

What's News

Business & Finance

- ◆ **An appeals court ruled** the SEC must reconsider crypto asset manager Grayscale's application to launch the first bitcoin ETF, the latest setback for Gensler's efforts to regulate the industry. **A1**
- ◆ **Employers reported** fewer open jobs last month, adding to signs that the solid labor market is gradually cooling in a higher-interest-rate environment. **A2**
- ◆ **Major U.S. stock indexes** rose for a third consecutive session, with the S&P 500, Nasdaq and Dow advancing 1.5%, 1.7% and 0.8%, respectively. **B12**
- ◆ **Warner Bros. Discovery** is in advanced talks to name Mark Thompson, a former top executive of the New York Times and the BBC, as CNN's new leader. **B1**
- ◆ **Former Qualcomm boss** Paul Jacobs is taking over as chief executive of Globalstar, a satellite company that supports Apple's emergency-communications capabilities. **B1**
- ◆ **Google is selling** broad access to its most powerful AI technology for the first time as it races to make up ground in the cloud-software market. **B4**
- ◆ **U.S. Steel said it** has entered into confidentiality agreements with "numerous third parties" and is starting to share due diligence information as it reviews bids for the company or parts of it. **B2**
- ◆ **Meta said it** took down an online covert-influence operation aimed at advancing China's interests and discrediting its adversaries. **B4**
- ◆ **Best Buy's sales and profit** fell in the second quarter as demand for electronics moderated after gains during the pandemic. **B3**

World-Wide

- ◆ **The government named** 10 drugs that will be subject to the first ever price negotiations by Medicare, taking aim at some of the most expensive and widely used medicines in the U.S. **A1**
- ◆ **Saudi Arabia is offering** to resume financial support to the Palestinian Authority, Saudi officials and former Palestinian officials familiar with the discussions said, a sign the kingdom is making a serious effort to overcome obstacles to establishing diplomatic relations with Israel. **A1**
- ◆ **A graduate student** was charged with first-degree murder in the fatal shooting of a professor at the University of North Carolina at Chapel Hill, authorities said. **A3**
- ◆ **An international law-enforcement** operation has dismantled a network of hundreds of thousands of computers that criminals used to launch cyberattacks against critical industries worldwide, U.S. authorities said. **A4**
- ◆ **Wagner chief Prigozhin** was buried in St. Petersburg, his press service and state media reported, days after the jet he was on crashed in Russia, killing him and several top commanders of his paramilitary organization. **A16**
- ◆ **A court in Pakistan** suspended Imran Khan's three-year sentence in a corruption case, a legal victory that comes amid a continuing crackdown on the opposition leader and his political party. **A6**
- ◆ **Air pollution is** the world's top threat to public health, responsible for reducing average life expectancy by 2.3 years worldwide, a report by the University of Chicago's Energy Policy Institute concluded. **A6**

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Idalia Strengthens as It Whirls Toward Florida



ON COURSE: Hurricane Idalia intensified over the Gulf of Mexico on Tuesday and was forecast to make landfall early Wednesday in Florida's Big Bend region, where emergency preparations and evacuations were under way. **A3**

U.S. Lists 10 Drugs Subject to Medicare Price Cuts

Government plans to negotiate with firms for first time in effort to reduce spending

By JARED S. HOPKINS AND STEPHANIE ARMOUR

The U.S. government named 10 drugs that will be subject to the first ever price negotiations by Medicare, taking aim at some of the most widely used and costliest medicines in the country. At stake is arguably the government's strongest effort to date to tackle high drug costs—if drugmakers can't persuade courts to scuttle the negotiating powers that Medicare was granted last year.

On the list of targeted medicines announced by the Biden administration Tuesday are treatments for cancer, diabetes and heart disease that can cost tens of thousands of dollars a year or more, including blood thinner Eliquis and diabetes treatment Jardiance. Medicare spent \$50.5 billion on the drugs last year, JP-Morgan Chase estimated.

"This is a major step toward reducing drug spending," said Stacie Dusetzina, a health policy professor at Vanderbilt University School of Medicine who studies drug costs. Lawmakers seeking to address high and increasing drug costs had spent years trying to authorize government negotiations. President Biden said the administration wouldn't back down from the

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SEC Setback on Bitcoin ETF Drives Rally in Crypto Markets

By PAUL KIERNAN

WASHINGTON—A federal appeals court ruled Tuesday that the Securities and Exchange Commission must reconsider crypto asset manager Grayscale Investments' application to launch the first bitcoin exchange-traded fund, the latest setback for SEC Chair Gary Gensler's efforts to regulate the upstart industry.

Bitcoin-related assets surged on the news with traders betting the decision would pave the way for broad investor access to the cryptocurrency. Coinbase Global, the largest publicly traded crypto exchange, rose 15%, and bitcoin futures climbed more than 7%. "The denial of Grayscale's proposal was arbitrary and capricious because the Commission failed to explain its differ-

ent treatment of similar products," Circuit Judge Neomi Rao, who was appointed by then-President Donald Trump, wrote on behalf of the court, noting that the SEC has approved bitcoin futures ETFs. The ruling was unanimous in a panel of three judges, two of whom were appointed by Democratic presidents. The decision by the U.S. Court of Appeals for the D.C.

Circuit marks the most recent blow to Gensler's approach to regulating crypto markets. The agency had denied Grayscale's application to convert its bitcoin trust, known as GBTC, into an ETF on the basis that spot markets for bitcoin are unregulated and subject to market manipulation. Grayscale called the ruling "a monumental step for American-"

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Saudi Arabia Offers Palestinians Funds As It Courts Israel

By DION NISSENBAUM AND SUMMER SAID

Saudi Arabia is offering to resume financial support to the Palestinian Authority, Saudi officials and former Palestinian officials familiar with the discussions said, a sign the kingdom is making a serious effort to overcome obstacles to establishing diplomatic relations with Israel.

Saudi officials said they are trying to secure Palestinian President Mahmoud Abbas's support for open ties with Israel, providing more legitimacy to any eventual agreement and forestalling any accusations the

kingdom would sacrifice Palestinian efforts to establish an independent state to advance its own goals. Recognizing Israel is especially sensitive for Saudi Arabia because it hosts Islam's holiest sites, giving it a special status in the Muslim world, where Palestinian statehood remains a rallying cry. The Saudi outreach has fueled a debate among Palestinian leaders about whether to back the kingdom's outreach to Israel—a move that would represent a significant shift from officials who accused Gulf leaders of stabbing them in the back when they

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INSIDE



SPORTS

Angels' Ohtani keeps everyone guessing about his plans to treat injury. **A12**

BUSINESS & FINANCE

Blackstone joins with Vornado to develop new film, TV studio in Manhattan. **B1**

A Life in Hiding, Hunted by Taliban

An Afghan interpreter is a target after years working with U.S. Special Forces

By SUNE ENGEL RASMUSSEN

Ahmad Jawed wakes at 7 a.m. in a daily routine that has so far kept him alive. He packs milk and bread into the backpacks of his 9-year-old son and 6-year-old daughter and walks them to school, hoping to pass unnoticed. There and back, he wears sunglasses, a pandemic-era surgical mask and the type of skull cap worn by Pashtuns, the ethnicity of most Taliban. When he returns to the

family's fourth-floor apartment in Kabul, he has breakfast with his wife, Palwasha. After the meal, she leaves for work as a hospital midwife, the family's sole supporter. Jawed spends the rest of the day at home with his 3-year-old daughter, tapping at his laptop and watching TV, afraid to venture outside, trapped in idle humiliation. "I live like a prisoner," he said. A decade ago, Jawed worked as an interpreter for

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College Characters Hit Weddings

Fans pay to have mascots attend personal events

By MEGAN TAGAMI

Brianna Dial was taking photos with her family after her wedding ceremony in Aloha, Ore., when she spotted a guest she hadn't previously noticed, or even invited. She gasped—and then ran straight into the arms of the guest, "Benny Beaver," the mascot of Oregon State University. "I am not exaggerating. I was more excited to see Benny than I was to do a first look with my husband," said Dial.

Most people know mascots as zany costumed characters that dance around college stadiums and whip up the crowd. *Please turn to page A8*

3M Legal Woes Remain Despite Big Settlements

By JOHN KEILMAN AND BOB TITA

3M reached a \$6 billion settlement this week to end the largest single mass tort in U.S. history, and it agreed in June to pay up to \$12.5 billion to resolve litigation on so-called forever chemicals. But its legal troubles are far from over, clouding the prospects of one of the U.S.'s best-known manufacturers.

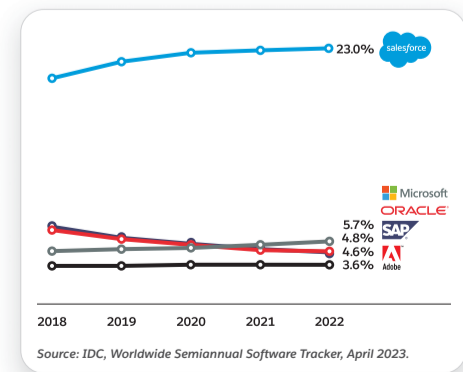
The continuing legal morass is adding to 3M's costs, eating into its profits and demanding the attention of its executives as the company tries to contain the fallout from products developed decades earlier. Thousands of people are suing the Minnesota-based manufacturer, alleging that 3M products containing chemicals known as PFAS made them sick. States have filed lawsuits, too, claiming 3M and other companies contaminated

their soil and waterways. Analysts said those cases could add billions of dollars on top of what 3M has already committed to pay to hundreds of municipal water systems allegedly contaminated by PFAS, and thousands of military veterans who claim earplugs produced by a 3M subsidiary failed to protect their hearing. Kevin Rhodes, the company's chief legal affairs officer, said it is too early to discuss how the remaining PFAS cases may be resolved. "That will take time," he said Tuesday on an investor call. Lawsuits related to PFAS and the military-grade earplugs have swelled to become some of the biggest product liability litigations in history, with hundreds of thousands of claims filed against 3M, the maker of Scotch tape, Post-it Notes and Nexcare bandages. The legal challenges have

Please turn to page A4

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2022 Revenue Market Share Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, April 2023.



salesforce.com/number1CRM

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2023 Salesforce, Inc. All rights reserved. Various trademarks held by their respective owners.



U.S. NEWS

Robust Job Market Starts to Ease

Demand for workers hits low since March 2021, still well above prepandemic levels

By AMARA OMEOKWE

The nation's employers reported fewer open jobs last month, adding to signs the solid labor market is gradually cooling as the economy slows under the weight of high interest rates.

Job openings declined by 338,000 to a seasonally adjusted 8.8 million in July from the prior month, the Labor Department reported Tuesday. That was the lowest level since March 2021, but it was still well above prepandemic levels and the 5.8 million unemployed people in July.

Job openings soared to a record 12 million in March 2022, as employers clamored to hire workers amid widespread labor shortages. Openings have fallen this year as interest rates rise and employers trim their hiring plans.

The labor market remains strong, with unemployment at 3.5% last month, near a 50-year low. The number of layoffs was unchanged at 1.6 million last month. Wages are growing faster than inflation, helping boost consumer spending.

At the same time, however, wage growth and hiring have slowed in recent months as employers' demand for workers eases a bit and more people join the labor force.

The Federal Reserve has raised rates aggressively to fight inflation by slowing the economy—including hiring and wage growth, which can fuel price pressures.

Fed Chair Jerome Powell signaled Friday that the central bank could hold rates steady at its next policy meeting in September, but left the door open to lifting them later this year if the economy doesn't slow more.

Speaking at the Kansas City Fed's annual symposium last week in Jackson Hole, Wyo., Powell noted that while job openings have fallen, U.S. unemployment hasn't risen, which he called "a highly welcome but historically unusual result that appears to reflect large excess demand for labor."



A job fair in Philadelphia last week. The labor market remains strong, with unemployment at 3.5% last month.

Job openings in July increased in the information and transportation and warehousing industries, while declining in the professional and business services, healthcare and government sectors, the Labor Department said.

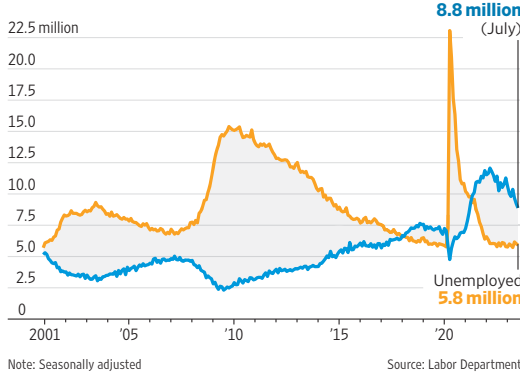
The labor market "is moving more quickly back to average," said Robert Frick, corporate economist at the Navy Federal Credit Union. "Many industries are all hired up."

The quits rate—or the number of job resignations as a share of total employment—edged lower to 2.3% in July from 2.4% the prior month. The rate averaged 2.3% in 2019, just before the Covid-19 pandemic hit the U.S. economy.

Economists see a high quits rate as a sign workers feel confident about their ability to find another job at equal or more pay. The rate hit a recent high of 3% in April 2022.

As fewer people quit their jobs, employers may be filling their openings from the ranks of the unemployed, rather than poaching already-employed

U.S. job openings and unemployment levels



Note: Seasonally adjusted

Source: Labor Department

workers away from their jobs, said Nick Bunker, an economist at the jobs website Indeed. That could help explain why unemployment has remained low, he said.

"The Fed would prefer if job openings were on a steeper descent, but there are some signs that the labor market is loosening a bit," Bunker said. "There's less job switching, so the temperature in the labor

market has come down," he added.

U.S. employers added 187,000 jobs in July, reflecting a labor market that has slowed this summer but remains on solid footing. The Labor Department will release its August employment report on Friday. Economists estimate the economy added 170,000 jobs and the unemployment rate held at 3.5%.

Despite a sharp slowdown in inflation from its recent peak in June 2022, the resilient labor market, stronger than expected economic growth and slowing, but firm, wage gains are among the factors keeping pressure on the Fed. Officials lifted their benchmark federal-funds rate last month by a quarter-percentage point to a range between 5.25% and 5.5%, a 22-year high. Powell has said the Fed would like to see wage growth slow to a level more consistent with its goal of 2% inflation.

The factors that compel people to quit their jobs, such as better pay becoming available elsewhere, are receding, said Aaron Terrazas, chief economist at the jobs website Glassdoor.

"Openings play a big role in what drives wage growth," Terrazas said. "With fewer people voluntarily switching jobs, that means fewer people jumping to better paying gigs."

◆ **Heard on the Street: Cool job market isn't cold.... B13**

Index of Housing Prices Was Unchanged In June

By NICOLE FRIEDMAN

Home prices held steady from a year earlier in June as high mortgage rates kept both buyers and sellers on the sidelines.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures home prices across the nation, was unchanged year-over-year in June, compared with a 0.4% annual decrease the prior month.

On a month-over-month basis, the index rose a seasonally adjusted 0.7% in June, the fifth straight monthly increase.

Mortgage rates surged last year, making home purchases less affordable and pushing many buyers out of the market. But home prices only fell a small amount on a national basis and are now starting to tick higher again. The very low inventory of homes for sale has supported prices, as homeowners with low fixed mortgage rates are unwilling to sell.

"While home prices fell year-over-year in June, prices may have turned a corner," said Lisa Sturtevant, chief economist at Bright MLS. "For months, home prices have continued to rise even with elevated mortgage rates because supply has been so limited."

The Case-Shiller index, which measures repeat-sales data, reports on a two-month delay and reflects a three-month moving average. Homes usually go under contract a month or two before they close, so the June data is based on purchase decisions made earlier this year.

The median existing-home sale price rose 1.9% in July from a year earlier to \$406,700, according to the National Association of Realtors.

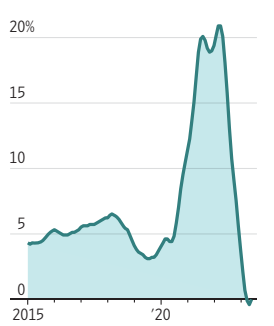
The Case-Shiller 10-city index fell 0.5% over the year ended in June, following a 1.1% decline in May. The 20-city index fell 1.2%, compared with a 1.7% decline in May.

Economists surveyed by The Wall Street Journal expected the 20-city index to decline 1.5%.

Chicago had the fastest annual home-price growth in the country, at 4.2%, followed by Cleveland, at 4.1%. The weakest market was San Francisco, where prices fell 9.7% on an annual basis.

A separate measure of home-price growth by the Federal Housing Finance Agency also released Tuesday found a 3.1% increase in home prices in June from a year earlier. The FHFA index rose 0.3% in June from the prior month on a seasonally adjusted basis.

S&P CoreLogic Case-Shiller National Home Price Index, change from a year earlier



Source: S&P Dow Jones Indices

Ten Drugs Subject to Price Talks

Continued from Page One court fights with industry opponents in its effort to deliver more affordable medicines. "We pay more for prescription drugs than any other economy in the world," Mr. Biden, a Democrat, said.

Lower prices would take effect in 2026. Medicare, the government health-insurance program for seniors and some people with disabilities, would save an estimated \$25 billion a year by 2031. The savings will mostly go to Medicare because it pays the bulk of the cost of the drugs.

The reductions might not directly affect the price patients pay at the pharmacy counter, though some seniors taking pricey cancer drugs might wind up paying less out of their own pockets.

Rather, the price cuts would have an indirect impact on people's spending. Medicare plans to use the savings to put a \$2,000 annual cap on how much members have to pay out of pocket for drugs starting in 2025.

That could save seniors who take expensive drugs



Blood thinner Eliquis is one of the drugs on the negotiation list.

hundreds of dollars a year in out-of-pocket payments.

However, price cuts might not take effect if drugmakers and business trade groups win lawsuits challenging the constitutionality of Medicare's new negotiating powers. The Pharmaceutical Research and Manufacturers of America, an industry trade group, said drugmakers already discount many of the listed drugs, and negotiations will curb research into certain drugs while not stopping health plans from limiting access. "Giving a single government

agency the power to arbitrarily set the price of medicines with little accountability, oversight or input from patients and their doctors will have significant negative consequences long after this administration is gone," the group said.

Some drugmakers separately added that their drugs were cost effective under Medicare, and said their talks with the government wouldn't be a true negotiation.

"One of the reasons why this is actually not a negotiation is because there is no opportunity for us to make any decision other than to participate in the process," Bristol-Myers Squibb Chief Executive Giovanni Caforio said.

For drugmakers, the financial impact from the price negotiations could be limited. The 10 drugs are well known and widely used, but they are nearing the loss of patent protection and their manufacturers now make more from other products.

Bristol, which sells Eliquis with partner Pfizer, might face the biggest hit because the blood thinner remains a big seller. Last year, Bristol reported \$11.8 billion in sales

from Eliquis out of \$46.2 billion in total revenue.

Other drugmakers probably won't face as much of a jolt, however, because the drugs no longer account for much of their company's sales. Jardiance generated \$2.1 billion out of \$28.5 billion in total sales last year for its maker Eli Lilly, but it is counting on newer products like diabetes and obesity drug Mounjaro.

Shares of companies were relatively unchanged and some rose slightly given the muted effect and Wall Street's expectations most of the drugs would be named.

Medicare is the country's largest purchaser of prescription medications. Its Part D program spent \$378 billion on the drugs in 2021, according to the most recent government data.

Beneficiaries usually have to pay some sum out of pocket, such as a copay or coinsurance, which is a portion of a drug's cost.

Medicare didn't have the power to negotiate directly with drugmakers on the prices it pays for the therapies until the Inflation Reduction Act passed last year. Under the law, Medicare will now be able to negotiate the prices of a certain number of drugs each year—ones that the program spends the most on and that don't face competition from less-expensive copies.

The negotiating power was among several provisions in the law aiming to lower drug costs.

Another provision, which took effect earlier this year, capped patients' copays or other out-of-pocket spending on insulin at \$35 a month.

The naming of the 10 drugs

CORRECTIONS & AMPLIFICATIONS

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

Drug	Medicare Part D enrollees who used the drug, June 2022-May 2023
Eliquis	3,706,000
Jardiance	1,573,000
Xarelto	1,337,000
Januvia	869,000
Farxiga	799,000
Fiasp and NovoLog	777,000
Entresto	587,000
Enbrel	48,000
Stelara	22,000
Imbruvica	20,000

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U.S. NEWS

Idalia Threatens Catastrophic Storm Surge

Florida's west coast braces for hurricane to strengthen and hit as Category 4

CEDAR KEY, Fla.—Hurricane Idalia continued to strengthen Tuesday night as forecasters said it was expected to collide with the state's west coast as a Category 4 storm packing life-threatening winds and a catastrophic storm surge.

By Shannon Najmabadi, Jon Kamp and Alyssa Lukpat

Rain bands lashed the state, and conditions were expected to deteriorate through the night as Idalia intensified on its final approach.

The storm was expected to make landfall early Wednesday in the Big Bend region, a sparsely populated area along Florida's Gulf of Mexico coastline, north of where the deadly Hurricane Ian hit last year. Idalia was about 125 miles west of Tampa on Tuesday.

More than 30 Florida counties issued some kind of evacuation order, including several with mandatory evacuations for vulnerable areas. Schools across the state have canceled classes.

"This is not something that you want to do battle with," Florida Gov. Ron DeSantis said as Idalia headed toward the state.

The storm Tuesday evening was packing maximum sustained winds up to 110 miles an hour, the upper edge of a Category 2 hurricane, according to the National Hurricane Center. Idalia was expected to soon become a Category 3 storm, considered a major hurricane on the Saffir-Simpson Wind Scale, and to grow stronger yet before landfall.

Idalia could generate life-threatening storm surges of up



People filled sandbags at a park in Pinellas Park, Fla., on Tuesday ahead of the possible arrival of Hurricane Idalia.

to 16 feet in a region of the Big Bend stretching roughly 100 miles between the border of Wakulla and Jefferson counties and the small coastal community of Yankeetown, forecasters said. The island city of Cedar Key, which falls within that zone, could be completely cut off during the storm.

"If you're there in that storm surge you're putting your life in jeopardy when it gets to be that high," DeSantis said.

Cedar Key resident Wolfgang Ausserbauer, 77 years old, said

he wasn't planning to evacuate. He moved to the small island city about three years ago after retiring as a doctor in Santa Barbara, Calif., and lives in a motor home with his schnauzer in a local RV park.

"Are you kidding? Storms go by here all the time," Ausserbauer said, while waiting for a haircut Tuesday morning. "Even when they say 'hurricane,' it never is that big."

Cedar Key City Commissioner Sue Colson had a one-word message for residents who plan to ride out the storm: "Leave."

She advised residents to take cash, gasoline and medicine, and to secure loose items in their yard and on balconies. Cars, boats, trailers and forklifts for the local clam industry have been moved to the island's highest point, the school, which sits at 30 feet elevation, she said.

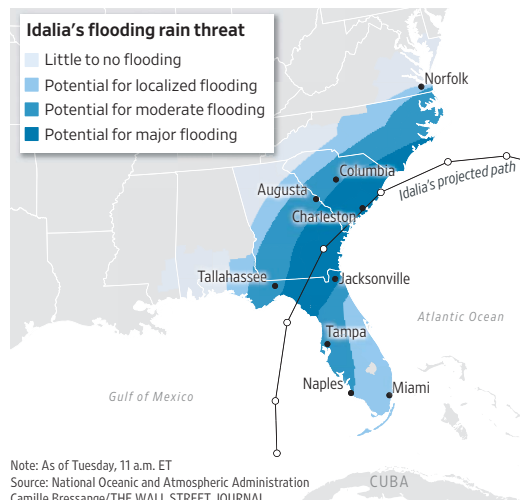
"This is a very, very serious storm," Colson said Tuesday morning, standing outside the town's city hall.

"Two blocks that way, two blocks that way," she said, gesturing in each direction. "Water. And all the other little residential areas are connected by bridges. Any one of those bridges can be taken out. If they do, you're stuck on your side."

Michael Brennan, director at the hurricane center, noted Tuesday that isolated areas around the Big Bend region could see as much as a foot of rain, too. "Water is the hazard that kills almost 90% of people in tropical storms and hurricanes in this country," he said during a briefing.

Idalia cut a northward path through the Gulf of Mexico and thrashed western Cuba on Monday after it formed as a tropical storm over the weekend, according to the hurricane center. The storm was expected to turn northeast and swirl over Florida, Georgia and the Southeast coast.

Idalia might remain at hur-



Note: As of Tuesday, 11 a.m. ET
Source: National Oceanic and Atmospheric Administration
Camille Bressange/THE WALL STREET JOURNAL

ricane strength over at least part of Georgia. The storm's rain could cause floods in the Southeast on Wednesday and Thursday, forecasters said.

Forecasters said the storm would gather strength from the unusually warm waters surrounding Florida.

A tropical storm warning on Tuesday stretched from roughly the middle of Florida's eastern shore into North Carolina, while a watch extended up to the Virginia border. The governors in Georgia and both Carolinas declared states of emergency on Tuesday.

Parts of Florida are still re-

covering from last September's Hurricane Ian, which left a trail of wreckage across the state and killed at least 140 people. Idalia is one of the first major storms of the Atlantic hurricane season, which is expected to be more active than usual.

Tampa resident Lauren Dixon, who evacuated ahead of Ian, said she planned to ride out Idalia with her two dogs in her downtown apartment. "I'm trying to get a bunch of walks in before we bunker down," said Dixon. "We're not going to leave."

—Deborah Acosta contributed to this article.

Why Hurricanes Are Becoming More Intense

Hurricane Idalia is shaping up as the first Atlantic hurricane to hit the U.S. this season—a year when an above-average number of storms is expected because of extremely warm water in the North Atlantic.

The National Oceanic and Atmospheric Administration has predicted 14 to 21 named storms with winds of 39 mph or greater, including six to 11 hurricanes with winds of 74 mph or higher.

This year's record-setting ocean temperatures are the result of decades of climate warming and an El Niño pat-

tern that is releasing heat from the Pacific into the atmosphere and affecting ocean temperatures globally, said Michael McPhaden, senior scientist at NOAA's Pacific Marine Environmental Laboratory in Seattle.

The water temperatures in the North Atlantic and Gulf of Mexico are acting as fuel for tropical storms, which begin their life as a region of low pressure. As the pressure system moves over warm surface waters, it sucks up heat energy from the ocean, creating moisture in the air.

If the conditions are

right, a tropical storm forms with an eye of rotating winds and intense rainfall. When wind speeds in the eye of the storm reach 74 miles an hour, forecasters call it a hurricane.

This year, an El Niño also has formed in the Pacific Ocean, resulting in a slosh of warm water developing across the eastern Pacific against the South American coast. In most El Niño years, there are more hurricanes in the Pacific (where they are known as typhoons) because of the warmer surface water, and there are fewer hurricanes in the Atlantic.

—Eric Niiler

Grad Student Charged With UNC Murder

By TALAL ANSARI

A graduate student has been charged with first-degree murder in the fatal shooting of a professor at the University of North Carolina at Chapel Hill, authorities said.

The victim of the Monday shooting has been identified as Zijie Yan, an associate professor in the applied physical sciences department. Yan joined the university in 2019, Chancellor Kevin Guskiewicz said at a news conference Tuesday.

"He was a beloved colleague, mentor and friend to so many on our campus," Guskiewicz said, adding that Yan was a father to two young children.

The suspect, Tailei Qi, is a graduate student at the university, UNC Police Chief Brian James said at the news conference. He has been charged with two felonies: first-degree murder and possession of a weapon on educational property. Qi is being held without bond, James said.

James said Qi and Yan knew each other but didn't elaborate on a possible motive. A university webpage listed Qi as a member of Yan's research group.

James said the firearm used in the shooting hasn't been recovered.

Stricter Rules for Disclosing Tainted Baby Formula Sought

By KRISTINA PETERSON

WASHINGTON—Baby-formula manufacturers would be required to notify regulators about contamination in their products in a wider range of circumstances, under bipartisan legislation that was introduced on Tuesday.

The legislation is aimed at preventing and quickly halting any future outbreaks of cronobacter, the bacteria that sickened four babies and fueled last year's shortage.

The bill from the top two lawmakers on the House Oversight committee, Reps. Katie Porter (D., Calif.) and Lisa McClain (R., Mich.), would require formula manufacturers to notify the Food and Drug Administration within 24 hours if they find out their formula is contaminated during tests taken in the facility, according to the lawmakers' offices.

Under the legislation, regulators would then have 72 hours to contact the baby-formula maker after being notified of the contamination.

Currently, formula makers have to test samples of formula before it is distributed to make sure it isn't contaminated and keep records, but they aren't required to notify

regulators unless they have reason to believe formula that has already been shipped out to stores is contaminated, an FDA spokesperson said.

The bill "empowers the FDA and holds the agency accountable for getting answers from manufacturers, to give parents peace of mind and to prevent another bacterial outbreak from devolving into a disaster," said Porter, the top Democrat on the House Oversight Committee's Health Care and Financial Services panel.

The legislation targets a rare bipartisan area of agreement from a committee whose GOP leaders have largely focused on investigating the Biden administration.

Lawmakers from both parties expressed outrage at a pair of hearings held this year examining the baby-formula recall and ensuing shortages that fueled anxiety in parents of young children, including members of Congress.

"This crisis was preventable. We saw failures occur that should have never been

possible, and we cannot allow them to happen again," McClain, the chairwoman of the subcommittee, said.

Last year's nationwide baby-formula shortage accelerated following a recall sparked by the hospitalization of four infants, including two who later died, who contracted rare bacterial infections from cronobacter after being fed powdered baby formula made at the same Abbott Laboratories facility.

Abbott has said it doesn't believe the four infant illnesses were caused by contamination at its plant and that investigations conducted by the FDA, the Centers for Disease Control and Prevention and the company itself didn't find a definitive link between Abbott's products and illnesses in children.

The FDA has also requested the authority from Congress to require manufacturers to report when formula tests positive for cronobacter, as part of the administration's budget proposal.

A bill aims to prevent and quickly halt cronobacter outbreaks.

U.S. NEWS

Trump Speech Tests Courts

Judges in uncharted territory as vocal candidate asserts rights, flouts rules

BY BYRON TAU

WASHINGTON—One of the world's most unrestrained speakers is on a collision course with the rigid rules and procedures of the U.S. criminal justice system.

In advance of trials, most defendants are concerned about reducing their jail time or getting a good plea deal, so they don't argue about the restrictions judges routinely place on their speech rights to protect witnesses, preserve an unbiased jury pool and assure a fair hearing of the case. Lawyers' standard advice to clients is to keep quiet, avoid antagonizing the judge and let the legal team make all the public statements about the case.

Donald Trump regularly flouts that advice and appears prepared to litigate to aggressively defend his right to keep doing so.

Since he was first indicted in New York state court in April, the former president has denied wrongdoing. Through his posts on his social-media site Truth Social, he has attacked judges, prosecutors and witnesses in the trials—and even criticized entire cities whose residents make up the jury pool of citizens who will likely be asked to decide his fate.

He has called special counsel Jack Smith “deranged” as recently as Monday and referred to prosecutors as “thugs” working for the “Department of Injustice.” He has called Fulton County District Attorney Fani Willis “Phoney Fani.” After U.S. District Judge Tanya Chutkan set a March 4 trial date for his Washington case on Monday, Trump deemed her “a biased, Trump Hating Judge.”

Witnesses can also get pilloried. Before Georgia's former Republican lieutenant governor, Geoff Duncan, testified before the Atlanta grand jury that later indicted Trump and 18 others, the former president warned him not to, calling him a “loser” and a “nasty dis-



Donald Trump talks to the media after being booked on charges in the election-interference case.

ter” on Truth Social.

Such comments have placed judges presiding over the four criminal cases against Trump in uncharted legal territory. They have to decide where to draw a line between Trump as a presidential candidate and a criminal defendant, deterring efforts to intimidate those involved in the case while not restricting his freedom to make his case for election to the American people.

Free-speech argument

Trump has battled away suggestions that judges could restrict his speech. “No, I shouldn't have a protective order placed on me because it would impinge upon my right to FREE SPEECH,” Trump wrote on Truth Social in early August after being indicted in Washington over his efforts to overturn the results of the 2020 presidential election.

Trump's lawyers have echoed those complaints in legal filings, and people familiar with his legal team expect them to continue to push back against any restrictions on his speech rights.

“In a trial about First Amendment rights, the government seeks to restrict First Amendment rights,” Trump lawyers Todd Blanche and John Lauro wrote this month after prosecutors argued that

the former president be prevented from publicly airing sensitive witness statements or other grand-jury evidence. Chutkan was unmoved. “He's a criminal defendant. He is going to have restrictions like every single other defendant,” she said.

