

# THE WALL STREET JOURNAL.

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WSJ.com

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DJIA 33976.63 ▼ 10.55 0.03%

NASDAQ 12153.41 ▼ 0.04%

STOXX 600 468.62 ▲ 0.4%

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OIL \$80.86 ▲ \$0.03

GOLD \$2,007.40 ▲ \$13.20

EURO \$1.0975 YEN 134.12

## What's News

### Business & Finance

Fox News parent Fox Corp. agreed to pay \$787.5 million to settle its legal battle with Dominion just before the start of a trial on the voting-machine firm's allegations that it was defamed by network broadcasts after the 2020 presidential election. A1

◆ Goldman said it sold part of its portfolio of Marcus personal loans and put the rest up for sale, taking a revenue hit to do so. The company's quarterly profit fell 18%. A1

◆ Netflix said it would roll out new password-sharing limitations more broadly by the end of June and that it would soon wind down its DVD-by-mail business. A1

◆ Credit Suisse failed to fully investigate recent allegations that it supplied bank accounts to Nazi party members before and after World War II, according to a Senate committee probe. B1

◆ The S&P 500 eked out a slim 0.1% gain, while the Dow industrials and Nasdaq ended nearly flat. B13

◆ Chinese economic data show that consumer spending is playing a stronger-than-expected role in driving the nation's recovery. A8

◆ SEC chief Gensler defended the agency's crackdown on cryptocurrency markets in a hearing before a House committee. A4

◆ Apple opened a store in Mumbai, its first in India, and plans to open another in New Delhi on Thursday. B4

◆ J&J raised its full-year sales and earnings outlook after revenue rose 5.6% in the first quarter. B4

### World-Wide

◆ A Moscow court upheld the detention of Wall Street Journal reporter Evan Gershkovich, who was arrested while on a reporting trip last month and held on an allegation of espionage that the Journal and the U.S. government have vehemently denied. A1

◆ Putin and Zelensky visited troops in Ukraine within a day of each other this week as the leaders try to shore up morale ahead of an expected offensive by Kyiv to wrest territory from Moscow's grip. A7

◆ McCarthy said that he was pushing to begin writing the text of legislation raising the debt ceiling, as Republicans said that they expected to see the bill soon and vote on it next week, before the start of a recess in May. A4

◆ Supreme Court justices appeared to edge toward a compromise in a workplace religious-rights case, with Gorsuch and Kavanaugh suggesting that a 1977 precedent could be clarified but not overturned to balance the interests of employees and employers. A2

◆ Americans seeking messenger RNA vaccines for Covid-19 for the first time will get one updated shot targeting both the Omicron variant and the original strain of the virus under new moves rolled out by the FDA. A3

◆ The European Union's parliament approved legislation to tax imports based on the greenhouse gases emitted to make them, clearing the final hurdle before the plan becomes law. A8

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Wall Street Journal reporter Evan Gershkovich stands in the dock in a Moscow court on Tuesday. To the journalist's left are his lawyers, Tatyana Nozhkina and Maria Korchagina, with U.S. Ambassador to Russia Lynne Tracy behind them.

## Russian Court Denies Bail For Detained WSJ Reporter

By ANN M. SIMMONS

A Moscow court on Tuesday upheld the detention of Wall Street Journal reporter Evan Gershkovich, who was arrested while on a reporting trip last month and held on an allegation of espionage that the Journal and the U.S. government have vehemently denied.

After a closed hearing, Mr. Gershkovich, a 31-year-old U.S. citizen, was denied bail and ordered held in the Russian capital's Lefortovo prison pending trial. Lefortovo has often been used to house

prominent political prisoners.

The hearing was held behind closed doors, as is typical for most hearings connected with espionage charges. It is also exceedingly rare for defendants to win appeals or be acquitted in such cases in Russia, where espionage laws are increasingly wielded for political purposes, according to the Journal and the U.S. government have vehemently denied.

The U.S. government has designated Mr. Gershkovich as wrongfully detained and called for his immediate release. The U.S. ambassador to Russia,

Lynne Tracy, who was allowed consular access to Mr. Gershkovich for the first time Monday, attended the hearing.

"The charges are baseless and we call on the Russian Federation to immediately release" Mr. Gershkovich, Ms. Tracy said on the courthouse steps after the hearing. She also called for the release of Paul Whelan, another U.S. citizen being held by Russia. The U.S. government has designated Mr. Whelan as wrongfully detained, too.

Reporters and camera crews were allowed to take

pictures of Mr. Gershkovich—clad in a blue plaid shirt and faded jeans—before the start of the proceedings, which were then closed to the press. It was the first time Mr. Gershkovich has been seen in public since March 30.

Ahead of the judge's ruling, Mr. Gershkovich was shown pacing inside the dock—a transparent box used to hold defendants in Russian courts—and conferring with his lawyers. Two Russian officers whose faces were covered stood near the box.

Please turn to page A7

## Goldman Profit Falls 18% as Bank Shrinks Main Street Lending

By ANNA MARIA ANDRIOTIS

Goldman Sachs Group Inc. is moving forward with its plans to pull away from Main Street lending.

The bank said Tuesday that it had sold part of the portfolio of Marcus personal loans and put the rest up for sale, even though it had to take a revenue hit to do so. It also said it would start the process to explore the sale of GreenSky, a specialty lender that it bought about a year ago.

"We're narrowing focus," Chief Executive David Solomon said on a call with analysts.

Goldman missed analysts' expectations for revenue in the first quarter, a reminder of the difficulties Mr. Solomon must untangle as Goldman refocuses on being a bank for Wall Street. Profit fell 18% from a

year ago.

The quarter was challenging for Goldman's typical powerhouses, investment banking and trading, where revenue was down at Goldman and most of the big banks.

Revenue was up, however, in Goldman's asset and wealth-management business. Mr. Solomon is trying to emphasize that unit as a way to clip steady fees to offset downturns in banking or trading.

Goldman shares fell 1.7% on Tuesday.

The bank had previously signaled that Tuesday's moves might be coming. Mr. Solomon said in February that Goldman

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◆ Banks see unrealized losses on bonds fall ..... B1

◆ Heard on the Street: Goldman misses out on lending ..... B14

## 'I Hate You, Kathie Lee Gifford!' Ozempic Sparks Bizarre Dreams

\* \* \*

Side effects of weight-loss drug include vivid, celebrity-filled night visions

By PETER LOFTUS

Chery McLemore was recently enjoying watching a parade of cows and bulls at a cattle auction with actor Matthew McConaughey. Then he started climbing atop the small pet llama she had brought, and she had to raise her voice to tell him to stop.

"Fine, you can stay with your llama, I'm leaving!" Mr. McConaughey screamed before storming off.

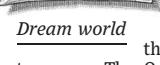
Then Ms. McLemore woke up.

Her trip to a cattle auction with one of Hollywood's leading men was one of the dreams Ms. McLemore has had since February, when she began tak-

ing one of the powerful, new weight-loss drugs that have become viral sensations in recent months.

Ozempic and other similar medications are doing more than helping people tighten belts and fit into old outfits. Many users are reporting bizarre, vivid and eerily realistic night visions that bear no resemblance to their past dreams.

The Ozempic dreams they have been reporting are downright wacky. Among the plots people have posted on social media groups: joining the cast of "The Golden Girls" and preparing to rob a museum with Jennifer Lopez and Ben Af-



Please turn to page A2

## Netflix to Broaden Limits On Sharing and Axes DVDs

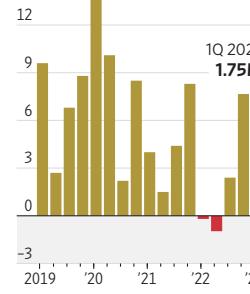
By SARAH KROUSE

Netflix Inc. said it would roll out new password-sharing limitations more broadly—including in the U.S.—by the end of June, and said it would soon wind down the DVD-by-mail business that the company was built upon.

Netflix added 1.75 million subscribers in the first quarter and ended the period with 232.5 million customers, a far slower pace of growth than it was accustomed to before and during the pandemic. After losing subscribers for the first time in a decade a year ago, the company took a series of steps to expand its customer base, including launching an ad-supported tier of the service and starting to limit password sharing.

The strategic changes highlight the streamer's continuing transition from an upstart that shipped discs in red envelopes

Net new Netflix subscribers, quarterly



Source: the company

to a global entertainment giant focused on increasing its profitability.

The quarter was the first under new co-CEOs Greg Peters and Ted Sarandos, after co-founder and former co-CEO

Reed Hastings stepped down in January to become executive chairman.

Net profit fell 18% to \$1.31 billion in the quarter, while revenue rose 3.7% to \$8.16 billion, shy of Netflix's 4% projection. Its shares were roughly flat in after-hours trading.

The company has said that getting every Netflix user to pay—either by forcing people who use other people's accounts to sign up for their own or having account owners pay extra to share it with people outside their household—could generate an important source of new revenue. More than 100 million people watch Netflix using borrowed accounts, the company said.

"This is an important transition for us," Mr. Peters said of the effort on a call for shareholders.

He said he expected heavy

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### INSIDE



#### U.S. NEWS

Bills' Damar Hamlin is cleared to resume full football activities after cardiac incident. A3

#### PERSONAL JOURNAL

Airline passengers are likely to face more turbulence on flights, meteorologists say. A12

## Negligence Added to Quake Toll in Turkey

Critical response sites failed amid problems in the construction boom under Erdogan

ANTAKYA, Turkey—The Hatay international airport was meant to be a gleaming model for what the government called "the New Tur-

key," kicking off one of the biggest building booms of the 21st century.

Danger signs were flash-

ing from the start.

The airport was constructed on top of both a major fault line and a drained lake. Inspectors who had approved the location, near the country's border

with Syria, were unqualified, a southern Turkish court ruled in 2003, just four years after a quake near Istanbul had killed 17,000 people.

A more alarming find was buried in that ruling: Nobody had assessed how the new airport would fare in an earthquake.

Turkey's leader Recep Tayyip Erdogan charged ahead, telling cheering residents at the 2007 ribbon-cutting that they "deserve the best." Warnings from seismologists, soil experts and engineers piled up over the years, yet his government approved a new glass-paneled terminal on the

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## U.S. NEWS

# Justices Weigh Workplace Religious Rights

BY JESS BRAVIN

**WASHINGTON**—Supreme Court justices appeared to edge toward a compromise in a workplace religious-rights case Tuesday, with conservatives Neil Gorsuch and Brett Kavanaugh suggesting that a 1977 precedent could be clarified but not overturned to balance the interests of employees and employers.

A group of conservative advocacy groups filed the case on behalf of part-time mail carrier who said his evangelical Christian faith prevented him from working on Sundays. The group aims to overturn the current application of federal law requiring employers to make reasonable accommodations for employees' religious exercise, so long as undue hardship wasn't imposed on the business.

Over the past decade, the Supreme Court has been re-drawing the line between church and state, finding that secular interests often must yield when religious rights are asserted. Although Tuesday's case involves a government agency, the U.S. Postal Service, the outcome, expected by July, likely will affect private employers that also are covered by provisions of the 1964 Civil Rights Act requiring them to "reasonably accommodate" a worker's "religious observance or practice without undue hardship on the conduct of the employer's business."



Gerald Groff sued the U.S. Postal Service, alleging religious discrimination.

Gerald Groff joined the Postal Service in 2012 as a noncareer "rural carrier associate" whose job involved filling in when full-time staff weren't available. Initially there was no conflict between Mr. Groff's job and his sabbath observance, since mail was delivered only Monday through Saturday.

Beginning in 2013, however, the Postal Service began contracting with Amazon.com Inc. to deliver packages on Sunday, an arrangement that by 2016 rolled out to the Lancaster, Pa., service hub where Mr. Groff worked.

That year, the Postal Ser-

vice and the union representing postal workers reached an agreement on staffing Sunday deliveries. Managers had to seek volunteers from various job classifications to work Sunday shifts, and if enough weren't available would assign part-time carriers on a rotating basis.

The parties dispute how accommodating the Postal Service was when Mr. Groff refused to work Sundays. But the bottom line was that there weren't enough volunteers willing to work Sundays, and managers therefore put Mr. Groff into the rotation. Rather than face dismissal, Mr. Groff

resigned from his job in 2019 and later sued the Postal Service, alleging religious discrimination.

The 1977 precedent, *Trans World Airlines v. Hardison*, said an employer need not take steps that exact more than a "de minimis cost."

Attorneys for both sides in the case said that language was inconsistent with civil-rights law, although they disputed the real-world impact.

Aaron Streett, representing Mr. Groff, said lower courts often fail to protect religious liberty "because they're taking the de minimis test by its terms."

## New Jersey Can Quit Seaport Commission

The Supreme Court said Tuesday that New Jersey could unilaterally withdraw from its 70-year-old compact with New York creating a special agency to police racketeering at the busiest seaport on the East Coast.

The decision augurs the end of the Waterfront Commission of New York Harbor, born in the early 1950s after a newspaper expose of union corruption spurred investigative hearings.

New Jersey contended the commission had outlived its usefulness and, through regulations and fees, become a drag on

commerce at the port, whose operations largely have shifted to facilities located in New Jersey in recent decades. New York, along with officials of several federal law-enforcement agencies, said the commission's specialized investigations remained integral to policing the port.

Those issues didn't enter into the Supreme Court's unanimous decision, which focused solely on principles of contract and compact law.

"The question presented is straightforward: Does the Waterfront Commission Compact allow New Jersey to unilaterally withdraw from the Compact notwithstanding New Jersey's opposition? The answer is yes," Justice Brett Kavanaugh wrote for the court.

ground."

Liberal justices, who feared the prospect that another precedent might be removed from the legal foundation, appeared satisfied with an opinion along those lines.

"I'm happy that we are all kumbaya-ing together," said Justice Elena Kagan.

Still, the justices didn't appear fully in line on the ultimate result. Justice Amy Coney Barrett suggested returning the case to the lower courts for consideration under the clearer standard, something Justice Sonia Sotomayor said was probably not necessary.

## U.S. WATCH

WASHINGTON, D.C.

### Bidens' Tax Returns For 2022 Released

President Biden and first lady Jill Biden had \$579,514 in adjusted gross income in 2022 during his second year as president, according to their tax returns released by the White House Tuesday.

The Bidens filed their tax return jointly and paid \$137,658 in federal income tax, with an effective federal income-tax rate of 23.8%. They also paid \$29,023 in Delaware income tax, and Dr. Biden paid \$3,139 in Virginia income tax.

The Bidens' 2022 income was slightly less than their 2021 income of \$610,702, and most of it came from their salaries.

Mr. Biden earned \$400,000 as president and Dr. Biden earned \$82,335 from Northern Virginia Community College, where she teaches. Most of the rest of their income was from pensions and Social Security payments.

The couple released their annual tax returns on the April 18 deadline for most Americans and the White House said the president has now released 25 years of tax returns. The Bidens have resumed the presidential tradition of voluntarily releasing their tax returns after former President Donald Trump had declined to do so.

—Ken Thomas

CALIFORNIA, NEVADA

### More Snow Falls on Sierra Nevada Region

The winter that wouldn't quit showed up again in the Sierra Nevada region of California and Nevada on Tuesday.

The fast-moving storm wasn't expected to last long, but it was enough to require chain controls on some trans-Sierra highways and add to staggering snowfall totals left by an excep-

tional series of winter storms.

"A blast back to some wintry weather today with wind and snowfall," the Mammoth Mountain ski resort wrote on its webpage. Like most Sierra resorts, Mammoth doesn't need any more snow after recording 705 inches at its main lodge and 885 inches at its summit.

Spring conditions were expected to return later in the week, the National Weather Service said.

—Associated Press

## OBITUARY

### Pastor Had Broadcast That Reaches Millions

Charles Stanley, an Atlanta-based pastor whose evangelical broadcasts reached audiences around the world, died Tuesday. He was 90 years old.

Dr. Stanley served as a pastor at Baptist churches in North Carolina, Ohio and Florida before he joined the First Baptist Church in Atlanta in 1969. There, he served as senior pastor for around 50 years.

His show "The Chapel Hour" launched on Atlanta stations in 1972. The Christian Broadcasting Network reached out to Dr. Stanley to expand the program to national audiences a few years later, renaming it "In Touch with Dr. Charles Stanley."

In 1982, he incorporated In Touch Ministries. The program today broadcasts to more than 115 million homes in the U.S., according to In Touch Ministries, and on thousands of television, radio and satellite stations around the world.

—Jennifer Calfas

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## CORRECTIONS & AMPLIFICATIONS

**Missouri homeowner** Andrew Lester is 84 years old. A U.S. Watch article on Tuesday about charges against Mr. Lester in the shooting of a 16-year-old boy incorrectly said he is 85 years old, based on initial information from the Clay County prosecutor.

**The name** of the International Monetary Fund was given incorrectly as the International Monetary Policy in a World Watch article on Friday about Bank of Canada Gov. Tiff Macklem's remarks at the IMF's spring meeting in Washington.

**Juan Soto**, a San Diego Padres outfielder, is eligible to become a free agent after the

2024 baseball season. A Sports article on Friday about the team incorrectly said he would become a free agent after this season.

**Alexei Navalny** was arrested after returning to Russia in January 2021. A Review article on Saturday incorrectly said that he returned in January 2022.

**An Off Duty photo collage** on Saturday with an article about cameras and smartphones incorrectly labeled the Samsung Galaxy S23 Ultra as the Google Pixel 7 Pro. It also incorrectly labeled the Google Pixel 7 Pro as Samsung Galaxy x23.

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Among the Ozempic dreams that users have described in social-media groups: joining the cast of 'The Golden Girls.'

## Ozempic Sparks Odd Dreams

Continued from Page One

"I am carrying your baby," one dreamer recalled telling Dwayne "The Rock" Johnson, who she thought, judging by his reaction, was open to blending their families.

The overnight spectacles are a side effect of drugs such as Ozempic and Wegovy from Novo Nordisk A/S and Mounjaro from Eli Lilly & Co.

The companies originally developed the drugs, which require weekly injections, to treat diabetes, only to discover they were much better than older diet drugs at helping people lose weight, with manageable risks.

The Food and Drug Administration has approved Wegovy for losing weight, while diabetes treatment Mounjaro is under review for that use. Ozempic, which has the same main ingredient as Wegovy, is approved to treat diabetes but is widely used for weight loss.

Fueled by celebrity endorsements, use has taken off. On Facebook and other social-media platforms, thousands have traded tips about where to find scarce supplies and how to manage side effects, including sulfur-tasting burps. They also have celebrated "non-scale victories" such as buckling a seat belt more easily.

Strange dreams are another hot topic, prompting some users to start social-media groups dedicated to recalling the strange, colorful details. The TikTok account "ozem-

picdreams" posts brief videos of text describing dreams submitted by followers, setting them to music to match the mood. "Spent the night at Home Depot ordering new cabinets and appliances for my kitchen. My salesman, Clint Eastwood, helped me pick out everything I would need," read one, accompanied by a sped-up version of the song "Escapism," by the singers Raye and OTO Shake.

Ms. McLemore's Facebook post about her cattle-auction dream drew more than 160 comments, including several admonishing her dream self for not letting the imaginary Mr. McConaughey sit on the little llama in the first place.

**Stars of reported dreams include Oprah Winfrey and Clint Eastwood.**

Celebrities star in many of the reported dreams. In one woman's, according to a Facebook post, actor Jonah Hill waited tables on a cruise, divulged to the diners that he had changed his name to "Sun-daze" and planned to quit film acting for a cabaret career.

Oprah Winfrey rode in a go-kart to rescue an Ozempic user who was playing in a baseball game before a hostile crowd, according to a Facebook post. Another Ozempic dreamer was about to give birth in a bar and wanted actor Will Ferrell, standing nearby, to deliver the baby.

A Novo Nordisk spokesman said the company has received reports of abnormal dreams among users of Ozempic and Wegovy, but it doesn't have enough information to es-

tablish whether the drugs are causing the dreams.

An Eli Lilly spokeswoman declined to comment on the reports of strange dreams among Mounjaro users.

Dr. Caroline Apovian, a professor of medicine at Harvard Medical School and co-director of a weight-loss center at Brigham & Women's Hospital in Boston, suspects the dreams are related to how the drugs work promoting production of a gut hormone that has receptors in the brain. The drugs might also increase a user's energy expenditure during sleep, which could contribute to vivid dreams, she said.

It also is possible the drugs are helping users' recall dreams they would have had normally but used to forget, said Deirdre Leigh Barrett, a dream researcher at Harvard Medical School and author of "Pandemic Dreams."

As for those celebrity guest appearances, Dr. Barrett said, those are unlikely to be specific to the drugs. She said posts on social media about celebrities in strange dreams might be prompting others to respond with similar recollections.

Annetrice Knight, a beauty consultant from Oxon Hill, Md., who has been taking Ozempic for diabetes since January, said she told her doctor about her recent dreams, but the doctor told her it wasn't a problem unless she starts sleepwalking.

Often her dreams involve taking a peaceful drive on a sunny day and having a conversation with her passenger. "None of it made sense, but it was OK because we were driving and it was nice outside," she said.

One night, however, she dreamed she was sitting in a dark house watching TV when the doors disappeared. A creepy figure lurked in the

shadows, and she tried to escape. "It was Stephen King scary," Ms. Knight said.

Ms. McLemore, a mother of two from Amarillo, Texas, who takes Wegovy, said she typically used to dream about her family, but since taking Wegovy she has had slumber meetups with celebrities.

In addition to attending the cattle auction with Mr. McConaughey, she has shopped for shoes with "Jurassic Park" actor Jeff Goldblum, seen an eye doctor with the "Pirates of the Caribbean" star Johnny Depp and toured North Korea with Minnie Pearl of "Hee Haw"

dreams, she recalled screaming.

On a camping trip in Yellowstone National Park, Ms. McLemore couldn't agree with her celebrity dream partner on how to set up the tent. "I hate you, Kathie Lee Gifford!" she recalled screaming.

The fast-moving storm wasn't expected to last long, but it was enough to require chain controls on some trans-Sierra highways and add to staggering snowfall totals left by an excep-

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## U.S. NEWS

# New Shot For Covid Requires One Dose

FDA also authorizes second booster for people over age 65 or immunocompromised

By LIZ ESSLEY WHYTE  
AND STEPHANIE ARMOUR

Americans seeking messenger RNA vaccines for Covid-19 for the first time will get one updated shot targeting both the Omicron variant and the original strain of the virus under new moves rolled out Tuesday by federal health officials.

The Food and Drug Administration also authorized a second booster of the updated shots for people at high risk of Covid-19, specifically people 65 years and older or people who have weak immune systems.

The agency's actions mark the latest tweaks to Covid-19 vaccines, and could be followed up by further efforts to simplify the complicated vaccination regimen, perhaps by enshrining plans for a once-a-year shot for most people.

"The agency believes that this approach will help encourage future vaccination," said Dr. Peter Marks, head of the FDA's division that oversees vaccines. "Covid-19 continues to be a very real risk for many people, and we encourage individuals to consider staying current with vaccination."

The agency said a second booster is authorized for people 65 and older whose last booster was more than four months prior, and for immunocompromised people whose

**The FDA encourages individuals to stay current with their vaccination.**

last shot was more than two months prior, with additional doses as recommended by their doctors.

The moves will have little practical impact for most people in the U.S. Relatively few people are getting vaccinated against Covid-19 for the first time, while some of those at high risk have been getting a second updated booster even though it hasn't been cleared for such use.

The changes will make a difference, however, for people seeking their first Covid-19 vaccination going forward. They will need to get only a single dose, instead of the two doses that had been recommended.

The moves may also result in more high-risk people, who have been waiting for an official signoff on a second shot, getting boosters.

The Centers for Disease Control and Prevention will need to recommend the new vaccination regimen and second booster before they become widely available.

The mRNA-based Covid-19 vaccines from Pfizer Inc. and its partner BioNTech SE and from Moderna Inc. have been around since December 2020. To date, people in the U.S. seeking their first Covid-19 vaccinations have gotten two doses of the original vaccines.

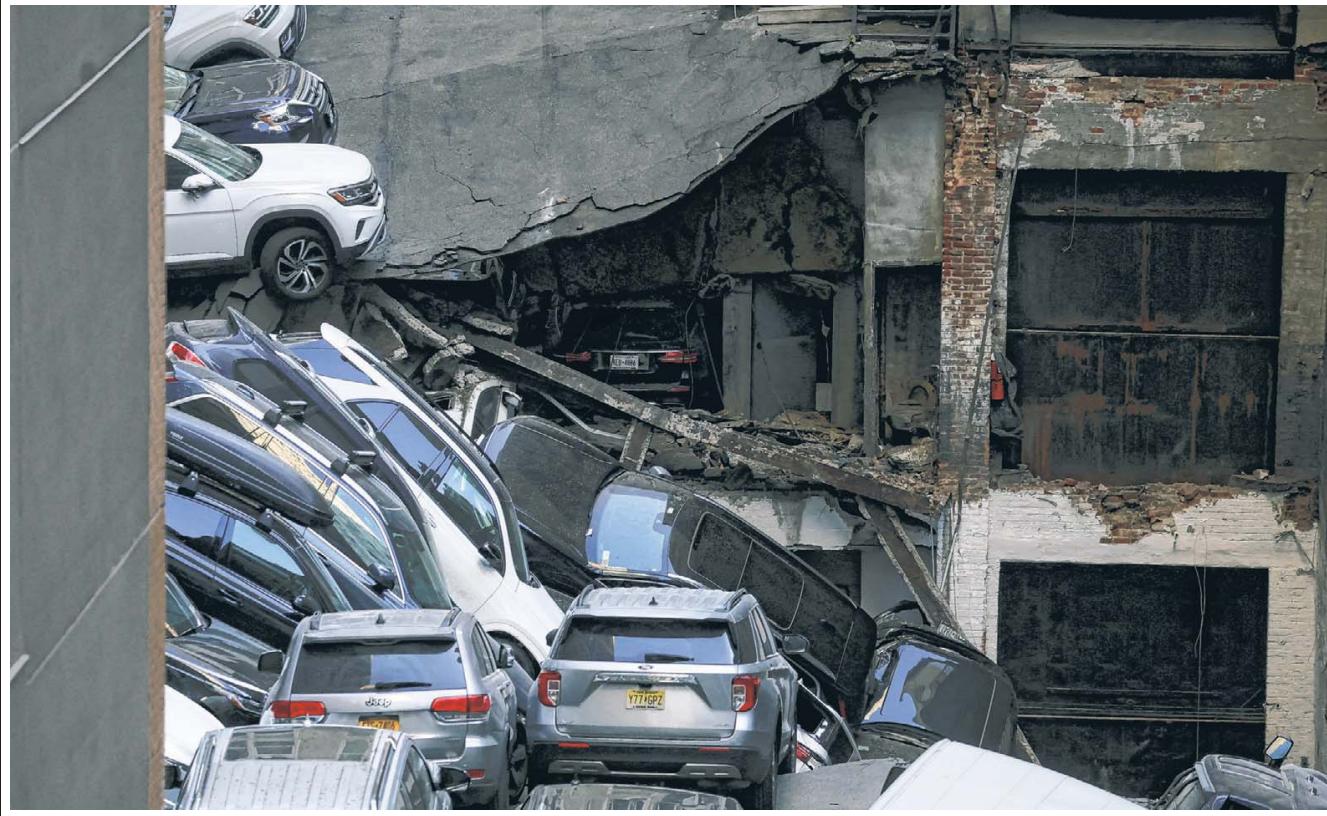
Reformulated versions targeting the Omicron strain and the original strain were first released last September but only as boosters.

Some 17% of the U.S. population received a dual-targeted or bivalent booster, compared with 70% who got the full series of initial shots, according to the CDC. Some regions have lower vaccination rates. Just over half of people in Alabama, Mississippi and Wyoming were fully vaccinated with the initial series of shots, data from USAFacts and the CDC show.

About 9,000 people a day are getting their first Covid-19 vaccine doses this month, according to the CDC, down from more than a million at this time two years ago.

Children under age 5 who get the Pfizer-BioNTech vaccine and children under age 6 who receive Moderna's will still need multiple doses of the vaccines to be considered fully vaccinated, agency officials said.

## One Person Killed in Partial Collapse of Parking Garage in Lower Manhattan



**CRUMPLED:** A three-story building went down Tuesday a few blocks from New York City Hall and the Brooklyn Bridge. In addition to the fatality, at least five people were injured, said John Esposito, chief of operations at the New York City Fire Department. Four were hospitalized in stable condition and one refused medical treatment, he said.

## Gig Work Helps Hospitals Fill Nursing Shifts

By MELANIE EVANS

Hospitals are joining the gig economy.

Some of the nation's largest hospital systems including Providence and Advocate Health are using apps similar to ride-hailing technology to attract scarce nurses. An app from ShiftKey lets workers bid for shifts. Another, CareRev, helps hospitals adjust pay to match supply, lowering rates for popular shifts and raising them to entice nurses to work overnight or holidays.

The embrace of gig work puts hospitals in more direct competition with the temporary-staffing agencies that siphoned away nurses during the pandemic. The apps help extend hospitals' labor pool beyond their employees to other local nurses who value the highly flexible schedules of gig work.

The shift is among many ways hospitals are revamping hiring, schedules and pay to give nurses more control and to fill staffing gaps created by persistent labor shortages. Vacancies are straining many hospitals' operations despite recent hiring gains at hospitals and reports of softer demand from some temporary-staffing companies.

"We're still short," said Elaine Zemel, business analyst for nursing administration at Henry Mayo Newhall Hospital, a Los Angeles-area hospital



**Nurse employment fell by more than 100,000 workers between 2020 and 2021.**

that offered gig workers at one point \$106 an hour for a 12-hour intensive-care shift on Easter Sunday. "Nurses know that the ball is in their court."

Many nurses retired or left the field after the pandemic made their jobs far harder. Others switched hospitals for jobs with higher pay or more flexible schedules. Nurse employment dropped by more than 100,000 workers between 2020 and 2021, the largest decline in four decades of available data, a study in the journal Health Affairs showed.

Gig apps give nurses even more control than other common temporary-employment options that lock in workers for

multiweek contracts, at least. It opens shifts to a broader labor pool, too, but also a more fluid one, hospital executives said.

That means less certainty for employers.

"There's no guarantee that shift is going to be filled," said Jane Dus, Midwest chief nursing officer for Advocate Health Hospitals in Wisconsin and Illinois, which has used gig workers since August 2022. Advocate has filled 5,000 hospital shifts in Wisconsin using gig nurses and nurses' aides and is exploring plans to expand the model to its Illinois hospitals, Ms. Dus said.

SSM Health, based in St. Louis, uses two apps to offer

premium pay and shifts as short as four hours. Its contracts prohibit staff from picking up gig jobs for 12 to 18 months to avoid competing for its own employees, said Seth Lovell, SSM Health's vice president of nursing.

Providence, based in Renton, Wash., added gig nurses a year ago and has filled 13,000 shifts for nurses and other medical jobs, said Mark Smith, who oversees workforce analysis, staffing and optimization for the system. Providence plans to expand gig work to 19 hospitals and nursing homes from 12. To attract more workers, Providence wants to break a typical 12-hour shift into six-hour gigs.

jobs, Mr. Smith said. He tracks pay at other hospitals and adjusts the gig rate every two weeks, if needed, he said.

Henry Mayo in the Los Angeles area is using a CareRev algorithm to nudge pay for gig workers lower or higher by 5% based on the likelihood the shift will attract workers. "It's so much easier to find a nurse on a Wednesday than it is a Saturday night," Ms. Zemel said.

Jecoliah Jackson has signed up for two apps that match her with open nursing shifts in the Los Angeles area. She said she earned \$108 an hour during a recent shift. "It's the market," she said. "We all take advantage of it."

