

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\* TUESDAY, MAY 9, 2023 ~ VOL. CCLXXXI NO. 107 WSJ.com \*\*\*\*\* \$5.00

DJIA 33618.69 ▼ 55.69 0.17% NASDAQ 12256.92 ▲ 0.2% STOXX 600 466.94 ▲ 0.3% 10-YR. TREAS. ▼ 19/32, yield 3.518% OIL \$73.16 ▲ \$1.82 GOLD \$2,026.30 ▲ \$8.90 EURO \$1.1006 YEN 135.13

## What's News

### Business & Finance

**Biden** said his administration plans new regulations that would require airlines to compensate passengers when flight schedules change drastically due to causes within the carriers' control. **A1**

◆ **TD Bank's** handling of suspicious customer transactions was behind regulators' refusal to bless the lender's \$13.4 billion bid to buy First Horizon, people familiar with the matter said. **B1**

◆ **Walt Disney** expanded its federal lawsuit against DeSantis and other officials amid an escalating fight between the company and Florida Republicans. **A3**

◆ **Bittrex**, once among the country's biggest crypto trading platforms, filed for bankruptcy after being sued by the SEC and winding down its U.S. operations. **B3**

◆ **The Nasdaq** edged up 0.2% to return to bull-market territory, while the S&P 500 eked out a gain of 0.05%. The Dow slipped 0.2%. **B10**

◆ **Zoltan Pozsar**, a widely followed Credit Suisse markets guru, has left the bank, part of an exodus of staff that began in the months before the lender's takeover by UBS. **B1**

◆ **VW** named insider Peter Bosch to head its struggling software unit as part of a broader overhaul of how the company develops the software for its cars. **B4**

◆ **Tyson Foods** swung to a quarterly loss and cut its sales forecast for the year amid high costs across its business and deteriorating consumer demand. **B3**

### World-Wide

◆ **Ukraine** said Monday that it had shot down more than two dozen drones above Kyiv overnight, as Russia intensifies strikes that seek to degrade its rival's air defenses ahead of an expected spring offensive by Ukrainian forces. **A6**

◆ **The gunman** in the Allen, Texas, rampage was dropped by the Army for mental health reasons three months after he enlisted in 2008, and recent social media postings that officials are examining show links to white supremacist views. **A3**

◆ **China** signaled through state-run media that its national-security agencies are engaged in a probe into whether the due-diligence industry that has grown up to serve Western businesses in the country has been used for foreign espionage. **A16**

◆ **China's foreign minister** rebuked the U.S. ambassador in Beijing for what he said was Washington's support of Taiwan and indicated that his side wanted concessions from the U.S. in return for improved lines of communication sought by the White House. **A16**

◆ **Lawyers** for E. Jean Carroll and Trump made their final pitches to a jury, clashing over whether evidence presented during a civil trial supported Carroll's account that Trump raped her. **A3**

◆ **A 34-year-old man** was charged with eight counts of manslaughter after the vehicle he was driving plowed into a group of people Sunday in Brownsville, Texas, near a homeless shelter housing migrants, authorities said. **A2**

**CONTENTS** Markets..... B10  
Arts in Review... A11 Opinion..... A13-15  
Business & Finance B29 Personal Journal A9-10  
Business News... B3-4 Sports..... B4  
Crossword..... A11 Technology..... A2  
Equities..... B7 U.S. News..... A2-4  
Heard on Street. B12 World News. A6-7,16



© 2023 Dow Jones & Company, Inc. All Rights Reserved

## Eight Dead, Eight Crosses: the Choreography of Mourning



**GRIM ROUTINE:** Members of Lutheran Church Charities carry in the wooden crosses for losses, which have become the somber touchstone of mass shootings in the U.S., to remember those killed by a gunman Saturday in Allen, Texas. **A3**

## U.S. Plans to Make Airlines Pay for Delays, Cancellations

BY ALISON SIDER AND KEN THOMAS

The Biden administration plans new regulations that would require airlines to compensate passengers when flight times change drastically due to causes within the carriers' control, President Biden said Monday.

The rule-making would require airlines to provide compensation in addition to refunds, similar to passenger-protection measures required in the European Union, when flights are canceled or passengers endure significant delays

due to airline-caused disruption. It would also require airlines to cover expenses such as overnight hotel accommodations and transportation during such significant flight disruptions—services many carriers already provide.

“American air travelers deserve better and that’s what we’re gonna do,” Mr. Biden said, outlining plans to force airlines to compensate travelers when the air carriers are to blame for significant delays or cancellations, such as those caused by mechanical problems and crew issues. Snarls due to outside factors such as

bad weather or air-traffic control are generally considered beyond airlines' control.

“You deserve to be fully compensated,” said Mr. Biden, a Democrat. “Your time matters. The impact on your life matters.”

Mr. Biden joined Transportation Secretary Pete Buttigieg Monday at the White House to announce the planned rule-making, which is the latest consumer-friendly effort by the administration to crack down on costs facing Americans.

Mr. Biden said the administration would propose the new rule later this year. Such rule-

making is typically followed by a public comment period and often can take months or years before it is implemented.

Airlines for America, an industry trade group, said airlines are working to improve reliability, but factors like extreme weather and air-traffic control issues have contributed to flight disruptions.

“U.S. airlines have no incentive to delay or cancel a flight and do everything in their control to ensure flights de-

*Please turn to page A4*

◆ Airline ticket prices are set to stay high..... B3

## Oil Firms' Heaps of Cash Lure Investors

Companies boost shareholder returns, keep funds for when the boom goes bust

BY DAVID UBERTI

Oil-and-gas companies have built up a mountain of cash with few precedents in recent history. Wall Street has a few ideas on how to spend it—and new drilling isn't near the top of the list.

Many companies are cutting costs and raining cash on stock pickers like Berkshire Hathaway's Warren Buffett, who believe the world's thirst for oil will continue for years, if not decades, to come. The promise of money returned to shareholders helped turn energy shares into some of the few bright spots in a dark moment for markets last year, fueled by commodity prices that skyrocketed after Russia's invasion of Ukraine.

Even as an uncertain economic outlook has weighed on crude in 2023, making the energy sector the S&P 500's worst performer, cash has continued flowing. Companies that previously chased growth and funneled money into speculative drilling investments, weighing down their stocks, have instead tried to appease Wall Street by boosting dividends and repurchasing shares.

The cash has helped make up for stock prices that often seesaw alongside volatile commodity markets. Steady returns buoy an industry with an uncertain outlook as governments, markets and the global economy gradually shift toward cleaner energy.

“They’ve paid dividends for-

*Please turn to page A7*

◆ Heard on the Street: Shell, BP have a hidden edge..... B12

## Self-Serve Customers Slam Tips: 'Emotional Blackmail'

BY RACHEL WOLFE

Zero interaction with employees during a transaction no longer guarantees freedom from the moral quandary of how much to tip.

Prompts to leave 20% at self-checkout machines at airports, stadiums, cookie shops and cafes across the country are ranking consumers already inundated by the proliferation of tip screens. Business owners have said the automated cues can significantly increase gratuities and boost staff pay. But the unmanned prompts are leading more customers to question what, exactly, the tips are for.

“They’re cutting labor costs by doing self-checkout. So what’s the point of asking for a tip? And where is it going?” said Ishita Jamar, a senior at American University in Washington, D.C., who has noticed more self-serve tip cues at restaurants she frequents.

Tipping researchers and labor advocates said so-called tip creep is a way for employers to put the onus for employee pay onto consumers, rather than raising wages themselves. Companies said tips are an optional thanks for a job well done.

Businesses “are taking advantage of an opportunity,” said William Michael Lynn, who studies consumer behavior and tip culture as a professor at Cornell University’s Nolan School of Hotel Administration. “Who wouldn’t want to get extra money at very little cost if you could?”

*Please turn to page A10*



**U.S. NEWS**  
The Wall Street Journal wins the Pulitzer Prize for investigative reporting. **A4**

**PERSONAL JOURNAL**  
Teenagers say location sharing is the greatest —until they’re being excluded. **A9**

## For Many Big Cities, It's Their First Rodeo

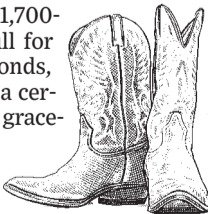
No booing! Pros teach metro dwellers manners as sport gets more popular

BY CHARLES PASSY

For those who follow the burgeoning sport of bull riding, the stars are naturally the riders themselves—who train for years to master the art of staying atop a 1,700-pound bucking bull for a full eight seconds, while maintaining a certain control, if not graceful authority.

Then there's Randy Spraggins, who's charged with getting 750 tons of dirt-or 35 dump-truck loads—into New York City's Madison Square Garden. Mr. Spraggins, an independent contractor who's worked with the Professional Bull Riders organization—PBR, for short—since its inception 31

years ago, is the “soil savant” behind the sport, as one industry insider refers to him. He is responsible not just for trucking dirt in and out of the many arenas where PBR stages competitions, but for also making sure it is just right—soft enough for the riders to land on as safely as possible when they inevitably fall, but hard enough to give the bulls the right footing.



“When the ground is good, the bulls are bucking,” Mr. Spraggins, a 62-year-old North Dakota native, explains.

These days, he has his work cut out for him. The PBR has not only added different types of events, it has also increased

*Please turn to page A8*

## AI Startups Become Magnets for Money

BY DEEPA SEETHARAMAN AND BERBER JIN

Before their startup had customers, a business plan or even a formal name, former Google AI researchers Niki Parmar and Ashish Vaswani were fielding interest from investors eager to back the next big thing in artificial intelligence.

At Google, Ms. Parmar and Mr. Vaswani were among the co-authors of a seminal 2017 paper that helped pave the way for the boom in so-called generative AI. Earlier this year, only weeks after striking out on their own, they raised funds that valued their fledg-

ling company—now called Essential AI—at around \$50 million, people familiar with the company said.

While most of Silicon Valley's venture-capital ecosystem remains in the doldrums, investors this year have been pouring funds into companies like Essential specializing in generative AI systems that can create humanlike conversation, imagery and computer code. Many of the companies getting backing are new and unproven.

Analysts at research firm

*Please turn to page A2*

◆ Personal Technology: Useful apps powered by AI..... A10

## Clean-Energy Push Provokes Backlash

Community opposition rises as wind and solar projects get larger and closer to cities

BY JENNIFER HILLER

LAWRENCE, Kan.—The federal government has ignited a green-energy investment spree that's expected to reach as high as \$3 trillion over the next decade. The road to spending that money is increasingly hitting speed bumps from the likes of Gerry Coffman.

About an hour southwest of Kansas City, she turned down a wind lease last year on a farm that has been in her family since 1866. Someone knocked on her door a few months later, paperwork in hand, and offered \$6,000 to hang a wind-power transmission line across her land.

If she agreed to store construction equipment, she stood to make an additional \$4,000. Ms. Coffman said no.

Ms. Coffman rotates corn and soybeans and has cattle pasture on her part of the family farm, which includes a wooded ribbon of water called Eight Mile Creek. Ms. Coffman doesn't want to see native forest or prairie disturbed and thinks the industrial nature of towering wind turbines would change the community for the worse if a proposed project were built.

“A year ago we were a nice, quiet neighborhood,” said Ms. Coffman, who has attended a series of conten-

*Please turn to page A8*

## U.S. NEWS

## Border Rules Cement Asylum Restrictions

New policy to replace Title 42 reflects push to limit migrants' use of system to enter U.S.

By MICHELLE HACKMAN

When he ran for president, Joe Biden promised to restore America's commitment to welcoming people fleeing persecution after Donald Trump spent four years restricting it. Two years into his presidency, Mr. Biden is instead doing the opposite by crafting a new system designed to limit the waves of asylum seekers pressuring the southern border.

Mr. Biden's reversal reflects a broader political shift. In the three years that the U.S. employed Title 42, the pandemic-era measure that made it possible to turn away people seeking asylum at the southern border, lawmakers in both parties have grown increasingly comfortable with a future in which the decadeslong right to cross America's border to seek refuge from persecution is no longer sacrosanct.

Once the public-health measure ends on Thursday, Mr. Biden's administration is planning to replace it with a set of new measures meant to mimic Title 42. Migrants who cross into the U.S. illegally—which asylum seekers are explicitly permitted to do under existing laws—will be quickly subjected to a higher asylum stan-

dard that is designed for most people not to clear. Those who fail will be deported to their home countries or back to Mexico, which has agreed to keep taking them.

The new approach is the latest effort by several successive administrations to control what has become an unruly situation at the southern border, which has only worsened after the pandemic with an economic downturn across Latin America and tightening autocracies across the region. Mr. Biden moved toward Republicans in accepting that far too many migrants were using the asylum pathway and that reverting back to the pre-pandemic rules would only perpetuate the problem.

The modern asylum system was enacted in the aftermath of World War II, after the U.S. turned away thousands of Jews attempting to flee Nazi Germany. In several international accords, the U.S. and dozens of other countries agreed that refugees fleeing for their lives must be able to cross borders into other countries without permission, because they would risk death or persecution if they waited. In 1980, Congress passed laws protecting the right to seek asylum after crossing a border illegally. Even as Congress took a more conservative turn in 1996 with an immigration bill increasing penalties for illegal border crossers—the last major immigration legislation



People waited at an international border bridge in Ciudad Juárez, Mexico, in February.

Republicans in Congress have pushed for nearly a decade to halt the flow of migrants by tweaking the law, but they faced universal opposition from Democrats and resistance from federal courts.

Title 42 accomplished precisely what Republicans wanted without changing the law. For the first time, anyone who asked for asylum could simply be turned away without consideration of the merits of their case. Though the practice explicitly circumvented Mr. Biden's campaign promise, it also proved a reasonably effective way to reject asylum seekers—and one the public could easily understand.

"We lack a modernized border management system that can process asylum seekers fairly and quickly," said Angela Kelley, a former senior immigration adviser to the Biden administration who departed last year. "I think Title 42 really exposed that hole in our system and made it hard to undo."

The measure proved far from an ideal enforcement tool on the ground. It relied heavily on Mexico to effectively decide which asylum seekers from various countries could be expelled. The policy had the unexpected result of making it easier for migrants with no intention of asking for asylum to make repeat crossings until they entered the country undetected, driving up the number of arrests.

to become law—it upheld that right.

For the system's first 30 years, it was used by only a smattering of people, including Soviet Union defectors, Iranian Jews and Chinese citizens persecuted for violating the one-child policy.

That changed in 2014 with the arrival of tens of thousands of unaccompanied children and families from Central America, who approached the border almost uniformly to ask for asylum. Since then, millions of asylum seekers have entered the U.S. via the

southern border, and the backlog to hear their cases stretches five or more years, allowing them to live and work in safety in the meantime.

For the past decade, three successive administrations have tried and mostly failed to get a handle on the issue. President Barack Obama tried jailing migrant families to try to deter more from coming, while Mr. Trump attempted separating families at the border and eventually sending them back to dangerous northern Mexican border cities to

wait out asylum hearings.

Though most members of Congress acknowledge the current system is broken, lawmakers vary widely on what that means. Many conservative Republicans would prefer to see fewer or no immigrants entering the country at all, while centrists favor redirecting many of the migrants currently coming into new, low-wage visa programs. Some on the left prefer maintaining a robust humanitarian route, fearing that such work visas could compete with blue-collar union workers.



## Manslaughter Charged in Crash

A 34-year-old man was charged with manslaughter and aggravated assault after the vehicle he was driving plowed into a group of people Sunday in Brownsville, Texas, killing eight and injuring at least 10 near a homeless shelter housing migrants, authorities said.

George Alvarez faces eight counts of manslaughter and 10 counts of aggravated assault with a deadly weapon, Brownsville Police Chief Felix Saucedo, shown at left at the lectern, said Monday. His bail was set at \$3.6 million.

Authorities responded to 911 calls at about 8:30 a.m. Sunday to a crash outside the Ozanam Center, a nonprofit homeless shelter that is also housing some migrants in the border city of Brownsville. Multiple people who were standing at a bus stop died at the scene, police said.

Chief Saucedo said police haven't determined whether the crash of the SUV they said Mr. Alvarez was driving was intentional. "Through the investigation, it was found that the SUV ran a red light, lost control, flipped on

its side and struck a total of 18 individuals," Chief Saucedo said.

Mr. Alvarez tried to flee the scene but was held down by other people who were nearby, Chief Saucedo said. Authorities are waiting on a toxicology report to determine whether Mr. Alvarez was intoxicated at the time of the crash.

Asked to confirm witness reports that Mr. Alvarez cursed and called the people outside the shelter beggars, Chief Saucedo said he had "nothing to validate that at this point." All of the victims were men, and at least some of them were from Venezuela, he said.

Attorney Sergio Galvan, who represented Mr. Alvarez at his arraignment Monday, declined to comment.

Police said Mr. Alvarez, a Brownsville resident, had a lengthy criminal record. He was previously convicted of burglary of a motor vehicle, assault, driving while intoxicated, two counts of criminal mischief, resisting arrest and evading arrest, said Brownsville Police Department spokesman Martin Sandoval.

—Adolfo Flores

## AI Startups Are Money Magnets

Continued from Page One

PitchBook predict that venture investment in generative AI companies will easily be several times last year's level of \$4.5 billion. That is driven in part by Microsoft's \$10 billion investment in January into OpenAI, the startup behind the wildly popular ChatGPT bot. In comparison, such investment totaled \$408 million in 2018, the year OpenAI released the initial version of the language model powering ChatGPT.

Entrepreneurs and their backers are hoping generative AI will change business activities from movie production to customer service to grocery delivery. PitchBook estimated the market for such AI applications in enterprise technology alone will rise to \$98 billion in 2026 from nearly \$43 billion this year.

As with the recently ended bull run of broader startup investing, though, investors often are jumping into AI startups even when it isn't clear how they will make a profit—especially since the computational power required to train AI services can sometimes amount to tens of millions of dollars a year or more. The sudden influx of capital is also encouraging many AI researchers, some without management or operations experience, to start their own companies, adding to competition.

"It is undeniably a major in-

flexion point, and great products and companies are going to be built," said Matt Turck, an investor specializing in AI at FirstMark, a New York-based venture-capital firm. But "as in prior hype cycles, a lot of this will not end well. The market cannot sustain, all of a sudden, a million different companies with half-baked ideas. It feels like the gold rush."

The current AI boom accelerated after OpenAI's late November launch of ChatGPT, which became one of the fastest-growing consumer apps in technology history. OpenAI is one of several capital-intensive startups building enormous algorithms called large language models that can produce original text.

Earlier this year, Google invested more than \$300 million into OpenAI rival Anthropic. The company expects to raise up to \$5 billion within the next two years to advance its large language model, which powers the startup's ChatGPT rival called Claude, according to an investor presentation reviewed by The Wall Street Journal.

Overall, U.S. venture funding plunged 55% to \$37 billion in the first quarter, according to PitchBook. But AI-related events still boast a boom-time vibe. Prominent venture capitalist Ron Conway held two days of festivities in March for portfolio companies backed by his fund, SV Angel, many of which are incorporating AI in some way. The event's speakers included former President Barack Obama and OpenAI Chief Executive Sam Altman, and attendees including the musician and entrepreneur will.i.am mingled with founders over drinks, according to

people who attended.

To court talent, venture capitalists are also hosting bar nights and events in the chic San Francisco neighborhood of Hayes Valley, sometimes called Cerebral Valley, which has emerged as an AI hub. NFX, a venture firm that backs several generative AI startups, outfitted its Hayes Valley offices with a red-walled speak-easy and turned its garage into an event space with a dance floor.

Sizable deals are coming fast and furious. Eleven Labs, a voice AI startup, recently raised money from Andreessen Horowitz that valued the company around \$100 million, according to people familiar with the matter. Humane, a startup created by two ex-Apple executives, recently raised \$100 million from investors, including Mr. Altman, to make AI-powered wearable devices,

the Journal reported in March.

Character.AI, an AI startup founded by two other former Google employees less than two years ago, raised \$150 million in a recent round that valued it at \$1 billion, the company said. Toronto-based generative AI startup Cohere

**'It's a mad swarm of VCs. Everyone wants in on those companies.'**

has raised \$250 million, which would value the company at \$2 billion, according to people familiar with the matter. The Financial Times earlier reported Cohere's fundraising.

One of Character's founders, Noam Shazeer, co-wrote the

## CORRECTIONS &amp; AMPLIFICATIONS

**Marriott International's** first-quarter revenue jumped 34% to \$5.6 billion, and the company declared a 40-cent per-share dividend. The company's chief executive, Tony Capuano, last May said that Marriott expected to resume share buybacks. The information about Marriott contained in The Score column in Saturday's Review section was incorrectly based on the company's results that were reported in May 2022 rather than this year. The article incorrectly said revenue jumped 81% to \$4.2 billion, the largest leap in global travel

demand since the onset of the pandemic, and it incorrectly said the company declared a 30-cent-per-share dividend. Mr. Capuano didn't address buybacks in his statement this year.

**Ares Management** holds \$235.1 billion in credit strategies. A Business News article on Monday about the alternative asset manager incorrectly said it holds \$214.2 billion in private-credit strategies, which didn't take into account its public credit holdings and additional capital raised in the first quarter.

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

**THE WALL STREET JOURNAL**  
(USPS 664-880) (Eastern Edition ISSN 0099-9660)  
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

**Editorial and publication headquarters:**  
1211 Avenue of the Americas, New York, N.Y. 10036

Published daily except Sundays and general legal holidays.  
Periodicals postage paid at New York, N.Y., and other mailing offices.

**Postmaster:** Send address changes to The Wall Street Journal,  
200 Burnett Rd., Chicago, MA 01020.

All Advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, N.Y. 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

**Letters to the Editor:** Fax: 212-416-2891; email: [wsltrs@wsj.com](mailto:wsltrs@wsj.com)

**Need assistance with your subscription?**  
By web: [customercenter.wsj.com](http://customercenter.wsj.com); By email: [wslsupport@wsj.com](mailto:wslsupport@wsj.com)  
By phone: 1-800-JOURNAL (1-800-568-7625)

**Reprints & licensing:**  
By email: [customreprints@dowjones.com](mailto:customreprints@dowjones.com)  
By phone: 1-800-843-0008

**WSJ back issues and framed pages:** [wsjshop.com](http://wsjshop.com)

**Our newspapers are 100% sourced from sustainably certified mills.**

**GOT A TIP FOR US? SUBMIT IT AT [WSJ.COM/TIPS](http://WSJ.COM/TIPS)**

## U.S. NEWS

# Disney Expands Lawsuit Against DeSantis

By ROBBIE WHELAN

Walt Disney Co. has fired back at Florida Gov. Ron DeSantis and his Republican allies in the state legislature, saying that recent attempts by lawmakers to void the company's land-development agreements at Walt Disney World Resort amount to little more than "weaponizing the power of government to punish private business."

The company Monday amended its federal lawsuit against the governor and other officials, which it originally filed last month, to address House Bill 1604, a law adopted last week. That measure, which seeks to retroactively void a contract that Disney signed to lock in planning approvals to potentially expand its theme parks and hotels in Florida, escalated a year-long fight between Disney and Florida Republicans.

Disney said in its amended filing that the law specifically targeted Disney for retribution for the company's opposition to the Parental Rights in Education bill, which prohibits classroom instruction on gender and sexuality issues in early elementary-school grades. Mr. DeSantis championed the bill and signed it into law last year.

Another measure approved by lawmakers in the recently concluded legislative session gives the state increased oversight over safety inspections for roller coasters and a monorail at Disney World that transports visitors between different parts of the resort.

Disney in its filing pointed to both measures to bolster its case that Mr. DeSantis and his allies are retaliating against the company. "Governor DeSantis and his allies have no apparent intent to moderate their retaliatory campaign any time soon," Disney's lawyers wrote in the updated filing. The company called the new legislation "precision-engineered to target Disney alone, just as Governor DeSantis intended."

A spokesman for Mr. DeSantis didn't respond to a phone message or an email seeking comment.

The continuing battle between Mr. DeSantis and Disney began last year after Disney, under pressure from some employees, publicly opposed the sex-education bill, which opponents had dubbed "Don't Say Gay."



Florida Gov. Ron DeSantis

# Army Had Ousted Texas Mall Gunman

The gunman authorities said was responsible for the deaths of eight people in Allen, Texas, was terminated by the Army for mental health reasons three months after he enlisted in 2008, and recent social media postings that officials are examining show links to white supremacist views.

By Ben Kesling, Sadie Gurman and Adolfo Flores

Mauricio Garcia, 33 years old, was fatally shot by a police officer after opening fire at Allen Premium Outlets on Saturday, authorities said. He used an AR-15-style rifle in the attack and multiple other firearms were found at the scene, according to the officials.

The Texas Department of Public Safety released the names of the deceased adults, and ages and hometowns of the children who died. A 3-year-old boy from Dallas, and girls ages 8 and 11 from Sachse, Texas, were among the victims. Two women, Aishwarya Thatikonda, 26, of McKinney, Texas, and Cindy Cho, 35, of Dallas, were killed. The male adults were Kyu Song Cho, 37, of Dallas, Christian LeCour, 23, Nevada, Texas, and Elio Cumana-Rivas, 32, of Dallas.

"Mauricio Garcia entered the regular Army in June 2008; he was terminated three months later without completing initial entry training," said Army spokeswoman Heather J. Hagan. She didn't specify the reason for the separation. One law-enforcement official said it had to do with concerns about his mental health. The Army can choose to end



Mourners paid their respects Monday at a memorial near an entrance to the Allen Premium Outlets mall after a weekend mass shooting.

soldiers' contracts early if they are found to have mental or physical problems that prevent them from doing their job as soldiers.

Authorities on Monday were examining Mr. Garcia's mental-health history, as well as his possible ties to white supremacy as they continue to probe a motive for the massacre at the busy outdoor mall, the latest in a series of mass shootings this year in the U.S. Mr. Garcia wore military-

style body armor with a patch that said "RWDS," according to officials, which stands for Right Wing Death Squad.

The phrase has been recently popular among white supremacists and far-right extremist groups, who experts said sometimes wear the slogan on their clothing.

Investigators were probing Mr. Garcia's social media, which appeared to show an embrace of white nationalism and neo-Nazi views. Investiga-

tors were trying to piece together Mr. Garcia's ideology and learn more about his final days before the attack by interviewing associates and relatives, the official said.

A social-media profile authorities said they are examining features photographs of the mall in Allen and contains a screenshot of Google Maps for Allen Premium Outlets, showing its busiest times.

The profile picture is a smiley-face emoji with a Hitler-

style mustache.

The site also contains a picture of body armor with a "RWDS" patch. Journal entries included on the profile support white supremacy and Nazis, while acknowledging the writer is Hispanic. "I'm Hispanic whether I like it or not," one page said.

Law-enforcement officials said Mr. Garcia had been staying at a hotel before the shooting, and investigators found more firearms there.

# Civil Rape Case Against Trump Heads to Jury

By CORINNE RAMEY AND JAMES FANELLI

Lawyers for E. Jean Carroll and Donald Trump made their final pitches to a Manhattan federal jury Monday, clashing over whether evidence presented during the civil trial supported the writer's account that the former president raped her in a department store dressing room in the 1990s.

Roberta Kaplan, a lawyer for Ms. Carroll, noted that Mr. Trump hadn't called any witnesses at trial.

"This is not a 'he said, she said' case," said Ms. Kaplan. "Instead it's what Trump says versus what every single one of those 11 witnesses said when they testified in that chair over there."

Mr. Trump's lawyer, Joe Tacopina, called the case "an affront to justice," and said that Ms. Carroll shouldn't profit from it. He said that Mr. Trump didn't need witnesses because his defense was that she lied. "How do you prove a negative?" the lawyer said.

The closing arguments came at the end of a two-week trial of a lawsuit that Ms. Carroll filed in 2022 against Mr. Trump, after a New York law went into effect that temporarily extended the time under which survivors of alleged sexual assault can file civil lawsuits.

The jury is expected to get the case after the judge pro-



E. Jean Carroll, center, arrives at court. In closing arguments, her lawyer highlighted witnesses who backed her account of rape. Donald Trump's lawyer called the case 'an affront to justice.'

vides legal instructions to guide their deliberations.

During her closing arguments, Ms. Kaplan told the jury that in what was likely the spring of 1996, the writer ran into Mr. Trump at the entrance to the Bergdorf Goodman department store in New York City, near Trump Tower. After joking about trying on a bodysuit in the lingerie department, the pair went into a dressing room, she said, where Mr. Trump pushed Ms. Carroll against a wall and raped her. Ms. Kaplan ticked off a list

of witnesses who supported that account, including two friends whom Ms. Carroll spoke to after the incident, and other accusers who testified they were sexually assaulted by Mr. Trump in a similar manner.

The lawyer said that Ms. Carroll, who has made battery and defamation claims, suffered reputational damage after Mr. Trump attacked her on social media. She also hadn't since had an intimate relationship with a man, Ms. Kaplan said. "What is the price for de-

grades of living alone without companionship?" Ms. Kaplan said to the jury. "I'm not going to put a number on that for you."

She told the jury to consider the evidence and reach a monetary damages figure on its own. "For E. Jean Carroll, this lawsuit is not about the money," Ms. Kaplan said.

Mr. Tacopina played portions of a recorded video deposition of Mr. Trump in which the former president denied the incident and said he didn't know Ms. Carroll. He defended

Mr. Trump's decision not to take the stand in the case.

"What could I have asked Mr. Trump?" Mr. Tacopina said. He later mockingly suggested, "Where were you on some unknown date?"

Ms. Carroll's account of the alleged rape conveniently removed any witnesses, Mr. Tacopina said. She testified that the sixth floor of the department store was empty and the dressing room door was left unlocked.

"She needed to create a scenario where no one else would be involved," he said.

He also questioned how Ms. Carroll never told police about the alleged rape or spoke publicly about what happened for more than 20 years. The writer, who kept a diary her entire life, never documented the alleged attack, Mr. Tacopina said.

"Ms. Carroll made negative entries in her diary, just not that one," he said.

He also attacked claims by two other women who testified that they, too, had been assaulted by Mr. Trump.

He said Ms. Carroll's lawyers were hoping jurors would be blind to inconsistencies in her allegations because they hated Trump.

"Two things can be true at the same time," Mr. Tacopina told the jury. "You can think Donald Trump is a rude and crude person. And that her story makes no sense."

# Chinese Company Buys Tutoring Firm With U.S. Military Contract

By MELISSA KORN

Princeton Review and Tutor.com say a Chinese private-equity firm has received regulatory approval to buy the test-prep company and online tutoring platform, more than 15 months after the acquisition closed.

Primavera Capital Group, based in Hong Kong, quietly purchased the well-known brands from Korean education company ST Unitas in January 2022, at a time of increased scrutiny of Chinese investment in the U.S.

Investments in the tech and infrastructure industries, or ones that deal with significant amounts of potentially sensitive personal data, are sometimes reviewed by the Committee on Foreign Investment in the U.S., a federal panel that scrutinizes acquisition plans by foreign investors for national security concerns.

Cfius reviews are confidential, though companies are al-

lowed to disclose their involvement. A spokeswoman for the Treasury Department said the committee doesn't publicly comment on transactions that they may or may not be reviewing or have reviewed. She said the committee "is committed to taking all necessary actions within its authority to safeguard U.S. national security."

Tutor.com has a longstanding contract to provide its services free to active duty, reserve and other U.S. military service members, Defense Department personnel, and their dependents. It also holds contracts with school districts including those in Los Angeles, Paterson, N.J., and Loudoun County, Va., to provide online homework help and subject-matter tutoring, and is listed as a vetted vendor by the Texas Education Agency, New Hampshire Department of Education and agencies in other states.

National security analysts and lawyers who help foreign

companies navigate the regulatory process for U.S. acquisitions say Chinese companies have grown more skittish about publicizing their U.S. investments, for fear of raising suspicions about data security.

The U.S. is paying closer attention to such deals as it increasingly views China as an adversary, said Elly Rostoum, a former U.S. intelligence analyst and lecturer at Johns Hopkins University.

The U.S. government has interpreted Chinese national security laws to mean that any organization based there can be compelled to share information with Beijing if asked to do so.

Ms. Rostoum said whether or not the Chinese government has demanded such data from companies, the legislation allowing it should be enough to cause concern among American regulators.

TikTok parent ByteDance has faced significant backlash over its ties to China, with au-

thorities saying a 2020 plan to partner with Oracle and Walmart to create a U.S.-based company didn't protect users enough from potential interference by Beijing. Lawmakers have expressed continued concern over user data protection and whether the Chinese government could influence what the platform shows, such as pushing content supporting a preferred political candidate.

In recent years, Cfius has intensified its oversight of foreign companies with interests in technology, data and infrastructure. It can review mergers and acquisitions before or after they close, and can sign off on the plans or push for divestments or other mitigation measures if it identifies potential national security red flags.