There are few clear precedents to guide judges on how to ensure a fair and orderly trial while protecting Trump's free-speech rights as he seeks to reclaim his old office and defend his public reputation.

Courts have generally been most concerned about statements perceived as directed against witnesses. Prosecutors got the protective order in Washington after flagging a post from Trump where he stated: “IF YOU GO AFTER ME, I'M COMING AFTER YOU,” portraying it as an implicit threat against witnesses.

“You want to criticize me as a prosecutor, have at it. You want to criticize the judge, have at it. But when it comes to witnesses, it's a different matter,” said Chuck Rosenberg, a former federal prosecutor now in private practice at Crowell & Moring.

But the legality of pretrial restrictions and how they intersect with the First Amendment rights of defendants remains an underdeveloped area of the law because so few defendants have either the incen-

tive or the financial resources to aggressively assert their free-speech rights while defending themselves against the underlying charges.

Judges cautious

Judges have in some cases imposed gag orders on defendants, though their constitutionality remains largely untested. Trump ally Roger Stone was ordered to stop posting on social-media sites during a 2019 trial in which he was found guilty of lying to Congress, witness tampering and obstruction.

The judges presiding over the four Trump cases have been cautious. “They're going to tread carefully here,” said Brian Klein, a former federal prosecutor and a partner at Waymaker LLP. “Anything that one of these judges does is going to be quickly appealed if it's adverse to Trump.”

The only restriction Chutkan placed on Trump in the Washington case is a bar on discussing the case with possible witnesses.

And earlier this year, New York Supreme Court Justice Juan Merchan, presiding over Trump's state case related to hush-money payments to adult-film star Stormy Daniels, said he wouldn't impose a gag order on Trump even if prosecutors requested one.

Computer Network Behind Malware Attacks Dismantled

BY DUSTIN VOLZ

WASHINGTON—An international law-enforcement operation has dismantled a network of hundreds of thousands of computers that criminals used to launch cyberattacks against critical industries worldwide, U.S. authorities said Tuesday.

Investigators in the U.S., U.K., France, Germany, the Netherlands, Romania and Latvia took aim at a notorious strain of malware known as Qakbot that had infected more than 700,000 computers, took control of them and enabled them to be leased out to criminal gangs to facilitate more cyberattacks. Justice Department officials said the so-called botnet was used in ransomware attacks, financial and elder fraud, data theft, and more, and caused hundreds of millions of dollars in damage. Authorities said they had developed a tool that excised the malware from victim computers, and had seized nearly \$9 million in stolen cryptocurrency related to use of Qakbot.

The campaign, known as Operation Duck Hunt, “put an end to what has been described as one of the most devastating cybercriminal tools in history,” Donald Alway, a senior official at the Federal Bureau of Investigation's Los Angeles field office, told reporters.

Qakbot, which security researchers say has been around since at least 2007, has in recent years been used by ransomware gangs to gain entry into computer networks. Known as a “malware loader,” Qakbot would help assailants breach a computer's defenses and deploy other malware that engineered cyberattacks like ransomware.

Qakbot is the most popular malware loader in use, accounting for 30% of cases in-

volving a loader, according to U.S.-based cybersecurity firm ReliaQuest. Security firms have described Qakbot as among the longest-running and most damaging botnets ever assembled.

Officials declined on Tuesday to identify the gang responsible for Qakbot's initial deployment, saying the investigation is continuing. Qakbot has been under investigation by the FBI since at least 2011.

U.S. officials did name several ransomware groups that have rented Qakbot to support their extortion campaigns. Among them was Conti, a group linked to Russia that security analysts describe as one of the most prolific and feared cybercriminal groups in the world, responsible for stealing hundreds of millions of dollars by shutting down emergency

rooms, city governments and public schools since 2018.

Operation Duck Hunt represents the latest campaign by the FBI and Justice Department to disrupt cyberattacks rather than

merely arresting or indicting hackers. Senior officials have likened the evolution, which has been slowly building for years but has grown as a priority over the last couple of years, as akin to the mission after the Sept. 11, 2001, attacks to thwart terrorist plots before they occur.

“The FBI led a worldwide joint, sequenced operation that crippled one of the longest-running cybercriminal botnets,” FBI Director Christopher Wray said Tuesday.

Some security experts applauded the takedown but doubted it would have a serious long-term impact on cybercrime.

“These groups will recover and they will be back,” said Sandra Joyce, vice president of Mandiant Intelligence at Alphabet's Google Cloud unit.

Investigators took aim at a strain of malware known as Qakbot.

Majority Leader Scalise Has Cancer, Says It Is Treatable

BY TIM HANRAHAN

WASHINGTON—Rep. Steve Scalise, the No. 2 House Republican, said Tuesday that he has been diagnosed with multiple myeloma, a blood cancer, but plans to continue working as he undergoes treatment.

Scalise, the House majority leader, said he felt unwell in the past week, prompting him to seek medical attention. The Louisiana lawmaker said he plans to return to Washington and resume work as his treatment continues for several months.

“I am incredibly grateful we were able to detect this early and that this cancer is treatable,” he said. “I will tackle this with the same strength and energy as I have tackled past challenges.”

Scalise was badly injured in a shooting at a congressional baseball practice in Alexandria, Va., in June 2017. He was shot as he stood by second base, and he dragged himself into the outfield in a bid to reach safety, witnesses said. After months of treatment and recovery, he returned to the Capitol in September of that year.

Scalise, 57 years old, was first elected to the House in May 2008. Before joining the House GOP leadership, he served as the chairman of the Republican Study Committee, a group of conservative House Republicans. Scalise was elected whip in June 2014 in the leadership shuffle following the unexpected primary defeat of former Majority Leader Eric Cantor (R., Va.).

When Republicans took control of the House following the 2022 election, longtime party leader Kevin McCarthy (R., Calif.) was elected

speaker, and Scalise became majority leader.

Though there is no cure for multiple myeloma, many new treatments have been introduced in recent years that have helped patients live progressively longer and manage it as a chronic condition.

The average five-year survival rate for newly diagnosed multiple myeloma between 2012 and 2018 was 58%, up from 32% during the mid-1990s, according to the American Cancer Society.

—Peter Loftus contributed to this article.



Rep. Steve Scalise last month in Washington.

Legal Woes Cloud 3M's Prospects

Continued from Page One

weighed on 3M's share price, which has fallen by about 50% during the past five years, while the S&P 500 stock index has increased by 54%. The litigation has also hit the company's results, with 3M reporting a \$6.84 billion loss in its most recent quarter, due in part to a \$10.3 billion charge related to the PFAS settlement.

Announcing the settlement of the military-grade earplugs litigation on Tuesday, 3M said it would pay \$5 billion in cash and \$1 billion in stock between 2023 and 2029, confirming an earlier report from The Wall Street Journal. The company said it expected to take a \$4.2 billion charge in the third quarter related to the settlement.

3M said the settlement wasn't an admission of liability, and that the earplugs are effective when used correctly.

3M stock has risen nearly 7% this week following reports that it was nearing an earplugs settlement, at a sum less than

the \$10 billion to \$15 billion that some analysts had predicted. The shares are up about 15% from their low in late spring, before the tentative settlement in the municipal water cases was announced.

From here, 3M's legal battles over PFAS are likely to continue. Twenty-three state attorneys general this week dropped their opposition to 3M's settlement with municipal water providers, and a judge on Tuesday gave preliminary approval to the agreement. The states said they preserved the right to pursue compensation for other PFAS-related claims against 3M.

Attorneys general from Arizona, California, Pennsylvania, Wisconsin and the District of Columbia said Monday in a letter to the federal court in South Carolina that the money 3M has pledged in the \$12.5 billion PFAS settlement is “only a small fraction of the cost that water providers will incur because of PFAS contamination.”

Matt Pawa, a lawyer representing Maine and Vermont in PFAS cases, said participating in the drinking water settlement wouldn't prohibit the states from pursuing compensation for PFAS-related injuries or other contamination unrelated to municipal water systems, such as in private

wells used by homeowners. “There is a lot of litigation to come,” he said. “It is not over by a long shot.”

3M and other firms also face thousands of personal-injury claims related to PFAS, which plaintiffs have alleged are responsible for certain cancers and other diseases.

The company is contesting the claims. 3M has said that decades of study by researchers haven't found a definitive causal link between the chemicals and any health condition.

Attorney Michael London,

whose New York-based law firm Douglas & London represents more than 2,000 clients who said they were injured by PFAS exposure, said a judge next month will choose test

cases to weigh the strength of those claims. More than 10,000 people in total have made PFAS-related personal-injury claims against 3M and other companies, he said.

Some plaintiffs have expressed concern over 3M's ability to fund all of its settlements. The Monday letter from the state attorneys general said the payout schedule over more than a decade “increases the risk that 3M will face insolvency before it has fully paid out that amount.”

London said the settle-

ments made so far are allowing 3M to get its finances in order. “3M has done a terrific job of capping their liabilities and knowing what they owe,” he said. “These are no longer an uncertainty for the company and Wall Street.”

The company is freeing up funds that could be used for the settlements. Bruce Jermeland, 3M's senior vice president of investor relations, said Tuesday that 3M will receive a one-time payment from the healthcare unit it is about to spin off into its own company. Analysts have estimated the payment could amount to several billion dollars.

3M also will retain a 20% stake in the new company, which Jermeland said will add to 3M's financial flexibility to make payments in both the earplugs and water-treatment cases.

Mitch Kramer of Dallas-based Fluent Financial, a firm that owns 3M shares, said he remains bullish on the company despite its continuing legal challenges.

“3M has been a very solid company over many decades,” said Kramer, the firm's founder. “They pay a good dividend and have good management. I like what they're doing.”

—Kris Maher contributed to this article.



3M announced a \$6 billion settlement of military-grade earplugs litigation on Tuesday.

U.S. NEWS

Uzbeks in U.S. Got Help From Smuggler Tied to Islamic State

By MICHELLE HACKMAN
AND SADIE GURMAN

WASHINGTON—The U.S. government said it is investigating several Uzbek nationals who entered the U.S. via the southern border to claim asylum and who traveled with the help of a smuggler with ties to the terrorist organization Islamic State.

Officials don't believe any of the Uzbek nationals, who were released into the U.S. earlier this year pending immigration-court dates, are personally connected to Islamic State or any terrorist plots, according to a statement from National Security Council spokeswoman Adrienne Watson and law-enforcement officials familiar with the matter. But officials stressed that the migrants remain under investigation, and the government said it is using "the full suite of law-enforcement tools" to track them.

Some law-enforcement officials said a cohort of migrants from a country such as Uzbekistan should have raised immediate red flags within the Department of Homeland Security, even if none of the migrants in question was found to have a criminal or terrorist background. It was only when the Federal Bureau of Investigation found the link between a person in the smuggling organization and Islamic State did the government seek to end the operation entirely, the officials said.

Uzbek nationals who have crossed the border since the link to Islamic State came to light have been detained by U.S. Immigration and Customs Enforcement pending their deportation, rather than released, Watson said. FBI agents rushed to find them and investigate their backgrounds.

The U.S. also worked with Turkey to detain key members

of the smuggling organization, an official said, and is taking steps to shut down the smuggling route the organization used.

"Whenever we have indicators that criminal actors, such as those involved in human smuggling, have connections to terrorism, we work diligently with our partners to investigate and understand how foreign terrorist organizations may attempt to exploit their capabilities," the FBI said.

The Department of Homeland Security said it "continually monitors all available sources of intelligence and information related to potential threats and if any new information emerges, we work closely with the FBI and other partners to take appropriate action."

The incident, which was reported earlier by CNN, highlights fear among U.S. officials that terrorist organizations could exploit the flow of migrants crossing illegally from Mexico into the U.S. to sneak into the country undetected.

The border has recorded record numbers of illegal crossings under the Biden administration, fueled primarily by a worsening refugee situation of displaced Venezuelans and other migrants fleeing repressive governments and gang violence across Latin America. But migrants from across the globe have been requesting asylum in increasing numbers, from countries in West Africa to China and, to a lesser extent, Central Asia.

Roughly 80% of migrants crossing the border illegally are caught by Border Patrol agents, according to law-enforcement officials, and many migrants purposely turn themselves in to ask for asylum because the process affords them a quasi-legal status that most often allows them to remain in the U.S. for years pending a court decision.



RAIN DELAY: A break in a 127-year-old water main under New York's Times Square sent water into the subway station on Tuesday.

FLORIDA

Miami Mayor Exits Presidential Race

Miami Mayor Francis Suarez became the first Republican presidential candidate to drop out of the race, ending a long-shot campaign after failing to qualify for last week's debate.

"While I have decided to suspend my campaign for president, my commitment to making this a better nation for every American remains," Suarez said. He said he would work with other candidates to ensure the party puts forward a "strong nominee who can inspire and unify the country."

Suarez was never seen as a strong contender but thought his biography—a young, Latino leader and one of the country's few Republican big-city mayors—could catch on with voters.

He suffered embarrassment over the debate, claiming he had met fundraising and polling qualifications only to be left off the stage in Milwaukee.

—Alex Leary

LOUISIANA

Wildfire Threatens Rural Communities

One of the largest wildfires in Louisiana history continues to burn through land and threaten rural communities, which are used to flooding and hurricanes this time of year rather than drought and blazes.

Louisiana has had an unprecedented wildfire season as dry conditions and extreme heat persist. This month alone, there have been about 600 wildfires across the state, and officials say there will likely be more in the weeks ahead.

The state's largest active blaze, the Tiger Island Fire in southwestern Louisiana, doubled in size over the weekend, growing to 33,000 acres. As of Tuesday morning, the fire was 50% contained.

The wildfire forced the entire town of Merryville, a rural area just five miles east of the Texas border, to evacuate.

—Associated Press

ARKANSAS

Officials Probe E. coli Outbreak

Health officials are investigating an outbreak of E. coli food poisoning among students at the University of Arkansas, with dozens reporting symptoms and five people needing treatment in the hospital.

Among those affected are two 19-year-old sorority members who developed a serious complication that can lead to kidney failure after being infected with the E. coli strain O157:H7. That is according to Bill Marler, a Seattle food-safety lawyer who said he reviewed the patients' medical records after being contacted by the families.

About 100 students reported symptoms of E. coli infection, officials with the Arkansas Department of Health said, though it isn't clear how many are part of the outbreak.

The outbreak doesn't appear connected to the university's public dining facilities, health officials said.

—Associated Press

CONNECTICUT

Police Reports Can't Be Kept Secret

Police reports about deaths and other incidents in public hospitals can't be kept secret, the Connecticut Supreme Court ruled on Tuesday, citing the importance of government transparency and the public's right to know what happened.

A majority of the justices rejected an attempt by state officials to prevent the release of a police report about a patient who reportedly choked to death on food in 2016 while being restrained by staff members at Connecticut's only maximum-security psychiatric hospital for the criminally insane.

While the court majority acknowledged the harm that could result from publicly releasing a patient's medical information, "we must also acknowledge the unfortunate and undeniable reality that governmental secrecy can be used to conceal governmental abuse, corruption, and neglect."

—Associated Press

Court Deals SEC Blow On Bitcoin

Continued from Page One

can investors, the Bitcoin ecosystem, and all those who have been advocating for Bitcoin exposure through the added protections of the ETF wrapper." The company said it is reviewing the court's decision.

An SEC spokeswoman said the agency is "reviewing the court's decision to determine next steps." Potential options include appealing to the Supreme Court, granting Grayscale's application, denying it again based on another justification or rescinding prior approval of bitcoin-futures ETFs.

Bitcoin is the only cryptocurrency that Gensler has said is outside the SEC's jurisdiction, describing it as a commodity rather than a security. But while the Commodity Futures Trading Commission regulates commodity futures, no federal regulator has authority

to oversee spot markets for commodities, including cryptocurrencies that fall into this category. Critics of the SEC's approach say it makes bitcoin spot ETFs all but impossible.

Bringing cryptocurrency markets into compliance with longstanding federal regulations is a priority for Gensler. He has said the vast majority of cryptocurrencies in circulation are unregistered securities and has beefed up the SEC's team of crypto enforcement attorneys. In June, the SEC sued Coinbase and Binance, the largest global crypto trading platform, for operating unregistered securities exchanges, among other alleged violations.

Gensler's approach has encountered some obstacles. Last month, a federal judge ruled partially against the agency in a long-running court battle against Ripple Labs, whose XRP cryptocurrency the SEC alleges to be an unregistered se-



The ruling that the SEC must reconsider an application to start the first bitcoin ETF is a setback for Chair Gary Gensler.

curity. The agency is seeking to appeal that ruling, which could undermine its case against Coinbase and other trading platforms if it shapes case law.

The nascent digital asset market boomed during the pandemic—and crashed down to earth when traders fled high-risk investments. Many of the largest crypto firms have filed for bankruptcy over the past two years.

Reluctant to encourage greater adoption of crypto, the SEC has rejected bitcoin ETFs from asset managers such as Fidelity Investments.

Grayscale sued the SEC last year after the agency denied its application, arguing that the agency's prior approval of bitcoin futures ETFs made its rejection of GBTC "arbitrary and capricious." It rallied thousands of investors to write comment letters in support of its efforts.

Currently, the only SEC-approved bitcoin ETFs hold futures contracts, which trade on derivatives exchanges regulated by the CFTC.

The crypto world has been eager for spot bitcoin ETFs because futures-based ETFs must be continually rolled forward as the current month's futures contracts expire and the ETF's manager replaces them with contracts from the next available month. If the next month's contract is more expensive than the current month's con-

tract, the roll process incurs a hidden cost for ETF investors.

Unlike a stock, bitcoin has no way of returning capital to investors via dividends or buybacks. The only thing that causes its price to go up or down is investor demand, which has flagged in recent years amid turmoil in the crypto market.

Crypto fans hope that the advent of bitcoin ETFs would bring new investors into the market by making bitcoin as easy to buy as shares of a public company or mutual fund.

GBTC currently holds \$16.2 billion of bitcoin. For years, GBTC was the only product of its kind: an SEC-registered vehicle for gaining exposure to bitcoin.

Its shares traded at a premium to the value of its underlying bitcoin holdings until early 2021, when the SEC approved a similar product. Since then its shares have traded at a discount of up to 49%.

Because of its legal status as a trust, GBTC has refused to sell its bitcoin holdings to meet redemption requests from investors, who have punished its share price as result. Grayscale has said a conversion into an ETF would enable the trust to continuously meet redemption requests and eventually eliminate the discount.

Gensler has declined to comment specifically on Grayscale's product. When asked about potential options for bitcoin ETFs on CNBC in February, he said "the path forward is well trodden."

—Jack Pitcher and Alexander Osipovich contributed to this article.



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WORLD NEWS

London Emissions Fee Drives a Battle

Motorists with older cars will have to pay about \$16 a day to travel in the capital

By DAVID LUHNOW
AND MAX COLCHESTER

LONDON—A project to create the world's largest low-emission zone took effect here on Tuesday as authorities imposed a daily charge on the most-polluting vehicles, triggering a debate between those who see the move as a sensible step to clean up the air and those who say it amounts to a war on cars.

While several big European cities like Berlin and Paris also impose charges on polluting cars and trucks, London has been a pioneer on the issue. It became the first major European city to force drivers to pay a congestion fee in 2003. It has also become a lightning rod for a wider debate across many leading cities about who should bear the costs of meeting pollution targets.

New York City has repeatedly delayed plans to become the first major North American city to impose a congestion charge for cars, a plan that faces heavy opposition from commuters in neighboring New Jersey.

Madrid implemented a low-emission zone and briefly suspended it in 2019, but then reinstated it under judicial order. It plans to expand it to the entire city next year.

The London rules broadly mean anyone with a gasoline-powered car that was built before 2006, or a diesel vehicle registered before 2015, will have to pay 12.50 pounds a day, equivalent to about \$16, to drive in London or buy a newer car.



A crowd protests outside Downing Street on the first day of the expansion of the ultralow emission zone in London.

The so-called ultralow emission zone, or ULEZ, was first imposed in 2019 in the heart of London but as of Tuesday it encompasses the entire city, adding some five million more residents to the restrictions.

Low-emission zones are in place in several big British cities and have enjoyed broad political support. But the expansion in London has generated far more controversy.

The ruling Conservative government has leapt on the expansion as an example of politicians chasing environmental targets at all costs, accusing the opposition Labour

Party, which runs London, of being anti-car.

Five Conservative-led London councils launched a legal bid to block the expansion but lost. They argued that the public-transport system isn't as dense in outer London, so people there are more dependent on their cars and are, on average, poorer than residents in the center of the capital so can't afford new ones.

Londoners also are divided: Those in the central part of the city where the regulations already exist generally favor it, but those on the outskirts are heavily against it.

On Tuesday, images were

posted on social media showing vandalized cameras—used to track cars entering the low-emission zone—in some parts of London.

"This is an unusual environment policy in that it involves a very substantial upfront cost [paid by drivers]," said Rob Ford, professor of political science at the University of Manchester. "Most environmental policies are phased in, but with this the point of maximum negative impact is immediate."

London Mayor Sadiq Khan says the existing low-emission zone has sharply increased the number of vehicles that meet

pollution requirements and cut levels of key toxins such as nitrogen dioxide. He has said the owners of 90% of London vehicles won't have to pay anything. The RAC, a car-insurance company, however, says the move could affect nearly 700,000 vehicles. Those who don't pay the levy face a £180 fine.

Khan told the BBC that the choice to expand the levy was a "difficult decision but a vital one." He stressed that residents with cars or vans that don't meet the emissions standards can access grants of up to £2,000 to replace their vehicles.

—William Boston in Berlin contributed to this article.

Court in Pakistan Suspends Khan's Sentence

By SAEED SHAH

A court in Pakistan suspended former Prime Minister Imran Khan's three-year sentence in a corruption case, a legal victory that comes amid a continuing crackdown on the popular opposition leader and his political party.

The court on Tuesday also granted Khan bail, but it remained unclear if the politician, who began serving his sentence this month, would be freed from prison. Khan has faced many investigations and allegations brought by the authorities, ahead of elections due in coming months, and aides fear he could be rearrested upon his release.

Khan was convicted in a corruption case on Aug. 5 over allegations that he didn't fully disclose the proceeds from the sale of a diamond-encrusted watch in his tax returns and asset filings. The watch was



Backers of ex-Prime Minister Imran Khan celebrate the suspension of his prison sentence.

given to him when he was prime minister by Saudi Crown Prince Mohammed bin Salman.

Khan has been disqualified from running for office for five years because of his con-

viction. Khan's supporters say his political opponents are determined to prevent him from leading his Tehreek-e-Insaf party's election campaign because of his popularity.

The ruling is a temporary outcome, until Khan's appeal of his conviction is decided, pointing to more political and economic turmoil ahead.

The Islamabad High Court

said in its ruling that, as Khan had been given the relatively short jail term of three years, it was following past court practice with such sentences to grant suspension of the punishment, pending the appeal. The substance of the case would be decided in the appeal, the court said.

Khan's lawyers noted procedural irregularities in the case, saying it was wrapped up in haste without all the defense witnesses being heard.

Khan is being held at a prison in the northern town of Attock. He says the cases against him are politically motivated, and denies wrongdoing.

Khan was ousted as prime minister in April 2022 in a no-confidence vote in parliament, after he lost the backing of the powerful military, which has tightened its grip in recent months. Democracy is fragile in Pakistan, which has seen long periods of direct military rule.

Palestinians Are Offered Saudi Funds

Continued from Page One

established diplomatic ties with Israel in 2020. The Palestinian Authority is sending a senior delegation to Saudi Arabia next week to discuss what the kingdom can do in talks with Israel to advance hopes of creating a Palestinian state, the officials said.

Saudi Arabia has been a staunch supporter and benefactor of the Palestinians since 1948, when Arab leaders launched an unsuccessful war to prevent the creation of Israel. The kingdom has pumped more than \$5 billion into Palestinian causes. But Riyadh began cutting back funding to the Palestinian Authority in 2016 amid allegations of incompetence and corruption, with aid plunging to zero in 2021 from \$174 million in 2019.

Now, resumption of Saudi funding to the Palestinians could play an important role in securing their support for the kingdom's outreach to Israel.

Saudi Crown Prince Mohammed bin Salman first raised the idea of funding with Abbas at a meeting in Saudi Arabia in April, connecting the resumption of aid

to the authority cracking down on militant groups and violence in the West Bank, Saudis and Palestinians briefed on the talks said.

Militant groups hold more power than Palestinian security forces in some cities, and Israel has responded to the rise in Palestinian attacks with repeated military operations. More than 200 Palestinians, many of them militants, and nearly 30 Israelis, nearly all civilians, have been killed this year, in what the United Nations said is the highest recorded annual death toll since the end of the second Palestinian uprising in 2005.

If Abbas can get security under control, the crown prince offered assurances the kingdom would eventually resume its funding for the Palestinian Authority and that Saudi Arabia wouldn't accept any deal with Israel that undermines efforts to create an independent Palestinian state, the officials said.

Reducing West Bank violence would represent an important step toward the broader goal of Saudi-Israeli normalization. If the Palestinian Authority can get a handle on militancy, it would demonstrate its ability to govern an independent state that wouldn't pose a threat to Israel. It would also allow Israeli forces to scale back deadly military operations in the West Bank that have hampered Israel's ability to forge new relationships with Arab neighbors.

While the Saudi proposal



Mohammed bin Salman, left, with Mahmoud Abbas in May

wasn't explicitly tied to Palestinian support for a Saudi-Israeli diplomatic deal, the offer provides Palestinians with more incentives to back the kingdom's efforts, the officials said.

In recent months, the Palestinian Authority has begun trying to reassert control in cities like Jenin, where militant groups had taken effective control.

Several Palestinian Authority officials didn't respond to requests for comment.

Getting Palestinian support is one of a thicket of challenges facing any Saudi-Israeli deal, including the U.S. presidential campaign and resistance from Israeli leaders and U.S. lawmakers wary of giving the kingdom help developing a nuclear program and more military aid.

Some Abbas advisers want the Palestinian leadership to provide the Saudis with plausible concessions they could ask of Israel that would advance efforts to create a Palestinian state.

"Saudi-Palestinian relations are strong, and we have confidence in them," Palestinian Foreign Minister Riyad al-Maliki said this month. "We would like very much to listen to the Saudis, to coordinate with the Saudis and to see how we can endorse and strengthen the position of the Saudis when it comes to this particular matter, and how the Saudis could hear from us about the steps that they should undertake as necessary steps in order for the question of Palestine to be resolved."

Palestinians who support active cooperation with the Saudis said they want to ensure the Saudis don't trade away their concerns to advance the kingdom's interests.

"It's much easier to bypass the Palestinians when you call the Saudis backstabbers," one Palestinian said. "It's more difficult when you cooperate."

—Fatima Abdulkarim contributed to this article.

Polluted Air Shortens Lifespans More Than Tobacco

By SHA HUA

SINGAPORE—Cigarette smoking and other uses of tobacco shave an average of 2.2 years off lifespans globally. But merely breathing—if the air is polluted—is more damaging to human health.

That is the conclusion of a report published Tuesday by the University of Chicago's Energy Policy Institute, which identified air pollution as the world's top threat to public health, responsible for reducing average life expectancy by 2.3 years worldwide.

China, once the poster child for smog-filled skies, has been a surprise success story. Between 2013 and 2021, the world's second-largest economy improved overall air quality by more than 40%, while the average lifespan of residents increased by more than two years, the report said.

By contrast, four countries in South Asia—India, Bangladesh, Nepal and Pakistan—accounted for more than half of the total years of life lost globally because of pollution in the atmosphere during the same eight years. India alone was responsible for nearly 60% of the rise in air pollution worldwide during that time.

If India were to meet World Health Organization guidelines for particulate pollution, the life expectancy for residents of capital city New Delhi would increase by 12 years.

India's Ministry of Environment, Forests and Climate Change didn't respond to a request for comment.

An increase in wildfires in places such as California and Canada has renewed attention on the dangers of polluted air. About 350 cities globally suffer the same level of dangerous haze that enveloped New York City in June at least once a year, according to calculations from environmental think tank Centre for Research on Energy and Clean Air, which aggregates data from dozens of official government sources.

How seriously a country takes the problem typically depends in part on public awareness, said Michael Greenstone, an economics professor at the University of Chicago who contributed to the report. Knowledge of the health risks of poor air quality is low in many African and Asian countries, which suffer the worst outcomes.

"Air-pollution improvements are often driven by the demand of the people," he said. Having access to reliable monitoring tools to enforce clean-air requirements also is important, he added.

China's fight against air pollution began in the early 2010s, when an influential property tycoon, pointing to Beijing air-quality data published by the U.S. Embassy on Twitter, launched a social-media campaign that pressured the Chinese capital into being more transparent about pollution levels. Public demands continued and spread until the central government launched a "war on pollution" in 2013. Now, there are nearly 25,000 emissions-monitoring devices installed in plants and factories nationwide that provide publicly available hourly updates on emissions data.

The devices make it difficult for local officials to tamper with data and obscure environmental violations. Meanwhile, air quality became an important metric in evaluating the performance of local officials.

An experiment by U.S. and Chinese university researchers over eight months in 2020 across China showed that public complaints about air-quality violations, on social-media platforms for example, were more effective in reducing a firm's subsequent violations and emissions than private appeals.

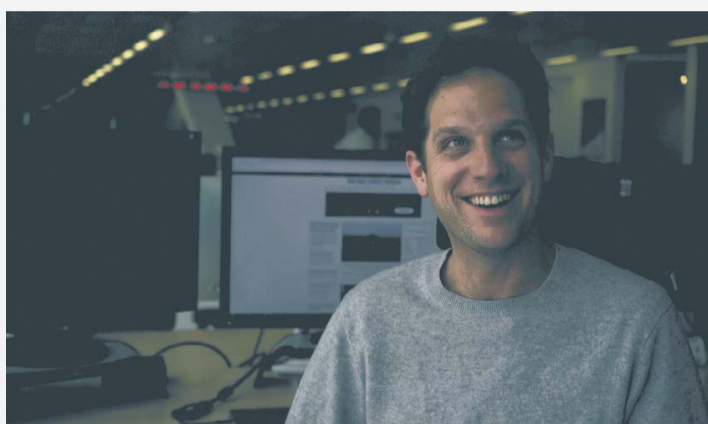
China's Ministry of Ecology and Environment didn't respond to a request for comment.

Besides premature death, sustained exposure to air pollution can lead to a variety of illnesses, including heart disease, lung cancer and diabetes, other studies have shown.

Our friend and colleague, **Evan Gershkovich**, was detained by Russia on March 29 during a reporting trip and accused of espionage. Evan, The Wall Street Journal and the U.S. government vehemently deny the allegation and have called for his immediate release.

Evan's colleagues, friends and family will be sharing stories about him each week.

To show support for Evan, please follow the latest updates at [WSJ.com/Evan](https://www.wsj.com/Evan) and add the hashtag **#IStandWithEvan** across social media.



Shortly after Evan joined The Wall Street Journal last year, he asked for advice on structuring page-one articles. We sat down and sketched out outlines on a notepad. As he stood up, he looked at the sheet and said, "I just gotta get the reps in."

By "reps" he meant repetitions. Just weeks into his new job, he already aspired to be prolific. He planned to improve at writing front-page articles by writing lots of them.

And he was always willing to lend a hand. When we collaborated on an article about the end of an era for Western businesses in Russia, he quickly found people in Russia to quote. When a colleague went out of town, he stepped up to cat-sit.

Perhaps the best example of his selflessness comes from his beloved recreational soccer team in London, his part-time home. Some colleagues said that when he joined, he was immediately one of the best players. That's no surprise; he played in college. But then they showed me a spreadsheet of team stats. Evan isn't a top scorer.

One explanation, they said, is that he might benefit from shooting practice. But the main reason? He relishes luring the defense in—and then making the pass to set up his teammate to score.

Evan's the ultimate teammate. If anyone he knew were in his position, he would be doing his part to support that person. That's a big part of why my colleagues and I are fighting to get him back. We would appreciate your help. I know he would too.



Stu Woo
Reporter

#IStandWithEvan

THE WALL STREET JOURNAL.

FROM PAGE ONE

Interpreter Hunted by The Taliban

Continued from Page One

U.S. Special Forces in Afghanistan, a popular aide-de-camp known as A.J. He served as the voice of American troops on missions to capture or kill suspected Taliban militants in far-flung rural villages. With the Taliban now in charge, he is one of the hunted.

“The Taliban say we helped the invaders, that we killed their friends and dropped bombs on them,” said Jawed, 41 years old. “If they recognize me, they will kill me.”