## Hamlin, Cleared by Doctors, Plans an NFL Comeback

By ANDREW BEATON

Buffalo Bills safety Damar Hamlin has been cleared to resume full football activities, general manager Brandon Beane said, marking the final stage of a remarkable recovery after a life-threatening cardiac incident on the field during an NFL game in January.

Mr. Beane said Mr. Hamlin is "just like anyone else who's coming back from an injury." Mr. Beane added: "He's in a great headspace to come back and make his return."

Mr. Hamlin said he plans to make a comeback and also confirmed that the cause of his collapse was commotio cordis, a phenomenon in which a blow to the chest can trigger a heart arrhythmia and cardiac arrest. The condition is quite rare, especially in football, though sports fields are a relatively common place for it to happen.

"This event was life changing, but it's not the end of my story," Mr. Hamlin said. "I plan on making a comeback to the NFL."

Mr. Hamlin, 25 years old, collapsed and went into cardiac arrest on the field during a game against the Cincinnati Bengals after he appeared to take a blow to the chest while making a tackle. He received



**Damar Hamlin confirmed his collapse was due to commotio cordis.**

CPR, had his heartbeat restored and was intubated before leaving in an ambulance that took him to the hospital.

He was sedated for two days. After waking up, he appeared neurologically intact and not long after, was able to breathe on his own. A week after the collapse, his physicians determined he could safely fly to Buffalo, where he was discharged from a hospital a couple of days later.

While signs continued to point in the right direction, there wasn't a definitive answer on whether Mr. Hamlin would be cleared to play again.

"I would love to give the storybook ending that he's

definitely going to play but we just don't know that yet," Mr. Beane said in February.

On Tuesday, Mr. Beane said Mr. Hamlin's clearance came after consulting with additional physicians, who all agreed he was ready to come back.

His continuing recovery has been widely celebrated, including a recent tour through Washington promoting legislation to increase the availability of defibrillators. That included a stop at the White House to meet with President Biden, where the president asked him if he would be able to play—and Mr. Hamlin hinted at this latest development.

"Yeah, I think so," he said.

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## U.S. NEWS

# SEC's Gensler Defends Crypto Regulation

House Republicans, industry groups say agenda is confusing and is an overreach

BY PAUL KIERNAN

WASHINGTON—Securities and Exchange Commission Chair Gary Gensler defended his agency's crackdown on cryptocurrency markets, saying that he had never seen an industry so routinely break securities laws.

"I've been around finance for 40 years, in one way or the

other," Mr. Gensler said in a five-hour hearing Tuesday before the House Financial Services Committee. "I've never seen a field that is so noncompliant with laws written by Congress and confirmed over and over again by the courts."

Since taking the SEC's helm in 2021, Mr. Gensler has focused the SEC's enforcement efforts on trading platforms where most investors buy and sell crypto. Last month the SEC notified the largest U.S. crypto platform, Coinbase Global Inc., that it was preparing to sue the company for allowing investors to trade un-

registered securities.

Crypto firms say that it isn't clear how those laws apply to them and that they don't know which cryptocurrencies the SEC considers securities, the category of assets that includes stocks and bonds. They have lobbied the agency and Congress to write new regulations exempting crypto from the SEC's rules.

Kristin Smith, CEO of the Blockchain Association, which represents the crypto industry, said in a statement that Mr. Gensler's comments would discourage crypto firms from working with the SEC.

"Chair Gensler's testimony perfectly reflects the SEC's approach to the crypto economy: confusing, unclear, opaque, and ultimately blind to the harm its regulation by enforcement strategy is doing to lawful companies in this country," she said.

Rep. Patrick McHenry (R., N.C.), chairman of the House financial-services panel, called Mr. Gensler's approach to crypto "nonsensical."

"You're punishing digital-asset firms for allegedly not adhering to the law when they don't know it will apply to them," Mr. McHenry said.

Mr. Gensler said he believes the law is clear, adding that the SEC has begun explaining in rule proposals how its regulations would apply to crypto. The problem, he said, is that firms don't want to comply.

"It's not a matter of lack of clarity," he said. "We have a whole field in crypto that understands the law and that they are providing exchange services, broker-dealer services, clearing services of crypto security tokens."

Another top Republican, House Majority Whip Tom Emmer (R., Minn.), called Mr. Gensler an "incompetent cop

on the beat" for failing to spot problems at collapsed trading platform FTX and said the SEC chair was trying to drive the crypto industry overseas.

"You say the crypto industry is ripe with noncompliance, yet existing SEC rules make no sense for blockchain-based companies," Mr. Emmer said.

Several Democrats in the hearing praised Mr. Gensler's efforts to step up enforcement against crypto firms.

"There is a fair amount of guidance out there and clarity; it's just not the clarity that the crypto industry wants," said Rep. Stephen Lynch (D., Mass.).

## Child in Good Hands After Slipping Past Fence Onto White House Lawn



**NAB TIME:** A Secret Service officer held an unexpected young visitor on grounds of the White House on Tuesday after the toddler squeezed between posts to enter the grounds. The boy was quickly reunited with his parents on Pennsylvania Avenue.

## Georgia DA Seeks to Limit Lawyer in Probe

BY JAN WOLFE  
AND CAMERON MCWHIRTER

The Atlanta prosecutor investigating former President Donald Trump and his allies said that self-identified "alternate electors" have turned on one another and shouldn't be represented by the same lawyer, providing new details on the criminal probe.

In a motion filed Tuesday, Fulton County District Attorney Fani Willis said investigators in her office recently interviewed some of the 16 Republican Party activists who

signed an unofficial electoral certificate for Georgia in 2020.

During those interviews, some of the individuals stated that a person involved in the elector plot "committed acts that are in violation of Georgia law and that they weren't parties to these additional acts," according to the District Attorney's Office. The filing didn't name the person.

Ms. Willis, a Democrat, has been investigating Mr. Trump's efforts to overturn his election defeat in Georgia. Mr. Trump has asked a court to scrap the probe.

As part of her probe, she has investigated the group of activists, who met after the election in the Georgia capitol and voted to certify Mr. Trump as the winner in the state, despite the vote count.

Participants in the elector strategy have said it was a lawful move. Critics say it was a scheme to subvert a legitimate election.

Tuesday's motion seeks to disqualify a defense lawyer, Kimberly Bourroughs Debrow, from simultaneously representing 10 of the people involved in the elector strategy.

"Multiple of Ms. Debrow's clients have made adverse claims against another of Ms. Debrow's clients in the same proceeding," the motion stated. "It is unfathomable how Ms. Debrow can offer competent and adequate counsel to her client who has been accused of further crimes."

"The DA's Motion is baseless, false, and offensive," Ms. Debrow said in a statement.

"None of my clients have committed any crimes, and they necessarily have not implicated themselves or each other in any crimes."

Republicans earlier left a morning meeting saying that important details of the plan, which Mr. McCarthy sketched out Monday, were still unclear. Among their questions: whether the plan would increase the debt limit by a specific amount or suspend it until a particular date; which policy components would hitch a ride on the plan; and whether it would move through legislative committees or be devised by Republican leadership and brought directly to the House floor.

"We've seen some basic components, but we've got to see all of it, and that was the reason we're having a discussion," said Rep. Scott Perry (R., Pa.), the chairman of the House Freedom Caucus, a conservative bloc of roughly three

dozen members that is known for using hardball tactics to achieve spending cuts.

In the morning meeting, Mr. McCarthy showed slides that described scenarios for how much the debt ceiling would have to increase to stave off a default over various timelines, according to lawmakers exiting the meeting. The numbers were provided by the nonpartisan Congressional Budget Office, which scores the costs of legislation.

In the midafternoon, Mr. McCarthy met in his offices with conservative bloc members, who pressed him to wrap into a debt bill a repeal of President Biden's 2022 Inflation Reduction Act, which spends hundreds of billions of dollars on climate and healthcare programs while raising taxes on large, profitable companies.

Mr. Biden and Democratic leaders have called on Republicans to pass a clean debt-ceiling bill without conditions, and are pushing their colleagues to hold the line.

The Treasury Department started relying on special accounting measures earlier this year to keep paying the government's bills after running up against the roughly \$31.4 trillion borrowing limit.

in February that it was working on selling part of that portfolio.

Dominick Tavella, president and chief investment officer of Lebenthal Global Advisors, an investment advisory firm whose clients are Goldman shareholders, said Goldman had to pull back on its consumer ambitions.

"It's not their strength," Mr. Tavella said. "This is maybe their acknowledgment that they need to get back to their core."

All told, Goldman's first-

quarter profit was \$3.23 billion. On a per-share basis, that still beat the expectations of analysts polled by FactSet.

JPMorgan Chase & Co., Wells Fargo & Co. and Bank of America Corp., which all have significant consumer arms, reported higher profits, including a 52% increase in first-quarter profit and record revenue at JPMorgan.

Those banks were all able to charge higher rates on loans without increasing the rates they paid to depositors by as

much. They also benefited from worried customers who pulled their money from small and midsize banks and moved it to big banks with familiar names.

At Goldman, revenue was \$12.22 billion, down 5% from a year ago. That missed the roughly \$12.76 billion expected by analysts. The other big banks reported higher revenue.

Deal making plummeted last year across big banks after a blockbuster 2021, brought down by the uncertainty caused by Russia's war in Ukraine, straggling markets and the Federal Reserve's aggressive rate increases.

Investment bankers at Goldman and elsewhere were hoping for a rebound this year, but the latest banking crisis, continuing rising interest rates and uncertainty in the economy have threatened to prolong the slowdown.

At Goldman, investment bankers took in \$1.58 billion in fees in the first quarter, 26% lower than a year ago. The bank said the drop partly reflected a significant decline industrywide in completed M&A transactions.

Investment-banking fees were down by 19% or more at JPMorgan, Citigroup Inc. and Bank of America.

Trading revenue at Goldman fell 13% from a year ago, a sharper drop than the declines at JPMorgan and Citigroup. Bank of America bucked the trend, reporting a 9% increase in adjusted trading revenue.

Goldman cut about 3,000 jobs earlier this year, after pausing wide-scale layoffs during the pandemic. Total head count was 45,400 at the end of March, down from 48,500 at

the end of December.

Goldman was a key player during Silicon Valley Bank's final days last month. The California bank hired Goldman to help it raise capital around early March. But the stock tanked after the capital raise was announced, and the planned stock sale never happened.

SVB also sold a \$21 billion debt portfolio to Goldman at a loss during SVB's final days.

The Wall Street Journal previously reported. Regulators closed SVB on March 10.

Mike Mayo, a Wells Fargo analyst who covers Goldman, said the bank's last two quarters have been noisier than average. "I think it's indicative of a company that's transitioning to additional growth areas while pivoting away from their prior consumer expansion," he said. "From day one, I didn't get why Goldman Sachs was trying to serve the person on the street."

Consumer-loan losses are expected to gradually worsen across the industry, and per-

sonal loans are among the riskiest consumer loans because they are often unsecured. Customers also tend to deprioritize paying them compared with other loans when their finances take a hit.

Goldman said it sold about \$1 billion of the Marcus personal loans, or about a quarter of its overall personal loan balances. The bank moved the remaining balances to available for sale.

Goldman said it took a roughly \$470 million hit to revenue as a result, though it said the revenue reduction was largely offset by its release of \$440 million that it had set aside for potential losses on the Marcus loans.

Mr. Solomon praised GreenSky, noting that core loans were up in the first quarter and that customers had good credit scores.

"We believe GreenSky is a good business," Mr. Solomon said, though he added that Goldman might not be the best long-term holder of GreenSky, "given our current strategic priorities."

Platform Solutions, which includes GreenSky, Goldman's credit-card partnerships and transaction banking, lost money again in the latest quarter.

However, revenue in the relatively small unit more than doubled from a year ago, partly reflecting higher average credit-card balances.

Revenue in asset and wealth management was up 24% from a year ago.

Goldman's work in this division includes finding private investments, at times in far-flung markets, that can deliver a steady stream of management fees and profits.

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## U.S. NEWS

# Fox Settles Dominion Lawsuit

*Continued from Page One*  
of modern media law.

Superior Court Judge Eric Davis had already concluded that Fox News and Fox Business did in fact broadcast false claims about Dominion, voiced by both network hosts and Trump associates. Fox in a statement acknowledged the judge's findings.

Fox said the settlement reflected its "continued commitment to the highest journalistic standards. We are hopeful that our decision to resolve this dispute with Dominion amicably, instead of the acrimony of a divisive trial, allows the country to move forward from these issues."

Fox News doesn't have to make an on-air apology as part of the agreement, people familiar with the matter said.

Dominion lawyers provided the settlement amount to reporters outside a Delaware courthouse.

Fox declined to comment on the specific dollar figure.

Dominion's chief executive, John Poulos, said in a statement, "Throughout this process, we have sought accountability and believe the evidence brought to light through this case underscores the consequences of spreading and endorsing lies."

The Wall Street Journal reported Sunday that Fox was making a push to settle the case. Judge Davis had delayed the start of the trial by a day this week, without providing details, and opening statements scheduled for Tuesday afternoon were delayed while the parties worked toward a deal.

Doug Arthur, an analyst at Huber Research, said the settlement total was higher than close observers of the case expected. "This is a shocking number given the size of Dominion," Mr. Arthur said. Though Fox has the cash on hand to pay it, "nobody can



**Dominion CEO John Poulos and lawyers addressed the media on Tuesday in Wilmington, Del., after Fox agreed to pay \$787.5 million to settle a defamation suit.**

make light of an \$800 million payout," he said.

Defamation cases rarely go to trial. Plaintiffs must meet a high bar to prove their claims, showing that a defendant knowingly published falsehoods or showed a reckless disregard for the truth.

Dominion said it met that standard, pointing to internal Fox communications that showed top executives and hosts were deeply skeptical of election-fraud claims, even as Fox continued to air them.

Some of the communications also showed that company executives were concerned about alienating Trump supporters who were a core part of the Fox News audience.

Fox has said Dominion cherry-picked internal network

communications out of context. The network, which sought to portray its coverage as within the mainstream of media practices, has said the people responsible for its broadcasts didn't knowingly air false claims. It also argued that Dominion's claims for damages were wildly inflated.

Fox faces a separate \$2.7 billion lawsuit from Smartmatic USA, a voting-machine company making similar claims. Fox has denied Smartmatic's allegations.

Smartmatic remains committed to clearing its name, recouping the significant damage done to the company in more than 50 countries and holding Fox accountable for undermining democracy," said Smartmatic attorney J. Erik Connolly.

Fox had just over \$4 billion

in cash when it last reported quarterly earnings. Wall Street analysts have said any substantial damages payments or settlements could limit Fox's flexibility to make investments or engage in share buybacks.

Fox Corp. shares common ownership with News Corp, parent of Wall Street Journal publisher Dow Jones & Co.

Both sides faced risks with a trial. Several high-profile Fox figures could have testified, including hosts Tucker Carlson, Sean Hannity and Maria Bartiromo, as well as Rupert Murdoch, chair of Fox News parent Fox Corp.

Fox lawyers previously sought to keep Mr. Murdoch from having to appear in person, but Judge Davis had said he would require him to appear as a witness if Dominion formally requested his testimony at trial.

Dominion faced its own challenges. Some legal experts said the company had a strong case that it was defamed, but could have faced a tougher time convincing a jury to award such a large amount of damages. The company had argued that it suffered significant financial harm because of Fox's election broadcasts, saying it lost contracts and had more difficulty engaging with elected officials and investors.

University of North Carolina law professor Mary-Rose Papandrea said the settlement was a



**Members of the Fox News legal team, including lawyer Dan Webb, center, left Superior Court on Tuesday in Wilmington, Del.**

major victory for Dominion.

"To my knowledge, the settlement dwarfs any prior settlement of a defamation action by several multipliers," Ms. Papandrea said. She said the largest prior known agreement came in 2017 when ABC News parent Walt Disney Co. resolved defamation claims by Beef Products Inc. over a 2012 series of stories the network aired about its processed-meat product, which critics had called "pink slime."

A Disney financial disclosure suggested the company paid at least \$177 million to end the case.

Last year, two separate juries rendered defamation judgments that totaled more than \$1 billion against conspiracy theorist Alex Jones, who claimed on his InfoWars platform that the 2012 Sandy Hook school massacre was a hoax.

Even before a trial approached in the Fox-Dominion case, a slew of evidence spilled into public view during the legal proceedings. Internal communications showed that Fox hosts were highly critical, even disdainful, of people peddling election-fraud claims, including former Trump associate Sidney Powell.

Ms. Powell, who made appearances on Fox News and Fox Business shows, claimed that Dominion's voting software enabled election fraud.

Fox News' Mr. Carlson wrote to his producer that "Sidney Powell is lying" about having evidence of election fraud, according to a court filing. He wrote a similar message to fellow anchor Laura Ingraham. "It's unbelievably offensive to me. Our viewers are good people and they believe it," Mr. Carlson wrote.

When Rudy Giuliani gave a press conference that was aired on Fox questioning the results of the election, Mr. Murdoch wrote in an email that it was "Really crazy stuff. And damaging."

In a deposition, Mr. Murdoch acknowledged that some Fox hosts and commentators endorsed the false election-fraud narrative but said the company itself didn't. "I would have liked us to be stronger in denouncing it, in hindsight," Mr. Murdoch said in the deposition.

# Missouri Teen Shot At Wrong House Is Recovering

BY JOSEPH DE AVILA

The mother of Ralph Yarl, the Black teenager who was shot last week after approaching the wrong house, said her son is recovering from his injuries at home.

Cleo Nagbe said in an interview with "CBS Mornings" on Tuesday that her 16-year-old son was shot in the head above his left eye and in his upper right arm.

Andrew Lester, the 84-year-old homeowner accused of shooting Ralph, was arrested Tuesday, according to the Kansas City Police Department. He faces two felony counts in the shooting: assault in the first degree and armed criminal action.

Ms. Nagbe said she was stunned that her son wasn't more seriously injured from the shooting. "Ralph is doing considerably well. Physically mornings are hard, but his spirit is in a good place," she said. "The residual effect of that injury is going to stay with him for quite a while."

Ms. Nagbe said Ralph was on his way to pick up his two younger siblings from a friend's house in Kansas City, Mo., on Thursday night.

He got the street address mixed up and went to the wrong house, she said. The homeowner shot Ralph twice after he rang the doorbell to pick up his brothers, she said.

County prosecutors said Ralph was unarmed.

Attempts to reach Mr. Lester for comment were unsuccessful.

Mr. Lester, who is white, told law-enforcement officials he feared for his life when he shot Ralph, according to prosecutors. A lawyer for Ralph said that defense isn't credible.

## Netflix to Add Limits On Sharing

*Continued from Page One*  
users who aren't currently paying for Netflix to sign up as a result of the move. The people who end up getting cut off, on the other hand, represent a pool of potential new customers for Netflix to try to win over in time, he said.

Netflix's crackdown on password sharing has moved more slowly than many investors and analysts expected. It said the benefits from that push are now likely to materialize in the third quarter, rather than the second.

In Canada, which the company said is a good proxy for the U.S., Netflix said its paid membership base is now larger than it was before it rolled out the paid-sharing changes.

Netflix's ad-supported tier, meanwhile, hasn't cannibalized the company's premium ad-free plan. There has been little switching from the premium tier to the lower-cost ad-supported option.

The average revenue per member it makes from its ad-backed plan is higher than that of its standard \$15.49-a-month ad-free plan, Netflix said.

The company plans to improve the video quality of its \$6.99-a-month ad-supported tier of the service this month and allow it to be simultaneously used on two devices instead of one, moves that the company said would make the tier more appealing to new and existing customers.

Mr. Peters said Netflix needs to build out new features for advertisers and improve its sales capabilities to continue growing the ad business.

The ad-supported tier of the service, which was launched in November, accounted for 1.7% of U.S. subscribers in March, up from 0.8% in December, according data from subscription analytics firm Antenna.

Netflix doesn't disclose the number of subscribers on its ad-supported tier.

Netflix raised its estimate for how much free cash flow it expects to generate to more than \$3.5 billion this year from an earlier projection of \$3 bil-

lion. The company's operating margin fell to 21% from 25.1% in the first quarter of 2022, though it came in higher than the 20% Netflix projected.

Netflix and its rivals are now more intensely focused on profitability than subscriber acquisition. Customers are more able and willing to jump between services, and they have more options now than ever before from mainstream services to niche platforms.

The company earlier this year cut prices in dozens of countries as it responds to competitive pressure around the world and tries to continue to bring in new customers.

Netflix's average revenue per user declined in Europe, the Middle East and Africa for the fourth consecutive quarter, and fell in the Asia-Pacific region for the sixth consecutive quarter.

Netflix Chief Financial Officer Spencer Neumann said those price cuts accounted for less than 5% of the company's revenue and that the company expects a benefit from the move long-term.

Mr. Sarandos said the rate of content spending growth at Netflix depends on the rate of revenue growth. He said the company has to keep up its pace of producing hit shows and films, highlighting popular content during the quarter—from the romantic comedy "Your Place Or Mine" to the drama series "The Night Agent" and the South Korean TV show "The Glory."

Netflix addressed a stumble earlier in the week during its second live-streaming event. Mr. Peters said a glitch in Sunday's live stream of the "Love Is Blind" cast reunion was

caused by a bug that was introduced when the company made changes to improve its live-streaming performance.

Mr. Sarandos also said that while Netflix wants to avoid a potential writer's strike and is at the negotiating table, it has a strong lineup of releases that it expects will help it weather any interruption.

Earlier on Tuesday, Netflix said in a blog post that it would ship its last DVDs in September, ending 25 years of mailing shows and movies.

Netflix built its business on dispatching DVDs, and for years the company's streaming platform was more of a side business. But as Netflix pushed further into original programming and built a bigger streaming library, a growing subset of its subscribers opted to watch content that way, rather than ordering discs to their mailboxes. "House of Cards," which was released in 2013 and became Netflix's first original program, wasn't initially available via DVD.

Netflix said it shipped more than 5.2 billion discs over the life of the business. The first red envelope the company mailed in March of 1998 contained the movie "Beetlejuice," and the most popular DVD rented by mail was "The Blind Side," a 2009 sports drama featuring Sandra Bullock.

Mailed DVDs "paved the way for the shift to streaming," Mr. Sarandos said in the blog. "Our goal has always been to provide the best service for our members but as the business continues to shrink that's going to become increasingly difficult."

The company would wind down its DVD.com website later this year.

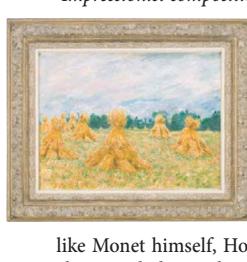


**Netflix said in a blog post that it would ship its last DVDs in September, ending 25 years of mailing shows and movies.**

## HAY FEVER

### BLANCHE HOSCHEDÉ-MONET

*Impressionist composition. Canonical subject. Effusive palette.*



This original oil on canvas by Blanche Hoschedé-Monet was executed during a formative moment in the artist's career. The subject of *La Moisson* is a testament to the lasting impact of Hoschedé-Monet's mentor and stepfather, Claude Monet. Her impressionistic brushstrokes and pastel palette recall a windswept day in the French countryside. Much like Monet himself, Hoschedé-Monet was attentive to the effect of changing light on the vista. Circa 1885. Canvas: 23 3/8" h x 30 1/8" w. Frame: 31 1/8" h x 38 1/4" w. #31-6583

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## WORLD NEWS

# Putin, Zelensky Make Dueling Troop Visits

Trips underscore stakes in Ukraine's looming offensive; show different styles

BY GEORGI KANTCHEV  
AND ISABEL COLES

Russian President Vladimir Putin and his Ukrainian counterpart, Volodymyr Zelensky, both visited troops in Ukraine within a day of each other this week as the leaders try to shore up morale ahead of an expected offensive by Kyiv to wrest territory from Moscow's grip.

Mr. Putin made a rare visit to his troops by traveling Monday to Ukraine's Kherson and Luhansk regions, both of which are partly occupied by Russian forces, and was briefed by senior officers about the situation on the front line, the Kremlin said Tuesday.

Mr. Zelensky visited troops Tuesday in the eastern town of Avdiivka, which has been on the front line with Russian forces since an earlier phase of the conflict that began in 2014.

The visits underscore the high stakes ahead of an anticipated Ukrainian offensive that experts say may determine the outcome of the war. The trips also showcased the two lead-



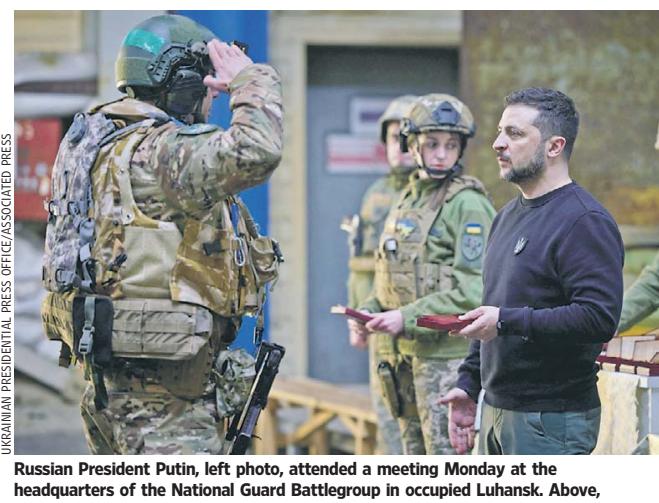
GAVRIIL GRIGOROV/REUTERS/PLANET PHOTOS

ers' contrasting images and styles of leadership.

Footage carried by Russian state news agencies showed Mr. Putin, dressed in suit and tie, emerging from a helicopter and traveling in a convoy of vehicles. It was Mr. Putin's second known trip to territory seized since the start of Russia's invasion last year. Last month, he visited the occupied Ukrainian port city of Mariupol, which Russia seized following a lengthy, violent siege.

"I don't want to distract you from your direct duties related to command and control, so we are working here in a business-like way, briefly, but concretely," Mr. Putin said in one of his meetings, according to TASS state newswire. "It is important for me to hear your opinion on how the situation is developing."

Mr. Zelensky, meanwhile,



Russian President Putin, left photo, attended a meeting Monday at the headquarters of the National Guard Battlegroup in occupied Luhansk. Above, Ukrainian President Zelensky honored troops Tuesday with awards during a visit to Avdiivka. Both images were released by the respective nations' presidential offices.

has made relatively frequent visits, cultivating an image of an engaged wartime leader far closer to the troops on the ground. He turned up to Avdiivka wearing a sweatshirt and cargo pants, while handing out awards to servicemen.

"Our army has already broken the enemy's plans to break through the defenses and deepen (its incursion) in the east," said Mr. Zelensky's chief

of staff, Andriy Yermak, who accompanied him there. "The next task is to reverse the situation and throw them out of Ukraine."

Kremlin spokesman Dmitry Peskov said Mr. Putin received operational information about the conflict. He wasn't accompanied by Defense Minister Sergei Shoigu and Valery Gerasimov, the chief of Russia's General Staff, because the three of them in one location

would create "temptation for the enemy," Mr. Peskov said.

Mr. Putin's visit comes as Ukraine and its Western allies gear up for an offensive that aims to push Russian forces out of some of the land they have occupied. A day after Mr. Putin's visit to Kherson, Russian forces shelled a market in the region's capital. One person was killed, said the head of the Kherson regional administration.

## Concerns Arise as U.S. Tightens Document Controls

BY GORDON LUBOLD  
AND VIVIAN SALAMA

**WASHINGTON**—As the U.S. scrambles to protect restricted documents following a leak of highly classified material on social media, some officials are expressing concern the effort will go too far, curtailing legitimate access for those who depend on sensitive information to do their jobs.

The arrest last week of Airman First Class Jack Teixeira on charges of disclosing classified information comes amid a

continuing effort by the government to narrow the distribution lists of some intelligence and even restrict access to some who previously received it.

The Pentagon and some other components of the intelligence community recently moved to tighten access to classified information, though officials haven't provided details. Defense Secretary Lloyd Austin this week announced a 45-day "review and assessment" of the department's information-security procedures.

Some of the intelligence al-

legedly leaked by Airman Teixeira, but not all, was typically accessible to thousands of people.

While testifying Tuesday on Capitol Hill, Air Force Secretary Frank Kendall said he directed all members of the service over the next 30 days to reassess security procedures and validate each person's "need to know." He directed the service's inspector general to investigate Airman Teixeira's unit, the 102nd Intelligence Wing, and temporarily reassigned its mission to other parts of the Air Force.

"There is a full-court press going on," he said of reviewing how access to classified information is handled.

In the rush to stop the leaks, some former officials warn of the risk of going overboard.

"I would like to see a reaction to where we start protecting what's important with the right kind of systems, the right kind of protection, the right kind of discipline, but my fear is the overreaction will be the opposite, to classify more and think somehow that if we classify it somehow we protect

it," John Hyten, a retired four-star Air Force general who served as vice chairman of the Joint Chiefs of Staff, said in an interview. "The key is to identify the critical information, identify who has the need to know and don't let anybody else in."

For decades, the U.S. government has worked to expand access to classified information to those with a need to know. That effort intensified after a congressional commission on the terrorist attack of 9/11 blamed a lack of intelligence sharing as a key reason the al Qaeda plot

wasn't uncovered in time.

After Chelsea Manning, then an Army intelligence analyst, leaked classified documents at the height of the wars in Iraq and Afghanistan, the U.S. sought to better protect intelligence. The government focused on restricting the mechanism by how authorized personnel could distribute such information. Thumb drives were prohibited on classified computers, for example, and there were extra checks placed on how someone disposed of printed classified documents.

## Bail Denied For Journal Reporter

NATALIA KOLESNIKOVA/AGENCE FRANCE PRESSE/GETTY IMAGES



Evan Gershkovich stands in the dock before a hearing Tuesday.

Continued from Page One

Mr. Gershkovich was accredited to work as a journalist in Russia by the country's Foreign Ministry at the time of his detention while reporting in the Urals city of Yekaterinburg, nearly 900 miles east of Moscow. On April 7, he was formally charged with espionage, according to Russian state news agency TASS.

Russia's Federal Security Service, the successor to the KGB, said the journalist "acting on the instructions of the American side, collected information constituting a state secret about the activities of one of the enterprises of the Russian military-industrial complex." Russian authorities haven't publicly presented evidence to support the allegations against the reporter.

A conviction in the case carries a sentence of up to 20 years in prison. Virtually all espionage trials in Russia end in a guilty verdict.

Russian authorities have ordered that Mr. Gershkovich be held in pretrial detention until May 29. They can request an extension of that period.

Maria Korchagina of the ZKS law firm, which is representing Mr. Gershkovich and retained by Dow Jones & Co., the parent company of the Journal, said outside the courthouse that his lawyers requested that he be transferred to house arrest, agree to constraints on his movements or granted bail. Dow Jones was willing to guarantee bail of 50 million rubles, equivalent to about \$600,000, she said. The court refused to grant the appeal.

Mr. Gershkovich's lawyers said he has pleaded not guilty to the spying allegation.

"Our client does not admit guilt and is ready to prove it," Ms. Korchagina said, adding that Mr. Gershkovich made a statement emphasizing his innocence during the hearing.

Tatyana Nozhkina, another ZKS lawyer representing Mr. Gershkovich, said they are planning another appeal of the

pretrial detention.

White House press secretary Karine Jean-Pierre said, "We're deeply concerned by the news that Russia will continue to wrongfully detain Evan following a sham judicial proceeding," adding that President Biden wants Russia to release him immediately, along with Mr. Whelan.

