

## What's News

### Business & Finance

- ◆ **The FDIC warned U.S. banks** not to take liberties with deposit data after dozens tweaked their numbers to reduce the portions that they said were uninsured in the wake of recent bank failures. **A1**
- ◆ **UBS agreed to pay U.S. and U.K. regulators** around \$390 million in fines related to investment firm Archegos, whose collapse hammered Credit Suisse, a rival it acquired earlier this year. **B1**
- ◆ **The Senate Finance panel is investigating former Apollo CEO Leon Black's tax strategies** and dealings with Jeffrey Epstein, pressing the billionaire for information on Epstein's high-price tax advice. **B1**
- ◆ **Uncertainty over the path of inflation** later this summer makes it hard to predict the Fed's next steps following a likely quarter-percentage point increase in interest rates this week. **A2**
- ◆ **The Dow rose 0.5%** for its 11th consecutive day of gains, the average's longest winning streak in six years. The S&P 500 and Nasdaq added 0.4% and 0.2%, respectively. **B11**
- ◆ **Oddity Tech's wildly successful stock-market debut** last week signaled that the IPO market could be on the cusp of a revival after an 18-month quiet period. **A1**
- ◆ **Lyft is exploring strategic alternatives** for its bikes division, the latest in a series of moves by its new chief executive to turn around the struggling company. **B1**
- ◆ **Public Storage said it agreed to acquire Simply Self Storage** from Blackstone Real Estate Income Trust for \$2.2 billion. **B3**

### World-Wide

- ◆ **Israel's Parliament passed a divisive judicial overhaul**, defying months of protests and plunging the country further into a political crisis that has exposed rifts over its identity and raised fears about its national security. **A1**
- ◆ **The U.S. is discussing lifting sanctions** on a Chinese police forensics institute suspected of participating in human-rights abuses, people familiar with the matter said, in a bid to secure Beijing's renewed cooperation in fighting the fentanyl crisis. **A1**
- ◆ **Airstrikes between Russia and Ukraine escalated sharply**, with Russia attacking a Ukrainian grain terminal on the border with Romania, while Ukraine unleashed a wave of drones on Moscow and Crimea, Russian officials said. **A6**
- ◆ **Moscow's withdrawal from an international grain-export deal** has pushed Russia and Ukraine to the brink of a new phase in their war, threatening Black Sea shipping lanes that supply much of the world's food. **A6**
- ◆ **The Justice Department followed through with its threat to sue Texas Gov. Abbott** if he didn't remove a floating buoy barrier the state installed on the Rio Grande in a bid to stop migrants from entering the U.S. **A2**
- ◆ **The U.S. has reached out to North Korea** about an American soldier who crossed the border from South Korea last week, but so far Pyongyang hasn't responded, U.S. officials said. **A7**
- ◆ **The IRS said it is ending its policy of making unannounced home and business visits**, an effort to help keep its workers safe and to combat scammers who pose as IRS agents. **A4**

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## Bye-Bye, Birdie. That's It. That's the Tweet.



**X-PUNGED:** A worker began removing letters from the Twitter sign outside the company's headquarters in San Francisco on Monday after Elon Musk officially rebranded the social-media platform as X and dropped its bird logo. **B1**

## Protests Break Out in Israel After Judicial Revamp Passes

By DOV LIEBER AND SHAYNDI RAICE

JERUSALEM—Israel's Parliament passed a divisive judicial overhaul, defying months of protests and plunging the country further into a political crisis that exposed rifts over its identity and raised fears about its national security.

The law's passage on Monday by Prime Minister Benjamin Netanyahu's coalition—without any opposition

support—marks a pivotal juncture for Israeli society, setting up a potential showdown with the country's Supreme Court, the institution whose power the law was designed to curb. It presents a decisive moment for thousands of military reservists who have said they would quit and for the medical professionals, business and union leaders who have threatened mass work stoppages.

And it could complicate Is-

rael's relationship with the U.S. and other allies, who have long considered it the only full-fledged democracy in the Middle East. President Biden took the unusual step of calling on Netanyahu to compromise before passing the legislation. The White House released a statement calling the bill's passage "unfortunate."

Voting in favor of the bill were Netanyahu's entire coalition of 64 lawmakers, widely viewed as the most right

wing, nationalist and religious in the country's 75-year history. They cheered the law, which takes away the Supreme Court's ability to nullify government decisions it finds "unreasonable in the extreme"—a concept they said was nebulous and allowed liberal judges to overturn the will of an increasingly right-wing electorate.

It is the first in a series of laws the coalition wants to

*Please turn to page A6*

## Appetite for IPOs Perks Up After Lull

By CORRIE DRIEBUSCH

IPO investors have moved from a fear of losing money to a fear of missing out.

Last week, Oddity Tech, the parent of direct-to-consumer beauty brand Il Makiage, staged a wildly successful stock debut, signaling that after an 18-month quiet period, the IPO market could be on the cusp of a revival.

In the past several weeks, the major barriers to a resurgence in initial public offerings have lifted. U.S. stocks are climbing toward new 52-week highs, volatility is down, inflation has eased and, perhaps most important, inves-

tors are making speculative bets again.

What will determine whether the IPO market returns to a roar is now more about whether stewards of private companies want to make the transition to public ownership.

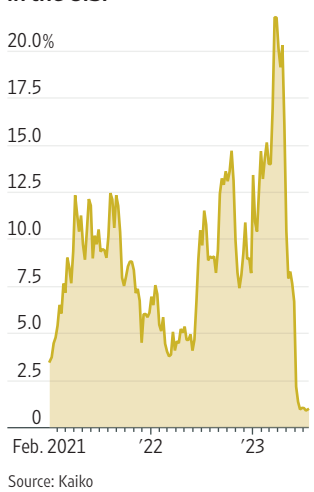
"It's supply crimping the IPO market, not demand," said Daniel Burton-Morgan, head of Americas Equity Capital Markets Syndicate at Bank of America. "Does that mean, post-Labor Day, we see a more normal IPO market? Maybe. Or it could take another quarter. But at this juncture, investor demand is

*Please turn to page A4*

## Binance.US's Volume Fades

Trading volume at the Binance.US cryptocurrency exchange is under scrutiny. **B1**

Binance.US's market share in the U.S.



## U.S. Weighs Lifting Some Sanctions in China Fentanyl Deal

By BRIAN SPEGELE AND CHARLES HUTZLER

The Biden administration is discussing lifting sanctions on a Chinese police forensics institute suspected of participating in human-rights abuses, people familiar with the matter said, in a bid to secure Beijing's renewed cooperation in fighting the fentanyl crisis.

Secretary of State Antony Blinken during meetings in Beijing last month proposed setting up a new working

group with China to try to resuscitate stalled talks on combating fentanyl. Chinese officials, however, stuck to their long-held position that the U.S. must first remove the sanctions on the police institute as a precondition for restarting joint counternarcotics work, the people familiar said.

Stopping the flow of fentanyl into the U.S. is a Biden administration priority, with the opioid scourge unleashing a wave of deaths across America. U.S. officials see China as

*Please turn to page A8*

## Sorority Consultants Help Women Dress to Impress During Rush

Parents spend thousands on coaches for style, social skills and a shoulder to cry on

By TARA WEISS

Sorority rush at the University of Georgia kicks off in August, a lousy time to wear makeup.

"You need to do it in a way that's appropriate in southern humidity or else you're going to have orange rivers running down your face," said Trisha Addicks. She recommends keeping a "rush bag" with deodorant, portable fan, water and face powder.

That's the kind of practical advice Addicks gives clients of her Georgia-based sorority-consulting firm, It's All Greek to Me. Showing up in Dr. Martens combat boots, as one client asked about, might not be putting your best foot forward in some sorority circles, she

said: "During rush, you're not going to be confident if you're wearing them, and everybody else is wearing espadrilles."

Addicks offers a \$600 seminar for women and their mothers to learn the basics about getting into a sorority; \$3,500 buys unlimited access to sorority mentors who advise aspirants through every step. She is part of an industry emerging in recent years that sells tips and emotional support to women who want to avoid missteps that threaten first impressions.

Sorority consultants cover such topics as what to wear, how to act, what to say and the wisdom of scrubbing potentially off-putting social media posts.

Emma Kelley, a recent

*Please turn to page A10*

## Effort to Clean Up ChatGPT Took A Heavy Human Toll

Contractors in Kenya were exposed to descriptions of sexual abuse, violence

By KAREN HAO AND DEEPA SEETHARAMAN

NAIROBI, Kenya—ChatGPT and other new artificial-intelligence chatbots hold the potential to replace humans in jobs ranging from customer-service reps to screenwriters.

For now, though, the technology relies on a different kind of human labor. In recent years, low-paid workers in East Africa engaged in an often-traumatizing effort to prevent chatbot technology from spitting out offensive or grotesque statements.

ChatGPT is built atop a so-called large language model—powerful software

trained on swaths of text scraped from across the internet to learn the patterns of human language. The vast data supercharges its capabilities, allowing it to act like an autocompletion engine on steroids. The training also creates a hazard. Given the right prompts, a large language model can generate reams of toxic content inspired by the darkest parts of the internet.

ChatGPT's parent, AI research company OpenAI, has been grappling with these issues for years. Even before

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## INSIDE



**JASON GAY**  
Soccer, often called America's 'sport of the future,' is very much here today. **A14**



**BUSINESS & FINANCE**  
America's de facto family hauler—the three-row SUV—is finally going electric. **B1**





U.S. NEWS

# Fed Has Yet to Declare Victory on Inflation

Officials look closely at whether growth in wages and prices slows down enough

By Nick Timiraos

Uncertainty over the path of inflation later this summer makes it hard to predict the Federal Reserve's next steps following a likely quarter-percentage-point increase in interest rates this week.

Some Fed policy makers and economists are concerned that the easing in inflation will be temporary. They see inflation's slowdown as long overdue after the fading of pandemic-related shocks that pushed up rents and the prices of transportation and cars. And they worry underlying price pressures could persist, requiring the Fed to lift rates higher and hold them there for longer.

Other economists say that thinking ignores signs of current economic slowing that will gradually subdue price pressures. They also argue inflation will slow enough to push "real"

or inflation-adjusted interest rates higher in the coming months. That would provide additional monetary restraint even if this week's rate increase is the last of the current tightening cycle.

The Fed last month held its benchmark federal-funds rate steady in a range between 5% and 5.25%, its first pause after 10 consecutive increases since March 2022, when officials raised it from near zero. Interest-rate increases slow the economy through financial markets by lowering asset prices and raising the cost of borrowing.

Inflation cooled last month to its slowest pace in two years. The consumer-price index climbed 3% in June from a year earlier, sharply below the recent peak of 9.1% in June 2022. The index for core inflation, which excludes volatile food and energy prices, in June also posted its smallest monthly increase in more than two years.

"While things seem to be heading in the right direction with inflation, we are only at the start of a long process," said Karen Dynan, an econo-

Wages and salaries for civilian workers, change from a year earlier



Source: Labor Department

mist at Harvard University.

The first camp of economists is nervous that there is too little slack and too much demand in the economy to be reasonably confident that inflation will return to the Fed's 2% inflation target in the coming years. They don't share investors' recent optimism that inflation can sustainably ease without a

broader economic slowdown, though they concede coming data could bolster hopes the Fed can achieve a so-called soft landing, where it contains price pressures without putting the economy in recession.

Many of these economists worry wage growth is too strong. Without a recession, they see a tight labor market

pushing up core inflation next year.

Many see pay gains as a good proxy of underlying inflation pressure. Officials are likely to see 3.5% annual wage growth as consistent with inflation between 2% and 2.5%, assuming productivity grows around 1% to 1.5% a year. Wages and salaries rose 5% in the January-to-March period from a year earlier, according to the Labor Department's employment-cost index.

A big question is whether workers in a tight labor market will accept minimal inflation-adjusted wage gains following two years in which their pay didn't keep up with inflation.

"Most people being told they're getting a 3.5% wage increase for the next year are going to at least think about, 'Could I get a higher wage if I go somewhere else?'" said Eric Rosengren, former president of the Boston Fed.

The second camp of economists believes there is ample evidence the labor market is cooling, in turn taking pressure off inflation.

The amount of time it is tak-

ing unemployed workers to find new work has been growing. Increases in hours worked by private-sector employees has slowed along with the number of unfilled jobs. "This is pointing to a labor market that is really slowing in earnest," said Jonathan Pingle, chief U.S. economist at UBS.

Monthly private-sector hiring eased to an average 215,000 jobs during the first half of this year, down from 317,000 in the second half of 2022 and 436,000 in the first half of 2022.

"There was a greater imbalance in the labor market than appreciated, and it's taking longer to work it off. But we are working it off," said Brian Sack, an economist and former senior executive at the New York Fed.

If the job market continues to add 200,000 positions a month, "that's license for the Fed to stay higher for even longer," said Pingle, referring to the level for interest rates. But if job growth continues to slow at the same time that lower inflation pushes up real rates, "they are going to face a sharper trade-off about just how restrictive they want to be."



The string of buoys could be seen in the background on the Rio Grande as migrants walked near Eagle Pass, Texas, this month.

## U.S. Sues Texas Over Floating Barrier Designed to Stop Migrants in River

By Adolfo Flores

The Justice Department on Monday followed through with its threat to sue Texas Gov. Greg Abbott if he didn't remove a floating buoy barrier the state had installed on the Rio Grande in an effort to stop migrants from entering the U.S.

In its complaint filed in the Western District of Texas, the U.S. Justice Department said the Republican governor had violated the Rivers and Harbors Act when it strung together the buoys in the river along the U.S.-Mexico border without federal authorization.

"This floating barrier poses threats to navigation and public safety and presents humanitarian concerns," said Associate Attorney General Vanita Gupta in a statement. "Additionally, the presence of the floating barrier has prompted diplomatic protests by Mexico and risks damaging U.S. foreign policy."

In early July, Texas officials started to build what was expected to be a 1,000-foot-long barrier made up of orange buoys chained together along the Rio Grande. The action was part of Operation Lone Star, an effort by Abbott to use state police and resources to address

unauthorized immigration. Texas had previously installed floating barrels on the river and miles of razor wire on the banks of the Rio Grande as part of the operation.

The governor's office didn't respond to questions about the complaint on the phone and asked that any questions be emailed to its press office.

In a letter sent to the White House before the lawsuit was filed, Abbott defended his actions and said the Biden administration had left him no choice but to deploy the buoys to stop unauthorized immigration.

"The fact is, if you would just enforce the immigration laws Congress already has on the books, America would not be suffering from your record-breaking level of illegal immigration," Abbott's letter said.

White House spokesman Abdullah Hasan in a statement defended the Biden administration's immigration enforcement efforts and said unlawful border crossings were at the lowest levels in more than two years.

"Governor Abbott's dangerous and unlawful actions are undermining that effective plan, making it hard for the men and women of Border Patrol to do their jobs of securing

the border, and putting migrants and border agents in danger," Hasan said.

Hasan said that if Abbott wanted to improve border security he would urge Republicans in Congress to increase funding for the Department of Homeland Security.

Abbott said that the buoys didn't violate the Rivers and Harbors Act because the statute didn't describe any action taken by Texas.

The Justice Department said in its complaint that it is trying to stop the building of structures and obstruction in navigable waters of the U.S. Federal prosecutors are also asking that Texas, at its own expense, remove all structures and obstructions, including the buoys, in the river.

Texas placed its floating barrier in the Rio Grande about two miles south of the Camino Real International Bridge in Eagle Pass, Texas, and it is made up of buoys 4 and 6 feet in diameter, according to the complaint.

Since the launch of Operation Lone Star in 2021 amid an increase in border crossings, Texas has spent billions of dollars on the program. Under the operation, the governor has sent thousands of state troopers and Texas National Guard

members to the border.

As part of the operation, overseen by the Texas Department of Public Safety and Texas Military Department, authorities have charged thousands of migrants with misdemeanor trespassing and other state charges and built its own border wall of shipping containers along the Rio Grande.

Earlier this month, a state trooper raised concerns about Operation Lone Star in an email to his superiors, saying troopers and Guard members on the operation were instructed to push a nursing mother back into the river, to deny water to migrants even in extreme heat and to block a 4-year-old who was trying to cross coils of razor wire, from reaching shore.

The email, earlier reported by the Houston Chronicle, detailed instances of injury that included a pregnant woman entangled in the wire having a miscarriage and numerous severe lacerations.

"The wire and barrels in the river needs to be taken out as this is nothing but an inhumane trap in high water and low visibility," the state trooper said in his July 3 email, referring to barrels authorities had put up before the buoys.

## Banks Are Warned on Deposits

Continued from Page One

posits up to \$250,000. These accounts, often from government entities, generally exceeded that amount, but the banks put collateral behind them, effectively guaranteeing the depositors would be paid back if the bank failed.

In a letter to banks, the FDIC said that only deposits that it insured could be called insured deposits. "The existence of collateral has no bearing on the portion of a deposit that is covered by federal deposit insurance," the FDIC said. Additionally, the FDIC said some banks incorrectly showed lower numbers "by excluding intercompany deposit balances of subsidiaries." The FDIC declined to comment on specific banks.

The largest revision was by Bank of America. In a May 5 filing, Bank of America said its uninsured deposits were \$784 billion as of Dec. 31, which was \$125 billion, or 14%, less than it reported originally.

Unlike smaller banks, Bank of America was under little threat of mass withdrawals because it is widely believed the government wouldn't let the bank fail. But shifting the numbers could save Bank of America hundreds of millions of dollars.

In May, the FDIC said it would impose a special assessment on banks with more than \$5 billion of total assets to cover the \$15.8 billion that it

cost to guarantee uninsured deposits at Silicon Valley Bank and Signature Bank after they failed in March. The assessment would be based on a bank's uninsured deposits as of Dec. 31.

Based on the special-assessment formula proposed by the FDIC, Bank of America would owe \$1.96 billion over two years using its revised Dec. 31 figure, down from \$2.27 billion using its previously reported figure.

Bank of America spokesman William Haldin said the bank stands by its revised number. He said the bank had

removed some internal or intra-bank accounts from its uninsured-deposit number and doesn't intend to file another revision.

The next-largest revision was by Huntington National Bank, a unit of Huntington Bancshares. In a May 26 filing, Huntington said its uninsured deposits were \$51 billion as of Dec. 31, which was \$34 billion, or 40%, less than it previously reported. Huntington, too, would realize significant savings on its special assessment if it were using its revised Dec. 31 number.

Huntington spokeswoman Tracy Pesho said: "Huntington National Bank restated its uninsured deposit levels to more accurately reflect customer deposits and exclude intercompany cash balances, consistent with other banks and our understanding of the FDIC's then-current instructions." She said Huntington is "assessing the statement from the FDIC and determining what the appropriate next steps are."

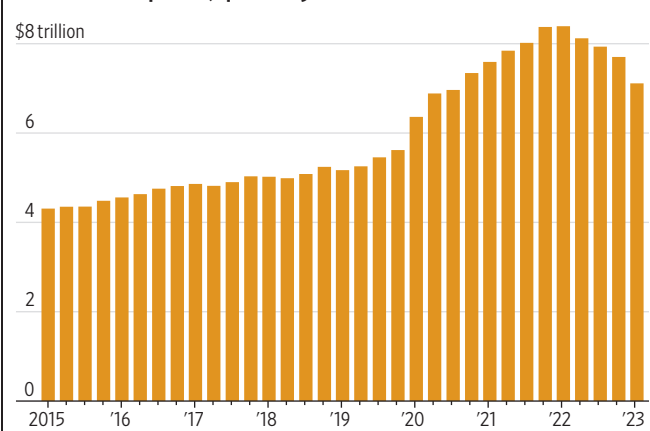
In addition to restating uninsured deposits in past reports, other banks changed their definition to reduce them in current reports. Bank of Hawaii in its first-quarter filing with the FDIC showed a 20% drop in uninsured deposits to \$8.7 billion, or 42% of total deposits, from \$10.8 billion as of the fourth quarter. The main difference was the March 31 deposit number excluded collateralized deposits—a method the FDIC said was unacceptable.

Coincidentally, the bank reported second-quarter earnings Monday. It said its insured and collateralized deposits represented 61% of total deposit balances, up from 58% as of March 31, 2023 and 57% as of June 30, 2022. It didn't include a figure for uninsured deposits. A Bank of Hawaii spokesman didn't respond to a request for comment.

"When you see a small regional bank like Bank of Hawaii that has a sizable amount of deposits that are uninsured, that's real counterparty risk for the largely corporate depositors that are putting their trust in Bank of Hawaii," said Brian Pillmore, founder and chief executive officer of Visbanking, which provides data and analysis on U.S. banks.

**The FDIC said only deposits it insured could be called insured deposits.**

Uninsured deposits, quarterly



Source: Wall Street Journal analysis of FDIC data

### CORRECTIONS & AMPLIFICATIONS

The name of Joulez, a car-rental company that specializes in electric vehicles, was misspelled as Julez in some editions Monday in a caption with a Business News article about the rental-car market.

Brian Harman won the British Open on Sunday at the age of 36. A Sports arti-

cle on Monday about Harman incorrectly gave his age as 37 in one instance.

The Association of American Feed Control Officials establishes standards that pet-food manufacturers can choose to meet. An Off Duty article on Saturday about pet food incorrectly said the association verifies pet food.

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.

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## U.S. NEWS

## Cleanup After Ohio Train Derailment Drags On

By KRIS MAHER

EAST PALESTINE, Ohio—Rick Tsai suits up in chest waders and a full-face respirator to track the iridescent sheen in a creek that snakes through downtown.

Tsai, a chiropractor who has acquired the nickname “Creek Ranger,” regularly posts videos online of himself in the creek to remind the world that things still aren’t right in East Palestine. He takes a pole and scrapes the bottom of Sulphur Run. A swirl of chemicals rises to the surface.

“There’s something in that water that will make you ill, if you’re there too long,” says Tsai, who believes he has gotten rashes and vertigo from visiting the creek. He and his wife, Tammy Tsai, now plan to move from their home, tucked away in a peaceful spot with a garden and koi pond 2 miles from downtown, to another property 10 miles away.

Nearly six months since a Norfolk Southern train carrying hazardous chemicals derailed Feb. 3 along a stretch of homes and businesses here, the cleanup effort goes on with no end in sight, casting a lingering cloud over the town’s future.

Trucks still pass through town day and night hauling away contaminated water and soil from the derailment site. Contractors have removed about 25 million gallons of wastewater and 80,000 tons of contaminated soil. Norfolk Southern has spent \$63 million to support the community, including about \$18 million to reimburse families for housing, food and other expenses. But the railroad and federal officials haven’t yet charted a course for cleaning up Sulphur Run, showing much is left to be done.

The derailment dealt a major blow to this village of nearly 5,000 on the border with Pennsylvania. Cars that were flung from the tracks caught fire. Three days later, the intentional burning of vinyl chloride from five tanker cars sent a plume of black smoke and more chemicals into the sky.

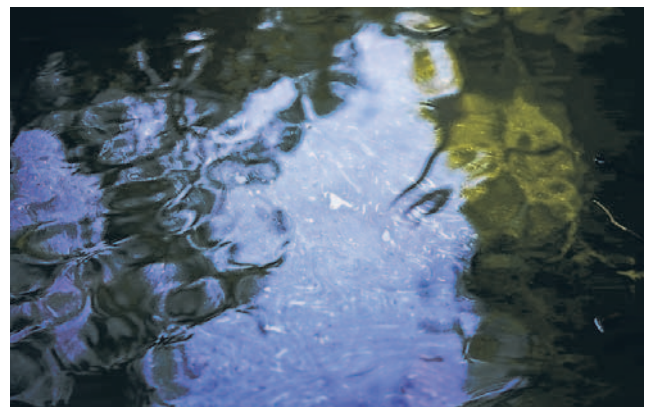
“From the beginning, we’ve been clear that we would be in town for the long haul,” said Connor Spielmaker, a Norfolk Southern spokesman. “We don’t have a timeline to provide as far as when it’ll be ‘job done,’ but we will be there until it is.”

Earlier this month, Ohio Gov. Mike DeWine asked President Biden to issue a major disaster declaration order, allowing the federal government to continue to pay for the cleanup in case Norfolk Southern ceases to do so. No decision has been made, according to a spokesman for the governor.

In an April financial filing, the company estimated legal and cleanup costs from the accident would be at least \$387



Rick Tsai, top, agitates the creek bed of Sulphur Run in East Palestine, Ohio, to check for chemicals, which appeared to rise to the surface, as seen above. EPA response coordinator Mark Durno speaks to residents about the cleanup of the Norfolk Southern train derailment at First United Presbyterian Church in East Palestine. He said he believes the sheen in the creeks mostly consists of petroleum products and other chemicals from the derailment.



million. Earlier this month, Norfolk Southern sued seven other companies that owned railcars carrying hazardous chemicals that were involved in the accident to share in those costs.

The Environmental Protection Agency, which since the derailment set up an office in downtown East Palestine near a dog groomer, said the local air and drinking water continue to show no concerning levels of chemicals in the area. The EPA has 15 air monitoring stations in town and two vans operated by a private company take samples at more locations.

Mark Durno, the EPA’s response coordinator, said it is safe for residents to return home but that he understands some people still have concerns. The EPA and railroad will announce a plan soon to clean

homes where residents have complained about odors, he said. The agency will release a separate plan for cleaning Sulphur Run and another creek in town. A majority of waste disposal from the derailment should be completed by the end of September.

Many residents are frustrated by that pace amid ongoing worries about potential health risks. At least two dozen people continue to stay in hotels or rental properties because they say they get sore throats, rashes or bloody noses when they return to homes that haven’t yet been professionally cleaned.

On a recent evening, Durno spoke to about two dozen residents who showed up at a briefing in the basement of the First United Presbyterian Church. He said he believes the

sheen in the creeks is a “cocktail” mostly made of petroleum products and containing some other chemicals from the derailment.

Jami Wallace, president of a community group called the Unity Council for East Palestine Train Derailment, lamented that the EPA has yet to release its plan to clean the creeks. “Dr. Tsai is going down there poking this stuff up and still seeing the rainbow,” she said. “It’s been six months. These are our children’s lives.”

Durno said he was frustrated himself and that various state and federal agencies are given the opportunity to review plans, slowing the process. “The whole country is still watching this response—we need to make sure that those plans are right,” he said. “Your frustration is our frustration.”

Ashley McCollum, 33, left her East Palestine home after the derailment and, of late, is staying at the Best Western in Columbiana, Ohio, about 10 miles away, with her 6-year-old son, Zayne, her boyfriend, Matt McAnlis, 35, and two dogs. On a recent day, Zayne played Roblox on one double bed while McAnlis, a steelworker whose shift ended at 7 a.m., was fast asleep on the other.

A hotel official said seven of the 52 rooms in the hotel were occupied by displaced people from East Palestine. Candy Kiehl, two rooms down from McCollum, said residents meet every evening in the lobby. Both women said Norfolk Southern is paying for their food and hotel bills.

McCollum said she wants to return home, but that after about five minutes inside she

starts to get a rash, itchy eyes and a tingling sensation in her mouth. Like other residents, she has a phone full of photos from online posts showing necks, arms and torsos with rashes that residents attribute to chemicals from the derailment. “I feel like I’m a prisoner to the situation,” she said.

Last week, Kristina Ferguson, 49, who works at a nearby convenience store and is staying with her family at a house rented by Norfolk Southern, showed a reporter the drain in her basement that she says connects directly to Sulphur Run beneath her house. The chemical smell inside has faded but she said she doubts that her carpets and furniture can be effectively cleaned.

“I don’t think it will ever be safe,” she said. “It got into everything. I know it did.”

## Farmers Work to Keep Livestock Cool

By PATRICK THOMAS

Livestock and crops are sweltering under high temperatures across much of the U.S., adding to the agriculture industry’s costs and threatening production.

Chicken and pork producers in southern states are using mist and foggers to keep birds and hogs cool. Cattle are eating less feed in the heat, packing on fewer pounds and potentially costing producers money. Ranch hands and workers are tackling tasks before the sun gets too strong, or after dark.

Brad Cotton, a Texas rancher outside San Antonio, said his cattle have hunkered under shade to stay cool. After a cool and wet spring helped ranchers in the region regrow grass for grazing cattle, the heat is burning up his pastures again, and some of his neighbors are spending more on expensive supplemental feed such as hay.

“It’s been so hot and dry, people are starting to be concerned there may not be enough hay again,” Cotton said.

Persistent, scorching temperatures have lingered over swaths of the U.S., with week-long periods of triple-digit temperatures in places such as Arizona and southern Texas, according to the National Weather Service. Such waves of intense heat have been ex-



A water bowl with ice for chickens near Smithville, Texas.

acerbated by climate change, with extreme heat events increasing sixfold since the 1980s, according to the World Meteorological Organization.

For the U.S. agriculture sector, this summer’s blasts of heat have accompanied drought in some regions, threatening crops and parching pastures used for grazing. The dryness has led livestock producers to purchase feed that has grown costly over the past year because of poor weather in major growing areas and Russia’s invasion of Ukraine.

WH Group’s Virginia-based Smithfield Foods, the largest pork producer in the U.S., loads and transports pigs at night or first thing in the morning to avoid the hottest parts of the day, said Ashley DeDecker, the company’s director of production research. Trailers transporting hogs are designed with venting, which

can be closed in the winter.

Pigs on Smithfield’s Utah farms, where temperatures recently hit 107 degrees, are kept inside climate-controlled barns at 72 degrees, DeDecker said. Farms in more humid weather are using misters, drippers and fans to keep animals comfortable.

Wayne-Sanderson Farms, the third-largest U.S. chicken processor, uses misters or foggers to keep chickens cool as they wait to enter its processing plants in states such as Mississippi and Georgia, a spokesman said.

Most modern chicken barns are equipped with fans that can move air over the birds at speeds of more than 600 feet a minute, said Jonathan Moyle, a poultry specialist at the University of Maryland. It feels similar to driving in a car with the windows down, he said.

Heat makes it harder for

cattle to gain weight, as their bodies expend more energy trying to keep cool, costing farmers more in feed and utility costs. Eric Wilkey, president of Arizona Grain, which ships feed to farmers, said cattle eat 10% to 12% less when temperatures rise over 95 for a 24-hour period. When temperatures climb too high, livestock can die.

The heat threatens farm and ranch hands, too. Tom Cannon, a farmer and rancher in Oklahoma, said work on his farm currently starts before the sun is up to keep workers out of the intense heat, a typical practice during July and August, he said.

The National Weather Service is forecasting temperatures in the upper 90s in much of Nebraska in coming days, which could pose a risk to cattle in feedlots before being shipped to slaughter plants.

In hot periods, feedlot operators in the state need temperatures to stay in the mid-60s for about five hours at night so cattle can cool, said Ryan Stromberger, who runs two feedlots in western Nebraska. About four days in the 90s and nights in the 70s could result in deaths, he said.

High temperatures are expected to spread north in the coming days and could deepen the impact of the dry conditions already afflicting much of the U.S. breadbasket states.

## Very Hot, Polluted Days Raise Heart-Attack Risk

By DOMINIQUE MOSBERGEN

Extreme heat and air pollution can be dangerous for the heart. Enduring both at the same time can be especially deadly, new research shows.

The risk of having a fatal heart attack doubles during heat waves that last several days and overlap with periods of poor air quality, according to an analysis of heart-attack deaths published Monday in the journal *Circulation*.

On their own, higher-than-normal temperatures or air pollution increased the risk of deadly heart attacks, showed the analysis of more than 200,000 heart-attack fatalities between 2015 and 2020 in the Chinese province of Jiangsu. But when both occurred simultaneously, they were found to amplify each other’s effects.

High temperatures and polluted air have been linked in studies to both short-term and chronic health problems, including heart and kidney disease, and cognitive issues. Older people, smokers and people with heart disease, high blood pressure, diabetes or other conditions are especially vulnerable.

For the recent analysis, researchers in China and the U.S. used a statistical technique to uncover possible links between the incidence of fatal heart attacks in Jiangsu

and hotter- or colder-than-average temperatures, as well as poor air quality. Air quality was considered poor when concentrations of fine particulate matter, a type of pollutant, exceeded a 24-hour average of 37.5 micrograms per cubic meter of air. Fine particulate matter, also known as PM2.5, is defined as particles that are 2.5 micrometers or less in diameter.

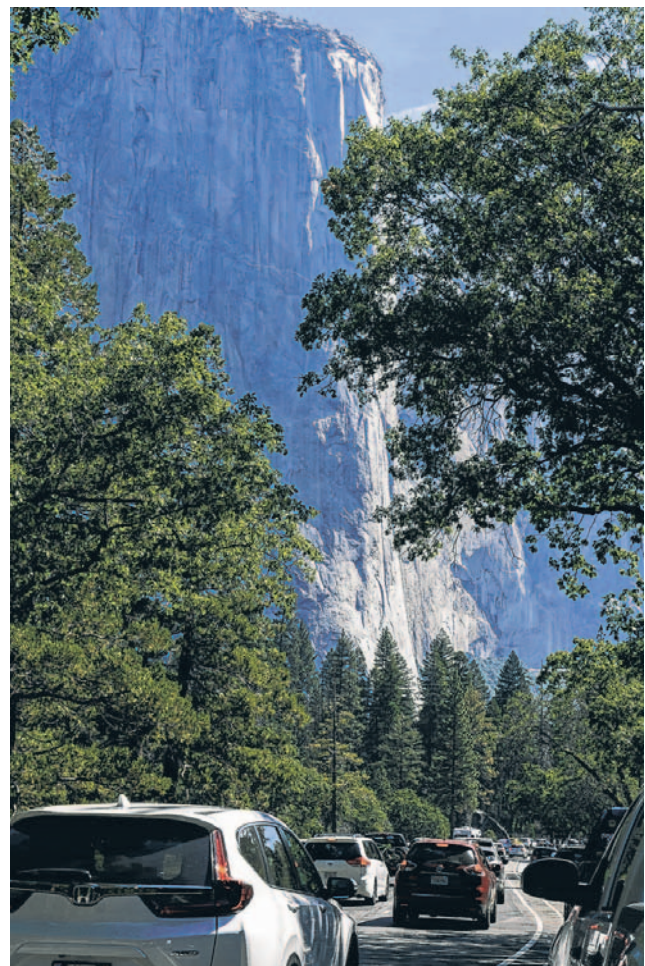
Risk of a deadly heart attack increased the higher the heat and the more prolonged it was, the study found. Two consecutive days of temperatures at around 100 degrees Fahrenheit increased the risk of fatal heart attack by 30%, researchers said. Four days in a row of similar heat increased the risk by 50%.