Primavera has invested in companies including Alibaba, Yum China, ByteDance and the Chinese instant-formula business of Reckitt Benckiser Group. Primavera also owns Spring Education, which runs

hundreds of private schools under brands including Laurel Springs School, LePort Montessori and Basis Independent Schools.

The latest deal happened without much fanfare. There was no press release from Primavera, and neither Princeton Review nor Tutor.com are among the 54 companies featured on the private-equity firm's list of portfolio investments.

Tutor.com sent a letter to its tutors on Jan. 13, 2022, two days after the acquisition closed. District and state contracts show it wasn't required to alert all of its clients, and some school administrators around the country say they only learned of the ownership change from The Wall Street Journal.

Last week, the Princeton Review and Tutor.com websites added references to their new parent company.

Primavera, Princeton Review and Tutor.com said that soon

after the acquisition closed last year they filed the requisite notifications in the federal contracting system, which is publicly accessible.

Tutor.com collects data on users and tutors, including names, home addresses, IP addresses and recordings of their sessions. National security experts say the concern isn't what China's government would do with that information now, but rather how that information could be collected down the line, or whether information could eventually be disaggregated.

"Our commitment to safeguarding student privacy endures," Tutor.com and Princeton Review said to the Journal. They said no student or school data is shared with Primavera and the private-equity firm doesn't have access to the company's internal systems. They said they can provide information to Primavera only "on an anonymized, aggregated and de-identified basis."

## U.S. NEWS

# Congress Pushes to Cut Cost of Medicines

Bipartisan proposals target middlemen that manage drug benefits, negotiate discounts

BY STEPHANIE ARMOUR  
AND LIZ ESSLEY WHYTE

Republicans and Democrats in Congress may find rare agreement in the coming months on legislation taking aim at high drug costs.

The lawmakers are rolling out proposals that aim to reduce drug spending by insurers and government agencies, as well as by patients at the pharmacy trying to fill prescriptions for diabetes and other medicines.

A target for the lawmakers is the companies that manage drug benefits. Many of the proposals seek to rein in the middlemen's business practices that are drawing scrutiny for contributing to rising drug prices.

Among the ideas: requiring the pharmacy-benefit managers to disclose more details about how they make money and forcing the companies to

pass all savings on drug costs back to health plans or employers.

Passage could be difficult, especially given party differences. And some powerful healthcare companies, which own PBMs, are trying to fend off many of the measures.

Yet analysts expect some sort of legislation will make it, because surveys show voters of all kinds agree that drugs cost too much and lawmakers seeking re-election could benefit by pointing to a new law addressing the popular issue.

"This is probably the top healthcare policy issue that has legs this Congress," said Emily Felder, a healthcare lobbyist for Brownstein Hyatt Farber Schreck. "The sentiment is trending anti-PBM."

To lay the groundwork for legislation, both House and Senate committees are scrutinizing the middlemen's practices.

"Patients are facing rising costs at the drug counter, resulting from the growing influence of a small number of pharmacy-benefit managers," said Rep. Brett Guthrie (R., Ky.), who heads the House En-



Voters of all kinds agree that drugs cost too much, surveys show.

ergy and Commerce Health Subcommittee, which recently debated several proposals, including ones targeting PBMs.

Many health insurers, Medicare drug plans and employers hire PBMs to control spending on medicines by negotiating discounts from drugmakers in exchange for agreeing to reimburse the costs.

PBMs also often oversee other cost-control efforts, such as deciding on the sum of patient copays or coinsurance and establishing which thera-

pies require extra signoffs.

Three companies—CVS Health's CVS Caremark, Cigna Group's Express Scripts and UnitedHealth Group's OptumRx—handle 80% of prescription-drug claims. A health conglomerate owns each of the PBMs.

Some lawmakers say PBMs don't operate with much transparency and can drive up drug costs for patients because they benefit from rising drug prices through the rebates the PBMs negotiate from

drugmakers, without passing on the savings to patients.

PBMs say their work helps reduce costs for patients and their clients. The companies say some proposals would deprive employers and employees of choice, and transparency requirements could create a risk that they would have to share proprietary information that could lead to collusion in the market.

The middlemen also say blame should rest with pharmaceutical companies that set high drug prices and are trying to shift responsibility.

"Pharma companies are trying to use this opportunity to promote legislation that undermines the ability of pharmacy-benefit companies to drive down costs and affordability," said JC Scott, chief executive of the Pharmaceutical Care Management Association, a trade association representing PBMs. "I would hope that Congress doesn't take the bait."

The Pharmaceutical Research and Manufacturers of America trade group has said one of its priorities for the year is pushing legislation targeting PBMs. A spokesman for

the association said patients, pharmacists and others agree on the need to rein in PBM practices.

The White House, which didn't provide a comment, has expressed support for efforts to reduce drug costs.

Prescription-drug overhaul and insulin pricing are a priority for Senate Majority Leader Chuck Schumer (D., N.Y.), a spokesman said. A spokesman for Speaker of the House Kevin McCarthy (R., Calif.) said Republicans have committed to examining policies to lower healthcare costs.

Bipartisan proposals in both the House and the Senate that may have the best chance for passage would require PBMs to be more transparent about their operations. The proposals would, for example, force the companies to send reports to employers and other customers specifying the rebates negotiated with pharmaceutical companies.

Other proposals would bar PBMs from pocketing the difference between what they pay a pharmacy for a drug and what they charge a health plan.

## U.S. WATCH



OOH LA LA: Winston, left, a French bulldog, won Best in Breed on Monday at the Westminster Kennel Club Dog Show in Queens, N.Y.

NEW YORK

## Judge Curbs Trump's Use of Evidence

A New York judge ordered limits on how Donald Trump can use and review evidence in advance of his criminal trial on charges connected to his role in paying hush money to a porn star.

State Supreme Court Justice Juan Merchan on Monday granted several requests made by the office of Manhattan District Attorney Alvin Bragg regarding the handling of evidence and other case information. Prosecutors, who have charged Mr. Trump with 34 felony counts of falsifying business records, said the measures were needed to protect the integrity of the proceedings and the safety of case participants, citing the former president's past attacks on judges, jurors and others.

Lawyers for Mr. Trump had argued the prosecution's proposed restrictions would hamper

the former president's ability to publicly defend himself and prepare for trial.

Justice Merchan ordered that Mr. Trump and others who review evidence provided by prosecutors can't share the material, including on social-media sites such as Truth Social, the former president's social-media network. The judge said Mr. Trump could only review certain evidence deemed sensitive in the presence of his lawyers. He also granted the district attorney's request that names of some office staffers not be disclosed to the defense until jury selection.

The judge didn't grant all of Mr. Bragg's requests, and at a hearing last week said he was "bending over backwards" to make sure Mr. Trump can tout his candidacy for the 2024 Republican presidential nomination while the case is ongoing.

A lawyer for Mr. Trump and a spokeswoman for Mr. Bragg didn't respond to requests for comment.

—Corinne Ramey

CALIFORNIA

## Oakland Diocese Files for Bankruptcy

The Roman Catholic Diocese of Oakland filed for bankruptcy Monday due to hundreds of new child sex abuse claims.

The diocese faces over 330 lawsuits brought under a California law allowing claims that would have otherwise expired, Bishop Michael C. Barber said in a letter posted to the diocese's website. Most of the alleged abuse dates to the 1980s and earlier, according to Bishop Barber, and by priests who are no longer active in ministry or deceased. He said a Chapter 11 bankruptcy reorganization would ensure "a fair and equitable outcome for survivors" and allow the church to continue its work.

SNAP, a survivors' network for clergy sex abuse victims, criticized the bankruptcy filing, calling it a ploy to keep information hidden.

—Associated Press

MICHIGAN

## Boy Found Safe After Missing for Two Days

An 8-year-old Wisconsin boy missing for two days in a remote, rugged northern Michigan park was discovered near a log Monday and appeared to be in good shape, authorities said.

The park posted a photo of one of the searchers carrying Nante Niemi on his back. Another photo on Facebook shows the boy wearing a dirty sweatshirt and munching on a Clif bar.

Nante had been gathering wood while camping with his family when he was last seen Saturday afternoon in Porcupine Mountains Wilderness State Park in the western Upper Peninsula. He was found around 1:30 p.m. Monday, approximately 2 miles from the campsite. Overnight temperatures had been in the 40s.

—Associated Press

## Big Delays May Cost Airlines

Continued from Page One

part and arrive on time—but safety is always the top priority," the group said Monday.

The president has previously pressed the airline industry to show the total cost

of ticket prices upfront, including baggage and seat-change fees, and used part of this year's State of the Union address to rail against fees imposed by airlines for seat assignments, including those that families pay so they can sit with their children.

Steven Bradbury, who served as the Transportation Department's general counsel during the Trump administration, said the rules might go beyond the department's narrow authority to regulate unfair and deceptive practices.

"What you often see is the airlines don't challenge these things in court. This time might be different," he said.

Airlines have come under scrutiny for operational stumbles since the Covid-19 pandemic. Carriers got billions of dollars of government aid to avoid layoffs during the pandemic, and lawmakers and regulators have expressed frustration at their rocky recovery.

In a report last month, the Government Accountability Office found that factors within

airlines' control drove increases in flight disruptions in recent years, as airlines have had a more difficult time recovering when things go wrong. Disruptions lasted longer and became more common as the industry strained to rebuild itself quickly enough to match resurgent demand, the report said.

U.S. carriers are already required to issue refunds if a flight is canceled or "significantly delayed" and a customer opts not to travel. The Transportation Department proposed last year tightening those rules, making it more clear when refunds are mandated.

When the disruption is because of something within the airline's control, many carriers have policies to offer passengers amenities.

The Transportation Department launched last year an on-line dashboard illustrating what different airlines offer passengers in those cases, with green check marks when an airline does provide a particular amenity or service, and red Xs when it doesn't. The DOT

will expand the dashboard to highlight which airlines offer cash compensation, provide travel credits or vouchers, or award frequent-flyer miles as compensation for disruptions.

The department has lauded the dashboard as a tool that nudged airlines to commit to such policies in writing within their customer-service plans.

## Requiring additional compensation is likely to generate airline pushback.

Airlines have countered that they already offered some or all of the services in the dashboard before it was launched. Airlines for America has said the dashboard doesn't reflect other "discretionary relief" carriers will provide at times.

The industry group has said it supports some of the rules the DOT has proposed, includ-

ing more clearly defining what constitutes a "significant delay" that would require an airline to offer passengers a refund.

The administration's proposal to require additional compensation beyond refunds is likely to generate pushback. Airlines have argued in the past that such proposals make travel more costly for everyone.

Other observers argued that there would likely be unintended consequences—reductions in service or higher costs for consumers.

"They'll find a way to raise fares," said Clifford Winston, a senior fellow at the Brookings Institution. "They're not in the business to lose money, and if the government is going to force them to do something, they're going to try and find a way to get the cost covered."

Consumer advocates praised Monday's proposal, saying airlines have long been cavalier with passengers' time and subjected them to travel misery without penalty. "For too long, U.S. airlines—especially the largest ones—have gotten away

with treating passengers like cattle, overbooking flights, hiding fees, and allowing outrageous delays," said William J. McGee, senior fellow for aviation and travel at the American Economic Liberties Project.

European Union rules require airlines to provide compensation in addition to refunds when flights are canceled or delayed by more than three hours, unless the carrier can prove that the disruption was caused by extraordinary and unavoidable circumstances.

Some Democratic lawmakers have previously argued that the DOT needs to do more to ensure customers get their money back and are compensated for delayed and canceled flights.

In a letter last year, Democratic Sens. Edward Markey of Massachusetts, Maria Cantwell of Washington and Richard Blumenthal of Connecticut said airlines should cover secondary costs when flight problems are within the carriers' control. They said these requirements should be enshrined in the regulations.

JOHN  CHRISTIAN

Order by  
May 10th for  
Mother's Day!

Your Children's Names hand-crafted in  
sterling silver with brilliant Swarovski crystals  
set in solid gold!

JOHN-CHRISTIAN.COM 888.646.6466

FISHER INVESTMENTS®



# 7 Ways to Help Generate Income in Retirement

## Get Prepared to Enjoy Your Comfortable Retirement

*The Definitive Guide to Retirement Income* covers seven income streams you can access with a \$500k+ portfolio. Get a snapshot of the insight and service our clients receive when you request your guide—at no cost—by calling **877-316-3051!**



### Special Bonus Guide

*99 Retirement Tips* is a collection of insights shared by our happily retired clients. We'll include it when you request *The Definitive Guide to Retirement Income*.

**If you've saved \$500,000 or more, request your guides today!**  
Visit [FisherIncomeGuide.com/Ideas](https://fisherincomeguide.com/Ideas)

**Call: 877-316-3051**

SCAN THE QR CODE



## WORLD NEWS

## Dozens of Drones Are Downed Over Kyiv

Barrage comes after assaults on Russian soil as Moscow aims to weaken air defenses

By Isabel Coles

Ukraine said Monday that it shot down more than two dozen drones above Kyiv overnight, as Russia intensifies strikes that seek to degrade its rival's air defenses ahead of an expected offensive by Kyiv.

The strikes come after a recent spate of attacks on Russian soil culminating in a drone attack on the Kremlin last week that Moscow blamed on Kyiv. Ukraine has denied involvement.

"The enemy is increasing the density of air attacks on Kyiv," said the head of the city's military administration, Serhiy Popko. Falling debris wounded six people and damaged vehicles and buildings, he said, adding that the drones were Iranian-made.

Inspecting a damaged high-rise building in the Sviatoshyn district, Kyiv Mayor Vitali Klitschko said 36 drones were shot down, describing it as one of the biggest such attacks of the war. Ukraine's air force said it downed 35 drones—all launched from Russia's southern Bryansk region. The reason for the discrepancy between the number of downed drones reported by the mayor and the figure given by the air



A Kyiv apartment was damaged in what the mayor says was one of the biggest such Russian attacks since the war began in 2022.

force wasn't clear.

Moscow threatened retaliation after two drones crashed into the Kremlin on Wednesday, in an embarrassment for Russian President Vladimir Putin as the country prepared to mark the Soviet army's victory over Nazi Germany.

Ukraine, which was part of the Soviet Union at that time, has in the past marked the occasion on May 9 along with

Russia, but the war has prompted Kyiv to take a fresh look at its history. Ukrainian President Volodymyr Zelensky on Monday submitted a bill to Parliament to change Victory Day to May 8, in the latest move to highlight the country's difference to Russia. Both countries have drawn parallels between their role in the defeat of Nazi Germany and the war that has been raging since Mr.

Putin invaded Ukraine in 2022.

"Remembering the heroism of millions of Ukrainians in that war against Nazism, we see the same heroism in the actions of our soldiers now," Mr. Zelensky said Monday. "We will not allow the joint victory of the nations of the anti-Hitler coalition to be appropriated. We destroyed evil together! In the same way as we are now opposing a similar evil together."

The change of date also would bring Ukraine in line with Europe, which marks the end of World War II on May 8.

In Brussels, the European Union said Commission President Ursula von der Leyen would travel to Kyiv on Tuesday to celebrate Europe Day with Mr. Zelensky.

Russia also fired eight missiles at the southern Odessa region overnight, said Ukrai-

nian air force spokesman Yuriy Ihnat. One of the missiles hit a storage depot, killing a security guard, local officials said. The Ukrainian Red Cross said a warehouse containing humanitarian supplies was destroyed. Other missiles failed to reach their target or disintegrated, Mr. Ihnat said.

The frequency of Russian missile strikes had decreased in recent months after Moscow waged a campaign to destroy Ukraine's electricity system during the winter that expended several hundred cruise missiles and Iranian-made Shahed drones. While the effort failed, the barrages severely reduced Ukraine's air-defense ammunition stocks. The extent of the problem was laid bare in purported Pentagon presentations leaked on social media, which predicted Russia could achieve its goal of air superiority in Ukrainian skies as early as May, potentially jeopardizing Ukraine's planned offensive.

Russian-installed officials ordered civilians in some occupied territories near the front line with Ukrainian forces in the southern Zaporizhzhia region to evacuate, apparently bracing for an incursion.

## Watch a Video



Scan this code for a video on Kyiv shooting down drones over the city.



Evan Gershkovich is seen at a court appearance in April.

## Jewish Leaders Urge WSJ Reporter's Release

By Jennifer Calfas

The Jewish Federations of North America organization is asking Secretary of State Antony Blinken to use all available resources to secure the release of Wall Street Journal reporter Evan Gershkovich, who is being detained in Russia.

Leaders of the organization, which represents hundreds of Jewish communities across the

U.S. and Canada, rallied members and supporters in a virtual webinar on Monday, aiming to keep Mr. Gershkovich's case in the spotlight. The organization asked supporters to sign on to its letter to Mr. Blinken, which it plans to send within the next two weeks.

"For us, this is personal," the group says in the letter. "Evan and his family are members of our American Jewish

community. We are very concerned about Evan's wellbeing, particularly given the record of Russian detention of Americans in various cases for months and years."

Mr. Gershkovich, a 31-year-old American citizen and son of Soviet Jewish émigrés, was detained on March 29 by Russia's Federal Security Service, or FSB, while he was on a reporting trip in the city of Yeka-

terinburg. He is being held on an allegation of espionage that the Journal and the U.S. government vehemently deny.

The U.S. government has designated Mr. Gershkovich as wrongfully detained. Mr. Gershkovich was accredited to work as a journalist in Russia by the country's foreign ministry at the time of his detention.

Mr. Blinken last week said the U.S. is "intensely engaged"

in seeking the release of Mr. Gershkovich, adding he has spoken to Russia's foreign minister about the matter. President Biden and Russian President Vladimir Putin have a channel to discuss such cases, Mr. Blinken said.

Mr. Biden said in April his administration is "working every day to secure his release, looking at opportunities and tools to bring him home."



## GIVE FOR LOVE, GIVE FOR LIFE

With your support, we can realize our goal of turning all cancer patients into long-term survivors.

Donate now at [StandUpToCancer.org/Donate](https://StandUpToCancer.org/Donate)



Stand Up To Cancer is a division of the Entertainment Industry Foundation (EIF), a 501(c)(3) charitable organization.

WORLD NEWS

# Oil Money Draws Investors

Continued from Page One  
 ever. That's been a hallmark," said Rob Thummel, managing director at Tortoise, an energy investment firm. "But now there's excess cash beyond dividends to do buybacks."

Six big oil companies—Italy's Eni, France's TotalEnergies, the U.K.'s Shell and BP, and the U.S.'s Chevron and Exxon Mobil—reported nearly \$160 billion in cash and cash equivalents across their balance sheets at the end of the first quarter. State-owned companies and smaller businesses have tens of billions more.

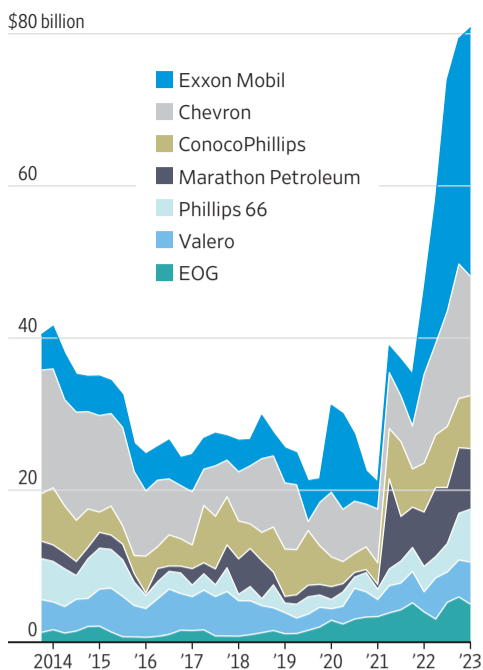
Chevron and Exxon Mobil hold \$48.3 billion of such assets, up \$1 billion from the beginning of the year, according to FactSet. Before the cash pileup in recent months, the last time they collectively surpassed \$40 billion was in the final weeks of George W. Bush's presidency as U.S. crude neared the end of a months-long retreat from a record \$145 a barrel.

Oil profits last year ballooned after Russia's war on Ukraine pushed up prices and turned gasoline into a street-level reminder that inflation neared 40-year highs. As benchmark U.S. crude prices dropped 8.9% this year, to \$73.16 a barrel, international oil majors, U.S. fuel-makers, independent drillers, Texas wildcatters and Appalachian frackers kept gobs of cash on hand—partially as insurance if the slide continues.

"We know the good times don't last," Chevron Chief Financial Officer Pierre Breber told analysts in an earnings call.

President Biden called on producers to boost output in a bid to lower prices at the pump. "These balance sheets make clear that there is nothing stopping oil companies from boosting production except their own decision to pad wealthy shareholder pockets and then sit on

Cash concentrated among seven companies in the S&P 500 energy sector, quarterly



Source: FactSet

whatever is left," White House assistant press secretary Abdullah Hasan said.

But investors have favored financial discipline, and executives are increasingly compensated based on shareholder returns. It marks an about-face in the U.S. oil patch, where companies for years chased production growth by tapping gushers of crude in regions such as the Permian Basin in Texas and Bakken shale in North Dakota.

By June 2020, as the pandemic brought parts of the country to a standstill, Chevron and Exxon Mobil together devoted more cash to capital expenditures than shareholder returns for at least 28 straight quarters, according to FactSet. The ratio has been the opposite every quarter since, with the companies paying out \$14.8 billion in dividends and buybacks in the first three months of this year, compared with \$8.4 billion in capital investment.

Mr. Breber said Chevron, which boasts almost \$15.7 billion in cash and cash equivalents, could operate with a balance sheet one-third the size. "We want to return it [to shareholders] through the cycle in a steady way," he told

analysts.

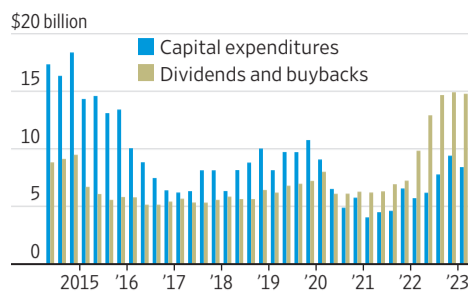
Other U.S. companies have more recently followed the majors' lead. At ConocoPhillips and 48 smaller publicly traded oil-and-gas firms, executives in the fourth quarter of 2022 funneled 42% of the cash they used into shareholder returns, according to an analysis of financial disclosures by Evaluate Energy. Capital investments comprised 35% of such funds in that period—

**'We know the good times don't last,' said Chevron's chief financial officer.**

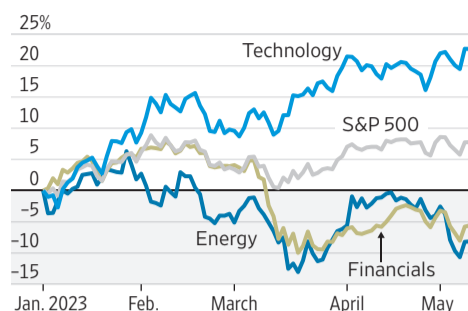
down from 67% in the first quarter of 2020. "U.S. oil-and-gas producers are less focused on capital spending than they have been in years," said Mark Young, a senior analyst at Evaluate Energy.

The cash buildup owes itself to other factors as well. Many companies paid off debt racked up during growth mode, when they dug much of the top-tier territory for wells. While some companies pledged huge sums

How Exxon and Chevron use most of their cash, quarterly



Index and sector performance, year to date



# U.S. Crackdown Sees Iraqis Heading Overseas for Dollars

By DAVID S. CLOUD AND GHASSAN ADNAN

BAGHDAD—As the U.S. tries to stop the illegal flow of dollars into Iran, local money traders next door in Iraq are finding new ways to get hold of greenbacks as the local supply dries up: They are flying to nearby countries with stacks of bank cards to withdraw hard cash.

At least 24 Iraqis carrying about 1,200 bank cards loaded with more than \$5 million have been arrested in the last two months at airports and border crossings while attempting to leave the country, said Aladdin Al Qaisi, a spokesman for the Borders Crossings Authority. On Friday, authorities detained another Iraqi traveler trying to sneak out 300 bank cards in cigarette packs at the international airport in the central Iraqi city of Najaf.

"This use of credit [bank] cards in smuggling dollars is a new tactic that started when the government started cracking down," he said.

Iraq for years has been a cash-driven economy that relies heavily on U.S. dollar transactions, making it a significant source of illicit greenbacks for neighboring Iran and other Middle East countries under Western sanctions. In November, the U.S. Treasury and the Central Bank of Iraq began enforcing tighter controls on international dollar transactions by Iraqi banks to try to halt money laundering and smuggling, The Wall Street Journal has reported.

The U.S.-led efforts to stem the flow of dollars out of Iraq drove up the value of the greenback against the Iraqi dinar in the gray market, sparking demand for dollars. A dollar sold for as much as 1,750 dinars at exchange shops in February, a 20% premium over the official exchange rate of 1,460 at the time.

Ordinary Iraqis can acquire

dollars at exchange shops at the market rate. But Iraqi banks are permitted to issue depositors cash-cards loaded with currency worth as much as \$10,000 at the official exchange rate that can be used overseas to take out cash.

Currency traders in recent months began applying for dozens of bank cards and giving them to travelers, who flew to nearby countries to withdraw dollars, said traders and Iraqi officials. Over the weekend, authorities said they detained an Iraqi who was attempting to take 128 bank cards across the land border to Iran. The hard currency was sold at a premium in the gray market, traders said.

While the value of currency smuggling via the bank-card route is relatively small compared with what flows through the overall economy, it shows the scale of demand for the greenback in Iraq.

To keep Iraq supplied with dollars, planes deliver pallets of U.S. currency to Baghdad every few months. But far more dollars flow electronically in transactions by Iraq's private banks, processed from Iraq's official accounts with the Federal Reserve Bank of New York, where proceeds from its oil sales are deposited.

The system allows Iraqi importers to convert their dinars to dollars to pay suppliers outside Iraq. But for more than a decade, U.S. and Iraqi officials say, it also became a lucrative source of illicit dollars for Iraq's powerful militias and corrupt politicians, as well as for Iran.

Under the old rules, Iraqis weren't required to disclose to whom they were sending money until after the dollars were transferred. In November, Iraqi banks were subjected to the Swift global financial-messaging system, requiring them to provide details about who dollar transfers were going to.

**Brand New for 2023!**  
 2023 Pure Silver Dollars from FIVE Countries  
 ADDED this Year! 2023 British Silver Britannia  
 This 2023 Set Includes Two "Firsts" and a "Last"!

**5 Countries, 5 Pure Silver Coins!**

## Your Silver Passport to Travel the World

The 5 Most Popular Pure Silver Coins on Earth in One Set

Travel the globe, without leaving home—with this set of the world's five most popular pure silver coins. Newly struck for 2023 in one ounce of fine silver, each coin will arrive in Brilliant Uncirculated (BU) condition. Your excursion includes stops in the United States, Canada, South Africa, China and Great Britain.

**We've Done the Work for You with this Extraordinary 5-Pc. World Silver Coin Set**

Each of these coins is recognized for its breathtaking beauty, and for its stability even in unstable times, since each coin is backed by its government for weight, purity and legal-tender value.

**2023 American Silver Eagle:** The Silver Eagle is the most popular coin in the world, with its iconic Adolph Weinman Walking Liberty obverse backed by Emily Damstra's Eagle Landing reverse. Struck in 99.9% fine silver at the U.S. Mint.

**2023 Canada Maple Leaf:** A highly sought-after bullion coin since 1988, this 2023 issue includes the FIRST and likely only use of a transitional portrait, of the late Queen Elizabeth II. These are also expected to be the LAST Maple Leafs to bear Her Majesty's effigy. Struck in high-purity 99.99% fine silver at the Royal Canadian Mint.

**2023 South African Krugerrand:** The Krugerrand continues to be the best-known, most respected numismatic coin brand in the world. 2023 is the Silver Krugerrand's 6th year of issue. Struck in 99.9% fine silver at the South African Mint.

**2023 China Silver Panda:** 2023 is the 40th anniversary of the first silver Panda coin, issued in 1983. China Pandas are noted for their heart-warming one-year-only designs. Struck in 99.9% fine silver at the China Mint.

**2023 British Silver Britannia:** One of the Royal Mint's flagship coins, this 2023 issue is the FIRST in the Silver Britannia series to carry the portrait of King Charles III, following the passing of Queen Elizabeth II. Struck in 99.9% fine silver.

**Exquisite Designs Struck in Precious Silver**

These coins, with stunningly gorgeous finishes and detailed designs that speak to their country of origin, are sure to hold a treasured place in your collection. Plus, they provide you with a unique way to stock up on precious silver. Here's a legacy you and your family will cherish. Act now!

**SAVE with this World Coin Set**

You'll save both time and money on this world coin set with FREE shipping and a BONUS presentation case, plus a new and informative Silver Passport!

**2023 World Silver 5-Coin Set Regular Price \$229 - \$199 SAVE \$30.00 (over 13%) + FREE SHIPPING**

FREE SHIPPING: Standard domestic shipping. Not valid on previous purchases.

For fastest service call today toll-free  
**1-888-201-7070**

Offer Code WRD317-05  
 Please mention this code when you call.  
**SPECIAL CALL-IN ONLY OFFER**

Not sold yet? To learn more, place your phone camera here >>> or visit [govmint.com/WRD](http://govmint.com/WRD)



GovMint.com • 1300 Corporate Center Curve, Dept. WRD317-05, Eagan, MN 55121

GovMint.com\* is a retail distributor of coin and currency issues and is not affiliated with the U.S. government. The collectible coin market is unregulated, highly speculative and involves risk. GovMint.com reserves the right to decline to consummate any sale, within its discretion, including due to pricing errors. Prices, facts, figures and populations deemed accurate as of the date of publication but may change significantly over time. All purchases are expressly conditioned upon your acceptance of GovMint.com's Terms and Conditions ([www.govmint.com/terms-conditions](http://www.govmint.com/terms-conditions) or call 1-800-721-0320); to decline, return your purchase pursuant to GovMint.com's Return Policy. © 2023 GovMint.com. All rights reserved.



## FROM PAGE ONE

# Energy Law Provokes A Backlash

*Continued from Page One*

tious public meetings over several months as the county considers revising regulations for wind-energy development.

County-by-county battles are raging as wind and solar projects balloon in size, edge closer to cities and encounter mounting pushback in communities from Niagara Falls to the Great Plains and beyond. Projects have slowed. Even in states with a long history of building renewables, developers don't know if they can get local permits or how long it might take.

In Kansas, wind power grew rapidly for two decades and supplies around 45% of the electricity generated in-state, ranking it third in the nation. But at least five counties in more-populous eastern Kansas have recently placed moratoriums or bans on new wind or solar projects, joining 18 others that already restricted wind development to preserve the tallgrass prairie ecosystem. Kansas lagged behind nearly every state in large project construction and new clean power capacity last year, according to the American Clean Power Association, an industry group for wind, solar and battery storage.

### Signature law

President Biden's signature legislative accomplishment, the Inflation Reduction Act, aims to make the nation's electric grid and fuel industries cleaner. Companies have already announced plans for \$150 billion in investment in renewables and battery storage in the eight months following the law's passage, according to the American Clean Power Association.

Potential private investment over the next decade spurred by federal tax incentives and loans could include \$900 billion in renewable-energy projects and \$100 billion in battery storage, according to Goldman Sachs. Adding investments in such areas as carbon capture and electric vehicles, total spending could reach \$3 trillion, the firm estimates.

The U.S., though, is a patchwork of state and local governments with different rules on development, and opposition to projects has mounted for myriad reasons. Increasingly, many communities are concerned that the rapidly expanding size of wind and solar farms will irreparably alter the complexion of where they live.

In a pattern familiar across the U.S., Kansas wind developers years ago snapped up the rights to tracts of rural land in the less-populous western part of the state. That filled capacity on large transmission lines that deliver electricity over long distances, pushing newer projects east into more-populous areas such as Douglas County, a place where many



**A windmill towers over a house in Waverly, Kansas, above. Left, Gerry Coffman worries that wind power would disrupt life on her family farm in nearby Douglas County, where some people have already leased land to NextEra Energy, a power company. 'A year ago we were a nice, quiet neighborhood,' said Ms. Coffman, who has attended a series of heated public meetings.**

people commute to jobs in Kansas City and Topeka and large farms are interspersed with smaller plots.

Market demand and economies of scale have pushed solar and wind farm size to hundreds or thousands of acres. They may not sit on contiguous parcels, but instead spread throughout a community, increasing the odds of friction.

In Michigan, a typical solar project once covered 60 acres but now would take up 1,200, said Sarah Mills, a senior project manager at the University of Michigan's Graham Sustainability Institute. A refrain emerging at community meetings she attends is, "What you're asking our rural community to host is way more than our fair share."