In a joint statement, Almar Latour, chief executive of Dow Jones and publisher of the Journal, and Emma Tucker, editor in chief of the Journal, said that "while we expected this development, it is nonetheless disappointing."

**Mr. Gershkovich is upbeat, a lawyer said, and ready to 'defend his innocence.'**

"Evan is wrongfully detained and the charges of espionage against him are false," they wrote. "We demand his immediate release and are doing everything in our power to secure it."

Legal experts said it could be many months before Mr. Gershkovich's case is brought to trial, as investigators gather materials for trial and further hearings are conducted to extend his arrest.

Journalists were allowed into the courtroom briefly ahead of the hearing to capture images of Mr. Gershkovich.

"It was great to see him and to see him well physically, but I could see that he was nervous," said Vasily Polonsky, a journalist and friend of Mr. Gershkovich, who shouted words of encouragement to

Mr. Gershkovich.

The press then waited in a separate room as the hearing took place. A television broadcast the final 10 minutes of the hearing, when the judge quickly read the ruling and then turned to Mr. Gershkovich to ask if he had understood. "Nothing is needed. Everything is clear. Thank you," Mr. Gershkovich responded.

Mr. Gershkovich's arrest has spurred international condemnation. Mr. Biden has called the arrest "totally illegal." Former Vice President Mike Pence has urged the Biden administration to expel Russian diplomats.

Ms. Nozhkina said that Mr. Gershkovich remains upbeat and is in good health. He spends his time watching culinary programs, exercising during the hour he is allowed to leave his cell each day and reading Russian classics. "We laugh and joke a lot," she said. "Humor helps in these situations."

"His mood is combative," she said. "He is ready to continue to defend his innocence...as well as press freedom."

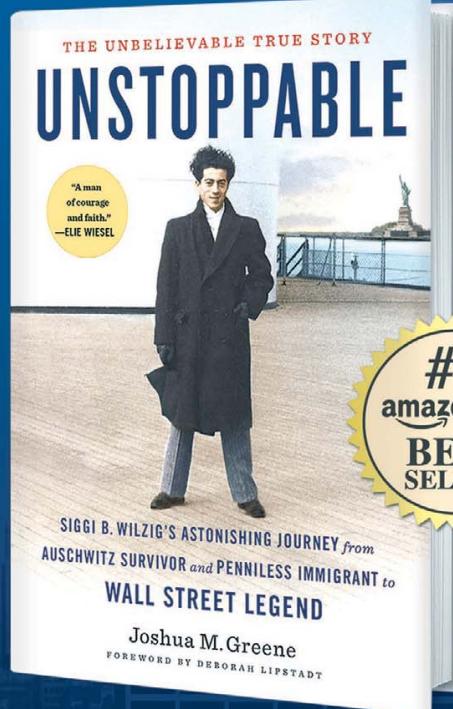
While Russia's justice system guarantees defendants the right to a jury trial open to the public, exemptions in the case of espionage mean that Mr. Gershkovich's trial is likely to take place before a judge and be held in secret.

—Matthew Luxmoore and Kate Vtorogina contributed to this article.

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## WORLD NEWS

# China's Consumers Boost Economy

Retail sales outpaced investments as a driver of GDP growth in the first quarter of 2023

BY STELLA YIFAN XIE

HONG KONG—For years, economists have warned that China's economy suffered from an imbalance that made its rapid growth unsustainable. The country was too reliant on investments and didn't have enough consumer spending.

On Tuesday, China reported numbers that showed consumer spending was playing a stronger-than-expected role in driving its recovery after the country lifted its stringent zero-Covid measures. The big question is whether it will last.

The economy grew by 4.5% in the first three months of 2023 when compared with a year earlier, the fastest such rate of growth since the first quarter of 2022, and a marked improvement from the 2.9% rate in the last three months of 2022, said Beijing's National Bureau of Statistics.

The strength of China's economic recovery in the first quarter that the country was free of its Covid restrictions marked a bright spot for a global economy facing several headwinds, including stubborn inflation, higher interest rates and fallout from instability in the financial sector.

But what most struck many economists about Tuesday's data was the source of China's growth: It was driven in large part by retail sales, which jumped more than 10% in March from a year earlier. That was the fastest pace in nearly two years, and helped to offset a sharper-than-expected slowdown in real estate, infrastructure and other private-sector investments.

March marked the first month in two years in which the year-over-year gain in retail sales outpaced the increase in both industrial production



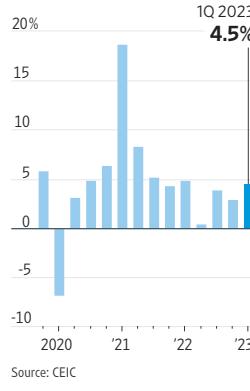
Chinese consumers, like these in Beijing, have been eager to open their wallets, filling shopping malls, movie theaters and airplanes.

and fixed-asset investment, said Wind, a data provider.

Before the pandemic, China's economic boom largely was built on an investment-driven model that economists, both inside and outside of China, warned no longer suited the country. With many of the worthiest infrastructure projects having already been built, investment was increasingly flowing to less fiscally sound undertakings that added to the country's debt burden without bringing as many economic benefits.

China's attempts to encourage consumer spending, meanwhile, were seen as halfhearted, and ultimately held back by the country's relatively underdeveloped social safety net, meaning many households preferred to save money or pour their nest eggs into buying a property, rather than spending it.

China's quarterly real GDP, change from a year earlier



The pandemic reinforced that imbalance. Three years of Covid protocols discouraged Chinese consumers from going out and spending

money, and Beijing's reluctance to issue the kinds of stimulus checks that many Western governments turned to meant that economic growth largely was reliant on investment-led growth, and on Western consumers—many of whom used their government vouchers to snap up Chinese-made goods.

After Beijing's strict Covid rules were abruptly scrapped in late 2022, Chinese consumers have shown their eagerness to open their wallets, filling movie theaters, shopping malls and airplanes.

Zhiwei Zhang, chief economist at Pinpoint Asset Management, expects economic momentum to improve in the second quarter, and for gross domestic product growth to surpass 6% this year—comfortably above the official government target of about 5%.

At the same time, the investment activity that Beijing has long used to cushion the economy during previous slowdowns softened. Growth in fixed-asset investment unexpectedly moderated in March, while the increase in infrastructure investment slowed slightly to 8.8% from the first two months of the year.

More concerning, investment in the property sector, which has played a big role in driving growth over the past decade, has yet to stabilize.

The question is whether the jump in consumer spending is merely ephemeral—what economists dubbed “revenge spending”—or whether it heralds a more lasting shift toward consumers playing a greater role in driving overall growth.

◆ Heard on the Street: Growth defies naysayers..... B14

## Bloc to Tax Imports Based on Emissions

BY MATTHEW DALTON

The European Union's Parliament approved legislation to tax imports based on the greenhouse gases emitted to make them, clearing the final hurdle before the plan becomes law and enshrines climate regulation in the rules of global trade for the first time.

Tuesday's vote caps nearly two years of negotiations on the tax, which aims to push economies to put a price on carbon-dioxide emissions while shielding the EU's manufacturers from countries that aren't regulating emissions as strictly, or at all. The tax gives credit to countries that put a price on carbon, allowing importers of goods from those countries to deduct payments made for overseas emissions from the amount owed at the EU's borders.

The tax has raised concerns in the U.S., where companies worry the plan would erect a web of red tape for companies seeking to export to Europe. It has also drawn criticism from China and parts of the developing world, where manufacturers tend to emit more carbon dioxide than their competitors in Europe and rely more on coal-fired electricity.

Governments and lawmakers in other countries are already under pressure to follow suit. The U.K. is debating whether to introduce a carbon border tax, while Democrats in Congress proposed legislation to create one. Bipartisan support for the idea is growing in the U.S., said Kevin Dempsey, president of the American Iron and Steel Institute, which represents companies such as Nucor Corp. and ArcelorMittal SA.

“The U.S. and the EU have a lot in common,” said Mr. Dempsey. “The threat that we both face is steel coming from other parts of the world, China and Asia, that have much higher carbon intensity.”

Tuesday's news prompted fresh calls in the U.S. for a similar tax. Producers of many different commodities argue it is difficult to compete with cheap, imported products that carry higher environmental footprints.

## The levy aims to push economies to put a price on carbon emissions.

French Foreign Minister Catherine Colonna sought to play down differences between her country and Washington. “We’re giving clearly the same signal to the rest of the world,” she said Monday.

Japan will host the G-7 leaders summit in Hiroshima next month, with President Biden in attendance.

“As the G-7, we shared concerns about China’s expanding nuclear arsenal and affirmed the importance of transparency,” said Japanese Foreign Minister Yoshimasa Hayashi.

“We strongly urged China to swiftly join talks with the U.S. aimed at reducing strategic risks.”

—Laurence Norman contributed to this article.

# G-7 Nations Claim Unity on Taiwan, Russia

BY WILLIAM MAULDIN

said the G-7 nations shared “an expectation that any differences be dealt with peacefully.”

At the same time, Russia's war in Ukraine is the most immediate challenge for the group, Mr. Blinken said. The G-7 countries said they are “committed to intensifying sanctions against Russia, coordinating and fully enforcing them.”

The latest statement from the G-7, released Tuesday, has a bigger section on Taiwan than the one last year did. The new one says peace and stability between China and Taiwan are an “indispensable element in security and prosperity in the international community.”

The statement balanced the tougher talk on China with a

line saying that the seven nations “stand prepared to work together to build constructive and stable relations through dialogue” with Beijing. The nations said they “recognize the importance of engaging candidly with and expressing our concerns directly to China.”

The G-7 consists of the U.S., Japan, Canada, Germany, France, Italy and the U.K.

A senior State Department official said Western officials were meeting their Chinese counterparts more often as travel opens up, but remained ready to stand up against any Chinese coercion of its neighbors, market manipulation or efforts to change the status quo in the Taiwan Strait.

Asked on Monday about the

G-7 meeting’s discussion of Taiwan, Chinese Foreign Ministry spokesman Wang Wenbin said: “Relevant countries must recognize that the Taiwan question is China’s internal affair which brooks no external interference.”

German Foreign Minister Annalena Baerbock said Thursday during a visit to Beijing that a military conflict in the Taiwan Strait would send shock waves around the world.

Mr. Macron recently faced criticism on both sides of the Atlantic when he called on Europe to develop a stance independent of the U.S. for navigating tensions between Beijing and Taipei. He made the comments during a visit to China.

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“We strongly urged China to swiftly join talks with the U.S. aimed at reducing strategic risks.”

—Laurence Norman contributed to this article.

# U.S.-China Tensions Over Taipei Put Pressure on EU

BY LAURENCE NORMAN

Europe is finding it increasingly tough to avoid taking a clear stance on Taiwan as it balances between Washington and Beijing over its approach to a potential conflict.

French President Emmanuel Macron's remarks during his recent visit to China, that the European Union shouldn't follow Washington's lead on the issue of Taiwan, sparked a furor in the U.S. and parts of Europe.

The incident also exposed the degree to which Europe has sidestepped any high-level discussions to adopt a common EU approach to a potential crisis over the East Asian island.

The EU lacks a policy despite rising U.S.-China tensions over Taiwan. Escalations have included Beijing's forceful response to last summer's visit to Taiwan by then-House Speaker Nancy Pelosi and the recent U.S. visit by Taiwan President Tsai Ing-wen.

Elections in Taiwan in January could stir fresh talk of independence, further angering Beijing.

Yet, EU leaders and foreign ministers have avoided focused discussion about how the bloc would respond to hostilities across the Taiwan Strait.

A working group of Asia-focused officials from EU countries has occasionally discussed Taiwan, most recently on March 30. People involved



A flag-lowering ceremony in Taipei. The EU lacks a common approach to a crisis over Taiwan.

in those discussions say there has been no debate over scenarios that could play out, or how and when the EU would have to respond.

For many smaller European countries, U.S.-Chinese tensions over Taiwan have, until recently, “not been on their radar,” said longtime German diplomat Wolfgang Ischinger, who chaired the Munich Security Conference until 2022.

European capitals, he said, preferred to sidestep such a huge and complicated issue.

If you want to deal with it seriously, you would have to

think about [access to] resources, you would have to think about deterrence, you would have to think about sending warning signals,” he said.

At the center of Europe’s policy toward Taiwan is the One China policy, which acknowledges Beijing’s position that there is only one Chinese government, in Beijing. EU member states have no formal diplomatic ties with Taipei.

The bloc’s formal position is that there should be no unilateral change of the status quo by Taipei or Beijing. That implies no backing for Taiwan

independence, and opposition to any Chinese use of force to take the island.

In reality, each EU member state approaches the island differently, depending often on the strength of its ties with Beijing. While some EU countries, such as Lithuania, have deepened economic and political links with Taipei, championing it for shared democratic values, other capitals are more wary.

A proposed investment pact appears to have been sidelined by the EU. Germany’s education minister visited Taiwan last month, the first cabinet-

level official visit in decades.

The absence of detailed EU discussions stands in contrast to the intense debate in Washington over the island’s future and the U.S. ability to protect Taiwan from a potential Chinese attack, seen as a key test of U.S. power. It also comes despite the economic risks Europe would face in a conflict.

The EU is the island’s biggest foreign investor and Taiwan is among the bloc’s top 15 trade partners, due in part to imports of semiconductors, which play a vital role in European industry. A conflict could disrupt supply chains between Europe and China and put at risk shipping lanes in the South China Sea, through which roughly 40% of the bloc’s global commerce passes.

A recent study by consulting firm Rhodium Group said that a Taiwan conflict involving a Chinese blockade of the island would put at risk more than \$2 trillion in global economic activity, boosting inflation and causing shortages in vital industries including telecommunications and the medical sector.

In a speech at the European Parliament on Tuesday, European Commission President Ursula von der Leyen said the bloc stands “strongly against any unilateral change of the status quo in the Taiwan Strait, particularly through the use of force.”

During that period, importers will pay only for the share of emissions that European manufacturers aren’t getting free. That measure is intended to treat domestic and overseas manufacturers equally, key for Europe’s arguments that its border tax doesn’t violate World Trade Organization rules that limit discrimination against foreign firms.

Christopher Glen, director of advocacy and public relations at the Fertilizer Institute, said the new tax could affect regional pricing and availability of notoriously volatile commodities. “This is something that seems to move us in the wrong direction,” he said.

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

*Evan's Journal colleagues will be sharing stories of their work with him each week.*

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



---

There are some people who run directly into the action, even in the worst circumstances, even under the stress of war. Our colleague Evan's deep personal connections to Russia are in his heart, and his work. His parents were born in the Soviet Union and moved to the U.S. You can see that connection in his stories and his amazing ability to get people to talk to him and trust him to document everyday life in Russia, and also to get inside the power structure. He is remarkable in that way, but also extremely humble about it.

His beat is really everything. It's politics, it's people, it's the economy. Evan is very open-eyed about wanting to tell the truth about what's happening. And it has been his belief that being on the ground is really important, and we all benefit from that.

I have a lot of respect for colleagues who are willing to take those risks and who put themselves in the middle of these difficult situations, living lives that none of us quite understand from the comfort of our offices. Our coverage of the war has been set apart by work through Evan's eyes.

Journalism is so important to understanding the war in Ukraine. Evan's arrest is a reminder to all of us, even in this business, that this can be a very dangerous job. But the response to his situation helps embolden people to speak the truth. People who helped him tell the truth are brave people inside Russia. It's not a small thing to get people to trust you when the threats are so great to their own lives and their families. And we are all better off with those stories being told.

We want to amplify the fact that we stand with Evan. He is not alone, and we hope the message that everyone is behind him can reach him directly, every hour of every day for as long as that is necessary.



Jenny Strasburg  
WSJ Senior European Correspondent

# #IStandWithEvan

THE WALL STREET JOURNAL.

## FROM PAGE ONE



Turkey's earthquakes ruptured the Hatay airport's runway, above left, leaving search-and-rescue teams unable to fly in. They also damaged a call center for the national disaster relief agency, above right.



AHMED DEEB FOR THE WALL STREET JOURNAL (2)

## Negligence Added to Quake Toll

Continued from Page One

same site. When an opposition lawmaker released audio recordings he said showed that the runway construction company had paid bribes to government officials, Mr. Erdogan's justice minister sued the legislator for invasion of privacy.

The government's own disaster agency warned in 2021 about potential earthquake damage to the airport and other critical infrastructure in Antakya, the main city in Turkey's Hatay province. Still nothing happened.

In February, Turkey learned what a major tremor would do to the Hatay airport—a fore-runner for more than two dozen new terminals that were built across the country—and thousands of other buildings.

### Sinking land

When the first quake struck before dawn on Feb. 6, at magnitude 7.8, the former lake bed underneath the airfield sank several feet and the terminal's glass canopy crashed to the ground. Passengers scrambled for cover as the airport's runway ruptured, leaving rescue planes unable to fly in search teams and medical supplies for six days. Instead, ambulances and rescue workers jammed onto a single, gridlocked mountain highway, stuck in a fatal bottleneck as thousands of people perished under the rubble.

Nearby, the quake tore the walls off a four-story call center for the national disaster relief agency that Mr. Erdogan had founded in 2009. Staff evacuated just as residents started frantically dialing its emergency line for help. Survivors rushed to the Hatay State Hospital for Training and Research, opened in 2016, only to find massive cracks running the height of the structure. Doctors and nurses evacuated patients in the middle of a hailstorm. Nine hours later, they were interrupted by a second, 7.5-magnitude tremor.

"There were no police, no military. I saw families going to the disaster coordination center and begging for help," said Mert Aslanyurek, a 26-year-old archaeology student who joined thousands of other residents clawing through debris with their bare hands to rescue survivors until help finally arrived.

Turkish officials said most government buildings withstood the earthquakes, stressing that the force of the tremors in Hatay would have damaged infrastructure in much more developed countries.

"What kind of infrastructure can withstand that force?" said Bulent Turan, deputy chairman of AKP. "The Hatay airport was one example that saddened us," he added. "Rest assured, everyone who is responsible will be

engineers, contractors, architects and local officials, at least three of them arrested while trying to flee the country. Mr. Erdogan, who is neck and neck in polls ahead of elections next month, has pledged to rebuild more than 300,000 homes within a year.

Over the past two decades his own government shrugged off seismology reports and outmaneuvered court rulings that cautioned Turkey's ballooning construction industry was cutting corners and building on unstable ground.

Turkey has some of the world's strictest earthquake codes, and under Mr. Erdogan and his ruling Justice and Development Party, or AKP, they were tightened twice. The problem, engineers, architects and watchdogs say, is that they were routinely ignored. Turkey, like most seismically active countries, has higher requirements for essential buildings, such as hospitals, airports and emergency relief agencies. For all three to fail in Antakya rings an alarm about critical buildings in other Turkish cities along the country's fault lines.

The Hatay hospital is slated for demolition, its staff says. The call center may have to be rebuilt. The airport, after significant repairs, requires more still.

"No country on Earth can safely build an airstrip on a fault line," said Sukru Ersoy, dean of the civil engineering faculty at Istanbul's Yildiz Technical University, who began warning about the Hatay airport's location as early as 2003. In a December 2022 conference titled "Is Hatay Ready for the Next Earthquake?" he delivered a presentation to local officials warning them that the answer was no.

### At risk

Hatay Mayor Lutfu Savas, from the opposition Republican People's Party, said that the problematic location of the Hatay airport was known before the earthquake. He said the municipality had little authority over most development, blaming shoddy construction on contractors, building inspectors and the national government, which he said did nothing to address at-risk buildings that his office had identified nine years ago.

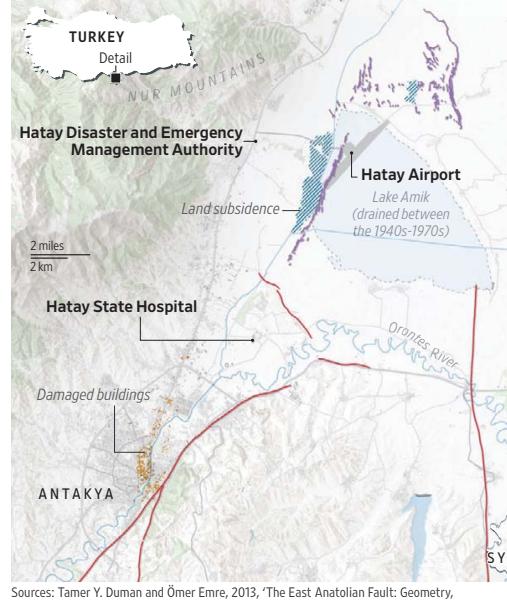
Spokespeople for Mr. Erdogan didn't respond to requests for comment.

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"What kind of infrastructure can withstand that force?" said Bulent Turan, deputy chairman of AKP. "The Hatay airport was one example that saddened us," he added. "Rest assured, everyone who is responsible will be

The area around Antakya sits on top of several active fault lines and a drained lake. The Feb. 6 earthquakes caused surface ruptures in many places, pushing the ground up and apart, especially around the airport—as well as sinking ground, known as land subsidence.

Active fault lines Surface ruptures



Sources: Tamer Y. Duman and Ömer Emre, 2013, 'The East Anatolian Fault: Geometry, Segmentation and jog Characteristics,' Geological Society, London (fault lines); Tamer Y. Duman, 2023, 'Surface Ruptures and Subsidence Associated with Feb. 6th Earthquake,' unpublished data (surface ruptures); Humanitarian OpenStreetMap Team (damaged buildings) Emma Brown/THE WALL STREET JOURNAL

held accountable."

With Mr. Erdogan's own 1,150-room presidential palace, the country's highest administrative court ruled in 2015 he had illegally built it on a protected nature reserve. "I will not obey the court decision," Mr. Erdogan told reporters. "I will finish the building, I will enter it, live in it. Come and demolish it, if you can afford it."

"When the people at the top don't obey the architectural restrictions, others don't either," said Tezcan Candan, head of the Union of Chambers of Turkish Architects and Engineers in Ankara. "They have built on flood plains and earthquake zones.... If that is what the head of state is doing, how can you expect everyone else not to do the same?"

Turkey's largest city of Istanbul, which accounts for a third of the country's \$853 billion economy, is bracing for another earthquake after the 1999 tremors transferred stress onto a section of a nearby fault line. "It is probably not anybody's grandchildren's problem, it's our problem," said Ross Stein, CEO of catastrophic modeling firm Temblor, who in 2000 forecast a 50% chance of a roughly 7.5-magnitude earthquake in Istanbul by 2030.

### Building boom

Mr. Erdogan rode to power on a promise to not repeat the errors that led to the 1999 disaster. His party pledged to overhaul outdated building codes to increase earthquake resilience: deeper foundations,

The earthquake tax, meant to pay for retrofitting weak buildings, was being spent on constructing highways, new railroads and other infrastructure, Finance Minister Mehmet Simek told reporters in 2011.

In 2013, a new law switched the supervisory authority for construction from architects and engineers' unions to private companies.

Contractors were free to choose their own inspectors. Some established their own inspection companies to inspect themselves. By 2018, more than half of all the buildings in Turkey no longer satisfied the country's building codes, an article added to the country's construction law noted.

As violations piled up, Mr. Erdogan's government found a way to forgive them—for a fee. Nine times between 2002 and 2018, the government amended building laws to legitimize unlawful construction, including a broad zoning amnesty the likes of which Mr. Erdogan had once opposed. In Hatay, 205,000 buildings benefited from that amnesty and the majority of them collapsed in the February earthquakes, the mayor said.

In January, Mr. Erdogan and his ministers discussed another zoning amnesty. Two weeks later, the earthquakes struck.

### Ghost lake

In Hatay, contractor Intas Insaat Taahhut Ticaret AS had broken ground on the airport when Turkey's Tema Foundation, an environmental watchdog, filed suit against the government in 2001. An expert opinion provided to the administrative court in Adana found there had been no study of the impact of a potential earthquake on the airport itself, which it said "is situated on a first-degree earthquake belt," and no precautions had been recommended in the requisite environmental impact assessment.

Intas didn't respond to requests for comment.

The airport was built on the center of what had once been a large freshwater lake drained by the 1970s to create new farmland and combat malaria. The lake left behind a fine-grained alluvial soil deposited over the ages by floodwaters, Tema noted in court, and multiple fault lines cross the area.

The court ruled in 2003 that the environmental assessment the government had relied on to approve construction was inadequate, and the following year a top court upheld the finding. The assessment "overall lacks scientific expertise and was carried out by people lacking said scientific expertise," it said.

That year, Mr. Erdogan took office and his government carried on building the airport. A surveying company was hired to revise the environmental assessment to address some of the risk factors, but its name

was redacted in the court documents.

Tema sued again, citing "concerns and worries that the airport is being built on a fault line," according to court documents. This time, the lower court sided with the government, finding no grounds to throw out the revised environmental assessment.

In 2006, an opposition member of parliament, Gokhan Durgun, invited reporters to a press conference, where he played audio recordings in which a voice he identified as a local official complained to another that he didn't get a cut of tens of thousands of dollars worth of bribes delivered from the construction company, Intas, to the office of then-AKP Hatay Mayor Mehmet Yeloglu.

Mr. Yeloglu, who didn't respond to requests for comment, has denied the allegations.

Mr. Erdogan's government, which didn't deny the conversation, sued Mr. Durgun for invasion of privacy, but lost the case.

"Erdogan was building his reputation and everyone was cheering," Mr. Durgun said. "It was a long-held wish for Hatay to have an airport.... Everything was about winning the day, getting applause for today, and not thinking about the future."

In December 2007, Mr. Erdogan inaugurated Hatay airport. Nearby stood dozens of homes damaged by a recent collapse in the area's loose soil.

That same year, Turkey's top administrative court found that the airport's revised environmental assessment was still deficient. In 2012, the government resubmitted the case to another section of the court and received a favorable ruling. By then, the new terminal had gone up, serving nearly one million passengers annually.

YDA Construction Industry & Trade Co., which built the new terminal, said it wasn't involved in selecting the airport's location, which was a governmental decision, and wasn't aware of any litigation. It blamed flight disruptions from the earthquake on the fractured runway, which it didn't construct.

### Damaged

In 2021, Turkey's Chamber of Geological Engineers sent a 10-page report to Mr. Erdogan's office and leaders of parliament, warning that Hatay's most important buildings were situated on loose soil deposited by surface water. In an earthquake, the report explained, the soil would behave like a liquid, amplifying and transferring the convulsive force—resulting in greater damage. "In this case, the wisest approach is to make the buildings comply with the rules so that they can withstand the earthquake shaking," the chamber wrote.

At 4:17 a.m. on Feb. 6, ceiling tiles inside the Hatay hospital crashed down on patients and staff. With the electricity out, elevators stopped working. Nurses carried some patients down fire escapes. With millions of dollars worth of advanced medical equipment stuck inside, people died in the parking lot just outside.

Home to some 1.6 million people, Hatay is hemmed in by mountains and the sea. With the airport down, medical teams racing to the earthquake zone were forced onto a single four-lane divided highway winding along the coast before climbing thousands of feet.

For days following the earthquakes, emergency crews spent 16 hours on the icy road, inching forward as the death toll rose. Ambulances, firetrucks and construction vehicles blared their sirens helplessly, stuck in the same traffic jam with thousands of ordinary Turks trying to either flee or head in to rescue their families.

*Ersag Keskin, Vildan Ay and Sule Berrin Gunes contributed to this article.*



Turkish emergency teams and military personnel searched for survivors in Antakya on Feb. 8.

# PERSONAL JOURNAL.

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CARRY ON  
DAWN  
GILBERTSON

I flew to Paris last week from an out-of-the-way New York airport on an airline you probably haven't heard of with Spirit-like fees, no seat-back screens and a predawn connection in Iceland.

And I'd do it again to save money.

Flying to Europe affordably this summer requires more strategy than ever. Prices can easily top \$1,000, given pent-up demand for international travel.

Travelers without piles of miles or unlimited funds are searching furiously for a deal to Europe. Often topping those search results: Play, Norse Atlantic Airways and French Bee.

These small, budget carriers have been adding flights between the U.S. and Europe, dangling introductory fares as low as \$169 one way from New York to London and about \$300 from Los Angeles or Miami to Paris. (Don't expect those prices for summer flights at this late date.)

To size them up, I took three trans-Atlantic flights in four days last week. I flew from London to New York on Norse; New York to Paris on Play; and Paris to Los Angeles on French Bee. The Wall Street Journal paid for the flights and airlines weren't notified of my plans.

The verdict from my small sample: These relative newcomers are worthy contenders at the right price for those of us not spoiled by lie-flat beds and fancy amenity kits.

Unlike these three airlines, major U.S. carriers like Delta, United and American generally offer free meals, drinks and alcoholic beverages on trans-Atlantic flights. All passengers except some basic-economy fliers also get a free carry-on bag and one free checked bag when flying across the pond in economy.

Another factor to consider: the budget airlines' limited schedules. My three flights went off painlessly. But a cancellation by one of these airlines could easily delay a trip by a day or more.

## The price is often right

By the right price, I mean a big enough gap between the budget ticket prices and those of the major airlines to cover fees for everything from carry-on bags and seat selection to meals and drinks.

Brittany Brown is a 36-year-old financial controller from Hamburg, N.J. She treated her 10-year-old son to a trip to Iceland after spotting cheap fares on Google Flights. She had never heard of the airline and called the prices—\$1,060 for two tickets—"nuts" (in a good way) for a nonstop.

David Parry lives close to Newark Liberty International Airport. For a last-minute trip to London, he schlepped to John F. Kennedy International



ILLUSTRATION BY JOHN W. TOMAC

## Budget Flights? That's the Ticket

Our columnist tried three cheap airlines in four days to and from Europe to see if you should, too

Airport to fly Norse. The tickets were each about \$300 cheaper than those on other airlines, he says.

Mr. Parry, who works in banking technology, liked the modern plane and friendly crew. His only knock was a slow response when he tried to change his ticket.

### It depends on when you book for

For the best shot at scoring a deal on these airlines, book early. And don't expect the lowest bargain-bin fares during the height of summer travel season.

I did get a deal when I booked my Norse flight last-minute. Jet-

Blue charged about three times the \$493 I paid one way, including fees.

For a mid-July trip from New York JFK to London Gatwick, Norse charges \$832 round trip before fees, compared with \$954 on Jet-

Blue. I'd probably pick JetBlue then unless I were traveling light and didn't care about food or drinks.

### Myths of a budget airline

Norse and French Bee fly nonstop across the Atlantic on wide-body jets. My 11½-hour flight from Paris to Los Angeles on French Bee was on an Airbus A350 with more than 400 seats and seat-back entertainment that included 52 movies and

an external camera the retired French engineer next to me couldn't stop watching. Norse uses Boeing 787 Dreamliners complete with mood lighting, seatback entertainment and power ports. Both offer optional meal service.

Play is the outlier. The Icelandic carrier uses smaller Airbus A320s, a domestic flight staple that JetBlue also uses for European flights. Play also requires a change of planes in Iceland. The guy behind me on my first Play flight drove 2½ hours to Newburgh, N.Y., from western Massachusetts to save hundreds on his flight to Dublin. He complained that the seats were uncomfortable.

### Don't knock alternative airports

Play's flights between New York and Europe fly out of tiny Stewart International in Newburgh. Getting there was far smoother than I'd imagined. I paid \$29 for a nonstop bus ride from the Port Authority bus station in Midtown Manhattan and arrived in the promised 90 minutes.

In Paris, my French Bee flight took off out of Orly, which is closer to the city center than giant Charles de Gaulle and cheaper to reach. In London, my Norse flight took off from Gatwick instead of Heathrow.

### No TSA PreCheck

None of the three carriers offers TSA PreCheck, which can lengthen that trip through security in the U.S.