After the fall of Kabul in August 2021, the U.S. evacuated tens of thousands of Afghans who had worked with the U.S. Jawed, an interpreter for four years, wasn't one of them. He is one of nearly 150,000 people awaiting a decision on their application for a special visa intended to provide an escape for Afghan allies left behind.

Like the others, his application is under review. According to the Afghan Allies Protection Act of 2009, the process should be completed within nine months, but the program has been mired in bureaucracy from the start. The State Department said in an email that it couldn't estimate how long his application review would take. Since the U.S. Embassy in Kabul suspended operations on Sept. 1, 2021, the State Department has issued roughly 16,800 of the special visas for Afghans.

A State Department spokesperson said the Biden administration was working to shorten the wait. About 13,600 of the visas remain available under the program. Legislation introduced in June aims to authorize thousands more.

Taliban authorities have seized databases and payroll systems containing personal and biometric information of former security forces and government employees, including iris scans, fingerprints, photographs, occupation, home addresses, and names of relatives. Biometric checks at the border and the airport make an escape to neighboring Pakistan too dangerous, Jawed said.

Government surveillance cameras were recently installed near Jawed's apartment building. In March, from his living-room window, he watched two Taliban men walking around the yard of his apartment building, questioning residents. A watchman later told Jawed they were asking for him. No one gave him up.

One of Jawed's friends, a man who also had worked as an interpreter for the U.S., was pulled over by Taliban fighters in April while traveling on the highway to Jalalabad. They shot the man in the chest and head, killing him, Jawed said.

In July, Jawed's longtime friend Gul, a taxi driver, drove him to his father's house. They passed a group of Taliban security officers surrounding a traffic accident. Gul told Jawed to lie down in the back seat and cover his head with a white scarf. When a Taliban officer



Ahmad Jawed, above, once an interpreter for U.S. forces, hides from Taliban security, right, in Kabul.

stopped the taxi, Gul said he was taking a sick passenger to the hospital. The officer, after checking his license and car registration, let them go.

Jawed's son was at the bakery recently to buy bread, and a customer asked the boy who his father was and what he did for a living. The boy knew not to answer.

“I have taught him, if someone asks questions about me, don't say anything,” Jawed said. “I have told him, ‘If they arrest me, you will lose your father.’”

Bilal Karimi, a Taliban deputy spokesman, denied that security forces are hunting former U.S. interpreters. “No one disturbs them, and no one is allowed to harm them,” he said. The Taliban declared a general amnesty for those who worked with the previous government or foreign forces. Human rights groups allege that hundreds have been killed nonetheless.

No exit

When Jawed was 14, living under the first Taliban rule, he saw militants hang the dead bodies of two soldiers of the former government from a traffic pole. A little more than a decade later, he started working under contract as an interpreter with the U.S. Army to help root them out.

Jawed recalled his first night raid with U.S. Special Forces in 2012. He followed a team into a village in Wardak province, a Taliban stronghold. They blew open the gate of a house with an explosive charge. Once inside, children wailed and women screamed at the Americans to leave.

“A. J., tell the women to back off!” Jawed recalled a U.S. soldier shouting. The Americans took three men back to the base.

Such night raids, targeting insurgent leaders, foot soldiers



and bomb makers, soured relations between the U.S., and many Afghan people, as well as the government of former President Hamid Karzai. Sometimes innocent civilians were killed or taken into custody.

On a special forces mission east of Kabul in 2012, Jawed's unit was caught in a Taliban ambush. The Americans tuned into the radio frequency being used by the militants. Jawed said he helped the U.S. commander locate the Taliban's positions by translating the insurgents' conversations. The Americans, learning they were surrounded, called in air support. Two F-16 jet fighters swooped in low overhead, and the Taliban attackers fled.

Jawed was trustworthy and disciplined at his job, recalled Thomas Banda, a retired Navy officer and intelligence analyst in Afghanistan who supervised Jawed at Camp Phoenix in Kabul for 10 months. Jawed went on missions with units of the 101st Field Artillery Regiment, the 134th Cavalry Regiment and the 48th Infantry Brigade.

At the base, Jawed joined in social activities and sports, Banda said. “Everyone knew who A.J. was,” he said. Visa applications from Afghans

who worked as interpreters for U.S. forces should be moved to the front of the line, he said, based on such considerations as good conduct and years of service. “We should reward them like they rewarded us,” Banda said.

Looking back, Jawed said, he misses the camaraderie he enjoyed with American soldiers on the front lines. “When you're at war, you protect each other,” he said. “American soldiers were like our brothers.”

Jawed said he was laid off in late 2012 after a dispute over taking a leave to observe Ramadan. Over the following years, he worked at a travel agency, as an administrator with the Afghan Public Protection Force and a data officer with the Indian Embassy. He got married in 2011.

When the Taliban seized control of Kabul in August 2021, Jawed and his family joined tens of thousands of Afghans who flooded the airport, trying for a seat on a departing flight. En route, they were stopped at a checkpoint commandeered by insurgents. They were checked for weapons and were allowed to pass.

The family went to the air-

port's northern gate, set aside for U.S. citizens and others with high-priority evacuation status. Jawed clutched a folder with his work certificates from the U.S. military and waved at a Marine who stood guard.

“I used to work with your special forces as an interpreter. This is my family,” he said, gesturing at his wife and three children. “How can I get inside?” The Marine asked him to step back and wait with the rest of the crowd.

Jawed and his family spent days outside the airport. Each day, the crowd grew. People were trampled and some accidentally shot by guards firing into the air when the crowds surged too close.

On the third day, Ahmad felt a sharp pain in his leg. He pulled up his trouser leg and saw a bullet had grazed the flesh of his calf. After a week, the family gave up and returned home.

Under cover

In the two years since, Jawed has tried to steer clear of Taliban officers. He also fears being recognized by villagers who saw him during

raids or those who were invited to U.S. bases to air their needs for electricity, schools and paved roads.

Jawed's friend Gul, the taxi driver, keeps track of where the Taliban set up checkpoints and whether officers are checking only for weapons or whether they are conducting more intrusive searches, including identification checks. When Jawed needs to get around town, they often take detours.

About twice a month, Jawed meets his brother-in-law, who also had worked as an interpreter for U.S. forces. They stick to crowded places to lower their risk.

Mostly, Jawed stays home. After his wife heads to work, he opens his laptop to look at United Nations job listings, as well as positions through ACBAR, an umbrella Afghan development organization that posts help-wanted ads online. He has applied for a few, but no luck so far.

When he worked with the Americans, Jawed said, he earned \$1,000 a month plus bonuses. That elevated his family to middle-class status in Kabul. They now get by on the \$150 a month his wife is paid. The family has a satellite dish that transmits the BBC and Afghanistan International, a Persian-language news channel based in London. He mostly watches TOLO, the main Afghan news channel.

He keeps track of friends over Facebook, mostly former interpreters. Many post photos showing their new lives in Chicago or California. Lucky guys, he said. He has had to give up family picnics, visits to the mosque, seeing friends and working out at the gym.

Jawed is especially troubled about the risk to his family. “If the Taliban find me, living here with my family, they will arrest me and take my family hostage,” he said.

Despite the danger, he doesn't regret working with the Americans. “I always thought they were my friends,” he said. “I am sure one day they will help me.”

Mascots Attend Weddings

Continued from Page One

But some fans adore mascots enough to invite them to personal milestone events and pay fees of up to \$300 an hour. Dial, 30 years old, later learned her mother-in-law had requested Benny's presence at the wedding reception as a surprise for the newlyweds, both of whom attended OSU.

College sports fans are the largest fan base in the U.S., with more avid followers than any professional sport, according to a 2021 report by marketing-research firm Leaffield.

Mascots themselves have become celebrities, with their own fan clubs, Twitter accounts and Facebook pages drawing thousands of supporters. The Mascot Hall of Fame, in Whiting, Ind., celebrates professional and college mascots.

Stepping into the mascot costume is no small feat, said

Joby Giacalone, executive selection committee chairman of the Mascot Hall of Fame, noting the tryout process can be competitive, with students at some colleges vying for a scholarship that comes with the mascot position.

After the Mascot Hall of Fame releases its list of nominees, the public takes to the polls over a two-week period. This year, the hall collected 95,000 ballots, Giacalone said.

Syracuse University's Otto the Orange, a huge, happy citrus fruit with a blue hat, was one of two inductees in the 2023 Mascot Hall of Fame. Otto appeared at 800 on-campus and off-campus events in the 2022-23 school year, 100 more than in 2019, said Julie Walas, coach of Syracuse's mascot program. “The world of Otto has gotten really big,” she said, adding that the orange has shown up at birthday and graduation parties.

Ethan Hartz, a recent graduate from the University of Miami, took on the role of Sebastian the Ibis, also known as “America's favorite bird,” during four years of college. Dressed as Sebastian on game days, he would spell the let-



Brianna Dial and Stephen Gessling with Benny Beaver.

ters C-A-N-E-S—short for the Miami Hurricanes—with his body as the crowd cheered along. He said demand for Sebastian was so high his senior year that he was booked to appear at a wedding after most every home football game. On those days, Hartz might spend 12 hours suited up in white feathers, a vibrant orange beak and huge sneakers. Once in that bird suit, he had a relentlessly positive persona to uphold and there was no stepping out of character.

“I'd always walk around with big swinging arms and a skip to my step,” he said, adding that

he often powered through one to two-hour events without a break. Sometimes, Hartz added, he would pull out a water bottle and drink through his beak, providing both refreshment for himself and entertainment for the crowd.

Oscar Dunkle, a senior and former mascot at Bowling Green State University, attended a local block party as Frieda Falcon last summer. The festival had a zip line, and, trying to keep in the spirit of the party, Dunkle climbed into the harness, mascot costume and all. “It was taking a leap of faith, of sorts,

off the zip line,” Dunkle said.

Some students behind the mascot costume receive payment for attending off-campus events, while others, classified as athletes or volunteers, don't. Profits from off-campus appearances can go toward upkeep mascot costumes or sending students to national spirit competitions.

Colleges often require students playing mascots to remain anonymous by refraining from talking while in costume or taking off their gear in public. Mascots on off-campus side gigs risk further exposure—and have to take extra precautions to stay incognito, says Sawyer Holbrook, a third-year student at Bowling Green State, who played Frieda Falcon or Frieda's sidekick Freddie Falcon. At events, she tried to take breaks in empty restrooms where she could lock the door, take off her mascot head and take a sip of water. But, at one event, a guest unexpectedly entered while Holbrook and a fellow student took a break. Holbrook dashed into the bathroom stall and hid there until the guest left.

“We're hiding in the stalls

just with our big Converse feet and our bird heads,” Holbrook said. “It was definitely a lot of thinking on your feet.”

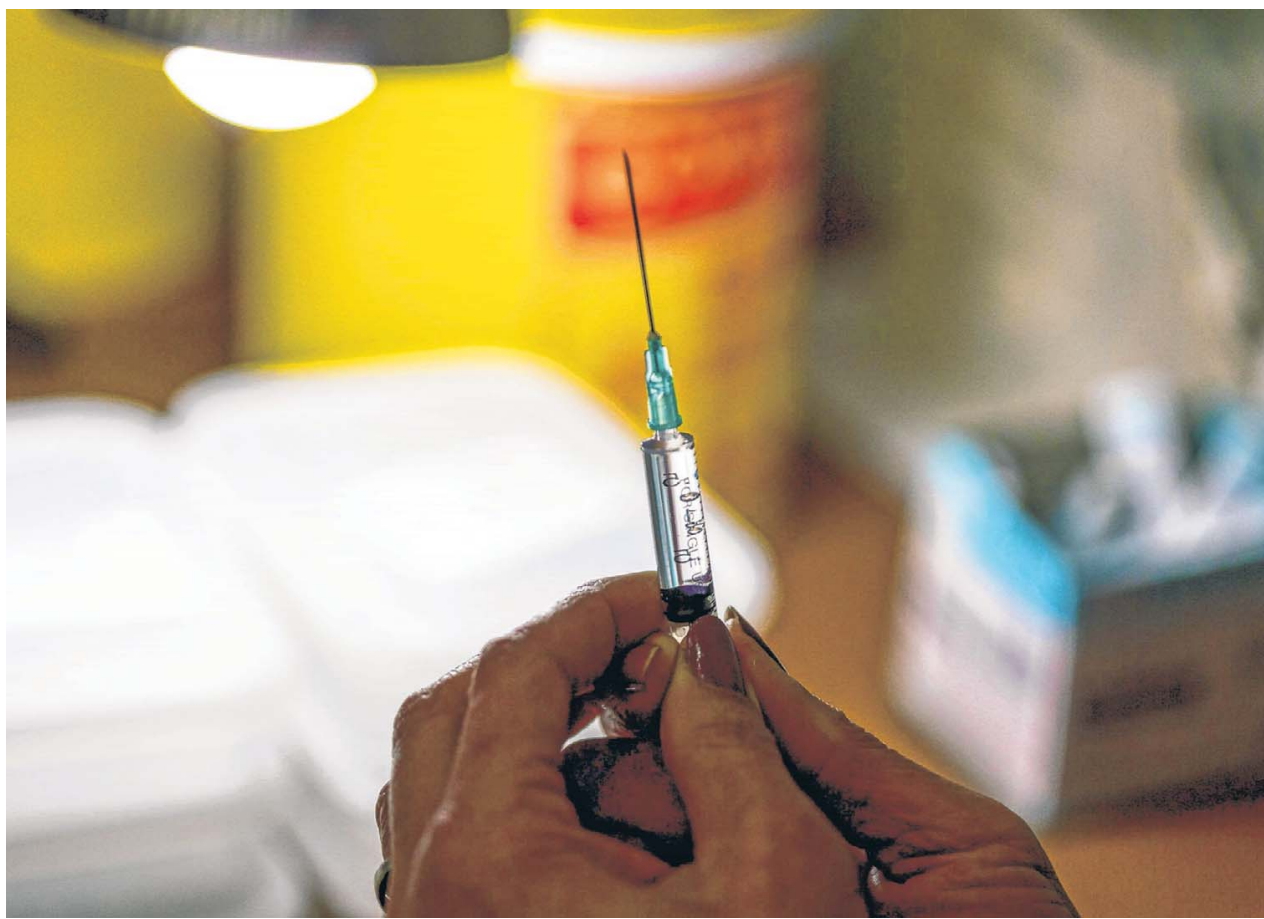
Brendan Healy, a senior at Texas Christian University, who plays the mascot SuperFrog, rushed from the seventh inning of a TCU baseball game to the dance floor of an alumni wedding, never stopping to take his frog costume off. “I've only had a few days like that as SuperFrog, but that's one I'm never going to forget,” Healy said.

Grace Payne and Paul DeHondt, the TCU alumni who had Healy at their wedding, said SuperFrog's presence surprised their guests, which included many alums. When the TCU baseball game ended in victory in the middle of her wedding reception, Payne was ecstatic to celebrate the win with her family—and SuperFrog—by her side. “It was definitely the highlight,” Payne said. “Everyone was going crazy.”

Her guests were thrilled to be in SuperFrog's presence, she says. The only exceptions, she adds, may have been alumni hailing from the rival schools of University of Texas and Texas A&M University.

‘Drastically Different’ Covid Variant Troubles Scientists

What to know about BA.2.86, or ‘pirola,’ from where it’s spreading to whether vaccines will work



are evaluating the effectiveness of the fall Covid-19 booster, expected to roll out in September, and the new variant.

Jesse Bloom, a virologist and professor at Fred Hutchinson Cancer Center in Seattle, says transmission is likely happening because multiple sequences of the variant have been identified in different countries.

“Certainly, it’s probably in more places than it’s been identified so far because surveillance is incomplete,” says Bloom.

Will it die out or be the next big thing?

Bloom says the evolutionary jump of BA.2.86 is similar to that of the original Omicron, which burst onto the scene in the winter of 2021 resulting in a spike in infections.

But he and other scientists, including the CDC, note that the Covid-19 landscape is different now as almost everyone has some immunity to Covid-19 from either a previous infection or vaccines.

Scientists don’t know where the variant originated. Because it contains so many mutations, they speculate it developed over months in an immunocompromised person with a chronic infection.

“It’s probably been evolving for quite some time,” says T. Ryan Gregory, an evolutionary biologist and professor at University of Guelph in Ontario. Gregory says it isn’t clear whether it’s taking off as a variant the way Omicron did.

With surveillance efforts reduced, the new variant could be common in a locale without being noticed, says Gregory.

Even if BA.2.86 doesn’t spread widely, it’s an important reminder that vastly different strains can surface out of nowhere, says Justin Lessler, a professor of epidemiology at the University of North Carolina at Chapel Hill.

Lessler says the fact that the locations where the variant has been identified haven’t experienced large surges in cases is a hopeful sign that the strain might not be proliferating rapidly. “But that doesn’t mean it can’t mutate to be able to spread quickly at some point,” he notes.

Some public health experts caution against reading too much into the new variant.

“We don’t want to be sounding alarm bells over a variant that is just as likely to die out as it is to become the next big thing,”

says David Dowdy, a professor of epidemiology at Johns Hopkins Bloomberg School of Public Health. “If we did that for every single variant we’d be sounding alarm bells every single day.”



YOUR HEALTH
SUMATHI REDDY

Scientists have their eye on a different variant than the XBB variants, such as EG.5, that are driving the summer Covid-19 bump.

BA.2.86—dubbed “pirola” by a group of scientists on social media who name notable variants—has been detected in only about a dozen people but it has surfaced in all corners of the world. What’s troubling about this variant, scientists say, is that it contains more than 30 mutations on the spike protein, which is what helps the virus enter cells and cause an in-

fection. This means it might be able to evade current vaccines and previous infections more easily, and it likely won’t be a great match with the fall booster expected to be approved soon.

“It’s drastically different” than the dominant variants circulating now, says Katelyn Jetelina, a scientific adviser to the Centers for Disease Control and Prevention and author of the “Your Local Epidemiologist” newsletter.

It’s unclear whether the variant will result in different or more severe symptoms.

What we know about BA.2.86

Positive cases of BA.2.86 have been reported in the U.S., Denmark, Israel, South Africa, Portugal and the U.K. The cases include

▲ **The new variant, which has surfaced in all corners of the world, might be able to evade current vaccines and previous infections more easily.**

people who haven’t traveled recently, suggesting that there is community transmission. It’s also been detected in wastewater in the U.S., according to the CDC, and in Switzerland and Thailand.

What’s unknown is how transmissible the variant is and whether it will spread widely or fizzle out like many other variants. Another important, outstanding question is whether it causes more severe disease.

Jetelina says she hypothesizes that if the variant spreads widely, it would be able to escape the neutralizing antibodies we have from

vaccines and previous infections, making it easier to get infected, but might not be as successful with our immune system’s second line of defense, the T-cells, which protect against severe disease.

Scientists say treatments such as the antiviral Paxlovid should still remain effective even with such a highly mutated virus because they target a different part of the virus, not the spike. Rapid antigen tests, often used to test for Covid-19 at home, also should be able to detect the new variant, the CDC said last week.

In a risk assessment released Aug. 23, the CDC said scientists

Variant contains more than 30 mutations on the spike protein.

WHAT’S YOUR WORKOUT | JEN MURPHY

Spikeball Champion Boosts Net Worth

If the sports of volleyball and handball had a baby, you’d get Spikeball.

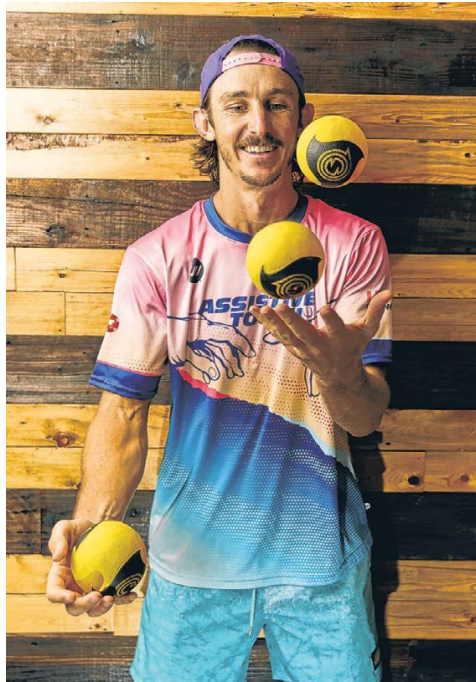
The fast-paced game, also known as roundnet, involves hitting a lightweight, plastic bouncy ball off a round, trampoline-like net. It’s played by more than five million people worldwide, according to Chris Ruder, chief executive officer of Spikeball Inc., a roundnet equipment company synonymous with the sport.

Go to any beach or park and you’re likely to see a carefree game in play. Watch the professional tour, streamed live on YouTube, and the athleticism rivals what you’d see in pro tennis.

Buddy Hammon is widely considered roundnet’s Rafael Nadal and he trains with the tennis legend’s intensity. As a kid, Hammon was a beach volleyball whiz. That ended when a knee injury sidelined him. After surgery, he started playing Kan Jam, a game involving throwing a disc into a goal. He realized he had unusually good hand-eye coordination.

“As soon as I saw people playing Spikeball, I thought I’d crush that,” says Hammon, 31 years

► Buddy Hammon is always working on his hand-eye coordination.



back onto the net.

Teams play to 21 points and must win by two points. During a weekend tournament, Hammon could play more than 20 games and he’s constantly diving and lunging for balls. “Your body and brain are wrecked,” he says.

Hammon, who lives in Mission Viejo, Calif., and his roundnet teammate, Clark Marshall, are the defending national and world roundnet champions. He says competition has never been fiercer. “Everyone was practicing their serve in their basement during Covid, so we’re seeing some new techniques and strategies,” he says.

He is preparing for the national championships on Sept. 29 in Philadelphia.

The Workout

Hammon starts his day by meditating, journaling and stretching. When he’s in what he calls a “good flow,” he lifts weights four times a week, alternating upper- and lower-body days with a rest day in the middle.

He has a degree in kinesiology and works as a personal trainer, which he says has helped him train smart to avoid injuries. He warms up for 15 minutes by jogging, foam rolling and doing yoga-inspired mobility stretches that target his hips and groin.

Upper-body days might include an incline chest press, seated row, triceps dips and a battle-rop session at the end.

Lower-body days often consist of barbell back squats, Bulgarian split squats, walking lunges, dead lifts and hamstring curls. Then comes agility work: lat-



▲ **Hammon works battle ropes, top, to build strength and endurance. Above, doing lateral step-ups.**

• **Caffeine:** Hammon has a cup of coffee one hour after he eats breakfast. “The longer I can delay my caffeine intake in the morning, the less frantic my thoughts are,” he says.

• **Post-workout fuel:** Oatmeal topped with bananas, strawberries, blueberries, peanut butter and protein powder.

• **Dinner:** Go-to meals include brown rice with broccoli and chicken and teriyaki chicken with noodles. Once a week he has Indian food.

• **Recovery meal:** He’s often ravenous after playing pickup games and will go to Chipotle for a burrito bowl with a tortilla on the side. “I fill the tortilla and make a burrito, but then have leftovers to take home,” he says.

eral hops and high-knee skips.

Hammon plays Spikeball with friends up to twice a week and practices different styles of serves for up to 30 minutes a day.

“I have to keep sharp to compete with the elite.” He competes most weekends.

The Diet

• **Philosophy:** Everything in moderation.

• **Breakfast:** Everything bagel with up to four eggs, avocado, cheese, turkey sausage and hot sauce.

PERSONAL JOURNAL.

BY RACHEL WOLFE

That request to round up your bill at the checkout counter for charity is one of the simplest ways to help nonprofits. But consumers are showing signs of fatigue as these tiny appeals for goodwill multiply.

Shoppers aren't worried about spending a dollar on worthy causes like PetSmart's efforts to help shelter animals find homes or Costco's campaigns to help sick kids. They're tired of chain restaurants and retailers asking for money, especially as a broader array of businesses are also asking customers to tip their employees.

Consumers also complain that they sometimes end up donating more than expected, and that their donations earn tax benefits for companies.

Vastly more donation campaigns now include a round-up component than they did in 2020, according to a report on charity appeals in the checkout line from social impact organization Engage for Good.

Shelly Allhands, a Seattle freelance communications professional, says she's annoyed by businesses with lots of money asking for spare change. The round-up requests remind her of "millionaires who tell us to use paper straws while flying private jets."

Chris Perry of Falls Church, Va., has worked in nonprofit fundraising for over a decade. He's worried about the fatigue he's hearing from would-be donors, and how people are lumping charity round-ups together with tipping. The philanthropic organizations he's worked with rely on the campaigns to fund as much as half of their efforts, he says.

"We're asking consumers to pay salaries, fix charities, all these things at the same time when they're maybe struggling, too," says Perry, citing his work overseeing donations at the Children's Miracle Network, a collective of nonprofit children's hospitals. He now does the same for low-income home-repair organization Rebuilding Together.

Still, he says, "The money that comes in is substantial, and there's a lot of flexibility in how nonprofits can use it."

Round-ups spread

One reason for the campaigns' growing popularity: They work.

Round-up initiatives, now found everywhere from stores to movie theaters and casinos, can raise millions in weeks. Stop & Shop's campaigns for breast-cancer research and



PetSmart asks customers to make donations during the checkout process.

Reddit for solutions, she says she gave up and moved her prescriptions to CVS.

"You know how to get me to enroll and take my money, but you don't know how to get it to stop," says Mason, a government contractor in Stevensville, Md.

A Rite Aid spokeswoman says KidCents donations support children in need. Customers wanting to unenroll can contact Rite Aid's customer-care team at 1-800-RITE AID, she says.

A federal lawsuit filed last year in New York against CVS alleges the company used customer donations at checkout to fund a \$10 million corporate philanthropy pledge to the American Diabetes Association. The complaint was brought by a New York state resident who donated to CVS's in-store campaign.

A CVS spokesman said the company had filed a motion to dismiss the suit. "Obviously, upon signing, CVS didn't assume an unconditional \$10 million debt to the ADA," CVS said in its motion. If customer donations don't meet the \$10 million threshold, CVS says it will make up the difference.

Shoppers Are Down on Rounding Up for Charity

As retail donation campaigns proliferate, some customers find them annoying and say they are less likely to give money at the cash register

food-security efforts garner between \$1 million and \$2 million in a month, says Jennifer Barr, who oversees the grocery chain's charitable giving.

U.S. companies raised more than \$749 million from consumers at checkout in 2022, a 24% increase from 2020, according to Engage for Good.

Yet people are growing weary of being asked, data shows.

The number of consumers who

said they donated to a charity at the register is down steeply over the past two years, according to a 1,000-person survey by corporate-philanthropy software company Accelerist. It dropped from 80% in 2021 to 59% in 2023.

About 73% of shoppers said they feel neutral or positive about being asked for a donation at checkout as of this year, according to Accelerist, down from 85% in 2021.

Perry says he understands consumers' skepticism. "I wish I could stand there at the checkout on every single one and say, 'I promise you, this is going to where you think it's going to,'" he says.

He's never had a corporate partner donate less than 100% of the money it raises, he says. Most also donate substantial sums—often millions—themselves.

Bad experiences

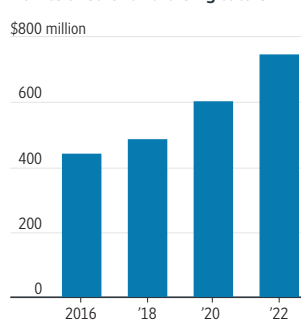
Sometimes people who decide to give a few cents to charity end up donating more than they planned.

Ashley Mason almost always tapped "yes" on the pin pads' charity prompts. Then she noticed after mul-

Rounding Way Up

Shopper donations at checkout are up 24% from 2020 to over \$749 million. Nonprofits worry that growing consumer fatigue will cause a downturn.

Points of sale fundraising totals



Source: Engage for Good

iple visits to Rite Aid within a week that all her receipts were for full dollar amounts, even when she hadn't opted to round up.

The clerk told Mason she had enrolled in automatic donations to KidCents, a program run by the Rite Aid Foundation, rather than the one-time donation she had intended.

"No big deal," Mason thought—until store employees told her they couldn't change her selection. After calling the drugstore chain's corporate office and searching

Who gets tax benefits?

Internal Revenue Service rules generally allow businesses to use consumer donations to earn tax write-offs, though not every company with a checkout campaign uses the tactic. Stop & Shop says it doesn't earn any tax benefits from customer donations.

Tax benefits apply to whichever entity makes the direct donation to the qualified public charity, IRS representative Raphael Tulino says. That means customers are eligible only when their pin pad donations go straight to a nonprofit, as is the case with PetSmart's PetSmart Charities.

Jesy Herron, who works in development for a Cincinnati video agency, says she appreciated the extra opportunities to give during the pandemic, and didn't sweat the impact of a few pennies on her taxes.

After a recent week in which she encountered more than a dozen of the requests, however, she hit a breaking point. She says she feels worse deciding not to donate while her kids are with her.

"I need them to understand this isn't mom being a jerk. It's wanting to decide as a family where we donate rather than have a company decide for us," she says.

Instead of rounding up spare change, the family has been assembling grocery bags for local Ukrainian refugee families. She estimates they've spent about \$750 over the past few months—and loves that she gets to see the delivery trucks drive away.



Stop & Shop's campaign featured Gianna 'Gigi' Ambrosio.

Credit-Card Debt Is Rising—and We Only Have Ourselves to Blame

BY IMANI MOISE

If your credit-card bill is growing every month, don't blame rising interest rates. Look in the mirror. Credit-card interest rates have hit record highs, with the current average rate at 22.16%, up from 16.65% a year ago. That increase adds about \$25 a month in interest on an average credit-card balance of \$5,733, according to TransUnion data.

A growing share of adults are reporting rising debt levels.

Given that relatively modest increase, it is hard to blame credit-card rates as the reason for Americans' surging credit-card balances, up over \$1 trillion for the first time this month. Instead, the trillion-dollar number is fueled by still-elevated inflation, consumers' continued spending and a smaller share of borrowers paying off their statements in full, say analysts and financial advisers.

"Spending, and how much of the bill you pay will very much overwhelm the interest," said Christopher Fred, head of credit

cards at TD Bank.

High interest rates are supposed to slow spending by rewarding savers and making it more expensive to borrow money—including on a credit card. But so far, many credit-card users haven't felt burdened by higher rates despite the Federal Reserve recently raising its benchmark rate to a 22-year high.

Part of the reason borrowers have done well is that credit-card companies fighting for market share have continued to shower consumers with 0%-interest promotional offers. Those offers have helped lenders open a record \$89 billion worth of new credit lines so far this year, according to data from the Federal Reserve Bank of Philadelphia.

While higher interest rates make existing card debt more expensive to manage, federal regulations require that card issuers set minimum monthly payments that cover all of the finance charges.

Behind the balances

One main reason balances are up is Americans are spending more on

nonessentials such as travel and clothing, even as they curb spending in other categories, according to a survey by Morning Consult. Though the majority of people say they are still able to save, a growing share of adults are reporting rising debt levels, the survey showed.

"It doesn't look sustainable to me," Kayla Bruun, an analyst at the economic research firm, said of

people's spending habits.

If higher minimum payments are straining your budget, you should probably refinance your debt with a personal loan or balance-transfer offer, said David Silberman, a senior fellow for the Center for Responsible Lending. There are several ways to refinance, including transferring multiple balances onto one lower interest-rate card.

In addition to 0%-interest bal-

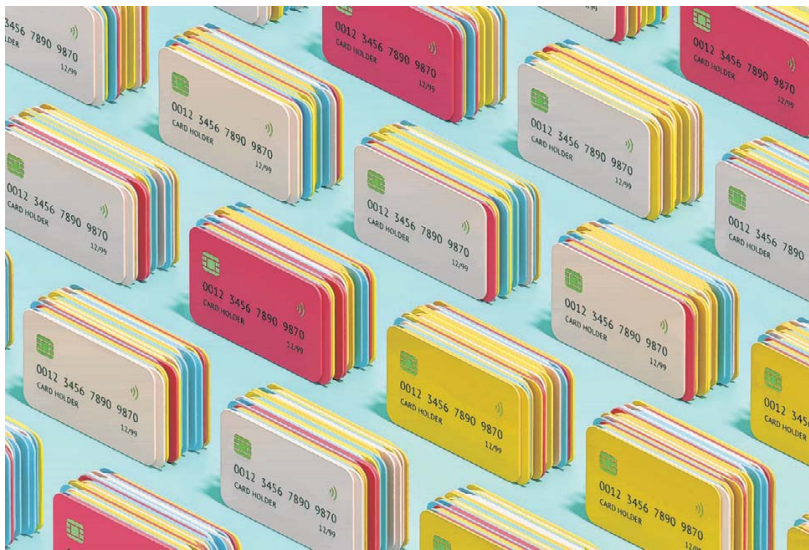
ance transfer offers, personal loans from banks and other financial institutions have become a more popular way to consolidate credit-card debt. The current average rate for a 24-month loan is 11.48%, about half the rate for credit cards, according to Federal Reserve data.