### Plentiful wind

Projects aren't evenly distributed throughout the U.S. They are placed where the wind or sunshine is plentiful, or where state policies have required the addition of renewables. Wind farms are concentrated in the Great Plains, Midwest and Texas, while solar is clustering in the West, Southeast and Northeast.

The National Renewable Energy Lab has tracked more than 2,000 local wind ordinances and 1,000 solar ordinances that outline rules for development such as project size. Figuring out whether regulations bar or allow development can be tricky, as bans

aren't always explicit—communities can create rules that amount to de facto denials—but the landscape changes each time developers cross a county line.

### 'What you're asking our rural community to host is way more than our fair share.'

"It can be very localized," said Rebecca Kujawa, president and CEO of NextEra Energy Resources. "It can be one county where a couple of stakeholders are very vocal and literally right over the border they're very receptive."

Despite soaring demand and available capital even before the Inflation Reduction Act was passed, U.S. clean power installations dipped 16% last year and 12% over 2020, according to the American Clean Power Association.

Many projects will eventually get built, say developers and analysts, but they could take longer and cost more than expected. At the federal level, there is some bipartisan support for speeding up permitting for transmission or pipeline projects, and Sen. Joe Manchin, a West Virginia Democrat, has relaunched a legislative effort that stalled last year. Some states are pushing back on their own

against local roadblocks.

New regulations in New York give the state project-siting authority when conflicts arise over what it considers unreasonably burdensome local rules, part of an effort to add more renewable energy to the grid. Illinois has a similar effort: A new law says local rules can't be more stringent than those the state sets.

In Cambria, N.Y., near Niagara Falls, a proposed 900-acre solar project across several parcels of land would neighbor around 350 residents, said town supervisor Wright Ellis. The town opposes the project, but likely cannot halt it.

"We are not against solar," Mr. Ellis said. "It's the industrial size."

That doesn't mean the process is swift, though. The Cambria solar project was first proposed in 2017.

Landowner John Ohol, 44, wants to lease his property for the solar farm but fears further delays as the developer and township wrangle in court over the state's draft permit. His family had a dairy farm in Cambria for 90 years, but he believes solar would be a more secure income stream. It is unrealistic for the community to expect that nothing would ever be developed on the property, Mr. Ohol said.

The developer says the site is ideal for solar. "Running right through our project site are two to three very large transmission lines," said Keith Silliman of Cypress Creek Re-

newables. "That's the A-number one reason that we're there."

New York has ambitious plans to have 70% of its electricity produced by renewables by 2030. Around 32% of New York's electricity in 2021 came from renewables, most of it from longtime hydropower plants that would be difficult to impossible to build today.

Adding more renewables has been slow so far. New York added just 262 megawatts of large wind and solar projects in 2022, less than Montana and South Dakota, according to the American Clean Power Association.

### Permit fight

On a cold February night in Kansas, Douglas County residents filed into dark wooden pews in the county courthouse and waited turns at the microphone. The meeting was focused on permits for a meteorological tower and other weather measurement equipment that is needed for wind projects. The applications from power company NextEra Energy drew so much opposition that the meeting stretched four hours.

"Do you see the wounds that are being caused?" asked Debbie Yarnell, who owns a cow and sheep farm.

NextEra declined to comment on the meeting or its plans in Douglas County, but Chief Executive John Ketchum said in an interview in March

that the company tries to do community outreach on the benefits of renewable energy and has an early-state development team that identifies places that would both welcome projects and have a good solar or wind resource.

"The one thing we do that is really, really hard to do in this country is create economic development opportunities for rural communities," Mr. Ketchum said.

Alan Anderson, vice chair of the Polsinelli law firm's national energy practice, represented the company at the Kansas meeting. He has traversed the state for such meetings for the last 15 years. The mood changed around 2015 when one of Mr. Anderson's clients called and said they had been turned down for a meteorological tower, which until then had received routine approvals.

### Whooshing noise

"It was the first of what became a pretty constant onslaught of challenges to projects," said Mr. Anderson, who attributes the change to the conversation shifting from renewables as an economic boost to political debates and misinformation.

Some opponents don't like the idea of locally produced energy getting exported out of the state, or that the government is singling out particular technologies for special tax treatment.

Other objections are more tangible. Communities often complain about the rhythmic blinking red lights that flash atop turbines at night or the whooshing noise of blades. They also raise concerns about taking farmland out of production or the impact on wildlife.

Plenty of Kansans do want to host projects—wind is already the biggest source of electricity in the state, followed by coal at 35%, according to government data. Supporters view energy exports as akin to shipments of products like wheat or beef, and point to the amount of the corn crop that is grown for ethanol.

### 'No trespassing'

Many Kansans are girding for a long fight over this and future projects. Michael Forth helped start an opposition group which gained 1,200 petition signatures from residents who own a collective 40,000 acres. He traces his Douglas County family farm back to 1904 and moved back seven years ago from Colorado and built a house. "I'm wondering if I didn't make the biggest mistake of my life," he said.

Mr. Forth's sister, Laurie Shuck, recently purchased a stack of "no trespassing" signs to post around her fences to try to keep out NextEra representatives offering wind leases or transmission easements. One late afternoon as light faded at her farm, the moon rose in the east and a flock of geese honked overhead. She paused to watch. Mrs. Shuck said she and her brother would lease land for wind projects, "over our dead bodies."

"I was here first," she said, and walked to feed her horses.

# Big Cities Bring In Bulls

*Continued from Page One*

the number of cities in its mix, including to some areas known more for congestion than cowboys. Newcomers and recent returnees to the coast-to-coast circuit include Milwaukee, Manchester, N.H., Albany, N.Y., and Ocean City, Md. Rodeo organizers sometimes have to adjust their routines in locales that are not exactly home, home on the range.

When bull riders make their way to Madison Square Garden, as they did earlier this year, it's never an easy lift for Mr. Spraggins—or the dozens of other behind-the-scenes employees and contractors.

In Mr. Spraggins's case, there's the sheer challenge of bringing the dirt into traffic-filled Midtown Manhattan. His solution: He does his trucking in the stealth of night, one load at a time.

It's not any mere dirt. Mr. Spraggins needs that perfect combination of clay soil for firmness and sandy soil for



Riders train for years to master the art of staying atop a bucking bull for a full eight seconds.

some give. For the Madison Square Garden event, he taps a company in New Jersey to formulate the dirt to his exacting specifications. "We custom blend this stuff," he says.

Mr. Spraggins tries to replicate that clay-sand combo in each market, but has to get dirt as locally as possible—and not every area has the ideal stuff (think swampland in New Orleans). He sometimes uses a lab in Michigan to assist with dirt analysis, but lives for get-

ting it right on his own.

Los Angeles, where the bull-riding events take place at the Crypto.com Arena, can be a boot kick in the jeans in a different way. Pricey parking rates are an issue, so the PBR avoids bringing its trucks into the city too far ahead of any event because of the hefty fees. There are also cultural clashes there with activists who say the bulls aren't treated properly, a charge PBR officials vehemently deny.

The anti-bull riding sentiment in Los Angeles was prompted legislation, set to go before the city council, that the PBR says would effectively ban it from returning to the market. "We try to be a progressive city in those respects," says Councilmember Bob Blumenfield, who's been behind the legislation.

PBR Chief Executive and Commissioner Sean Gleason says his organization will fight back if the legislation passes.

"We're cowboys and we believe the truth will prevail," he says, adding that 22,000 people attended the multi-day Los Angeles event in February—proof in his view that PBR has a home in the market.

The animals, raised by specialty breeders much like racehorses, also require ranch-style (or, at least, fairgrounds-style) sleeping accommodations—not a simple find in congested metro areas, so for New York City events, the PBR heads to rural New Jersey two hours away.

Tiffany Davis, a breeder who works the circuit, recalls driving into the city with her trailer full of bulls and contending with impatient drivers blowing their horns.

"It's like, 'Welcome to New York,'" she says.

Tim Rogers, a 56-year-old Bronx-born software developer who lives in Long Island, is among New Yorkers who have become bull-riding aficionados. Mr. Rogers attended his first PBR event at Madison Square Garden with his wife last year. The couple got so hooked they returned this year for all three days. "It is just breathtaking," says Mr. Rogers, whose enthusiasm has him embracing a whole Western lifestyle. "I'm into country music now," he says.

Many first-time attendees fail to understand a bull rider doesn't automatically "win" by staying atop the bull for the requisite eight seconds. Rather, he's scored by judges on how well he handled the ride, presuming he makes it through those eight seconds.

The PBR has a video it runs before events for newbies—a kind of Bull Riding 101. One narrated detail: "The clock starts when the bull's shoulders or hips have cleared the chute." When the crowd is restless, the PBR relies on Flint Rasmussen, a veteran rodeo clown who has songs on hand that play to local sentiment. In New England, it's "Sweet Caroline"; in New York, "Piano Man."

"If you think you can do the same show in New York City as in Billings, Montana, well, that's why I have a job," he says. He notes that New York crowds can be tough. If a number of riders fail to last the eight seconds atop the bull, attendees will start booing. "You don't do that in cowboy world," he says.

Mr. Spraggins, the PBR's "soil savant," has little down time in most cities he visits. If he isn't hauling dirt, he's working on sourcing the right kind. "It's a constant battle week to week," he says.





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

**Y**ears ago, teens worried about who was hanging out without them. Today, teens know it for sure.

Addison Figel was at home on a Saturday night last month when she decided to see what everyone else was up to. She opened Snapchat and checked the Snap Map, which shows where friends are in real time. A group of them was at another girl's house attending a birthday party.

Addison, a 16-year-old in Belle Mead, N.J., knew about the party, and that she wasn't invited. Still, it stung seeing how many people were there.

Teens frequently share their location with friends, whether on Snapchat or Apple's Find My or Life360, to locate each other at concerts or see if anyone they know is nearby when they're out. Location sharing has become such a fixture that many teens say they'd be overlooked socially if they didn't use it.

But painful feelings can set in after learning they're left out. Common Sense Media in March published a report on teen girls' views on social media. In it, 45% of the surveyed girls said that location sharing had a negative effect on them.

Many teens say location sharing can make them self-conscious about where they live and where they go. Some fear being stalked. Yet, by far the biggest cause of anxiety, they say, is knowing when they're missing out.

The already-acute youth mental-health crisis has worsened since the pandemic. U.S. Surgeon General Vivek Murthy has called it "the defining public-health crisis of our time" and said social-media companies haven't done enough to address the mental health of their youngest users.

Snapchat parent Snap told investors in January that more than 300 million people globally used Snap Map every month.

"The Snap Map was built to help people spend time with their friends in real life, and has become a useful tool for meeting up and learning about the world," the spokeswoman says, adding that the optional location-sharing setting is off by default and can easily be turned on or off. Users can decide which friends can see them. Strangers are unable to see users' locations, and users can mute friends they don't want to see on a map.

**Addison Figel feels left out when the Snap Map reveals friends gathering without her.**



FROM TOP: ILLUSTRATION BY BRIAN STAUFFER; ADDISON FIGEL

## Teens Say Location Sharing Is the Greatest—and the Worst

They can see when they're being excluded in real time by tracking each other on apps

### 'Narcissism of adolescence'

Today's teens and young adults have grown up being tracked. Parents check their grades in real time, watch how fast they're driving and monitor them even after they leave

for college. Asking a friend to share their location, then, is no big deal.

"It just feels like the norm," says Addison.

When friend-tracking affects emotions, though, why not switch it off? Doing so would make them socially invisible, many teens say.

Location sharing is part of the "narcissism of adolescence," says Devorah Heitner, a digital-culture researcher and author of "Growing Up in Public: Coming of Age in a Digital World."

"Everyone wants to feel they matter at that age," she says.

Addison and other teens say they can shrug it off when they see a photo or video of friends gathered without them, posted after the fact. Witnessing exclusion in real time hits differently.

"With Snap Map, you can keep checking and see when people come and go," Addison says, adding that it's

hard to put the phone down and focus on other things.

Ellie Fenton-Sutliff, a 17-year-old from Sacramento, Calif., says thoughts can spiral quickly when something is happening without you.

"It becomes, 'Well, they had to plan that get-together, so there's a group chat I'm not in, and if there's a group chat I'm not in, why was I not in it, and were they talking bad about me in it?'" she says. (Group-chat exclusion is also a problem for teens.)

Ellie, who leads youth engagement for #HalfTheStory, a digital well-being nonprofit, says teens feel pressure to share their location. "You feel obligated to do it even though you know it's not good for you," she says.

Ahmed Othman, a 16-year-old adviser with #HalfTheStory, says he's seen friends jump to conclusions when they see others gathered without them. "The overthinking is what leads to detrimental mental health," says the Wakefield, Mass., teen.

He no longer shares his Snap

Map location. "I want to trust my friends and know they wouldn't purposely exclude me," he adds.

### 'A light switch dimming'

Addison's parents say they recently noticed a change in her demeanor after she checked the Snap Map.

"It was like a light switch dimming. She'd suddenly go from being cheerful to being in a bad mood. When I asked what she saw, it was usually that her friends had gone somewhere without her," says her mom, Lisa Figel. "It impacted her concentration and her ability to do homework."

The Figels decided to place a daily one-hour limit on Snapchat through the settings on Addison's phone. Addison had previously been spending two hours a day on the app.

She says she's not ready to stop using the Snap Map, though she recognizes what it's doing to her.

"It's really changed my mood to see people together," she says. "It just makes me feel sad."

### MY RIDE | A.J. BAIME

## She Finds This VW Is the Perfect Thing

*Elizabeth Weinberg, 40, a Los Angeles-based photographer, on her 1974 Volkswagen Thing, as told to A.J. Baime.*

I have a son, so I need a safe, reliable car. I use an Audi Q5 as my everyday driver. But I have always wanted the opposite of that. I find myself drawn to old, barely-functioning vehicles. For years, I looked around for a Mercedes from the '70s or '80s, what they call million-mile cars. Then I came across the Thing; I saw a picture of one online. It is so ridiculous and so cool looking. Something drew me to it. So, in 2020, I started looking.

It was a strange time. We were in the throes of the pandemic and we didn't know how long it was going to last. Everything was shut down, and I found myself going to the beach a lot because there was nothing else to do. I wanted a car to take to the beach and not worry about sand getting in it. Bingo: The Thing.

I found mine on Facebook Marketplace in September 2020 for \$17,500. It had some rust, some patina, which, to me, meant it had been used and loved.

Volkswagen imported the Thing into the U.S. for only two model years: 1973 and 1974. It was based on military vehicles, and is very modular. You can fold the windshield down, you can take the doors off, you can turn it into a big beach buggy. When I



first started driving it, I noticed some things right away. It does not feel like a very safe vehicle, so I never drive it on the freeway. I always take the long way, which

makes the journey as interesting as the destination.

On the freeway, everyone is nameless and faceless, zooming by at 80 mph. In the Thing, I have discovered all these neighborhoods I never knew existed. You see storefronts, and people having street parties. The Thing forces you to slow down. It is an attention grabber. You have a lot of interaction with people, and you experience the non-freeway L.A.

My Thing is drivable and sturdy, but it is an old vehicle. The odometer doesn't work, the speedometer doesn't work, the gas gauge doesn't work. I guess how fast I am going and I kind of keep track of when I need gas. The clutch is a little loose.

I am not overly mechanically inclined, but since I was in my 20s, I

**Elizabeth Weinberg with her 1974 Volkswagen Thing. The engine is in the rear, and the doors come off and the windshield folds down.**

have owned a moped. Riding it in New York City, where I used to live, I had to know how to fix it if it broke. So I learned. Almost like a moped, the Thing is simple and understandable. It is almost like having a lawn mower engine in the back.

Because I am a photographer, I have used the Thing as a prop in some of my shoots. Recently, I was photographing an actor and he said, "This is actually my dream car." So I photographed him sitting in it. When I talk about it, I find myself using the words *this thing*, no pun intended. But that is exactly what it is.

It is not a car. It is not a truck. It is just a Thing.



MAIN: WEN RAOULT FOR THE WALL STREET JOURNAL (3)

PERSONAL JOURNAL.



**PERSONAL TECHNOLOGY**  
NICOLE NGUYEN

# The AI-Powered Apps Tailored for Your Needs

Their chat features can be more useful than ask-me-anything bots

Type pretty much anything into ChatGPT and it'll spit out a confident, convincing response. The problem? Its answer can be full of errors. And during long conversations, it can veer into wild tangents.

So I started testing apps that use OpenAI's GPT technology, but aren't ChatGPT. Language app Duolingo and learning platform Khan Academy now offer conversational, personalized tutoring with this technology. Writing assistant Grammarly's new tool can compose emails for you. Travel app Expedia features a chatty trip planner. And all Snapchat users just got a new friend on the social network called My AI.

These apps focus on specific purposes, with subjects defined by experts in their fields. And while they warn users the model can be wrong, I found their AI chat functions more useful and accessible than the ask-me-anything chatbots currently in the spotlight.

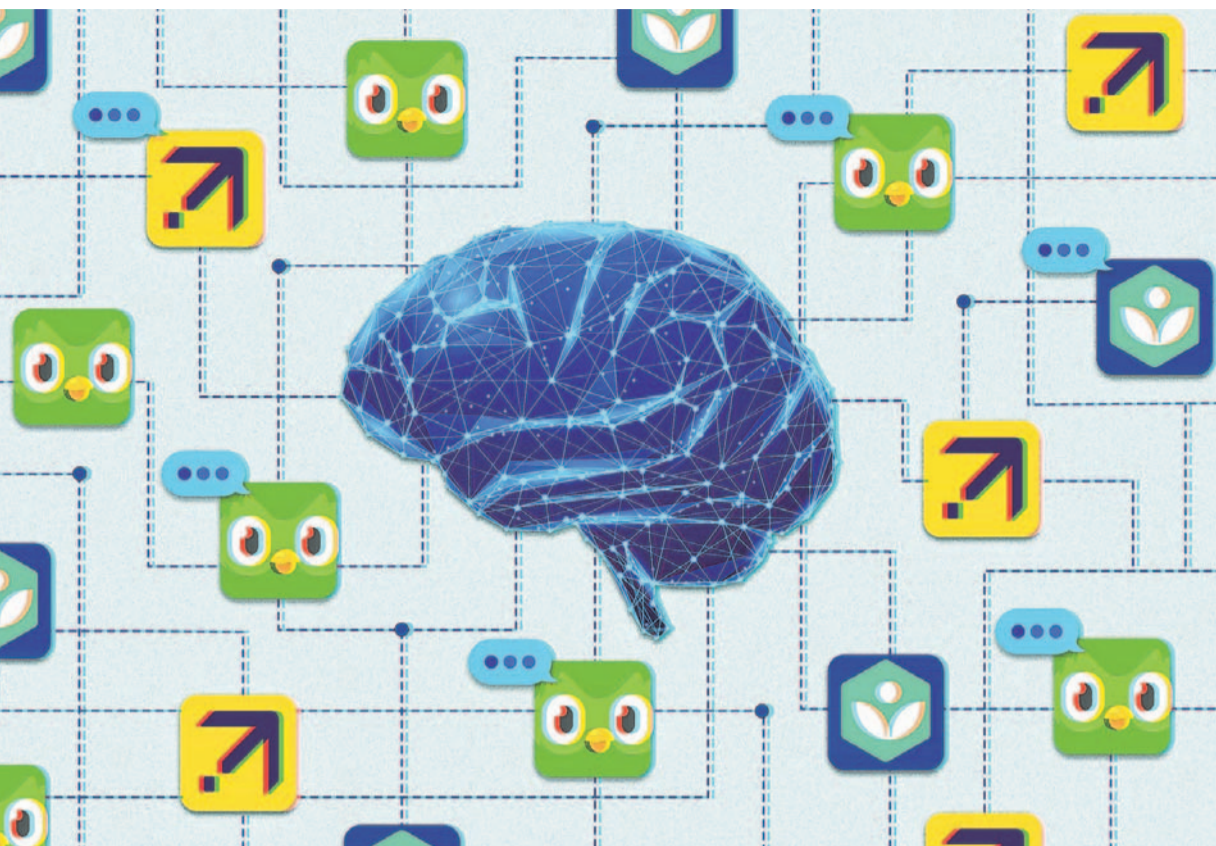
## Parlez pal

Duolingo's Roleplay text chatbot, available to French and Spanish learners on iOS, is more dynamic than the language-learning app's often-repetitive translation exercises.

Each Roleplay conversation is themed. In my best French, I reminisced about a fictional Caribbean holiday, then I complained about a delayed flight. The bot corrected errors and suggested more advanced vocabulary for my responses.

Duolingo's content experts created 100 initial scenarios. They programmed the AI language model to speak to a learner as a language instructor and only discuss the intended scenario. The result: No two conversations are alike, and Roleplay gets more advanced as the learner progresses.

Roleplay is available as a part of the Duolingo Max subscription plan that costs \$30 a month or \$168 annually.



## Homework helper

Khan Academy's Khanmigo has several personalized learning tools, including a "Tutor me" mode and a quiz module for different subjects.

I tried the AI tutor with an AP U.S. History prompt: "Evaluate the factors behind population movement to America in the 17th century." While ChatGPT wrote the entire essay for me, Khanmigo replied, "Religious freedom was one factor. Can you think of other examples?"

I could ask Khanmigo for hints—but it's programmed not to spit out the answer.

Kristen DiCerbo, Khan Academy's chief learning officer, said the company relied on tutoring research to create the Khanmigo prompts. When students get frustrated, it can offer a stronger hint.

If a student types something off base, Khanmigo redirects the conversation. Any inputs related to hate speech, self-harm or violence trigger a message—"The conversation was unable to be processed"—and an email to the student's parent or teacher, who can review the conversation.

The bigger concern is when the tutor gives the wrong answers, which occasionally happens with math, she said. Khan Academy worked with OpenAI to make GPT-4 better at math. The model is most accurate for questions about widely known K-12 topics but less so with niche subjects, Dr. DiCerbo added.

Interested users can join a wait list. Once you're in, you have to donate \$20 or more a month to

the nonprofit to cover the chatbot's computing costs.

## Ghost writer

Grammarly has used AI to edit writing for years. GrammarlyGo, released last month, also composes writing for you.

The most helpful element is its email responder, which appeared whenever I opened a compose window. I could click a green icon to expand the GrammarlyGo module, which summarizes the email and offers several "tone" options for replies, including persuasive, friendly and diplomatic.

The software can see what's on your screen only when you activate the GrammarlyGo module. A Grammarly spokeswoman said the data is anonymized before it's sent

to the model. She added that the company never sells customer data and doesn't allow partners to use the data to train their models.

GrammarlyGo's suggestions were a good jumping-off point, but they felt like personalized templates I'd still have to mess with. Users get 100 prompts a month free; that goes up to 500 if they pay \$30 a month or \$144 annually.

## Booking buddy

When I used ChatGPT to plan travel, it invented a beach that didn't exist. Expedia's version, which is available in its iOS app, hasn't yet led me astray.

I asked Expedia to help me plan a trip to Naples, and it recommended some affordable hotels. It organized a list in the app's Trips section, where I could make a reservation. It also suggested some area attractions. They are, in fact, real places. Unfortunately, the app can't save those activity recommendations to your profile yet.

## Social sidekick

Snapchat's My AI is less focused, but it has a friendlier tone and produces more succinct responses than ChatGPT. The feature is controversial among users. One reason is that it's glued to the top of the app's chat section, pushing down real human friends, and only paying Snapchat+ subscribers can unpin it. Anyone can customize it, though. I renamed mine Marvin.

It's meant for recommending things such as meals or gift ideas. But we discussed a range of topics, from the pain in my right hip to a definitive ranking of Beyoncé's albums. It messed up, though: When I asked for Beyoncé's "Upgrade U" lyrics, it sent Outkast's "Roses."

Snapchat moderates the dialogue. When I typed an expletive, Marvin said, "I'd prefer if we keep the conversation respectful and appropriate." Talking about anxiety or other personal struggles could prompt a mental-health resource.

Overall, the experience was refreshing. Instead of going to the Wild West of ChatGPT, I could ease into these in-app chatbots. They show us more purposeful applications for AI—even if some of the same problems abound.

# Self-Serve Tip Prompt Draws Fire

Continued from Page One

Square, whose technology powers many iPad point-of-sale machines, said tipped transactions were up 17% year-over-year at full-service restaurants and 16% at quick-service restaurants in the fourth quarter of 2022.

Travelers checking themselves out for already expensive bags of chips at the airport said a request for an additional dollar or two feels egregious.

Garrett Bemiller enjoyed not removing his AirPods or making eye contact with anyone when buying an early-morning bottle of water at an OTG gift shop at New Jersey's Newark Liberty International Airport a few weeks ago. Seeing the option on the self-checkout screen to add 10% to 20% to his \$6 bottle of water caught him off-guard.

"Just the prompt in general is a bit of emotional blackmail," said the 26-year-old, who works in public relations in New York City. He skipped the tip.

Warren Williamson, 35, had a similar experience at an OTG in Houston's Bush Intercontinental Airport in March. "I thought maybe I was going crazy," said Mr. Williamson, who works in financial services. He also declined to tip.

An OTG spokesman said that all money collected as a tip is paid out to employees, and that tips at self-checkout machines are pooled among staff working that shift.

"It is always our goal to create valuable experiences for our guests while taking care of our crew members, and the option to leave a tip if you have received assistance allows us to do both," he said.

A label affixed to the bottom of the do-it-yourself checkout screen at the Metairie, La., location of cookie chain Crumbl has a clear di-

rective: "Consider leaving a tip if we made you smile."

Emily Clulee and Gracie Sheppard, 20-year-old college students, accepted the suggestion to spend extra on their cookies, which cost about \$5 each. Their only interactions with employees, they said, was when they were told to step to the side to wait, and then received their order.

Ms. Sheppard, who works as a server at a restaurant to help pay for college, said she understands the importance of tipping, and would have felt guilty not leaving anything. "But when no one even helps us, I feel like there shouldn't even be the option to tip," she said.

A Crumbl spokeswoman

tipping norms as a way to generate more revenue for the company.

Saru Jayaraman, director of the Food Labor Research Center at the University of California, Berkeley, and an advocate for higher wages for restaurant workers said, "some employers are trying to use increasing tipping as a way to not have to pay people more."

Chaia Tacos in Washington, D.C., also prompts self-service customers to leave a tip. Ms. Jamar, the American University senior, said she tips if a friend or employee can see the screen.

Chaia co-founder Bettina Stern said tips on the self-serve kiosks are "a way of acknowledging all our employ-



Consumers encounter tip requests at self-checkout kiosks.

confirmed that both employee and customer kiosks provide a tipping prompt upon checkout and that tips are distributed among bakers in accordance with federal, state and local labor laws.

Employers are legally obligated to give tips to workers. Restaurants and other businesses have faced lawsuits over their distribution practices over the years.

Some tipping researchers said that tips given to a machine might not reach human employees because protections to tipped workers in the federal Fair Labor Standards Act don't extend to machines.

Lehigh University associate professor Holona Ochs, who co-wrote a book on tipping, said that the practice in self-service settings "exploits the high adherence to

ees do to provide a hospitable environment." Tips increased significantly after installing the machines, she said, adding that they go entirely to workers.

Corey Gary, 28, who works at a cybersecurity startup, initially thought it was fun to walk right into a beer fridge at San Diego's Petco Park and help himself to whatever he wanted during a Padres baseball game. Then the checkout pinged him for a tip. "I was confused, because it wasn't entirely clear who I was tipping," Mr. Gary said. He still left 20%.

The tip prompt is automatic at all concession locations throughout Petco Park, a spokesman said, and all tips go to employees. "Guests are not required to leave a tip and may select 'No tip' at checkout if they so choose."



## COME WIND, HAIL OR TEMPESTS

Its name says it all. The Explorer was inspired by those who first summited the Earth's highest peaks. Like them, it is able to endure these most strenuous conditions. However sober and smart this watch may be, it is precisely the tool these adventurers need. Amidst the chaos of the unknown, what these men and women require is reliability and above all, simplicity. Something reassuring, efficient and instantly legible, to ground them even if nothing else around or within them does. This watch embodies just that. An unremitting teller of time, come wind, hail or tempests, that will see one's own adventure to its pinnacle. **The Explorer.**

#Perpetual

OFFICIAL ROLEX JEWELER  
**LONDON**  
JEWELERS since 1926  
**ROLEX BOUTIQUE**  
THE MALL AT SHORT HILLS  
AMERICANA MANHASSET  
EAST HAMPTON • SOUTHAMPTON



OYSTER PERPETUAL EXPLORER



ROLEX OYSTER PERPETUAL AND EXPLORER ARE TRADEMARKS.

ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

# Usually Sunny Ed Sheeran's New Shadows

The singer-songwriter attempts something darker on an album produced by Aaron Dessner

This past week, singer-songwriter Ed Sheeran successfully defended himself in a copyright lawsuit brought by the heirs of a co-writer of Marvin Gaye's "Let's Get It On." The suit claimed that the British artist's 2014 hit "Thinking Out Loud" had plagiarized the earlier composition, and Mr. Sheeran took the stand in court, guitar in hand, to demonstrate that he had created his work independently. In an era of song catalog acquisitions worth hundreds of millions of dollars, copyright holders have an incentive to defend their turf, even though in this case the tone, sentiment and melody of the tracks have almost nothing in common. But the case's positive outcome for Mr. Sheeran also underscores something essential about his work: Even though he's using the same chord changes as everyone else, his music is unmistakably his.

The trial's conclusion coincided with the release of Mr. Sheeran's fifth album, "Subtract" (Asylum/Atlantic), out now. The record is in significant ways a departure from what has come before—the singer wrote the songs in collaboration with the National's Aaron Dessner, who also produced, in a move that parallels the latter's work in 2020 with Taylor Swift. As he did with Ms. Swift, the producer, steeped in brooding indie rock, sent Mr. Sheeran musical "beds" based on his trademark minimalist piano and shadowy wafts of synthesizer. Inspired by these ink-black settings, Mr. Sheeran completed the songs with his effortlessly melodic style and used the opportunity to reflect

on trauma and loss. It's easily the most ballad-heavy record of his career and also harks back to his beginnings as a guitar-toting troubadour making music with his voice and instrument alone. But despite the new collaborator, Mr. Sheeran's music is fundamentally unchanged and carries all the good and bad qualities that have been there all along.

Mr. Sheeran's acoustic guitar is a near-constant in his music—he regularly performs alone with a guitar and a loop pedal—but many of his upbeat pop songs have the kinds of beats and electronics common to chart-topping music. Here, the downcast arrangements yawn with space. This unplugged setting is there from the outset on the opening "Boat." It's one of

**His new record, 'Subtract,' is a significant departure from what has come before.**

many tracks on "Subtract" that find the singer confronting trouble. In February 2022, his closest friend died of a drug overdose, and around the same time his wife, while pregnant with their second child, learned she had a potentially life-threatening tumor. Details from these events crop up repeatedly throughout "Subtract," and lyrics move between specificity and frustratingly broad clichés. "The waves won't break my boat," Mr. Sheeran sings, as if to reassure



ANNIE LEIBOVITZ

himself that everything will work out. (In the promotional documentary "Ed Sheeran: The Sum of It All," the couple share that she is now cancer-free.)

The second track, "Salt Water," is a quintessential production by Mr. Dessner, with a smoky synth and a piano recorded to capture the sound of wood and evoke empty rooms where hard truths are contemplated. But where Mr. Dessner's trademark atmosphere pushed Ms. Swift's songwriting into a new direction, Mr. Sheeran's music resists darkness and complexity, and is not transformed. The songwriter's style, in which minor-key verses lead into explosive stadium-ready singalong choruses, always implies that things will soon be looking up, even when the lyrics leave the situation open-ended.

For all the grim subject matter, a happy ending seems built into every glimpse of the void, as if Mr. Sheeran has thoroughly internalized the idea that he was put on earth to help people with music. "Yesterday was a long night / But I got a feeling that the future is so bright,"

▲The musician Ed Sheeran, photographed by Annie Leibovitz

goes the chorus on the fifth track, "Dusty," which ably summarizes the album's prevailing theme. The song, which is about the singer listening to Dusty Springfield records with his wife, is one of just a couple of upbeat tracks on "Subtract," and it stands out for its light tone and catchy tune. "Eyes Closed," which features songwriting and production contributions from Max Martin, Shellback and Fred Again, is another faster number that allows Mr. Sheeran to indulge his more melodic side.

But these uptempo cuts are exceptions on an album that is mostly slow and reflective. "Colourblind," with yet another stately keyboard line from Mr. Dessner, is more typical of the record's offerings, with clunky lyrics ("I keep fallin' deeper in dark blue / Brighter than white, rainbows exploding") projected via Mr. Sheeran's yearning upper-range wail. It's both impressive in its construction and also cloying and

dull. If "We Are the World" were to be rewritten in 2023, Mr. Sheeran would be the man for the job—he has a preternatural ability to write songs that feel intimate on one level while also playing to a packed stadium's upper deck.

