohammed's influence in Damascus and the wider region.

On Wednesday, Syrian Foreign Minister Faisal Mekdad ar-

rived in Saudi Arabia on a previously unannounced visit to meet his counterpart, Saudi Foreign Minister Prince Faisal bin Faisal, in the first trip to the kingdom by Syria's top diplomat in more than a decade.

In a joint statement issued late Wednesday, the two sides said the foreign ministers discussed the necessary steps to find a comprehensive political resolution to the Syrian crisis that would achieve national reconciliation and contribute to the return of Syria to the Arab fold.

Saudi Arabia and Syria were also beginning the process to resume consular services and flights between the two countries, according to the statement.

At least five members of the Arab League, including Morocco, Kuwait, Qatar and Yemen, are refusing to readmit Syria into the group, the Arab officials say. Even Egypt, which has rekindled ties with Syria in recent months and is a staunch Saudi ally, is pushing back, they added.

These countries want Mr. Assad to first engage with the Syrian political opposition in a way that would give all Syrians a voice to determine their future, the officials said.

Egyptian Foreign Minister Sameh Shoukry told the

United Nations on Monday that it supports the implementation of a U.N. resolution that requires a road map to free elections in Syria, a spokesman for the ministry said.

The Arab League doesn't have executive powers; it was founded in 1945 as a tool for the region's states to fight European colonialism and assert themselves as a unified political power. While a simple majority would be enough to readmit Syria to the Arab League, only a consensus would be binding for all members and provide the legitimacy needed to lobby the international community over lifting sanctions.

Some of the countries opposing Syria's readmission have doubled down on their demands, including calls that Damascus accept Arab troops to protect returning refugees, crack down on illicit drug smuggling and ask Iran to stop expanding its footprint in the nation, the Arab officials said.

Saudi Arabia is trying to overcome the resistance. It has invited ministers from the Gulf Cooperation Council, as well as Egypt, Iraq and Jordan, to meet in Jeddah on Friday to discuss ties with Syria, Qatar's Foreign Ministry spokesman Majed al-Ansari said Tuesday.

## WORLD WATCH

## NORTH KOREA

## Regime Launches Ballistic Missile

North Korea fired a ballistic missile on Thursday, nearly a week after the country's military stopped responding to calls on an inter-Korean military hotline and days after leader Kim Jong Un vowed to strengthen the military's capabilities.

The missile was launched at a lofted trajectory around 7:20 a.m. from an area near North Korea's capital of Pyongyang, traveling for more than 600 miles before landing in waters east of the Korean Peninsula, according to South Korea's military. Japan sent out an alert warning residents in the country's northernmost island of Hokkaido to take shelter but later said the missile didn't land in Japan's territory or its exclusive economic zone.

Japan's Defense Ministry said it was possibly an intercontinental ballistic missile, and South Korea's military said it was a medium- or longer-range ballistic missile. South Korea condemned the North's missile launch, calling it a serious provocation that harmed peace and stability.

—Jiyoung Sohn

## CANADA

## Central Bank Keeps Main Rate Unchanged

The Bank of Canada kept its main interest rate unchanged for a second straight decision, saying it was persuaded by recent data that inflation and economic activity are set to slow quickly in the coming months.

Bank of Canada Gov. Tiff Macklem said interest rates could remain elevated for a prolonged period to ensure the central bank achieves its target of 2% inflation, adding that market expectations for a rate cut later this year appear misguided.

In its policy announcement on Wednesday, the Bank of Canada held its target for the overnight rate at 4.50%. In March, Canada's central bank became the first major developed-world monetary authority to officially pause on further rate increases, arguing it wanted time to assess how a rapid rise in borrowing costs was filtering through the economy.

The Bank of Canada said it expects inflation to cool to 3% by midyear from 5.2% as of February, based on its assessment of recent data.

—Paul Vieira



FAITH: Muslims prayed Wednesday as a relic of the Prophet Muhammad was displayed at the Hazratbal shrine in Srinagar, India. They were marking the martyrdom day of the caliph Ali.

## MEXICO

## Immigration Chief Faces Charges in Fire

Mexico's immigration head will face criminal charges in a fire that killed 40 migrants in a detention center last month, but President Andrés Manuel López

Obrador said Wednesday that he won't dismiss the official.

The decision to keep Francisco Garduño as head of the Mexican Immigration Institute appeared to conflict with the federal Attorney General's Office announcement late Tuesday to charge Mr. Garduño in connection with the blaze.

Federal prosecutors said that Mr. Garduño was remiss in not preventing the disaster in Ciudad Juárez despite earlier indications of problems at his agency's detention centers. The president defended Mr. Garduño, saying “his work is good in general” despite “the misfortune” at the center.

—Associated Press

## UNITED KINGDOM

## Harry to Attend Coronation Solo

Prince Harry will attend his father's coronation, Buckingham Palace said Wednesday, ending months of speculation about whether the prince would be welcome after leveling charges of racism and media manipulation at the royal family.

His wife Meghan, the Duchess of Sussex, will remain at the couple's home in Southern California with their two young children, Prince Archie and Princess Lilibet, the palace said. A statement from the couple's representatives confirmed the news.

The May 6 coronation coincides with their son's fourth birthday. While the announcement should silence the “will he or won't he” debate in the British media, it won't end the royal soap opera swirling as King Charles III prepares for his coronation.

Harry and Meghan stoked their critique of the royal family in a Netflix series about their decision to step back from royal duties three years ago, followed by Harry's decision to reveal family secrets in his memoir “Spare.”

—Associated Press

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TECHNOLOGY: TWITTER INC. CHANGES NAME, WILL INCORPORATE IN NEVADA B4

# BUSINESS & FINANCE

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S&P 4091.95 ▼ 0.41% S&P FIN ▼ 0.20% S&P IT ▼ 0.61% DJTRANS ▼ 0.98% WSJ \$IDX ▼ 0.48% 2-YR. TREAS. yield 3.970% NIKKEI (Midday) 28108.67 ▲ 0.09% See more at WSJ.com/Markets

## Purell Sanitizer Maker Seeks Deal

### Gojo hires JPMorgan, draws interest from others in consumer products industry

By LAUREN THOMAS

The maker of Purell hand sanitizer is seeking a buyer and drawing interest from some big names in consumer products.

Family owned Gojo Industries Inc. has hired JPMorgan Chase & Co. to run an auction, according to people familiar with the matter. With about \$1 billion of annual sales, the company could be valued at around \$3 billion, the people said, assuming there is a deal. The process is at an early stage.

The company's bankers are so far focused on selling the business to industry players rather than private-equity firms, some of the people said.

It couldn't be learned who is in the mix.

The Akron, Ohio, company benefited from a surge in demand during the pandemic—it generated \$370 million in revenue in 2018, according to market-research firm IBIS-World—as interest in protecting against infection exploded.

"Because of our many strengths, others have always been interested in buying the company," a Gojo spokeswoman said.

Gojo invented Purell, an ethyl-alcohol-based hand cleaner that dries on its own, in 1988. The company, which also makes dispensers and other cleaners, sold the brand in 2004. It changed hands again before Gojo reacquired full control in 2010 from Johnson & Johnson.

Business-to-business sales account for the majority of the company's overall revenue.

Cleaners during the pandemic became a must-have

product for hospitals and medical practices as well as for offices, schools, factories and businesses trying to operate safely. U.S. sales of hand sanitizer experienced a more than 330% surge in the 12 months ending April 1, 2021.

Gojo has scaled up production capacity, adding a factory and a warehouse—it previously had just one of each—and restructured its supply chain, all with the expectation

Please turn to page B2

## JPMorgan Staffers Flagged Epstein

By KHADEEJA SAFDAR AND DAVID BENOIT

JPMorgan Chase & Co. employees internally flagged Jeffrey Epstein's large cash withdrawals two years before he was convicted of soliciting a minor for prostitution, according to new court papers filed Wednesday.

A JPMorgan risk-management team in 2006 noted that Epstein "routinely" made cash withdrawals of \$40,000 to \$80,000 several times a month, the U.S. Virgin Islands said in an amended lawsuit against the bank. At the time, Epstein was pulling more than \$750,000 a year in cash from the bank, according to the lawsuit.

Epstein was first charged with a sex crime in 2006. He pleaded guilty to solicitation of prostitution with a minor in 2008 and spent about 13 months in prison. JPMorgan continued providing services to Epstein until 2013, when it says it closed his accounts. Epstein died in jail of an apparent suicide in 2019 while awaiting trial on federal sex-trafficking charges.

The U.S. Virgin Islands sued Epstein. Please turn to page B10

## Juul to Pay \$462 Million To Settle Lawsuits

By JENNIFER MALONEY

Juul Labs Inc. agreed to pay \$462 million to settle lawsuits filed by six states and the District of Columbia, resolving nearly all of the pending litigation against the embattled e-cigarette maker.

The deal includes New York, California, Illinois, Massachusetts, Colorado and New Mexico, all of which had sued Juul, alleging the company marketed its vaping products to underage users.

"Juul lit a nationwide public-health crisis by putting addictive products in the hands of minors and convincing

Please turn to page B2

## LVMH Sales Rebound in China, Boding Well for Luxury Goods



WELL HEELED: The conglomerate that owns Louis Vuitton, Dior, Celine and other labels reported a sharp rise in quarterly sales as demand picked up. Models presented creations by Maria Grazia Chiuri for Dior during Paris Fashion Week in February. B3

## Law Firm Ties Pay to Office Time

By CHIP CUTTER

Office no-shows are on notice: Attendance may become part of the pay equation.

Bosses have tried many different tactics to repopulate workplaces, from free pizza and bagels to live in-office entertainment. Many others wrote terse memos and office policy reminders, or threatened termination.

Now, at least one prominent employer is trying a different approach, vowing that staffers' pay could be affected if employees don't comply with existing in-office attendance requirements.

The law firm Davis Polk & Wardwell LLP, whose clients include some of Wall Street's biggest banks and other companies, has told staffers that those who don't adhere to the firm's policy to spend at least three days a week in the office could see their bonuses reduced. The shift reflects a desire among the firm's leaders to see associates in the office on Tuesdays, Wednesdays and Thursdays.

Other firms are playing hardball, too. On Wednesday, the operating committee of JPMorgan Chase & Co. issued a memo telling managing directors—among the company's most senior employees—that they would now be required in offices five days a week. The company also reminded other employees on hybrid schedules that attendance is expected three days a week at a minimum.

"Most of you are following Please turn to page B2

## AI Can Write, but Can't Beat Market

By GREGORY ZUCKERMAN

Where is Wall Street's AI revolution?

Almost every industry, from architecture to entertainment, is testing generative artificial intelligence, hoping to profit from a technology that can produce writing, images and art much like humans.

Wall Street has long used automated algorithms for tasks

such as placing trades and managing risk. But investors haven't made much progress relying on AI to tackle their biggest challenge: beating the market. While some see ChatGPT as a way to boost sales and research efforts, the investing results using AI haven't been especially impressive.

"Progress in applying AI to investing has been limited, though innovations in language

modeling could change that in the years ahead," said Jonathan Larkin, a managing director with Columbia Investment Management Co., which manages the \$13 billion endowment for Columbia University and invests in various funds.

Wall Street had a head start in AI. Four decades ago, mathematicians-turned-quants including Jim Simons, founder of Renaissance Technologies, de-

veloped algorithms to turn investing decisions over to their computers.

He and other quants have spent years using machine learning, a type of AI. They have built trading models that can extrapolate from past data to identify patterns and develop profitable trades, with limited human intervention.

But few firms have found Please turn to page B11

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The EPA has only so much control over EV plans. B12

## The 60-40 Investment Strategy Is Back

By HARDIKA SINGH

The classic 60-40 investment strategy is working again after a disastrous 2022.

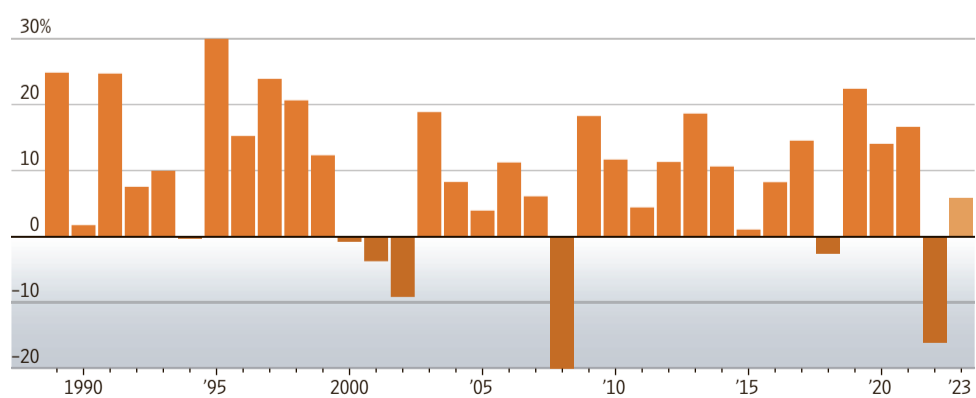
Americans planning for retirement have been advised for decades to diversify their holdings between stocks and bonds. It was a dependable way of investing that worked for millions of people.