French Bee offers Wi-Fi for a fee. Norse and Play don't offer in-flight internet packages.

### Beware of strict carry-on bag policies

On each airline, I was stunned at the rigid carry-on bag policies. The airlines have size and/or weight restrictions—between 22 and 26 pounds for carry-ons. They hand out tags if the bag made the cut. No tag, and the bag gets checked.

The Norse agent at Gatwick let my slightly overweight Away bag go through, but warned me they might still weigh it at the gate. (No one did.) Norse baggage fees start at \$45 for flights booked between the U.S. and Europe after late January, but many tickets include a baggage allowance.

French Bee agents in Paris gave me the toughest time, forcing me to squeeze the hardside bag into its sizer twice. I can see this on a small regional jet, but can't comprehend why it was necessary on a jumbo jet with 100 empty seats. (An airline representative said they limit carry-on sizes to speed check-in and boarding and says the agents must have misjudged the size of my carry-on.)

It was the most unpleasant part of a mostly pleasant trip.

### Three budget airlines offering trans-Atlantic flights



Source: the companies  
Camille Bressange/THE WALL STREET JOURNAL

## Companies Focus On Mental Health

BY TARA WEISS

More companies are carving out extra personal days for workers, not for a doctor's appointment or to run errands, but because of stressful events outside of the workplace.

The decision to offer these types of personal days is one of several moves company executives say they are making to address concerns about employees' mental health. They are also offering companywide mental-health days and on-site respite rooms.

The moves reflect executives' belief that addressing mental health directly with their workers is a crucial way to retain and attract the best employees in a tight labor market.

"Mental health is the workplace crisis of our time," said Lynee Luque, NerdWallet's chief people officer.

Employees at NerdWallet, a personal-finance company, get unlimited paid time off, eight hours per quarter of paid time to do volunteer work and a five-week sabbatical after five years on the job. Executives were concerned it isn't enough, said Ms. Luque.

So NerdWallet recently began

offering four self-care designated days each year. The idea is that the entire company stops working on the same day to make sure everybody feels they can fully disconnect.

They also don't want employees to worry that they'll come back to an "even bigger pile of work" and shutting the whole company down ensures that, said Ms. Luque.

Recently published data from Gallup shows disengagement at historic highs and it's largely attributed to "not feeling cared for at work." Studies from the American Psychological Association and Ernst & Young found that employees who suffer from common mental-health conditions are more likely to quit.

Replacing them can be time consuming and expensive. One MIT Sloan School of Management study shows that backfilling somebody's position can cost up to twice that employee's annual salary.

In 2022, Alma began offering two paid "timeout" days for employees who need to process traumatic events outside the workplace, said Nailah Banks, senior



Self-care and paid 'timeout' days help employees with their mental health.

workload. Moreover, many working in industries like medicine or other front-line jobs simply don't have the flexibility to offer some of these alternatives.

For Alma and others, though, it is worth that possible cost for now.

"The idea that people should man or woman up is not a foreign concept to me," Ms. Banks said. "But when you put in a policy like this, it builds trust."

Some employers like LinkedIn and Adobe Inc. have created on-site respite rooms, where staffers can escape the open-office concept to decompress or process a tough conversation.

At Adobe, there's a craft room and basketball court in its Seattle office, meditation pods at headquarters in San Jose, Calif., and music rooms at several outposts.

When the Austin, Texas, office of software company Atlassian Corp. was redesigned during the pandemic, the company included a nondenominational prayer room that includes a foot-washing station for Muslim employees.

"It's a Zen interpretation of a prayer room as opposed to a traditional cathedral with religious paraphernalia," said Annie Dean, Atlassian's head of team anywhere.

vice president of people and culture at the mental-health startup.

The idea first came up in conversations about how best to support employees after George Floyd was murdered by a Minneapolis police officer in 2020 and gained more traction amid other incidents.

Margaret Bonaparte, senior communications manager at Alma, said she intended to use work as a distraction from the Supreme Court's decision to overturn Roe v. Wade last year. But after joining her first meeting of the day, Ms. Bonaparte said she struggled to focus. Her boss noticed and recommended she take a timeout day.

Employers say the decision to offer these programs comes at a cost, such as hiring outside consultants or building new facilities. There's also the possible resentment that may build among those who don't take these additional days since it could add to their

## PERSONAL JOURNAL.

# Cabin Pressure: Travelers Face Bumpier Flights

Meteorologists predict climate change will increase hard-to-detect clear-air turbulence

BY ALLISON POHLE

**F**lights headed to Honolulu, Tampa, Fla., and Frankfurt in recent months hit turbulence so severe that some passengers and crew ended up in the hospital with injuries.

Actor Matthew McConaughey was a passenger on the Lufthansa flight to Germany. In a recent podcast interview with Kelly Ripa, he described seeing red wine suspended in midair before it crashed down.

"It was a hell of a scare," Mr. McConaughey, who wasn't hospitalized, said on the podcast. "A complete loss of control."

Pilots and meteorologists say bumps are a normal part of flying. The Federal Aviation Administration is still investigating the Lufthansa flight. But meteorologists say climate change is distorting the jet stream, making a certain type of severe turbulence—called clear-air turbulence—more likely in the future.

Severe turbulence injuries are rare. Between 2009 and 2022, 163 people were seriously injured during turbulence, according to National Transportation Safety Board data. Flight attendants, who are more likely to be standing during flights, are most likely to get injured, the data show.

## What the science says

Though technology that reports turbulence has vastly improved in recent decades, it can be tough to predict.

"You're talking about a little pin drop in the atmosphere," says Bill Duncan, head of aviation forecasting operations at the Weather Co., which supplies turbulence forecasts and weather in-

sights to major airlines.

Turbulence happens when swirling air currents push against the wing of the plane, which then moves the wings up and down or the body of the plane from side to side, says Paul D. Williams, a professor of atmospheric science at the University of Reading in England.

Atmospheric pressure, changing wind direction, air around mountains and cold- or warm-weather fronts can cause turbulence, physicists say.

Turbulence caused by wind shear, meaning sudden changes in the speed and direction of wind, is called clear-air turbulence. It is called this because it occurs at higher altitudes in cloudless areas. Aircraft can change altitude suddenly, and pilots usually can't detect this type of turbulence in advance.

Since 1979, the amount of wind shear in the jet stream has increased 15%, according to a study Dr. Williams co-wrote that was published in the science journal *Nature* in 2019. At higher altitudes where planes fly, climate change is altering temperature patterns, which creates more wind shear, he says.

Dr. Williams's research predicts that the amount of clear-air turbulence in the atmosphere in the mid-Northern Hemisphere is expected to more than double over the next three to six decades.

Some of the more popular international flight routes from the U.S., such as New York-London and San Fran-



Lufthansa Flight 469 from Austin, Texas, headed to Frankfurt in March was diverted because of heavy turbulence.

cisco-Tokyo, will experience more clear-air turbulence because they fly in the mid-Northern Hemisphere, he says.

## Changes in procedure

Flight crews now use more specific language to address different levels of turbulence, says Dennis Tajer, a captain for American Airlines and spokesman for the Allied Pilots Association, a union. He began flying

for commercial airlines about 30 years ago and says he encounters more clear-air turbulence now compared with early in his career.

American Airlines updated its flight manual in May 2022 to better define turbulence procedures for flight crews. The captain turns on the seat-belt sign for all types of turbulence, but crews now take specific actions depending on the severity of the turbulence, he says.

During severe turbulence, flight attendants need to secure carts, place hot liquids in carts or on the floor and secure themselves as quickly as possible by sitting down in the nearest seat or on the floor.

American and United are among the airlines that give pilots access to software called SkyPath, which crowdsources turbulence reports from pilots' iPads in real time. SkyPath uses vibrations from the pilot's iPad to measure turbulence and reports out to other nearby aircraft, providing advance warning of the

conditions in real time, a United spokeswoman said in an email.

## Tips for navigating turbulence

► **Wear your seat belt.** Staying strapped in is the best way to protect yourself if your flight hits unexpected turbulence, pilots and flight attendants say.

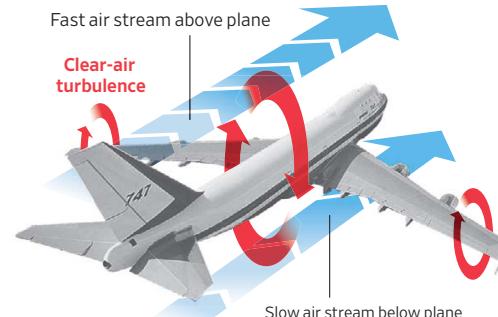
► **Take precautions with children under 2.** The FAA recommends passengers use an approved child-safety seat or device if traveling with a child under 2. Airlines don't require children that young to have their own seats. Sara Nelson, the international president of the Association of Flight Attendants-CWA, and the union have renewed calls for all passengers to have their own seats.

► **Secure your electronics and other hand-held devices.** Anything that isn't tied down can become a projectile, Ms. Nelson says.

► **Remember the odds.** Turbulence is scary because it is often unexpected and uncomfortable, says Todd Farchione, a clinical psychologist at Boston University's Center for Anxiety and Related Disorders. Take a deep breath and realize you're not truly in danger. Planes are built to withstand even heavy turbulence, pilots and physicists say.

## What is Clear-Air Turbulence?

Clear-air turbulence often happens unexpectedly and without visual warning for pilots. This type of turbulence is caused by sudden changes in wind speed or direction, known as wind shear.



Jet photo: Bettmann Archive/Getty Images

Sources: Federal Aviation Administration; Paul D. Williams, University of Reading

ELIZABETH FADELL/ASSOCIATED PRESS



THEY RECORD HISTORY.

JOURNALISTS DON'T  
JUST WRITE STORIES.'

## Fashion Designer Tailors Solutions For Larger Men, of Which He's One



ON TREND  
JACOB  
GALLAGHER

**F**ashion designer Ed Mendoza has a straightforward goal for his budding brand: He just wants to make clothes for men that look like him.

"I want to make stuff that fits me, that I don't feel like is out there as a plus-sized person," said Mr. Mendoza, 30, a recent graduate of the prestigious graduate fashion-design program at London's Central Saint Martins.

While women's fashion labels like Christian Siriano and Ganni have made pointed attempts to be more size-inclusive, such strides are a rarity in the men's luxury market. Most luxury brands offer their fine wool suits and intarsia sweaters in constrained sizes—restricting fuller-framed consumers to accessories and the occasional larger-size T-shirt.

"We want to buy fashion, we don't want to just buy handbags or buy a belt," Mr. Mendoza said, noting that while many brands taper their production off once the X's start appearing on the size tag, he begins at a large and fabricates up to a 6XL. The prevailing idea, he said, is that high fashion is only for men of a certain size—but "the door needs to be kicked in."

Last year, Mr. Mendoza staged the first runway show at his university designed exclusively for plus-size men—a prismatic riot including voluminous spiral-print trousers and a knit based on a drawing inspired by his father's Peruvian heritage. Big & Tall basics these were not, with plenty of "Tiger King" color schemes, fur fluffs and pendulous sleeves to go around. From go, his

clothes fell in with color-mad brands like Moschino and Walter Van Beirendonck at the brasher ends of the trend spectrum.

The size-inclusive offering earned him the L'Oréal Professionnel Creative Award, given to the most original fashion collection from the show.

A concentration on plus-size menswear is a rarity in the luxury world. According to Edited, a tracker of sales data from a range of online retailers, 41% of all luxury products run up to a size 2XL, accounting for 20% of the men's fash-

famed British textile designer, before making his way to Central Saint Martins.

There, Mr. Mendoza noticed early that the coursework wasn't exactly tailored to someone with his proportions. He recalled how the first pattern he received to design from was a single, compact size. Mr. Mendoza praised the school—and in particular his pattern-cutting tutor Mark Tarbard—for grasping that he wanted to offer a more inclusive range of sizes. Still, he remained his own best advocate in the atelier.



Ed Mendoza last year staged a runway show for plus-size men.

ion market. Larger-size items are often elemental, like T-shirts and hoodies, not more expressive runway-rooted creations, which makes it difficult for larger-size fashion-minded consumers to find satisfying products.

At stores, limited plus-size options could be a missed financial opportunity. The average waist size for an American man remains 40.5 inches, according to Centers for Disease Control and Prevention data, translating to roughly a 2XL size.

Raised in England, Mr. Mendoza took to stitching and sewing early. His father taught him and his brother to repair their clothes, he says. In his later teen years, he interned for Zandra Rhodes, a

"It's up to you to go about and adjust those patterns to what it needs to be," said Mr. Mendoza, who takes particular care to ensure that his clothes fit his models properly—something he became attuned to during his own less-than-ideal experiences as a plus-size model. Clothes often don't fit properly when you come in as a larger model, said Mr. Mendoza, who noted that he occasionally had to bring his own clothes for his modeling jobs.

Overall, to Mr. Mendoza, much of what is driving the high-fashion market's closed door to size inclusivity is stasis. "Going against the grain," he said, "is a scary thing."

## ARTS IN REVIEW



By HEIDI WALESON

**H**eartbeat Opera, which specializes in rethinking classic titles for contemporary audiences, opened its first fully staged new productions in 3 1/2 years at the Baruch Performing Arts Center last week. The company has undergone changes. Its two founding artistic directors, Ethan Heard and Louisa Proske, left last year for posts at, respectively, Signature Theatre in Virginia and Oper Halle, Germany, and Heartbeat is now helmed by its musician co-founders, Jacob Ashworth and Daniel Schlosberg.

Back in spring 2020, a few months after the Covid-19 pandemic had shut down in-person presentations and opera companies were scrambling to find alternatives, Heartbeat previewed bits of "Lady M," its adaptation of Verdi's "Macbeth" by Mr. Ashworth and Mr. Heard, on Zoom. Mr. Schlosberg's weirdly creepy six-musician arrangement and a homemade video component made for a tantalizing tidbit. But staged in its fully realized, 90-minute form, now directed by Emma Jaster instead of Mr. Heard, "Lady M" is perplexing.

The adaptation has only three principal characters—Macbeth, Lady M and Banquo—plus three Sisters, who represent the witches, the chorus and everyone else. There are scene rearrangements and cuts, plus interpolations of spoken English text from the Shakespeare play. The most significant revision comes at the end: Macbeth's final aria and his death are eliminated. Instead, we get Lady M's sleepwalking scene, followed by the repositioned "Patria oppressa!" normally sung earlier by the chorus of Macbeth's tormented subjects but here by the three Sisters and—Lady M. It is the only real clue to the renaming of the opera. Are we supposed to

## OPERA REVIEW

## Verdi and Puccini Operas Imagined Anew



Isaiah Musik-Ayala, above; Anush Avetisyan and Chad Kranak, left; and Sishel Claverie, Taylor-Alexis Dupont and Samarie Alicea, top

gather that she is sorry and is joining with those she has oppressed to make amends? What happened to her husband, the tyrant? Not clear.

The director's note suggests that this is a feminist reinterpretation, but the rest of the staging fails to illuminate that concept. It is basically modern dress (costumes by Beth Goldenberg), with a single rectangular block serving as a bed, a table, and (perhaps) a cof-

fin; the most interesting element is the lighted halo that serves as a crown (scenic design by Afsoon Pajoufar). A backdrop of hanging strips makes Camilla Tassi's projections hard to see. Ms. Jaster's direction is inscrutable—one choice was to have Lady M spend the sleepwalking scene Windexing the table (now glass topped, with Macbeth underneath it). Having the three Sisters (Samarie Alicea, Taylor-Alexis Dupont and Sishel

Claverie) serve as the chorus as well as the witches, with no costume changes, was also confusing.

Mr. Schlosberg's arrangement—violin, clarinet, trombone, percussion, guitar and electronics, which he led from the piano—didn't help matters. Amplified and raucous in a live setting, it relentlessly called attention to the ugliness of the story. The bass clarinet and the trombone, which are inherently comical instruments,

sometimes even undermined the seriousness of the plot; and the poor violin was unable to tip the atmosphere toward lyricism. Still, the manic activity of the band, with much instrument-switching going on, was livelier than what was seen onstage.

The singers made the noise level in this small theater even harder to bear. Lisa Algozzini has the dramatic soprano capacity for Lady M, but she offered no subtleties of expression, and Kenneth Stavert shouted his way through Macbeth. Bass-baritone Isaiah Musik-Ayala displayed a welcome warmth of timbre as Banquo, but his role is small. Ms. Alicea, who had lost her voice and was unable to sing, acted while Victoria Lawal sang some of her music from the orchestra, adding to the general weirdness.

Heartbeat's "Tosca" was more coherent, though one had to read the program note in advance to understand director Shadi G.'s concept: A theater group in a fundamentalist theocracy is putting on the Puccini opera. It becomes a protest as the performers gradually flout the state's morality rules governing the performance, which include mandated hair coverings for women as well as prohibitions against men and women touching, or a woman killing a religious authority onstage.

The production is clever. Two undercover policemen watch from the shadows and occasionally shout at the performers or hustle them offstage. Their menace is subtle but palpable—the torture scenes take on new relevance—and by Act 3 they have become part of the execution squad, leaving us to wonder if the "actor playing Cavaradossi," as he is listed in the program, is actually shot dead at the end. With each act, the costumes (by Mika Eubanks) acquire more modern elements, and the Act 3 rooftop overlooks downtown Tehran (the scenic design is by Reid Thompson). The performers, changing the set after Act 1, sing a Farsi poem set to the Chilean protest tune known in English as "The People United Will Never Be Defeated"; later, it is repeated as a solo in lieu of the shepherd's song at the beginning of Act 3, accompanied by a *kamancheh*, an Iranian bowed string instrument. Tosca's final act of defiance is to leap atop a graffiti-scarred wall and tear off her headscarf. Significantly, she doesn't jump.

Mr. Schlosberg's orchestral arrangement—three cellos, bass, flute, horn, trumpet and piano—conducted by Mr. Ashworth, sounded a bit scrappy, but it got the job done. Trimmed to 100 minutes, the score is moderately cut, most notably eliminating Cavaradossi's "Recondita armonia" and the chorus parts—other than a pre-recorded, men-only ensemble that thundered the "Te Deum" at the conclusion of Scarpia's "Va, Tosca!" Anush Avetisyan was a fiery Tosca, Chad Kranak an ardent Cavaradossi, and Gustavo Feulien an ominous Scarpia, though less disturbing than the "real" secret police.

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

## TELEVISION REVIEW | JOHN ANDERSON

## Keri Russell's New Assignment

Sometime during episode 3 of "The Diplomat," a character puts the show's entire premise in the proverbial nutshell: "Can you imagine hiring someone for a key governing position just because you think they'd be good at it?" What could possibly go wrong?

"Plenty" is the answer to the second question in what is a mischievously clever, amusing and absorbing eight-part Netflix series created by Debora Cahn ("Fosse/Verdon"). The answer to the first question is more complicated. Who exactly are we talking about? And to whom does "The Diplomat" even refer?

The no-nonsense Kate Wyler (Keri Russell) is a longtime, behind-the-scenes Mideast troubleshooter who is about to take an ambassadorship in Kabul, where her expertise regarding Afghanistan will be invaluable. At the last minute, she is reassigned and made ambassador to the U.K.—a "Tiffany appointment" that Kate doesn't want and in which the barely kempt operative's aversion to ceremonial froufrou will be on constant display.

So far, a conventional fish-out-of-water construct. This viewer has no

idea whether the world according to "The Diplomat" is the least bit plausible, although it makes sense. And will probably confirm a lot of suspicions people have about professional diplomacy—and politics, given that the machinations behind Kate's upended career track are explained in a most believably cynical manner: The serving vice president—a woman—is about to resign over a financial scandal, and the handlers of the aging, hawkish and irascible President Rayburn (a likably churlish Michael McKean) need someone with the necessary credentials to convince him of some unvarnished political truth. Also, to be a viable vice president. In the Court of St. James's, Kate's mettle will be tested.

Ms. Russell is a rather splendid Kate Wyler, a woman operating at a breathtaking intellectual pace but not one out of place among the mostly well-intentioned schemers at the top of the U.K. pile of intelligence officers, politicians, militarists and ministers. Her appointment raises eyebrows, and ire, but she wins people over, including the few who understand she's being vetted for vice president. She is keenly aware she has been yanked out of the



Ato Essandoh and Keri Russell in Netflix's 'The Diplomat,' created by Debora Cahn

arena she knows, and where she thought she could do some good—salvaging a "shred" of what we spent "2,400 lives trying to accomplish." That she is being examined as vice presidential timber is something about which she has no clue. Her husband, however, knows all.

This is only a minor exaggeration: Hal Wyler (a first-rate, revelatory Rufus Sewell) is another State Department lifer, who lost his own job under the Rayburn administration for calling Secretary of State Ganon (Miguel Sandoval) a "war criminal." Hal is a political insider who knows every back channel in international diplomacy, but doesn't know when to step away, or shut up: He revels in global games-

manship exactly the way Kate doesn't, and the chemistry between them, while sexually alive, is unstable. Likewise, Hal's ego, the master diplomat having found himself in London as the plus-one to his wife. Upon being given an introductory tour of the ambassador's residence, Winfield House, Kate checks the sheets in the guest room. Meaning: The Wylers don't sleep together. And a divorcee may not be as promising a candidate as the Rayburn people are looking for.

Hal and Kate are not Nick and Nora, or Mr. and Mrs. Smith, or Homer and Marge, though they can be very funny, the humor being rooted in consternation—hers, mostly, caused by her husband's incurable habit of ignor-

ing protocol and never telling her what he has done, ostensibly on her behalf. Like floating her as a possible VP. The central crisis in what would seem to be only the first of several seasons of "The Diplomat" is the bombing of a British warship, the immediate suspect being Iran. Cooler heads—Kate's being the coolest of all (Ms. Russell is magnetic) and Hal's being the savviest—have to ice down the feverish leaders who surround them, including Ganon, Rayburn, Prime Minister Nicol Trowbridge (Rory Kinnear) and, to a lesser

degree, Austin Dennison (David Gyasi), the U.K. foreign secretary, who seems drawn to Kate, which is just shocking.

The intricacies of the plotting are ingenious, the pace brisk and the bingeability factor high in what is a sophisticated show with a sterling cast that includes Ali Ahn ("Raising Dion") as CIA station chief Eidra Park and Ato Essandoh as Stuart Hayford, Kate's deputy minister. Like Eidra, Stuart is an immediate convert to the cause of Kate. As all of us will be.

**The Diplomat**  
Thursday, Netflix

Mr. Anderson is the Journal's TV critic.



# OPINION

## Biden and Media Are EV Grifters



**BUSINESS WORLD**  
By Holman W. Jenkins, Jr.

When I pestered a senior Biden climate official a few months ago about the counterintuitive argument that green handouts won't reduce fossil-fuel consumption, he surprised me by finishing my sentence. The only real solution is for governments "to put a price on carbon," he said, and speculated Democrats and Republicans might break the ice with a carbon-related import tax.

The point being, economic sanity exists everywhere except in the policies of the Biden administration and media coverage of them.

Unbidden in recent Journal podcast, the Harvard economist Ken Rogoff spontaneously offered a similar assessment of the "craziness" of current policy in contrast with the only "sane thing that's going to work." Tyler Cowen, the author and economist, voiced the same critique in a podcast with green investor Jeremy Grantham: "We make green energy much cheaper, but dirty energy becomes cheaper" and "the world just uses much more energy."

Or take a Princeton analysis the Biden White House loves to cite. In its fine print, the analysis admits leaving out the emissions effect of lowered fossil-energy prices.

Subsidizing somebody to use an electric car is a sub-

sidy to consume energy, period—to drive more, to live in a bigger house, to crank the air conditioning higher. The electricity to charge the car has to come from somewhere. The minerals for the battery don't spring from the ground. If government pays you to use less fossil fuel, it's paying someone else to use more.

But the funny thing is, even if sophisticated economics are lost on you, you still wouldn't subsidize electric cars for consumers based simply on the numbers.

Transportation may be 20% of emissions, but cars and vans represent only 8%, and 72% of these are personal vehicles—which means they sit idle most of the time. Going by U.S. and European averages, commercial vehicles rack up four times the annual mileage. Global society's personal vehicles may be a majority of cars, but they account for a minority of light-vehicle emissions—about 39%, or 3% of total emissions.

And, of course, the Biden plan affects only the U.S., with 12% of the global fleet—so 0.36%. And swapping out a gasoline engine for a battery eliminates only half (at best) of lifetime emissions—so 0.18%.

I could go on. When all factors are considered, such as the shrinking U.S. share of global emissions, such as the slow turnover of the U.S. auto fleet, the climate effect of the extravagantly expensive Biden plan will steadily approach zero as time goes on even

without counting the signal to others to consume the fossil fuels that EV drivers allow to be available at a lower price.

Now you know why the Union of Concerned Scientists for years has practiced a sleight of hand, claiming "our personal vehicles are a major cause of global warming" and then segueing to talk about transportation emissions

### If the president succeeds, global emissions will be 0.18% lower.

overall. Ditto the New York Times, which laughably oversells the Biden plan "to slash the greenhouse gases generated by cars, a major driver of climate change."

These outlets plump for EV subsidies because their target demos like to hear about EV handouts but it's not serious climate policy. It's no more serious than the Obama fuel-economy plan to give us 54.5 miles per gallon by 2025, shown in a subsequent investigation to be a sham "headline number" cooked up by the White House PR team.

If Americans want to cut emissions, they can enact a carbon tax, as the Biden adviser suggests (after being promised anonymity). This model other countries might adopt, in which case only then would emissions be placed on a noticeably lower path and possibly allow some climate

effect to be detectable decades from now.

Make up your own mind whether such emissions reductions are worth pursuing but understand that the convoluted Biden plan is an EV fetish masquerading as a pol icy thought.

You may have a low opinion of Joe Biden. You may think he lacks the temperament to examine the second- and third-order effects of his own EV mandate. "EVs are good" might be reasoning enough for old Joe. But Barack Obama pushed similar policies and sailed majestically on, in his presidential afterlife, to sign a big production deal with Netflix and bask in permanent acclaim.

Which brings us to a sad realization. Mainstream liberals like Messrs. Biden and Obama and their colleagues in Congress, for quite a while now, have offered nothing except to treat the productive economy as a source of endless rents that can be extracted and redeployed to give evidence of their own good intentions, which are parlayed into status and wealth opportunities for their families.

If this sounds cynical, also spare a thought for a news media that has ceased to function as a critic and instead champions policy ideas, no matter how theoretically expensive, purely as virtue signals. If you hoped for climate policy that might actually affect climate, the press perhaps is the ultimate place to point the finger.

**BOOKSHELF** | By David S. Reynolds

## Deathbed Directive

### A Madman's Will

By Gregory May  
(Liveright, 382 pages, \$30)

The planter and politician John Randolph of Roanoke, one of the leading defenders of slavery in early-19th-century America, emancipated his nearly 400 enslaved people in his will. Or did he? That mystery drives "A Madman's Will," Gregory May's enlightening, suspenseful book on Randolph's oft-revised will, which became the subject of prolonged court battles after his death.

John Randolph served Virginia in Congress for almost 30 years, mainly in the House of Representatives, with a two-year stint in the Senate. Reed-thin, tall and russet-haired, Randolph had a beardless face and a high, shrill voice—symptoms of a genetic disorder or perhaps an adolescent illness that disrupted puberty. The eccentric Randolph would stride into Congress trailed by hunting dogs that curled up under his desk while he gave brilliant, sarcastic, interminable speeches accented by wild gestures.

Early in his career, Randolph, the unmarried heir to a huge Virginia tobacco plantation, took the moderate position that slavery was a necessary evil. He called for restrictions on slavery in the western territories and denounced the slave trade in Washington, D.C. But as time passed, he became an outspoken advocate of the view that the central government must never interfere with the peculiar institution. A champion of states' rights, he was the only Southerner, Mr. May informs us, who voted against the Missouri Compromise, the face-saving measure that gave concessions to the North while allowing slavery in Missouri.

If Randolph supported slavery, why did he arrange for the freedom of his bondpeople? Due to a paucity of evidence, Mr. May cannot fully answer this question. Randolph clearly differed from his brother Richard, who defended freeing his own 155 enslaved people by denouncing slavery at length as "the most lawless and monstrous tyranny." John Randolph made no such extended pronouncements. "He did not believe in universal emancipation," Mr. May writes. "He freed his own slaves in order to suit himself."

Some facts Mr. May presents do indicate Randolph's underlying opposition to slavery, despite his intensifying public support of it. In a will that Randolph wrote in 1800, he announced: "It is my desire that every individual negroe of whom I may die possessed be restored to that freedom which is his just & natural right & of which he has been so long & basely deprived." That early will was undiscovered until long after his death, however. In a will he wrote in 1832, a year before his death, Randolph made no mention of his slaves and left virtually his entire estate to a 2-year-old boy he had never seen, the first child of his niece Elizabeth Bryan. The picture became even murkier when, on his deathbed, Randolph asked witnesses to "confirm every disposition in my will, especially that respecting my slaves, whom I have manumitted."

Technically, Randolph's last written will—which did not refer to emancipation—superseded his other wills. But the mixed messages Randolph had sent over the years gave rise to an 11-year court battle over his estate. Lawyers represented opposing groups of Randolph's relatives and friends, whose motives ranged from sheer greed to altruistic concern for the black people Randolph had owned. Mr. May, a lawyer turned historian, dexterously describes the court hearings, appeals and suits over Randolph's will.

### A prolonged court battle sought to determine whether John Randolph of Roanoke did or did not intend to emancipate nearly 400 slaves.

The fight over Randolph's estate, Mr. May explains, centered on the question: Was John Randolph mentally ill, and, if so, for how long? His half-brother, the lawyer and novelist Nathaniel Beverley Tucker, maintained that Randolph's insanity had lasted for decades and that all of his wills were invalid; his estate, therefore, must be divided among his heirs, including Tucker himself. On the other side was Randolph's friend Judge William Leigh, who claimed that mental illness did not strike Randolph until late in his life, meaning that his last will must be set aside in favor of the 1821 one, in which Randolph had liberated his black people. Leigh selflessly renounced his interest in the 1821 will, in which Randolph had named him as his principal beneficiary.

In 1845, a Petersburg, Va., court ruled that the 383 surviving blacks formerly enslaved by John Randolph must be emancipated. But liberty did not bring security to the freedpeople. Mr. May does an excellent job of describing what he calls the "mirage of freedom" that was the unfortunate destiny of many emancipated blacks at the time. Virginia law required that manumitted blacks must leave the state within a year of being freed. Under the direction of William Leigh, these freedpeople trekked west across the Alleghenies to Ohio, where there were black settlements. But Ohio, though a free state, resented being a sought-after home for the South's emancipated black people. A white mob in Mercer County and violent incidents elsewhere in Ohio prevented them from settling as a unified community. The group was forced to scatter. Some fled to different states, while others settled in two counties in southwest Ohio.

Mr. May makes an illuminating comparison between Randolph and another Virginia enslaver, Samuel Gist, who liberated more than 300 people. It would have been interesting to hear similar comparisons made to other major figures (mentioned briefly in an endnote), including George Washington, who ordered that his 123 enslaved people be set free upon his wife's death; Robert Pleasants, who liberated more than 400 bondpeople; and Robert Carter III, who emancipated between 400 and 500.

Such discussions would be icing on a very rich cake. "A Madman's Will" offers a compelling case history of the complexities of enslavement and emancipation in the young American nation.

Mr. Reynolds is a Distinguished Professor at the Graduate Center of the City University of New York. His books include, most recently, "Abe: Abraham Lincoln in His Times."

## What Drives Political Polarization?



**POLITICS & IDEAS**  
By William A. Galston

By most measures, the U.S. has become far more polarized than it was when I cast my first vote in 1968. And politically, the kind of polarization that matters most is geographical.