Credit-card borrowers who decide to refinance with a personal loan tend to have higher credit scores than those who don't, an August TransUnion study found.

Still, refinancing alone doesn't necessarily help get out of debt. Borrowers who use personal loans to pay off credit-card debt tend to build most of that balance back up within 18 months, according to the study.

Consumers should be careful not to take on more credit than they can need, even if tempted by low promotional rates, Silberman said. Discipline to reduce debt is much more important than any debt instrument.

"We humans tend to overestimate our capacity for self-restraint," he said.



ARTS IN REVIEW

FILM REVIEW

Swedish Cinema Beyond Bergman

A new set collects four features by director Bo Widerberg, who brought an elegant eye to complex social issues



BY DAVID MERMELSTEIN

For most Americans, Swedish cinema from the late 1950s through the mid-1980s begins and ends with Ingmar Bergman. His revolutionary reorienting of film inward; his success at the Academy Awards, including nine nominations, three best foreign-film wins and one honorary award; the extraordinary troupe of actors he assembled to perform in his movies, many of whom became internationally famous—all this, and more, has made him such a towering figure that seemingly little attention has been left for his Nordic contemporaries.

Some attempt to correct the record was achieved late last year when Criterion released a set of three films by Mai Zetterling. And now comes another volley, this one devoted to Bo Widerberg, with the same intent: demonstrating that Bergman's greatness notwithstanding, Swedish cinema in the 1960s was fecund territory where more than one pioneer labored.

"Bo Widerberg's New Swedish Cinema" contains four features on four Blu-rays from Criterion, variously restored in 4K, 2K and high definition. Widerberg, who died at age 66 in 1997, was a successful author before he turned to filmmaking. His debut, a 30-minute

short titled "The Boy and the Kite" (1962), came about in collaboration with another emerging Swedish talent, Jan Troell. Included in this collection as a supplement, it can also be streamed (as can everything in this set) on the Criterion Channel.

The box opens with Widerberg's first feature, "The Baby Carriage" (1963), shot in luminous black-and-white by Mr. Troell before his own directing career took off three years later. Like all the films gathered here, it is both written and directed by Widerberg and devotes as much focus to complex social issues as it does to the elegant film grammar that characterizes Widerberg's work—specifically the elliptical narratives, tender characterizations, attention to quotidian pursuits, and subtle, ambiguous conclusions.

In this one, the beguiling but naive Britt (an utterly winning Inger Taube) allows herself to fall under the spell of two superficially appealing but woefully immature young men—a vain, would-be rock-and-roller (Lars Passgård) and a bright, rich mama's boy (Tommy Berggren, the protean male lead in three of this collection's four films). After the former impreg-



Widerberg favored elliptical narratives and subtle, ambiguous conclusions.

nates her, she hopes the latter will rise to her rescue. In the end, she bucks convention and embarks on a path of assured single-motherhood, having wised up just in time. Widerberg's second feature,

"Raven's End" (1963), earned an Oscar nomination as best foreign-language film. It's set in a dreary quarter of Malmö, the director's hometown, in 1936, with ascendant fascism the background track and Jan Lindström's stark black-and-white cinematography further depressing the mood. Mr. Berggren plays the impassioned Anders, an aspiring Theodore Dreiser among family, friends and neighbors offering little encouragement. Yet amid the destitution and emptiness, Widerberg achieves something remarkable, expertly balancing comedy and tragedy. And never more so than in several scenes that transfixedly depict the awkward vulnerability between this determined youth and his alcoholic father (Keve Hjelm in an award-winning portrayal) and disappointed mother (a heart-breaking Emy Storm).

"Elvira Madigan" (1967) is the set's best-known film, based on a true story and Widerberg's first fully color movie—with sumptuous cinematography by Jörgen Persson, who 20 years later would shoot Bille August's Oscar-winning "Pelle the Conqueror." But its

A still from 'Ådalen 31'; the film depicts labor unrest in a Swedish mill town in 1931.

Inger Taube in 'The Baby Carriage,' top left; a still from the Oscar-nominated film 'Raven's End,' top right; and a still from 'Elvira Madigan,' left

overreliance on the slow movement of Mozart's Piano Concerto No. 21 (K. 467) as mood music has long diminished its reputation. Get beyond that, though, and the picture comes alive with its delicately etched rendering of two star-crossed lovers: a Swedish cavalry officer and nobleman (Mr. Berggren again, terrifically sensitive and dashing) and a circus tight-rope walker (Pia Degermark in a performance that won her best actress at the Cannes Film Festival). Together, they flee to Denmark after he deserts the army. Two characters more impractical than this pair are hard to imagine, but you really feel for them in Widerberg's sympathetic telling.

The most overtly political movie in this quartet, "Ådalen 31" (1969), once more fuses a true story alongside Widerberg's trademark humanity and fixation with the nominally mundane. Another Oscar nominee for best foreign-language film, it depicts life in the mill town of Ådalen in 1931, when labor unrest resulted in the killing of peaceful protesters by the army, ostensibly protecting shuttered factories. But by centering his gaze on a likable working-class family and their far more prosperous but decent neighbors, the film, once more gorgeously shot by Mr. Persson, transcends cant for art—in much the same way John Sayles's "Matewan" did nearly two decades later.

Widerberg's last movie, "Love Lessons" (1995), also earned an Oscar nomination. But despite that and several nominations at Cannes over the years, he and his work remain largely, if unjustly, overlooked in this country. This most welcome set could help change that. Anything less is our loss.

Mr. Mermelstein, the *Journal's* classical music critic, also writes on film.



CRITERION COLLECTION (4)

TELEVISION REVIEW | JOHN ANDERSON

Netflix's Lessons In Longevity

Ask most people if they want to live to be 100 and the response is likely to be "Sure!" followed by "Wait a sec . . ." Questions suddenly abound: Am I going to be healthy? Am I going to be lonely? Will I be financially stable? Will I have outlived everyone I knew and loved? What author-researcher Dan Buettner set out to demonstrate in "Live to 100: Secrets of the Blue Zones" is that the solutions to those concerns are also the keys to longevity itself.

Call it reverse-engineering, which is what Mr. Buettner set out to do in partnership with National Geographic more than 20 years ago by examining the "secrets" of the so-called Blue Zones—areas of the world that are home to an inordinate number of centenarians and a statistically anomalous number of the aged. What is clear early on is that what Mr. Buettner "discovers" during his visits to Sardinia; Singapore; Okinawa, Japan; Ikaria, Greece; and even Loma Linda, Calif., is largely what we would expect: that much of what helps people live longer isn't neces-

sarily the purple Japanese sweet potatoes, or going to church every day, or having the limited stress load of a Greek shepherd. It is an Okinawan diet rich in nutrients and fiber, the walking uphill to the Sardinian church, and the community to which one belongs in Loma Linda when one is, for instance, a Seventh Day Adventist who plays pickleball.

Mr. Buettner is a gracious, charming host, perhaps a bit overly solicitous of the adorable elderly he encounters in some locations, but cognizant that not every "secret" is translatable to Americans, who are his target audience. What works in the city-state of Singapore might not work in a nation of 330 million people. Not everyone has his own house with a garden from which he can gather fresh vegetables for the plant-based diet that Mr. Buettner says has proved essential to long life everywhere; not everyone has a family to take her in when she becomes infirm. As neuro-ophthalmologist and author Mithu Storoni tells Mr. Buettner during his visit to the Greek island of Ikaria, it is a lot eas-



Konstantinos Afianes, Dan Buettner and Nikos Grigoris Afianes in 'Live to 100'

ier "to control how you treat your goats so your flock is healthy" than it is to control the anxiety produced by the constant flow of grim information to which many people are exposed on a daily basis. But in a general sense, what anyone can learn from the four-part series is the importance of motion—of one's body, as a part of a regimen or lifestyle—

and the importance of chilling out. The origins of the "blue zones," we are told, go back to the work of longevity researcher Gianni Pes (he appears here), who originally used a blue pen to denote spots on the globe where centenarians thrived, eventually creating small continents of blue ink that suggested something larger was afoot in isolated locales. Mr. Pes initially looked at Sardinia. Was it the altitude of the craggy, mountainous island? Seemingly not, but getting from here to there was routinely aerobic. And despite all the

carbohydrates in the Sardinian diet, the consumption of sourdough bread "lowers the glycemic load of an entire meal," as Mr. Buettner tells us.

There are many correlating clues to a longer life across the locations in "Live to 100." Okinawans emphasize the importance of having an *ikigai*, or reason for living; in Costa Rica the same thing is called one's *plan de vida*. A sense of belonging is critical, as is living with family. On Ikaria, where until 1980 no commercial products were available and everything was produced on-site, islanders consumed a variety of herbal teas produced from the local flora. "What is the best tea to drink," Mr. Buettner asks the 88-year-old Vaso Parikos. "Wine," she says, which is a reminder that very few people have ever actually died laughing.

Live to 100: Secrets of the Blue Zones
Wednesday, Netflix

Mr. Anderson is the *Journal's* TV critic.

NETFLIX

SPORTS

By **LINDSEY ADLER**

The baseball world is ravenous for news of how Shohei Ohtani plans to deal with his torn elbow ligament, a decision which could alter the near-term future of the game. One person appears to be in no hurry to disclose what he will do: Ohtani himself.

For a variety of reasons, the Los Angeles Angels superstar might be inclined to wait until after the regular season to determine and announce what happens next with his elbow. At that point, he'll be a free agent and at the center of what may be the biggest bidding war ever for a baseball player. How he decides to handle his injury will have a huge impact on the timeline for his availability to both pitch and hit next season and beyond.

So for now, Ohtani is remaining silent. After his initial diagnosis, the Angels said Ohtani would seek a second opinion on the injury. It is unclear if he has already been examined by other doctors, or when he might do that. He isn't obligated to disclose to the Angels or the public what his plans may be. A representative of CAA, which represents Ohtani, declined to comment further about Ohtani's plans.

Ohtani has left it to Angels general manager Perry Minasian and manager Phil Nevin to address his injury publicly. Both Minasian and Nevin must choose their words carefully due to the player's right to privacy, and the organization's long-stated hope to re-sign him once he hits free agency.

What's clear is that Ohtani is done for the season as a pitcher following the diagnosis last week of a tear to the ulnar collateral ligament in his elbow. However, baseball's biggest superstar plans to play out the rest of the 2023 regular season as a designated hitter for the Angels—compiling numbers toward an overwhelming AL MVP case.

While his decision to continue as a hitter has drawn some surprise, in reality there may not be much more damage Ohtani could do to his elbow by swinging the bat this season; the ligament is already torn. So far, in the days since his elbow injury was revealed, the issue hasn't seemed to slow Ohtani down at the plate. In a game against the Mets on Saturday, Ohtani was walked three times and went 2-for-3 with a double, triple, and two stolen bases.



Ohtani Keeps Everyone Guessing About His Plans to Treat Injury

As he enters free agency, the Angels superstar has reasons to minimize the amount of medical data available to his potential suitors

However, his decision to continue playing means he is unlikely to undergo a possible medical procedure—probably surgery—until early October, when the MLB regular season concludes.

Delaying treatment until the end of the season, however, only pushes back Ohtani's recovery timeline by about a month. There are a few different options he could pursue depending on the severity of the injury, almost all of which would require surgery. But the long-term prognosis and timeline to potentially return to the mound could vary depending on which modality he and his doctors decide is best for his recovery.

In a news conference on Friday, Minasian declined to reveal details of Ohtani's injury or the potential medical plans to resolve the injury. He did, however, reveal that

Ohtani—who had been dealing with cramping in his finger and general fatigue prior to tearing his UCL—earlier this season didn't undergo precautionary imaging that might have revealed potential warning signs of an oncoming ligament tear.

The revelation led to accusations of malpractice from some fans, aimed at Angels' management. That led to Minasian appearing again for a news conference on Saturday to clarify that a player retains the right to decline imaging on behalf of the club. Ohtani, Minasian said Saturday, elected not to undergo general imaging when presented with the option after experiencing cramping in his finger after a start against Seattle on Aug. 3.

"The imaging was offered earlier in the year, and [Ohtani] and his representation turned it down," Minasian said on Saturday. "I understand

why. It was a cramp in his finger, and they didn't believe it warranted imaging."

There are many reasons a player might choose not to undergo a medical examination for an ache or pain—or in this case, a cramp—that they experience during the season. The general discomfort of getting into an MRI tube is often reason enough. Ohtani has a particular complicating factor in his decision-making on in-season imaging, though: The most anticipated free-agency campaign of all time.

If Ohtani had consented to a club-initiated medical examination as a precaution, the results of that would have been entered into MLB's central medical information database. The files are code-protected, but a player and his representative can choose to distribute their code to clubs that show serious interest

Shohei Ohtani was removed from a game on Aug. 23 and later diagnosed with an elbow injury.

in signing a player as a free agent.

The central medical file is used so that clubs can have a universal portrait of the medical history of a player they might try to acquire. This is to prevent clubs from potentially keeping separate copies of medical information, which could be used to deceive a rival club in a potential trade. Such a scenario—duplicate, different medical files—led to Padres general manager AJ Preller serving a 30-day suspension in 2016.

Many players feel that they can only be hurt in negotiations by the availability of an abundance of medical information. That was the case with Carlos Correa last winter, who had a dramatic run through free agency that included agreed-upon deals with both the Giants and Mets which fell apart over concerns over how Correa's ankle—which had sustained injuries in the past—might hold up over the course of a long contract.

If Ohtani had undergone precautionary imaging that had revealed a heightened chance of a UCL tear in his near-future, he and the team may have had some options to attempt to mitigate the risk—or not. But if imaging had revealed a chance of a tear coming soon, that information could have been used against him in free agent negotiations.

Any free agent, especially one expected to get a record-shattering contract, undergoes an extensive medical review before a deal is made official, which would include imaging. But the pressure to get a deal done despite medical concerns can be greater on a club after their intention to sign a player to a contract of a certain size is already known publicly, rather than if the club had possession of the concerning medical information when they entered the negotiations.

So Ohtani's choice not to speak about his own injury—undoubtedly the biggest baseball news of the season—leaves the Angels, the baseball industry as a whole, and a global fan base in an information vacuum when it comes to imagining what comes next for baseball's greatest marvel. But as the whole world turns their eyes to Ohtani's future, he is electing to proceed with the present.

The WSJ Daily Crossword | Edited by Mike Shenk

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TROUBLED WATERS | By Peter A. Collins

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20 "Hold On Tight" band	42 Test for a future atty.	63 Word with double or blind		56 Go dark, in a way
21 ___ Aviv	43 Pilot?	64 If they're clear, they're blue		58 "There's ___ in team"
22 Keystone character	46 City whose population more than doubles during Dhu al-Hijjah	65 FanDuel figures		59 NYSE event
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	48 "Behold!"			

Previous Puzzle's Solution

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LIV Golf's Koepka Is Selected For the U.S. Ryder Cup Team

By **ANDREW BEATON**

EVER SINCE THE SAUDI-backed LIV Golf league drove a wedge into professional golf by poaching some of the game's biggest stars from the PGA Tour, U.S. Ryder Cup captain Zach Johnson has been cagey about whether he would select anyone from the rebel circuit.

On Tuesday, Johnson unveiled his picks. And Brooks Koepka, one of LIV's marquee attractions, made the cut. Based on his play this year, Koepka's selection to compete for the U.S. at Marco Simone Golf and Country Club outside of Rome is hardly a shock. But it still would have seemed stunning early this spring—when the battle lines were still so sharply drawn between LIV and the golf establishment.

At the same time as the golf world splintered, it was unclear if Koepka would ever return from injuries that had thrown his career off course. Koepka himself admitted earlier this year that his decision in 2022 to join LIV, which offered enormous sums of guaranteed money, would have been more difficult if he had been healthy at the time. In 2023, though, Koepka proved he was back. The 33-year-old tied for second at the Masters and won the PGA Championship, marking his fifth career major title. Based on his elite play in majors alone, he nearly earned an automatic qualification onto the team—a remarkable feat given that he couldn't accrue points in PGA Tour events after leaving for LIV.

"He's built, in my mind, for the biggest of stages and there's no bigger stage than the Ryder Cup," Johnson said. "I think his record shows that. I know his buddies want him on the team. He's very versatile. Guys want to play with him—that's evident."

Evaluating the form of players who joined LIV has been a tricky task, yet Koepka has stood out nonetheless. In

addition to his stellar major performances, he became the first two-time individual champion on LIV earlier this season.

There's also his Ryder Cup history: in three appearances, Koepka has a winning record including a 2-0-1 mark in singles play.

"It was a pretty easy pick," Johnson said.

Koepka's selection was possibly made even easier by

record in the event.

Thomas's play in 2023, though, cratered. He missed the cut in three of four majors, finished with just three top-10 finishes and generally looked out of sorts. His year-long struggles were hampered home when he didn't qualify for the FedEx Cup playoffs.

"He has without question been the heart and soul of Team USA Ryder Cups,"



Brooks Koepka won the PGA Championship earlier this year.

the shifting tides inside the industry. LIV and the PGA Tour are no longer public enemies after the Tour and Saudi Arabia's Public Investment Fund, the financiers of LIV, announced a preliminary agreement in June to join forces in pro golf.

The players already guaranteed spots for the U.S., based on the Ryder Cup points list, were Scottie Scheffler, U.S. Open winner Wyndham Clark, British Open champion Brian Harman, Patrick Cantlay, Max Homa and Xander Schauffele. That left Johnson with six more spots to fill and he picked Koepka, Jordan Spieth, Collin Morikawa, Rickie Fowler, Sam Burns—and, after much tension, Thomas.

In any other year, Thomas would have been a no-brainer to make the team. The 30-year-old is a two-time major winner and a Ryder Cup stalwart for the Americans. After appearances in 2018 and 2021, he owns a 6-2-1 record career

record in the event.

Europe's full team has yet to be decided, though it boasts heavyweights at the top who are certain to be there.

Jon Rahm and Rory McIlroy are both in the top-three of the world rankings and have played phenomenally this year, including Rahm's victory at the Masters. Norway's Viktor Hovland is also coming off a commanding performance in the Tour Championship.

There are still unanswered questions about how Europe will fill out the rest of its roster. Sweden's Henrik Stenson was stripped of his captaincy when he left for LIV, leaving Englishman Luke Donald in charge.

Europe's DP World Tour has previously indicated that those who resigned their memberships after leaving for LIV won't be eligible to play for the team in Italy.

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

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OPINION

Prigozhin Leaves Putin Weaker



BUSINESS WORLD

By Holman W. Jenkins, Jr.

A strong Kremlin would have arrested, tried and sentenced him. A weak regime parleyed with Yevgeny Prigozhin, then shot him in the back.

Influent Russians have no trouble interpreting events. Leaping to our own minds should be the Sparks Steak House murder of Paul Castellano ordered by John Gotti. The remarkably passive Mr. Putin bestirs himself when he sees a threat to his own comfortable position. He still can't find a way, though, to replace his top military leadership whose incompetence Prigozhin publicly exposed. Doing so would leave only Mr. Putin's incompetent authorship of a failed, going-nowhere war for his public, military bloggers and regime gossipers to dwell on.

As predicted, the Ukraine war is ever more neglected and subordinated to Mr. Putin's battle for survival in Moscow. Prigozhin, after all, was a rare model for success in that war. Ditto Gen. Sergey Surovkin, relieved in the same 24-hour period for suspect loyalty. He created the defensive lines currently giving Ukraine's advancing troops fits. Their fate now leaves little incentive for others to stand out in the effort

to retrieve Mr. Putin's war for him, to show initiative, to do the things that excite the public.

It's easy for outsiders to have compunctions in favor of less killing and destruction. A military campaign like Ukraine's difficult, overanalyzed offensive is always going to be a hostage to fortune. The Chicago Daily News's Raymond Swing, present on the Turkish side during the ill-fated Dardanelles campaign of World War I, in his memoirs says the Turks had a day's worth of ammunition left when the British and French called off their attempt to force the straits. "The Allies opened the door to Constantinople and then failed to go through," he wrote.

Are Russia's troops so demoralized they will melt away? Not so far. Are Ukraine's people prepared for the slaughter of newly mobilized young people in unforgiving attempts to reclaim occupied territory? So far, yes.

Other propositions are being tested. Mr. Putin continues to resist escalation as well as full-scale mobilization of his military-age population. This is telling. Finally, what does the U.S. want? My guess is an unraveling of the Putin regime and full reconquest by Ukraine of its territory would be a perfectly acceptable outcome to the Biden administration as long as it didn't require direct U.S. participation in the war.

Mr. Biden, or any other U.S.

president, would also be fine with a Korea-style outcome. In fact, the U.S. is likely capable of being content with many outcomes that realize its aim of avoiding a wider war. Despite what some in Kyiv appear to think, this doesn't mean the U.S. is playing for the war to carry on indefinitely draining Russia of resources and its government of legitimacy.

The Kremlin kingpin is good at being a crime boss but a failure as a war leader.

At the same time, complaints about shortfalls in Western supplies are understandable but Ukraine's responsibility is to make decisions in light of reality, including the reality that the Western priority is to keep the war contained, not to secure liberation of Ukrainian territory.

Which brings us to the real problem: Even Ukraine expelling Russia from its territory still wouldn't end the war unless it also brings to power a reformist, peacenik regime in Moscow, a consummation Ukraine's admirable soldiers can hardly provide.

So Mr. Putin's war is likely to continue inconclusively; a shakeup of his hierarchy and strategy seems beyond him. The U.S., under any administration, will increasingly turn

its attention elsewhere, unless the Russians start winning. Unlikely by current thinking, NATO direct involvement could yet be a possibility. But then it would be Washington's war, not Kyiv's, and Kyiv may not like the result.

Altogether the occasion may soon be ripe for Ukraine to become realistic about its allies—and to think about when and how to de-emphasize fighting in favor of making Ukraine the West Berlin of this new Cold War.

The West Berlin of Ukraine means turning itself into the West's more important front-line state, with no expense spared to bring into being a NATO-class force capable of long-term deterrence. Sanctions on Russia will remain while any Putin-like regime is in power. Thinking in terms of a decade or more, investment in transit options through Romania and other NATO neighbors is a realistic way to secure Ukraine's seaborne trade despite Russia's presence in Crimea and on part of Ukraine's Black Sea coast.

Not required is any concession of territory or any settlement terms as the Putin status quo continues to rot. President Volodymyr Zelensky, a natural-born bridge builder in his fragmented society, is a good fit to sell his countrymen on an Adenauer-like vision for securing peace and victory in the long term. If he can't, somebody will.

BOOKSHELF | By Diane Cole

Disturbing The Peace

Necessary Trouble

By Drew Gilpin Faust
(Farrar, Straus & Giroux, 320 pages, \$30)

Growing up white and well-to-do in the outwardly sedate and segregated Shenandoah Valley of postwar Virginia, Drew Gilpin Faust was in the fifth grade when she first became aware that the personal was political. In retrospect, there had been many indications that the myth of the "lost cause" of the Confederacy still held sway in her conservative Southern family. But when she was 9, in 1957, news reports "about 'Massive Resistance' and battles over segregation made me suddenly realize that it was not a matter of accident that my school was all white," Ms. Faust writes in her exquisitely reasoned and elegantly written memoir, "Necessary Trouble: Growing Up at Midcentury."

Young Drew was outraged by the unfairness of separating people on the basis of color—a principle that went against her understanding of the Christian ethics she learned at Sunday school. But she was also upset that "no

one had told me that this was how the world worked" and that "I was not supposed to know or see" but simply accept, without protest, the Southern status quo. The future Civil War historian, who would go on to become Harvard University's first female president, wrote a letter to President Eisenhower entreating him to end segregation. "So what if their skin is black?" she wrote. "They still have feelings but most of all are God's people!"

That missive would be the first in a lifelong series of actions in line with what a future friend, the civil-rights leader and Georgia Rep. John Lewis, would call "necessary trouble." Ms. Faust's memoir bears witness to an era whose divisions still reverberate today. It also serves as a reminder, the author writes, of "why we don't want to live in such a world again."

That world was "a man's world," Ms. Faust's mother, Catharine, repeatedly told her growing up, "and the sooner you figure that out, the happier you will be." Catharine, who had never pursued a college education or a career, was "deeply unhappy in 1950s Virginia," Ms. Faust tells us. "It was a place of roles and rules, of revered traditions and rigid expectations not entirely removed from slavery times."

Both mother and daughter were exasperated by their nonstop battles with each other about everything to do with conforming (or not) to 1950s-style femininity. As early as age 2, Drew was already refusing to wear lacy, ruffled, itchy "fancy pants"; later she similarly rejected the uncomfortably frilly party dresses that made her forever detest the color pink. Equally contentious was her decision to join the 4-H Club to "raise steers with the boys, not to sew and can and bake with the girls."

The equality-minded Drew was also irked by the double standard that allowed her three brothers to roam with unbound freedom when and where they wanted but that required her to be reined in by chaperones and curfews. Where she rambled, instead, was in the library stacks, whose books presented her with friends and role models of "girls who dare"—like Nancy Drew, the perkily adventurous girl detective; Scout, the tomboy heroine of "To Kill a Mockingbird"; and Anne Frank, whose diary "reinforced my conception," Ms. Faust tells us, "of World War II as a moral combat, as a clash of evil and righteousness."

Given the era's stunted expectations for women, it was no wonder that Catharine was utterly confounded by her intellectually gifted daughter's rejection of staid, ladylike deference and convention. As a high-school guidance counselor once commented about Ms. Faust's mother: "Mrs. Gilpin is like a hen that has hatched a duckling and cannot understand having a daughter who is not going to be a 'southern belle.'"

Growing up she was taught to simply accept, without protest, the Southern status quo. Women had their place; so did black people.

It was against this combative backdrop that Drew left home at the start of the eighth grade to attend boarding school at the Concord Academy in Massachusetts. The experience was both exhilarating and freeing. The school's educational philosophy emphasized core values such as justice, truth, fairness and mercy. But demographically, the author found, it "was as segregated as the Virginia community in which I had grown up."

The school did, however, offer opportunities for students to learn about and engage with social-justice issues. Most memorable was the chance to hear Martin Luther King Jr. speak during his two-day stay at the nearby Groton School in February 1963, six weeks before his arrest in Birmingham, Ala. In King's call to support the fight for civil rights, Ms. Faust describes hearing "a compelling answer to the question of 'what you can do for your country'" posed by John F. Kennedy in 1961.

She responded by joining a group of high-school and college students visiting the South in 1964, on a trip sponsored by the American Friends Service Committee. "Looking back now," she admits, "the idea that we would be able to talk frankly and win the trust of both Blacks and whites at a time of such bitter polarization seems astonishingly naive, and it would prove to be so from the outset." But, inspired by King, she also embarked on another trip South in 1965, driving to Selma, Ala., to take part in the protest march to Montgomery.

Ms. Faust was by then a student at Bryn Mawr, and before she graduated in 1968 she would also march against the war in Vietnam. Throughout her memoir she grounds such incidents in the timeline of history, illustrating her argument that the historical times we are born are as formative as our personal past.

She concludes her volume with the presidential election of 1968, her own future coming into focus. "Penetrating the blindness and the taken-for-grantedness of the present and coming to terms with the real meaning of the misrepresented past," she writes, "would become for me work for a lifetime." The result is a necessary perspective for today.

Ms. Cole is the author of the memoir "After Great Pain: A New Life Emerges."

Ron DeSantis's Illiberal Education



POLITICS & IDEAS

By William A. Galston

During last week's debate, Florida Gov. Ron DeSantis said, "We need education in this country, not indoctrination." As a former professor who

taught for three decades in two large state universities, I couldn't agree more.

When I introduced undergraduates to the U.S. Constitution, I asked them to read James Madison's detailed notes from the 1787 Constitutional Convention. They were fascinated to learn that ostensibly sacrosanct words had been the subject of intense, principled disagreement and that much of the Constitution's structure was the product of compromise. I taught the questions, not the answers, and encouraged students to defend their own views.

I taught this way in part because of my experience as an undergraduate at Cornell in the 1960s. I studied with young professors such as Allan Bloom, Walter Berns and Donald Kagan, who became pillars of American conservatism, but also with noted liberals such as historian Walter LaFeber, who advanced an unsparing critique of American diplomacy. I noticed that they were open to sparring with their students and that they treated colleagues with respect, regardless of their disagreements. This openness of

mind and generosity of temperament, I concluded, was the hallmark of education at its best—liberal education—distinguished not from conservative education but from illiberal education, otherwise known as indoctrination.

I'm not confident Mr. DeSantis understands the difference between the indoctrination he claims to oppose and the education he purports to champion. Here's why.

Last year several professors and a student filed a suit against Florida's Stop WOKE Act of 2022—which prohibits Florida's teachers from promoting eight controversial propositions about race, color, national origin or sex—on the grounds that it violated the First Amendment. In response, Mr. DeSantis's lawyers argued that "a public university's curriculum is set by the university in accordance with the strictures and guidance of the state's elected officials."

Accordingly, they claimed, "the Florida government has simply chosen to regulate its own speech—the curriculum used in state universities and the in-class instruction offered by state employees—and the First Amendment simply has no application in this context."

If this argument were to prevail, American public universities would more closely resemble Chinese state universities, where what faculty members say is certainly "government speech." The line between education and indoctrination would be blurred further.

To be sure, Mr. DeSantis may not bear direct responsibility for the arguments his lawyers made on his behalf. But he is responsible for selecting his principal education advisers and for relying on their views.

Consider Richard Corcoran, former Florida education commissioner and now interim president of New College, an institution over which Mr. DeSantis has asserted direct control. Education, Mr. Corcoran said in a speech to

His policies and team of advisers suggest he favors some form of indoctrination.

Hillsdale College's National Leadership Seminar, is "100% ideological." If so, the only question is which ideology will dominate. Not surprisingly, Mr. Corcoran went on to describe education as "our sword."

Another influential adviser to Mr. DeSantis is Christopher Rufo, a Manhattan Institute fellow and recent appointee to New College's Board of Trustees. Mr. Rufo, who spearheaded the effort to turn critical race theory into a national debate, has stated with admirable candor that "the goal of the university is not free inquiry." Instead, "education is at heart a political question." The "cultural Marxists" Mr. DeSantis regularly castigates would emphatically agree.

Inflation Devalues the Big Ten

By Bob Greene

Once upon an American time, a Midwestern kid could reel off the names as easily as the alphabet: Duffy Daugherty, Forest Evashevski, Bennie Oosterbaan, Woody Hayes, Ray Eliot, Jack Mollenkopf, Phil Dickens, Milt Bruhn, Ara Parseghian, Murray Warmath.

They were the head coaches of the football teams in the Big Ten—Michigan State, Iowa, Michigan, Ohio State, Illinois, Purdue, Indiana, Wisconsin, Northwestern, Minnesota. The names of the coaches varied slightly depending on the year or decade (the above list is from 1958). But a kid in the Midwest still knew them and their teams as if they were neighbors, because in a sense they were. The Big Ten wasn't only part of the Midwest—symbolically, the Big Ten defined the Midwest.

This week the 14 teams in the athletic conference that

still calls itself the Big Ten will begin their 2023 seasons. As early as next fall, the Big Ten will consist of 18 (count 'em) teams, stretching from California and Oregon on the Pacific Coast to New Jersey and Maryland on the Atlantic. Much of this—all right, all of it—has to do with money and television rights.

The conference now stretches far beyond the Midwest and includes 18 teams.

But whatever the Big Ten is gaining in revenue, it is giving up something priceless: a sense of place. The Midwest, to people on the coasts, may long have been condescendingly considered flyover territory, but those coastal residents grudgingly had to admit that homegrown Big Ten football was very good. And that

the teams in the conference didn't need validation from the allegedly more prestigious corners of the country.

Back when it was only 10, the conference's geographic boundaries extended no farther than Minneapolis-St. Paul to the north and west (yes, Minneapolis is west of Iowa City), Columbus, Ohio, to the east, and Bloomington, Ind., to the south. When Penn State was admitted to the conference in 1990 (and the 11-team league first insisted on defying math to keep the name Big Ten), it felt odd, but not dramatically so; Pennsylvania borders Ohio.

When Maryland and Rutgers joined in 2014, things started to feel off balance, like a backfield with 13 running backs. Nebraska, in the Great Plains, felt like part of the family when it joined in 2011.