Exposure to high levels of PM2.5 on its own was associated with a 2% increased risk of deadly heart attacks, the study said. When high-heat days coincided with poor air quality, the risk shot up significantly. Two days in a row of 100-degree heat, plus polluted air, was associated with an 84% increased risk. Four consecutive days of similar heat and pollution doubled the risk, the paper showed.

Very cold temperatures also enhanced the risk of fatal heart attacks, the analysis said, though slightly less than very warm days.



U.S. NEWS



Yosemite National Park's popularity has brought heavy traffic, above, and long lines for the use of free shuttle buses at the Yosemite Falls parking area, left.

# With No More Attendance Limits, Yosemite Is Bursting With Crowds

By Jim Carlton

Every year for the past quarter-century, Stephen Contreras and his family have been among the millions of people who visit Yosemite National Park to see the world-famous cliffs of El Capitan and waterfalls dropping melting snow more than 2,000 feet into the valley below.

When he returned earlier this month, Contreras found unbearable delays and overwhelming crowds. Park officials have reported that waits to get into the park are as long as three hours. Exasperated tourists far from the nearest toilet are leaving human waste along the roadside and in parking lots.

"I wanted to leave the second day I was there because it wasn't fun," said Contreras, a

45-year-old truck driver from Whittier, Calif., who got a \$150 ticket for driving family members in the back of his pickup when they got sick of waiting for a shuttle bus with space.

This year Yosemite dropped a reservation system it launched at the start of the pandemic to keep too many people from entering at once and potentially spreading Covid-19.

With no restrictions on attendance, tourists are flooding the California park. In June, 65,136 vehicles entered through one of Yosemite's busiest entrances, called Arch Rock, up more than 50% from a year earlier.

Park leaders are now laying the groundwork to bring the reservation system back in order to get a handle on out-of-control crowds.

"Folks really want us to do something," said Cicely Muldoon, Yosemite's superintendent. "The visitor experience is not good."

Under the reservation system, people had to nab one of a limited number of slots during peak daytime hours in the summer to enter Yosemite, one of America's best known and most popular national parks.

Many who landed a reservation were thrilled to experience Yosemite without Disneyland-esque lines. National parks have become increasingly overcrowded in recent years, particularly as people were eager to get outside during the pandemic.

Yosemite leaders held a virtual meeting July 19 as part of a two-month public comment period on how to address overcrowding. In the meeting, Mul-

doon said Yosemite is considering going back to a temporary reservation system in 2024 to avoid a repeat of this year's problems. She said in a subsequent interview that the park might then make the system permanent.

Visits to Yosemite are down 24% through June this year compared with 1.7 million a year earlier. Crowding has been worse, however, because several roads were closed after the park was buried under record snow last winter. Yosemite typically attracts about four million visitors annually.

Matt Barrios beat the crowd by getting up at 3:30 a.m. Saturday so that his family would be among the first to drive over Tioga Pass into the Yosemite high country Saturday. "As far as traffic this morning, the pass was very clear," said the 33-

year-old Barrios, from Fresno, Calif.

Yosemite wasn't the first park to institute reservations. Rocky Mountain National Park began using them in 2019 to control crowds and has continued every summer since. Others instituted them more recently, including Utah's Arches National Park, which previously filled up and had to close its gates as early as 9 a.m.

One constituency isn't thrilled about a potential return of reservations at Yosemite: nearby shops, hotels and restaurants that depend on tourists who pump an estimated \$437 million annually into the local economy.

Occupancies at hotels around Yosemite were down between 10% and 25% last summer compared with the summer of 2019, when the park was

last open without reservations, said Teri Marshall, marketing director at two area lodges.

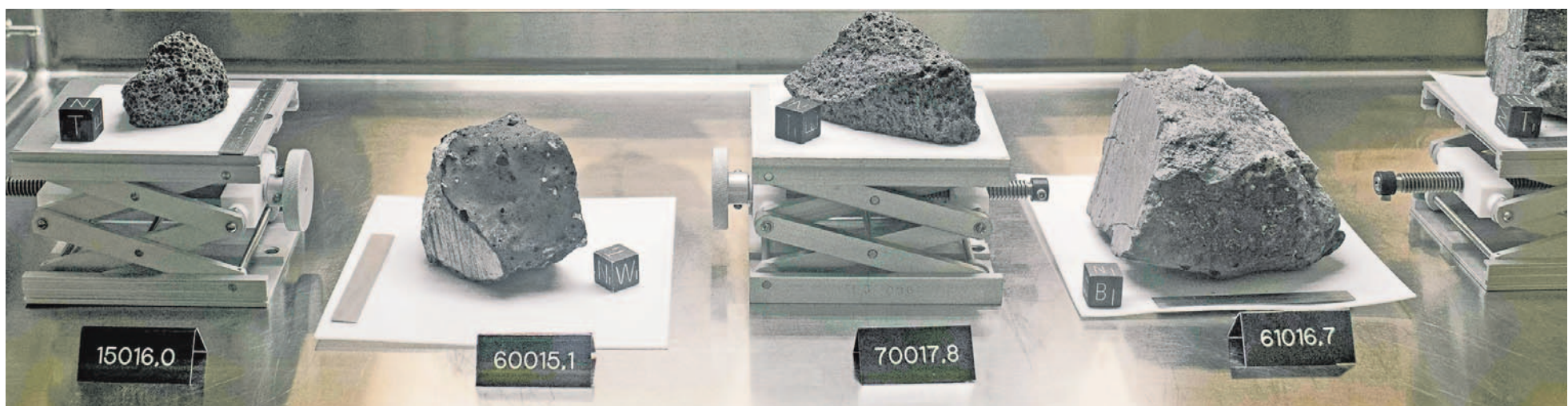
She said the park's use of a timed system from 6 a.m. to 4 p.m. last year, when reservations were extended because of construction, was too restrictive because it prevented people from even driving through Yosemite without getting out of their cars.

"The economic effects to people who rely on tourism have been devastating," Marshall said. "It went too far."

Other business owners are open to some form of reservations, because they, too, want visitors to be happy, said Jonathan Farrington, chief executive of the Yosemite Mariposa County Tourism Bureau.

"For all of us, the question is, What is the best number?" he said.

U.S. WATCH



NEW MISSION: Moon rocks from the Apollo program at Johnson Space Center in Houston. In September, NASA's OSIRIS-REX lab at the space center will be used to study samples of the asteroid Benu.

## WASHINGTON Unannounced IRS Visits End

The Internal Revenue Service said Monday it is ending its decades-old policy of making unannounced home and business visits, in an effort to help keep its workers safe and to combat scammers who pose as IRS agents.

Effective immediately, revenue agents won't make such visits "except in a few unique circumstances," the Treasury Department said. The agency will instead mail letters to people to schedule meetings.

The change ends "an era at the IRS," Daniel Werfel

told reporters on a call Monday, in reversing a practice by revenue officers of visiting homes and firms to resolve taxpayers' liabilities by collecting unpaid taxes and unfiled tax returns.

The Treasury Department's inspector general for tax administration said in a report that it was "concerned that taxpayers and anti-government or anti-tax groups with malevolent intent may use the Internet or social media to track down and identify IRS employees, their families, their homes, and personal information to threaten, intimidate, or locate them for physical violence."

—Associated Press

## CHICAGO Six Fatally Shot Over Weekend

The city of Chicago had another violent weekend as six people were fatally shot and 27 others were wounded by gunfire.

Officers responded to two dozen separate shooting incidents from 6 p.m. Friday to 11:59 p.m. Sunday, according to major incident notifications released Monday.

The incidents included the slaying of one man and wounding of four others early Saturday as they stood on a sidewalk, and the wounding of three people, including two

women, Saturday night on Chicago's South Side when gunfire rang out from an alley.

A 16-year-old boy was found on a sidewalk and pronounced dead at a hospital after being shot multiple times Friday night. The teen was identified as Rashaun Hood, grandson of community activist Robin Hood.

Weekend violence has plagued the city in recent years. This Memorial Day weekend more than 40 people were shot, including nine fatally. Through July 16, Chicago police reported 331 murders, down from 355 over the same period in 2022, according to the Chicago Police Department.

—Associated Press

## MONTANA Woman Killed By Grizzly Bear

Authorities searched Monday for a grizzly bear that attacked and killed a woman on a trail west of Yellowstone National Park near the Montana-Idaho border.

The victim's body was found Saturday morning a few hundred yards from a trailhead and private campground. The woman appears to have been jogging when she was fatally mauled, said Morgan Jacobsen with Montana Fish, Wildlife and Parks. Her name hasn't been released.

Tracks of a grizzly bear and at least one cub were found at the scene of the attack, which occurred near the Buttermilk Trailhead 8 miles west of West Yellowstone, a busy summer tourist town and gateway to the national park. The hiking trail also is used by people ATVs and other off-road vehicles.

Rangers issued an emergency closure for areas of the Custer Gallatin National Forest. It didn't include Yellowstone National Park.

A trail camera captured an image of a grizzly bear with two cubs in the area on Saturday night.

—Associated Press

## IPO Market Perks Up After Lull

Continued from Page One not the issue."

The slow period allowed many startups to do what two years ago seemed unthinkable: cut costs and pivot toward a goal of quickly reaching profitability. That means the pipeline of companies eyeing U.S. offerings is stronger than before the slowdown, bankers say.

The fall looks to be busy. The biggest offering of the year is set for September.

British chip designer Arm is looking to list shares as early as mid-September, according to several people close to the deal. Arm will likely target a valuation of more than \$50 billion.

And there are more major listings in the offing.

Marketing-automation platform Klaviyo, which is profitable and was valued at \$9.5 billion in a private funding round in 2021, is preparing for a debut as early as September. Car-sharing marketplace Turo has been talking to investors about a debut in the coming months.

Birkenstock is also looking to go public as soon as this fall in an IPO that could value the German shoe manufacturer at \$7 billion or more. Instacart, which hired bankers for an IPO

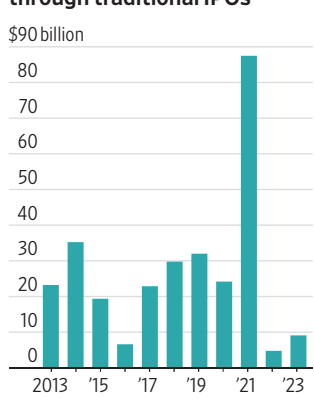
more than two years ago, is also hoping for a big late-2023 debut.

Bankers, lawyers and investors say it is unlikely this year will return to the levels reached in 2020 and 2021.

During those years, unprofitable startups rushed to list their stocks in the U.S. as investors awarded them with high valuations. The appeal of IPOs is that while the companies might not make money at the time of their offerings, they might one day deliver sizable profits. As interest rates hovered near zero in 2020 and 2021, it made sense for investors to pay a premium for the potential of big future returns.

In late 2021, however, central banks signaled they would raise interest rates. Companies that promised big growth but

## Amount raised for companies going public in the U.S. through traditional IPOs



Note: Data are through June of each year. Source: Dealogic

had small or no current profits became less attractive and the IPO market slowed to a near halt.

Companies going public in the U.S. through traditional IPOs raised \$9.1 billion in the first half of the year, according to Dealogic—far below the \$27 billion average for the same period over the past decade.

Plenty of private companies are holding back from public markets.

Stripe raised more than \$6.5 billion privately earlier this year, and the fintech company is no longer aiming for a 2023 stock-market debut. Reddit, also long-discussed as a 2023 IPO candidate, isn't planning on listing its shares soon. Some companies, including digital-advertising firm Aleph Group, have withdrawn their IPO filings with the Securities and Exchange Commission, worried

about how the economy will fare in the balance of the year.

Still, there are signs that animal spirits are returning to the IPO market. Investors who attended Oddity's roadshow earlier this month were surprised by the fervent tone that felt a lot like the boom times, one fund manager said.

Bankers underwriting the deal told investors there was off-the-charts demand for the IPO. By the end of the roadshow, investors had placed orders for \$10 billion of shares of Oddity, according to a person familiar with the matter; they were competing for the less than \$500 million in shares that would ultimately be sold.



# first

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## WORLD NEWS

## Russia and Ukraine Intensify Airstrikes

Drone attacks hit Moscow and Crimea, and a grain terminal on Romanian border

By THOMAS GROVE

Airstrikes between Russia and Ukraine escalated sharply Monday, with Russia attacking a Ukrainian grain terminal on the border with Romania, while Ukraine unleashed a wave of drones on Moscow and Crimea, Russian officials said, hitting an arms depot on the Black Sea peninsula.

Russia's strike on the Ukrainian port of Reni, on the Danube River, follows similar attacks on ports and storage facilities along the Black Sea coast. The attacks were intended in part to curb Ukraine's grain exports after Moscow pulled out of a pact allowing safe passage of Ukrainian grain through the Black Sea, primarily to markets in Africa and the Middle East. Russian drones and missiles bombarded Odesa's main port in the aftermath of Moscow's withdrawal from the pact, with Monday's

attack on Reni pushing grain prices higher and bringing the conflict closer to Romania, a North Atlantic Treaty Organization member, which shares a river border with Ukraine.

Moscow has said it considers ships bound for Ukrainian ports as legitimate military targets, aiming to disrupt the grain trade, while Ukraine's Ministry of Defense issued a similar warning, saying it would consider targeting vessels en route to Russian ports.

Ukrainian traders have responded by building up capacity on the Danube River after Russian attacks closed off Black Sea ports that typically shipped 95% of Ukrainian grain exports. Though still comparatively small, the Danube has become an important outlet, and barges have transported grain down the river to the Romanian port of Constanta, where it was loaded onto larger vessels for export.

The worsening condition of Ukraine's surviving ports means the country likely would have to export more of its grain by land—a slower and more expensive route that could bite into the margins of



Russia accused Ukraine of launching a drone attack on Moscow early Monday.

farmers and exporters and reduce the Ukrainian government's revenue from its lifeblood industry. Poland has indicated it would allow shipments to transit its territory.

Russia, meanwhile, accused Ukraine of launching fresh drone attacks in Crimea, the Ukrainian Black Sea peninsula, which has been under Russian

occupation since 2014, and the Russian capital, Moscow.

A swarm of 17 drones entered Russian-controlled airspace in Crimea overnight and hit a weapons-storage facility in Dzhankoy. Residents were evacuated to temporary shelters for fear of munitions explosions. Russian officials said 14 of the drones, including

those that initially hit their targets, were brought down using electronic jamming equipment, while three were shot down by air defenses.

In Moscow, Russian state television showed office buildings with blasted-out windows and debris scattered along a nearby thoroughfare. Moscow Mayor Sergei Sobyenin said

no one was injured. The Russian Defense Ministry said all the drones were grounded.

Russian Foreign Ministry spokeswoman Maria Zakharova blamed Kyiv's Western backers. "It's an act of international terrorism," she said.

The latest drone strike on the Russian capital came the day after a Russian rocket damaged the biggest Orthodox cathedral in the Black Sea city of Odesa, killing one person.

Ukrainian President Volodymyr Zelensky on Sunday condemned the Russian strike on Odesa's historic center, a United Nations World Heritage Site, and said Ukraine would retaliate. "The target of all these missiles is not just cities, villages or people. Their target is humanity and the foundations of our entire European culture," he said.

Ukraine didn't comment directly on Monday's attacks.

#### Watch a Video

Scan this code for a video about the drone strike against Moscow.

## Grain-Deal Collapse Raises Risk of War in Black Sea

By JARED MALSIN

ISTANBUL—Moscow's withdrawal from an international grain-export deal has pushed Russia and Ukraine to the brink of a new phase in their war, threatening Black Sea shipping lanes that supply much of the world's food.

Russia threatened on Wednesday to attack any civilian vessels heading to Ukraine, saying it would regard any such ships as potentially carrying military supplies. The warning also banned cargo ships from entering certain areas in international waters in the Black Sea.

Ukraine responded with its own warning, saying that all ships heading to Russia and areas of Russian-occupied Ukraine would be considered to be carrying military cargo "with all the associated risks."

Russia and Ukraine now risk a widening of the war that could have major consequences for global food security. Russia and Ukraine together accounted for 28% of the world's exported wheat before the war, with much of it shipped via the Black Sea.

The shutdown of Ukraine's Black Sea exports has raised fears of a repeat of a global surge in food prices that resulted from the 2022 invasion.

Russia's blockade and threats to civilian ships also have thrust the Black Sea into the heart of a broader contest for power in the region, intensifying Moscow's efforts to impose its dominance over the waterway, say military analysts. The moves pose a challenge for neighboring Turkey and its president, Recep Tayyip Erdogan, who helped broker the deal, and puts pressure on Washington and the North Atlantic Treaty Organization to respond.

"Russia's intention is to reorder the Black Sea's regional order," said Thea Dunlevie, a senior analyst at the Center for Maritime Strategy in Washington. "They've just decided to turn up the heat."

The Black Sea has been central to Russia's geopolitical ambitions since Moscow established the headquarters of a fleet in Crimea in 1783. Russia's occupation and annexation of Crimea from Ukraine in 2014 raised alarms about unchecked

Russian power in the region. Erdogan, who has a warm relationship with Russian President Vladimir Putin, warned in 2016 that the Black Sea was becoming a "Russian lake."

Following Moscow's full-scale 2022 invasion, capturing the Ukrainian Black Sea coastline and its ports were high among Russia's strategic aims. The ports are the lifeblood of the Ukrainian economy, accounting for 95% of its agricultural exports before the war. That fell to zero when the invasion began. Still, Ukraine drove back Russian forces around the port city of Mykolaiv last year, thwarting a Russian attempt to capture Odesa.

Ukrainian forces have chipped away at Russia's considerable firepower in the Black Sea. Ukraine sank the flagship of the Russian fleet, the Moskova, in April 2022 and drove Russian forces from the tiny but strategic Snake

Island in June. Ukraine's domestically made Neptune and Western-supplied Harpoon anti-ship missiles also have denied Russia access to the waters around Odesa, military analysts say.

Russia's forces in the Black Sea remain far more capable than Ukraine's. Moscow has at least four diesel-powered submarines, two of its newer Grigoryevich-class frigates armed with rockets, torpedoes and cruise missiles with a range of about 1,550 miles. The fleet also includes 10 large amphibious ships and smaller patrol ships.

Satellite images viewed by The Wall Street Journal showed two of Russia's submarines docked in a naval shipyard in the port city of Novorossiysk on Friday, rather than deployed for combat. Images of the navy yard also showed a U.S.-sanctioned Russian cargo ship, the Sparta IV, with artillery weapons on the dockside

and on the ship, evidence Russia is using civilian cargo vessels to transport weapons.

The presence of the ship and weapons was visually confirmed by Yoruk Isik, the head of the ship-tracking consulting firm Bosphorus Observer.

Russia recently turned to some of its advanced naval weaponry during its attacks on Ukraine's civilian port infrastructure, using its supersonic Onyx cruise missiles to expose weaknesses in Ukraine's air defenses and devastating port infrastructure in Odesa.

Military analysts say it is unlikely that either Russia or Ukraine would attack civilian ships in the Black Sea. Instead, the warnings to ships in the region could have a chilling effect on insurers and shipping lines, deterring civilian cargo ships from the region.

"The risk of miscalculation is as high as it's been in the course of the war," said Michael Petersen, director of the Russia Maritime Studies Institute at the U.S. Naval War College.

Turkey is reluctant to provide a military escort for grain ships because of the risk it would pose for Turkish forces,

diplomats say. Demining the waterway could take months, according to military analysts.

Western states have few options to send their own ships to the Black Sea because of limits imposed by the Montreux Convention, an international treaty that governs access to the waterway. Turkey invoked the treaty early in the war last year, blocking Russia from bringing additional naval assets to the region.

Russia has made contradictory statements on how it would implement its shipping ban. On Friday, Russia's deputy foreign minister, Sergey Vershinin, appeared to step back from the prior threat from the Russian ministry of defense, saying that Moscow merely intends to intercept and search ships in the Black Sea, rather than attack them. Some analysts said the statement opened the door to a possible de-escalation of the crisis.

"They're using the threat of war to deter commercial investment and engagement in the region," said Dunlevie. "They don't even need to fire a missile. All they need to do is threaten it."

## Israel Votes To Limit High Court

Continued from Page One  
pass to limit the power of the court system. Next up is a bill that would give lawmakers more power to select judges—a move that is more contentious than the bill passed on Monday. It could be voted on in the fall.

"We made the first move in the historic process of fixing the justice system," said Justice Minister Yariv Levin, widely considered the architect of the overhaul.

In a speech on Monday night, Netanyahu said his coalition would continue to reach out to the opposition to set agreements on any judicial legislation going forward. "No side will control the court. This cannot happen. It will not happen on our watch," he said.

The legislation passed after talks to forge a compromise collapsed. Opposition lawmakers walked out of the room, boycotting the vote.

Mass demonstrations broke out across the country on Monday. Police worked to pre-



A person stood in front of a police water cannon being used to disperse protesters in Jerusalem on Monday.

vent protesters from storming the Knesset. Tens of thousands filled the streets of Jerusalem near the Knesset and other government buildings.

Police said dozens of protesters were arrested, with authorities forcibly removing some demonstrators blocking streets in Tel Aviv, according to footage aired on Israel's Channel 12. Police used water cannons to disperse protesters in Tel Aviv, the footage showed.

Yair Lapid, the leader of the opposition, called passage of the legislation "the destruction of Israeli democracy." "We will not give up," he said. "We will not surrender. We will not let them turn Israel into a broken, undemo-

cratic country, which is run by hatred and extremism."

Monday's legislative action could set off an extraordinary series of events that will test Israel's unity, including a challenge to the law in front of the Supreme Court. A nongovernmental organization said it petitioned the court Monday, claiming the law fundamentally changes the nature of Israeli democracy and the process to pass the law was flawed.

"We are moving one step closer to a constitutional showdown," said Yuval Shany, a law professor at Hebrew University in Jerusalem. Monday's legislation was an amendment to one of Israel's so-called basic laws—

piecemeal legislation that is the closest thing the country has to a constitution. Shany said justices have never struck down a basic law but have suggested in various rulings that the court has the right to do so if it fundamentally changes the nature of democracy in Israel or if it abuses the constitutional process.

The bill's passage presents a challenge for Israel's military, often called a "people's army" for its reliance on volunteer reserves. The judicial overhaul has alienated many military reservists, some of whom see the move as a power grab by ultra-Orthodox Jews, the majority of whom don't serve in the army.

Thousands of military reservists said this week they would stop reporting for volunteer duty if the legislation passed, although it remains to be seen if they will carry through on that promise. Military officials warned that the legislation was undermining unity within the military.

"I have no words. I want to cry," Ben Levy, a reserve combat soldier and psychology student from Netanya, said after Monday's vote. He said it was likely that many more reservists will announce they won't serve any more and many will do it quietly by finding an excuse not to show up. Netanyahu, the country's longest-serving prime minis-

ter now in his sixth term, brought the judicial legislation back from defeat after his government first tried to pass a different package of bills in March. He postponed the effort after protests and a general strike paralyzed the nation, but he said last month that he would pass the overhaul in modified form.

Netanyahu, who was released from the hospital Monday after being fitted for a pacemaker, hasn't historically been an advocate for changing the judiciary, but he was under pressure to pass it from his right flank, which gives him his narrow parliamentary majority.

On the other side were business leaders and hundreds of thousands of protesters who have demonstrated every weekend for more than six months. On Monday, the country's main labor union, the Histadrut, said it was preparing for the possibility of calling a general strike, potentially crippling the country again.

The debate over the judicial legislation has cast a light on Israel's societal divide over what it means to be both a Jewish and a democratic state. The state was founded and controlled in its early decades by secular socialists of largely Eastern European descent. They envisioned a culturally Jewish but socially liberal democratic state.

Over recent decades, an alliance between various segments that have come to represent the Israeli right—religious Zionists, settlers, the ultra-orthodox and Jews of Middle Eastern descent—has grown in both numbers and power. Netanyahu's Likud party, which is itself secular, has united those segments on the right into a political powerhouse.

—Ari Flanzraich contributed to this article.

JOHN CHRISTIAN





## WORLD NEWS

## North Korea Ignores U.S. Calls About Soldier Held

By Dasl Yoon  
and Gordon Lubold

SEOUL—The U.S. has reached out to North Korea about an American soldier who crossed the border from South Korea last week, but so far Pyongyang hasn't responded, U.S. officials said.

At a Monday briefing, British Army Lt. Gen. Andrew Harrison said Washington has tried to have conversations with the North Koreans using a communications line established under the armistice agreement that ended combat in the 1950-53 Korean War. The U.S. has reached out through at least two channels, but Pyongyang hadn't engaged, U.S. officials said.

"We have relayed messages through multiple channels to [North Korea] that the individual crossed on his own and we want him returned quickly and safely," said a U.S. official. "We also asked for more information on his welfare." The official said the U.S. knows the message has been received by the North Koreans, but wouldn't elaborate.

The United Nations command in Seoul, which is led by an American general who also leads U.S. Forces Korea, has made attempts to reach out to Pyongyang. The White House, using Sweden as an intermediary, has made similar attempts, officials said.

A spokesman for the U.S. State Department said the U.N. and the North Koreans hadn't been in regular contact since the soldier's initial flight. The spokesman, Matt Miller, denied reports that the U.N. command had been in regular touch with the North Koreans, suggesting there had been a "misinterpretation."

"I'm not aware of any new communications, other than those that happened in the very early hours or early days after he went across the border," Miller said.

Pvt. 2nd Class Travis King, 23 years old, has been detained in North Korea since he crossed the border while on a tour last Tuesday of the Joint Security Area, part of the Demilitarized Zone separating the two Koreas.

"The primary concern for us is Private King's welfare," Harrison said. He added that he remains optimistic, but declined to provide details on the talks, citing their sensitivity.

The day before he crossed the border, King had been set to fly Texas for disciplinary actions and a potential discharge following two alleged assaults last year, officials said last week. He had been held at a detention facility in South Korea for 47 days.

North Korea has said nothing publicly about King.

King's crossing has raised questions about the U.S. military's handling of personnel at overseas bases. He had been escorted to Incheon Airport on July 17 by U.S. service members, who left after King passed through security checkpoints. King told airline staff he couldn't locate his passport and slipped out of the airport. He headed to the Joint Security Area as part of a tour group the next day.

A spokesman for the U.S. Forces Korea said the incident remains under investigation.

King allegedly assaulted a South Korean citizen last September and the next month was involved in another assault and damaged a police car by kicking it, for which he was fined \$4,000.

Army Secretary Christine Wormuth speculated at a news conference last Thursday that King had been grappling with the consequences he would face upon returning to the U.S.

North Korea watchers say King's voluntary entry into the country may make winning his release difficult. In the past, North Korea has used defections by U.S. soldiers as a propaganda opportunity, portraying Americans as growing disenchanted with capitalism. Army Sgt. Charles Jenkins, who deserted his post in South Korea and fled to the North in 1965, became a familiar figure in North Korean films, cast as a capitalist villain.

—William Mauldin  
contributed to this article.

# Guyana Struggles to Protect Children

By Kejal Vyas

MAHDIA, Guyana—Years ago, education officials in this remote mining town installed metal bars on the windows of the high school's dormitory partly to keep girls and boys from being preyed upon in a town known for parties, nightclubs and brothels frequented by local gold miners.

But the grates and padlocked doors meant to protect students instead helped seal their fate as fire tore through the facility in May, killing 20, mostly indigenous girls from far-flung hamlets.

Their bodies were so badly incinerated that authorities had to send DNA samples to New York to identify the victims.

The tragedy rocked the South American country where poverty and child sexual exploitation remain entrenched in its lawless mining regions, even as Guyana has transformed into the world's fastest-growing economy because of an Exxon Mobil-led consortium's offshore oil discoveries.

"I really thought that that was the best place for my child to have an opportunity and have someone look over her," said Monica Roberts, whose 13-year-old daughter, Lisa, died in the fire. "But it was like a jail."

Police recovered Lisa's charred skull from the rubble. "There was no flesh, no nothing," her mother said.

The deaths of 19 girls aged 12 to 17, as well as the 5-year-old son of a dorm caretaker, spotlight the continuing challenges of education and child protection in hamlets near the informal mines that pockmark the country's rugged hinterland, said the United Nations, officials and youth-advocacy groups. Gold made up about 9% of Guyana's economic output in 2021, and businessmen from the mining sector have long been major political contributors, according to former and current government officials.

For decades, the gold deposits around Mahdia have drawn members of indigenous communities, young men from Guyana's Atlantic coast, as well as Brazilian and Venezuelan wildcat miners who pay indigenous councils a 10% cut of their



Students visit a makeshift cemetery where some of the 20 victims of a May fire are buried.

haul, said Cornel Edwards, a 70-year-old toshao, or local chieftain. Some of those men have long flocked to Mahdia for booze and sex after toiling in mud pits hunting for gold, local government and residents say.

The town's Mahdia Secondary School is the only high school in the area serving several indigenous hamlets, some accessible only by jungle trails and canoe rides. Many students board there during the school year. It provided opportunities poor children otherwise wouldn't have, said Deborah Bellarmine, whose 17-year-old daughter Natalie died in the fire, just weeks before finishing her final school year.

"I told her, 'Go make something of yourself, don't be like your sisters just making babies,'" said Bellarmine, whose daughter was identified only by marks on her teeth. "She told me, 'Mommy, I'll try my best.'"

The dorm lacked fire alarms and an escape route, and counted on a small staff of watchmen and teachers with little training, said town officials. In the chaos on the night of the May 21 blaze, firefighters scrambled in the dimly lit streets to find a hose long enough to deliver water, while first responders struggled to ram doors open before hammering a hole into a wall to pull out survivors.

## CHILD LABOR PLAGUES REGION

Children being lured into dangerous mining work and child prostitution in lawless mining regions are common in other South American countries, including Ecuador and Colombia, according to a 2021 U.S. Labor Department report.

In 2017, Unicef published a tool kit for industrial mining firms, offering guidelines on training workers at firms that buy gold from individual miners on the risks of children forced into sex work in mining areas.

But police and regulators in remote areas are

understaffed, leaving many of those risks unaddressed, said Ayodele Dalgety-Dean, director of Blossom Inc., a child-protection group.

"It boils my blood because instead of prevention and sexual education, students are locked up behind bars," she said.

Her nonprofit works with the state child-services agency and had run a youth-counseling group in Mahdia, Guyana, that included five of the girls who died in a fatal May fire. "Mining towns are not safe spaces for children," she said.

School dropout rates in Guyana are high, educators said. Girls who get pregnant are usually removed from classes until they give birth, but few of the young mothers resume their education. Most teachers struggle on salaries of \$350 a month. Many teachers and students, both boys and girls, mine or do odd jobs such as cooking at mining sites.

The regional representatives for the Education Ministry, which operates the school, de-

clined to comment and referred questions to Peter Ramotar, executive officer for Guyana's gold-rich Potaro-Siparuni Region, where Mahdia is located. He said what happened was a nightmare, but the school struggled to provide education to rural communities on a tight budget.

This month, a 15-year-old girl appeared before a judge in the Guyanese capital, Georgetown, to face 20 counts of murder for allegedly starting

## GREECE

### Wildfires Force More to Flee

A week-old wildfire on the Greek resort island of Rhodes tore past defenses Monday, forcing more evacuations as strong winds and successive heat waves that left scrubland and forests tinder-dry fueled three major fires raging elsewhere in Greece.

The latest evacuations were ordered in south Rhodes after 19,000 people, mostly tourists, were moved in buses and boats over the weekend out of the path of the fire that reached several coastal areas from nearby mountains. It was the country's biggest evacuation effort in recent years.

"We are at war—completely focused on the fires," Prime Minister Kyriakos Mitsotakis said during a debate in parliament. "Over the coming days and weeks, we must remain on constant alert."

Help continued to arrive from the European Union and elsewhere, with firefighting planes coming from Turkey.

—Associated Press

## CHINA

### Eleven Die in Roof Collapse

Eleven people were killed when a roof collapsed at a middle school gymnasium in China's far northeast, authorities said Monday.

The incident occurred Sunday in the city of Qiqihar and the last victim was pulled from the wreckage Monday morning. The official Xinhua News Agency said construction work at the school was the likely cause, after workers stored materials on the gym's roof that absorbed rain water.

Xinhua gave no details on how many of the dead were students. Social media and the Baidu news website carried footage of angry parents' shouting about what they said was a lack of communication from authorities.

—Associated Press

## VATICAN

### Expulsion of Priest Is Official

The Jesuits said Monday that a famous artist priest is definitively expelled from the religious order for sexually, spiritually and psychologically abusing women, and lamented they couldn't prosecute him more vigorously under the Vatican's internal procedures.

The Rev. Marko Ivan Rupnik remains a Catholic priest but is no longer a Jesuit priest, after he didn't appeal his June expulsion decree, said Rupnik's former superior, the Rev. Johan Verschuere.

Rupnik, a Slovenian priest, is one of the most celebrated religious artists in the Catholic Church. His mosaics decorate churches and basilicas around the world, including at the Vatican. Late last year, the Jesuits acknowledged Rupnik had been accused by several women of sexual, spiritual and psychological abuse over 30 years. The Jesuits announced in June that they determined the women's claims to be "very highly credible."

—Associated Press

## SOMALIA

### Suicide Bomb Kills Soldiers

A suicide bomber on Monday targeted a military training academy in Somalia, killing 25 soldiers in the capital of Mogadishu, a senior army officer said.

Al Qaeda's affiliate in East Africa, the Somalia-based al Shabaab, claimed responsibility for the attack.

The officer said more than 40 others were wounded in the bombing at the Jalle Siyad military academy. He said that only his first name, Abdullahi, be used because he wasn't authorized to speak publicly. Somali authorities didn't comment.

Al Shabaab controls parts of rural Somalia and often targets high-profile areas of the capital.

—Associated Press

## WORLDWATCH



MEMBER OF THE FLOCK: A masked congregant in a feathered costume posed with a baby before a Mass honoring St. Francis Solano in Emboscada, Paraguay, on Monday. Legend has it that birds sang to the saint on his deathbed in a Peruvian convent.



## WORLD NEWS

## Climate-Protest Tactics Turn More Combative

Activists take more radical steps, but trigger debate about alienating the public

By James Hookway

Under cover of darkness, several climate protesters made their way onto a golf green in southern Spain earlier this month and filmed themselves pouring cement into a hole.

They targeted 10 golf courses in all, notoriously large consumers of water in the arid climate. Some protesters planted flowers and vegetables. Others unfurled signs reading “Golf closed for climate justice” or “Water is a common good.”

After years of petitions and rallies, rising numbers of climate activists are turning to direct action, sometimes flouting laws or sparking safety concerns as they put across their message that governments need to do more to cut emissions as temperatures creep up toward record highs this summer. Many risk jail.

