

What's News Business & Finance

- ◆ The SEC approved sweeping new rules aimed at overhauling the way private-equity and hedge funds deal with their investors, one of the biggest regulatory challenges in years. **A1**
- ◆ Chip maker Nvidia reported revenue soared to a company record in its latest quarter and projected that surging interest in AI is propelling its business faster than expected. **A1**
- ◆ Juul plans to lay off about 30% of its workforce, whittling down operations as the e-cigarette maker seeks to raise capital or sell the company. **B1**
- ◆ Mallinckrodt signed a deal to hand lenders control of the drug company through its bankruptcy filing while reducing its opioid settlement payments. **B1**
- ◆ Peloton shares slid 23% to record lows after the company reported another decline in subscribers and said the costs of a recall were denting its profit. **B3**
- ◆ Wall Street firms such as BlackRock are struggling in a China market that once promised riches, as deal flow and the nation's economic growth slow. **B1**
- ◆ Ford faces complaints that speakers in its pickups and SUVs are generating a loud, abnormal and distracting noise. **B1**
- ◆ Nielsen plans to use viewing data from streamers for live programming, a move that will likely boost the ratings for Amazon's Thursday NFL package. **B1**
- ◆ Esmark said it is abandoning its attempt to acquire U.S. Steel amid pressure from the steelworkers union, which backs a rival bid from Cleveland-Cliffs. **B5**
- ◆ Stocks rose, as the S&P 500 gained 1.1% in its best daily performance since June. The Dow was up 0.5% and the Nasdaq 1.6%. **B11**

World-Wide

- ◆ Wagner chief Prigozhin, whose mercenaries bolstered the Russian war effort in Ukraine before he led a mutiny in June, was killed in a plane crash. Social-media channels close to him said Russian air defenses downed the jet. **A1**
- ◆ Ukraine said it captured a Russian helicopter and the crew that landed on its soil. **A8**
- ◆ Eight GOP presidential candidates sought to gain traction on Trump in their first primary debate, while the former president appeared in a prerecorded interview with Tucker Carlson. **A1**
- ◆ India became the first country to land a craft on the moon's south pole, a triumph for the country's space program days after a similar Russian mission ended with a crash. **A18**
- ◆ Giuliani turned himself in to Georgia authorities and was booked on charges that he led an effort to illegally keep Trump in power, after negotiating a \$150,000 bond. **A4**
- ◆ Studies showed significant advances for computer systems that allow people who have suffered paralysis to control devices using signals from brain implants. **A3**
- ◆ Russia and China used the opening of the Brics summit of emerging economies to set out the case for an alternative international order. **A18**
- ◆ Zimbabwe held a presidential election clouded by years of high inflation and intimidation from a ruling party that has been in power for more than four decades. **A18**
- ◆ South Carolina's highest court upheld a state ban on abortion after about six weeks of pregnancy. **A4**

CONTENTS	Markets Digest..... B7
Arts in Review..... A13	Opinion..... A15-17
Banking & Finance B10	Personal Journal A11-13
Business&Finance B2356	Sports..... B4
Crossword..... A14	Technology..... A14
Heard on Street.....B12	U.S. News..... A2-6
Markets..... B11	World News.....A8-10,18



An image posted on a Wagner-linked Telegram channel showed the wreckage of the plane carrying Yevgeny Prigozhin. Below, Prigozhin is shown in a video image from the Telegram account on June 24, just after his mutiny.

Paramilitary Leader Prigozhin Is Killed in Crash, Russia Says

By YAROSLAV TROFIMOV AND THOMAS GROVE

Shortly after 6 p.m. Moscow time on Wednesday, an Embraer jet carrying Wagner paramilitary group owner Yevgeny Prigozhin—who led a short-lived June uprising that challenged Russian President Vladimir Putin's authority—abruptly disappeared from flight-tracking radar screens northwest of Moscow. Videos posted by bystanders showed the plane, missing a wing, spiraling to the ground.

About an hour later, Putin—who since the abortive mutiny has sought to project the strength of his grip on power—stepped up to a lectern in Kursk, about 500 miles away. He made no reference to the crash and instead launched into a speech glorifying Russia's victory over the Nazis in World War II and lauding the men now fighting his war in neighboring Ukraine.

It was the end of the latest chapter, and likely the start of the next one, in Russia's violating to the ground.

Please turn to page A8



CONCORDGROUP OFFICIAL/AGENCE FRANCE-PRESSE/GETTY IMAGES

Ukraine's Pivot Proves Slow and Risky

After armored assaults failed, units move on foot to attack one position at a time

By JAMES MARSON

ZAPORIZHZHIA, Ukraine—The Ukrainians on the front lines of the counteroffensive were crouched in the woods when they spotted the Russian patrol. The five troops had left behind their U.S.-supplied armored vehicles, which proved easy targets for Russian artillery. Instead, after walking for hours, they

were aiming to retake territory by yards. The company had already seized three trenches in close-quarter combat. Winning in the woods would move them another small step toward the Azov coast, their ultimate goal, which would slice the Russian occupying army in two.

After a brief skirmish, the Ukrainians withdrew, fearful that a larger Russian force could be lurking, two of them re-

called. Then they realized one of their comrades was missing. As the Ukrainians moved back, he came crawling toward them, his left leg bloodied and limp. A member of the unit dragged the injured man away as others opened fire.

A 48-year-old journalist nicknamed Re-

Please turn to page A9

◆ Ukraine seizes Russian helicopter... A8



Eight of the Republican presidential candidates took the stage Wednesday in Milwaukee.

GOP Rivals Spar In First '24 Debate

By ALEX LEARY AND JOHN MCCORMICK

MILWAUKEE—The large field of GOP presidential hopefuls gave Donald Trump what he wanted in their first debate: two hours of infighting and bickering and only brief criticism of the absent front-runner.

Wednesday's two-hour debate was the first opportunity for those challenging Trump to make an impression on the nation and, more specifically, Re-

publican primary voters. With Trump, who holds a huge polling lead, skipping the debate for an alternative interview with host Tucker Carlson on X, his GOP rivals had to decide how to treat what moderator Bret Baier of Fox described as the "elephant not in the room"—whether to embrace him or hammer him.

In the interview, Trump largely ignored his challengers, focusing his criticism on President Biden and his record as if

Please turn to page A4

Buildings Add Art for Dogs, 'Yappy Hours'

\* \* \*

Developers hope crazy pet perks attract renters

By MAGGIE EASTLAND

The beauty pageant was in full swing outside an apartment complex in an Atlanta suburb. Decked out contestants pranced up and down a red carpet, while dozens of residents cheered and snapped photos.

The winner, who wore a custom-tailored red gown made by one of the tenants, went by the name Choupette. The gown didn't quite cover her tail.

It's unlikely Choupette under-

Please turn to page A10

INSIDE



U.S. NEWS

Giuliani turns himself in and is booked on 2020 election charges in Georgia. **A4**

BUSINESS & FINANCE

Ford truck owners complain of abnormal noise coming from the vehicle's speakers. **B1**

Nvidia Revenue Surges to Record On Strength of AI Chip Demand

By ASA FITCH

Chip maker Nvidia said revenue in its recently completed quarter more than doubled from a year ago, setting a new company record, and projected that surging interest in artificial intelligence is propelling its business faster than expected.

Nvidia is at the heart of the boom in artificial intelligence that made it a \$1 trillion company this year, and it is forecasting growth that outpaces even the most bullish analysts' projections.

The company's chips are the computational muscle behind lots of popular AI tools, including OpenAI's ChatGPT and similar language-generation systems made by Google,

Microsoft and others. Nvidia has invested in making chips and software for AI for more than a decade and has no competitors who can yet match it.

"The race is on to adopt generative AI," Chief Executive Jensen Huang said, describing a new computing era where companies are transitioning from general-purpose computing to digital infrastructure geared for AI.

Nvidia's stock, already the top performer in the S&P 500 this year, rose 7.5% in after-hours trading following the results, which would be about \$87 billion in market value.

The company said revenue more than doubled in its fiscal second quarter to about \$13.5 billion, far ahead of Wall Street forecasts in a FactSet survey.

More strikingly, it said revenue in its current quarter would be around \$16 billion, besting expectations by about \$3.5 billion.

Net profit for the company's second quarter was \$6.19 billion, also ahead of forecasts.

The results show that a wave of investment in artificial intelligence, which began late last year with the arrival of OpenAI's ChatGPT language-generation tool, is gaining steam. Companies and governments are increasingly seeking to harness AI's power in business and everyday life. Many companies see AI as in-

Please turn to page A6

◆ S&P 500 posts its best day since June..... B11



U.S. NEWS

Recession Fears Overblown, Bullard Says

New risk of stronger growth threatens to drive up rates, says St. Louis Fed ex-chief

By Nick Timiraos

James Bullard, who was the longest tenured of the 12 regional Federal Reserve Bank presidents when he stepped down last month, thinks the U.S. economy faces new risks of stronger growth that could require higher interest rates to keep up the fight against inflation in the months ahead.

Bullard took over as the dean of Purdue University's Daniels School of Business this month after leaving the St. Louis Fed. In an interview Monday, ahead of the Kansas City Fed's annual economic symposium in Jackson Hole, Wyo., he said central bankers ought to be pleased with the economy so far this year.

Fed officials raised interest rates in July by a quarter percentage point to a 22-year high. Bullard said he thought they would need to lift them again this fall. The Fed might have to raise rates even more if the recent economic acceleration continues in the coming months, he said. "I don't think markets are really ready for that."

Here's what he had to say



James Bullard, now at Purdue University's business school, says Fed policy has been successful.

(with this partial transcript lightly edited for clarity):

**WSJ: How do you see the U.S. economic outlook right now?**

**Bullard:** I think it's turning out that the Fed's policy has been very successful, and I think that will be the buzz at Jackson Hole. If you look at [the consumer-price index], headline CPI inflation was 9%; it's now just a little over 3% and on a declining trend. The core inflation measures [which exclude volatile food and energy prices], which were hanging up for a while, have turned down. This is all looking very good because this is occurring

in an environment with 3.5% unemployment. Those that said it couldn't be done are having troubles here.

There were a lot of heavy predictions of recession. I think those were just overblown. There was risk of recession, but it wasn't as high as it was made out to be on Wall Street. And then I think the [Silicon Valley Bank] situation, a lot of people felt like, "Aha, this is the moment!"

Because of the SVB situation, rates actually went down in the spring. And there's been an unwitting easing of financial conditions, which is feeding into a stronger second half for the U.S.

economy. And now everyone's scrambling to reprice based on that stronger economy.

**WSJ: To what extent would the Fed need to worry about stronger growth, even in the context of continued declines in inflation from things like shelter and cars?**

**Bullard:** The faster growth is a bit of a threat because the forecast was that you'd have very weak growth or even a recession, and now that doesn't really look like it is materializing. So you'd have to upgrade your outlook for inflation probably based on that alone. You still have a

very tight labor market, and now you have a reacceleration in the U.S. economy. The risks are tilting a little bit more toward the idea that inflation won't fall as fast as anticipated.

**WSJ: Do you think we'll return to the prepandemic environment of low interest rates and low inflation?**

**Bullard:** I'm skeptical that we're returning to that. You've got inflation above [the Fed's 2%] target, and it's probably going to be relatively sticky above target. Roughly speaking, the policy rate would have to be higher than the inflation rate during that whole period when inflation is above target. That sounds like a higher interest-rate regime than the one that has existed since 2008.

**WSJ: How much of the recent decline in inflation can be attributed to Fed policy versus simply good luck on energy and supply chains?**

**Bullard:** I think the Fed should get a lot of credit. Yes, there are shocks out there in the world, but the question is how do you react to those shocks? And in the '70s, you had similar shocks and the Fed didn't react enough or fast enough. They stopped up short, and you got a decade of high and variable inflation. This time we reacted more

appropriately and more effectively, and now we're getting the fruits of that by getting inflation down. So far, so good.

**WSJ: In June, most of your former colleagues thought the Fed would have to raise rates one more time this year. What would be the right test for pausing rate increases?**

**Bullard:** The [Fed's rate-setting] committee will have to re-evaluate its forecast in September for the summary of economic projections. And those projections in June still had a big element of a recessionary scenario—which at least, as of today, looks like it's blown out of the water.

That suggests that the committee would keep its rate increase in there for sometime this fall. It seems like you'd probably follow through on the rate increase that was penciled in in June.

The bigger question for markets is whether the economy really does accelerate quite a bit in the second half of 2023 and the committee feels compelled to, let's say, go above 6% on the policy rate—possibly because some of the inflation readings turn around and blip up or maybe have a little bit of a sustained increase. I don't think markets are really ready for that. But that's an increasing risk now.

New Rules For Private Funds Set

Continued from Page One

commissioners voted against the rules and questioned whether the agency has the legal authority to regulate private funds more closely.

"The rule-making is ahistorical, unjustified, unlawful, impractical, confusing and harmful," Republican Commissioner Hester Peirce said.

Industry groups tried to fend off the rules for more than a year. They represent hedge funds such as Citadel, Bridgewater Associates and Millennium Management; private-equity firms including Apollo, Blackstone and Carlyle Group; and venture-capital firms such as Andreessen Horowitz.

They accused the SEC of trying to insert itself into a contractual relationship between sophisticated parties and, before the final rules were unveiled, signaled they might sue to overturn them.

Industry officials said Wednesday they were reviewing the rules. Bryan Corbett, chief executive of Managed Funds Association, said the hedge-fund group is concerned the rules "will increase costs, undermine competition, and reduce investment opportunities."

MFA's members will assess the changes and determine whether to move forward with litigation, Corbett said.

The Investment Adviser Association, whose members include private-fund managers as well as other asset managers, called the final rules "generally more reasonable" than the SEC's proposal last year.

Pension funds and other institutional investors typically allocate money to private funds in hopes of outperforming public stocks and mutual funds. The SEC has traditionally viewed such investors as sophisticated enough to fend for themselves in the market. So private funds have faced much less regulatory oversight than the mutual funds available to ordinary investors.

Investors in private funds must negotiate for any information they want to receive from the asset manager—including about the fund's performance, holdings and costs—as well as for redemption rights and other terms. SEC staff said this creates opportunities for fund managers to charge opaque fees and expenses, give bigger investors a better deal than smaller ones, and exploit conflicts of interest.

Liberals in Washington

have long been skeptical of private equity and hedge funds' business models, but they often struggled to turn their views into policy. Last year, Senate Democrats dropped a plan to raise taxes on carried interest, a key source of income for private-fund managers that many lawmakers see as a tax loophole.

Industry officials said they had a harder time dissuading Gensler, who is known for pushing aggressive regulatory changes. In the 18 months since the SEC proposed the rules, representatives of hedge funds, private-equity firms and venture-capital funds met more than three dozen times with agency officials, SEC records show. They lobbied members of Congress to push back against the agency's plans.

One of the biggest sticking points for private-fund managers was the SEC's proposed ban on certain side letters. These can give some investors greater flexibility to withdraw their money or offer them more information about a fund's holdings. Industry officials said such agreements are useful for closing deals with marquee investors whose presence can bolster a fund's credibility.

The final version of the SEC's rules softens some language around side letters. The original proposal would have required asset managers to

A sticking point for private funds was a proposed ban on certain side letters.

disclose a fund's side letters to all investors before closing a deal; the final rule requires them to disclose only those side letters that involve "material economic terms."

Giving certain investors special redemption rights or increased information about a fund's holdings will be prohibited unless the asset manager offers those terms to all other investors in a fund.

SEC officials in the final version of the rules dropped plans to prohibit fund managers from charging fees for unperformed services and from limiting their own liability for malfeasance or negligence. Smaller funds will get more time to comply with the changes than larger funds, and some new restrictions won't apply to funds that were set up before the rules take effect.

Better Markets, an advocacy group, said the SEC rules marked an improvement but still left investors in private funds exposed to shady practices.

Brian Daly, a partner at Akin Gump Strauss Hauer & Feld who advises hedge funds and private-equity funds, said it is unclear if the changes will dissuade industry groups from suing the SEC. There was a clear effort to "find that sweet spot of fulfilling the chairman's vision and not triggering a litigation challenge," he said.



FACE-LIFT: The head of a broken gargoyle at the Washington National Cathedral was moved into place Wednesday on the 13th anniversary of an earthquake that damaged the building. The \$26 million repair project is to be completed in the next five years.

**MINNESOTA**

**Governor Names New Chief Justice**

Gov. Tim Walz on Wednesday promoted Natalie Hudson to become chief justice of the Minnesota Supreme Court this fall, which will make her the first person of color to lead it.

Hudson, who is Black, has been an associate justice since 2015. She will lead the high court when current Chief Justice Lorie Gildea retires in October.

The appointment will leave only one Republican-appointed justice but isn't expected to affect the ideological balance of what court watchers describe as a non-partisan court.

Governors appoint judges in Minnesota without legislative confirmation.

Walz named Karl Procacini, his former general counsel, to fill Hudson's spot as associate justice.

—Associated Press

**ARIZONA**

**Rain Floods Town Near Grand Canyon**

About 100 residents and hotel guests were displaced after heavy rainfall hit a small community near the Grand Canyon, according to Coconino County Sheriff's officials.

The National Weather Service said up to 3 inches of rain fell Tuesday evening in Tusayan, Ariz., a gateway community 7 miles south of the Grand Canyon National Park entrance, and floodwaters were deeper than 3 feet at some points. Officials said no injuries were reported, but the thunderstorm caused some power outages in the Tusayan area.

A flood advisory remained in effect Wednesday for Tusayan and the surrounding area.

Weather Service meteorologists said there was about a 50% chance for more thunderstorms in the area Wednesday and Thursday.

—Associated Press

**MASSACHUSETTS**

**Drowning of Obama Chef Accidental**

The drowning death of former President Barack Obama's personal chef near the family's home on Martha's Vineyard last month has been ruled an accident by the Massachusetts medical examiner.

Tafari Campbell, 45 years old, of Dumfries, Va., drowned while using a paddleboard in Edgartown Great Pond on July 24, the Massachusetts State Police said. Campbell was employed by the Obamas and was visiting Martha's Vineyard. The Obamas weren't at the home at the time of the accident.

Campbell's death was determined to be an accidental drowning following "submersion in a body of water," Timothy McGuirk, a spokesperson for the state Office of the Chief Medical Examiner, said Wednesday.

—Associated Press

**OKLAHOMA, MISSOURI**

**Probe Widens Into Serial Killer BTK**

Authorities in Oklahoma and Missouri are investigating whether the BTK serial killer was responsible for other homicides, with their search leading them to dig this week near his former Kansas property in Park City.

Osage County, Oklahoma, Undersheriff Gary Upston said Wednesday that the investigation into whether Dennis Rader was responsible for additional crimes started with the re-examination last year of the 1976 disappearance of Cynthia Kinney in Pawhuska, Okla. The case, which was investigated on and off over the years, was reopened in December.

Rader confessed to 10 killings in the Wichita area, which is about 90 miles north of Pawhuska. The crimes occurred between 1974 and 1991.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

**Hawaii** has 98 fewer certified nursing-home beds since 2017, and Alaska has 141 more beds. A graphic with a U.S. News article on Wednesday about nursing homes incorrectly labeled Hawaii as Alaska.

**Tesla CEO** Elon Musk invested in SolarCity before Tesla acquired the company in 2016. A Mansion article on Friday about the installation

of a Tesla Solar Roof incorrectly said Musk entered the solar-panel business with Tesla's SolarCity acquisition. Also, homeowner Winka Dubeldam's electric bill from late May to late July in 2021, before her Solar Roof was up, was \$606. Her bill for the same period in 2023 was \$84. The article incorrectly said that her bill for May 2021 was \$606 and that her May 2023 bill was under \$20.

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U.S. NEWS



Morey's Piers, above, is a main attraction in Wildwood, N.J., which tightened curfew rules as of early August.

# Jersey Shore Curfews Curtail Teens' Free Rein on Boardwalk

By LIYAN QI

WILDWOOD, N.J.—It was a typical summer Saturday night here with thousands of tourists packed on the boardwalk. A giant Ferris wheel turned, its lights sparkling, while screams from nearby roller coasters filled the air. The scent of french fries was everywhere.

That was, until midnight. Lights on the main pier went out. An audio recording at the pier repeated an announcement that the boardwalk was closed as “Wildwood Days”—an iconic song from the 1960s about teens enjoying the nighttime fun here—played in the background. A pair of officers started patrolling the nearby boardwalk, telling unaccompanied teenagers it was time to go.

Wildwood wants to be a little less wild, so it tightened its curfew rules. Starting Aug. 2, no minors can be in the street or any public space without a guardian between midnight and 6 a.m. Previously, the youth curfew went into effect at 1 a.m. The city also moved up its beach curfew for everyone by an hour to 9 p.m. Violators could face community service or a fine of as much as \$1,000.

Shore towns in New Jersey have rolled out numerous curfew measures this summer in response to rising complaints and concerns from local business owners and residents about unruly behavior. After years in isolation during the pandemic, teenagers longing to gather with their peers have found their needs increasingly at odds with local residents and businesses.

“One group of teens doing stupid things doesn’t mean all of us are doing stupid things,”



Police officers asked to see IDs of Shane Straub, right, Robert Yacovelli, center, and Joseph Tortella in Wildwood.

Robert Yacovelli, 18, said after officers checked his ID and walked away. Yacovelli, who works on the pier as a lifeguard, said he prefers socializing outside rather than in the cramped beach-staff quarters.

City officials say the tweaked curfew isn’t in response to any serious issues, like large groups of minors drinking alcohol, shoplifting or committing vandalism.

“We are being proactive not reactive,” said Mayor Pete Byron.

Officials and businesses in shore towns have complained that Gov. Phil Murphy’s juvenile-justice reforms, passed in 2021 aimed at keeping young people out of jail, have given teenagers more freedom to drink alcohol and smoke marijuana and have weakened police’s power to keep the disruptive behaviors at bay.

Business owners in Wildwood say they are supportive of the curfew measures and want to make families feel safe. It is a balancing act for local authorities, said Will Mo-

rey, president and chief executive of Morey’s Piers, a tourism attraction in Wildwood.

“Part of the magic with the shore is the freedom that teenagers have when they’re down here running around and going to the beach and boardwalk...We don’t want to stifle that,” Morey said. “I do think that the curfew is just a way of saying we want you to have a good time, but we want there to be guardrails.”

On a recent Saturday, 48-year-old Sheryl Carter of Coatesville, Pa., said she would let her kids go out after midnight. “There’s silly stuff we were doing growing up too...but nothing bad,” Carter said, while walking on the boardwalk with her family.

Madalyn Carter, her 15-year-old daughter, said she would prefer skateboarding and riding on the boardwalk with her friends at night. “We just want to have some space and hang out with our friends, without anybody yelling at us,” she said.

After an unusually rowdy

groups of teenagers gathered over the Memorial Day weekend, Ocean City, N.J., in June implemented an 8 p.m. beach curfew for all ages and an 11 p.m. public-space curfew for juveniles, plus a backpack ban on the boardwalk between 8 p.m. and 1 a.m. Breaking curfew could result in a maximum \$1,500 fine.

Those measures seemed to have worked in limiting unruly behaviors. The total number of curbside warnings, an oral warning by an officer given to a juvenile, through July 18 this year was 7,065, less than half of the same period of last year, according to Doug Bergen, the city’s public information officer.

The youth curfew conversation has come in waves. Such restrictions became popular during the 1990s before research showed that they might be counterproductive, said Kirby Gaherty, program director for justice initiatives at the National League of Cities, an advocacy group. Now officials are trying to bring them back in different ways, Gaherty said.

In Wildwood, local officials and businesses said they have tried to make the city more family friendly. John Gigliotti, known locally as Gigi, has been driving a tramcar on the boardwalk for 32 years. “Years ago families came, but I think more so now. They grew up, and they came here, more with their kids,” he said.

“Wildwood used to be called little Las Vegas. It’s our history. It’s amazing. We don’t have to erase it,” said Michelle Rutkowski, 43, owner of Boardwalk’s Best, a gift shop.

“There are now more family things with family fun but there’s got to be family rules,” she added.

# Implants Convert Brain Signals Into Text and Speech

By DOMINIQUE MOSBERGEN

Computers are getting better at giving voice to the voiceless.

A paralyzed woman who hadn’t spoken in almost 20 years found her voice again through a virtual avatar, thanks to a brain implant and mind-reading algorithm.

A different brain implant helped another woman who was robbed of her voice by a neurological disease to communicate via text at a speed closer to that of normal speech.

Their experiences, published in separate studies on Wednesday in the journal *Nature*, show significant advances for systems that allow people to control devices using brain signals. Such systems have reconstructed a Pink Floyd song from brain activity and translated brain signals for speech and handwriting into text. Brain-computer interfaces used in the new studies are faster and more sophisticated, researchers said.

“We’ve shown what is possible,” said Dr. Eddie Chang, a neurosurgeon at the UC San Francisco Weill Institute for Neurosciences and co-author of one of the studies.

Chang and his colleagues implanted a paper-thin sheet of silicon, about the size of a credit card and dotted with 253 electrodes, onto the surface of a paralyzed woman’s brain. The patient, 48, hasn’t been able to speak or use her arms and legs since suffering a stroke in her brainstem about 18 years ago.

The brains of paralyzed people can emit electrical signals controlling movement even when channels of communication between the brain and muscles are broken. The woman’s implant picked up signals meant to control speech-related muscles in her tongue, jaw, larynx and face, the study said. The electrodes were connected to computers via a cable plugged into a port attached to her skull.

Researchers trained an algorithm to recognize her brain signals for speech and facial expression. Over two weeks, she was shown words and sentences on a screen, which she was told to recite silently. She was also told to imagine making sad, happy and surprised facial expressions. Computers recorded her brain signals as she did these tasks.

Researchers tested whether the algorithm could accurately translate brain signals into text and speech. The patient was presented with new sentences and told to silently recite them.

For text, the system composed sentences at a rate of 78

words a minute: five times as fast as previous brain-computer interfaces used for communication, Chang said. Using a vocabulary set of about 1,000 words, the system was accurate about 75% of the time. The patient usually uses an assistive head-tracking device that types at about 14 words a minute, Chang said. People typically speak at about 150 words a minute.

“We see now that it’s possible to create more natural, more embodied ways of communicating,” Chang said.

The brain-computer interface allowed the woman to communicate using a speaking avatar, which Chang called a first. She chose a woman with hazel eyes and chin-length brown hair. Researchers used a recording of a speech she gave at her wedding to personalize the avatar’s voice.

Peter Brunner, an associate professor of neurosurgery at the Washington University School of Medicine in St. Louis who wasn’t involved in the studies, said more work is needed to improve such systems and make them available to more patients.

“One fundamental limitation is how invasive these surgeries are,” he said. “How expensive and how practical will this be?”

In the other *Nature* study, Pat Bennett, 68, had four sensors, each about the size of a popcorn kernel and loaded with dozens of electrodes, implanted in her brain’s outer

layers. Bennett was diagnosed in 2012 with Lou Gehrig’s disease. She can no longer speak intelligibly.

Stanford University researchers connected the sensors in Bennett’s brain to computers trained to learn how her brain signals correspond to speech. After four months of twice-weekly training sessions, the system translated Bennett’s brain signals into text at a rate of about 62 words a minute. Using a vocabulary set of about 125,000 words, the system was accurate 76% of the time.

“This could allow truly fluent conversation and a real restoration of the ability to connect with others,” said Dr. Jaimie Henderson, a professor of neurosurgery at Stanford and a study co-author.

Henderson said the deeper sensors his team used could produce higher-definition results by reading signals from individual neurons. But because the brain moves around and scarring can happen around the sensors, the devices can shift and the brain-computer interface might need to be retrained.

Computers are getting better at giving voice to the voiceless.

# Among Maui’s Dead, ‘Uncle Frank’ and the Dog He Tried to Save

By ZUSHA ELINSON

MAUI, Hawaii—When the wildfire that destroyed Lahaina arrived at Geoff Bogar’s house, he tried to fend off the flames with hoses alongside Frank Trejos, a friend who lived with his family for nearly 30 years and was affectionately called “Uncle Frank.”

Bogar, a 63-year-old retired fire captain, donned his old work gear, while Trejos used a snorkel to help him breathe amid the smoke.

But Bogar soon realized the flames were moving faster than anything he had seen during his long career. He rushed into his wife’s Honda Pilot. Trejos jumped into his old Mazda, followed by Sam, the family’s beloved golden retriever, whom he adored.

It was Aug. 8, the last time anyone saw the 68-year-old Trejos or 3-year-old Sam alive.

The sport-utility vehicle Bogar was in quickly caught fire. It wouldn’t start and the doors locked him inside. He smashed the window and clambered out, according to his wife, who relayed her husband’s story while he recovers from injuries. Emergency

crews found Bogar crawling a quarter-mile away with severe burns on his hands and arms, as well as minor burns on his face.

They brought him directly to the hospital. Bogar didn’t stay. He checked himself out that night and went back to Lahaina to look for Trejos and Sam.

There were plenty of people in Lahaina like Trejos: lovers of sun, sand and the outdoors who fled the mainland U.S. There wasn’t a lot of economic opportunity in the community, but if they could find a job catering to tourists and were willing to live modestly, they could get by and focus on passions such as surfing or hiking.

Born in Costa Rica and raised in Southern California, Trejos moved to Maui after visiting in the 1980s. Friends in Ventura, Calif., threw the surfer and volleyball player a going-away party, recalled Dennis Jenks, a friend who hired him as a waiter there.

“He was chasing his dreams, going to Lahaina, going to Hawaii,” said Jenks. “If you’re a surfer, an athlete, that’s the place you want to go...he belonged there.”



Frank Trejos with Sam, a 3-year-old golden retriever.

Trejos met Geoff Bogar three decades ago, working at a bar and grill in Kapalua, north of Lahaina.

“He came home with Geoff one day and we all just became fast friends,” said Bogar’s wife,

Shannon Weber-Bogar. “He had the same sense of humor, he had the same sense of being kind to people, he liked going to the beach, he liked to surf.”

When the Bogars purchased a new home, they built a

guesthouse for Trejos. He lived with them for the next 27 years.

The couple worked long hours, she as assistant food-and-beverage director at the Ritz-Carlton in Kapalua, and he with the Maui fire department. Trejos often watched their son and daughter.

“He’s known both of my kids since the day they were born,” said Weber-Bogar. “They call him Uncle Frank.”

Trejos also loved the family’s dog, Sam. He took the rambunctious golden retriever on long walks—including to one of his favorite spots on Maui, Twin Falls, where they would play in a waterfall surrounded by the rainforest.

With his wife safe on the mainland and his grown children living elsewhere, Bogar’s priority after leaving the hospital on the night of Aug. 8 was finding Trejos. But authorities stopped him from entering Lahaina.

The next morning, he sneaked in. The neighborhood looked as if it had been bombed. The house that the family had moved into just 18 months ago had burned to the ground.

Bogar hoped Trejos would be among the missing, a group that authorities say currently totals 850.

Instead, inside Trejos’s charred car, Bogar found his friend’s body covering Sam’s.

Weber-Bogar said she wasn’t surprised Trejos had tried to protect the dog as the flames closed in on his car. “That would be what Frank would do,” she said.

Trejos was among at least 114 people who died in the Lahaina wildfire.

Bogar put Trejos in one body bag and Sam in another and carried them to the Honda Pilot. He called the police, telling them where the bodies were.

Then, Bogar went to work in the recovery effort. He volunteered for four days straight, helping the Federal Emergency Management Agency and his old fire department until his burned hands became so badly infected that he could no longer work.

Medics flew Bogar to Honolulu for treatment in a hospital burn unit, where he remains.

As far as the family knows, Trejos’s and Sam’s bodies are still in the Honda Pilot.



U.S. NEWS

# Giuliani Surrenders in Election Case

Trump ally is accused in Georgia of leading a scheme to overturn Biden's 2020 victory

By Aruna Viswanatha

Rudy Giuliani turned himself in to Georgia authorities Wednesday and was booked on charges that he led an effort to illegally keep former President Donald Trump in power.

The former New York City mayor and Trump lawyer was accused alongside Trump and 17 co-defendants in an indictment last week of operating a criminal enterprise that sought to overturn Joe Biden's electoral victory in Georgia.

Prosecutors accused Giuliani of violating Georgia's RICO Act, a powerful anti-racketeering law modeled on the federal law he once wielded against Mafia dons and others. The 79-year-old was also charged with other counts, including soliciting public officials to violate their oaths, making false statements and conspiracy. Giuliani has denied wrongdoing and described the case as an affront to American democracy.

After he was booked, Giuliani spoke briefly to reporters, saying he worked in good faith on behalf of his then-client, Trump.

"I am being indicted because I am a lawyer," Giuliani said.

Earlier on Wednesday, Giuliani's lawyers negotiated a \$150,000 consent bond with prosecutors at the Fulton County Courthouse.

At least nine defendants had turned themselves in by Wednesday, according to Fulton County jail records: Giuliani; Kenneth Chesebro, a lawyer and former Trump campaign adviser; Sidney Powell, a former Trump legal adviser; Jenna Ellis, a former member of Trump's legal team; Ray Stallings Smith, an Atlanta-area lawyer; David Shafer, chair of the Georgia Republican Party in 2020; Cathy Latham, who was a member of the Georgia Republican Party; John Eastman, a former constitutional law professor; and Scott Hall, owner of a bail-bonds business and a pro-Trump operative in Fulton County.

Trump has said he intends to surrender and be booked on Thursday evening.

The surrender is largely procedural. Giuliani and the other defendants were released immediately on bond, as Trump is expected to be under a consent order that imposes limits on his public statements.

Still, Wednesday's booking underscores a striking fall from



Rudy Giuliani in New York City on Wednesday and later in the day in a booking photo in Georgia, where he is charged with 13 counts.

false statements regarding two of those workers who have sued him for defamation.

In the Georgia criminal case, lawyers for Trump and other defendants were requesting what are known as consent bonds, which would allow them to be immediately released on certain conditions. They could also move to waive their arraignments, which would mean they wouldn't be required to appear at an early hearing where a prosecutor formally presents the charges against them.

While Fulton County District Attorney Fani Willis has said she wants to try all 19 defendants within six months, legal experts say that schedule is unlikely, given the expected lengthy pretrial litigation involving a large group of defendants.

In the coming days, lawyers for Trump and the other defendants are expected to file a flurry of motions related to the trial, including likely pushing for the Georgia charges against him to be heard in federal court, a tactic that could delay the proceeding and, if successful, give the former president and his allies a potentially more sympathetic jury.

—Jan Wolfe and  
Cameron McWhirter  
contributed to this article.



Former Vice President Mike Pence, Florida Gov. Ron DeSantis and entrepreneur Vivek Ramaswamy during Wednesday's debate.

## Rivals Spar In GOP Debate

*Continued from Page One*

he were already engaged in the general election.

At the debate, Trump was barely mentioned in the first hour. And when he finally came up, his hold over his opponents was clear: Asked if they would support Trump even if he is convicted in any of the four criminal probes he faces, only two debaters, former New Jersey Gov. Chris Christie and former Arkansas Gov. Asa Hutchinson, signaled that they wouldn't.

When Christie said Trump's alleged behavior couldn't be overlooked, the crowd jumped in with lengthy booing.

Florida Gov. Ron DeSantis initially dodged a question about whether former Vice President Mike Pence did the right thing by resisting Trump's pressure to hold up the certification of the 2020 election as rioters stormed the Capitol on Jan. 6, 2021.

"We need to end the weaponization of these federal agencies," DeSantis said, alluding to the federal probes of Trump and echoing the former president's contention that they are politically motivated.

Trump faces two federal indictments—in Florida for allegedly mishandling presidential documents and in Washington for seeking to overturn Biden's 2020 victory as well as cases in Georgia and Manhattan. He has denied wrongdoing.

DeSantis later added, "Mike did his duty" but asked: "Is this what we're going to be focusing on?"