But while Mr. Sheeran is an undeniable pop craftsman, his work is far better when he doesn't take himself quite so seriously. The songs on "Subtract" tackle subjects of substantial weight but never convey the stakes, and the LP is too monochrome to sustain interest over its length. The singer has completed another full-length record with Mr. Dessner, and it's where many of their faster tracks apparently wound up; he has also finished an album with Colombian reggaeton singer J. Balvin. On paper, both future releases sound far more appealing than this one, which is skillfully assembled but can't escape the broad and sentimental tone that has defined so much of Mr. Sheeran's output.

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

ARTS CALENDAR

## HAPPENINGS FOR THE WEEK OF MAY 9

By WSJ Arts in Review Staff

The Wall Street Journal's Arts Calendar is a regular series of listings highlighting some of the most important and engaging cultural events each week, curated by the editors of the Arts in Review section.

Film

**"BlackBerry"** (May 12)  
Is it still considered product placement if you make a film entirely about a specific brand? "The Social Network" (Facebook), "Steve Jobs" (Apple), "The Founder" (McDonald's) and, most re-

mal is still on drums, so ear-plugs are encouraged.

Music

**Riccardo Muti** (Chicago Symphony Orchestra, May 11-June 27)  
The longtime music director takes his final bow in Chicago—or at least begins to. Five programs will round out his tenure there, with the first opening on Thursday: Rachmaninoff's Second Symphony paired with the world premiere of Jessie Montgomery's "Transfigure to Grace." Mr. Muti's valedictory concert will be held in Millennium Park on June 27.

Art

**Independent** (Spring Studios, New York, May 11-14)  
A perennial treat among the spring New York fairs, Independent consistently features adventurous work with some of the art world's most interesting galleries—V&S, PPOW, Sargent's Daughters, Kasmin, etc.—exhibiting alongside up-and-comers like Mrs. and Kapp Kapp that are forging the future of contemporary art.

**"Young Picasso in Paris"** (Solomon R. Guggenheim Museum, New York, May 12-Aug. 6)

As part of the myriad celebrations happening this year to mark the 50th anniversary of the master's death, the Guggenheim looks at the artist before he achieved stardom. Arriving in Paris via Barcelona in 1900, the 19-year-old was enchanted with the city and surely soaked up the wonders at the Universal Exhibition there during his two-month stay. Returning the following year he continued to explore and incorporate Paris's energy into his work. An intimate show examines this pivotal point in the youthful artist's career, centered on his major painting of the dance hall "Le Moulin de la Galette" (c. November 1900).

**"The Legend of Zelda: Tears of the Kingdom"** (Switch, May 12)

Nintendo's much anticipated sequel to "Breath of the Wild" sees the famed franchise's characters Link and Zelda teaming up to save the kingdom of Hyrule from evil forces in an open-world game.

For additional Arts Calendar listings visit [wsj.com](http://wsj.com). Write to [brian.kelly@wsj.com](mailto:brian.kelly@wsj.com).



Pablo Picasso's 'The Fourteenth of July' (1901)

cently, "Air" (Nike) prove that the company-as-protagonist story can be a genre unto itself. Those still lamenting the death of their trackballs and BBM will be interested in the newest entry, Matt Johnson's film about the rise and fall of the pioneering mobile giant.

TV

**"The Muppets Mayhem"** (Disney+, May 10)  
The latest offering from the Jim Henson franchise turns away from marquee characters like Kermit and Miss Piggy to focus instead on Dr. Teeth and the Electric Mayhem as they set out to record their debut studio album. Ani-

**Exhibitions**  
**"Norman Foster"** (Pompidou Center, Paris, May 10-Aug. 7)

Architect Norman Foster is perhaps more responsible for the look of contemporary London than any other individual. Mr. Foster—or rather Baron Foster of Thames Bank since 1999—and his firm were instrumental in designing London City Hall, the Gherkin, the Stansted Airport terminal, the Canary Wharf tube station, the revamped court of the British Museum, Millennium Bridge and Wembley Stadium. And that's before you've even left the city. Now the largest-ever retrospective of his work looks at his monumental six-decade career.

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4		5	6	7	8	9	10		11	12	13
14					15							16		
17					18							19		
			20					21			22			
23	24						25				26			
27					28				29	30	31			
32				33				34						
			35			36	37	38				39	40	
					41						42			43
44	45	46						47	48	49		50		
51								52				53		
54					55	56	57		58					
59					60				61				62	63
64					65							66		
67					68							69		

- 30 "Let You Love Me" singer Rita
- 31 Wise alternative
- 33 Hostess alternative
- 36 Architect I.M.
- 37 Suffix for east or west
- 38 Equip
- 39 With a keen eye
- 40 Playful growl
- 43 He first meets Harry on the Hogwarts Express
- 44 Easy putts
- 45 Succulents used to make tequila
- 46 Something to learn
- 47 Lacks
- 48 Large singing groups
- 49 Gladys Knight's backers
- 53 To-do list items
- 55 Five-dollar bills, informally
- 56 Love song, often
- 57 Nobel Peace Prize city
- 61 Hoppy beer, for short
- 62 Sister in an order
- 63 Rap's Run-\_\_\_

STORE CLOSINGS | By Zachary David Levy

- |                              |   |  |                                       |
|------------------------------|---|--|---------------------------------------|
| <b>Across</b>                | 28 Holes in the wall                              | 60 Functional bit, colloquially, and a hint to 17-, 28-, 35- and 44-Across | 7 A pop                               |
| 1 Well-connected device?     | 32 Challenging                                    | 34 Direction in Alaska's state motto                                       | 8 Long-bodied fish                    |
| 5 Rewarder of good service   | 11 Doc for dachshunds                             | 35 Magazine first published in 1867  | 9 Idyllic place                       |
| 14 Sometime earlier          | 15 Largest lake entirely within New York State    | 41 Home for a hawk   | 10 "Shoot!"                           |
| 16 "___ had it!"             | 17 Investment account that yields little interest | 42 Old Russian ruler   | 11 "Aeneid" author                    |
| 19 Narrow inlet              | 20 Shake like ___                                 | 44 Discussing work outside of work, e.g.                                   | 12 Indicate                           |
| 21 Lieutenants' subordinates | 23 Still solid, in a way                          | 50 Only even prime   | 13 Some china                         |
| 26 Pleasant                  | 27 ___long way (achieve great success)            | 51 Pulitzer winner James   | 18 Alarmed cry                        |
|                              |   | 52 Not at all chatty   | 22 Because                            |
|                              |   | 54 Fencing thrust  | 23 "I hate it!"                       |
|                              |   | 58 Irish honoree, for short  | 24 Trevor who hosted "The Daily Show" |
|                              |   | 59 RNs often start them  | 25 Most packed                        |
|                              |   |  | 29 Burgle                             |
|                              |   |  | <b>Down</b>                           |
|                              |   |  | 1 Petite pooch, for short             |
|                              |   |  | 2 First numero                        |
|                              |   |  | 3 1960s Secretary of Defense Robert   |
|                              |   |  | 4 "Get Out" director Jordan           |
|                              |   |  | 5 Popular soup                        |
|                              |   |  | 6 Shortly, informally                 |

Previous Puzzle's Solution

ELFIN	WAIFS	DAB
TORSO	ANDES	UMA
COOPER	STOWN	BED
NYLONS	TANG	
AMT	STYLEGUIDE	
DILUTE	ALEX	
AMIGO	SAGAN	CPA
PENGUIN	COLONIES	
TOE	PLIES	MOVES
	SELF	DERIVE
BARNEY	FIFE	LET
ORAL	ALLAYS	
RBI	ANIMALHOUSE	
EON	BARBS	ARIES
DRY	STASH	BETTE

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).

## SPORTS

BY ROBERT O'CONNELL

# An MVP Shoves. An NBA Owner Falls. 'Flop or Foul?'

When Nikola Jokic tried to get the ball from Mat Ishbia, he brought basketball's most common on-court argument to the courtside seats.

In the NBA playoffs, players will do anything for an edge. But what about team owners?

That question came up almost halfway through Sunday night's game between the Denver Nuggets and Phoenix Suns. After Phoenix's Josh Okogie sailed into the court-side seating to chase a loose ball, Denver star Nikola Jokic rushed to collect it, hoping to inbound the ball before Okogie had recovered. When Jokic tried to pry it from a spectator's hands in Phoenix's Footprint Center, a comedy of retaliatory gamesmanship ensued.

The fan gripped the ball tight; Jokic wrenched harder and popped it airborne; the fan leaned into Jokic; Jokic's forearm extended; the fan flailed and fell backward. The punchline: That courtside attendee was Mat Ishbia, the newly installed owner of the Suns.

Was it a flop, an exaggeration to draw a penalty on Jokic? If so, it was possibly the first, likely the most useful and certainly the most memorable owner flop in NBA history. Jokic was whistled for a technical foul, and Kevin Durant made the ensuing free throw.

"He got us a point," Phoenix guard Devin Booker said with a laugh after the Suns' 129-124 win. "He did his job."

At halftime of Sunday's game, Ishbia told the Associated Press he was "fine." On Monday, Ishbia tweeted, "Suspending or fining anyone over last night's incident would not be right. I have a lot of respect for Jokic and don't want to see anything like that."

As NBA Twitter pored over the replay of TNT's broadcast, consensus seemed to be that Ishbia had, in on-court parlance, embellished the contact. His lolling head and flung-out arms brought to mind basketball's best slapstick artists, such as Vlade Divac defending Shaquille O'Neal in the 2000s.

There was, however, an undeniable physical discrepancy. Jokic, per the Nuggets' team website, stands 6-foot-11 and weighs 284 pounds. Ishbia, a mortgage magnate who walked onto Michigan

Nuggets star Nikola Jokic was assessed a technical foul after he tried to snatch the ball from Suns owner Mat Ishbia.

State's basketball team in the late 1990s and 2000s, was 5-foot-10 and weighed 175 pounds in his playing days, according to Sports-Reference.

Tony Brothers, the crew chief who adjudicated the technical, said that Jokic "deliberately gave him a shove and pushed him down, so he was issued an unsportsmanlike technical foul."

Still, Brothers said, the action wasn't entirely unprovoked—thus the lack of ejection. "He didn't just run over and hit a fan," Brothers said. "There was some engagement."

The incident marks the latest chapter in an eventful ownership tenure for Ishbia, who agreed to buy the Suns in December. Ishbia entered the league with a reputa-

tion for a different sort of confrontation, having already established a rivalry with Dan Gilbert, another mortgage-company owner and governor of the Cleveland Cavaliers. Ishbia and Gilbert, a fellow Michigan State alum, had turned donations to the Spartans into a currency of one-upmanship. The basketball team was eventually labeled "MSU Spartans Presented by

Rocket Mortgage"—Gilbert's company.

Less than two months after buying the Suns, Ishbia was swinging a season-shaking deal for Durant, who pushed Phoenix—now tied with Denver at two games apiece in their conference semifinal series—to the front of the championship conversation.

The NBA hasn't yet announced any fallout, in the form of fines or suspensions, from the play. The sequence had a substantial influence on the outcome, representing one Phoenix point in what would end up a five-point margin.

For all its goofiness, it also ignited conversation about the standards of behavior between team owners and athletes. In the 2019 Finals, Toronto guard Kyle Lowry fell into the courtside seats at the Warriors' home floor and Mark Stevens, a Golden State minority owner, shoved him. Stevens was banned from league activities for a year.

"The fan put a hand on me first," Jokic said postgame, explaining his side of the story. "So I thought the league's supposed to protect us or whatever, but maybe I'm wrong."

"Sitting on the court, he's a fan, isn't he?" Jokic added. "Whoever it is, he's a fan, so he cannot influence the game by holding the ball."

Nuggets coach Mike Malone had the same outlook, referring to Ishbia as "some fan is holding on to the ball like he wants to be a part of the game." As for whether that fan's status as the majority owner of the opposing team should factor into the equation, Malone said, "I don't give a s—."

Jokic scored 53 points and passed out 11 assists Sunday night, a performance that seemed somehow reduced to a footnote. The chatter of the NBA world, after the game, was flops and fans' status. Ernie Johnson, hosting TNT's studio show, took the posture of a scolding parent.

"Don't either of you guys do it again," Johnson said. "Mat Ishbia, don't hold [on to] the ball. Joker, don't make him flop."



Nuggets star Nikola Jokic was assessed a technical foul after he tried to snatch the ball from Suns owner Mat Ishbia.

## Real Madrid Learns To Live as an Underdog

BY JOSHUA ROBINSON

**FLORENTINO PEREZ**, the long-time president of Real Madrid, has come to expect his club to reach the semifinals of the Champions League. The tournament, the most prestigious in club soccer, is in Real's DNA, he says, part of its reason for existing. No one has more than Real's 14 titles.

What Perez struggles to grasp these days is how Real Madrid can possibly go into a Champions League semifinal as an underdog. Yet that's exactly what the aristocratic club will do on Tuesday night when it takes on Manchester City in the first match of a home-and-away series.

Though Madrid claimed Spain's Copa del Rey over the weekend, its season has been far from an unbridled success.

The club sits in third place in La Liga and has all but conceded the title to Barcelona as the demands of competing on three fronts stretched the squad to a breaking point. Manager Carlo Ancelotti appears set to leave the moment the season ends.

Manchester City, meanwhile, has no such personnel issues. Under manager Pep Guardiola, the club with the deepest squad in England leads the Premier League with just four games remaining and is closing in on a fifth title in six seasons. It's also in the final of the FA Cup, where Manchester United awaits. And as it prepares to face Real, City is 180 minutes from reaching a second Champions League final in the space of three years.

It's the kind of domination that Perez used to expect of his own team, but has now come to view as a sign of European soccer's impending doom.

Manchester City is what Perez

calls a *club estado*, a "state club," because it is backed by the wealth of Abu Dhabi royal's family. (His other favorite example is Paris Saint-Germain, which is owned by the sovereign-wealth fund of Qatar and reports to the Emir himself.)

Perez believes that they have so warped the market for players that even Real Madrid can no longer compete. It was telling last summer when French striker Kylian Mbappé, who seemed destined to emulate his idol Cristiano Ronaldo and join Real Madrid, decided at the last moment to remain at PSG where he earns more than \$60 million per year in salary, bonuses, and endorsements.

"To fix a problem, you have to first recognize that you have a problem," Perez said at Real Madrid's general meeting last October. "Our sport is sick."

Perez has used that argument to toe a fine line. On one hand, he decries the arrival of a group of ultrarich clubs who rely on petrostates to fund success on the field. On the other, he argues that the only way to close the gap

between the ultrarich and the merely quite rich is a European Super League, where elite clubs would exist in a closed shop and spend more of their time squaring off against each other to drive higher interest and television payments.

A version of that project was already shouted down by fans, players, and European soccer's governing body in 2021, but Perez hasn't given up the ghost. He sees himself as the guardian of a proud soccer history that the state clubs could never match.

In fact, no club leans harder into its own mystique than Real Madrid.

At a meeting with former Disney executives a few years ago, while exploring the idea of a Real



Real Madrid currently sits in third place in La Liga and has all but conceded the league title to Barcelona

Madrid theme park, Perez walked the group through the club's museum to show off the silverware. He pointed at the rows of Champions League titles.

"Everyone else is fighting for these trophies," Perez said, according to a person in attendance.

Then he showed them a small silver disk that sat in the middle: an award from FIFA anointing his club as the best of the 20th century. "Real Madrid is fighting for this," Perez said. "We want the next one of these."

The trouble is that soccer in the 21st century is quickly becoming defined by forces far beyond Perez's control. The Spanish construction magnate became president of Real Madrid by navigating the club's politics and personally assuming tens of millions of dollars of risk. Then, once he was in place, Perez was able to harness Real's global commercial appeal and turn that into lavish transfer fees as he packed his team full of superstars in the Galactico era of the early 2000s.

The model today could hardly

be more different. Real's ticket sales, commercial success, and television revenue can no longer keep up. Ronaldo, who starred for the club from 2009 to 2018, was its last true Galactico. Since then, the team has relied on a mix of Ronaldo's best former teammates—the aging Luka Modric and Karim Benzema—and much younger talents who weren't yet superstars when they moved to Madrid, such as forwards Vinicius, Jr. and Rodrygo.

Manchester City's current owners, meanwhile, never had to bother with the decades of myth-making and commercial growth. The club isn't even the most popular club in its hometown, yet it became a force in the Champions League less than 10 years after being acquired in 2008 as its ownership group financed one of the most expensive squads ever assembled.

Precisely how much money the state funneled directly into the club is a matter of some debate. European soccer's governing body in 2020 found City guilty of over-

valuing various sponsorship deals by Abu Dhabi-based entities as a way to conceal the true source of the club's income. (The ruling was later overturned on appeal due to expiring statutes of limitations.) Then earlier this year, the Premier League alleged that City deliberately concealed its true outlay and revenues over the course of a decade in order to skirt league rules on spending.

The club denies any wrongdoing. But at minimum, it has built its on-pitch empire by shelling out more than \$2 billion on some of the best playing and coaching talent money can buy, including Guardiola in 2016, the \$139 million playmaker Jack Grealish in 2021 and Norwegian goal-machine Erling Haaland last summer.

Even Florentino Perez, whose club broke the world transfer record five times between 2000 and 2013, had never imagined a soccer team could spend that much to scoop up players. Then again, he never imagined Real Madrid being a Champions League underdog either.

## OPINION

## The Age of Dianne Feinstein



**MAIN STREET**  
By William McGurn

Polite society holds that a woman's age is nobody's business but her own. But as Dianne Feinstein is learning, Washington will never be confused with polite society.

The Beltway is now consumed with the California senator's age and related health issues. At 89, Mrs. Feinstein is the oldest member of Congress. But she hasn't been seen in the Senate since late February owing to a case of shingles. Her record as a trailblazer for women hasn't stopped younger congressional colleagues such as Alexandria Ocasio-Cortez (D., N.Y.) from calling on Ms. Feinstein to step down.

Ms. Ocasio-Cortez has been joined in her call by other whippersnappers such as fellow squad member Rep. Rashida Tlaib (D., Mich.). But she's also supported by progressives and an increasing number of colleagues who are quoted anonymously saying Ms. Feinstein isn't all there anymore. Even those not willing to go that far are finding it hard to defend Ms. Feinstein, as Illinois Sen. Dick Durbin did Sunday on CNN when Jake Tapper noted they were all "very ginger and very polite" in not acting decisively to get rid of her.

Mr. Durbin conceded Ms. Feinstein's absence was affecting the Democrats' ability to

get on with their business. Mr. Tapper likened the situation to what happened when Democrats failed to coax Supreme Court Justice Ruth Bader Ginsburg to retire so that Barack Obama could choose her successor.

"How'd that work out for you?" Mr. Tapper asked Mr. Durbin.

Mr. Tapper is on to something. Notwithstanding the many public expressions of sympathy and hope for a speedy recovery, Democrats want Ms. Feinstein to step down if she can't show up for votes. The truth is that many other agendas in Washington are hostage to her decision.

The most obvious is Joe Biden's judicial agenda. The Senate Judiciary Committee is divided 11-10 in favor of Democrats. But Ms. Feinstein's absence brings the balance to 10-10, and Democrats no longer have the votes to get the judicial nominees out of committee without Republican support.

Ms. Feinstein's absence affects larger votes too. In a Senate where Democrats have a 51-49 majority, a senator whose votes can't be relied on may put a president's entire legislative program on hold—especially with Pennsylvania's Sen. John Fetterman out as well until very recently.

On the surface, Republicans appear more elder-friendly because they have been encouraging Ms. Feinstein not to retire if she doesn't want to. But that's because they have an interest in

depriving Democrats of a functioning committee majority—which itself depends on California's senior senator continuing to miss votes. This explains why Republicans blocked a floor resolution in April that would have let Majority Leader Chuck Schumer replace Sen. Feinstein on Judiciary. The hope is that if Mrs. Feinstein continues to be a committee no-show, Mr. Biden will have to moderate his judicial picks.

### Many agendas are hostage to whether the senator chooses to stay or leave.

President Biden has personal interests here too. Questions about Mrs. Feinstein's age and health inevitably draw unwelcome attention to his own plainly diminishing mental faculties. Nikki Haley, the former Republican governor of South Carolina and current presidential candidate, recently made the link between Mrs. Feinstein and Mr. Biden explicit when she said both should have to pass a cognitive test.

Finally, ambitious California Democrats are eyeing Mrs. Feinstein's Senate seat. In February she announced she won't seek re-election in 2024. But if she were to retire before that, Gov. Gavin Newsom would appoint someone to serve out her term.

Unless that person agreed not to run for election, it would cease to be a primary for an open seat. Already three Democrats have announced they're running—Reps. Adam Schiff, Barbara Lee and Katie Porter. Were one of them to be appointed, he or she would have the advantage of running as an incumbent.

Whispers of decline have plagued Mrs. Feinstein for years but the stakes are now higher. After she issued a defiant press release Thursday promising to return but not saying when, the New York Times didn't mince words. On Friday the Times editorialized that it's time Mr. Schumer set "aside the antique Senate gentility" and make her an offer she can't refuse.

The irony is that the Senate is usually an ideal place for people Ms. Feinstein's age. Senators enjoy exceptional healthcare, and they lack the day-to-day executive responsibilities that keep governors and presidents in the public eye. They also have large staffs to do most of the work.

So long as a senator's party has a sufficiently large majority that his votes aren't needed for bills or nominations, no one much minds what shape he's in mentally. When it really matters, anyone can be trundled in to cast a vote.

The knives come out when a senator can't do even that. Just ask Dianne Feinstein.

Write to [mcmgurn@wsj.com](mailto:mcmgurn@wsj.com).

**BOOKSHELF** | By Bill Heavey

# His Secret Identity

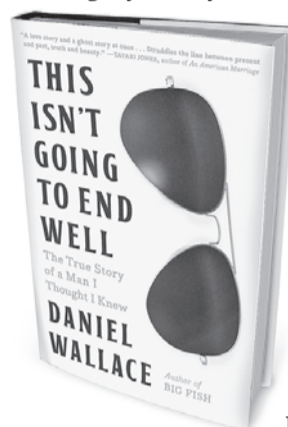
This Isn't Going to End Well

By Daniel Wallace

(Algonquin, 258 pages, \$28)

There's a moment halfway through "This Isn't Going to End Well: The True Story of a Man I Thought I Knew" when the author, Daniel Wallace, ponders how, a few centuries ago, society viewed suicide as a criminal act, a murder of the self. The dead person's body might therefore be hanged, burned or dragged through the street as punishment.

Mr. Wallace's older sister, Holly, had just died, at the age of 56, felled by the arthritis she'd endured since she was 21. It'd been 10 years since the suicide of William, Holly's husband. William was also Mr. Wallace's role model growing up, the "ringmaster" of his world, a guy he idolized to the point of wanting to copy "the literal shapes of the letters he made." Now, recalls Mr. Wallace, "I despised him for breaking my already broken sister,



family, me." Overwhelmed by love, betrayal, grief and suffering, Mr. Wallace considered the harsh justice of earlier societies. "Now," he writes, "I understood why."

"Unflinching" is a word publishers like to use to describe memoirs. "This Isn't Going to End Well" deserves the description as Mr. Wallace grapples with the past. It sounds like a heavy read, but it's almost deceptively easy. Mr. Wallace, a professor of English at the University of North Carolina at Chapel Hill and

the author of six novels, including "Big Fish" (1998), is a disarming writer who seems allergic to any phrase that sounds too witty. Some of the writing, however, is almost prosaic. Twice within five pages, he resorts to the shopworn metaphor of hair falling "like a curtain" across a face. There are also places where the writing is masterly, as when the author nails a particular kind of adolescent reticence: "I struggled to say something more, but the fear of revising later what I said now and being mortified by it was overwhelming, and so I said next to nothing." I'm not sure how to square these discrepancies in writing.

Mr. Wallace was 12 when he first met William, who was assessing the jump from a rooftop into a swimming pool 25 feet below. The younger boy was spellbound. His sister's boyfriend was everything he wasn't, a mix of "James Dean, Albert Camus, Ernest Hemingway, Keith Richards, Satan, G.I. Joe, and of course, Clint Eastwood." By contrast, young Daniel was "too passive, too lazy, intellectually unremarkable, ill-read, a talented dilettante really."

The thing is, many other people thought of William the same way. He was a genuine cult hero, a sort of R. Crumb for the outdoor-sports community, if R. Crumb did the things he drew. He kayaked and mapped rivers, climbed mountains, caught copperheads bare-handed and became an EMT by the age of 21. He made books, could seemingly fix anything and charmed just about everyone he met. He satirized himself even as he became a larger-than-life figure who sought out high-risk pursuits. As he once told an interviewer, "you have to get near death to really be alive." The starstruck Daniel even chose a William-ism for his high-school-yearbook quote: "A mind is a terrible thing to waste, unless you do it right." (Daniel and Holly's mother, understandably, was less than pleased.) William was the kind of guy who slept with a police scanner by his bed, "hoping to hear of a tragedy he was singularly qualified to help with."

It was all a disguise. Mr. Wallace eventually discovers 22 journals that William kept from 1978 until his death in 2001, at the age of 48. The author realizes that reading the journals would be a betrayal of the dead man's wishes, but he considers "the cost-benefit analysis of posthumous treachery." He reads them, and finally unmasks his hero.

Throughout his life, William maintained a cool anti-macho macho-man persona of a guy most at home risking his life. It was all a disguise.

Mr. Wallace always knew that William's "greatest power was his ability to project the image of the person he wanted you to think he was." All through his life, William carefully created and maintained his cool anti-macho macho-man persona of a guy who felt most at home when risking his life. For William, being proficient at things wasn't optional; he had to be good at them. When he took up inline skating at age 40, "he practiced in private for months, where no one could see him, until he got the moves down." Even his death was meticulously staged. "If he could have practiced killing himself," Mr. Wallace believes, "he would have."

The surprising thing, the author learns, is not that William killed himself, but that he resisted it for so long. "His journals must be the longest suicide note in the history of the world," Mr. Wallace writes. As early as six years before his death, William wrote "I MUST NOT LET THEM SEE WHO I REALLY AM." It's the only sentence in the journals written in big capital letters.

William's early life was no picnic. He was raised by a "distant, alcoholic father" and an "unhinged, lonely, God-obsessed mother." As a Boy Scout, he witnessed the deaths of two friends when the dirt cave he had been playing in with them collapsed. Around the same time, he was sexually abused by his own role model, a scoutmaster named A.J. No child should have to experience any of these horrible traumas, nor the shame and inadequacy that come with them. And yet the majority of people who experience them do not take their own lives.

One theory holds that suicide is a case of mistaken identity. That was the case for William. He felt he had to die because he could no longer maintain two selves. In the note to his wife, he wrote that "I'm doing what I've got to do to protect you from what I've become." That's the tragedy, of course. As Mr. Wallace writes, "the only person who wouldn't have been able to handle the real William Nealy was the real William Nealy himself."

In the end, Mr. Wallace manages a kind of acceptance. He loves William, the man who taught him about love and art and how to gut a fish. He hates him for the devastation he left behind. He also knows that without William, he would have been a different and lesser man.

Mr. Heavey is a writer in Bethesda, Md.

Help is available: Reach the 988 Suicide & Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) by dialing or texting 988.

## Principal Beats Principle in the World Order



**GLOBAL VIEW**  
By Walter Russell Mead

Sunday's Arab League vote to readmit the blood-stained Syrian government of Bashar al-Assad should be a wake-up call for Washington. Long-time American allies such as Saudi Arabia, Egypt and the United Arab Emirates have flipped from backing the U.S.-led effort to isolate and ultimately overthrow Mr. Assad to supporting the Sino-Russian goal of reintegrating him into the regional order.

Many factors go into such decisions, but the Arab League move is part of a wider trend that Washington can't afford to ignore. It isn't only nondemocratic countries like the Gulf Arab states tilting toward Russia and China these days. Democracies like Brazil and South Africa are rejecting American pleas to rally behind democratic Ukraine against autocratic Russia. Across the so-called Global South, few countries, democratic or not, are rushing to enlist in President Biden's anti-autocracy crusade.

Winning friends and influencing people in the Global South was a challenge for American strategists during the Cold War. It will be more difficult this time around. If Washington policy makers and the broader foreign-policy community don't understand the new challenge, American diplomacy will face setbacks

and frustrations.

Chinese communists today aren't only better at economics than Mao and the Soviet chowderheads; they are also smarter politically. The old communists wanted to conquer the world by alliances with the underdogs and the poor. Today they align with the rich.

During the Cold War, the rulers of most countries feared nothing more than a communist takeover at home. If local communist parties took power, they would murder or exile their opponents, confiscate their wealth and throw their supporters in the gulag. In Mao's time the Chinese Communist Party similarly promoted communist insurgencies or communist parties, in Vietnam and across the region.

Today's communism wears a very different face. No social revolutions, no fanatical armies of revenge-minded peasant guerrillas storming the presidential palace. Instead, as Russia sells weapons, China will sell the high-tech security and surveillance systems that can help rulers everywhere crush workers or peasants who dare challenge the status quo.

Sino-Russian support comes without lectures. Kleptocracy, money laundering, human-rights violations, drug cartels: No questions will be asked of rulers willing to align with the new system. *Enrichissez-vous!* Make yourselves rich is the message China and Russia broadcast

today to the world's rich.

The old communists sought to mobilize what they categorized as oppressed classes against existing elites. Today's adversaries want to mobilize existing elites against a global status quo that, they argue, favors yesterday's Group of Seven powers and rich countries over the rising powers of the Global South.

### The new communists appeal to the world's poor by promising to make them rich.

The American response in East and Southeast Asia, where the competition is fiercest, has been to stress the danger of Chinese hegemony and territorial claims to neighboring states while playing down American commitments to such controversial topics as human rights in sensitive countries like the Philippines. Their national interests, Washington tells local governments, are joined to those of the U.S. If China becomes too dominant, their security, their territorial integrity and even their independence could be at risk.

This argument often makes a powerful impression. But in the world in which we live, not all ruling elites are patriotic. Many prefer the private interests of their families and friends to something as abstract and idealistic as the national good. The country that

offers the greatest economic advantages and political security to powerful rulers and elites is likely to have a great deal of political and even strategic pull.

In other parts of the world, like the Middle East, Africa and Latin America, Washington's core arguments resonate less with elites. China and Russia pose no security threat to countries like Brazil, Saudi Arabia and South Africa, and the revisionist powers seem to offer a way to check what many in the Global South see as the overbearing power of the U.S. and the rest of the G-7.

What elites and ordinary people in the Global South want is something that makes many greens and progressives in the G-7 countries unhappy. They want economic growth, they want lots of it, and they want it now.

Wired and connected as never before, ordinary people all over the Global South can see how people live in the rich world, and they want that for themselves. Their rulers know that their power depends on delivering the goods such growth brings.

To win over both popular and elite audiences in the Global South, the U.S. must embrace the politics of growth. Our world order must be, and must be seen to be, the surest, fastest path to raising living standards all over the world. That's what we did after World War II. We must find a way to do that again today.

## A Zoo Fit for Mara the Chimp

By Robert Shumaker

The Justice Department in February dispatched inspectors to a beleaguered zoo in Puerto Rico. What they found was deplorable. Days later, Puerto Rican officials announced that the Dr. Juan A. Rivera Zoo would close, and a plan to find humane care for more than 300 animals began.

The shuttering of the Puerto Rican zoo is part of a troubling trend. Too many unaccredited or uncertified "zoos" and "sanctuaries" exist, and many are deficient.

Accreditation matters, and in the U.S. the most stringent standards are set by the Association of Zoos and Aquariums. As of 2019, AZA-accredited facilities in the U.S. and abroad collectively draw more than 180 million visitors annually, generate more than \$20 billion in U.S. economic activity, and support more than 212,000 jobs. AZA standards include a commitment

to exceptional animal welfare and consistent support for the conservation of animals in the wild.

Before the Puerto Rican zoo was closed, the situation for its animals was dire. They were struggling to survive in a woefully underfunded facility that

### A substandard Puerto Rican 'sanctuary' led the U.S. government to intervene.

had been battered by hurricanes. The zoo had been without electricity since 2017, and many animals were dying.

The condition of a 31-year-old female chimpanzee named Mara was especially troubling. On top of poor conditions in the zoo, she was left alone as the only chimpanzee in Puerto Rico's lone zoo after the death of Magnum, her longtime companion.

Prolonged isolation is bad for chimpanzees, who are highly social. Mara was lonely and depressed, and caretakers reported that she spent her time in a small, dank cell. A heart-rending video circulated online showing Mara extending her fingers through the bars of her cell, attempting and failing to grasp a small leaf. A "Free Mara" campaign was launched online.