In England, they have disrupted sports events such as Wimbledon and the snooker world championships by leaping onto courts or tables to fling orange confetti or powder, disrupting play. Two women threw cans of Heinz tomato soup across Vincent van Gogh’s “Sunflowers” at the National Gallery in London. (It was protected by a layer of glass.) At the Open championship on Friday,



Climate activist Greta Thunberg was removed by police from the scene of a demonstration Monday in Malmö, Sweden.

American golfer Billy Horschel helped remove a protester at the 17th hole of the Royal Liverpool course.

Greta Thunberg was detained protesting a coal mine in Germany earlier this year, while climate activists in the U.S. have turned off the valves on gas pipelines from Canada and climbed the smoke stacks of coal-fired power plants in New England to shut them down.

This week, an heir to the Disney fortune, Abigail Disney, was arrested in the Hamptons

with several other activists for blockading an airfield used by private jets.

Among the more unusual groups is the Tyre Extinguishers, who have made it their mission to sneak up on fuel-hungry SUVs around Europe and let the air out of their tires to discourage people from buying them. More than 10,000 vehicles have been disabled in this way, at least temporarily.

These vigilante tactics have triggered a debate among environmentalists over whether

such protests might be doing more harm than good by antagonizing the people they need to bring on board—something academics call the activist’s dilemma.

Swedish university professor Andreas Malm, whose book “How to Blow Up a Pipeline” was recently adapted into a movie, first began deflating SUV tires with other activists in 2007. He thinks the trend is clearly toward bolder, brasher stunts in a bid to shock people out of their

complacency, and that in many instances acts of sabotage are justified.

“Among younger climate activists there is a feeling that what we’ve done so far isn’t enough,” he said.

There is a fine line to tread, however. Blocking roads and other indiscriminate action irritates people who simply need to get to work or home, Malm said.

When activists blocked the M25 motorway that circles London two years ago, causing

huge traffic delays, a poll conducted by the U.K.’s YouGov found 59% of respondents opposed the protest. Larger campaign groups such as Extinction Rebellion have mostly turned their focus away from direct action toward mobilizing large demonstrations as groups such as Just Stop Oil and the Tyre Extinguishers come to the fore with their commando-style tactics.

Heather Alberro, a lecturer at Nottingham Trent University in England, argues that history shows that sometimes radical movements can help advance more-moderate protest campaigns. Militant suffragettes, by destroying property, made the suffragists’ campaign to grant women the vote seem less alarming in comparison.

Protesters, for their part, increasingly risk jail time to make their point.

In April, an English court sentenced Morgan Trowland, a civil engineer, to three years in prison and activist Marcus Decker to two years and seven months for climbing up the Queen Elizabeth II Bridge spanning the River Thames to unfurl a “Just Stop Oil” banner.

Before sentencing, Trowland said he and Decker were taking a stand against any new oil or gas wells being drilled. “I will not be complicit in that,” he said.

New laws restricting protests in England, described by Home Secretary Suella Braverman as a necessary measure to counter what she called the “tofu-eating wokerati,” suggest more protesters could end up in prison.

## China Targets Corruption To Ensure ‘Seed Security’

By Chun Han Wong

For one of his newest anti-corruption campaigns, Chinese leader Xi Jinping is ordering his enforcers to dig up dirt. This time, he means, literally, the kind in the ground.

The Communist Party’s top disciplinary body—after punishing graft in the military, domestic security organs and the financial sector—is hunting officials, merchants and farmers it suspects of harvesting illicit profits from trade in grains and seeds. The body is one of the busiest and most powerful agencies in China, tasked with imposing control in areas that Xi considers his priorities.

Tasked with being more forceful in safeguarding the nation’s “seed security,” authorities have investigated dozens of cases involving seed-related misconduct and, in several instances, imprisoned grain-sector officials on corruption charges, according to government disclosures and state media reports. Meanwhile, local governments are directing their own crackdowns on “seed sector corrup-

tion,” sending cadres into the countryside to educate farmers and flush out offenders.

Senior Chinese lawmakers also are reviewing a proposed food security law, which would set legal frameworks for safeguarding food production and supplies, developing cutting-edge seed technologies and punishing misconduct that jeopardizes food safety and national security, according to a draft issued in late June by China’s national legislature.

Officials say the goal is to stop the proliferation of fake and substandard seeds that could jeopardize food production and safety, while punishing officials, merchants and farmers who siphon agricultural subsidies

and peddle low-grade seeds. Xi has often highlighted food security as a national interest, calling on officials to ensure that China can fully nourish its 1.4 billion people. His demands have taken on greater urgency as he pushed to prepare his country for a potential confrontation with the U.S.—a major source of Chinese grain imports, including soybeans and corn—and

forestall disruptions to food supplies.

Beijing sees the seed sector as one of several strategic industries where Western powers could flex their technological superiority to strangle a lagging China.

China is the world’s largest grain producer, growing one-quarter of global supply on less than 10% of the world’s arable land. But its ability to feed its own people has slipped over recent decades by some estimates. Last year, a former deputy chief of China’s top economic-planning agency said the country’s food self-sufficiency rate—or the percentage of nutritional needs that can be met by home-grown crops—has fallen to roughly 76% from about 100% in 2000, a drop that he attributed to China’s declining competitiveness in agricultural output and the relative weakness of its seed industry.

While state regulators and academies increase seed-related research, party and government enforcers are focusing on policing industry behavior. In January, the party’s top disciplinary agency said corruption remained rampant in China’s food-supply chain and issued a directive demanding more enforcement pressure to curb shady deals related to grain trading.



Antony Blinken met with China’s foreign minister, Qin Gang, during a visit to Beijing in June.

## U.S. Seeks Cooperation On Fentanyl

Continued from Page One

having a critical role in that effort. Chinese companies produce chemicals, known as precursors, that are shipped to cartels in Mexico, which use them to produce fentanyl and smuggle it into the U.S.

Given the stakes, the U.S. is trying to figure out how to elicit China’s cooperation and the police institute has become a hurdle.

The working group was supposed to be part of a phased approach to break the impasse, the people said. Within that channel, the people said, China was expected to lay out plans to work with the U.S. on the drug fight, while the U.S. would reconsider its restrictions on the institute.

Chinese officials “haven’t agreed to anything yet, and we are a little stalled on where to go,” one of the people familiar said.

The White House and State Department declined to comment on the internal deliberations. A State Department spokesman said that Blinken while in Beijing never offered to remove the sanctions on the Chinese police institute.

“No member of the U.S. delegation offered to lift any sanctions on PRC entities or said we would consider doing so,” the spokesman, Matthew Miller, said, using an acronym for the People’s Republic of China. “The Secretary discussed a working group on fentanyl that would allow each side to raise and discuss their concerns, and we continue to call on the PRC to stop the flow of fentanyl precursor chemicals from China to the cartels.”

Amid the wide-ranging, divisive strains in U.S.-China re-

lations, fentanyl was an issue, along with climate change, that the Biden administration identified as an area of potential for cooperation with Beijing. The inability to move ahead shows the level of distrust between the two powers, despite the Blinken trip and other high-level meetings intended to improve relations.

The Chinese Ministry of Public Security’s Institute of Forensic Science had its access to U.S. technology strictly limited three years ago for what the Trump administration said was its role in a campaign of mass surveillance and widespread human-rights abuses against ethnic Uyghurs and other minority groups in China’s far western Xinjiang region. China denies the allegations of abuses in Xinjiang, and has told the U.S. that the sanctions are also undermining its ability to access U.S. equipment for counternarcotics work.

Chinese officials have been firm with the U.S. for months that removing the police institute from the export blacklist is a precondition for restarting joint work to combat drugs, the people said. China froze counternarcotics cooperation with the U.S. nearly a year ago in protest of then-House Speaker Nancy Pelosi’s visit to Taiwan, which China viewed as a provocation.

Deliberations inside the Biden administration have been under way since at least late last year as it seeks to show progress on fighting the opioid scourge, according to one of these people and a document seen by The Wall Street Journal. They mark a significant step—potentially a significant one—toward jumpstart cooperation with China.

China maintains the U.S. is seeking to deflect blame for the crisis and that Washington hasn’t done enough to control prescription drugs, choke off domestic demand for illegal ones and raise public awareness of the issue. More than

100,000 people died of drug overdoses in the U.S. in 2022, according to a federal estimate released in May, roughly in line with 2021 levels but significantly above those just a few years earlier.

The people familiar with the discussions cautioned that the U.S. was unlikely to remove the Chinese police institute from the export blacklist soon, and that much would still depend on what steps Beijing takes next and further talks by both sides.

Still, the Biden administration’s consideration of the issue marks a potential U.S. concession to China in an attempt to make progress on one of the president’s domestic priorities. Any move to lift export restrictions on a Chinese government agency deemed to have participated in suspected widespread human-rights abuses in Xinjiang risks a backlash in Washington.

The Biden administration is under pressure from Congress to deal with the fentanyl crisis, with some lawmakers urging the U.S. military be enlisted to smash the cartels.

Blinken raised the fentanyl issue explicitly with Foreign Minister Qin Gang in Beijing, one of the people said, during the visit in which he also met with China’s top foreign-policy official, Wang Yi. After the meetings, Blinken said he had made progress.

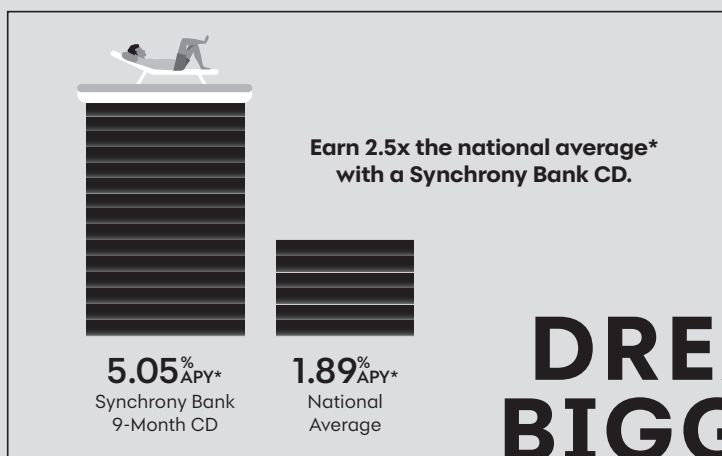
“We agreed to explore setting up a working group or joint effort so that we can shut off the flow of precursor chemicals,” he told reporters.

Asked about the forensics institute, China’s Foreign Ministry didn’t comment directly on recent discussions with the U.S. But it reiterated its calls for Washington to lift the sanctions.

“If the U.S. genuinely wants to resolve its domestic drug problem, then it should respect the facts, withdraw the sanctions, and stop smearing and scapegoating,” the Foreign Ministry said.

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FROM PAGE ONE

# A Rush For Sorority Consultants

*Continued from Page One*  
graduate, said hiring Addicks was worth it. Otherwise, she risked entering blind to the arcane rituals, traditions and unspoken rules of Greek life. “You have to be trendy but not too trendy, modest but not too modest, fit in but be unique,” said Kelley, who joined the University of Georgia’s Delta Zeta sorority. The trick, she said, is “blending in and standing out.”  
Getting into sororities has become nearly as competitive as acceptance to top universi-

ties. Applicants are asked to write essays, give their grade-point average and report whether they did volunteer work or played high-school sports. Women submit application packets with as many as 30 letters of recommendation, said Stacia Damron, owner of Hiking in High Heels in Texas. Some sororities require that applicants record video responses to their questions. “My boyfriend went to Stanford, and he said this is more complicated than getting a Stanford M.B.A.,” she said.  
Damron tells clients that they need a social-media presence but warns that sorority members will scour a recruit’s posts. She suggests that women erase images of themselves in very skimpy outfits or with alcohol. Instead, they should pile up posts about family, friends, hobbies and

volunteer work. “It’s about telling a story to help the sororities get to know you,” said Damron. Her fees run as high as \$4,000 for on-call service during rush.  
Leighton Newberry, owner of Recruitment Ready in Atlanta, said she spends a lot of time prepping young women for conversation. All the hours young people spend texting and communicating over social media has left many inexperienced with face-to-face chitchat, she said. Newberry, who graduated from Auburn University in 2019, advises her clients to make eye contact and stay engaged with new acquaintances during rush season’s many social events. She suggests asking questions: *Where are you from? Why did you pick this school to attend?*  
Newberry has a la carte sessions that cost \$150 for

video calls and \$175 for in-person meetings. She also sells the Bid Day Bundle for \$1,000. That includes three one-on-one sessions and assistance writing résumés and cover letters, as well as styling tips. She also gives frank talk about disappointment.  
“You’re not going to get what you want all the time,” Newberry said. “These are life skills that can carry with them for years to come. It’s not just about getting into one sorority.”  
Last year, 125,000 women sought a spot in sororities at the 500 campuses that provide data to the National Panhellenic Conference, and between a quarter and a fifth of them either quit or didn’t get accepted, according to Dani Weatherford, chief executive of the conference, a trade group that represents sorori-

ties. Generally, sororities conduct four rounds of meetings with applicants and winnow the group after each round.  
The \$2,000 Fabulous and Chic package from Greek Chic in Manhattan provides four sessions on applications, social media and wardrobe, along with ‘round-the-clock counseling during rush week.  
Owner Lorie Stefanelli recalled being at a rooftop concert when she got a call from a distraught client at the University of Texas, Austin. The young woman, in tears, had successfully passed several rounds but felt too exhausted to keep going. Stefanelli said she left the concert to soothe her client, telling her she was doing a great job and encouraging her to continue.  
Shannon Rust had to bounce back from a few rejections after leaving home in

Stamford, Conn., to attend the University of Georgia last year. She had known little about sororities, and her roommate’s mother suggested Addicks, of It’s All Greek to Me.  
Shannon’s mother, Janine Rust, said she first thought that the idea of paying for a sorority consultant was crazy. But she went ahead and hired Addicks.  
Rust said that after Shannon called her to say she had been cut from several sororities, she was more upset than her daughter was.  
“How could they not want my kid,” Rust recalled thinking. Then she picked up the phone and got consoled by Addicks.  
“Having someone to be able to call 24/7 to talk me off the ledge was immeasurable,” Rust said.

# Cleaning ChatGPT Took Toll

*Continued from Page One*  
it created ChatGPT, it hired workers in Kenya to review and categorize thousands of graphic text passages obtained online and generated by AI itself. Many of the passages contained descriptions of violence, harassment, self-harm, rape, child sexual abuse and bestiality, documents reviewed by The Wall Street Journal show.  
The company used the categorized passages to build an AI safety filter that it would ultimately deploy to constrain ChatGPT from exposing its tens of millions of users to similar content.



Alex Kairu, left, who helped screen out violent and harassing speech, called it ‘the worst experience I’ve ever had in working in a company.’ Center, Kenyan lawyer Mercy Mutemi’s clients filed a petition with the Kenyan parliament. Richard Mathenge, right, led a team that moderated sexual content.

## Global pipeline

“My experience in those four months was the worst experience I’ve ever had in working in a company,” Alex Kairu, one of the Kenya workers, said in an interview.  
OpenAI marshaled a sprawling global pipeline of specialized human labor for over two years to enable its most cutting-edge AI technologies to exist, the documents show. Much of this work was benign, for instance, teaching ChatGPT to be an engaging conversationalist or witty lyricist. AI researchers and engineers say such human input will continue to be essential as OpenAI and other companies hone the technology.  
Alexandr Wang, chief executive of Scale AI, one outsourcing company that provides contractors to OpenAI for reviewing and categorizing content, tweeted in February that companies could soon spend hundreds of millions of dollars a year to provide AI systems with human feedback. Others estimate that companies are already investing between millions and tens of millions of dollars on it annually. OpenAI said it hired more than 1,000 workers for this purpose.

sourcing company that hired the Kenyan workers, said the work with OpenAI began in November 2021. She said the firm terminated the contract in March 2022 when Sama’s leadership became aware of concerns surrounding the nature of the project and has since exited content moderation completely.  
“Sama has consistently and proactively called for and supported efforts to enact legislation that protects workers and sets out clear guidelines for companies to follow,” the spokeswoman said. “We support our workers in every way possible.”

## User questions

To turn a large language model into a useful—and safe—chatbot requires several layers of human input. One layer teaches the model how to respond to user questions. Asked to “explain the moon landing to a 6-year-old in a few sentences,” a model without human input would spit back a related sentence rather than a relevant reply, such as “Explain the theory of gravity to a 6-year-old,” an OpenAI blog post explained. With human input, it learns to answer: “People went to the moon, and they took pictures of what they saw, and sent them back to the earth so we could all see them.”  
Another layer of human input asks workers to rate different answers from a chatbot to the same question for which is least problematic or most factually accurate. In response to a question asking how to build a homemade bomb, for example, OpenAI in-

structs workers to upvote the answer that declines to respond, according to OpenAI research. The chatbot learns to internalize the behavior through multiple rounds of feedback.  
OpenAI also hires outside experts to provoke its model to produce harmful content, a practice called “red-teaming” that helps the company find other gaps in its system.  
The tasks that the Kenya-based workers performed to produce the final safety check on ChatGPT’s outputs were yet a fourth layer of human input. It was often psychologically taxing. Several of the Kenya workers said they have grappled with mental illness and that their relationships and families have suffered. Some struggle to continue to work.

On July 11, some of the OpenAI workers lodged a petition with the Kenyan parliament urging new legislation to protect AI workers and content moderators.  
Mercy Mutemi, a lawyer and managing partner at Nzili & Sumbi Advocates who is representing the workers, said despite their critical contributions, OpenAI and Sama exploited their poverty as well as the gaps in Kenya’s legal framework. The workers on the project were paid on average between \$1.46 and \$3.74 an hour, according to a Sama spokeswoman.  
An OpenAI spokesman said the company spent six months

vetting outsourcing partners and chose Sama in part for its reputable treatment of workers and mental-health counseling. OpenAI wasn’t aware that each worker reviewing the texts was getting only a fraction of the \$12.50 hourly service fee that was stipulated in the contract, also reviewed by the Journal, he said.  
The Sama spokeswoman said the workers engaged in the OpenAI project volunteered to take on the work and were paid according to an internationally recognized methodology for determining a living wage.  
The contract stated that the fee was meant to cover others not directly involved in the work, including project managers and psychological counselors.

Time magazine earlier reported on aspects of the Kenya work for OpenAI and Sama.  
Kenya has become a hub for many tech companies seeking content moderation and AI workers because of its high levels of education and English literacy and the low wages associated with deep poverty.  
Some Kenya-based workers are suing Meta’s Facebook after nearly 200 workers say they were traumatized by work requiring them to review videos and images of rapes, beatings and suicides. Those workers, like the ones for OpenAI, are backed by U.K.-based nonprofit Foxglove, which uses legal action to

fight what it says are the data privacy and labor abuses of big tech companies.  
A Kenyan court ruled in June that Meta was legally responsible for the treatment of its contract workers, setting the stage for a shift in the ground rules that tech companies including AI firms will need to abide by to outsource projects to workers in the future. Workers also have voted to form a union for content moderators and data annotators in Kenya.  
Meta declined to comment.

## Text passages

Kairu and three other workers for OpenAI who filed the parliamentary petition spoke to the Journal about their experiences, saying they hope the attention will improve the working conditions for future AI workers.  
OpenAI signed a one-year contract with Sama to start work in November 2021. At the time, mid-pandemic, many workers viewed having any work as a miracle, said Richard Mathenge, a team leader on the OpenAI project for Sama and a cosigner of the petition.  
OpenAI researchers would review the text passages and send them to Sama in batches for the workers to label one by one. That text came from a mix of sources, according to an OpenAI research paper: public data sets of toxic content compiled and shared by academics, posts scraped from social media and internet forums such as Reddit and content generated by prompting an AI model to produce harmful outputs.  
The generated outputs

**‘You’re not the man I married,’ one analyst’s wife wrote before leaving.**

were necessary, the paper said, to have enough examples of the kind of graphic violence that its AI systems needed to avoid. In one case, OpenAI researchers asked the model to produce an online forum post of a teenage girl whose friend had enacted self-harm, the paper said.

## Sexual content

A few weeks in, Mathenge and Bill Mulinya, another team leader, began to notice the strain on their teams. Workers began taking sick and family leaves with increasing frequency, they said.  
Working on the violent-content team, Kairu said, he read hundreds of posts a day, sometimes describing heinous acts, such as people stabbing themselves with a fork or using unspeakable methods to kill themselves.  
He began to have nightmares. Once affable and social, he grew socially isolated, he said. To this day he distrusts strangers. When he sees a fork, he sees a weapon.  
Mophat Okinyi, a quality analyst, said his work included having to read detailed paragraphs about parents rapping their children and children having sex with animals.  
He worked on a team that reviewed sexual content, which was contracted to handle 15,000 posts a month, according to the documents. His six months on the project tore apart his family, he said, and left him with trauma, anxiety and depression.  
In March 2022, management told staffers the project would end earlier than planned. The Sama spokeswoman said the change was due to a dispute with OpenAI over one part of the project that involved handling images.

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## New guardrails

The company canceled all contracts with OpenAI and didn’t earn the full \$230,000 that had been estimated for the four projects, she said.  
The individuals who handled the OpenAI contract were terminated for not vetting it through “proper channels” and new vetting policies and guardrails were put in place, the Sama spokeswoman said.  
Several months after the project ended, Okinyi came home one night with fish for dinner for his wife, who was pregnant, and stepdaughter. He discovered they gone and a message from his wife that she’d left, he said.  
“She said, ‘You’ve changed. You’re not the man I married. I don’t understand you anymore,’” he said.

## ‘Unbelievably ugly’

Sears said CloudFactory determined there was no way to do the work without harming its workers and decided not to accept such projects.  
“It’s something that needs to get done,” Sears said. “It’s just so unbelievably ugly.”  
Jason Kwon, general counsel at OpenAI, said in an interview that such work was really valuable and important for making the company’s systems safe for everyone that uses them. It allows the systems to actually exist in the world, he said, and provides benefits to users.  
A spokeswoman for Sama, the San Francisco-based out-



Former content moderators for Facebook gather outside a court where they filed a complaint against parent company Meta.

FROM LEFT: NATALIA JIDOVANU FOR WSJ; YASUYOSHI CHIBA/AFP/GETTY IMAGES; NATALIA JIDOVANU FOR WSJ





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

**IS IT WORTH** giving up some privacy to make sure your home doesn't burn to the ground?

Consumers have been bombarded with smart-home tech in the past decade promising to monitor and protect your biggest asset. Some of these devices, such as smart thermostats, can also help lower your utility bills.

But the best products for homeowners are ones that check several boxes at once. They safeguard your home and family. They save you money on utilities or insurance premiums. And they lower the chance any future insurance claim would cost you significant money.

The technology that most often does all of this targets water leaks, house fires and burglaries, say insurers. To do their job, however, these products have to monitor you and your home and collect data.

"We've been in the telematics space with autos for a long time and the adoption of home telematics is now ramping up," says Randy Termeer, president of property and casualty insurance for USAA, which provides insurance for active-duty military personnel, veterans and their families.

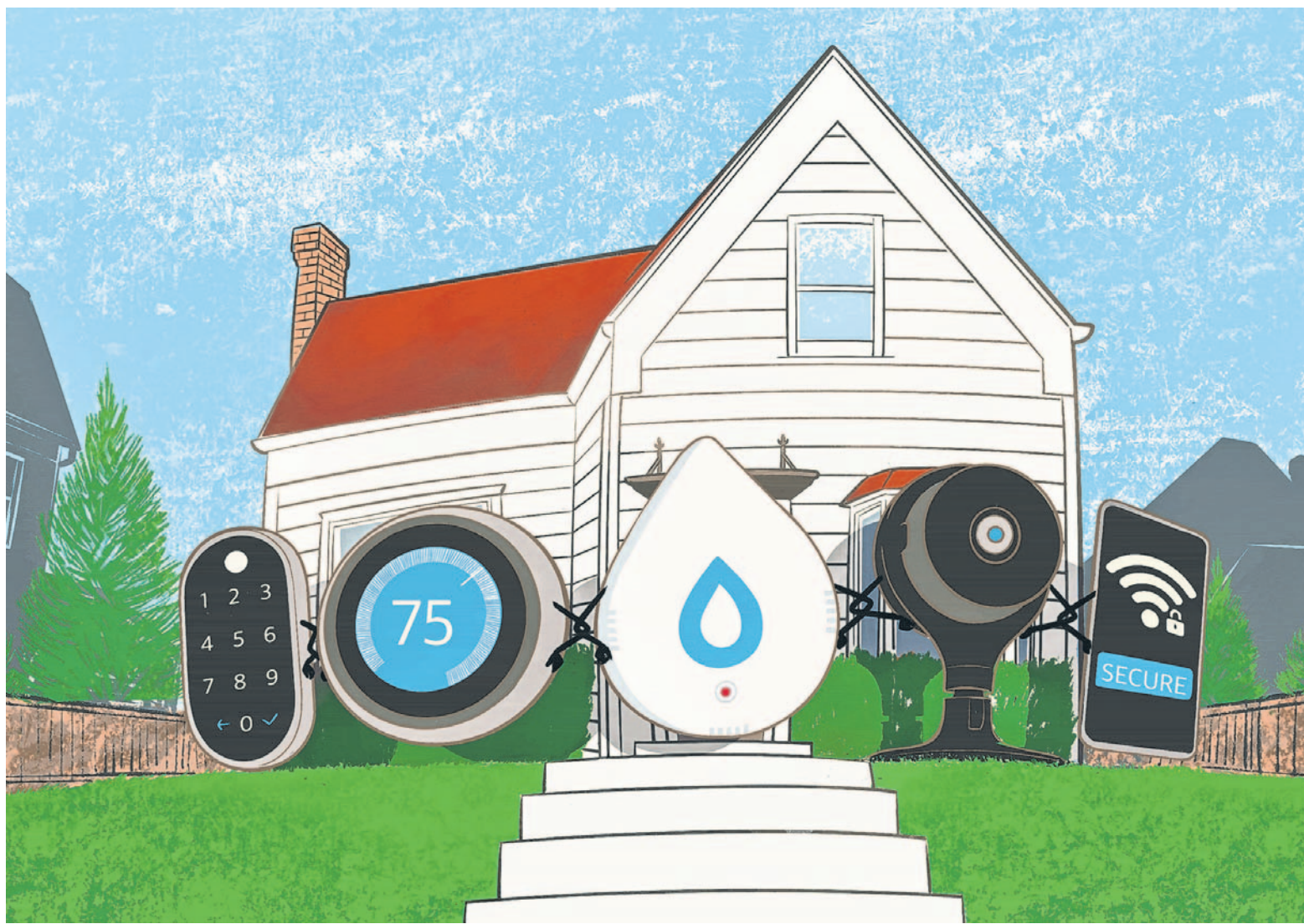
Insurers largely believe the monitoring is worth it and are providing policyholders with smart gadgets themselves or joining with companies that provide discounted products.

These companies have been trying to shift toward prevention of damages and away from reacting to them with repairs because prevention is cheaper for insurers and homeowners. And consumer comfort with smart-home tech is helping. The global smart-home market is estimated to be worth \$445 billion by 2030, representing an annual 27% growth rate from now, says business consulting firm Grand View Research.

Higher insurance premiums due to bad weather and inflation are also spurring adoption. The average cost of homeowners insurance is expected to increase by 9% this year, on top of a 7% increase in 2022, according to insurance-comparison firm Insurify. Savings of any kind can offset the rise.

People who are already using smart-home tech should call their insurance agent to inquire about a discount. Representatives for State Farm and USAA say policyholders can typically use vendors of their choosing but they must provide proof of the tech, such as a certificate from a security-monitoring company.

Still, using connected devices can mean sharing personal information. For products pitched by an insurance company, be sure to ask what kind of data it will have access to, where your smart-home data will be stored and how it will be used. Here's what to know about the three most money-saving smart-home tech categories:



## Smart Gadgets Protect Your Home—but Also Collect Data

Technology safeguards your family and saves money, targeting water leaks, fires and burglaries



**State Farm offers customers a plug-in sensor that can detect electrical power fluctuations.**

### Leak-detection sensors

According to Farmers Insurance, water-damage claims are seven times more frequent than claims related to theft or fire. It often starts with a slow drip that can result in mold and costly damage before you even realize there's a problem. Farmers and other insurers, including USAA and Hippo, offer

premium discounts to customers in some states for certain leak-detection devices.

Some sensors alert people on mobile apps if humidity or water is detected near pipes, water heaters, washing machines and refrigerators; other systems can shut off water to the house automatically when a leak is detected.

USAA sells these different systems directly to customers in most states.

In those states, USAA policyholders can buy four connected water sensors for \$200, which on average can yield a premium discount of up to 10%.

### Electrical sensors, alarms

Another big source of non-weather-related claims are cooking and grease fires, as well as fires caused by faulty wiring. State Farm offers customers in most states an app-paired sensor that plugs into a power outlet and can detect electrical power fluctuations.

Whisker Labs, the company that makes the sensor, provides State Farm aggregate data—not

data on individual properties—on power-quality events and any fire hazards the sensor identifies.

A State Farm spokesman says the company doesn't use the data provided by the sensors to determine rates.

However, homeowners who don't rectify known hazards could face rate increases later on.

Although no premium discount is offered for using the sensor, State Farm offers the device at no cost for three years. A State Farm spokesman says policyholders have reported catching and fixing electrical problems before they resulted in fire.

Many insurance companies, including Farmers and Allstate, say homeowners might be eligible to receive discounts for having fire alarms that automatically alert the fire department.

### Home security systems

Many insurers provide discounts for having a home security system, especially if it comes with professional monitoring—meaning a call-center employee calls police if the alarm goes off.

State Farm is testing a partnership with ADT in Illinois, Indiana and Pennsylvania that gives policyholders up to a 6% discount on their premiums.

Of course, the premium savings could be lost by the extra money for the ADT monthly fee. USAA works with customers to find competitive rates for security systems.

People who choose a more DIY route, such as Ring doorbell cameras and Arlo security cameras, should call to see about discounts, according to State Farm and USAA.

### Things to consider

Anytime something is connected to the internet, there's a possibility of it being compromised.

You'll have to calculate the cost of installing and maintaining your smart-home tech and then compare that to the discount your insurance company offers.

Will the investment pay off over time?

If not—and if it won't do much more to keep your family safe—you might skip it.

## Little-Known Tax Break Helps Retirees

By ASHLEA EBELING

Millions of Americans have good reason to worry they will outlive their retirement savings. A little-known tax-advantaged annuity can help avoid that, providing a guaranteed income in the final years of life.

Starting this year, Americans can use up to \$200,000 of their retirement accounts to purchase qualified longevity annuity contracts, or QLACs. The new contribution limit, set by Congress, is up from \$145,000 or 25% of your balance, whichever was lower.

An annuity is an insurance contract that you can buy to provide a steady income like a pension, making it easier to plan for the uncertainty of life expectancy. QLACs have existed for a decade and offer significantly more income for life than a typical immediate annuity, since the payments don't start until later in life, at, say, age 80 or 85. They also have a special tax benefit.

The shift from the security of pensions to relying on 401(k)s turned workers into both investors and actuaries, tasked with building a nest egg big enough to last their

lifespan. QLACs are a way to remove some of that guesswork.

"More people should be able to take advantage," said Mark Iwry, a former Treasury Department adviser who helped create QLACs, in 2014. Reducing the balance of your retirement savings cuts down the size of the required taxable withdrawals retirees have to take starting at age 73.

The drawbacks to a QLAC are the upfront cost and that if an emergency occurs and you need money before the beginning of payouts, you can't touch it. It is locked in. The size of the payout also depends on how long you live.

Charlie Walker, of Basking Ridge, N.J., got a QLAC to help cut the taxes from his annual distributions and to ensure his wife, Gloria, has a partial replacement for his AT&T pension, which lasts for his life only, if he dies first.

Last December, when he was 79 and she was 76, they bought a \$108,000 QLAC with money from his individual retirement account, choosing the option that the payouts would continue for both of their lives. The payouts of nearly \$16,000 a year start when he turns 85. He'll avoid more than \$20,000 in taxable distributions from the



IRA over the next few years.

They chose a lower payout for a death benefit. If they both die before the payouts reach \$108,000, their four daughters get the difference.

### Longevity annuities facts

With a QLAC, savers hand over money from their retirement account to an insurer near the start of retirement, at, say, age 65. The insurer in turn will agree to pay you a set annual amount for life, starting a decade or two in the future.

A 65-year-old could buy a \$200,000 QLAC without a death benefit that would start monthly payouts of \$11,175 at age 85, according to MetLife. That is \$134,100 of payouts in the first year. A 75-year-old buyer would get just over \$7,000 a month, about \$84,000 in the first year.

begin at age 73. If you have a \$1 million retirement account and buy a \$200,000 QLAC, your RMDs will be based on the \$800,000 balance.

### Where to purchase a QLAC

The two ways to get a QLAC are through your company retirement plan, when the option is available, or on the individual market through a financial planner, insurance agent or brokerage. Fidelity, for example, offers them directly to investors with IRAs through a marketplace of five insurers.

QLACs are still a niche insurance product. Sales were \$234 million in 2022, per industry group Limra, but the market is considerably larger. Americans have \$22.3 trillion in retirement accounts, according to the Investment Company Institute.

People tend to underestimate their lifespan when planning for the future, advisers said. A 65-year-old woman today who is a nonsmoker and in excellent health has a 54% chance of living to 90, a 31% chance of living to 95 and a 13% of living to 100, according to the Actuaries Longevity Illustrator.

Some retirees assume they can do better investing the money on their own, said Walter Pardo, a wealth adviser in Liberty Corner, N.J. The point is, you are transferring the market risk to the insurer, he said.

If you're healthy and won't need all your required distributions at the start of retirement, QLACs can be a good bet, especially for women, Pardo said. "Guys who say, 'I could take the \$200,000 and put it in Google,' don't see the value of the cash flow that this is going to provide for life," he said.

**'More people should be able to take advantage.'**

PHOTO ILLUSTRATION BY ERICA BURGHETT/THE WALL STREET JOURNAL



## PERSONAL JOURNAL.



# The Hidden Career Cost Of Being Overweight

By RAY A. SMITH

Looking back, Michelle Matthews said she often internalized co-workers' comments about her weight. At one work lunch, a teammate remarked on how much she was eating. A higher-up told her she needed to "show up physically as a leader" after she failed to win a promotion.

It wasn't until the tech-product design director switched to remote work in 2020 that she grasped how much such slights had colored her office career.

"I didn't realize how much I was thinking about my physicality," said Matthews, 38, who describes herself as a big person. "It took up a lot of my mind."