But the announcements that University of California, Los Angeles, the University of Southern California, Washington and Oregon will soon be

part of the Big Ten has forever wiped out what made the conference unique. The loss will be of something that seemed axiomatic: a proud feeling of proprietorship among Midwesterners. The Midwest might not have Hollywood, Wall Street or the network television headquarters, but it had, and fervently embraced, the Big Ten, a conference that somehow felt as if it lived at the end of every block.

If, since the days of Oosterbaan and Evashevski, America had expanded at the same rate the Big Ten has, the U.S. would have gone from 48 states to 86. The new, coast-to-coast, 18-team Big Ten may never again be purely Midwestern, but as a league from nowhere and everywhere it will without question turn out to be staggeringly lucrative. It might as well be a hedge fund.

Mr. Greene's books include "Once Upon a Town: The Miracle of the North Platte Canteen."

OPINION

REVIEW & OUTLOOK

Drug Price Controls Mean Slower Cures

The Inflation Reduction Act (IRA) is the worst legislation to pass Congress in many years, and its drug price controls are especially harmful. On Tuesday President Biden announced the first 10 drugs for controls, and he's exaggerating the benefits while ignoring the larger damage.

The IRA requires the Centers for Medicare and Medicaid Services to "negotiate" prices for the top-spending Medicare drugs, starting with 10 this year and a total of 60 by 2029. The law sets the drug price ceiling at between 25% and 60% of its list price, with no price floor. Drug makers that don't participate or reject the government's price will incur a crippling daily excise tax that starts at 186% and eventually climbs to 1,900% of the drug's daily revenues. This is extortion, not a negotiation.

In the first round, the Administration is targeting drugs that treat common conditions such as Bristol Myers Squibb's blood-thinner Eliquis, Boehringer Ingelheim and Eli Lilly's diabetes medication Jardiance, Johnson & Johnson's blood-thinner Xarelto, Amgen's rheumatoid arthritis drug Enbrel and Novo Nordisk's insulin NovoLog.

"This plan is a key part of Bidenomics," the President proclaimed. Like his other command-and-control government plans, this one relies on deceptive advertising.

Start with the claim that the 10 drugs accounted for \$50.5 billion—or about 20%—of "gross" costs for Medicare's Part D drug program. "Gross" spending excludes the discounts that drug makers pay Part D plans for higher placement on formularies. Medicare drug prices are already negotiated by insurers, and Part D net spending is about half Medicare's "gross" costs.

The Administration also overstates the rise in prescription drug costs. Medicare spending on prescription drugs has grown less than for hospital and physician services in the last decade. Total U.S. out-of-pocket spending on prescription drugs in nominal dollars is lower than it was in 2003 and accounted for only 1% of the \$4.25 trillion the U.S. spent on healthcare in 2021.

Competition from generics has held down drug prices. Yet the IRA will discourage investment in new generics and biosimilars because their manufacturers could later be undercut by government price controls on brand drugs. That means Americans may end up paying more for prescription drugs thanks to the IRA.

The law will also give companies the incentives to launch drugs at higher prices and raise prices for privately insured patients to compensate for the Medicare cuts. That means the 218

million Americans with private insurance will pay more for drugs. Call it the Private Insurance Inflation Act.

The squeeze on pharma begins, and the effects will be perverse.

The Administration claims its regime will decrease prices "for up to 9 million seniors," but this estimate is inflated too. Several drugs on its list will soon lose market exclusivity and could face competition from generics that reduce prices without government intervention. Now those generics might not be developed or launched.

It's true that some patients incur high out-of-pocket costs, but Democrats didn't need to impose price controls to help them. The law caps Medicare patient out-of-pocket drug spending, which doesn't distort incentives to innovate as price controls do.

Genentech CEO Alexander Hardy recently explained some of the law's distortionary impact. Normally, drug makers seek to launch drugs that have multiple potential indications—say for prostate, ovarian and breast cancers—in the market in which they can be developed fastest. This is often for rare diseases and small populations since trials don't have to be as large.

The IRA encourages drug makers to slow-walk development of treatments for smaller populations since Food and Drug Administration approval would start the clock on eligibility for price controls. The law will also discourage drug makers from studying and launching drugs for new indications, as AstraZeneca explained in a lawsuit last week.

A study in the Journal of the American Medical Association this month estimated that about a quarter of FDA-approved orphan drugs were developed for at least one follow-on indication. Under the IRA, many wouldn't have been. There's no such thing as a free drug.

Price controls will reduce venture biotech investment by limiting potential future profits. A University of Chicago study estimated that the drug price controls would reduce research and development by \$663 billion through 2039 and result in 135 fewer new drugs being approved. These are among the IRA's unseen costs, which will include lives that could have been saved or extended by new treatments that were delayed or never developed.

Drug makers and the U.S. Chamber of Commerce are challenging the IRA's constitutionality in court. They make a compelling argument that the sham negotiations violate the Eighth and Fifth Amendment prohibitions against excessive fines and the taking of private property without just compensation. Let's hope they make it to the Supreme Court.

Suarez Quits While the Quitting's Good

Francis Suarez took a leap this year by announcing a 2024 presidential bid, and on Tuesday he took another one: Mr. Suarez, the 45-year-old mayor of Miami, is the first GOP candidate to suspend his campaign. By quitting early, he is doing a service to his party and setting an example for others who fail to catch fire.

Mr. Suarez did not meet the requirements to participate in last week's debate in Milwaukee, and the threshold for the next TV extravaganza is even higher. "It was a privilege to come so close to appearing on stage," he said. "I had looked forward to sharing the story of Miami, America's most successful city, especially at a time when so many cities are plagued with poverty, unemployment, high taxes, violent crime, and homelessness."

The 2024 winnowing starts with the mayor of Miami's fine example.

That message has appeal, and if Florida Gov. Ron DeSantis earns a promotion in 2024, maybe the state's voters will hear from Mr. Suarez again. For now, though, give him credit for a classy exit. Everybody else who didn't make the debate should consider the same, to be followed later this year by candidates polling in the low single digits.

What's to be accomplished by coming in fifth in Iowa? This isn't a time for vanity projects. If the field stays fractured, President Trump might win the GOP nod with pluralities, as he did in 2016. But Mr. Trump has already lost once to President Biden. If other Republicans believe Mr. Biden's policies are as ruinous as they say, they should want Mr. Trump to get a head-to-head Republican challenge, even if it means taking themselves out of the running.

Taking Back a Michigan Tax Cut

Michigan Gov. Gretchen Whitmer has built an empire of special tax breaks, but she's grudging when it comes to returning revenue to taxpayers who aren't politically connected. Her administration is ignoring the law to block an income-tax cut, but a group of legislators, businesses and individual taxpayers are suing to restore the rightful tax rate.

The battle started in March when rising state revenue triggered an automatic income-tax rate cut to 4.05% from 4.25%. That amounts to a \$130 savings for an average family, and it's the first rate reduction Michiganders have had in more than a decade. The state's flat tax rate means that all taxpayers benefited from the rate reduction.

But Democrats in Lansing say the tax cut is only for 2023, and they'll collect 4.25% from taxpayers next year unless a judge tells them to stop. Attorney General Dana Nessel, Ms. Whitmer's loyal political servant, laid out the legal theory to justify canceling the automatic cut. She argues that the law behind the automatic tax cuts reduces the tax rate only in the current year of a budget surplus.

The lawsuit filed Tuesday rebuts that reading by putting the law in context. On behalf of Michigan taxpayers, the Mackinac Center Legal Foundation argues that lawmakers would have spelled out the frame of the cut if they meant it to be temporary. Previous cuts—like one during the last inflationary era in 1983—specified a baseline rate for the income tax to return to. The 2015 law behind this year's cut provides no such baseline.

Taxpayers are suing to preserve a reduced levy on income.

The story of the trigger law's origin backs up Mackinac's reading. Former Gov. Rick Snyder and a GOP-controlled Legislature designed the cut as a compromise. They originally planned a permanent 0.35% cut but settled on revenue triggers as a way to phase-in the tax reductions.

The history is irrelevant to Ms. Whitmer and her allies, who say the state can't make ends meet at the lower tax rate. The AG's memo said the state shouldn't "provide a permanent tax reduction based on the (perhaps unusual) economic circumstances of a single fiscal year."

This is an odd lament given the state of Michigan's budgets. The Mackinac Center estimates that Ms. Whitmer approved more than \$3 billion in corporate tax incentives over the past year, directed through agencies like the Economic Development Corporation. Compare that with the \$700 million reduction in state revenue from the automatic tax cut. The state treasurer forecasts a \$7.5 billion surplus by October, and Ms. Whitmer approved a record \$82 billion budget this year.

Ms. Whitmer's preference is to dole out special tax breaks to interests with political influence, giving her control of the money. A broad-based cut in the marginal tax rate offers her no such political mediation, though it's far better for the economy.

Plaintiffs in the lawsuit include the National Federation of Independent Business, a pair of GOP legislators and six taxpayers. Restoring the permanent cut would send a loud message about the rule of law and who deserves priority in state tax relief.

LETTERS TO THE EDITOR

A German Approach to Confederate Memorials

Regarding ("Save the Confederate Memorial at Arlington" by Jim Webb (op-ed, Aug. 19): These memorials and statues are best addressed as Germany has addressed remnants of Nazi nostalgia. Berlin hasn't erased history, but if you want to study it or see it, you go to the Topography of Terror museum. It's all over there—and pretty much only there.

JON ALTSCHULER
Dallas

The majority of the men in both blue and gray during the Civil War were warriors who put their life on the line for what they viewed was a greater good and was best for their families and country.

This fact was best expressed in the following 1907 speech by Col. Charles Francis Adams Jr., former commanding officer of the 5th Massachusetts Cavalry (which had African-American troops): "I maintain that every man in the eleven states seceding from the Union had in 1861, whether he would or no, to decide for himself whether to adhere to his state or to the nation; and I finally assert that, whichever way he decided, if only he decided honestly, putting self-interest behind him, he decided right."

CAPT. PAUL E. MAWN, USN (RET.)
Sudbury, Mass.

Many brave and honorable men fought on the side of the Confederacy, but I don't think it is symptomatic of excessive wokeness to question whether it is fitting and proper to memorialize soldiers who fought to put an end to our nation in our

most sacred national cemetery. There is no shortage of brave American soldiers who have fought to preserve and protect our nation more worthy of such an honor. Perhaps a similar monument should be erected to commemorate the many black soldiers who fought against the Confederacy.

JAMES BUCK
Arlington, Mass.

As the great-great-great granddaughter of Confederate Gen. Leonidas K. Polk, I found that Mr. Webb distorted what occurred as the North and South reconciled in 1898. The result was another 70 years of racist policies supported by the federal government and Southerners continuing to learn about "martyrdom" for the Lost Cause.

The Germans banned any symbol of their Nazi past because of their 12 years of slaughtering innocent people. Is enslaving and killing blacks for 246 years any different? The Confederate Memorial at Arlington should come down, as should all symbols of the Lost Cause.

JANE DELUNG
Princeton, N.J.

I believe there is another justification for keeping the Confederate Memorial. Any bodily scar we receive from a past regrettable undertaking memorializes the lesson we learned from our mistake. In the case of the Confederate Memorial, removing the scar only helps us pretend it didn't happen.

RICHARD MONSON
Climax, Ga.

Navy Should Build Non-Nuclear Submarines

The Navy has a critical shortage of submarines, as your editorial "Biden's Success in North Asia . . ." notes (Aug. 21). Current requirements expose American attack submarine crews to unacceptable operational tempos, making retention a continuous crisis. Maintenance and repair issues are forsaken and training is often abbreviated or canceled altogether.

The world of submarine warfare has changed since the Navy decided to build only nuclear-powered submarines. Allied and adversarial navies are building air-independent submarines that can remain on submerged patrol for long periods, allowing them to complete more than 90% of modern submarine missions.

The development of safe sodium-ion batteries, hydrogen fuel cells,

closed-cycle engines and advances in sound damping has made this ultra-quiet submarine the modern standard. The Navy's dismissal of the much superior stealth of these submarines is dangerous.

An air-independent submarine could be built for a fraction of the cost of the latest nuclear-powered submarine. Nine air-independent submarines could be built for each nuclear-powered one.

A sustained building program of about 1.7 nuclear and three air-independent subs per year would allow the Navy to meet operational commanders' global requirements, counter the growing Chinese global naval threat, and maintain this unassailable force as long as necessary.

CMDR. L.C. HILLMANN, USN (RET.)
Nashville

Leftists Are Real Masters of Verbal Jiu-Jitsu

Regarding "Notable & Quotable: Verbal Jiu-Jitsu" (Aug. 23): John Blake accuses Republicans of turning a political phrase or concept into an "unusable slur." However, the black belt for this jiu-jitsu goes to the left as they foster inflation through the Inflation Reduction Act, promote abortion through the word "choice" and exclude people in the name of diversity.

When we call somebody a patriot, we refer to one who vigorously supports his country, whereas the left says it is code for Jim Crow. On second thought, maybe the black belt should go to the right, as the art of jiu-jitsu is to deflect your opponents' attacks and use their momentum against them.

TIM WIESNER
Wichita, Kan.

Do leftist terms like "woke," "critical race theory," "diversity,"

NYC Should Clean Its House

Jason L. Riley's description of New York crime fighting reminds me of my wife's position on a clean house ("New York Came Back in the '90s—Then it Fell Again" Upward Mobility, Aug. 23). He characterizes New York leadership's focus on simple, glaring, problems associated with graffiti, abandoned cars, broken windows and other scourges, and the police's deterrence of such blight.

Similarly, my wife made sure we kept our kitchen and the rest of our house in pristine order whenever plumbers, electricians and others came in.

Though I balked at her instructions, she explained that it was important for any service representatives to understand that we cared about our home and that shoddy work would not be accepted. I'm not sure if this conjecture was effective, but appearances surely can establish standards.

G.W. SMITH
Columbia, S.C.

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

Gold, the Dollar's Yardstick

Judy Shelton says "Money should be an honest measure" in "How Inflation Fuels Government Growth" (op-ed, Aug. 23). She's right.

The International Bureau of Weights and Measures doesn't care how many times a yardstick is used; it simply ensures that it's 36 inches long. We need a similar monetary yardstick, and historically the best measure of what a currency is worth is its price in gold.

SCOTT KAUFMANN
Kansas City, Kan.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Any interest in doing a reality TV show?"

OPINION

Ukraine Needs Weapons, Not U.S. Kibitzing

By Seth Cropsey

Ukraine's offensive has reached a tipping point. Russia's military lines will snap, if given enough time. But this requires more military support from the U.S. If Kyiv is to succeed, Washington needs to supply it with critical weapons and supplies, not gratuitous military assessments.

Western media commentary and professional analysis of Ukraine's efforts is deficient owing to a lack of operational experience. This problem dates to the Cold War. After the Soviet Union collapsed, the U.S. and Russian militaries ended rigorous intellectual analysis of combat, as they both lacked sophisticated adversaries against which to measure themselves. Both militaries began to focus on politics, informational manipulation and integrating technological change to facilitate military force.

The prevailing views in Washington and Moscow are based on outdated military assumptions.

Flawed analysis now disrupts the war in Ukraine. In February 2022, both countries had warped visions of the burgeoning conflict. The Russians' was based on the Soviet pacification campaigns in Hungary, Czechoslovakia and Afghanistan, along with more recent Russian campaigns in Georgia, Syria and Ukraine in 2014. The Americans were convinced of Russia's military superiority over Ukraine.

The current view among American military leaders that the Ukrainians should concentrate on a single deci-

sive city in the Zaporizhia oblast, similarly, is nonsense considering the enemy has thick defensive lines and mobile reserves and neither side can gain air control. A breakthrough attempt absent the manipulation of Russian force dispositions would have been disastrous, no matter how many Western exhortations demanded an American-style push.

Ukraine has been executing a progressive campaign of erosion and operational manipulation for the past four months. The country's fundamental dilemma—and Russia's greatest advantage—is that its forces can't achieve operational surprise. Ukraine's goal is to cut the land bridge between Crimea and Russia proper, thereby isolating the Russian-occupied peninsula and transforming it into a vulnerable island.

Faced with these conditions, Ukraine must manipulate Russian logistics and reserves while applying pressure on the front line to develop an opportunity for a breakthrough. This has led to a campaign that imposes a lateral stretch on Russian lines from the front line to the Russian deep rear through long-range strikes, supply hubs and road-and-rail links. These strikes alone won't collapse Russian defenses, but they will weaken its front-line forces, allowing Ukraine to make progress at a steady rate and push into Russian trench systems.

Conducting a linear defense is risky. If the enemy breaks through—and one's units aren't equipped for mobile counterattacks—then even an inferior adversary can be successful. Russia has based its entire defensive strategy on preventing a Ukrainian breakthrough and any subsequent Russian withdrawal to a new defensive line to consolidate and respond to an enemy breakthrough. Retreating under fire is difficult, particularly with disorganized, exhausted



Ukrainian soldiers train in Germany.

and demoralized forces.

Russia's sector commander in the south, the Ukrainian-born Alexander Romanchuk, is well aware of his adversary's objectives. Yet he knows his force's limitations. He has prevented a Ukrainian breakthrough by feeding in reserve units, despite heavy casualties from Ukraine's now-abundant supply of cluster munitions and drone-enabled system of directed artillery fire.

In the last week of August, Mr. Romanchuk finally committed his major remaining reserve, the Seventh Guards Mountain Air Assault Division, splitting the formation to plug two gaps in the east. These areas are crucial defensive positions. If Ukraine can push into Russia's defensive belt and take the cluster of towns and trenches on which Russia relies on either axis, Mr. Romanchuk will need either to transfer reserves laterally or to rush any remaining troops from the Donbas, Kherson oblast or Crimea. Ukraine can strike these units as they move toward the front, attacking the bridges that link Crimea with southern Ukraine.

After two months of shaping and two months of combat, Ukraine has

run Russia out of reserves. Still, Ukraine must take more ground to dislodge Russia from its front-line defenses and compel a reset. Had Ukraine heeded the advice Americans conveyed through the Washington Post and the New York Times, it would have impaled a half-dozen brigades on thick Russian defenses, allowed Russia to concentrate its own reserves, and seen its combat power eroded in a few days.

While Ukraine's approach is strategically sound, its forces need time. The longer Ukraine can maintain its offensive, the greater its chances of compelling a Russian linear reset or unraveling part of the line.

Ukraine's greatest weakness is its insufficient quantity of deep-strike implements, artillery pieces and drones. Depending on expenditure rates, Kyiv could run out of Storm Shadow and SCALP-EG cruise missiles by October. It needs additional long-range weapons—such as the Army Tactical Missile Systems and the German Taurus cruise missile—to extend its bombardment for the next six weeks.

More important, Ukraine must maintain its front-line artillery ad-

vantage, the result of its drone reconnaissance system that outsmarts Russia's larger artillery force. If Ukraine can't maintain its current advantage and destroy several batteries of Russian artillery each week, its infantry will be exposed during the brutal small-unit operations needed to clear defensive positions.

Ammunition is partially the issue, but more critical are artillery barrels and drones. Western-donated pieces are being used up—modern barrels burn out after 1,500 to 3,000 rounds, even with drone-conducted fire correction extending barrel life by improving accuracy. Allied efforts to expand repair facilities in Poland began last year. They will help, but they must be redoubled with new facilities, potentially in Romania and Slovakia. With Chinese drone export controls beginning Sept. 1, Ukraine needs tens of thousands of unmanned aircraft systems a month. North Atlantic Treaty Organization member countries must move quickly to procure them and sustain the offensive.

Support for Ukraine remains strategically sound and practical. F-16s and various long-range weapons are on the table for next year. American and European ammunition manufacturers are finally making up shell shortages that have dogged the Ukrainian military since May 2022.

But a Ukrainian victory isn't a question of long-term support but short-term transfers. Ukraine must be sustained for the next six weeks to be given a real shot at a breakthrough that will change the trajectory of the war.

Mr. Cropsey is founder and president of the Yorktown Institute. He served as a naval officer and as deputy undersecretary of the Navy and is author of "Mayday" and "Seabindness."

Joe Biden Uses Martin Luther King Jr. for Partisan Points



UPWARD MOBILITY

By Jason L. Riley

President Biden marked the 60th anniversary of Martin Luther King Jr.'s March on Washington with an op-ed in the Washington Post that touted what his administration has done for black people.

Mr. Biden proudly pointed to his "executive orders on racial equity" and his decision to appoint black people "to my Cabinet, my staff, in the judiciary and to key positions in agencies such as the Federal Reserve." The president also mentioned "Bidenomics," which he insisted "is working." He didn't tell us that some of his best friends are black, but he might as well have.

Mr. Biden's problem is that an increasing number of black voters aren't buying his spiel, if recent polling is any indication. Citing data from a New York Times/Siena College survey released this month, political scientist Ruy Teixeira explains Mr. Biden's "little talked about" weakness among nonwhite working-class voters, including but not lim-

ited to blacks. Mr. Biden leads Donald Trump "by a mere 16 points among this demographic," Mr. Teixeira writes. "This compares to his lead over Trump of 48 points in 2020. And even that lead was a big drop-off from former President Barack Obama's 67-point advantage in 2012."

Regardless of what Mr. Biden believes he's done for blacks, isn't King's historic march a time to reflect on what blacks have done for themselves? In his new biography of the civil-rights icon, "King: A Life," Jonathan Eig reminds us that President John F. Kennedy predicted that the march would be "a great mistake" and urged King to call it off. When King and other civil-rights leaders met with JFK in June 1963, the president told them that a demonstration of that size would jeopardize pending civil-rights legislation.

"We want success in Congress," Kennedy said in the meeting, "not just a big show at the Capitol. Some of these people are looking for an excuse to be against us. I don't want to give any of them a chance to say, 'Yes, I'm for the bill but I'm damned if I will vote for it at the point of a gun.'"

King stood his ground. "It may be ill-timed," he told Kennedy. "Frankly, I have never engaged in any direct action which did not seem ill-timed. Some people thought Birmingham—a campaign earlier that year in the Alabama city—"ill-timed." King not only spurned Kennedy's advice but moved the date of the march up to

Sixty years after the March on Washington, reflect on what blacks have done for themselves.

August from October. The organizers, Mr. Eig writes, were "seeking to build on the momentum generated by the protests in Birmingham and hoping to pressure Congress to pass strong civil rights legislation."

Birmingham in May 1963 had been a turning point for the movement. It's where King and thousands of others were jailed for protesting Jim Crow segregation. It's where Bull Connor, the city's public-safety commissioner, turned fire

hoses and police dogs on demonstrators, including children. A photo of a large dog lunging at a black 15-year-old boy appeared in newspapers across the country. "The photo shook the world and crystallized the message King and others had been trying for years to express," Mr. Eig writes. On May 10, 1963, King and his allies reached an agreement with Birmingham officials to phase out segregation.

Without those Birmingham protests, there would probably have been no March on Washington. And without the March, there would probably have been no Civil Rights Act of 1964, which was signed by President Lyndon Johnson and supported—along with the Voting Rights Act of 1965—by a larger percentage of Republicans than Democrats in Congress. King's message and legacy transcended race and political ideology. It's too bad Mr. Biden has used them to score partisan points.

Were he alive today, King surely would be disappointed that black-white gaps persist in income, employment, incarceration, schooling and other areas. Yet it's hard to be-

lieve that he wouldn't be pleased with the gains. Mr. Biden likened voting laws in Republican states to "Jim Crow 2.0," but in recent elections black voter-registration and turnout rates have hit record highs and in some cases exceeded white rates, including in the Deep South. Black median incomes still trail those of whites, but as economist Thomas Sowell writes in his new book, "Social Justice Fallacies," "2020 census data show more than 9 million black Americans with higher incomes than the median incomes of white Americans."

One reason blacks continue to lag behind whites and other groups is that those groups haven't stood still, waiting to be caught. Another reason is that many government efforts to help the black underclass have backfired. Welfare-state expansions have increased dependency and subsidized counterproductive behavior. In the early 1960s, two-thirds of black children lived with a mother and a father. By the mid-1990s, it was down to one-third. That would disappoint King as well. Perhaps, unlike a lot of black leaders today, he would be willing to talk about it.

The High Cost of Price Controls on Eliquis and Other Drugs

By Giovanni Caforio

For years when I visited my father in Italy, he would ask me about a drug that my company, Bristol Myers Squibb, was developing. It was an anti-clotting medication, and my father's interest was personal, even though he was a physician.

He was at risk of a stroke because he had atrial fibrillation, a kind of irregular heartbeat. To contain that risk, he took warfarin to prevent the blood clots that lead to stroke.

Warfarin, which was developed more than a half-century ago, isn't a perfect medicine. Too little, and it won't work. Too much, and the risk of bleeding complications becomes untenable. Weekly blood work and frequent physician monitoring are required.

For decades, researchers sought a better solution. Then, 1995 brought a breakthrough. Researchers at BMS developed a new type of blood thin-

ner, which targets a protein involved in blood clotting called Factor Xa. The new approach didn't require warfarin's monitoring and dose adjustments.

Early on, my father quizzed me about the clinical trials for our compound, later named Eliquis. After the FDA approved the medicine in 2012, he asked when it would be available in Italy, where—because of strict price controls—it wasn't reimbursed as quickly as in the U.S. It became available for reimbursement in Italy for atrial fibrillation in late 2013. Over the past 11 years, Eliquis has benefited an estimated 40 million patients worldwide.

Eliquis is now in the news again. It is among the first 10 medicines subject to "negotiations" under the Inflation Reduction Act to determine what Medicare will pay for it.

Contrary to how it has been framed, the Inflation Reduction Act's drug-pricing program doesn't involve

negotiation in any ordinary sense of the word. If drug developers disagree with the dictated price, our only options are to pay impossibly high penalties or withdraw our medicines from Medicare and Medicaid.

That's no choice. We'd never do that to patients. That essentially lets the government set any price it chooses. Making matters worse, the Inflation Reduction Act will force drug makers to "agree" that the dictated price is the "maximum fair price," no matter how unfair the price may be.

The law will end up discouraging the development of oral drugs that help millions of elderly patients in the U.S. That's because the Inflation Reduction Act arbitrarily offers less protection to "small molecule" medicines, including those taken in a pill or capsule, than to "large molecule" injected or infused medicines, thus penalizing the development of treatments that are more convenient for patients. It also targets treatments

that help many older Americans, sending a signal that industry should walk away from medicines for the elderly. We think that's wrong.

Eliquis is at the top of the government's list not because its price is high, but rather because so many

By stifling innovation, the Inflation Reduction Act will harm patients far more than it helps them.

Americans on Medicare—more than three million—rely on it to reduce the risk of stroke and other conditions. Though frequently prescribed, Eliquis ranked 540th among Medicare Part D drugs in Medicare spending per patient in 2021. Seniors on Medicare pay, on average, \$55 a month for the drug. Half of all El-

iquis patients pay \$45 or less.

It makes no sense to take a medicine that is already priced based on the value it delivers and demand even greater concessions, especially given that there is no requirement that the insurance companies that administer Medicare benefits will pass any new savings to patients.

I share the concerns that our current system asks seniors to pay more for medicines than for any other healthcare expense. As an industry, we are open to reforms that address these challenges, but the incentives in the Inflation Reduction Act are backward. We should want more-effective and safer medicines, more medicines for America's seniors, and more easy-to-take options. Instead, this sort of regulation will force innovative biopharmaceutical companies to make gut-wrenching choices about research and investment priorities.

This won't crush innovation entirely. In a couple of months, I will retire as CEO from BMS, and I know that the people working in our labs will never give up. Biopharmaceutical researchers are achieving medical breakthroughs that would have seemed like miracles a generation ago. But these steps forward aren't miracles. They're the inevitable result of a deep understanding of biology and a commitment to improving patients' lives.

The question, then, isn't whether the engines of innovation America is known for throughout the world will continue. Instead, the question is whether bad policy will end up steering that innovation in ways that harm patients rather than help them.

Dr. Caforio is chairman and CEO of Bristol Myers Squibb.

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Notable & Quotable: Biden

From Franklin Foer's forthcoming book, "The Last Politician: Inside Joe Biden's White House and the Struggle for America's Future," excerpted by the Atlantic, Aug. 29:

When it came to foreign policy, Joe Biden possessed a swaggering faith in himself. He liked to knock the diplomats and pundits who would pontificate at the Council on Foreign Relations and the Munich Security Conference. . . . From 12 years as the top Democrat on the Senate Foreign Relations Committee—and then eight years as the vice president—Biden

had acquired a sense that he could scythe through conventional wisdom. He distrusted mandarins, even those he had hired for his staff. They were always muddying things with theories. One aide recalled that he would say, "You foreign-policy guys, you think this is all pretty complicated. But it's just like family dynamics." Foreign affairs was sometimes painful, often futile, but really it was emotional intelligence applied to people with names that were difficult to pronounce. Diplomacy, in Biden's view, was akin to persuading a pain-in-the-ass uncle to stop drinking so much.

WORLD NEWS

Wagner Leader Buried at Private Funeral

BY THOMAS GROVE
AND KATE VTORYGINA

Wagner chief Yevgeny Prigozhin was buried in a private ceremony in St. Petersburg, his official press service and state media reported, less than a week after the jet he was on crashed, killing him and wiping out several top commanders in his paramilitary group.

The funeral took place “behind closed doors” at Porokhovskoye cemetery in the city, the Concord Group said on Telegram, the first time the group, which acts as Wagner’s mouthpiece, has posted since June 26, days after Prigozhin’s short-lived mutiny.

Prigozhin’s funeral was attended only by family and close friends, state media reported, adding that those were the wishes of the Wagner chief’s family.

About 20 to 30 people were there, local media reported. The Kremlin earlier said Russian President Vladimir Putin wouldn’t be attending.

Pictures said to be of Prigozhin’s grave were posted by a Russian media outlet’s Telegram channel later Tuesday. They showed he was buried next to his father, Victor Prigozhin. His grave was festooned with red roses, topped

with a wooden cross, and included a picture of the warlord wearing his three Hero of Russia medals that were awarded by the Kremlin.

Local media reported earlier in the day on the funeral of Valery Chekalov, Wagner’s head of logistics, at St. Petersburg’s Northern Cemetery. Chekalov was among the 10 people aboard the private Embraer Legacy 600 jet when it fell from the sky northwest of Moscow last week.

The crash killed Prigozhin two months after he led a short-lived revolt in June, and his death—which according to initial U.S. intelligence appears to have been an assassination—is widely seen by Russia watchers as the Kremlin’s payback for the mutiny.

Putin has described the aborted revolt as an act of betrayal.

The Kremlin has denied involvement in the crash, though Putin has stated on several occasions that betrayal can never be forgiven.

Prigozhin’s death also risks sparking anger among those

who admired his straight-talking criticism of Russia’s military failures in Ukraine. Shortly after Prigozhin’s death, impromptu memorials popped up around Russia to the man whose paramilitary group was responsible for the only recent Russian victory on the battlefield in Ukraine.

U.S. officials have said early assessments that show the crash, which killed all 10 people aboard including notorious Wagner commander Dmitry Utkin, was a deliberate act but wasn’t the result of a surface-to-air missile, as some social-media sites close to Wagner had said.

The preliminary U.S. government assessments, which officials stressed were incomplete, suggest a bomb exploded on the aircraft or that some other form of sabotage caused the crash. U.S. satellites with infrared sensors can detect the heat from missile launches, and none was detected at the time the plane was downed, defense officials said.

On Tuesday, men dressed in

black carried Chekalov’s closed coffin at the cemetery in St. Petersburg, the city where Prigozhin and Putin grew up.

In a statement to Russian state television, Putin last week said the deaths in the plane crash were a tragedy. “He made serious mistakes in life,” Putin said of his onetime ally.

Wagner played a key role in Putin’s war until the late-June mutiny, chalking up one of the few advances Russia has made during the 18-month conflict when it took the city of Bakhmut in May.

A key demand of Prigozhin’s insurrection was the ouster of Russian Defense Minister Sergei Shoigu and Valery Gerasimov, the country’s chief of the general staff. The Wagner leader had long accused Russia’s military chiefs of failing to give his troops the ammunition they needed and sharply criticized the prosecution of the war.

The Russian government has said it is investigating the cause of the plane crash, but hasn’t offered an explanation.



Wagner group chief Yevgeny Prigozhin was buried on Tuesday in St. Petersburg. Only family and close friends attended.



Ukrainian soldiers fire weapons at Russians in eastern Ukraine.

U.S., European Allies Seek Long-Term Aid For Ukraine’s Military

BY LAURENCE NORMAN
AND NANCY A. YOUSSEF

The Biden administration and its European allies are laying plans for long-term military assistance to Ukraine to ensure Russia won’t be able to win on the battlefield and persuade the Kremlin that Western support for Kyiv won’t waver.