Last year's tandem declines in stocks and bonds blindsided many of the strategy's followers who were counting on bonds to help cushion their portfolios when equities had a bad year.

The Federal Reserve's aggressive bid to raise interest rates to tame inflation rattled everything from stocks and bonds to oil and bitcoin. Yet by the end of last year, the clouds began to part. Stocks rallied alongside bonds, boosted by hopes that the Fed was nearing an end to its tightening campaign.

A portfolio with 60% of its

Annual return for a portfolio in 60% stocks and 40% bonds



Note: Stocks data note total return for the S&P 500, bond data note the Bloomberg U.S. Aggregate bond index. 2023 is through April 11. Source: Dow Jones Market Data

money invested in U.S. stocks and 40% in the Bloomberg U.S. Aggregate bond index has gained 5.9% in 2023 as of Tuesday, according to Dow Jones Market Data, building on a 5.3% advance in the fourth quarter. Last year, the portfolio fell 16%, its worst year since 2008.

The recovery emboldened

individual investors who didn't stray from the 60-40 investment mix during last year's turmoil.

Scott Owen, a 74-year-old retiree living in Ponte Vedra, Fla., said he briefly considered paring his stock exposure last year but opted not to. The former mechanical engineer sold shares at a loss during the

2008 financial crisis and missed out on the market's rebound by waiting more than two years on the sidelines. He didn't want to repeat the mistake.

"That probably cost me a lot of money," Mr. Owen said. "At that time, I panicked—I didn't know where the market was Please turn to page B10

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# Judge in Defamation Case Blasts Fox News on Evidence Disclosures

By ERIN MULVANEY

WILMINGTON, Del.—The Delaware judge overseeing a defamation case against Fox News said he was likely to appoint a special master to investigate whether the network improperly withheld information during the litigation, with possible sanctions against the company to follow.

Superior Court Judge Eric Davis imposed one penalty right away, saying plaintiff Dominion Voting Systems was entitled to conduct new depositions of Fox News witnesses, at Fox's expense, to compensate for the potential withholding of relevant evidence by the network.

The judge said Fox News may also face sanctions for its last-minute disclosure that Rupert Murdoch is an officer of the network, with the formal title of executive chairman at Fox News.

Judge Davis said he was concerned that Fox's lawyers made "misrepresentations to the court," a situation he described as "very serious."

Dominion, which is suing

Fox News and parent company Fox Corp. for airing false allegations that it engaged in election fraud, said information improperly withheld by Fox News included certain broadcasts worked on by a since-terminated producer, Abby Grossberg, who recently sued the network. She alleged that she faced sexism at Fox News and was coerced into providing misleading deposition testimony in the Dominion litigation. Fox denies the allegations.

The voting-machine company also said it only learned this week that Mr. Murdoch was a corporate officer at Fox News. Had Fox disclosed that information sooner, Dominion could have obtained more of Mr. Murdoch's communications during the discovery process, the company said. Mr. Murdoch is the chair of Fox Corp. and his role with the parent company was previously disclosed. Whether he has control over the content Fox News produces has been a point of contention in the Dominion case.

Judge Davis criticized the network's lawyers for the belated disclosure and said Fox News had a credibility problem in his courtroom.

"Omission is a lie," the judge said. The judge didn't specify a timeline for when he might appoint a special master, and he didn't say what potential penalties Fox might face.

Fox Corp. and News Corp, the parent of The Wall Street Journal, share common ownership.

The trial is scheduled to begin Monday, with jury selection to start today, Thursday. Dominion is seeking \$1.6 billion in damages. Its case centers on allegations that Fox defamed Dominion by airing segments on Fox News and Fox Business in which guests, and sometimes hosts, claimed the company helped rig the 2020 presidential election against former President Donald Trump.

Fox News denies it defamed Dominion and says the company hasn't suffered the kind of financial harms it is claiming.

Fox attorney Dan Webb on

Wednesday said that no relevant documents were withheld from Dominion and said Mr. Murdoch's officer title at Fox News was honorific. Mr. Murdoch isn't involved in decision-making on Fox News's broadcasts, Mr. Webb said.

Judge Davis noted that he has previously asked for a list of all officers at Fox News, and the network hadn't provided that to him.

"It's been represented that [Mr. Murdoch] isn't an officer," the judge said.

Dominion declined to comment beyond comments made by its lawyers during the hearing.

A Fox spokeswoman said the network didn't improperly withhold information from Dominion and produced additional materials when it became aware of them. She also said Mr. Murdoch has been listed as executive chairman of Fox News for several years in filings to the Securities and Exchange Commission. Fox said a Dominion lawyer asked Mr. Murdoch about his title during Mr. Murdoch's deposition.

# Pay Tied To Time In Office

Continued from page B1 your hybrid models, but there are a number of employees who aren't meeting their in-office attendance expectations, and that must change," the memo said.

The JPMorgan memo notes that managers will need to ensure attendance requirements are met. In cases where employees aren't following requirements, managers will take "appropriate performance management steps, which could include corrective action," the memo noted.

JPMorgan's operating committee, which wrote the memo, is made up of a top level of executives from across the bank and the inner management group of Chief Executive Jamie Dimon.

The moves by Davis Polk and JPMorgan signal a new willingness by companies to treat attendance as a performance measure.

"We're very focused on having our team in at the same time," said Neil Barr, chair and managing partner of Davis Polk. "The expectation is that you come to the office and you support the culture of the firm by being here in person."

A range of high-profile



Nationally, a number of offices remain sparsely populated, particularly on Mondays and Fridays, executives and HR advisers say.

companies have ramped up in-office expectations. Walt Disney Co. now asks employees to spend four days a week on-site. The software maker Qualtrics began requiring employees to work from offices four days a week earlier this year.

Nationally, a number of offices remain sparsely populated, particularly on Mondays and Fridays, executives and human-resources advisers say. Office occupancy in 10 major

U.S. cities has remained near 50% for weeks, according to data from Kastle Systems, a security firm that monitors access-card swipes.

Some human-resources executives say they are still assessing what to do with empty campuses or half-filled floors, considering whether to consolidate space further or change office policies again.

Other leaders who embraced remote work say they see value in some additional

in-office time.

Mark Zuckerberg, CEO of Facebook parent Meta Platforms Inc., said in a note to staff last month that the company had seen early signs that those who had started at the company in person and then shifted to remote, or who had remained in person, performed better than those who joined remotely.

He didn't share details on how the company judged performance.

Until recently, many executives had been loath to push too hard on office attendance, fearing workers could quit in a hot hiring market. As the economy begins to soften, though, many executives say attrition is down and they feel more emboldened to push for changes.

At Davis Polk, the firm has emphasized the importance of offices for some time. In annual performance appraisals last year, leaders told employ-

ees that the firm planned to think about reviews in "a more comprehensive way going forward," Mr. Barr said. That is because it sees benefits from the mentorship, training and professional development that occurs in person, he said.

"When you're working in a profession where apprenticeship is part of the craft, I just don't believe it can be done digitally," he said. "So we feel really strongly about it."

After a firmwide town-hall meeting in March, soon after the policy revision that noted a lack of in-office attendance could impact bonus payments, some employees asked questions.

A small number of employees might wish the policy were otherwise, Mr. Barr said, though it is also meant to create fairness in the office among those who are consistently coming in.

"I said, 'Look, I'm not apologizing for this conclusion,'" he said. "I think this is a really fundamental part of our ability to be a premier law firm. There are a lot of things about this institution that are special, and you cannot replicate them digitally."

He said it is possible other employers will consider tying compensation to an in-office policy, and predicted that it would be successful at his firm.

"People got the message," he said. "We think it will work."

—David Benoit contributed to this article.

# Juul Agrees To Settle Lawsuits

Continued from page B1 them that it's harmless," New York Attorney General Letitia James said. "Today they are paying the price for the harm they caused."

Juul denied wrongdoing. The company reached the brink of bankruptcy last year and is embroiled in a dispute with federal regulators over whether its products can be sold in the U.S.

Meanwhile, Juul has been working to resolve its legal liabilities—a task it has nearly completed. The company said it settled with 47 states and territories; a trial is under way in a case brought by Minnesota.

"With this settlement, we are nearing total resolution of the company's historical legal challenges and securing certainty for our future," a Juul spokesman said.

Juul in September agreed to pay at least \$438.5 million in a settlement with 33 states and Puerto Rico.

And in December, Juul



Juul drew criticism for fueling a surge in underage vaping with its sleek vaporizers and hip marketing.

agreed to pay \$1.7 billion in a deal to resolve more than 5,000 lawsuits.

Juul secured new financing from a group of early investors to help cover the cost of the latest settlement, according to people familiar with the matter.

The Wall Street Journal reported that Juul last year secured an equity investment from a group of early investors that included two Juul directors to fund the \$1.7 billion settlement in December.

The latest legal agreement bars Juul from depicting people under 35 in its marketing and funding youth education campaigns or school-related

activities. The settlement also requires Juul to conduct regular checks of retail stores to ensure that it is complying with age restrictions on tobacco purchases.

The company a few years ago voluntarily stopped the marketing practices that the agreement bars it from using. Juul added that it already conducts compliance checks of retail stores.

New York said its share of the settlement money would support underage smoking cessation programs. California said its share of the settlement would fund research, education and enforcement ef-

forts related to e-cigarettes.

Juul in 2018 soared to the top of the e-cigarette market and drew criticism from regulators and school administrators, who blamed the company's sleek vaporizers, fruity flavors and hip marketing for fueling a surge in underage vaping.

The company since then has been trying to regain the trust of regulators and the public.

Underage vaping in the U.S. has declined since 2019, when the federal minimum age to purchase tobacco products rose to 21 from 18, and Juul is no longer among the e-cigarette brands preferred by children and teens, according to federal survey data.

# IBM Explores Unit Deal

Continued from page B1 valued at more than \$1 billion, the people said.

IBM agreed to buy the business in 2015, purchasing the Weather Co.'s business-to-business, mobile and cloud-based businesses, including Weather.com, which provides weather forecasts around the globe. The deal price at the time was pegged at more than \$2 billion.

The Weather Channel wasn't part of the deal but agreed to license weather-forecast data and analytics

from IBM.

The deal was part of a push by IBM to use its cloud infrastructure to provide accurate weather forecasts and help companies control costs. The business issues more than 25 billion forecasts a day, according to the company's website.

A sale of the weather unit would be a part of a push by IBM to streamline its operations as the once-dominant company's shares languish near levels they traded at more than 20 years ago.

IBM is in the middle of a yearslong makeover, focusing on transforming itself into a hybrid-cloud and artificial-intelligence business. In recent years, it has spun off or divested itself of businesses including Kyndryl Holdings Inc., a big player in information-technology infrastructure and data-center management.

according to Nielsen. That followed a 67% drop for the same period ending in 2022. (The figures don't include sales to businesses and other institutions.)

Competition also increased as companies—from local distilleries like the maker of Tito's vodka to major consumer-products companies such as Procter & Gamble Co.—jumped at the chance to produce sanitizer during the pandemic.

Some businesses have found themselves with too much of the product, which typically expires in two years, and have gone to extra lengths to unload it.

# Purell Owner Eyes Sale

Continued from page B1 that demand for hand sanitizer will remain exponentially higher than before the pandemic.

It hasn't quite panned out that way.

U.S. sales of hand sanitizer dropped 32% for the 52 weeks ended April 1, compared with the same period a year before,

BUSINESS NEWS

# Luxury Rebound in China Boosts LVMH Sales

By Nick Kostov

PARIS—LVMH Moët Hennessy Louis Vuitton SE reported a sharp rise in quarterly sales driven by a rebound in China and strong demand for its clothing, handbags and jewelry in Europe and Japan.

The figures are an early indication that high-end shoppers in China are once again boosting makers of luxury goods now that Beijing eased Covid-19 restrictions. Persistent disruption in China was a major headache in recent years for the luxury industry, which had come to rely on spending by Chinese shoppers at home and abroad over the past two decades.

LVMH registered “some pretty nice pickup in China, which bodes well for the rest of the year,” Chief Financial

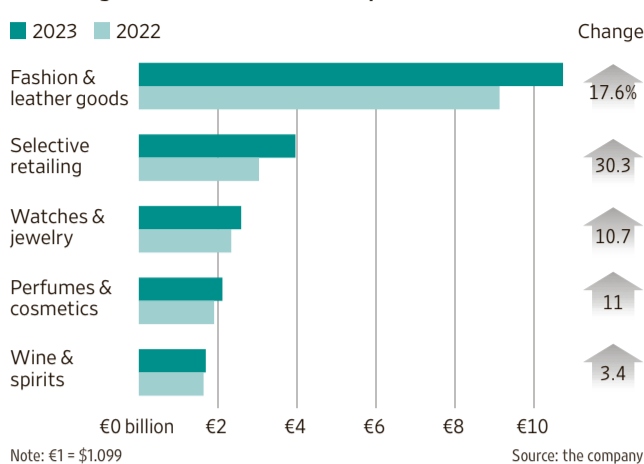
Officer Jean-Jacques Guiony told analysts on Wednesday.