Former United Nations ambassador and former South

Carolina Gov. Nikki Haley took a more forceful tack. "We have to face the fact that Trump is the most disliked politician in America," she said. "We can't win a general election that way."

Vivek Ramaswamy, the wealthy biotech company founder who is rising in polls, heralded Trump as "the best president of the 21st century" and positioned himself as Trump's heir as a truth-speaking nonpolitician. Throughout the event, he was the former president's most vocal defender, and attracted criticism from many of the others. He often gave as good as he got, sparring at various times with Christie, Pence and Haley.

"For a long time we have professional politicians in the Republican Party who have been running from something," he said. "Now is our moment to start running to something."

Ramaswamy took early hits over his lack of experience. Christie called him an "amateur" and mocked him for describing himself the same way as Barack Obama did back when he was a newcomer. Christie added that the smooth-talking 38-year-old sounded like artificial intelligence platform ChatGPT.

"I am the only person on this stage who isn't bought and paid for," Ramaswamy hit back. Toward the end of the debate, he made the case for a new generation of leaders.

Ramaswamy was also the only candidate who enthusiastically supported the end of U.S. funding for Ukraine in its war with Russia, saying the funds should be redirected to strengthening the southern U.S. border and that backing Kyiv is pushing Russia into

China's camp. That brought rebuttals from others who vocally supported the U.S. effort as a bulwark against Russian President Vladimir Putin's dictatorial expansionism, most notably Haley, who said: "You have no foreign policy experience and it shows."

DeSantis, Trump's closest opponent, had the most on the line Wednesday and he largely stayed on message, getting across his talking points about reversing a nation in decline. But he sought to have it both ways on Trump, avoiding direct criticism of the former president. "Republicans," he said, "we've got to look forward."

His campaign has stalled in recent months as it has dealt with layoffs, organizational changes and muddled messages that have shaken the confidence of some donors and supporters.

DeSantis likely won points from conservative viewers for rejecting the debate hosts' call to raise their hands on whether human behavior is causing climate change. "We're not schoolchildren, let's have the debate," DeSantis said to applause.

DeSantis did criticize Trump at times—though not by name—including over his handling of Covid-19. He accused him of letting Anthony Fauci, the government's longtime top infectious-disease expert, lead the way on lockdowns. Trump has accused DeSantis of hypocrisy given he followed that advice, at least initially, before bucking the trend and seeing a rapid increase in his national profile.

"I will never let the deep-state bureaucracy lock you down," DeSantis said, adding to applause that he would have called in Fauci and said, "Anthony, you are fired."

Pence forcefully injected himself in the conversation, stressing he followed his constitutional duty on Jan. 6, 2021. The audience didn't always embrace it, but Pence was consistent in his message, which invoked Ronald Reagan and pre-Trump conservative values.

He defended some Trump administration achievements, particularly on the border, but separated himself repeatedly from his former boss, including on Ukraine.

He repeated his campaign refrain that Trump asked him to ignore Pence's oath to uphold the Constitution when the then-president pressured Pence to hold up the certification of Biden's 2020 victory.

"Joe Biden has weakened this country at home and abroad," Pence said, setting up an attack on Ramaswamy, a frequent foe during the debate. "Now is not the time for on-the-job training. We don't need to bring in a rookie."

Sen. Tim Scott of South Carolina, who has been in third place in some national and early-state surveys, avoided jumping into most of the fights. He chose mostly to stick to his usual campaign themes about his inspiring life story and his record in the Senate.

Trump's debate snub reflected what he said was a huge lead over the field. But he tried to grab attention with the interview with Carlson, musing about how unusual it is that an indicted politician would appear to gain support rather than losing it after becoming the target of so many investigations.

"I'm so high in the polls. People see it's a fraud," Trump said.

GOP strategist Alex Conant summed up the night. "It was like a normal GOP debate in a world where Trump doesn't exist. Except he does exist, and he's winning by a lot."

—Annie Lindsey  
contributed to this article.

## South Carolina's Ban On Abortion Upheld By State's Top Court

By Laura Kusisto  
and Jennifer Calfas

South Carolina's highest court upheld a ban on abortion after about six weeks of pregnancy, a long-awaited victory for Republicans who faced repeated hurdles in their efforts to further restrict the procedure since the U.S. Supreme Court overturned *Roe v. Wade* in June 2022.

The 4-to-1 decision effectively reverses a ruling from earlier this year, in which the court had struck down a so-called fetal heartbeat bill, banning abortion in the earliest weeks of pregnancy on the basis that it violated a privacy guarantee in the state constitution. The decision significantly reduces abortion access in South Carolina, one of a few Southern states that had maintained robust abortion access.

Justice John Kittredge, writing for the majority, said that while the six-week ban "infringes on a woman's right of privacy and bodily autonomy," it was the role of the state legislature to make policy decisions.

Lawmakers determined that a woman's right "does not outweigh the interest of the unborn child to live" after a certain point in pregnancy, he said.

"Through the legal and judicial lens under which we must operate, while mindful of the difficult and emotional issue before us, we cannot say as a matter of law that the 2023 Act is unreasonable and thus violates the state constitution," Kittredge wrote.

After the South Carolina Supreme Court struck down a prior six-week ban in January, the female justice who wrote that opinion retired. That cleared the way for the state legislature to appoint a replacement, giving South Carolina the only all-male state supreme court in the country.

The legislature then passed a new six-week ban, over the objections of some female Republican legislators, sending

the issue quickly back up to the high court.

South Carolina Gov. Henry McMaster, a Republican, called the decision Wednesday a "historic moment" for the state and a result years in the making.

The law will force many residents to "remain pregnant against their will," said Jenny Black, president and chief executive of Planned Parenthood South Atlantic, one of the plaintiffs that challenged the law.

The events in South Carolina underscore how volatile abortion rights could remain for years to come. Unlike U.S. Supreme Court justices, state supreme court justices are often elected and typically don't have lifetime tenure. That potentially tees up repeated legal battles when the composition of the courts changes. In Iowa the legislature passed a six-week ban on abortion this summer, just weeks after the state's highest court deadlocked on whether to revive a 2018 law, leaving a permanent block in place.

Thomas Hydrick, an attorney for South Carolina, had argued in a hearing in late June that the prior decision hadn't been binding on future legislation. He argued that Justice John Cannon Few, who was one of the votes in the majority, had left open the door for the legislature to ban the procedure after six weeks if it adequately considered whether that gives women sufficient time to end a pregnancy.

The legislature, Hydrick said, had tried "to grapple with that question of is there sufficient time for a woman to know?" He pointed to language in the act saying abortion isn't permissible after the fetus has a "steady rhythmic heartbeat." That could potentially take place later than six weeks of pregnancy, giving women more time to decide, he said.

"You just walked yourself into a giant hole of ambiguity," Few said during the argument.



Abortion-rights demonstrators protested in the lobby of the South Carolina statehouse in May.



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U.S. NEWS

Nvidia Rides the Boom in AI

Continued from Page One  
dispensable to their growth and are making large investments in computing infrastructure to support it.  
In May, the company said it expected revenue to be around \$11 billion for its fiscal second quarter, almost \$4 billion more than Wall Street expected. Its shares rose 24% the following day, adding almost \$184 billion to its market value and eventually propelling the company's market value above \$1 trillion.

This year, Nvidia's stock has more than tripled, and investors in the options markets had been betting heavily that the shares would rise further after Wednesday's results.

Nvidia's sales surge has come with challenges. The outsize demand for chips adept at AI computation has strained the company's ability to supply them. The company doesn't itself make chips, but outsources its designs to companies including Taiwan Semiconductor Manufacturing, leaving it susceptible to a slowdown if that company doesn't expand production rapidly enough.

In May, Nvidia said it had secured higher supply for the second half of the year. On Wednesday, Chief Financial Officer Colette Kress said in prepared comments the company had purchase commitments and other obligations that were just over \$11 billion, up from about \$7.3 billion in the previous quarter. The rise, she said, reflected increased spending on long-term supplies.

"Our supply partners have been exceptional in ramping capacity to support our data center supply chain," she said in a call with analysts. Supplies are expected to increase each quarter through the next year, she said.

Nvidia said its board ap-



Nvidia is capitalizing on a growing interest in artificial intelligence, with its AI chips being tested in autonomous vehicles.

proved increasing its share repurchase plan by \$25 billion and that it expects to continue buying back stock this fiscal year. In the second quarter, the company repurchased about \$3.4 billion in shares.

The growing attention on artificial intelligence in society and business has also put Nvidia under a sometimes uncomfortable spotlight. The U.S. last year placed export controls on advanced AI chips sold to Chinese companies—a move that mostly impacted Nvidia, given its leadership in those kinds of chips.

Nvidia said at the time the restrictions could cost it as much as \$400 million in quarterly sales. Since then, it has developed a less-powerful version of its chips for the Chinese market, but the Biden administration is considering further curbs that would prohibit sales of those chips without a government license.

Revenue from China was within the company's historical range of between 20% and 25% in the second quarter, Kress said, adding that in the

long term, restrictions prohibiting the sale of its products to China would result in a permanent loss of opportunities for the U.S. industry in one of the world's largest markets.

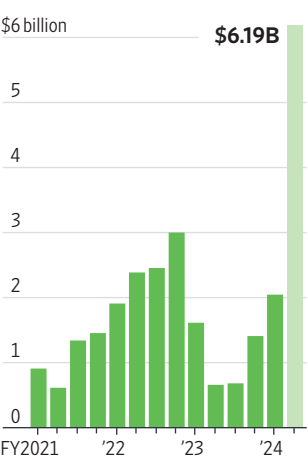
Nvidia became a juggernaut in AI by allowing software developers to tinker with its graphics-processing units starting over a decade ago. The company had long been a leader in graphics chips that make PC games run more smoothly and in higher resolution, but was seeking new uses and new markets for its chips.

Scientists found that the chips were good at running physics simulations. Cryptocurrency miners found they excelled at computations needed to mint new digital tokens. And researchers discovered they could speedily produce and deploy AI systems.

On Wednesday, Nvidia said revenue in its data center segment, which houses chips widely used in AI computation, was \$10.3 billion, more than double the prior year.

The company's gaming seg-

Nvidia's quarterly net profit



ment had \$2.5 billion of revenue, up 22% from the year earlier. Videogaming demand had been in a lull after a pandemic-era boom, and Nvidia and other chip companies have been waiting for elevated inventories to slim down and purchasing to resume. Kress said demand for the company's latest generation of computer-graphics chips was

strong and that inventories had normalized.

Huang has described the company's harnessing of interest in generative AI tools like ChatGPT as its "iPhone moment," a crystallization of its investments in the technology and related software.

The world has around \$1 trillion worth of data centers, Huang said on a call with analysts Wednesday, "and that trillion dollars of data centers is in the process of transitioning into accelerated computing and generative AI."

Nvidia currently has about 70% of AI chip sales, according to analyst Lucas Keh of New York-based Third Bridge Group, a research firm.

Its competitors are increasingly biting at its heels. Advanced Micro Devices, which also makes graphics processors and is challenging Nvidia in advanced AI chips, as well as other companies from Intel to a range of startups and cloud-computing giants, have their own plans and products that aim to capture a slice of the burgeoning market.

CDC Tracks Salmonella Outbreak to Pet Turtles

By JENNIFER CALFAS

Step away from your pet turtle.

A salmonella outbreak across 11 states has been linked to small turtles, the Centers for Disease Control and Prevention said, leading to 26 infections and nine hospitalizations.

The federal agency is telling pet owners not to "kiss or snuggle" their turtles, or eat and drink around them, to avoid possible infection.

There are no reports of death linked to the outbreak. The CDC has tracked infections between October 2022 and July.

Tennessee had six cases, the most of any of the states with reported infections linked to this outbreak. Pennsylvania had four infections and New York had three. More than 30% of those infected in this outbreak are under 5 years old, according to the CDC.

The CDC said it is likely more people have been infected in this outbreak and infections may have occurred in other states.

Any kind of pet turtle can have salmonella germs, the CDC said. Smaller turtles with shells less than 4 inches long can pose a particular health risk due to how children may interact with them. Turtles have been linked to previous outbreaks.

The Food and Drug Administration banned the sale of turtles with shells less than 4 inches long in 1975, but these small turtles can still be found illegally online and at stores or markets. The CDC said the majority of those infected reported having contact with a pet turtle. Many said they had contact with small turtles in particular.



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WORLD NEWS

Ukraine Seizes a Russian Helicopter

Moscow, meanwhile, replaces detained officer who allegedly knew of mutiny

By MATTHEW LUXMOORE

KYIV—Ukraine said it captured a Russian helicopter and its crew after they landed on Ukrainian soil, while Russia replaced the commander of its aerospace forces suspected of collaborating with Wagner mutineers, according to Russian state media.

Sergei Surovikin was detained in the aftermath of the attempted mutiny against Moscow in June, and knew about plans by the paramilitary group to march on the capital. Ukraine's HUR military intelligence service on Wednesday confirmed the seizure of a Russian helicopter after Ukrainian media reported that the pilot had defected to Ukraine, in what would be the first defection of a Russian pilot reported since Moscow's full-scale invasion 17 months ago. "We're working with the crew. Everything's good, more information to come," HUR spokesman Andriy Yusov said on Ukrainian television Wednesday. He didn't give details on where the helicopter was captured or how many crew members were on board. Ukrainian news outlet



Rescuers clear debris at a school destroyed in a Russian strike in the northern Ukraine town of Romny in the Sumy region.

Ukrainska Pravda cited unnamed Ukrainian security officials as saying that the Russian Mi-8 helicopter was captured by Ukraine after the pilot had agreed to cooperate with Ukrainian military intelligence and land the helicopter

in Ukraine's Kharkiv region, near the Russian border. The helicopter was ferrying equipment for Russian jet fighters between air bases, the officials said. In addition to the pilot, whose family was brought to Ukraine in advance, there

were two other crew members who weren't briefed on the plan to land in Ukraine, they said. Ukrainska Pravda said the two other crew members were killed. It published photos of the Russian helicopter, which it said was now in Kyiv, and of

what it said were the jet fighter components seized on board. A Russian retired jet fighter pilot, who said he was in touch with families of the crew members, said in a post on Telegram that the crew hadn't defected but lost control of the

helicopter for unknown reasons and veered into Ukrainian airspace, where it landed at the nearest airfield. Having realized they were in Ukraine, they tried to take off again, he said, but were attacked by Ukrainian forces on the ground and prevented from fleeing. Two crew members were killed and one was injured, he said. The claim couldn't be verified. Whether it was a Ukrainian special operation or a Russian blunder, the loss of the helicopter compounds ongoing issues in Russia's military. Russian state media on Wednesday said the head of the country's aerospace forces, who has been detained on suspicion of collaborating with Wagner mutineers in June, was replaced by one of his former deputies. People familiar with the matter told The Wall Street Journal last month that Surovikin knew about plans for the insurrection and was being held and interrogated in Moscow. Surovikin has been stripped of his duties and replaced by Viktor Afzalov, according to sources cited by Russian state news agency RIA. Russia's Defense Ministry didn't comment on Surovikin. Meanwhile, a Russian drone hit a school in the northern Sumy region, killing the school's director, her deputy and at least two other staffers, said Ukraine's interior minister.

Prigozhin Is Killed in Plane Crash

Continued from Page One  
lent politics as the country's losses in Ukraine mount, fueling deepening rifts in the upper ranks of the military and the governing elite. The war,

unleashed by Putin in February 2022, is the deadliest conflict for the country since World War II and has already caused profound damage to Russia's economy and social fabric. Russian civil aviation authorities said Prigozhin and two other top Wagner commanders were killed when his plane went down. The government said it was investigating the cause of the crash. Social-media channels close to the Wagner group, which has fought from Ukraine to Africa,

however, asserted that the plane had been destroyed by a Russian military antiaircraft missile. If Prigozhin's plane was indeed deliberately shot down, it would amount to a very public execution of a man who, after years as a dedicated and trusted ally of the Kremlin, turned into the most serious threat to Putin in the Russian president's 23 years in power. In the eye-for-an-eye politics in Putin's Russia, loyalty is paramount.

Prigozhin's death sends an unnerving signal to the country's elite which, according to insiders and Western intelligence assessments, has grown increasingly unhappy with Putin, his handling of the mutiny earlier this summer and his overall handling of the war. "Russia's elite will see this as revenge exacted for rising up against the Kremlin, and it's a move that makes it clear to everyone that Putin is still in control," said Tatiana Stanovaya, founder of Russian focused political consultancy R.Politik.

Prigozhin often publicly criticized Russia's top brass for incompetence, reflecting a growing criticism from commanders on the ground in Ukraine. While Prigozhin had largely stayed quiet after his mutiny, reports of his appearances on social media across Russia gave fodder to detractors of the Kremlin's war effort. But a public elimination of Prigozhin could have consequences for Russia, even on the battlefield where he gained popularity in part by delivering expletive-laden broadsides against Russia's notoriously corrupt military commanders. Wagner-linked social-media accounts called the former businessman a hero, while accusing those who stood behind his death of treason. "The murder of Prigozhin will have catastrophic consequences. The people who have ordered it have no idea about the mood and the morale inside the army," Russian military analyst and correspondent Roman Saponkov wrote on Telegram.

An adviser to President Volodymyr Zelensky of Ukraine described the downed plane as a message to Russian elites against disloyalty to Putin. Prigozhin caught the world's attention when he launched a mutiny precisely two months ago, on June 23, taking over the southern city of Rostov and marching on Moscow as he demanded the ouster of Russia's defense minister, Sergei Shoigu, and the chief of the general staff, Gen. Valery Gerasimov.

For months, he had accused defense ministry leadership of refusing to provide him with necessary ammunition for his Wagner forces' drive on the eastern Ukrainian city of Bakhmut. His forces took the city this year, handing Moscow one of its only recent battlefield victories. Prigozhin's rebellion ended after a deal was struck between Putin and Prigozhin under which Wagner would move its operations to neighboring Belarus and its leaders would receive immunity. At the time, Wagner shot down several Russian military aircraft. President Alexander Lukashenko of Belarus, who helped broker the agreement, later said that Prigozhin had returned to his hometown of St. Petersburg. A video re-

leased this week featured Prigozhin, apparently in Africa, seeking new recruits for Wagner.

Central Intelligence Agency Director William Burns, in remarks in Aspen last month, predicted that Putin—whose carefully calculated aura of strength was damaged by the Wagner uprising—would sooner or later exact revenge for the humiliation.

"Putin is the ultimate apostle of payback," Burns said at the time. "If I were Prigozhin, I wouldn't fire my food taster."

Following his mutiny, Prigozhin mainly disappeared from public view, largely abandoning the role he had cultivated for himself as a chief detractor of the Kremlin top brass and Wagner's best promoter. When he did reappear from time to time, either in a military tent, shown to be in his underwear, or meeting with delegates of a Russia-Africa summit, his doings were largely a mystery. Prigozhin grew up on the same St. Petersburg streets as Putin and became close to him through his Concord catering agency, which the Kremlin called on regularly to deliver sumptuous feasts inside the Russian seat of power and at Putin's various residences. Those who knew Prigozhin said he was adept at making himself liked, a skill he put to use to gain the trust of the president and his inner circle, they said.

In 2014, he came forward with an offer to manage a private military company, which operated in places like Ukraine and Syria in the Kremlin's interests. Wagner also expanded into Africa, where Prigozhin used it primarily as a vehicle to make money in the diamond and gold trade while operating as personal protection forces for the Central African Republic's government. Prigozhin later went on to own an online propaganda operation, the Internet Research

Agency, that interfered in the 2016 U.S. presidential election, according to the FBI. A U.S. arrest warrant was issued for him in 2018.

Prigozhin's status rose sharply with the start of the war. As he sought to boost his Wagner army, he was given permission to recruit from the country's vast prison system and pushed his soldiers to advance in eastern Ukraine. Through brutal fighting, Wagner became infamous for its

custom of executing deserters, often with a sledgehammer.

The Embraer jet owned by Prigozhin went off radar about 160 kilometers northwest of Moscow, according to a Wall Street Journal review of data from

the flight-tracking service Flightradar24. The plane was cruising at about 28,000 feet before it disappeared shortly after 6 p.m. Moscow time.

Greyzone, a popular Telegram channel close to Prigozhin, said his plane had been brought down by the Russian Defense Ministry's air defense systems. Several other supporters of Wagner on Russian social media expressed their outrage, calling for abandoning their front-line positions in Ukraine and focusing on injustices inside Russia.

Russia's civil aviation authority said that Dmitry Utkin, Wagner's top commander, was also aboard the crashed plane.

The Pentagon declined to comment about the crash and whether Prigozhin was on board, saying it was reviewing intelligence to make its own determination.

President Biden, asked about the Russian plane crash, said, "You may recall, when I was asked about this by you, I said I'd be careful what I rode in. I don't know for a fact what happened but I'm not surprised."

—Jack Gillum, Vivian Salama and Nancy A. Youssef contributed to this article.

The death sends an unnerving signal to Russia's elite.

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The Wall Street Journal's latest documentary goes deep inside the lethal global expansion of the Russian private military company Wagner. Scan this code or go to [WSJ.com](https://WSJ.com) to watch the documentary.



WORLD NEWS

Russia Seeks to Extend Reporter’s Detention

By KATE VTORYGINA  
AND ANN M. SIMMONS

Russian authorities have requested an extension of the pretrial detention of Evan Gershkovich, The Wall Street Journal reporter deemed by the U.S. to be wrongfully held in Russia.

Gershkovich, a 31-year-old U.S. citizen, was detained by agents from the Federal Security Service, or FSB, while on a reporting trip in the Russian city of Yekaterinburg on March 29. He is being held on an allegation of espionage that he, the Journal and the U.S.

government vehemently deny. His pretrial detention initially was set to expire on May 29, but was prolonged to Aug. 30 following an earlier request from the FSB. On Wednesday, the FSB made a request to further extend Gershkovich’s pretrial detention by an un-

specified length of time. Moscow’s Lefortovo District Court will meet Thursday to hear the application, according to Russian state media outlet TASS, which cited court sources. “Evan’s wrongful detention is outrageous and we continue to demand his immediate release,”

The Wall Street Journal said. In Russia, the period of pretrial detention can be extended for up to 12 months. Courts can grant additional extensions, as prosecutors and investigators assemble their case. It is rare in Russia for defendants—especially those

accused of serious crimes such as espionage—to successfully challenge their detention. The State Department has deemed Gershkovich as wrongfully detained, unlocking a broad U.S. government effort to exert pressure on the Kremlin to free him.

Ukraine’s Dangerous Pivot

Continued from Page One  
porter brought up the rear. Suddenly, grenades began flying. After one explosion, Reporter cried out, “I’m a 300!” Soviet-era code for a battlefield casualty. By the end of the day, only three of the five-strong team would be able to fight on.

This is what the Ukrainian counteroffensive looks like after two months: a slow and bloody advance on foot. Units such as this one—part of 2nd Company of the 1st Battalion of the 47th Separate Mechanized Brigade—were trained and equipped by the U.S. and its allies to use heavy equipment to smash through entrenched Russian positions and advance deep into occupied territory. The Russians had prepared, too, by laying minefields and digging deep trenches across the patchwork of farm fields.

When the Ukrainians launched their assaults at the start of June, their Western-supplied tanks and armored vehicles struggled to advance under withering fire from helicopters, antitank missiles and artillery.

So in late June, Ukraine switched tactics, and started advancing methodically in small units, a new phase in the conflict that is proving to be slow and risky. Instead of sweeping across the fields, the company from the 47th began battling a few hundred yards at a time, with occasional success—the brigade said on Tuesday its troops had taken the village of Robotyne—but with danger lurking in every trench and tree line.

The original plan

The 47th Brigade was honed for Ukraine’s D-Day. With the war largely stalemated late last year, and Russia occupying nearly 20% of the country, Ukrainian commanders singled out the former volunteer battalion for expansion, which meant receiving training abroad and equipment from Western allies.

The members of the 2nd Company were typical. Roman Pankratov, a 38-year-old who had managed the garden section at a branch of Ukraine’s equivalent of Home Depot, became a machine-gunner. Among the assault infantry were Olena Ivanenko, a 41-year-old restaurateur, and Olena Kuznetsova, a 27-year-old schoolteacher from Bucha who enlisted after she returned to her hometown to find bodies on the streets. Mykhailo Kotsyurba, a 38-year-old realtor, became the commander of a Bradley, the U.S. Army’s main infantry-fighting vehicle.

In Latvia, they spent five weeks learning the basics of infantry fighting. They traveled to Germany for a month and a half to learn how to use a Bradley.

Reporter, a journalist named Dmytro Rybakov, transferred to 2nd Company late last year from another unit in the 47th. He became an assistant to Pankratov, who had the nickname Sad, or Garden. “He liked our fighting spirit,” said Sad. “People didn’t need anyone to motivate them to learn.”

Reporter, a father to two teenage daughters, who has an interest in history and philosophy, stood out for his intelligence and enthusiasm. He also complained to Sad about work in the kitchen when he thought they should be training. “I’m not here to clean jars,” he told Sad. “I came to liberate my homeland.”

After lunch one day in Germany, Reporter left his rifle behind in the canteen, according to soldiers in the company. As a punishment, an officer made him carry a stick instead. His fellow soldiers considered it excessive, but Reporter took it on the chin. He wrote RPG-22 on the stick, the name of a Soviet-designed rocket launcher, and carried it with his head held high.

When Ukraine launched the first phase of the counteroffen-



Machine-gunner Roman Pankratov attends a comrade’s funeral, above; Mars recuperates in a hospital, right.

sive in June, the 47th Brigade was assigned one of the toughest tasks: to blast a path down the shortest route to the Sea of Azov from the city of Orikhiv. In the first 10 days, 2nd Company didn’t once dismount from their Bradleys and enter battle. Vehicles lost their way through confusion or a lack of night-vision equipment. One demining vehicle was blown up by mines laid by the Ukrainians themselves. When they got closer to enemy lines, the Russian defense was ferocious.

In one assault, a Russian antitank missile struck and disabled the lead vehicle in a long Ukrainian column as it entered a minefield, recalled Kotsyurba, the Bradley commander, better known as Kocherha, or Fire Iron. The vehicles behind it were stuck, and the Russians jammed their communications, then fired antitank missiles, rocket artillery and laser-guided missiles from helicopters.

One Leopard tank, turning to escape, detonated two land mines. Kocherha managed to pull his Bradley out after its turret stopped turning.

Two further attempts a few nights later ended similarly. The Russians were clearly zeroed in on the route.

The pivot

The next assault—and its failures—became a turning point. On June 17, the company set out to take two parallel trenches about 1 1/2 miles long. The operation was supposed to clear a path to a Russian supply route.

They started early in the morning. Once a path had been

cleared through a minefield, Kocherha’s Bradley set out for the nearest trench, followed by a second Bradley with eight troops crammed inside, including Reporter.

Kocherha set his troops down at the trench when an antitank missile hit the second Bradley 70 yards short of its target, concussioning the crew. One of them managed to scramble out and open a small door. The troops ran for the trench. Kocherha’s Bradley was hit with a rocket-propelled grenade, disabling the turret and the gun. The attack temporarily blinded Kocherha. He was concussioned and injured on his arm.

The platoon pressed along the trench, which was more than 7-feet deep. At times, they were so close to Russian troops they made eye contact, Reporter later told his family. Ivanenko, the restaurateur bet-

ter known as Ryzh, turned and saw Reporter. Unlike most of the others, she later recalled, he had no fear in his eyes. “I’ll cover you,” he said. They pushed forward.

The Ukrainians needed to dig firing positions to fend off Russian counterattacks. Sad spotted that Reporter had a shovel and told him to dig. “I can’t,” Reporter responded. His fingers were curled tight. He couldn’t relax them because of the adrenaline coursing through his body. Sad had the same problem. It took them 15 minutes to unclench.

Over several hours, the Ukrainians held off repeated Russian counter attacks that were backed by rocket artillery and mortars. As dusk fell, they were short on water and ammunition. Reinforcements hadn’t arrived, and they were under

threat of being surrounded. As the Ukrainians prepared to pull out, Reporter said he would stay to provide covering fire. Others encouraged him to leave, but he refused. “I came to fight,” he told them.

The withdrawing troops included Sad, Ryzh and Eiry, the nickname for Kuznetsova, the teacher from Bucha. They struggled more than a mile up a slope toward the Ukrainian positions, exhausted, dehydrated and carrying the weapons of the walking wounded. Barely 20 yards from their goal, a Russian tank emerged and fired a shell, killing three of them and badly wounding four. Shrapnel hit Ryzh in the calf and Eiry in the arm. Sad was severely concussioned and went into cardiac arrest. Medics revived him.

Reporter was nowhere to be seen, and they chalked him up as missing, presumed dead.

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Plan B

Reporter turned up the following morning. He told the others that he had hunkered down overnight, killed a couple of Russian looters, and followed tank tracks back to Ukrainian positions at first light. The rest of 2nd Company began to look at him as among their bravest fighters.

But the assault’s failure had sapped morale. It was clear the Ukrainians would have to change tactics. They were losing armored vehicles at an unsustainable rate for little gain.

So they reverted to tactics used by other Ukrainian units earlier in the war: using small units to advance methodically, defeating one Russian position after another. Other Ukrainian units made a similar switch after having faced the same kinds of losses.

Assault squads would walk miles on foot, facing dehydration in the scorching heat as well as an entrenched enemy. They hugged tree lines for rare

cover on the open steppe, or moved at night to avoid detection. Bradleys were a target for the Russians, so they would be used primarily to deliver troops or to evacuate the wounded. They were advancing. Reporter’s wife thought on a video call that he looked exhausted.

Over several days in mid-July, the company pushed the Russians out of three trenches of about 200 yards each along the edge of a wooded area. The woods now became a new front line. On July 17, Reporter, Donbas, a 23-year-old miner, and Mars, a 39-year-old sales supervisor at the eponymous confectionary company, were among the squad sent to clear it.

They crept along the trenches then into the trees and took up defensive positions to wait for instructions. Donbas spotted a Russian patrol and opened fire before starting a pullback to the nearest trench.

When they noticed Mars wasn’t with them, they crept back toward the woods and saw him crawling toward them, his left leg limp. A bullet and shrapnel from a grenade had torn a 2-inch hole in the bone.

The Ukrainians took it in turns to pull Mars. They had made it to the trench when an automatic grenade launcher began firing at them, apparently directed by an aerial drone. Everyone took cover as best they could, in a dugout or in burrows made by Russian soldiers. Reporter hunkered down in the trench.

Seconds later, Donbas heard Reporter cry out.

Donbas dashed to his colleague, but had to return to cover as grenades rained in again. Donbas returned and saw smoke: Shrapnel had pierced Reporter’s radio and set it on fire. A Russian grenade had exploded right next to him, spraying his right leg, arm and torso with shrapnel, according to Donbas and a video of the aftermath. Reporter was still conscious, mumbling something about a drone, as his colleagues applied tourniquets. Two men carried him to the next trench, while others helped Mars.

When they reached the second trench, they were targeted by an explosive drone. Other soldiers used an antidrone rifle to disable it before it hit.

Reporter was dead. The men turned their attention to Mars. Hours later, an armored car came to evacuate him. As it sped away, a Russian tank fired and blew apart its tires. Somehow, the car made it to safety. Mars is now in hospital in western Ukraine facing a long rehabilitation.

Donbas is fighting in southeastern Ukraine. He is one of many questioning why their commanders seemed to throw them into such dangerous assaults.

“The brigade is highly motivated. No one has ever said, ‘I’m not going;’ ” said Donbas. “But when, every time you go out, your fellow soldiers are killed and injured, it’s psychologically tough.”

Many members of 2nd Company gathered at Reporter’s funeral. Days later, they went to another, for 24-year-old Yulia Shevchenko, killed when a headquarters building was hit by a Russian missile. They talk, without question, of returning to the fight.

Ryzh was planning extra training to overcome her fear of grenades. Eiry went to Bucha to fetch an off-road buggy funded by volunteers that she hopes will allow the soldiers to move quickly and less conspicuously.

Kocherha’s arm is in a sling and he can’t make a ball with his fist because of nerve damage. He is scheduled for an operation to remove shrapnel from his arm. Asked whether he would return to the front after recovery, he said, “My guys are there.”

Sad left the hospital at the start of August. He sat in a park in his hometown of Chernihiv one recent day, and mused about how most of the civilian men passing by would end up serving in the military. “It’s a question of our existence,” he said.



FROM TOP: SERHIY KOROVANYI FOR THE WALL STREET JOURNAL; EMANUELE SATOLLI FOR THE WALL STREET JOURNAL



Note: The date associated with the fortifications is the date of the imagery used to identify them, not of construction. Sources: Brady Africk, American Enterprise Institute (Russian fortifications); Institute for the Study of War and AEI’s Critical Threats Project (Russian-controlled area, front lines) Emma Brown/THE WALL STREET JOURNAL



WORLD NEWS

North Korea’s Second Spy-Satellite Launch Fails

By Timothy W. Martin  
and Chieko Tsunekawa

North Korea said its second spy-satellite attempt failed Thursday, faulting an error in the rocket’s “emergency blasting system” during a latter stage of flight.

The launch’s first and second stages were normal, Pyongyang’s state media reported, but a malfunction occurred during the third stage. The reason for the misstep wasn’t a major issue related to the reliability of the satellite’s engines

or system, state media said.

A third reconnaissance-satellite launch is set to occur in October, according to North Korea’s National Aerospace Development Administration, which conducted the launch.

The testing blunder further delays progress for a spy-satellite technology that is crucial to the Kim Jong Un regime—and a key part of the dictator’s five-year weapons strategy announced in January 2021.

North Korea said it conducted the Thursday launch of its new Malligyong-1 spy sat-

ellite from the Sohae Satellite Launching Station, located on the country’s western coast.

Japanese officials said a ballistic missile was fired at about 3:50 a.m. local time and flew over the country’s Okinawa prefecture. The missile was presumed to have headed toward the Pacific Ocean, said Hirokazu Matsuno, Japan’s chief cabinet secretary.

In earlier state-media photos, the North’s spy satellite appeared to be a three-stage, space-launch vehicle, weapons experts say.

The vehicle broke into multiple parts, Matsuno said. One piece landed about 186 miles in the Yellow Sea west of the Korean Peninsula. Another splashed into the waters about 217 miles southwest of the Korean Peninsula in the East China Sea. A third part landed roughly 370 miles east of the Philippines, Matsuno said.

South Korea issued a similar assessment of the launch time and location of the test.

Pyongyang has argued in the past that its satellite launches serve research or ci-

vilian purposes. Even so, the U.S. and other countries have condemned such launches because space rockets use similar technology to that used in ballistic missiles. North Korea’s satellite launches are prohibited by the United Nations Security Council.

To the Kim regime, space-based satellite technology—which it currently lacks—would provide surveillance capabilities and serve as an additional asset to launching nuclear strikes with better accuracy, weapons experts say.

North Korea has conducted more than a dozen weapons tests this year, including several launches of intercontinental ballistic missiles that have the potential range to strike the U.S. mainland.

Pyongyang’s continuing illicit missile-testing activity has helped spur tighter military coordination between Seoul, Tokyo and Washington.

The U.S. and South Korea started annual joint military exercises on Monday. The drills include training for scenarios to swiftly transition into war.

FROM PAGE ONE

Dog Treats For Luxury Renters

*Continued from Page One*

stood everything that happened that night, even though her prizes included a stuffed catfish toy and a container of dehydrated chicken livers. Chris Melerski, the building resident who owns the Greater Swiss Mountain dog that won the crown—a gold foam board cutout, trimmed with faux white fur—was very appreciative.

“Dog people really are dog people,” he said. “When they offer things like this where you live, it means a lot.”

For years, pet needs tended to be an afterthought for the firms that managed luxury apartment towers. Landlords believed that showering tenants with deluxe amenities such as fitness centers, swimming pools, basketball courts and outdoor grilling stations was the way to fill up a building and command high rents.