The effort, building on commitments made at a Group of Seven leaders meeting on the sidelines of the North Atlantic Treaty Organization summit in July in Vilnius, Lithuania, so far involves bilateral negotiations between the U.S. and Ukraine and the U.K. and Ukraine. About 18 non-G-7 countries have signed up to the group’s pledge to provide long-term assistance to Kyiv, including the Netherlands, Sweden and other European countries.

The goal is to make sure Ukraine will be strong enough in the future to deter Russia from attacking it again. More immediately, Ukraine’s Western allies hope to discourage the Kremlin from thinking it can wait out the Biden administration for a potentially more sympathetic successor in the White House.

Western officials are looking for ways to lock in pledges of support and limit future governments’ abilities to backtrack, amid fears in European capitals that Donald Trump, if he were to win back the presidency, would seek to scale back aid.

While the initiative shares broad support among G-7 countries, the practicalities are proving complicated, officials say. Among other issues, the Biden administration is limited in its ability to bind future administrations to international agreements—and Trump has proven willing to reverse his predecessors’ deals with foreign capitals. In addition, European states lack the financial and military capacity to pick up the slack should a future president reduce and terminate U.S. aid to Kyiv.

Among European officials, concern is growing that Russian President Vladimir Putin will keep fighting in Ukraine until after the 2024 U.S. presi-

dential election, hoping a Republican victory would lead to an end of American military support. The U.S. has sent Ukraine more than \$40 billion of weapons and equipment.

While there has been broad bipartisan support of Ukraine, leading Republican presidential candidates have signaled U.S. support should wind down.

At the July summit in Vilnius, the Group of Seven developed democracies pledged to make arrangements on “specific, bilateral, long-term security commitments” for Ukraine.

By setting out what French officials have said should be a four-year period of military-aid commitments, Western capitals hope to persuade the Kremlin that Russia can’t wait for European and U.S. support for Ukraine to drain away.

European officials have warned it will take many months to prepare the plans, with some of the bilateral arrangements expected to come together only next year. There is no common view on how detailed the pledges should be. They also need to work out with Ukraine—in the midst of the current conflict—what the country’s future military needs might be. They will need to coordinate the bilateral negotiations among Western capitals and ensure allied defense industries can produce the promised military assistance to Ukraine without undercutting the need of Western militaries to restock and expand their own capabilities.

Without credible support for Kyiv, Russia is unlikely to be deterred from continuing the war, Western officials acknowledge. A basic political problem hovers above the difficulties: Will current governments be able to effectively carve out and protect military spending for Ukraine in future years when they may no longer be in power?

Nowhere is the answer to the question more uncertain than in Washington. European allies are bracing for the possibility that the Biden administration’s long-term pledges will be weaker than hoped or too vague to offer credible deterrence against Russia.

Illegal Exports of Drone Parts Alleged

BY GEORGI KANTCHEV

BERLIN—Germany said it arrested a dual German-Russian citizen accused of exporting sensitive components to Russia, in a case demonstrating how Moscow has continued to source Western parts for its military despite facing some of the toughest sanctions in recent history.

News of the arrest—the latest in a series of sanctions-related law enforcement actions across Europe over the past year—comes amid rising concern among Ukraine’s backers that banned components are still finding their way into Russian weapons. Such supplies help Moscow to sustain its war machine as it struggles with component shortages.

German authorities said the suspect had illegally provided

Russia with technology that could be used in military equipment, including drones operated by Moscow’s forces in Ukraine.

The case adds to mounting evidence that Europe’s 11 successive packages of sanctions aren’t working as Ukraine’s backers had hoped and have failed to make a significant dent in Moscow’s war machine.

The suspect, named by prosecutors on Tuesday as Waldemar W., has been in pre-trial detention since March 9, a fact previously undisclosed. According to Germany’s federal prosecutor’s office, he exported 26 components between January 2020 and March 2023 to a Russian company that produces military hardware, including the Orlan-10 surveillance drone that is extensively used on the battlefield.

It comes less than a week after Germany detained another man on suspicion of selling equipment for sniper rifles to Russia, a trade that took place in 2015.

Last fall, authorities in the Netherlands arrested a suspect believed to have been supplying Russia with goods which could have been used for military purposes.

Even as Europe cracks down on such trades, Moscow has found other avenues to supply Western equipment for its military industry.

In one popular route, U.S. and EU exports of sensitive goods to former Soviet republics in Russia’s neighborhood have risen sharply last year, The Wall Street Journal has reported. Those countries’ shipments of so-called dual-use products to Russia have

also increased, allowing Moscow to replenish its stock of computer chips, lasers and other products crucial for its military industry and sanctions-stricken economy.

Russia is also finding ways to circumvent Western sanctions on its military supply chain by using obscure shipping and logistics companies to import armed drones from Iran.

That avenue suggests that Russia is adjusting to sanctions by turning to companies and ships that have fewer overt links to the Russian state and that haven’t yet been targeted by the U.S.

Russia’s large fleet of Orlan-10 winged observation drones have posed a serious problem for Ukrainian forces, which often don’t have the means to shoot them down.

WORLDWATCH



NAVAL GAZING: North Korean leader Kim Jong Un visits the Naval Command of the Korean People’s Army to mark Navy Day.

VATICAN Russian Empire Remarks Stir Ire

The Vatican on Tuesday sought to tamp down a controversy over Pope Francis’ praise for the Russian empire under 18th-century czars who subjugated Ukraine, while the Kremlin welcomed the pontiff’s words.

Pope Francis’ words of praise for czarist Russia, made in a video address last Friday, weren’t meant as an endorsement of imperialism, Vatican spokesman Matteo Bruni said Tuesday.

“The Pope intended to encourage young people to preserve and promote all that is positive in Russia’s great cultural and spiritual heritage, and certainly not to exalt imperialist logic and ruling figures,” Bruni said, adding that the pontiff mentioned czars

“to indicate some historical periods of reference.”

Kremlin spokesman Dmitry Peskov on Tuesday said “the pope knows Russian history, and this is very good,” according to Russian state news agency TASS.

Russian authorities are working “to bring this legacy to our youth, to remind them of it. And that the pope speaks in unison with these efforts is very gratifying,” Peskov said.

Ukraine’s government and the country’s Greek Catholic Church have denounced Pope Francis’ comments.

In the video address to Russian Catholic youth in St. Petersburg, Pope Francis urged them to embrace the legacy of Peter the Great and Catherine the Great, whom he called rulers of a “great, enlightened empire of great culture and great humanity.”

—Francis X. Rocca

CHINA New U.S. Official to Oversee Strategy

The U.S. State Department is set to name a senior career diplomat with experience trying to curb Beijing’s influence at the United Nations and handling North Korea as its new top official in charge of managing China policy, according to people familiar with the matter.

The selection of Mark Lambert, a current deputy assistant secretary in the Office of East Asia and Pacific Affairs, as the next deputy assistant secretary for China and Taiwan issues comes at a tumultuous time in relations between Washington and Beijing. It also comes as the Biden administration’s China policy is under heavy scrutiny from Republicans.

Lambert fills a position va-

cated by Rick Waters, a veteran China hand who announced his resignation from the position in May.

Waters also had been serving as head of the State Department’s new Office of China Coordination, known informally as “China House,” when he stepped down.

The State Department is still debating whether Lambert should also take Waters’ previous role as coordinator at China House, said a person familiar with the matter.

The coordinator role is being held up because it is unclear if the position requires Senate confirmation, the person said.

If such political confirmation is required, then Assistant Secretary Daniel Kritenbrink—already confirmed by the Senate—likely would take the role, this person said.

—Liza Lin

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Globalstar Taps New Leadership

Ex-Qualcomm CEO to lead satellite firm that supports Apple's emergency texts

By WILL FEUER

Former Qualcomm boss Paul Jacobs is taking over as chief executive of **Globalstar**, a satellite company that supports Apple's emergency-communications capabilities.

Jacobs, the son of Qualcomm co-founder Irwin Jacobs, served as CEO of Qualcomm from 2005 to 2014 and helped turn the chip maker

into a stalwart servicing the smartphone industry. He was ousted from the company's board in 2018 after pursuing a long-shot bid to take Qualcomm private.

He has spent the past five years focused on his wireless-technology startup Xcom Labs, which Jacobs said has developed technology to boost the capacity of wireless spectrum, among other advances. Globalstar, which in 2021 formed a strategic alliance with Xcom, will license that and other technology from the startup.

Globalstar has agreed to issue about 60 million shares of common stock, worth some

\$64 million, to Xcom as a licensing fee. Globalstar has a market value of about \$1.9 billion.

The satellite company has also hired a number of Xcom executives, including some former Qualcomm executives, to join Jacobs. Some of the Xcom executives contributed years ago to the development of the original Globalstar system through their work at Qualcomm, said Jay Monroe, who has been Globalstar chairman since 2004 when his private-equity firm bought the company out from bankruptcy.

Jacobs said he took the Globalstar job because it

seemed like a good cultural fit, adding that running a mid-size company was appealing.

Jacobs, who will also join Globalstar's board, succeeds David Kagan, who took over as the company's chief executive in 2018. Jacobs has a doctorate in electrical engineering and computer science and has over 80 U.S. patents in the field of wireless technology and devices.

Like its peers, Louisiana-based Globalstar has for years struggled to make its constellation of satellites profitable amid hefty maintenance costs.

Last year, Globalstar struck a deal with Apple to power

the iPhone maker's emergency-texting system, a partnership that gave Globalstar a deep-pocketed customer and a steady stream of revenue. Apple's emergency-texting system, called Emergency SOS, enables all iPhone 14 models to send messages to emergency services via a satellite connection when outside of a cellular range.

Apple said it would invest some \$450 million in infrastructure for its emergency-satellite service, with most of that going to Globalstar to upgrade aging satellites.

The deal also kicked off a

Former Times Chief Expected to Head CNN

Warner Bros. Discovery is in advanced talks to name Mark Thompson, a former top executive of the New York Times and the BBC, as CNN's new leader, according to people familiar with the matter.

By Isabella Simonetti, Jeffrey A. Trachtenberg and Joe Flint

Thompson's expected hiring as CNN's chief executive officer comes as the network is trying to reverse a multiyear ratings slump and bring stability to its ranks after a tumultuous year and a half that saw its two previous bosses depart abruptly.

As CEO of the Times between 2012 and 2020, Thompson oversaw a successful transformation of the publication, building a formidable online-subscription business, and expanding into other digital offerings such as podcasts.

Please turn to page B4

Miami Races to Finish \$350 Million Stadium While Messi Reigns



SEIZE THE MOMENT: The city is banking on South Florida's growing soccer mania to push for plans to open a 25,000-seat soccer stadium, part of a \$1 billion real estate project, as early as the summer of 2025. Inter Miami CF hopes the stadium can be finished before its superstar's contract expires. B6

Investors to Build Film Studio in Manhattan

By PETER GRANT

Investment giant **Blackstone** is joining with **Vornado Realty Trust** to develop Manhattan's first major production-studio complex.

The venture, which also includes real-estate investment trust **Hudson Pacific Properties**, is investing \$350 million in a wager that demand from streaming services is strong enough to justify Manhattan's high development costs.

The partners plan to break ground this year on a 266,000-square-foot campus on a Hudson River pier. Plans call for six soundstages, as well as offices, writers' rooms and other support facilities. The project, known as Sunset Pier 94 Studios, also will include other public amenities integrated into New York City's bikeway and park system along the Hudson River.

The developers of Sunset Pier 94 expect to complete the project by the end of 2025.

"We'll raise the bar for one of New York City's signature industries and breathe new life into a key waterfront site," said

Please turn to page B6

Private Equity Borrows Big for Broadband

By MATT WIRZ

Wall Street is churning out billions of dollars in complex bonds to bankroll construction of broadband fiber-optic networks, part of a nationwide push to widen high-speed internet access.

Telecom companies sold more than triple the number of so-called fiber bonds they borrowed in all of last year. That has helped pay for expanding

high-speed internet into small and midsize cities where residents and businesses previously had only one choice: expensive and spotty service from cable monopolies.

Private-equity firms see money to be made. They have stakes in all of the companies issuing the bonds and have the most to gain from the borrowing boom. Leaders in the communities that are affected say the internet upgrade can't

come fast enough.

"When Covid happened we found ourselves running roughly 80 buses with Wi-Fi hot spots to communities to allow kids to do remote learning," said Robert Van Geons, president of the Fayetteville Cumberland Economic Development Corp. in Fayetteville, N.C. At the time, high-speed internet was inaccessible in most areas of Fayetteville outside the city center, he said.

Now the town has a fiber-optic network built by **Metronet Holdings**, which is backed by private-equity firms **KKR** and **Oak Hill Capital**. The upgrade cost more than \$70 million.

Artificial intelligence and driverless taxis are transforming American cities, but many small towns and rural areas lack a staple of modern life: reliable high-speed internet. Satellite and cellular-phone

networks that cover remote areas can't transmit large amounts of data as reliably as fiber-optic cable, creating a digital divide across the country.

The private-equity push into broadband is part of a shift by investment firms over the past decade toward renewable energy and technology projects. Private infrastructure investments likely

Please turn to page B11

Anchor Was 'Confidant' Of Under Armour CEO

By KHADEEJA SAFDAR

Under Armour founder Kevin Plank gave television anchor Stephanie Ruhle a private phone with a special email address to communicate with him, sent her confidential financial information about the sportswear maker and enlisted her help to refute concerns about slumping sales, according to newly released court documents.

Plank and Ruhle were questioned by lawyers earlier this year in connection with a shareholder lawsuit, and portions of their depositions and some of their emails were recently unsealed in court. The documents provide new insights into their close ties and her unusual role as his adviser, which The Wall Street Journal first reported in 2019.

Plank and Ruhle corresponded regularly and at all hours, according to the documents. In 2016, Plank sent Ruhle what he described as a secret recording he made of a conversation he just had with

another top executive at Under Armour. Earlier that year, the then-Bloomberg anchor advised Under Armour to give internal data to Bloomberg's competitors to manage negative publicity, the court documents show.

A spokesman for Under Armour said, "As we've said, Mr. Plank has utilized outside advisors and that's what these documents show. None of the information was used improperly." He said Plank wasn't available for an interview. Ruhle, who is now an anchor at MSNBC, didn't respond to requests for comment.

During his deposition, Plank described Ruhle's role. "She's a confidant," he said. "I would give her counsel on her career and she would give me counsel on things I was dealing with that were either banking or media or human nature in relation."

Plank, who was chief executive until the end of 2019 and remains the company's executive chairman, said he gave

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Downturn in Chinese Stocks Draws More Bargain Hunters

By WEILUN SOON

Investors in Chinese stocks used to bet on growth. Now, they are hunting for bargains.

Portfolio managers say that investors who are still eager to get exposure to China are increasingly turning to value investing. That is a style of stock picking that focuses on finding shares trading below what they are really worth—based on several different measures—rather than looking for companies with big growth potential.

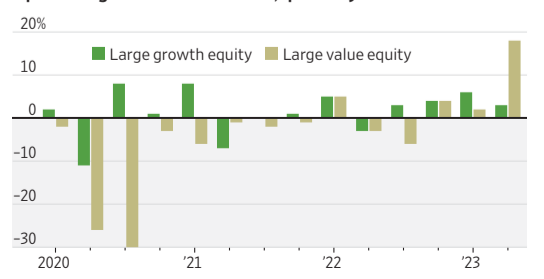
The shift in emphasis from growth to value reflects the stark change of fortunes for China's economy, which is faltering after years of breakneck growth. Exports and manufacturing have weakened this year, the housing market is in a funk and consumer prices have moved into deflationary territory. While U.S. stocks have surged this year, the MSCI China Index, a broad gauge of Chinese shares, is

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12-month forward price/earnings ratio



Inflows into Chinese growth or value funds as a percentage of total asset value, quarterly



Sources: FactSet (P/E ratio); Morningstar (inflows)

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The company says it is beginning to share diligence information as it reviews bids. A steel mill in Granite City, Ill.

U.S. Steel Enters Confidential Pacts

BY WILL FEUER

U.S. Steel said it has entered into confidentiality agreements with “numerous third parties” and is starting to share due diligence information as it reviews bids for the company or parts of it.

In a letter to shareholders, Chief Executive David Burritt and Chairman David Sutherland reiterated that the steelmaker has received “multiple unsolicited proposals.” The offers range from buyouts to offers for parts of the company.

Shares of U.S. Steel rose 3.2% to \$30.87. The stock is up 25% during the past month.

Rival steelmaker **Cleveland-Cliffs** has made public its cash-and-stock offer to buy all of U.S. Steel for \$35 a share, and the company’s takeover efforts have received support from the United Steelworkers union. But U.S. Steel rejected the offer, saying Cleveland-Cliffs previously declined to sign a nondisclosure agreement intended to guard any information about U.S. Steel disclosed during formal

negotiations.

Privately held conglomerate Esmark made a competing bid for U.S. Steel but later pulled out.

U.S. Steel said in the letter Tuesday that it is focused on running a fair and competitive process to maximize value.

“While we don’t know how long the process will take, the board of directors, management team and outside advisers are moving quickly to complete it,” the company said.

Pittsburgh-based U.S. Steel is one of the largest domestic 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.

Founded in 1901, U.S. Steel also operates its own iron ore mines, and it plans to start producing specialized steel for electric-vehicle motors.

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Anchor Was CEO’s ‘Confidant’

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Ruhle a cellphone and a special email address so she could communicate privately with him.

In one instance, Oct. 24, 2016, the day before Under Armour reported disappointing quarterly results, Plank asked Ruhle to read and advise on the comments that executives planned to make the next day.

“We were friends and I covered his company,” Ruhle said in her deposition.

Ruhle agreed with a lawyer when he asked if she had three devices: a work phone, a personal phone and a Kevin Plank phone.

In her deposition, Ruhle said she took free trips with Plank on his private plane.

When asked whether she was traveling as a Bloomberg reporter or as Plank’s friend, Ruhle responded: “I was flying on his plane as myself, Stephanie Ruhle. I’m not really in a category one or the other.”

Shareholder suit

The lawsuit, filed by shareholders in 2017 in a federal court in Maryland, alleges that Under Armour artificially inflated its share price, resulting in losses for them.

At issue are the company’s 26 straight quarters of at least 20% year-over-year revenue growth, a streak that ended when Under Armour missed its sales targets in the final quarter of 2016.

Shareholders allege Plank and others inside the company knew sales had softened much earlier and they used



Stephanie Ruhle, then with Bloomberg, conducted a 2014 interview with Kevin Plank.

improper methods to maintain the growth streak, such as enlisting Ruhle’s help to counter a January 2016 Morgan Stanley research report that highlighted weakening sales data.

The spokesman for Under Armour said the claims are “meritless and are being defended vigorously” in the continuing litigation.

Reporter’s privilege

A federal judge in New York on Friday denied a request by the shareholders to compel Bloomberg to provide Ruhle’s emails, saying they were protected by reporter’s privilege.

“The personal relationship between Ruhle and Plank did not mean that Ruhle was not acting as a journalist with respect to her dealings with Under Armour,” the judge wrote.

Spokeswomen for Bloomberg News and MSNBC declined to comment.

Ruhle worked at Bloomberg from 2011 to March 2016, and has worked since 2016 at MSNBC, according to her LinkedIn profile.

The shareholders’ lawsuit

cites several articles by the Journal, including stories that revealed Under Armour was under investigation by federal authorities examining whether the sportswear maker shifted sales from quarter to quarter.

Under Armour agreed in 2021 to pay \$9 million to settle Securities and Exchange Commission claims that it failed to disclose that it was pulling forward orders from future quarters. It didn’t admit or deny wrongdoing.

In April 2015, Plank emailed Ruhle to discuss headlines on Bloomberg about Under Armour. She responded in an email (which contained typos): “You are 100% right—its a bad headline and bad practice I am committed to changing it on my side of the house (tv)...and then through envy admiration or shaming (hopefully) others will follow suit.”

‘My night’

A year later, in April 2016, Plank sent an audio recording to Ruhle of a conversation he recorded between himself and another Under Armour execu-

tive in which he called the company’s then-chief financial officer a “mother—” for suggesting lower revenue projections.

Plank told lawyers in his deposition that he made the recording without asking the other executive for permission, and he sent the recording, which contained nonpublic information about Under Armour, to Ruhle without alerting the company’s board. He attached it to a two-word email to Ruhle that read, “My night.”

“As Mr. Plank testified in his deposition, the recording was made unintentionally and in no way does Mr. Plank record his conversations,” the Under Armour spokesman said. “By way of context, it was a \$10 million proposed reduction in a quarter of \$1 billion of revenue, which would be less than 1%.”

On Jan. 10, 2016, Morgan Stanley published a report in which it downgraded Under Armour stock and reduced its price target citing slowing sales trends. Plank, whose company was in a “quiet period” requiring it to refrain

from public communication, discussed privately with Ruhle how to combat the report, according to documents in the lawsuit.

‘Risk of negativity’

On Jan. 11, Ruhle sent emails to Under Armour’s communications executive asking for data to combat the report and advising the executive to send it to competitors such as CNBC. “This content is perfect just in case anyone decides to cover the Morgan Stanley thing - it combats any risk of negativity,” Ruhle wrote to the executive (the email contained typos).

She went on air at Bloomberg that afternoon and questioned the data in the Morgan Stanley report, mirroring some of the bullet points that Plank later shared in an email that day as a preview of what he planned to send to other outlets, according to documents in the lawsuit.

“The same fact sheet was sent to multiple media outlets at that time,” the Under Armour spokesman said.

Later that day, Plank sent Ruhle an email with a positive analyst report and wrote (in a note that contained a

typo), “let’s get you a list to have them balance that bull shit story poisoning the public markets!”

Plank and Ruhle kept in close contact regarding the stock price until the next earnings call on Jan. 28, 2016, when Under Armour posted positive results.

Ruhle forwarded Plank a Bloomberg article about Under Armour with the note, “boom!” and sent another email with the subject heading, “look at that stock!!!”

Curry interview

The next day, Under Armour helped arrange an interview for Ruhle with basketball star Stephen Curry, one of the brand’s athletes.

On Feb. 2, Bloomberg posted the segment, which included Ruhle playing basketball with Curry.

Plank told his communications executive in an email that the Curry interview was “a great thank you for being the only member of media to get UA’s back when [Morgan Stanley] came out against us.”

The Under Armour spokesman said Curry was on a media tour at the time and the New York judge found no evidence of a quid pro quo.

Globalstar Taps New Leaders

Continued from page B1

race for others to develop and commercialize comparable technology.

Globalstar executives have for years been searching for ways to generate revenue from the company’s spectrum rights by serving on-the-ground private networks. On a conference call in May, Monroe, the chairman, teased that a couple of such deals were under way. “We are in deal mode,” he said.

The combination of Globalstar’s spectrum holdings and its satellite fleet, along with Xcom’s capacity-boosting technology, will help the com-



Jacobs was the CEO of Qualcomm from 2005 to 2014.

pany gain ground, Jacobs said. “That is like having another piece of the differentiation puzzle,” said Jacobs.

Fleets of satellites in orbits near Earth can provide mobile-phone users with basic service options when they are out of reach of cell towers, companies and executives say.

The expensive satellite links are unlikely to soon replace the data-rich internet connections offered by cellular networks on the ground, but with enough improvement, they could help fill gaps.

Globalstar and Apple aren’t alone in pursuing the technology. So-called direct-to-device

satellite communications have attracted new entrants and fresh capital in recent years. Elon Musk’s SpaceX is working with cell carrier T-Mobile to test the technology while AT&T is working with AST SpaceMobile. Jacobs’ former company, Qualcomm, is also working with Iridium to bring satellite texting to Android devices.

Despite a handful of high-profile deals in the space, industry executives have said it would take years for satellite-texting technology to expand beyond emergency services, or generate meaningful revenue.

“But it is clear, even from the current limited reach of the iPhone 14, that SOS services on smartphones do save lives, and that’s something we want to be part of,” Iridium chief executive Matthew Desch told investors on a conference call in July.

—Drew FitzGerald contributed to this article.

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BUSINESS & FINANCE

Best Buy Sales Drop on Falling Demand

Growth in gaming helped offset drops in home theater, PCs and other categories

BY DEAN SEAL

Best Buy's sales and profit fell in the second quarter as demand for electronics moderated after outside gains during the pandemic.

The Minneapolis company's top line was dragged lower by falling demand for appliances, home theater, computing and mobile phones, which were partially offset by persistent growth among its gaming categories.

"Our financial results were better than expected, and they reflect a consumer electronics industry that remains challenged due to the pull-forward of demand in prior years and the various macroeconomic factors that we are all too familiar with," Chief Executive Corie Barry said.

Shares of Best Buy increased 3.9% Tuesday to \$76.93. The stock has fallen 4.1% in 2023.

Major retailers have re-



The second-quarter sales decline the retailer logged wasn't as severe as analysts expected.

ported declining sales and offered tepid forecasts this earnings season as consumer spending continues to dry up. Executives say shoppers are feeling the strain of higher debt and sticky inflation, and spending what funds they do have on essentials and experi-

ences.

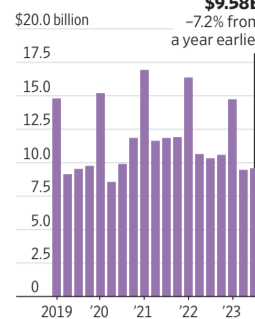
Following a surge of pandemic-driven demand from homebound consumers, Best Buy has been bracing for sales to fall this year, though the decline it logged in the second quarter was less severe than Wall Street analysts had been

projecting.

Sales slipped 7.2% in the second quarter to \$9.58 billion, coming out ahead of analyst forecasts for \$9.52 billion, according to FactSet.

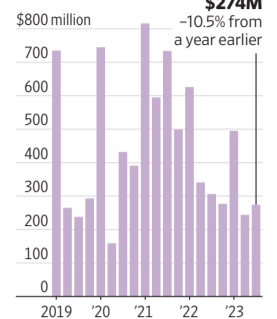
Comparable sales, which adjusted for store openings and closings, fell 6.2%.

Best Buy's sales



Note: Most recent quarter ended July 29

Best Buy's profits



Source: S&P Capital IQ

Best Buy posted a second-quarter profit of \$274 million, compared with \$306 million a year earlier. Stripping out one-time items, adjusted earnings were \$1.22 a share. Analysts polled by FactSet had been expecting \$1.06 a share.

Looking ahead, the company lowered the high end of its full-year revenue guidance and narrowed its adjusted earnings forecast. Best Buy now expects \$43.8 billion to \$44.5 billion in revenue. Comparable sales are now forecast to decline 4.5% to 6%. Adjusted earnings are now projected to

be \$6 to \$6.40 a share.

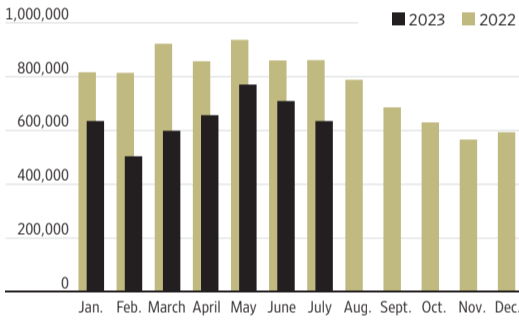
"We continue to expect that this year will be the low point in tech demand after two years of sales declines," Barry said.

D.A. Davidson analyst Michael Baker found the company's comments encouraging.

"It was by no means a perfect quarter and much of the positive stock reaction today is likely due to low expectations heading into the print," Baker wrote in a research note. On the call, "we heard a number of incremental green shoots that continue to suggest to us that the worst is behind us."

Peak Freight-Shipping Season Has a Lackluster Start

Containerized imports into the ports of Los Angeles and Long Beach by month this year and last year



Note: Containerized imports measured in 20-foot equivalent units
Source: Ports data

BY PAUL BERGER

The period from late summer into fall is usually the busiest time of year in supply chains, as retailers rush clothing, electronics and holiday decorations to consumer markets and freight operators look to boost profits on the demand.

This year's peak shipping season is arriving with a whimper, as merchants and consumer-goods suppliers continue to burn off excess inventories built up during the pandemic and logistics companies cope with tepid volume and freight rates far below year-ago levels.

Goods landing at U.S. ports, which cascade across trucking and rail networks heading to distribution centers and stores, have been lagging behind 2022 levels all year and the National Retail Federation forecasts imports may fall slightly in September and October. Logistics companies base expectations for shipping demand on how much inventory retailers are holding and how quickly they expect to replenish their stocks. The Logistics Managers Index in July reached its lowest point in the six-and-a-half year history of the measure while inventories were in contraction.

Retailers including Walmart, Target and Home Depot say they have made progress in destocking but that they aren't looking to rush goods to market without clear demand from consumers. Large retailers are seeing shoppers focus more on basics such as groceries rather than the goods that fill the vessels, trains and trucks serving peak-season demand.

Freight executives had hoped this year's peak season would prove to be a turning point after a year of lackluster import volumes. But inbound trade this summer expanded marginally, leading some

ocean carriers to cancel trans-Pacific sailings. Vincent Clerc, chief executive of Denmark-based A.P. Moller-Maersk, said on a recent earnings call that retail and lifestyle shipments are down double-digits compared with prior years.

The peak season usually lands strongest at Southern California's neighboring ports of Los Angeles and Long Beach. But the country's busiest container port complex is seeing no peak this summer. Combined import volumes there fell more than 10% between June and July, to their lowest levels since December 2022.



An Exclusive Look at Walter Isaacson's New Biography of Elon Musk.

Read The Real Story of Musk's Twitter Takeover.

Tomorrow, The Wall Street Journal will publish an exclusive excerpt from "Elon Musk," the new biography by Walter Isaacson. Isaacson, biographer of Steve Jobs, Albert Einstein and Leonardo da Vinci, gives an intimate look into the world of Musk that you haven't seen before. The excerpt revisits the Twitter takeover in a detailed play-by-play with previously unseen texts from Musk.



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TECHNOLOGY

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Google Turns to AI in Cloud Fight

Company broadens technology access as it chases Microsoft, Amazon in sector

By MILES KRUPPA

Google is selling broad access to its most powerful artificial-intelligence technology for the first time as it races to make up ground in the lucrative cloud-software market.

Thomas Kurian, chief executive officer of Google Cloud, outlined the offerings to thousands of customers at Google's annual cloud conference in San Francisco on Tuesday, while making widely available a number of tools that can help draft emails or summarize lengthy documents stored in the cloud.

The new products will intensify competition with Microsoft, the second-largest cloud provider, and OpenAI, the ChatGPT creator it has backed with billions of dollars. Both companies already sell access to the latest AI technology behind the popular ChatGPT bot, but Google's launch on Tuesday puts it ahead of Microsoft in making AI-powered office software easily available for all customers.

Google also used the event to showcase customer uses of its technology, including a planned GE Appliances app that uses Google's AI models to create recipes based on the food in a customer's refrigerator.

The efforts are Google's latest attempt to spark growth in



Google is trying to spark growth in its cloud business, which is led by CEO Thomas Kurian.

the cloud business, an important part of Chief Executive Sundar Pichai's attempts to reduce dependence on its cash-cow search engine. Recent advances in AI and the computing resources they require have added extra urgency to turn the technology into profitable products.

Google's infrastructure and software offerings produce \$32 billion in annual sales, about 10% of total revenue at parent company Alphabet. Its cloud unit turned a quarterly operating profit for the first time this year. That still leaves Google firmly in third place in the cloud behind Amazon.com and Microsoft.

Kurian has likened generative AI to the invention of cloud computing decades ago, a

development that allowed files to be stored on remote servers rather than local devices and accessed through the internet.

Google will make widely available its current large PaLM 2 model, which powers many of the company's generative-AI features. It was previously only available for handpicked customers. The company also will make available AI technology developed by Facebook owner Meta Platforms and the startup Anthropic, in which it is an investor.

The company also announced Tuesday the general availability of a suite of AI-powered tools for corporate Gmail accounts and other workplace software products. The tools will cost an extra \$30 a month per person,

matching the price Microsoft will charge for a competing offering in its flagship 365 suite, which is still in testing with select businesses.

Google's ability to deliver on its cloud pitch will largely depend on whether it can secure enough chips to meet the demands of its growing customer base. The generative AI boom has placed greater pressure on executives who help divide computing resources between customers and Google's own products, such as its namesake search engine.

Kurian said Google Cloud has enough resources to meet customer needs. Google has shifted the mix of chips in its data centers toward processors that can handle AI applications, he said.

Requests for AI-computing resources have nearly exceeded long-range expectations the cloud business set more than a year ago, Kurian added.