After a difficult period in 2022, Mr. Guiony said consumers were returning to LVMH’s stores and the company’s internet business was picking up. He said the company expects strong fashion and jewelry sales this year in mainland China, though cautioned that cosmetics would take a bit more time to recover.

LVMH reported revenue of €21.04 billion, equivalent to \$23.1 billion, for the three months to March 31, a rise of 17% from the year-earlier period. The company said there had been a “significant rebound” in sales in Asia after the lifting of health restrictions. It didn’t disclose profit figures.

Luca Solca, an analyst at Bernstein, said the figures ap-

LVMH segment revenue in the first quarter



pear to confirm that LVMH is making the most of sustained demand in Europe and America while “reaping the benefit of a rapid and strong rebound in Chinese spend.”

LVMH has ridden a surge in demand for luxury goods in recent years, boosting sales of its dozens of brands. The growth cemented LVMH’s position as the most valuable

listed company in Europe. It helped its chief executive and controlling shareholder, Bernard Arnault, compete with Elon Musk for the title of the world’s richest person.

One area of uncertainty has been China, which was the world’s largest luxury market before Covid hit. Consulting firm Bain & Co. estimated Chinese consumers accounted for between 17% and 19% of global luxury spending last year. They accounted for a third of global spending on luxury goods in 2018, Bain said.

Fashion and leather goods, the company’s largest division, booked an 18% rise in quarterly sales to €10.73 billion. The company said Louis Vuitton, its largest brand, had an excellent start to the year, while Dior “continued to perform remarkably well across

all its products.”

Watches and jewelry labels performed strongly, with sales up 11%, LVMH said.

Traffic in Sephora stores in North America, Europe and the Middle East helped push up sales at the selective retail division, which clocked 30% sales growth in the quarter. The DFS travel retail business benefited from the recovery of international travel, the company said.

Aside from China, investors have questioned whether consumers in the U.S. and Europe will continue splurging on luxury goods amid economic uncertainty in those regions.

LVMH said U.S. sales rose 8% in the first quarter, lagging behind the 24% growth rate in Europe and 34% growth logged in Japan. Sales rose 14% in the rest of Asia, which includes China.

# Fast Delivery Isn’t Always Shoppers’ Top Priority

By Liz Young

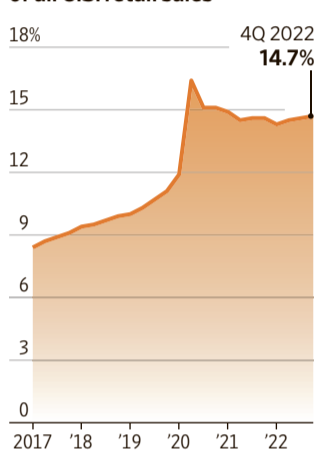
Julia Belkin does plenty of shopping online, ordering goods from kitchen sponges to workout apparel, but she’s not buying into the e-commerce push to get orders into consumers’ hands in the fastest way possible.

“If it’s something like home décor, furniture, if it’s a really good bargain, I will wait as long as it takes,” said Ms. Belkin, a 28-year-old content marketer in Brookline, Mass.

That kind of patience reflects what may be the fastest-growing trend in online commerce: Consumers who are more willing to wait—and more reluctant to bear the costs of getting basics in hours rather than days.

A service Amazon.com Inc. offers that allows customers to designate a day of the week to receive all their deliveries

E-commerce sales as a share of all U.S. retail sales



Source: U.S. Census Bureau via St. Louis Fed

has become more popular over the past few years. Consumers choosing slower shipping can get a credit of up to \$1.50 per order. Packages shipped through that service option,

launched in 2019, have doubled since 2020 as customers look to receive fewer deliveries, Amazon said.

Amazon helped set the pace for online delivery speed after it rolled out its Prime membership in 2005 with an offer of free delivery within two days, eventually adding same-day delivery of some items.

Other retailers rushed to play catch-up. That quickened the search for faster paths to last-mile delivery, such as drone delivery. FedEx Corp. and United Parcel Service Inc. rolled out accelerated shipping options that include Sunday deliveries and same-day options. But last summer FedEx cut back on some of its Sunday deliveries, citing moderating package volumes.

A recent survey found fewer e-commerce shoppers preferred same- or next-day delivery, down to 10% from 18% a



Amazon packages moving through a slower, grouped-shipping option have doubled since 2020.

year earlier, according to e-commerce shipping services provider Popout Inc., which does business as Shippo.

Laura Behrens Wu, co-founder and CEO of Shippo, said supply-chain disruptions and product shortages during the pandemic left consumers more anxious about getting their orders. Now, online shoppers are “not expecting

next-day shipping anymore,” Ms. Behrens Wu said. “People tend to be fine with two- to three- day shipping, even five- to eight-day shipping.”

ShipStation, owned by shipping-services company Auc-tane Inc., said its recent survey of online shoppers found fewer people ranked delivery speed as the most important factor in placing an order,

down to 22% from 29% last year. Shipping cost grew in importance as 41% of respondents chose that option, up from 33% in 2022.

Satish Jindel, president of ShipMatrix Inc., which analyzes package-shipping data, said its surveys of shoppers have found people don’t open and use 85% of what they order online for several days.

Gambero Rosso, the world’s most respected Italian gastronomic guide, has named Fasano New York a Top Italian Restaurant in the city and awarded it Best Contemporary Wine List.

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Among the new shows Warner Bros. plans are a prequel to 'Game of Thrones.' Above, a scene from the final episode of the show.

# Warner's Max Service to Add New 'Game of Thrones' Series

By JOE FLINT

Warner Bros. Discovery Inc. introduced "Max," its new streaming platform that will combine HBO content with Discovery+ fare and will eventually feature new shows including a "Harry Potter" series and a new "Game of Thrones" prequel.

The launch of the service, which will go live on May 23, is part of Chief Executive David Zaslav's strategy to rely heavily on the company's well-known intellectual property. Just as Walt Disney Co. has done with new "Star Wars" and Marvel series on its Disney+ service, Warner Bros. Discovery is betting that new content based on old franchises will drive interest in the service.

"This is our rendezvous with destiny," Mr. Zaslav said in detailing the new service on the Warner Bros. lot Wednesday. "It's streaming's version of must-see TV."

Among the new content in

the works for Max is a television series based on the "Harry Potter" books by J.K. Rowling, who will also be an executive producer. Warner Bros. released all the theatrical movies in the "Harry Potter" franchise, and creating new content based on her works has been a priority for Mr. Zaslav.

The plan is to create a series that could run as long as a decade based on Ms. Rowling's books, the company said. Ms. Rowling said that "Max's commitment to preserving the integrity of my books is important to me," adding that a series will allow for a new "degree of depth and detail."

Other projects being created for Max include a new "Game of Thrones" prequel called "A Knight of the Seven Kingdoms: The Hedge Knight." This is the second prequel inspired by "Game of Thrones" following "House of the Dragon," which is a big hit for HBO.

Warner Bros. Discovery also announced a series based on

"The Conjuring" movies, as well as "The Penguin," starring Colin Farrell as the iconic "Batman" villain.

The company didn't disclose premiere dates for many of the new shows.

The combination of HBO Max and Discovery+ to create a one-size-fits-all service was a motivating factor for the 2022 merger between entertainment giant WarnerMedia and reality-programming factory Discovery Inc. The tagline for Max is "The One To Watch."

Max's pricing will remain identical to HBO Max's—\$9.99 a month for the ad-supported version, and \$15.99 for the ad-free version—but Max will have an additional \$19.99-a-month tier, allowing up to four programs to be streamed at the same time by different people. Existing HBO Max subscribers will transition to the new platform when it launches.

Mr. Zaslav cited the broad array of content on Max, including plenty of children's

fare from the Warner Bros. animation library, as an advantage as it tries to distinguish itself in a crowded streaming marketplace. "It's the place every member of the household can go to," he said.

Streaming services are going through growing pains as content costs continue to rise while subscriber growth slows. Many, including Netflix Inc., are seeking new sources of revenue and scrutinizing programming budgets.

Warner Bros. Discovery, which has more than 96 million global subscribers across its streaming platforms, recently decided to keep Discovery+ available as a standalone service in an effort to avoid risking a chunk of the app's 20 million subscribers who might not want to pay the higher price.

Beyond these franchises, the company said it had recruited comedy creator Chuck Lorre to make a new sitcom for Max that will be derived from "The Big Bang Theory."

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CLASS ACTION

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

CITY OF STERLING HEIGHTS POLICE &  
FIRE RETIREMENT SYSTEM, Individually  
and on Behalf of All Others Similarly Situated,

Plaintiff,

vs.

RECKITT BENCKISER GROUP PLC,  
RAKESH KAPOOR, and SHAUN THAXTER,

Defendants.

Civil Action No. 1:20-cv-10041-PKC  
CLASS ACTION  
SUMMARY NOTICE OF PROPOSED  
SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED OR ACQUIRED RECKITT BENCKISER GROUP PLC ("RECKITT" OR THE "COMPANY") AMERICAN DEPOSITORY SHARES ("ADSs") DURING THE PERIOD FROM JULY 28, 2014 THROUGH APRIL 9, 2019, INCLUSIVE, AND WERE DAMAGED THEREBY ("CLASS" OR "CLASS MEMBERS")

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on July 19, 2023, at 2:00 p.m., before the Honorable P. Kevin Castel at the United States District Court, Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, to determine whether: (1) the proposed settlement (the "Settlement") of the above-captioned action as set forth in the Stipulation of Settlement ("Stipulation") for \$19,600,000 in cash should be approved by the Court as fair, reasonable, and adequate; (2) the Judgment as provided under the Stipulation should be entered dismissing the Litigation with prejudice; (3) to award Lead Counsel attorneys' fees and expenses out of the Settlement Fund (as defined in the Notice of Pendency and Proposed Settlement of Class Action ("Notice"), which is discussed below) and to award Lead Plaintiff reimbursement of its time and expenses pursuant to 15 U.S.C. §78u-4(a)(4) in connection with its representation of the Class, and, if so, in what amounts; and (4) the Plan of Allocation should be approved by the Court as fair, reasonable, and adequate.

There exists the possibility that the Court may decide to conduct the Settlement Hearing by video or telephonic conference, or otherwise allow Class Members to appear remotely at the hearing, without further written notice to the Class. In order to determine whether the date and time of the Settlement Hearing have changed, or whether Class Members must or may participate by phone or video, it is important that you monitor the Court's docket and the Settlement website, www.ReckittSecuritiesSettlement.com, before making any plans to attend the Settlement Hearing. Updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or remote appearances at the hearing, will be posted to the Settlement website, www.ReckittSecuritiesSettlement.com. Also, if the Court requires or allows Class Members to participate in the Settlement Hearing by remote means, the information for accessing the hearing will be posted to the Settlement website, www.ReckittSecuritiesSettlement.com.

IF YOU PURCHASED OR ACQUIRED RECKITT ADSs FROM JULY 28, 2014 THROUGH APRIL 9, 2019, INCLUSIVE, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release form ("Proof of Claim") by mail (postmarked no later than July 7, 2023) or electronically (no later than July 7, 2023). Your failure to submit your Proof of Claim by July 7, 2023, will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Litigation. If you purchased or acquired Reckitt ADSs from July 28, 2014 through April 9, 2019, inclusive, and do not request exclusion from the Class, you will be bound by the Settlement and any judgment and release entered in the Litigation, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

If you have not received a copy of the Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), and a Proof of Claim, you may obtain these documents, as well as a copy of the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice) and other Settlement documents, online at www.ReckittSecuritiesSettlement.com, or by writing to:

Reckitt Securities Settlement  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 8040  
San Rafael, CA 94912-8040

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim, may be made to Lead Counsel:

ROBBINS GELLER RUDMAN & DOWD LLP  
Ellen Gusikoff Stewart  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
Telephone: (800) 449-4900

IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION SUCH THAT IT IS POSTMARKED BY JUNE 28, 2023, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL CLASS MEMBERS WILL BE BOUND BY THE SETTLEMENT EVEN IF THEY DO NOT SUBMIT A TIMELY PROOF OF CLAIM.

IF YOU ARE A CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT. THE PLAN OF ALLOCATION, THE REQUEST BY LEAD COUNSEL FOR AN AWARD OF ATTORNEYS' FEES NOT TO EXCEED 33% OF THE \$19,600,000 SETTLEMENT AMOUNT AND EXPENSES NOT TO EXCEED \$600,000 AND AN AWARD TO LEAD PLAINTIFF NOT TO EXCEED \$10,000 IN CONNECTION WITH ITS REPRESENTATION OF THE CLASS, ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO LEAD COUNSEL AND DEFENDANTS' COUNSEL BY JUNE 28, 2023, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.

DATED: MARCH 16, 2023

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

<sup>1</sup> The Stipulation can be viewed and/or obtained at www.ReckittSecuritiesSettlement.com.