Covid-19 altered that calculus after an explosion in pandemic pets. Millions of Americans adopted dogs as companions for long stretches stuck at home.

Pet mania has unleashed fierce competition among property owners to lure new tenants by offering the most generous—and sometimes over-the-top—dog perks, from dog schools to pet happy hours and giant rooftop dog parks. About 36% of U.S. apartment residents had a pet in 2022, according to a survey by the National Multifamily Housing Council.

“From the moment you start thinking about your business plan and start thinking about the design, you’re thinking about pet owners,” said Raul Tamez, a senior director for Greystar Real Estate Partners, the largest U.S. apartment manager, which operates more than 2,800 rental properties.

Greystar’s San Diego luxury high rise features a “bark bar” in the lobby with treats, bowls of water and a list of every five-star dog walker who works nearby.

Landlords say renters are prioritizing the needs of their pooches over other factors long considered the most crucial when choosing a place to live.

When Mike and Kelli Callanan looked for a new place to live in New York City, their pet’s needs were top of the list. The Manhattan building they found features a pet-bathing and grooming area, and doormen with a weakness for doling out dog treats.



Choupette, left, and Mojo were crowned Puppy Prom queen and king at a property near Atlanta.

“Darby was the main reason that we moved,” said Kelli Callanan, referring to their mini bernedoodle.

New York developer Related hired a designer to build a 5,600-square-foot rooftop dog park atop a San Francisco apartment building. The park is matted out in artificial turf and includes a replica fire hydrant to encourage bathroom breaks. Staff take care of cleaning.

In New York and other cities, Related also created Dog City, a daycare with activities including art, gardening and baking, aimed to accommodate dogs that live in its buildings.

For one project, staff dipped dogs’ paws in pet-safe paint and guided them where to stomp around the canvas to form the shape of a tree—one of many activities likely more entertaining for the owners than the

dogs. Employees dressed pups up as artists to take photos of each with their paintings. Charcoal and Ashes, Annette Krayn’s two Chihuahuas, gave the art to their “Grandma.”

All dogs undergo temperament exams to ensure they can get along with daycare classmates. New dogs meet with each existing member individually, under the supervision of staff on the lookout for troublemakers.

“It’s harder than getting into a kindergarten at this point,” said Krayn. Charcoal initially failed the test—Krayn said he was dealing with anxiety after a kidnapping incident—so she enlisted a handler to help him pass the exam.

Cortland hosts “Yappy Hours.” The outdoor mixers offer peanut butter and pretzel swirl flavored Ben & Jerry’s Doggie Desserts and “pup cup” ice cream for the dogs, and pizza, tacos and loaded fries from food trucks for the humans. At some buildings, staff set up sprinklers, mini inflatable pools and splash pads in the dog park.

In New York, the Callanans’ dog, Darby, slipped away from the person who was walking her on Randall’s Island while the family was away in Massachusetts. Darby found her way across the river and back to her building in Manhattan, sopping wet. The doormen recognized her right away, and helped get her to a vet’s emergency room, where she spent two days recovering.

Dog City, the doggy daycare, sent Darby a get-well-soon gift basket that included blankets, toys, a Yeti water bowl, dog treats and a \$100 Dog City gift card, with a note that read: “She is a miracle and a celebrity in our eyes with her amazing yet terrifying adventure.”

DOYLE

Fernando Botero, Family, 2012. Graphite on canvas. 53 1/2 x 37 1/4 inches.  
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Don't look now, but more hotels are mone-  
tizing the mountain of  
daily requests for early  
check-ins and late  
checkouts with fees for  
extra hours in the room.  
This convenience used to come  
as a courtesy outside of Las Vegas  
casino hotels, where such fees  
have been the rule for years. Now  
properties across the country—at  
a spectrum of price points, from  
budget hotels to luxury resorts—are  
trying it.  
The welcome letter at the Hyatt  
Place Boston Seaport lists a lineup  
of late checkout fees along with  
the hotel essentials. Want to stay  
past 1 p.m.? That will be \$50. 2  
p.m.? \$75. 3 p.m.? \$100.  
Choice Hotels' website says  
early check-in requests are "sub-  
ject to a surcharge." New York's  
TWA Hotel advertises early check-  
in fees of \$25 to \$75 and late  
checkout fees of \$50 to \$150. Mar-  
riott representatives tell guests  
who complain about the fees on  
social media that hotels have the  
right to charge them.  
They are throwing one more un-  
expected fee at guests tired of al-  
most every tiny perk now coming  
with a price tag. Those charges  
have piled up as travel has surged  
back, filling rooms again and giving  
hotels fewer reasons to worry  
about the repercussions.

Plenty of hotels try to honor  
early check-in and late  
checkout, and you can  
push back at hotels  
that don't. But travel-  
ers imagining it's a  
guarantee are in for  
major disappointment.

One less perk

Amy Franks, a Florida  
travel agent, has dia-  
mond status in Hil-  
ton's loyalty program  
and usually has no  
problem securing early  
check-in. That changed  
when she tried to  
check in a couple of  
hours early at a Dou-  
bleTree Suites by Hil-  
ton in Orlando, Fla., on  
a staycation last year.

She mentioned her Diamond  
status to the hotel, which doesn't  
guarantee early check-in, and  
asked, "Why are you trying to  
nickel and dime?" she says. "They  
just gave me a cookie-cutter an-  
swer that it's their policy."

She disputed the \$35 fee and  
eventually checked in about an  
hour early.

Wei Chang, a precious-metals  
dealer from California who travels  
frequently to trade shows, says he  
has had a harder time avoiding  
fees lately, even with his loyalty  
status in several programs.

"I always encourage people not  
to pay it," he says. "Once you start  
paying it, it creates a precedent.  
It's going to be harder to not pay



▲ 'Why are you trying to nickel and dime?' Amy Franks asked a hotel that had an early check-in fee.

it in the future."  
Hoteliers say charging a fee  
brings order to one of the top  
guest requests. Who hasn't wanted  
early check-in after a red-eye  
flight? It also helps offset extra  
housekeeping hours required when  
travelers arrive early or stay late.  
The Hotel Nikko in San Fran-  
cisco charges \$50 for check-in be-  
fore 1 p.m. for all but its most fre-  
quent guests. (Check-in time is at  
3 p.m.) Vice president and general  
manager Anna Marie Presutti calls  
it the "price of convenience."  
Presutti says there is a miscon-

ception that hotels  
are making a lot of  
money off of  
early check-in fees.  
"We're not," she says,  
"because we had to  
pay a housekeeper to  
get in early and get  
the rooms ready.  
We're basically pass-  
ing the cost on to the  
consumer."

I generally refuse  
to pay a fee to check  
in to a hotel early or  
stay after checkout  
time, putting this in  
the same category as  
those annoying air-  
line seat fees for a  
spot closer to the front of the  
plane. I include the requests in my  
reservation and politely ask during  
check-in and checkout. Sometimes  
it's a yes, often it's a no. I store  
my bags and move on.

I made an exception on  
a business trip to Las Ve-  
gas last year. My flight ar-  
rived in the morning and I  
needed to start working.  
The only option to get  
into my room at the Fla-  
mingo Las Vegas, the  
front desk agent told me,  
was to pay \$40.

He tried to soften the  
blow by telling me that it  
was just two hands of  
blackjack.

No room at the inn

More recently, on another Vegas  
work trip, I figured a free early  
check-in was a gimme because I  
didn't arrive at The Cromwell until  
2:45 p.m. on a summer weekday.

I was wrong. A front desk  
agent told me I had to pay a \$35  
fee to get into my room before 4  
p.m. She said she couldn't over-  
ride the system.

It felt like a shakedown and I  
declined. The couple in front of  
me paid the fee. I ended up get-  
ting into the room about an hour  
early thanks to another agent. (I  
never identify myself as a re-  
porter and use personal email  
for reservations.)

Terrence O'Donnell is general  
manager of the 188-room Crom-

▼ New York's TWA Hotel has early  
check-in fees of \$25 to \$75 and  
late checkout fees of \$50 to \$150.

well, which, like the Flamingo, is  
part of Caesars Entertainment. He  
says the charges are necessary to  
help manage the hotel's tiny in-  
ventory of rooms available for  
early check-in or late checkout on  
any given day. The hotel's occu-  
pancy was 99.8% in July, he says.

First priority for early check-in  
or late checkout goes to hotel  
guests with status in the Caesars  
loyalty program, who don't pay for  
the perk. Any rooms left are up  
for grabs for a fee.

About 4.5% of guests pay an  
early check-in fee, which varies  
based on time and other factors,  
he says. Half that amount pay a  
fee for late checkout.

Amy Sirmons, director of sales  
and marketing for The Art Hotel  
in downtown Denver, says the ho-  
tel tries to honor early check-in  
and late checkout requests, but  
they aren't guaranteed.

Travelers who arrive  
extra early or want to  
depart late in the eve-  
ning typically must pay  
for another night. For  
more reasonable re-  
quests, the hotel  
charges \$50 when rooms  
are available. She likens  
the challenge of balanc-  
ing these requests to a  
videogame.

"It's a little bit of a  
game of 'Tetris,'" she  
says.



New Rules Worrying Disabled Travelers

By JACOB PASSY

Theme parks, airlines and other  
businesses are stepping up ef-  
forts to weed out abuse by op-  
portunists pretending to be disabled  
to save money or cut long lines.

Companies looking to stem the  
abuse increasingly are turning to  
nonprofits or credentialing agencies  
to determine who qualifies for ex-  
emptions. In July, Universal theme  
parks in California and Florida began  
requiring guests with disabilities to  
register ahead of their visits with  
the International Board of Creden-  
tialing and Continuing Education  
Standards. IBCCES, a for-profit com-  
pany, also works with Six Flags  
theme parks across the U.S. and the  
Sesame Place park near Philadelphia.

Accommodations include front-  
of-line access or traveling with a  
service animal. This assistance is  
critical for disabled people for  
whom traveling already can be a  
Herculean task.

Travel companies say the new  
policies will cut off avenues schem-  
ers have used. Still, these policies  
can create new operational chal-  
lenges as employees get up to  
speed. And disabled travelers say  
they create additional burdens  
when they travel.

Amy Schinner, a theme-park re-  
searcher for travel-planning company  
Touring Plans, relies on accommoda-  
tions at theme parks for her 25-  
year-old son, Ben, who is autistic.  
Her son has difficulty waiting in long  
lines for rides. Now, Universal visi-

tors such as her must fill out an on-  
line application through IBCCES that  
requires documentation of their con-  
dition and a doctor's contact.

Schinner says the documentation  
requirement could present chal-  
lenges. "To get his records took a  
lot," says Schinner, who lives in  
Winter Garden, Fla.

A Universal spokeswoman says  
pre-registering is easier and faster  
than the previous system.

Airline issues

Disabled travelers have also en-  
countered new hurdles in accessing  
accommodations with airlines.

The Transportation Department  
issued a rule in 2020 allowing air-  
lines to prevent people from board-  
ing with emotional-support animals.  
Airlines now can require anyone with  
service animals to submit two forms  
before flying—one verifying the ani-  
mal is vaccinated and trained, an-  
other verifying it won't need to re-  
lieve itself during longer flights.

Every airline handles this paper-  
work differently. Open Doors Organi-  
zation, a disability-advocacy non-  
profit, works with four airlines,  
including Alaska Airlines and Jet-  
Blue Airways.

Open Doors clears service ani-  
mals to fly, says the organization's  
executive director, Eric Lipp, after  
which travelers must provide Open  
Doors with their flight confirmation  
information. Open Doors then in-  
forms the airline that the service  
animal's paperwork is in order.  
Elizabeth Schoen, a Minnesota



People have pretended to be disabled to save money or cut their wait time at theme parks.

college student, says she missed a  
JetBlue flight in March after the car-  
rier denied boarding to her service  
dog. Schoen is legally blind.

She says she submitted paper-  
work before her flight through Open  
Doors and was preapproved, but  
misentered her flight information.  
When she reached out to JetBlue  
and Open Doors, they couldn't fig-  
ure out the error, she says.

Schoen brought her paperwork to  
the airport, but says airline staff re-  
fused to accept it. She had to take a  
Delta flight the next day. JetBlue

later refunded her fare and offered  
her a credit. A JetBlue spokesman  
says the airline works with Open  
Doors to ensure it has the right ex-  
pertise in complying with the new  
DOT guidelines, adding that it always  
reviews customer feedback.

Problems with cheats

Disney parks used to let people with  
disability passes skip standby lines  
upon request. It overhauled the sys-  
tem about a decade ago following  
reports that visitors were hiring  
people with disabilities to get them  
front-of-line access.

People on online message boards  
continue to discuss how to take ad-  
vantage of the system, says Lizzie

Reynolds, owner of Platinum  
Mouse, a travel agency whose clien-  
tele include many families manag-  
ing disabilities.

Disney and other  
theme parks also sell ser-  
vices that allow people to  
skip the regular, longer  
lines for attractions, cre-  
ating incentives for peo-  
ple without disabilities.

Disney doesn't require  
proof of disability for ac-  
commodations, though vis-  
itors may be asked about  
their condition. Those vis-  
itors don't bypass the regu-  
lar standby lines for rides  
immediately. Instead, they  
receive return times in the  
theme park's mobile app  
comparable to the ride's  
posted wait time.

Disability-rights law-  
yers question whether the  
information required to  
get an IBCCES card vi-  
olates the Americans With  
Disabilities Act. Laurel Francoeur, a  
lawyer in Winchester, Mass., who  
specializes in disability law, says the  
Justice Department specifies that  
people shouldn't be required to dis-  
close the nature of their disability to  
receive accommodations unless  
there are public health or safety  
concerns. "It's against the spirit of  
the ADA," Francoeur says.

The Universal spokeswoman said  
the company is confident the pro-  
cess is lawful.

IBCCES President Meredith Tekin  
defends the process. She says one of  
the organization's goals in developing  
its system was to avoid forcing dis-  
abled visitors to have public conver-  
sations about their condition.



PERSONAL JOURNAL.

# The Mystery of the Missing Philadelphia Office Workers

City lags behind most metro areas in the return-to-office race, but some question the count



By KATIE MOGG

*Philadelphia*

The City of Brotherly Love has a new reputation as one of the emptiest office districts in America, sparking a debate over what’s keeping Philadelphia workers at home.

According to one weekly measure, the majority of office workers in and around Philly continue to work remotely much of the time. Only Silicon Valley’s tech workers go to their San Jose, Calif., offices less when compared with prepandemic office-use rates, according to Kastle Systems, a security firm that tracks employee badge swipes in and out of buildings. New York City occupancy has consistently been

**Some see crime and wage tax as cause, but city boosters beg to differ.**

more than 45% this year, while Dallas and Austin, Texas, office use has ranged between 50% and 65%. Kastle’s Back to Work Barometer shows Philadelphia’s office-occupancy rate hovering around 40% in recent months—and under 40% for some weeks of this summer. Philadelphia, like many U.S. cities, has gone full throttle on efforts to lure people back into downtown areas. But the combination of the office-worker exodus, taxes and crime has resulted in more empty office space on the market today than during the 2008 recession, theorize researchers, Philadelphia employees and real-estate professionals. Center City District, a business-improvement group aimed at keeping downtown Philadelphia safe and attrac-



tive, said its own data set shows office occupancy steadily rising to 57% as of June. The group uses data from street sensors and mobile-phone location pings to monitor foot-traffic in a stretch of downtown with the most office buildings, said Paul Levy, chief executive of Center City District. Levy wants to see office occupancy in the district reach at least 75% to ensure downtown’s vitality, and bring back jobs in restaurants and other businesses that cater to employees in skyscrapers. “As an organization, we’ve done everything we can to reactivate,” Levy said. In the fall, the district will hand out free coffee to people as they exit trains in the area.

**Comcast is boosting its at-work requirement to four days a week in the fall at its Philadelphia base.**

**A security firm that tracks worker badge swipes has Philadelphia at under 40% office-occupancy rate, but a downtown group says that neighborhood was 57% as of June.**

Smaller boutique office spaces tend to have the largest return-to-office rates, but they don’t use Kastle to track badge swipes and so are missing from its data. This could help explain why occupancy rates seem low, said Les Haggett, a Philadelphia-based first vice president at CBRE, one of the largest commercial real-estate property managers in the U.S. Kastle said its tally of Philadelphia’s office occupancy is pulled from more than 200 buildings in and around the city and its suburbs, including some as far away as Wilmington, Del. Also missing from the Kastle

Square, a sports bar in Center City. Though customers are slowly returning, sales have yet to fully rebound, she said. “I think that a lot of people have a fear of coming into Center City,” she said. Philadelphia Police Department data shows that citywide crime is still up compared with the pre-Covid era. Violent crime so far this year, including homicides, rape, theft and assault, is up 3% compared with the same period in 2019, and property crime including theft and auto break-ins, has risen more than 65% over the same time frame. Samir Patel, an accountant at a nonprofit in Philadelphia, said he grudgingly takes the train in from the suburb of Bensalem five days a week. Most of his colleagues are remote, he said, but his job requires him to work with physical papers in person. “I hate it,” he said.

## Jump in CD, Bond Yields Will Also Lift Your Tax Bill

By ASHLEA EBELING

Americans are taking advantage of higher returns on their Treasury bills and other fixed-income investments. That joy might be dampened when they see their tax bills. Over the past five weeks, investors have put a net \$91.1 billion into money-market funds, according to Refinitiv Lipper data as of last Wednesday. U.S. government bonds, high-yield bonds and bond funds, and a host of other fixed-income assets have been similarly popular. I bonds were so popular last year that the Treasury Department website crashed. The driving force pushing Americans back into fixed income is returns. For over a decade, most of these assets gave investors next to nothing to hold them. Now, many are returning 4% or more a year. All that extra return comes with a catch. The same investment that left you with a tiny tax bill two years ago might now cost a lot of

money at tax time. In nearly all cases, no tax is withheld, meaning many taxpayers will get a surprise tax bill next spring. “Rates have been so low for so long, people aren’t used to actually receiving interest income and they don’t realize it’s taxable,” said Neil Denman, a certified public accountant in Little Rock, Ark. Denman said that if you’ve got \$2,000 of interest income, and you’re in the 30% tax bracket, that’s an extra \$600 of tax you might not have been planning on. More specifically, he said if you’ve got \$100,000 in a money-market fund earning 5%, that’s \$5,000 in interest and potentially \$1,500 in taxes. Whether you’re investing in a high-yielding money-market account, a certificate of deposit, or an I Bond, there are different tax rules. You might owe federal income taxes or state income taxes or both. You might owe taxes this year, next year or decades from now. Your tax bracket and your state of residency come into play. These tax considerations affect people in taxable accounts rather than tax-deferred retirement plans such as IRAs and 401(k)s. Earning more investment income in taxable accounts can push you into a higher tax bracket and cause unintended consequences, said Dan Griffith, director of wealth strategy at Huntington Private Bank in Canton, Ohio. For lower-income people, that



could mean getting taxed on Social Security benefits. For higher-income people, that could mean facing the 3.8% net investment income tax that applies once your adjusted gross income is above \$200,000 for most single filers or \$250,000 for most married couples. Here are the tax details on various fixed income investments. **I bonds.** Investors flocked into these inflation-adjusted U.S. savings bonds last year when they were earning a 9.62% annual rate, and they’re still buying them even though the rate is now 4.3% for new purchases. There are no state or local taxes on the interest earned, which is a benefit for investors in high tax

states. Generally, I bonds aren’t taxed at the federal level until you cash them in. There is an option to pay the federal income tax annually. In certain cases, you may be able to exclude all or part of the interest from federal income taxes if you use the proceeds to pay for higher education. **Certificates of deposit.** Interest earned on CDs is taxed as ordinary income at the federal and state level, typically in the year you earn the interest. On a five-year CD, for example, you’d owe taxes on the interest earned and paid out each year. **Money-market funds.** Money-market funds can be subject to federal and state income taxes. There

are taxable money-market funds and tax-free money-market funds, depending on the underlying investments in the fund. **Treasury bills.** Treasury bills are generally exempt from state and local taxes. You’ll owe federal taxes as interest payments roll in each year when you file your federal tax return. If you buy Treasuries on the TreasuryDirect website, you can elect tax withholding. **Municipal bonds.** Income from bonds issued by state, city and local governments is generally free from federal income taxes and from state income taxes in the state where the bond was issued. If you live in Arkansas and have an Arkansas bond, it would be tax-free, but if you have a Missouri bond, you’d owe Arkansas income tax on it, Denman said. Some states do tax interest on their own bonds. Some states don’t tax interest on muni bonds from any state. Some investors should check whether they need to make estimated tax payments throughout the year or adjust their tax withholding, based on the new higher yields they’re earning, said Edward Ryan, an enrolled agent in Rutherford, N.J. “Two years ago we were updating estimates because there were a lot of gains in the stock market. Now you have to look at the fixed-income piece,” he said.





# CRISS-CROSSING THE GLOBE

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# ARTS IN REVIEW

By Kristin M. Jones

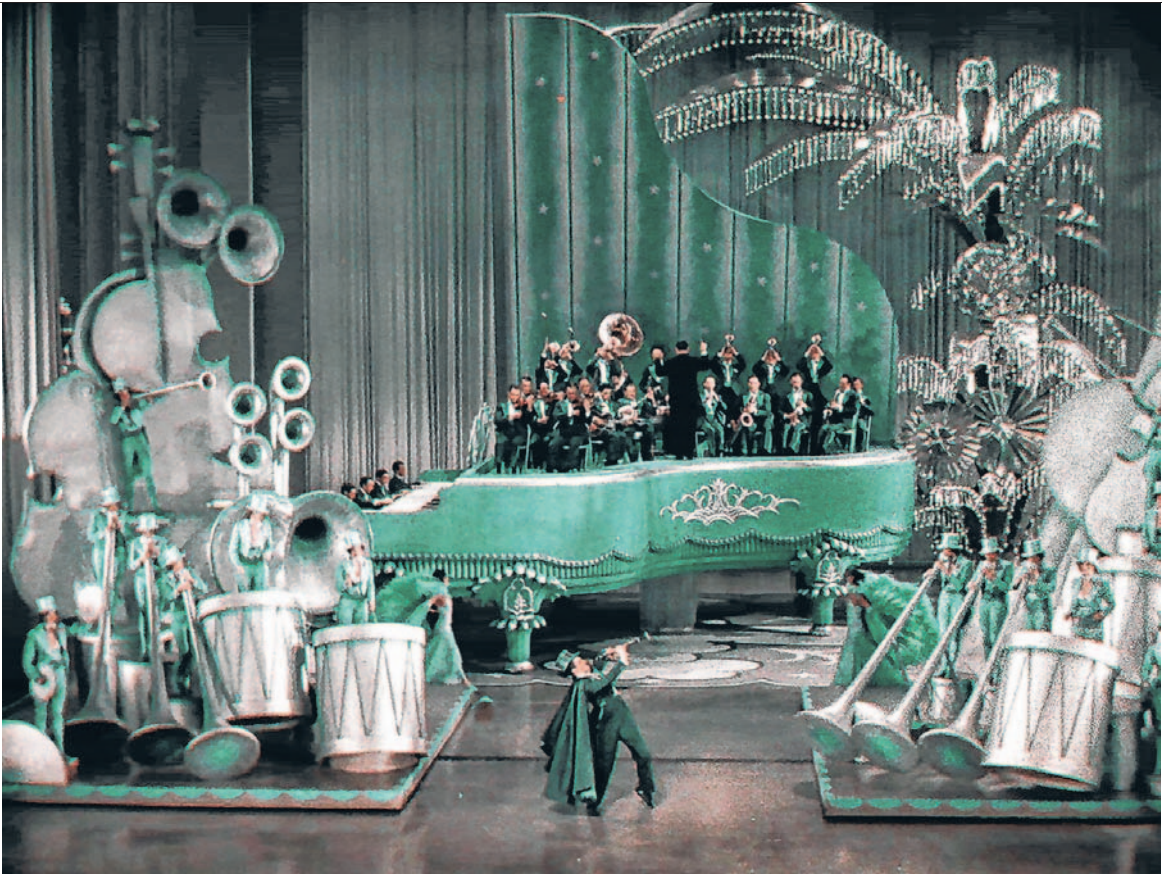
*New York*  
With its polychrome angels and demons, tinted scenes and more, color in early cinema offers many pleasures, but the significant role it played during the period has often been forgotten or underappreciated. Expressive and often strikingly beautiful, it evokes the wonder of magic lantern shows, theatrical lighting and stained glass. Even the imprecision of some techniques that were used only adds to their otherworldly allure.

An array of films dating from the dawn of cinema to the mid-20th century, including restored shorts, features and avant-garde animation, are screening in the series “Eye Candy: The Coming of Color” at the Museum of Modern Art in New York through Sept. 6. Organized by Ron Magliozzi, curator in the department of film, with Steve Macfarlane, film department assistant, “Eye Candy” is presented in conjunction with an exhibition at the museum, organized by Mr. Magliozzi, that is on view through spring 2024. “Before Technicolor: Early Color on Film” features an installation of nine digitally restored film works from the museum’s collection (most of which are also included in “Eye Candy”).

Synthetic dyes developed in the 19th century were used in magic-lantern slides, posters, advertisements, fabrics and more. After the invention of cinema, dyes were added to areas of individual frames of many black-and-white film prints, in a painstaking process—often carried out by women artisans—yielding unique copies. Among the earliest works in “Eye Candy” are brief dance films from the 1890s in which hues applied to the image of a dancer’s hypnotically billowing dress resemble colored lights.

Hand-coloring enhanced the captivating artistry of films by the pioneering Georges Méliès, with their tricks and elaborate sets. A program of eight works from the Cinémathèque Française collection, preserved in collaboration with the Méliès family, reflects a range of genres. “Jeanne d’Arc” (1900) ends with clouds parting to welcome the saint into a glowing heaven. In “The Wonderful Living Fan” (1904), segments of a large yellow fan metamorphose into women wearing magically changing costumes. “The Impossible Voyage” (1904) follows comically enthusiastic adventurers who survive calamities as they travel over mountains, up into the mouth of the sun and down into the sea, before returning to land, bearing golden telescopes.

► **Carole Lombard in director William Wellman’s 1937 screwball comedy ‘Nothing Sacred’**



◀ A still from ‘King of Jazz’ (1930), a musical revue featuring Paul Whiteman and his orchestra

wicz, who was known for his animal and insect animations. In this tale combining live action and stop-motion, fairy stories and dark reality, a little girl sets a bird free after he sings to her of his mate. Non-narrative avant-garde works also pushed the creative boundaries of color on film. In one of two selections by the experimental filmmaker and artist Len Lye, “A Colour Box” (1935), vivid marks made directly on film stock seem to dance on screen. “Motion Painting 1” (1947), by the animator and artist Oskar Fischinger, brings to life dynamic painted abstractions. Numerous “natural color” processes arose in the years before the perfection of Technicolor, some of which, such as Kinemacolor and Prizma Color, were used in films included in “Eye Candy.” “The Invention of Cinema: Cinema’s First Colors” (2021), a documentary that is also showing in the series, directed by Eric Lange and written by Mr. Lange and Serge Bromberg, illuminates many of the complex and fascinating technical innovations that brought color to cinema.

Some films in “Eye Candy” combine sequences using two-color Technicolor with sections employing other techniques, such as tinting. Shot entirely in Technicolor, “King of Jazz” (1930), a lavish musical revue directed by John Murray Anderson showcasing Paul Whiteman and his orchestra, strikingly deploys the greens and reds of its two-color process to capture Herman Rosse’s dazzling sets and costumes. Opening with an animated cartoon, it features numerous performers, including Bing Crosby. It screens in a digital restoration by Universal Pictures.

Three-strip Technicolor, which was introduced in the 1930s, is exquisitely expressive in W. Howard Greene’s cinematography for William Wellman’s screwball comedy “Nothing Sacred” (1937), starring Carole Lombard as Vermont factory worker Hazel Flagg, who allows a reporter (Fredric March) to believe she is dying of radium poisoning so she can visit New York. The restoration in “Eye Candy,” from Technicolor separations in MoMA’s collection, resurrects the film’s original, ravishingly delicate palette.

From seconds-long hand-colored dance films to the rich chromatic worlds of feature-length early three-strip Technicolor narratives like “Nothing Sacred,” “Eye Candy” revisits several decades of cinematic history, tracing a path along which color bloomed in varied and astonishing ways.

**Eye Candy: The Coming of Color**  
Museum of Modern Art, through Sept. 6

*Ms. Jones writes about film and culture for the Journal.*

## FILM REVIEW

# Tints of Tinseltown

A series showcases early cinema’s often wondrous uses of color

The single-color processes of tinting and toning could create a powerful mood. D.W. Griffith’s thriller “The Lonedale Operator” (1911) screens in a restoration that includes the blue tinting that appeared in the original prints when

the heroine (Blanche Sweet) darkens a room. Stenciling, introduced in the early 1900s and improved over time, was a more precise process than hand-coloring. It can be seen in films such as Gaston Velle’s “The Infernal Cave” (1905),

a vision of Satan in his lair stencil-colored with jewel-like brilliance.

Stenciling in subtle pastels heightens the mood of enchantment in “The Voice of the Nightingale” (1923), one of two films screening by Władysław Stare-



## EXHIBITION REVIEW

# Black Americans And the New Deal

By Edward Rothstein

*Hyde Park, N.Y.*  
Just past the midway point of “Black Americans, Civil Rights, and the Roosevelts”—a powerful and powerfully disturbing exhibition at the Franklin D. Roosevelt Presidential Library and Museum—you can pick up a headset and listen to parts of a secretly recorded White House meeting on Sept. 27, 1940 (a transcript is also provided).

The meeting came at a crucial moment. The war in Europe had begun. Roosevelt was campaigning for an unprecedented third term. And he was under pressure because the Republican candidate, Wendell Willkie, was endorsing progressive racial policies that Roosevelt opposed, threatening FDR’s political realignment that had drawn black voters into a party dominated by racist Southern Democrats.

This meeting with the president and cabinet members was sought by major black leaders: A. Philip Randolph (of the all-black Brotherhood of Sleeping Car Porters union), Walter White (of the NAACP) and T. Arnold Hill (of the National Urban League). They were concerned about the military’s racial policies, including segregation and limited advancement. At the meeting, we are told, FDR “deployed his well-developed charm” to defuse contention. But you learn, with cringing dismay, that more than charm was on display.

For despite the political pressures, the weightiness of the issues and the stature of those present, FDR

nonchalantly settles into condescension and caricature. He emphasizes his appreciation of black servicemen, recalling “my colored messenger in the Navy Department”: “I gave him to Louis Howe, who was terribly fond of him.” And he promises to support opportunities for Negroes. In the Navy, he suggests, they could play in bands: “There’s no reason why we shouldn’t have a colored band on some of these ships, because they’re darn good at it.”

It is a shock to come upon these words. They even raise a question of just how much the administration’s sluggishness in dealing with racial issues was due to the power of Southern Democrats. And they emphasize how deeply such attitudes and associated policies ran in American society, even during a presidency that has provided a model for progressives.

It is a daunting subject and has never been examined as critically and in as much detail. This exhibition was overseen by the Library’s supervisory curator, Herman Eberhardt (who has helped shape it into one of the best museums in the Presidential Library system), in collaboration with a committee of scholars led by David Levering Lewis.

We see, first, how FDR and Eleanor Roosevelt “harbored common racial attitudes, prejudices of the time” (though Eleanor later lobbied FDR for the activists’ cause). Then we are immersed in a cascade of ra-



cial indignities. Because many New Deal programs were executed on the local level, black workers regularly faced discrimination and failed to receive benefits. The acronym of the 1933 National Recovery Administration was reinterpreted as “Negroes Robbed Again.” Over the course of the presidency, such issues persisted.

The show is text heavy—more than 40,000 words—and there are times when details overwhelm. But we are overwhelmed too by reminders of racial attitudes, ranging from the outrage of a Southern senator at a black minister’s invocation at the 1936 Democratic Convention to the peculiar fact that black leaders often communicated with FDR through his black valet, Irvin McDuffie.

But in some respects the revisionist pendulum swings too far. While we learn, for example, about some racial progress—FDR appointed the nation’s first black federal judge in 1937 and in 1939 a Civil Liberties Unit

► **Installation view of ‘Black Americans, Civil Rights, and the Roosevelts, 1932-1962’**

was established in the Justice Department—such changes deserve more analysis than they receive here.

World War II, black migrations, and changes in the Democratic Party led to gradual improvements in black economic and social standing despite racism’s persistence. But the exhibition argues instead that FDR’s policies laid the foundations for generations of hardship. The Social Security Act of 1935, for example, is criticized for not including “farm and domestic workers, who were disproportionately Black. This kept nearly two-thirds of Black workers out of the program”—in part, the text suggests, because of Southern Democrats’ racist influence. The exhibition also argues that the “redlining” of neighborhoods by Roosevelt’s Home Owners’ Loan Corporation, which mapped out areas with the highest probability of mortgage defaults, harmed the very neighborhoods where most blacks lived, with an effect lasting generations.

Racism, of course, should not be dismissed as a factor, but these are

complicated issues, and much literature challenges any sweeping assertions. Did racism play an important role in excluding farm workers and domestics from Social Security, as the exhibition ends up suggesting? A 2010 Social Security Administration paper argues otherwise, noting that 74% of all excluded workers in those categories were white. Moreover, the act also excluded the self-employed, crews of ships, and employees of nonprofit religious and educational institutions. A 1997 paper in Political Science Quarterly argued that such initial exclusions were likely due to difficulties in how taxes and

payrolls were handled, adding too many challenges to the administration of a new social program. Studies of redlining have also led to questions about its racial origins and effects. Redlined areas housed large proportions of a city’s black residents, but about three-quarters of the inhabitants were white. And as a 2021 paper from the National Bureau of Economic Research suggests, the maps were reflections of economic conditions, not racial demarcations, and “had little effect” on the distribution of federal mortgage activity.

In such cases the exhibition seems so eager to affirm assertions of “systemic” racism that nuance is filtered away. But the effort is unnecessary. The exhibition remains a gripping, somber chronicle, cataloging imposed injustices, including some in which Roosevelt himself was implicated.

**Black Americans, Civil Rights, and the Roosevelts, 1932-1962**  
Franklin Delano Roosevelt Presidential Library and Museum, through Dec. 31, 2024

*Mr. Rothstein is the Journal’s Critic at Large.*

FRANKLIN D. ROOSEVELT PRESIDENTIAL LIBRARY AND MUSEUM



SPORTS

South Sudan Builds a Team From Scratch

Led by former NBA All-Star Luol Deng, the Bright Stars qualified for the FIBA World Cup

By Robert O'Connell

When Luol Deng retired from a 15-year career in the NBA, he thought he wanted “to take a year, maybe two, to relax.” He realized soon enough that the plan didn’t suit him.

As a player, he had been one of the sport’s premier grinders, with a reputation for studied, sweaty defense. Away from the floor, Deng, born in what is now South Sudan to a family who fled to Egypt and then the United Kingdom to escape the Second Sudanese civil war, immersed himself in service work, winning the United Nations Refugee Agency’s Humanitarian of the Year Award in 2008.

So in 2019, months after his last game with the Minnesota Timberwolves, Deng returned to the comfort of a challenge. He ran for and won the presidency of the South Sudan Basketball Federation, while the young country endured a protracted and bloody coda to its own civil war. Since gaining independence in 2011, South Sudan had never qualified for a top-flight international basketball tournament, a fact Deng attributed to a deficit not of ability but of direction.

“I knew that the national team would be great for a long time,” Deng said in a recent interview, “if we did things the right way.”

Less than four years after Deng’s election, the Bright Stars are among the 32 teams competing in the FIBA World Cup, starting with a game against Puerto Rico Saturday in the Philippines. Deng and his players consider reaching the tournament a triumph and a salve, for a region battered by strife. It is also a proof of concept—evidence of how quickly gaps in the global game can narrow, with the right investment.