Many businesses are still early in experimenting with generative AI, and it is uncertain most will find productive uses for the tech. Users also have reported diminished performance recently in popular products such as ChatGPT.

"When the technology is really useful, people tend to stay with it," Kurian said in an interview before the event, citing data showing that workers using an AI writing tool in Gmail were sending roughly 30% more emails than normal.

Pichai said in an interview that Google was aggressively adding resources needed to

run AI software, while adding a note of caution about the company's ability to plan for the future.

"It's tough to fully predict the demand," Pichai said. "I think we will be OK, but does it keep me up at night? Yes."

Pichai said Google will offer Gemini, its answer to the AI system behind OpenAI's breakout ChatGPT, to cloud customers once the model is developed. Google co-founder Sergey Brin has been working almost full time at the company with researchers developing the model, The Wall Street Journal reported.

An early developer of generative AI and specialized chips that power the technology, Google has found itself playing catch-up at times since the release of ChatGPT in November. Google Cloud, the company's largest division by head count, has played a central role in its response.

Google Cloud oversees data centers holding the valuable chips that power large algorithms, pieces of hardware that have grown in importance as AI systems suck up greater quantities of data. Those include TPUs, a kind of processor Google began using in 2015 to develop its AI models.

Kurian also announced Tuesday, alongside Nvidia CEO Jensen Huang, that a large cluster of Nvidia's newest AI chips, the H100, will become generally available to Google Cloud customers sampling a growing range of its AI offerings.

Meta Sinks Chinese Influence Network

By SARAH E. NEEDLEMAN

Meta Platforms said it has taken down the largest known online covert influence operation in the world, a cross-platform campaign that was aimed at advancing China's interests and discrediting its adversaries including the U.S.

In a report released on Tuesday, Meta said the effort was largely unsuccessful despite comprising thousands of accounts across more than 50 apps, including about 7,700 on its own Facebook and Instagram, plus YouTube, TikTok, Reddit, Pinterest and X, formerly Twitter. Meta said the operation, known in the security community as "Spamouflage," dated back to 2019 and was linked to individuals associated with Chinese law enforcement.

Meta said the China network was pushing positive commentary about the country as well as criticism of the U.S. and Western foreign policies. It was run by operators dispersed across China, and many of the accounts were detected and disabled by the company's automated systems.

Meta said this likely led to posting on smaller platforms and trying to amplify the content to larger services. "We have not found evidence of this network getting any substantial engagement among authentic communities on our services," Meta said.

The Chinese government has broadly denied targeting the U.S. with online influence campaigns or disinformation. Likewise, Russia has previously denied trying to influence U.S. elections.

In a statement, the Chinese Embassy in Washington said China opposes the production and spread of false information. It said U.S. social media was "awash with disinformation about China," but didn't address Meta's allegations or actions.

The Russian Embassy in Washington didn't respond to a request for comment.

The takedown was the seventh that Meta said it has utilized against China over the past six years. It was also one of several around the globe that Meta said it recently completed, including the disruption of Doppelganger, the largest and most aggressive Russian operation the company has seen. That campaign, which was focused on weakening support for Ukraine by its allies, entailed operators posting links to websites resembling real news outlets and containing pro-Russia narratives. Because those exist off-platform, Meta said they can be difficult to counter.

"Enforcements on each individual platform can only go so far in disrupting these internet-wide campaigns while their websites remain live," Meta said.

Meta and other social platforms began sharpening their focus on coordinated campaigns intended to sway public opinion after the identification of Russian government interference in the 2016 U.S. presidential election. A 2019 report from a U.S. Senate committee criticized U.S. tech giants for helping spread disinformation during the 2016 campaign and called for better coordination of efforts to prevent similar activity for future elections.

Covert social-media campaigns are essentially a whack-a-mole problem for platform operators. People seeking to achieve illicit goals through such campaigns are constantly refining their methods to avoid detection, security experts say.

Some common indicators of malicious activity include posts with spelling and grammar errors and links to unrelated topics. The China network's posts were so spammy that the operation appeared to be prioritizing volume over audience building, said Ben Nimmo, global threat intelligence lead at Meta.

"It's throwing spaghetti at the wall to see what sticks," he said, adding that this raises a question of whether the operators were really trying to influence social-media users or simply earn a paycheck.

Apple Event Expected to Unveil New iPhone

By JENNIFER CALFAS

Apple on Tuesday sent out invitations for its Sept. 12 event, where the technology company is expected to unveil the latest iteration of the iPhone.

The in-person event will be held at the Steve Jobs Theater at the company's headquarters in Cupertino, Calif., at 10 a.m. local time, according to the company's invitation. The invite featured the word "Wonderlust," but provided few other details.

The company typically unveils new iPhones and other devices each fall. Last year, Apple debuted its iPhone 14 lineup, as well as new software and updated Apple Watches. The in-person event in 2022 followed two years of virtual fall launch events due to the Covid-19 pandemic.

The new phones are expected to have a new charging port—a USB-C connector—as well as an enhanced zoom lens and other updates. Greg Joswiak, Apple's senior vice president of worldwide marketing, said at The Wall Street Journal's Tech Live conference last fall that the company would have to comply with European Union legislation requiring a common charging standard in mobile phones.



Attendees viewed new MacBook Airs during the Apple Worldwide Developers Conference in Cupertino, Calif., in June 2022.

Mobile phones and other electronic devices sold in the EU will be required to have USB-C ports by the end of 2024, according to the legislation.

An Apple representative didn't respond to a request for comment on Tuesday.

Apple said this month that its revenue declined for the third consecutive quarter. It is the company's longest sales slump since 2016, when sales fell 7.7% annually, largely because of declining iPhone sales. At the time, iPhone sales

made up nearly two-thirds of the company's revenue. Now, they make up about 50%.

Apple posted sales of \$81.8 billion for the most recent quarter ended in July, down 1.4% from the previous year. Sales of the iPhone fell 2.4% to

\$39.7 billion for the quarter, missing analysts' expectations of \$40.2 billion. Apple Chief Executive Tim Cook highlighted strong iPhone sales in emerging markets, including India. Cook also pointed to 7.9% revenue growth in China.

Technology Provider Bets On Digital Shift at Law Firms

By ISABELLE BOUSQUETTE

Legal technology provider Reveal, which uses artificial intelligence and analytics tools to aid the legal discovery process, said Tuesday it has acquired Logikcull and IPRO, two other vendors in the e-discovery space.

After the deal, Reveal will be worth more than \$1 billion, according to private-equity firm K1 Investment Management, Reveal's majority stakeholder. K1 funded the transactions. Other terms of the deal weren't disclosed.

Tarun Jain, principal at K1, said the investment is a bet on the growing influence of digital tools and AI in particular on the legal industry—a historically slow-to-adapt sector.

"Attorneys have been behind the eight ball on technology," said Reveal founder and chief executive Wendell Jisa. Now, he said, the proliferation of digital data, in the form of emails, text messages and other files, is forcing them to

catch up. Reveal, founded in 2009, provides a cloud software platform that helps firms automate the onerous, document-heavy practice of legal discovery, said Jisa. On the platform, organizations, including law firms, corporate legal departments and government agencies, can collect all of a case's relevant documents and data and use AI and other tools to quickly search and analyze them, he said.

Logikcull, founded in 2004, provides a similar cloud service, typically for smaller and medium-size businesses. IPRO, founded in 1989, provides a similar tool for on-premises use. The addition of Logikcull means the combined company will now be able to target a range of customers—ones with large, complex data sets and those with smaller, simpler ones—while IPRO brings a large global customer base as well as several new tools, Jisa said.

This isn't the first time Reveal has made waves in the

legal vendor space; it acquired analytics and data visualization software company BrainSpace in 2021.

The new company will have a presence in more than two dozen countries and serve more than 4,000 clients, Reveal said.

Legal remains an incredibly challenging industry to sell software to, said Alan Pelz-Sharpe, founder of business advisory firm Deep Analysis. Typically, every partner's permission is required before a law firm makes a purchase decision, he said.

He added that new software is an easier sell now that the average age of partners is decreasing and a greater portion of them have grown up in the digital age.

Broadly, the concern has also extended from a question of whether attorneys can trust AI to what it will mean for their business models, said Logikcull's former CEO, Andy Wilson, who will take on a temporary advisory role at the new company.

Decision Near on CNN Chief

Continued from page B1

For Warner Bros. Discovery Chief Executive David Zaslav, the choice of Thompson would be a striking contrast to his last pick as CEO, Chris Licht, a TV producer who had never managed a major news operation. Licht left abruptly in June after a little more than a year in the job.

Thompson's appointment would give CNN a new leader ahead of the 2024 presidential election cycle, a major ratings driver for all cable news channels. Semafor earlier reported that Thompson was a top contender for the job.

Zaslav zeroed in on Thompson early in the recruitment process, people familiar with his thinking said. The two had crossed paths years earlier when Thompson was running the BBC and had a joint venture with Zaslav's Discovery.

Other candidates for the top CNN job included James Harding, also a former senior BBC executive, people familiar with the matter said.



Mark Thompson

Among the challenges Thompson would face include bringing stable leadership to CNN's newsroom and giving it a fresh editorial vision after a Licht tenure that some network insiders described as underwhelming.

Licht attempted to position CNN as a nonpartisan news outlet by bringing more Republicans on air. He also made a few significant programming changes, including adding Kaitlan Collins to the prime-time lineup and overhauling the morning programming. But CNN was far behind its main rivals, Fox News and MSNBC, in the ratings when he left.

Thompson would be tasked with striking the balance between CNN's traditional TV business and its desire to put digital growth at the center of its business plans.



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THE PROPERTY REPORT

Miami Races to Finish Soccer Stadium

Completing project before Messi's contract expires will be a challenge

By DEBORAH ACOSTA

Inter Miami CF scored big when it lured soccer legend Lionel Messi to play for the team. The next challenge is to complete a stadium before its superstar's contract expires at the end of 2025.

Home games are being played 34 miles away in Fort Lauderdale's new 21,000-seat stadium. Interest in seeing Messi has been so overwhelming that the complex added 3,000 seats to accommodate demand. Ticket prices have skyrocketed since Messi joined and helped propel the last-place team to champion of the Leagues Cup.

Miami is eager to capitalize on South Florida's burgeoning soccer mania. It plans to open a 25,000-seat soccer stadium as early as the summer of 2025. The \$350 million stadium is part of the \$1 billion Miami Freedom Park project, which also includes more than one million square feet for commercial retail, entertainment venues, office space and three hotels.

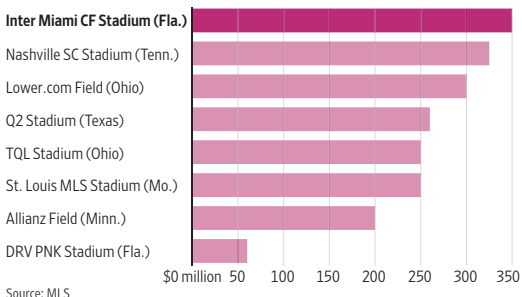
The development has secured government backing and zoning changes, and crews and equipment are now on site. But environmental approval as well as logistical issues remain before stadium construction can begin, according to Miami-Dade County officials.

Miami Freedom Park's star-studded development group has a lot riding on clearing those hurdles. The project is a partnership among Inter Miami owners, a roster that includes former British soccer great David Beckham, billionaire Jorge Mas and his brother José Mas.

Failure to navigate the final permissions in a timely manner could be costly. Unless Messi signs a contract extension, it could mean that the Argentine great is through before the Miami soccer stadium opens, and the team would need to fill the seats without Messi's presence.



Estimated cost of select U.S. stadiums built for Major League Soccer teams



Some in the land-use business see that as a real possibility. Howard E. Nelson, a lawyer at **Bilzin Sumberg** who concentrates on environmental law and land development, says at least three years is more realistic. That timeline would push the completion date into August 2026, well past Messi's contract-expiration date.

"The process is not easy," Nelson said. "There's a lot of review in making sure it's actually done correctly."

In an email, Jorge Mas said the permitting process is progressing as it should. "We look forward to delivering a food and entertainment destination for families to enjoy year-round," he said in another statement.

One issue is that the stadium site is on a former city-owned golf course and con-

tains pesticides and arsenic. The pesticide accumulation is typical in golf courses and the arsenic is a byproduct of municipal solid-waste incineration, which was used as fill on the site decades ago. Any potential exposure to these chemicals must be eliminated to meet the required environmental standards.

Developers met with the Miami-Dade County Division of Environmental Resources Management in July and are expected to send a revised report for the county's review and approval in September.

The stadium's proximity to Miami International Airport causes other complications. An initial report from Miami-Dade County raised the prospect that the stadium would be too high to meet the airport zoning code. That report also raised concerns about



Environmental approval and other hurdles remain before construction can begin on a soccer stadium in the Miami Freedom Park project, pictured above in a rendering. The \$350 million stadium, seen left in rendering, will seat 25,000.

pledged to the city in their bid to lease the land. In Fort Lauderdale, where Inter Miami's newly built temporary stadium sits, ownership has yet to build a park on the public land that it said it would.

"Inter Miami was obligated to construct a park by the middle of last year. They didn't," said John C. Herbst, the commissioner who represents the district where the Fort Lauderdale stadium is located. "I hope the folks in Miami are paying close attention to what's going on in Fort Lauderdale."

Devon McCorkle, president of Miami Freedom Park, said, "The stadium, along with our initial retail, entertainment and hospitality experiences and the largest new public park to open in Miami in a generation, are all on track for completion in 2025."

Watch a Video

Scan this code to watch a video on Lionel Messi joining Inter Miami.



Film Studio To Come to Manhattan

Continued from page B1
Michael Franco, president of Vornado, an office and retail developer which is making its first foray into studio development.

New York City already is the second-largest studio site in the U.S. after Los Angeles, but the major facilities have been in Queens, where development costs are lower. Studio developers have considered space-constrained Manhattan to be prohibitively expensive.

But demand for sound stages and other production facilities has surged in recent years as new players have started streaming services such as Paramount+, Peacock and Disney+.

The growth has enabled studio operators to raise rents and has sparked new studio development in numerous markets. The developers of Sunset Pier 94 think they will be able to charge top rents for the state-of-the-art production facilities in Manhattan.

New York is "highly supply constrained in terms of stages," said Victor Coleman, chief executive of Hudson Pacific, a studio owner and operator in Los Angeles.

Still, the developers are moving forward as Hollywood and the streaming industry are

navigating choppy waters. While streaming services are popular, some analysts question whether enough viewers would pay the monthly fees to support the new entrants.

The industry also has taken a hit from the work stoppage in show business, with screen actors and writers on strike over contract differences with studios. Hudson Pacific reported that production in Los Angeles slowed sharply in the second quarter, when shoot days fell 60% to 70% for comedies and dramas, and 20% to 25% for film, unscripted TV, commercials and photo shoots, compared with the second quarter of last year.

Some industry participants are confident that the top studios will weather the stresses. The strike eventually will be over and—when it is settled—studios will enjoy a surge of pent-up demand, they say. That is what happened after the last writers' strike in 2008, said David Lazarus, the co-head of media and entertainment for real-estate investment banking firm Eastdil Secured.

"You had all these productions that had to get done so the studios saw a real increase in demand," he said.

Studio operators say they aren't concerned about possible consolidation in the streaming industry. "Even if consolidation happens, [streaming services] all know that they have to invest in original content production," said Jeff Stotland, executive vice president of Hudson Pacific, on an earnings call earlier this month. "And hopefully, obviously, we'll benefit."



A rendering of Sunset Pier 94 Studios on the Hudson River.

London's Oxford Street Battles New Retail Scourge: Candy Stores

By TREFOR MOSS

Oxford Street, the famous shopping destination in London's West End, has given way in recent years to what officials here describe as a scourge of tacky gift shops and candy stores.

The local council in charge of the thoroughfare is fighting back, with limited success. Stores selling tourist gifts, luggage and American candy recently opened, closed and reopened along the street. They occupy a significant chunk of storefront, alongside the likes of department store Selfridges and flagship outposts of global brands including Disney, Nike and Zara. For Westminster City Council's Geoff Barraclough, the stores are lowering the street's reputation. The council has accused some of the stores of price gouging, not paying taxes, selling counterfeit goods and laundering money.

"They're like mushrooms," Barraclough said. "We've been playing whack-a-mole. We catch up with one and then another one appears."

They now regularly number 25 to 30 any given week, or roughly 10% of the street's total store count. In addition, there are some 40 empty shops along the 1.2-mile road, a legacy of pandemic closings, according to the council.

In recent months, the council raided and closed some candy stores after discovering illegal or counterfeit goods. The council said it couldn't discuss specific cases. Others suspected of money laundering are beyond the council's reach because financial crime is the responsibility of HM Revenue & Customs, the U.K.'s tax office. It said it couldn't confirm nor deny any investigations into Oxford Street operators.



Souvenir and candy shops occupy a significant part of Oxford Street in London.

Now, the street, like many retail destinations around the world, is starting to rebound from the Covid era. Visitor numbers are down a fifth on 2019 figures, but spending is back above prepandemic levels, according to New West End Company, the area's development agency.

Other high-end retail boulevards are seeing shoppers return, too. On New York's Upper Fifth Avenue, visitor traffic was up some 20% in the April to June quarter from the same period last year, according to property consulting firm Jones Lang LaSalle. In Paris, visitor traffic along the Champs-Élysées is above 2019 levels and hitting record highs, according to consulting firm Cushman & Wakefield.

Oxford Street has been a retail magnet for more than two centuries. Department stores set up shop in the early 1900s, including Selfridges, its most celebrated fixture, which opened in 1909.

raised concerns about the potential traffic impact the project would create for the airport and surrounding areas. A revised traffic study was expected last December, according to people familiar with the matter, but the county is still waiting for it.

In an email, Jorge Mas said the status of the traffic study is "a nonissue," and it is on track.

The developers could speed up the process by initially building only the stadium along with a parking lot, adding the commercial complex and public parks later. The construction of the stadium itself would address the issue of contaminated land underneath it. The rest of the contaminated land could be fenced off to avoid public exposure.

But that solution would fall short of what the owners

closed this year and were replaced by Royal Gifts Gallery, Candylogos and Britain Gifts.

The council has blamed landlords for not doing enough to vet tenants, who often sublet stores, sometimes through intermediaries.

Royal London, a British real-estate heavyweight, was among landlords accused by the council in May of failing to work with the council to eradicate the candy stores. A spokesman said it has engaged with the council but has no control when tenants legally sublet their premises.

Some big brands are moving in, encouraged by a recent reduction in the area's business taxes and the opening of a \$24 billion subway line intersecting Oxford Street. IKEA is building a store in the middle section of the street that is slated to open soon. Music retailer HMV, which closed its Oxford Street store after 98 years in 2019, is set to reopen in the same location.

Before Covid-19, a well-known cellphone brand and two footwear stores traded in one section of western Oxford Street. They closed during the pandemic to be replaced by London Dream, the Ministry of Gifts & Luggage and Glorious Charm. Those stores

BIGGEST 1,000 STOCKS

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists top 1,000 stocks by market cap.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists various stocks including AECOM, AES, AGCO, etc.

Table with 4 columns: Stock, Sym, Close, Net Chg. Lists various stocks including ArcelorMittal, ArchCapital, ADM, etc.

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Cash Prices Tuesday, August 29, 2023. These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange...

Table with 2 columns: Energy, Grains and Feeds. Lists prices for coal, oil, and various grains.

Gold, per troy oz. Englehard industrial, Handy & Harman base, etc.

Secondary market. Fannie Mae, 30-year mortgage yields, 60 days, 6.711, 6.881, 6.881, 5.138.

Other short-term rates. Lists rates for various terms and maturities.

Call money. Lists rates for various call money instruments.

Commercial paper (AA financial). Lists rates for 90 days and other terms.

Secured Overnight Financing Rate. Lists rates for Treasury, MBS, etc.

DTCC GCF Repo Index. Lists rates for Treasury, MBS, etc.

Notes on data: U.S. prime rate is the base rate for corporate loans posted by at least 70% of the 10 largest U.S. banks...

Fibers and Textiles. Lists prices for various textile products.

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BIGGEST 1,000 STOCKS

Table of 1,000 largest stocks by market cap, including columns for Stock, Sym, Close, Net Chg, and various industry groupings like GHI, JKL, MNO, etc.

Continuation of the 1,000 largest stocks table, listing companies like GE Healthcare, GE, GSK, etc., with their respective market data.

New Highs and Lows

Table listing stocks that reached new 52-week highs or lows, including symbols, names, and percentage changes.

Table showing 52-week high and low prices for various stocks, organized by sector and company name.

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Real Estate Auction advertisement for Virginia, featuring 5 vacant parcels, 4 separate offerings, and contact information for Rick Levin & Associates.

Real Estate Auction advertisement for Maine, featuring a 3.44-acre parcel with a 2.3-acre pond, contact info for Keenan Auction Co., and a photo of a large house.

Auction advertisement for Kentucky, featuring a 472 +/- acre parcel, contact info for Matt Ford, Auctioneer, and a photo of a large estate.

BANKRATE.COM® MMA, Savings and CDs

Table showing average yields of major banks for various terms (1-Mo, 3-Mo, 6-Mo, 1-Yr, 2-Yr, 2.5Yr, 5Yr) as of Tuesday, August 29, 2023.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields.

Table listing high yield savings and CD offers from various banks, including VirtualBank, Lone Star Bank, and Merrick Bank.

High yield jumbos - Minimum is \$100,000

Table listing high yield jumbo CD offers from various banks, including VirtualBank, Lone Star Bank, and Merrick Bank.

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn this CD.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures						
	Contract			Settle	Chg	Open interest
	Open	High	Low			
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Aug	3.7905	3.7925	3.7880	3.7930	0.0390	378
Dec	3.8025	3.8445	3.7870	3.8390	0.0470	124,639
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Aug	1917.90	1917.90	1916.90	1936.50	18.60	236
Sept	1920.30	1937.00	1914.40	1936.40	17.90	3,937
Oct	1929.70	1947.20	1923.10	1946.10	18.20	29,749
Dec	1948.10	1966.50	1941.70	1965.10	18.30	369,038
Feb'24	1969.90	1986.40	1962.50	1985.40	18.40	16,714
April	1989.30	2004.60	1981.70	2004.50	18.30	7,783
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Aug				1232.80	-12.60	
Dec	1259.00	1268.00	1224.50	1257.20	-4.70	15,785
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Aug				982.20	13.90	14
Oct	977.20	990.00	970.90	986.10	13.90	67,730
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Aug				24.777	0.539	7
Dec	24.620	25.195	24.555	25.139	0.534	108,239
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Oct	79.98	81.41	79.34	81.16	1.06	322,374

	Contract					Chg	Open interest
	Open	High	Low	Settle	Chg		
Nov	79.55	80.91	78.94	80.68	1.01	201,679	
Dec	79.08	80.37	78.51	80.17	0.96	227,713	
Jan'24	78.70	79.85	78.08	79.67	0.91	95,190	
June	76.63	77.60	76.11	77.49	0.75	139,137	
Dec	74.35	75.20	73.88	75.12	0.67	122,495	
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.							
Sept	3.1866	3.2265	3.1480	3.2095	.0058	19,160	
Oct	3.1536	3.1935	3.1164	3.1725	.0014	81,707	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.							
Sept	2.7823	2.8098	2.7394	2.7905	-.0052	16,153	
Oct	2.5581	2.5870	2.5151	2.5565	-.0104	114,780	
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.							
Sept	2.579	2.599	2.515	2.556	-.023	1,660	
Oct	2.685	2.699	2.622	2.662	-.003	226,276	
Nov	3.115	3.116	3.027	3.062	-.044	207,158	
Dec	3.581	3.582	3.471	3.505	-.071	76,323	
Jan'24	3.830	3.832	3.713	3.749	-.075	92,520	
March	3.435	3.438	3.329	3.364	-.073	85,818	

Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
Sept	476.50	483.00	468.50	469.50	-9.00	81,835

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%)			Total return close	YTD total return (%)	Index	Yield (%)		
			Latest	Low	High				Latest	Low	High
Broad Market Bloomberg Fixed Income Indices											
1974.47	1.3	U.S. Aggregate	5.020	3.910	5.210	1932.20	1.5	Mortgage-Backed	5.130	3.900	5.300
U.S. Corporate Indexes Bloomberg Fixed Income Indices											
2945.29	2.6	U.S. Corporate	5.640	4.760	6.130	1148.42	0.8	Fannie mae (FNMA)	5.130	3.900	5.390
2858.66	2.6	Intermediate	5.610	4.580	6.050	1765.99	1.2	Freddie Mac (FHLMC)	5.210	3.890	5.420
3888.80	2.5	Long term	5.690	5.010	6.370	562.58	1.1	Muni Master	3.589	2.757	3.936
567.56	1.9	Double-A-rated	5.030	4.120	5.320	401.55	0.9	7-12 year	3.265	2.392	3.794
784.92	3.1	Triple-B-rated	5.900	5.080	6.440	450.32	1.7	12-22 year	3.961	3.257	4.428
High Yield Bonds ICE BofA											
495.12	6.9	High Yield Constrained	8.506	7.781	9.623	422.42	2.5	22-plus year	4.584	4.020	5.131
475.53	13.1	Triple-C-rated	13.499	13.499	16.916	Global Government J.P. Morgan'					
3330.49	7.0	High Yield 100	7.950	7.022	8.753	525.77	0.8	Global Government	3.300	2.450	3.440
429.89	6.0	Global High Yield Constrained	8.593	7.868	9.945	766.03	0.3	Canada	3.700	2.880	3.910
326.46	5.7	Europe High Yield Constrained	7.427	6.646	8.508	340.23	2.2	EMU\$	3.305	2.324	3.490
U.S. Agency Bloomberg Fixed Income Indices											
1723.93	1.9	U.S. Agency	5.000	3.640	5.140	628.96	1.5	France	3.180	2.110	3.340
1526.06	1.9	10-20 years	5.010	3.610	5.140	448.38	1.1	Germany	2.600	1.460	2.760
3267.80	2.5	20-plus years	4.880	4.010	5.240	278.85	0.4	Japan	1.010	0.640	1.060
2596.37	2.5	Yankee	5.460	4.470	5.840	484.78	1.1	Netherlands	2.870	1.810	3.040
						751.02	-4.0	U.K.	4.580	2.910	4.840
						797.06	3.7	Emerging Markets**	7.845	7.102	9.159

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. †In local currency. ‡Euro-zone bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Maturity, in years	Country/ Latest(●)-1	Yield (%)					Month ago	Year ago	Spread Under/Over U.S. Treasuries, in basis points				
			0	1	2	3	4			5	Prev	Year ago		
5.000	10	U.S.	4.888	▼	▼	▼	▼	▼	5.048	4.895	3.427			
3.875	10		4.121	▼	▼	▼	▼	▼	4.210	3.968	3.109			
0.250	10	Australia	3.890	▼	▼	▼	▼	▼	3.914	4.041	3.051	-102.3	-115.8	-38.7
3.000	10		4.108	▼	▼	▼	▼	▼	4.154	4.079	3.679	-1.8	-5.0	57.5
0.000	10	France	3.291	▼	▼	▼	▼	▼	3.332	3.298	0.933	-162.2	-173.9	-250.4
3.000	10		3.034	▼	▼	▼	▼	▼	3.107	3.025	2.128	-109.1	-109.7	-97.7
3.100	10	Germany	3.024	▼	▼	▼	▼	▼	3.069	3.050	1.093	138	-200.3	-234.4
2.600	10		2.512	▼	▼	▼	▼	▼	2.582	2.491	1.506	-161.4	-162.2	-159.9
3.600	10	Italy	3.700	▼	▼	▼	▼	▼	3.756	3.699	2.060	-121.3	-131.6	-137.8
4.350	10		4.157	▼	▼	▼	▼	▼	4.243	4.105	3.795	3.1	3.9	69.1
0.005	10	Japan	0.018	▲	▲	▲	▲	▲	0.007	-0.011	-0.088	-489.5	-506.5	-352.5
0.400	10		0.647	▼	▼	▼	▼	▼	0.668	0.550	0.243	-347.9	-353.6	-286.1
0.000	10	Spain	3.402	▼	▼	▼	▼	▼	3.462	3.430	1.306	-151.1	-161.0	-213.1
3.550	10		3.541	▼	▼	▼	▼	▼	3.602	3.505	2.683	-58.5	-60.2	-42.1
0.625	10	U.K.	4.963	▼	▼	▼	▼	▼	4.978	4.980	2.809	5.0	-9.4	-62.9
4.250	10		4.426	▼	▼	▼	▼	▼	4.443	4.326	2.607	30.1	23.9	-49.7

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Spread*, in basis points		
					Current	One-day change	Last week
Toronto-Dominion Bank	TD	0.750	5.47	Sept. 11, '25	54	-102	51
Morgan Stanley	MS	3.950	5.73	April 23, '27	144	-50	148
Vulcan Materials	VMC	7.150	6.37	Nov. 30, '37	225	-29	n.a.
United Airlines	UAL	5.875	5.92	April 15, '29	85	-19	n.a.
Commonwealth Bank of Australia	CBAU	5.316	5.10	March 13, '26	51	-14	55
UnitedHealth	UNH	2.000	4.98	May 15, '30	87	-14	n.a.
American Airlines	AAL	2.875	4.71	July 11, '34	58	-13	45
Australia and New Zealand Banking	ANZ	6.742	6.30	Dec. 8, '32	217	-13	n.a.

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Bond Price as % of face value		
					Current	One-day change	Last week
Intesa Sanpaolo	ISIPM	6.625	6.81	June 20, '33	270	25	280
KeyCorp	KEY	4.150	6.98	Oct. 29, '25	205	18	n.a.
HSBC Holdings	HSBC	3.900	6.00	May 25, '26	128	16	n.a.
Ares Capital	ARCC	7.000	6.93	Jan. 15, '27	235	15	242
Banco Santander	SANTAN	6.921	6.94	Aug. 8, '33	282	14	301
General Motors Financial	---	6.050	6.01	Oct. 10, '25	106	13	114
Air Canada	ACACN	3.600	5.25	March 15, '27	84	11	n.a.
Goldman Sachs	GS	5.950	5.78	Jan. 15, '27	136	8	n.a.

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Bond Price as % of face value		
					Current	One-day change	Last week
Howmet Aerospace	HWM	5.950	6.09	Feb. 1, '37	98.747	0.87	96.461
Bath & Body Works	BBWI	6.875	7.91	Nov. 1, '35	91.980	0.73	91.250
APA	APA	6.000	6.77	Jan. 15, '37	93.273	0.65	n.a.
Sealed Air	SEE	6.875	7.00	July 15, '33	99.125	0.63	97.500
Teva Pharmaceutical Finance Netherlands	TEVA	3.150	6.60	Oct. 1, '26	90.500	0.52	89.750
Embarq	EMBARQ	7.995	15.10	June 1, '36	60.250	0.45	59.625
Occidental Petroleum	OXY	7.500	6.13	May 1, '31	108.243	0.37	106.697
Venture Global Calcasieu Pass	VENTGL	4.125	6.71	Aug. 15, '31	84.238	0.36	82.408

...And with the biggest price decreases

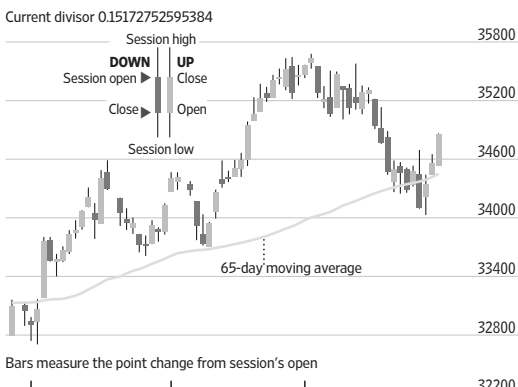
Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Bond Price as % of face value		
					Current	One-day change	Last week
Macy's	M	6.700	9.29	July 15, '34	82.500	-0.50	n.a.
Qwest	CTL	7.250	9.25	Sept. 15, '25	96.361	-0.39	97

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

34852.67 ▲ 292.69, or 0.85% ... Trailing P/E ratio 25.38 18.72 ... High, low, open and close for each trading day of the past three months.



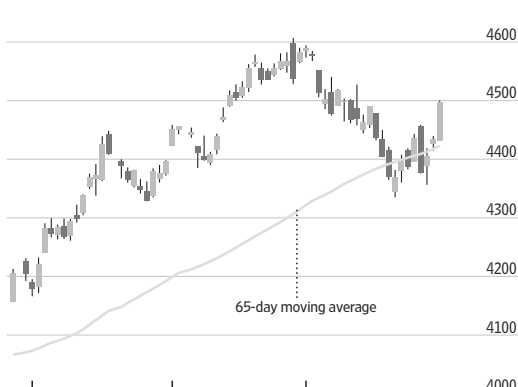
Major U.S. Stock-Market Indexes

Table of Major U.S. Stock-Market Indexes including Dow Jones, Nasdaq Stock Market, and S&P 500, with columns for High, Low, Close, Net chg, % chg, and YTD % chg.