When the Justice Department asked if the Indianapolis Zoological Society could provide Mara a loving home, we immediately agreed and rescued her. Today, Mara is receiving expert care from our devoted staff in Indianapolis.

As a primatologist, I'm confident Mara's future is bright. But that's largely because the Justice Department had an accredited, qualified zoo it could turn to—one experienced in rehabilitating and socializing chimpanzees and other great apes.

The Justice Department was right to enlist our help.

But more must be done to address substandard facilities that call themselves "zoos" or "sanctuaries." Out of about 2,800 animal exhibitors with licenses from the U.S. Department of Agriculture, less than 10% are AZA accredited.

Mara now has a wonderful home in Indianapolis. She's making new friends and will integrate into a community of nearly 30 chimpanzees when she moves into our new International Chimpanzee Complex later this year.

I hope for the day that such rescues from substandard facilities are no longer necessary. Mara's move to Indianapolis is a sure sign of progress.

Mr. Shumaker is an evolutionary biologist and expert on primate behavior. He is president and CEO of the Indianapolis Zoological Society and the Indianapolis Prize, an award for animal conservation.

## OPINION

## REVIEW &amp; OUTLOOK

## California May Bill You for Slavery

No progressive idea is too wild to be adopted these days, especially in California. The latest example is the Golden State's new plan to redistribute hundreds of billions of dollars as racial "reparations."

A nine-member committee created by Gov. Gavin Newsom and his Democratic Legislature voted Saturday to recommend that the state make cash payments to black Americans who claim to be descendants of slaves. Although California's 1849 Constitution banned slavery, the committee claims the state government was complicit in the enslavement of blacks in southern states.

The committee says blacks are still suffering the lingering effects of slavery, as well as from such policies as "overpolicing." The panel recommends payments of \$2,352 for each year slavery descendants lived in California during its "war on drugs" from 1971 to 2020. The war apparently ended when localities stopped enforcing drug crimes during the pandemic.

Slavery descendants would also get \$3,366 for each year they lived in the state between 1933 and 1977 when housing discrimination allegedly occurred, as well as \$13,619 for each year they were a California resident to compensate for health disparities between blacks and whites. All told, as many as two million black Californians could be eligible, and the total cost could be as much as \$1.2 billion a person and \$800 billion overall.

As always with racial spoils, the committee makes some arbitrary distinctions. Black immigrants need not apply. Nor Japanese Americans whose ancestors were put in camps during World War II. Nor Chinese Americans who worked on the intercontinental railroad but were also barred by the Chinese Exclusion Act. And don't forget Native Americans who were pushed off their land by settlers.

The restriction to slavery descendants looks like an attempt to overcome likely legal challenges. The Constitution's equal protection clause prohibits government policies that discriminate based on broad racial classifications, but federal courts have upheld narrowly tailored policies to remedy past discrimination.

But how are reparations for "over-policing" narrowly-tailored? And how would the state confirm who is a descendant of a slave? Under

the committee's plan, a special agency would determine eligibility based on genealogical research. With so much cash at stake, imagine the litigation that will ensue.

The committee also recommends that the state adopt a laundry list of leftwing policies to remedy racial disparities. These include rent control in minority neighborhoods, free college and a guaranteed income for slavery descendants, and single-payer health care. Oh, and repeal a 1996 state constitutional amendment that banned racial preferences, which voters reaffirmed in a 2020 referendum.

\* \* \*

Slavery was a scourge, and so was Jim Crow. But the U.S. has done decades of penance to ameliorate their damage, including spending trillions of dollars in social-welfare programs. One moral question is why Americans who played no part in either slavery or Jim Crow should pay for the sins of the past.

Should the descendants of Union soldiers killed in the Civil War that ended slavery be exempt from paying taxes for reparations because of the sacrifice of their ancestors? Accounting for the moral wrongs of the past is a fraught issue best left to the teaching of history, if they still teach that in California schools.

If the reparations committee wants to make amends for bad policy, we have other suggestions. Start with teacher tenure protections and last-in-first-out dismissal policies that disproportionately harm minority kids in low-income schools, as demonstrated by the *Vergara* lawsuit a decade ago. Lack of school choice imprisons black children in failing urban schools.

Zoning restrictions inflate housing costs, making it harder for minorities to move to suburbs with better schools. The state's de facto decriminalization of drug use and shoplifting in 2014 has led to increased crime, especially in minority neighborhoods. The state's war on fossil fuels is killing good-paying working-class jobs and raising energy prices. But these are progressive policies that increase racial and income disparities, so they're off the reparations list.

If you think reparations is so outrageous that it will never become law, you haven't been watching the trend of ideas in the Democratic Party. Don't be surprised if reparations become a new progressive litmus test.

## Spending Soars, Revenue Falls

President Biden meets Tuesday with Congressional leaders at the White House to discuss the federal debt limit, and GOP leaders Kevin McCarthy and Mitch McConnell could do worse than point to Monday's Congressional Budget Office budget review for April. It shows that federal outlays continue to soar even as tax revenue declines.

April is typically the best month for the federal fisc because it's the tax payment deadline for the previous year. But this year the April budget surplus fell by \$135 billion from a year earlier. Including adjustments for timing shifts in federal outlays, the decline was \$274 billion, or 73% from April 2022.

That portends bigger budget deficits for the rest of the fiscal year. The deficit for the first seven months is already \$928 billion, or 236% higher than in 2022 with timing adjustments. Keep in mind that this is happening when the economy is still growing and the unemployment rate is still low.

The big culprit is spending, which is up 12% in the first seven months or nearly \$400 billion,

including timing adjustments. Entitlements are up 11% and education spending owing to student-loan changes is up 56%. Chalk this up to the spending pipeline enacted by the last Congress that has years to go unless it's pared back by this Congress.

And get this: Interest on the national debt rose 40%, or \$107 billion, and is already \$374 billion for the first seven months. That's what happens when interest rates rise 500 basis points in a year to fight the inflation that runaway federal spending helped to ignite.

Revenue fell 10%, as the economy slowed, and individual income taxes fell 18%. CBO says it's too early to know for sure, but it suspects one reason "could be lower-than-expected realizations of capital gains last year." That happens when the stock market declines, as California in particular is discovering. You can't soak the rich when they're not making money.

All of this screams for the urgent need to slow the growth of federal spending, as House Republicans did as part of their debt-ceiling increase bill. Your move, Mr. Biden.

## How to Make Housing Less Affordable

The Biden Administration's regulatory onslaught continues, with almost no media coverage about the costs or consequences. A case in point is a new Department of Energy rule due to hit on May 31 that will make manufactured homes less affordable.

Some 22 million Americans live in manufactured homes, often called mobile homes, and their median household income is \$35,000 a year. The average cost of a manufactured home ranges from \$72,000 to \$132,000, compared to \$365,000 for a traditional house. Manufactured homes were about 9% of new single-family home starts in 2021, providing more than 100,000 affordable homes.

Yet they are also the only single-residence housing entirely regulated by the federal government, in part because they are transported around the country after factory production. The Department of Housing and Urban Development for decades oversaw construction, safety and efficiency standards for the units, but in 2007 House Democrats gave the Energy Department power to impose energy-efficiency mandates.

Enter Jennifer Granholm's Energy Department, which last year unveiled a rule that condensed a decade of incremental efficiency rules into one turbocharged mandate. The low-cost manufactured home industry will be subject to standards that far surpass those applied to homes built on lots.

The regulation will require industry to redesign everything from ducts to insulation in thousands of models. And it gave manufacturers only a year to fully comply, never mind that DOE typically affords appliance makers up to five years to meet new energy standards.

DOE claimed that its rule would save owners from \$177 to \$475 a year in energy costs.

But a lawsuit to enjoin the rule filed in February by the Manufactured Housing Institute, a trade association, notes that DOE ignored requirements laid out in Congress's 2007 legislation, including a command to consult with HUD and to fully account for costs.

DOE ignored the costs of testing and compliance, which will be hefty. By one estimate, the cost of duct-leakage testing alone could be \$1,500 per home. The Energy rule used 2014 cost estimates for construction materials, ignoring the inflation-driven cost increases of recent years.

Even DOE's modeling acknowledges its rule may add up to \$4,500 to the price of a multi-section manufactured home, which will reduce affordability. But given its failure to fully account for changes required under the rule, the real costs could be multiples of that.

Manufactured homes already have a relatively small carbon footprint. They are manufactured with minimal waste in factories, are smaller than most site-built homes, and comply with existing HUD efficiency standards. Yet as South Carolina Sen. Tim Scott noted in a recent letter to Ms. Granholm, the low-income purchasers of these homes are being "unfairly asked to bear the costs imposed by climate alarmists."

DOE is now considering a delay in the rule, but it deserves to be killed. The rule will have no effect on the climate but it will make housing less affordable for millions. If you want to know why working class voters are abandoning the Democrats, this rule is one reason.

## Gov. Newsom's panel recommends \$800 billion in 'reparations.'

## LETTERS TO THE EDITOR

## The Visas Are Limited but the Border Is Open

It seems the U.S. has a virtually open Southern border yet restricts highly qualified people from immigrating legally ("Work Visa Shortfall Starves the Economy" by Jason Riley, *Upward Mobility*, May 3). Isn't this backward? I worked in Silicon Valley and, having found a qualified overseas candidate, it was always a gamble as to whether we could get him an H-1B visa. The company and the candidates met all the criteria laid down, but it was simply a matter of whether Uncle Sam had reached the limit for H-1Bs before getting to us. Those candidates we did successfully bring in from abroad typically contributed greatly to our business and their local communities.

Why our education system in the U.S. is unable to produce similarly qualified candidates, rather than making me get them from India, is a question for another day.

PETER KEEBLE  
Lewes, Del.

Justin Gest has a good point regarding the effect of immigrants on wage inflation ("How Immigrants Tame Inflation," op-ed, May 2). He also demonstrates a problem with the immigration debate. Mr. Gest denigrates former President Donald Trump over his immigration policies. Not once does Mr. Gest mention the words "legal," "illegal" or "undocumented" with regard to immigration, but these words are critical to the debate. Mr. Trump supported legal immigration and didn't support illegal immigration.

We, as a nation, can't continue to decide which laws we will follow and which laws we will ignore. Differentiating between legal and illegal immigration is a crucial step to meaningful immigration reform. If people don't like our current immigration laws, they should change them rather than ignore them.

KEITH OLSON  
Buckeye, Ariz.

## Anorexia, Gender Dysphoria and Child Abuse

In "Good Girls" (reviewed by Sally Satel, *Bookshelf*, May 1), Hadley Freeman states the catalyst for her anorexia was a remark by a classmate, "I wish I was normal like you," which set off a cascade of devastation. "Normal was average. Normal was boring. Normal was nothing," resulting in her desire to make herself "not normal, but exceptional."

I wonder if a similar psychological process occurs in some of those with gender dysphoria, the desire to be "not normal, but exceptional." In 30 years, we may realize that perhaps gender-affirming surgery for minors is not the best way to go.

BESSIE MONTESANO  
Myrtle Beach, S.C.

Anorexia is a mental disorder. Until recently, gender dysphoria was recognized as a mental disorder, too. It is safe to say that any psychiatrist who engaged in "anorexia-affirming" counseling with a teen—"Yes, you are too fat. You must lower your caloric intake immediately"—would soon lose his or her license to practice and would be sued by the teen's parents.

Yet in the blink of an eye, "watchful waiting" and loving counseling to help a confused young person come to terms with the body God gave him or her has been thrown out the window, and actually prohibited in some blue states. The medical and counseling professions, totally captured, now eagerly start young patients down the path of puberty blockers, chemical castration and genital mutilation.

Do people realize how monstrous this is?

LARRY BOYD  
Coeur d'Alene, Idaho

While I found Dr. Satel's review consistent with my experience treating women (and a few men) with eating disorders during my 49-year career as a physician (42 years in psychiatry), I was saddened to see nothing of the role childhood sexual abuse plays in the etiology of these disorders. Saddened, because I only fully grasped the extent toward the end of my career when I was treating addiction in the community and PTSD in our women's prison.

My only regret in retirement has been about these girls. In both settings, I learned that if I overcame my own denial, I found that childhood trauma, especially sexual abuse, is epidemic. Anorexia and addiction prevent the painful feelings these girls experience. In a typical child psychiatry practice, the girls with anorexia are pre-adolescent and adolescent, and still living with their parents. They feel afraid to tell for several reasons, including they almost always believe the sexual abuse was their fault.

We don't want to know, either. We don't even want to imagine, and the girls always deny when asked. My advice is to use the old medical standard, "until proven otherwise." If these patients are addicted to anything, it is "not feeling."

DOUGLAS A. KRAMER, M.D.  
Middleton, Wis.

## The Problem Behind Our Healthcare Problems

In "ObamaCare and Zombie Banks" (*Business World*, May 3), Holman Jenkins, Jr., describes the Affordable Care Act as "insurance so overpriced that nobody buys it unless taxpayers are picking up the tab." A more comprehensive statement is that all U.S. health insurance is so overpriced that nobody buys it unless somebody else is picking up the tab. Per the Bureau of Labor Statistics, employers subsidize 67% of premiums for family coverage and

78% for single workers. Also, the worker portion deducted from paychecks is tax-free.

Two goals of the Affordable Care Act were to increase access to health insurance and reduce costs. It has increased access. As far as cost, unsubsidized premiums are slightly lower on average for its plans than for employer-sponsored plans. U.S. health-care costs, however, remain significantly higher than those of most other countries. Unfortunately, bringing costs down still looks out of reach. This is true regardless of whether the care is employer-sponsored or acquired via Medicare, Medicaid or the Affordable Care Act.

BOB STEIN  
Omaha, Neb.

## Gone Too Soon for the Nobel

Regarding "Rosalind Franklin's Nobel" (*Letters*, May 5): While James Watson et al. were awarded a 1962 Nobel Prize for the discovery of DNA, key team member Franklin was omitted. While this is commonly cited as evidence of sexism, Occam's razor suggests a far more prosaic reason. Franklin had died in 1958, and Nobel Prizes aren't awarded posthumously—by rule since 1974, and by custom from the start, with very few exceptions.

GERARD WEATHERBY  
Culpeper, Va.

## Pepper ... And Salt

THE WALL STREET JOURNAL



FRED KUHAR  
Wickliffe, Ohio

## A Constitutional Conundrum

Regarding your editorial "Sheldon Whitehouse vs. the Supreme Court" (May 3): Should the legislation imposing a code of ethics on the Supreme Court result in litigation, who would hear the case?

FRED KUHAR  
Wickliffe, Ohio

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

OPINION

# Venture Capitalists Should Bet on America

By Katherine Boyle  
And David Ulevitch

Shortly after the final space-shuttle mission in 2012, an eccentric entrepreneur named Elon Musk appeared on CBS's "60 Minutes" and made the case for exploring outer space. America was still recovering from the Great Recession; Occupy Wall Street had flared months earlier; and Washington was focused on the Arab Spring, a war in Syria and a new supreme leader of North Korea.

Heading back to space seemed outlandish, maybe even wasteful, and astronauts Gene Cernan and Neil Armstrong were skeptical of the private-sector approach. But Mr. Musk said he hoped his startup might get

## Washington can cooperate with the private sector. Elon Musk's SpaceX showed the way.

Americans excited about space once again. "We're a little scrappy company," he said of SpaceX, which had launched several rockets. "But every now and again, a scrappy little company wins."

SpaceX has now launched rockets 226 times, sticking nearly 80% of its landings. In 2019 it launched Starlink, a satellite constellation that brings the internet to remote corners of the world. Last month, in a dazzling feat of American engineering, the company launched a skyscraper-size rocket intended to take people to Mars some day. Where the federal government lacked will and resources to build a decade ago, this

startup picked up the slack.

SpaceX's influence extends far beyond rockets and the tens of thousands of American men and women it has trained in bending metal. Mr. Musk's company is inspiring a generation of innovators to dream bigger and build companies that solve America's hardest problems. At a time when policy makers are skeptical of technology, we're seeing patriotic founders excited to build for the national interest. As leaders of one of the largest venture-capital firms in the country, we believe it is time to invest in America.

Sadly the reasons for this aren't exactly rosy: war in Ukraine, rising tensions in Taiwan, and global supply-chain fragility have reminded our entrepreneurial class that America's dominance isn't guaranteed. But more founders are building technology companies in the areas that Washington cares most about: aerospace, defense, manufacturing, supply-chain and physical infrastructure—all sectors that Silicon Valley ignored a decade ago. We call this movement American Dynamism, because these companies help keep America the country from which people want to be, to which they want to immigrate, and in which they want to build a family, a career or a company.

We've invested billions of dollars in American Dynamism companies, and we call on other venture firms to do the same. As SpaceX reveals, partnerships between a company and the government can often lead to engineering feats faster and cheaper than government would be able to accomplish alone, and that private industry wouldn't be able to achieve at all. To access needed technology, the Defense Department has experimented with



The April 20 SpaceX Starship launch from Boca Chica, Texas.

PATRICK T. FALLON/AP VIA GETTY IMAGES

startup incubators and trusted capital networks for small and midsize companies. We believe many of those initiatives are unnecessary, because venture capital is better able to assess talent and risk as companies form and grow. As the Economist recently pointed out, America is booming relative to the rest of the world. There's never been a better time to invest in American Dynamism companies or for Washington and venture-backed companies to build together.

Two trends in the past decade make this collaboration urgent. The first is the decline of the civil service, which a 1987 study by the National Commission on the Public Service deemed "a quiet crisis." Fewer young people are working in the federal bureaucracy as more choose industry over public service. This means federal agencies struggle to recruit the best talent and often lack the advanced expertise to build their own technology tools to ensure that agencies and government initiatives don't crumble.

The second is a more recent phenomenon that bodes well for government innovation: More young people are studying computer science and engineering, leading to a far more tech-savvy workforce, both inside and outside government. Public servants and veterans who understand complex problems but once lacked the technical skills to solve them are now becoming founders themselves.

As the pace of technology accelerates, Washington and Silicon Valley must build together to maintain America's leading global position. Fortunately, the two ecosystems' goals are more aligned than headlines often make it seem. The two largest venture capital fund-raises of the past year (in both of which Andreessen Horowitz participated)—SpaceX and Anduril—are American aerospace and defense companies building solutions for the Pentagon. That would have been unthinkable only a few years ago.

Covid also transformed the opportunity for innovation, aligning

# Glenn Youngkin Isn't Running, but He Could Change His Mind



FREE  
EXPRESSION  
By Gerard Baker

Glenn Youngkin's response to a question last week might have been a little too subtle for his own good.

When I asked the Virginia governor during an interview at the annual Milken Institute conference if he was planning to dust off his fleece vest, get out on the campaign trail and enter the contest for the Republican presidential nomination, he delivered a well-rehearsed reply, colorful in content but with a specificity that was lost on most immediate observers.

"I haven't written a book, and I'm not in Iowa. I'm spending time representing Virginia this year," he said.

As some outlets began to report his withdrawal from presidential contention, offstage his aides were quick to clarify that the operative words in that sentence were "this year."

The Virginia legislative session has already concluded for 2023 and state politics for the rest of the year

will be dominated by critical midterm elections. Reflecting the state's purplish hue, and mirroring almost precisely the national balance, Republicans have a narrow majority in the House of Delegates while Democrats have a wider-thin edge in the Senate. Mr. Youngkin, who has a solid approval rating after his big win in 2021, will spend much of his time between now and November in the swing districts of the commonwealth trying to turn the General Assembly fully red, rather than in the cornfields of Iowa or the firehouses of New Hampshire.

But there's been no decision about a presidential run. Mr. Youngkin is loitering with intent—waiting to see whether the two big beasts of the Republican animal kingdom, Donald Trump and Ron DeSantis, trip up and find themselves in a bear trap. You can see the logic. Despite his status as the firm favorite, Mr. Trump's legal and political difficulties continue to hang like a smoggy cloud over his third presidential bid. Mr. DeSantis, after a mildly calamitous couple of months, is running out of feet to shoot himself in. If you're Mr. Youngkin, why blunder in now and give them both someone to aim at when

you can focus on governing your state, building a solid political résumé, and be ready for the call should it come?

But it's a dubious strategy. Waiting for Mr. Trump to trip up has been the Republican version of "Waiting for Godot" for eight years, and Mr. DeSantis is probably due for a rebound. History tells us that late entries to a presidential race are seldom rewarded for their forbearance.

## If Trump and DeSantis both stumble, don't rule out a late entry by the Virginia governor.

Beyond incumbents, there hasn't been a candidate in more than half a century who won his party's nomination entering the race in the election year itself.

Neither does there appear to be a wave of pent-up popular excitement for the undeclared Virginia governor waiting to overtop the dams of the Republican contest. Mr. Youngkin is currently in an exciting three-way tie

for seventh place in the primary field at 1%, according to the latest RealClearPolitics average, behind Sen. Tim Scott and political ingenue Vivek Ramaswamy. That is a little below the level of support the late John McCain used to quip meant you were pretty much down to direct family members, staffers and close personal friends.

This is all a pity. Republicans would be well-advised to look harder at the Virginia governor.

In a state that has trended increasingly blue—Joe Biden won it by 10 points in 2020, doubling Hillary Clinton's margin four years earlier—Mr. Youngkin won by astute campaigning on issues on which conservative positions are evidently close to a stateside consensus.

In that campaign and now in a year and a half in office, the Virginia governor has established himself as the foremost exponent of what we might term a new Republican fusionism: happy culture warrior, taking on the establishment orthodoxies on critical race theory, transgender rights and the rest of the extremist woke tyranny. But he's also scored governing successes on the economy, delivering a solid tax cut and focusing

efforts on lifting living standards for the poorest Virginians. On the Republicans' most neuralgic electoral issue right now, abortion, he has adopted a position that probably comes closest to the national center of gravity—supporting a 15-week limit, which the Democratic Virginia Senate rejected.

But it's the style as well as the substance that suggests Mr. Youngkin is a beacon of hope leading the way out of our stultified, polarized, deadening political debate. He eschews the grievance politics that animates the right and focuses on practical politics. His battle with the educational establishment was framed as simply giving parents the right to determine what their children are taught.

His electoral success in a nearly blue state, an early record of achievement in a divided government, and a character that recalls days when conservatives used to care about honesty, integrity, intelligence and decency are pointing the clear way to an enduring majority. He's far from a perfect model. But if he really is a nonstarter, it's a sorry statement on the condition of the modern Republican Party.

*Ms. Boyle and Mr. Ulevitch are general partners at Andreessen Horowitz, a venture-capital firm, where they lead the American Dynamism practice.*

By Reuel Marc Gerech  
And Ray Takeyh

Iran has secured great-power patronage for the first time in four decades. Tehran now possess advanced centrifuges, a growing stockpile of highly enriched uranium, and a cadre of decent physicists and nuclear engineers. The clerical regime likely has no significant technical hurdle left to clear on its way to a nuclear weapon. Iran's developing alliances with Russia and China have aided its atomic progress.

During Barack Obama's presidency, as Iran's nuclear program gained speed, the U.S. and Europe piled on sanctions, sometimes with the approbation of China and Russia. Today, geopolitics—as well as realpolitik nuclear calculations—are much friendlier to the Islamic Republic. Russia's invasion of Ukraine made it crystal clear that Vladimir

Putin doesn't care for a world order led by Europe and the U.S. China, too, has retreated from being "a responsible stakeholder" in a liberal trading system. Instead it is trying to construct its own version of an East Asia Co-Prosperity Sphere, much of it designed to give Beijing dominion over Taiwan.

This revisionist alliance has ended Iran's strategic loneliness. Russia, China and Iran all want to diminish American power. They recognize that they need to help each other militarily and economically to achieve common goals. This is why the Islamic Republic has supplied drone technology and artillery shells to Russia for use in a conflict that, at first glance, has no revolutionary Islamic interests. It is becoming increasingly hard to believe that Russia, which appears ready to deliver advanced Sukhoi Su-35 fighters and more sophisticated air-

defense systems to Iran, is averse to sharing nuclear expertise and technology with the clerical regime—asuming Tehran is lacking something in its nuclear engineering.

For far too long, the Western foreign-policy establishment has gained comfort from the notion that Russia and China didn't want a nuclear Iran. But Vladimir Putin would have no objections to a nuclear crisis in the Middle East if it diverted attention from his war in Ukraine. Unlike the U.S., Russia has lived with nuclear-armed states on its periphery for decades. The only thing new about an Iranian bomb would be the convulsive shock it would deliver to U.S. interests in the Middle East and beyond. For 20 years, American administrations have insisted that Iran would never be allowed to go nuclear. When it does, what's left of America's writ in the Middle East will evaporate.

China's need for Middle Eastern oil has also rolled the region. Xi Jinping has shown few signs that he has any problem with Mr. Putin's war to absorb Ukraine, which destabilized China's second-largest

## An aloof U.S. leaves a regional vacuum that the Islamic Republic is exploiting brilliantly.

trading partner, the European Union. Just before his invasion, Mr. Putin visited Mr. Xi and then proceeded with his assault.

An Iranian bomb could hasten U.S. withdrawal from the Middle East. The American political class has been allergic to the idea of military strikes against the clerical regime's

nuclear sites. It isn't hard to envision them rationalizing that an Iranian bomb means little to the overall balance of power. A growing conventional wisdom in Washington counsels a shift of focus to Asia.

Saudi Crown Prince Mohammed bin Salman may be an impetuous, brutal man, but he made a sensible calculation with his recent Chinese-brokered compact with Tehran. He understands that the clerical regime is about to go nuclear and is trying to make amends with Iran's friends—the mass murderer of Sunni Muslims in Syria and the Palestinian rejectionists. The minuscule Gulf principalities, always inclined toward appeasement, will probably follow with their own concessions. Without the U.S., the Middle East is sorting itself out.

In all of this maneuvering, Supreme Leader Ali Khamenei stands out. A man of humble origins who rose through the Islamic Republic's eat-the-weak political system, he has steered his country through a gauntlet of lethal enemies. When he remarked recently that "the U.S. wanted to put an end to the nuclear issue in accordance with its own plans of using the pressure of sanctions, but it failed" he was being, as he often is, coldly factual. Iran's never-ending internal troubles may yet unseat him and his regime, but the cleric has done what only great rulers do: He has taken a weak hand and played it brilliantly.

*Mr. Gerech, a former Iranian-targets officer in the Central Intelligence Agency, is a resident scholar at the Foundation for Defense of Democracies. Mr. Takeyh is a senior fellow at the Council on Foreign Relations.*

## THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

**Rupert Murdoch**  
Executive Chairman, News Corp  
**Emma Tucker**  
Editor in Chief  
**Liz Harris**, Managing Editor  
**Jason Anders**, Deputy Editor in Chief  
**Neal Lipschutz**, Deputy Editor in Chief  
**Thorold Barker**, Europe; **Elena Cherney**, News; **Andrew Dowell**, Asia; **Brent Jones**, Culture, Training & Outreach; **Alex Martin**, Print & Writing; **Michael W. Miller**, Features & Weekend; **Emma Moody**, Standards; **Shazna Nessa**, Visuals; **Philana Patterson**, Audio; **Matthew Rose**, Enterprise; **Michael Siconolfi**, Investigations; **Amanda Wills**, Video  
**Paul A. Gigot**  
Editor of the Editorial Page  
**Gerard Baker**, Editor at Large

**Robert Thomson**  
Chief Executive Officer, News Corp  
**Almar Latour**  
Chief Executive Officer and Publisher  
DOW JONES MANAGEMENT:  
**Daniel Bernard**, Chief Experience Officer;  
**Mae M. Cheng**, SVP, Barron's Group; **David Cho**, Barron's Editor in Chief; **Jason P. Conti**, General Counsel, Chief Compliance Officer; **Dianne DeSevo**, Chief People Officer; **Frank Filippo**, EVP, Business Information & Services, Operations; **Elizabeth O'Melia**, Chief Financial Officer; **Josh Stinchcomb**, EVP & Chief Revenue Officer, WSJ/Barron's Group; **Sherry Weiss**, Chief Marketing Officer

EDITORIAL AND CORPORATE HEADQUARTERS:  
1211 Avenue of the Americas  
New York, N.Y., 10036  
Telephone 1-800-DOWJONES

## Notable & Quotable: The Court

From "What Conservatives Can't Say About Clarence Thomas" by Eric Levitz of New York magazine, May 7:

So: Given that the Roberts Court is going to be an obstacle to social progress either way, do liberals actually want its conservative justices to uphold the highest of personal ethical standards?

Perhaps the most commonly cited harm of Thomas's actions is that, in Washington Post's words, they "fail to protect public confidence in the independence of the courts." Yet public confidence in

the "independence" of a reactionary and power-hungry court surely is not desirable from a progressive point of view. . . .

It is therefore in the interest of the progressive movement to undermine the Court's legitimacy. . . .

So it makes sense for progressives to publicize Thomas's obscene indulgences. But I think it's true that the end goal of doing so isn't to secure ethics reforms that will render the Supreme Court less vulnerable to perceptions of corruption. The point is (or at least, should be) to promote the perception of judicial corruption.

## WORLD NEWS

## China Official Scolds U.S. Envoy

Foreign minister slams Washington's support for Taiwan, resists better hotlines

By BRIAN SPEGELE

BEIJING—China's foreign minister rebuked the American ambassador in Beijing for what he said was Washington's support of Taiwan and indicated that his side wanted concessions from the U.S. in return for improved lines of communication sought by the White House.

In a readout of their meeting on Monday from China's Foreign Ministry, Qin Gang described the U.S. as hypocritical for trying to bolster communication channels between the countries on one hand, while simultaneously brushing up against what China sees as its Taiwan red lines.

"We cannot focus on communication while China is constantly being suppressed and contained," Mr. Qin told Ambassador Nicholas Burns. "You

cannot say one thing and do another."

Rising hostilities between the U.S. and China have choked off communications between the two countries' leaders. While both sides have said they don't seek conflict, they have struggled to agree on a path forward to improve ties.

As the U.S. and Chinese militaries operate in proximity to one another in the South China Sea and in waters around Taiwan, a lack of reliable channels to communicate in the event of an accident or crisis has emerged as a top concern for American officials involved in the relationship.

China has resisted U.S. efforts to establish better hotlines for managing crises, The Wall Street Journal reported last week. Chinese officials see hotlines as a way to give the U.S. military cover to continue what they view as provocative operations in China's backyard.

In some ways, the fact that the meeting between the foreign minister and the U.S. ambassador took place at all can



Chinese Foreign Minister Qin Gang called the U.S. hypocritical.

be viewed as a sign of progress. While Mr. Burns has met Mr. Qin previously, this was their first meeting since Mr. Qin became China's foreign minister. In the Chinese readout, Mr. Qin said stabilizing U.S.-China ties was an urgent task to prevent accidents between the countries.

Mr. Burns in a tweet con-

firming meeting with Mr. Qin and said they discussed "the necessity of stabilizing ties and expanding high-level communication."

Mr. Qin, who was promoted to foreign minister in December after serving as China's ambassador to Washington, blamed the U.S. for turbulent relations. That is in line with

recent rhetoric from other Chinese officials. Chinese leader Xi Jinping has complained that the U.S. seeks to contain China.

"A series of erroneous words and actions by the U.S. have undermined the hard-won positive momentum of U.S.-China relations," Mr. Qin said. "I hope that the U.S. side will deeply reflect and will work with China to steer U.S.-China relations out of difficulties and put them back on the right track."

As U.S.-China relations have soured, Mr. Xi has launched a diplomatic push elsewhere as the country emerges from three years of pandemic-induced isolation.

Next week, the leaders of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan will all visit China as part of a Central Asia summit that seeks to shore up China's ties to the region. Separately on Monday, China's Foreign Ministry said Mr. Qin would travel to Europe this week for meetings with his counterparts in Germany, France and Norway.

## Beijing Probe of Consultants Signals Spy Fear

By JAMES T. AREDDY AND LIYAN QI

China signaled through state-run media that its national-security agencies are engaged in a nationwide investigation into whether the due-diligence industry that has grown up to serve Western businesses in the country has been used for foreign espionage.

State broadcaster China Central Television and other official news outlets reported that amid Western pressure on China, profit-oriented consulting firms sometimes have a weak awareness of the country's national-security concerns, and frequently operated at the edge of legality to gather information in sensitive sectors of the military, the defense industry, the economy

and finance. CCTV said some consultants in China have caused harm to national security, ultimately becoming accomplices to the West in "spying, buying and extorting state secrets and intelligence."

The information-based due-diligence industry is critical to business dealings, from valuing corporate mergers to building supply chains, and many of the world's foremost consulting firms have a China footprint. Yet the industry is suddenly in the crosshairs of Beijing's efforts to limit foreign influence in China, including information gathering, by tightening government control over a wider swath of data and digital activities in the name of national security.

Police have visited firms, in some cases detaining staff

members. Executives say such allegations undermine Beijing's effort to attract new foreign investment.