In the close 1976 election between Jimmy Carter and Gerald Ford, 20 states were decided by margins of less than 5 percentage points. By 2000, when Al Gore and George W. Bush faced off in another close election, only 12 states ended up this category. That number fell to 11 in 2016 and eight in 2020. During this period, few states became more competitive. Instead, most red states became redder, and blue states bluer, while many swing states shifted decisively toward one or the other party.

County lines are nearly as stable as state borders, and polarizing shifts within counties are similarly pronounced. As recently as 1992, 38% of voters lived in counties that gave winning margins of at least 20 points to Democrats or Republicans. By 2016 the share of these voters had risen to 60%, and this trend appears to have continued in 2020.

Against this backdrop, it should come as no surprise that the number of competitive congressional districts

has declined sharply. In 1999, according to Cook Political Report's David Wasserman, 164 seats were within 5 points of the nearly even national partisan divide. That number has since been cut in half. The number of seats that remain competitive in every election—what Cook calls "hyper-swing seats"—has fallen during this period by 58%, from 107 to 45. In more than 80% of districts, the outcome is for all practical purposes determined in the dominant party's primary election, typically low-turnout affairs dominated by the most committed voters.

One of the main drivers of geographical polarization is the widening gap between rural and urban America. In an illuminating new study, Cornell's Suzanne Mettler and Trevor Brown show that as recently as three decades ago, rural and urban voting patterns in presidential elections closely tracked each other. In 1996 Bob Dole's share of the rural vote was only 3 points higher than his urban share, even though he was Republican from Kansas. In 2020 Donald Trump's gap was 21 points. He received 64% of the rural vote and 43% of the urban vote.

It is tempting but wrong to view this divide as the consequence of the South's political realignment. Yes, the urban-rural gap between the parties widened to 18 points in the South, but it expanded even more in the Midwest (22 points) and the West (20

points), with the Northeast not far behind at 15 points.

According to Ms. Mettler and Mr. Brown, two main forces drove this widening. First, the economic fortunes of urban and rural America have diverged sharply. Since the 1980s, manufacturing has been about twice as important for rural areas as for their urban counterparts. The decline of manufacturing jobs

### A new study suggests that the jobs gaps between rural and urban places is a key.

since 2000 has hit rural areas especially hard. Many small towns depended heavily on single manufacturing plants, whose closure sent many of them in a downward spiral that proved hard to reverse.

In 1970, the education gap between rural and urban areas was modest. Today, 35% of urban residents have at least a bachelor's degree, compared with 21% for rural Americans. This helps explain why urban areas were more able to take advantage of the expanding information economy. An incredible 94% of the nation's job growth since 2000 has occurred in urban counties, while almost half of their rural counterparts have suffered net job losses during the same period. Similarly, since the turn of the century,

the population of urban counties has risen at more than twice the rate of rural counties, 41% of which have experienced population losses. When rural Americans say they feel left behind, this is part of what they mean.

The second large force driving the urban-rural political divide, the authors argue, is the growing nationalization of policy, which many rural Americans view as efforts by educated urban Americans to enforce their elite outlook on issues ranging from racial, ethnic and gender identity to the environment, education, gun ownership, immigration and religious liberty. As the urban influence has grown in the Democratic Party, rural Americans have rallied behind the Republican Party in resistance.

These scholars show that we need not choose between economics and culture to explain the widening political gap between rural and urban America. In recent decades, the U.S. has experienced what the authors call "sequential polarization," with rural economic decline increasing rural Americans' receptivity to the Republican message of cultural resistance.

If Ms. Mettler and Mr. Brown are correct—and theirs is the most balanced and persuasive account I've seen—our current polarization is the result of tectonic economic and cultural shifts that won't be reversed quickly or easily.

"No!" she gasps between breaths. "I'm gonna win!" And then 3-foot-tall Lucia shifts into a higher gear, inching ahead. She wins, smiling and laughing, the exertion leaving her cheeks flushed. "I won!" she screams. "I got here first!"

I love the look in her eyes. "See how good it feels?" I ask her.

"Yes!" she exclaims. But even though we seem finished for the day, she's just getting started. "Again!" she cries out, radiating the spirit of a champion. "Race me again!"

Mr. Brody, a consultant and essayist in Italy, is author of the memoir "Playing Catch with Strangers: A Family Guy (Reluctantly) Comes of Age."

## Why I Let My Granddaughter, 4, Lose

By Bob Brody

"Race me!" 4-year-old Lucia demands. So I do. Off my granddaughter sprints down the driveway, giving herself a head start, the front gate our finish line. But soon I pull close.

"Here I come!" I warn. "I'm gonna win!"

"No!" she protests at the top of her lungs. "No!"

But I win. I'm trying to teach her about competition.

Decades ago, I raced my son Michael, too, only occasionally letting him win. Then one summer day, on a beach in Long Island, Michael won for real, blowing my doors off. And one day, probably sooner rather than later if only because I'm 71, Lucia will win for real, too.

All my adult life, I've played sports with kids, from family members and neighbors to strangers. Baseball, basketball, football, soccer,

tennis, track, you name it. I've formed a philosophy about how to train kids in athletic competition. They should win some, but they should also lose some. In the interest of striking the right balance, I typically look to maintain a ratio of about 50-50.

She needs a taste of defeat as well as victory to learn how to compete in life.

So, for example, I'll smack away an attempted layup or fling a fastball past a batter, just to make a point. But a minute later, I may back off to allow a touchdown or a winning forearm down the line. The idea is for kids to taste both victory and defeat, and then be free to decide which they like better. So it is with Lucia. If everything comes

easy, she'll never be prepared to manage anything hard.

Granted, losing hurts. I've never quite recovered from getting cut in tryouts for my eighth-grade basketball team. But losing is also instructive and fortifying. Losing motivates you to bring out your best. Lucia should understand that nobody deserves an award simply for showing up, and that nothing makes you want to win more than losing. "I've failed over and over again in my life," Michael Jordan says in a commercial. "And that is why I succeed."

Sports is a school, its curriculum a lesson in how we're always our own toughest competition. At its best, competition teaches cooperation and collaboration. Besides, all of life is a kind of race—for a mate, a job, the next buck. The sooner we learn the stakes are Darwinian, the better we'll survive.

"A horse never runs so fast," Ovid wrote, "as when he has other horses to catch

Mr. Brody, a consultant and essayist in Italy, is author of the memoir "Playing Catch with Strangers: A Family Guy (Reluctantly) Comes of Age."



## OPINION

# Republicans Can Reset the Abortion Debate

By Ryan T. Anderson

**W**hat do you do when your movement is on the right side of an issue morally, but seems to be losing politically? That's the question the pro-life movement needs to answer, and fast.

Abortion policy is receiving renewed attention after this month's election in Wisconsin in which a left-wing judge won by 11 points after campaigning relentlessly on abortion for a seat on the state's Supreme Court, which has a pending lawsuit over the state's pro-life law. But Florida Gov. Ron DeSantis signed a fetal heartbeat bill last week that protects unborn babies at six weeks' gestation. His action suggests that Republicans can win on abortion if they define the terms of the debate.

**Don't be afraid to defend the unborn, but be prepared to accept incremental progress.**

After the Wisconsin result, Ann Coulter tweeted the conventional wisdom: "The demand for anti-abortion legislation just cost Republicans another crucial race. Pro-lifers: WE WON. Abortion is not a 'constitutional right' anymore! Please stop pushing strict limits on abortion, or there will be no Republicans left."

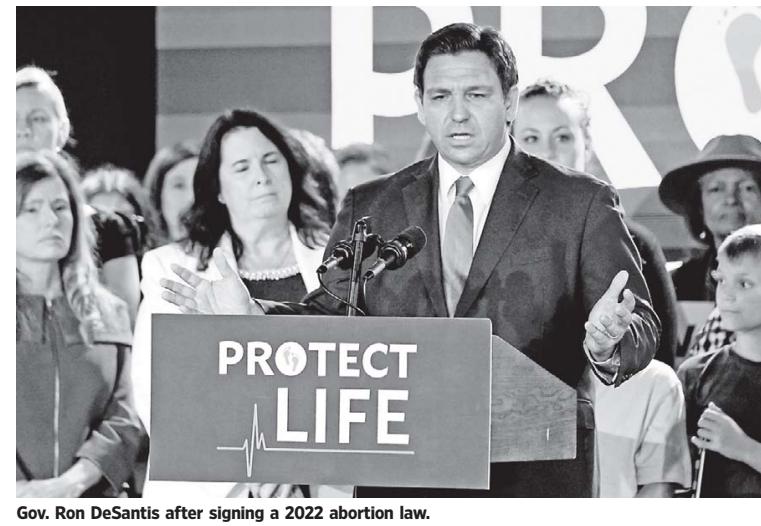
Ms. Coulter is wrong on several points. There's no evidence the conservative candidate lost in Wisconsin because of abortion. He lost by the same margin in 2020 when he ran as an incumbent for the same office. Two identical election losses, one before *Dobbs v. Jackson Women's Health Organization* and one after, seem hard to blame on abortion. The goal of the pro-life movement has never been merely to

make abortion "not a 'constitutional right'" but to protect unborn babies. In *Dobbs* the pro-life movement won a battle, not the war. And while enacting protections for the unborn can be a political challenge, GOP abandonment of the cause will ensure that "there will be no Republicans left." This is a truth that even pro-choice Republicans can understand: Their party can't win elections without its pro-life base turning out to vote.

But the GOP also can't win if it continues to let Democrats define the terms of the debate. While it's true that public opinion in America isn't as protective of children in the womb as it should be, Americans are dramatically more pro-life than the Democratic Party. Taxpayer-funded abortion on demand throughout all nine months of pregnancy—the official Democratic platform—is extremely unpopular, going too far even for many Democratic voters. The pro-life movement and the GOP have an opportunity to expose this left-wing extremism.

When articulate politicians do this, they win. Mr. DeSantis—no shrinking violet in front of hostile media—ran for re-election in 2022 having signed into law a pain-capable bill, which protects babies after 15 weeks, that same year. He won by 19 points. Last week, while considering a presidential bid, he signed the heartbeat bill. In Ohio, Gov. Mike DeWine won last year by 25 points after signing a heartbeat law. Georgia Gov. Brian Kemp and Texas Gov. Greg Abbott both won decisive victories after signing heartbeat laws. Sen. Marco Rubio was re-elected by 16 points after expressing strong support for a 15-week federal limit.

As Texas and Florida enacted their abortion laws, they also enacted policies to make the choice for



Gov. Ron DeSantis after signing a 2022 abortion law.

jeopardize maternal health. For months, voters heard a barrage of lies about the supposed prohibition of treatment for ectopic pregnancies and miscarriage simply because GOP politicians refused to spend the political capital to respond.

Pro-lifers and the GOP need to push back against these lies at both the state and federal levels. Democrats in Congress have introduced legislation to codify abortion on demand and nullify state-level pro-life laws. The GOP and the pro-life movement can't allow the pro-abortion left to nationalize the issue, leaving their side to defend pro-life laws at the state level alone.

Most important, GOP leaders need to champion the truth about the precious child in the womb: The entity that ultrasound technicians refer to as "your baby," whose heartbeat expectant mothers and fathers anxiously wait to hear, and whose grainy pictures we share in text messages, is a human being of profound worth.

Standing for the inherent and equal dignity of every human places the pro-life movement on the right side of this issue morally. Compared with Democratic extremism, pro-lifers are also on the right side as a political matter too—so long as they don't demand everything at once or cower and let the media and pro-abortion politicians drive the conversation.

The pro-life movement needs to work incrementally toward its goal of an America where every child is protected by law and welcomed in life. If we move steadily forward, one step at a time, we will get there.

Given that 93% of abortions in America occur before 13 weeks, the pro-life movement can't accept European-style abortion policies as a permanent solution. But going beyond that will require moral and political leadership. Several contenders for the 2024 GOP presidential nomination have had difficulty articulating a clear position. Pro-abortion extremists get a free pass to lie about pro-life laws and demonize the party that supports them. Recent pro-abortion ballot initiatives passed and pro-life ones failed largely because pro-lifers lacked leadership, were outspent, and lost the messaging battle.

Despite every abortion prohibition having explicit protections for lifesaving medical care for mothers, media and activists repeatedly asserted in 2022 that pro-life laws

JOHN RAOUX/ASSOCIATED PRESS

are necessary. So, too, is a willingness to work incrementally—enacting a pain-capable law today if that's possible, working to shape public opinion, and passing a heartbeat bill later. Florida accomplished that in only a year.

Given that 93% of abortions in America occur before 13 weeks, the pro-life movement can't accept European-style abortion policies as a permanent solution. But going beyond that will require moral and political leadership. Several contenders for the 2024 GOP presidential nomination have had difficulty articulating a clear position. Pro-abortion extremists get a free pass to lie about pro-life laws and demonize the party that supports them. Recent pro-abortion ballot initiatives passed and pro-life ones failed largely because pro-lifers lacked leadership, were outspent, and lost the messaging battle.

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media and activists repeatedly asserted in 2022 that pro-life laws

## Don't Blame China and TikTok for Child-Rearing Failures



**UPWARD MOBILITY**  
By Jason L. Riley

When the Trump administration tried to ban TikTok three years ago, you might recall that things didn't go so well. The Biden administration believes it will have better luck, but don't count on it.

President Trump issued an executive order in 2020 that claimed the popular video-sharing app, which is owned by Beijing-based ByteDance, was a threat to national security, and he directed the U.S. Commerce Department to prevent TikTok from being downloaded in app stores.

TikTok influencers sued to block the order, and a federal judge ruled that the administration had overstepped its authority.

The Trump administration's "failure to adequately consider an obvious and reasonable alternative before banning TikTok" meant that singling out the company was "arbitrary and capricious," wrote Judge Carl Nichols of the U.S. District Court in the District of Columbia. Judge Nichols is a Trump appointee.

Last week, a school district in California filed a federal lawsuit against TikTok and other social-media companies alleging that the platforms have created a mental-health crisis among young people. On Friday, Montana passed legislation that bans the app on all personal devices.

It's not at all clear how the state will monitor or enforce the ban, but

the governor is expected to sign the bill anyway.

The concerns of TikTok's critics differ, but the question is whether the proposed solutions are too broad and potentially harmful. The Biden administration is concerned that TikTok is collecting massive amounts of information from users that potentially could be shared with

### Proposals to ban the popular Chinese app or change its ownership are overbroad and needless.

its owner, ByteDance, which has ties to the communist Chinese government. At a Senate hearing earlier this year, FBI Director Christopher Wray said that what worried him was the "control of the data" by Beijing. "It's the control of the recommendation algorithm which allows them to conduct influence operations," he said. "It's the control of the software which allows them to then have access to millions of de-

vices." Put all those things "together and, again, come back to the starting point, which is this is a tool that is ultimately within the control of the Chinese government."

China doesn't have private companies in the way America does. Chinese law forces companies to comply with requests for information from government intelligence agencies. Hence, the White House is backing legislative proposals that would give the president, even without any national emergency being declared, unprecedented authority to ban foreign apps that he deems a security threat. The potential for mischief is obvious. In the name of national security, presidents could restrict apps favored by political opponents, or to protect market share for U.S. companies, which could stymie innovation and limit consumer choices.

What's worse is that banning TikTok in the U.S. would not stop the Chinese from acquiring data on Americans. Plenty of other companies collect the same data and then sell it legally through third parties.

"Numerous U.S. mobile apps process comparable levels of sensitive per-

sonal information like geolocation, device identifiers, browsing history, and more," Caitlin Chin of the Center for Strategic and International Studies wrote recently in Barron's.

"U.S. data privacy laws are fragmented and outdated, leaving many mobile apps with almost no hard restrictions on the type and granularity of data they collect, how long they store it, and which entities they share it with." Neither forcing ByteDance to sell TikTok nor banning the platform in the U.S. would solve this problem.

Nor is it helpful to tell parents that a Chinese-owned social media app is mostly to blame for the mental-health problems of American youth. Social media has certainly made raising children more challenging insofar as it can exacerbate teenage anxiety and self-esteem issues. But blaming TikTok is passing the buck rather than meeting the challenge. The bigger problem has to do with today's child-rearing culture. If we have raised a generation of young people who seem too distracted or too sedentary or too self-absorbed to function properly, then we are to blame, not China.

## Twenty Years After the War, Iraq Needs U.S. Support

By Bilal Wahab

**Sulaymaniyah, Iraq**  
A s America marked the 20th anniversary of its invasion of Iraq last month, Washington was consumed by the same questions that have daunted it for two decades. Meantime, a different kind of event was taking place in one of Iraq's most vibrant cities.

The annual Sulaimani Forum is a who's-who of Iraqi politics. Hosted at the American University of Iraq—the first U.S.-style liberal-arts campus established after the fall of Saddam Hussein—the meeting featured Prime Minister Muhammad Shi'a al-Sudani, two of his predecessors and several cabinet members. Former

President Barham Salih organized the conference, where panelists debated politics, the economy, corruption and climate change.

The diverse and lively gathering illustrates a larger point: While Americans are fixated on their past, Iraqis are increasingly focused on their future. The U.S. should follow suit and turn the page on history, choosing instead to engage on ideas that will enable the long-term success of its ties with the nation.

Today, Iraqis complain about traffic jams instead of car bombs. Cranes dot skylines of major cities, each of which wants an international airport, revealing Iraqis' hunger to integrate with the world. A popular campaign pitch promises to

make the Iraqi passport stronger, enabling travel to more countries.

Unlike many Arab states today—or Iraq's own past—the nation's recent leaders are neither dead nor in prison. Nor is Iraq's young population cowed into silence. With over half its population under 25, the youthful nation has little memory of the previous regime. Freed from its restraints, its people demand a better life befitting Iraq's potential and wealth.

Iraqis look to their own politicians, not Washington, for solutions. This keeps the country's political class on its toes—something it hadn't needed to contend with for many years. Turnout in elections began to decline in 2014 as the public grew increasingly frustrated with a corrupt political machine in Baghdad. This discontent came to a boil in 2019, when mass protests broke out in response to the government's corruption and Iranian meddling in Iraqi politics, forcing the prime minister to resign.

Entangled with corruption are the militias, who undermine governance and impede local and foreign business. These armed groups answer not to the Iraqi state but to warlords and strongmen, some of whom openly pledge allegiance to Iran, giving Tehran a say in Iraqi affairs.

Besides corruption and militia activities, climate change compounds the worries of young Iraqis who struggle to find jobs. Dust storms have increased in frequency,

as have temperatures in recent years—sometimes ascending well over 100 degrees Fahrenheit. Up-river Turkish and Iranian dams accelerate desertification. According to a 2022 World Bank report, Iraq is the world's second-worst perpetrator of gas flaring—a wasteful practice of burning, rather than capturing, the natural gas associated with producing petroleum—which forces the nation to purchase overpriced Iranian gas for power generation.

**As a partner to Baghdad, Washington can establish a bulwark against malign influence in the Mideast.**

Iraqis realize that these problems require Iraqi-led solutions, but the U.S. still has a crucial role to play—not as an imperial administrator but as a partner. One recent popular reform that Washington successfully lobbied Baghdad to adopt was the overhaul of the corruption-prone currency auction at the Iraqi central bank. This measure would not only limit money laundering and enable follow-the-money practices; it could also usher in an age of modern banking in Iraq.

The U.S. also has such punitive tools as Magnitsky Act sanctions that it can use against money launderers and human-rights abusers. Likewise, by offering technical as-

sistance to Iraq's anticorruption watchdog groups, the U.S. helps the nation trace, freeze and recover its stolen assets and prevent corrupt people from parking their money at Western banks.

It's in governance and economic reforms that Iraq will find the best footing to tackle its climate-change challenges. By attracting U.S. investment and technology, for example, Baghdad could harness gas flares for power generation and more efficiently use its scarce fresh water.

Likewise, it's by engaging Iraq that America will no longer see the nation as a distraction from—or the central front in—the struggle against terrorism and Iranian ambitions. To operate successfully in Iraq, American foreign policy must demonstrate that it is interested in Iraqi stability and prosperity. If it does, the U.S. will find in the Iraqi people a strong ally as America nudges Iraqi leaders to respect human rights and election results.

A better-functioning Iraq could become a more stable, secure and fully sovereign country that can defend itself against the Islamic State and other militias, while freeing itself from Iranian influence. The question is whether America has the foresight to support the nation now lest it be dragged back into conflict later.

**Mr. Wahab is a fellow at the Washington Institute for Near East Policy.**

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## WORLD NEWS

# Desperation Grows Amid Sudan Conflict

People sheltering from battle are running out of water, food; hospitals can't treat wounded

BY NICHOLAS BARIYO  
AND GABRIELE STEINHAUSER

On the fourth day of a lethal power struggle between Sudan's top two generals, the situation of many of the country's 45 million people was getting increasingly desperate.

Families sheltering from airstrikes and gunfire are running out of water and food. Hospitals hit by explosions and left without power and lifesaving medical supplies can't treat the wounded. In the streets of the capital, Khartoum, relatives and emergency workers can't retrieve the bodies of people caught in the crossfire.

On Tuesday, the Sudanese military, commanded by Lt.

Gen. Abdel Fattah al-Burhan, the country's de facto head of state, continued airstrikes on positions of the Rapid Support Forces, a state-sponsored militia led by Lt. Gen. Mohamed Hamdan Dagalo, who is Gen. Burhan's deputy.

Military jets and helicopters roared above densely populated areas of Khartoum and its twin city across the Nile River, Omdurman, as the rival armies clashed on the ground.

Explosions and gunfire blasts persisted through the first hours after a 24-hour cease-fire was supposed to start at 6 p.m. to allow residents to stock up on necessities and for the wounded to be evacuated.

The United Nations reported late Monday that at least 185 civilians were killed and more than 1,800 wounded across Sudan since tensions between Gens. Burhan and Dagalo, which had been building for weeks, erupted into war-

fare on Saturday.

The Central Committee of Sudanese Doctors, a medical union, warned that in light of enduring fighting "the rates of deaths and injuries are increasing at an exponential pace."

The European Union's top humanitarian aid official in Sudan, Wim Fransen, was shot and injured, said people familiar with the matter. Mr. Fransen, a Belgian national, was in stable condition, they said.

Other humanitarian workers also have been targeted, said the United Nations' emergency relief coordinator, Martin Griffiths, citing attacks and sexual assaults of aid workers, as well as looting of facilities. The U.S. and the European Union said diplomatic staff have been attacked.

Gens. Burhan and Dagalo joined forces in 2019 to oust Sudan's longtime dictator, Omar al-Bashir, following months of pro-democracy demonstrations. In 2021, they toppled a civilian-

led transitional government that was meant to lead Sudan toward elections, prompting sanctions from the U.S. and other Western governments.

In recent months, as another deadline to hand over power to civilian leaders approached, the generals were jostling over

essentials such as bread and sugar out of reach for many. One in three Sudanese were suffering from hunger before the fighting began, according to the World Food Program, and the U.N. has temporarily suspended much of its work in the country.

Ten U.N. agencies and more than 80 nongovernmental organizations have been running over 250 aid programs in Sudan, a U.N. spokesman said.

On Monday, a U.S. diplomatic convoy came under fire, with early information suggesting that RSF fighters were behind the attack, Secretary of State Antony Blinken said Tuesday. That same day, the EU's ambassador in Sudan, Aidan O'Hara, was assaulted in his residence, the European Union's foreign policy chief, Josep Borrell, tweeted. Mr. O'Hara was unharmed, said the EU mission to Sudan.

The U.S. military is drawing up contingency plans to evacuate

American citizens from Sudan, should the State Department decide such a move is necessary and feasible, said U.S. military officials. There are about 20,000 American citizens in Sudan, many of them dual U.S.-Sudan nationals who may choose to remain in the country, according to U.S. estimates.

The U.S. maintains a rapid-deployment force at its base in Djibouti, on the Horn of Africa, for such eventualities, but if battles continue to rage around Khartoum and its airport, a larger unit might be required to rescue Americans.

French medical charity Doctors Without Borders said its teams weren't allowed to retrieve the dead from the streets of Khartoum—or to transport the injured to hospitals. The group said it received about 183 wounded at a hospital it supports in Sudan's North Darfur region since Saturday, and 25 of them have since died.

## Egyptians Struggle to Put Food on the Table

BY CHAO DENG  
AND MENNA FAROUK

CAIRO—Struggling to buy food for her family to break their fast one recent evening this Ramadan, Noura Ayad took her three children for a meal provided by a local charity in the historic part of the capital.

"We ran out of chicken on the 10th day," Ms. Ayad said. Her family lives on her husband's meager driver's income, which is quickly shrinking, hit by Egypt's soaring inflation and collapsing currency. "We're hardly surviving this crisis."

With inflation surpassing 32% in March, just shy of a record, and food inflation at 62%, the highest level in decades, Ms. Ayad was one of several hundred people at the communal dinner that is being hosted each sunset by non-profit organization Aal El Beit near the Al-Hussein mosque during the Islamic holy month of Ramadan.

The outlook appears dim. The Egyptian pound has lost about half its value against the dollar in the past year, pushing millions into poverty in the Arab world's most populous country. It is expected to slide further as the government faces pressure from the International Monetary Fund to let its currency float freely as part of a \$3 billion bailout package.

Egypt has reached out to longtime benefactor Saudi Arabia and other oil-rich



A market in Cairo. Many Egyptian families are struggling to afford meals amid soaring inflation.

neighbors for billions of dollars in investments and aid, but they, too, are pushing for a devaluation in the Egyptian pound, which would make their investments in Egypt more lucrative. The Wall Street Journal reported this month.

Impoverished families have cut back on meat and other foods and essentials for more than a year to make ends meet. Many are now scraping for even their one daily meal, after refraining from eating and drinking in the day during Ramadan.

The number of families

seeking spots at neighborhood charity iftar meals has soared. As a result, these charities, which largely depend on the patronage of wealthy Muslims, are finding it difficult to cope.

Aal El Beit, for example, is spending five times the amount it usually does during Ramadan, in part because of rising food prices. Volunteers are cutting one kilogram of meat into more than a dozen pieces.

"The prices are going crazy," said Mahmoud Emaam, a librarian who volunteers at Aal El Beit. For more than two weeks, he has been on his feet, handing out free water and

dinner to hundreds of people, before staying late to clean up.

Apart from a weakening currency, a recent rise in fuel prices by Egyptian authorities is pushing up prices.

Egypt imports much of its food supply from abroad and has resumed buying wheat from Russia. But a bottleneck in imports, caused by government efforts to conserve foreign currency, has made it harder for domestic companies to buy essential food from abroad.

Criticism by ordinary Egyptians, as well as officials of President Abdel Fattah Al

Sisi's handling of the economy has grown in recent months. Wary of previous political discontent following a surge in food prices, Mr. Sisi has kept an extra-tight lid on dissent.

Economists say the Central Bank of Egypt also is trying to keep the pound from falling further after allowing three sharp depreciations since the start of the Ukraine war in 2022. The government continues to offer subsidized bread and other staples to the majority of the country's 104 million people.

With no immediate respite in sight, especially ahead of Eid al-Fitr, a celebration that will mark the end of Ramadan later this week, many Egyptian families are lining up for cheaper food options offered by the government. But official supplies appear to be in short order.

The Ministry of Supply and Internal Trade didn't respond to a request to comment.

Emam Ragab, a civil servant supporting three children on a salary of 4,000 Egyptian pounds a month, just under \$130, said she noticed that government food wasn't much cheaper than at supermarkets.

The quality of the government's cooking oil and chicken dropped, and a bag of sugar marketed as 1 kg turned out to be only 750 grams, she said.

"It is really frustrating," Ms. Ragab said. "The government should be increasing its support to people amid such an economic crisis."

## Alleged Hezbollah Financier Charged By U.S.

BY MICHELLE HACKMAN  
AND JAMES FANELLI

An alleged financier of U.S.-designated terrorist group Hezbollah was charged with a scheme to evade American sanctions and illegally import and export hundreds of millions of dollars worth of fine art and diamonds.

Nazem Ahmad, a Lebanese-Belgian dual citizen who has been banned since 2019 from doing business with U.S. individuals and entities over his association with high-ranking Hezbollah members, was charged with nine counts of fraud, money laundering, and evading sanctions, in an indictment unsealed on Tuesday by the U.S. attorney's office in Brooklyn.

Prosecutors say Mr. Ahmad and eight co-defendants set up a complex web of business entities to purchase valuable artwork from American artists and art galleries and to engage a U.S. company to obtain grade determinations on diamonds to increase their sale value, while hiding Mr. Ahmad's involvement in and benefit from the business transactions. The defendants are accused of illegally importing hundreds of diamonds into the U.S. for grading, including a 45-carat diamond valued at \$80 million.

One of the co-defendants, Indian national Sundar Nagarajan, was arrested in London on Tuesday at the behest of the U.S. government, the Justice Department said. Mr. Nagarajan's lawyer couldn't immediately be determined. The other eight, including Mr. Ahmad, remain at large. A lawyer for Mr. Ahmad wasn't immediately identifiable.

The Justice Department has also moved to seize more than 450 diamonds and more than a hundred pieces of art tied to the defendants.

Mr. Ahmad and the others, including a son, a daughter and a son-in-law, "engaged in a longstanding scheme to defraud the United States and foreign governments, to evade U.S. sanctions and customs laws and to conduct money laundering transactions," the indictment said.

The U.S. has increasingly focused its sanctions on politically connected individuals in recent years, according to Greg Gatjanis, an associate director of the Office of Foreign Assets Control at the Treasury Department. The sanctions have been effective but well-financed targets have become more sophisticated and are finding ways to circumvent the controls, Mr. Gatjanis said at a news conference Tuesday.

"The evasion of sanctions is a very high priority right now for us," he said.

Mr. Ahmad was placed under U.S. sanctions in 2019, when the Treasury Department said he had channeled millions of dollars directly to Hezbollah, including by using the African diamond trade and high-value works of art to allegedly launder money used to fund terrorism-related activity.

## WORLD WATCH



DUST STORM: People were hampered by limited visibility as they walked during a sandstorm on a hot day in Prayagraj, Uttar Pradesh, India, on Tuesday.

### AFGHANISTAN

#### U.N. Says It Could Pull Out Its Staff

The United Nations is ready to take the "heartbreaking" decision to pull out of Afghanistan in May if it can't persuade the Taliban to let local women work for the organization, UNDP Administrator Achim Steiner said.

U.N. officials are negotiating with the Afghan government in the hope that it will make exceptions to an edict this month barring local women from working for the organization, UNDP Administrator Achim Steiner said.

"It is fair to say that where we are right now is the entire United Nations system having to

take a step back and re-evaluating its ability to operate there," Mr. Steiner said. "But it's not about negotiating fundamental principles, human rights."

The Taliban have allowed Afghan women to engage in some work, Mr. Steiner said, and a U.N. report released Tuesday shows that the country desperately needs more women working, with its economy flailing.

—Associated Press

### CHINA

#### Beijing Hospital Fire Kills at Least 21

A fire killed at least 21 people at a hospital in Beijing on Tuesday and forced dozens of people

to evacuate, Chinese state media reported.

As clouds of black smoke billowed into the sky, people trapped in the multistory building apparently tied bedsheets into makeshift ropes and escaped by climbing out windows, as seen in videos circulating on social media. Others took refuge by perching on air conditioning units just outside.

Emergency crews have since extinguished the fire, which broke out in the east wing of the inpatient department of Beijing Changfeng Hospital, state media including CGTN reported, and at least 71 patients were rescued. The cause of the fire is under investigation.

There was no official word by

early Wednesday on how many of the dead were patients or the number of people who may have been injured.