South Sudanese athletes are re-

nowned for their height; the Dinka people, a significant portion of the country’s population, are believed to be the tallest in Africa. But given the option, the nation’s rangy basketball prospects have tended to pursue international careers in the countries to which they and their families have been driven.

Much of the 12 years of South Sudanese independence has been occupied by conflict between the country’s government and forces opposed to president Salva Kiir. The violence had claimed nearly 400,000 lives by the time Kiir and opposition party leader Riek Machar signed a tenuous peace agreement in 2018, and has continued to make farming perilous. The World Food Program says that more than two-thirds of South Sudan’s population has faced “severe food insecurity” in 2023.

There are practicalities beside safety to consider. According to Deng, the borders of the nation don’t contain a single indoor basketball gymnasium.

“We have a lot of South Sudanese in Australia,” said Wal Deng, a former national team assistant coach, “and most of them were hoping to play for their national team, seeing no future in South Sudan.”

Leading up to the stepping-stone tournaments in advance of the World Cup, Deng set to regathering scattered talent. He pitched ambassadorship. “Us going to the World Cup or the Olympics, it will let the rest of the world see how happy we are as people,” he said. “Things can take place—government, incidents—but that doesn’t define us.”

Players, though, are pragmatists first, and they found a complementary motive for joining. Deng installed himself as the men’s team’s



Former NBA star Luol Deng, center, trained players on a court named after Manute Bol in South Sudan in 2019.

head coach early on, and in a tournament leading up to AfroBasket 2021 he led a squad of what players he could assemble—most of whom didn’t have a contract with any professional club—to a qualifying berth. The team relied on its coach’s knack for scouting; in a polo instead of a uniform, Deng remains a savant at predicting opposing offenses’ routes and positioning

South Sudan enters its World Cup group as a substantial underdog.

his own players as roadblocks.

“His eye for defense is one of none,” said Royal Ivey, a Brooklyn Nets assistant to whom Deng has since passed on head-coaching duties. (Deng served as an assistant at AfroBasket and will reprise the role during the World Cup.) “The strategies he imposes on a team, they work.”

Among the athletes who took notice was a forward named Nuni Omot. Omot’s basketball trajectory is far-flung and, in the context of

the South Sudan national team, standard. He was born in a refugee camp in Kenya, emigrated to Minnesota, and worked his way through a pair of low-level college programs to Baylor University, and then to European pro clubs and stints in NBA training camps.

At many of those stops, Omot felt looked down upon for his atypical path. “I’ve never had a coach believe in me as much as [Deng and Ivey] believe in me,” he said.

Omot leveraged his WhatsApp contacts and stature in the region’s basketball community—he would go on to win the championship and MVP award with Cairo-based Al Ahly in the 2023 Basketball Africa League season—to boost Deng’s recruitment efforts. The roster that blazed through the World Cup’s African Qualifiers, winning 11 of its dozen games over a yearlong schedule, featured professionals employed by clubs the world over: Australia, France, Finland. Omot was its leading scorer.

In a game against regional power Tunisia, a team South Sudan had never defeated, Omot bore down on the rim for 20 points, and Deng’s defense intercepted Tunisia’s inside-out approach, stepping between big men and the would-be targets of their passes at the perim-

eter. The Bright Stars ran away with a victory, 72-64.

“Obviously, we’re known to have the tallest people in the world,” Omot said. “We can run, we can jump, we can shoot. When you mesh a group together, and you know everyone’s strengths and everyone’s weaknesses...That’s what’s put us where we’re at right now.”

South Sudan enters its World Cup group as a substantial underdog, with its FIBA ranking of 62nd worldwide. (China, Puerto Rico and Serbia are all in the top 30.)

Omot is proud to have helped his nation to a place it has never been, but he regards the World Cup as a waypoint. “I have a goal written down in all caps, already,” Omot said. “Olympics.”

Winning begets pride, and vice versa. Though the Bright Stars cannot train in the country they represent—they instead arrive early at tournaments to hold preparatory camps—they celebrate locally. After the team capped its qualifying run with a blowout of Egypt on Egyptian soil, it returned to South Sudan, where, Deng said, “we had six thousand, seven thousand people lined up at the airport.”

“It was probably the most celebrated event since Independence Day,” Deng said.

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6		7	8	9		10	11	12	13
14							15			16				
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62					63				64					

ELEVATED TENSIONS | By Mike Shenk

Across				34	Org. with an eagle logo	58	Looked a bit too intently	8	Timetable abbr.
1	Fashion flaps	36	Sad state	60	Rehab focus	61	Fill with bubbles	10	Missouri tributary
7	Give in to gravity	37	A heap	38	Integras, e.g.	62	Smoke detector?	11	Arráez of the Marlins
10	Insurer’s offering	39	Young blokes	40	Is for many people?	63	Oxford bigwig	12	“There wasn’t ___ eye in the house”
14	How an easy-to-hit pitch is said to be served up	41	Sweet cocktail	42	Vessel that sailed to Colchis	64	Dire situations, and, if reparsed, a clue to making sense of six pairs of Across answers	13	1980s game console, for short
15	Musical opener	43	“Open up!”	45	Simple wind instrument			16	Word from a toaster
17	Pizzeria fixtures	47	Words after break or shake					21	Hero’s work
18	Some den furnishings	48	Old oath					23	Divisions of play
19	Roadwork marker	49	Storybook monster					24	Be at loggerheads
20	Player with three Masters wins	51	Cribbage set items						
22	Crafty site	52	Moody music						
23	“Don’t laugh ___!”	55	It began around 1100 B.C.						
24	Many a love song								
26	Turning tools								
29	“All set”								
33	Royal decrees								
Down				1	Wacky	2	Before long, to bards	3	Make a lot
				4	Summer in Saint-Tropez	5	Horse race measures	6	Bagel choice
				7	Fix				

Previous Puzzle’s Solution

A	C	H	E	D		C	R	A	B		F	I	B
G	R	I	M	E		H	A	L	O		M	I	N
I	O	N	I	C		A	N	E	W		U	R	G
T	W	E	R	K	I	N	G	C	L	A	S	S	
A	S	S		H	S	T		I	G	E	T	I	T
			M	A	L		U	M	N	O		R	N
T	W	E	E	N	E	R	D	O	G		G	A	S
R	A	C	E	D		O	D	D		N	I	T	T
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A	C	I	D		C	N	E	T		M	A	T	T
N	Y	C			K	E	N	S		S	O	S	A

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

He Is the World’s Best Golfer. But Can He Sink a Putt?

By Andrew Beaton

**ONE OF THE ODDITIES** of professional golf is that someone can have one of the most extraordinary seasons in the sport’s history and it can appear completely ordinary.

Legendary golf achievements are measured by major championships. Scottie Scheffler, in 2023, has won exactly zero. But the world’s No. 1 golfer still has a chance to finish his year with something that has eluded him: a Tour Champi-

starting edge isn’t bullet-proof: He entered with the lead and left one shot behind Rory McIlroy, who won a record third FedEx Cup title.

To change his fortunes this time around, Scheffler will have to overcome the one thing that has held him back this year: his putter.

Scheffler has put together one of the most successful seasons at a time when it has never been more lucrative to be a professional golfer. In 22 events, he has 16 top-10 finishes to go along with two victories. Along the way, he

come close, with top-three finishes at the PGA Championship and U.S. Open. Yet despite playing fabulously all year, the season has been surprisingly light on hardware. He hasn’t actually won a tournament since March, when he triumphed at the Players Championship, the PGA Tour’s flagship event.

But he has consistently played at an elite level because he’s better than almost everyone on Tour at almost every facet of the game. But this season, Scheffler ranks 145th on the PGA Tour in strokes gained putting. His struggles with the flat stick are likely the difference between his current season and one in which he has won far more often—he fell short at the U.S. Open and PGA Championship by a combined five shots.

His woes on the green are particularly odd because they’re out of character. A year ago, he ranked 58th in putting, which falls short of phenomenal but is still above average.

Still, there was one indication a year ago how much Scheffler’s putting could cost him. It happened at the 2022 Tour Championship.

After 54 holes at East Lake last year, Scheffler’s coronation looked like an inevitability. By the start of the final round, he was six strokes ahead of the competition. Then he began the day with a three-putt for bogey, and the skill continued to elude him. He rated as one of the worst putters in the field, and lost close to two strokes gained putting in that single round.

That proved to be the difference: McIlroy beat him by one—and Scheffler tied the PGA Tour record for the largest blown with 18 holes to play.

Scheffler’s exceptional season means that he starts with the lead again on Thursday. He’ll also have to turn one thing around to hold on to it.



Scottie Scheffler has struggled with his putting this year.

onship.

When the PGA Tour’s capstone event tees off Thursday, Scheffler will already have a head start on the field. The playoff finale awards starting strokes based on season-long performance, so being the best player on the planet isn’t just an advantage on the course. It’s a leg up on the leaderboard.

Scheffler is the first player to arrive at East Lake Golf Club in Atlanta as the No. 1 player in the FedEx Cup standings in back-to-back seasons. That ranking means before he even grabs his driver on the first hole, he’ll be at 10-under par—two strokes ahead of his closest competitor, Norway’s Viktor Hovland.

A year ago, though, Scheffler was proof that the

has picked up over \$21 million in on-course earnings, shattering the single-season record.

The winner of the Tour Championship pockets an additional \$18 million.

Advanced metrics show that this has been a season for the ages for Scheffler, and not simply a good run of form in an era when the industry is bursting with money ever since Saudi Arabia’s incursion into the game. The analytics website datagolf.com has a handy list of the best golfers according to their best stretches, and Scheffler’s run that peaked this year is bested only by three other players over the last three decades.

Unlike last year though, when Scheffler won the Masters, he hasn’t won any major trophies in 2023. He has

AKUOT CHOU/AGEKE FRANCE-PRESSE/GETTY IMAGES

DYLAN BUELL/GETTY IMAGES



OPINION

Trump the Opera—III



**WONDER LAND**  
*By Daniel Henninger*

Just as opera composer Giuseppe Verdi relied on Shakespeare for ideas, it has been my fortune as a sometime author of operas to have as inspiration former President Donald J. Trump, whose life swings daily from tragedy to tragicomedy.

Mr. Trump prefers to take credit for everything, and he most certainly was responsible for the original “Trump the Opera,” which appeared in this space Nov. 2, 2016, days before the presidential election. Mr. Trump’s co-star was the now-retired political mezzo-soprano Crooked Hillary, who brought down the house nightly singing a duet with FBI Director James Comey about her basement server, “I do not remember (*“Non recordo.”*)

Mr. Trump’s contribution to the success of that work led two years later to “Trump the Opera—II,” which appeared here in the Christmas week of 2018.

It is our pleasure amid these unending Trumpian times to present “Trump the Opera—III: The Indicted One.”

“The Indicted One” premieres today with a simultaneous multicity opening in New York, Atlanta, Washington and Fort Pierce, Fla., just north of Mar-a-Lago. Mr. Trump will travel on the Trump jet to play the lead role today in all four cities, and in any future venues.

**Cast**  
*The Indicted One:* Donald Trump as himself  
*The Accomplice:* Rudy Giuliani  
*The Indictees:* Sidney Powell,

Mark Meadows and 16 walk-on Trumpians  
*The Ancient One:* Joe Biden  
*A Peddler:* Hunter Biden  
*The Statue:* Merrick Garland  
*The Sphinx:* Karine Jean-Pierre  
*A Tribe of Democratic Indicters:* Jack Smith, Fani Willis, Alvin Bragg  
*Chorus:* The offstage chorus is played by thousands of singers from the media, who will accompany the production to all four venues. They are also listed as co-producers.

Translations provided by Google Translate.  
**Act One**  
*Scene 1:* A bathroom inside Trump’s Mar-a-Lago estate in Florida. Cardboard boxes marked “Classified” are stacked floor to ceiling to secure the room as soundproof.

It is the day after the 2020 election. Trump is meeting with his most trusted confidantes, Rudy Giuliani and Sidney Powell. Trump reaches into a box and begins reading a classified letter from “my friend” Kim Jong Un. Giuliani rips the letter from Trump’s hands, flushes it down the toilet, and yells, “Mr. President, the election was stolen!” Trump replies, “I knew that two weeks ago.”

Trump, Giuliani and Powell stand together beneath the bathroom’s crystal chandelier to sing the aria, “Rigged and stolen (*Truccato e rubato.*)”

*Scene 2:* Cafe Milano, Washington  
Seated at a corner table are Joe Biden—known throughout the land as the Ancient One—and his most trusted confidantes, Hunter Biden, Merrick Garland and Karine Jean-Pierre. At a table nearby are boisterous partiers from Russia, Kazakhstan, Ukraine, China and Rehoboth Beach, Del.

The Ancient One leans forward and says, “Trump is saying the election was stolen.” Jean-Pierre, reading from her menu, says, “Our democracy is under siege.” Hunter glances sideways and tells the Ancient One about a Ukrainian wire-tapper he knows who will pay him \$1.2 million to bug Mar-a-Lago. Garland, staring in the distance, says, “Mr. President, you never heard that. I have a better plan.”

Scene 1: A bathroom inside the Indicted One’s Mar-a-Lago estate in Florida.

The four, joined by the diners at Cafe Milano, rise to sing, “We will indict him forever! (*Lo accuseremo per sempre!*)”

**Act Two**  
*Scene 1:* Three secretive counterintelligence agents in the Democratic tribe—Jack Smith, Fani Willis and Alvin Bragg—are meeting in the office of Delaware federal prosecutor David Weiss. Weiss never appears but pushes notes under the door.

Smith says to Willis: “You indict first.” Willis to Bragg: “You first, Alvin.” Bragg to Smith: “Jack should go first.” Smith: “We’ll flip coins to decide. Heads, I order a documents raid on Mar-a-Lago; tails, Alvin indicts for Stormy Daniels; heads, Fani indicts on 9,000 counts; tails I indict for Jan. 6.” The Indicters flip coins that roll across the floor as they head to the airport.

*Scene 2:* The Indicted One is sitting alone at 3 a.m. in his tower at Mar-a-Lago. He dictates insults into his phone,

which are projected onto a wall screen. “Deranged lunatic,” he yells. “Witch hunt!” At the word “witch hunt,” the ghost of Crooked Hillary floats into the room. Trump rises to join Crooked Hillary in the moving duet, “We miss each other so much (*Ci manchiamo tanto.*)”

*Scene 3:* Joe Biden and his son, the Peddler, are in a closed garage, taking apart a green Corvette. The Ancient One asks, “How much of it is in here?”

“It’s all here, everything!” the Peddler shouts, vacuuming out a tailpipe. “C’mon, Dad. We’re goin’ to Kazakhstan!”

Exhausted, the Ancient One falls back into the Corvette’s removed seat and performs the only aria ever sung in a whisper, “Not a joke.” (Bidenisms do not translate.)

**Final Act**  
It is 2025. The countryside is in flames as the Republican and Democratic tribes have descended into civil war. Three months before the 2024 election, Trump is convicted on three of the 9,000 unpardonable Fani Willis counts and is sent by the Justice Department to live in exile aboard Trump Force One at the West Palm Beach airport. From exile, Trump wins the presidential election, which has a total popular vote turnout of 140,000 people. Trump, by his count, receives 90% of the vote.

It is now dusk, rally time. The plane door opens and the Indicted One—in a blue suit, white shirt and red tie—stands at the top of the stairs to sing the opera’s final aria, which is about his life. It will last for three days.

The runway is empty.  
The curtain falls.  
*Write henninger@wsj.com.*

**BOOKSHELF** | By Fergus M. Bordewich

The Black Homesteaders

The First Migrants

By Richard Edwards and Jacob K. Friefeld  
(Nebraska, 458 pages, \$36.95)

In 1862, in the midst of the Civil War, Congress enacted one of the most far-reaching pieces of legislation in American history. The Homestead Act’s sponsor, Rep. Galusha Grow of Pennsylvania, declared soaringly that the act would reward “the soldier now in the field fighting the battles of constitutional free government” as well as the “soldiers of peace—that grand army of the sons of toil” whose battlefields were the prairies and wilderness of the frontier. The act offered 160 acres of federal land to any citizen who would build a home on it and farm it for at least five years.

In “The First Migrants,” Richard Edwards and Jacob Friefeld reveal the neglected and surprising saga of black homesteading. As they show, it set the stage for the mass flight from the Jim Crow South in the 20th century. Black homesteaders “constituted the vanguard of the Great Migration” by demonstrating that black Southerners “could leave the region and, using their talents, ingenuity, pluck, and fortitude, make successful lives for themselves elsewhere.”

For blacks, homesteading meant more than economic opportunity. From the 1870s on, it provided an escape from violence and rule by white “redeemers” in the South determined to overturn the constitutional protections won during Reconstruction. In the West, black settlers could manage their own affairs, do business with anyone they wanted and hold local political office without fear of assassination.

The authors—Mr. Edwards is a former director of the Center for Great Plains Studies in Lincoln, Neb., and Mr. Friefeld a historian who (with Mr. Edwards) has written a previous book on homesteading—deliver their deeply researched account in brisk, straightforward (if sometimes repetitious) prose. Their aim is to frame the black experience against the backdrop of the broader homestead movement. To be sure, homesteading was not for the faint of heart. “This land was an enigma. It was like a horse that no one knows how to break to harness, that runs wild and kicks things to pieces,” Willa Cather wrote in her 1913 novel “O Pioneers!” (Cather’s family had been homesteaders.) Prairie fires, cyclones, gyrating crop prices, exorbitant freight costs and isolation tried the spirit of even the most dedicated settlers. The sheer emptiness of the prairie could be a shock. “My eyes ached from looking so far and seeing nothing,” recalled one black newcomer.

Some 20 black settlements were founded from the Dakotas to New Mexico between the 1870s and 1910s. Some migrants were experienced farmers, but others were aspiring businessmen, lawyers hoping to hang out a shingle, ex-soldiers and opportunity-seeking workers. They typically invested between \$200 and \$1,000 per family, a significant sum at that time, for travel, tools and supplies. The homesteaders’ progress was followed in the national black press, where it figured in the debate between racial accommodationists such as Booker T. Washington, who urged blacks to work quietly for betterment in the segregated South, and political radicals like W.E.B. Du Bois, who urged emigration to the freer North and West.

Messrs. Edwards and Friefeld devote a good deal of attention to the Kansas town of Nicodemus, west of Topeka, which was established in 1877 by black homesteaders from Kentucky and Tennessee. After a rocky start, frame homes, a schoolhouse, a general store and two churches rose to serve a population that grew to more than 300, including white settlers who blended into the community apparently without friction.

At Nicodemus, blacks and whites served together in the local literary society, cornet band and benevolent societies and alternated as speakers at the town’s Fourth of July festivities. In the Nebraska town of DeWitty, Hester and Charles Meehan lived for decades as an interracial couple in open defiance of the state’s anti-miscegenation laws. Black candidates won election to public office in a number of predominantly white Nebraska counties. There were exceptions to such harmonious relations. The authors cite the disheartening example of African-American settlers in Blackdom, N.M., who in the 1910s were denied service at restaurants, hotels and businesses in nearby Roswell.



The sheer emptiness of the prairie could be a shock. ‘My eyes ached from looking so far and seeing nothing,’ recalled one black newcomer.

For white and black settlers alike, the heyday of homesteading was brief. Much of the West was too dry to sustain farming on the Eastern model. Once plowed, thin layers of topsoil blew away in the wind. More than half of all homesteaders eventually sold their land or walked away from it. Over time, vast swaths of the plains emptied of settlers, leaving ghost towns. Of all the black settlements, only Nicodemus survives today, as a much-diminished grid of streets punctuated by a handful of homes, a church and a National Park Service visitors’ center.

Although the most grandiose hopes of the Homestead Act went unfulfilled, it nonetheless transformed enough of the West into farmland to help turn the U.S. into an agricultural superpower. Within the larger picture of homesteading’s rise and fall, the authors deem the story of black settlement a relative success. Homesteaders came to see their farms as places where they could “earn livelihoods for themselves and their families, and educate their descendants for lives likely to be led elsewhere.” Among them were George Washington Carver, who homesteaded 80 miles south of Nicodemus, sold his claim to pay for a college education and went on to a distinguished career in science at the Tuskegee Institute in Alabama. Another was the multitalented Oscar Micheaux, a homesteader in Gregory County, S.D., who became a novelist and filmmaker, producing several autobiographical works, including a silent melodrama titled “The Homesteader.”

It is ironic that a book that offers such a sympathetic account of the black experience only glancingly mentions the native peoples who were removed by treaty or force from their ancestral lands to make room for settlers. For Indians, homesteading was a disaster. Even the reservations that remained to them were often subdivided into individual allotments, many of which passed out of native hands (a process recounted by Janet McDonnell in “The Dispossession of the American Indian, 1887-1934”). This shortcoming aside, “The First Migrants” is an important contribution to black history and the larger history of the American West.

Mr. Bordewich is the author of “Klan War: Ulysses S. Grant and the Battle to Save Reconstruction,” to be published in October.

By Karl Rove

Traditionally, August is a slow month politically. Not this year for Republicans.

This week features two major events in less than 24 hours. On Wednesday the first GOP presidential debate was scheduled to occur, with eight candidates—none of them Donald Trump—on stage. (The start time was after this column’s deadline.) On Thursday, Mr. Trump, indicted for a fourth time, surrenders to officials in Georgia. It’s historic that the prohibitive favorite for the Republican nomination is out on bail in four jurisdictions and his lead keeps increasing. The RealClearPolitics average has him at 55.9% while the rest of the field and the undecideds total just 44.1%.

Yet nominations are decided not by national polls but by state caucuses and primaries, with early states exercising disproportionate influence. The race so far has been more interesting in these first-to-vote states. Republican voters have seen a lot more of the non-Trump contenders than Mr. Trump. While nationally Mr. Trump is still far better known than the other options, these early states are getting familiar with the rest of the field. The result? A majority of early-state Republicans aren’t for Mr. Trump.

Take Iowa: The Aug. 17 Selzer NBC/Des Moines Register Poll had Mr. Trump as the first choice of 42% of Iowa GOP caucus-goers—a sizable lead, but still nearly 14 points below his national standing. An Aug. 17 Echelon Insights poll had Mr. Trump at 33%, while nationally he stood at 57%. In both polls, a majority of Iowa Republicans don’t consider the former president their favorite.

Majorities in Iowa and New Hampshire don’t back him. More defections may come.

Admittedly, not every GOP primary voter will get to see contenders as close-up as Iowans do. The state’s long caucus history has also trained Iowa Republicans to take seriously their responsibility of being the first test. A loss or even a narrow victory could upset Mr. Trump’s coronation and eventually send the nomination battle into overtime.

In New Hampshire, Mr. Trump was at 34% in an Aug. 17 Echelon survey—nearly 22 points lower than his national standing—with the rest of the field and undecideds at 66%. Mr. Trump did better in an Aug. 11 Emerson College survey of the Granite State, with

49% support. Still, that’s nearly 7 points below his national standing.

Mr. Trump’s opponents remain weak, but the gap between his national standing and these early-state numbers has to worry his campaign. It’s hard to say if the disparity will keep growing. But it could given Mr. Trump’s jam-packed courtroom calendar and his reluctance to spend time visiting all of Iowa’s 99 counties or endure endless New Hampshire town halls.

To diminish that possibility, Mr. Trump’s strategists are doing all they can to create a sense of inevitability. But that carries risk. If his numbers falter even slightly, it will look a lot worse because expectations were needlessly raised.

Also important is the number of independents and Republicans open to the idea that Mr. Trump is a criminal. In an Aug. 16 AP/NORC poll, 45% of independents say he did something illegal with classified documents, 41% say he did something illegal in Georgia regarding the 2020 election, and 33% say he did something illegal related to Jan. 6.

Perhaps more worrying is the number of GOP voters unpersuaded of his innocence. Eighteen percent of Republicans told AP/NORC that Mr. Trump did something illegal with classified documents, while 21% “don’t know enough

to say.” Similarly, 16% of Republicans felt he broke the law in Georgia and 27% weren’t sure. And 15% of Republicans felt his role in Jan. 6 was illegal; 16% didn’t know. The uncertain Republicans may also believe Mr. Trump’s actions were illegal but feel uncomfortable telling a pollster.

Even if voters genuinely are undecided, the trials are unlikely to improve their opinion of Mr. Trump. The number of skeptical independents and Republicans will probably grow as he spends his days in court rather than campaigning—which should worry any Republican who wants victory in 2024.

Mr. Trump can afford to lose hardly any GOP or independent voters in November. He carried 94% of Republicans and 41% of independents in 2020 but still ran 7,059,526 votes behind Joe Biden. The AP/NORC poll suggests he’ll lose more than 6% of Republicans in 2024 and run much worse with independents.

If he is the nominee and Republicans and independents keep defecting, he’s sunk and so is his party. He may be stuck on that path. But the GOP doesn’t need to be.

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

Javier Milei, Argentina and the Dollar

By Max Raskin

Following his surprise win in Argentina’s Aug. 13 presidential primary, Javier Milei was in the international spotlight discussing an unusual topic for a rock-star politician: monetary policy. But that’s because he is an economist by profession and an unusual one at that.

Mr. Milei is a proud follower of the Austrian school of economics, which is skeptical of central banking and views it as the cause of inflation and the business cycle. That augurs well for a country with a history of fiscal mismanagement, corruption, uncontrolled inflation and a disastrous default.

For Mr. Milei, economics is a lively debate about political philosophy and ethics. His view is that when a central bank prints more money, it devalues existing money,

which constitutes a form of theft by an unelected branch of government. It is hard to argue with that logic, especially in such a country as Argentina, where inflation tops 116%, eroding the purchasing power of average citizens in favor of those who first receive newly printed money.

An economist scores a surprising win in the first round of the presidential election.

Mr. Milei has promised to close the central bank and dollarize the economy—a process that would essentially outsource the country’s monetary policy to the Federal Reserve. These are excellent proposals and my recent co-authored research in

the Journal of Financial Stability and Brown Journal of World Affairs demonstrates the economic gains that can be had for a country that chooses to forgo its monetary prerogative.

Currency competition, especially through liberalizing legal-tender laws, restrains the inflationary impulses of a central bank. If foreign currencies are able to be used and not taxed or regulated unfavorably, then the central bank will have less power to inflate because of consumer choice.

A country’s commitment to a fixed monetary policy signals to both foreign and domestic investors that the country is open for business. Investment and business activity will flourish, as the specter of hyperinflation and nationalization will no longer hang over financial decisions.

Argentina used to be one

of the most developed and wealthiest countries in the world, but a century of state intervention in the economy has shown how dangerous it is to disrupt the normal functioning of markets. Even a selfish government that’s keen on reaping increased tax revenue from growth should have an interest in making a commitment to monetary liberalization.

Mr. Milei has named each of his five dogs after economists, including Murray (Rothbard) and Milton (Friedman). These eccentric choices may make good headlines, but they reveal something deeper: a commitment to buck trends and business as usual. In a country such as Argentina, that is welcome news.

Mr. Raskin is director of research at Qvidtvm Inc. and an adjunct professor at New York University School of Law.



OPINION

REVIEW & OUTLOOK

Trump Courts a Global Trade War

Donald Trump exaggerates about many things, but on economic policy his record is that he means what he says, for better or worse. His leading message for a second term these days is that Americans should be prepared to pay more for all kinds of goods because he plans to impose a 10% tariff on all foreign goods sold in America.

“To bring tens of thousands more manufacturing jobs back to South Carolina, I will impose a border tariff on all foreign-made goods,” he said recently in Columbia. “So if they want to sell into our country and if they want to take our jobs by doing that, we’re going to have a tax that’s going to be a ‘privilege’ tax.”

Mr. Trump is also pitching a universal reciprocal tariff that would see the U.S. impose tariff rates on foreign goods equivalent to what the exporting country charges on goods from the U.S. He claims to have history on his side, appealing to the 1890 McKinley tariff that imposed some of the highest tariff rates in U.S. history and empowered President Benjamin Harrison to impose tariffs on a reciprocal basis.

This is worth taking literally and seriously because Mr. Trump meant what he said about tariffs when he ran for President in 2016. He imposed taxes on imports ranging from steel and aluminum to solar panels and washing machines, affecting imports worth hundreds of billions of dollars when the border taxes were implemented.

Protectionists pitch tariffs as a tax on other countries, but American consumers pay the price—a total of \$80 billion during Mr. Trump’s term, according to a Tax Foundation analysis. This cost the U.S. 166,000 full-time-equivalent jobs, the Tax Foundation says, and the Trump trade tax wiped out roughly 12% of the economic benefit of the 2017 Tax Cuts and Jobs Act.

What about the impact on jobs? Before Covid-19 hit, U.S. employment in manufacturing rose 1.8%, according to the Bureau of Labor Statistics, as the civilian workforce overall grew 2.7%. That’s hardly an unusual jobs increase, and it could as easily be attributed to the corporate tax cut that caused companies to repatriate hundreds of billions of dollars in overseas cash. De-regulation also helped.

An analysis of the steel tariffs estimated an economic price of \$900,000 for each job created. Because more U.S. companies buy metal than sell it, another study found increased steel prices cut manufacturing employment by 75,000.

The trade deficit isn’t a useful measure of economic performance, but Mr. Trump claims it is. In his first year in office, the U.S. imported \$517 billion more than it exported in goods and services, according to data from the Census Bureau. That increased to \$653 billion in 2020, and this

relationship holds after adjusting for inflation. President Biden has continued Mr. Trump’s tariff policies, even as the trade deficit hit a record of \$951 billion in 2022.

A new universal tariff would be more of the same, and then some. The last U.S. President to entertain a trade idea this radical was Herbert Hoover in 1930 with the Smoot-Hawley Tariff Act. That sweeping border tax triggered global retaliation that shrank world trade and contributed to what became the Great Depression. The Republican Party’s reputation for economic management didn’t recover for 50 years.

Mr. Trump also seems to forget we’re not in the 1980s anymore and Japan and West Germany aren’t the main economic rivals. China is. Trump tariffs aimed at Japan and the European Union have made it harder to rally allies for sensible enforcement when Chinese subsidies, import restrictions or intellectual-property theft bend global trading rules.

The risk for the U.S. economy is that the 2024 ballot won’t have any candidate who understands how trade boosts prosperity, and how trade with allies can make it easier to manage competitors. The Biden Administration has failed to reverse most of the Trump tariffs, and the Inflation Reduction Act came larded with trade-distorting subsidies that are sparking a trade war with the European Union.

President Biden’s abdication on trade includes a refusal to negotiate any new trade deals, even with an ally such as post-Brexit Britain that wants and needs one. His trade rep, Katherine Tai, doesn’t seem to do much except explain why she can’t do much.

\* \* \*

By the way, Mr. Trump for years has cited the McKinley tariffs but he appears never to have read what happened after those 1890 charges came into effect. Voters rebelled at the higher prices they were forced to pay, and Republicans were wiped out by free-trading Democrats in the 1890 midterm. Democrats under President Grover Cleveland in 1894 partially reversed the tariffs to dig the U.S. out of a recession.

Economic historians now believe those tariffs had little effect on boosting America’s astounding economic growth in that era, which was driven by industries not covered by the tariffs. As for McKinley, who pushed for his tariffs from the House of Representatives, he did become President in 1896—by campaigning in favor of the gold standard, a proxy for a stable value for money, against populist easy-money Democrat William Jennings Bryan.

Free trade isn’t popular in our dirigiste economic era, in part because our political leaders are afraid to defend it. The Trump tariff threat is all too real if he wins in 2024.

He promises a new 10% border tax on anything made abroad.

The industry euphemism for theft disguises the rising cost of crime.

The shares of Dick’s Sporting Goods, Foot Locker and other retailers are selling off this week as companies report lower earnings amid softer consumer spending. But retail executives are also pointing to another trend shrinking profits: Theft.

Second-quarter earnings were dented by “higher inventory shrink, organized retail crime and theft in general, an increasingly serious issue impacting many retailers,” Dick’s CEO Lauren Hobart said on an earnings call Tuesday. Dick’s CFO added that “the number of incidents and the organized retail crime impact came in significantly higher than we anticipated.”

Foot Locker executives likewise noted on Wednesday that inventory “shrink” has been increasing. Target CEO Brian Cornell last week said that “shrink” remained “well above the sustainable level where we expect to operate over time,” and that the company was facing “an unacceptable amount of retail theft and organized retail crime.” Home Depot execs last week also flagged “pressure from shrink” on earnings.

Shrink isn’t PC jargon used only by these companies. It’s an industry term that wraps in other losses such as value lost or damaged in transit. But plain language about theft, rather than the euphemism, would help the public better understand how bad criminal theft is and maybe build political support for policies that would do something about it.

Shoplifting is rife in California owing to a state law that effectively decriminalizes theft of less than \$950. It’s common in New York, Chicago and Philadelphia where so-called victimless crimes are rarely enforced. Retailers in some cities now lock up items as basic as toothpaste and shampoo to prevent criminals from clearing out shelves.

Progressives ignore theft out of hostility to corporations. But mom-and-pop stores are pilaged too, and the costs of theft are borne by consumers and workers. Modern corporate culture shrinks from saying anything that might offend anyone, apparently including criminals and organized theft rings. Time for CEOs and CFOs to speak plainly.

Putin, Prigozhin and Western Illusions

Vladimir Putin’s foes have been turning up dead for years, and the latest is mercenary chief Yevgeny Prigozhin, who was reported to have died Wednesday in a plane crash outside Moscow. This is no coincidence, comrade, as the Soviets used to say.

Russia’s civil aviation authority confirmed Prigozhin was on the flight, while social-media channels said the Embraer jet was shot down by a missile. President Biden told reporters that “I don’t know for a fact what happened but I’m not surprised,” adding that “there’s not much that happens in Russia that Putin’s not behind.”

Prigozhin’s fate was probably sealed after his failed June mutiny against Mr. Putin. Prigozhin’s Wagner Group gained control of the Russian city of Rostov, marched toward Moscow and shot down Russian planes. The mercenary leader claimed that “we did not have the goal of overthrowing the existing regime.” But he demanded the resignation of Russia’s top defense officials “who, through their unprofessional actions, made a huge number of mistakes” in Ukraine.

That was a politically explosive accusation—and true. Mr. Putin has used his own people as cannon fodder, and the U.K.’s Defense Ministry estimates that Russians suffered as many as 200,000 casualties, including 60,000 killed, in the first year of the war.

Belarusian dictator Aleksandr Lukashenko, a Putin ally, brokered an unlikely truce to end Prigozhin’s mutiny. But the rebellion was the most significant challenge in his 23-year rule. If Prigozhin’s death was an assassination, it was intended as a message to other potential coup plotters. You can bet that is how Russians will read it.

Prigozhin’s demise reveals the brutal politics that now controls Russia. Too many in the West, including on the American left and right, imagine that Mr. Putin can be shamed or appeased into backing away from his ambitions to reconstitute a Greater Russian empire.

This underestimates his motivating ideology and ruthlessness. He will kill anyone who stands in his way at home, and he’ll do the same abroad—in Ukraine, Poland, or anywhere else, if he believes he can get away with it.

The Wagner leader was Vladimir Putin’s most dangerous rival.

LETTERS TO THE EDITOR

Yellen’s Strange New Supply-Side Economics

Treasury Secretary Janet Yellen defends the Inflation Reduction Act as an example of “modern supply-side” economics (“A Prosperous Year for the Inflation Reduction Act,” op-ed, Aug. 16). But she’s far too optimistic about the efficacy of “government investment to mobilize private capital.” Politicizing resource allocation makes the economy weaker, not stronger.

Supply-side economics is about boosting growth. Unfortunately, Ms. Yellen’s defense of the act (which, revealingly, doesn’t discuss inflation) gets the causes of growth wrong. Washington’s fiscal activism doesn’t make us richer. At best it merely redirects production and consumption. At worst it makes us poorer by diverting capital to wasteful enterprises.

The predictable result of Bidenomics is an economy of busts like Proterra. Rather than spending “taxpayer resources . . . more productively,” this agenda drains the fisc to support partisan projects. The more we squander scarce resources, the longer we’ll be stuck with lackluster growth.