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NOTICE OF SALE

NOTICE OF PUBLIC SALE

PLEASE TAKE NOTICE THAT Rail Holdings, LLC ("Secured Party"), will conduct, through its agent, Hico Streambank ("Agent"), a public sale of the below described property in accordance with the provisions of Article 9 of the Uniform Commercial Code as follows:

Description of Property to be Sold: Substantially all of the personal property of Toadfish, LLC ("Debtor") as described more fully in that certain Credit Agreement dated as of August 19, 2021 (as amended by that certain First Amendment to Credit Agreement dated as of November 15, 2021, Forbearance Agreement dated June 16, 2022 and that certain Second Forbearance Agreement and Second Amendment to Credit Agreement dated as of October 20, 2022, and as may be further amended, restated, supplemented or otherwise modified from time to time) and Pledge and Security Agreement dated August 19, 2021 between Debtor and Secured Party, as assignee of Woodforest National Bank (collectively, the "Loan Documents"), including (A) (i) all Accounts, (ii) all Money, (iii) all Chattel Paper, (iv) all Copyrights, (v) all Patent Licenses, (vi) all Deposit Accounts, (vii) all Documents, (viii) all Equipment, (ix) all Fixtures, (x) all General Intangibles, (xi) all Goods, (xii) all Instruments, (xiii) all Inventory, (xiv) all Investment Property, (xv) all Letter-of-Credit Rights, (xvi) all Patents, (xvii) all Payment Intangibles, (xviii) all Patent Licenses, (xix) all Software, (xx) all Supporting Obligations, (xxi) all Trademarks, (xxii) all Trademark Licenses, (xxiii) all books and records related to the foregoing Collateral, and (xxiv) all Accessions; and (B) all Proceeds of any and all of the foregoing. Secured Party has a first priority security interest in the Property. The Property will be sold free and clear of Secured Party's lien in the Property. A complete description of the Property may be obtained by accessing a virtual data room maintained by the Agent. Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Loan Documents.

Date, Hour and Place of Sale: May 4, 2023 at 12:00 p.m. E.T. Qualified bidders may attend the sale at the law offices of Rogers Townsend, LLC, 205 King Street, Suite 201, Charleston, S.C. or virtually through video conference. The deadline to submit a bid is May 2, 2023 at 12:00 p.m. E.T.

No Warranties: The property will be sold at this disposition "AS IS, WHERE IS," "WITH ALL FAULTS," "WITHOUT WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, A WARRANTY RELATING TO TITLE, CONDITION, POSSESSION, QUIET ENJOYMENT, MERCHANTABILITY, CORRECTNESS OF DESCRIPTION, FITNESS FOR ANY PARTICULAR PURPOSE."

Participation in Public Sale: Potential bidders interested in obtaining information regarding the Property, requirements for participation in the auction, and terms of the videoconference platform and the terms of the sale may contact the Agent: Gabe Fried (gfried@hicolobal.com) or Richelle Kalnit (rkalnit@hicolobal.com).

Only qualified bidders will be able to bid on the Property at the auction. Lender is a qualified bidder and may credit bid all or a portion of its secured claim for the Property.

Cancellation of Public Sale & Reservation of Rights: The Secured Party reserves the right to continue, postpone, adjourn, cancel, or delay the date or time of the sale with or without notice and for any reason. Dated: April 13, 2023. Rogers Townsend, LLC, /s/ Michael H. Weaver, Attorneys for Secured Party, 1221 Main Street 14<sup>th</sup> Floor, Columbia, S.C. 29201, (803) 771-7900.

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# Musk Renames Twitter X Corp.

By ALEXA CORSE

Twitter has told the courts that it has a new company name in a new state: X Corp., an entity incorporated in Nevada instead of Twitter's previous domicile in Delaware.

While the platform on users' phones and computers still bears the name Twitter, "Twitter Inc. has been merged into X Corp. and no longer exists," according to a legal filing last week informing a Florida federal court of the change in a case where Twitter is a party. X Corp. is a privately held company incorporated in Nevada, Twitter's lawyers said.

The company's principal place of business remains San Francisco, where Twitter has headquarters, according to the filing. X Corp. has a parent company named X Holdings Corp., the filing shows. The company also recorded the merger in Delaware filings.

The changes, included in legal and business filings in recent weeks, garnered attention in recent days as the documents circulated online and media outlets including Slate wrote about them. The filings prompted a flurry of online speculation that it was part of a grand vision that owner Elon Musk has tweeted about, which is using his acquisition of Twitter to help create "X, the everything app."

Twitter responded with an auto-reply poop emoji to an email inquiry from The Wall Street Journal about the reason for the change.

On Tuesday, amid retweets from Mr. Musk about SpaceX, his rocket company, and Twitter's legacy blue check marks, the billionaire tweeted an "X" without any other context or details. Mr. Musk's history with the letter goes way back: His former online banking startup, X.com, later became PayPal after a merger with another firm. Mr. Musk often refers to one of his children as X.

The billionaire also has other business ventures in Nevada. Tesla Inc., the electric-vehicle maker where he is also chief executive, operates a plant near Reno, Nev. The Boring Co., Mr. Musk's tunneling company, has a project in Las Vegas.

In an interview with the British Broadcasting Corp. late Tuesday, Mr. Musk said about the name change: "My goal is to create X the everything

app," and reiterated that "Twitter is an accelerant."

Some corporate-law specialists say they still have some questions about the company's structure. Another entity called Twitter Inc. was recently registered in Nevada, with Mr. Musk as its president, according to a filing, and some observers said it wasn't exactly clear how that entity related to X Corp. One law professor said it could be an entity that Mr. Musk could use for Twitter if he wanted at some future point or a way to keep anyone else from trying to use the name.

Moving the company to Nevada from Delaware has broader business implications, according to corporate-law specialists.

Compared with Delaware, Nevada's laws grant more discretion and protection to a company's management and officers, said Zohar Goshen, a professor of transactional law at Columbia Law School. Twitter is now "a private company controlled by one person so they can make that move," he said.

Delaware is a popular home for companies, with roughly two-thirds of Fortune 500 companies domiciled in the state, according to its secretary of state.

Nevada has for years tried to present itself as an alternative to Delaware for companies looking for a home, said Benjamin Edwards, a law professor at the University of Nevada, Las Vegas. But Delaware remains more popular, he said, for several reasons, including the reputation of its Court of Chancery and that many business lawyers and investors tend to be familiar with Delaware law.

"The Delaware Chancery Court offers a docket that moves quickly with a sophisticated judiciary," Mr. Edwards said.



Elon Musk's firm is now X Corp.

# NPR to Quit Twitter After Label Dispute

By Stu Woo

National Public Radio said it would back away from Twitter in a dispute with the social-media company over how its accounts are labeled on the platform.

The independent public broadcaster said Wednesday that it would no longer actively maintain its flagship @NPR Twitter account or any other official NPR accounts, and that it was de-emphasizing Twitter across the organization.

The move comes after Twitter recently began labeling NPR's account as "US state-affiliated media." It later changed the label to "government-funded media."

NPR said Twitter had refused repeated requests to remove what it said was an inaccurate label that didn't accurately capture its governance structure. It also said the label directed Twitter users to an explanation that implied government involvement over its content.

"We believe this label is intended to call in question our editorial independence and undermine our credibility," NPR said, adding that if it continued tweeting, every post would carry what it said was a misleading label.

Twitter's guidelines say the company adds the designation for government-controlled news sources. NPR says 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 sponsorships, it says, along with dues and fees paid by its member stations.

Some NPR journalists said they would be leaving Twitter along with their organization. "NPR is saying goodbye to Twitter and so am I," Leila Fadel, host of NPR show "Morning Edition," wrote on the platform Wednesday.

Twitter has upended its labeling system for verified accounts since Elon Musk took over the platform last year. The company has said it wants to provide people with more context about certain profiles.

In an interview with the British Broadcasting Corp. Tuesday, before NPR's announcement, Mr. Musk addressed complaints about the labels from organizations including NPR and the BBC itself. He said he would change those labels to say "publicly funded."

The labels are just one of the changes Mr. Musk has made at Twitter since taking over. In the BBC interview, Mr. Musk said the past six months had been a "roller coaster" but that his overhaul of the social-media platform could allow the company to be cash-flow positive as soon as this quarter.

Mr. Musk said in the interview that when he took over Twitter in October, it was on track to generate \$3 billion in annual revenue. But it had \$6 billion in annual expenses, including \$1.5 billion in debt servicing.

Mr. Musk quickly slashed jobs. He said Twitter now has about 1,500 employees, down from just under 8,000 when he took over.

# Attack Sparks Hospital Wages Lawsuit

By CATHERINE STUPP

A group of nurses in Oregon is suing one of the largest hospital operators in the U.S., alleging they were underpaid after a ransomware attack in October.

Chicago-based **CommonSpirit Health** hasn't paid nurses their full wages at its Mercy Medical Center in Roseburg, Ore., and St. Anthony Hospital in Pendleton, Ore., after October, according to a suit filed March 15 in Oregon county court. Some employees haven't been paid for the accurate number of hours they worked and paid time off is being calculated incorrectly, the filing said.

Larae Ernst, an emergency-room nurse at Mercy Medical, said CommonSpirit claims it overpaid her because a cyberattack in October led to an outage in its timekeeping system. CommonSpirit paid Ms. Ernst lower-

than-usual wages in December, apparently to recoup the higher payments, she said. The forfeitures were probably "enough that I could have bought groceries for a week," she said.

CommonSpirit, in the aftermath of the October cyberattack, shut down some technology systems at many of its hospitals across the country, including patient and operational systems. The nonprofit chain runs more than 140 hospitals and 2,000 healthcare facilities in 21 states.

Payments to around 2,000 nurses and other staff members at the two Oregon hospitals were affected by the cyberattack, said Richard Myers, an attorney from law firm Bennett Hartman Attorneys at Law LLP who represents the nurses. If the court certifies the suit as a class action, those employees will receive notice and a chance to opt out of the lawsuit. The suit seeks \$1.5 million, including \$200,000 in un-

paid wages, \$500,000 in late payment penalties and \$800,000 in damages.

A spokesman for CommonSpirit declined to comment on the lawsuit. "We want to reiterate our commitment to ensuring all employees are paid accurately. We are grateful to our employees for their commitment and for their efforts in continuing to provide high quality patient care throughout this situation," he said.

CommonSpirit said last week that personal information for more than 623,000 individuals was exposed during the incident, including Social Security numbers and diagnoses. Patients filed several lawsuits over the data breach. The cyberattack has so far cost CommonSpirit \$150 million in lost revenue, business interruption and other expenses, the company said in a regulatory filing in February.

Payroll problems followed cyberattacks at other compa-

nies. A cyberattack on UKG Inc.'s Kronos timekeeping system in late 2021 affected payment services at many of its customers. Ascension Health Alliance in St. Louis and one of its hospitals last year agreed to pay \$19.7 million to settle disputes over employee

**Payments to around 2,000 staff were impacted by the system outages.**

wages following the Kronos incident. At Honda Motor Co.'s U.S. subsidiary, also a Kronos client, four employees sued the auto maker last year for allegedly failing to properly track their hours and pay them appropriately. Honda has denied the allegations. The case is continuing.

After a cyberattack, companies need to reassure employees about what happened, even if they don't know all the details, said Ian Carleton Schaefer, a partner at law firm Loeb & Loeb LLP and chair of its New York labor and employment practice. Mr. Schaefer said he isn't involved in the nurses' case.

"Cybersecurity and data security is an employment issue," he said. "When it really comes down to hitting people in their wallets and their livelihoods, understanding what is going to be done, and when, is really important."

For CommonSpirit's nurses, the focus of the lawsuit isn't the technology outage, but the chain's actions afterward that resulted in staff receiving reduced wages, Mr. Myers of Bennett Hartman said. Ms. Ernst said CommonSpirit told her she owes around \$3,200 in overpaid wages and the company hasn't provided any record of her hours to substantiate its claim.

Ms. Ernst's paystubs started to show the correct number of working hours again in December, several weeks after the ransomware incident, she said.

CommonSpirit met several times with the Oregon Nurses Association but rejected the union's request to allow an independent audit of staff payments since the cyberattack, said Kevin Mealy, the union's communications manager. The union has asked CommonSpirit to correct inaccurate payments to nurses in several cases, but the updated payments have often been wrong, Mr. Mealy said. "It becomes harder and harder to untangle it the further we go," he said.

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# Digital Ad Revenue Rose in '22, but Rate of Growth Weakened

By MEGAN GRAHAM

Digital ad revenue in the U.S. rose 10.8% to \$209.7 billion last year as marketers continued to spend in online channels despite slower economic growth, market uncertainty and mass layoffs at big technology companies, according to a report from the Interactive Advertising Bureau and PricewaterhouseCoopers LLP.

But the increase was smaller than the 35% leap logged in 2021—when marketers, including a flood of new businesses, competed to reach consumers spending more time and money online—as well as the 12.2% climb in 2020.