—Associated Press

### SWITZERLAND

#### Dinosaur Skeleton Fetches \$5.3 Million

Nearly 300 Tyrannosaurus rex bones that were dug up from three sites in the U.S. and assembled into a single skeleton sold Tuesday at an auction in Switzerland for 4.8 million francs (\$5.3 million), below the expected price.

Crafted into an open-mouth pose, the T. rex skeleton measuring 38 feet long and 12.8 feet

high came in under the anticipated range of 5 million to 8 million francs when it went under the hammer at the Koller auction house in Zurich.

Koller had said Tuesday's sale would be the first time such a T. rex skeleton would go up for auction in Europe. The composite skeleton, featuring 293 bones, was a showpiece of an auction that featured some 70 lots, and the skull was set up next to the auctioneer's podium throughout.

Promoters said the composite T. rex, dubbed "Trinity," was built from specimens retrieved from three sites in the Hell Creek and Lance Creek formations of Montana and Wyoming between 2008 and 2013.

—Associated Press

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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S&amp;P 4154.87 ▲ 0.09% S&amp;P FIN ▲ 0.31% S&amp;P IT ▲ 0.41% DJ TRANS ▼ 0.07% WSJ\$IDX ▼ 0.27% 2-YR.TREAS. yield 4.197% NIKKEI (Mdday) 28590.40 ▼ 0.24% See more at WSJ.com/Markets

## Swiss Bank Faulted on Nazi Probes

**At issue are Credit Suisse's accounts for party members before and after World War II**

BY MARGOT PATRICK AND NATALIE ANDREWS

**Credit Suisse Group AG** failed to fully investigate recent allegations that it supplied bank accounts to Nazi party members before and after World War II, and pushed aside

an outside lawyer it had charged with overseeing an internal probe into the matter, according to a Senate committee investigation.

The Senate investigation was prompted by the Simon Wiesenthal Center, which in 2020 said it believed that there were accounts at Credit Suisse holding money looted from Jewish victims, based on a list it had of 12,000 Nazi party members and a Nazi-affiliated labor union in Argentina.

Credit Suisse is one of Swit-

zerland's oldest banks, founded in 1856, and its second largest by assets. After a cascade of financial losses and scandals, it was forced into a rescue last month by larger rival **UBS Group AG**.

The Senate investigation reopens a painful chapter: Credit Suisse and other Swiss banks paid \$1.25 billion two decades ago to settle claims and return money to families of Holocaust victims, as part of a period of soul searching in Switzerland that stirred up latent antisemi-

tism and forced a reassessment around the country's wartime behavior.

At the center of the Senate investigation are allegations by a lawyer the bank hired to oversee its probe of the Argentina list. He said Credit Suisse pulled back from fully exploring its Nazi links, including that it might have financed ratlines, or systems of escape for Nazi elites following the war, after having agreed to pursue leads.

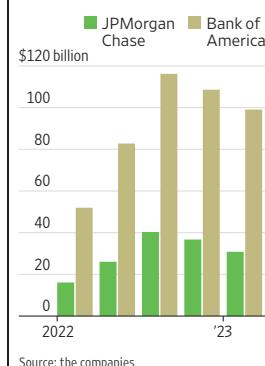
The lawyer, Neil Barofsky, a partner at Jenner & Block LLP,

said he was sidelined part way into the investigation, according to a report he provided to Credit Suisse after it ended his assignment last year. Credit Suisse said it continued the work without him.

Mr. Barofsky said Credit Suisse's latest review unearthed details of relationships with some high-ranking Nazis that Credit Suisse hadn't disclosed before, including when it and other Swiss banks entered a 1998 settlement with Holo-

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Unrealized losses on banks' held-to-maturity securities portfolios, quarterly



Source: the companies

## Lockheed, Others Feel Arms-Supply Pinch

BY DOUG CAMERON

Supply-chain snarls are still hindering efforts by weapons makers to produce more arms for Ukraine and refill stocks for the U.S. and its allies.

**Lockheed Martin Corp.** said Tuesday that sales of its long-range missiles known as the Guided Multiple Launch Rocket System, or GMLRS, fell in the latest quarter from a year ago. The U.S. has shipped hundreds to Ukraine, where they have been widely used against invading Russian forces.

Big U.S. arms makers are taking longer than expected to boost production despite billions of dollars in support from the Pentagon. Defense companies plan to fulfill contracts by buying machinery from overseas to make more in-demand artillery shells.

Lockheed is the first of the big defense companies to report earnings for the latest quarter. Sales rose from a year earlier, though Lockheed said it still expects revenue to shrink this year, and profit in the first quarter fell from a year ago. The company said shortages of key components such as rocket motors for GMLRS and other missiles continue to dog efforts to boost output.

When President Biden toured Lockheed's facility in Troy, Ala., last May, he and company Chief Executive Jim Taiclet committed to doubling production of Javelin missiles by 2024. That target has now been pushed out to 2026, according to the company and the Army, as have those to boost output of GMLRS and HIMARS rocket launchers.

"We thought we could get there earlier," said Lockheed Chief Financial Officer Jay Malave in an interview.

Defense-company executives said rocket motors continue to be a problem for missile makers including Lockheed and **Raytheon Technologies Corp.** Northrop Grumman Corp. has been hired to produce more rocket motors and supplement



Weapons makers are plagued by shortages of rocket parts as they try to fill Ukraine war orders. A Lockheed plant in Arkansas.

one-time sole supplier **Aerojet Rocketdyne Holdings Inc.**

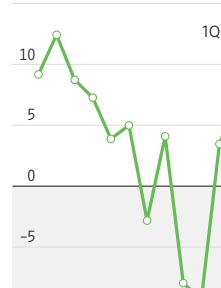
The Pentagon last week said it had awarded Aerojet a \$216 million deal to modernize its production lines. The company said output was recovering after a fire at a facility last fall.

Some defense executives have said that the Pentagon is being slow to award new deals and incentives to boost production, a charge rejected by Defense Department leaders.

Pentagon acquisition chief Bill LaPlante said last month it would be a five- or six-year effort to rebuild and expand munitions stocks to prepare for any potential conflict with China over Taiwan.

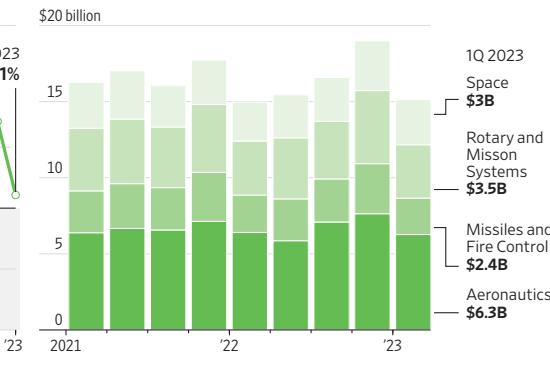
The Pentagon has awarded a handful of new contracts—worth around \$1.2 billion—this year related to supplying Ukraine or backfilling stocks, according to a review of Defense Department announcements. Around \$11 billion in

Lockheed Martin's revenue, change from a year earlier



Sources: S&P Capital IQ (revenue); the company (segments)

Segment revenue



contracts has been awarded since Russia's invasion, though these are set to pay out over several years.

Investors piled into defense company stocks following Russia's invasion of Ukraine last

year. That interest cooled after the combination of supply-chain, funding and contractual issues pushed back the flow of deals into late 2023 and beyond.

Lockheed's Mr. Malave said

the company still expects to generate \$1.5 billion in sales linked to Ukraine this year, in line with 2022's level, and \$6 billion by 2027. The company forecasts full-year revenue of

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The ripple effects of the banking crisis are reversing one of the problems that sparked it.

Rising rates over the past year saddled banks with losses on their massive portfolios of bonds. Those losses helped sink Silicon Valley Bank last month. But since that failure sparked turmoil across the banking sector, falling bond yields have narrowed those losses.

**Bank of America Corp.**, which released its first-quarter earnings Tuesday, is the latest to benefit. The bank is still deeply underwater on its bonds that it is holding to maturity, but unrealized losses shrank by \$9.5 billion from three months ago and \$171 billion from six months ago, when rates were peaking.

The bank posted a profit of \$8.16 billion in the first quarter, up 15% from a year earlier. Revenue rose 13% to \$26.26 billion.

Bank of America was one of the biggest buyers of government-backed bonds when rates were super low during the height of the pandemic. The bank needed a place to stow extra deposits when consumers and businesses were flush with cash and demand for loans was tepid.

"The portfolio is there as a store of value while we grow loans," finance chief Alastair Borthwick said on a call with reporters Tuesday.

But when the Federal Reserve jacked up interest rates last year, the prices of those bonds fell. The bank said that it would hold most of those securities until they mature, which means that it doesn't expect to sell the bonds at a loss.

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## Insurers Back Away From Commercial Property Loans

BY LESLIE SCISM AND PETER GRANT

Life insurance companies, until recently a reliable source of capital for commercial property developers, are turning their backs on office building owners as tens of billions of dollars in office loans come due this year.

Many of these insurers have slowed or stopped making office loans, executives and ana-

lysts say, interrupting the sector's decadelong expansion into commercial property lending. Insurance firms have become skittish about rising vacancy rates and falling rents, reflecting the growing popularity of remote work and return-to-office rates that are still around half the levels workplaces enjoyed pre-pandemic.

A February survey by Goldman Sachs Asset Management

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## Tesla Drowned Out by EV Rivals in China

BY SELINA CHENG

HONG KONG—Volkswagen and Mercedes are among the global auto brands that flocked to Shanghai this week to showcase their latest electric vehicles, competing against a crowded field of fast-emerging local rivals in the world's biggest market for the cars.

One notable absence: Elon Musk's **Tesla Inc.**

The world's leading EV maker hasn't said why it won't join the more than 100 exhibitors who are packing into China's most prestigious industry event, which began Tuesday and is the first since Beijing lifted pandemic controls and reopened the country's borders.

At least a dozen new EVs will be unveiled this week, as Chinese makers target expansion into Europe and large global brands show off their latest models and technology in the world's biggest auto market. China's consumers have grown accustomed to a constant stream of new vehicles, along with rapid improvements in quality.

Tesla had a stall at the last



Elon Musk's company doesn't have a spot at the prestigious Shanghai auto show that began Tuesday.

show in 2021, but suffered a backlash after images of a protester went viral. There may be little point risking a repeat—especially when coming to the party empty-handed.

The company faces intense competition as local rivals offer comparable vehicles at

lower prices, Bernstein Research analyst Toni Sacconaghi wrote last month. There were 107 new fully electric or plug-in hybrid models launched in the country last year, according to Bernstein, which expects to see 155 more this year.

By contrast, Tesla hasn't in-

troduced a new car model to China since the first locally made Model Y was delivered in early 2021.

The company says its priority now is to scale up global manufacturing capacity. On a call with investors last July, Mr. Musk said the conse-

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## Musk Tries to Ease Advertiser Worries

BY ARIAN CAMPO-FLORES  
AND PATIENCE HAGGIN

MIAMI BEACH, Fla.—Twitter Chief Executive Elon Musk made his latest appeal to advertisers on Tuesday, seeking to reassure them that the platform is a hospitable and valuable vehicle for their brands.

Many advertisers pulled their ads from Twitter after Mr. Musk's takeover of the social-media platform was completed in October, either out of concern that Mr. Musk might weaken content moderation, potentially leading to more hate speech on the social-media platform, or because of the uncertainty surrounding the company's direction under its new leadership. Advertising represented almost 90% of Twitter's revenue in 2021.

Mr. Musk—who spoke in a conversation with Linda Yaccarino, chairman of global advertising and partnerships at NBCUniversal—said he was eager to hear legitimate concerns that advertisers might have about Twitter, but he emphasized that he wouldn't succumb to pressures to make changes he doesn't believe in.

"It's totally cool to say that you want to have your adver-

tising appear in certain places of Twitter and not in other places," he said at the Possible marketing conference. "But it is not cool to say what Twitter will do. And if that means losing advertising dollars, we'll lose them. But freedom of speech is paramount."

Mr. Musk later said, "We're trying to achieve here a sensible middle ground, or we're trying to satisfy a range of things, which is how to ensure the public has their voice...but also that you're able to serve your brands and improve the perception of your brands, and your sales as well."

The billionaire CEO of Tesla Inc. has been making the rounds recently. The second part of an interview with Tucker Carlson on Fox News Channel ran Tuesday night. The conversation covered a range of topics, including Mr. Musk's concerns about potential abuses of artificial intelligence, the banking industry and inflation.

Mr. Musk, who is also chief executive of rocket-company SpaceX, said he hasn't seen evidence of aliens. "I've seen no evidence of aliens," Mr. Musk said, adding that he would immediately tweet about it if he did.

factured in China.

Tesla didn't respond to a request for comment on its prospects in China or the fallout from rising geopolitical tension.

Tesla's investors and fans have long been predicting that Tesla's new model would be a smaller, more affordable EV. And China would have been the logical place to make it, analysts have said, as development and manufacturing costs are lower than at Tesla's other factories in the U.S. and Germany. Fueling the speculation, multiple media outlets reported that Tesla was seeking government approval for a second EV plant in the country.

But at its March 1 investor day, Tesla said the next generation of its cars will be made in Mexico. EVs produced there qualify for a consumer tax credit in the U.S. of up to \$7,500 under last August's Inflation Reduction Act.

Tesla produced 1.37 million cars globally last year, but the new factory would bring global annual capacity beyond the current maximum of around 2 million, shifting its production center back to North America as analysts predict manufacturers in China will begin a period of cutthroat competition, marked by price wars and overcapacity.

In a paper published in early April, Tesla said its cars in the future would include a compact model with a battery about 30% smaller than those

## BUSINESS & FINANCE

# United Reports Loss but Sees Air Travel Remaining Strong

BY ALISON SIDER

**United Airlines Holdings** Inc. reported a loss for the first three months of the year but said demand for travel isn't wavering.

United Chief Executive Scott Kirby said: "We are watching the macroeconomic risks carefully, but demand remains strong, especially internationally, where we are growing at twice the domestic rate."

The airline said it expects earnings of \$3.50 to \$4 a share in the second quarter, a time of year when vacations pick up and travel demand

typically accelerates.

The airline on Tuesday reported a net loss of \$194 million for the first quarter. On an adjusted basis, its loss of \$207 million, or 63 cents a share, was narrower than the 73 cent-a-share loss analysts were anticipating, according to FactSet.

United shares climbed 1.4% in after-hours trading.

Airline executives have said that a combination of high demand, limits on the number of flights they can add due to an industrywide shortage of pilots, and delayed aircraft deliveries are together helping to keep ticket prices higher.

Investors have become worried that the travel rebound could run out of steam if banking industry turmoil, inflation and spreading layoffs affect consumers' willingness to continue buying expensive tickets.

American consumers cut retail spending for the second straight month in March in the latest sign of a slowing economy.

So far, airlines say they haven't seen any signs that travel has been affected. Last week, rival Delta Air Lines Inc. also predicted that appetite for travel will remain resilient. Airline executives expect U.S. travelers to flock to European destinations in even greater numbers than last year and have said huge numbers of people have already booked their summer trips.

United rattled investors last month when it lowered its earnings guidance for the first quarter. The airline said at the time that January and early February were weaker than it expected but that spring months looked stronger. The airline also cited higher costs of fuel and the effect of a potential contract deal with pilots.

United said its unit costs rose 4% in the first quarter, though costs per available seat mile fell 0.1% excluding fuel.



Southwest passengers at Chicago's O'Hare International Airport Tuesday. The carrier's flights were halted for about an hour nationwide.

## Southwest Tech Glitch Leads Carrier To Delay More Than Half of Flights

BY ALISON SIDER

**Southwest Airlines Co.** flight delays persisted Tuesday, affecting over half the airline's flights as it grappled with fallout from a technology problem that briefly halted its operation earlier in the day.

The Federal Aviation Administration said it had canceled Southwest's pause in departures, which the airline had requested earlier in the day because of an internal technical issue at the carrier.

Southwest said it temporarily halted flights on Tuesday to work through data-connection issues. The airline said a firewall supplied by a vendor went down and "connection to some operational data was unexpectedly lost."

A spokeswoman estimated the pause lasted roughly an

hour.

As of midafternoon, Southwest had canceled 11 flights, but more than 2,000 were delayed—or about 52% of the airline's schedule, according to FlightAware, a flight-tracking site.

Southwest shares fell 25 cents to \$32.06, with broader U.S. stock indexes little changed.

Airlines depend on a vast array of software systems and can be vulnerable to glitches. Southwest was already facing heightened scrutiny after a holiday-season meltdown that resulted in more than 16,700 canceled flights at the end of last year.

The airline has said its lack of preparedness for extreme winter weather was the primary culprit and that it has taken steps to manage similar

disruptions in the future.

Southwest also said it upgraded a software system that helps it reassign crew members after disruptions. The system became overwhelmed by the volume of schedule changes during the winter holidays.

Sen. Maria Cantwell (D., Wash.) questioned the airline about technology upgrades in February, and said Tuesday that the latest glitch indicated that the airline hasn't done enough to improve.

"This is another demonstration that Southwest Airlines needs to upgrade their systems and stop the negative impacts to individual travelers," said Ms. Cantwell, who chairs the Senate Committee on Commerce, Science, and Transportation.

Southwest said late Tuesday that systems it uses to dispatch

flights and perform functions including monitoring crew duty time and routing aircraft depend on the data feed affected by the morning's firewall failure.

The airline said it is working with the vendor to determine the root cause.

Southwest has experienced problems with third-party technology providers before, including earlier this year when the service that provides weather data prior to dispatching flights experienced an outage, resulting in some delays.

Casey Murray, president of the union that represents Southwest's pilots, said Tuesday's problems showed that Southwest's information-technology infrastructure "is not up to the task."

—Will Feuer  
contributed to this article.

## Tesla Loses Its Edge In China

Continued from page B1  
quencies of Tesla not keeping up with its Chinese rivals were clear: "Any company that's not as competitive as them will obviously suffer a market share decline."

The number of EVs sold in China has surged almost five-fold since Tesla began manufacturing in the country, but the company's share of the market has fallen by almost a third, to 10% last year from 14% in 2020.

BYD Co., which counts Warren Buffett as one of its large investors, has surpassed Tesla in China EV sales and is close to surpassing it worldwide. BYD has more than a dozen EV models that are less pricey than Tesla in China, where its market share has risen to 20% from 13% two years earlier, according to data from EV-volumes.com.

Fierce competition and shrinking market share are two of the China headwinds that Mr. Musk is facing.

Tesla also risks getting ensnared by the growing hostility between Washington and Beijing, while the Texas-based company has yet to deliver on a 2021 pledge that its next model would be designed, engineered and man-



now in use. Improvements in manufacturing and materials would halve the cost of making each car, it said.

Last week, Tesla announced an expansion in China. But not in EVs.

The company plans a factory to make high-density battery packs for utilities to manage electricity demand. Tesla says all its products are designed to complement and amplify each other to achieve its goal of weaning the world off fossil fuels.

Mr. Musk's move drew fire from Washington. Mike Gallagher, the Republican chair of the House of Representatives' select committee on China, expressed concern at what he called Tesla's dependence on America's main rival.

On Sunday, Mr. Musk responded to criticism of his latest China deal, tweeting:

"Tesla is increasing production rapidly in Texas, California & Nevada."

Tesla has also come under attack in China. After a protester clambered on top of a Tesla at the 2021 Shanghai auto show, she received widespread online support. Tesla apologized for failing to address her concerns over safety after state media, and government officials branded the company as arrogant.

As the Chinese market becomes more competitive, Tesla's government subsidies are ending. Its preferential 15% tax rate with the Shanghai government—instead of 25%—is due to expire this year.

The company must also make at least \$2 billion in capital expenditures by the end of this year and start paying around \$324 million in tax. The company expects to meet these targets, according to a securities filing last quarter.

The added expenses, along with recent price cuts, are expected to cut into Tesla's profit margins, which are among the industry's best.

And more price cuts might be coming. The absence of new Tesla models means most loyal consumers who wanted and could afford to buy one would likely already have done so, CMB International Securities executive director Shi Ji said.

With no new ways to differentiate itself, Tesla will have to cut prices further and penetrate lower-tier cities in China, Mr. Shi said.

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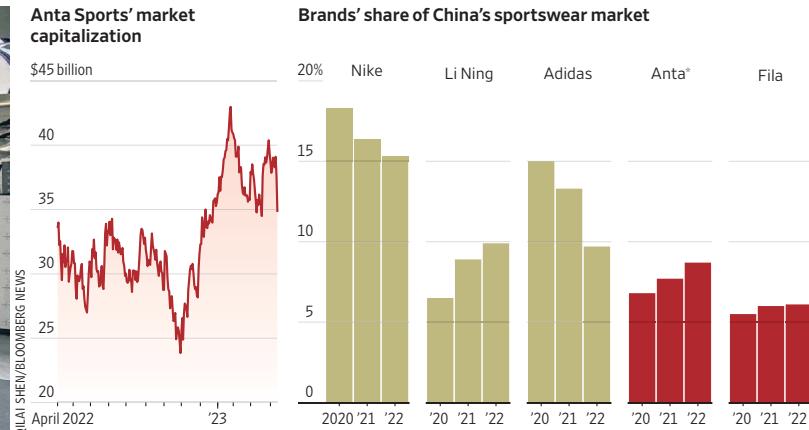
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## BUSINESS NEWS



Chinese sportswear brands have been gaining on foreign rivals. Anta's flagship store in Shanghai.



# China's Anta Seeks to Raise \$1.5 Billion

Sportswear maker has been gaining on Nike, drawing consumers to a homegrown brand

BY CLARENCE LEONG

China's top homegrown sportswear company, which has been winning over many brand-conscious Chinese consumers, is planning to raise \$1.5 billion following a run-up in its shares since last fall.

**Anta Sports Products Ltd.**, which sells sneakers, apparel and sporting equipment under its namesake label and brands including Fila and Descente,

has also been popular with investors, thanks to a steady growth trajectory.

Its Hong Kong-listed shares dropped 7.4% on Tuesday, after Anta said it was raising funds via a private share placement at a discount to the previous day's closing price. They remain more than 40% above their trough last October.

Chinese sportswear brands have been gaining on their foreign rivals as local consumers' preferences shift.

German sportswear company Adidas AG's sales in the world's second-largest economy have suffered in the past two years. That's partly due to consumer boycotts after a broad

industry group raised concerns about forced-labor allegations in China's Xinjiang region, which is big producer of cotton. American sporting goods giant Nike Inc. was also among international companies that have felt similar heat from calls on Chinese social media to avoid Western brands.

A recent survey by Morgan Stanley found that Chinese consumers increasingly view domestic brands like Anta and Li Ning—which tend to sell for significantly less than the top Western brands—as offering better value for money, and that survey respondents said their product quality has improved.

Nike, which has been deeply entrenched in China for years, still leads in the sportswear market with a 15.3% share of retail value in 2022, according to research firm Euromonitor. Anta and Fila gained ground last year with a 14.8% combined share, its data showed. Adidas was at 9.7%, compared with Li Ning's 9.9%.

Anta's revenue rose 8.8% last year to the equivalent of about \$7.8 billion, hitting another fresh record despite strict Covid-19 curbs in China that crimped retail consumption broadly. On an earnings call last month, an executive said Anta has benefited from young people's growing affinity for domestic brands.

The company said earlier this week that its retail sales continued to expand in the first quarter. Anta has more than 9,000 own-branded stores and close to 2,000 Fila stores. It also makes a large chunk of its sales from e-commerce.

Local brands "do a much better job of staying out of trouble and not making mistakes with discrimination against Asians, or geopolitical issues like Taiwan and Xinjiang cotton," said Josh Gardner, Singapore-based CEO of Kung Fu Data, which works with foreign brands to distribute their products on Chinese e-commerce platforms. He said

Anta also has made its products appeal to shoppers by incorporating Chinese cultural features and designs.

Anta said it plans to use the money raised from its share sale to repay debt and for general working capital. Some analysts think Anta could also be beefing up its war chest for future acquisitions of other brands.

The company was founded in the 1990s by Ding Shizhong, who until recently was its chief executive, and his brother Ding Shijia. They still helm its board as chairman and deputy chairman, respectively, and are Anta's controlling shareholders.

# UPS and Teamsters Kick Off Contract Negotiations

BY ESTHER FUNG

Part-timers and weekend drivers are expected to be among the key points of debate as the Teamsters and **United Parcel Service Inc.** begin talks this week on the largest collective bargaining agreement in the U.S.

The parcel-delivery industry has changed since the International Brotherhood of Teamsters and UPS last signed a five-year agreement in 2018. UPS and rival FedEx Corp. have become more focused in recent years on delivering more profitable packages rather than increasing volume.

Despite a pullback in online sales after the pandemic-induced surge, e-commerce remains a strong segment of the market, and these delivery companies said they need more flexibility from their workforce to offer weekend drop-offs and other services. FedEx recently laid out a restructuring plan to cut costs and combine its networks.

The new UPS contract will map out the delivery giant's cost structure at a time when customers demand more options for deliveries. UPS reported record operating profit in 2021 and 2022, but said in January that it is preparing for a global delivery slowdown this year.

"We are committed to reaching an agreement that provides wins for our employees, the Teamsters, UPS and

Around 330,000 of UPS' 443,000 U.S. employees are represented by Teamsters under the agreement being negotiated.

#### Teamsters-represented

Full-timers  
148,500

Part-timers  
181,500  
Around 55% of represented employees work part time.

Not represented: 113,000

Source: UPS

our customers," said UPS spokesman Glenn Zaccara.

Teamsters leaders say they realize the significance of the next UPS contract, which is expected to cover about 330,000 employees in a five-year deal that will go through 2028.

"What we do in these upcoming negotiations is going to be the road map for the success of the labor movement, moving forward. So all eyes are upon us," said Sean O'Brien, president of Teamsters, in an interview. "Every contract we negotiate is a template for nonunion industries, doing similar work."

The national talks are held in Washington, D.C., and both sides will be bringing their

proposals on how to update the current contract, which expires July 31.

Mr. O'Brien took over leadership of the Teamsters in March 2022 and was critical of the prior agreement with UPS. It is also the first negotiation for UPS Chief Executive Carol Tomé, who took over in June 2020.

The union wants UPS to raise the pay for part-timers and do away with a second category of drivers to handle weekend deliveries. UPS says it wants more flexibility to have employees work during the weekends in response to shifts in demand from parcel recipients wanting deliveries any day of the week.

The Teamsters said the current two-tier system for drivers has allowed the company to use lower-paid workers to deliver packages on weekends, curbing delivery costs. The union says these drivers are doing the same amount of work as the higher-paid drivers who work on the weekdays and should get the same pay and benefits.

Delivery drivers and package handlers were designated essential workers during the pandemic, and many worked extra hours to cope with outside demand. The union says that workers should have more say over whether to accept overtime work.

Around 55% of Teamsters-represented workers at UPS are part-timers, and Mr. O'Brien has said that the

union is seeking higher pay for such workers and that the current wages are insufficient, especially in areas with high cost of living.

Part-timers who have been with the company for as many as 20 years need to be rewarded additionally, Mr. O'Brien said.

UPS said its part-time employees currently receive at least \$16.20 an hour and average \$20 an hour after 30 days.

In the last contract agree-

ment in 2018, Teamsters members voted down the contract, but the contract was still ratified because the union said at the time that turnout was too low to reject the contract.

Teamsters said that this loophole has been addressed in 2021 and won't be a factor affecting ratification.

The last time Teamsters-represented workers had a walkout at UPS was in August 1997.

# Abu Dhabi-Backed Company Near \$2 Billion Health Deal

BY BEN DUMMETT

A Mubadala Investment Co.-backed healthcare company is nearing a deal to acquire kidney-care provider Diaverum for more than \$2 billion including debt, according to people familiar with the matter, extending the Abu Dhabi sovereign-wealth fund's bet on healthcare.

M42, a newly launched healthcare operator owned by Mubadala and a partner company, G42, is planning to acquire Diaverum from U.K.-based buyout firm Bridgepoint Group PLC. A deal is expected to be announced later this week, assuming talks don't break down, the people said.

The deal would help bolster M42's existing operations in the Middle East while accelerating its stated ambition to expand its healthcare services globally. Its existing holdings include Amana Healthcare, a United Arab Emirates provider of rehabilitation and other services, and Imperial College

London Diabetes Centre, a partnership set up with the U.K. university to treat the growing demand for diabetes care in the Emirates.

Diaverum, based in Sweden, oversees a global network of 440 dialysis clinics, almost triple the 155 facilities Bridgepoint inherited when it bought the business in 2007 for an undisclosed amount. Diaverum has also expanded geographically over that period, operating in 23 countries, up from 15.

Dialysis is a procedure to remove waste products and excess fluid from the blood when the kidneys stop working properly. It often involves diverting blood to a machine to be cleaned. The size of the dialysis market globally is expected to grow in coming years because of aging populations and the increased incidence of kidney disease related to diabetes and other conditions.

Diaverum's operations include 40 dialysis facilities in Saudi Arabia, where the com-

pany operates under a five-year contract with the Saudi Ministry of Health, according to Diaverum's website. Confidence in winning renewal of the license in 2024 was key to the deal, which gave M42 an advantage over other bidders because of its existing base in the region and Mubadala's backing, said some bankers following the sale process.

Mubadala is the investment arm for the Abu Dhabi government. It oversees \$284 billion in assets and invests across a range of industries including business services, energy, financial services and healthcare.

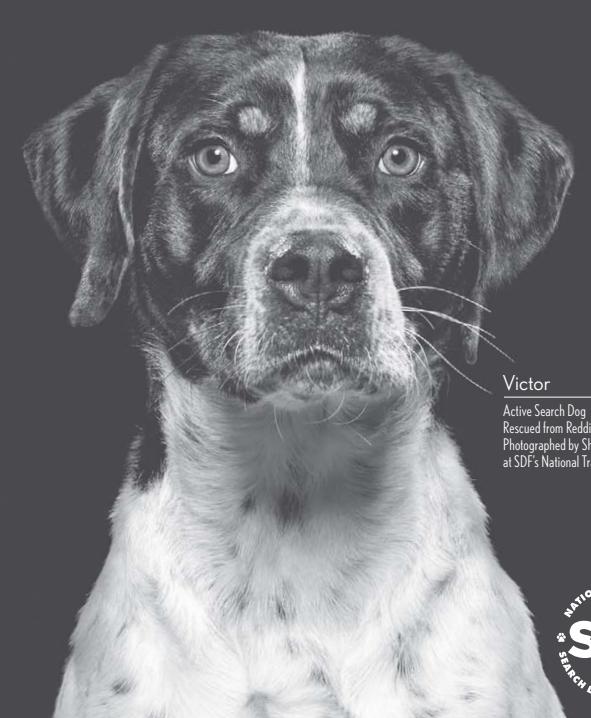
Bridgepoint manages more than \$37 billion, equivalent to about \$40.6 billion of assets, focusing its investments in industrials, business and financial services, consumer and healthcare, according to the firm's website.

Bridgepoint attempted to list Diaverum in an initial public offering in 2020. It withdrew the IPO after not achieving a high enough valuation.

**dogged**  
/'dôgəd/  
**adjective**

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## TECHNOLOGY

WSJ.com/Tech

# J&J Lifts Yearly Outlook After Sales Rise

Demand strengthens for health products and drugs, but costs of talc suit hit profit

BY PETER LOFTUS  
AND WILL FEUER

**Johnson & Johnson** raised its full-year sales and earnings outlook after revenue rose 5.6% in the first quarter, lifted by demand for everything from Tylenol to the company's pharmaceutical products and contact lenses.