Refocusing on the supply side is a good idea, but do it the tried-and-true way: Repeal regulations. Cut taxes. Cut spending more. Unleash the forces

of productivity and the rising tide of commerce will lift all boats. Follow Ms. Yellen’s recommendations, however, and we’ll be dead in the water.

PROF. ALEXANDER WILLIAM SALTER  
*Rawls College of Business, Texas Tech  
Lubbock, Texas*

It is entertaining when Ms. Yellen states that the three main goals of the Inflation Reduction Act are to “drive down the cost of clean energy technologies” and advance “economic opportunity and resilience.” None of the three are intended to reduce inflation.

ZACK LEMMERT  
*Frostburg, Md.*

Ms. Yellen cites a union’s comment that the Inflation Reduction Act is a “historic win.” She then writes, “The law requires companies to pay prevailing wages.” If, absent the law, companies would have successfully offered nonprevailing wages, by definition they are now paying more than necessary—and more than the true “prevailing wage”—under the act. In no way can this be described as “inflation reduction.”

LOUIS N. RITTEN  
*La Grange, Ill.*

Ohio’s Mistake and the Pro-Life Conundrum

I am a lifelong conservative, and I voted against Issue 1 in Ohio’s special election (“Ohio Is Another GOP Abortion Warning,” Review & Outlook, Aug. 10). My vote, however, had nothing to do with abortion. Only last year, these Issue 1 advocates argued that special elections should never take place—too expensive, low turnout, scarce poll workers. Then these same folks told us it is essential to change our century-old constitution and that it had to be done now, in a special election.

If such a change is necessary, let’s have a good, long conversation about it. Let’s not rush it through in a special election to sidetrack a separate issue in the next election. As it is, the state is going to debate abortion, as the Supreme Court intended, from now until Nov. 7. Ohio Republican leaders tried to muscle through their agenda, and the voters, for various reasons, would have none of it. I fear our leaders did themselves no favors for future credibility and outcomes.

NANCY R. COOPER  
*Cincinnati*

After decades of abortion on demand, it may take the pro-life movement some time to persuade voters that abortion is a moral evil that should be prohibited. That reality may explain the ballot-measure defeats.

So far, however, with the exception of the Democrats barely flipping the Michigan legislature, and the election of an extremely liberal justice to the Wisconsin Supreme Court, there is little evidence that the pro-life position has adversely affected Republican candidates. Eight states have also enacted abortion bans since the Supreme Court overruled *Roe v. Wade*.

In the 18 states that prohibit abortion throughout pregnancy (Ohio prohibits it only after the unborn child has a detectable heartbeat), a citizen initiative to amend the state constitution isn’t an option in 12 of them. A citizen initiative to amend the state constitution is available in only a minority of the remaining states that might consider prohibiting abortion.

PAUL BENJAMIN LINTON  
*Northbrook, Ill.*

Behind the Explosion of Obesity in America

I am inclined to agree that the set-point system has gone awry among people suffering from obesity, but that is difficult to reconcile with the speed of the rise in the prevalence of obesity in America (“New Drugs Alter the Debate on the Cause of Obesity,” U.S. News, Aug. 16). When looking over my college yearbooks, I could hardly locate a schoolmate who was overweight, let alone obese. Is this reset toward obesity a cause or effect of some other part of American culture?

JOHN T. CHIU, M.D.  
*Newport Beach, Calif.*

To suggest that obesity is exclusively a reflection of nature is scientifically backward. Decades of psychotherapy have established that some of us self-medicate with food to feel better or to otherwise cope with pain. That toxic relationship, to alter one’s mood, has life-damaging consequences.

It isn’t so much that the individual must accept blame, but that self-awareness is an important part of change. The phrase “eating one’s feelings” has been around for a long time. Let’s not deny people the psychological help they need by rationalizing that all obesity is a mere reflection of biology.

TIMOTHY STABOSZ  
*La Porte, Ind.*

A Distinction Without Any Difference on Iran’s Mossadeq

Ray Takeyh asserts that Mohammad Mossadeq wasn’t democratically elected prime minister of Iran but was appointed by the Shah (“The Real Story of the 1953 Iranian Coup,” op-ed, Aug. 19). This confuses the matter. Mossadeq was elected to his seat in Parliament, then nominated by that body to become prime minister, and finally approved by the Shah. This is considered a legitimate democratic process. Would anyone make a similar statement as Mr. Takeyh’s about the prime ministers of the U.K., that they weren’t democratically elected, but simply appointed by the crown? No, because it doesn’t make sense if one understands parliamentary systems.

CHRISTOPHER BRECHNITZ  
*Kansas City, Mo.*

To Work for a Straight Talker

Regarding Barton Swaim’s “A CEO Who Doesn’t Equivocate About Climate” (Weekend Interview, Aug. 19): I am a 90-year-old retiree with a bunch of diplomas and experience. I wish I were young enough to apply for a job, any job, working for Peter Huntsman.

W.G. PETERS  
*Sun Lakes, Ariz.*

CORRECTION

The university that operates the PredictIt political-futures market is in New Zealand. This was misstated in the Aug. 22 op-ed “PredictIt Triumphs Over Regulatory Arrogance.” Rostin Behnam’s first name was also misspelled.

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Pepper ... And Salt

THE WALL STREET JOURNAL



“Yes, Frank, executive backpacks are cool, but not when emblazoned with superheroes.”



OPINION

# ESG Busters Need a New Playbook

By Paul H. Tice

Good news is brewing in finance. The public backlash against ESG—environmental, social and governance investing—has grown, shedding light on the left’s ideological takeover of Wall Street. The bad news is that the anti-ESG coalition isn’t prepared to defeat a global “sustainability” campaign. The movement needs a makeover and should begin by following a few guiding principles:

- *Virtue signaling isn’t the only problem.* The current bout of woke capitalism in corporate boardrooms is merely a symptom of the underlying malady. Through its pervasive asset integration and overriding focus on nonfinancial factors, ESG is slowly changing the pecuniary purpose of investing. Waging public spats with management over critical race theory and gender ideology distracts from how ESG investing is re-engineering global financial markets.

The key to defeating the global ‘sustainability’ campaign lies in following these guiding principles.

No matter how many brands go broke from misplaced trust in sustainable policies or social-justice activism, it won’t slow ESG’s market momentum.

- *Focus on climate.* This is ESG’s crown jewel, as evidenced by the countless net-zero initiatives that have been adopted since 2015. Other factors, such as “diversity, equity and inclusion,” are secondary—if not superfluous—to the movement’s priority of using private capital to fund a global energy transition.
- *ESG isn’t caused by lack of competition.* The movement is the product of progressive activists seeking to impose their will through a combination



of moral coercion and government pressure. Giving investors the choice of non-ESG funds won’t address ESG’s systemic threat. Creating a safe space for nonbelievers while ceding the public square of global financial markets to sustainability zealots isn’t the answer.

Strive Asset Management—the investment firm co-founded last year by presidential candidate Vivek Ramaswamy—is a case in point. The company says it emphasizes “the pursuit of excellence over politics in boardrooms across corporate America.” That sounds attractive, yet like many other anti-ESG firms Strive has struggled to attract capital. As of March 31, 27 prominent anti-ESG funds tracked by Morningstar had only about \$2 billion in assets under management—a rounding error compared with the roughly \$100 trillion in assets under management in the global asset-management industry. Aggregate net inflows to these funds have slowed markedly since the launch of Strive’s first energy fund in August 2022.

Part of the problem may be that these anti-ESG firms are employing the same tactics as the ESG movement. They actively engage with company management to push their own particular investment agenda—

while functioning as passive fund managers with no real vote and as de minimis institutional shareholders.

Aside from their ideological aims, there isn’t much daylight between Strive and BlackRock, Vanguard and State Street—the Big Three index-fund managers. Strive also bears a striking resemblance to Engine No. 1, the little investment fund that waged a high-profile climate proxy battle against ExxonMobil in 2021 by using its 0.02% company stake as leverage.

While Strive and its counterparts are a testament to capitalism’s organizational capacity, the fight against ESG shouldn’t be viewed mainly as a business opportunity. It was this kind of shortsighted money-chasing instinct that suckered many Wall Street firms into initially supporting ESG’s empty promises of doing well by doing good—a position from which they can’t easily extricate themselves.

- *ESG thrives on a lack of transparency.* The anti-ESG coalition has primarily focused on annual shareholder meetings to generate public press for the cause. Yet the main battle will transpire in the less-transparent credit markets—not public equity markets—given that bank loans and institutional bonds are the main source of liquidity for most

companies. As the cheapest source of capital to fund operations and acquisition-related growth, debt-market access represents the kill switch for ESG activists looking to defund fossil fuels and other maligned industries.

- *The courts are necessary in this fight.* Owing to increasing regulatory disclosure rules and sustainable-finance mandates, the financial industry won’t be able to solve the ESG problem on its own. Reversing the sustainability tide will require aggressive legal action. Rather than hold fruitless congressional hearings, strategists should push back against regulatory overreach through the courts. The Supreme Court’s decision in *West Virginia v. Environmental Protection Agency* (2022), striking down the agency’s 2015 Clean Power Plan, offers a useful template.

In *West Virginia*, the justices held that the EPA had exceeded its congressionally delegated authority in violation of the “major questions doctrine.” The agency couldn’t enact regulations on matters of vast political or economic significance without Congress’s clear assent. The same legal argument should be used to challenge the sweeping ESG-related mandates promulgated by the Securities and Exchange Commission, the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corp. and the Labor Department.

The time clock for mitigating climate change by 2030 through ESG and sustainable development began ticking in 2015. We’ve now crossed the halfway point. To stave off the left’s strategy of climate doomsaying and financial re-engineering, the anti-ESG squad needs a stronger game plan for the second half.

*Mr. Tice is a former Wall Street energy research analyst, an adjunct professor of finance at New York University’s Stern School of Business, and author of “The Race to Zero: How ESG Investing Will Crater the Global Financial System” (Encounter Books), forthcoming in January.*

# Ukraine Renews Its Independence

By Kira Rudik

*Kyiv, Ukraine*

The average age of the Verkhovna Rada, Ukraine’s 450-seat parliament, is 41. Only three of the elected representatives are older than 60, while 17 were under 30 at the time of their election. This means that when Ukraine declared its independence, many of us were essentially children, and some weren’t yet born. What do we remember from Aug. 24, 1991?

I was 6. My memories of that day are of something profoundly significant. People didn’t go to work; they gathered in the city center, on what is now Hrushevsky Street, greeting each other in an atmosphere of incredible joy and uplift.

Now, in the 10th year of Russia’s war against Ukraine and 18 months into its full-scale phase, my thoughts drift back to the Verkhovna Rada elected in 1990, before independence. Its composition was diverse and varied. There weren’t many professional politicians. There were only Ukrainian patriots and Communists.

Most politicians were children in 1991, but the war has created a new generation of patriots.

Everyone had an agenda. Some aspired for greater autonomy within the Soviet Union. Some defended the Ukrainian language. Some were building their careers with an eye toward Moscow. All etched their names in Ukraine’s history when they accomplished what our ancestors had dreamt of for centuries and what society demanded at that moment—*independence.*

On Dec. 1, 1991, the Ukrainian people overwhelmingly affirmed their desire for independence in a referendum with 84% turnout. In the Crimean peninsula, more than 54% voted in favor of independence. In the Donetsk, Luhansk, Kharkiv, and Odesa regions, support was over 80%. Today’s Russian propaganda conveniently forgets these numbers, insisting in its narrative that Ukraine and Ukrainians don’t exist.

Historians often joke that people living through major historical events don’t realize how significant those times are. There’s some truth to that. When the current Verkhovna Rada was elected in 2019, the primary demand of the Ukrainian people was a renewal of political authority. No one could have imagined the challenges we would face in less than three years: working during a full-scale war, making pivotal decisions, defending the nation’s sovereignty, and upholding the rights of Ukrainians to exist.

Like all Ukrainians, I will never forget Feb. 24, 2022, the day Russian troops invaded. By 7 a.m., a full-scale war had been raging for two hours. Russian forces were advancing in the Sumy, Kharkiv, Chernihiv, Zhytomyr, Luhansk and Donetsk regions, and from the direction of Crimea. From Belarus, they were moving toward the Kyiv region and the capital city itself. Cities like Odesa, Kherson, Kharkiv, Zhytomyr, Mykolaiv, Zaporizhzhia, Dnipro and Kyiv, along with their surrounding areas, were under missile attack.

In Kyiv, lines formed at petrol stations, railways and ATMs—but even longer queues formed outside military recruitment offices. Tens of thousands of men and women were eager to take up arms to defend their homes, their loved ones, and their country against the invader. Ukrainians enlisted en masse in territorial defense units. Those ready to fight were given weapons. In Kyiv alone authorities distributed 20,000 rifles on Feb. 24.

Our constitution clearly stipulates that in the event of an attack on Ukraine’s territorial sovereignty, Parliament must convene and vote to impose martial law. At 7 a.m., the Verkhovna Rada fulfilled its duty to defend the nation, strengthen its defense capabilities, and continue being a free, independent people. Meanwhile, Vladimir Putin was telling the world that the state of Ukraine no longer existed.

Ukraine surprised the world, the enemy and even itself. We have managed to unite, support each other, and rally around what’s crucial: our nation, our freedom, and the future of our children.

History is made by ordinary people. They become heroes, and the future depends on them. This isn’t the first time Ukraine has had to fight for its right to exist. We must win. Each and every one of us knows what we are fighting for.

*Ms. Rudik is a member of Ukraine’s Parliament.*

# Is Disparate-Impact Theory Constitutional?

By Graham Hillard

Employers are beginning to reconsider policies requiring that entry-level white-collar employees have a bachelor’s degree. Apple, IBM and Google have dropped some formal degree requirements, as have the states of Colorado, Maryland, Pennsylvania and Utah. “Whether you went to college or gained experience through work, on-the-job training or an apprenticeship, we value what you bring to the table, and we want you here,” Pennsylvania’s newly inaugurated Gov. Josh Shapiro said in January after signing an executive order.

That isn’t a new sentiment. “History is filled with examples of men and women who rendered highly effective performance without the conventional badges of accomplishment in terms of certificates, diplomas, or degrees,” Chief Justice Warren Burger observed for a unanimous Supreme Court in *Griggs v. Duke Power Co.* (1971).

Yet the ubiquity of the college-degree requirement is an unintended consequence of *Griggs*, which asked whether employers could use intelligence tests in hiring and promotion if such exams had a disparate impact on minority workers. The justices said no, holding that unless such tests are “job-related,” using them violates the Civil Rights Act of 1964—even though that law specifically permits the use “of any professionally developed ability test,” provided it isn’t “designed, intended or used to discriminate because of race, color, religion, sex or national origin.”

Employers looked to college degrees as a substitute—a handy marker of mental agility, given that colleges admitted students on the basis of aptitude tests. Although the court in *Griggs* also ruled against Duke Power’s use of high-school diplomas as a prerequisite for promotion, degrees escaped disparate-impact scrutiny because colleges also used race-based admissions quotas.

That’s now unlawful under *Students for Fair Admissions v. Harvard* (2023). But the disparate-impact rule

remains in effect in employment law, although it wasn’t part of the 1964 Civil Rights Act. Invented by regulators in the ’60s and upheld by the Supreme Court in 1971, it was codified by Congress in the Civil Rights Act of 1991.

Louisiana’s case against the EPA could eventually reduce the number of jobs requiring college degrees.

But a lawsuit filed in May by Louisiana Attorney Jeff Landry argues that disparate-impact theory violates the Equal Protection Clause of the 14th Amendment. Mr. Landry’s case challenges the Environmental Protection Agency’s reliance on disparate-impact analysis in launching civil-rights investigations over industrial

pollution. The complaint argues that when the EPA specifically cites pollution’s effect on minority residents, it might “compel the State to discriminate on the basis of race” by making sure that white citizens bear the brunt of any potentially detrimental action. “The EPA does not bother to deny that it would be unconcerned if the exact same emissions occurred in areas with differing racial demographics,” Mr. Landry writes in his complaint.

This argument has come up before the Supreme Court in the employment-law context. Mr. Landry cites Justice Antonin Scalia’s lone concurrence in *Ricci v. DeStefano* (2009), which held that the city of New Haven, Conn., couldn’t refuse to promote white and Hispanic employees because no black firemen had passed the relevant exam. Scalia argued that the majority’s narrow ruling “merely postpones the evil day on which the Court will have to

By Michael Buschbacher And James Conde

For decades, bureaucrats in Washington have argued that fuel-economy mandates pay for themselves. Billions of dollars in upfront investments now, they say, are well worth the money drivers will save over their cars’ lifetimes. And because the mandates reduce carbon emissions too, it’s a win-win for environmentalists and drivers. Better than a free lunch.

That gig is up. Reality has finally made it impossible to churn out such self-aggrandizing propaganda with a straight face. But we didn’t actually expect bureaucrats to say the quiet part out loud.

We read the Transportation Department’s newly proposed fuel economy regulations so you don’t have to. Buried deep on page 56,342 of volume 88 of the Federal Register, the agency makes this concession about its latest proposed rules: “Net

benefits for passenger cars remain negative across alternatives.” In plain English, this means that mandating ever-more-stringent fuel economy for passenger cars will harm society.

How much? The department estimates that its plan of increasing passenger-car standards by 2% each year will reduce private welfare by \$5.8 billion over the life of the cars. After accounting for alleged social benefits, such as reduced climate-change damages in foreign countries, the standard reduces total public welfare by \$5.1 billion. You should be relieved, though: The other “alternatives” the Transportation Department is considering would have net costs of about \$11 billion, so bureaucrats tell us they are exercising admirable self-restraint.

By Washington standards, such candor is admirable. A former White House regulatory czar we spoke to couldn’t recall a proposal conceding that it would impose such enormous costs on society.

But this is Washington, so even this candor is too rosy. The predictions are full of gimmicky assumptions designed to understate costs. As Table V-6 shows, the Transportation Department assumes that investing in fuel economy somehow has no opportunity costs. This flunks basic economics and engineering. To improve fuel economy, carmakers sacrifice other improvements drivers like, such as towing capacity, safety features, trunk space, acceleration and even the increasingly rare spare tire (cut to reduce weight and cost, of course). They also add features consumers hate—such as stop-start systems. But modeling these trade-offs is hard, so the department’s pseudo-economists pretend the trade-offs don’t exist, as the proposal

explains in footnote 187.

Simply put, the Transportation Department bureaucrats have no real basis for claiming they make better choices than drivers and fleet managers. They literally are making it up. But unlike in previous rulemakings, the costs are now so comically high that regulators can no longer

Bureaucrats admit that ‘net benefits for passenger cars remain negative.’

pretend that mandating greater fuel economy for passenger cars is good for society.

The job of the White House Office of Information and Regulatory Affairs is to stop regulatory proposals that would harm society, so this proposal should never have seen the light of day. But the proposed rule says this: White House’s not-so-secret password: Climate change.

What about it? Without a hint of sarcasm, page 5-39 of the department’s accompanying environmental assessment estimates that in 2060 the proposal would reduce average global temperatures by 0.000%. The modeled effect is so trivial that the bean counters ran out of decimals in their spreadsheets. Chinese Communist Party officials must be reading our wonderful environmental assessments for comic relief as they ramp up coal production.

*Mr. Buschbacher is a partner at the law firm Boyden Gray PLLC and served in the Justice Department’s Environment Division (2020-21). Mr. Conde is counsel at Boyden Gray PLLC.*

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WORLD NEWS

India Lands Craft on Moon’s South Pole

The landing makes it the first country to reach that part of the lunar surface

By Vibhuti Agarwal

NEW DELHI—India successfully landed its Chandrayaan-3 spacecraft on the moon’s south pole Wednesday, days after a similar Russian mission ended when its probe crashed into the lunar surface. India is the first country to reach that part of the moon’s surface, an achievement expected to kick off a new era of space exploration. Scientists and engineers hope to tap water resources at the lunar south pole to facilitate missions to other parts of the solar system, and future efforts for long-term settlements on the moon. “We have achieved soft landing on the moon,” said Indian space agency chairman S. Somanath. “India is on the moon.”

Prime Minister Narendra Modi praised the hard work of India’s scientists for taking an Indian spacecraft “to that part of the moon where no country has gone before.” “This success belongs to all of humanity. And it will help moon missions by other countries in the future,” he said. India joins the U.S., Russia and China in the group of spacefaring nations to pull off a controlled landing on the moon. The operation further cements the country’s status as a major global player in space, which for decades was dominated by the U.S. and Russia. China also has emerged as a power in orbit, sending its own landers to the moon and deploying a space station. India’s achievement is all the more remarkable given its minuscule space-agency budget. India this year earmarked \$1.5 billion for its Department of Space, which includes funding for the Indian Space Research Organization. The U.S.



A live telecast of the Chandrayaan-3 spacecraft landing.

National Aeronautics and Space Administration’s budget stands at \$25 billion. India is able to keep costs down due in part to lower salaries for scientists compared with countries with major space programs, and by saving fuel with the use of smaller rockets and plotting trajectories

that enlist the help of gravity. Scientists at the Indian moon-mission complex watched with bated breath as the lander module began its braking operation, drawing ever closer to the lunar surface, and then moving from a horizontal to a vertical position. In 2019, the roughly 15-

minute process ended in a crash and heartbreak for India’s first effort to land on the moon’s south pole. The area is more challenging for landings, given the long shadows cast by boulders and vast craters there, say space experts. Russia had sought to become the first nation to land a spacecraft in the region, but its unmanned Luna-25 spacecraft crashed into the moon over the weekend, said Roscosmos, Russia’s space agency. Intuitive Machines and Astrobotic Technology, two U.S. companies, could have their own lunar landers blasted off later this year, on missions backed by NASA. India and several other nations have signed on to U.S.-backed principles for space exploration, while Russia plans to work with China to develop a lunar-research station. Accolades poured in for ISRO after the agency confirmed the landing, including from leaders of NASA and the

European Space Agency. The Chandrayaan-3 mission, which means “moon vehicle” in Hindi, was launched in July. The spacecraft’s nearly 40 days of travel compared with the speedier trajectory of the Russian craft that crashed was due to the Chandrayaan-3’s heavier payload and more limited fuel storage compared with the Luna-25. India also sent its spacecraft on a route that looped around the Earth and moon to take advantage of gravity for its trajectory and to economize on fuel. “This will remain the most memorable and happiest moment for all of us,” said ISRO scientist Kalpana Kalahasti, the associate project director of the moon mission. “From the day we started rebuilding our spacecraft after the Chandrayaan-2 experience, it has been breathe in, breathe out Chandrayaan-3 for our team.” —Aylin Woodward and Micah Maidenberg contributed to this article.

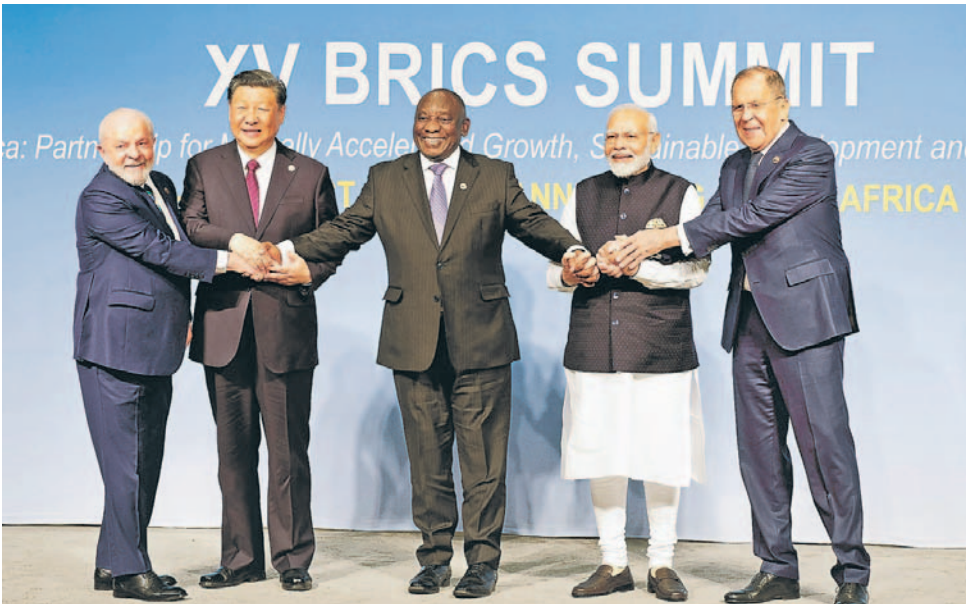
China and Russia Criticize West at Summit in Africa

By Thomas Grove and Austin Ramzy

Russia and China used a summit of countries known as the Brics this week to air their grievances against Western powers, present themselves as defenders of developing economies and set out the case for an alternative international order. Russian President Vladimir Putin, addressing the South African summit by video, accused the West of provoking everything from the war in Ukraine and global inflation to hunger in the world’s most vulnerable countries by hampering Russian grain and fertilizer sales through sanctions. Leaders of Brics nations Brazil, India, China and South Africa, gathered in Johannesburg with Putin—who faces an international arrest warrant for alleged war crimes in Ukraine—joining by video. The annual summit provides both China and Russia with an opportunity to set out

their complaints against the West and voice support for the increasingly important developing economies of Africa, South America and Asia. While no formal alliance exists between Beijing and Moscow, their leaders have coordinated on anti-Western messaging. Putin blamed the West for the Ukraine war, and called Western allies’ increasing ties with the former Soviet republic a form of neocolonialism. He praised what he said were Brics’s efforts to advance the interests of Africa and Asia, in contrast to the West, which he said, in a separate speech Tuesday, has wreaked havoc with the global economy to pursue its own economic ends. China and Russia also set out the case for strengthening the Brics capabilities as a political entity and independent trading bloc, part of an effort to boost its clout as a counterweight to the West. Strengthening the group, Beijing and Moscow argue, also would

give the developing world a voice more equal to its size, putting it on a footing with Western powers whom they accused of holding back development in some of the world’s most vulnerable countries. Other Brics nations have advised caution over expanding to include nations such as Iran and Cuba for fear the group could become too far aligned against the West. Naledi Pandor, South Africa’s minister of international relations, said Wednesday that the leaders agreed on the guidelines, principles and processes for considering countries that want to join Brics, and that more details would be shared by the leaders before the end of the summit Thursday. By not attending in person, Putin spared host and International Criminal Court member South Africa the dilemma of whether to arrest him. Chinese leader Xi Jinping said Wednesday that Brics nations should work together to



The leaders of Brazil, China, South Africa and India with Russian Foreign Minister Sergei Lavrov.

promote prosperity and rejecting criticisms of China’s political model and efforts to isolate it. Xi, who has launched programs such as the Global Security Initiative and the Global Development Initiative that seek to put China at the center of the international order, said he supports the expansion of Brics “to make global governance more just and equitable.” Such an expanded grouping

would give China more clout as it squares off with the West. Xi skipped a scheduled speech on Tuesday at the closing of the Brics Business Forum. The absence of the leader of the world’s second-biggest economy raised questions after Xi spent much of August out of the public eye, even as deadly floods hit northeast China. China offered no explanation for his absence. To further

confuse matters, Chinese state media and a Foreign Ministry official said it was Xi who spoke at the forum, although Commerce Minister Wang Wentao delivered the Chinese leader’s prepared remarks. The speech referred to “some countries,” which he said were “not reconciled to losing their hegemony, and wantonly contain and suppress emerging-market countries.”

WORLDWATCH

Dominican Republic Tropical Storm Batters Island

Tropical Storm Franklin unleashed heavy floods and landslides in the Dominican Republic after making landfall in the country’s southern region, killing at least one person and injuring two others. The storm was expected to swirl for most of the day above the island of Hispaniola that the Dominican Republic shares with Haiti. Forecasters warned the storm could drop as much as 12 inches of rain in the Dominican Republic. Officials were also concerned about Franklin’s impact in Haiti, which is prone to catastrophic flooding given the country’s severe erosion. Authorities in Puerto Rico, which was hit by Franklin’s rain, were searching for two scuba divers missing south of the U.S. territory in waters churned up by the storm. —Associated Press

Greece Flames Engulf Forests and Homes

Advancing flames devoured forests and homes as dozens of wildfires raged across Greece, leaving 20 people dead during the past three days, while major blazes also burned in northwestern Turkey near the Greek border and on Tenerife in Spain’s Canary Islands. Greece’s largest forest fire was burning out of control for the fifth day near the city of Alexandroupolis in the northeast, while another major blaze on the northwestern fringe of Athens was torching homes and heading into Parnitha national park. Firefighters tackled 355 forest fires during a five-day period from Friday to Tuesday, Climate Crisis and Civil Protection Minister Vassilis Kikilias said Wednesday. —Associated Press

Iran Eight People Get Prison Sentences

Iran sentenced seven men and a woman to prison after their convictions for allegedly aiding two men who killed a paramilitary volunteer during the nationwide protests last year that followed Mahsa Amini’s death in police custody, state media reported. The sentences came just ahead of the one-year anniversary of Amini’s Sept. 16 death, as authorities have been rounding up activists and others in an apparent attempt to tamp down on any dissent ahead of it. The report by the judiciary’s Mizan news agency offered the first official confirmation of the sentences apparently handed down earlier by a Revolutionary Court in the city of Karaj, where the November slaying happened. —Associated Press

Taiwan U.S. Green-Lights New Arms Sale

The Biden administration has approved a \$500 million arms sale to Taiwan as it ramps up military assistance to the island despite objections from China. The State Department said it had signed off on the sale of infrared search tracking systems along with related equipment for advanced F-16 fighter jets. The sale includes the infrared systems as well as test support and equipment, computer software and spare parts, it said. While the deal is modest in comparison to previous sales, the move is likely to draw fierce criticism from Beijing, which regards self-governing Taiwan as a renegade province and refuses to rule out the use of force to reunify it with the mainland. —Associated Press



A woman cast her ballot Wednesday in Mbare, Zimbabwe. Allegations of voter intimidation cast a shadow over the election.

Zimbabweans Vote Amid Fear, High Inflation

By Gabriele Steinhauser and Bernard Mpofu

MUTOKO, Zimbabwe—Zimbabweans cast their ballots Wednesday in an election clouded by years of dizzying high inflation and intimidation from a ruling party that has been in power for more than four decades. Seeking re-election is President Emmerson Mnangagwa, an 80-year-old veteran of the ruling ZANU-PF party and former deputy of its longtime strongman Robert Mugabe. Mnangagwa deposed Mugabe in a military coup in late 2017, and months later narrowly beat opposition leader Nelson Chamisa at the ballot box. Wednesday’s vote was a rematch of that contest. Hopes for a freer and more democratic Zimbabwe following Mugabe’s ouster were quickly extinguished during

the 2018 vote when six civilians were shot by Zimbabwean soldiers as they protested delays in announcing the winner. This time round, prospective voters told The Wall Street Journal that they have been forced to attend ZANU-PF rallies and fear retribution if they vote for the opposition, allegations the party denies. Most analysts say Chamisa, a 45-year-old pastor and lawyer by training, will struggle to beat Mnangagwa, whose ZANU-PF has ruled Zimbabwe since its independence from Britain in 1980. The electoral commission has five days to release the final results. In 2018, Mnangagwa promised economic recovery and an end to Zimbabwe’s international isolation. Instead, the past five years have brought echoes of the hyperinflation of the Mugabe-era and new legislation that local and international

rights groups say is aimed at further suppressing dissent. The local currency, which in 2018 was pegged to the U.S. dollar, now trades at close to 5,000 Zimbabwean dollars to the U.S. dollar. Annual inflation spiked to 827% in July 2020 and is at 77% three years later, a drop that is largely the result of much of Zimbabwe’s economy returning to the U.S. dollar. The sharp devaluation of the local currency has erased savings and the purchasing power of people paid in Zimbabwean dollars. Analysts expect the government to turn on the money printing presses again after the elections to pay salaries and other obligations. Per capita, Zimbabwe’s economy is smaller today than in the 1980s. Last month, Mnangagwa signed new legislation, dubbed the Patriotic Act, that imposes harsh punishments, including the death penalty, on anyone

caught “willfully injuring the sovereignty and national interest of Zimbabwe.” Rights groups say the wording of the law is so broad that it effectively criminalizes any form of criticism of the nation’s leadership. The government disputes this interpretation, saying the law targets citizens working with foreign governments to overthrow Zimbabwe’s constitutional order or broaden sanctions targeted at the country. The U.S. and other Western states have imposed sanctions on Mnangagwa, his son and other Zimbabwean officials and businesses allegedly involved in human rights and other abuses, some of them dating to the early 2000s. Although no one has been prosecuted under the new law, Chamisa’s Citizens Coalition for Change says the legislation has contributed to an atmosphere of fear among its supporters.



## Juul to Lay Off 30% of Its Staff

E-cigarette maker awaits FDA decision on whether its products can remain

By JENNIFER MALONEY

**Juul Labs** plans to lay off roughly 30% of its workforce, whittling its operations as it seeks to raise capital or sell the company.

The e-cigarette maker has been on tenuous financial footing since U.S. regulators last year ordered its vaping products off the market, then suspended the ban pending the company's appeal.

Juul staved off bankruptcy last fall after some early investors bailed it out. Since then, Juul has sought and failed to make a deal with a larger company on a sale, in-

vestment or licensing arrangement that could provide capital to continue its operations.

Juul is awaiting a final decision from the Food and Drug Administration on whether its current products can remain on the U.S. market. The dispute hinges on unresolved technical questions in Juul's application for federal authorization. Last month, in a separate application, Juul submitted its next-generation vaporizer for U.S. clearance.

Juul hasn't been able to strike a deal at what it deems a fair valuation without FDA authorization for one of its devices, a company spokesman said. Potential investors also have expressed concern about the proliferation of illegal disposable vaping products, which have taken market share in the U.S. from Juul and others.

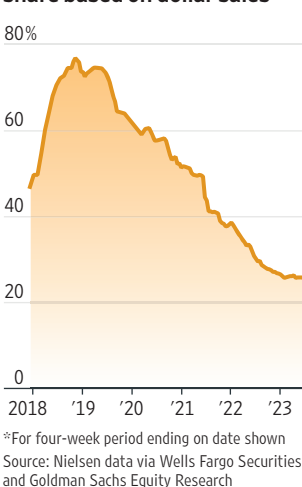
"We have been working, we have been fighting, we have been taking steps to go from unstable to stable," Juul Chief Executive K.C. Crosthwaite told staff in an all-hands meeting Wednesday, according to a recording reviewed by The Wall Street Journal. "We know and firmly believe that our product applications deserve authorization."

The FDA didn't comment Wednesday.

The company plans to lay off about 250 people in its latest round of cuts, reducing its workforce to around 650. At its peak four years ago, the startup had a little more than 4,000 employees.

The cuts will reduce operating expenses by \$225 million, the Juul spokesman said. The reductions also will help move the company toward profitability and reduce the need for

Juul's e-cigarette market share based on dollar sales\*



fresh capital before the FDA's decision on its products.

Juul this summer has been trying to raise at least \$1 billion from investors, the

spokesman said. The fundraising effort was earlier reported by Bloomberg.

Given the uncertain timeline for Juul's potential clearance in the U.S., Juul has to demonstrate to potential investors that it can be profitable and generate positive cash flow, Crosthwaite said in the all-hands meeting.

Juul isn't considering a bankruptcy filing, the company spokesman said.

Once the market leader, Juul is the No. 2 e-cigarette maker in the U.S., according to a Goldman Sachs analysis of Nielsen data. Juul accounted for 25% of e-cigarette sales in U.S. retail stores in the 12 weeks ended July 29, the analysis showed.

Juul's sales fell after the FDA briefly ordered its products off the market in June

Please turn to page B2

## China Dreams Dim for Wall Street

By JACK PITCHER AND REBECCA FENG

**BlackRock** became the first global asset manager to operate a wholly owned mutual fund business in China in 2021, roughly a year after Chief Executive Larry Fink called the country "one of the biggest opportunities."