In its 15-minute investigative report CCTV aired on Monday, the broadcaster claimed certain Western countries in recent years have sought to contain and suppress China by increasingly stealing intelligence and information in sectors including military, economy and finance. The report indicated that domestic consulting firms with "complex backgrounds" have been complicit with Western actors in helping "to steal state secrets and intelligence in key areas of our country in order to evade our laws and regulations and the supervision of key sensitive industries."

The local operations of in-

ternational consulting firms in China, such as accounting and law firms, often are legally registered as domestic companies in China, sometimes with only a contractual link to the international brand. In other cases, local consulting firms provide business services to foreign consultants, in the same way a law firm in one country hires another in a different nation.

The broadcast focused on an investigation into one company in the sector that was founded in China and is jointly based in Shanghai and New York, Capvision. It said police have raided Capvision offices in several Chinese cities, recounted alleged activity that runs counter to national-security regulations, and said "lawful measures" are being

taken against the firm and employees, but didn't specify whether any legal action has been taken.

Capvision officials couldn't be reached. Shortly after the broadcast, Capvision posted a statement online in China saying it would resolutely abide by China's national-security regulations.

The Wall Street Journal reported in late April that police questioned Capvision's local employees about the names of Chinese experts in its network.

Capvision, which operates in the field known as expert-network consulting, in which a client pays for access to industry players, has taken on a large number of projects from overseas clients with close ties to foreign governments, according to the television report.

## EU Weighs Sanctions On Chinese Companies

By LAURENCE NORMAN

The European Union is considering sanctioning eight Chinese companies over Russia's war in Ukraine, diplomats said, with the bloc looking to target firms they believe have provided Moscow electronic items, including semiconductors, that can be used for military purposes.

The proposed listings are part of an 11th package of sanctions against Russia over its invasion. The new measures center on efforts to prevent the circumvention of Western sanctions by Russia and its military, a central plank in the effort by European and U.S. policy makers to weaken Russia's economy and crimp the revenue the Kremlin has to continue its war effort.

Of the eight Chinese companies listed, six are Hong Kong-based and several are already on U.S. sanctions listings, the diplomats said.

According to two of the diplomats, the companies include China-based 3HC Semiconductors, whose products can be used by Russian companies to provide military equipment, and Hong Kong's King-Pai Technology HK, which was sanctioned by U.S.

The new measures target entities that helped Russia evade war-related curbs.

authorities in March 2022 for procuring foreign items "for multiple entities in Russia's military-industrial complex." The microelectronic items include products that can be used to guide missile systems.

Washington last summer imposed sanctions on a third company, Sinno Electronics, for supplying goods under Western sanctions to Russian defense-procurement giant Radioavtomatika.

The EU is also considering sanctions on Hong-Kong registered Asia Pacific Links Ltd. A recent investigation by Britain's Royal United Services Institute, Britain's oldest defense think tank, Reuters and iStories, said the company was one of the main post-February 2022 suppliers to Russian firms of microelectronics that can be used to make one of Russia's most effective drones, the Orlan-10.

3HC Semiconductors, King-Pai Technology HK, Asia Pacific Links Ltd. and Sinno Electronics couldn't immediately be reached for comment. China's mission in Brussels didn't immediately respond to a request for comment.

The sanctions were earlier reported by the Financial Times. They will need to be backed by all 27 EU member states to be enacted. They were put forward by the European Commission, the bloc's executive arm, on Friday evening, and discussions are set to start this week.

In Beijing on Monday, Foreign Ministry spokesman Wang Wenbin warned the EU that China would take "resolute measures" in response to any European sanctions.

"If the report you cited is true, the EU will erode mutual trust and cooperation with China and sharpen division and confrontation in the world, which is extremely dangerous," he said.

The Chinese targets aren't the first non-Russian entities to be listed under the EU's sanctions on Russia, which include a swath of financial, trade, shipping and energy restrictions. The EU has in recent months targeted Iranian firms and individuals for their role in supplying drones to Russia's military for use in the war.

Still, the proposed Chinese sanctions are a significant step. They target a country with which Europe has important trade ties and which France and other EU countries had been hoping to prod to play a constructive role in Ukraine. The measures echo the Biden administration's sanctions warnings against Chinese firms for supplying Russia not only with weapons, but also with products that can be used militarily.

## WORLD WATCH



ROLL MODELS: Czech Republic riders on penny-farthing bicycles compete in a best-dressed competition in Vsen on the country's Victory Day, marking the 1945 Prague Uprising against Nazi Germany and the end of World War II in Europe.

GAZA STRIP

## Israeli Airstrikes Kill Islamic Jihad Leaders

Israeli aircraft conducted strikes early Tuesday on Islamic Jihad targets in the Gaza Strip, the Israeli military said, and the group said three senior commanders were killed in the attacks.

The Palestinian Health Ministry said a number of people were killed and injured in the airstrikes. It did not elaborate. The Israeli military said the aerial bombings were directed at the residences of three senior commanders of the Iranian-backed Islamic Jihad group.

Witnesses said an explosion hit the top floor of an apartment building in Gaza City and a house in the southern city of Rafah. Airstrikes continued in the early hours, targeting mili-

tant training sites.

The Israeli army said the aerial bombings targeted Khalil Bahtini, Tareq Izzeldeen and Jehad Ghanam. It added the three were responsible for recent rocket fire toward Israel.

—Associated Press

CHILE

## Council Is Elected to Draft Constitution

Chilean stocks rose 2.3% on Monday after voters elected a right-wing council that is expected to draft a constitution that will maintain the country's market-based economic model.

The results were a blow to leftist President Gabriel Boric by voters scared off by an earlier left-wing constituent assembly that proposed a sweeping overhaul to the political and eco-

nom system. Chile's economy is expected to contract 1% this year, the only South American nation projected to decline, according to the International Monetary Fund.

On Sunday, conservatives took 34 seats in the constitutional council, versus 16 seats for left-wing delegates and one seat for an indigenous candidate, according to the Servel electoral agency. That will give right-wing delegates more than the three-fifths majority needed to make changes to the charter.

—Ryan Dubé

CANADA

## Ottawa Expels Chinese Diplomat

Canada on Monday expelled a Chinese diplomat after cabinet members learned that he alleg-

edly ordered authorities in Hong Kong to monitor and possibly intimidate the relatives of a Conservative lawmaker critical of Beijing's treatment of the Uyghur Muslim minority.

Foreign Minister Mélanie Joly said that Zhao Wei of China's consulate-general's office in Toronto was declared "persona non grata." A Canadian official said Mr. Zhao now has five days to leave the country.

China's embassy in Ottawa said the expulsion was "based on rumors of the so-called China interference hyped up by some politicians and media."

The Chinese embassy said it condemns the expulsion, has lodged a formal protest and plans to introduce retaliatory measures.

The expulsion comes following months of tumult in Canada's Liberal government about how it

treats allegations of Chinese interference in its domestic affairs.

—Paul Vieira

AFGHANISTAN

## U.N. Faults Taliban For Executions

A U.N. report on Monday strongly criticized the Taliban for carrying out public executions, lashings and stonings since seizing power in Afghanistan, and called on the country's rulers to halt such practices. In the past six months alone, 274 men, 58 women and two boys were publicly flogged in Afghanistan, according to a report by the United Nations Assistance Mission in Afghanistan. The Taliban foreign ministry said Afghanistan's laws are determined in accordance with Islamic rules and guidelines.

—Associated Press



# BUSINESS & FINANCE

© 2023 Dow Jones & Company. All Rights Reserved.

\*\*\*\*\*

THE WALL STREET JOURNAL.

Tuesday, May 9, 2023 | B1

S&P 4138.12 ▲ 0.05% S&P FIN ▲ 0.21% S&P IT ▼ 0.02% DJ TRANS ▼ 0.76% WSJ \$IDX ▲ 0.03% 2-YR. TREAS. yield 4.009% NIKKEI (Midday) 29173.56 ▲ 0.77% See more at WSJ.com/Markets

## Construction Gear Builds Momentum

New semiconductor and battery factories boost Caterpillar, Nucor, other manufacturers

By Bob Trta

Manufacturers of construction equipment, trucks, building supplies and industrial software are still ringing up sales, despite slowdowns in other parts of the U.S. economy.

A backlog of orders stemming from supply-chain bottlenecks during the pandemic and higher demand from new factories under construction have boosted manufacturing companies, helping offset the effects of rising interest rates and weakening U.S. economic growth.

"We feel good about the market conditions," Caterpillar Chief Executive Jim Umpleby said late last month after the construction-equipment maker's quarterly sales rose by 17% from the same period last year and

profit increased by 26%. "Our first-quarter results lead us to expect that 2023 will be even better than we previously anticipated."

U.S. construction spending in March rose by an adjusted rate of 0.3% from February, according to the U.S. Census Bureau. Private nonresidential construction spending was up by an adjusted 1% from February, powered by a 4.6% increase in manufacturing-related construction, which accounts for about a quarter of nonresidential spending.

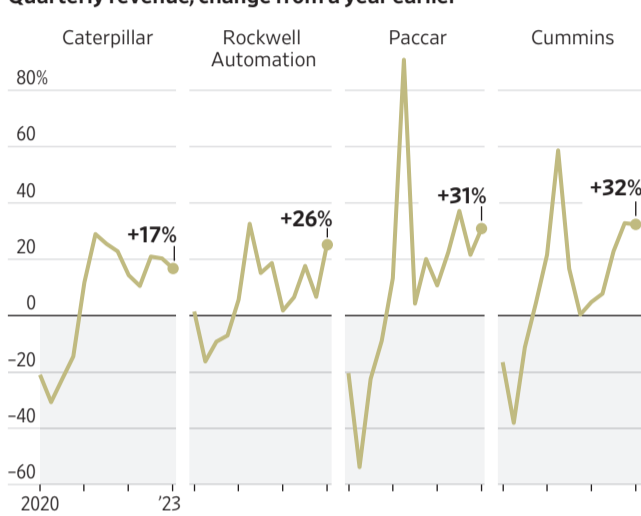
New factories are driving demand for construction materials, including steel, as well as the systems and equipment needed to operate the plants once they are completed. Strength in such construction projects has helped Texas-based Caterpillar and other

Please turn to page B2



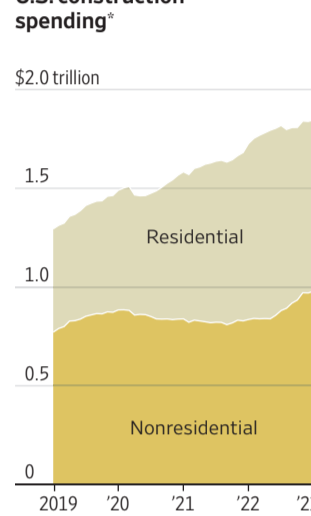
Caterpillar reported last month that quarterly sales rose 17% and profit increased by 26%.

Quarterly revenue, change from a year earlier



\*Seasonally adjusted annual rate Sources: S&P Capital IQ (revenue); U.S. Census Bureau via St. Louis Fed (spending)

U.S. construction spending\*



## Worry Over Laundering Safeguards Sank Deal By TD Bank

By Justin Baer and Vipal Monga

Toronto-Dominion Bank's handling of suspicious customer transactions was behind regulators' refusal to bless the Canadian lender's \$13.4 billion bid to buy First Horizon, people familiar with the matter said.

The banks called off the proposed union Thursday, citing uncertainty over whether and when they could receive regulatory approvals, without being more specific.

The reluctance by the Office of the Comptroller of the Currency and the Federal Reserve to give TD a clean bill of health on its anti-money-laundering practices proved to be the biggest obstacle, the people said.

The regulators' concerns stemmed from the way TD handled unusual transactions in recent years, and the speed at which some of them were brought to the attention of U.S. authorities, the people said.

Under the Bank Secrecy Act, financial firms are required to report suspicious activity within 30 days of discovery. The bank flagged 28 customer transactions in the period, one of the people said.

TD had pledged to regulators that it would make its anti-money-laundering policies more comprehensive and timely, but it wasn't enough to win approval for the deal, this person said. "TD works diligently to prevent criminals from using the bank for illegal activity, to strengthen its risk management programs on an ongoing basis, and to protect the interests of our customers, the bank, and the financial system," a spokeswoman said in an emailed statement.

TD agreed to buy First Horizon in February 2022 in a deal that would have created one of the six-largest U.S. lenders. The banks said they expected to complete the transaction by January. In February, they agreed to delay the deadline for the deal's close until May 27. First Horizon then disclosed in a March regulatory filing that TD had informed the bank it no longer expected the deal to win regulatory approval in time for that and couldn't predict a closing date any more.

TD's stock price fell almost 2% after The Wall Street Journal reported the compliance concern, ending the day 1.2%

Please turn to page B2

## Buffett Levels Criticism at Banking Leaders

By Ben Eisen

When there is turmoil in the banking industry, there is an urge to point fingers.

Warren Buffett weighed in Saturday: Blame the chief executives of recently failed banks. Blame the board of directors, too, for failing to hold the executives accountable.

And blame the regulation that created bad incentives.

The longtime bank shareholder didn't, however, point fingers at the investors who poured money into lenders like First Republic Bank and Silicon Valley Bank and profited from their growth.

"The CEO gets the bank in trouble; both the CEO and the

directors should suffer," he said this past weekend at the annual meeting of Berkshire Hathaway, which Mr. Buffett runs.

Banks' CEOs historically haven't faced major punishment after banking crises. In the financial crisis of 2008, banks paid tens of billions of dollars in fines, but individuals for the

most part escaped punishment. That stirred anger that led to the Occupy Wall Street movement.

Mr. Buffett has long tread carefully in his remarks about banks. He has criticized the excesses of the industry while simultaneously investing vast amounts in their shares.

Berkshire's vice chairman,

Charlie Munger, said Saturday that "a banker should be more like an engineer—he is more into avoiding trouble than he is getting rich."

Messrs. Buffett and Munger have been less vocal about turning bankers into engineers at the banks they have owned. They have typically been pas-

Please turn to page B2

## State Street Offers Carbon-Trade Support System

By Amrith Ramkumar

The booming market for carbon credits could go mainstream under a plan to make it easier for financial firms to create products such as exchange-traded funds.

State Street will begin providing its back-office services to clients that want to invest in carbon credits.

The giant custody bank and fund administrator says the move will make it easier for big investors to trade the products, a key step toward making them a mainstream investment accessible to individuals.

There are two main types of

carbon investments: Mandatory markets in places such as Europe and California where polluters are required to buy carbon allowances to account for their emissions and voluntary markets where companies buy credits to effectively offset their own carbon footprints.

Voluntary credits are tied to funding projects that reduce emissions or remove them from the atmosphere such as new renewable-energy installations or forest preservation. The voluntary market is much smaller but growing quickly. It has been plagued by questions about credit quality.

Both types of credits have

become more popular investments in recent years as prices in Europe's mandatory market have risen and big U.S. companies have turned to voluntary offsets to meet their climate goals.

Because there is no global carbon price, higher prices for allowances in mandatory markets and voluntary credits are seen as some of the best ways to force companies to reduce pollution and meet the world's emissions targets.

The total value of global carbon markets rose nearly fivefold in four years to hit roughly \$950 billion last year, with Europe accounting for

most of that total, according to data provider Refinitiv.

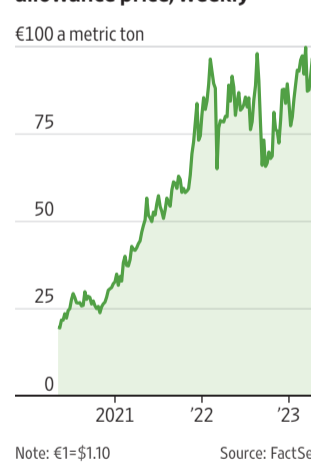
State Street says it will now provide its usual custody and fund administration work for carbon markets, including handling and valuing assets, gathering prices and maintaining investment records for both the mandatory and voluntary markets.

The company is providing the financial plumbing in response to client demand, executives said.

"The more you see the physical impacts of climate change, the more people will bet on the scarcity of these carbon allow-

Please turn to page B10

European Union carbon allowance price, weekly



Note: €1=\$1.10 Source: FactSet

### INSIDE



**EARNINGS**  
Tyson Foods swings to a loss and cuts its forecast as it feels the pain of higher prices. **B3**



**HEARD ON THE STREET**  
Even if no recession occurs, stocks face a tough environment. **B12**

## Markets Guru Vanishes From Credit Suisse

By Matt Grossman and Margot Patrick

Zoltan Pozsar, a widely followed Credit Suisse markets guru, has left the bank, part of an exodus of staff that started in the months before the lender's shotgun takeover by rival UBS.

The Hungarian-born economist became a financial-world rock star for his analysis of mysterious market dynamics and behind-the-scenes accounts of how money flows through the plumbing of the

global financial system.

The reason for his departure couldn't be learned. Mr. Pozsar declined requests for comment.

Mr. Pozsar wore a name tag that gave his professional affiliation as "TBD," when he spoke at a conference organized by the Federal Reserve Bank of New York and the Salomon Center of New York University's Leonard N. Stern School of Business on Friday. He argued that global interest rates will rise more than many traders expect.

A person familiar with the matter said Mr. Pozsar left Credit Suisse in recent months. One of his last reports for the bank, in January, was on the future of the monetary system.

Mr. Pozsar's work at Credit Suisse pulled back the curtain on the arcane but critical multitrillion-dollar global funding market. That is where Wall Street, companies and governments swap cash in exchange for ultrasafe collateral to shore up the funds required for operations or trading.

He worked at the Federal

Reserve Bank of New York and the U.S. Treasury before joining Credit Suisse in 2015, where he was Credit Suisse's global head of short-term interest-rate strategy.

His reputation grew after his accurate prediction of turmoil in those markets in 2019, volatile episodes in which problems in short-term lending threatened to spread to other areas. Mr. Pozsar became a must read for traders and portfolio managers, and his first name a hashtag for fi-

Please turn to page B2

Interlake  
MECALUX

MAXIMIZE WAREHOUSE  
PRODUCTIVITY WITH AUTOMATION

interlakemecalux.com  
(877) 632-2589



## INDEX TO BUSINESSES

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

A	E	R
Alphabet.....B4,B10	Exxon Mobil.....A7,B12	Rockwell Automation.B2
American Express.....B2	<b>F</b>	<b>S</b>
Apple.....A2,B4	First Citizens	Shell.....A7,B12
Ares Management.....A2	Bancshares.....B12	Six Flags Entertainment
<b>B</b>	First Horizon.....B1	State Street.....B10
Bank of America.....B2	<b>G</b>	Toronto-Dominion Bank
Berkshire Hathaway.....A1	Goldman Sachs.....B2	TotalEnergies.....A7
Bitfury.....B3	<b>J</b>	Tyson Foods .B3,B10,B12
BP.....A7,B12	JPMorgan Chase.....B2	<b>U</b>
ByteDance.....B4	<b>K</b>	UBS.....B2
<b>C</b>	KKR.....B9	Union Pacific.....B3
Caterpillar.....B1	<b>M</b>	UnitedHealth.....A4
Chevron.....A7,B4,B12	Marriott International	<b>V</b>
Cigna.....A4	A2	Volkswagen.....B4
Citigroup.....B2	Meta Platforms...B4,B10	<b>W</b>
ConocoPhillips.....A7	<b>N</b>	Walt Disney.....A3,B2
Credit Suisse.....B1	News Corp.....B4	Wells Fargo.....B2
CSX.....B3	Norfolk Southern.....B3	Western Alliance
Cummins.....B2	Nucor.....B2	Bancorp.....B10
CVS Health.....A4	<b>P</b>	
<b>D - E</b>	Paccar.....B2	
Deutsche Bank.....B2	PacWest Bancorp.....B10	
Eni.....A7	Porsche.....B4	

## INDEX TO PEOPLE

A	M - R	S
Adatia, Hussein.....B10	Foran, Brian.....B12	Nuttall, Scott.....B9
Altman, Sam.....A2	Goldman, Ken.....B12	Oliver, Luke.....B10
<b>B</b>	Hilgenberg, Dirk.....B4	Pozsar, Zoltan.....B1
Beechuk, Scott.....A2	Iger, Robert.....B2	Rumsey, Jennifer.....B2
Berg, Hayley.....B3	<b>K</b>	<b>T</b>
Blume, Oliver.....B4	King, Donnie.....B3	Sedran, Thomas.....B4
Bosch, Peter.....B4	Kotok, David.....B2	Shaw, Alan.....B3
Breber, Pierre.....A7	<b>L</b>	Strelzik, Andrew.....B12
Buffet, Warren.....A1,B1	Lewin, Robert.....B9	Strobaek, Michael.....B2
<b>C</b>	Longo, Lynn.....B4	<b>U - Y</b>
Capuano, Tony.....A2	Looney, Bernard.....B12	Tankus, Nathan.....B2
Chapek, Bob.....B2	<b>M - R</b>	Thummel, Rob.....A7
Clint, Oswald.....B12	Mansfield, William.....B2	Turk, Matt.....A2
<b>D - I</b>	Margolin, Sam.....A7	Tyson, John R.....B3
Dalle, Greg.....B2	Mikells, Kathryn.....A7	Umpleby, Jim.....B1
Delporte, Antoine.....B10	Miles, Amy.....B3	Utermark, Chad.....B2
Feight, Preston.....B2	Moret, Blake.....B2	Williams, Rhys.....B10
	Munger, Charlie.....B1	Young, Mark.....A7

## BUSINESS & FINANCE

# Disney Ends Pandemic Ticketing Curbs at Orlando Theme Parks

By JOSEPH PISANI

Walt Disney is doing away with some of its Covid-19 pandemic ticketing policies at its Orlando, Fla., theme parks.

Starting Jan. 9, 2024, visitors who buy a dated ticket to Walt Disney World won't also have to make a reservation to one of its four theme parks, Magic Kingdom, Epcot Center, Animal Kingdom and Hollywood Studios. The company has been requiring ticket holders to make reservations since

the start of the Covid-19 pandemic to control crowds.

Disney had said the system keeps lines shorter by limiting the number of guests at the parks each day. But the system proved unpopular with many visitors, who complained online about not being able to book visits on their desired dates.

The company said Monday it was making the changes based on customer feedback. Annual passholders will also get certain days next year

when they can enter parks without a reservation, Disney said. It didn't provide additional details. In January, Disney began allowing holders of annual passes to its Walt Disney World Resort to visit the theme parks during afternoon hours without a reservation.

Disney is also bringing back its dining plans, which it suspended in 2020. The plans let guests of Disney's resorts pay for their meals and snacks before going to the theme parks. The company said the feature

will return Jan. 9.

The changes come nearly six months after Robert Iger came out of retirement and returned as chief executive of the media conglomerate, taking back the reins from Bob Chapek.

Under Mr. Chapek, the parks had been squeezing more money out of fewer visitors. Revenue at theme parks jumped 21% to \$8.7 billion in the fiscal first quarter that ended Dec. 31, 2022, compared with a year earlier.

# Laundering Compliance Sank Deal

Continued from page B1

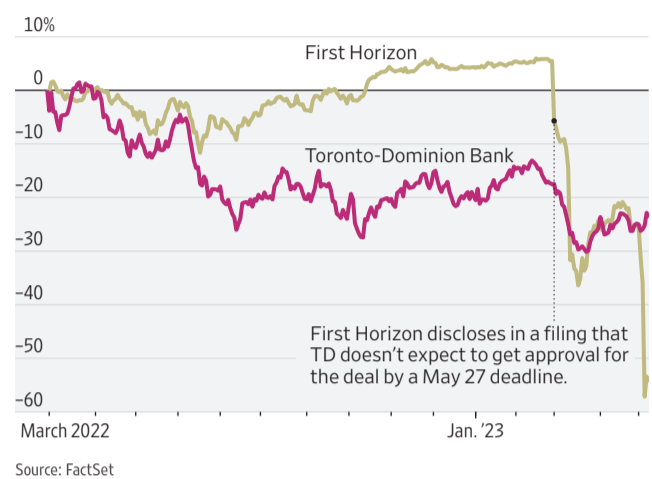
lower. Financial-services lawyers said it is unusual for U.S. regulators to block bank mergers outright. The government cited concerns over M&T Bank's anti-money-laundering policies in its review of the lender's 2012 agreement to acquire Hudson

City Bancorp, before ultimately approving the deal—three years after it was announced.

TD's problem with its anti-money-laundering procedures is the latest in a series of regulatory and legal difficulties the bank has had in .

In 2020, the bank reached a \$122 million settlement with the Consumer Financial Protection Bureau, which found it had charged customers overdraft fees for ATM and one-time debit-card transactions without obtaining their consent. In February, TD agreed to pay \$1.2 billion to settle claims related to the bank's involvement in R. Allen Stanford's Ponzi scheme.

Share-price performance since announced merger



# Building Boom Lifts Suppliers

Continued from page B1

manufacturers exceed expectations of investors and industry analysts, some of whom have worried that economic turbulence could cut into sales or diminish profit guidance.

Caterpillar's sales of machinery and engines from North America rose 32% in the first quarter of 2023 from the same period a year earlier, offsetting slumping sales in China and smaller growth rates in other overseas markets.

For North Carolina-based steelmaker Nucor, continued robust sales of building joists, warehouse racks, overhead doors and other products made from the company's steel helped boost profit from its steel-products business by 42% from the first quarter last year to \$971 million.

"Semiconductor, chip plants, electric-vehicle facilities—both the assembly and battery plants—are in our order backlogs and we're quoting even more of them," Chad Utermark, Nucor's executive vice president for new markets and innovation, said during a late April conference call



Profit at Nucor's steel products business has risen with robust sales of building materials.

with analysts.

Factory-software and automation-gear supplier Rockwell Automation also is benefiting from the factory-building boom. The Milwaukee company reported a 26% rise in quarterly sales from a year earlier, and its operating margin rose by more than 5 percentage points to 21.3% from higher sales volumes and price increases.

The company said demand came from new electric-vehicle and semiconductor plants, as well as from renewable-en-

ergy facilities and fossil-fuel companies seeking to reduce carbon-dioxide emissions. Rockwell CEO Blake Moret said industrial customers are investing more in automation to counter a declining force of capable factory workers in the U.S.

Rockwell raised its profit guidance in anticipation of 13% to 17% growth in core sales this year. Mr. Moret said that as supply-chain disruptions ease and the availability of components improves, Rockwell can complete orders

faster and increase its sales.

Manufacturing executives said that demand didn't vanish amid supply-chain issues and is now providing momentum as the availability of parts improves.

Production of commercial trucks has been constrained by parts shortages since the pandemic, building an order backlog the size of nearly a year's worth of heavy-duty truck production. Paccar, which produces Kenworth and Peterbilt trucks, said it delivered 51,100 trucks during the

first quarter, 19% more than during the same quarter last year. The Bellevue, Wash., company said new truck sales rose 37% as profit from trucks more than tripled. The company expects to deliver 51,000 to 54,000 trucks in the current quarter.

"We've seen good order intake and we're substantially full for the year," said Paccar CEO Preston Feight.

Cummins, which supplies diesel engines to Paccar and other truck makers, last week reported higher-than-expected first-quarter sales and profit because of strong demand, particularly in North America. The company projected its 2023 sales will increase by 15% to 20% over 2022, compared with 12% to 17% forecast previously.

Cummins said its engine sales for heavy-duty trucks rose by 23% during the quarter from last year. The Indiana-based company predicted that industrywide production of heavy-duty trucks in North America will reach 280,000 to 290,000 vehicles, an increase of 10,000 trucks on both ends of its prior range. "Customer demand remains strong," CEO Jennifer Rumsey told analysts.

Despite the strong outlook for trucks and engines, orders for new heavy-duty trucks last month fell 27% from April 2022 and were down 39% from March, according to a preliminary count by ACT Research.

# Bank CEOs Criticized By Buffett

Continued from page B1

sive investors. Mr. Buffett spent decades building a stake in Wells Fargo, and eventually became its largest shareholder. When its fake-accounts scandal went public in 2016, he stood by the bank for multiple years afterward.

Leadership was found to have turned a blind eye to the perhaps millions of phony accounts its bankers were opening up to meet sales goals.

Mr. Buffett later sold down his stake, but not before another CEO got replaced. Some executives had their pay clawed back, and one now faces possible jail time. The bank is still working to fix issues flagged by regulators.

In the 1980s, he bought shares of the high-flying investment bank Salomon Inc. and later stepped in as interim chairman following a Treasury-auction bidding scandal. Mr. Buffett invested billions in Goldman Sachs during the depths of the financial crisis in 2008.

—Akane Otani and Nicole Friedman contributed to this article.

# Markets Guru Exits From CS

Continued from page B1

nance nerds on Twitter. "Zoltan knows that market, and he can probe it to find elements of risk and inefficiency," said David Kotok, chief investment officer at Cumberland Advisors. "There are very few places you can find such good explanations of it."

Mr. Pozsar's prose can be dense, esoteric and forbidding. His notes bore titles such as "From Exorbitant Privilege to Existential Trilemma" or "Sterilization and the Fracking of Reserves." The latter piece, from 2017, used oil exploration as a metaphor for sources of liquidity in the financial system.

Wall Street insiders and Reddit amateurs alike zealously dissected his writing, trading digital copies like music fans swapping bootlegs.

"Zoltan always keeps the reader a step removed," said Nathan Tankus, research director at the Modern Monetary Network. "There's always a sense that he knows a little bit more than you ever will, and there's no real way you can get to his level, but you can get close by reading his stuff."

Given that Mr. Pozsar's work is closely tied to the is-



Zoltan Pozsar's nametag at recent event gave his affiliation as TBD.

sues that sparked this year's banking turmoil, some on social media had wondered why they hadn't heard much from him recently.

A March 30 blog post by Mr. Tankus featured an image made in jest of Mr. Pozsar's face on a milk carton.

At Friday's event, Mr. Pozsar said that the Fed has taken extreme measures to stem the regional bank upheaval so it can focus on inflation.

"There's nothing the Fed wants to stand in the way of inflation fighting," he said. Because the financial system has been flooded over the years

with money from the Fed's quantitative-easing program and from other sources, more monetary tightening could be required to get inflation under control, he added.

Last year, following the invasion of Ukraine by Russia, Mr. Pozsar published a series of notes on the war's effects on the global economy, arguing that the dollar would lose its importance in favor of China's "petroyuan."

Credit Suisse has been losing staff to rivals for months. Many more have been let go in thousands of job cuts announced as part of the bank's

failed restructuring announced last October.

UBS has yet to give detailed plans on the areas it will keep and cut, but has said it would retain much of Credit Suisse's wealth-management arm while scaling back its investment bank. Credit Suisse's takeover by UBS, engineered by Swiss government officials in March, is expected to officially close by the end of June.

While UBS has signaled it will cut jobs as it absorbs Credit Suisse, it is also making efforts to keep the parts of Credit Suisse that add to or improve on its own operations.

Credit Suisse, UBS and other wealth managers and private banks employ economists, researchers and strategists to give customers a stream of investment ideas. With that function within Credit Suisse likely to be subsumed by UBS, other staff also have been leaving.

Last month, rival Lombard Odier said it hired Michael Strobaek, the former chief investment officer in Credit Suisse's wealth-management division. It said his hiring would help its clients navigate challenging markets.

Credit Suisse's investment bank has lost top people, too, with some employees leaving after decades of service. Industrials deal maker Greg Dalle left for Citigroup, and mergers-and-acquisitions banker William Mansfield is taking a senior role at Deutsche Bank.

For a Company  
This Old, We Move  
Pretty Fast.

**ManhattanLife**<sup>™</sup>  
Standing By You. Since 1850.

When you've been around this long, you build a reputation. Learn about ours.

## BUSINESS NEWS

# Tyson Reports Loss, Cuts Sales Outlook

Results are in red for first time since 2009 as beef, chicken and pork units struggle

By PATRICK THOMAS

**Tyson Foods**, the largest U.S. meat supplier, swung to a loss in its latest quarter and cut its sales forecast for the year as high costs across its business and deteriorating consumer demand squeezed the industry.

Tyson posted a loss of \$97 million in the three-month period ended April 1, compared with net income of \$829 million a year earlier.

It was the company's first quarterly loss since the fall of 2009 and its results were well below Wall Street estimates, according to FactSet.

Shares of Tyson fell more than 16% on Monday to their lowest level since the start of the pandemic in 2020. The company's stock is down about 44% over the past 12 months. Tyson's three commodity

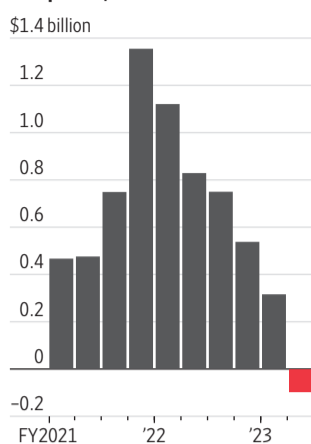
meat divisions are struggling with some form of supply-and-demand imbalance hurting the broader industry. The meat company is dealing with declining chicken prices, a shortage of cattle and poor consumer demand for pork.