Weight stigma is rarely talked

about at work, but it pervades workplaces everywhere, employees and hiring managers say. Study after study shows heavier people are paid and promoted less than thinner colleagues and are often stereotyped as lazy or undisciplined. In a spring survey of more than 1,000 human-resources executives, 11% said an applicant's weight had factored into hiring decisions. Half of managers surveyed in a separate poll said they preferred interacting with "healthy-weight" employees, according to SHRM, the human resources professional network that conducted the surveys.

Now, as New York City and some states move to outlaw weight discrimination at work, companies are beginning to focus on the experience of overweight workers. Many managers are unprepared for the wave of com-

plaints the legislation could bring, advocates for the laws say.

Weight "is still not looked at from a [diversity and inclusion] perspective," says Jessica Richman, founder of the Visible Collective, a group that advises companies on supporting workers and consumers who are considered obese.

## New legal pressure

Signed into law in May, the New York City ban adds weight and height to the list of characteristics protected from discrimination, alongside race, gender, age, religion and sexual orientation. Several states, including New Jersey and Massachusetts, have introduced similar bills.

Nearly two-thirds of employers haven't addressed weight-related stereotyping or bias with their employees, according to SHRM.

Though a small number of employers, such as Amazon, have formed employee groups to support overweight workers and raise awareness of "fat-shaming," they remain the exception.

Even business leaders who have been vocal advocates of inclusive workplaces say they have given little thought to weight biases until recently.

## Business leaders get buff

The body-positivity movement that championed fat acceptance, plus-size fashion models and extended clothing sizes over the past decade helped fuel the recent weight-discrimination legislation. Now, the rise of Ozempic, Wegovy and similar treatments may lead some people to conclude obesity is a choice if losing weight is a matter of taking a drug.

Pressure to be fit is already intense for anyone aspiring to rise through the management ranks, some executives say. The internet is awash in images and reports of how tech leaders such as Jeff Bezos and Mark Zuckerberg achieved their now-buff physiques. And some leadership coaches say staying trim is virtually a requirement for getting on the CEO track.

Keith Wolf, managing partner of recruiting firm Murray Resources in Houston, said he has never heard a corporate client cite a job candidate's weight for deciding against them. But it would be naive to think appearance isn't a factor. "You can just kind of look at who actually is hired for certain roles," he said.

In her recent memoir "Good Power," former IBM Chief Executive Ginni Rometty recounted how, earlier in her career, when she had put on weight, a boss suggested trimming down would help her get ahead.

Michael Hearn, a 59-year-old information technology program manager, says he has been overweight for much of his career. When he sought informal feedback as to why he was passed over for promotions, "they would say, 'Everyone knows you're a smart guy, everybody knows you work hard. You just don't present well because of your size,'" he said.

He lost 200 pounds in recent years and has since left his job while he plots a career reset, he said.

## Remote-work revelations

Remote work has transformed daily life for some people who are overweight. Matthews, the tech product design director, said she didn't worry as much about what to wear or her physical presence once she began working from home in 2020. When on-screen, she could angle the camera in ways that flattered or played down her figure.

New job opportunities opened up, which she partly attributes to working and interviewing virtually. She landed a role in 2021 as a director of product design at a healthcare company, and later, a promotion to senior director. "The course of my career really changed when I went remote," she said.

Weight discrimination cases rarely succeed. Some workers have filed suits invoking the Americans with Disabilities Act, which protects job candidates and employees from discrimination, harassment or retaliation because of a disability. Most courts have held that obesity isn't a disability under the ADA unless it is caused by an underlying health condition.

Some companies have formed employee groups to raise awareness of fat bias. Amazon's Body Positive Peers, formed in 2020, often uses its meetings and blog posts to highlight the corrosive effects of fat-shaming and ways to make the company's products and services more size inclusive.

JAMS, a global provider of dispute-resolution services, launched a similar employee group two years ago. Its HR chief, Tracy Curry, says its existence helps signal to hires that the company cares about the challenges overweight workers can face.

Karen Pavlin, chief equity and inclusion officer of business-software company ServiceNow, said the new New York City law has prompted her to think more about weight as part of the company's diversity efforts, especially in light of data showing Black and Latina women have a disproportionately high obesity risk.

ServiceNow's TruAbility group, which advocates for employees with disabilities, also addresses issues around body size, Pavlin says. She expects other companies will follow.

"It's long overdue," she said.

# Spending Caps Work for Couples

By JULIA CARPENTER

How much does your partner spend before you hit the panic button? Is it \$100 or \$1,000?

Some couples say they have found a way to cut through the conflict around money: They set a spending rule. Either partner can buy whatever he or she wants without discussing the purchase first, as long as the final price falls under a previously agreed-upon threshold.

Couples have felt the sting of restricted budgets and the fatigue of continued economic uncertainty, so staying on the same financial page can feel harder than ever. Yet couples shy away from money conversations, seeing them as triggers of marital strife. But if partners can agree on money—how to spend it, how to save it and how to value it—they are better able to envision a shared financial future.

Married couples hold four times as much wealth as unmarried partners who live together, according to data from the Federal Reserve Bank of St. Louis. These couples are more likely to combine their finances and work together to achieve financial goals, researchers say.

Unmarried partners could also benefit from this no-questions-asked rule. A spending cap might sound freeing to some and scary to others, said Megan McCoy, assistant professor at Kansas State University's department of personal financial planning. But she said she has seen couples use it to minimize discord, streamline money discussions and maintain a sense of individual autonomy in household finances.

By agreeing on a spending rule, where there are no questions asked under the threshold, couples are making "that line between secrecy and privacy more clear, which is beautiful," she said.

"This trick of saying, 'Here's the amount we talk about or not,' is saying to your partner, 'We have these other shared financial goals, so you can have these little splurges.'"

## Same money team

Anne Sophie Hurst, a 50-year-old human-resources executive based in Copenhagen, and her husband, James Hurst, first set a spending limit after they got married 12 years ago. After combining their finances, they agreed to check in with each

art worked with their spending limit.

"At the end of the day, it's the Hurst family business," she said.

## What's your number?

This approach to managing finances in a relationship gives each person some autonomy, said Christine Luken, a financial coach based in Cincinnati. "It takes a lot of the fight out of it," she said.

But finding a spending limit that works for an individual couple is more art than science, McCoy said.

Start by reviewing the existing household budget, including all purchases from both partners. Then, after each person comes up with a number—be it \$50, \$100 or \$1,000—the partners could compare the proposed caps side by side: How similar are the two numbers? Why are they so far apart? What could bring them closer?

"Use that as a conversation about expectations and what that means," McCoy said.

## Reality check

Earlier this year, Emily Luk, a 29-year-old San Francisco resident, and Channing Allen, her 33-year-old fiancé, launched an investment platform for couples. When they first began combining their finances, they agreed on a \$1,000 individual spending limit.

Luk said the spending rule she and Allen share also functions as a sanity check. Last year, Allen wanted to surprise Luk with a lavish birthday gift: a piece of suspension equipment for aerial yoga and acrobatics. But once he realized the total price clocked in at more than \$1,000, he decided ruining the surprise was worth checking in with Luk.

"I wanted to make sure we were aligned," Allen said. "And doing that served us well."



Emily Luk's fiancé wanted to buy her a birthday gift that cost more than \$1,000.

before either would spend more than \$500, be it on airplane tickets or a personal item. As the Hursts made more money over the years and had children, they raised the limit to \$1,000.

"It felt like something we could both stomach. Even if I completely disagreed with something, if he spent \$999 on it, he knows I'm going to be OK with it," she said.

The Hursts had to re-evaluate the rule once they became parents. While the agreed-upon threshold had previously freed her to splurge on open-toe shoes and James to shop for parts as he fixed up his classic car, they had to reassess how paying for children's camps, lawn mowers and household



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ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

# Love, Loss and Indie Rock

When one first encounters the Clientele, it's a little like being let in on a shared secret. In the U.S., the London indie-rock band has released music on the Merge label since the early 2000s and it has enjoyed a certain amount of success—well-regarded tours, albums on publications' year-end lists. But the Clientele is and always has been a cult act, one beloved by its devotees and mostly unknown by the wider music world. The group, led by vocalist and guitarist Alasdair MacLean, makes accessible guitar-based tunes steeped in the classic guitar-pop of the '60s and British indie music of the '80s and '90s, and its songs are rich with melody and always filled with striking lyrical imagery. But the Clientele seems fated to be a band that goes mostly unknown in its time only to be excitedly discovered by future generations.

Given the group's shaky commercial standing, it's understandable that it has seen long periods of inactivity and has frequently appeared on the verge of splitting up for good. After a busy and productive period in the 2000s, which saw the release of the brilliant singles-compilation "Suburban Light" (2000) and excellent LPs including "Strange Geometry" (2005) and "God Save the Clientele" (2007), the Clientele didn't release a full-length record for eight years, and it's been six since its most recent, 2017's "Music for the Age of Miracles." If they'd ended things there, it wouldn't have been surprising. But the group's seventh album, "I Am Not There Anymore" (Merge), arrives on Friday. And even more unexpected, it's one of the Clientele's strangest offerings and also among its best.

The record begins with the pleasingly rambling eight-minute track "Fables of the Silverlink," which serves as a kind of overture, introducing the album's themes and imagery in language that will show up again later in the LP. The album is inspired in part by Mr. MacLean's memories of his mother's death in 1997, and the line "She was dying in May" in the opening track is one of many such references (another track has part of this phrase as its title). While the words are dark and heavy, the



The Clientele, whose new album, 'I Am Not There Anymore,' embraces lively, melodic songwriting reminiscent of classic acts while ruminating on mortality.

tone of the music on "Fables of the Silverlink" is often light and buoyant, with an effective bossa nova interlude in one section and a charming cello line coursing through the track.

"I Am Not There Anymore" is a work best appreciated as a whole. It's a relatively long album—19 tracks, 63 minutes—in which the proper songs are stitched together with instrumental interludes that carry the listener from one scene to the next. "Radial B," the second track, is one such interlude. It's just under a minute long and comprises a few long piano notes, and then, after it concludes, the ballad "Garden Eye Mantra" picks up the thread with a twangy guitar and an elaborate string arrangement. "Out in the dark the hatchbacks are rolling / Windows unwound

with the cigarettes glowing," Mr. MacLean sings, a striking couplet that underscores his ability to put a picture in your mind.

The record seems to hover in the space between waking life and dreams, and memory is a frequent touchstone. In Mr. MacLean's world, the lived moment can seem less real than the fantasy, and his characters are continually slipping in and out of reverie. In "Blue Over Blue," a track with a plucked acoustic guitar, fuzzy bass, and a sparkling horn section, Mr. MacLean sings of "Playing hide and seek / In between doors / Through the ruined year."

The Clientele creates latitude for experimentation by writing indelible melodies. Mr. MacLean admires classic tunesmiths—the Beatles, the Zombies, Donovan—who were expected to deliver songs that hooked you from the

first play. So even as his lyrics and concepts can be arcane, one still finds plenty to hum, and lovely instrumental refrains—from chiming, Byrdian leads to swooning string arrangements that can stand alongside decades of the best guitar-pop. This musical craftsmanship is present throughout "I Am Not There Anymore," even as the instrumental sections veer into abstraction or spiky dissonance. The verses on "Chalk Flowers" bring to mind the general shape of the Beatles' "Norwegian Wood," while "Lady Grey" evokes the easy sunshine pop of the Turtles.

But these songs are bright on the surface and darker beneath. "I Am Not There Anymore" is about the ever-present reality of death, as revealed by the steady march of time. Day becomes night, the sea-

sons pass, and every detail of these changes seems to find its way into one of Mr. MacLean's lyrics. For him, life is filled with so much wonder and mystery, it's hard to trust that it's even happening at all. "And I knew that night I would sleep / And the pipes would sing to me / But I could not quite believe / That I was there," he offers on "Through the Roses," late in the record. It's not easy to build a successful music career with such intimate and ruminative subject matter. But for those in tune with Mr. MacLean's worldview, no other band delivers beautiful existential musings like this one.

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

ARTS CALENDAR

## HAPPENINGS FOR THE WEEK OF JULY 25

By WSJ Arts in Review Staff

Film

"Haunted Mansion" (July 28)

While we're still months out from spooky season, Disney is hoping to get in on the light-fright fest early with this adaptation of its popular ride. LaKeith Stanfield, Tiffany Haddish, Owen Wilson, Danny DeVito, Rosario Dawson, Jamie Lee Curtis and Winona Ryder are among the creepy cast in this tried-and-true horror setup, directed by Justin Simien, of a family that moves into a house to find it already occupied by supernatural tenants.

"The Beasts" (July 28)

Highly decorated at this year's Goya Awards (the Oscars of Spain), the new film from Rodrigo Sorogoyen ("The Realm") tells the story—based on actual events—of escalating tensions between a French couple and their neighbors in the Galician countryside.

TV

"Special Ops: Lioness" (Paramount+)

Taylor Sheridan seems happy to work on either side of the camera, whether winning fans and enemies in his roles on "Sons of Anarchy" and "Veronica Mars," winning critical acclaim for films like "Sicario" and "Hell or High Water," or winning eyeballs with sleeper hit series like "Yellowstone" and its rustic offspring. He's back in the creator's seat with a new spy thriller that stars Zoe Saldana as a CIA chief guiding a young woman in infiltrating a terrorist organization. Nicole Kidman, Morgan Freeman and Michael Kelly are also among the familiar faces in the covert drama.

"Futurama" (Hulu)

Good news everyone! A decade after disappearing into a black hole, the Matt Groening animated comedy is back—and with its full original cast intact, even if the Planet Express ship has seen better days.

Theater

"The Cottage" (Hayes Theater, New York)

Jason Alexander might be best known for his on-screen work in "Seinfeld," but he's also a familiar face in the

weren't in Rhode Island that day, a recording of the concert, which featured Brandi Carlile among an impressive roster of other talent, is now being made available.

Opera

"Orfeo" (Crosby Theatre, Santa Fe, N.M., July 29-Aug. 24)

Santa Fe Opera presents Claudio Monteverdi's opera of the classic love story between Orfeo and Euridice in a new production by Yuval Sharon with never-before-heard orchestration from Nico Muhly.

Art

"Columbia MFA" (Storage, New York, July 28-Aug. 25)

If MFA programs provide a launching pad for young artists, exhibitions of their work are the rocket fuel that helps their careers take off. A selection of creations from more than 20 artists in Columbia's prestigious program will be on view at this artist-run space in Tribeca.

Last Call

"Horses: The Death of a Rider" (Vito Schnabel, New York, closes July 28)

This intimate gallery show presents 16 paintings by the Italian artist Giorgio de Chirico, best known for his metaphysical and surrealist work, that focus on the importance of equines throughout his career. Spanning nearly a half-century, his paintings of horses connect with his broader oeuvre by embracing classical imagery while slyly upending it.

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



Fry (voiced by Billy West) in Matt Groening's 'Futurama'

theater world, having won a Tony for his performance in "Jerome Robbins' Broadway." Now he makes his Broadway directorial debut helming Sandy Rustin's new romantic comedy about a woman who reveals her affair to her husband and her lover's spouse. Eric McCormack, Laura Bell Bundy, Lilli Cooper, Nehal Joshi, Alex Moffat and Dana Steingold star.

Music

Joni Mitchell, "Joni Mitchell at Newport" (July 28)

Last summer, the storied Newport Folk Festival finally returned to its usual format after Covid-19 had derailed it. An especially welcome aspect of its re-emergence was a surprise set by folk legend Joni Mitchell, her first full-length performance in some two decades. For those who

The WSJ Daily Crossword | Edited by Mike Shenk

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- 26 Took stock?
- 31 Bread box?
- 33 Pastries fried in ghee
- 34 During the time that, in Britain
- 36 Cook with Apple
- 37 The Golden State, informally
- 38 Closely allied
- 39 Some summer babies
- 40 Mascara target
- 44 Cherry on the cake, so to speak
- 45 Carry to excess
- 46 Sister of Venus
- 47 Site for some floor exercises?
- 48 Second-largest continent
- 51 Totally exhausted
- 52 Most dangerous animal on Earth, probably
- 54 Old Russian ruler
- 57 It has sharp teeth
- 58 Like a fox
- 60 Runoff cause
- 61 Recipe verb

GET A GRIP | By Alexander Liebeskind

<b>Across</b>	32 Bullring cry	55 GPS instruction	7 Letter after pi
1 Start for biology or brewery	33 Droops	56 It may give you access to the briefing room	8 Tawny cat
6 St. Louis landmark	34 Punster's prowess	59 Sporty Mazda model	9 Artist Matisse
10 Surrounding glow	35 Pokémon slogan, and a hint to the ends of 18-, 23-, 50- and 56-Across	62 Author Ferber	10 Chopped with an ax
14 Religion with Five Pillars	41 Reba McEntire's "___ Survivor"	63 Abbreviation often seen in academic papers	11 Grammy winner Morissette
15 Chew toy for a bad dog	42 Hideout	64 Like wildfire smoke	12 Pair on a tarot card
16 Musk of Twitter	43 Mens ___ (criminal intent)	65 Lion's warning	13 Eventually
17 Pentagon, e.g.	44 Vodka cocktail	66 Like morning grass	19 More grime-covered
18 Traveler in a canal?	47 Take part in an auction, perhaps	67 Titled	21 Llama's smaller cousin
20 Latvia's capital	48 "Famous" cookie moniker	<b>Down</b>	23 Online journal
22 Displayed amusement	49 Park or Fifth, in NYC	1 Prefix with deed or deal	24 Move, in real estate lingo
23 Wedding dress feature, sometimes	50 Chewy red candy	2 Kinda	25 Costume for Cato
27 Science journalist Flatow	53 Be appropriate	3 Benny Goodman's instrument	
28 Eye part		4 Challenge for kayakers	
29 Rain hard		5 Letter after psi	
30 Inclined to verbosity		6 Bozo	

Previous Puzzle's Solution

O	V	A	L	O	K	A	Y	W	A	S	P	S				
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► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).



# SPORTS

JASON GAY

## The U.S. Is Already a Soccer Country

There is overwhelming evidence that America's 'sport of the future' is very much here



Sophia Smith celebrates with Lindsey Horan (No. 10) after scoring a goal against Vietnam.

can't totally avoid it. It's hard to think of a national team with the cultural thumbprint of the US-WNT—perpetual winners, international excellence, even a few household names. This is a team that has prevailed on the pitch and in the legal system, using its leverage to press for long denied economic gains. This is a team that put its money where its mouth was. Is there anything more USA than that?

But that's not the story for this World Cup. The story is this young, refreshed roster, a torch-pass on the job from active standard bearers like Alex Morgan and Megan Rapinoe to comets like Smith (two goals in a 3-0 victory over Vietnam) and 18-year-old Alyssa Thompson. It's the USWNT you know, with an inexperienced USWNT you probably don't know yet, on the biggest possible stage, with the highest stakes, and the strategy contains risk.

It's fun. It's even better that they're going to be tested, repeatedly, starting Wednesday with a group stage showdown versus the Netherlands (9 p.m. ET), a skillful team that will take advantage if the U.S. women miss opportunities like they did versus Vietnam. The USWNT may be the favorite here, with a chance to become the first team ever—men or women—to win three World Cups in a row, but there's plenty of hungry competition coming.

Good. A proper World Cup is a novel, soaring highs and flattening lows, read out loud in real time, preferably with beer. Players who are unfamiliar now will start to feel like members of the family. Friends will start googling last minute flights to Sydney.

Then the men's World Cup is coming here, to North America, shared with Canada in Mexico, for 2026. Phew.

As for Messi, now comes the rest of it. I'll admit I was a bit skeptical of this move, whether it would unleash Pelé-as-a-Cosmo sizzle, or simply mark a 36-year-old legend's quiet passage into early bird semi-retirement.

The MLS and Miami seem committed to the former—all steps are being taken to ensure Messi's on-field satisfaction, from the inventive contract with TV partner Apple to the reported wooing of old Barcelona pals like Luis Suárez. They even took Messi to one of our spectacular supermarkets, letting him gaze upon our bountiful acreages of sugary cereals and hard seltzers.

But nothing delivers like a game-winning goal. In a flash, it all made sense. Could there have been a better signal of what's been building? Lionel Messi was thrilled to be here, playing in the United States—already a soccer country, but now more so.



They couldn't have asked for more.

Lionel Messi, now of Inter Miami, his Major League Soccer debut, bubble gum outfit, sold-out crowd, time expiring, Beckham watching, LeBron watching, Serena watching, Apple televising, not to mention throwing in some Cupertino goodies to get Messi to come play in this country. It's a free kick, a last chance to see if Argentina's son unleashes the spectacular in his U.S. premiere.

GOAL. No: *Golazo*. A bending shot which curls above the reach of the goalkeeper, a brilliant winner, a running, jubilant Messi looking like he had sunk a nemesis in a World Cup knockout. A highlight that instantly ricochets from that temporary bandbox in Fort Lauderdale to social media and at least 10 times around the world, announcing yet again: The U.S. may indeed be a soccer nation.

But it already is. Is there a more tiresome sports topic than the semi-regular debate over the state of soccer in this country? You know the drill. Questions like this:

*Will soccer ever truly take off in the United States?*

*Will sports fans ever care about soccer the way they care about the NFL?*

*Can the U.S. be a soccer country?*

And of course: **HOW CAN I WATCH A SPORT THAT ISN'T BROKEN UP BY TONS OF TV COMMERCIALS—BUT DOES HAVE 0-0 TIES?**

These questions have been asked, and answered, and yet they persist in popping up every time soccer in this country has a "moment," like it did with Messi's goal, or is doing as the U.S. Women's National Team chases its third straight World Cup title down in New Zealand and Australia.

As you may be able to tell, I'm over it. I'm not just over it because I just spent an hour registering my son for not one but two waiting lists for recreational soccer programs. I would like soccer to be a little less popular in the U.S., to be honest.

I'm over it because it feels like the U.S. long ago made its case. It

isn't just the thriving youth soccer programs, or the elevated competition at the club levels, the continued fever for college soccer, or the deliberate growth of the MLS and NWSL. It's the energy that's increasingly felt in this country when the USWNT releases its 2023 roster (the kids!) or its new

home jersey (a Jackson Pollock splatter; it's growing on me). It's what it feels like when the men's national team retains its low-key head coach and the social media soccer police debate the decision late into the night.

It's the kids in pink Messi 10s and splattery Sophia Smith 11s you're about to see everywhere, as fast as they can print the shirts.

This slice of turf tucked between Canada and Mexico may not possess the hardwired ecstasy/agony of a football haven like England, or Brazil, or Messi's Argentina, but it is indeed a soccer nation, in its own way. The Men in Blazers podcasters famously joke that soccer is America's "sport of the future...since 1972" but they know the beautiful game matters here. A packed New Jersey stadium over the weekend for Arsenal-Man U may not rise to the scale of a Sunday night NFL game between the Chiefs and the Cowboys, but what does? You compete against Pat Mahomes, pal.

Even the soccer ambivalent



Lionel Messi

## Needed at the World Cup: More Traveling Fans

By RACHEL BAGHMAN

*Auckland, New Zealand*  
**WHEN MIKE PITZER** and Eli Addison of Richmond, Va., planned their nearly 9,000-mile trip here to watch the Women's World Cup, they expected to meet people from all over.

And they did: They met fans from Denver, a couple from the Bay Area and visitors from Tennessee, Kentucky and Idaho.

"Even in the pouring wind and rain yesterday, all we saw were people in USA gear wandering around Auckland, shopping and checking out the wharf," said Pitzer on the morning of the U.S.'s opening match against Vietnam, which the U.S. won 3-0.

The number of Americans who flocked here to watch the U.S. women's soccer team try to three-peat as champions dwarfs the number from any other visiting nation—by about 10-to-1.

Fans living in the U.S. have bought nearly 100,000 tickets to this Women's World Cup, according to information from FIFA. That's nearly 10 times as many bought by fans from the next-highest visiting nation, England, whose team hosted and won the 2022 European Championships and captured their first major trophy. England residents have bought just over 10,000 tickets.

As always, the most voracious buyers are in the host countries of Australia and New Zealand, who had bought 864,891 and 344,207

tickets, respectively, as of Monday here.

The reality is that only one country at this tournament has a significant fan base traveling with it—the U.S. That's good news for the U.S. team, which has enjoyed a home-like atmosphere at Women's World Cups. It isn't so great for a tournament still striving to gain a foothold in many parts of the world. The total tickets sold to residents of nearly any other individual country is barely over 10,000.

A FIFA spokesperson said that travel to France 2019 was much easier for fans in Europe than this year's tournament, and noted that especially in the past two Women's World Cups, the U.S. has ranked first among visiting fans. In 2019, 11% of tickets went to U.S.-based buyers, the spokesperson said. FIFA's sales list

goes by nation of residence, not nationality.

FIFA has sold close to 1.5 million tickets overall for this Women's World Cup, which kicked off here on July 20 and runs through Aug. 20. The previous total attendance record was at the 2015 Canada Women's World Cup of 1,353,506.

The fifth-ranked nation for ticket-buying, just behind England, is Germany, whose fans have bought a batch of tickets in the high four figures, according to FIFA. The world's No. 2-ranked team, Germany has won two Women's World Cups, in 2003 and 2007.

As of July 19, the eve of the



Fans living in the U.S. have bought nearly 100,000 tickets to this Women's World Cup, according to FIFA.

tournament, people from 182 countries had bought tickets to the Women's World Cup.

Attendance figures were strong for the two opening matches last week. A crowd of 75,784 at Stadium Australia in Sydney watched co-host Australia beat the Republic of Ireland, 1-0. That helped boost the average attendance across the first 12 matches to 30,328, significantly higher than France 2019's 12-match total of 17,566.

At Auckland's Eden Park Stadium, 42,137 watched co-host New Zealand upset Norway, 1-0, in the largest-ever crowd to watch a soccer match in the country. That was short of a sellout of the 46,350-seat stadium.

American dominance at the women's soccer box office has an obvious foundation. Team USA has long boasted the leading women's soccer team: Its four Women's World Cup titles are twice as many as second-place Germany's two.

Many Americans are eager to travel after the lockdowns of the pandemic, and some have used the tournament as an impetus to visit Australia or New Zealand, which they consider to be bucket-list destinations.

Tickets to the Women's World Cup, the first co-hosted by two nations, have sold briskly in Australia, where the opening match was moved to a larger, 80,000-seat stadium to accommodate demand.

Sales have been slower in New Zealand, where rugby far outranks soccer in popularity and the women's team, the Football Ferns, had never won a World Cup group match—until its opening-night win. Accounting firm Xero, a tournament sponsor, recently said it would give away 20,000 tickets to Women's World Cup matches, 5,000 each to a match at New Zealand's four venues.

Even the draw of the two-time defending champion wasn't enough

to generate a sellout for the first U.S. match on Saturday. The U.S.-Vietnam game drew 41,107 to Eden Park.

Although much of the crowd was U.S. fans, Lourdes Santiago of Seattle said she was impressed with the large number of exuberant Vietnam supporters. About 10,000 Vietnamese people live in New Zealand, many of them in Auckland.

Santiago spoke as she waited outside a waterfront fan fest with her husband, Eduardo, and daughters, Jessica and Emma. The girls, ages 11 and 7, became fans of U.S. forward Alex Morgan after watching a 2018 film that featured her, "Alex & Me," and the 2019 Women's World Cup on TV.

The fan fest hadn't yet opened for the day. Behind the Santiagos stood more than a dozen other fans waiting to get in, many of them U.S. supporters. Among them was a man named Servando Carrasco—Alex Morgan's husband.

FROM TOP: RAFAELA PONTES/ASSOCIATED PRESS; MAJOR LEAGUE SOCCER/USA TODAY SPORTS

JULIETA FERRARIO/ZUMA PRESS



## OPINION

## Hunter Biden's Bargain Plea



**MAIN STREET**  
By William McGurn

"Gradually, then suddenly."

That's how a character in Ernest Hemingway's "The Sun Also Rises" describes how he went bankrupt, but it could easily be Hunter Biden's explanation for how his habit of trading on the family name blew up on him at the moment a plea deal was supposed to bury it all for good. Now the plea deal itself—scheduled to be approved Wednesday in Delaware by U.S. District Judge Maryellen Noreika—has become an issue.

The federal investigation into the young Mr. Biden's taxes and financial dealings began in 2018. It's been punctuated by the surfacing of lurid laptop photos of Hunter taking drugs and cavorting with women in the nude. There have also been occasional teases about Joe Biden's alleged involvement in Hunter's business, including the never explained email from a business partner saying 10% of a deal with a Chinese company would be "held by H for the big guy."

That was the gradual part. Suddenly came last week. First was the testimony before Congress—under oath and in public—by whistleblowers Gary Shapley and Joseph Ziegler. These career Internal Revenue Service investigators proffered details about how the president's political ap-

pointees sabotaged their investigation, tipping off Hunter's lawyers about searches and interviews, forbidding questions about "the big guy," and running out the clock on the statute of limitations for the more-serious tax issues involving Burisma payments.

Then, just a day after the whistleblowers testified, Sen. Chuck Grassley (R., Iowa) dropped another bombshell: A Federal Bureau of Investigation FD-1023 form memorializing a trusted source's claim that Burisma founder Mykola Zlochevsky alleged he'd been "coerced" into paying Joe and Hunter Biden \$5 million each. News outlets dutifully reported that the form was "unverified" (a qualifier absent from most reporting on the infamous Steele dossier).

But saying the information is unverified raises the key question: What steps, if any, did the FBI take to verify these allegations?

Think about it. As recently as two months ago, the bureau wouldn't even admit to Congress that the FD-1023 existed. Not until FBI Director Christopher Wray realized some people had already seen a copy, and he was threatened with contempt, did the FBI fess up and give members of Congress a limited look.

Even more disturbing, though the form is dated June 30, 2020, Messrs. Shapley and Ziegler said their team never saw it. By releasing the document, Mr. Grassley has given the American people more detailed information about the

bribery allegation than Justice and the FBI ever gave the IRS team. The same goes for the laptop, which the IRS whistleblowers say they never saw.

On top of all this, U.S. Attorney David Weiss, the federal prosecutor handling Hunter's case, has a credibility problem. Attorney General Merrick Gar-

### Does anyone still believe Joe's claim he never discussed his son's business?

land was unequivocal in asserting that Mr. Weiss had "complete authority" to bring charges wherever he wanted—and never asked for special-counsel status. But Mr. Shapley testified (under oath, remember) that Mr. Weiss told him and other investigators that he wasn't the "deciding person on whether charges were filed."

Mr. Weiss, who could clear this up, has made a series of public statements that instead only add to the confusion. He has said that he had "ultimate authority," that he never sought special-counsel status, and that if he had asked he would have been granted it.

Someone isn't telling the truth here.

The Heritage Foundation is suing for answers. It wants to know if Mr. Garland lied when he said Mr. Weiss hadn't asked for special-counsel status. And it wants the answer before Wednesday, when Hunter's plea is to be approved.

So Heritage is asking a court to force the Justice Department to release internal communications relating to Mr. Weiss and the special-counsel question. It may not win. But Heritage is right to say that there are too many questions about the fairness and integrity of the whole Hunter Biden investigation to let it all be swept under the carpet with a plea deal.

Meanwhile, the burden of proof has shifted. With each hearing, Congress has unearthed troubling allegations that are increasingly specific and backed up by witnesses. Now we learn that Devon Archer, Hunter's former best friend and business associate, will tell the House Oversight Committee about client meetings that Joe Biden either attended in person or via speakerphone while he was vice president.

The New York Post reports that Mr. Archer will testify that there were at least 24 such conversations. The more we know, the harder it is to believe Joe Biden's assertion that he never discussed business with Hunter.

It's rare for a judge to rip up a plea arrangement. But it is well within Judge Noreika's discretion to do so. The issue now goes well beyond what Hunter Biden did, or even his father's involvement. It's whether the two powerful institutions that handled this investigation and came up with this sweetheart deal—the FBI and the Justice Department—can be trusted.

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

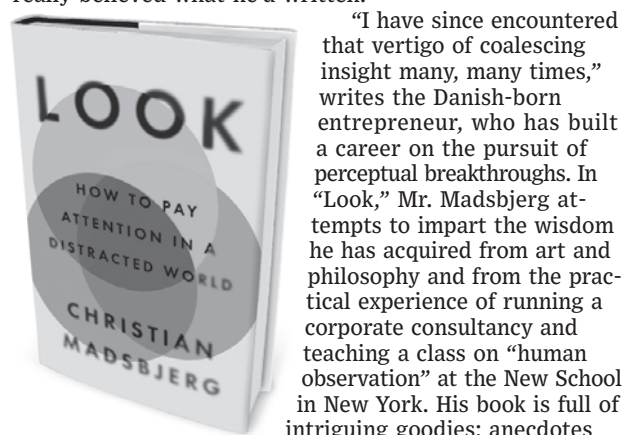
**BOOKSHELF** | By Meghan Cox Gurdon

## Life as It Is, Blinkers Removed

### Look: How to Pay Attention in a Distracted World

By Christian Madsbjerg  
(*Riverhead*, 234 pages, \$29)

As a young man, Christian Madsbjerg was poking around a library and came across a passage by Aristotle that struck him as ridiculous. In "Physics," Aristotle explained that objects drop earthward because they want to return to the place where they belong. As Mr. Madsbjerg re-read the lines, he felt his derision give way to dizziness. "In [Aristotle's] world, objects fell to the ground because they were homesick," Mr. Madsbjerg writes in "Look," a provocative, sometimes elusive work of inquiry and instruction. That a philosopher two millennia ago knew nothing of gravity was not in itself surprising; what moved Mr. Madsbjerg was the realization that Aristotle must have really believed what he'd written.



"I have since encountered that vertigo of coalescing insight many, many times," writes the Danish-born entrepreneur, who has built a career on the pursuit of perceptual breakthroughs. In "Look," Mr. Madsbjerg attempts to impart the wisdom he has acquired from art and philosophy and from the practical experience of running a corporate consultancy and teaching a class on "human observation" at the New School in New York. His book is full of intriguing goodies: anecdotes

and precepts originating in a wide array of sources, as well as summaries of the work of gestalt theorists and practitioners of phenomenology, a discipline he defines as "the study of how the human world works and everything that gives our life meaning."

The breadth and vagueness of that definition bespeaks the book's enthusiastic overreach. There's a lot here, and a lot of it makes sense, but there are moments when the argument is so diffuse as to feel precarious. At times Mr. Madsbjerg teeters on the edge of banality, even incoherence. Yet he never tips over, for there is unmistakably truth in what he's getting at. And, to be fair, the distinction between apparent understanding and deep understanding is difficult to draw. It is difficult even to describe. Mr. Madsbjerg does a heroic job of seeking to capture the experience of sudden insight.