Two years later, the world's largest asset manager is struggling to compete in the market. BlackRock ranks 145th among nearly 200 Chinese mutual fund houses in terms of domestic assets under management, according to Wind, a financial data provider. Fidelity International and Neuberger Berman's wholly owned China subsidiaries rank even lower.

BlackRock's underwhelming start is emblematic of other Wall Street titans whose dreams of riches from China appear to be slipping away. Deal flow for many American investment banks in China has slowed to a trickle with local companies increasingly turning to their Chinese peers. Meanwhile, a slowing Chinese economy and growing difficulty in securing data have damped foreign investors' appetite for Chinese assets.

President Biden's new executive order that will prohibit Americans from investing in some Chinese companies is the latest in a string of setbacks.

The outlook appeared brighter for U.S. institutions just a few years ago.

In 2020, China scrapped restrictions on U.S. asset managers selling mutual funds to individual Chinese investors and lifted the limits on foreign ownership in domestic securities firms. The following year, **Goldman Sachs** took full control of its onshore securities venture. In 2022, **Morgan Stanley** boosted stake in its China

Please turn to page B2

## Miners Look to Burnish Green Credentials

By RHIANNON HOYLE AND JULIE STEINBERG

Some global mining companies are taking their hunt for materials that can power the energy transition to city scrapyards.

**Rio Tinto** and **Glencore** have signed deals this year to expand critical metals recycling, branching out from investments over the past decade that involve running giant mines in countries including the U.S., Australia and Congo.

They and others are betting that makers of cars and consumer electronics will increasingly demand sustainably sourced metals for their products. They are also seeking to turn a potential threat from rising scrap-metal supply into an opportunity.

Rio Tinto last month agreed to buy a 50% stake in **Matalco**, a supplier of recycled aluminum owned by Canada's **Giampaolo Group**, for \$700 million. Rio Tinto is the world's second-largest miner by market value and a major producer of aluminum, used to make electric vehicles, solar panels and wind turbines.

Glencore in May agreed with **Li-Cycle Holdings** to study and create a recycling hub in Europe that could produce enough recycled material for up to 36 gigawatts of lithium-ion batteries annually. It would be Europe's largest source of recycled battery-grade lithium, cobalt and nickel, according to the companies.

The moves come as the resources sector fights to change investors' perceptions that mining is problematic and threatens the environment, including by contributing to climate change. The industry's record on emissions, waste and



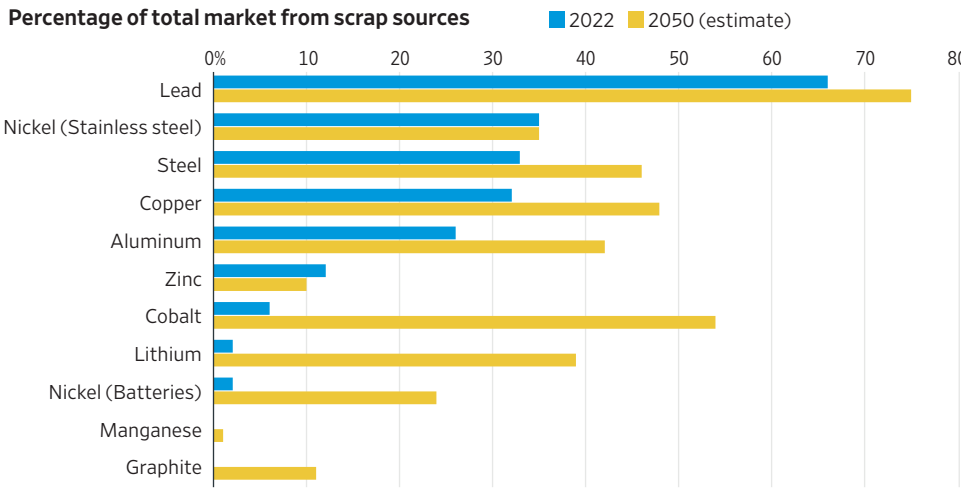
Glencore in May agreed with Li-Cycle Holdings to study and create a recycling hub in Europe. Li-Cycle facility in Rochester, NY.

deforestation is challenging efforts by some companies to get new projects permitted and attract skilled workers.

"You use less energy when you recycle, and you have less impact on nature," said Jakob Stausholm, Rio Tinto's chief executive. "So I do think that anywhere where we can do that, we should try to do that."

Miners also see an opportunity for profit. Several decades of industrialization in China is expected to start throwing off more secondhand metal than ever before, which companies hope can be recycled.

Please turn to page B2



## Nielsen Plans to Add Amazon Football Data

By JOE FLINT

The football season hasn't officially started yet, and **Amazon.com** is already on the verge of scoring a touchdown.

Nielsen is planning to incorporate viewing data from streaming services for live programming, a move that will likely boost the ratings for Amazon Prime Video's "Thursday Night Football" package and allow it to charge more for commercials.

"We are making modifications for live streaming measurement to more accurately reflect the growing impact of streaming and first-party data," Nielsen said in a written statement.

This is the first time Nielsen has agreed to use a company's own data along with its independent research to publicly report ratings. It only applies for live programming on streaming services and is open to other streamers as well.

Advertisers rely on Nielsen information when determining

where to buy advertising and formulating how much a commercial is worth. Last season, Amazon's ratings using its own data were nearly 18% higher than Nielsen's when it came to "Thursday Night Football."

Before Nielsen can start incorporating Amazon data into its own research, the Media Rating Council, which sets measurement standards, needs to finish its review and give its blessing, which could come as early as next week.

Nielsen's decision to accept first-party data came after lobbying by Amazon and the National Football League to include first-person data in its ratings, people familiar with the matter said. The NFL has been aggressively pushing Nielsen on its measurement of pro football on all of its networks for the past few years, and has even commissioned studies with the ratings company to improve accuracy.

Some other NFL rights holders are raising questions about

Please turn to page B4

## INSIDE



**BUSINESS**  
Peloton's stock sinks 23% as the maker of fitness bikes warns of continued losses. **B3**



**COMMODITIES**  
Esmark abandons bid for U.S. Steel amid pressure from United Steelworkers. **B5**

## Ford Truck Owners Complain of Noise

By RYAN FELTON AND NORA ECKERT

Phil Floraday was driving his F-150 pickup last fall when his truck's audio system suddenly emitted a loud, crashing sound that, to him, resembled glass shattering and then blaring static.

His ears rang for days after the event, he said.

"My first thought was one of the neighbors must've hit a golf ball that went through a window because that's what it sounded like," said Floraday, who took delivery of the 2022-model-year truck last summer.

**Ford Motor** is confronting a problem with some newer pickup trucks and large SUVs: drivers reporting cases in which the speakers in their vehicles sound a loud and abnormal noise—often frightening the occupants.

On online forums, F-150 owners have been airing similar accounts of an odd sound, which some describe as a

"sonic boom" or "ear-piercing static." Drivers, in some cases, were able to turn it off right away. Others say it lasted for 15 minutes or more, persisting even after the car was shut off.

Several dozen Ford customers have filed complaints with federal regulators, saying the noise was so distracting they either had to pull over and stop driving, or if parked, didn't feel it was safe to get on the road.

The automaker issued a technical service bulletin to dealers this summer to try to address the audio issue, which it said is related to the amplifier in the vehicle's sound system.

A Ford spokeswoman declined to disclose the number of vehicles affected. The service bulletin covers the Expedition SUVs and the F-150 pickups from the 2021-23 model years and the 2022 F-150 Lightning electric

Please turn to page B6



INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

<b>A</b>	Advisors.....B10	<b>N</b>
Abercrombie & Fitch.....B11	<b>F</b>	Nvidia.....A1,B11
Advance Auto Parts B11,B12	F/m Investments.....B10	<b>O</b>
Anglo American	Footlocker.....B11	Omni Bridgeway.....B10
Platinum.....B2	Ford Motor.....B1	O'Reilly Automotive.....B12
Apollo Global	<b>G</b>	<b>P</b>
Management.....A1	Giampaolo Group.....B1	Peloton Interactive.B11, B12
AutoZone.....B12	Goldman Sachs Group.....B1	<b>R</b>
<b>B</b>	<b>J</b>	Rio Tinto.....B1
Bandai Namco.....B12	JPMorgan Chase.....B2	<b>S</b>
Bath & Body Works.....B11	Juul Labs.....B1	Sanchez Energy.....B10
Benefit Street Partners.B10	<b>K</b>	<b>T</b>
BHP Group.....B2	Kohl's.....B11	Taiwan Semiconductor
BlackRock.....B1	<b>L</b>	Manufacturing.....A6
<b>C</b>	Lake Whillans Capital....B10	TJX Cos.....B12
China International	Li-Cycle Holdings.....B1	Toll Brothers.....B11
Capital.....B2	<b>M</b>	<b>W</b>
Cigna.....A4	Matalco.....B1	Williams-Sonoma.....B1
Citic Securities.....B2	Microsoft.....A6	Woodside Energy.....B10
<b>D</b>	Morgan Stanley.....B1	
Dimensional Fund		

INDEX TO PEOPLE

<b>A</b>	Dillon, Mary.....B3	Kirby, Ben.....B11
Agee, Charles.....B10	<b>E</b>	Kress, Colette.....A6
Andersen, James.....B10	Epstein, Ken.....B10	<b>M</b>
Ansari, Mohammed.....B10	Ermotti, Sergio.....B11	Minter, Robert.....B11
<b>B</b>	<b>F</b>	<b>O</b>
Bogart, Chris.....B10	Farley, Jim.....B6	O'Kelly, Shane.....B12
<b>C-D</b>	<b>H-K</b>	<b>S</b>
Crosthwaite, K.C.....B1	Huang, Jensen.....A6	Scholtz, Johann.....B11
		Shepherd, Jeff.....B6, B12

Wall Street Sees China Hopes Dim

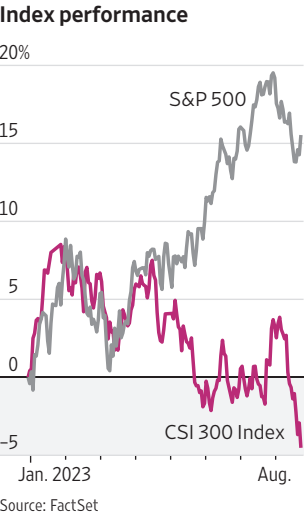
Continued from page B1

securities venture to 94%. Despite the official loosening of ownership caps, analysts say China appears uninterested in allowing a wholly owned American firm to gain momentum. “Western business models that were operating freely in China just a couple years ago are being challenged every month,” said Stephen Roach, former chairman of Morgan Stanley Asia and a senior fellow at Yale Law School’s Paul Tsai China Center. “The environment is much, much tougher today than it was.” “I think plans for massive expansion are being put on hold at a minimum,” Roach said.

As Wall Street firms contend with a prolonged slump in investment banking revenue at home, their efforts in China are floundering, too.

Last year, Goldman, Morgan Stanley and JPMorgan all reported revenue declines at their Chinese domestic ventures’ investment banking business, according to their Chinese businesses’ annual reports. Meanwhile, their Chinese peers, **Citic Securities** and **China International Capital Corp.** recorded 6% and 0.3% revenue increases, respectively. Goldman’s China securities venture, which only generated 4% of its income from investment banking business in 2022, has led or co-led seven initial public offerings in China’s domestic market in the past decade, including one last year. Citic Securities led 57 IPOs in 2022 alone, Wind data show. JPMorgan’s China securities unit led two deals last year; Morgan Stanley had none.

In May, top JPMorgan executives, including CEO Jamie Dimon, flew to Shanghai for the bank’s Global China Summit. In a sideline interview with Bloomberg, Mark Leung, the bank’s China chief, said it had received a full suite of licenses to operate in the country, but “it will be a longer journey than we would wish to gradually build up scale and reputation to do business.” That said, the firm remains committed to growing in China, he added.



Cross-border businesses are also taking a hit as international investors’ enthusiasm for China wanes.

Foreign investors bought a net \$12 billion of Chinese domestic stocks via a popular trading link last year, the lowest sum since 2016, according to Wind data. Meanwhile, they pulled about \$84 billion from China’s bond market in 2022 and \$20 billion in 2023 as of the end of July. Foreign demand for Chinese stocks and bonds recovered somewhat this year, but the days of heavy buying appear to be over, at least for now.

For asset managers, China presented a vast untapped market of savers to whom they could sell mutual funds. But international institutions have found it difficult to compete with larger local rivals that sell a bigger variety of mutual funds, including products that focus on specific sectors and investment themes that have performed better than the broader market.

BlackRock raised 6.68 billion yuan, equivalent to about \$917 million, in September 2021 for its inaugural mutual fund in China after receiving orders from more than 110,000 individuals. The New Horizon Mixed Securities Fund invests in dozens of midcap and large-cap stocks listed in mainland China.

The fund’s assets had shrunk 47% as of June 30, hit by investor redemptions and returns of negative 30% since its launch. It has fared worse than its benchmark, which is heavily weighted toward China’s CSI 300 index of the largest stocks listed on the Shanghai and Shenzhen stock exchanges and returned negative 16% over the same period.

A representative for BlackRock declined to comment. Vanguard, another giant U.S. asset manager, took a different path after making plans to expand in China. The company in 2021 suspended its preparations to launch a mutual fund business there, The Wall Street Journal reported at the time, after realizing that building a significant presence in China would be difficult and costly. It still operates a robo advisory service joint venture with financial-technology company Ant Group.

Many Wall Street analysts offered rosy forecasts for Chinese markets at the start of 2023, expecting the reopening of the world’s second-largest economy from Covid restrictions to spark a boom in consumer spending.

Instead, there has been a burst of dire economic data, prompting China’s central bank to unexpectedly cut key interest rates. Officials also said they would stop reporting the country’s youth unemployment rate, following months of spiraling increases.

Wall Street is now dealing with “geopolitical risk that makes these investments not worth the time and trouble, particularly if you’re not making a lot of money,” said Andrew Collier, managing director of Orient Capital Research in Hong Kong.

Juul Cuts 30% of Workforce

Continued from page B1

2022. They haven’t recovered but have stabilized, the company said. Revenue in the quarter ended March 31 was \$204 million—a decline of 21% from a year earlier, the company said. It had a net loss of \$87.6 million in that quarter, including accounting charges related to litigation, and about \$138 million in cash on hand at the end of March, according to a disclosure the company made to employees.

The company’s revenue totaled \$227 million in the June quarter, Juul’s spokesman said.

Juul’s dispute with the FDA



Potential investors are concerned about illegal products.

made it difficult last year for the company to raise money to cover its legal liabilities, bringing the company to the brink of bankruptcy. Juul in December agreed to pay \$1.7 billion in a broad legal settlement covering more than 5,000 lawsuits. Separately, the company has reached settlements totaling about \$1.1 bil-

lion with 46 states plus the District of Columbia and Puerto Rico. Many of the lawsuits accused the e-cigarette maker of marketing its products to children and teens. Juul has said it never targeted young people and has been working to regain the trust of regulators and the public.



Globally, 42% of aluminum will be sourced from scrap come 2050, compared with 26% in 2022, Wood Mackenzie estimates.

Miners Seek To Burnish Credentials

Continued from page B1

pled and sold again. The cost to set up aluminum-scrap processing facilities is typically one-tenth of what is needed to build plants to produce the commodity new, said Wood Mackenzie, a U.K.-based consulting firm.

Policy makers in some parts of the world have set ambitious targets for recycling. The European Union’s executive body this year proposed a goal of getting at least 15% of some critical raw materials from its own recycled sources.

“If you’re not going into recyclability, we will keep on being cannibalized by recycling because the world will see more and more,” said Stausholm.

Globally, 42% of aluminum will be sourced from scrap come 2050, compared with 26% in 2022, Wood Mackenzie estimates. For lithium, recycled metal could comprise 39% of the market by then, from 2% last year.

Some executives say big Western mining companies will need to get involved in scrap-metal supply in some way to stay relevant. But several also highlighted drawbacks, including margins that

are typically thinner than running large mining pits.

For **BHP Group**, the world’s No. 1 mining company by market value, recycling metal doesn’t offer the same scale, returns or require the same skills as its core business digging up commodities such as iron ore and coal in the Australian Outback.

“The fact is, it’s not as easy to do as everyone thinks,” said Duncan Wanblad, CEO of London-based mining company **Anglo American**, which is looking for partnerships. “It’s not like you can just take a smelter or a refinery that you’ve currently got” and start feeding it scrap, he said.

Many customers still also need new metal. Aluminum made from scrap can have significant impurities that mean it doesn’t meet the standards for some aerospace, electronics and defense products.

Recycling alone can’t fill demand projected for the global energy transition either, miners say. Electric cars and renewable energy infrastructure use several times more copper than gas-powered vehicles and coal plants.

An International Energy Agency report on EV battery supply chains last year estimated another 50 average-size lithium mines, 60 nickel mines

and 17 cobalt mines would be required by 2030 to meet climate pledges.

But developing a mine takes time—16 years on average, according to the IEA—and recycled metal has significantly fewer carbon emissions. Recycled aluminum production typically has a carbon footprint five to 25 times lower than new metal, according to Wood Mackenzie.

“Recycling won’t be able to completely substitute mining—that goes without saying,” Emmanuel Katrakis, secretary-general of the European Recycling Industries’ Confederation, said earlier this year. “Yet, recycling is essential to de-risk supply chains and drive sustainability of raw materials,

be them base metals or critical ones.”

The recent deals involve partnerships with companies experienced in collecting scrap, sometimes called urban mining—a task that is outside the expertise of miners such as Rio Tinto.

Mining companies that are branching out are so far only really doing so where they have existing smelting or refining processing capacity, said Wood Mackenzie global mining research director Nick Pickens.

Major producers of iron ore and copper are making bumper profits from their existing op-

erations, Pickens said. “And at the moment it doesn’t make a whole lot of sense for them to enter businesses with thinner margins and in which they have limited operating experience,” he said.

Some mining companies already have a sizable foothold. For Glencore, a big player that has been recycling metals for decades, its recent agreement with Li-Cycle shows how the company is positioning for the energy transition. The recycling business contributes between \$200 million and \$250 million, or less than 1%, to earnings before interest, taxes, depreciation and amortization. Executives expect it to be a multiple of that within five years.

“We see all these tailwinds,” said Kunal Sinha, Glencore’s global head of recycling, pointing to regulatory changes and consumer demand, such as from the fashion industry.

Mark Cutifani, chairman of Brazilian mining company **Vale’s** base metals business, says there has been an evolution in the way miners are thinking about their role in the energy transition and a so-called circular economy. Vale’s base metals business spends up to \$200 million each year buying scrap for recycling.

Before ending his nearly decade-long tenure as CEO of Anglo American last year, Cutifani told The Wall Street Journal that miners needed to start talking more about being materials suppliers and not just about digging.

Mallinckrodt was the first opioid manufacturer to reach a global settlement with state attorneys general, municipal governments, and opioid-addicted people and their families who sued the pharmaceutical industry for allegedly understating the drugs’ risks of addiction. After agreeing in 2020 to settle in bankruptcy, opioid plaintiffs released Mallinckrodt and its executives from liability in return for its pledge to fund eight years of payments to the opioid trust, which would distribute the money to addiction victims and local governments.

Some of Mallinckrodt’s financial creditors asked the company to consider alternatives to making the \$200 million opioid settlement payment due in June and submitted restructuring proposals to the company, according to securities filings.

However, that report also revealed that the company had continued a pattern of declining sales and widening net losses, with sales for the quarter down about 13.5% from the comparable period the prior year.

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However, that report also revealed that the company had continued a pattern of declining sales and widening net losses, with sales for the quarter down about 13.5% from the comparable period the prior year.

Over the summer, Mallinckrodt’s board began to discuss the possibility of filing for bankruptcy again, according to securities filings.

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BUSINESS & FINANCE



BUSINESS & FINANCE

Peloton Plunges 23% Amid Loss Warning

Fitness-bike maker says it expects negative cash flow in next two quarters

By SABELA OJEA

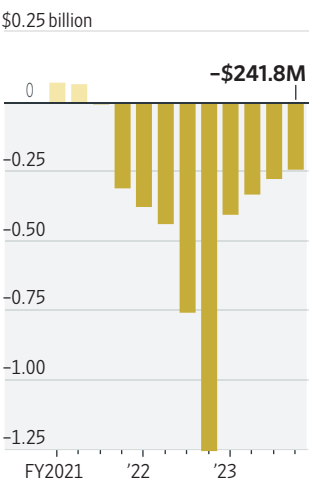
**Peloton Interactive** shares plunged 23% on Wednesday to record lows after the company reported another decline in paying subscribers and said the costs of an equipment recall was denting its profit.

The fitness-equipment company cautioned it expected to have negative cash flow in each of the next two quarters as it keeps fighting high inventory levels, and another sequential drop in subscribers.

Shares dropped to \$5.41 in Wednesday's trading, the lowest closing price since the company went public in 2019. The stock fell roughly 50% in the past 12 months and more than 95% from its pandemic-fueled high in early 2021.

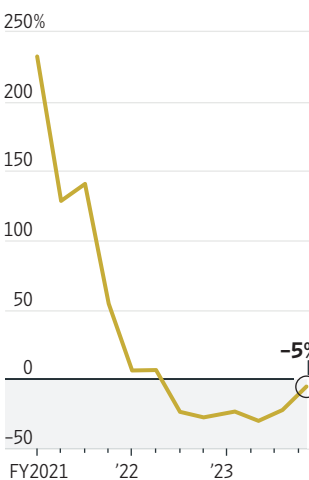
"I have never been more optimistic and excited about the future of the business.

Peloton's quarterly net profit/loss

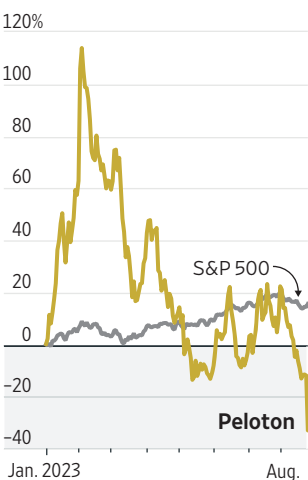


Note: Fiscal year ended June 30  
Sources: the company (profit, revenue); FactSet (performance)

Quarterly revenue, change from a year earlier



Share-price and index performance, year to date



There is just an enormous disconnect between the stock price and the energy in the building," Chief Executive Barry McCarthy said in a call with analysts.

The New York company said it is back to purchasing more bike and tread inventory, as it is in a more normalized

inventory position than a year ago. "Inventory will continue to burn cash flow in fiscal 2024," Chief Financial Officer Liz Coddington said.

Peloton has struggled with its pricing strategy and recently further lowered the prices for its treadmill and rower by about 14% and 6%,

respectively.

The company benefited from a surge in demand during the first wave of Covid-19 and expanded aggressively to keep up with orders. However, this investment left it with high levels of unsold bikes when Covid cases dropped and Americans returned to gyms.

Peloton said Wednesday it would continue to close retail stores to shift that spending to its marketing budget. It operates 69 stores, down from 135 stores as of June 2022.

In the latest quarter, it reported a negative cash flow of \$74 million, weighed down by a legal settlement.

The company forecasts first-quarter revenue of \$580 million to \$600 million, significantly below analysts' expectations of \$647 million and reported revenue of \$616.5 million in the same period a year earlier.

Peloton expects to end the September quarter with paying connected fitness subscribers of 2.95 million to 2.96 million, down from three million as of the end of the June quarter.

The company didn't disclose full-year views, but Coddington said 2024 revenue trends would resemble 2023. "We do expect it to be more heavily weighted towards the back half of the year period," she said.

Peloton said the cost of a seat-post recall announced in May was higher than expected

in the June quarter and would continue to weigh on its results. So far, it has received about 750,000 requests for replacement seat posts, ahead of internal expectations, and been able to fulfill 340,000.

The company posted narrower loss of \$241.8 million, or 68 cents a share, compared with a loss of \$1.26 billion, or \$3.72 a share, for the same period a year earlier. Analysts surveyed by FactSet expected losses of 40 cents. Revenue for the fiscal fourth quarter ended June 30 fell 5% to \$642.1 million. Analysts polled by FactSet had forecast lower revenue of \$641 million.

The number of connected fitness subscribers fell by 29,000 in the quarter, and Peloton ended its fiscal year with 3.08 million. It had said it expected to end the year with up to 3.09 million. Average monthly connected fitness churn was 1.4% in the quarter, increasing from a 1.1% churn in the prior quarter, as a result of the recall.

◆ Heard on the Street: Riders get a breather..... B12

Dividend Pause, Outlook Sink Foot Locker Shares

By DEAN SEAL

**Foot Locker** shares plummeted after the company swung to a second-quarter loss, cut annual guidance for the second consecutive quarter and pressed pause on quarterly dividends.

The sneaker and athletic-wear retailer will suspend cash dividends beyond a recently approved payout slated for October to ensure it can "fund our strategic investments appropriately," Chief Executive Mary Dillon said.

Shares fell 28% to \$16.64 in Wednesday trading. Foot Locker's share price has fallen 56% year to date.

Foot Locker is among the re-

tailers anticipating slower sales as consumers pull back spending on goods in the face of inflation, rising credit-card balances and the impending resumption of student-loan payments.

The company swung to a loss of \$5 million, from a profit of \$94 million a year earlier. Revenue fell to \$1.86 billion from \$2.07 billion. Comparable-store sales decreased 9.4%. Sales in the second quarter fell nearly 10% to \$1.86 billion, under analysts' forecasts of \$1.88 billion, according to FactSet. Comparable sales met analysts' expectations with a 9.4% decline as traffic fell.

The New York company posted a quarterly loss of 5 cents a share, compared with

earnings of 99 cents a share a year ago. Stripping out one-time items, adjusted earnings met analysts' expectations at 4 cents a share.

Margins were dented by an increase in promotional activity, including higher mark-downs, along with higher shrink. Overhead costs were lower overall but made up a higher percentage of revenue than they did last year, with the sales decline, inflation and investments in front-line wages more than offsetting savings from Foot Locker's cost-cutting program.

Foot Locker now expects sales to fall 8% to 9% this year, compared with prior guidance for a 6.5% to 8% drop. Compa-

rable sales, which adjust for store openings and closings, are projected to decrease 9% to 10% instead of 7.5% to 9%.

Adjusted earnings, which strip out one-time items, are forecast to be between \$1.30 to \$1.50 a share, compared with previous guidance for \$2 to \$2.25 a share.

Foot Locker said its sales shortfall in the second quarter was driven by continuing consumer softness and a change in its vendor mix, as well as the repositioning of its subsidiary Champs Sports. The Champs brand's top line fell more than 27% during the quarter.

◆ Heard on the Street: Stores are maxed out... B12



Foot Locker is among the retailers anticipating slower sales as consumers pull back spending on goods.



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TECHNOLOGY

# Wellness Firm Gympass Valued at \$2.4 Billion

Deal comes as many venture-backed companies struggle to raise new money

By Ben Dummett

A group led by private-equity giant **EQT** AB is buying a minority stake in **Gympass** in a deal that values the fitness startup at \$2.4 billion, the companies said.

The fundraising stands out as many young companies are shutting down, unable to raise money amid a historic drought in venture funding. Investment in U.S. startups dropped more than 50% in the second quarter from a year earlier, according to PitchBook, as venture capitalists

narrowed their focus on companies showing clear revenue growth and paths to profitability.

Still, in an indication of the tougher funding environment, Gympass's valuation hasn't risen since a previous fundraising two years ago, even as the company touts explosive growth.

Gympass was founded in 2012. It works with corporate customers to offer their employees access to a global network of gyms, as well as studios, personal trainers and wellness apps, with no contracts or extra fees. Subscriptions can be a lot cheaper than traditional gym memberships, Gympass says.

As of July, Gympass served more than 15,000 businesses, close to double the total it

had a year ago. These include the regional bank Citizens Financial Group and Zendesk, a software provider.

Revenue is growing at about 80% annually, said Cesar Carvalho, the company's co-founder and chief executive. He declined to provide specific financials.

The EQT-led investor group, which also includes the money manager Neuberger Berman, is investing \$85 million. Two existing investors, General Atlantic and Moore Strategic Ventures, increased their holdings, buying existing stock from earlier investors and former employees.

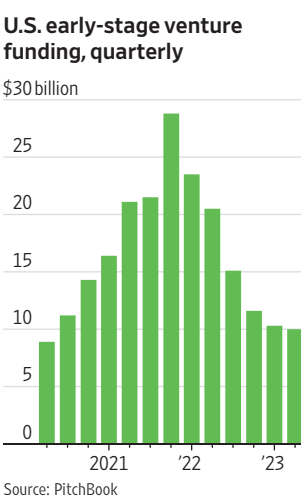
On a per-share basis, the deal gives Gympass the same valuation as an earlier funding round in 2021. That fund-

raising was led by the SoftBank Vision Fund, a unit of Japan's **SoftBank Group**, which remains an investor but didn't participate in the latest investment.

Fitness centers were hit hard in the pandemic as customer visits plummeted because of stay-at-home regulations and people's fear of infection. Gympass still grew gross profit during lockdowns by adding apps for CrossFit, yoga and other activities, Carvalho said.

Research commissioned by Gympass shows that companies want to offer wellness programs to help retain staff and cut healthcare costs.

Such benefits and Gympass's recurring subscription revenues underpin EQT's bet on the company's prospects,



said Carolina Brochado, an EQT partner. The company's valuation is in line with similar digital marketplaces and software providers, she said.

Gympass's rivals include **Mindbody**, the operator of the ClassPass app, which is owned by **Vista Equity Partners**, another private-equity firm.

Gympass operates in 11 markets including the U.S., the U.K., Brazil and Germany and employs 1,700 people. It plans to use the new funds to expand its selection of apps and other offerings, and to make it easier for users to identify which ones suit them.

Stockholm-based EQT was founded in 1994 by a company backed by Sweden's billionaire Wallenberg family and is headed by Chief Executive Christian Sinding. It also invests in infrastructure and property and oversees about 224 billion euros, equivalent to \$242.94 billion, of assets.

## Amazon's NFL Data Measured

*Continued from page B1*

the speed at which this change is happening, and are pushing for Nielsen and the Media Rating Council to pump the brakes.

"Nielsen seems hellbent on fulfilling Amazon's rush order here," said Sean Cunningham, chief executive of the Video Advertising Bureau, an advocacy group whose members include media companies such as ESPN, CBS, Fox and NBCUniversal. "We have multiple entities who are shouting at Nielsen and have been for months about this," Cunningham said, adding, "this is an incredibly dangerous precedent."

Nielsen declined to specifically address Cunningham's remarks, referring instead to a previous statement about its rationale for the changes.

An NFL spokesman said: "We are actively working with



The NFL has been aggressively pushing Nielsen on its measurement of pro football.

Amazon has higher co-viewing—the average number of people gathered around the television to watch a game—than other networks average, and more out-of-home viewing.

Cunningham questioned how "we're to believe there are exponentially more people watching Amazon football in households and out of homes than the other four networks."

Amazon has defended its data, telling The Wall Street Journal last year that it has "strong confidence" in its first-party measurement because it aggregates actual viewing data from millions of devices and accounts that watch "Thursday Night Football."

Nielsen estimated that roughly 9.6 million people watched "Thursday Night Football" on Prime Video last season, while Amazon put that figure at 11.3 million a game. Both figures were lower than the 12.6 million viewers Amazon had told advertisers it expected to reach and far below the 16.4 million viewers that Fox Broadcasting, the league-owned NFL Network and Prime Video averaged for the 2021-22 season.

The move from broadcast

and cable outlets to streaming was expected to result in at least a short-term decline in ratings for "Thursday Night Football." Amazon also was hurt by several games that either featured teams that weren't competitive or didn't live up to the hype.

This season, the Prime Video schedule appears on paper to be more compelling. Amazon also has added a game on the Friday after Thanksgiving.

Amazon is paying about \$1.2 billion annually for its NFL package—nearly double what Fox was paying for a slightly smaller package, the Journal previously reported.

The use of first-party data is likely to become more accepted as audiences continue to fragment to new platforms, making it harder for Nielsen to track viewership just through its own research. "You're going to see first-party data used on a wider basis. It is going to become more ubiquitous," said George Ivie, chief executive of the Media Rating Council.

That doesn't mean such data will be given a rubber stamp, he said: First-party data will be subject to hard audits.



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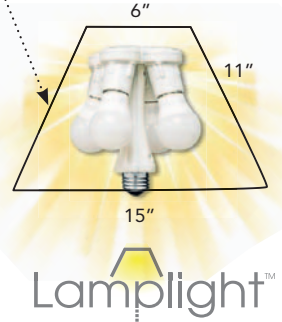
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BUSINESS & FINANCE

Stores Accused of Fake Sales

Retailers’ use of base prices that aren’t always real draws criticism and scrutiny

By Patrick Coffee

A number of large retailers face legal challenges for allegedly deceiving consumers by tagging products as being on “sale,” even though their prices weren’t always discounted. This common marketing tactic is making a comeback as struggling retailers try to appeal to price-conscious consumers.

Consumers and consumer advocates say that heavily promoted sale prices drive buyers to make purchases due to fear of missing out on a great bargain. But, in some instances, customers find that the prices aren’t true discounts.

For example, a retailer typically may sell a top for \$20, but the company may raise the product’s listed price to \$40 briefly before returning to the standard price and advertising the blouse as 50% off. In some more extreme cases, retailers may advertise the sale without ever raising the price to \$40.

“It’s trying to put a carrot in front of the customer and give them a sense of urgency to purchase—and it works,” said Stacey Widlitz, president of research firm SW Retail Advisors, in describing the practice. “It’s incredibly common.”

Many states regulate this practice, and retailers have been paying more attention to related laws in recent months “because there is no question that it’s a burgeoning area of litigation,” said Stephanie Martz, chief administrative officer and general counsel for the National Retail Federation.

Retailers including JCPenney, Foot Locker and Eddie Bauer currently face lawsuits over allegations of fictitious or deceptive pricing. Boohoo, owner of retail brands Nasty Gal and PrettyLittleThing, recently settled a deceptive pricing case in California for \$197



A lawsuit that accused the parent of Eddie Bauer of deceptive sale pricing was dismissed.

million. Computer maker Dell agreed this month to pay \$6.5 million to settle accusations from the Australian government that it used misleading prices on its website.

Such pricing practices all but disappeared during the pandemic as retailers struggled to stock goods and customers faced long wait times. Over the past year, however, retailers increasingly used this approach to drive sales and unload excess inventory as rising inflation and other economic concerns led consumers to pull back from making discretionary purchases, experts say.

A number of chains, including Macy’s, Foot Locker and Dick’s Sporting Goods, reported weaker-than-expected sales this quarter, citing factors such as continued inflation.

Retailers “are trying to survive and trying to gain market share, and they’ll do it at any cost,” said Widlitz.

Many consumers aren’t aware that these supposed sales are designed to manipulate them, said Joe Urbany, professor of marketing at the University of Notre Dame’s

Mendoza School of Business and co-author of a new research paper on deceptive pricing published in the academic Journal of Marketing.

Retailers will continue to promote such misleading deals, since the risk of losing market share is greater than any reputational or monetary damage they may incur from related legal cases, Urbany said.

The rise of e-commerce has opened up new platforms for such practices.

On Amazon, for instance, the seller of a \$114.99 vacuum cleaner over a two-day period marked it down from \$249.99 to \$189.95. After this period ended, the seller once again listed the product at \$114.99 with no reference to the higher prices, according to a research study.

Amazon has since introduced an unspecified series of mechanisms to detect and prevent this sort of behavior among sellers, a spokeswoman said.

The Federal Trade Commission produced a series of pricing guidelines several decades ago, but largely stopped pursuing related claims in the 1970s.

“The pricing guidelines have

not been a priority for the FTC. Most administrations have thought it was more efficient to let the states deal with it,” said James Kohm, associate director of the FTC’s enforcement division.