"This quarter was definitely a tough one," said Chief Executive Donnie King on a call with analysts. "I've never seen this highly unusual situation where beef, pork and chicken were all experiencing challenges at the same time."

Meatpackers such as Springdale, Ark.-based Tyson have been paying more for animal feed and plant worker wages over the past year, cutting into profits. Tyson also is struggling with lower earnings in two of its largest divisions by sales, chicken and beef.

Profit margins from Tyson's beef unit, which accounted for nearly 40% of its annual sales last year, have been under pressure in recent months as ranchers shrink the size of their herds after years of drought, raising the price that

**Tyson Foods quarterly net profit/loss**

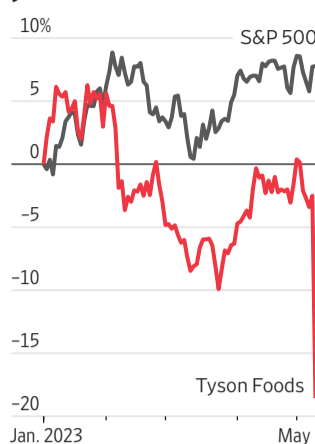


Note: Latest fiscal quarter ended April 1. Sources: S&P Capital IQ, the company (profit/loss); FactSet (performance)

meatpackers such as Tyson pay to secure the livestock. Company executives told analysts that drought from Texas up through central Nebraska is still keeping ranchers from rebuilding their herds.

Sales from Tyson's beef unit were lower from the same period a year ago as inflation-weary consumers move away

**Share and index performance, year to date**



from spending on more expensive cuts of beef and opt for cheaper options. The company said the average sales price for beef fell by 5.4% compared with the same period a year ago.

Tyson executives said on the call that export demand for its beef products softened and that it had some commodity hedging losses in the quarter. Quarterly

adjusted operating income from its beef unit fell to \$8 million from \$638 million a year earlier.

Overall, Tyson said quarterly revenue was flat from the prior year at \$13.1 billion, below the \$13.6 billion analysts had expected. The company lowered its sales outlook for the 2023 fiscal year from its February estimates of between \$55 billion and \$57 billion, to between \$53 billion and \$54 billion.

"Many of the headwinds experienced are likely to persist for the remainder of the fiscal year," Chief Financial Officer John R. Tyson said on the call with analysts.

Tyson cut its adjusted operating income outlook for the year for its pork, chicken and beef divisions from the previous quarter.

The company's chicken business has struggled for years with a variety of issues, ranging from hatching enough chicks to meet demand to staffing its plants. Operating income from its chicken business for the quarter swung to a \$258 million loss from a \$198

million profit a year ago.

Chicken prices collapsed at the end of last year as supply rose across the industry, pressuring processors such as Tyson and its rivals. The company has said in recent weeks that it is closing two of its less-efficient poultry plants, laying off about 1,700 workers.

In an effort to cut costs across the company, Tyson said last month it would eliminate 15% of its senior leadership positions and 10% of its corporate roles. The company said Monday its feed ingredient cost increased \$145 million for the quarter from the same time last year.

Tyson posted a quarterly loss of 28 cents, compared with a profit of 80 cents a share Wall Street analysts were expecting, according to FactSet. The company posted an adjusted loss of 4 cents a share for the quarter, compared with a profit of \$2.29 a share in the year-ago period.

◆ **Heard on the Street: Tyson's stock gets roasted..... B12**

## Norfolk Southern Meeting To Gauge Investors' Mood

By ESTHER FUNG

**Norfolk Southern** will receive a key test of investor sentiment this week as executives meet with shareholders for the first time since a toxic train derailment in Ohio.

The company's annual investor meeting on Thursday comes as the company has shed about \$10 billion in market value since the Feb. 3 accident in East Palestine. The Atlanta-based railroad operator has signaled that the price tag for the cleanup and related costs could approach \$400 million.

Some investors have indicated their discontent with management. New York state Comptroller Thomas P. DiNapoli, who oversees the state's pension system, said the retirement fund will vote against all 13 of Norfolk Southern's board nominees. The Bucks County (Pa.) Employees Retirement System sued Norfolk Southern, alleging the company had made misleading statements about the safety of its operations

as a result of longer and heavier trains.

"The board of directors has yet to fully address shareholders' concerns about the company's safety record, its plans to prevent future accidents, and how it plans to manage the potential reputational and litigation risks moving forward," Mr. DiNapoli said. The NYS Common Retirement Fund owned 392,188 shares as of March 31, or less than 0.2% of outstanding shares, according to FactSet.

The company declined to comment on the claims from both retirement systems. Chief Executive Alan Shaw has pledged reviews of company operating practices, but also pointed to data showing safety improvements in recent years.

Norfolk Southern has recommended that shareholders should approve its director slate, which includes Mr. Shaw and board chair Amy Miles. Proxy advisory firm Institutional Shareholder Services rec-

ommended returning all directors to Norfolk Southern's board and ratifying the compensation of the executives.

At analyst events since early February, executives have projected confidence in their ability to learn from the accident and still position the company for long-term growth. Mr. Shaw also has participated in hearings with lawmakers, who have been critical of the company's accident response and practices.

Through Friday, Norfolk Southern's stock price had declined 17% since the East Palestine derailment, while the S&P 500 was little changed. **CSX** and **Union Pacific**, two other large railroad operators, were down 1.3% and 4.3%, respectively, over that time frame.

Norfolk Southern has said it has provided \$31.6 million for the community in East Palestine and is continuing efforts to support residents there.

"I'm confident we will deliver on our commitments to



Smoke rose from a derailed Norfolk Southern cargo train in East Palestine, Ohio, in February.

this community," Mr. Shaw said in an open letter to company employees this month.

The New York state fund added that it is voting against approving executive compensation because of limitations on the railroad operator's claw-back policy, saying it should include cases of reputational harm or misconduct.

The investor vote on execu-

tive compensation is non-binding, but poor showings can frequently prompt companies to make adjustments. Mr. Shaw's pay package in 2022 was valued at roughly \$9.8 million, including salary and stock awards.

ISS also recommended the approval of another shareholder's proposal to lower the percentage of shareholders required to call a special meeting.

The pension system intends to vote for the proposal. Norfolk Southern had recommended voting against this proposal.

### Watch a Video

Scan this code to watch a video on what causes train derailments.

## Crypto Firm Bittrex Files For Bankruptcy After Suit

By MENGQI SUN AND BECKY YERAK

**Bittrex Inc.**, once among the country's biggest crypto trading platforms, filed for bankruptcy Monday after being sued by federal securities regulators and winding down its U.S. operations.

The Securities and Exchange Commission sued Bittrex last month as the Seattle-based crypto exchange was preparing to exit from the American market, citing what

it called the difficulty of working with U.S. regulators.

The SEC had accused the company of operating an illegal securities exchange, broker-dealer and clearinghouse in the U.S. The company said after the SEC lawsuit became public that "securities were not offered or traded on Bittrex, nor did Bittrex offer any products that were investment contracts."

Customers are expected to be paid in full, court papers show. Bittrex has both assets

and liabilities ranging from \$500 million to \$1 billion, according to its chapter 11 petition, filed in the U.S. Bankruptcy Court in Wilmington, Del. The filing doesn't cover overseas exchange Bittrex Global, which will continue to operate normally outside the U.S. Bittrex joins crypto-related platforms FTX, Celsius Network, Voyager Digital Holdings, BlockFi and Genesis Global Capital in bankruptcy.

—*Dave Michaels contributed to this article.*

## Airfares Are Set to Stay High

By BOB FERNANDEZ

Airfares soared on plane-loads of cabin-fevered travelers after lockdowns ended. On a tear since April 2021, airfare inflation peaked last fall at 43%, according to the U.S. consumer-price index, easing to 18% in March.

That pullback was a bit of good news for the Federal Reserve, which has been raising interest rates over the past year to try to rein in inflation, most recently with a quarter-percentage-point move last week. Even so, headline inflation is running more than double the Fed's 2% target, with airline fares feeding into that.

But the higher fares of the post-lockdown boom mostly just wiped out a decade of airfare price declines, and travelers are back to paying roughly what they did a decade ago.

"People don't remember back to 2013," said Allen Michel, an emeritus finance professor at Boston University who has written about airline bankruptcies. "They think back to the last time

they flew," he said.

During one period, between August 2014 and April 2019, airfares fell for 56 out of 57 months when low-cost carriers such as JetBlue Airways, Spirit Airlines and Frontier Airlines battled for market share against legacy carriers, CPI data show.

Even with the recent run-up in air-travel tickets, prices paid by consumers this March were 6% lower than they were a decade ago, based on the CPI.

Going forward, airfares may be on a new trajectory as the economic factors undergirding higher fares remain in place. Among those ingredients are shortages of pilots and other employees, passenger-seat demand and, possibly, less competition.

Last July, JetBlue proposed buying Spirit for \$3.8 billion. The Justice Department has sued to block the deal on antitrust grounds, saying that merging the two low-cost airlines could hurt consumers by stifling competition. JetBlue has denied the government's

claims.

But overall, several factors point to higher fares as the new reality of air travel.

Hayley Berg, lead economist with mobile-travel app Hopper, said she doesn't anticipate a repeat of the 2022 "perfect storm" of factors leading to higher prices for U.S. flights this year, but does see prices peaking this summer. International air travel, she said, "is having the year that domestic had last year" with roaring demand and much higher prices.

A shortage of pilots remains a problem. Kerry Tan, an associate economics professor at Loyola University, noted that one cause of the shortage dates to 2013, when new training rules kicked in requiring 1,500 hours of flight time compared with 250 hours previously.

"It's a fact of life right now. Airlines have been doing their best to fix this pilot shortage," he said, adding it would take two years "in the best of circumstances" to get fully staffed up.

BUSINESS NEWS

# SEC Climate-Disclosure Rule Is at Risk

High-court case could have far-reaching implications for how agencies operate

By DYLAN TOKAR

A Supreme Court review of a decades-old regulatory precedent is threatening to complicate the Biden administration's push to enact tough new rules on climate, gun ownership and financial markets.

**RISK & COMPLIANCE** The high court last week said it would reconsider **Chevron v. Natural Resources Defense Council**, a 1984 Supreme Court opinion that gives regulators legal cover to interpret ambiguous—and sometimes outdated—statutes.

The court's conservative majority appears poised to overturn or narrow **Chevron**, a move that would weaken the Biden administration's ability to defend its regulatory agenda, including a rule requiring public companies to disclose information about carbon emissions and climate risks.

"It has been one of the most cited cases of all



Justice Neil Gorsuch is among the several Supreme Court justices who voiced their dislike for the Chevron doctrine.

One rule that could be affected by changes to **Chevron** is the Securities and Exchange Commission's work on regulation that would require public companies to disclose information to investors about their carbon emissions and the impact of global warming on their business. The Wall Street Journal in February reported the SEC is considering softening its proposal after receiving pushback from investors and other groups, in an effort to protect its final rule from what's expected to be a protracted courtroom battle.

"Clearly, opponents to the [climate disclosure] rule are going to raise every conceivable challenge," said Jill Fisch, a securities-law professor at the University of Pennsylvania. "If **Chevron** is on the table, they will raise arguments that either it doesn't apply, or that it is dead and that the court should play a greater role in examining the scope of the statutory mandate."

In theory, virtually any rule-making by a regulatory agency could be subject to arguments around **Chevron** if the Supreme Court weakens the doctrine. That said, some scholars, including Prof. Cogli-

time," said Cary Coglianese, an administrative law professor at the University of Pennsylvania. "When new technologies develop that are not directly addressed by pre-existing statutes, the **Chevron** doctrine has been really important for signaling to the courts to let regulatory agencies adapt."

The Supreme Court's review of **Chevron** comes as a result of a lawsuit by a group of commercial fishing companies, which are suing the Commerce Department's fishing regulatory arm over a rule that forces them to shoulder the

costs of hiring the onboard monitors they are required to have on their vessels.

After losing their case in lower courts, the fishing companies have asked the court to intervene and consider overturning **Chevron**. The doctrine helped the Reagan administration overcome legal challenges by environmentalists.

Although it is impossible to predict exactly how the court will rule, even a narrow rollback of **Chevron** will give legal ammunition to groups challenging the White House's regulatory agenda, legal experts say.

anese, think overturning **Chevron** would have a modest impact. Even before **Chevron**, courts tended to defer to administrative agencies' interpretations of statutes, he said.

The **Chevron** doctrine so far hasn't been central to the Biden administration's defense of its regulatory policies. That likely is because the Supreme Court for years has been largely silent on the doctrine, an indication that it fell out of favor, according to legal experts.

Several of the court's members voiced their dislike for **Chevron**, including Justice Neil Gorsuch, who as an appeals court judge in 2016 said the doctrine permits "executive bureaucracies to swallow huge amounts of core judicial and legislative power and concentrate federal power in a way that seems more than a little difficult to square with the Constitution of the framers' design."

Such views on **Chevron** appear to have caused regulatory agencies to steer clear of relying on the doctrine to justify their rule-making activities.

An analysis by the Brookings Institution last August found four of the Biden admin-

istration's 51 major rules at that time explicitly invoked **Chevron**. All four related to environmental policies. Among them were rules by the Environmental Protection Agency, including one curbing coolant emissions from air conditioners and refrigerators. The SEC's climate-disclosure rule doesn't explicitly cite the case.

When cases dealing with the **Chevron** doctrine have come before the court, the current Supreme Court in several notable instances simply chose to resolve the questions at hand without addressing it. Although it isn't a guarantee, a ruling from the court directly addressing **Chevron** seems more likely this time around, legal experts who spoke to the Journal said. Oral arguments for the case, **Loper Bright Enterprises v. Raimondo**, are likely to occur this fall, with a ruling expected sometime in 2024.

**WSJ**  
RISK & COMPLIANCE  
[wsj.com/news/types/risk-compliance-journal](https://www.wsj.com/news/types/risk-compliance-journal)

## TECHNOLOGY

# VW Taps Insider to Overhaul Software Unit

By WILLIAM BOSTON

BERLIN—Volkswagen Chief Executive Officer Oliver Blume named a company insider to head the auto maker's struggling software unit as part of a broader overhaul of how the company develops the software for its cars.

Mr. Blume put Cariad, the unit, under review after taking up the job late last year. Set up by his predecessor, Cariad had struggled to deliver glitch-free software on schedule, causing VW to postpone the launch of several models across its brands.

Peter Bosch, who VW said helped restructure the Bentley brand when he joined in 2017, will succeed Dirk Hilgenberg as CEO of Cariad, Volkswagen said on Monday.

One goal, Mr. Blume said, was to bring Cariad's software release schedule more in sync with planned vehicle model launches.

Mr. Bosch has a long record at VW. Before joining Bentley, he held senior management roles within the VW brand organization and was VW's representative on the board of Scout Motors, the new U.S.-based manufacturer of electric SUVs and pickup trucks.

Before joining VW, Mr. Bosch held senior positions at



Above: Attendees look at the cars in VW's Cariad booth at the CES 2023 show in Las Vegas in January. Right: Peter Bosch speaking during a news conference in 2019 in Munich.



The outcome is even closer software-vehicle development interaction," Mr. Blume said.

VW said Mr. Bosch would eventually be joined by two "acknowledged software experts" to be announced at a later date.

The statement didn't mention Cariad's previous board members Thomas Sedran, currently chief financial officer, and Lynn Longo, a Michigan native who joined Cariad in 2021 and is in charge of technology.

The Wall Street Journal reported on Sunday that VW was in discussions with the three executives about potential roles elsewhere in the group.

Messrs. Hilgenberg and Sedran and Ms. Longo couldn't be reached for comment.

consultant Oliver Wyman.

"Peter Bosch is the right CEO at the right time," Mr. Blume said. "He is a strategist, an enabler and a team player. He successfully proved that at Bentley. He knows the Volkswagen Group well and also has extensive experience in the fields of change and consulting."

Mr. Bosch takes over at Cariad on June 1. In addition to the job of CEO, he will be

responsible for finance, purchasing and IT.

Since becoming CEO of VW—in addition to his role as CEO of **Porsche**—in September last year, Mr. Blume has repeatedly said he wants software development to be more in line with the rhythm of product launches.

Mr. Blume also has veered from the strategy of his predecessor, stating that VW need not build its own software if

there are better products on the market. He has met with the chiefs of big tech companies and stated his openness to collaborate with **Google** and **Apple**, a departure from previous VW strategy.

"We are stepping up the pace and broadening our approach to partnerships. This is designed to combine our competences with the best solutions on the market for the benefit of our customers."

# New York Times Details Google Pay

By ALEXANDRA BRUELL

The **New York Times** is getting around \$100 million from Google over three years as part of a broad deal that allows the **Alphabet** unit to feature **Times** content on some of its platforms, according to people familiar with the matter.

The publisher announced its deal with Google earlier this year, which it described as an expanded agreement that included content distribution and subscriptions, as well as using Google tools for marketing and ad-product experimentation. The **Times**, which didn't provide details about the financial terms of its deal at the time, declined to comment beyond its earlier announcement.

"We don't share the details of commercial agreements with partners," a Google spokeswoman said.

The deal gives the **Times** an additional revenue driver as news publishers are bracing for an advertising-market slowdown. The company posted revenue of \$2.31 billion last year, up 11% from a year earlier. It also more than offsets the revenue that the **Times** is losing after Facebook parent Meta Platforms last year told publishers it wouldn't renew contracts to feature their content in its Facebook News tab. The Wall Street Journal at the time reported that Meta had paid annual fees of just over \$20 million to the **Times**.

The deal includes the **Times'** participation in Google News Showcase, a product that pays publishers to feature their content on Google News and some other Google platforms, some of the people said. The product has yet to be launched in the U.S., but is available in other countries including Germany, Brazil and Australia.

News Corp, parent of Journal publisher Dow Jones & Co., is among the publishers that previously have reached agreements with Google over Showcase and other elements. News Corp in early 2021 announced a multiyear deal with Google and said the deal and other partnerships would generate a combined annual revenue of more than \$100 million. Beyond the **Journal**, News Corp owns news organizations in Australia and the U.K., as well as **Barron's**, **MarketWatch** and the **New York Post** in the U.S.

Publishers that have struggled to compete for digital ad revenue with Google and Facebook have long criticized the tech giants for not paying for the news content that is featured and shared on their platforms.

Dow Jones parent News Corp was among the critics.

# TikTok Bans Constrain Some Travel Marketing

By PATRICK COFFEY

TikTok, the wildly popular **ByteDance**-owned short-video app, became a major conduit for travel and tourism marketing during the pandemic as more people began using it to plan long-postponed vacations.

But a wave of state-level orders and bills banning TikTok on government-issued devices because of national-security concerns—along with the Biden administration's threat to pass a nationwide ban—has clouded the plans of many so-called destination marketing organizations that have come to rely on it.

A large number of these groups, often taxpayer-funded agencies that market their states to tourists and corporate event planners, have had to stop posting on TikTok, delete their accounts or operate under the assumption they could soon be forbidden from using the platform.

Visit Montana, for instance, stopped posting on its well-trafficked TikTok account in December after Gov. Greg Gianforte banned it on any state-owned devices and networks such as those used by Visit Montana employees.

Going dark was worth it, says a spokesman for Visit Montana. "Protecting Montanans' personal, private data from foreign adversaries far outweighs any benefit our department's marketing efforts may have received," he said.

The U.S. government says it fears that China's government could seek access to data on TikTok's U.S. users and influence content on the app. **ByteDance**, owner of the app, is based in Beijing.

In April, Montana's legislature became the first to approve a statewide ban on TikTok for all users, though the bill in its current form is expected to face significant legal challenges. Mr. Gianforte, however, has yet to sign the bill and is seeking changes that would expand the ban to other apps that provide certain information to foreign adversaries.

Virginia, Georgia and North Dakota among other states have banned TikTok on all government-owned devices, while others like Florida have forbidden only certain state agencies from using it. Similar legislation is pending in a number of additional states.

For its part, TikTok says the restrictions are unnecessary and damage local economies.

"It is unfortunate that state-implemented bans on government devices and networks are preventing state agencies—including economic development and tourism agencies—from reaching a wider audience," said a TikTok spokeswoman.

The best way to address national-security concerns is by using the platform's existing third-party monitoring and verification processes, she said.

Restrictions on TikTok are only expanding, just as more



Discover Puerto Rico is among the travel groups using TikTok.

state tourism departments had begun making the app a central part of their marketing efforts.

"There is an advantage to being on TikTok because we know that's a place that people are going to engage in that trip-planning process and looking for inspiration where they're going to visit next," said Leah Chandler, chief marketing officer of Discover Puerto Rico, the U.S. territory's official tourism group.

In April, a member of Puerto Rico's House of Representatives proposed a bill that would ban TikTok on government devices.

Destination marketers began warming to TikTok in mid-2022 as research showed it had evolved from a place for teenag-

ers to post dance videos to one where travelers and older users go to find information on vacation spots, said Mackenzie Bromley, vice president of social media and content strategy at travel and hospitality marketing agency MMYG Global.

TikTok now is a primary marketing platform for approximately one-third of MMYG's about 500 clients, Ms. Bromley said. Among those clients active on TikTok are Visit Las Vegas and the Costa Rica Tourism Board.

Forty-five percent of millennial TikTok users have visited a place or attraction after seeing it there, and 60% of all users say they first became interested in a destination thanks to videos on the app, according to a survey of 1,139 U.S. TikTok users released last month by public-relations firm MGH.

Key to TikTok's appeal for travel marketers is the fact that engagement rates are often higher than on other social platforms, according to several state agencies. The engagement rate is the number of people who interact with an account's posts relative to its total follower count.

Visit Montana's TikTok account generated a 15.6% engagement rate in November, the last full month before it stopped posting, according to the spokesman. The rate reflects the ratio of views, likes, comments and shares to the account's total followers, calculated by Visit Montana using performance

data provided by TikTok.

Visit Montana's engagement rate is considerably higher than the average for both TikTok and social media at large, experts said. Those rates range from roughly 1% to around 3.5% for branded posts across all platforms, said Ms. Bromley.

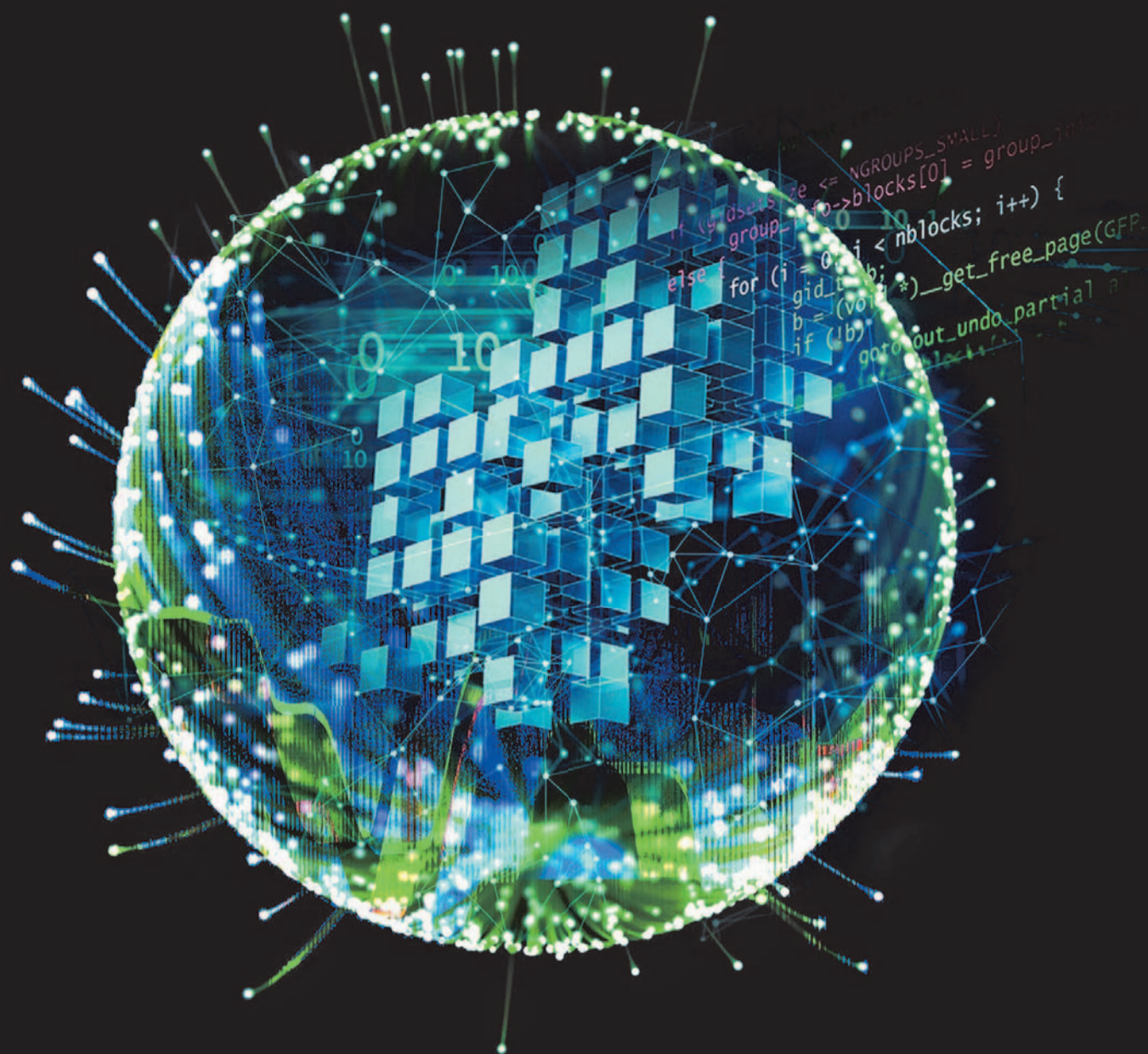
Visit California has recorded 23 million video views and 2.2 million unique engagements from September 2021 to the present, according to a spokeswoman.

But California hasn't been immune to the wave of bans. In January, state lawmakers introduced bills that would ban TikTok and other "high risk" apps from all government devices. In March, the Orange County Board of Supervisors banned TikTok on county-issued devices.

The TikTok bans have given an edge to destination marketing groups that still have access to the app either because their home states haven't shut it out—or thanks to legal loopholes, experts said.

Visit Myrtle Beach, for example, continues to post regularly on TikTok despite South Carolina Gov. Henry McMaster's blocking the app on government devices last December. The Myrtle Beach Chamber of Commerce, which runs the account, is a 501(c)(6) nonprofit organization rather than a state agency, noted the group's President and Chief Executive Karen Riordan. Its most popular posts have up to 7.8 million views.

# Deloitte.



## Blockchain and digital assets solutions

Trust is non-fungible™.

Are you leading the charge toward Web3 and decentralized finance as a crypto native? Or maybe you're just entering the world of blockchain and digital assets as a newbie. No matter where you are in your blockchain journey, we can meet you where you're at and help take you further than you thought you'd ever go. Deloitte's broad set of capabilities and deep understanding of this space can help you identify ways blockchain and digital assets can bring new value to your organization.

 [deloitte.com/us/blockchainanddigitalassets](https://deloitte.com/us/blockchainanddigitalassets)

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Underlined quotations are compared with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices the following day.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like ABB, AECOM, AES, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like CIBC, CanNatRwy, CanadianNatR, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like Genab, Genapact, Gentex, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like KeurigDrPepper, KeyCorp, KeyBank, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like M&M, M&M Resor, M&M, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like DCP Midstream, DTE Energy, DanaHER, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like Orange, ORAN, Orix, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like T Energy, TRP, TSN, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like M&M, M&M Resor, M&M, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like RBC Bearings, RELX, REXM, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like JDM, JPMorganChase, JBL, etc.

ADVERTISEMENT: The Marketplace. To advertise: 800-366-3975 or WSJ.com/classifieds

EXECUTIVE FLIGHT MANAGEMENT TRANSAMERICAN CHARTER LTD. (630) 536 1610 www.efmtac.com

BANKRUPTCY: IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION

AVIATION: Pilot Shortage? Supply Chain Excuses? Jet Card Frustration?

CARERS: M & A BUSINESS BROKERS Buying and Selling Businesses

LEGAL NOTICE: The U.S. Dept. of Justice, Drug Enforcement Administration (DEA) New York gives notice

THE WALL STREET JOURNAL THE MARKETPLACE ADVERTISE TODAY (800) 366-3975

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like GE Healthcare, GSK, Gallagher, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like AtlanticA Sustain Infr, BBU, BEPPA, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like ACadiaPharm, ACELVN, ANP, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like FomentoEconMex, FortuTense, France Nevada, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like XPO, YottaAcqRtr, Adams, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like NIO, NNN REIT, NRG Energy, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like Samsara, Sanofi, SareptaTherap, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like OGE Energy, ONEOK, OncoBio, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like FreelineTherap, FRLN, FRY, etc.

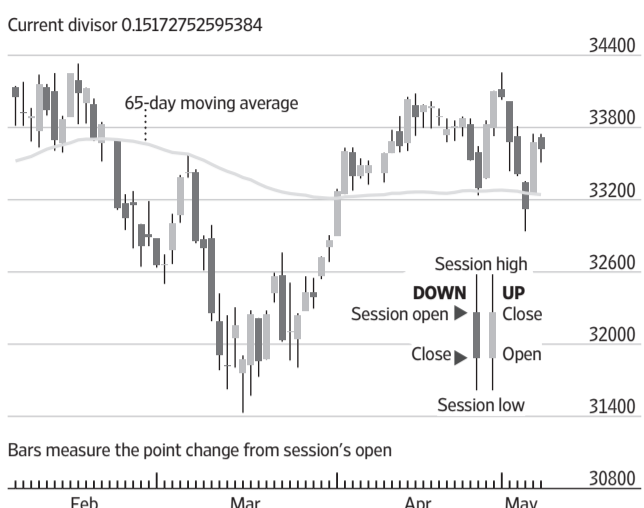
Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists various stocks like PeoplesBncqM, PEBK, POC, etc.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

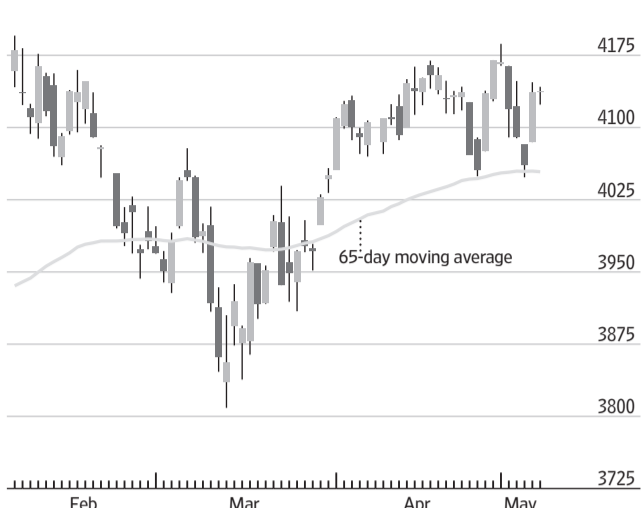
33618.69 ▼55.69, or 0.17%
Trailing P/E ratio 22.41 18.32
P/E estimate \* 17.73 17.39
Dividend yield 2.08 2.20
All-time high 36799.65, 01/04/22



Current divisor 0.15172752595384
\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

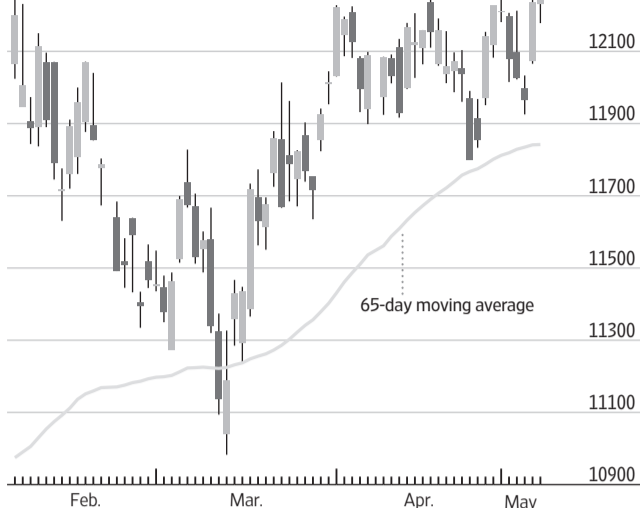
S&P 500 Index

4138.12 ▲1.87, or 0.05%
Trailing P/E ratio \* 18.37 22.58
P/E estimate \* 18.48 18.25
Dividend yield \* 1.68 1.49
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

12256.92 ▲21.50, or 0.18%
Trailing P/E ratio \*\* 26.75 28.96
P/E estimate \*\* 25.75 22.86
Dividend yield \*\* 0.84 0.82
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table with columns: Index, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, and S&P.