The "richest reality," he argues, is reached not by thinking but by looking—by which he means broadly using one's perceptual apparatus. This dictum sounds simple to follow, but it is not. Looking takes time. Looking requires silencing the chattering mind. Looking means not only letting the eye follow the shiny bouncing object but also taking in the vast realm of context around the object and noticing what is not shiny and not bouncing. Perhaps most challengingly, it means surrendering the idea that we are necessarily seeing what we think we see. For, as Mr. Madsbjerg explains, "perception happens inside us; we change what we see to reflect who and where we are in the world."

A rose may be a rose may be a rose, to mangle Gertrude Stein, but a rose is going to have very different meanings for a botanist, an interior designer or a love-struck suitor. When we glance at a rose—or any other thing—we see it amid the connotations it holds for us. This is the idea of gestalt, the recognizable "wholeness" of things. To take another example, few of us would stop to assess the color, size, shape and composition of a dining table and a set of chairs before drawing conclusions about their nature and purpose. The same is true with the gestalt of a picnic lunch or a museum gallery or a crowded bus stop: It's easy

### To pay attention is not solely to concentrate or focus; it can mean entering states of heightened awareness, like a predator on the hunt.

to register a scene without noticing any of the details.

This capacity to make rapid sense of what we see equips us to get on with daily life, but it can also be an obstacle to clarity, fitting us with blinkers and causing us to miss important signals. "Look" is full of stories of people who have struggled to see the forest for the trees, or the trees for the forest, or the reason the forest is growing where it is and not some other place. One anecdote tells of an executive at an electronics company who was so intent on developing sophisticated big-screen televisions that he missed the cultural shift toward TV-viewing on laptops and smartphones. Another relates how the city-born biographer Robert Caro had to spend long hours in the open-skied isolation of rural Texas before he felt he could begin to understand his subject, Lyndon Johnson.

Looking through an ideological lens can also be blinding, as Mr. Madsbjerg knows firsthand, having grown up in a Marxist milieu on a Danish island in the Baltic Sea. "For a teenager, Communism was a totalizing, energetic, and angry faith," he writes. "I was enraptured by fervor—furious about the class inequities in the world." Only when his revolutionary ardor faded was he able to see how the ideology had distorted his perception of the world. The fall of the Berlin Wall became, in his telling, the impetus to begin a quest to understand how fashions in thinking advance and retreat; why people change their minds; and whether it is possible to anticipate social change, to "feel signs of a storm approaching."

How, then, to proceed for the reader who wants to "pay attention in a distracted world"? The first step, it seems, is to understand that attentiveness can take many forms. To pay attention is not solely, as we might think, to focus or concentrate; it can mean entering other states of heightened awareness, such as the multi-dimensional vigilance of a predator on the hunt or the "glaze of attention"—the generalized alertness, or supple readiness, of, say, an athlete on the playing field or a driver in fast-moving traffic.

With our senses alive and in a condition of receptivity, we may find it easier to notice the trend, the novelty or the eloquent social silence that augurs a coming shift. Such skills are useful at work, of course, but also at home. "The future is never a theoretical prospect for any of us. You can observe it in your everyday reality," Mr. Madsbjerg promises. "The most challenging thing for all of us to see is what is really there."

Mrs. Gurdon, a Journal contributor, is the author of "The Enchanted Hour: The Miraculous Power of Reading Aloud in the Age of Distraction."

## The Movement Shaping a Modern India



**GLOBAL VIEW**  
By Walter Russell Mead

Udaipur, India

When the India Foundation invited me to participate in a weekend conference with a group of Hindu nationalist intellectuals and political figures aligned with the Rashtriya Swayamsevak Sangh organization, I accepted immediately. As I wrote in these pages in March, Americans need to engage more deeply with a movement that is reshaping the politics and culture of one of the most important countries in the world.

The RSS, the leading Hindu nationalist organization, is the most important—and most controversial—civil-society movement in modern India. Seen as the source of the Hindu nationalist ideology behind the ruling Bharatiya Janata Party, the RSS and the group of affiliated and allied organizations and individuals known as the Sangh Parivar have nurtured a distinctive approach to politics and policy that allowed them to replace the center-left, secularist Indian National Congress as the most powerful force in Indian life.

Founded in 1925 in Maharashtra by Dr. Keshav Baliram Hedgewar out of a belief that India could take its rightful place in the world only through a movement of national, cultural and religious renewal, the

RSS aims to mold the characters of young Indian men (and, since a sister division was founded in 1936, women) through a mix of physical and quasimilitary training, educational summer camps and community-service projects. Selected volunteers become *pracharaks*, a kind of Hindu version of the Jesuits, living communally, refraining from marriage and working on tasks the leadership assigns.

In the beginning, the RSS was one of many religious and nationalistic movements emerging out of the ferment of the Indian national awakening of the early 20th century. For many years it remained on the margins of Indian life. Today Hedgewar's heirs are at the center of power. Prime Minister Narendra Modi joined the RSS at age 8 and became a *pracharak* in 1972.

Inevitably, American and Western observers look at Hindu nationalism through the lens of the conflict between Hindus and Muslims that has dominated much of South Asia's modern history. Whether it is allegations that Mr. Modi, then chief minister of Gujarat, failed to halt the violence that left hundreds of people dead in 2002, or charges that Hindu nationalist authorities turn a blind eye to lynchings and other forms of violence against religious minorities today, the Hindu nationalist movement is widely blamed for exacerbating intercommunal tensions in a country still haunted by the mass murders and violence associated with the 1947 partition

of British India. Many Indian and foreign observers see the RSS as cynically stirring the pot of hatred to gain power by appealing to the lowest instincts of voters.

Concerns about violence are legitimate, but what drives Hindu nationalism is less antagonism against Islam than fear of the future of India. Modern history is a story of

### The leading Hindu nationalist group says religion and culture will unite the country.

multifaith, multilingual states falling apart as nationalist forces fight for independence. The Austro-Hungarian and Ottoman empires fell apart. The Soviet Union and Yugoslavia once seemed stable and permanent. Both disappeared almost overnight.

India is as ethnically and linguistically diverse as Europe or Latin America. As the Indian masses gain access to the internet and social media penetrates villages and slums, what glue can keep India together?

What unites the subcontinental, say Hindu nationalists, is a shared culture in which Hindu religion plays a central role. Even Indians who aren't Hindu have been shaped by this traditional culture. Cultivating pride in that heritage and freeing it from injuries of both British and Mughal domination is the only way, Hindu

nationalists believe, to hold this vast and diverse population together. Nehruvian secularism and liberal abstractions like "constitutional patriotism" can't do the job, they argue.

Religious leaders in many societies have fought the social and cultural changes that come with modernization and have spearheaded resistance against pro-market policy, education for women and other reforms that successful modernity requires. That's not what I saw in Udaipur. The RSS leadership knows that India must move and move quickly. A powerful and ambitious China looms to the north. Young people need jobs. Living standards need to rise.

RSS leaders believe that India can remain united as the shock waves of modernization propagate across the subcontinent only if the changes are seen as grounded in ancient Hindu principles. While conciliating and reassuring more-conservative Hindu thinkers, they are promoting a future-oriented Hinduism in the hope that its ancient religion and culture can bring a united and self-confident India into the 21st century.

Will it work? And can a Hindu nationalist India avoid corruption scandals, respect civil liberties and reduce communal tensions and violence? Nobody knows, but these are serious people who care deeply about the future of their country and the world. I left Udaipur more hopeful than when I arrived.

## Spain's High-Stakes Election Stalemate

By Tunku Varadarajan

Foreign politics can be as confounding as other people's marriages. So a version of the question "What does she see in him?" is an apt one to ask Spain after it failed in Sunday's elections to kick Pedro Sánchez out of office.

Mr. Sánchez has been prime minister since 2018, when he stitched together a ruling coalition of his own Socialist Party with Communists and regional separatists. After five years of misrule—including granting every Spaniard over 16 the right to assign his own gender—he was expected to lose power to the conservative Popular Party. The PP is headed by Alberto Núñez Feijóo, a man who, while achingly dull, is a moral paragon compared with Mr. Sánchez.

Yet the Socialists finished in a jaunty second place, better positioned to form a coalition government than Mr.

Feijóo, who won a plurality of seats in Parliament but is unlikely to win over enough of the other parties to his side. Polls predicted a win for him, but the PP fell far short of the numbers it needs to form a government in coalition with its partner Vox, a more robustly conservative party than the center-right PP. The expression Spain's media and

### A left-wing coalition with separatists could imperil the country.

leftists use to smear Vox is *extrema derecha*—far right—deployed reflexively to gin up frightening echoes of erstwhile dictator Francisco Franco (1892-1975) and his Catholic-flavored fascism. (The media seldom described the communists in Mr. Sánchez's last government as "extreme left.")

Conservative Americans will find this demonization of Vox vexing. The party's leader differs from Ron DeSantis in his politics only in his degree of support for Ukraine. (Mr. DeSantis is less wholehearted.) But on social policy, culture wars and migration, the two men are kindred spirits. Vox has been so successfully slandered as beyond the pale that the Socialists energized their base to vote once more for a discredited Mr. Sánchez. This would, they said, avert the return to government of Francoists in the guise of Vox, in partnership with the PP. And no other party will govern with the PP if Vox is also in a coalition.

Since the math of the results doesn't allow the PP to govern without Vox, the second-placed Socialists will be asked if they can form a government after Mr. Feijóo tries and fails. It is likely they can, and therein lies national peril.

Mr. Sánchez will need the backing of Catalan separatists, who are hell-bent on breaking up Spain. Carles Puigdemont, the most rabid of this tribe, could tip Mr. Sánchez over the line and into power. Mr. Puigdemont is in exile in Belgium after masterminding an unlawful Catalan independence referendum in 2017. He has named his price for parliamentary support: an amnesty for separatists; and another referendum for Catalan "self-determination."

If Mr. Sánchez bites, he'll win power for himself, but at the cost, potentially, of the survival of Spain as we know it. It is too soon to say what he will do. But we'd do well to remember that he's a politician with few scruples—if any.

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at NYU Law School's Classical Liberal Institute.



## OPINION

## REVIEW &amp; OUTLOOK

## BlackRock's False Voting 'Choice'

BlackRock has won media plaudits for purportedly democratizing proxy voting for retail investors. If only. Instead, the asset manager is trying to blunt criticism of its environmental, social and governance (ESG) approach, while empowering the proxy advisory duopoly that promotes the same progressive agenda.

BlackRock, like other asset managers, has traditionally voted proxy ballots for retail investors in its index funds. Yet it has lately come under criticism from conservatives for using the \$9.4 trillion in assets that it manages to drive public companies to adopt ESG causes, including on CO2 emissions and other "sustainability" disclosures.

Nineteen Republican state Attorneys General last autumn sent a letter to BlackRock CEO Larry Fink, warning about antitrust concerns from its coordination with other financial institutions as part of the Net Zero Asset Managers initiative. The AGs also noted that BlackRock's policy of punishing directors of corporate boards that don't follow its climate orders may violate its fiduciary duty to investors.

BlackRock got the message—sort of. Last week it announced that starting next year more than three million retail investors in its most popular exchange-traded fund will be able to choose from a range of proxy voting policy options. Message to the Republican AGs: There can be no antitrust or fiduciary violation if BlackRock offers retail investors a voting choice.

Not so fast. Nearly all of BlackRock's pre-selected voting policies are crafted by the proxy advisory duopoly of Glass Lewis and Institutional Shareholder Services, or ISS, both of which support ESG investing. These include Glass Lewis's Climate Policy and ISS's Socially Responsible Investment Policy. Even options that aren't ESG-focused on their face, such as ISS's Catholic Faith-Based Policy, support things such as emissions reductions, board diversity quotas and racial equity audits.

### Asset managers are giving investors proxy vote options? Well, no.

"BlackRock is committed to a future where every investor can have the choice to participate in the shareholder voting process," the company's global head of investment stewardship said. OK, but they still can't truly choose how to vote. BlackRock's "voting choice" initiative recalls Henry Ford's famous line that a customer can have a car painted any color as long as it's black.

One BlackRock option from ISS does broadly support the recommendations of corporate boards, which tend to be less friendly to ESG resolutions. But most investors don't support corporate boards on every issue. Under this policy, investors can't separately disapprove of a CEO's compensation when a company is underperforming.

BlackRock seems to be more concerned with obtaining political and legal protection than providing true voting choices to its investors. It isn't alone. Vanguard and State Street launched similar initiatives earlier this year. Vanguard's four options included its own recommendations, a company board-aligned policy, a Glass Lewis ESG policy, and abstention.

State Street's seven voting options, all prepared by ISS, are mostly ESG-aligned, including one based on the AFL-CIO guidelines. Another "seeks to promote support for recognized global governing bodies promoting sustainable business practices advocating for stewardship of environment, fair labor practices, non-discrimination, and the protection of human rights."

This coordination between asset managers and proxy advisory firms may elevate the antitrust concerns that the Republican AGs raised. BlackRock and its peers are trying to shirk their fiduciary responsibility to act in investors' best financial interests by entrusting voting recommendations to proxy advisers, which act as ESG force multipliers for pension funds.

Sorry, BlackRock, investors deserve better choices than these.

## America's Choice: Immigration or Bust

The U.S. has a people problem. The birth rate has been sliding for years, and it's about to translate into a shrinking labor force. By 2040, according to a study out this week, America could have more than six million fewer working-age people than in 2022. The only way to counter the domestic trend is by attracting workers from abroad.

"The working-age U.S. population has peaked absent additional immigration," writes Madeline Zavodny, in a forthcoming paper from the National Foundation for American Policy. "New international migrants are the only potential source of growth in the U.S. working-age population over the remainder of the next two decades." Ms. Zavodny is an economics professor at the University of North Florida, and her analysis is based on data from the Census Bureau and Bureau of Labor Statistics.

At a time when some Americans view foreign workers as cheap competition, she offers a prescription for growth and vigor. In particular she notes that, although foreign-born workers accounted for nearly half the gain in U.S. employment from January 2021 through May 2023, "employment among prime-aged U.S.-born workers also soared during this period."

Unemployment has been historically low, she adds, and difficulty of finding good workers will increase if the pool of working-age people shrinks.

The domestic trend lines aren't good, for two big reasons. The declining birthrate is one. The other is Baby Boomers are both living longer and aging out of the work force. Anyone who imagines that a shrinking population is pleasant should spend some time in Japan and Italy. As these countries are finding, decline means fewer people to produce goods and services, as well as less innovation. Even China's Communists now admit that owing to their pursuit of a one-child policy, they now face, as Milton Friedman predicted, a huge worker shortage that will challenge economic growth.

So far the U.S. has been able to compensate via immigration, which was "the sole source of growth in the U.S. working-age population in 2021 and 2022," Ms. Zavodny says. But this isn't guaranteed. She suggests a future of competition among countries hit by the double whammy of a declining birth rate and aging society. Canada recently rolled out a new work permit to lure away foreigners in the U.S. on high-skill H-1B visas. The target of 10,000 applicants was met in two days.

Amid Donald Trump's talk about a wall and Joe Biden's chaos at the southern border, it's hard to imagine any solutions from Congress before 2025. But Ms. Zavodny identifies labor-force trends that will have damaging consequences if they aren't addressed. Someone needs to make the case that admitting foreign workers is good for Americans.

## Israel's Judicial Panic Attack

Israel's democracy is in jeopardy, its ability to defend itself against foreign threats is dying, and worse is to come. That was the overwrought media and political narrative on Monday as the Jewish state passed a modest judicial reform that probably won't make as much difference as either side claims.

The new law bars the Israeli Supreme Court's reasonableness test, which lets the court overturn government actions based on its interpretation of that word. The new law barely begins to reverse the "judicial revolution" of the 1980s and 1990s, in which Israel's court claimed unusual new powers. The purpose of the new law is to pass something, anything, to show conservative voters that the government hasn't been completely rolled by opposition protests.

"Reasonableness" in Israel started at the local level as a common-law import but became an all-purpose tool to invalidate government appointments, military decisions and policies of national significance. This gave the court enormous discretion, with often arbitrary results. For example, the court found it was unreasonable for a caretaker government to bind future governments by appointing midlevel officials. But it found it was reasonable for a different caretaker government to offer a final-status peace deal to the Palestinians.

Shortly before Monday's vote, opposition leaders Benny Gantz and Yair Lapid offered to accede to a "reasonableness" reform in exchange for postponing the larger reforms first proposed by the Netanyahu government. They understand that this change isn't itself a danger, but it is too late to hold back the protest movement stirred up by the original and more sweeping reform.

### Compromise is the way out of the mess, and Joe Biden's help isn't needed.

Protesters are blocking highways, announcing strikes and shirking military-reserve duty, while universities and businesses are letting out students and workers. Boycotting reserve duty has been an effective pressure tactic on Israel's government. But playing politics with military readiness is an indulgence Israel can't afford, and looking to the military brass for political intervention isn't the way to "save democracy."

On Monday night Prime Minister Benjamin Netanyahu called for compromise on the rest of the reform, which makes sense, with talks until November. But will he be able to hold off his coalition partners pressing to go much further? That would likely fail amid intense opposition.

Compromise will take time, and time may demonstrate that the new "reasonableness" law has changed little. The justices haven't lost their substantial power over the appointment of new justices. The court can still hear almost any case, even on a strictly political question in which no petitioner has been directly harmed. The court retains the power it seized in the 1990s to strike down legislation, and it can still block administrative actions for every reason except unreasonableness, for which there are many substitutes. In other words, the judiciary hasn't really been reformed, and democracy isn't dying in Israel.

President Biden's running commentary on this internal Israel debate is unseemly and looks aimed at toppling Prime Minister Benjamin Netanyahu's government. The two ought to be working together to expand the Abraham Accords to Saudi Arabia and to stop Iran's nuclear program. Israel's judicial debate is far down the list of urgent problems in the Middle East.

## LETTERS TO THE EDITOR

## Taipei Replies to Beijing on Peace and Freedom

In response to an op-ed by Taiwan's Vice President Lai Ching-te ("My Plan to Preserve Peace in the Taiwan Strait," July 5), Liu Pengyu of the Chinese Embassy in Washington demonstrates the People's Republic of China's propensity toward outright lies and disregard for reality (Letters, July 19). Mr. Liu, a diplomat who is supposed to be serving the Chinese people, instead betrays them on behalf of an authoritarian regime.

Mr. Liu refers to Taiwan's coming presidential elections as "the local elections of China's Taiwan region." Apparently, he is ignorant of the fact that the PRC has never ruled over Taiwan for even a single day. Disinformation won't change that. It will only generate more resentment from Taiwan's society.

While Beijing's state-controlled newspapers may not report it, Mr. Liu should know from America's free press that more than 5,000 People's Liberation Army warplanes have harassed Taiwan by flying close to our airspace since 2020, threatening the peace and stability of the region. China's refusal to renounce the use of military force against Taiwan and its continuing coercive military activities have brought more international attention and hardened our resolve to defend ourselves.

Beijing's diplomats, who have never voted in a free and fair election, have no grounds to criticize the democratic system that the Taiwanese people cherish. The PRC still has many lessons to learn.

SABINA CHANG  
Press director, Taipei Economic and Cultural Representative Office  
Washington

I flew to Taiwan in 1987 to find a company to manufacture my invention. When Britain's handover of Hong Kong occurred in 1997, I was there to witness it. Unfortunately, the "one country, two systems" mantra

from China, meant to calm skeptics and encourage investment, took less than 25 years to dismantle.

At first, however, many Taiwanese factories began moving their production to the Chinese mainland, and I eagerly helped my Taiwanese factory owner make the move. Though both peoples share similar ancestries, the difference in their cultures is stark. I soon found that the PRC didn't respect patents, business ownership or human rights in general. The disillusioned, trusting Taiwanese factory owner departed the mainland soon after he had educated his "partners" on setting up a factory.

TERRI PANTALEO  
Darien, Ill.

Mr. Liu, Beijing's spokesman, declares to Journal readers, "No one should underestimate the resolve of the Chinese people to defend national sovereignty and territorial integrity."

But in a Nobel Peace Prize lecture, Chinese laureate Liu Xiaobo predicted, "There is no force that can put an end to the human quest for freedom, and China will in the end become a nation ruled by law, where human rights reign supreme."

STEVEN T. CORNELIUSSEN  
Poquoson, Va.

Mr. Liu, Beijing's spokesman, can't understand why the people of Taiwan don't want to be ruled by his regime. Maybe he should examine how his country treated Tibet under its forced "unification"; or how the people of Hong Kong lost their liberties, despite the PRC's promises, in the years after the British left; or the bloodbath at Tiananmen Square when his people yearned for a more democratic society. There's a reason people fled the mainland for Taiwan in 1948-49, and the reason hasn't changed.

CHRIS SOBOLEWSKI  
Collegeville, Pa.

## Medical Price Transparency Beyond the Sticker

In "Virginia Leads the Way on Medical Price Transparency" (Cross Country, July 15), Dan Helmer takes a stab at improving U.S. healthcare. Making a meaningful comparison between the quality of the same procedure being performed at different institutions at different prices, however, is a conundrum left for another time.

The requirement that a Virginia health institution list its price for a specific procedure reveals only one part of the cost puzzle for a prospective patient. It is of greatest importance only to uninsured patients who must pay the list price. Privately in-

sured patients would find it useful to know the average price charged to them. (Actual prices charged to specific insurers would probably be characterized as proprietary.)

What patients across all categories ought to know is the price paid by Medicare for every procedure. Only when they see the difference between the prices faced by the uninsured or privately insured and the federal government can they begin to grasp the profound distortions embedded in the U.S. healthcare system.

DAN DOBRUSE  
Oak Park, Ill.

## Burdens of Air Travel Are Not Shared Equally

I find it hard not to feel some schadenfreude reading about the difficulties suffered by tall people in airplanes ("Can Airline Seats Get Any Worse? 'A New Form of Torture Chamber,'" Page One, July 15). I peaked at 5 feet 5½ inches tall. Now in my 70s, I am down to 5 feet 4 inches. My childhood friends called me "dwarf." When

I am on an airplane, however, I feel like royalty. I can stretch out and be comfortable while the guys who stuffed me on the basketball court try to figure out where to put their knees.

ELLIOT DAVIDOFF  
Granville, Ohio

Occupying an aisle seat on a recent flight, I had to lean into that aisle because the girth of an adjacent passenger spilled into my seat. A flight attendant allowed me to move so that I could sit completely in a seat. If any meaningful change in aircraft seating is imminent, don't confine it to legroom. Measures also are needed for wide people whose presence extends well beyond their purchased seat.

MARK A. SINDLER  
Pittsburgh

## Letting the Jungle Grow Back

In "Notable & Quotable: Pence" (July 15), Tucker Carlson challenges the former vice president's support of military aid to Ukraine in light of the deteriorating conditions in U.S. cities. The comparison is absurd—or maybe not. The societal decay of our cities is the result of progressive policies, including efforts to defund the police. The hard right advocates defunding the police on a global level.

HENRY BARRON  
Denver, N.C.

## Pepper ... And Salt

THE WALL STREET JOURNAL



IVAN

"Wow, I never kept a basil plant alive long enough to realize it grew flowers."

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## OPINION

# Donors, Don't Fund A Trump Plurality

By Mitt Romney

Despite Donald Trump's apparent inevitability, a baker's dozen Republicans are hoping to become the party's 2024 nominee for president. That is possible for any of them if the field narrows to a two-person race before Mr. Trump has the nomination sewn up. For that to happen, Republican megadonors and influencers—large and small—are going to have to do something they didn't do

**As in 2016, Republican candidates won't drop out soon enough. Here's how to give them a push.**

in 2016: get candidates they support to agree to withdraw if and when their paths to the nomination are effectively closed. That decision day should be no later than, say, Feb. 26, the Monday following the contests in Iowa, New Hampshire, Nevada and South Carolina.

There are incentives for no-hope candidates to overstay their prospects. Coming in behind first place may grease another run in four years or have market value of its own: Mike Huckabee and Rick Santorum got paying gigs. And as former New Hampshire Gov. John H. Sununu has observed, "It is fun running for president if you know you cannot win."

Left to their own inclinations, expect several of the contenders to stay in the race for a long time. They will split the non-Trump vote, giving him the prize. A plurality is all that is needed for winner-take-all primaries.

Candidates themselves used to consolidate the field to achieve what they saw as a greater purpose. In 1968, potential candidates William Scranton, Charles H. Percy, Mark Hatfield, John Chafee and Nelson Rockefeller rallied around my father, George W. Romney, instead of seeking nomination themselves, because they believed he had the best shot of stopping Richard Nixon. When my dad's campaign faltered, he and they swung to Rockefeller to carry their cause forward. They were unsuccessful but not because of blind political ambition or vanity. They put a common cause above personal incentives.

Such narrowing of the field doesn't happen today. The vast expansion of super PACs gives megadonors oversized influence on campaigns. A few billionaires have already committed tens of millions of dollars. They have a responsibility to give their funds with clear eyes about their candidate's prospects. Donors who are backing someone with a slim chance of winning should seek a commitment from the candidate to drop out and endorse the person with the best chance of defeating Mr. Trump by Feb. 26.

Donors may think that party leaders can narrow the field. Not so. Candidates don't listen to party officials, because voters don't listen to them either. And the last people who would ever encourage a candidate to withdraw are the campaign staff and consultants who want to keep their jobs for as long as possible. They buck up candidates, promoting long-shot prospects and favorably biased internal polls. I can almost hear the words from "Dumb and Dumber"—"So you're telling me there's a chance?"

Our party and our country need a nominee with character, driven by something greater than revenge and ego, preferably from the next generation. Family, friends and campaign donors are the only people who can get a lost-cause candidate to exit the race. After Feb. 26, they should start doing just that.

*Mr. Romney, a Republican, is a U.S. senator from Utah.*

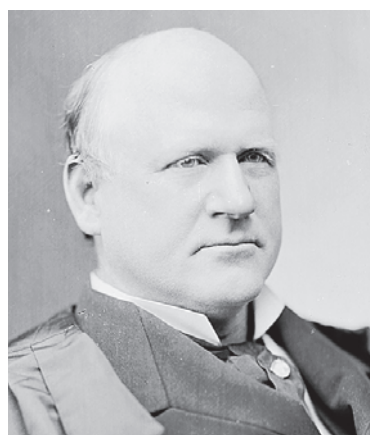
By Charlotte Allen

Justice Ketanji Brown Jackson, dissenting in *Students for Fair Admissions v. Harvard*, argued that the absence of racial preferences in college admissions "will forestall the end of race-based disparities." "The only way out of this morass," she wrote, "is to stare at racial disparity unblinkingly, and then do what evidence and experts tell us is required to level the playing field." Never mind that colleges and the court have been doing that for half a century.

Yet Justice Jackson was on to something—although it might not have been quite what she intended. For nearly a century and a half the court, when faced with clear constitutional and statutory language designed to end racial discrimination by establishing colorblind policies, balked in the name of accommodating social and political realities.

In the 19th century, that meant the reality that many whites refused to accept blacks as their equals. Of the six opinions in *Fair Admissions*, Justice Jackson's was the only one that cited the *Civil Rights Cases* (1883), in which, as she wrote, "our predecessors on this Court invalidated Congress's attempt to enforce the Reconstruction Amendments via the Civil Rights Act of 1875."

The *Civil Rights Cases* are lesser-known than *Plessy v. Ferguson* (1896) but the ruling was nearly as momentous. The 1875 law required inns, public conveyances and entertainment venues to extend "full and equal enjoyment" to "citizens of every race and color." These were entities serving the public that were already required under common law to accommodate all comers of unobjectionable character. The ruling consolidated five lawsuits, not all of which originated in former slave states. One litigant was a



Justices John Marshall Harlan (1833-1911) and Ketanji Brown Jackson.

black man who had bought a dress-circle ticket for a San Francisco theater performance but was denied seating.

The Supreme Court ruled 8-1 that the 14th Amendment prohibited discrimination only by state and local governments and that the 13th Amendment, which abolished slavery, didn't authorize

**Starting in 1883, the high court equivocated on the meaning of the Equal Protection Clause.**

Congress "to adjust what may be called the social rights of men and races in the community." The lone dissenter was Justice John Marshall Harlan, who wrote that "such discrimination practised by corporations and individuals in the exercise of their public or quasi-public functions is a badge of servitude" that Congress had constitutional authority to forbid.

Thirteen years later in *Plessy*, the justices upheld a Louisiana law that required separate railroad cars for blacks and whites. Harlan was



justices disagreed, and Justice Lewis Powell allowed for the use of preferences "to further the attainment of a diverse student body."

In *Grutter v. Bollinger* (2003), a five-justice majority endorsed Powell's view that diversity was a "compelling" interest that could allow for some discrimination. Quoting Powell, Justice Sandra Day O'Connor acknowledged that preferences posed "serious problems of justice." She wrote that they must have a "logical end point," perhaps 25 years into the future. Meanwhile, racial preferences created a variety of unintended consequences, including discrimination against Asian-American applicants and segregated dorms and graduation ceremonies. *Students for Fair Admissions* rejected these trade-offs. "Eliminating racial discrimination means eliminating all of it," Chief Justice John Roberts wrote for the court. The ruling didn't formally overturn *Grutter*, but it rejected universities' crude racial categories and declared that "standardless" goals—such as producing "engaged and productive citizens," enhancing "appreciation, respect, and empathy," and training "future leaders"—don't justify discrimination.

Admissions officials are no doubt looking for loopholes—strategies for getting around these strictures and continuing to engineer the racial composition of entering classes—and hoping for changes in the high court's composition. Yet as Justice Jackson perhaps inadvertently noted in her dissent, the Supreme Court spent 140 years ducking the plain meaning of the post-Civil War amendments in the name of accommodating political reality. The Constitution mandates colorblindness. Isn't it time to give it a try?

There's a parallel to the court's jurisprudence after official segregation fell and the issue became affirmative action. In *Regents of the University of California v. Bakke* (1978) a badly divided Supreme Court ruled that outright racial quotas violated both the 14th Amendment and Title VI of the 1964 Civil Rights Act. But four

## Antitrust Regulation by Intimidation

By Gus Hurwitz and Geoffrey Manne

The Justice Department and Federal Trade Commission's proposed revisions to the merger guidelines represent the Biden administration's latest effort to bypass Congress and the courts to rewrite a major area of law. These changes would increase the cost and uncertainty that businesses face when considering mergers—and damage the agencies' reputations.

Since 1968, Justice and the FTC have issued guidelines to help companies understand when a proposed merger might raise antitrust concerns. The guidelines are a nonbinding public statement that describes how the agencies will approach the enforcement of merger laws. They have been updated from time to time to reflect changes in the law and improved economic understanding about the likely effect mergers will have on competition. They are neither a definitive statement of law nor binding on courts.

Over time the guidelines have nevertheless shaped U.S. courts' understanding of merger law because past updates have striven to state what the law, as applied by courts, is, and have developed analytical tools faithful to that interpretation. The 1982

guidelines, for instance, were organized around the "hypothetical monopolist test"—a market should be defined with reference to whether a hypothetical monopolist would be able to raise prices profitably—which is central to merger law today. Courts have tended to incorporate analytical tools like this into antitrust case law.

**Lina Khan's new merger guidelines won't convince judges, but they may scare companies into inaction.**

Writing in the Journal on Monday, FTC Chairman Lina Khan and Justice Department antitrust chief Jonathan Kanter assert that the "proposed guidelines are faithful to the legal principles that have guided our enforcement efforts for generations." On the contrary, the proposal states what the agencies' current leadership wishes the law to be and reflects a desire to change merger law by administrative fiat rather than through successful litigation or an act of Congress. Look at the antitrust agencies' string of recent losses in major merger cases, including Microsoft's acquisition of Activision and Meta's acquisition of

Within, to see that their views of antitrust law differ substantially from those of the courts.

Judicial acceptance of prior guidelines was a result of the agencies' reputation as honest brokers of judicial precedent. The proposed guidelines jeopardize that reputation by selectively interpreting the law, relying on outdated precedents, and disregarding more-recent case law. Weighted by the number of citations, the average year of the 50 cases the FTC and Justice Department cite in support of their approach is 1975—ages ago in antitrust law. Before this update, the merger guidelines had been updated five times since they were first issued in 1968, and all of them since 1982. Any judge hearing a case today knows that judicial understanding of merger law has changed dramatically since then. Older case law may not have been overruled, but little of it is relevant based on current economics and judicial practice.

This selective bias toward outdated judicial opinions and economic knowledge isn't likely to impress the courts. The disconnect will lead to deep skepticism, casting a pall over all arguments (even sound ones) made by the Justice Department and FTC antitrust attorneys. The agencies might discover that it would

have been better to go to court without guidelines rather than with a contentious interpretation of the law.

But the agencies might not be aiming at litigation at all. Rather, the proposed guidelines reflect the current administration's deep skepticism toward mergers and signal that merging parties will face pushback from the agencies before they even get to court.

Ms. Khan has said that the agency interprets antitrust law as a "broad mandate aimed at prohibiting mergers even when they do not constitute monopolization and even when their tendency to lessen competition is not certain." Far from providing a helpful distillation of the law for firms and courts, the proposed guidelines will discourage companies from conducting activities permitted under current law. This regulation by intimidation is the sort of abuse one expects of tin-pot dictators, not U.S. regulators governed by the rule of law.

*Mr. Hurwitz is academic director of the University of Pennsylvania Carey Law School's Center for Technology, Innovation and Competition and a director at the International Center for Law and Economics. Mr. Manne is president of ICLE.*

## We Audit the Auditors, and We Found Trouble

By Erica Y. Williams

High-quality audits are essential to the integrity of U.S. capital markets and the protection of investors. As President George W. Bush said when signing the law creating the Public Company Accounting Oversight Board to oversee audits of public companies: "The fundamentals of a free market—buying and selling, saving and investing—require clear rules and confidence in basic fairness. The only risks—the only fair risks—are based on honest information."

It is therefore unacceptable that audit quality is trending down for

the second year in a row. A PCAOB report released Monday finds that when inspection reports are finalized later this year, PCAOB inspectors expect that approximately 40% of the audits they reviewed in 2022 will have had one or more deficiencies, in which the audit firm failed to obtain sufficient appropriate evidence to support its opinion. That is up 6 percentage points from 2021, which was 5 points higher than the deficiency rate in 2020.

This means audit opinions were signed without completing the audit work required to verify the financial statements. That is a serious problem at any rate, and 40% is completely unacceptable.

The PCAOB hasn't hesitated to bring enforcement cases against auditors when appropriate. Last year we doubled the number of enforcement orders compared with 2021 and imposed the highest total penalties in history.