The New Brunswick, N.J., healthcare-products company also said Tuesday that first-quarter earnings were largely wiped out by a \$6.9 billion charge tied to J&J's proposal to resolve tens of thousands of lawsuits alleging injuries caused by its talc-containing powders including Johnson's Baby Powder.

The large charge caused J&J to swing to a first-quarter loss of \$68 million, or 3 cents

a share, from a net profit of \$5.15 billion, or \$1.93 a share, a year earlier. Costs related to J&J's Covid-19 vaccine and its plan to separate its consumer-health business also weighed on results.

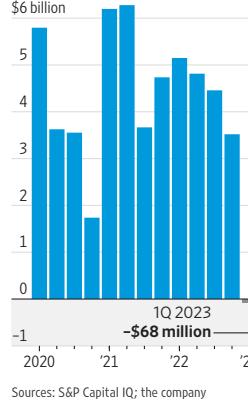
Stripping out those charges, adjusted earnings came to \$2.68 a share, topping the \$2.50 a share expected by Wall Street analysts. Sales rose to \$24.75 billion in the first quarter, above the \$23.60 billion expected by analysts, according to FactSet.

J&J, whose financial results are considered a bellwether for many health sectors, said it expects sales to rise about 6% to between \$97.9 billion and \$98.9 billion. In January, the company guided for sales to rise about 5% to between \$96.9 billion and \$97.9 billion in 2023.

The company raised its full-year outlook for adjusted earnings to a range of \$10.60 a share to \$10.70 a share, up from \$10.45 a share to \$10.65 a share.

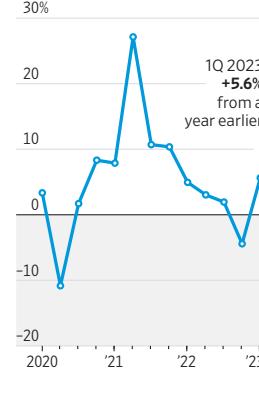
"We've moved from respon-

## J&amp;J's quarterly net profit



Sources: S&P Capital IQ; the company

## Quarterly revenue



tact lenses and artificial knee procedures. J&J also recently closed its nearly \$17 billion acquisition of heart-device maker Abiomed.

"This was a breakout quarter for medtech," Ashley McEvoy, worldwide chair of J&J's medical-device unit, said. "I'm really pleased with the balanced growth across our businesses."

J&J's pharmaceutical sales rose 4.2% to \$13.4 billion, helped by prescription growth for cancer drugs including Darzalex. J&J's Covid-19 vaccine also posted higher-than-expected sales for the quarter, entirely from outside the U.S.

J&J's consumer-health unit posted quarterly sales of \$3.85 billion, up 7.4% from a year earlier. Over-the-counter medicines including Tylenol and Imodium contributed to the growth.

The readout from J&J comes as the company is seeking to resolve lawsuits from thousands of people who allege that J&J's talc-containing

powders caused cancer. Earlier this month, J&J proposed paying at least \$8.9 billion to settle the suits.

The \$6.9 billion first-quarter charge adds to a previous charge of \$2 billion that would cover the payouts.

J&J isn't admitting wrongdoing and said that its talc powders are safe and don't cause cancer. The company said the proposed resolution, which is being handled in a bankruptcy proceeding by a subsidiary, would avert years of costly litigation.

"When you think about the uncertainty that protracted litigation entails, the cost that goes with that protracted litigation, we think this is the best way to bring, in an efficient manner, certainty to all parties involved," Mr. Wolk, the CFO, said in an interview.

The proposal is subject to approval by 75% of the talc claimants, and the company is seeking a judge's order to conduct a vote among all claimants.

# Startup, Built on OpenAI's GPT, Targets Tax Codes

BY STEVEN ROSENBUCH

**Muse Tax Inc.**, an early-stage startup based in New York, has found another task for artificial intelligence: navigating the complex and quickly changing tax codes that can trip up even experienced accountants.

The company is one of many across a range of industries that are starting to figure out how to make use of fast-breaking developments in AI—by connecting to underlying AI platforms through software bridges known as application

programming interfaces, or APIs, and building on top of the underlying technology.

Muse Tax was founded in February 2022 by Colin Horsford and Busayo Ogunsona, both certified public accountants with years of experience in financial services. They connected to OpenAI's GPT technology with an API that allowed them to build their own software on top of the OpenAI platform.

The company has a business-to-business model, striking up partnerships with financial institutions. Muse Tax

was funded with a combination of investments by its founders, as well as about \$350,000 in preseed capital from early-stage investors including Techstars, the AI Operators Fund and Everywhere Ventures, formerly known as The Fund, according to Mr. Horsford. Muse Tax is raising a \$2 million seed round, amid shifting market pressures, according to Mr. Horsford.

Users feed their tax returns and transaction data into the Muse Tax system, which can keep track of the all latest updates to the tax codes, accord-

ing to Mr. Horsford, a veteran of American International Group Inc., Goldman Sachs Group Inc. and other financial-services companies. The system recommends ways in which the user can keep tax bills to the minimum.

"You have to stay abreast," said Mr. Horsford. "During the pandemic, there were so many tax changes, preparers and accountants missed some. That is really what our model is trained to do—to be more up-to-date and process information a lot faster than the average human preparer or

accountant, even if they are very experienced," he said.

Muse Tax usually can make tax recommendations in 20 to 30 seconds—sometimes as long as 45 seconds, he said. Humans can take five to seven hours for comparable advice and cost more, according to Mr. Horsford.

The Muse Tax system employs OpenAI's GPT-3 and GPT-3.5, and the company plans to soon move to the latest version, GPT-4, according to Mr. Horsford. GPT is a so-called generative AI technology that produces text, images

and other kinds of content. It is the technological underpinning of OpenAI's ChatGPT, which can have conversations with human users on a range of topics for purposes such as synthesizing and summarizing information.

Muse Tax has procedures in place to oversee the responses generated by AI, according to Mr. Horsford. "We are familiar with the oversight needed when managing AI responses," he said, noting that his co-founder had prior experience building an AI chatbot called Ask My Uncle Sam.

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Section 9-610 of the Uniform Commercial Code ("UCC") as adopted by the State of Pennsylvania and New York (as applicable), TCM CRE ITT LLC, a Delaware limited liability company ("the Secured Party"), will sell at public auction all limited liability company interests held by Penny Treaty Mezz Borrower LLC, a Delaware limited liability company, Waterview Grande, LP, a Pennsylvania limited liability company, 800 North Delaware Avenue, Philadelphia, Pennsylvania ("the Pledgor"), and TCM CRE ITT LLC, a Delaware limited liability company, 1 Brown Street Mezz Borrower LLC, a Delaware limited liability company ("the Pledgor"), in 1 Brown Street Associates, LP, a Pennsylvania limited partnership, 1 Brown Street, One Brown Street, a Delaware limited liability company, and 800 North Delaware Avenue, Philadelphia, Pennsylvania ("the Property").

The public auction sale ("Public Sale") will be held by virtue of the Public Sale and/or a secured party's sole option, in person or via telephone conference call.

The Public Sale will be conducted by auctioneer Matthew J. Zorn of Pennammon Auctions, LLC, New York City Division of Consumer Affairs Licensed Auctioneer, License No. 1134494.

Notice is hereby given that the principal asset of the Pledgor Entity is the real property located at One Brown Street, One Brown Street, a Delaware limited liability company, and 800 North Delaware Avenue, Philadelphia, Pennsylvania ("the Property").

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The Public Sale will be conducted by auctioneer Matthew J. Zorn of Pennammon Auctions, LLC, New York City Division of Consumer Affairs Licensed Auctioneer, License No. 1134494.

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# THE PROPERTY REPORT

## Miami Market Cools but Is Still the Hottest

Warm weather, looser business rules and lack of a state income tax continue to be a draw

BY DEBORAH ACOSTA

Miami home-price growth slowed but continued its ascent in the first quarter, fueled by persistent demand even as higher mortgage rates pull down housing prices in much of the U.S.

Median prices in Miami-Dade County rose 5.2% during the quarter compared with the same quarter last year, according to Ron Shuffield, president of Berkshire Hathaway Home Services EWM Realty.

The gains offer fresh evidence that Miami's housing market is poised to remain the strongest of any U.S. city. Miami posted the country's fastest year-over-year home-price growth at 15.9% in 2022, according to the S&P CoreLogic Case-Shiller Index.

Residents and businesses continue to flock to the Sunshine State—and South Florida in particular—drawn by year-round warm weather, more liberal business regulation and the lack of a state income tax. Florida gained more residents than any other state in 2022, according to the U.S. Census Bureau data, while Miami housing inventory is down by about half compared with the first quarter of 2020.

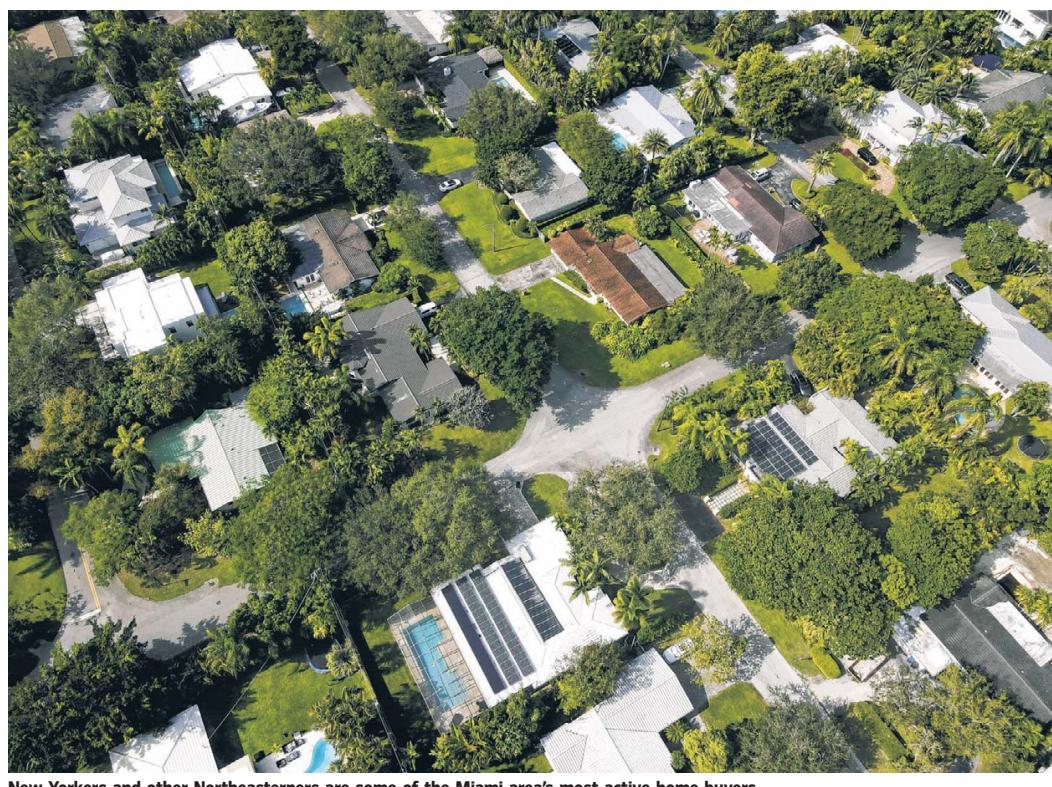
New Yorkers and other Northeasterners are some of the area's most active home buyers. Most of the domestic driver-license changes came from New York last year, according to data from the Florida department of motor vehicles. Many of the new arrivals, accustomed to the steep real-estate prices of New York City and its suburbs, helped bid up home prices and rents in Miami.

"Housing prices in South Florida have been reset to a higher level," said Jonathan Miller, a market analyst and author of Douglas Elliman's Miami report.

Not all momentum was positive in the quarter. Sales volume is falling fast. Monthly residential sales have plummeted in Miami-Dade, down by more than 40% year to date, according to Mr. Miller.

The pace of price growth is slowing, too, a sign that several months of higher mortgage rates are starting to take a toll on the area's home prices and sales. The first quarter's 5.2% price gain was well below the scorching pace of 29.4% for the year in 2021, according to the S&P CoreLogic Case-Shiller Index.

Miami's housing market faces two other headwinds. Florida homeowners are experiencing a big increase in insurance premiums, due in part to high litigation costs and growing catastrophe losses. Over the past three years, premiums in the area have gone



New Yorkers and other Northeasterners are some of the Miami area's most active home buyers.

up about 40%, said Jim McCue, chief operating officer of NSI Insurance Group, a Miami-based independent insurance agency. "Insurance premiums are creating a big issue for the middle-class home buyer," he said. "It's a real struggle."

A new state law that requires condo buildings to fully fund their reserves and conduct more stringent structural inspections can also make owning a Miami unit more expensive. Special assessments to cover the new requirements can run to \$100,000 or more per unit owner. Some older condos often don't qualify for mortgages because of the as-

sessments and structural issues, said Anibal Torres, a mortgage lender at 1st Financial in Miami.

Even so, some economists are forecasting that Miami's housing market will hold its price gains better than most anywhere else. The lack of inventory and Miami-Dade County's strong job growth mean that home values in the area are more likely to remain stable or increase at a single-digit pace rather than decline, said Gay Cororaton, the chief economist at the Miami Association of Realtors.

A January Goldman Sachs report predicted that once-hot

markets such as Austin, San Francisco and Seattle would post double-digit price decreases in 2023, while Miami's market will be essentially flat.

In February, the number of newly signed contracts in Miami-Dade surged 91.8% to the highest level in 3½ years, according to a report from Douglas Elliman.

Dale Chapman Webb in February listed her recently renovated three-bedroom home in tony Coral Gables at a price that was more than double what she paid in 2016. To her surprise, it sold within two days. "I thought for sure the market was cooling off a bit,"

Ms. Webb said.

The regional banking crisis that roiled commercial real estate also caused some residential sales activity in Miami to slow as loans became harder to come by. Demand for ultra-luxury housing, where buyers can often pay all-cash, was less affected, said Danny Hertzberg, founding member at the Jills Zeder Group, which is affiliated with Coldwell Banker Realty.

"Our market has caught up and exceeded some of the strongest markets in the country," he said. "I think it speaks to the transformation of the city."

## Rates Brought Down Reverse-Mortgage Lender

BY AKIKO MATSUDA

A government-backed reverse-mortgage program intended to help seniors tap their home equity ran into problems as interest rates rose, pushing one of the largest participating lenders into bankruptcy last fall, recent court documents show.

**Reverse Mortgage Investment Trust Inc.**, filed for chapter 11 in November as it faced a liquidity crunch, and the 116,000 loans on its books are now being managed by the U.S. government. RMIT's bankruptcy filings reveal how the government-backed loan program worked against the company's survival.

The program's rules required RMIT to take out a rising number of market-rate loans to buy out existing loans that carried lower rates, something that became unsustainable as interest rates kept rising and funding dried up, the lender said.

The Department of Housing and Urban Development is "exploring ways to offer support to address current liquidity challenges" facing lenders by making changes to the program, a HUD representative said.

What happened to RMIT illustrates the challenges facing reverse-mortgage lenders, said Jim Parrott, a nonresident fellow at the Urban Institute, a Washington think tank. A recent report co-written by Mr. Parrott said policy makers "need to work quickly, because if this

burden is not addressed soon, the liquidity challenges that brought down [RMIT] will drive off the rest of the industry."

Reverse mortgages let senior homeowners supplement their income in retirement by taking out loans against the value of their homes. Home-equity conversion mortgages, commonly known as HECMs—insured by the Federal Housing Administration and overseen by the HUD—represent 95% of the reverse-mortgage market in the U.S., or about 568,000 outstanding loans valued at more than \$100 billion. The loans are

### As rates rose, more of the RMIT's older loans reached the FHA coverage limit.

guaranteed by the homes and typically are due when a borrower leaves the home permanently. Lenders bundle these loans and sell them to investors as bonds insured by Ginnie Mae, a government-owned entity that is part of HUD.

Much of what went wrong at RMIT, which is backed by investment firm **Starwood Capital Group**, can be attributed to rising interest rates. Lenders providing HECM loans are required to buy out the

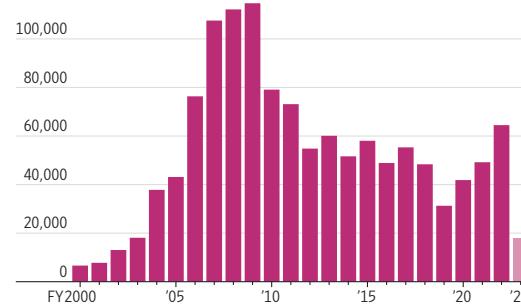
loans from Ginnie Mae's securitized pools once the balance reaches 98% of the maximum underlying FHA insurance-coverage amount. To do the buyouts, lenders need to take out market-rate loans to meet the program's obligations. Because RMIT had to buy out the loans at face value, it had to put up more of its own money for every buyout, until the obligations overwhelmed its capacity to borrow. Reverse-mortgage originations fell as rising rates made it less attractive for seniors to take out such loans, contributing to the company's liquidity crunch.

In court papers, RMIT lawyers wrote that "in periods of macroeconomic stress, access to credit for a company in [its] position may become more challenging; however, the obligation to fund these buyouts does not change." Lawyers for RMIT declined to comment further.

When RMIT filed for bankruptcy, it faced a total buyout obligation of \$2.1 billion spread out over the next 12 months. The company made a \$144 million payment due in November, but filed before it could meet its December obligation of roughly \$161 million, court papers show.

Other reverse-mortgage lend-

### Number of home-equity conversion mortgages in the U.S.



Note: Fiscal year ends in September. 2023 is through March.  
Source: Department of Housing and Urban Development via National Reverse Mortgage Lenders Association

ers face similar obligations. Net interest expenses—which are the difference between interest expenses and interest income and reflect the impact of rate increases on mortgage companies—rose 22% last year to about \$104 million at Finance of America Cos., which participates in the government program as a lender through affiliate Finance of America Reverse LLC. FOA, which went public by merging with a special-purpose acquisition company in April 2021, this spring acquired assets of the biggest HECM lender, American Advisors Group. FOA declined to comment.

For RMIT and other lenders, the burden of buyout obligations was amplified because roughly a fifth of the mortgages

that lenders buy out from Ginnie Mae's securitized pools typically stay on company balance sheets for months or even years. That is due to the program's rules requiring lenders to resolve tax and hazard insurance delinquencies before turning the loans over to their insurer, the FHA. In addition, when borrowers die or leave homes and there is no family to take charge of selling the property, servicers have to buy out the loans and sell the real estate through foreclosure before making insurance claims with the FHA.

Steve Irwin, president of National Reverse Mortgage Lenders Association, said he has seen instances of bought-out loans distorting lenders' balance sheets, causing liquid-

ity strains. "We're certainly exploring options and opportunities for program enhancement and improvement, both on the HUD-FHA side and the Ginnie Mae side, which may help alleviate some of these liquidity strains," he said.

HUD said last month that besides exploring changes to the HECM program, it has requested additional funding for its next budget cycle to strengthen Ginnie Mae's operations and risk management.

Buyout obligations are a problem because the current lenders aren't diversified enough, unlike large banks, said Ted Tozer, who was president of Ginnie Mae from 2010 to 2017.

"[RMIT] declared bankruptcy not because of the fact that they actually were losing money, but it's the fact that their lenders wouldn't lend them any more money to buy out those loans," said Mr. Tozer, now at the Urban Institute. "This is the beginning of major challenges for reverse mortgages unless the policy makers step up and find a way for them to borrow in a plentiful and cheap way."

Major banks used to dominate reverse mortgages, but many pulled out in the aftermath of the 2008 credit crisis as falling home prices made the business more unpredictable. RMIT traces its roots to a company formed in 2012 to fill the gap after the big banks' departures.

said.

Even so, in the February Goldman Sachs survey, the 343 insurance-industry finance and investment chiefs predicted commercial-mortgage loans, mortgage-backed securities and direct real-estate holdings would be among the worst-performing investments over the coming year of more than 25 asset classes.

In the same survey five years ago, respondents identified commercial-mortgage loans as one of the three top assets they wanted to increase in their investment portfolios.

Anant Bhalla, chief executive of annuity specialist **American Equity Investment Life Holding Co.**, said his firm isn't adding new office-based real estate to its \$50 billion overall investment portfolio.

"The trillion-dollar question today is what is the value of an office building," he said. "We think it is very hard to know what normal is in the office market, post-Covid."

## Insurers Pull Back Lending

Continued from page B1

found that 15% of insurers with commercial real-estate lending businesses said that they plan to shrink their activity this year, more than three times as many in the same survey last year.

**Principal Financial Group Inc.**, a large Iowa-based insurer, told investors in an early March call that it is "putting a pause" on deploying any significant new capital into commercial-mortgage lending. "We don't want to invest that capital until we believe that the markets" have sorted out valuations, said Patrick Halter, chief executive of the insurer's Principal Asset Management unit.

The retreat by insurance lenders is bad news for building owners at a time when other lending sources have all but dried up. Banks, the largest commercial property lenders, have been pulling back since last summer. Their aversion to commercial real estate intensified after the failures in March of Silicon Valley Bank and Signature Bank, industry participants say.

Life insurers hold about 15% of the outstanding \$4.5 trillion in U.S. debt backed by commercial real estate, according to Moody's Analytics. These firms are particularly well suited to fill any gap left by the lack of bank lending because their source of capital is customer's premiums, not customer deposits.

That makes insurers less vulnerable to the bank runs that ruined Silicon Valley and Signature banks, according to mortgage brokers and insurance executives.

The lack of readily available financing is particularly



The failure of some lenders such as Signature Bank intensified the aversion of some insurers regarding commercial loans.

worrisome this year, with so much commercial property debt coming due. A record \$270 billion in commercial mortgages held by banks is set to expire this year, according to data firm Trepp Inc. About \$80 billion of that is backed by office buildings.

Principal has 10 office mortgages coming due this year with a total value of

about \$480 million. About four of those may need to be extended, "because there is sort of a dearth and a challenge in terms of the market liquidity right now for office refinancings," Mr. Halter said. Still, he doesn't anticipate any losses on these four loans.

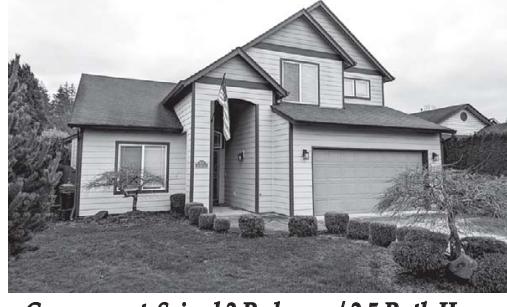
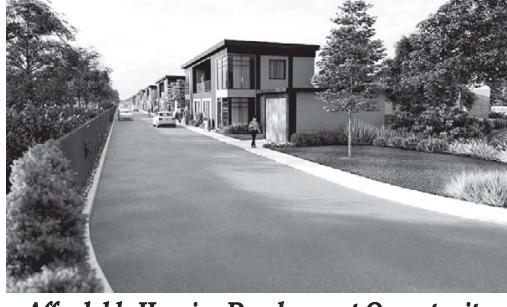
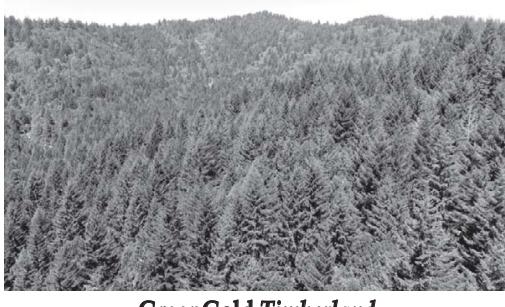
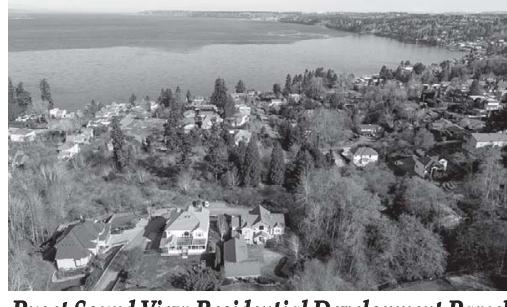
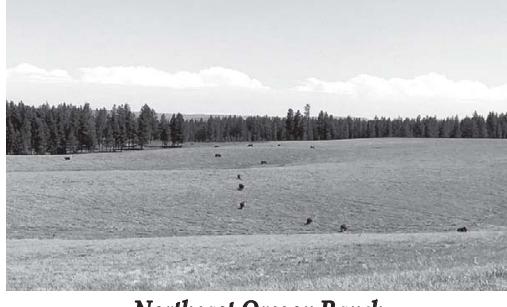
Life insurers continue to make loans to owners of the top-performing property types such as warehouses and apartment buildings, said D. Michael Van Konynenburg, president of **Eastdil Secured**, a real-estate investment banking firm. They might even consider a new loan to top-performing office buildings with little vacancy, he

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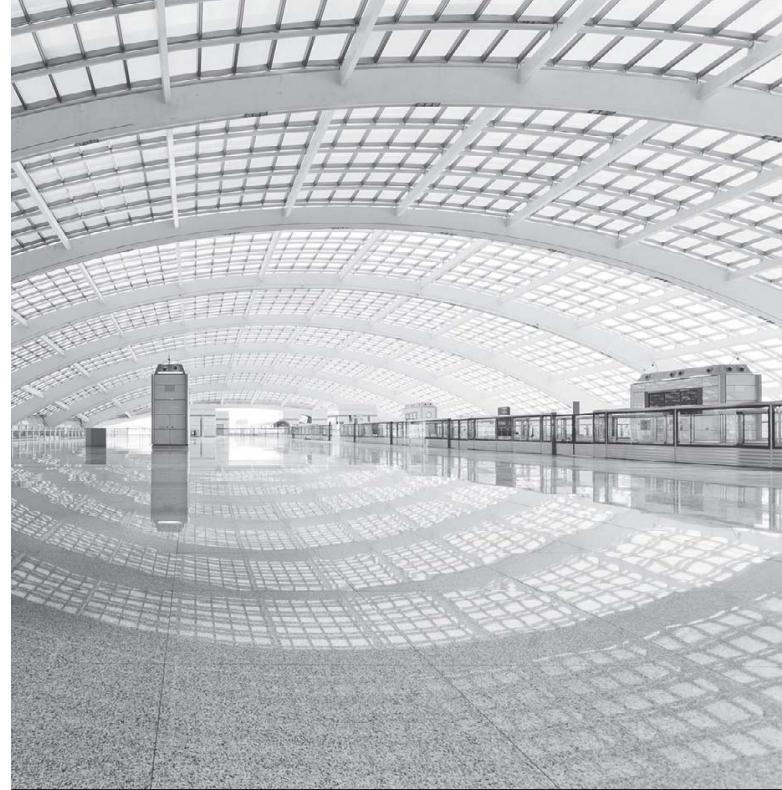
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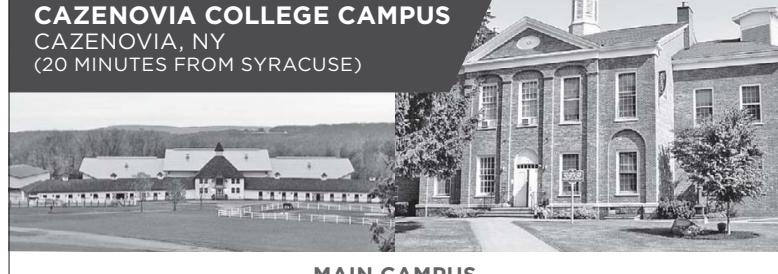
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**UCC Public Sale Notice**  
On Monday, May 22, 2023 at 10:00 A.M. (New York Time), virtually via audio/video teleconference and, subject to any COVID-19 restrictions and applicable law, including without limitation, the laws of the State of New York, at the offices of Greenberg Traurig, LLP, located at One Vanderbilt Avenue, New York, New York 10017, Jones Lang LaSalle, on behalf of Finch Properties Holdings I, LLC, a Delaware limited liability company (the "Secured Party") will offer for sale the following partnership and limited liability company interests (collectively, the "Collateral"): (i) a 0.01% general partnership interest (being 100% of the general partnership interest), and an 89.99% limited partnership interest, in Divine Intervention Hotel, LP, a Pennsylvania limited liability company ("Divine Intervention Hotel"); (ii) 100% of the general and limited partnership interests in Divine Alchemy, LP, a Pennsylvania limited partnership ("Divine Alchemy"); (iii) 100% of the general and limited partnership interests in Abbotts Resurrection, LP, a Pennsylvania limited partnership ("Abbots Resurrection"); (iv) 100% of the limited liability company interests in 677 North Broad Associates, LLC, a Pennsylvania limited liability company ("677 North Broad") and, together with Divine Intervention, Divine Alchemy and Abbotts Resurrection, collectively, the "Borrowers"; (v) 100% of the limited liability company interests in Abbotts Master Managing Member, LLC, a Pennsylvania limited liability company; (vi) 100% of the limited liability company membership interests in Abbotts Alchemy GP, LLC, a Pennsylvania limited liability company; (vii) 100% of the limited liability company membership interests in Abbotts Resurrection GP, LLC, a Pennsylvania limited liability company; and (viii) 100% of the limited liability company membership interests in 677 North Broad Manager, LLC, a Pennsylvania limited liability company.

The sale is being made in connection with the foreclosure under Article 9 of the Uniform Commercial Code of the Collateral by a plaintiff by Eric Lorraine, an individual, doing business as a plaintiff by Eric Lorraine, a Pennsylvania limited liability company, Divine Master Managing Member, LLC, a Pennsylvania limited liability company, Abbotts Resurrection GP, LLC, a Pennsylvania limited liability company, and 677 North Broad Manager, LLC, a Pennsylvania limited liability company (collectively, "Debtors"), to Secured Party (as the assignee of Susquehanna Structured Capital, LLC, a Delaware limited liability company (the "Original Mezzanine Lender")), pursuant to which Debtors granted a first priority security interest in the Collateral for Secured Party's guaranty of a mezzanine loan (the "Mezzanine Loan") to Borrowers held by Secured Party in the original maximum principal amount of \$20,600,000.00.

Based upon information provided by Debtors, and the understanding of Secured Party (but without representation or warranty of any kind by Secured Party) that: (1) Divine Intervention is the owner of Units 1 and 2 of the mixed used condominium located at 677 North Broad Street, located in the City of Philadelphia, Pennsylvania 19123 (the "Divine Lorraine"); (2) Divine Alchemy is the owner of Unit 3 of the Divine Lorraine, which together with Units 1 and 2 constitute all of the units of the Divine Lorraine; (3) Abbotts Resurrection is the owner of a multi-family residential unit commonly known as "Unit A" of the condominium regime commonly known as the Head House Flats Condominium, located at 528 South 2nd Street, Philadelphia, Pennsylvania 19147 ("Head House Flats"); and (4) 677 North Broad is the owner of the ground leasehold estate of the commercial real estate building commonly

known as the Studebaker Building, located at 667-677 North Broad Street, Philadelphia, Pennsylvania 19123 (together with the Divine Lorraine and Head House Flats, collectively, the "Properties").

The Borrowers' respective fee and leasehold interests in the Properties are subject to a mortgage loan (the "Mortgage Loan") in the maximum original principal amount of \$41,000,000.00, pursuant to certain loan documents dated as of July 12, 2018 between the holder of the Mortgage Loan and the Secured Party, as the assignee of the Original Mezzanine Lender (the "Intercreditor Agreement"), including that, unless otherwise consented to by the holder of the Mortgage Loan, such bidder is a Qualified Transferee within the meaning of the Intercreditor Agreement, and (2) each bidder must deliver such documents and pay such amounts as required by the Intercreditor Agreement and the applicable governing documents of the Collateral.