Other Indexes

Table listing various other market indexes like Russell 2000, NYSE Composite, Value Line, NYSE Arca Biotech, etc.

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 late trading issues including Palantir Technologies, PayPal Holdings, Apple, Lucid Group, etc.

Percentage gainers...

Table of percentage gainers including Palantir Technologies, Shoals Technologies, Harmonic, etc.

Percentage losers...

Table of percentage losers including Aptom Group, Zapp EV, Intertec Strength, etc.

International Stock Indexes

Table of international stock indexes by region/country including MSCI ACWI, S&P/TSX Comp, Euro STOXX, etc.

Percentage Gainers...

Table of percentage gainers including Ohmyhome, MoneyLion, Lightning eMotors, etc.

Most Active Stocks

Table of most active stocks including Ideanomics, Tesla, Trevena, etc.

Percentage Losers

Table of percentage losers including Aptom Group, Zapp EV, Intertec Strength, etc.

Volume Movers

Table of volume movers including HNR Acquisition, MoneyLion, Graf Acquisition I C I A, etc.

CREDIT MARKETS

Consumer Rates and Investor U.S. consumer rates

A consumer rate against its benchmark over the past year. Federal-funds target rate, Money market account yields.

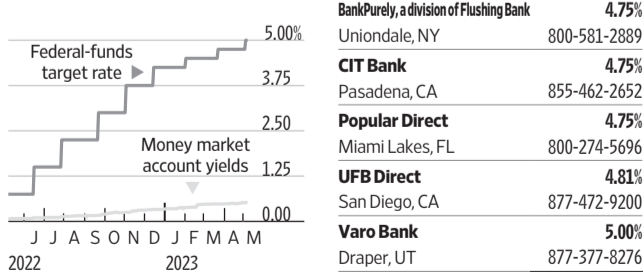
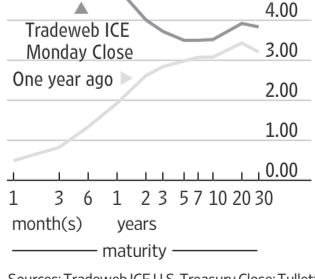


Table of interest rates for various instruments: Federal-funds rate target, Prime rate, 3-month LIBOR, etc.

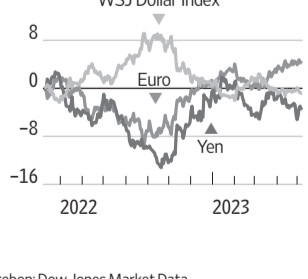
Treasury yield curve

Yield to maturity of current bills, notes and bonds.



Forex Race

Yen, euro vs. dollar, dollar vs. major U.S. trading partners.



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading.

Table of currency exchange rates for Americas, Europe, Asia-Pacific, Middle East/Africa, etc.

Commodities

Table of commodity prices including DJ Commodity, Refinitiv/CC CRB Index, Crude oil, etc.

COMMODITIES

Futures Contracts

Table of futures contracts including Metal & Petroleum Futures, Copper-High (CMX), Gold (CMX), Palladium (NYM), NY Harbor ULSD (NYM), Gasoline-NY RBBO (NYM), Natural Gas (NYM), and Agricultural Futures like Corn (CBT), Soybeans (CBT), and Wheat (CBT).

Table showing contract details for various commodities including Open, High, Low, Settle, Chg, and Open interest.

Table of Interest Rate Futures including Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), and 30 Day Federal Funds (CBT).

Table of Currency Futures including Japanese Yen (CME), Canadian Dollar (CME), British Pound (CME), Swiss Franc (CME), Australian Dollar (CME), Mexican Peso (CME), Euro (CME), and U.S. Dollar Index (ICE-US).

Table of Index Futures including Mini DJ Industrial Average (CBT), Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), and Mini Russell 1000 (CME).

Table of Agricultural Futures including Corn (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), and other agricultural products like Oats and Hogs-Lean.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Table tracking bond benchmarks including Broad Market Bloomberg Fixed Income Indices, U.S. Corporate Indexes, High Yield Bonds, and Mortgage-Backed Bloomberg Fixed Income Indices.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table showing global government bond yields and spreads for various countries like U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table showing investment-grade spreads for various companies like Comerica, Juniper Networks, Intercontinental Exchange, and Credit Suisse.

...And spreads that widened the most

Table showing widened spreads for UBS, Credit Suisse, John Deere Capital, Australia and New Zealand Banking, Caterpillar Financial Services, Coca-Cola, Pioneer Natural Resources, and Nomura Holdings.

High-yield issues with the biggest price increases...

Table showing high-yield issues with price increases for American Airlines, Rakuten, Sprint Capital, QVC, Ball, Bath & Body Works, and Telecom Italia Capital.

...And with the biggest price decreases

Table showing price decreases for Bausch Health, Dish DBS, Ford Motor Credit, Sprint Capital, Barclays, Occidental Petroleum, and Hughes Satellite Systems.

Cash Prices | wsj.com/market-data/commodities

Monday, May 8, 2023

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table of cash prices for various commodities including Energy (Coal, Crude Oil), Metals (Gold, Silver, Copper), Fibers and Textiles, Grains and Feeds, Food, and Fats and Oils.

KEY TO CODES: A=Bask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Posland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=quoted; \*Data as of 5/5

Source: Dow Jones Market Data

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-Ex-distribution, F-Favorite day's quotation, g-Footnotes e and s apply, J-Footnotes e and s apply, k-Recalculated by Lipper, using updated data, p-Distribution costs apply, l2b-1, r-Redemption charge may apply, s-Stock split or dividend, t-Footnotes p and r apply, v-Footnotes x and e apply, x-Ex-dividend, z-Footnote f, e and s apply, NA-Not available due to incomplete price, performance or cost data, NE-Not released by Lipper, data under review, NN-Fund not tracked, NS-Fund didn't exist at start of period.

Table of mutual funds including AB Funds - ADV, American Century Inv, American Funds CI A, and various other fund categories like Bond, Equity, and Income funds.

Table of mutual funds including JPMorgan R Class, CoreBond, CorePlusBd, Lord Abbett I, Metropolitan West, Schwab Funds, and various other fund categories like Equity, Bond, and Income funds.

Source: MarketAxess



BUSINESS & FINANCE

Labor Deal Comes Into View For Ports Along West Coast

By PAUL BERGER

Contract talks between unionized longshore workers and employers at West Coast ports appear to be headed into their final stretch following agreements on several major issues, potentially clearing the uncertainty that has been hanging over U.S. importers heading into the fall selling season.

Some shipping officials familiar with the talks hope a tentative agreement could be reached by June, ending a contentious period in port labor relations that prompted some of the country's biggest retailers and manufacturers to shift goods away from the region to avoid possible disruptions.

"The goal is to have smoothly operating supply chains and fluid ports, so the sooner [they] can get the negotiations wrapped up the better," said Jessica Dankert, vice president for supply chain at the Retail Industry Leaders Association, which represents some of the nation's biggest retailers.

The sides have been negotiating for almost a year on a contract covering more than 22,000 dockworkers at ports from California to Washington state. The International Longshore and Warehouse Union, which represents dockworkers, and the employers' group, the Pacific Maritime Association, declined to comment on the negotiations.

The union and the PMA reached a tentative agreement on healthcare benefits last July, soon after talks began. Negotiations bogged down over local issues at individual



Major companies have shifted goods away from the region to avoid possible disruptions. Above, a container terminal at the Port of Long Beach in California earlier this year.

ports after that, and the employer group accused the ILWU recently of undertaking job actions that slowed the movement of cargo containers.

Disputes during West Coast port labor talks in previous years have led to backups at ports. Ms. Dankert said her members aren't likely to restore cargo flows that have been diverted to Gulf Coast and East Coast gateways until a deal has been voted on by dockworkers, which could take months once negotiators reach an agreement.

Shipping industry officials say local issues have been resolved and a tentative agreement was reached last month on terms for the use of auto-

mation on the docks, one of the most contentious issues.

That leaves the issue of wages and pensions. Shipping officials familiar with the talks say the ILWU is likely to expect a pay increase in the first year of the new contract to at least match a deal reached recently with an ILWU local chapter in Hawaii of 10%.

The parties also have to agree how long the contract will run. Employers had been pushing for a six-year contract. The union had been pushing for a two-year contract, according to people familiar with the talks. Any agreement would be retroactive to July 2022, when the

last contract expired.

When negotiations began May 10, 2022, in San Francisco, the industry was still reeling from bottlenecks caused by a surge of cargoes during the Covid pandemic and there were hopes dockworkers and employers could reach a resolution quickly.

Talks have been taking place amid rising tensions between companies and workers. Dockworkers, truckers, rail and warehouse workers in Europe, Asia and the U.S. have flexed their muscle over the past year, staging walkouts and other actions that have shut down cargo flows and prompted government intervention.

Key Profit Metric Declines at KKR

By MARIA ARMENTAL

Private-equity firm KKR said after-tax distributable earnings fell 26% in the March quarter, reflecting a broader slowdown in investment sales.

"We are not forced sellers," Chief Financial Officer Robert Lewin said during a conference call with analysts to discuss the firm's results. Much of the firm's capital is locked up for eight years or more, he said.

Mr. Lewin said the firm sees a quiet monetization outlook in the market and that will likely continue for the rest of the year, mirroring comments last week from Carlyle Group executives.

Still, Mr. Lewin said, "We feel really good that we got the macro right coming into this period of time and we'll exit it in a stronger position."

New York-based KKR, one of the original buyout shops, said first-quarter after-tax distributable earnings, or cash

that can be returned to shareholders, fell to \$719.3 million, or 81 cents an adjusted share, from \$974 million, or \$1.11 an adjusted share, a year earlier.

Fee-related earnings declined 9.3% to \$548.6 million, or 62 cents an adjusted share.

Overall, KKR reported net income of \$322.7 million, or 36 cents a share, compared with a loss of \$9.8 million, or 2 cents a share, a year earlier.

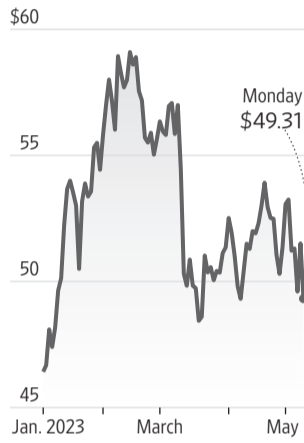
Revenue more than tripled to \$3.13 billion, with both the firm's asset-management and insurance segments delivering strong revenue gains from the year-earlier period.

KKR said its traditional private-equity portfolio posted a 2% gain for the first quarter but lost 9% in the trailing 12 months through March. The firm's traditional private-equity portfolio includes investments held by the firm's private-equity flagship funds. It doesn't include growth equity funds or core investments.

The firm's infrastructure portfolio produced a 7% gain for the just-ended quarter and rose 9% in the trailing 12 months through March, while its real-estate holdings lost 3% and 9%, respectively. KKR said its leveraged credit and alternative credit assets posted 4% and 2% gains in the March quarter, respectively.

KKR said it raised around \$12 billion during the quarter, including roughly \$9 billion for credit and liquid strategies. The firm again highlighted the benefits of having a capital-markets unit, which co-Chief Executive Scott Nuttall called "a secret weapon" that has allowed the firm to get some deals done even in a challenging environment.

KKR share price



Source: FactSet

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table of the largest 100 exchange-traded funds, latest session. Columns include Monday, May 8, 2023, with sub-columns for Symbol, Closing Price, Chg, and YTD (%).

Table of ETFs with columns for Symbol, Closing Price, Chg, and YTD (%). Lists various sector and commodity funds.

Table of ETFs with columns for Symbol, Closing Price, Chg, and YTD (%). Lists various international and value funds.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

May 8, 2023

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table of money rates including Inflation, Policy Rates, U.S. consumer price index, International rates, Prime rates, U.S. government rates, and Discount rates.

Table of Treasury bill auction and Secondary market rates, including Fannie Mae and Other short-term rates.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Table of key interest rates including Federal funds, Commercial paper, Nonfinancial, Financial, Discount window primary credit, Treasury yields at constant maturities, and TIPS.

Table of DTCC GCF Repo Index, Notes on data, and Sources for interest rate data.

Get More WSJ With QR Codes

DIVE DEEPER INTO THE STORY WITH WSJ'S DIGITAL CONTENT

For select articles in the newspaper, you can now scan adjacent QR codes to easily access audio, video and more related to the story you're reading. Scan these codes in three simple steps:

- 1 With your Apple or Android device, open the camera app.
2 Point it at the QR code.
3 Tap the pop-up notification to open the digital extras.



TRY THIS capability today by scanning the QR code above to visit our website.

THE WALL STREET JOURNAL. TRUST YOUR DECISIONS

MARKETS

# Carbon Trading Gets Boost

*Continued from page B1*  
 ances and voluntary credits and higher prices,” Antoine Delporte, a product manager on State Street’s asset services team, said. “We want to be ready for the demand we see emerging.”

In addition to asset managers, State Street plans to work with hedge funds and private-equity firms that also want easy access to carbon-credit investments.

The largest Wall Street firms are under pressure to direct more money into the transition away from fossil fuels.

State Street is betting its experience overseeing some \$38 trillion in assets under custody or administration will give clients confidence to invest in the space.

There are currently only a few investment funds in the carbon market including the KraneShares Global Carbon Strategy ETF and SparkChange Physical Carbon EUA ETC, both of which are heavily or completely invested in the European allowances.

The KraneShares ETF holds futures contracts offered by Intercontinental Exchange that are linked to the underlying allowances, while the SparkChange product holds allowances directly.

Futures contracts allow the

holder to buy or sell at a specific date in the future and are used by speculators to wager on price movements and by companies to protect against disadvantageous price swings. They are critical to developing robust commodity markets.

State Street says it will support funds that hold either allowances or futures. It hopes to become a leading player in the voluntary market, which has been riddled by concerns about credit quality and a lack of transparency.

Exchange operator CME Group recently launched futures contracts tied to voluntary offsets and is working with registries that uphold project standards and certify offsets.

As with other commodities, carbon-credit prices are volatile. European allowance prices crashed at the start of the coronavirus pandemic and after Russia invaded Ukraine, then surged to €100 (about \$110) a metric ton for the first time ever earlier this year.

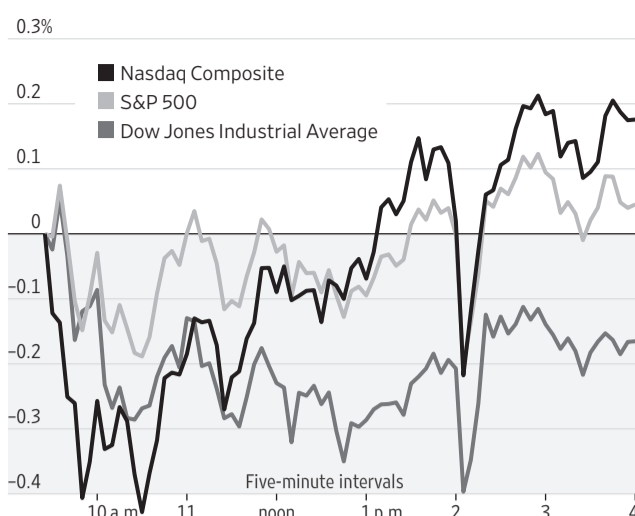
Luke Oliver, head of climate investments at KraneShares, said many investors want carbon products even though reduced demand for risky investments has prompted short-term outflows from such funds. The firm’s Global Carbon Strategy ETF has about \$600 million in assets after launching three years ago, down from a peak of about \$1.4 billion last year.

Proponents argue that carbon is attractive especially to those seeking to bolster their green credentials, because prices have to move higher over time to fight climate change.



Credits are tied to projects that cut emissions. A solar farm in Spain.

Index performance Monday



# Smaller-Bank Stocks Fall

Blue chips drop, S&P 500 ekes out gain, Nasdaq returns to bull-market territory

By ERIC WALLERSTEIN

Another slide in regional-bank stocks and data showing tightening lending conditions left major stock indexes little changed.

Shares of several smaller lenders spiked early Monday, lifted by a dividend cut from

**PacWest** that boosted investors’ confidence in its survival odds.

**MONDAY’S MARKETS** While PacWest added 3.7% for the day, the broader gains unwound as a volatile session wore on, leaving the KBW Nasdaq Regional Banking Index down 2.8%.

Indexes were buoyed by gains in some large technology firms. Communication services companies led the S&P 500, boosted to a 1.3% gain by advances in shares of **Meta** and **Alphabet**.

Megacap tech companies have propelled the stock market’s gains this year, outperforming the broader index by 23 percentage points in 2023, according to Goldman Sachs

research through Friday.

On Monday, the S&P 500 gained less than 0.1%, while the Dow Jones Industrial Average lost 56 points, or 0.2%. The Nasdaq Composite added 0.2%. That was enough to push the tech-heavy index up 20% from its 2022 lows and into bull-market territory. The index had endured a 143-trading-day stretch in a bear market, the longest for the Nasdaq since 2008.

The swings in regional-bank stocks came after PacWest slashed its dividend late Friday, a move that investors expect will boost its capital buffers and aided to confidence in its survival odds. The stock surged as much as 30% early in the session.

“Everyone’s senses are heightened,” said Hussein Adatia, a portfolio manager at Westwood. “The further we move away from this miniregional banking crisis, the more we can focus on the macroeconomy.”

Even though some banks—like **Western Alliance**, which rose 0.6%—held onto some of their early-morning rallies, analysts said a full-fledge rebound remains well away. Concerns over the lending environment and a potential recession have hammered re-



Six Flags Entertainment shares rose 19% on Monday.

gional bank stocks, sending regional banks down 11% in May.

“The primary risk to the economy is that small- and medium-sized businesses lose substantial borrowing power due to the turmoil among regional banks,” said Rhys Williams, chief strategist at Spouting Rock Asset Management.

Adding to concerns about lending, the Federal Reserve’s Senior Loan Officer Opinion Survey on Bank Lending Practices, released Monday afternoon, showed credit conditions continued to deteriorate in the first quarter.

“The bar is very low; expectations are not rosy at all,” said Mr. Adatia, who invests in high-yield corporate bonds and distressed credit assets.

Elsewhere, **Tyson Foods** slid 16% after reporting a swing to a loss. That was its worst daily decline since the onset of the Covid-19 pandemic. **Six Flags Entertainment** rose 19% after reporting that spending at its amusement parks held up despite rising prices.

Investors await this week’s release of the consumer-price index on Wednesday to see if inflation is continuing to fall in light of the Fed policy meeting last week to signal a pause in interest-rate increases. That will be followed by supplier in-

flation on Thursday.

The 2-year Treasury yield climbed to 4.009% from 3.920% Friday, when it notched its largest weekly decline since the onset of the banking tumult in mid-March, according to Tradeweb data. The yield on the 10-year note rose to 3.518% from 3.445%.

Oil prices rose, regaining some ground after wrapping up the third-consecutive weekly loss. Brent crude, the international benchmark, added 2.3% to \$77.01 a barrel.

Overseas, the Stoxx Europe 600 Index added 0.3%. Early Tuesday, Japan’s Nikkei 225 was up 0.8%, Hong Kong’s Hang Seng Index was down 0.4% and the Shanghai Composite was up 0.1%. S&P 500 futures fell 0.1%.

**AUCTION RESULTS**

Here are the results of Monday’s Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

	13-Week	26-Week
Applications	\$158,077,972,400	\$141,311,805,900
Accepted bids	\$63,528,041,400	\$53,497,249,100
* noncomp	\$3,437,681,700	\$2,013,719,100
* foreign noncomp	\$100,000,000	\$0
Auction price (rate)	98.700722	97.527833
	(5.140%)	(4.890%)
	5.294%	5.098%
Bids at clearing yield accepted	37.94%	96.48%
	912796KY0	912797FJ1

Both issues are dated May 11, 2023. The 13-week bills mature on Aug. 10, 2023; the 26-week bills mature on Nov. 9, 2023.

# UNDER

DISASTROUS CIRCUMSTANCES, HE COULD FIND A MISSING CHILD IN THE WRECKAGE. HARD TO BELIEVE NO ONE WANTED THIS COURAGEOUS

# DOG

**Ridge**  
 Discovered in a shelter in Tooele County, Utah.

From shelter dog to search dog, help us write the next underdog story. Your donation helps us train dogs like Ridge to strengthen America’s disaster response system. Donate Now. Call (888) 4K9-HERO or visit [SearchDogFoundation.org](https://SearchDogFoundation.org).

**UNDERDOGS OVERCOME.**

*Not a real disaster site.*



2023 PULITZER PRIZES

# Congratulations to this year's Pulitzer Prize honorees.

WINNER: INVESTIGATIVE REPORTING

**Capital Assets**

Staff of The Wall Street Journal

**READ AT [WSJ.COM/CAPITALASSETS](https://www.wsj.com/capitalassets)**

FINALIST: INTERNATIONAL REPORTING

**Dispatches From Ukraine's Frontlines**

Yaroslav Trofimov and James Marson

**READ AT [WSJ.COM/UKRAINEFRONTLINES](https://www.wsj.com/ukrainefrontlines)**

**THE WALL STREET JOURNAL.**  
TRUST YOUR DECISIONS

# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## China Markets Fret About Recovery

Shares have underperformed this year as questions linger on durability of economic rebound

One mystery in global markets this year is that while China's economy appears to be rebounding strongly, its stock market hasn't been doing as well.

The MSCI China index rose 1.8% so far this year, underperforming many of the major markets. The S&P 500 index gained 7.7%. Stocks listed in Shanghai and Shenzhen did a bit better—the CSI 300 index is up 4.9% in 2023. That seems to be in contrast to the rebounding economy, after China scrapped its strict zero-Covid restrictions in December and scaled back its crackdown on technology companies.

China's gross domestic product grew 4.5% from a year earlier in the first quarter and, more significantly, consumption came back strongly: Retail sales jumped more than 10% in March from a year earlier. Crowds were everywhere in Chinese scenic spots in the recent five-day "Golden Week" holiday. Total domestic trips during the holiday rose 19% from the same period in 2019, according to official figures. Tourism revenue



Consumption in China has come back strongly. Shoppers in Shanghai.

recovered to prepandemic levels.

Of course, the rally in Chinese stocks late last year priced in a big part of the recovery. The MSCI China index surged 34% in the past

two months in 2022, after rumors of reopening started to circulate.

Yet earnings growth so far has been disappointing. For nearly 80% of Chinese-listed companies

Index performance, year to date



Source: FactSet

that reported their first-quarter results, profits grew an average 1% year on year, with about 69% of them having missed consensus earnings estimates, according to Goldman Sachs. About 77% of A-share shares—companies listed in Shanghai and Shenzhen—revised

down their earnings guidance for 2023, according to Bank of America.

Earnings growth will likely improve ahead, especially against a lower base last year, when lockdowns across the country battered the economy. The struggling housing sector seems to have stabilized. But a big question that remains is how long the consumption bounce could last. The export sector may suffer with a potential recession looming in the U.S. and Europe. China's job market, especially for younger workers, is still quite weak. That partly explains why investors have jumped back into shares of state-owned enterprises—a more stable choice in an uncertain time.

Chinese stocks rebounded substantially from their lows last year, but are still way off their peaks in early 2021, when China appeared to have avoided the worst of the pandemic. A more sustained market recovery would require a more broad-based revival of earnings growth.

—Jacky Wong

## Shell and BP Have a Hidden Edge

Europe's inexpensive oil stocks are straining to catch up with more highly valued American ones. A conundrum the companies face is they can't talk much about the business they lead in.

Shell and BP continued to make bumper profits in the first quarter of the year. They produced more oil and gas to offset a drop in energy prices, but their commodity traders played a role. While neither company splits out profits from trading, BP said its gas-trading result was "exceptional" in the quarter.

As well as producing fuels, Shell and BP are the biggest energy traders in the world. They buy and sell in higher volumes than specialist commodity houses like Vitol or Trafigura. In 2022, Shell's and BP's trading and optimization activities contributed 20% and 14% of group earnings, respectively, according to Bernstein estimates. Chevron and Exxon Mobil have much smaller

trading activities by comparison.

Big oil companies have natural advantages for energy trading, including massive balance sheets that give them access to low-cost finance for trades. The information they get from customers and the data from shipping fleets and energy infrastructure can help them to spot trends early and take positions on which way prices will move.

Traders can make companies more efficient, for example by re-routing shipments where prices are higher. This is especially useful for cargoes of liquefied natural gas, which are expensive to transport. Shipping LNG from Houston to Tokyo costs around \$18 a barrel of oil equivalent, compared with \$1 to \$2 a barrel of crude oil, according to Bernstein analyst Oswald Clint. BP boss Bernard Looney has said the company's traders can add 2 percentage points to returns on certain projects.

Chevron and Exxon Mobil have traditionally been wary of making splashy bets on energy markets. However, Exxon Mobil is planning to beef up its trading team again. The company slashed its funding during the pandemic, which meant its traders didn't have the cash to take advantage of dramatic swings such as when oil prices went negative in April 2020. Now that shareholders don't want oil producers to start expensive new exploration, trading could help them to juice profits.

But that means competition for the best talent is fierce and hiring is expensive. On Friday, the annual report of Australian bank Macquarie showed the head of its commodity-trading division earned more than its chief executive in the latest financial year. Traders often demand a cut of the profits they earn, while major U.S. oil companies generally like to pay generous base salaries instead.

Commodity trading should remain lucrative as long as prices are volatile. As the world shifts away from getting 80% of its energy from fossil fuels, traders can take advantage of a more complex energy mix. Renewable sources like wind and solar will be volatile until options to store the energy they produce improve.

So far, investors seem nonplussed by the trading flair of European oil-and-gas producers. BP's and Shell's shares fetch less than four times projected cash flows, while their American rivals' change hands for seven. That may be partly because the European companies are secretive about their trading strategies, which are commercially sensitive, making it hard for shareholders to size up the risks and opportunities involved. Trading profits tend to be very volatile.

Shell and BP have a nice edge. If only they could crow about it more.

—Carol Ryan

## Tyson Foods' Shares Get Roasted

Tyson Foods served up rotten results on Monday, sending an already underperforming stock down sharply.

The company said sales were flat compared with a year earlier in its fiscal second quarter ended April 1—much worse than consensus analyst expectations for 3.6% growth, according to Visible Alpha.

Even worse, the company posted a net loss of 28 cents a share, compared with expectations for a net profit of 80 cents a share. Shares fell more than 16% in Monday's trading.

The meat specialist offered a plethora of reasons for the misses, including low market prices for chickens, inflation in feed ingredients, higher live cattle costs and softened export demand due to the strong U.S. dollar.

But none of these macroeconomic explanations seemed satisfying to analysts, who repeatedly pointed out on a conference call with management that the company's results were weaker than the broader market, indicating that company-specific execution issues were to blame.

Some suggested the company is focusing too much on sales and not enough on profits.

"I'm curious, kind of philosophically, how you're thinking about growth—which is clearly the focus on growing the volumes—versus balancing that with kind of the medium-term margin outlook," said Andrew Strelzik of BMO Capital Markets.

In a note, JPMorgan analyst Ken Goldman said the company's beef margins were the worst since 2015, its chicken margins the worst since 2009 and its pork margins the worst in company history.

Even before Monday's sharp decline, Tyson shares were already down 31% over the past 12 months.

To turn the stock around, the company's management will likely need to regain credibility with investors on profits and cost discipline.

—Aaron Back

## No Recession Doesn't Mean No Worries for Stocks

Imagine there's no recession. It's easy if you try.

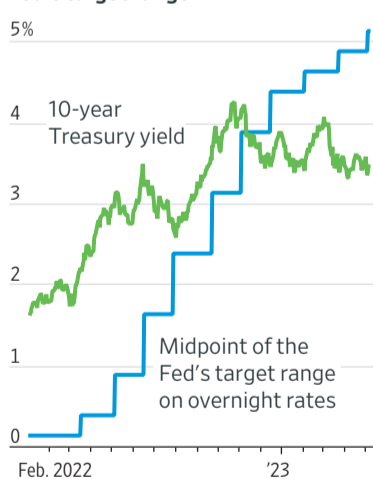
But imagining an easy path ahead for the stock market is a lot harder.

People have been worrying the U.S. economy is about to enter a downturn for a while now, but what is notable is that it hasn't happened yet. The economy is still growing, the job market is strong, and at least so far, the travails of big tech companies and the fallout from the failures of Silicon Valley Bank, Signature Bank and, lately, First Republic haven't changed that.

"The case of avoiding a recession is, in my view, more likely than that of having a recession," Federal Reserve Chairman Jerome Powell said during his news conference following the central bank's decision to raise rates last Wednesday.

What might that look like? First and most obviously, the troubles confronting regional and community banks need to be contained, and the looming debt-ceiling fight between House Republicans and the White House resolved. More broadly, job growth needs to moderate without unemployment spiking, with inflation getting into the Fed's comfort zone and the economy still growing.

Long-term yields are below the Fed's target range



Source: Tullett Prebon (Treasury yield); Federal Reserve (target-range midpoint)

ing, with inflation getting into the Fed's comfort zone and the economy still growing.

So far, so good. The Labor Department on Friday reported that the economy added 253,000 jobs last month—the latest indication that, while the labor market has slowed, employment is still growing solidly. Inflation, while still

high, has begun to cool. Household balance sheets look strong, with the savings people accumulated in the early stages of the pandemic providing them with a buffer against hard times. Businesses that benefited from the pandemic, such as many big tech companies and those in the business of making, transporting and selling goods, are experiencing softening demand, but many in the service sector appear to be doing well, as people continue to re-engage with prepandemic activities.

In the no-recession scenario, services might keep taking up the slack from the goods sector, bringing the two sectors' share of the consumer spending back to something like 2019 levels. If that were to happen immediately, spending on services would be 3.8% higher than in the first quarter and spending on goods would be 7.6% lower.

It won't happen all at once, but it seems reasonable to expect that demand for goods will grow much more slowly than the overall economy. That wouldn't be good news for the stock market as a whole, because the companies in the stock market are much more geared to-

ward goods than the economy.

Moreover, in this scenario, demand for workers from services businesses would keep overall wage growth firmer than in a recession, so goods-oriented companies would have a harder time cutting labor costs, with profit margins getting pressured as a result.

If there isn't a recession, the Fed also wouldn't have reason to sharply cut rates. In that case, long-term interest rates likely wouldn't fall from where they are now, and arguably might head higher. With its rate increase on Wednesday, the central bank brought its target on overnight rates to a range of 5% to 5.25%. In contrast, the yield on the 10-year Treasury, which should reflect investors' assessment of overnight rates' average level over the next decade, is about 3.5%. Higher long-term rates would, of course, likely entice many investors to put more of their money into bonds, and less into stocks.

Everybody should be hoping Mr. Powell is right, and the U.S. avoids a recession. Even if it does, though, stocks could still be in for a struggle.

—Justin Lahart

## First Citizens May Have Gotten an Even Better Deal on SVB Than Thought

It is pretty clear that First Citizens Bancshares got a good deal when it acquired many of the loans and the deposits of Silicon Valley Bank.

The first updated financial information shared by the bank since the deal suggests it might have been better than many investors thought.

In the bank's first-quarter regulatory filing, dated May 5, North Carolina-based First Citizens reported nearly \$10 billion in income

marked as a gain on acquisition.

Although the report doesn't specify, this is likely the upshot of the \$16.5 billion "discount bid" that First Citizens got on SVB's loans.

That discount—the excess face value of the assets minus the cost of the deposits and other liabilities acquired—doesn't all flow through to the bottom line because, for one, the loans must be marked to market. Then there are other adjustments, like taxes.

Given those unknowns, investors were left making their best guesses on what the ultimate bump in value for First Citizens might be.

It now seems they might not have been optimistic enough.

According to Visible Alpha, the consensus estimate for the bank's tangible book value per share—a key measure of value tracked by bank investors—is close to \$1,100 for the first quarter.

That already is more than dou-

ble First Citizens' 2022 fourth-quarter number, which helps explain the bank's more-than-50% share price surge after the deal was announced in March.

Analyst Brian Foran of Autonomous Research estimates that the numbers in the filing suggest that the bank's new tangible book value is potentially around \$1,200 per share.

The full results won't be clear until the bank reports first-quarter earnings on May 10.

Investors will also have to assess how things like the acquired deposits are behaving. The regulatory report listed roughly \$140 billion of deposits at the end of the first quarter. The bank laid out \$145 billion in deposits in its acquisition presentation, notes Mr. Foran.

First Citizens shares rallied 8.6% on Monday—while the KBW Nasdaq Regional Banking index dropped 2.8%.

—Telis Demos