At the same time, we will continue conducting inspections to hold audit firms accountable.

Transparency is one of the most powerful tools the PCAOB has to improve audit quality. Sharing our inspection results empowers audit committees and boards of directors—which are responsible for hiring auditors of public companies—to hold audit firms accountable directly.

As part of its efforts to im-

prove transparency, earlier this year the PCAOB began including more information in our public inspection reports than ever before, including information about auditor independence violations. Last week we added more tools on our website to make it easier to compare deficiency rates across audit firms.

**PCAOB inspectors are turning up an increasing number of deficiencies. That's bad for investors.**

We hope boards of directors and audit committees will use PCAOB inspection reports to hold audit firms accountable for high-quality results and ask tough questions on behalf of their investors.

Audit committees should know the deficiency rate of the audit firm they hire and how it compares with other options. They should ask audit firms if the audits of their company have been inspected and, if so, for the results. They should find out whether the specific auditors who are assigned to work with their company have had their audits for other clients inspected and what the results were.

Similarly, investors should engage with investor relations and

the audit committees of the companies in which they invest and encourage them to seek out audit firms with quality records.

Ultimately, the responsibility falls on auditors to correct the problems that led to deficiencies in their audits. But accountability from their clients offers a powerful incentive to find solutions. The root causes of increased deficiencies vary from firm to firm, and there is no one-size-fits-all explanation for deteriorating audit quality.

Some firms point to the continuing effects of Covid-19, including the great resignation and heightened competition for talent. Three years after the pandemic began, these challenges are no longer new and firms should have a strategy to meet them.

At the same time, Covid-19 can't simply explain away a 40% deficiency rate. Many of the deficiencies PCAOB inspectors identified have recurred for years, well before the pandemic.

Now is the time for solutions, not excuses.

Investors trust audits to verify the financial reporting that underpins our capital markets. Auditors must deliver quality results worthy of that trust.

*Ms. Williams is chairman of the Public Company Accounting Oversight Board.*

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# Streamline Security: The Future of Enterprise Business

The approach helping security leaders say “Yes” to AI, innovation and what comes next

By Anand Oswal, SVP/GM Network Security for Palo Alto Networks



The world of artificial intelligence (AI) has come in like a Kansas tornado, and those enterprises that didn't see it coming are storm-chasing, while those that did are hedging they have it right. The universal challenge is to embrace a future where AI touches everything and engagement is secure. Whether advancing financial systems, protecting critical infrastructure, or automating the latest in manufacturing, a streamlined approach to security will enable organizations to continue to move fast, securely, and is the only way to achieve simplicity.

AI is and will be a force multiplier and may prove to be very disruptive as new entities enter to compete. Security teams need to be able to say “yes” when the AI initiatives are presented. Implementing AI in a secure manner is prudent. The challenge may seem daunting as one looks at supporting thousands of users who are connecting from anywhere, using any device, and today's CIOs and CISOs find themselves aligning dozens of disjointed security tools to achieve the desired result of protecting organizations. Some may view this as a nightmare, others as an opportunity. The ways of the past are no longer the pathway to the future. Disjointed security tools cobbled together are — and the CISO and their information security teams know this — going to leave opportunity for exploitation by cyber adversaries.

## Complexity is not your friend

The platform approach to integrating and managing cybersecurity solutions provides the necessary simplicity needed to make better decisions and create better outcomes.

One doesn't have to be an astronomer, a geographer, and a mathematician, like Hipparchus, to understand the complexity involved to attempt to implement the security policies desired by the CISOs, including those based on the principle of

Zero Trust. These policies start by ensuring each user has access to only what they need, when they need it, and also apply continuous security verification to block threats. With hundreds of disjointed security tools, implementing such a policy for your workforce isn't simple.

## Consolidation leads to simplification which leads to a better Zero Trust outcome

Creating an environment that is less nightmare and more nirvana does exist, and it comes in the form of the platform-centric approach. Three key factors support such:

1. The platform must be made up of best-in-class tools. You shouldn't have to trade off simplicity and security;
2. The user expects to be able to access the network, the application, the data, their colleagues with the same ease in which they acquire air or water, regardless of locale, time, or device; and
3. The network administrators should be able to implement such security policies, prevent the most sophisticated attacks, and get complete visibility into their network easily.

With this approach, there are fewer moving parts and decision points. This simplicity allows the security leader to say yes to organizations' initiatives like the CEO's desire to build the latest financial application in the cloud, ingesting and analyzing data for gaining operational efficiencies in a manufacturing plant, and adopting 5G in a smart city. AI also provides utility to the organization through its security tools and solutions. After all, the burgeoning AI-powered threats must be met with AI-powered defenses. With AI and ML, security teams can evolve to detect attacks that have never been seen before, inline and in real

time. This means threats are prevented proactively without impacting user experience and productivity.

Such is sweet music to the business side of the house, as the platform supports the priorities of the C-suite, enabling the organization to:

- Adopt transformational projects swiftly and securely
- Save money: consolidation reduces the number of moving parts and costs
- Stay out of trouble — protecting sensitive data

One caveat: all platforms are not created equal. In evaluating a network security platform, security leaders must choose a platform that does not trade off top-of-the-line security components for simplicity. A network security platform can and should include best-in-class hardware and software firewalls, secure access service edge (SASE), AI-powered security services, and centralized management and be able to integrate and ingest data from all sources to deliver analysis, real-time prevention and actionable intelligence. These, at the very least, are the non-negotiables for securing the future.

Learn more about how a network security platform can securely enable your organization's innovation and strategic outcomes. **Join us on June 27th for Palo Alto Networks virtual “InterSECT 23: Network Security Summit” and uncover the future of modern network security. (<https://register.paloaltonetworks.com/netsecsummit2023>)**

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## Lyft Weighs Options for Bike Unit

Sale of the division or a partnership with an investor are among choices

BY PREETIKA RANA AND EMILY GLAZER

Lyft is exploring strategic alternatives for its bikes division, the latest in a series of moves by its new chief executive to turn around the struggling company.

The company is looking to sell its fleet or forge a partnership with an investor that infuses cash into the division, according to people familiar with the matter. It wants the prospective buyer or investor to continue to list the two-wheelers on its app so riders don't experience significant changes.

The company bought a bike-rental operation in 2018, and the vehicles have been popular in several cities: New Yorkers took more than 114,000 rides a day in June through Lyft-

owned Citi Bikes. But maintaining the fleet is an expensive logistical undertaking and a distraction from the company's core business, the people said. Lyft doesn't own the cars used by its drivers.

Lyft doesn't break down how much bikes contribute to the company's revenue, but analysts say they are a good driver of volume. A Lyft spokesman declined to comment on its plans.

Since taking the reins as Lyft's CEO three months ago,

David Risher has cut hundreds of jobs, introduced new features for riders and drivers, and mandated that employees return to the office. Risher inherited Lyft at the same time the ride-sharing company was struggling with eroding market share, a sliding stock price and low employee morale.

A few bets appear to be paying off, though he rankled some employees early on. Lyft recently clawed back some market share from larger rival Uber Technologies, in part by using

the money it saved from the latest layoffs to cut ride prices and bring them in line with Uber's.

The latest market-share gains sent Lyft's stock soaring this month. Shares of Lyft have risen more than 19% since Risher's appointment was announced in late March. Uber stock has risen about 54% over the same period. Lyft shares are still down about 14% in the past 12 months.

"All of those things were Please turn to page B4

## Senators Probe Ties Of Epstein To Mogul Leon Black

BY RICHARD RUBIN AND DAVID BENOIT

The Senate Finance Committee is investigating former Apollo Global Management CEO Leon Black's tax strategies and dealings with the late disgraced financier Jeffrey Epstein, pressing the private-equity billionaire for information on Epstein's high-priced tax advice.

The committee chairman, Sen. Ron Wyden, released a letter to Black that made public the panel's investigation, which has been under way for a year. In the letter, Wyden asked Black whether trust arrangements improperly moved assets out of his estate and why he paid Epstein—who wasn't an accountant or tax lawyer—\$158 million for advice over six years.

"Due to the limited information you have provided the Committee, a significant number of open questions remain regarding the tax avoidance scheme you implemented with Epstein's assistance," Wyden, an Oregon Democrat, wrote in the 16-page letter to Black.

A spokesman for Black said he has "fully paid all taxes" and defended the transactions Wyden asked about as legal and vetted by law firms and other advisers.

"As a foundational matter, the letter repeatedly insinuates something illicit or untoward in the professional relationship between Mr. Black and Mr. Epstein," Black's lawyers said in a reply to the committee reviewed by The Wall Street Journal. "Any such Please turn to page B2

## Automakers Plan Family-Size Electric SUVs

BY MIKE COLIAS

America's de facto family hauler—the large, three-row SUV—is finally going electric.

Car companies are planning to roll out seven-seater electric SUVs, with some, such as the Kia EV9 and Volvo EX90, expected in showrooms in coming months. Today there are scant electric options in the large-SUV category, which has become the people mover of choice for U.S. families.

Auto executives say introducing larger plug-in SUVs will broaden the appeal of EV ownership to a new pool of buyers.

Many car shoppers—especially parents who shuttle children around town—have bypassed electrics because they haven't had the option for a larger vehicle with a third row of seating and more cargo space.

"For a lot of people, that third row is the No. 1 reason for purchase," says Jess Bala, director of global product planning at General Motors' Cadillac brand, which is scheduled to reveal an electric Escalade IQ large SUV in August. "Those are often younger buyers who already are more interested in EVs."

Other car brands that have confirmed large electric SUVs in the works include Hyundai Motor, Ford Motor and Toyota Motor.

There was just one large, seven-seat electric SUV on sale in the U.S. for model years 2022 and 2023, according to research firm J.D. Power: Mercedes-Benz's EQS, priced at about \$105,000. A few plug-in SUVs that J.D. Power categorizes as midsize also have a third row, including Rivian's R1S and Tesla's Model X.

Meanwhile, there were 22 small or compact electric SUVs for sale, the firm said. Many automakers targeted their earliest EV efforts at compact SUVs—the largest U.S. vehicle category—and



A number of seven-seater electric SUVs, including the Kia EV9, are expected to land in showrooms in the coming months.

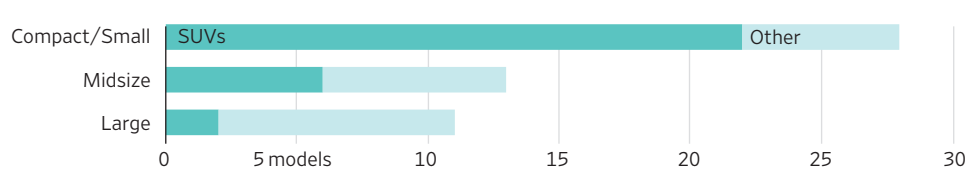
pickup trucks, because they have traditionally been big moneymakers. Seven-seat SUVs are a logical next step because of their popularity, analysts say.

Through June, the top three EV sellers in the U.S. were Tesla's Model Y, a midsize SUV that offers a snug, optional third row; Tesla's Model 3, a compact sedan; and GM's Chevrolet Bolt, a small hatchback.

Buyers of those EVs tend to be early adopters—predominantly male—who are attracted by new technology. As automakers roll out bigger, family-oriented electrics, they have the chance to draw more female buyers, executives said.

For example, Kia expects women to account for about half the buyers of the EV9, a futuristic-looking three-row SUV set to go on sale in the fourth quarter. Kia's EV6 customer base—a midsize SUV that competes directly with Please turn to page B2

Number of battery electric models for sale by size for the 2022 and 2023 model years

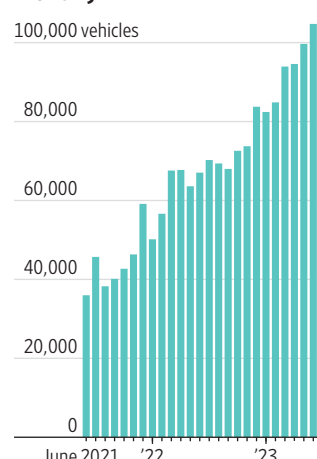


Top-selling electric vehicles in the U.S. for the first half of 2023

VEHICLE	SALES
Tesla Model Y*	200,520 vehicles
Tesla Model 3*	112,791
Chevrolet Bolt	33,659
Rivian R1T*	16,452
Volkswagen ID.4	16,448
Ford Mustang Mach-E	14,040
Hyundai Ioniq 5	13,641
Tesla Model X*	13,475
Tesla Model S*	10,106
Ford F-Series Electric	8,757

\*Estimated

U.S. electric-vehicle sales, monthly



Sources: J.D. Power (models); Motor Intelligence (sales)

## UBS Hit With Big Fine Over Archegos

BY PATRICIA KOWSMANN AND ANDREW ACKERMAN

UBS agreed to pay U.S. and U.K. regulators around \$390 million in fines related to the investment firm Archegos Capital Management, whose collapse hammered Credit Suisse, a rival it acquired earlier this year.

Credit Suisse engaged in "unsafe and unsound counterparty credit risk management practices" related to its dealings with Archegos, the Federal Reserve said.

UBS completed its rescue of Credit Suisse in June, a merger forced on it by Swiss regulators after the smaller rival lost the confidence of clients and investors.

UBS said it already is addressing the regulatory findings across Credit Suisse, and "will implement its operational and risk management discipline" across the combined bank.

The sudden unraveling of Archegos in March 2021 triggered more than \$10 billion of losses across Wall Street trading desks. The family office, run by Bill Hwang, a longtime hedge-fund manager, took extremely concentrated and leveraged positions in a few stocks. When the value of the stocks plunged, Archegos was left owing billions of dollars to its lenders, who said they were unaware of the large positions Hwang had at rival banks.

None was hit worse than Credit Suisse, which took more than \$5 billion in damage.

An investigation commissioned by the Credit Suisse board detailed how the bank for years granted Archegos special dispensation to avoid rules meant to protect the Please turn to page B2

## Reality of Binance Trading Examined

BY PATRICIA KOWSMANN AND CAITLIN OSTROFF

When crypto company Binance launched its U.S. exchange in 2019, almost \$70,000 of bitcoin changed hands in the first hour.

But the demand didn't come from external traders. "That was ourself, I think," Binance Chief Executive Changpeng Zhao said in an internal message viewed by The Wall Street Journal.

Just how much crypto trading volume is due to actual trades versus exchanges and coin promoters shuffling assets among themselves is an issue for regulators and investors trying to gauge the depth of these markets. The issue revolves around what is known as "wash trading."

This practice involves someone trading an asset with themselves or an affiliate. The result is that there isn't economic substance to the trades, which can inflate both prices and trading volume.

The U.S. outlawed wash trading for stocks and bonds

nearly a century ago. Now, concerns about wash trading in crypto markets have mounted, especially since trading volumes have become a crucial marketing point for crypto exchanges to draw customers into an opaque market.

The Securities and Exchange Commission sued Zhao and Binance.US last month, alleging that a firm he controlled inflated trading volumes on the U.S. exchange. The agency alleges Binance.US inflated trading volumes by using dozens of user accounts held by Sigma Chain, a Swiss trading company controlled by Zhao and whose existence was earlier reported on by the Journal.

The SEC didn't specify who executed those trades. The regulator said several Binance employees conducted Sigma Chain's operations under Zhao's direction.

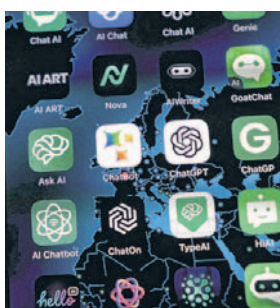
The day after the platform was launched in September 2019, wash trading between Sigma Chain accounts and accounts owned by Zhao and senior employees constituted Please turn to page B10

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AGENCE FRANCE PRESSE/GETTY IMAGES

**HEARD ON THE STREET**  
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## X-ing Out Twitter Stirs Up Its Users

BY ALEXA CORSE AND PATIENCE HAGGIN

Elon Musk's rebranding of Twitter to X elicited excitement, exasperation and efrontery from users as they adjusted to the billionaire's latest change in remaking the social-media platform he acquired last year.

Reactions in the Twitterverse after Musk's Sunday announcement ranged from dismay at Musk bringing an end to Twitter's globally recognized blue bird brand to jokes and sarcasm about the new "X" branding to excitement about the billionaire's ambition to turn X.com into a so-called everything app—in which the platform would offer an ambitious array of services including audio, video, messaging and banking.

Musk has moved swiftly to put his mark on the platform, including sweeping job cuts, charging for verification, and content-moderation changes such as reinstating many previously suspended accounts. The changes have been polarizing, upsetting many Twitter users

but appealing to others who like the billionaire's vision. At the same time, Twitter's business has struggled after many advertisers pulled back from the platform in part because of concerns over Musk's approach to content moderation.

Musk tweeted earlier this month that Twitter had a "~50% drop in advertising revenue." He also said this month looked "a bit more promising" compared with June.

Advertising executives said the new branding isn't likely to persuade companies that have paused ad spending on the platform to return, but also isn't likely to turn off advertisers who have stuck with Twitter so far under Musk's ownership, as long as users also stay.

"The recent announcement of a rebrand won't do much in the way of swaying advertisers one way or another," said Brendan Gahan, chief social officer of ad agency Mekanism. He said the company ultimately must deliver on brand safety and a compelling ad product to woo advertisers back.

Nii Ahene, chief strategy Please turn to page B4



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# Carlson's Fox News Exit Helps Boost Ratings at Newsmax

By ISABELLA SIMONETTI

Conservative news channel Newsmax saw its prime-time viewership more than double in the second quarter, as it held on to a good chunk of the gains it made following the departure of Tucker Carlson from rival Fox News.

Newsmax drew 247,000 prime-time viewers in the period, through June 25, compared with 111,000 in the first quarter.

"We definitely saw a dramatic increase after Tucker," said Christopher Ruddy, Newsmax's chief executive. "The departure obviously jolted a lot of his strong supporters."

Carlson's last show on Fox News was April 21, and Newsmax's viewership surged, averaging 334,000 during the last week of April. Ratings have declined from those peaks, but the average remains substantially above first-quarter levels.

Newsmax's average rating in the second quarter was higher than in the period of the 2020 election, when it grew as it attracted pro-Trump viewers upset about the outcome. That ratings jump didn't last.

Newsmax's surge has corresponded with a decline in Fox News's prime-time ratings following Carlson's exit. The network's ratings declined 22% in the second quarter, to about 1.7 million prime-time viewers, though it remains the most-

watched cable news network.

Fox recently announced its new prime-time lineup, which features Jesse Watters in Carlson's former 8 p.m. slot.

Fox News declined to comment. The network's parent, Fox Corp., shares common ownership with Wall Street Journal parent News Corp.

Second-place network MSNBC saw a slight jump in prime-time viewers in the second quarter, to 1.2 million from roughly 1.1 million in the previous quarter. CNN's average prime-time viewership increased 2.4% to 548,000.

Newsmax was founded by Ruddy in 1998 as a website, which grew to add a cable channel in 2014. The network, which didn't declare Joe Biden the winner of the latest presidential election until December 2020—weeks after Fox News and other mainstream networks did—surged in popularity after the election.

During the fourth quarter of 2020, when the presidential election took place, it averaged 242,000 prime-time viewers, a sixfold increase from the previous quarter, according to Nielsen data.

Newsmax's prime-time viewership gradually shrank, and hit 111,000 in the first quarter of this year, a period during which DirecTV dropped—and subsequently restored—Newsmax from its cable package.

regulatory and legal issues and set aside \$4 billion to do so.

The fine might turn out to be a template for other banks who took losses in the Archegos case, including UBS itself, which detailed a \$861 million hit at the time. Nomura, Morgan Stanley, and Mitsubishi UFJ also announced losses.

The Federal Reserve's fine was \$268.5 million.

The U.K. Prudential Regulation Authority imposed a fine of £87 million, the agency's largest penalty yet. The amount was equivalent to \$119 million, according to the agency—or about \$111 million by current exchange rates. Credit Suisse broke four fundamental rules, the regulator said, including that a firm should "conduct its business with due skill, care and diligence."

Finma, the Swiss regulator, said it opened enforcement proceedings against a former Credit Suisse manager. It declined to name the person or provide further details.

## BUSINESS & FINANCE

# C-Suite Salary Cuts Persist Beyond Pandemic as Difficult Times Bite

By JENNIFER WILLIAMS-ALVAREZ

The pandemic-era pay cuts that swept across many C-suites are now a regular part of some companies' road maps for tough times.

Executives at technology companies such as Zoom Video Communications, Intel and Micron Technology have taken cuts to their base salary this year as their businesses trimmed spending and laid off workers. And as was the case during the pandemic, the cuts to base pay have gone beyond chief executives to include finance chiefs, operations leaders and corporate attorneys.

Before the pandemic, compensation experts say, executives' base salary typically had been left alone during periods of corporate belt-tightening. In response to the pandemic, 20% of businesses in the Russell 1000 announced pay cuts for leadership in 2020, according to Just Capital, a nonprofit tracking how American public companies perform on issues such as worker pay, health and safety. Just Capital hasn't tracked the trend since.

"Executives felt a real obligation to send a message to the world, 'Hey, we're in this with you, we're going to feel the pain along with you,' and so that's why they" reduced salaries during the pandemic, said Don Lowman, who advises on executive compensation as global leader of consulting firm Korn Ferry's total rewards practice, which focuses on employee salaries, incentives and other rewards.

Consider pandemic darling Zoom: Growth at the San Jose, Calif.-based company—which had tripled in size in two years when businesses turned to its



Executives at Zoom Video Communications took cuts to their base salaries.

videoconferencing software during the pandemic—began to cool in 2022 and this year as companies started calling employees back to offices and people returned to in-person activities. CEO Eric Yuan in February announced Zoom was laying off 15% of its staff, or 1,300 people.

But the cuts went beyond the rank and file. Yuan's base salary was cut by 98%, to \$10,000, for fiscal 2024, which ends Jan. 31, 2024. His salary for fiscal 2023, at \$402,962, made up less than 1% of his total pay of nearly \$76 million, most of which consisted of long-term stock awards. Base salaries of other top executives—including Chief Financial Officer Kelly Steckelberg and Chief Operating Officer Aparna Bawa—were reduced by 20% for the current fiscal year. The executives also forfeited their fiscal 2023 bonuses.

Yuan in a Zoom chat with executives early this year said

he planned to cut his compensation, according to Steckelberg. Other executives in the chat "immediately" volunteered to do the same, said the CFO. "There was very strong alignment around that," she said.

Salary cuts are a way to indicate that executives acknowledge and are sympathetic to difficult economic times, said Jannice Koors, senior managing director at compensation advisory firm Pearl Meyer. Reducing base salary is also a way to lower expenses, though companies generally don't say how much they are expecting to save.

But it may also be perceived largely as a token gesture, compensation advisers say.

Base pay is often the smallest part of an executive's pay package, making up 11% of chief executives' overall compensation in fiscal year 2022, according to a Korn Ferry study of CEO pay at 300 of the

largest U.S. public companies.

Along with Zoom, executives from Dublin-based data-storage company Seagate Technology and Matawan, N.J.-based home builder Hovnanian Enterprises have also recently seen their compensation chopped amid broader cost-cutting efforts.

For six months beginning in May, the salaries of Seagate's CEO and CFO have been reduced by 100%, and the chief commercial officer's by 50%, while the company aims for \$200 million in annualized savings starting in the first quarter of fiscal 2024, according to a filing with regulators. Meanwhile, Hovnanian senior executives took salary reductions as the company looked to trim further certain costs in the quarter ended April 30, CEO Ara Hovnanian told analysts in May. The CEOs' salaries for their most recent fiscal years represented less than 10% of their respective total pay.

## Big Electric SUVs Are Coming

Continued from page B1

Tesla's Model Y—is 75% men.

"We're getting interest from people who have never thought about buying an EV, because they see that it still fits their lifestyle," said Kia's U.S. marketing chief, Russell Wager. "It's got the spaciousness and towing capability to get out of town, to take it camping."

Automakers, which are investing heavily to develop and produce new EV models, need to broaden interest in electric cars as they roll out new entries. EVs account for roughly 7% of new-vehicle sales in the U.S.

Larger offerings could help SUVs that fit seven or eight people have surged in popularity over the past two decades, largely displacing the minivan as the family car. Some popular models include the Toyota Highlander, Ford Explorer and Chevrolet Tahoe.

Sales of midsize and large SUVs—most of which offer three rows of seating—have



The Volvo EX90 is a three-row electric vehicle that is scheduled to go on sale next year.

grown steadily, to 26% of U.S. vehicle sales this year through May, from 21% from the same period in 2018, according to data from Edmunds.

The pending influx of larger electric vehicles looms amid signs of some softness in the EV market.

EV leader Tesla and other carmakers have cut prices on popular electric models in recent months. While electric sales are growing faster than the broader car market, the pace of growth eased in the first half of the year.

The rollout of bigger SUVs also will represent a test of Americans' readiness to go electric with vehicles that are more likely to be used for road

trips, where finding available charging stations can be a logistical challenge and lengthen travel times.

"I think there will be a lot of skepticism among consumers about how suitable a family EV will be for a road trip," said Ed Kim, president of automotive-research firm AutoPacific.

Many of the larger SUVs headed to market are expected to have driving ranges of at least 300 miles on a single charge. Kia's Wager said that is an important psychological number to help buyers get past range anxiety.

April Conyers is more concerned about the vehicle's size than its range, after having a

baby late last year. She and her husband own a smaller Volvo EV, but things have gotten a little snug with the second-row car seat. They recently put down a deposit on a Volvo EX90, a three-row electric scheduled to go on sale next year.

"We've run into some practical space issues that we hadn't really thought about," said Conyers, a 41-year-old communications consultant. "The electric cars that are offered today aren't very big."

Auto executives say the interior space on the three-row EVs will be a selling point because in many cases they will be roomier than comparable gas-powered versions. That is partly because of the mechanical layout: No engine under the hood allows for a large front trunk, often called a frunk, which adds storage space.

"That extra cargo space we think is one of the biggest benefits these buyers will uncover," Cadillac's Bala said.

John Patterson, a car dealer with Hyundai, Kia and Mazda stores in Southern California, said EV sales have been brisk, and he is eager to offer more choices.

"I think we're going to see a good amount of 28-to-45-year-old women" coming in to buy the Kia EV9, he said.

## Black's Ties To Epstein Scrutinized

Continued from page B1

insinuation is without basis."

In the reply, Black's lawyers said that he wouldn't provide any more information and that the inquiry appears designed to embarrass and criticize individual taxpayers rather than conduct oversight.

Black, 71 years old, had more than 100 meetings, including lunches and dinners, scheduled with Epstein over several years, the Journal has reported. Black said that he hired Epstein to advise his family office and that they had a social relationship, according to an independent investigation commissioned by Apollo, the private-equity firm he co-founded. He stepped down from Apollo in 2021.

The Apollo investigation, which Black requested, found he had paid Epstein for tax and estate planning. It concluded

he wasn't involved in and had no knowledge of the extent of the crimes Epstein was alleged to have committed.

Black "believed, and witnesses generally agreed, that Epstein provided advice that conferred more than \$1 billion and as much as \$2 billion or more" in tax savings, the Apollo report said.

Epstein was first convicted in 2008 of procuring a minor for prostitution. He was a registered sex offender and died in prison in 2019 while awaiting new charges on sex trafficking, in what a medical examiner determined was suicide.

Wyden's staff first contacted Black more than a year ago and had several rounds of communication with Black's lawyers, who answered some questions but didn't provide all of the desired details, the letter said.

In the letter, Wyden asked about the arrangement in which Black paid Epstein \$158 million for advice, which Wyden called "inexplicably high."

He also sought more detail about what he described as written and verbal agreements between the two men. Wyden

wrote that there could be potential tax implications for Black if those payments went beyond reasonable compensation for services and were gifts that should have been taxable to Black.

"The Committee remains deeply concerned by your continued refusal to substantiate and explain Epstein's compensation scheme," the letter said.

Wyden also asked about a transaction through which Black, according to the letter, may have pushed assets out of his taxable estate. The assets were worth \$585 million at the time of the transaction and could be expected to increase to \$2 billion. Such moves using so-called grantor-retained annuity trusts, or GRATs, are relatively common among the superwealthy, but they must follow prescribed rules.

According to the letter, which includes information provided by Black and his lawyers to the committee, Black's strategy was at risk of not meeting tax-law requirements because he was receiving income from the trust where the assets landed after the GRAT. Epstein proposed a solution

in which the trust would calculate the owed and actual payments to Black, according to the letter. The trust found that it had overpaid Black, meaning that it could have had a legal claim against him. But Black could have had a claim against the trustees if they tried to remove him as a beneficiary, according to the letter.

Epstein suggested that both sides release those claims, and they reached an agreement that kept the assets out of Black's estate, according to the letter. Wyden's letter asked for more details about how that deal was structured and whether it complied with tax rules. The transaction hasn't been scrutinized by the Internal Revenue Service, according to the letter.

In their response letter to the committee, Black's lawyers said some of the panel's descriptions of the trust issue and resolution were inaccurate.

Wyden has long been interested in making it harder for very wealthy people to lower their tax bills. He has proposed a series of bills to do that, but those measures have so far stalled in Congress.



BUSINESS & FINANCE

# Storage Companies To Unite in REIT Deal

By COLIN KELLAHER

**Public Storage** on Monday said it agreed to buy Simply Self Storage from Blackstone Real Estate Income Trust for \$2.2 billion.

Public Storage, a Glendale, Calif., real-estate investment trust, said the acquired portfolio includes 127 wholly-owned properties and 9 million net rentable square feet across 18 states, with roughly 65% of the properties are located in high-growth Sunbelt markets.

The company said it expects to complete the acquisition in the third quarter.

Public Storage, which acquires, develops, owns and operates self-storage facilities, had stakes in 2,877 facilities in 40 states, with about 205 million net rentable square feet, in the U.S. as of March 31.

Blackstone Real Estate Income Trust, known as BREIT, is a real-estate vehicle aimed at individual investors that is externally managed by a unit of private-equity firm Blackstone.

BREIT acquired Simply Self Storage in late 2020 from a Brookfield Asset Management real-estate fund for about \$1.2 billion.



Public Storage agreed to buy Simply Self Storage for \$2.2 billion from a Blackstone REIT.

# Rising Rates Buoy Sale-Leaseback Investors

By LUIS GARCIA

Sale-leaseback investors say rising interest rates are turning the real-estate market in their favor, even as they follow different strategies to benefit from the change.

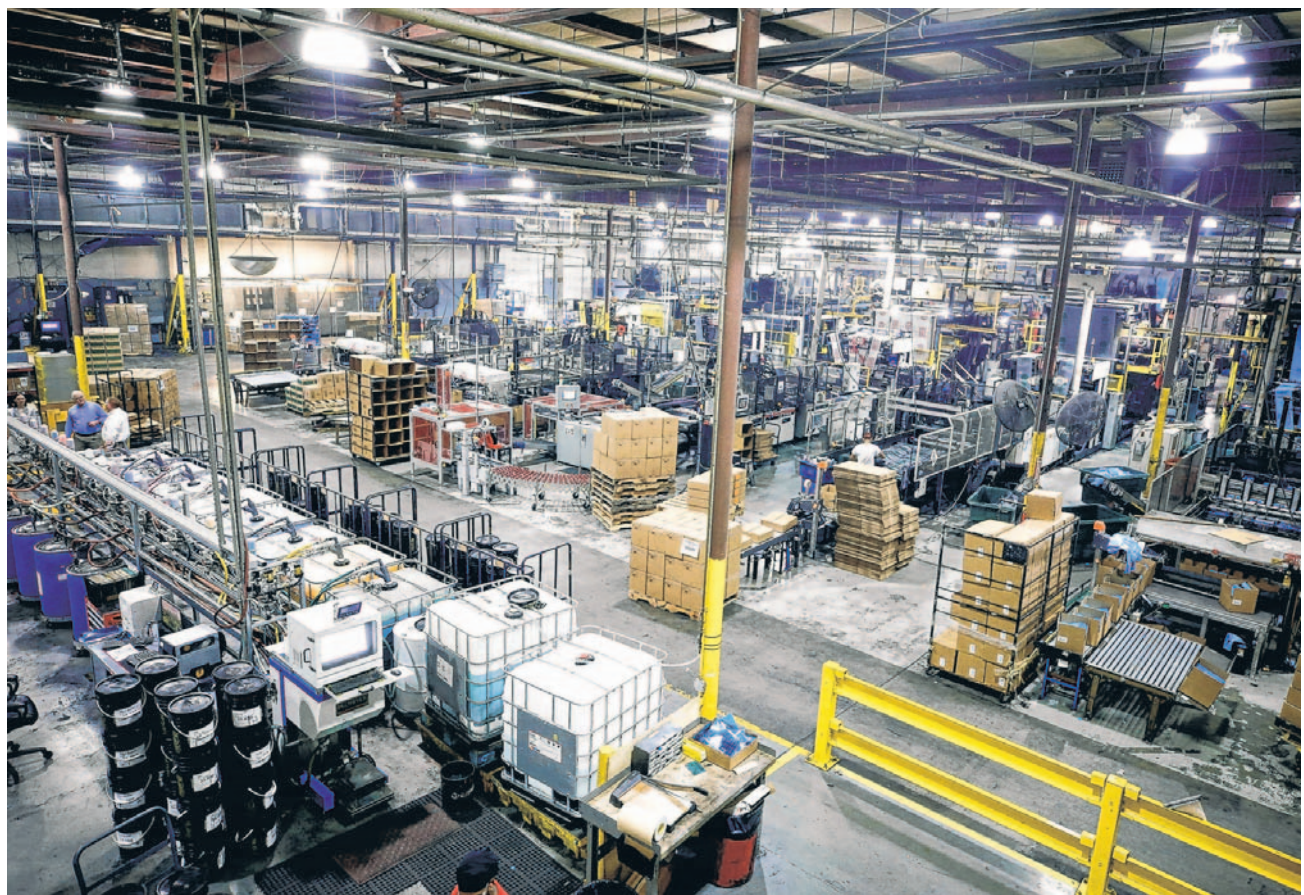
Increased financing costs are driving more companies to consider sale-leasebacks as an alternative to raising capital, creating opportunities for investors in such deals, industry fund managers and consultants said. In a sale-leaseback transaction, a company sells a property like a store or a factory and immediately rents it back from the buyer.

"Since the global financial crisis, there has never been a bigger need for companies to evaluate sale-leasebacks," said Marc Zahr, a co-president of **Blue Owl Capital** who oversees the asset manager's real-estate investments. New York-based Blue Owl ended March with \$23.6 billion in real-estate assets under net leases, or sale-leasebacks in which the tenant pays for the property's taxes, insurance and maintenance, in addition to the rent.