In addition to broader economic uncertainty, which led some companies to draw back on marketing budgets in the last part of 2022, the online ad business has been grap-



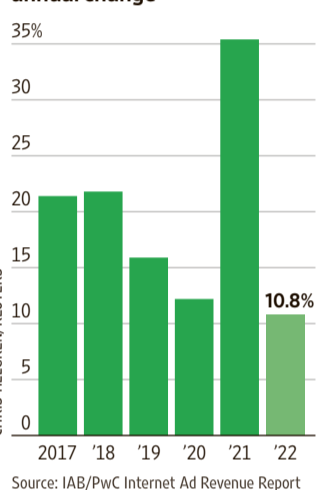
Companies have continued to advertise online despite fears of a slowdown. A Coca-Cola digital billboard in New York City.

pling with evolving privacy regulation and increased consumer privacy protections from companies such as **Apple Inc.**, which some industry

players say have made it harder to target messages and measure their efficacy.

"Coming off of 2021, which was extraordinary growth—I

U.S. digital ad revenue, annual change



Source: IAB/PwC Internet Ad Revenue Report

think the strongest growth that we had seen in 15 years—we were expecting certainly a slowdown or reduced growth in 2022," said David Cohen, chief

executive at the IAB, a digital advertising trade group.

Digital ad sales got a boost from factors including the growth of so-called retail media networks, in which consumer businesses such as grocery and big-box chains offer advertisers ways to reach consumers using their retailer data.

Retail media will make up one-quarter of global online advertising spending by 2025, and will drive 45% of the growth in online ad spending between now and then, Morgan Stanley analysts said last week.

For the first time since 2016, the market share of the top 10 companies in the IAB report has declined.

Ten digital publishers and platforms contributed 76.8% of total digital ad revenue in 2022, down from 78.6% in 2021, according to the IAB, which doesn't identify the companies.

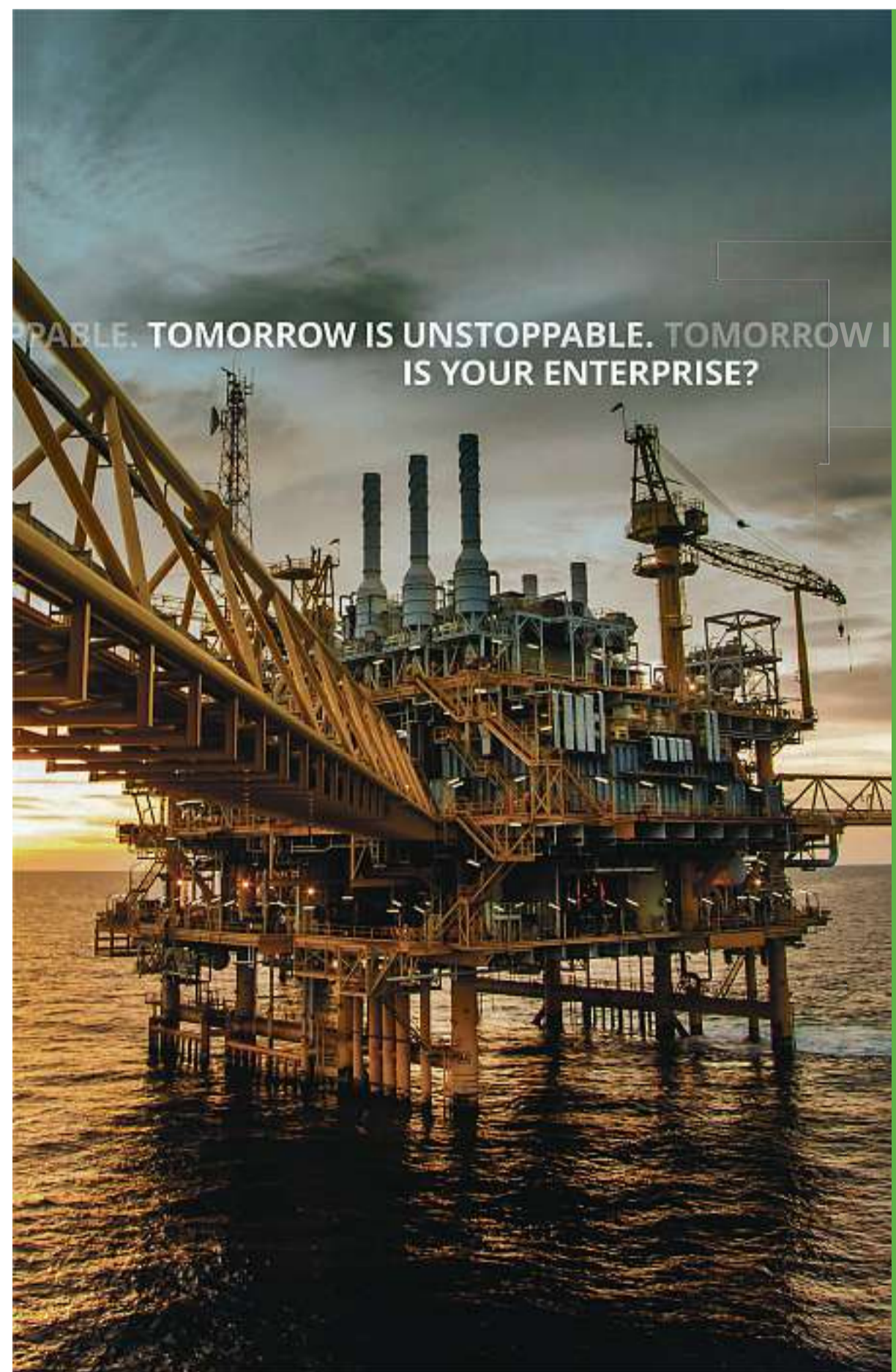
In 2018, those top 10 publishers and platforms made up 75.9% of total digital ad revenue.

Research firm Insider Intelligence said in March that **Alphabet Inc.**'s Google, **Meta Platforms Inc.** and **Amazon.com Inc.** siphoned 60.6% of digital ad budgets in the U.S. in 2022, down from 61.6% in 2021.

Those giants of online advertising are facing new pressure from **ByteDance Ltd.**'s TikTok and other challenges.

Social-media ad revenue grew 3.6% in 2022, a slowdown in growth from 39.3% a year earlier, according to the new IAB report, as privacy protections affected companies in the sector in particular.

"Social media, of all the different kinds of [media] types that we looked at, was the most adversely affected in 2022" as a result of tech platform policies, Mr. Cohen said.



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## BUSINESS NEWS

# Walmart to Close Four Chicago Stores

Country's largest retailer by revenue signals some pullback from large cities

By SARAH NASSAUER

Walmart Inc. is closing four stores in Chicago after earlier closing several others in urban areas, a sign that the company is retreating from stores it hoped would attract new shoppers but that lag behind the profits of rural and suburban locations.

Earlier this year, the country's largest retailer by revenue closed a store in Washington, D.C., near the White House, two stores in Portland, Ore., and didn't reopen a store in Atlanta after a fire.

The pullback in urban stores is significant because Walmart tried for years to find a profitable way to do business in those markets, seeing them as an opportunity to grow beyond its base of shoppers in suburbs, smaller towns and rural areas.

"Collectively our Chicago stores have not been profitable since we opened the first one nearly 17 years ago," said Walmart on Tuesday. "These stores lose tens of millions of dollars a year, and their annual losses nearly doubled in just the last five years."

Walmart is keeping four Chicago stores open and hopes the closure of the others will help it keep those open long-term, the company said. A spokesman for Walmart said there was no single cause for the increase in losses and that theft wasn't a driving factor.

"We think closing these sites gives us the best chance to help keep the remaining four stores open," he said.

The closures sparked criticism from Chicago Mayor Lori Lightfoot. "I'm incredibly disappointed that Walmart, a strong partner in the past, has announced the closing of several locations," she said. "Un-



The pullback in urban stores is significant because Walmart for years tried to find a profitable way to do business in those markets.

these neighborhoods will create barriers to basic needs for thousands of residents."

The spokesman for Walmart declined to comment.

Inside Walmart, top executives debated how to grow inside urban centers profitably for decades, according to people familiar with the situation. One sticking point has been that some top executives, including Chief Executive Doug McMillon, believe product prices should be largely the same at every Walmart store regardless of location, said some of these people.

That stance is, in part, why Walmart never opened a store in New York City. Many other retailers that expanded in urban areas, such as Target Corp., charge different prices for some products depending on the cost of doing business in a region and the competitive landscape.

The spokesman for Walmart declined to comment.

So far this year, Walmart has said it plans to close 19 stores, with some of those closures happening outside large cities. It typically closes a handful of stores each year as part of regular real-estate planning. This year, Walmart is being particularly aggressive,

**The stores have lagged behind rural and suburban locations in profit.**

as the company is reviewing "our fleet of stores as sales and performance have normalized postpandemic," said the company spokesman.

As of Jan. 31, the company operated more than 4,700 Walmart stores in the U.S. and employed 1.6 million people across

its operations, which include Walmart and Sam's Club stores and its distribution centers.

Walmart has reported strong sales throughout the Covid-19 pandemic and in recent quarters as shoppers pressured by rising prices turn to the retailer for lower-cost groceries and other essential items. The company has worked to cut costs in recent quarters as consumers shift spending toward necessities and cut expenditures on items that generally carry higher profit margins such as clothing and home goods.

"Customers are still spending money," said Mr. McMillon during an analyst presentation in February. "It's obviously not as clear to us what the back half of the year looks like."

Over the past year, Walmart has cut some corporate staff and closed three technology hubs. In recent weeks, the company has cut thousands of jobs

in e-commerce fulfillment centers as online sales slow compared with earlier in the pandemic and it fulfills more e-commerce orders from store inventory than in past years. Walmart executives have said in recent weeks that the overall number of U.S. employees at the company will likely stay the same, but job types will change.

The company is adjusting staffing to better prepare for the future and is helping workers find jobs at other locations, said the spokesman.

The first Walmart store in Chicago opened in 2006. That location continues to operate, and Walmart has built others, including smaller-format sites that primarily sell groceries.

For the closing sites, the company said it would work with local leaders to find building-reuse options. Employees at affected stores will be paid through Aug. 11 and can transfer to other locations.

## Envision Bondholders Hire Lawyers As Deadline Looms

By ALEXANDER SAEEDY

Bondholders of KKR & Co.'s Envision Healthcare Corp. have hired law firm White & Case LLP as the physician staffing company faces a looming payment deadline on its unsecured bonds, according to people familiar with the matter.

Envision has a bond interest payment coming due Saturday and investors are concerned about whether it will pay because it is in technical default, these people said. The bondholder group, which formed recently, has said it represents a majority of the company's outstanding bonds, according to these people.

KKR and Envision declined to comment.

Envision issued \$1.2 billion of unsecured bonds due in 2026 in connection with its \$6 billion purchase by KKR in 2018. Those bonds were recently quoted at around 4 cents on the dollar, according to market-data platform Solve, indicating that investors expect significant impairment.

Envision has been in negotiations with some of its other creditors after missing a March 31 deadline to report fourth-quarter financial results, triggering a technical default under the company's loans, The Wall Street Journal previously reported.

The company hasn't cured its default or reported its fourth-quarter results, according to the people familiar with the matter. The company contracts with hospitals to provide them with an array of medical professionals and has struggled since the Covid-19 pandemic started and many patients have avoided going to the hospital for nonemergency care.

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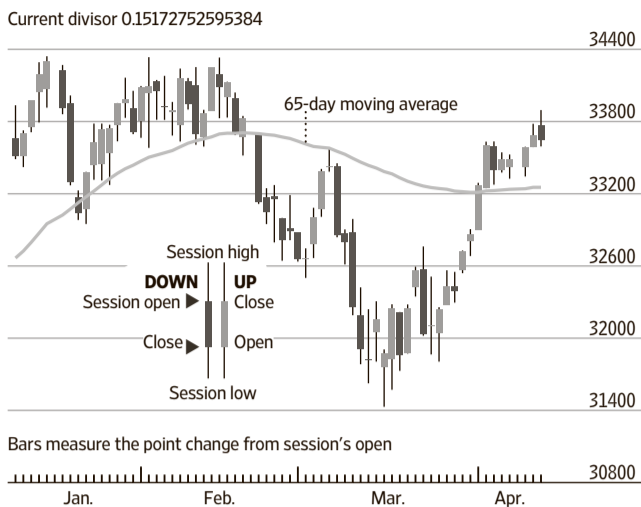


MARKETS DIGEST

EQUITIES

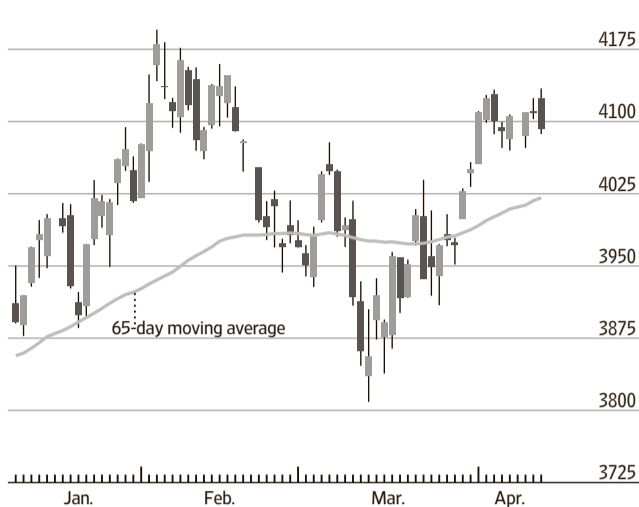
Dow Jones Industrial Average

33646.50 ▼38.29, or 0.11%
High, low, open and close for each trading day of the past three months.