Table of Other Indexes including Russell 2000, NYSE Composite, NYSE Arca Biotech, and others, with columns for High, Low, Close, Net chg, % chg, and YTD % chg.

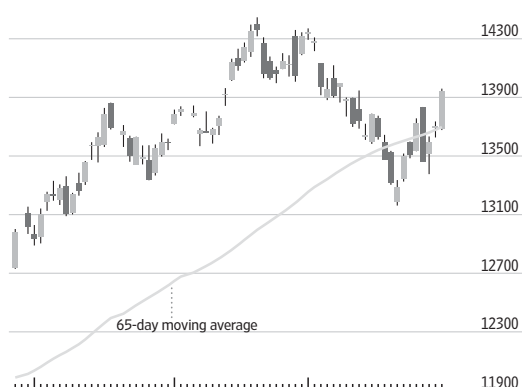
S&P 500 Index

4497.63 ▲ 64.32, or 1.45% ... Trailing P/E ratio * 22.43 22.84 ... High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

13943.76 ▲ 238.63, or 1.74% ... Trailing P/E ratio ** 31.75 26.75 ... High, low, open and close for each trading day of the past three months.



Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table of Most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table of Percentage gainers with columns for Company, Symbol, Last, Net chg, After Hours % chg, High, and Low.

...And losers

Table of ...And losers with columns for Company, Symbol, Last, Net chg, After Hours % chg, High, and Low.

Trading Diary

Volume, Advancers, Decliners ... NYSE NYSE Amer.

Table of Trading Diary metrics including Total volume, Adv. volume, Decl. volume, and Issues traded.

Table of Trading Diary metrics including Total volume, Adv. volume, Decl. volume, and Issues traded.

Table of Trading Diary metrics including Total volume, Adv. volume, Decl. volume, and Issues traded.

*Primary market NYSE, NYSE American NYSE Arca only. (TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling...

International Stock Indexes

Table of International Stock Indexes with columns for Region/Country, Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table of Percentage Gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, High, 52-Week High, and % chg.

Percentage Losers

Table of Percentage Losers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, High, 52-Week High, and % chg.

Most Active Stocks

Table of Most Active Stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, High, 52-Week High, and % chg.

Volume Movers

Table of Volume Movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, High, 52-Week High, and % chg.

Table of Asia-Pacific Indexes with columns for Country, Index, Close, Net chg, Latest % chg, and YTD % chg.

* Volumes of 100,000 shares or more are rounded to the nearest thousand

QR code and text: Scan this code Get real-time U.S. stock quotes and track most-active stocks, new highs/lows, mutual funds and ETFs. All are available free at WSJMarkets.com

CURRENCIES & COMMODITIES

Currencies

Table of Currencies showing U.S.-dollar foreign-exchange rates in late New York trading, with columns for Country/currency, Last, Net chg, % chg, High, and Low.

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

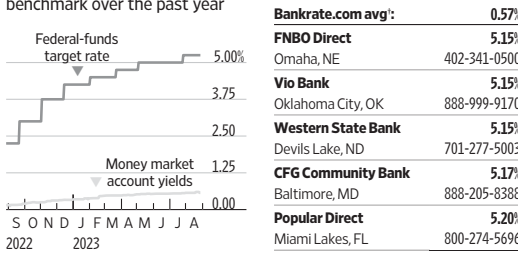
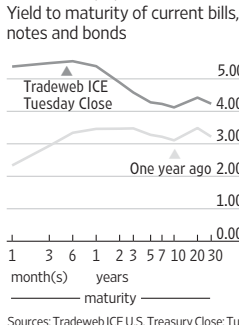
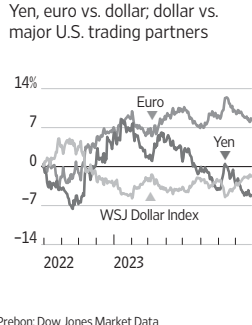


Table of Selected rates including Bankrate.com avg, FNBO Direct, Vio Bank, Western State Bank, CFG Community Bank, Popular Direct, and Miami Direct.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of Corporate Borrowing Rates and Yields with columns for Bond total return index, Yield, 52-Week Range, and Total Return.

Commodities

Table of Commodities with columns for Commodity, Close, Net chg, % chg, High, 52-Week High, % chg, and YTD % chg.

BANKING & FINANCE

Genesis Creditors Set New Deal With Its Parent

By AKIKO MATSUDA

Bankrupt crypto lender Genesis Global and a major creditor group reached a new agreement with its parent company and largest borrower, Digital Currency Group, paving a way for resolving billions of dollars in cryptocurrency claims in chapter 11.

The new framework could deliver estimated recoveries of between 70% to 90% for Genesis customers, according to the documents filed with the U.S. Bankruptcy Court in White Plains, N.Y.

Genesis's agreement is backed by the official committee representing its customers, but it doesn't have the support of some stake-

holders, notably the Winklevoss brothers' Gemini Trust, which has been at odds with DCG and its founder Barry Silbert. In July, Gemini sued DCG and Silbert, asserting that DCG let Genesis handle money from customers of Gemini's Earn program while masking the true financial condition of Genesis. DCG has denied wrongdoing.

The proposed deal covers DCG's debts to Genesis, including about \$630 million in a past-due unsecured loan, and a \$1.1 billion unsecured promissory note due in 2032. DCG would restructure those debts into a new \$323.8 mil-

lion first-lien loan due in two years and an \$830 million second-lien loan due in seven years. It would pay \$275 million before Genesis leaves chapter 11. The recovered funds would be distributed in cryptocurrency "to the extent possible," Genesis said, but the distribution mechanics remain under discussion.

DCG said Tuesday that the proposed structure will "provide a framework for a comprehensive resolution of the claims" in the Genesis bankruptcy case and a pathway to significant recovery for creditors.

The new agreement is the second that Genesis and DCG put forward.

Genesis, through its lawyers, said it would continue to work collaboratively with its creditors, including those who have not agreed to the deal in principle." Gemini representatives said the company has no comment on the proposal.

The new agreement is the second that Genesis, along with DCG, have put forward since Genesis filed for bankruptcy in January in the wake of the collapse of crypto exchange FTX. In February, Genesis announced the first proposal, which was said to be supported by Genesis creditors representing more than \$2 billion of claims.

But that agreement unraveled after a subset of creditors walked away from it.



A large supply of lightly used vehicles comes from cars that are sold into the used market after a lease ends.

Used Cars Are Getting Older

By BEN EISEN

A dwindling supply of lightly used vehicles means 51% of used car sales in the second quarter were for vehicles that were more than three years old. That's up from 42% four years earlier, before the pandemic, according to car-shopping website Edmunds.

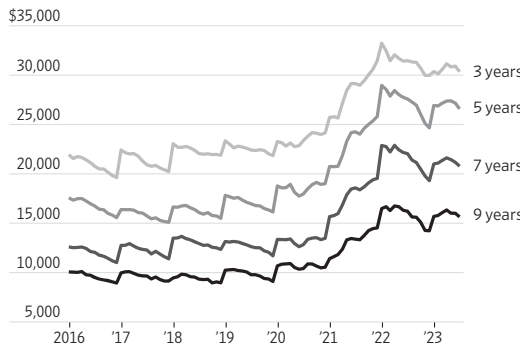
Older cars are more prone to breakdowns and often have higher maintenance costs, straining consumers who are struggling to pay large auto loans. "If you are in the market, everything you're looking at is older and has more miles," said

Ivan Drury, director of insights at Edmunds.

This is a ripple effect from the pandemic, which strained car supplies. Car-rental companies typically sell their vehicles when they are one or two years old, but have been holding onto cars longer because it's difficult to get new cars, Drury said.

Another large supply of lightly used vehicles comes from cars that are sold into the used market after a lease ends. But dealerships have been leasing fewer cars because there have been few lease incentives during the car shortage, Drury said.

Average used car transaction price by vehicle age, monthly



Source: Edmunds

Borrowing Big for Broadband

Continued from page B1

will hit \$1.9 trillion by 2026, overtaking real-estate investments, according to research firm Preqin.

Federal funding promised by the Biden administration accelerated the land grab.

Fayetteville is part of a much bigger strategy for Metronet, which has issued \$1.9 billion of fiber-backed bonds since 2022. The company is using the money to fund its expansion in 17 states including Colorado, New Mexico and Texas.

"We were rubbing up against the limit of what we could borrow in the bank loan market and this is a capital-intensive business," said Met-

ronet Chief Financial Officer Lohn Weber. "All the money we're getting from asset-backed bonds we're actively reinvesting in the construction side of our business."

More broadband access can mean more jobs in small-town America. Craig Mento runs Triple Impact Connections, a call-center operator that employs primarily military spouses who work from home. The firm opened its second headquarters in Fayetteville, the home of the Fort Liberty Army base, in 2021. Metronet began its build-out that same year.

"We looked at the fiber footprint and the quality of the fiber," Mento said. "Sometimes our associates need to have a face-to-face call and simultaneously look at YouTube videos on how to fix a lawn mower and share it on their screens."

Broadband network providers issued about \$4 billion of fiber-backed bonds so far this year, compared with \$2.6 bil-

lion in all of 2021 and 2022 combined, according to data provider Finsight. Borrowers pledge revenue from existing residential and business internet contracts to pay interest and principal, an attractive feature for bond investors. That enables smaller companies with low credit ratings to issue bonds with investment-grade ratings, which translates to more borrowed money at lower interest rates.

The bond money lets them compete with telecom titans such as AT&T and Verizon Communications, which have higher credit ratings, vast networks and plenty of cash to build more.

Frontier Communications, which is minority-owned by Ares Management, raised \$1.6 billion in July. The company has the capacity to issue about \$9 billion more in bonds that could be used to build new networks in 15 states, a person close to the company said. The former telephone company emerged from bank-

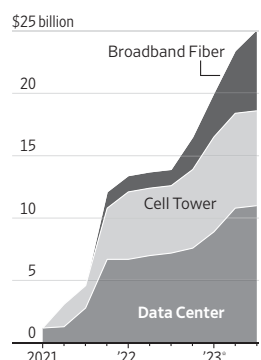
ruptcy in 2021 and has since pushed fiber offerings in rural and metropolitan areas including in California, Florida and Texas.

Consolidated Communications, a network operator owned in part by Searchlight Capital Partners, could be next in line to tap Wall Street with new bond sales, said Frank Louthan, a telecommunications analyst at investment bank Raymond James. Brightspeed, which private-equity titan Apollo Global Management bought last year for \$7.5 billion, could follow suit once it builds a base of subscribers, he said.

"The presence of infrastructure private-equity capital has been transformational," said Katrina Niehaus, a managing director at Goldman Sachs, one of the top banks arranging the fiber bond sales. "It's not just broadband. It's data centers, it's cell towers, it's satellites."

Private-equity funds typically use debt to buy and

Cumulative asset-backed bond sales by telecom companies, quarterly



*Through Aug. 22 Source: Finsight.com

grow their "portfolio companies," ideally boosting returns they make when they sell out of the investments. Using debt to build fiber-optic networks has backfired in the past.

Companies such as Global Crossing, TyCom and 360

networks used junk-bond markets at the turn of the millennium to fund fiber-optic networks between continents and major cities. They went bankrupt because of overcompetition, and because internet usage was still too sparse to pay off the cost of the networks, analysts said.

Now fiber-optic operators are being more cautious about overlapping in small markets, and the new bonds give lenders far more protections than the unsecured debt that companies such as Global Crossing used, the analysts said.

Still, fiber companies are occasionally bumping elbows. Apollo's Brightspeed launched broadband internet offerings in Fayetteville last year after acquiring high-speed internet provider CenturyLink.

Some markets can support multiple providers because customers have become so dependent on high-speed internet to work from home and for entertainment, analysts said.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table with multiple columns showing ETF performance data including Symbol, Closing Price, Change, and YTD Return for various funds.

Mutual Funds

Data provided by LIPPER

Table with multiple columns showing Mutual Funds performance data including Fund Name, NAV, Change, and YTD Return.

MARKETS

Rally Sends Major Stock Indexes Higher

By KAREN LANGLEY

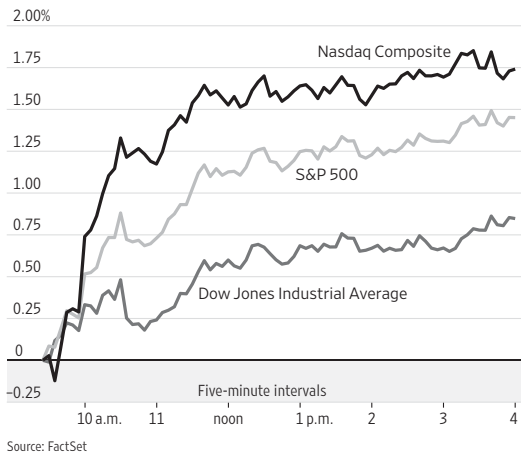
U.S. stocks rose for a third consecutive session, cutting into major indexes' August losses as shares from technology to industrials and financials advanced.

The S&P 500 notched its largest three-day gain since March, paring its decline this month to 2%. A drop in government bond yields, which climbed lately, eased pressure on stocks. The stock index advanced 1.5% as all 11 sectors pushed higher. The Dow Jones Industrial Average added 0.8%, or about 293 points. The tech-heavy Nasdaq Composite rallied 1.7%.

Investors this week are scrutinizing a flood of economic releases as they try to anticipate the market's next moves. Data on Tuesday added to signs of a cooling economy: Employers reported fewer open jobs last month, while a closely watched measure of consumer confidence tumbled in August.

Stock gains accelerated after the releases, showing how focused traders are on any sign that inflation may ease sufficiently to head off additional interest-rate increases

Index performance on Tuesday



by the Federal Reserve. Investors moved toward the safety of bonds, pulling the yield on the benchmark 10-year U.S. Treasury note down to 4.121%, from 4.210% on Monday. Shorter-term bond yields dropped as well, with the two-year note's yield falling to 4.888%, from 5.048% on Monday.

Growth-oriented sectors such as communication services, consumer discretionary

and technology led the market Tuesday, while the Nasdaq Composite recorded its best day in a month. Those groups of stocks can be particularly responsive to changes in rates, since they are often valued based on expectations of growth far into the future.

Technology and other growth stocks have pulled the market higher in 2023, with the tech sector advancing 42% compared with a 17% climb by



Shares of crypto exchange Coinbase Global jumped 15%.

the S&P 500.

Some investors said they believe the market's laggards are due for a comeback. The utilities sector is down 10% this year, while the energy segment is about flat.

"At some point the relative attractiveness of the stocks that have been left behind becomes so great you can't ignore them," said Grace Lee, senior portfolio manager at Columbia Threadneedle Investments.

The question of what the Fed will do next continues to hang over the market after the central bank's chair, Jerome Powell, said Friday that inflation remains too high and that officials are open to raising rates further. Investors will parse a new release of the Fed's preferred gauge of inflation, the personal-consumption expenditures price index, on Thursday. The next monthly jobs report is due Friday.

Among individual stocks, shares of Best Buy gained 3.9% after the retailer reported a smaller decline in sales than analysts had projected.

Bitcoin jumped 6.3% Tuesday, after a federal appeals court ruled that the Securities and Exchange Commission must reconsider asset manager Grayscale Investments' application to launch the first bitcoin exchange-traded fund. Shares of crypto exchange Coinbase Global jumped 15%, climbing alongside other crypto assets.

Stocks mostly rose overseas. The Stoxx Europe 600 advanced 1%, while in Asia, the Shanghai Composite gained 1.2% and the Hang Seng climbed 1.9%.

Oil prices rose, with global benchmark Brent crude gaining 1.3% to \$85.49 per barrel.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. 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.

SEVEN-YEAR NOTES	
Applications	\$99,593,723,600
Accepted bids	\$39,740,231,100
* noncompetitively	\$68,179,900
* foreign noncompetitively	\$0
Auction price (rate)	99.477286 (4.121%)
Interest rate	4.121%
Bids at clearing yield accepted	95.53%
Cusip number	91282GHW4

The notes, dated Aug. 31, 2023, mature on Aug. 31, 2030.

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NOTICE OF SALE

NOTICE OF UCC PUBLIC AUCTION SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York (the "UCC"), 56TH AND PARK (NY) OWNER, LLC, a Delaware limited liability company (the "Secured Party"), will offer for sale at public auction (the "Public Sale") all of the right, title and interest of FR-AM Two LLC, a Delaware limited liability company (the "Pledgor") in and to the following assets: (i) one hundred percent (100%) of the limited liability company interests in FR-AM One LLC, a Delaware limited liability company (such entity, the "Pledged Entity"; such interests, the "Equity Interests"); and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) are the "Collateral"). Secured Party's understanding is that the principal asset of the Pledged Entity is that certain fee interest in the premises located at 432 Park Avenue, Units 78B and 28H, New York, New York 10022 (the "Property").

The Collateral secures indebtedness owing by Pledgor to Secured Party in a principal amount of \$31,622,858.29 plus unpaid interest on principal, default interest through the date of the Public Sale, attorneys' fees, reasonable fees and costs, including the costs to sell the Collateral, subject to open charges and all additional costs, fees and disbursements permitted by law (the "Debt"). In connection with a loan (the "Loan") that Secured Party as lender, made to Pledgor, Secured Party was granted a first priority lien on the Collateral by Pledgor pursuant to that certain Pledge and Security Agreement, dated as of May 9, 2022 (the "Pledge Agreement"). The Secured Party is offering the Collateral for sale in connection with the foreclosure on the pledge of such interests based upon the occurrence of one or more events of Default under the Pledge Agreement and in accordance with its rights as holder of the security under Article 9 of the UCC by virtue of that certain UCC-1 Filing Statement filed with the Delaware Department of State on May 12, 2022, as U.C.C. Filing No. 2022 4018123.

The Public sale will be conducted by Mannion Auctions, LLC ("Mannion"), under the direction of Matthew D. Mannion, licensed auctioneer (DCA #1540494) (the "Auctioneer") or such other auctioneer licensed in the State of New York as is selected by Secured Party in its sole and absolute discretion. The Public Sale will be held at 2:00 p.m. (EDT) on Wednesday, October 11, 2023, at the offices of Aiston & Bird LLP, 90 Park Avenue, 15th Floor, New York, New York 10016 and will also be broadcast for virtual bidding via Zoom videoconference as follows:

Meeting link: <https://bit.ly/432ParkUCC> (URL is case sensitive), Meeting ID: 864 7417 7472, Password: 571617

One tap: +16469313060, 8647417472, =571617 US

Mobile: +16465988656, 8647417472, =571617 US (New York)

Dial by your location: +1 646 931 3860 US

Based upon information provided by Pledgor, Pledged Entity, and certain other persons or entities affiliated therewith, it is the understanding of Secured Party (but without any representation or warranty by Secured Party as to the accuracy or completeness of the following matters) that: (i) Pledgor owns one hundred percent (100%) of the Equity Interests; (ii) Pledged Entity has good, marketable and insurable fee simple title in and to the Property; and (iii) the Property is encumbered by and subject to a Mortgage (And Assignment of Leases and Rents) and Security Agreement and Financing Statement (the "Mortgage") held by Secured Party securing indebtedness under the Loan Documents in the original principal amount of \$345,000.00.

The Collateral is being offered as a single lot, "AS IS, WHERE IS", with no express or implied warranties, representations (including, without limitation, any representation or warranty of merchantability or fitness), statements or conditions of any kind made by the Secured Party or any person acting for or on behalf of the Secured Party without any recourse whatsoever to the Secured Party or any other person acting for or on behalf of the Secured Party and each bidder must make its own inquiry regarding the Collateral. The winning bidder shall be responsible for the payment of transfer taxes, stamp duties and similar taxes incurred in connection with the purchase of the Collateral.

Prospective bidders will be required to represent in writing to Secured Party that they will adhere to the terms of sale and are purchasing the Collateral for their own account, not acquiring it with a view toward the sale or distribution thereof and will not resell the Collateral unless pursuant to a valid registration under applicable federal and/or state securities laws, or a valid exemption from the registration thereunder. The Collateral has not been registered under such securities laws and cannot be sold by the winning bidder without registration or application of a valid exemption.

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THE MARKETPLACE



China Draws Value Investors

Continued from page B1

down more than 7%. "During economic down cycles when everyone's more pessimistic, investors turn to deep-value stocks, meaning stocks with relatively low valuations but with good cash flows and dividend payouts, and we've been seeing that in China since last year," said He Xi, portfolio manager of Nesus Capital China Value Fund.

Growth stocks in China performed better than value stocks for decades, said Nuno Fernandes, partner and equity portfolio manager at Boston-based GW&K Investment Management. But since February 2021, they have started to do a lot worse, he said.

The downturn in China's economy and its stock market means even companies that once seemed natural growth plays are attracting value investors.

Alibaba Group, the giant Chinese internet company, was one of the major success stories of China's decadeslong economic boom. But its U.S.-listed shares

have lost almost two-thirds of their value since the end of 2020, when Beijing launched a yearlong regulatory crackdown on internet companies. Its shares are now trading at a price of around 10 times forward earnings, according to FactSet. Walmart's shares trade at around 23 times forward earnings.

"Alibaba is now both a value stock and a growth stock," said Colin Liang, a portfolio manager focused on China at Redwheel, an asset manager.

Ryan Cohen, known as a meme-stock investor for his bets on GameStop and other companies, has taken a stake worth several hundred million dollars in Alibaba, The Wall Street Journal previously reported. He wants the company to buy back stock, which would help increase the price.

Fund managers said social-media giant Tencent is another example of a stock with both growth and value charac-

teristics. The company's stock-market value jumped by half in 2020 but has tumbled since then. It lost one-quarter of its value last year and is now trading at a price of around 17 times earnings.

"These are very high-quality businesses that are very undervalued at this point versus what we consider to be their intrinsic value," said Matt Wachter, chief investment officer for Morningstar Investment Management, Asia-Pacific.

Assets at funds that focus on Chinese value stocks rose by \$2 billion in the second quarter to hit around \$11 billion, according to data from Morningstar. Investor flows into these funds were worth around 18% of their assets, the biggest percentage move into Chinese value funds since late 2016.

Foreign investors have become much more cautious about investing in China this year. Small investors inside the country are also nervous.

Chinese regulators attempted to stem the stock market's slide with a series of measures announced on Sunday, including a big cut to stamp duty, the tax charged on each stock trade. That sparked a big rally when Chinese stocks opened on Monday, but most of the gains had fizzled out by the closing bell. Investors and analysts say

clearer steps are needed to address China's biggest problem: its faltering economy.

But despite its problems, China is still likely to be one of the fastest-growing major economies in the world this year, ensuring that plenty of investors are still looking for the best way to play the country's \$12 trillion stock market.

Some foreign fund managers are buying value stocks because their investment mandates force them to have some China exposure but they want to take a conservative approach to hitting those targets, said Ken Wong, Asian equity portfolio specialist at Eastspring Investments. They will do that by investing in value stocks or the shares of state-owned enterprises, he said.

"Can you completely avoid investing in China? No, you can't. Investors will park their assets into value or SOE stocks until the signs are pointing in a more positive direction," he said.



Some investors see Tencent as a growth and value stock.

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HEARD ON THE STREET

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Job Market Cools but Is Far From Freezing

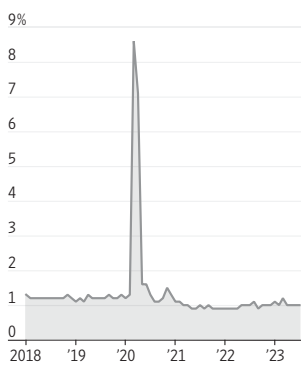
The pace of hiring is slowing, but employers would rather hang onto their workers than lay them off

The heady demand for workers that the pandemic kicked off is subsiding. But even as worries about the economy persist, employers are in no rush to start laying people off.

The Labor Department on Tuesday reported there were a seasonally adjusted 8.8 million unfilled job openings on the last day of July, down from 9.2 million in June and 11.4 million a year earlier. That is still a ton of openings: 1.5 for each person counted as unemployed, in comparison with an average in 2019—a good year for jobs—of 1.2. But it still counts as a fresh sign that the job market is, in fact, cooling.

The number of people quitting their jobs has fallen, too, with the Labor Department counting 3.5 million quits in July, versus 3.8 million in June and four million a year earlier. That brought the quits rate—quits as a share of overall employment—to 2.3%. That was the lowest level since January 2021, and matched the 2019 average. The decline in quits should be especially cheering for the Federal Reserve, since quits might actually be the better reading on job-mar-

Monthly layoff rate



Note: Layoffs and discharges as a share of total employment; seasonally adjusted
Source: Labor Department via St. Louis Fed

ket tightness than openings. When people quit their job, it is usually because they have found a better one elsewhere, often at higher pay.

One thing that hasn't picked up much over the past year is the number of people getting fired from their jobs. There were 1.56 million layoffs and discharges last



JEFF CHIU/ASSOCIATED PRESS

Demand for workers is still strong in areas such as leisure and hospitality.

month, which compared with 1.5 million in July last year. And thanks to the gain of about 3.4 million jobs since July last year, the layoff rate—layoffs as a share of employment—was unchanged from a year earlier at 1%.

This is worth noting, since some high-profile layoffs, centered in the tech sector, that started making headlines last fall sparked worries that widespread job losses were on the way. But neither the Labor Department's layoff figures,

nor weekly unemployment claims, jumped higher. And lately, those big layoff announcements have subsided, too: Outplacement firm Challenger, Gray & Christmas reported that its monthly count of announced layoffs came to 23,697 in July, compared with 25,810 a year earlier.

One reason why employers might be refraining from layoffs, even as profits over the past year in many sectors have weakened, is that they worry the people they let go might never come back. Demand for workers is still strong—especially in areas such as health-care and leisure and hospitality—and that makes it easier for people who were fired to turn new leaves. If the economy avoids a recession and keeps growing, understaffed businesses could miss out.

For now, this counts as a positive, suggesting that the labor market can continue to cool without getting uncomfortably cold. But if demand deteriorates in the quarters ahead, some businesses will start letting people go, and others will be unwilling to take up the slack.

—Justin Lahart

U.S. Steel Can Ride a U.S. Manufacturing Boom

United States Steel, the third-largest steel producer in the U.S., has several things going for it—and at least one big vulnerability.

At 11.8 times next 12 months' expected earnings according to FactSet, the stock remains cheap by U.S. equity standards, and an offer of \$35 a share from a big suitor waiting in the wings represents a roughly 17% premium to current prices. The U.S. residential construction sector, although it has cooled, is holding up surprisingly well—in part because of low inventories of homes on the market. And a big structural tailwind for steel demand is building in the form of massive investments in manufacturing and green power triggered by the Inflation Reduction Act, America's new climate-focused industrial-policy law.

After the surprise offer from steelmaker **Cleveland-Cliffs**, which became public in early August, shares of U.S. Steel are up by about one-third. U.S. Steel rejected that initial offer and has said it is considering multiple offers for part or all of its business. After the steelworkers union put its support behind Cleveland-Cliffs, the industrial conglomerate **Esmark** withdrew its rival bid.

It is no surprise that suitors are suddenly lining up: U.S. steel demand looks poised to take a significant step up.

After the passage of big industrial-policy laws such as the Chips Act and the IRA in 2022, U.S. manufacturing investment has rocketed. In addition to new auto and battery plants, the construction of all those wind farms subsidized by the IRA—and the transmission lines needed to connect them—will be steel-intensive, too.

Despite the big decline in steel prices over the past 18 months as housing construction and general



LUKE SHARRETT/BLOOMBERG NEWS

Despite a decline in prices, new U.S. orders for iron and steel have been rising thanks to increased demand from construction and manufacturing.

inflation have cooled, new iron and steel orders in the U.S.—including unfilled orders—remain near the post-2008 peaks notched in mid-2022.

U.S. Steel is a crucial manufacturer of automotive steel and, soon, will be a significant producer of the electrical steel required by electric vehicles. That will put it in an enviable position as U.S. EV production ramps up. The IRA also contains provisions for extra "bonus" tax credits for

green power projects built with domestic steel, as long as they also satisfy certain other requirements.

Still, regulators might look askance at a big new corporate combination upstream of sectors—EVs and clean energy—that Washington has just decided to subsidize on a massive scale. American-made steel is already among the most expensive in the world, in part because of heavy tariff protection.

The other main risk for the

company, and the U.S. steel sector as a whole, is China.

While domestic demand looks poised to ratchet higher, China's property sector—the biggest global steel-demand source—is losing steam again rapidly. Chinese steel-product imports have collapsed and exports, while down slightly from their post-2016 peak in May, are still very high. If they head higher again as China's property malaise deepens, that could weigh on world prices—even with the

heavy tariff protection U.S. steel-makers enjoy.

U.S. Steel shares still have some battles to fight in the short run—mainly uncertainty over a potential acquisition and China's deepening malaise. But with strong structural tailwinds from the IRA and heavy investment pouring into its key client, the U.S. auto sector, it looks like an interesting play on an American clean-energy and manufacturing renaissance.

—Nathaniel Taplin

Federated Hermes Can Fly as High Rates Linger

Cash is pouring into money-market funds. That hasn't translated into a stock boost lately for one of the biggest managers of those vehicles, **Federated Hermes**. But an alignment may come when investors least expect it.

After hundreds of billions of dollars of inflows in 2023, money-market funds have hit records at over \$5.5 trillion in assets as of mid-August, according to the Investment Company Institute. Federated, with a share of over 7% of the money-market mutual fund market as of the second quarter, has been a big beneficiary. Its money-fund assets have risen more than \$30 billion through the first half of the year, to a record of \$509 billion. The company's net income was up 25% year over year in the second quarter.

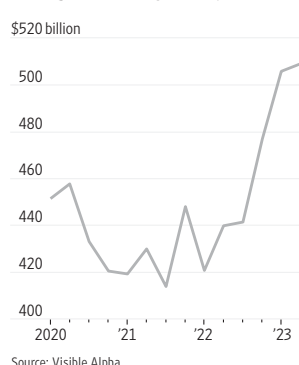
Yet its shares are down 4.5% this year. A share of things may help explain the disconnect. For one, the Securities and Exchange

Commission is adopting new regulations intended to make money-market funds more resistant to destabilizing runs that necessitate bailouts. Then there also is uncertainty about how much more growth could be in store for money-market funds. Second-quarter net inflows in that category at Federated, though solid, fell short of consensus analyst expectations, according to Visible Alpha.

Investors may be overly worried. The SEC's toughest measures are primarily aimed at institutional prime and municipal funds, or funds that cater to big investors and hold corporate or municipal debt. As of earlier this year, those represented roughly \$10 billion out of Federated's half-a-trillion in the asset class. Other changes are anticipated to have overall small impacts on retail funds' yields.

And fears about the rising-rate

Federated Hermes's money-market managed assets, quarterly



Source: Visible Alpha

cycle getting long in the tooth might also be misplaced. Some investors might believe that the Federal Reserve is done raising rates, and might even cut them next year, though of course that is still

unknown. But the appeal of money-market funds, which hold very-short-term investments such as Treasury bills or overnight reverse repurchase agreements at the Fed, doesn't necessarily diminish if short-term rates peak or fall.

In past cycles of rapid policy tightening, money-fund flows tended to keep rising long after the initial liftoff of rates. Barclays analysts in August said they still anticipate a few hundred billion dollars more may flow into money funds through early 2024.

Additionally, some institutional investors may actually shy away from money funds when rates are rising. Money funds' assets usually have a duration, meaning how quickly they mature, or pay off, of several weeks. This means that their yields can lag behind market rates for a short period when they are rising rapidly. Institutions don't want to lose that bit of upside, so they might look for other

instruments. But then as rates look to start to peak or fall, institutions want to lock in current rates for a bit longer. At that point, the duration that comes with money funds is a feature, not a bug.

By the same token, it isn't as if individual investors—who have been huge drivers of money-fund flows this year—are likely to suddenly draw back from money funds at the first sign of rates' peak. Individuals are typically late to react to rising rates and to falling ones.

Federated also has a big business in fixed-income funds that should benefit when investors start seeking out duration to try to lock in higher yields, making the recent rise in long-term bond yields a potential benefit, too.

If the interest-rate cycle isn't done with Federated Hermes, then investors shouldn't be, either.

—Telis Demos

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