"Companies that are not in the business of owning real estate are, generally speaking, feeling a lack of credit availability and their borrowing costs have increased," Zahr said. "When you think about that, it's a massive opportunity to help those companies."

The credit crunch is reversing years in which corporate sellers had the upper hand in sale-leaseback negotiations, as a booming real-estate market enabled them to ask higher prices for their properties while abundant cheap debt gave them other financing alternatives, according to the fund managers and consultants.

"It's definitely starting to feel more like a buyer's market," said Teddy Kaplan, a managing director at New Mountain Capital who serves as portfolio manager for its net-lease strategy. The New



Asset manager New Mountain this year acquired and leased back 17 properties from packaging company Novolex.

York-based firm last month wrapped up its second fund focused on sale-leasebacks, New Mountain Net Lease Partners II, with \$825 million in capital commitments.

Capitalization rates, a common measure of returns for real-estate owners and of the cost of capital for sale-leaseback tenants, are reflecting the changing market. Cap rates rose by as much as a 1.5 percentage points during the first quarter compared with a year earlier, averaging between 6.5% and 8.25%, according to SLB Capital Advisors, an advisory firm in New York that focuses on sale-leasebacks.

In their sale-leaseback deals, both Blue Owl and New Mountain favor industrial companies but take a somewhat different approach to retailers. Blue Owl is willing to

back big ones, while New Mountain largely avoids the sector. That is because rentals account for a bigger portion of operational costs for retailers than for manufacturers, which means retailers have more incentives to switch locations—and leave a landlord with a vacated property—when facing financial difficulties, New Mountain's Kaplan said.

"Leaving is not the way to right-size the business," he said of manufacturers. "It's quite the opposite with retailers. When they need to fix something about the business, they look to reposition the real estate, to get out of leases."

On the other hand, Blue Owl sees little risk in doing sale-leasebacks with "essential" retailers such as Kroger, Walgreens, 7-Eleven and Dol-

lar General, as they are typically more resistant to economic downturns, Zahr said.

"Most Americans will need their products every single day as part of their daily life, even in a recessionary environment," he said.

The two firms also differ when it comes to the credit ratings of the real-estate sellers they target. Blue Owl favors companies with high, investment-grade ratings that are deemed less likely to miss rental payments compared with smaller companies that carry heavier debt loads, Zahr said. New Mountain, in turn, focuses on businesses with credit ratings below investment grade, mostly private-equity-backed. For example, New Mountain in February acquired and leased back a portfolio of 17 properties from Novolex, a Hartsville, S.C.-based

packaging company backed by Apollo Global Management, in a \$200 million deal.

"Let's imagine that I can do a sale lease-back with Johnson & Johnson at a 7.5% cap rate or I can do a sale-leaseback at 8.5% with a private equity-owned company that's [highly] leveraged," Blue Owl's Zahr said. "I like both deals, but I might choose Johnson on a risk-adjusted basis."

New Mountain's Kaplan, however, said that large companies often have sophisticated real-estate departments that are constantly looking for ways to squeeze gains, including by shifting locations.

"The investment grade market is extremely efficient and very typically priced at or beyond perfection," he said, referring to deals that leave little margin for bargains.



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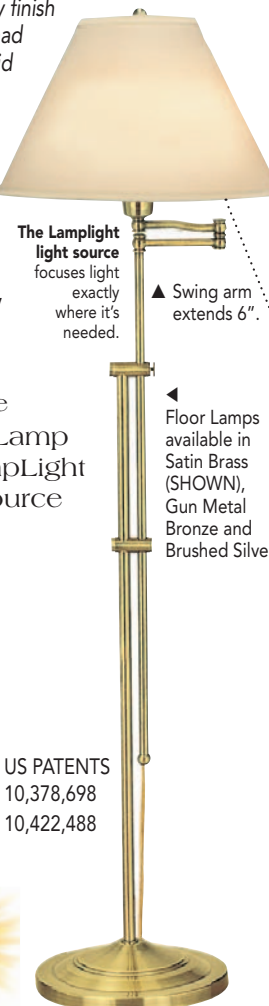
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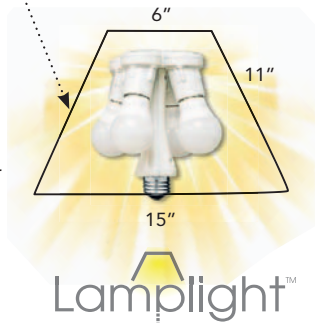
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TECHNOLOGY

# Lyft Weighs Sale of Its Bike Unit

Continued from page B1  
 challenging,” Risher said during an interview at Lyft’s San Francisco headquarters, referring to the host of changes he has made at the company. “It just helped that someone new could come in.” Risher said he has been responding to feedback from drivers and has surveyed passengers as a Lyft driver. He has completed 15 Lyft rides as a driver. He typically commutes to work on a Lyft bike.

“He had a Herculean task going in, and in my mind he’s done a lot of things right,” said Robert Mollins, an analyst at Gordon Haskett Research Advisors who covers the ride-sharing industry. Mollins liked Risher’s decisions to cut staffing and shut services that weren’t delivering big returns.

Now Wall Street is watching to see how soon Risher can set long-term targets, including projecting when the business can turn a profit, Mollins said. “Right now it’s a black box so investors are saying, ‘We’re not ready to invest in this yet,’” he added.

Lyft is scheduled to announce second-quarter results next month.

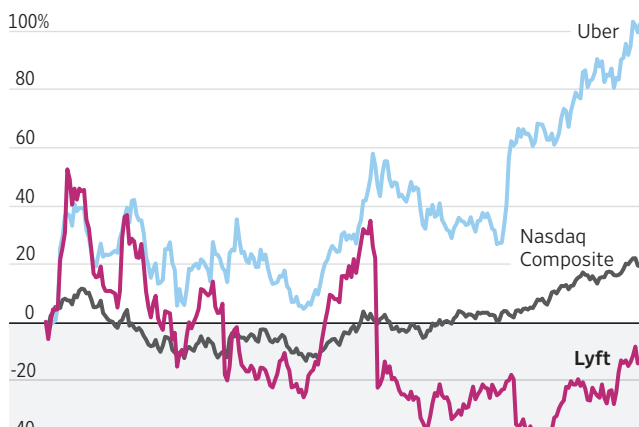
The company’s co-founders stepped down from their executive roles after months of discontent among employees and investors over Uber’s dominance. Risher, a Lyft board member, was an unusual choice to become CEO: While he had held top positions at Amazon.com and Microsoft over two decades ago, he most recently was leading a nonprofit that makes ebooks available to schoolchildren.

Risher said his nonprofit stint taught him how to make better use of fewer resources and center organizations around purpose. He wants Lyft employees to feel as if they are



CEO David Risher is trying to turn Lyft around.

Share-price and index performance over the past year



Source: FactSet

doing their part by helping bridge barriers to transportation.

“You want to feel like this team is actually making a difference in the world,” he said.

Risher’s approach has received mixed reviews among employees.

In late April, after firing more than 1,000 people during his second week as CEO, Risher told staffers at a town hall that he was reversing the company’s remote-work policy, eliminating raises this year and cutting stock-based compensation, according to attendees.

When one employee asked

why people should return to the office, Risher responded by saying, “for the snacks in the office,” employees said. The CEO encourages them to chant slogans at meetings, including a favorite: “purpose driven together.” Some have been angered by the snacks remark and the chants.

Risher, 58 years old, said during the interview that he plans to rename his executive team as the “Purpose Driven Team.” He recently hired a new chief financial officer.

Risher was rated poorly on a scale of 1 to 5 in an employee survey about the April town

hall, but he scored well after a meeting late last month, he said. Lyft declined to share the scores.

Lyft ended June holding 30% of the U.S. rides market, up from 28% at the end of March, according to consumer receipts analyzed by market-research firm YipitData. Uber’s share declined to 70% from 72% over the same period.

Some of the share gains were driven by recent price cuts. Lyft had become more expensive for riders than Uber because it was slower to respond to a yearslong driver shortage after the economy reopened from Covid-19 lockdowns. There weren’t enough drivers to meet demand for Lyft rides, and the supply shortage prompted prices to rise for consumers. Risher used the cost savings from the latest layoffs to bring prices down for riders without changing pay for drivers.

Standard Lyft rides were roughly 12% cheaper than standard Uber rides in June, according to an analysis of 30 cities by Gordon Haskett analyst Mollins, though his research showed that prices were on par in many areas.

Risher said he doesn’t plan to start a price war. Lyft’s internal data show both companies’ prices are broadly in line nationally. The Lyft CEO said he wants the rivals to compete on quality.

Lyft recently announced new features, including one that lets passengers preorder airport rides as soon as they land. Another lets drivers choose where they want to drive for as long as three hours.

Risher has publicized his email address and received more than 1,000 emails—mostly from drivers—about issues ranging from pay to glitches on the app. The CEO said he has personally responded to most and directed his team to make improvements.

His experience as a driver “made it much easier for me to look at one of those and say, ‘Yup, I get it. And I’m going to help push this,’” he said.

# Rebranding Divides the Twitterverse

Continued from page B1  
 officer at digital-ad agency Tinuiti, said, “Those who don’t see eye-to-eye with Musk’s politics or interpretations of free speech will still back off.”

But, Ahene said, the rebrand is creating a stir. “It’s a helpful way to divert the conversation back to Twitter after Threads’ spectacular launch,” he said, referring to the Twitter-like microblogging app that Meta Platforms launched this month.

“A lot can and will be said about the merits of changing the brand from Twitter to X,” said Nick Miaritis, chief client officer at ad agency VaynerMedia, “but I think the most interesting aspect of the whole moment is how Elon used a series of different pieces of content to capture the attention of millions (on and off Twitter) and allow the users of the platform to weigh in on the decision.”

Twitter’s brand change generated enthusiasm among those who embrace Musk’s record and ideas for the platform, as well as among some employees. “What would you build in a world where everything is possible?” tweeted Alexa Alianiello, a sales and partnerships employee at Twitter.

As of Monday, the brand change wasn’t complete. While the logo on the website showed “X,” the app on users’ phones was still named Twitter; the button to post showed the word “tweet”; and other features kept references to the old company name, such as the company’s subscription service, called Twitter Blue. Twitter had changed its corporate name to X Corp. earlier

this year, but at the time kept the Twitter branding.

In a seemingly inadvertent symbol of the incomplete transition, workers started removing Twitter signage from the outside of the company’s headquarters in San Francisco on Monday, but halted before the work was done. A company spokesman didn’t respond to a request for comment about the stoppage. The change also drew the attention of the San Francisco Department of Building Inspection, which said it was looking into whether a permit was needed.

Users had questions about the change to the platform, which Musk revealed in a series of tweets early Sunday. One Twitter user asked: What will be the new name for a tweet? Musk answered: “An X.” Another user asked what a retweet is now called. “That whole concept should be rethought,” Musk replied.

Some found humor in the rebrand. On Sunday, “Xvideos” was trending on Twitter, with users joking that the new name reminded them of an adult site with a similar name.

“Welcome to X” was trending Monday, along with #RIPTwitter.

Some former employees said they found some comfort in saying goodbye to old Twitter. “I will be at peace with this,” tweeted Jean-Philippe Maheu, a former ad-sales executive at Twitter. “The Twitter I knew and worked at for ten years no longer [exists] since the acquisition.”

While Musk has an ambitious vision to turn Twitter into an “everything app,” such a transformation is easier said than done. Tencent’s WeChat in China offers an example of a super app that Musk has said he admires. But there are huge challenges, including entrenched players and regulatory hurdles.

—Suzanne Vranica contributed to this article.

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The obverse of these coins features the memorial effigy of Her Majesty, the late Queen Elizabeth II, including her dates of reign, created by Jody Clark. Clark is a renowned sculptor and engraver who, as a designer for Great Britain's Royal Mint, created the final definitive portrait of Queen Elizabeth II that has been used on British coinage since 2015.

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Each of these coins has been minted by Australia's award-winning Perth Mint with an exquisite proof finish. The Perth Mint is world-renowned for coin artistry and these 2023 Awesome Aussie Half-Gram Gold Kangaroo Coins are no exception. Though technological advances have modernized and streamlined production of proofs, the extra time and effort required to produce them compared to non-proof coins is a big reason why they are so beautiful, and why they are typically available in smaller quantities than non-proof coins.

On a good day, proof coins can be produced at a rate of 50 to 100 an hour. Non-proof coins, on the other hand, can be produced at up to 750 coins per minute. There's also a great deal of desirability to these particular proofs thanks to their one-year-only design.



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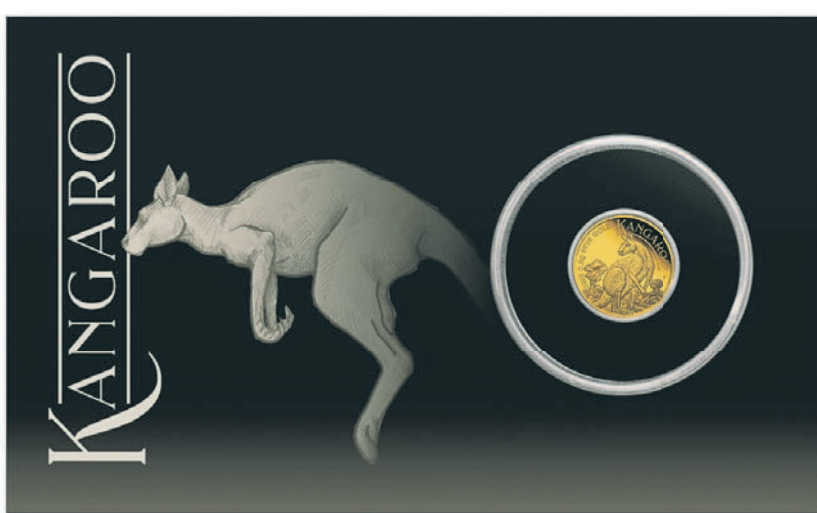
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## Futures Contracts

Metal & Petroleum Futures						
	Open	High	Low	Settle	Chg	Open interest
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.						
July	3.8120	3.8405	3.7750	3.8405	0.0375	1,112
Sept	3.8185	3.8605	3.7820	3.8555	0.0375	122,710
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.						
July	1965.30	1965.50	1965.30	1960.30	-4.00	56
Aug	1963.60	1969.80	1955.30	1962.20	-4.40	160,082
Sept	1973.50	1978.90	1964.90	1971.90	-4.30	715
Oct	1983.20	1988.70	1974.70	1981.60	-4.20	21,622
Dec	2002.40	2008.20	1993.90	2001.00	-4.30	276,584
Feb'24	2020.00	2028.20	2015.00	2021.10	-4.50	11,352
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.						
July				1263.90	-17.70	5
Sept	1282.00	1296.50	1263.00	1268.80	-17.70	15,065
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.						
July				960.50	-2.60	3
Oct	971.60	976.50	963.10	969.50	-2.70	60,323
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.						
July				24.590	0.2436	26
Sept	24.790	24.890	24.425	24.581	-0.274	125,126
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
Sept	77.01	79.28	76.44	78.74	1.67	375,029
Oct	76.62	78.89	76.16	78.40	1.62	200,338
Nov	76.29	78.45	75.84	78.02	1.57	123,134
Dec	75.75	77.97	75.47	77.58	1.51	225,142
June'24	73.40	75.36	73.26	75.06	1.26	120,558
Dec	71.41	73.07	71.23	72.83	1.13	124,431
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
Aug	2.7458	2.8369	2.7219	2.7705	0.248	33,390
Sept	2.7407	2.8279	2.7149	2.7640	0.260	81,545
<b>Gasoline-NY RB00 (NYM)</b> -42,000 gal.; \$ per gal.						
Aug	2.7963	2.9479	2.7841	2.8951	0.0933	39,331

Agriculture Futures						
	Open	High	Low	Settle	Chg	Open interest
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.						
Sept	2.7570	2.8867	2.7392	2.8391	0.0824	119,026
<b>Natural Gas (NYM)</b> -10,000 MMBtu.; \$ per MMBtu.						
Aug	2.721	2.767	2.664	2.685	-0.28	34,611
Sept	2.713	2.762	2.661	2.688	-0.19	329,446
Oct	2.807	2.863	2.763	2.792	-0.17	111,946
Nov	3.211	3.236	3.152	3.194	0.001	95,649
Jan'24	3.798	3.848	3.787	3.817	0.13	85,996
March	3.430	3.474	3.418	3.458	0.024	72,072
<b>Soybean (CBT)</b> -5,000 bu.; cents per bu.						
Sept	534.00	564.50	531.50	560.50	33.50	390,162
Oct	543.00	572.25	540.25	568.25	32.00	582,772
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.						
Sept	442.50	453.00	439.00	450.25	11.75	1,326
Dec	457.50	471.75	456.00	470.75	15.50	5,275
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.						
Aug	1507.50	1537.00	1500.00	1523.25	22.25	44,220
Nov	1410.00	1435.00	1401.50	1424.50	22.75	313,880
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.						
Aug	445.30	451.80	443.00	447.30	4.50	45,370
Dec	412.50	415.20	407.20	411.60	3.10	195,424
<b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.						
Aug	69.73	72.81	69.62	71.99	2.59	43,844
Dec	63.13	65.58	62.62	64.74	1.94	190,156
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.						
Sept	15.90	16.21	15.90	16.20	0.30	8,112
Nov	16.02	16.29	16.02	16.29	0.28	1,147
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.						
Sept	702.00	757.50	698.75	757.50	60.00	140,169
Dec	721.75	777.75	719.25	777.50	59.75	97,059
<b>Wheat (KC)</b> -5,000 bu.; cents per bu.						
Sept	861.75	920.25	860.50	918.50	58.25	77,845
Dec	869.75	926.75	867.00	925.25	58.50	58,461

Interest Rate Futures						
	Open	High	Low	Settle	Chg	Open interest
<b>Cattle-Feeder (CME)</b> -50,000 lbs.; cents per lb.						
Aug	243.650	245.525	242.075	243.250	-2.675	18,317
Sept	246.800	249.175	245.775	246.625	-2.650	16,029
<b>Cattle-Live (CME)</b> -40,000 lbs.; cents per lb.						
Aug	179.000	180.375	178.550	178.750	-1.275	54,970
Oct	180.750	182.175	180.100	180.300	-1.600	146,861
<b>Hogs-Lean (CME)</b> -40,000 lbs.; cents per lb.						
Aug	101.000	101.400	99.950	100.100	-5.75	30,008
Oct	84.025	84.525	82.200	82.650	-1.600	77,672
<b>Lumber (CME)</b> -27,500 bd. ft.; \$ per 1,000 bd. ft.						
Sept	549.00	551.00	538.50	540.00	-6.50	4,208
Nov	550.00	551.00	547.00	547.50	-3.50	1,350
<b>Milk (CME)</b> -200,000 lbs.; cents per lb.						
July	13.80	13.82	13.77	13.77	-0.04	7,638
Aug	16.75	17.46	16.55	17.46	0.75	6,398
<b>Cocoa (ICE-US)</b> -10 metric tons; \$ per ton.						
Sept	3,410	3,425	3,391	3,417	2	149,317
Dec	3,398	3,418	3,385	3,412	8	115,420
<b>Coffee (ICE-US)</b> -37,500 lbs.; cents per lb.						
Sept	161.15	165.45	161.05	163.00	1.15	90,132
Dec	160.55	165.00	160.55	163.30	1.75	58,286
<b>Sugar-World (ICE-US)</b> -112,000 lbs.; cents per lb.						
Oct	25.00	25.30	24.84	24.92	-0.09	384,631
March'24	25.09	25.37	24.96	25.05	-0.04	226,390
<b>Sugar-Domestic (ICE-US)</b> -112,000 lbs.; cents per lb.						
Sept				38.29	...	820
March'24				40.96	...	2,783
<b>Cotton (ICE-US)</b> -50,000 lbs.; cents per lb.						
Oct	84.76	85.80	84.76	85.58	0.50	69
Dec	84.48	85.50	84.01	85.16	0.68	127,415
<b>Orange Juice (ICE-US)</b> -15,000 lbs.; cents per lb.						
Sept	299.10	309.90	299.10	305.70	5.80	7,950
Nov	284.00	294.05	284.00	289.90	5.75	1,269

Currency Futures						
	Open	High	Low	Settle	Chg	Open interest
<b>Three-Month SOFR (CME)</b> -\$1,000,000; 100 - daily avg.						
May	94.8550	94.8550	94.8550	94.8525	-0.0050	27,800
Dec	94.6500	94.6550	94.6050	94.6200	-0.0250	1,308,319
<b>Japanese Yen (CME)</b> -¥125,000,000; \$ per 100¥						
Aug	70.80	71.28	70.75	70.93	0.018	662
Sept	71.17	71.67	71.13	71.32	0.018	224,326
<b>Canadian Dollar (CME)</b> -CAD 100,000; \$ per CAD						
Aug	75.84	76.06	75.62	75.97	0.022	198
Sept	75.70	76.10	75.66	76.00	0.021	147,364
<b>British Pound (CME)</b> -£62,500; \$ per £						
Aug	1.2870	1.2885	1.2801	1.2828	-0.0035	790
Sept	1.2863	1.2887	1.2801	1.2826	-0.0034	231,158
<b>Swiss Franc (CME)</b> -CHF 125,000; \$ per CHF						
Sept	1.1619	1.1645	1.1571	1.1587	-0.0029	42,587
Dec	1.1723	1.1757	1.1684	1.1699	-0.0033	635
<b>Australian Dollar (CME)</b> -AUD 100,000; \$ per AUD						
Aug	0.740	0.740	0.740	0.741	0.011	294
Sept	0.743	0.748	0.742	0.747	0.011	144,251
<b>Mexican Peso (CME)</b> -MXN 500,000; \$ per MXN						
Aug	0.5904	0.5916	0.5864	0.5920	0.0050	37
Sept	0.5822	0.5886	0.5817	0.5881	0.0050	233,616
<b>Euro (CME)</b> -€125,000; \$ per €						
Sept	1.1139	1.1158	1.1073	1.1083	-0.0054	2,516
Sept	1.1160	1.1178	1.1091	1.1102	-0.0054	761,879

Index Futures						
	Open	High	Low	Settle	Chg	Open interest
<b>Mini DJ Industrial Average (CBT)</b> -\$5 x index						
Sept	35397	35638	35351	35581	183	107,606
Dec	35680	35951	35679	35905	184	434
<b>Mini S&amp;P 500 (CME)</b> -\$50 x index						
Sept	4564.25	4592.50	4560.00	4583.50	18.75	2,196,424
Dec	4616.00	4642.25	4611.00	4634.00	19.00	16,002
<b>Mini S&amp;P Midcap 400 (CME)</b> -\$100 x index						
Sept	2724.00	2741.40	2717.00	2726.00	3.60	37,703
Dec	...	2754.50	2738.50	2742.10	3.60	n.a.
<b>Mini Nasdaq 100 (CME)</b> -\$20 x index						
Sept	15556.00	15618.75	15483.75	15561.25	21.25	255,334
Dec	15762.25	15813.25	15681.75	15758.00	23.25	6,921
<b>Mini Russell 2000 (CME)</b> -\$50 x index						
Sept	1971.20	1990.50	1967.50	1976.90	5.20	527,814
Dec	1995.30	2009.60	1987.90	1996.60	4.90	1,993
March'24	2010.50	2024.50	2010.50	2015.90	4.90	13
<b>Mini Russell 1000 (CME)</b> -\$50 x index						
Sept	2514.80	2517.60	2506.10	2513.20	8.70	8,031
<b>U.S. Dollar Index (ICE-US)</b> -\$1,000 x index						
Sept	100.72	101.16	100.63	101.08	0.28	36,048
Dec	100.44	100.82	100.43	100.73	0.25	480

Source: FactSet

## Bonds | wsj.com/market-data/bonds/benchmarks

### Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%)	Latest	Low	High
<b>Broad Market Bloomberg Fixed Income Indices</b>						
1993.32	2.2	U.S. Aggregate	4.820	3.370	5.210	
<b>U.S. Corporate Indexes Bloomberg Fixed Income Indices</b>						
2971.33	3.5	U.S. Corporate	5.480	4.280	6.130	
2861.23	2.7	Intermediate	5.490	4.050	6.050	
3983.78	4.9	Long term	5.470	4.690	6.370	
576.47	3.3	Double-A-rated	4.850	3.630	5.320	
791.53	3.9	Triple-B-rated	5.740	4.620	6.440	
<b>High Yield Bonds ICE BofA</b>						
494.58	6.7	High Yield Constrained	8.375	7.409	9.623	
470.71	12.0	Triple-C-rated	13.92	12.83	16.91	
3331.46	7.0	High Yield 100	7.787	6.786	8.753	
429.02	5.7	Global High Yield Constrained	8.495	7.593	9.945	
324.62	5.1	Europe High Yield Constrained	7.332	5.952	8.508	
<b>U.S. Agency Bloomberg Fixed Income Indices</b>						
1722.20	1.9	U.S. Agency	4.950	3.060	5.080	
1522.45	1.7	10-20 years	4.960	3.020	5.100	
3327.06	4.3	20-plus years	4.680	3.600	5.240	
2614.42	3.1	Yankee	5.310	3.970	5.840	
<b>Mortgage-Backed Bloomberg Fixed Income Indices</b>						
1974.92	2.0	Mortgage-Backed	4.800	3.300	5.380	
1949.32	2.3	Ginnie Mae				

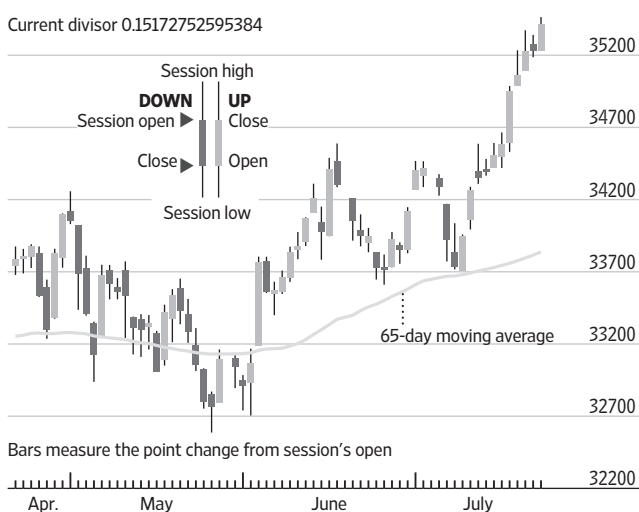


# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

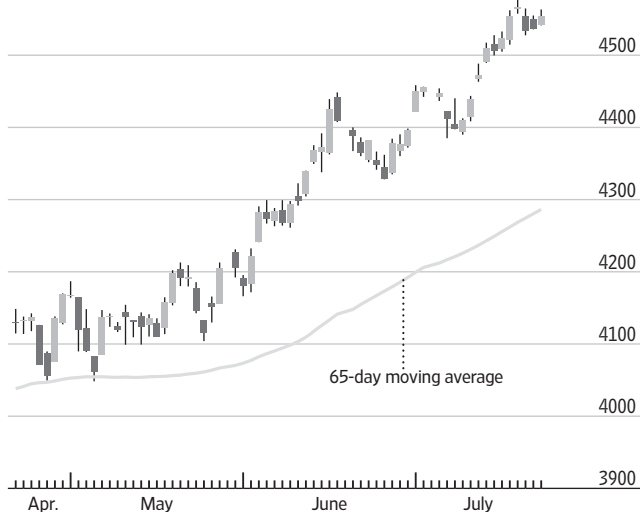
**35411.24** ▲183.55, or 0.52%  
 High, low, open and close for each trading day of the past three months.  
 Last Year ago  
 Trailing P/E ratio 24.33 19.01  
 P/E estimate \* 19.00 16.85  
 Dividend yield 2.02 2.19  
 All-time high 36799.65, 01/04/22



\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

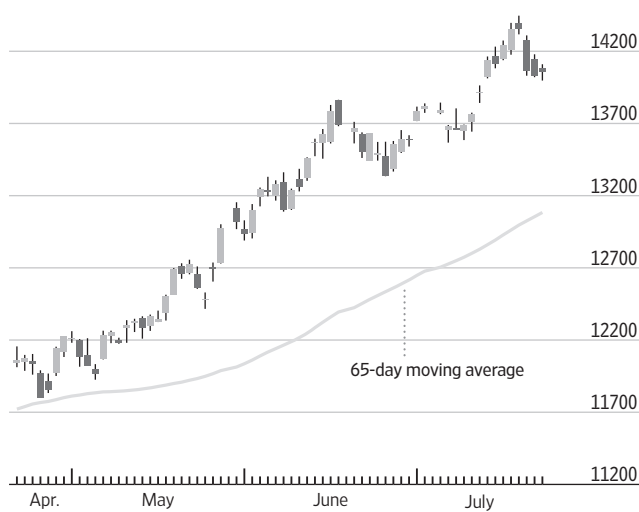
### S&P 500 Index

**4554.64** ▲18.30, or 0.40%  
 High, low, open and close for each trading day of the past three months.  
 Last Year ago  
 Trailing P/E ratio \* 20.37 21.95  
 P/E estimate \* 20.68 17.12  
 Dividend yield \* 1.53 1.64  
 All-time high 4796.56, 01/03/22



### Nasdaq Composite Index

**14058.87** ▲26.06, or 0.19%  
 High, low, open and close for each trading day of the past three months.  
 Last Year ago  
 Trailing P/E ratio \*\* 32.72 25.75  
 P/E estimate \*\* 30.47 21.87  
 Dividend yield \*\* 0.69 0.89  
 All-time high: 16057.44, 11/19/21



### Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
<b>Dow Jones</b>									
Industrial Average	35463.97	35230.79	<b>35411.24</b>	183.55	0.52	35411.24	28725.51	10.7	6.8
Transportation Avg	16243.62	16013.54	<b>16196.69</b>	-35.55	-0.22	16270.36	11999.40	16.8	20.9
Utility Average	951.39	941.55	<b>946.34</b>	-2.36	-0.25	1061.77	838.99	-2.9	-2.2
Total Stock Market	45643.03	45433.84	<b>45560.37</b>	156.35	0.34	45746.91	36056.21	14.2	18.3
Barron's 400	1024.06	1015.37	<b>1022.65</b>	7.28	0.72	1026.08	825.73	11.0	11.1
<b>Nasdaq Stock Market</b>									
Nasdaq Composite	14110.15	13997.13	<b>14058.87</b>	26.06	0.19	14358.02	10213.29	19.3	34.3
Nasdaq-100	15504.67	15374.66	<b>15448.02</b>	22.35	0.14	15841.35	10679.34	25.3	41.2
<b>S&amp;P</b>									
S&P Index	4563.41	4541.29	<b>4554.64</b>	18.30	0.40	4565.72	3577.03	14.8	18.6
MidCap 400	2722.65	2701.16	<b>2708.86</b>	3.04	0.11	2726.61	2203.53	12.3	11.5
SmallCap 600	1267.37	1256.62	<b>1264.47</b>	7.72	0.61	1315.82	1064.45	6.0	9.2
<b>Other Indexes</b>									
Russell 2000	1973.32	1958.33	<b>1965.68</b>	5.42	0.28	2021.35	1655.88	8.1	11.6
NYSE Composite	16398.07	16289.12	<b>16369.14</b>	80.01	0.49	16369.14	13472.18	9.9	7.8
Value Line	592.59	589.17	<b>590.99</b>	1.38	0.23	606.49	491.56	7.1	10.2
NYSE Arca Biotech	5412.67	5326.96	<b>5332.93</b>	-78.83	-1.46	5644.50	4390.11	13.2	1.0
NYSE Arca Pharma	887.40	879.19	<b>879.70</b>	-4.72	-0.53	892.45	737.84	5.8	1.4
KBW Bank	89.71	87.77	<b>89.17</b>	1.50	1.71	115.55	71.96	-17.1	-11.6
PHLX <sup>S</sup> Gold/Silver	126.93	125.08	<b>126.31</b>	-0.17	-0.14	144.37	91.40	25.5	4.5
PHLX <sup>S</sup> Oil Service	91.45	89.38	<b>91.08</b>	2.02	2.26	93.94	56.08	42.8	8.6
PHLX <sup>S</sup> Semiconductor	3723.09	3679.71	<b>3692.32</b>	-6.53	-0.18	3842.35	2162.32	30.7	45.8
Cboe Volatility	14.30	13.73	<b>13.91</b>	0.31	2.28	33.63	12.91	-40.5	-35.8

<sup>S</sup>Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

### 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, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

#### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
AMC Entertainment	AMC	9,905.0	5.29	-0.56	<b>-9.57</b>	8.59	5.00
iSh MSCI Emerging Mkts	EEM	5,777.2	40.88	0.01	<b>0.02</b>	41.00	40.83
Amazon.com	AMZN	5,489.8	128.89	0.09	<b>0.07</b>	131.23	128.66
SPDR S&P 500 ETF Trust	SPY	5,440.3	454.44	0.24	<b>0.05</b>	454.55	448.81
Bank of America	BAC	5,289.9	32.69	0.04	<b>0.12</b>	32.73	32.01
Citigroup	C	4,200.8	47.71	0.05	<b>0.10</b>	47.78	47.62
Invesco QQQ Trust I	QQQ	2,948.3	376.48	0.25	<b>0.07</b>	379.13	350.74
NVIDIA	NVDA	2,890.7	446.07	-0.05	<b>-0.01</b>	459.06	443.17

#### Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
F5	FFIV	200.7	162.80	12.59	<b>8.38</b>	164.80	150.00
Nerdy CIA	NRDY	102.3	4.43	0.21	<b>4.98</b>	4.43	4.16
Avantor	AVTR	175.2	23.80	0.96	<b>4.20</b>	23.80	22.52
Presto Automation	PRST	62.3	3.48	0.12	<b>3.57</b>	3.96	3.28
Paccar	PCAR	194.9	91.44	2.74	<b>3.09</b>	91.44	87.99

#### ...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
AMC Entertainment	AMC	9,905.0	5.29	-0.56	<b>-9.57</b>	8.59	5.00
Cadence Design Systems	CDNS	227.8	230.90	-10.37	<b>-4.30</b>	244.95	228.00
Kodiak Sciences	KOD	96.5	3.85	-0.10	<b>-2.41</b>	3.96	3.84
Sirius XM Holdings	SIRI	316.5	5.86	-0.14	<b>-2.33</b>	6.02	5.81
Procter & Gamble	PG	404.4	149.87	-3.55	<b>-2.31</b>	153.90	149.87

### Trading Diary

#### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
<b>Total volume*</b>	786,939,133	7,437,997
<b>Adv. volume*</b>	530,034,168	3,570,200
<b>Decl. volume*</b>	242,020,448	3,461,759
<b>Issues traded</b>	3,048	329
<b>Advances</b>	1,810	155
<b>Declines</b>	1,126	153
<b>Unchanged</b>	112	21
<b>New highs</b>	103	6
<b>New lows</b>	10	7
<b>Closing Arms*</b>	0.67	1.23
<b>Block trades*</b>	4,162	87

\*Primary market NYSE, NYSE American NYSE Arca only. \*'(TRN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

### International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>699.15</b>	1.72	0.25	15.5
	MSCI ACWI ex-USA	309.79	0.14	0.04	10.1
	MSCI World	3037.44	8.73	0.29	16.7
	MSCI Emerging Markets	1013.45	-1.13	-0.11	6.0
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>1727.98</b>	6.64	0.39	18.6
Canada	S&P/TSX Comp	20582.12	34.61	0.17	6.2
Latin Amer.	MSCI EM Latin America	2538.01	30.01	1.20	19.3
Brazil	BOVESPA	121341.69	1124.92	0.94	10.6
Chile	S&P IPSA	3583.60	28.32	0.80	13.0
Mexico	S&P/BMV IPC	53518.91	-183.25	-0.34	10.4
<b>EMEA</b>	<b>STOXX Europe 600</b>	<b>465.68</b>	0.28	0.06	9.6
Eurozone	Euro STOXX	463.52	-0.53	-0.11	13.1
Belgium	Bel-20	3787.64	-10.11	-0.27	2.3
Denmark	OMX Copenhagen 20	2051.36	-12.75	-0.62	11.8
France	CAC 40	7427.31	-5.46	-0.07	14.7
Germany	DAX	16190.95	13.73	0.08	16.3
Israel	Tel Aviv	1860.85	-42.06	-2.21	3.6
Italy	FTSE MIB	28908.42	53.33	0.18	21.9
Netherlands	AEX	771.55	-2.20	-0.28	12.0
Norway	Oslo Bors All-Share	1410.67	9.94	0.71	3.5
South Africa	FTSE/JSE All-Share	76766.07	-60.56	-0.08	5.1
Spain	IBEX 35	9543.50	-28.00	-0.29	16.0
Sweden	OMX Stockholm	839.42	5.40	0.65	7.4
Switzerland	Swiss Market	11177.68	-29.70	-0.27	4.2
Turkey	BIST 100	6695.14	7.36	0.11	21.5
U.K.	FTSE 100	7678.59	14.86	0.19	3.0
U.K.	FTSE 250	19144.98	-55.47	-0.29	1.5
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>166.21</b>	0.25	0.15	6.7
Australia	S&P/ASX 200	7306.40	-7.49	-0.10	3.8
China	Shanghai Composite	3164.16	-3.58	-0.11	2.4
Hong Kong	Hang Seng	18668.15	-407.11	-2.13	-5.6
India	S&P BSE Sensex	66384.78	-299.48	-0.45	9.1
Japan	NIKKEI 225	32700.94	396.69	1.23	25.3
Singapore	Straits Times	3265.14	-13.16	-0.40	0.4
South Korea	KOSPI	2628.53	18.77	0.72	17.5
Taiwan	TAIEX	17033.61	2.91	0.02	20.5
Thailand	SET	1523.81	-5.44	-0.36	-8.7

Sources: FactSet; Dow Jones Market Data

### Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week Low	% chg
Vinco Ventures	BBIG	5.12	1.79	<b>53.75</b>	38.80	1.12	-74.4
Bluejay Diagnostics	BJDX	8.61	2.56	<b>42.36</b>	30.60	3.80	-65.4
AMC Entertainment	AMC	5.85	1.45	<b>32.95</b>	16.89	3.77	-36.1
SunCar Tech CIA	SDA	14.96	2.71	<b>22.12</b>	45.73	3.80	47.1
Marker Therapeutics	MRKR	7.80	1.19	<b>18.00</b>	8.69	0.67	131.9
Koss	KOSS	4.25	0.64	<b>17.73</b>	12.86	3.37	-62.1
Sculptor Capital Mgmt	SCU	10.97	1.55	<b>16.45</b>	11.40	7.93	19.4
Biodeva Pharma ADR	BDRX	6.45	0.85	<b>15.18</b>	1664.00	3.51	-99.4
HighPeak Energy	HPK	14.89	1.95	<b>15.07</b>	30.15	10.44	-40.4
Dragonfly Energy	DFLI	2.84	0.35	<b>14.06</b>	28.75	1.38	-72.0
Applied Digital	APLD	8.78	1.06	<b>13.73</b>	11.62	1.45	352.6
Ault Disruptive Techs	ADRT	12.60	1.50	<b>13.51</b>	15.18	9.98	25.7
Holley	HLLY	6.25	0.74	<b>13.43</b>	12.68	1.88	-48.8
Consolidated Comm Hldgs	CNSL	3.73	0.42	<b>12.69</b>	7.56	2.10	-41.8
Toro Wi	TORO	4.92	0.54	<b>12.33</b>	26.00	1.42	...

### Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
AMC Entertainment	AMC	253,024	1276.7	5.85	<b>32.95</b>	16.89	3.77
Mullen Automotive	MULN	219,191	8.8	0.14	<b>-3.57</b>	25.75	0.10
Tesla	TSLA	136,246	-1.6	269.06	<b>3.48</b>	314.67	101.81
Tupperware Brands	TUP	131,754	5809.7	1.58	<b>75.56</b>	12.86	0.61
NIO ADR	NIO	107,974	97.0	11.73	<b>10.87</b>	22.74	7.00
ProSh UltraPro Shrt QQQ	SQQQ	83,152	-29.8	17.94	<b>-0.50</b>	69.55	16.38
ViewRay	VRAY	80,053	612.6	0.04	<b>-29.49</b>	4.96	0.04
Bank of America	BAC	64,460	36.0				







BANKING & FINANCE

Crypto Ex-Convict Now Cheers Guardrails

Shrem went to prison for laundering crime but pushes compliance today

By Mengqi Sun

As crypto entrepreneurs such as FTX co-founder Sam Bankman-Fried and former Celsius CEO Alex Mashinsky face criminal allegations of misconduct and possibly prison time, one of the Justice Department's earliest collars has a message for today's players: Get compliant.

Charlie Shrem was an early apostle of cryptocurrency, earning millions of dollars trading bitcoin and treated like a rock star worldwide, with fans at conferences snapping photos of him and pushing business cards at him. But the one-time chief executive and compliance officer of BitInstant went to prison in 2015 for a drug scheme involving the bitcoin exchange he co-founded and an online black market, making Shrem one of the first in the U.S. to get jail time for crimes connected to crypto.

Today, the 33-year-old says he is mining his experience and urging the latest generation of crypto companies to erect guardrails against corporate misconduct.

"There's a whole bunch of people out there wrestling with the crypto compliance beast,

trying to figure it all out with their lawyers," said Shrem, who is now a general partner at venture-capital firm Druid Ventures, advising crypto startups and projects on strategy and growth. "That's where I come in, helping them get their ducks in a row."

And a chastened crypto advocate is precisely what the Justice Department wanted, according to Alexander J. Wilson, a former prosecutor in the Southern District of New York who oversaw Shrem's sentencing in 2014 and now a partner at law firm Jones Day. The Justice Department viewed the purpose of enforcement and criminal prosecutions such as Shrem's as a way to push the crypto industry into a regulated system with money-laundering and sanctions-compliance programs, Wilson said, instead of into a gray area worked by criminals and terrorists.

Shrem's lawyer in the case, Marc Agnifilo of Brafman & Associates, didn't respond to a request for comment. A spokesman for the U.S. attorney's office of the Southern District of New York declined to comment.

The road to crime

In the early days of bitcoin, said Shrem, the blockchain technology underlying virtual currencies attracted him. But it was the online community sur-



Charlie Shrem co-founded the defunct BitInstant.

rounding the nascent sector that drew him in. "I understood what the promise of what bitcoin could actually do is very far-fetched, but I enjoyed being a part of something," he wrote in an email.

While still in college, Shrem and a business partner started crypto payment company BitInstant in 2011 with \$10,000 from

Shrem's mother. The firm catered to the demand at the time for faster bitcoin transactions, and Shrem quickly became one of the first bitcoin millionaires. At one point, BitInstant was spoken of in the same breath as Coinbase, and the company landed funding from Winklevoss Capital Management.

Then in 2013, the Treasury Department's Financial Crimes Enforcement Network said digital assets and exchanges would have to begin abiding by the same money-laundering rules as conventional money-order providers.

Shrem said his company was mainly relying on the compliance programs at the crypto exchanges it partnered with to ensure its transactions were safe. The company was also taking photo identifications from those trading on the platform, maintaining data on customers and had also consulted lawyers on the protocols, he said. Nobody was quite sure what compliance meant, he said. "We were taking IDs and did the compliance we thought was right."

In January 2014, Shrem—who was scheduled as a starring attraction at the annual bitcoin bash in Miami—instead was arrested at John F. Kennedy International Airport in New York and charged with laundering illicit funds from the dark-web black market Silk Road. An underground bitcoin

exchanger, Robert Faiella, was also apprehended.

Shrem faced three counts of charges related to conspiracy to launder money, operating an unlicensed money-transmitting business and a willful failure to file a suspicious activity report. In September 2014, he pleaded guilty to one count of aiding and abetting the operation of an unlicensed money-transmitting business that was used on Silk Road. He was sentenced to two years, but served a little over one in a minimum-security facility in Lewisburg, Pa.

Changed landscape

Since Shrem's arrest, some in the crypto sector have sought to establish strong compliance programs as the industry evolves from a fringe pursuit to mass adoption. But regulators remain skeptical of some of those efforts.

Timothy Howard, a former U.S. prosecutor in the Southern District of New York who supervised the unit that prosecuted Shrem, called the action a landmark case in early crypto enforcement that established the precedent of treating crypto like money. Prosecutors used tools typically employed to pursue financial institutions to go after companies and individuals in the digital currency space, for crimes such as money-laundering and failing to file suspicious activity reports, he added.

Since then, the Justice Department has increased its efforts to police crypto, training prosecutors and devoting resources to trace transactions as cybercrime—and awareness of it—have proliferated, said Howard, who left the U.S. attorney's office about a year ago and is now a partner at law firm Freshfields Bruckhaus Deringer advising companies on cybersecurity and white-collar crime investigations.

After his prison term, Shrem said, he didn't expect to be involved in crypto again, but his time on the inside forced him to reconsider his role in the digital-assets industry and to advocate for guardrails.

Shrem says he is proud of the work he did to encourage Byte Federal, a maker and operator of bitcoin ATMs, to get a money-transmitter license in Florida to ensure its growth.

Lennart Lopin, co-founder of Byte Federal, said he doesn't remember if Shrem, who is a minority shareholder in the startup, gave direct regulatory advice. Lopin met Shrem at a crypto meetup in Sarasota, Fla., shortly after Shrem moved there. Lopin did say Shrem's personal story and imprisonment motivated Byte Federal to reach out to regulators early and get the necessary licenses.

"His arrest was one of the moments where everybody started to think that we live in an environment of rules and laws," Lopin said.

Binance Trading Probed

Continued from page B1

nearly 70% of trading volume for one token, the SEC alleged.

"We strongly believe that the SEC's allegations regarding wash trading are entirely

unfounded, and based on a fundamental misunderstanding of the facts and a misapplication of the relevant law," a spokeswoman for Binance.US said.

A spokeswoman for Binance, which was founded by Zhao, said neither the company nor Zhao has engaged in or tolerated wash trading.

While crypto trades are tracked on a public database called blockchain, centralized exchanges run their own order books, matching buyers and

sellers. The exchanges' orders aren't archived on the public domain and aren't overseen by regulators.

Over 70% of trading volume on crypto exchanges came from wash trading, according to a study that will be published in the journal Management Science. The study was based on analysis of crypto trading volume in the second half of 2019.

"Wash trading is a rampant, industrywide issue for the cryptocurrency market," said Will Cong, a finance pro-

fessor at Cornell University, and one of the study's authors. "The fact that they're faking so much trading is just appalling."

The study estimated that wash trading would have lent to a fake volume of more than \$6 trillion in the first quarter of 2020. U.S.-listed Coinbase, one of the few exchanges the professors deemed as regulated, didn't show any signs of wash trading during that period, according to Cong.

Coinbase settled with the Commodity Futures Trading Commission in 2021 after the regulator said that an exchange employee engaged in wash trading over six weeks in 2016.

The professors didn't look into Binance's U.S. arm. But they did find that Binance, the

larger exchange, wash-traded about 46% of its total volume.

Binance's spokeswoman said the exchange has a dedicated market-surveillance team that monitors activity to prevent that type of behavior.

Internal Binance messages released by the SEC show Binance.US officials were aware the platform risked allowing wash trading from the beginning. A senior employee told the then-CEO of Binance.US, Catherine Coley, that the engine

that matches trades could allow a user to trade with themselves.

"If some US compliance or regulation says we must prevent this, we will. Otherwise we will not," the employee wrote to Coley in August 2019. A lawyer for Coley didn't reply

to requests for comment.

More than a year later, another Binance.US executive told Coley that "[a]pparently we have nothing in place to prevent wash trading? Just tested myself, sold market order into my own bid."

Another Binance.US employee responded, "Yikes."

The SEC said that Binance.US lacked any trade surveillance until at least February 2022, and that wash trading between Sigma Chain's accounts went on through at least June of last year. That includes a period right before the exchange tapped outside investors for fresh funding in 2021.

The Binance.US spokeswoman denied the allegations. "Our view is that these trades were entirely legitimate interactions involving independent strategies," she said, adding: "The relative size of the trading activity does not support the suggestion that overall volume on the platform was affected."

'Wash trading' can be used to inflate the price of an asset or trading volume.

For the Man Who Gives Everything and Expects Nothing

If you're anything like my dad, you give your family everything. In exchange for imparting all of this energy and experience, you expect nothing in return.

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The crypto exchange's U.S. arm has been sued by the Securities and Exchange Commission.

Biggest 1,000 Stocks | WSJ.com/stocks

Continued From Page B9

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Shell, SiriusXM, etc.

Stauer | AFFORD THE EXTRAORDINARY



MARKETS

# Energy, Entertainment Fuel Market Streak

Box office sends Mattel and IMAX higher; Chevron adds 2% after earnings

By MATT GROSSMAN

Stocks climbed to start the week, extending the Dow's winning streak to its longest in six years, while a blowout weekend at the box office lifted cinema stocks and pointed to strength in the consumer economy.

**MONDAY'S MARKETS** Movie mania, led by the "Barbie" and "Oppenheimer" releases, drew more than \$300 million in North American ticket sales Friday through Sunday, the latest sign U.S. households are primed to spend. Surprising economic strength, despite the Federal Reserve's interest-rate increases, lifted the major indexes this year as more inves-

tors shifted to bet against a recession.

The broad S&P 500 rose 0.4% Monday, and the Nasdaq added 0.2%. The Dow Jones Industrial Average gained 183.55, or 0.5%, its 11th consecutive day of gains.

**Mattel**, the company behind "Barbie," rose 1.8%. **IMAX** gained 2.9% and **AMC Entertainment Holdings** rose 33% after a judge on Friday rejected a settlement that would have let the company issue substantially more shares.

Most investors are counting on the Fed to raise rates by a quarter of a percentage point Wednesday, pushing the target rate above a floor of 5.25%, up from zero at the start of last year.

Rising rates have been expected to cool the economy, but the hot jobs market, alongside falling inflation, is helping Wall Street discount the probability of a serious downturn.

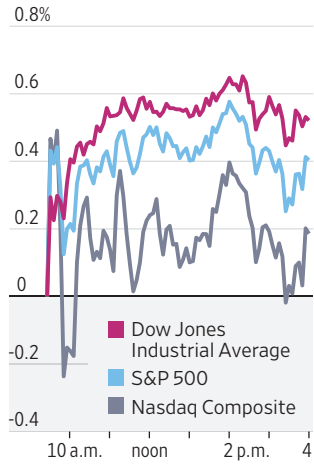
"We've had to recognize the data have continued to come in stronger," said Andrew Hollenhorst, chief U.S. economist at Citigroup. Citi economists entered the year with relatively optimistic projections, yet the past seven months have surpassed their expectations, he said.

Beyond Hollywood, energy stocks added to Monday's gains, lifted by a better-than-expected profit **Chevron** posted on Sunday. Its stock added 2%, **Halliburton's** rose 3.6% and **Occidental Petroleum's** climbed 2.6%. Brent crude, the global benchmark for oil prices, advanced 2.1% to settle at \$82.74 a barrel.

**Domino's Pizza** beat earnings forecasts but said same-store sales stagnated as its customers responded to higher prices. The stock eked out a 0.1% gain.

Among S&P 500 companies that posted results before Monday, 73% topped Wall

Index performance on Monday



Source: FactSet

Street's profit expectations, according to an analysis by Strategas. About a third of companies in the index will report earnings this week, including tech giants such as Microsoft, Meta and Alphabet that have been crucial drivers

of this year's market strength.

As stocks rallied, the price of the S&P 500 index relative to its 12-month expected earnings has risen to well above long-run averages, said Michael Sheldon, chief investment officer at RDM Financial Group. He sees that as a signal investors are expecting a sizable boost to corporate performance next year.

Equities' gains have come despite rising yields on U.S. Treasury debt, which last year helped send the stock market into a tailspin by offering attractive compensation for holding securities deemed some of the safest available.

More recently, forecasts that the Fed is near the end of its cycle of rate increases have capped traders' sense of how much more Treasury yields might rise because yields are closely associated with expectations for Fed rate policy.

Yields, which move contrary to bond prices, finished

Monday little changed. The yield on the 10-year Treasury note ended at 3.855%, versus 3.837% Friday. The 2-year yield settled at 4.893%, up from 4.846% Friday.

**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	\$194,958,808,600	\$172,327,904,700
Accepted bids	\$70,005,471,100	\$62,466,164,700
* noncomp	\$2,525,850,100	\$2,346,966,200
* foreign noncomp	\$1,793,000,000	\$100,000,000
Auction price (rate)	98.667861 (5.270%)	97.335722 (5.270%)
	5.430%	5.504%
Bids at clearing yield accepted	88.55%	75.80%
	912797FC6	9127962Y8

Both issues are dated July 27, 2023. The 13-week bills mature on Oct. 26, 2023; the 26-week bills mature on Jan. 25, 2024.

**TWO-YEAR NOTES**

Applications	\$116,839,219,600
Accepted bids	\$42,000,109,600
* noncompetitively	\$641,999,600
* foreign noncompetitively	\$105,000,000
Auction price (rate)	99.862395 (4.823%)
Interest rate	4.750%
Bids at clearing yield accepted	54.24%
Cusip number	91282CHN4

The notes, dated July 31, 2023, mature on July 31, 2025.

## Offshore Oil Stocks Surge

By BOB HENDERSON

Offshore oil stocks are pumping out big gains, lifted by investors betting the future of energy production lies in deep water.

Shares of firms that drill and service offshore oil and gas wells have surged about 42% so far this year, outpacing the S&P 500's 18% climb. The gains

come even as sagging fossil-fuel prices have dented the shares of producers such as **Exxon Mobil** and **Chevron** and dragged the S&P 500 energy sector down 2.5% for the year, among the worst-performing groups in the index.

The offshore club includes contractors such as **Noble** and **Transocean** that lease drillships and other rigs to produc-

ers, and whose stocks have climbed by 38% and 89%, respectively, since December. It also includes **TechnipFMC**, which fashions plumbing for underwater wells, and **Oceanering International**, which rents robotic vehicles to service such wells, which have notched gains of 46% and 35% respectively.

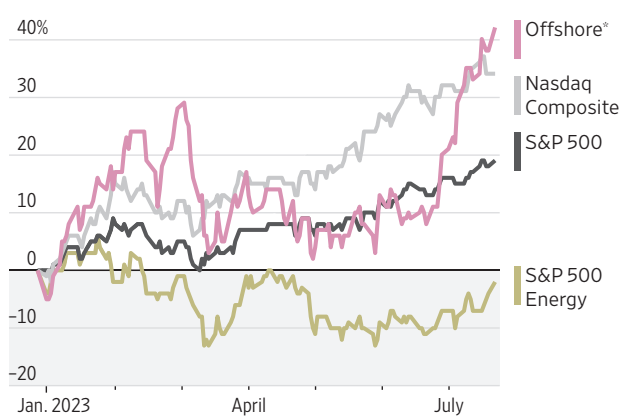
The companies are profiting from a boom that has been building steam since 2021 and which has recently spawned a series of eye-popping contracts with producers. Rising global demand for petroleum and a growing recognition that an increasing fraction of the world's fossil fuels will come from undersea are keeping contractors busier than they have been since 2014, when an oil crash sparked a seven-year downturn that drove many drillers into

bankruptcy.

Ocean rigs are scarce, and rates are rising sharply. Transocean's stock jumped nearly 7% last Tuesday after the company reported a three-year, \$518 million contract to deploy one of its drillships in the Gulf of Mexico. The deal was the latest in a series of large transactions announced over the past two months that will pay drillers \$480,000 a day or more for their rigs, roughly 50% higher than a year ago and about triple the downturn's lows.

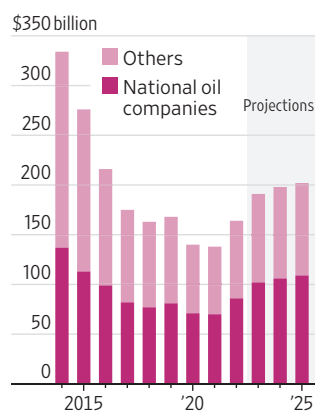
Oil-and-gas producers are scrambling for rigs and booking them increasingly far in advance, said Dave Smith, an equity analyst at Pickering Energy Partners. Some recent deals don't start until 2026 and some producers are looking to lock in rigs as far as 10 years into the future. "It's not just

Index performance



\*An equally weighted index consisting of Diamond Offshore Drilling, Expro Group Holdings, Helix Energy Solutions, Noble, Oceanering International, Seadrill, TechnipFMC, Transocean and Valaris.  
Sources: FactSet, Wall Street Journal calculations (performance); Rystad Energy (spending)

Offshore oil and gas spending



one place. It's West Africa, Brazil, Southeast Asia," said Smith. "They don't know what oil prices will be in 2026, '27, '28. But they're still willing to commit to the rig right now to ensure they have it."

Noble recently announced that it was initiating the first quarterly dividend of any off-

shore driller in years. Transocean—a rare driller to have avoided bankruptcy during the crisis—has been paying down debt and has said it is aiming to reduce its remaining debt of about \$7.6 billion by as much as \$3 billion.

The U.S. shale boom has driven global oil supply growth

for much of the past decade, but appears to have passed its prime, said Rebecca Babin, senior energy trader at CIBC Private Wealth. The need to compensate for a recent lack of investment could also power the current upturn for at least another five to seven years, she said.

**THE JOURNAL.**

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# WITH GREAT POWER

**THE RISE OF SUPERHERO CINEMA**

In a new four-part podcast series from The Journal, WSJ's Ben Fritz goes behind the scenes and reports on how Marvel, a once-troubled comics publisher, soared to the top of the movie business. It's a tale of rivalries, little-known deals and incredible luck. Tune in to uncover the behind-the-scenes secrets. All episodes available now wherever you get your podcasts.

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# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Benefit From AI Won't Be Spread Evenly

Economists point to 1990s as evidence that users of technology reap its benefits, not the makers, but other data suggests otherwise

Who benefits the most from a new invention: Those producing it or those using it? The answer matters for investors and governments pouring money into artificial intelligence, green technology and chip production.

Economists who warn against a fixation on “making stuff” point out that decades-old digital tools had scant effect on U.S. productivity until companies adopted them in the 1990s. Yet technology production, broadly defined, is also the backbone of many of the world's most successful companies and economies.

Since startup **OpenAI** last year unveiled its ChatGPT bot, enthusiasm about generative AI has powered the stocks of software giants and chip maker **Nvidia**, and unlocked funds for AI-focused startups. More recently, stock investors have also started betting that the technology will reward nontech firms that have a first-mover advantage in implementing it.

In a May report, UBS analysts identified potential winners, such as plane maker **Airbus**, which is using AI to predict maintenance needs, and card networks **Visa** and **Mastercard**, which deploy it to detect fraud. Their stocks have outperformed the potential losers.

A related debate underlies Western governments' recent turn

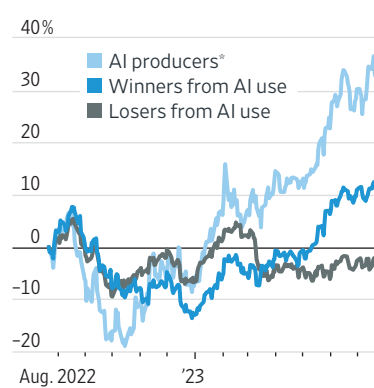
toward industrial policy. The \$700 billion in subsidies and investment that the Biden administration has mobilized through the Inflation Reduction Act and the Chips Act has unleashed a string of plant projects related to semiconductors, electric vehicles and renewable energy. Spending on manufacturing construction was up a whopping 77% in May from a year earlier.

Critics say the focus should be on adopting the new tech, while letting trade dictate who makes it. The Washington, D.C.-based Peterson Institute for International Economics, for example, highlights that onshoring production is often inefficient and has already created diplomatic spats. They aren't all with China: The European Union raised concerns about the “Buy American” incentives of the IRA, despite itself warming to industrial policy.

Ultimately, the think tank argues, the place of production mattered little when it came to personal computers, fiber optic and web services.

“You can see the computer age everywhere but in the productivity statistics,” Nobel Prize-winning economist Robert Solow famously quipped in 1987. At that point, the semiconductor industry had benefited from a lot of government support. Public procurement first

### AI-using companies' stock prices, cumulative change



Note: Winners and losers baskets built from a UBS analysis  
\*Global X Robotics & Artificial Intelligence UCITS ETF  
Sources: UBS, FactSet

got it off the ground in the U.S. in the 1950s, and a wave of subsidies allowed Japan, South Korea and Taiwan to corner the market from the 1980s onward.

It wasn't until the 1990s that a surge in private investment in hardware and software by nontech firms coincided with an almost doubling of productivity growth in the U.S., cementing American economic dominance.

Yet a 2020 paper co-written by economist Robert J. Gordon finds that the post-1995 revival of U.S. productivity growth was almost

entirely driven by makers of electronics and users of digital technology in the services sector.

While that does suggest some widespread gains as offices adopted computers, these were one-time effects. They stopped after 2005, even as smartphones and the online economy mushroomed. Also, the benefits of technology adoption didn't spread to nontech manufacturing sectors, where productivity is typically much higher than in services.

Tellingly, no gains for tech users materialized in Europe, despite workplaces there incorporating the same digital tools. This suggests other factors were at play in the U.S. at the time, such as a boom in consumer demand relative to hours worked, and revisions to official statistics, which introduced “hedonic adjustments” to correct for improvements in the quality of tech.

The bottom line isn't that the digital revolution has had no impact on productivity, but that the gains from offices and factories introducing enterprise software and smartphones have mostly accrued to the makers of enterprise software and smartphones. U.S. corporations rule the world because they make tech, not because they use it better.

Economic growth is a “scaling

up” process: Producing complex products makes it easier to produce even more complex products. Despite losing ground in chips, Silicon Valley remained the hub where today's tech giants developed, starting with “heavy tech” makers like **Apple** and following with “soft tech” players like **Alphabet**. They are now set to be the main suppliers of AI products.

Indeed, the stories of breakneck development of the past half-century are all set in countries where governments actively focused the economy on making technology—Japan, China, Taiwan and South Korea.

Of course, there are big risks associated with piling into oversupplied markets, especially when backed by governments that can give priority to metrics like factory jobs over innovation. Technological revolutions also have a record of burning investors, including the British “Railway Mania” of the 1840s and the dot-com bubble of the 1990s. Sometimes it pays to wait for a new generation of innovative firms to appear.

But betting on big gains from the use of new technology doesn't look smart either. There are no shortcuts for investors in AI and green tech. To really benefit from innovation, you need to produce it.

—Jon Sindreu

## ‘Barbenheimer’ Blowup Is a Flash in the Pan For Hollywood

Two movies did excellent business at the box office this weekend. But even that isn't the most repeatable formula these days.

The U.S. box office rung up a little over \$302 million in ticket sales over the past weekend. That made it the highest weekend gross since the opening in April 2019 of “Avengers: Endgame,” which went on to become the second-highest-grossing film of all time globally. And the most recent score was driven by the most unlikely pair of heroes ever—a 64-year-old girls' toy, and the father of the atomic bomb.

That pairing alone should say a lot—both about the sheer unpre-

dictability of today's theatrical business and the unique predicament Hollywood now finds itself in. “Barbie” by **Warner Bros. Discovery** and “Oppenheimer” by Comcast's Universal Pictures turned out to be two of the best reviewed films of a summer slate that has so far been mostly underwhelming.

Their reception got a strong assist from the “Barbenheimer” meme that went viral on social media and sparked the idea of moviegoers making the two films into a double feature. The National Association of Theatre Owners estimates more than 200,000 moviegoers bought tickets for same-day screenings of the pair, while **AMC Entertainment** said Monday that more than 87,000 members of its loyalty program booked tickets for same-day screenings.

Not all took up that challenge; according to data from Box Office Mojo, the per-screen average of “Barbie” over the weekend was 64% higher than that of “Oppenheimer,” which sported a three-hour running time.

Still, the viral nature of the “Barbenheimer” idea created a cultural moment even for those who opted for just one show. “Barbie” was the top-trending term on X, the new name for Twitter, in the U.S. on Monday morning, with “Oppenheimer” ranking third.

**Cinemark** shares rose 3% on Monday morning before ending the day slightly down, while **IMAX**



Matt Damon as Gen. Leslie Groves and Cillian Murphy as J. Robert Oppenheimer in ‘Oppenheimer.’

shares closed up nearly 3%—the latter benefiting from “Oppenheimer” director Christopher Nolan having shot the movie to favor that format.

But that is still a fleeting victory for a movie industry that has had a relatively disappointing summer. Domestic box office for movies released this year is running about \$4.6 billion—slightly less than at the same point last year and 29% below the same point in 2019, according to Box Office Mojo.

And for studios and exhibitors seeking dependable business models, social-media virality is an impossible force to predict—and even harder to replicate. It probably didn't hurt that the two movies were released during an unprecedented global heat wave, making the prospect of five hours

in an air-conditioned movie theater more appealing than it might have been otherwise.

“Barbie” and “Oppenheimer” also happen to be the last major releases of the summer that will benefit from some key promotional activities. The two films opened less than a week after the Screen Actors Guild began the second major strike that has afflicted Hollywood this year, and strict union rules don't allow striking actors to promote their movies. The two lead actors of “Oppenheimer” actually had to leave that film's London premiere after talks between the union and studios broke down and the strike was called.

Hence, mounting a follow-up act to the “Barbenheimer” weekend will be an especially tough challenge for the industry this

year. In a note Friday, analysts for SVB MoffettNathanson highlighted 11 major movies in the year's remaining pipeline—including next month's releases of **Sony's** “Gran Turismo” and “Blue Beetle” from Warner Bros.—as “titles that jump out to us as more at risk given the importance of the actors to the story or promotion of the movie.” Studios may even start postponing certain releases if the strikes carry on. The movie industry's summer may be over in July.

—Dan Gallagher

### Watch a Video



Scan this code for a video on moviegoers turning out for the release of ‘Barbie’ and ‘Oppenheimer.’

## Regional Banks Are Going on a Diet

Regional banks are trying to slim down. Their customers might have to tighten their own belts as a result.

One way for banks to relieve the many pressures on them right now has been to shrink. Doing less lending or selling investments can mean less need to gather deposits at a time when it is increasingly expensive to do so. Banks that unload low-yielding bonds or loans, or let them mature and not replace them, can raise the average interest rates they earn on their assets, and improve the margins they earn on lending and investments. It can help preserve a bank's capital, which is especially useful when government capital requirements are set to rise significantly.

This can stabilize a bank's earnings performance in the near term. And investors responded in a big way last week, as results weren't as bad as feared, and many banks

signaled that their earnings power may start to improve next year. The KBW Nasdaq Bank index of larger banks jumped more than 6.6% last week, and the regional bank index added 7.3%.

But this has consequences down the road. For one, loans are particularly attractive to cut back on, since under government rules they are often weighted much more heavily than bonds in calculating how much capital a bank must hold. This puts things like auto loans, home mortgages or commercial real-estate financing in banks' crosshairs for cutting back. That could be felt by banks' customers and ripple through the economy, affecting car dealers, home buyers or big-city office districts. It also means banks may grow their net income more slowly over the next few years if those loans aren't soon replaced with higher-yielding ones.

Executives at Cincinnati-based

**Fifth Third Bancorp**, speaking to analysts last week, referred to the trend of cutting back on risk-weighted assets as a “diet.” Chief Executive Tim Spence said, “When we talk about an RWA diet, where other people talk about balance sheet optimization, what we're really saying is tightening credit supply and higher risk spreads, right?”

Across a number of regional banks reporting earnings last week, they were lowering forecasts for loan growth, or talking about building up capital levels by restricting share buybacks.

Cleveland-based **KeyCorp** CEO Christopher Gorman told analysts last week that the lender will be “continuing to push down our assets.” The bank forecasts average

quarterly loan balances to be down 1% to 3% in the third and fourth quarter. “Right now, what we're doing is we're scrutinizing every portfolio we have in the bank,” he said.

### U.S. Bancorp,

based in Minneapolis, said it had sold some mortgage loans and securitized a portion of auto loans. Charlotte, N.C.-based **Truist Financial** said that it reduced production in certain auto loans and sold off some student loans.

Earning more is also a way to build capital, by retaining earnings. Banks are trying to thread the needle between shedding assets that are expensive to hold but don't contribute much to quarterly lending earnings. Ironically, this means that some of the

highest-quality, but lowest-rate, loans could be on the chopping block. Auto lenders have already noted tight supply for “super-prime” borrowers.

Washington will play a big role here. The Federal Reserve is soon expected to propose a swath of tougher new capital rules that could require many banks to either add more capital or shrink to improve their ratios.

Daryl Bible, chief financial officer of Buffalo, N.Y.-based **M&T Bank**, told analysts it was prudent to keep extra capital for now “as we get more information from the rules that come out from the regulators.”

Investors may not be as worried about banks' health as they were a few months ago. While being on a strict diet isn't particularly pleasant, it is better than the possibility of needing intensive care.

—Telis Demos

**One way for banks to relieve pressures on them has been to shrink.**