Retail chains facing related lawsuits may argue they never intended to mislead consumers and that they struggle to comply with pricing regulations that vary from state to state, said John Villafranco, a partner at law firm Kelley Drye & Warren, which has represented defendants in similar false-advertising cases.

Another common argument is that consumers suffer no real material loss if they can’t claim that the products they purchased were defective or that they are worth less than the price paid.

A Washington state judge in June dismissed a case against the owner of Aéropostale and Eddie Bauer after finding the plaintiff had suffered no real injury from paying \$6 for a pair of leggings with the allegedly deceptive reference price of \$12.50. Eddie Bauer’s parent company Sparc Group didn’t respond to requests for comment.

Esmark Withdraws Bid for U.S. Steel

By Bob Tita

Industrial conglomerate **Esmark** said it is abandoning its attempt to acquire **United States Steel** amid pressure from the United Steelworkers union, which has thrown its support behind a rival bid from steelmaker **Cleveland-Cliffs**.

Esmark Chief Executive James Bouchard said last week that he was prepared to offer \$35 a share in cash for the steelmaker, a day after Cleveland-Cliffs revealed that it presented the company with a cash-and-stock offer for about the same amount.

Bouchard said Wednesday that he decided to back away from the deal after the steelworkers union said it would only support Cleveland-Cliffs’ offer. The union has warned that it would use its power under its contract with U.S. Steel to block other companies’ attempts to acquire U.S. Steel.

“Esmark respects the position of the United Steelworkers,” Esmark said. “Esmark maintains a solid working and personal relationship with the USW organization and its leadership.”

U.S. Steel and the United Steelworkers union had no comments.

U.S. Steel’s shares fell following Esmark’s announcement and closed 2.2% lower at \$31.32. Cleveland-Cliffs shares closed 0.9% higher.

U.S. Steel is one of the nation’s largest steel producers, specializing in flat-rolled steel and pipe for the energy industry. The company’s main customers include the automotive industry, appliance makers and food can manufacturers. U.S. Steel operates its own iron ore mines, and

plans to start producing specialized steel for electric vehicle motors.

Steel industry analysts considered Esmark’s pursuit of U.S. Steel a long shot, though Bouchard maintained that he had about \$10 billion available for the purchase. Esmark operates several steel distributors and processors, as well as a company that coats steel with tin used in food cans. The company also owns several other businesses in real-estate management, aircraft leasing, machinery and oil and natural-gas drilling.

U.S. Steel, one of the four major U.S. steelmakers, said on Aug. 13 that it was considering multiple offers for all or part of its business. The Pittsburgh-based company said its board rejected Cleveland-Cliffs’ offer, after Cleveland-Cliffs declined to sign a non-disclosure agreement intended to guard any information about U.S. Steel disclosed during formal negotiations.

U.S. Steel said Cleveland-Cliffs wouldn’t sign such an

agreement unless U.S. Steel accepted the economic terms of its offer.

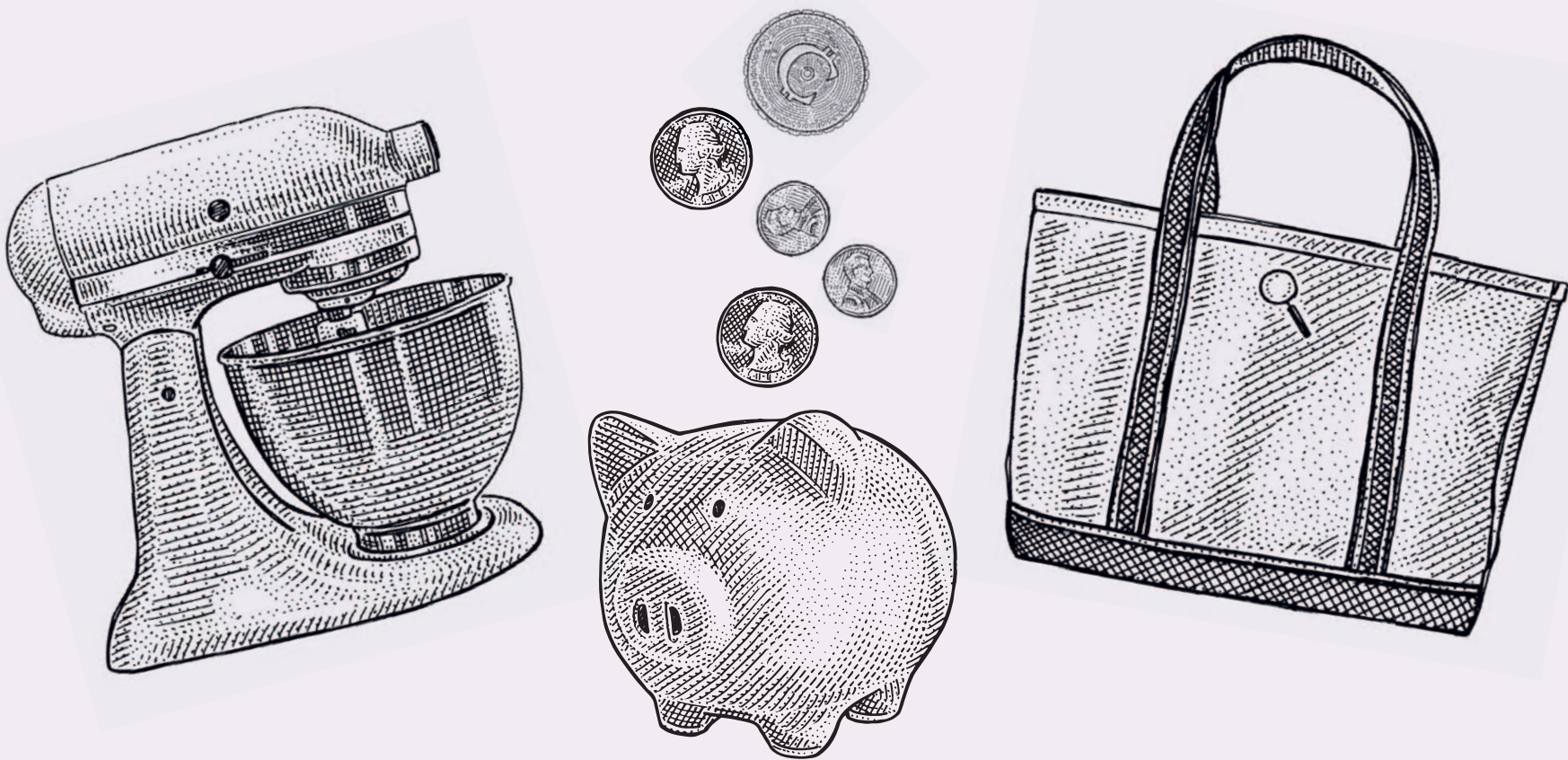
Cleveland-Cliffs has reinforced its efforts to acquire the company with the support of the union, which

represents about 11,000 hourly employees at U.S. Steel. Last week, the United Steelworkers said it transferred to Cleveland-Cliffs the union’s right to submit an offer to acquire the company, which is granted under the union’s existing labor deal with U.S. Steel.

The union has said that its contract gives it “de facto veto power” over any sale of U.S. Steel. The company has rejected that.

The steelworkers union backs a rival deal offered by Cleveland-Cliffs.

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BUSINESS & FINANCE

Yellow’s Real Estate Sparks Bidding War

Bankrupt trucker’s freight terminals are up for sale in market tight for space

By Paul Berger

The dismantling of bankrupt trucker **Yellow** is shaping up as a bidding battle over real estate as trucking companies look to capitalize on a rare chance to snap up coveted freight terminals across North America.

**Old Dominion Freight Line** last week agreed to buy Yellow’s network of about 170 truck terminals for \$1.5 billion, surpassing an earlier offer of \$1.3 billion from rival trucker **Estes Express Lines**. Both bids exceeded the value Yellow placed on its real estate in its bankruptcy filing, signaling the high value trucking companies place on the sites.

Old Dominion Freight Line is now the stalking horse in a bankruptcy court-supervised auction that will take place on Oct. 18. That means ODFL is the front-runner but by no means the certain winner in a contest expected to draw bids from across the trucking industry and the industrial real-estate sector. “There is a tremendous amount of interest in those assets,” said Paul Svindland, chief executive of Bensenville, Ill.-based logistics provider STG Logistics.

A person familiar with the bankruptcy proceedings said hundreds of companies have struck confidentiality agreements so they can evaluate the assets. Regional and national freight operators will have a rare opportunity to take on a



CHARLIE RIEDEL/ASSOCIATED PRESS

Yellow is seeking to repay its largest creditors, including the U.S. government, which is owed more than \$700 million.

series of built-out, ready-to-operate facilities in a sector in which experts say real estate is one of the biggest obstacles to expansion.

Trucking terminals have become more difficult and expensive to build as companies are squeezed by a shortage of the space needed for the buildings and truck yards. Towns and cities have grown more reluctant to approve new industrial construction as residents have raised outcries over traffic, noise and pollution.

Mike Barker, an executive vice president of real-estate services firm CBRE, said the

large initial bids for Yellow’s entire portfolio could make it harder for regional carriers to acquire a smaller number of terminals because a single transaction is the quickest and least complicated way for Yellow to pay off its debts.

Barker said even if a single company buys Yellow’s network, that company is likely to sell off many of the terminals that don’t meet its needs. “There’s a handful of really desirable large sites that would be very attractive,” Barker said. Other, smaller sites could draw interest from regional truckers, he said, and

companies in related fields such as those that specialize in outdoor storage of truck trailers or construction equipment.

Yellow earlier this summer sold a single terminal in Compton, Calif., for \$80 million. That terminal was located in a high-demand region for industrial real estate, close to Los Angeles and two of the nation’s busiest seaports. Terminals in less densely populated areas are likely to sell for much less.

Several large trucking companies on earnings conference calls have expressed interest in Yellow’s real estate, including truckload carrier Knight-Swift

Transportation, which owns AAA Cooper, a carrier competing in the same less-than-truckload market as Yellow.

“Any opportunity to pick up properties along the way, we would have great interest in that,” Knight-Swift Chief Executive David Jackson said on a July 20 investor conference call.

Before Yellow shut down in July, the 99-year-old company was the third-largest carrier in the less-than-truckload market, a sector in which carriers combine shipments from multiple customers in a single trailer. LTL operators use hub-and-

spoke networks of terminals, hauling in pallets of freight and trading them off onto trailers heading to final destinations.

The terminals are often close to cities to help speed up delivery to businesses in a region. They are typically long and narrow, similar to passenger gates at airport terminals, with 20 to 100 doors on each side of the building.

The terminals, which are usually surrounded by ample parking space for trucks and trailers, were in high demand during the pandemic when existing terminals reached their daily capacity to handle large volumes of freight.

“Especially in the Northeast it’s become a huge challenge for LTL companies to acquire terminals and more importantly terminals that have the right dynamics,” said Brett Demmers, chief operating officer at Accurate Transport, a regional carrier in the Northeast that has its eyes on about a dozen Yellow terminals.

“We are still very much aggressively participating in the bid,” Demmers said.

Yellow is seeking to repay its largest creditors, including the U.S. government, which is owed more than \$700 million for a Covid-era loan. Earlier this month, the trucker listed total liabilities of \$1.92 billion.

The company’s lawyers told a bankruptcy court earlier this month that Yellow expects to be able to raise enough funds to repay its creditors through the sale of its assets. They said recent appraisals valued Yellow’s real-estate portfolio at \$1.1 billion and valued its equipment, including 11,700 trucks and 36,000 trailers, at \$900 million.



Advance Auto has hired an executive-search firm to find a CFO.

Advance Auto Parts Finance Chief Exits

By Will Feuer

**Advance Auto Parts** Chief Financial Officer Jeff Shepherd has left the company amid a shake-up of the aftermarket car-parts retailer’s top ranks.

Shepherd, who served as CFO since 2018, exited the company, effective Aug. 18. Advance Auto named Tony Iskander, a finance executive at the company, as interim chief financial officer.

The company said it has hired an executive-search firm to find the next CFO. The switch comes as Advance Auto Parts also named Shane O’Kelly, a Home Depot executive, as its next chief executive, succeeding Tom Greco, who previously said he planned to retire. O’Kelly, who takes over next month, said the company will undertake an “operational and strategic review of the business.”

U.S. Charges Two in Crypto Platform Tornado Cash with Money Laundering

By Mengqi Sun

U.S. prosecutors charged two individuals allegedly behind decentralized cryptocurrency mixer Tornado Cash, saying they conspired to launder illicit funds and to violate U.S. sanctions.

The indictment, filed by the U.S. Attorney’s Office in the Southern District of New York and unsealed Wednesday, charged Roman Storm and Roman Semenov in connection with the alleged creation, operation and promotion of Tornado Cash, a platform that enables users to exchange cryptocurrencies with relative anonymity.

Tornado Cash was sanctioned by the U.S. Treasury Department last August. The U.S. accused it of laundering more than \$1 billion in virtual currency, including hundreds of millions of dollars of hacking proceeds for the Lazarus Group, the sanctioned North Korean cybercrime organiza-

tion.

Storm, a 34-year-old from Auburn, Wash., was arrested Wednesday in Washington state and will be presented in a federal court there. Semenov, a 35 year-old Russian national, remains at large and now also faces sanctions from the U.S. Treasury Department in connection with allegedly running Tornado Cash.

Brian Klein, who represents Storm in the case and a partner at law firm Waymaker, said Storm has been cooperating with the investigation since last year and contended that he wasn’t engaged in any criminal conduct.

“We are incredibly disappointed that the prosecutors chose to charge Mr. Storm be-

cause he helped develop software, and they did so based on a novel legal theory with dangerous implications for all software developers,” Klein said in a statement. “There is a lot more to this story that will come out at trial.”

The third alleged co-founder of the platform, Alexey Pertsev, was arrested last August in the Netherlands over money laundering charges. Pertsev is currently under house arrest in the Netherlands while he awaits trial. A lawyer representing him didn’t immediately respond to a request for comment.

The Tornado Cash website has since been deleted from the Internet, but it currently remains available through

certain Internet archives.

Agents at the Federal Bureau of Investigation’s New York field office, which led the case along with other agencies, are working to locate Semenov, and the investigation is ongoing, according to James Smith, the assistant director in charge of the branch.

As criminals look for new ways to hide and launder their illegal proceeds, whether through the use of crypto or mixers, the FBI’s approach is evolving with it, he said.

“You will see more cases like this going forward,” Smith said.

Prosecutors alleged Storm and Semenov created the core functions of the Tornado Cash service, paid for the infrastructure needed to run the service and advertised the platform as providing untraceable and anonymous financial transactions. They made millions of dollars in profits from running Tornado Cash, prosecutors said.

Ford Truck Owners Complain

Continued from page B1 trucks.

Ford’s F-Series pickup truck has been America’s bestselling vehicle for decades.

The car company has received about 100 complaints related to the problem, primarily involving the 2022 F-150 truck, the spokeswoman said.

“We are working swiftly to make sure this is resolved for our customers,” she said.

Ford has developed a software fix that customers can get at a dealership or through a downloadable update. The fix uses the amplifier as a filter to prevent the speaker noise.

Often when vehicle problems occur, they are familiar to drivers and mechanics. A window doesn’t roll up correctly, brakes might not work or a backup camera system is failing. Some bizarre concerns, meanwhile, have frustrated drivers and automakers in the past.

A decade ago Toyota Motor recalled more than 800,000 vehicles because air bags could deploy unnecessarily, the result of spider webs clogging up an air-conditioner part. Subaru issued a recall

because certain models were at risk of inadvertently starting themselves if a key fob was dropped.

Hyundai Motor in 2021 recalled about 466,000 vehicles because of a glitch with the turn-signal function. The driver would activate to go one way, but the taillight would signal the opposite of what was intended.

Quality challenges have weighed on Ford’s earnings in the past.

In taking the top job at Ford in 2020, Chief Executive Jim Farley pledged to make quality a priority. He has since installed new leadership in this area with the aim of rooting out potential flaws before they are put into production.

Several drivers who have complained to the National Highway Traffic Safety Administration said the static noise was so sudden and extreme that it posed a safety risk and could be potentially damaging to a person’s hearing.

“If this had happened on the highway or in traffic it would probably have caused a wreck,” a driver in Texas wrote to NHTSA last month.

One driver reported to NHTSA that the sound measured by the person’s Apple Watch recorded a 109 decibel spike. Others claim the noise was above 100 decibels, a level similar to that of a loud con-



Ford issued a technical service bulletin to dealers this summer to address the audio issue.

cert or a car horn, according to the American Academy of Audiology.

“The louder the sound is, the shorter the amount of time that it’s safe,” said Sarah Sydlowski, former president of the academy. At 100 decibels, only a few minutes of exposure is considered safe, she said.

Under federal law, car companies have to initiate a recall if they discover a defect that poses a hazard.

The Ford spokeswoman said

that, based on what the company knows at this time, it doesn’t believe the problem rises to the level of a recallable safety defect.

A NHTSA spokesperson said the agency is aware of the issue and has received several owner complaints. The spokesperson said the agency will continue to monitor and evaluate the situation and take action if necessary.

Last December, Floraday was driving his 8-year-old daughter to musical-theater

practice when the loud static started blasting again. He screamed for his daughter to get out. She wasn’t able to hear him from the back seat, he said.

Floraday took the truck that month to a dealer, who apparently addressed the issue by replacing the 12-volt auxiliary battery. This was before the Ford-provided fix was available.

For now, he feels the problem with the earsplitting static has been resolved.

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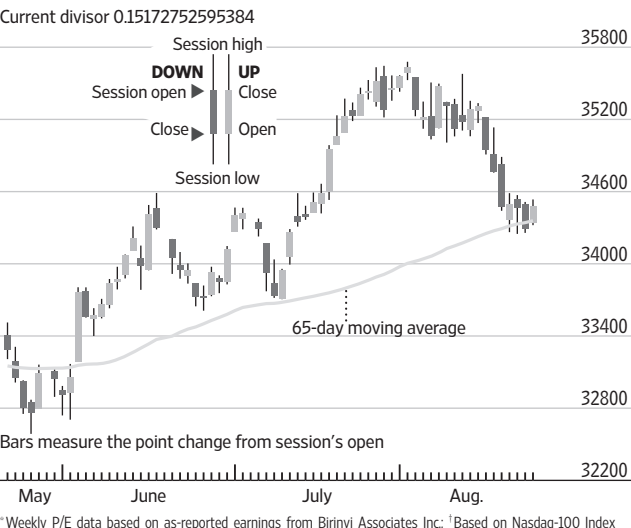
# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

**34472.98** ▲184.15, or 0.54%  
High, low, open and close for each trading day of the past three months.

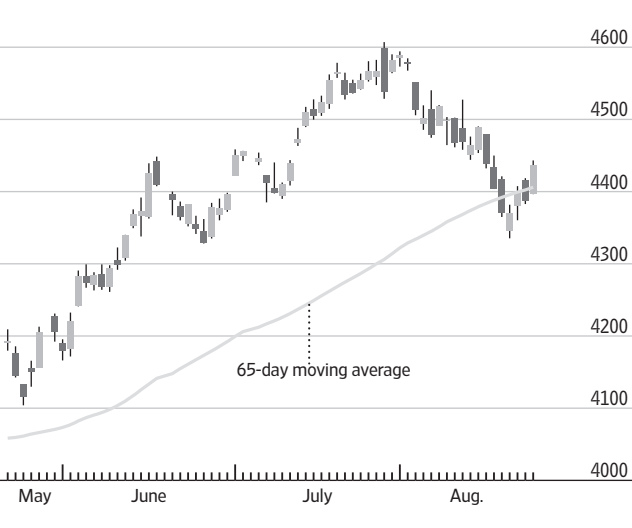
Trailing P/E ratio	25.11	19.37
P/E estimate *	19.04	18.05
Dividend yield	2.05	2.13
All-time high	36799.65, 01/04/22	



### S&P 500 Index

**4436.01** ▲48.46, or 1.10%  
High, low, open and close for each trading day of the past three months.

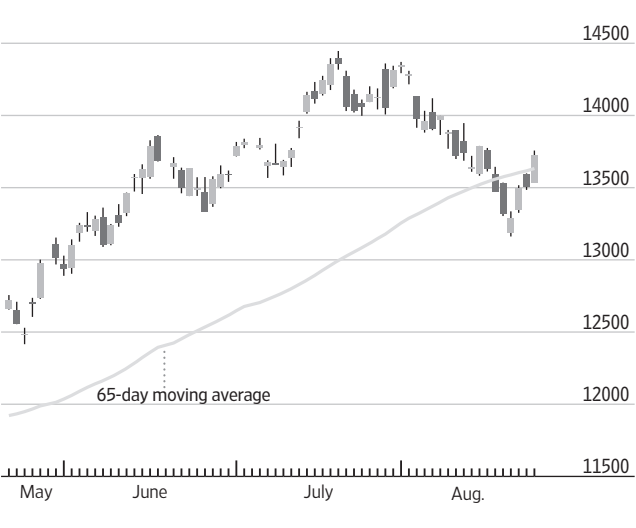
Trailing P/E ratio *	22.43	23.18
P/E estimate *	20.15	18.38
Dividend yield *	1.56	1.54
All-time high	4796.56, 01/03/22	



### Nasdaq Composite Index

**13721.03** ▲215.16, or 1.59%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio **	30.07	27.21
P/E estimate **	27.15	24.36
Dividend yield **	0.85	0.82
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	34534.72	34321.00	<b>34472.98</b>	184.15	▲0.54	35630.68	28725.51	4.6	7.3
Transportation Avg	15788.34	15534.11	<b>15767.60</b>	175.66	▲1.13	16695.32	11999.40	7.2	13.0
Utility Average	880.91	873.15	<b>880.04</b>	4.34	▲0.50	1061.77	838.99	-15.2	2.8
Total Stock Market	44303.33	43835.36	<b>44236.29</b>	489.55	▲1.12	45969.67	36056.21	6.0	8.5
Barron's 400	987.84	975.10	<b>986.74</b>	10.14	▲1.04	1036.97	825.73	1.9	10.7

<b>Nasdaq Stock Market</b>									
Nasdaq Composite	13757.00	13532.43	<b>13721.03</b>	215.16	▲1.59	14358.02	10213.29	10.4	31.1
Nasdaq-100	15188.86	14947.58	<b>15148.06</b>	239.10	▲1.60	15841.35	10679.34	17.3	38.5

<b>S&amp;P</b>									
500 Index	4443.18	4396.44	<b>4436.01</b>	48.46	▲1.10	4588.96	3577.03	7.1	9.3
MidCap 400	2598.37	2563.74	<b>2597.14</b>	28.65	▲1.12	2728.44	2203.53	2.5	6.9
SmallCap 600	1208.20	1192.61	<b>1206.25</b>	12.81	▲1.07	1315.82	1064.45	-2.9	4.2

<b>Other Indexes</b>									
Russell 2000	1873.48	1849.83	<b>1870.03</b>	19.20	▲1.04	2003.18	1655.88	-3.4	6.2
NYSE Composite	15838.34	15690.28	<b>15823.27</b>	132.99	▲0.85	16427.29	13472.18	2.8	7.3
Value Line	562.33	556.58	<b>561.84</b>	5.01	▲0.90	606.49	491.56	-2.2	4.8
NYSE Arca Biotech	5273.44	5239.48	<b>5253.94</b>	14.47	▲0.28	5644.50	4390.11	7.8	-0.5
NYSE Arca Pharma	918.12	911.11	<b>915.23</b>	4.13	▲0.45	916.50	737.84	16.0	5.5
KBW Bank	80.38	79.00	<b>80.33</b>	0.90	▲1.14	115.10	71.96	-26.6	-20.4
PHLX <sup>S</sup> Gold/Silver	116.93	113.73	<b>116.34</b>	3.53	▲3.13	144.37	91.40	8.0	-3.7
PHLX <sup>S</sup> Oil Service	91.20	88.64	<b>90.92</b>	0.68	▲0.75	94.51	56.08	24.4	8.4
PHLX <sup>S</sup> Semiconductor	3614.08	3507.04	<b>3602.01</b>	74.32	▲2.11	3861.63	2162.32	25.7	42.3
Cboe Volatility	17.10	15.91	<b>15.98</b>	-0.99	▲5.83	33.63	12.91	-30.0	-26.3

<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
NVIDIA	NVDA	14,233.5	506.75	35.59	<b>7.55</b>	526.88	469.99
Johnson & Johnson	JNJ	11,183.7	164.67	0.14	<b>0.09</b>	169.60	164.30
Kenvue	KVUE	10,441.2	23.78	0.16	<b>0.68</b>	23.92	23.62
SPDR S&P 500 ETF Trust	SPY	9,270.5	445.53	2.50	<b>0.56</b>	445.79	436.90
ProSh UltraPro Shrt QQQ	SQQQ	8,651.9	18.48	-0.55	<b>-2.89</b>	19.04	18.40
Bank of America	BAC	8,503.2	28.54	0.09	<b>0.32</b>	28.55	28.42
Invesco QQQ Trust I	QQQ	8,081.7	372.78	3.67	<b>0.99</b>	373.30	369.00
Direxion Dly SCOND 3 BL	SOXL	6,939.1	23.88	1.28	<b>5.66</b>	24.24	22.56

#### Percentage gainers...

Guess	GES	123.5	21.57	3.26	<b>17.80</b>	22.44	18.31
Groupon	GRPN	127.6	13.75	1.98	<b>16.77</b>	14.30	11.60
Splunk	SPLK	425.0	111.35	11.42	<b>11.43</b>	111.88	99.90
GrShr 1.5x Long NVDA Dly	NVDL	331.3	107.90	10.90	<b>11.24</b>	112.00	96.00
FG Merger	FGMC	93.5	9.79	0.87	<b>9.75</b>	10.70	9.50

#### ...And losers

AXS 1.25X NVDA Br Daily	NVDS	822.2	32.50	-3.43	<b>-9.55</b>	36.13	31.43
MicroSect FANG+ -3X Inv	FNGD	1,167.6	8.29	-0.64	<b>-7.17</b>	9.00	8.19
Direxion Dly Semi 3 Bear	SOXS	6,697.9	9.31	-0.59	<b>-5.96</b>	9.92	9.18
MicroSectors FANG -3x Inv	BERZ	118.1	6.65	-0.40	<b>-5.67</b>	7.05	6.62
Zuora	ZUO	76.3	9.18	-0.50	<b>-5.17</b>	9.94	8.76

### Trading Diary

#### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	853,125,797	8,272,750
Adv. volume*	546,877,078	5,142,656
Decl. volume*	300,113,788	2,712,955
Issues traded	3,024	325
Advances	2,287	174
Declines	663	135
Unchanged	74	16
New highs	43	2
New lows	62	15
Closing Arms <sup>1</sup>	2.11	0.85
Block trades*	4,280	115

	Nasdaq	NYSE Arca
--	--------	-----------

Total volume*	4,127,853,401	264,319,464
Adv. volume*	2,795,076,527	212,345,346
Decl. volume*	1,247,024,867	51,855,471

Issues traded	4,511	1,758
Advances	2,878	1,564
Declines	1,430	182
Unchanged	203	12
New highs	57	12
New lows	167	8
Closing Arms <sup>1</sup>	0.90	2.64
Block trades*	30,798	1,202

\*Primary market NYSE, NYSE American NYSE Arca only.  
<sup>1</sup>(TRIN) 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>					
	MSCI ACWI	<b>675.46</b>	6.12	▲0.91	11.6
	MSCI ACWI ex-USA	<b>295.68</b>	1.68	▲0.57	5.1
	MSCI World	<b>2937.70</b>	28.51	▲0.98	12.9
	MSCI Emerging Markets	<b>970.20</b>	3.51	▲0.36	1.4
<b>Americas</b>					
	MSCI AC Americas	<b>1678.53</b>	18.72	▲1.13	15.2
Canada	S&P/TSX Comp	<b>19879.79</b>	188.58	▲0.96	2.6
Latin Amer.	MSCI EM Latin America	<b>2419.74</b>	50.64	▲2.14	13.7
Brazil	BOVESPA	<b>118134.59</b>	1978.58	▲1.70	7.7
Chile	S&P IPSA	<b>3491.49</b>	17.59	▲0.51	10.1
Mexico	S&P/BMV IPC	<b>53635.34</b>	507.41	▲0.96	10.7

<b>EMEA</b>					
	STOXX Europe 600	<b>453.45</b>	1.75	▲0.39	6.7
Eurozone	Euro STOXX	<b>450.34</b>	0.85	▲0.19	9.8
Belgium	Bel-20	<b>3622.93</b>	-1.77	▲0.05	-2.1
Denmark	OMX Copenhagen 20	<b>2184.27</b>	35.48	▲1.65	19.0
France	CAC 40	<b>7246.62</b>	5.74	▲0.08	11.9
Germany	DAX	<b>15728.41</b>	22.79	▲0.15	13.0
Israel	Tel Aviv	<b>1848.08</b>	-5.78	▲0.31	2.8
Italy	FTSE MIB	<b>28233.80</b>	68.81	▲0.24	19.1
Netherlands	AEX	<b>740.73</b>	2.52	▲0.34	7.5
Norway	Oslo Bors All-Share	<b>1414.98</b>	-12.69	▲0.89	3.8
South Africa	FTSE/JSE All-Share	<b>74022.58</b>	744.70	▲1.02	1.3
Spain	IBEX 35	<b>9315.60</b>	1.60	▲0.02	13.2
Sweden	OMX Stockholm	<b>799.36</b>	0.73	▲0.09	2.2
Switzerland	Swiss Market	<b>10973.64</b>	97.96	▲0.90	2.3
Turkey	BIST 100	<b>7602.24</b>	-169.06	▲2.18	38.0
U.K.	FTSE 100	<b>7320.53</b>	49.77	▲0.68	-1.8
U.K.	FTSE 250	<b>18226.49</b>	202.23	▲1.12	-3.3

<b>Asia-Pacific</b>					
	MSCI AC Asia Pacific	<b>159.10</b>	1.01	▲0.64	2.2
Australia	S&P/ASX 200	<b>7148.40</b>	26.79	▲0.38	1.6
China	Shanghai Composite	<b>3078.40</b>	-41.93	▲1.34	-0.4
Hong Kong	Hang Seng	<b>17845.92</b>	54.91	▲0.31	-9.8
India	S&P BSE Sensex	<b>65433.30</b>	213.27	▲0.33	7.5
Japan	NIKKEI 225	<b>32010.26</b>	153.55	▲0.48	22.7
Singapore	Straits Times	<b>3174.18</b>	14.29	▲0.45	-2.4
South Korea	KOSPI	<b>2505.50</b>	-10.24	▲0.41	12.0
Taiwan	TAIEX	<b>16576.90</b>	139.29	▲0.85	17.3
Thailand	SET	<b>1549.01</b>	3.41	▲0.22	-7.2

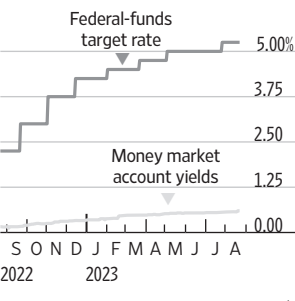
Sources: FactSet; Dow Jones Market Data

### CREDIT MARKETS

### Consumer Rates and Returns to Investor

#### U.S. consumer rates

A consumer rate against its benchmark over the past year

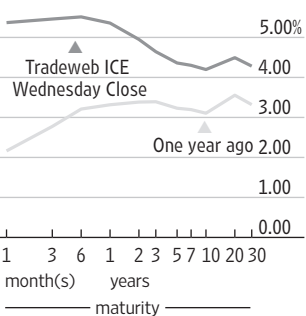


Interest rate	Yield/Rate (%) Last (●) Week ago	52-Week Range (%) Low 0 2 4 6 8 High	3-yr chg (pct pts)
<b>Federal-funds rate target</b>			
Prime rate*	<b>5.25-5.50</b>	5.25-5.50	5.25
SOFR	<b>8.50</b>	8.50	5.25
Money market, annual yield	<b>0.60</b>	0.57	0.36
Five-year CD, annual yield	<b>2.85</b>	2.83	2.86
30-year mortgage, fixed <sup>1</sup>	<b>7.71</b>	7.66	4.18
15-year mortgage, fixed <sup>1</sup>	<b>6.93</b>	6.88	4.32
Jumbo mortgages, \$726,200-plus <sup>1</sup>	<b>7.78</b>	7.73	4.71
Five-year adj mortgage (ARM) <sup>1</sup>	<b>6.52</b>	6.46	3.31
New-car loan, 48-month	<b>7.32</b>	7.31	3.06

Bankrate.com rates based on survey of over 4,800 online banks. \*Base rate posted by 70% of the nation's largest banks.<sup>†</sup> Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

### Treasury yield curve

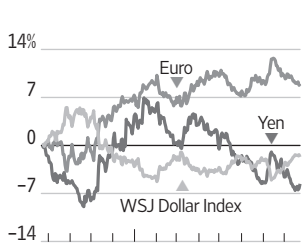
Yield to maturity of current bills, notes and bonds



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

### Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



### Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
U.S. Treasury Bloomberg	2091.100	<b>4.590</b>	4.650	4.710	3.300	-3.050	-5.381
U.S. Treasury Long Bloomberg	3074.140	<b>4.400</b>	4.490	4.590	3.390	-10.890	-14.291
Aggregate Bloomberg	1962.000	<b>5.110</b>	5.140	5.210	3.810	-2.540	-4.720
Fixed-Rate MBS Bloomberg	1937.240	<b>5.270</b>	5.220	5.380	3.790	-3.759	-4.338
High Yield 100, ICE BofA	3307.963	<b>8.090</b>	8.028	8.753	7.022	5.331	1.61



Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High hi Low	Settle	Chg	Open interest	
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.						
Aug	3.7950	3.8070	3.7950	<b>3.8035</b>	0.0530	390
Dec	3.7900	3.8425	3.7885	<b>3.8375</b>	0.0490	108,909
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.						
Aug	1909.60	1918.20	1909.60	<b>1918.50</b>	22.10	201
Sept	1899.20	1921.70	1899.20	<b>1920.50</b>	21.90	3,592
Oct	1909.10	1931.30	1909.10	<b>1929.90</b>	21.80	32,649
Dec	1926.80	1949.70	1926.20	<b>1948.10</b>	22.10	364,675
Feb'24	1946.60	1969.40	1946.60	<b>1968.10</b>	22.20	15,961
April	1967.70	1987.30	1966.60	<b>1986.90</b>	22.20	7,470
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.						
Aug				<b>1270.50</b>	16.60	
Dec	1265.00	1303.00	1263.00	<b>1282.70</b>	15.80	10,175
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.						
Aug	931.70	931.70	931.70	<b>932.70</b>	13.20	4
Oct	926.60	943.00	925.80	<b>938.20</b>	12.70	74,601
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.						
Aug				<b>24.363</b>	0.943	1
Dec	23.795	24.750	23.790	<b>24.710</b>	0.947	84,429
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
Oct	79.64	79.91	77.62	<b>78.89</b>	-0.75	343,880
Nov	79.35	79.60	77.34	<b>78.59</b>	-0.76	188,278
Dec	79.00	79.27	77.04	<b>78.28</b>	-0.75	222,700
Jan'24	78.71	78.90	76.75	<b>77.96</b>	-0.74	84,977
June	76.91	77.15	75.12	<b>76.30</b>	-0.64	135,711
Dec	74.80	75.07	73.18	<b>74.30</b>	-0.56	122,646
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
Sept	3.1422	3.1690	3.0981	<b>3.1291</b>	-0.097	36,695
Oct	3.1156	3.1405	3.0714	<b>3.1021</b>	-0.104	86,609
<b>Gasoline-NY RB08 (NYM)</b> -42,000 gal.; \$ per gal.						
Sept	2.7693	2.7779	2.7152	<b>2.7688</b>	-0.203	43,738
Oct	2.5991	2.5677	2.5051	<b>2.5595</b>	-0.130	115,876
<b>Natural Gas (NYM)</b> -100,000 MMBtu.; \$ per MMBtu.						
Sept	2.560	2.590	2.473	<b>2.497</b>	-0.63	55,433
Oct	2.654	2.673	2.570	<b>2.592</b>	-0.060	193,054
Nov	3.105	3.109	3.033	<b>3.044</b>	-0.062	202,229
Dec	3.619	3.619	3.535	<b>3.542</b>	-0.075	75,906
Jan'24	3.862	3.862	3.784	<b>3.790</b>	-0.069	93,192
March	3.480	3.480	3.418	<b>3.426</b>	-0.052	81,392

Agriculture Futures						
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.						
Sept	467.00	478.25	465.50	<b>476.25</b>	9.75	195,844
Dec	480.00	492.25	478.50	<b>490.50</b>	11.00	660,982
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.						
Sept	438.00	443.25	433.75	<b>444.50</b>	3.25	807
Dec	464.50	472.00	456.00	<b>470.50</b>	5.25	3,081
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.						
Sept	1350.25	1362.25	1333.50	<b>1359.50</b>	8.00	25,549
Nov	1346.00	1364.25	1332.50	<b>1360.50</b>	14.50	513,202
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.						
Sept	405.90	413.90	403.40	<b>413.00</b>	6.70	42,981
Dec	395.40	401.70	392.10	<b>401.00</b>	6.00	205,853
<b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.						
Sept	65.21	66.66	63.96	<b>66.15</b>	.94	47,344
Dec	61.80	63.41	60.70	<b>62.97</b>	1.17	195,012
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.						
Sept	15.48	15.51	15.41	<b>15.44</b>	-0.05	3,680
Nov	15.80	15.87	15.77	<b>15.82</b>	-0.01	5,710
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.						
Sept	604.25	617.00	598.25	<b>612.50</b>	10.75	57,699
Dec	629.00	643.50	624.25	<b>639.75</b>	12.25	200,237
<b>Wheat (KC)</b> -5,000 bu.; cents per bu.						
Sept	740.50	758.50	736.50	<b>755.00</b>	15.00	22,948
Dec	748.75	766.75	743.75	<b>763.75</b>	16.00	104,959
<b>Cattle-Feeder (CME)</b> -50,000 lbs.; cents per lb.						
Aug	245.550	246.350	244.900	<b>245.025</b>	-0.475	5,105
Oct	251.000	252.300	250.250	<b>250.875</b>	-0.350	19,407
<b>Cattle-Live (CME)</b> -40,000 lbs.; cents per lb.						
Aug	177.800	178.425	177.525	<b>178.050</b>	.100	4,859
Oct	178.450	179.700	178.075	<b>178.675</b>	.050	125,806
<b>Hogs-Lean (CME)</b> -40,000 lbs.; cents per lb.						
Oct	79.400	80.350	78.425	<b>78.550</b>	-1.025	79,495
Dec	72.100	72.625	70.825	<b>71.050</b>	-1.300	58,907
<b>Lumber (CME)</b> -27,500 bd. ft. \$ per 1,000 bd. ft.						
Sept	525.50	536.00	524.50	<b>530.00</b>	1.00	3,489
Nov	526.00	535.00	526.00	<b>530.50</b>	.50	3,472
<b>Milk (CME)</b> -200,000 lbs.; cents per lb.						
Aug	17.24	17.25	17.19	<b>17.24</b>	.02	4,960
Sept	18.50	18.87	18.32	<b>18.39</b>	-0.11	4,951
<b>Cocoa (ICE-US)</b> -10 metric tons; \$ per ton.						
Sept	3,328	3,347	3,301	<b>3,323</b>	-6	6,666

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended August 18. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
<b>Crude oil and petroleum prod</b>						
Crude oil	1,262,779	...	1,266	1,214	1,267	1,281
excluding SPR	433,528	-2,400	440	422	440	433
Gasoline	217,626	...	216	216	217	228
Finished gasoline	15,649	-500	15	17	16	22
Reformulated	39	...	0	0	0	0
Conventional	15,610	...	15	17	16	22
Blend, components	201,977	...	201	199	201	207
<b>Natural gas (bcf)</b>						
	3,065	...	3	3	3	3
<b>Kerosene-type</b>						
jet fuel	41,788	...	41	40	41	41
Distillates	116,688	200	116	112	116	139
Heating oil	7,628	...	7	8	7	9
Diesel	109,060	...	109	104	109	65
Residual fuel oil	26,235	...	27	28	27	30
Other oils	311,838	...	312	305	312	307
<b>Net crude, petroleum products, incl. SPR</b>						
	1,611,727	...	1,614	1,667	1,615	1,886

Weekly Demand, 000s barrels per day						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
<b>Total petroleum product</b>						
	21,165	...	21,663	19,339	20,895	20,623
<b>Finished motor gasoline</b>						
	8,910	...	8,851	8,434	8,975	9,232
<b>Kerosene-type jet fuel</b>						
	1,698	...	1,549	1,603	1,697	1,652
Distillates	3,836	...	3,648	3,888	3,768	4,060
Residual fuel oil	319	...	389	141	226	384
Propane/propylene	974	...	1,244	763	977	...
Other oils	5,427	...	5,982	4,510	5,251	...

Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session										ETF				
Wednesday, August 23, 2023										ETF				
ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)
CnsmDiscSelSector	XYLY	166.09	0.80	28.6	iSh1-5YIGCorpBd	IGSB	50.05	0.40	0.5	SPDR S&P Div	SDY	120.93	0.52	-3.3
CnsStapleSelSector	XLP	72.60	0.67	-2.6	iSh1-3YTreabD	SHY	81.03	0.19	-0.2	TechSelectSector	XLT	170.95	1.80	37.4
DimenUSCoreEq2	DFAC	27.13	1.04	11.7	iShRussMC	IWR	72.01	1.02	6.8	UtilitiesSelSector	XLU	63.52	0.40	-9.9
EnSelSectorSPDR	XLE	87.35	-0.25	-0.1	iShRuss1000	IWB	243.40	1.12	15.6	VangdInfoTech	VXT	432.89	1.82	35.5
FinSelSectorSPDR	XLFX	33.95	0.98	-0.7	iShRuss1000Grw	IWF	275.44	1.47	28.6	VangdExtMkt	VBR	165.23	0.93	4.0
HealthCareSelSect	XLV	133.60	0.30	-1.7	iShRuss1000Val	IWD	157.18	0.70	3.6	VangdSC Grwth	VWG	224.37	1.23	11.9
IndSelSectorSPDR	XLI	106.95	1.03	8.9	iShRussell2000	IWM	185.79	1.07	6.6	VangdDivApp	VEU	161.16	0.73	6.1
InvsCQQQ	QQQ	369.11	1.58	38.6	iShS&P500Grw	IWW	70.82	1.26	21.1	VangdTSEAwkMx	VEA	53.45	1.07	6.6
InvsC&SP500EW	RSP	147.89	0.83	4.7	iShS&P500Value	IVE	159.98	0.93	10.3	VangdTSEEM	VEU	40.43	1.48	3.7
iShCoreDivGrowth	DGRO	51.53	0.64	3.1	iShSelectDiv	DVY	112.03	0.67	-7.1	VangdTSE Europe	VKG	60.42	0.83	9.0
iShCoreMSCIEAFE	IEFA	66.12	1.05	7.3	iSh7-10YTreabD	IEF	94.07	1.09	-1.8	VangdGrowth	VGT	282.57	1.48	32.6
iShCoreMSCIEM	IEMG	48.82	1.52	4.5	iShShortTreaBd	SHV	110.34	0.02	0.4	VangdHdMkt	VHM	244.40	0.27	-1.5
iShCoreMSCITotInt	IXUS	61.55	1.22	6.3	iShTIPSBondETF	TIP	105.93	0.90	-0.5	VangdHDI	VHD	114.64	0.73	11.4
iShCore&SP500	IVV	445.25	1.10	15.9	iSh20+YTreabD	TLT	95.54	2.48	-4.0	VangdInterrBd	BIV	73.84	0.92	-0.6
iShCore&SP MC	UHR	259.48	1.10	7.3	iShUSTreasuryBd	GOVT	22.47	0.83	-1.1	VangdIntrrCorpBd	VCIT	77.73	1.04	0.3
iShCore&SP Div	UDR	99.09	1.06	4.7	JPMEquityPrem	JEPI	54.92	0.75	0.8	VangdInternTerm	VVIT	57.90	0.71	-1.0
iShCore&SPTotUS	ITOT	97.67	1.13	15.2	JPMUSShrcm	JPST	50.16	0.08	0.1	VangdGLD	VGLT	202.74	1.15	16.0
iShCoreTotalUSDbd	IUSB	44.62	0.90	-0.7	ProShIHPCQQ	TOQQ	39.28	4.71	129.9	VangdGLC	VGC	216.28	0.94	6.1
iShCoreUSAggBd	AGG	96.15	0.96	-0.9	SPDRBBgl-3MTB	BIL	91.72	0.02	0.3	VangdMCAV	VOE	136.54	0.77	1.0
iShEdgeMSCIUSAQal	USMW	74.37	0.66	3.1	SPDRDJIA Tr	DIA	344.83	0.55	4.1	VangdMBC	VMBS	44.90	0.97	-1.4
iShEdgeMSCIUSAQal	QUAL	137.00	1.06	20.2	SPDRGLD	GLD	177.89	1.02	4.9	VangdRealEst	VRE	81.19	1.58	14.6
iShGoldTr	IAU	36.31	1.03	5.0	SPDRPDRDevUS	SPDW	31.82	1.05	7.2	VangdS&P500ETF	VOO	406.95	1.08	15.8
iShIBox&HYCPBd	HYG	74.71	0.81	1.5	SPDRS&P500Value	SPVX	42.89	0.94	10.3	VangdST Bond	BSV	75.38	0.29	0.1
iShBox&IGCPBd	LQD	105.26	1.41	-0.2	SPDRPRT&SP500	SPYG	52.11	1.13	15.9	VangdSTCPBd	VCSH	75.50	0.39	0.4
iShJPMIUSDmBd	EMB	85.33	1.61	0.9	SPDRSP500Growth	SPYV	61.29	1.21	21.0	VangdSTGrwth	VGRW	57.66	0.16	-0.3
iShMSCIACWI	MSCI	91.19	1.14	-1.7	SPDRSP500	SPY	443.03	1.11	15.8	VangdVCS	VCS	73.03	0.33	0.3
iShMSCIACWI	ACWI	95.12	1.18	12.1	SchwabIntEquity	SCHF	34.81	1.04	8.1	VangdTAXExemptBd	VTEB	49.25	0.37	-0.3
iShMSCIEAFE	EFA	70.73	1.09	7.8	SchwabUS BrdMkt	SCHB	51.64	1.14	15.2	VangdTIntlBd	BNDX	71.36	0.91	-0.8
iShMSCIEM	EEM	39.02	1.59	3.0	SchwabUS Div	SCHD	73.58	0.85	-2.6	VangdTIntlStk	VXUS	45.14	1.19	6.6
iShMSCIEAFEValue	EFV	48.75	0.79	6.3	SchwabUSLC	SCHX	52.35	1.12	15.9	VangdTIntlStk	VTI	220.06	0.90	15.1
iShNatI Munibd	MUB	105.19	0.42	-0.3	SchwabUSLC Grw	SCHG	75.03	1.52	35.0	VangdTotWrldStk	VW	96.30	1.14	17.7
					SchwabUS SC	SCHS	43.44	1.05	7.2	VangdTTrfTerm	VTF	142.20	0.62	1.3
					SPDRS&PMdCpTr	MDY	474.87	1.12	7.2	WisdTRFValue	USFR	50.51	0.02	0.5











MARKETS

S&P 500 Posts Its Best Day Since June

Technology, real estate star amid warning signs flashed by data

By Ryan DeZemmer

Technology and real-estate shares lifted the S&P 500 to its best daily performance since June despite surveys of purchasing managers that flashed warnings of economic slowdown on both sides of the Atlantic.

The S&P 500 rose 1.1%. Energy shares were the only segment of the broader index that ended the day down, drifting lower along with prices for oil and gas futures.

The Dow Jones Industrial Average added 0.5%. The Nasdaq Composite, which is loaded with tech stocks, gained 1.6% and is up 31% this year thanks to investor excitement over artificial intelligence and chip makers powering the latest computing boom.

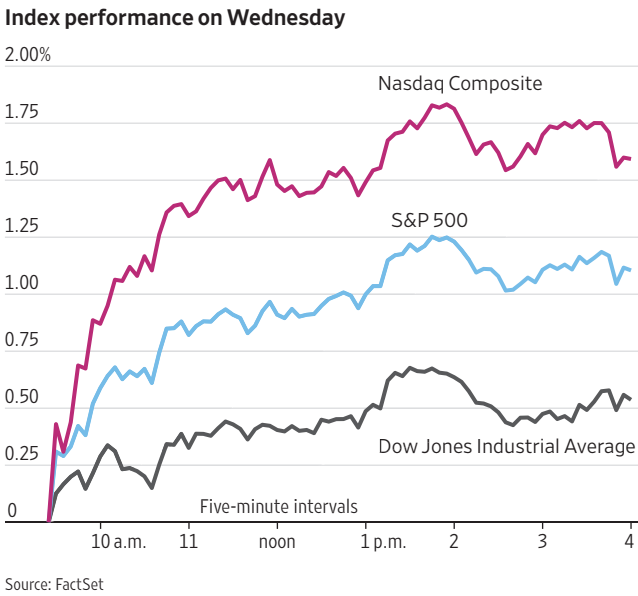
Shares of retailers and consumer-focused firms that re-

ported quarterly results Wednesday were widely divergent. **Footlocker** shares dropped 28%, while **Abercrombie & Fitch** popped 24%. **Williams-Sonoma** added 13% and **Kohl's**, **Advance Auto Parts** and **Bath & Body Works** each climbed at least 3% on their own results.

Stationary-bike maker **Peloton Interactive**, a lockdown darling, shed 23% to close at a low after warning investors to expect more losses.

**Toll Brothers'** results walloped Wall Street's expectations and showed that home building remains a point of strength in the economy, despite the climb in mortgage rates. The Mortgage Bankers Association said the rate on 30-year fixed homes climbed to 7.3%, the highest in more than 20 years.

**Nvidia**, the first semiconductor firm to achieve a trillion-dollar stock-market value, gained 3.2% Wednesday before reporting its highly anticipated second-quarter earnings. Nvidia, the top performer this year in the S&P 500, topped analysts expectations, with record sales of \$13.51 billion in



its second fiscal quarter, more than twice the amount a year ago. Shares jumped more than 8% in after hours trading.

Nvidia and other big tech firms have propelled 2023's surprising rally in stocks, defying higher interest rates. The rates have threatened corporate earnings and boosted the returns on cash and government bonds to the highest lev-

els relative to inflation in more than a decade.

Robert Minter, director of ETF Investment Strategy at asset manager Abrdn, said investors are moving money into sure things, like cash and short-term U.S. debt, but are hesitant to be completely sidelined should stocks keep climbing.

"What we're hearing from

people is they're taking a little off the table and putting it into cash, but they understand the danger of putting too much of their assets in cash," he said.

Ben Kirby, co-head of investments at Thornburg Investment Management, said he is recommending clients buy longer-term bonds to lock in today's attractive yields and accumulate dividend-paying stocks, which have lagged behind the market this year and are a relative bargain compared with tech stocks.

The 10-year Treasury yield declined to 4.197%, down for the second straight day after hitting 4.339% on Monday, which was the highest closing level since 2007. Yields also declined on 30-year bonds and one-year bills. Yields fall when prices rise.

Investors bid up government bonds after a purchasing managers' survey showed U.S. business activity rising at a weaker pace than expected. European bonds also rallied after PMI surveys showed business activity there contracting more than expected.

Overseas, the Stoxx Europe

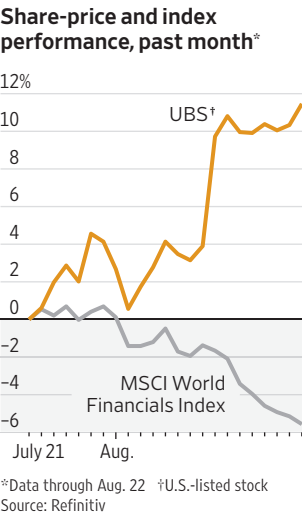
600 rose 0.4%. Early Thursday, Japan's Nikkei 225 was up 0.4%, Hong Kong's Hang Seng Index was up 1.2% and South Korea's Kospi was up 1%. S&P 500 futures rose 0.7%.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

17-WEEK BILLS	
Applications	\$151,229,394,400
Accepted bids	\$50,599,331,900
* noncompetitively	\$699,172,000
* foreign noncompetitively	\$0
Auction price (rate)	98.243097 (5.315%)
Coupon equivalent	5.900%
Bids at clearing yield accepted	68.71%
Cusip number	912797HW0
The bills, dated Aug. 29, 2023, mature on Dec. 26, 2023.	
20-YEAR BONDS	
Applications	\$42,590,352,300
Accepted bids	\$17,662,322,300
* noncompetitively	\$114,975,300
* foreign noncompetitively	\$0
Auction price (rate)	98.374204 (4.499%)
Interest rate	4.375%
Bids at clearing yield accepted	43.98%
Cusip number	912810TU2
The bonds, dated Aug. 31, 2023, mature on Aug. 15, 2043.	
ONE-YEAR, 11-MONTH FRNs	
Applications	\$58,174,958,100
Accepted bids	\$24,000,038,100
* noncompetitively	\$45,877,100
Spread	0.125%
Bids at clearing yield accepted	58.76%
Cusip number	91282CHS3
The floating-rate notes, dated Aug. 25, 2023, mature on July 31, 2025.	

UBS Stock Rises on Better Outlook for Credit Suisse Deal



By Margot Patrick

Investors who were startled by **UBS's** hastily agreed takeover of Credit Suisse in March appear to be seeing more upside.

UBS opened new vistas in reaching the global rich by buying its crosstown rival for \$3.6 billion in a Swiss government-engineered rescue. The purchase propelled it up the ranks of global wealth managers, lifting the invested assets it manages to around \$5 trillion.

To make a success of the deal, UBS first has to digest a risk-fraught, cost-heavy bank

with plummeting revenue. The uncertainty initially hobbled its shares and in May the stock in Zurich slipped below its predeal price.

More recently, however, UBS stock has staged a comeback. In the one month that ended Tuesday, the Swiss bank's U.S. shares have gained about 11%, while the MSCI World Financials Index has shed 5.6%.

Around half the move for UBS stock came after it said it won't need a Swiss government backstop against potential losses on some of the Credit Suisse assets it inherited.

The removal of the backstop "implies that write-downs of Credit Suisse assets have been relatively minor," said Johann Scholtz, an equity analyst at Morningstar.

In addition, the move reduces the political pressure to spin off Credit Suisse's domestic bank to save jobs, said Redburn Atlantic analysts, who expect UBS to stick to plan A and instead combine Switzerland's two biggest domestic lenders.

Shedding the state guarantee "should give UBS greater flexibility around decisions it needs to take about the business in Switzerland," they

wrote in a recent note to clients.

More details on UBS's plans are due when the bank, led by Chief Executive Sergio Ermotti, presents quarterly results on Aug. 31.

Some key factors that analysts and investors will be watching next week include revenue at what remains of Credit Suisse. That bank's customer business, particularly in investment banking, is expected to be slim but the results will give a sense of Credit Suisse's future contributions to the combined group.

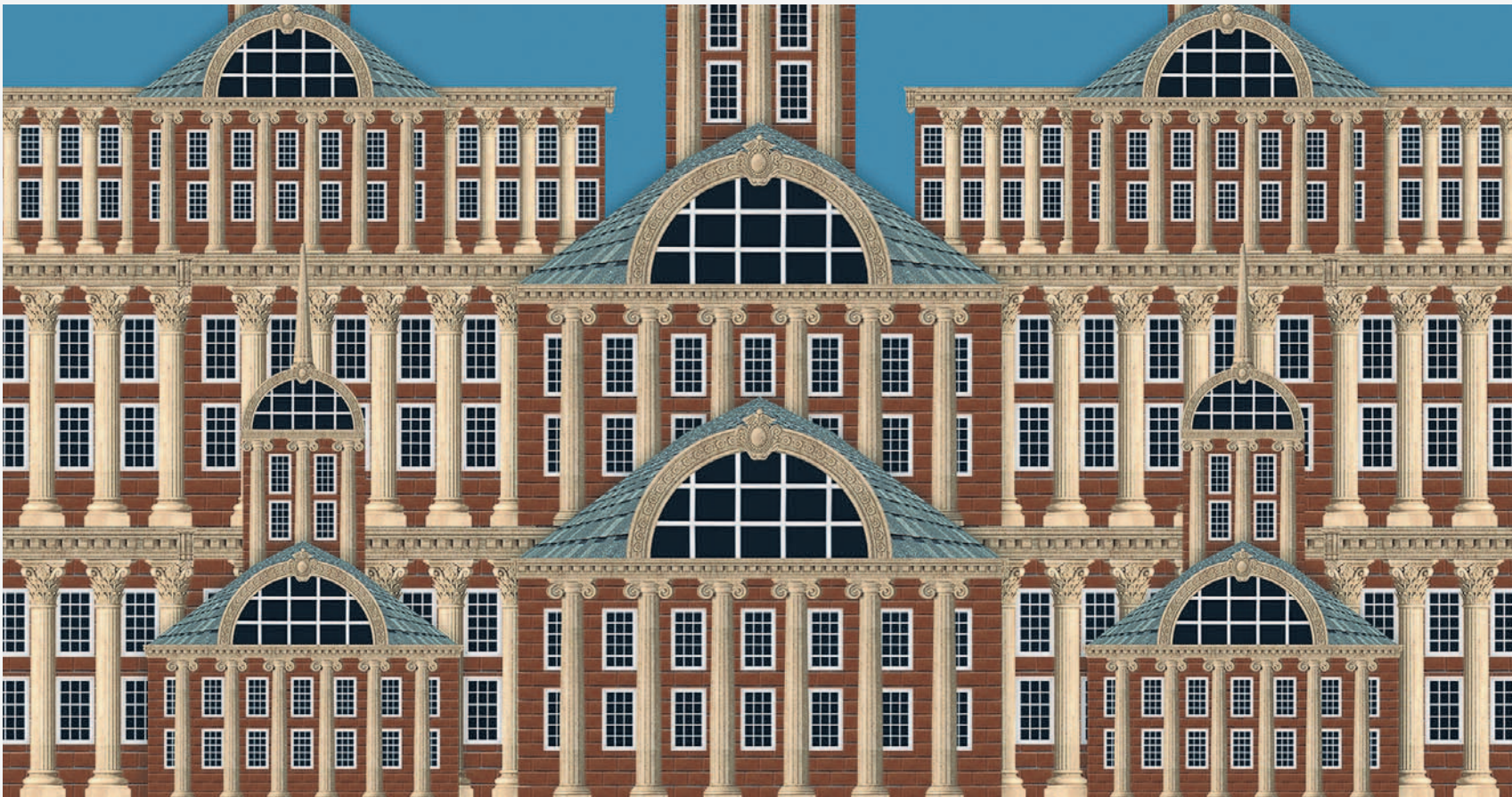
They will also be looking at

inflows and outflows. Analysts expect UBS will continue to attract assets, after taking in a net \$28 billion in the previous quarter.

Credit Suisse, in contrast, lost around \$70 billion in assets from customers fleeing just before UBS took over.

UBS is expected to say it will keep and integrate Credit Suisse's large domestic operation after reviewing other possibilities.

UBS has said it aims to save around \$8 billion in combined annual costs by 2027. Some analysts think that the tally could rise now that UBS has a better view of what it bought.



Colleges Spend Like There's No Tomorrow. 'These Places Are Just Devouring Money.'

Students foot the bill for flagship state universities that pour money into new buildings and programs with little pushback.

Some of the best-known public universities have been on decadeslong spending sprees. WSJ's exclusive investigation reveals that they've been relying on students' tuition – helping drive student debt to record highs.



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# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## How High a Rate Can Housing Take?

Home builders are thriving despite high mortgage rates, but homeowners might have less to celebrate if they persist

The highest mortgage rates in a generation should be crushing America's home-building sector.

Instead, they are helping it for now—a bright spot for the U.S. economy.

Another disconnect is the value of many Americans' most-valuable asset, their homes, is holding up remarkably well. While the billions flowing into home builders' coffers are real, though, the trillions in home equity on American households' balance sheets might take a hit if more people could sell.

On Wednesday the Commerce Department reported that a seasonally adjusted 714,000 new homes were sold in July, at an annual rate, which compared with 684,000 in June and 543,000 in July last year. This was well below the 1.03 million clocked in August 2020, when home buying was surging, but a faster pace than the prepandemic year of 2019, when 683,000 new homes were sold.

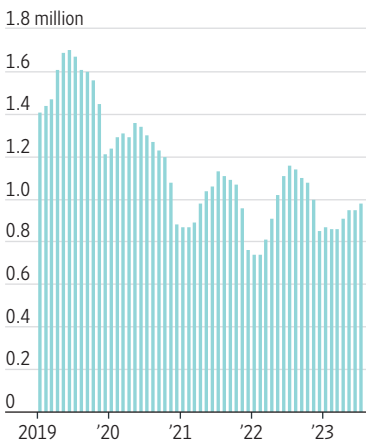
This is all happening during a

surge in borrowing costs. Also on Wednesday, the Mortgage Bankers Association reported the average rate on a 30-year fixed mortgage reached 7.31% last week, the highest level since December 2000. In the comparable week last year, the average rate was 5.65%, and two years ago rates were around 3%.

One reason new-home sales rebounded is probably that buyers got somewhat used to seeing higher rates. The rate on a 30-year mortgage spent some time above 7% last fall and has averaged about 6.7% this year.

The other is that, because most current homeowners are paying much lower rates than what is prevailing now, they are hesitant to move. This is weighing heavily on the supply of previously owned, or existing, homes for sale. On Wednesday, the National Association of Realtors reported there were just 980,000 existing single-family homes for sale last month. That was the fewest during the

Inventory of existing single-family homes for sale, monthly



Source: National Association of Realtors via FactSet

month of July—normally a time of year when a lot of homes are on the block—on record stretching back to 1982. The low supply of homes has provided support for prices: The average price of an ex-

isting home sold in July was \$406,700, versus \$399,000 a year earlier.

Another knock-on effect of the low supply of existing homes is that demand for new homes has risen. And even with the recent push higher in rates, that dynamic appears to still be in place.

Toll Brothers on Wednesday, discussing results for its fiscal quarter ended July 31, said the seasonal falloff in demand that it typically sees in August from July, as the summer home selling season winds down, has so far been much smaller than it typically experiences.

“The supply-demand imbalance created by a lower resale inventory compounds the impact of the persistent underbuilding of homes over the past 15 years,” said Chief Executive Douglas Yearley. “Even before resale inventory dropped, there was a structural shortage of anywhere between three and six million homes in this country.”

There is obviously some level of mortgage rates which, if it is hit, will throw at least a temporary damper on new-home sales. Even if they have the means to pay it, a lot of would-be buyers might balk at a 30-year mortgage at 8%—at least until they get used to it.

Nor is it a good thing that so many existing homeowners are effectively locked into their current house as a result of high rates. Not only can't they move into nicer digs as they build wealth, but it is also harder for them to move to new opportunities, such as a better-paying job in another state. The rise in rates, if it persists, could also damage home prices, lowering the value of what is many Americans' most important asset.

Housing, and the economy, would be stronger if rates were lower. But that they have so far weathered rates that are this high is still something to see.

—Justin Lahart

## Investing in Giant Animated Robot Suits

“Gundam.” “Dragon Ball.” “One Piece.” The company built atop these iconic Japanese anime franchises should be on investors' screens too.

Japanese toy manufacturer **Bandai Namco** is best known for making what hobbyists call Gunpla—plastic models based on the animation series “Mobile Suit Gundam.” Though the television series, featuring robot battles in space, was launched more than 40 years ago, the brand is still going strong. The “Gundam” franchise just had its best year ever, generating ¥131 billion, the equivalent of about \$900 million, in revenue for Bandai Namco in the fiscal year ended in March.

The pandemic boosted sales of Gunpla, which kept stay-at-home adults and children entertained, but the franchise has strong staying power all its own. In an April report, Goldman Sachs compared Gunpla to Lego, which managed to attract adult fans with high-priced niche items. And Bandai Namco has been using different media, such as games and animation, to push the franchise further. For example, its animation series “The Witch from Mercury,” released last year, expanded its broad audience.

Bandai Namco owns the rights to make toys and videogames for some other popular anime franchises. “Dragon Ball” and “One Piece,” in particular, are the big revenue drivers that have been growing quickly in recent years.

Bandai's toy business, which accounts for more than half of its operating profit, is a particular bright spot. Revenue there has doubled in the past five years



The ‘Gundam’ robot in Shanghai. The TV series, featuring robot battles in space, was launched more than 40 years ago.

while operating margin doubled, to 13%, in the fiscal year ended in March. Apart from plastic models, sales of trading cards have been growing quickly.

The company's digital business, mostly videogames, hasn't been doing quite as well lately, though there are reasons to think things may improve. The segment includes games based on the company's anime intellectual proper-

ties, but comes up with new concepts that can expand into franchises. For example, the game “Elden Ring” launched last year was a smash hit, selling more than 20 million copies worldwide. A coming expansion pack could be another bestseller.

Jefferies expects it to sell more than 10 million copies in the first 12 months after its debut later this year or early next

year. “Armored Core VI: Fires of Rubicon,” coming out in August, should also boost Bandai Namco's game revenue.

Bandai Namco trades at 22 times forward earnings, according to S&P Global Market Intelligence, above its five-year average of 20. But it's worth paying up for the company's ability to grow its household anime franchises.

—Jacky Wong

## Auto-Parts Firm Is Fixer-Upper

**Advance Auto Parts** stands out in its sector, and not in a good way.

While rivals **O'Reilly Automotive** and **AutoZone** have been supercharged by new-car shortages during the pandemic, Advance looks like a clunker. The stock had its largest single-day drop ever back in May when it unveiled first-quarter results and slashed its dividend. On Wednesday, it might have compounded those losses with a second-quarter earnings miss and lowered margin guidance for the year, but it had other news: Shane O'Kelly, a Home Depot executive, will be taking over as CEO and Jeff Shepherd is out as chief financial officer.

The stock is down by more than half since current CEO Tom Greco took the reins in April 2016, compared with appreciation of more than 200% for O'Reilly and AutoZone. O'Kelly is set to take over in September, promising “an operational and strategic review.”

O'Kelly has plenty of levers to pull in what was for many years a highly profitable company. Advance's business and share price did well during the 2007-2009 recession. With America's car fleet significantly older than it was then at around 12.5 years, up from 10.3 in 2008, according to S&P Global/IHS Markit, thrift among drivers could mean even more money in the till at companies providing parts. Advance shares jumped 3.1% on Wednesday on hopes a new mechanic can fix what's broken.

—Spencer Jakab

## Peloton Riders Take a Breather

**Peloton's** stock has seen big swings before. Its most dedicated user base hasn't—until now.

The fitness-equipment pioneer that helped ward off pandemic weight slimmed down in the wrong areas during its fiscal fourth quarter ended in June. Peloton said Wednesday that it lost about 29,000 connected fitness subscribers during the period. It was the company's first-ever decline for this metric, which reflects subscribers who access the service through Peloton products that include stationary bikes, rowing machines and treadmills. The company projected a loss of about 45,000 subscribers during the current quarter.

Peloton's stock plunged 23% after the disappointing report. A recall of seat posts for one of the company's bike models during the quarter was a major factor; Peloton said Wednesday an estimated 15,000 to 20,000 members paused their subscriptions during the quarter due to the recall. The company expects to finish shipping replacement seats by the end of September. It just needs to hope they haven't have discovered Pilates by then.

—Dan Gallagher

## Department Stores Are Maxed Out

The flood of consumer savings is drying up, and so are the retailers that were wading in it.

The gloom befell department-store stocks starting on Tuesday, when Macy's reported comparable sales at its department stores, which include Bloomingdale's, fell 8.2% excluding licensed stores in the quarter ended July 29 compared with a year earlier. On Wednesday, **Kohl's** said comparable sales declined 5% over the same period. Those numbers exceeded Wall Street expectations, though they were worse than the 4.1% decline that retail-sales data implied for the period.

Kohl's beat bottom-line expectations by a healthy margin thanks to lower-than-expected operating costs. And while **Macy's** reported a surprise net loss, that line item would have exceeded analyst expectations if not for a \$122 million settlement charge related to the company's pension plan. Both Macy's and Kohl's left their full-year guidance unchanged.

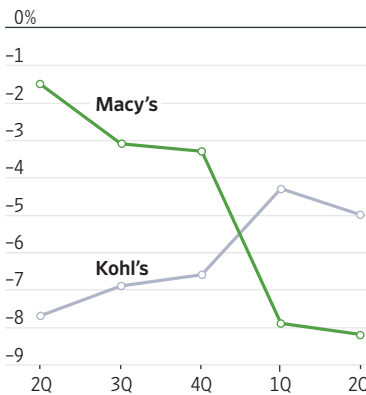
Nevertheless, the news sent Macy's shares plunging 14% on Tuesday and dragged Kohl's and **Nordstrom** down by 10% each. There was bad news outside of department stores, too: Shares of **Dick's Sporting Goods** fell 24% on Tuesday after

it missed Wall Street expectations and reduced its profit target for the year, while **Foot Locker** stock plummeted 28% Wednesday after the company revised its guidance down. Kohl's shares rebounded by 5% after it reported earnings.

Despite not-terrible numbers at department stores (relative to expectations), there were some troubling takeaways. One is that consumer health is noticeably worsening, which spells trouble for later this year when millions of Americans will resume student-loan payments. Consumers' savings cushion has steadily thinned since reaching a peak in 2021 and, as of July, households making \$50,000 to \$100,000 a year held 58% more in savings than in 2019, down from an excess of 97% in early 2021, according to the Bank of America Institute.

Macy's said delinquencies on its credit card took a faster-than-expected turn for the worse last quarter, causing the company to increase its bad debt outlook. Credit-card revenues at the company fell 41% from a year earlier, well below analyst expectations contemplating an 18% decline. Kohl's “other revenue,” which is a proxy for credit-card revenue, declined a milder 3%. Kohl's said on

Comparable store sales, change from a year ealier



Note: Lastest fiscal quarter ended July 29  
Source: Visible Alpha

Wednesday that payment rates dropped, though they remain above 2019 levels. Credit-card revenues are an important component of department stores' bottom lines: They represented 35%, 57% and 79% of operating income at Macy's, Kohl's and Nordstrom in 2021, respectively, according to a report from Citi Research.

Secondly, department stores' lousy performance affirms the view that their strength in 2021 and 2022 was built mostly on ex-

cess consumer savings. Last quarter marked the second consecutive period when Macy's revenue shrank compared with 2019. Kohl's net sales exceeded 2019 levels for two quarters in 2021 before returning to a declining trend.

Notably, other apparel retailers are seeing healthy sales: **Abercrombie & Fitch** reported on Wednesday that comparable sales rose 13% in its quarter ended July 30. The **TJX Cos.** unit housing T.J. Maxx and Marshalls reported comparable-store sales rose 8% last quarter, while **Ross Stores** saw 5% growth.

Broadly speaking, consumers are behaving as they did in previous downturns: looking for value and splurging on small luxuries such as perfumes and lipstick. Beauty was the one category that outperformed at Macy's and Kohl's. That is an unwelcome flashback for shareholders of department stores: Macy's, Kohl's and Nordstrom collectively shaved \$15.7 billion off their market capitalization between December 2007 and June 2009.

The spending slowdown is really raining on Macy's and other department stores' parades. Unfortunately, this feels more like a worsening storm than a fleeting cloud.

—Jinjo Lee