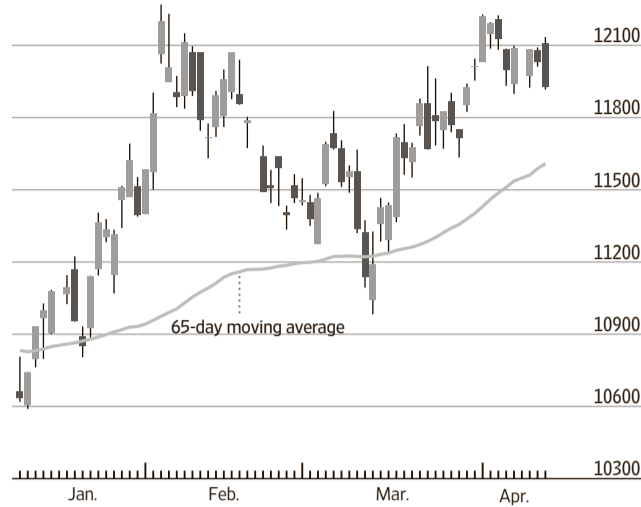
S&P 500 Index

4091.95 ▼16.99, or 0.41%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

11929.34 ▼102.54, or 0.85%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Stock Market, S&P 500, Russell 2000, and others with their latest values and 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 of most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table of percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Trading Diary

Volume, Advancers, Decliners

Table showing trading diary statistics including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table of international stock indexes by region/country, including MSCI ACWI, Euro STOXX, Nikkei 225, etc.

Percentage Gainers...

Table of percentage gainers from international markets with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Most Active Stocks

Table of most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low, and % chg.

Percentage Losers

Table of percentage losers from international markets with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Volume Movers

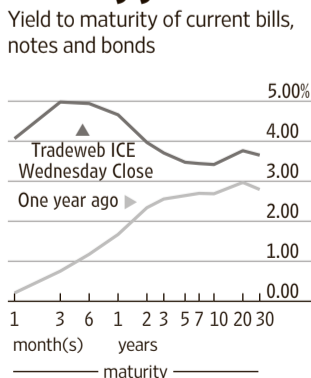
Table of volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low, and % chg.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Complex block containing U.S. consumer rates (prime rate, new car loan) and selected rates (bankrate.com avg, first savings, etc.) with charts and tables.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for various instruments like U.S. Treasury, Aggregate, High-Yield, etc.

CURRENCIES & COMMODITIES

Currencies

Table of U.S.-dollar foreign-exchange rates for various countries and currencies.

Commodities

Table of commodity prices for DJ Commodity, Crude oil, Natural gas, Gold, etc.

# COMMODITIES

## Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
<b>Copper-High (CXM)</b> -25,000 lbs.; \$ per lb.						
April	4.0105	4.0785	3.9990	4.0845	0.0610	2,830
May	4.0295	4.0880	3.9840	4.0810	0.0605	92,952
<b>Gold (CXM)</b> -100 Troy oz.; \$ per Troy oz.						
April	2005.20	2025.70	2005.20	2010.90	6.10	823
May	2010.00	2034.10	2007.00	2015.70	5.70	1,958
June	2019.10	2043.90	2015.70	2020.40	5.90	403,271
Aug	2037.10	2061.90	2034.40	2043.30	6.00	32,312
Oct	2056.30	2078.40	2053.60	2061.70	6.30	9,733
Dec	2074.10	2096.00	2070.60	2079.70	6.40	23,771
<b>Palladium (NYM)</b> -50 Troy oz.; \$ per Troy oz.						
April	...	...	...	1452.60	12.30	1
June	1443.50	1468.00	1433.50	1455.90	12.30	11,468
<b>Platinum (NYM)</b> -50 Troy oz.; \$ per Troy oz.						
April	...	...	...	1018.00	22.40	8
June	1005.50	1034.00	1004.10	1027.50	22.40	56,692
<b>Silver (CXM)</b> -5,000 Troy oz.; \$ per Troy oz.						
April	25.165	25.585	25.165	25.404	0.273	25
May	25.185	25.825	25.175	25.458	0.272	85,559
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
May	81.44	83.53	81.28	83.26	1.73	212,825
June	81.38	83.38	81.21	83.09	1.60	305,667
July	81.00	82.91	80.87	82.65	1.51	260,226
Sept	79.73	81.44	79.61	81.21	1.33	159,694
Dec	77.59	79.13	77.45	78.95	1.22	208,526
Dec'24	71.58	72.89	71.43	72.76	1.11	87,828
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
May	2.6679	2.7234	2.6489	2.7031	0.039	70,306
June	2.6212	2.6746	2.6067	2.6600	0.0370	60,692
<b>Gasoline-NY RB08 (NYM)</b> -42,000 gal.; \$ per gal.						
May	2.8525	2.8943	2.8152	2.8727	0.075	100,434
June	2.7905	2.8286	2.7569	2.8144	0.0134	78,757
<b>Natural Gas (NYM)</b> -10,000 MMBtu; \$ per MMBtu.						
May	2.221	2.229	2.069	2.093	-0.93	279,636
June	2.373	2.384	2.241	2.267	-0.04	118,782
July	2.590	2.600	2.458	2.489	-0.02	191,566
Sept	2.625	2.630	2.504	2.526	-0.08	116,732
Oct	2.710	2.721	2.589	2.619	-0.07	106,758
Jan'24	3.775	3.796	3.686	3.713	-0.62	77,905

	Open	Contract High	Low	Settle	Chg	Open interest
July	187.00	189.50	185.80	188.50	.05	63,816
<b>Sugar-World (ICE-US)</b> -112,000 lbs.; cents per lb.						
May	24.65	24.85	23.92	24.05	-.32	213,600
July	23.91	24.14	23.18	23.34	-.34	357,762
<b>Sugar-Domestic (ICE-US)</b> -112,000 lbs.; cents per lb.						
July	40.01	41.00	40.00	41.00	1.50	1,373
March'24	39.01	39.40	39.01	39.35	34	1,825
<b>Cotton (ICE-US)</b> -50,000 lbs.; cents per lb.						
May	82.69	83.17	82.04	82.45	-.30	53,075
July	82.82	83.10	82.06	82.39	-.52	64,369
<b>Orange Juice (ICE-US)</b> -15,000 lbs.; cents per lb.						
May	282.40	283.05	274.90	278.10	-6.80	6,250
July	265.25	266.20	260.85	264.40	-4.35	2,918

Interest Rate Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
<b>Ultra Treasury Bonds (CBT)</b> -\$100,000; pts 32nds of 100%						
June	142-220	143-240	141-060	142-030	-20.0	1,413,005
Sept	143-000	144-020	141-210	142-140	-21.0	20
<b>Treasury Bonds (CBT)</b> -\$100,000; pts 32nds of 100%						
June	132-130	133-150	131-150	132-050	-7.0	1,179,731
Sept	132-090	133-160	131-250	132-090	-7.0	92
<b>Treasury Notes (CBT)</b> -\$100,000; pts 32nds of 100%						
June	115-145	116-080	115-080	115-225	10.5	4,271,161
Sept	116-055	117-000	116-015	116-150	11.0	4,132
<b>5 Yr. Treasury Notes (CBT)</b> -\$100,000; pts 32nds of 100%						
June	109-280	110-157	109-225	110-037	11.2	4,446,504
Sept	110-100	110-312	110-082	110-207	11.5	62
<b>2 Yr. Treasury Notes (CBT)</b> -\$200,000; pts 32nds of 100%						
June	103-095	103-188	103-057	103-127	5.1	2,531,928
<b>30 Day Federal Funds (CBT)</b> -\$5,000,000; 100 -daily avg.						
April	95.1725	95.1750	95.1725	95.1725	...	464,888
May	95.0100	95.0390	94.9950	95.0100	...	339,235
<b>10 Yr. Del. Int. Rate Swaps (CBT)</b> -\$100,000; pts 32nds of 100%						
June	99-135	99-170	98-175	98-255	5	9,193
<b>Three-Month SOFR (CME)</b> -\$1,000,000; 100 -daily avg.						
Jan	95.3850	95.3875	95.3850	95.3875	0.000	30,466
June	95.0300	95.1050	94.9600	95.0550	0.0300	1,628,365
<b>Eurodollar (CME)</b> -\$1,000,000; pts of 100%						
April	94.7525	94.7850	94.7400	94.7525	...	143,488
June	94.6950	94.7800	94.6350	94.7250	0.040	575,676
Sept	95.0650	95.1800	95.0000	95.1150	0.070	596,180
Dec	95.4350	95.5700	95.3550	95.4800	0.0750	549,233

Currency Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
<b>Japanese Yen (CME)</b> -\$12,500,000; \$ per 100¥						
April	7486	7539	7466	7514	0.032	637
June	7555	7610	7535	7584	0.032	168,606
<b>Canadian Dollar (CME)</b> -CAD 100,000; \$ per CAD						
April	7432	7448	7415	7446	0.020	405
June	7434	7456	7422	7454	0.020	160,199
<b>British Pound (CME)</b> -£62,500; \$ per £						
April	1.2446	1.2496	1.2402	1.2490	0.007	2,478
June	1.2448	1.2515	1.2418	1.2507	0.007	212,273
<b>Swiss Franc (CME)</b> -CHF 125,000; \$ per CHF						
June	1.1157	1.1267	1.1153	1.1249	0.093	37,841
Sept	1.1257	1.1366	1.1254	1.1352	0.093	370
<b>Australian Dollar (CME)</b> -AUD 100,000; \$ per AUD						
April	6650	6724	6645	6700	0.047	495
June	6672	6742	6667	6717	0.046	157,971
<b>Mexican Peso (CME)</b> -MXN 500,000; \$ per MXN						
April	0.5429	0.5477	0.5421	0.5519	0.0024	20
June	0.5429	0.5477	0.5421	0.5519	0.0026	259,358
<b>Euro (CME)</b> -€125,000; \$ per €						
April	1.0919	1.1003	1.0912	1.0998	0.0087	1,670
June	1.0956	1.1043	1.0954	1.1037	0.0087	747,073

Index Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
<b>Mini DJ Industrial Average (CBT)</b> -\$5 x index						
June	33881	34119	33760	33813	-39	89,779
Sept	34125	34369	34025	34067	-47	475
<b>Mini S&amp;P 500 (CME)</b> -\$50 x index						
June	4137.50	4177.75	4113.50	4119.00	-17.50	2,229,978
Sept	4173.25	4213.25	4149.75	4155.25	-18.00	12,989
<b>Mini S&amp;P Midcap 400 (CME)</b> -\$100 x index						
June	2516.00	2542.50	2498.00	2500.30	-14.80	39,425
Sept	...	...	...	2517.20	-13.60	...
<b>Mini Nasdaq 100 (CME)</b> -\$20 x index						
June	13073.75	13241.75	12937.75	12952.25	-122.50	233,981
Sept	13226.75	13380.00	13080.50	13092.25	-125.25	3,166
<b>Mini Russell 2000 (CME)</b> -\$50 x index						
June	1798.20	1822.00	1782.70	1804.90	-13.40	488,007
Sept	1835.00	1836.50	1799.30	1788.00	-13.60	3,134
<b>Mini Russell 1000 (CME)</b> -\$50 x index						
June	2276.80	2279.80	2259.20	2255.20	-10.40	7,678
<b>U.S. Dollar Index (ICE-US)</b> -\$100.00 x index						
June	101.80	101.84	101.12	101.17	-7.1	32,481
Sept	101.54	101.54	100.93	100.92	-7.1	590

Source: FactSet

Agriculture Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.						
May	651.00	658.50	648.75	656.00	5.00	342,892
July	626.00	630.50	624.25	627.75	...	432,150
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.						
May	340.00	340.00	334.50	335.75	-4.50	2,229
July	336.75	336.75	331.25	331.75	-4.00	1,546
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.						
May	1497.50	1510.50	1491.00	1504.25	7.00	208,077
July	1471.25	1477.50	1465.00	1472.25	1.00	230,652
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.						
May	458.10	463.20	455.30	460.20	2.40	108,611
July	455.00	460.00	452.20	457.40	2.40	149,452
<b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.						
May	54.89	54.89	53.50	54.00	-8.9	112,711
July	55.00	55.00	53.69	54.16	-8.85	151,654
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.						
May	17.04	17.60	17.03	17.55	.60	3,629
Sept	15.18	15.44	15.18	15.15	.05	2,955
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.						
May	673.00	683.75	673.00	679.50	5.50	144,037
July	683.25	692.00	682.75	687.00	3.00	145,362
<b>Wheat (KC)</b> -5,000 bu.; cents per bu.						
May	868.75	881.75	861.00	863.50	-4.75	53,810
July	848.50	862.75	843.75	846.25	-3.75	67,924
<b>Cattle-Feeder (CME)</b> -50,000 lbs.; cents per lb.						
April	201.850	203.500	201.625	202.225	.125	4,608
May	207.675	209.400	207.675	208.575	.750	21,564
<b>Cattle-Live (CME)</b> -40,000 lbs.; cents per lb.						
April	172.325	174.325	172.300	174.275	1.95	12,880
June	163.925	165.050	163.700	164.850	.900	146,408
<b>Hogs-Lean (CME)</b> -40,000 lbs.; cents per lb.						
April	72.875	73.150	72.025	72.300	-7.50	19,832
June	87.825	89.125	87.125	87.550	-3.00	95,346
<b>Lumber (CME)</b> -110,000 bd. ft.; \$ per 1,000 bd. ft.						
May	386.10	389.80	384.10	387.50	2.30	2,093
<b>Milk (CME)</b> -200,000 lbs.; cents per lb.						
April	18.65	18.75	18.58	18.66	.04	3,931
May	17.91	18.40	17.91	18.24	.33	5,019
<b>Cocoa (ICE-US)</b> -10 metric tons; \$ per ton.						
May	2,978	2,998	2,941	2,954	-31	45,450
July	2,892	2,910	2,860	2,866	-37	143,160
<b>Coffee (ICE-US)</b> -37,500 lbs.; cents per lb.						
May	188.90					



BANKING & FINANCE

Treasurys Gyrate, End Higher

Early rally after inflation report loses steam, resumes after release of Fed minutes

By Matt Grossman

Cooling inflation figures sparked an early Treasury rally that faded later Wednesday, underscoring investors' uncertainty about how the data might shape the Federal Reserve's next moves.

Yields, which fall when bond prices rise, dropped sharply after Labor Department figures showed the consumer-price index rose last month less than economists had expected. But yields quickly recovered most of that ground later in the morning as traders parsed below-the-surface figures showing that inflation persisted in key categories, investors and analysts said.

Short-term yields then resumed their decline in the afternoon after notes from the Fed's latest meeting pointed to central bankers' concerns that bank distress could help spark a recession later this year.

Slowing inflation and the potential fallout from recent bank tumult have combined to depress Wall Street's projections about how high interest rates will stay. That has

pushed down Treasury yields over the last month—especially on shorter-term government borrowing, where rates closely reflect how investors expect the Fed to set monetary policy.

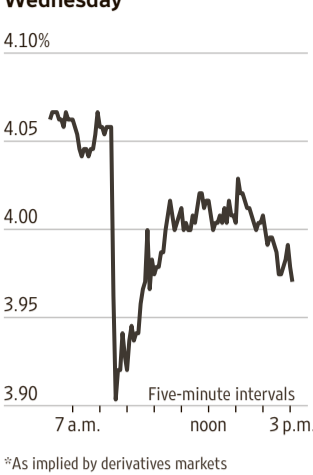
But though headline inflation fell in March, Wednesday's data also brought indications that important parts of the economy are continuing to experience sustained price increases.

The two-year Treasury note's yield finished Wednesday at 3.970%, down from 4.056% on Tuesday. Earlier in the day, the two-year yield had fallen as low as 3.88%. The benchmark 10-year yield declined to 3.419% from 3.433% Tuesday.

"I think we're whipsawing so much because we have two pretty different economic scenarios in front of us, both equally plausible," said Priya Misra, global head of rates strategy at TD Securities.

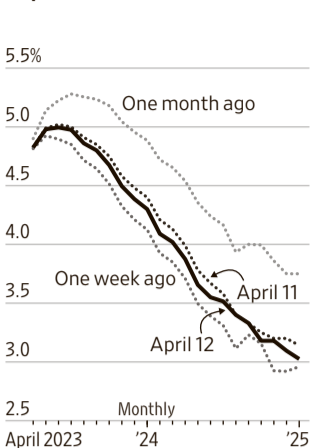
On the one hand, a dropoff in banks' lending could exacerbate the effects of the Fed's previous rate increases, quickly slowing the economy. On the other hand, the increase in core CPI, which excludes food and energy prices, was still at 0.4% in March month over month—roughly a 5% rate if annualized. Core goods inflation accelerated

U.S. two-year Treasury note Wednesday



\*As implied by derivatives markets

Expected federal-funds rate\*



Sources: Tullett Prebon (Treasury); FactSet (rate)

last month after hovering around zero over the preceding half year.

Factors like those weighed on bond prices as investors scoured the data, forcing them to consider that the Fed might yet have to maintain a more hawkish stance later this year, Ms. Misra said.

"Within two hours this morning, you saw the sellers showing up in the bond market," she said.

Treasury yields help set borrowing costs for everyone from homeowners to corporate-finance chiefs. They are also a key input into many stock investors' models, where lower yields, all else being

equal, push up assessments of how much shares are worth.

Some Treasury investors took encouragement from signs in the inflation data that price increases for consumers are slowing. The headline inflation figure showed that prices rose 0.1% last month compared with February. That was down from 0.4% a month earlier and lower than the 0.2% increase that economists had predicted.

After the data's release, traders maintained bets that any interest-rate increase at the Fed's May meeting will be the central bank's last for the foreseeable future.

Wall Street is now estimat-

ing two-thirds odds that the Fed raises rates again in May by a quarter of a percentage point to 5% to 5.25%, but only about a 1-in-20 chance that rates will continue rising in June.

It is a bet informed by slowing inflation and the possibility that March's banking distress could make it harder for businesses and households to borrow in the months ahead, denting economic growth.

Business surveys, for instance, have signaled that it has already gotten more difficult for companies to find new loans. Investors are also growing concerned that commercial landlords will struggle to finance their buildings if banks pull back on lending.

"The effects of the bank distress are the main reason why expectations have shifted away from another hike beyond May," said Anders Persson, head of global fixed income at Nuveen. "Now, add to that how we're seeing some light at the end of the tunnel from the inflation numbers."

Mr. Persson said that contrary to prevailing bets in futures markets, he doesn't expect the Fed to start cutting rates aggressively later this summer. Even so, he thinks yields will continue to fall through the end of this year.

—Eric Wallerstein contributed to this article.

Bank Staff Flagged Epstein

Continued from page B1

JPMorgan late last year in a Manhattan federal court, saying the bank facilitated Epstein's alleged sex trafficking. The suit alleges the financier used the bank to pay his victims with cash and wire transfers, transactions that should have been concerning to the bank. Another lawsuit filed by an unnamed woman who accused Epstein of sexual abuse also accuses the bank of failing to monitor his transactions. The cases are running together in Manhattan federal court.

Banks are required to file suspicious-activity reports on sizable cash withdrawals and transactions that could indi-

cate crimes such as money laundering. JPMorgan, the U.S. Virgin Islands says, had information that could have flagged Epstein's alleged crimes to law enforcement sooner.

Lawyers have questioned several JPMorgan employees so far in this case, including Mary Erdoes, its head of asset and wealth management. Her deposition hasn't been released publicly, but Wednesday's court filing sheds light on its contents.

Ms. Erdoes said in a deposition that JPMorgan executives knew as far back as 2006 that Epstein was accused of paying cash to have underage girls and young women brought to his home, according to the filing.

The filing alleges that Epstein's behavior was so widely known at the bank that his interest in girls was the subject of jokes. In 2008, the filing says, Ms. Erdoes received an email asking whether Epstein was at an event with pop star

Miley Cyrus, a minor at the time.

Ms. Erdoes and a JPMorgan spokeswoman declined to comment. The bank previously has said Ms. Erdoes wouldn't overrule the bank's compliance officials to protect a customer and "has only one recollection of formally meeting with [Ep-

A suit alleges Epstein pulled over \$750,000 a year in cash from the bank.

stein], which was the day she fired him as a client."

The bank has denied that it aided Epstein and has sought to shift the focus to former executive Jes Staley. In a lawsuit against Mr. Staley last month, JPMorgan said the former executive "affirmatively misrepresented the true facts of his

and Epstein's personal interactions."

Mr. Staley has said he never knew about Epstein's alleged crimes. His lawyer has declined to comment about the allegations in the JPMorgan lawsuit.

In 2010, JPMorgan compliance officials decided that Epstein "should go," according to the Wednesday filing, and raised questions about Epstein's behavior.

A senior compliance official in 2011 voiced concerns about extending Epstein a loan in relation to a modeling agency that had been accused of bringing underage girls into the U.S.

According to court papers, the official noted that Epstein was no longer managing retail billionaire Leslie Wexner's money and questioned whether he had any clients at all. "I would like to know if in fact he is managing anyone's money at this point or is it all his money," the official wrote.

The compliance officer also said that Epstein had sponsored accounts and credit cards for two 18-year-olds in 2004, one of whom was named regularly in media reports about Epstein's "escapades," according to the filing. That woman had received \$450,000 from Epstein, the complaint said.

Epstein deposited hundreds of thousands of dollars into the accounts of one known victim and another unnamed "recruiter" after he pleaded guilty in 2008, the U.S. Virgin Islands claimed in its amended lawsuit.

The compliance department flagged other payments Epstein made to women, the suit says. One official referred to Epstein as a "Sugar Daddy!"

The bank, according to court papers, was told the cash was being used for fuel and landing fees for Epstein's private planes. Yet withdrawals continued while Epstein was in prison, the filing said.

Apollo Extends Push for Diverse Suppliers

By Laura Kreutzer

Apollo Global Management Inc. is doubling down on supplier diversity across its private-equity portfolio, which includes major companies such as security services provider ADT Inc. and digital media company Yahoo Inc.

The private-equity firm wants to increase spending with suppliers and vendors owned or managed by women and minorities, raising total outlays by companies held in its portfolio to \$2 billion by the end of 2025. The move comes after the New York firm surpassed an original \$1 billion goal two years early and as similar efforts pick up steam across the U.S. economy.

"At the fundamental level, supplier diversity drives supply-chain competitiveness, it helps unlock innovation and it can help create access to new markets and deliver socioeconomic impact locally," said Carletta Ooton, an Apollo operating partner and head of ESG for private equity. She leads the firm's efforts to implement environmental, social and corporate governance commitments across portfolio companies.

Apollo defines diverse suppliers as businesses 51% or more owned or controlled by a historically underrepresented group, such as women or minorities, according to Ms. Ooton. It requires that a supplier be certified as diverse either through a third party, such as the National Minority Supplier Development Council, or through a government agency.

Apollo officially launched its program in 2022 with a goal of reaching \$1 billion in spending with diverse suppliers by the end of 2024. It surpassed that target late last year.

"We got to a little over \$1.1 billion," Ms. Ooton said. "We roughly doubled our spending, and we did it very quickly."

Ms. Ooton said Apollo laid the groundwork for the program by measuring and mapping spending with suppliers across its private-equity portfolio, which includes more than 20 companies.

their stock exposure has ticked down but remains above historical averages. The respondents had about 65% of their portfolios in stocks, 15% in bonds and 20% in cash.

Still, Todd Schlanger, a senior investment strategist at Vanguard, said he expects the 60-40 strategy to work well for the next decade, pointing to lower stock valuations and attractive bond yields. Mr. Schlanger forecasts the annualized 10-year median return for a globally diversified 60-40 strategy at 5.4%.

"60-40 is used as a bellwether," Mr. Schlanger said. "That strategy we believe is an enduring one."

Leslie Hollon, 68, retired in 2022 as a pastor in San Antonio. His 60-40-style portfolio fell about 15% last year, prompting him to withdraw less money to put toward his living expenses. Despite the declines, Dr. Hollon said he is confident in his investing approach and expects bonds to make a comeback this year.

"It was encouraging that there's resilience in 60-40, and the resiliency was showing in still a very tumultuous market," said Mr. Hollon, who hopes to continue using his retirement funds to travel with his wife.

60-40 Strategy Is Back

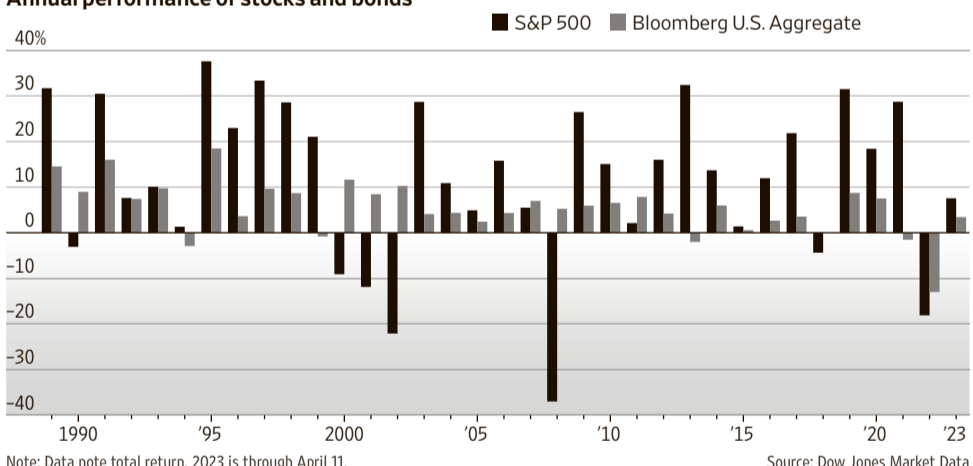
Continued from page B1

going." For decades, investors have relied on the 60-40 investment mix to generate stable returns, earning an average 9.3% annually through the end of 2022, according to DJMD, which reviewed data going back 35 years. An investor who put \$10,000 in a 60-40 portfolio in 1988 would have a principal worth more than \$180,000 now, after accounting for an annual rebalance.

Behind 60-40's success: The S&P 500 tends to rebound after steep declines and investors who buy the dip are often richly rewarded. The benchmark stock index has gained about 7.5% this year, including dividends, and bonds have clawed back some of their value.

Bonds helped offset some of the pain of the previous market crises, including the bursting of the dot-com bubble in 2000, the global financial crisis of

Annual performance of stocks and bonds



Note: Data note total return. 2023 is through April 11.

Source: Dow Jones Market Data

2008 and the short-lived market panic brought by the onset of the Covid-19 pandemic.

That didn't happen in 2022. An index that largely holds Treasuries, highly rated corporate bonds and mortgage-backed securities fell 13%, posting its worst year on record, while the S&P 500 declined 18%.

Individual investors close to retirement were the hardest hit because their portfolios didn't have time to recover from the losses.

Mark Teister, a 66-year-old retiree in Glenview, Ill., said he switched to a more conservative investment approach from

a traditional 60-40 strategy in late 2021. He bought funds holding dividend-paying companies and value stocks, along with securities that mitigate the risk of higher bond yields. If the market stabilizes, he hopes to revert to the 60-40 mix.

"I've got to have something that protects me from doing something stupid," said Mr. Teister, who used to work as an executive at a coffee firm.

There is no guarantee that the 60-40 strategy will keep working, and the market's trajectory is especially difficult to predict. The economy is still humming along, inflation re-

mains hot and the banking crisis that erupted in March appears to be contained—all of which could propel the Fed to keep raising rates.

Plus, stocks remain expensive historically, and strategists warn that valuations will likely be crunched in the event of a recession. The S&P 500 is trading at 18.2 times its expected earnings over the next 12 months, down from 21.6 at the start of 2022 but above the 10-year average of 17.5.

Investors have pared their stock exposure in light of the recent tumult in markets.

Goldman Sachs expects households to be net sellers of



Mark Teister switched to a more conservative approach.

\$750 billion of equities this year, with investors instead piling into yield-bearing assets such as money-market funds and bonds.

That is a contrast from the start of 2020 through mid-2022, when they were net buyers of \$1.7 trillion in equities. Households own almost 40% of the total U.S. equity market, making them important drivers of financial markets.

Meanwhile, a March survey from the American Association of Individual Investors found that investors have increased their bond exposure to the highest level since 2021, while

New Highs and Lows

Continued From Page B9

Table with columns for Stock, 52-Wk % Change, and Stock, 52-Wk % Change. Lists various stocks and their performance metrics.

MARKETS

# Stocks Fall on Cloudy Outlook for Rates

Early optimism on consumer prices dims as investors wrestle with Fed's next move

By WILL HORNER AND AKANE OTANI

Stocks slipped, giving up gains from earlier in the session. Stocks began the day higher after data showed inflation eased to its lowest level in nearly two years in March. They then lost steam in the afternoon, ending the session around their lows for the day.

The S&P 500 fell 16.99 points, or 0.4%, to 4091.95, while the Nasdaq Composite lost 102.54 points, or 0.9%, to 11929.34. The Dow Jones Industrial Average gave up 38.29 points, or 0.1%, to 33646.50.

The consumer-price index, a

closely watched measure of inflation, rose 5% last month, the Labor Department said Wednesday. The report showed inflation is continuing to pull back from its multidecade high hit last June. That should, in many investors' eyes, keep the Federal Reserve on course to finish its interest-rate-increase campaign within the year.

But inflation also remains well above prepandemic levels. The central bank itself hasn't ruled out further rate increases. Nearly all 18 officials who participated in the Fed's meeting last month projected that the central bank would likely raise interest rates one more time this year.

Wednesday's consumer inflation report "keeps the Fed on track for another rate hike while trying to strike a delicate balance," said Mike Loewengart, head of model portfolio construction at Morgan Stanley Global Investment Office.

Corporate news drove swings in some stocks.

Shares in **Triton International** jumped \$20.33, or 32%, to \$83.34 after the shipping-container leasing company agreed to be bought by Brookfield Infrastructure. The deal values Triton's common stock at about \$4.7 billion.

**American Airlines** shares slipped \$1.32, or 9.2%, to \$13 after the company cut its guidance for revenue for the first quarter.

Bonds pared much of their earlier gains. The yield on the 10-year U.S. Treasury note fell to 3.419% from 3.433% Tuesday. Yields fall as bond prices rise.

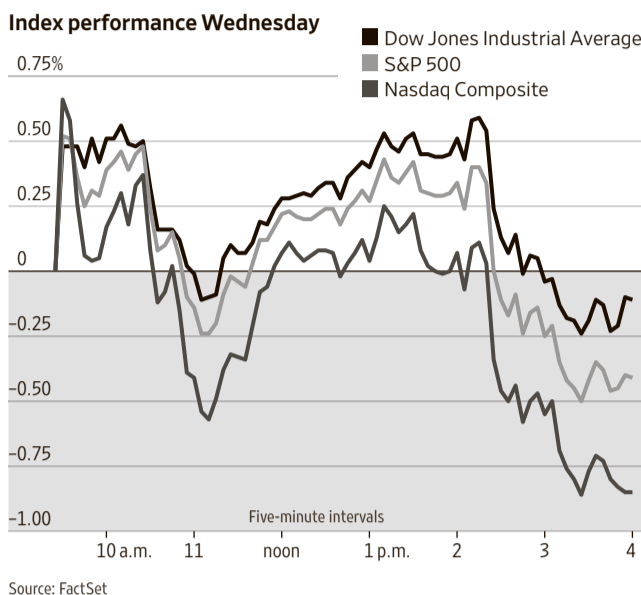
Bitcoin prices edged lower, hovering around \$30,000 after Tuesday's advance.

The pan-continental Stoxx Europe 600 edged up 0.1%, while France's CAC 40 rose 0.1% to a record, boosted by shares of luxury brands.

Early Thursday, Japan's Nikkei was up 0.1% but Hong Kong's Hang Seng Index was down 0.4%. S&P 500 futures rose 0.1%.



Shares of American Airlines fell 9.2% to \$13 after the carrier lowered its quarterly revenue guidance.



**AUCTION RESULTS**

Here are the results of Wednesday'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.

**17-WEEK BILLS**

Applications	\$97,892,364,500
Accepted bids	\$36,833,108,500
* noncompetitively	\$772,080,200
* foreign noncompetitively	\$100,000,000
Auction price (rate)	98.353833 (4.980%)
Coupon equivalent	5.148%
Bids at clearing yield accepted	96.32%
Cusip number	912797666

The bills, dated April 18, 2023, mature on Aug. 15, 2023.

**NINE-YEAR, 10-MONTH NOTES**

Applications	\$77,468,793,600
Accepted bids	\$34,046,008,600
* noncompetitively	\$50,524,800
* foreign noncompetitively	\$0
Auction price (rate)	100.365768 (3.455%)
Interest rate	3.500%
Bids at clearing yield accepted	66.26%
Cusip number	912826M7

The notes, dated April 17, 2023, mature on Feb. 15, 2033.

## Technology Can't Beat Market

Continued from page B1 success turning all of their operations over to machines, quants say. They haven't enjoyed dramatic advances with self-learning or reinforcement learning, which entail training computers to learn and develop strategies on their own. Indeed, Renaissance and others rely on advanced statistics rather than cutting-edge AI methods, say people at the firms.

"Most quants still take a

"theory-first" approach where they first establish a hypothesis of why a certain anomaly might exist, and they form a model around that," said Mr. Larkin.

One big problem: Investors rely on more limited data sets than those used to develop the ChatGPT chatbot and similar language-based AI efforts. ChatGPT, for example, is a model with 175 billion parameters that uses decades—and sometimes centuries—of text and other data from books, journals, the internet and more. By contrast, hedge funds and other investors generally train their own trading systems using pricing and other market data.

"The circumstances are different" when it comes to investing, said Jon McAuliffe, a former D.E. Shaw executive

who now is the co-founder of **Voleon Capital Management LP**, a hedge fund that relies on machine learning. "We don't have unlimited amounts of data to help us run models of unlimited size."

Just as important, market data are "noisier" than language and other data, making it harder to use it to explain or predict market moves. In other words, earnings, share momentum, investor sentiment and other financial data only partly explain stock moves, and the rest is unaccountable "noise." As a result, machine-learning models can identify correlations in various market data but prove incapable of predicting future stock moves.

Unlike languages, markets can change quickly—companies

alter strategies, new leaders make radical decisions and economic and political environments shift abruptly—making it harder to make trades using models reliant on historic, long-term data trends.

### 'Progress in applying AI to investing has been limited.'

While ChatGPT has proved impressive, it regularly makes the kinds of obvious errors that would cost investors' money and jeopardize reputations. Richard Dewey, chief execu-

tive of financial-technology company Proven, also notes that investing is "adversarial," or it entails competing with rivals eager to take advantage of any mistake. That makes it harder to invest using AI than it is to use these approaches for natural language, image classification or self-driving cars.

"There's a reason firms like Renaissance and D.E. Shaw still employ so many Ph.D.s," said Mr. Dewey, who added humans are still essential in markets that are noisy and subject to human-behavior feedback loops. "When it comes to investing, it's still hard to turn everything over to the machines."

Still, there are signs that investors are becoming more comfortable relying on AI. Voleon is among a group of hedge funds

launched in the past few years built around machine learning and other AI approaches.

San Francisco-based quant hedge fund **Numerai** used machine-learning techniques to score gains of 20% last year, the firm said. Also last year, three senior staffers at DeepMind Technologies, the artificial-intelligence subsidiary of Google parent **Alphabet Inc.**, caused a buzz by leaving to start a machine-learning fund called **EquiLibre Technologies**, based in Prague.

There are too few firms focusing on machine learning and other AI methods to determine whether big returns are possible, said Jens Foehrenbach, chief investment officer of **Man FRM**, which invests more than \$20 billion in hedge funds.

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## CMO Network

### Member Voices

The Wall Street Journal CMO Network connects the decision-makers behind the world's most influential brands to discuss what — and who — is driving today's trends and chart the path forward.



Vito Mabrucco

Global Chief Marketing Officer, NTT Corporation

#### What priorities rise to the top for you in your role as CMO during times like this?

Staying focused on our team's purpose and the outcomes needed to achieve it has been a key success factor throughout my career. Always understanding why we are here — for yourself, your teammates and those around you — and then ensuring what and how we execute helps to achieve that. It may sound simple, but having a clear purpose with articulate goals keeps us all engaged and committed to success.

#### What are the biggest challenges around ROI, and what do you consider the most effective ways of measuring it?

While pure ROI as an outcome is not easy to apply in marketing, the concept of outcomes-based measurement should still apply. The idea is to make plans for actions that will have an impact on the ultimate goal. Often marketing teams measure activities, leading to a false sense of accomplishment. While activities and actions are necessary, they are not sufficient to reach the successful outcomes expected of marketing. Measuring activities versus outcomes is a trap that hurts marketing organizations' credibility.

#### When faced with a new challenge, what's your decision-making process, and where do you turn for trusted information or advice?

I am a constant reader of all things current, and all points of view. I seek to understand multiple perspectives, intentionally trying to learn from them, even when they seem contradictory. I have experienced that consideration of all perspectives (other than the unethical) informs the decision-making process and results in better outcomes.

#### When engaging with new social platforms, what traditional rules of advertising and marketing are you emphasizing? Minimizing?

I have challenged our team and our partners to be more creative about how we communicate and deliver important messages and content. The typical approaches start to become easy to do, and so we do them more often. That is human nature. However, a person's ability to absorb and retain information is becoming so complex and time-consuming that we need to start thinking of new methods of engagement. They probably already exist in some small examples; we just need to identify them and tune them to our needs.

#### What shifts do you see happening in marketing and advertising in the next five years?

A successful brand lives in the minds and hearts of people. To achieve that, I see brands becoming more personal, authentic, trustworthy and human. However, we must also acknowledge the increasing pace of information distractions and opposing perspectives. It will not be easy for a brand to build trust while dealing with this information flow and multiple points of view. Which brings it back to purpose — if your purpose is authentic and true, and you live up to it, then your brand and organization will succeed in cutting through the noise and be relevant for a long time.

#### What are you most proud of in your current role?

Our purpose at NTT is to contribute to a better future for people and the planet, knowing that we need to also be a profitable business to achieve that. We believe that it is possible to do both, and our 150-year history is proof of that. My role is simple, but not easy — telling the rest of the world why we're here and what we're capable of. I am proud to be part of a team that helps create a better future for society.

Membership is by invitation: CMONetwork@wsj.com

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