The sale of the Collateral will be subject to all applicable third party consents and regulatory approvals, if any. Without limitation to the foregoing, please take notice that there are specific requirements for any potential successful bidder in connection with obtaining information and bidding on the Collateral, including, but not limited to, that (i) each bidder must comply with all reasonable terms and conditions applicable to the sale of the Collateral described in this Intercreditor Agreement, dated as of July 12, 2018 between the holder of the Mortgage Loan and the Secured Party, as the assignee of the Original Mezzanine Lender (the "Intercreditor Agreement"), including that, unless otherwise consented to by the holder of the Mortgage Loan, such bidder is a Qualified Transferee within the meaning of the Intercreditor Agreement, and (2) each bidder must deliver such documents and pay such amounts as required by the Intercreditor Agreement and the applicable governing documents of the Collateral.

Secured Party reserves the rights, among others, to: (i) credit bid, (ii) set a minimum reserve price, (iii) reject any bid that (x) it reasonably determines to have been made by a bidder that is unable to satisfy the requirements for bidders to be set forth in the terms of sale for the sale of the Collateral (the "Terms of Sale") or to whom, in the Secured Party's reasonable judgment, a sale may not be made in compliance with the Intercreditor Agreement and applicable law, or (y) attempts to make a bid that is below the minimum reserve price; (iv) terminate or adjourn the sale to another time or exclude from the sale any portion of the Collateral the sale of which is then prohibited by judicial action or operation of law. Secured Party further reserves the right to restrict prospective bidders to those who will represent that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or resale of the Collateral, to verify that the interests in the Collateral to be sold bidders are legitimate, to require that the bidders have the ability to pay for the Collateral and to require that the bidders have not violated the Securities Act or have not registered under the Securities Act of 1933, as amended (the "Securities Act"), and to impose such other limitations or conditions in connection with the sale of the Collateral as Secured Party reasonably deems necessary or advisable in order to comply with the Securities Act or any other applicable law.

All bids (other than credit bids of Secured Party) must be for cash, and the successful bidder must be prepared to deliver immediately available good and services in accordance with the applicable law and the terms of the sale. The bidding requirements provided for in the Terms of Sale. Further information concerning the Collateral, the requirements for obtaining information and bidding on the Collateral and the Terms of Sale governing the sale of the Collateral can be found at <http://www.phillyportfolioauctions.com>.

Brett Rosenberg +1212-812-5926; brett.rosenberg@jll.com

**THE WALL STREET JOURNAL.**

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## BUSINESS &amp; FINANCE

# Copper Shortage Risks Green Transition

Challenges in opening mines is expected to leave production lagging behind demand

BY YUSUF KHAN

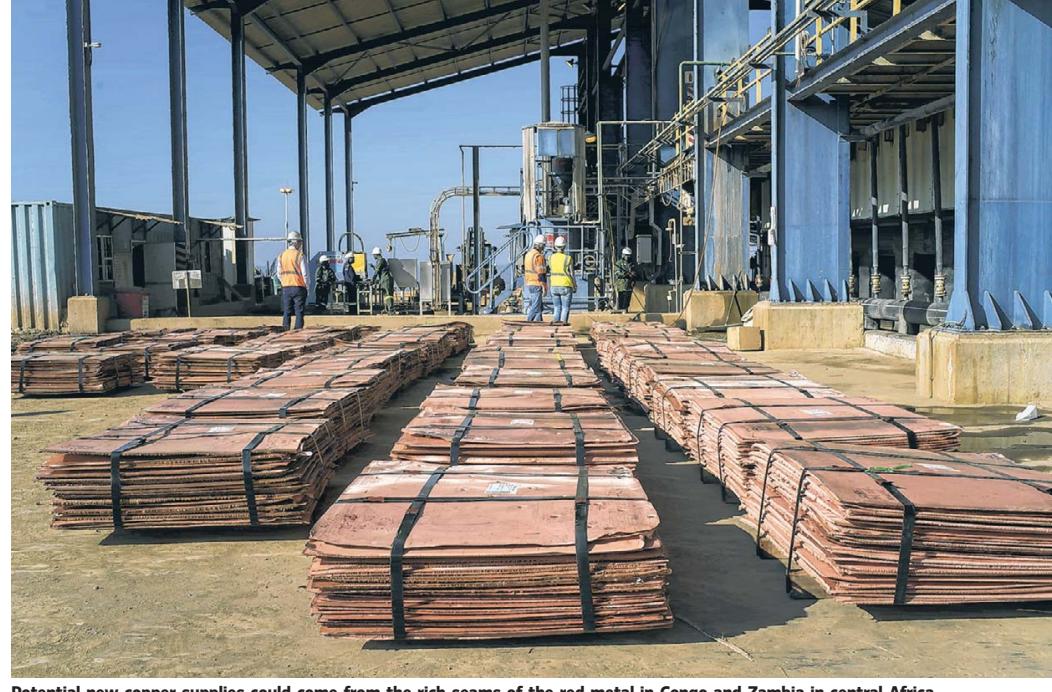
Metal markets seem to think copper is the new lithium. A lack of new mining activity has added to worries that there won't be enough of the red metal for the energy transition, a popular topic at this week's World Copper Conference in Santiago, Chile.

South America currently dominates copper production and Chile is the largest mined producer. Increasing mine output has proved a challenge, prompting a wave of deal making in the industry and warnings of a serious supply shortfall over the next decade.

Copper is used in wiring and construction as well as electric vehicles, solar panels and other green technologies. Electrification is expected to increase annual copper demand to 36.6 million metric tons by 2031, with supply forecast to be around 30.1 million tons, creating a shortfall of 6.5 million tons at the start of the next decade, according to consulting firm McKinsey & Co.

In 2021, refined copper demand stood at 25.3 million tons, according to the International Copper Study Group.

"The market overall is pretty tight," said Robert Edwards, copper analyst at CRU. "Longer term there's a narrative around resource scarcity and the green transition with EVs and renewables



Potential new copper supplies could come from the rich seams of the red metal in Congo and Zambia in central Africa.

as well as the build-out of electricity grids. On paper it's quite a substantial supply gap opening up over the next 10 years."

However, "there's no slack in the system, no buffer," said Marex's head of market analytics Guy Wolf at a recent conference in Switzerland.

He said copper was the only metal with locked-in demand growth, but indicated prices would need to rise to \$15,000 a metric ton to attract investment in new mines.

Futures on the London Metal Exchange are around \$9,000 a ton.

Copper mining companies have been at the center of a recent spurt of deal making. Glencore PLC recently offered \$23 billion for Canada's Teck Resources Ltd., potentially creating the third-largest copper producer in the world. Teck rejected the offer.

BHP Group Ltd. also gained court approval on Monday for the takeover of OZ Minerals Ltd., a deal valued at \$6.34

billion.

However, analysts say a lack of new mined resources is the main hurdle. Mined output globally in 2022 was 21.8 million tons, according to the International Copper Study Group, rising only 1 million tons over the previous three years.

Analysts forecast little output growth in Peru and Chile. Mines are operating at low staff levels and slowed operations after local protests from community groups, with rea-

sons varying from worker safety to rising governmental control over mine assets. Research firm Fitch Solutions estimates that 2023 copper mined production in Chile will likely be about 5.7 million tons, the same volume as in 2020.

"We now see some projects coming online in Peru and in Chile, which will add incremental supply, but there is not a lot in terms of pipeline in terms of long run," said Barbara Mattos, an analyst at rat-

ings company Moody's Investors Service. She cautioned that the new ores being mined are of lower grades, meaning that even if mining activity stays flat, copper volumes produced are likely to be lower.

Potential new supplies could come from the rich copper seams in Congo and Zambia in central Africa. They are now being exploited. However, the largest deposits are still in South America. According to Congo's Ministry of Mines, copper metal exports totaled 2.3 million metric tons in 2022, up from 1.8 million metric tons in 2021, less than half of Chile's output.

According to analysts it is more of a "when" not an "if" copper demand is likely to surge. "The question is how fast this transition will occur and exactly where," said Ms. Mattos.

Green uses of copper accounted for 4% of copper consumption in 2020, but this is expected to rise to 17% by 2030, according to a recent note from Aditi Rai, an analyst at Goldman Sachs. He added a "net-zero emissions" path would mean the world would need an additional 54% of copper by 2030 on top of that forecast.

Changes in technology should ease some copper demand pressures. Mr. Edwards pointed to changes in battery packs already cutting copper usage in electric vehicles. He also said that Chinese construction isn't likely to maintain the pace it has kept for the past 20 years, helping to somewhat offset green demand growth.

# Meta Opens Its Horizon Worlds VR App to Teens

BY SALVADOR RODRIGUEZ

Facebook parent Meta Platforms Inc. has opened its flagship Horizon Worlds VR app to teenagers, part of a strategy to boost engagement on its Quest headsets as the company seeks to gain traction in the so-called metaverse.

The company announced on Tuesday that the service will open up to teens ages 13 to 17 in the U.S. and Canada over the coming weeks.

The move comes as Meta seeks to bolster Horizon's user growth and retention after struggling with the technology and a lack of clarity about the service's strategy last year. Horizon World's monthly ac-

tive user base sat just above 200,000 in February, The Wall Street Journal reported. That was short of the company's original goal of 500,000 by the end of 2022, according to internal company documents reviewed by the Journal.

The Journal in February reported Meta's plans to launch Horizon to teens, citing an internal company memo that outlined that teens and young adults are important to the service's user growth.

"For Horizon to succeed we need to ensure that we serve this cohort first and foremost," wrote Meta Vice President of Horizon Gabriel Aul to his division in a memo reviewed by the Journal.

Two Democrat senators and a coalition of more than 70 organizations and experts on health, privacy and children's rights called on Meta to abandon its plans to launch Horizon to teens after the Journal's report.

Sen. Ed Markey (D., Mass.) on Tuesday called on Meta to abandon its decision to open Horizon to teens.

"Meta has a record of abject failure to protect children and teens, and yet again, this company has chosen to put young users at risk so that it can make more money," Mr. Markey said.

The launch to teens will come with a robust set of age-appropriate default protec-



The move comes as Meta seeks to bolster Horizon's user growth.

might know." The protections also include using ratings to prevent teens from finding, seeing or entering parts of Horizon that contain mature content.

Meta also has expanded its VR parental supervision tools to include Horizon, making it easier for parents to manage their teens' experience.

Additionally, the company said it would garble and transform the voices of teens and adults who don't know each other.

"We're rolling out to teens slowly, so that we can carefully examine usage and are taking a phased approach before expanding more broadly," the company said in its blog.

## Supply Issues Hit Lockheed

Continued from page B1 up to \$66 billion in 2023.

Defense companies benefited from a big bump in funding during the U.S. government's fiscal 2023. The Pentagon budget request for \$842 billion for fiscal 2024 is a 3.2% increase on what Congress enacted last year, below the top end of ana-

lysts' expectations. With inflation in the sector running around at 5%, the proposal represents a cut in real terms.

The Pentagon aims for fiscal 2025 and beyond call for a further flattening of growth, highlighting the budget choices facing military chiefs and Congress.

Building resilience to deter China includes retiring older planes and ships to make way for modern platforms such as uncrewed aircraft and a big bump in the space budget, said the Pentagon's Dr. LaPlante.

Congress has given the Pentagon the go-ahead in principle to look at buying munitions



Lockheed Martin and other big U.S. arms makers are taking longer than expected to lift production.

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**Bid Date May 23, 2023**

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**First Lien, non-recourse mortgages, secured by vacant residential properties**

**Falcon Capital Advisors, Transaction Specialist supported by Mission Capital Advisors**  
For further information: [www.falconassetssales.com](http://www.falconassetssales.com); 1-844-709-0763;  
[HUDsales@falconassetssales.com](mailto:HUDsales@falconassetssales.com). Interested participants must execute a Qualification Statement and Confidentiality Agreement.

**This is a sale of due and payable notes.**

**This announcement is not an offer to sell or a solicitation of an offer to buy mortgage loans. Information concerning the mortgage loan will be furnished only to, and bids will be accepted only from, bidders who certify that they have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks and who certify that they have the resources to bear the risk of a purchase of the mortgage loans.**

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## COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract			Open	High	Low	Settle	Chg	Open interest
	Open	High	Low						
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.									
April	4,0600	4,0890	4,0600	4,0895	0.0235	2,361			
July	4,0785	4,1090	4,0650	4,0965	0.0270	89,119			
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.									
April	1996.90	2006.10	1996.90	2007.40	13.20	630			
May	1997.10	2013.40	1994.50	2010.30	12.70	1,778			
June	2007.90	2024.60	2003.30	2019.70	12.70	402,203			
Aug	2025.80	2043.20	2023.00	2038.50	12.80	35,812			
Oct	2049.60	2060.80	2042.00	2057.00	12.90	9,522			
Dec	2061.80	2079.20	2059.60	2075.00	12.80	26,023			
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.									
April		1639.60	82.40	1					
June	1565.50	1649.00	1562.00	1642.90	82.40	11,167			
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.									
April		1087.90	37.50	7					
July	1062.00	1101.90	1059.70	1097.30	37.70	57,152			
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.									
April	25.180	25.300	25.160	25.248	0.195	18			
May	25.125	25.430	25.030	25.263	0.175	71,895			
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 barrels; \$ per bbl.									
May	81.00	81.48	79.87	80.86	0.03	89,412			
June	81.00	81.52	79.91	80.90	0.07	379,191			
July	80.73	81.22	79.68	80.61	0.05	297,628			
Aug	80.21	80.69	79.24	80.09	0.04	112,605			
Sept	79.43	80.05	78.65	79.45	0.04	172,390			
Dec	77.62	78.15	76.88	77.56	0.07	203,932			
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.									
May	2,6244	2,6290	2,5798	2,5999	-0.0148	50,734			
June	2,5957	2,6057	2,5598	2,5815	-0.0067	70,202			
<b>Gasoline (NYM)-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.									
May	2,7756	2,7867	2,7212	2,7509	-0.0231	63,298			
June	2,7342	2,7442	2,6836	2,7082	-0.0224	95,984			
<b>Natural Gas (NYM)</b> -10,000 MMBtu; \$ per MMBtu.									
May	2.290	2.385	2.229	2.366	.091	106,945			
June	2.446	2.533	2.396	2.517	.073	178,575			
July	2.654	2.734	2.598	2.715	.063	251,251			
Sept	2.678	2.762	2.635	2.747	.059	122,601			
Oct	2.767	2.848	2.725	2.834	.056	107,588			
Jan'24	3.833	3.927	3.799	3.919	.057	81,006			

## Bonds | wsj.com/market-data/bonds/benchmarks

## Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	— Yield (%) —	Latest	Low	High
			— Yield (%) —			
			Latest	Low	High	

Total return close	YTD total return (%)	Index	— Yield (%) —	Latest	Low	High
			— Yield (%) —			
			Latest	Low	High	

Total return close	YTD total return (%)	Index	— Yield (%) —	Latest	Low	High
			— Yield (%) —			
			Latest	Low	High	

Total return close	YTD total return (%)	Index	— Yield (%) —	Latest	Low	High
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			Latest	Low	High	

Total return close	YTD total return (%)	Index	— Yield (%) —	Latest	Low	High




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## MARKETS DIGEST

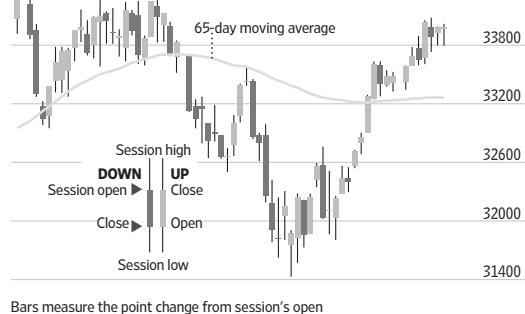
## EQUITIES

## Dow Jones Industrial Average

**33976.63** ▼10.55, or 0.03%  
High, low, open and close for each trading day of the past three months.

Last P/E ratio 22.56 20.11  
P/E estimate \* 18.25 18.20  
Dividend yield 2.06 2.03  
All-time high 36799.65, 01/04/22

Current divisor 0.15172752595384



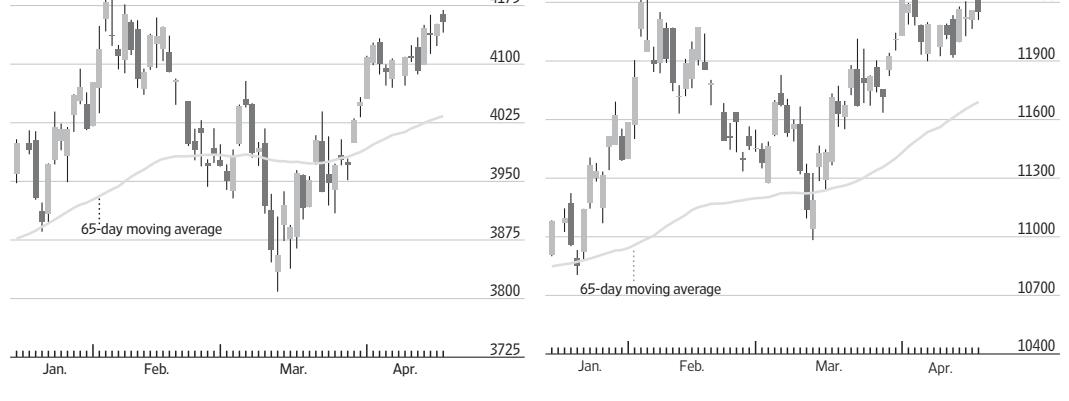
Bars measure the point change from session's open

Jan. Feb. Mar. Apr. 30800

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

## S&amp;P 500 Index

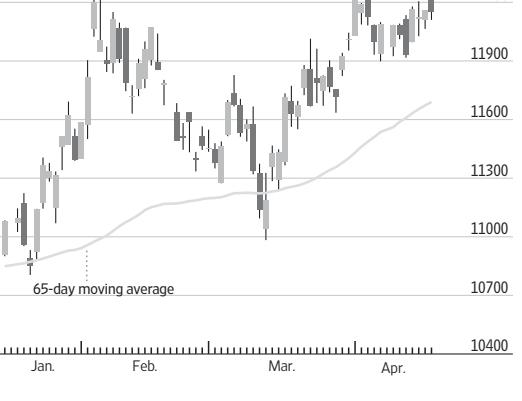
**4154.87** ▲3.55, or 0.09%  
High, low, open and close for each trading day of the past three months.

Last P/E ratio 18.56 24.82  
P/E estimate \* 18.88 19.62  
Dividend yield \* 1.67 1.42  
All-time high 4796.56, 01/03/22

Jan. Feb. Mar. Apr. 3725 10400

## Nasdaq Composite Index

**12153.41** ▼4.31, or 0.04%  
High, low, open and close for each trading day of the past three months.

Last P/E ratio \* 26.72 31.86  
P/E estimate \* 26.01 24.84  
Dividend yield \* 0.84 0.73  
All-time high: 16057.44, 11/19/21

Jan. Feb. Mar. Apr. 10400

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	34018.62	33791.89	<b>33976.63</b>	-10.55	-0.03	35160.79	28725.51	-2.7	2.5	11.9
Transportation Avg	14478.59	14252.44	<b>14308.89</b>	-10.40	-0.07	15640.70	11999.40	-5.9	6.8	20.2
Utility Average	964.94	954.94	<b>958.99</b>	-4.08	-0.42	1071.75	838.99	-9.6	-0.9	5.2
Total Stock Market	41650.11	41344.68	<b>41487.52</b>	26.55	■ 0.06	45125.57	36056.21	-8.1	7.7	12.9
Barron's 400	938.10	929.91	<b>933.65</b>	0.37	■ 0.04	1023.82	825.73	-8.2	1.4	16.9
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	12245.43	12110.23	<b>12153.41</b>	-4.31	-0.04	13619.66	10213.29	-10.8	16.1	12.0
Nasdaq-100	13196.18	13044.21	<b>13091.79</b>	4.08	■ 0.03	14210.26	10679.34	-7.9	19.7	14.0
<b>S&amp;P</b>										
500 Index	4169.48	4140.36	<b>4154.87</b>	3.55	■ 0.09	4462.21	3577.03	-6.9	8.2	13.1
MidCap 400	2521.01	2493.86	<b>2505.14</b>	-3.28	-0.13	2726.61	2200.75	-6.6	3.1	17.1
SmallCap 600	1174.99	1158.56	<b>1164.36</b>	-6.26	-0.53	1315.82	1064.45	-10.7	0.6	17.2
<b>Other Indexes</b>										
Russell 2000	1809.59	1787.00	<b>1795.55</b>	-7.29	-0.40	2038.19	1649.84	-11.6	1.9	13.5
NYSE Composite	15710.47	15634.46	<b>15684.96</b>	16.62	■ 0.11	16761.35	13472.18	-5.8	3.3	11.9
Value Line	560.86	555.93	<b>557.87</b>	-0.42	-0.08	634.20	491.56	-11.8	4.0	13.1
NYSE Arca Biotech	5443.32	5366.67	<b>5392.09</b>	-47.62	-0.88	5644.50	4208.43	6.4	2.1	1.3
NYSE Arca Pharma	883.87	873.62	<b>875.20</b>	-8.67	-0.98	887.73	737.84	2.7	0.8	10.6
KBW Bank	84.42	83.06	<b>84.29</b>	0.15	■ 0.17	121.20	78.06	-30.0	-16.4	6.4
PHLX® Gold/Silver	141.23	138.35	<b>138.92</b>	0.66	■ 0.48	165.22	91.40	-15.1	14.9	10.0
PHLX® Oil Service	82.77	81.47	<b>82.34</b>	0.05	■ 0.06	93.94	56.08	-4.0	-1.8	46.6
PHLX® Semiconductor	3116.35	3054.28	<b>3077.72</b>	11.04	■ 0.36	3230.86	2162.32	-2.4	21.5	21.7
Cboe Volatility	17.34	16.58	<b>16.83</b>	-0.12	-0.71	34.75	16.83	-21.2	-22.3	-23.9

\$ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

## International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>656.67</b>	1.56	■ 0.24	8.5
	<b>MSCI ACWI ex-USA</b>	<b>305.76</b>	1.37	■ 0.45	8.7
	<b>MSCI World</b>	<b>2835.89</b>	8.65	■ 0.31	9.0
	<b>MSCI Emerging Markets</b>	<b>1000.54</b>	-3.24	-0.32	4.6
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>1578.20</b>	1.683	■ 0.11	8.3
Canada	<b>S&amp;P/TSX Comp</b>	<b>20684.68</b>	42.71	■ 0.21	6.7
Latin Amer.	<b>MSCI EM Latin America</b>	<b>2288.23</b>	-2.566	-0.11	7.5
Brazil	<b>BOVESPA</b>	<b>106163.23</b>	147.56	■ 0.14	-3.3
Chile	<b>S&amp;P IPSA</b>	<b>3249.77</b>	2.78	■ 0.09	2.4
Mexico	<b>S&amp;P/BMV IPC</b>	<b>54385.52</b>	-393.41	-0.72	12.2
<b>EMEA</b>	<b>STOXX Europe 600</b>	<b>468.62</b>	1.78	■ 0.38	10.3
Eurozone	<b>Euro STOXX</b>	<b>464.85</b>	2.55	■ 0.55	13.4
Belgium	<b>Bel-20</b>	<b>3831.31</b>	-18.21	-0.47	3.5
Denmark	<b>OMX Copenhagen 20</b>	<b>2105.86</b>	-5.81	-0.28	14.7
France	<b>CAC 40</b>	<b>7533.63</b>	35.45	■ 0.47	16.4
Germany	<b>DAX</b>	<b>15882.67</b>	93.14	■ 0.59	14.1
Israel	<b>Tel Aviv</b>	<b>1738.62</b>	7.20	■ 0.42	-3.2
Italy	<b>FTSE MIB</b>	<b>27891.43</b>	191.22	■ 0.69	17.7
Netherlands	<b>AEX</b>	<b>763.15</b>	4.65	■ 0.61	10.8
Norway	<b>Oslo Bors All-Share</b>	<b>1392.94</b>	-1.22	-0.09	2.2
South Africa	<b>FTSE/JSE All-Share</b>	<b>79294.76</b>	571.06	■ 0.73	8.6
Spain	<b>IBEX 35</b>	<b>9421.90</b>	43.40	■ 0.46	14.5
Sweden	<b>OMX Stockholm</b>	<b>858.73</b>	0.92	■ 0.11	9.8
Switzerland	<b>Swiss Market</b>	<b>11358.97</b>	47.22	■ 0.42	5.9
Turkey	<b>BIST 100</b>	<b>5018.70</b>	-40.65	-0.80	-8.9
U.K.	<b>FTSE 100</b>	<b>7909.44</b>	29.93	■ 0.38	6.1
U.K.	<b>FTSE 250</b>	<b>19296.32</b>	9.42	■ 0.05	2.4
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>163.68</b>	0.22	■ 0.13	5.1
Australia	<b>S&amp;P/ASX 200</b>	<b>7360.20</b>	-21.31	-0.29	4.6
China	<b>Shanghai Composite</b>	<b>3393.33</b>	7.72	■ 0.23	9.8
Hong Kong	<b>Hang Seng</b>	<b>20650.51</b>	-131.94	-0.63	4.4
India	<b>S&amp;P BSE Sensex</b>	<b>59727.01</b>	-183.74	-0.31	-1.8
Japan	<b>NIKKEI 225</b>	<b>28658.63</b>	144.05	■ 0.51	9.8
Singapore	<b>Straits Times</b>	<b>3309.56</b>	-9.71	-0.29	1.8
South Korea	<b>KOSPI</b>	<b>2571.09</b>	-4.82	-0.19	15.0
Taiwan	<b>TAIEX</b>	<b>15869.44</b>	-94.11	-0.59	12.2
Thailand	<b>SET</b>	<b>1593.85</b>	-6.56	-0.41	-4.5

\*Volumes of 100,000 shares or more are rounded to the nearest thousand

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Sources: FactSet; Dow Jones Market Data

Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

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Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow

## BIGGEST 1,000 STOCKS

**How to Read the Stock Tables**

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. on the previous day.

## Tuesday, April 18, 2023

**A B C** Net Stock Sym Close Chg Stock Sym Close Chg Stock Sym Close Chg Stock Sym Close Chg

ABB	ABB	35.40	0.22	BristolMyers	BMY	202.73	-0.37	Danolidson	DCI	63.62	0.08	Hologic	HOLX	82.51	-1.13	Lear	LEA	136.75	2.15	NetEase	NTES	92.59	-1.95	PrudentialFin	PRU	87.00	-0.08	Repigen	RGEN	170.84	-3.29	Saiia	SAIA	273.26	4.40
ADT	ADT	7.01	0.04	BritishAmTob	BTI	35.45 <td>0.04</td> <th>DoorDash</th> <th>DASH</th> <td>62.39</td> <td>1.77</td> <th>HomeDepot</th> <th>HD</th> <td>298.99</td> <td>3.55</td> <th>LegendBiotech</th> <th>LEGI</th> <td>52.24</td> <td>-2.51</td> <th>Netflixi</th> <th>NFLX</th> <td>333.70</td> <td>0.98</td> <th>PublicService</th> <th>PEG</th> <td>63.07</td> <td>0.11</td> <th>RepublSci</th> <th>RSG</th> <td>137.64</td> <td>-1.04</td>	0.04	DoorDash	DASH	62.39	1.77	HomeDepot	HD	298.99	3.55	LegendBiotech	LEGI	52.24	-2.51	Netflixi	NFLX	333.70	0.98	PublicService	PEG	63.07	0.11	RepublSci	RSG	137.64	-1.04	Salesforce <th>CRM</th> <td>250.15</td> <td>1.42</td>	CRM	250.15	1.42
AECOM	AECM	82.95	-0.52	Broadcom	AVGO	632.32	4.96	HondaMotor	HMC	26.38	-0.02	Honeywell	HZN	196.93	-0.93	Horizontherap	HZNP	1.90	-0.09	I Leidos	LDOS	93.06	-0.03	Neurocrine	NBIX	103.77	-0.40 <th>ResMed</th> <th>RM</th> <td>222.28</td> <td>-2.56<td>Samsara<th>IOT</th><td>21.95</td><td>0.63</td></td></td>	ResMed	RM	222.28	-2.56 <td>Samsara<th>IOT</th><td>21.95</td><td>0.63</td></td>	Samsara <th>IOT</th> <td>21.95</td> <td>0.63</td>	IOT	21.95	0.63
AES	AES	24.42	0.09	BrookfieldAsset	BAM	32.94	0.21	Blockfield	BIN	32.86	0.11	BrookfieldRenew	BEP	33.60	-0.23	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
Aflac	AFL	68.69	0.32	BrookfieldRenew	BIP	40.78	0.08	BronxHealth	BHR	39.75	-0.09	BronxHealth	BHR	39.75	-0.09	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AGCO	AGCO	128.26	1.51	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AMC Ent	AMC	5.05	-0.15	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
Ansys	ANSS	321.38	1.28	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
APA	APA	39.42	-0.07	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
ASE Tech	ASX	7.33	-0.05	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
ASML	ASML	643.33	4.29	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AT&T	T	19.82	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AbbottLabs	ABT	104.15	-0.49	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AbbVie	ABBV	159.59	1.24	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AcademyHealthcare	CHC	75.29	-0.38	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
Accenture	ACN	279.96	-0.17	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
ActivisionBlizz	ATVI	11.55	-0.05	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AdvancedMicro	AMD	126.45	-0.27	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AdvancedProteinsys	WMS	82.20	-0.22	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AdvionMicro	ALGN	44.34	0.98	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AlliantEnergy	LNT	54.34	-0.38	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
Allstate	ALL	114.14	-0.75	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
Altronix	ALTR	21.80	-0.19	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
Altria	MO	46.14	0.10	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
AltriaGroup	MO	103.20	-0.44	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BrownForman	A-BFA	64.61	0.03	BronxHealth	BHR	39.75	-0.09	C Lennar	LEN	109.25	3.21 <th>Frontline</th> <th>EDU</th> <td>39.18</td> <td>0.14<th>QwestCom</th><th>QSR</th><td>68.83</td><td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td></td>	Frontline	EDU	39.18	0.14 <th>QwestCom</th> <th>QSR</th> <td>68.83</td> <td>0.72<td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td></td>	QwestCom	QSR	68.83	0.72 <td>Sanofi<th>SNY</th><td>250.50</td><td>-0.70</td></td>	Sanofi <th>SNY</th> <td>250.50</td> <td>-0.70</td>	SNY	250.50	-0.70
Ambev	BEV	14.98	-0.0																																

## BANKING &amp; FINANCE

# Few Lenders Hedged Against Risk of Fed Rate Increases

Paper finds that across industry, only 6% of assets were protected by swaps

BY MATT GROSSMAN

Few U.S. banks protected themselves against rising interest rates during the Federal Reserve's monetary-tightening campaign last year, according to a research paper that says unhedged securities holdings are more widespread than investors might realize.

The paper contends that hundreds of other banks share that risk, which played a role in the collapse last month of Silicon Valley Bank. The paper didn't single out individual institutions, instead presenting an analysis of aggregate data.

The authors—professors Erica Jiang of the University of Southern California's Marshall School of Business, Gregor Matvos of Northwestern University's Kellogg School of Management, Tomasz Piskorski of Columbia Business School and Amit Seru of Stanford Graduate School of Business—say Silicon Valley Bank and parent SVB Financial weren't alone in declining to shield assets against rising rates.

Across the banking sector, only about 6% of bank assets

were protected by interest-rate swaps, contracts a bank can purchase to ease the pain of rising rates, the professors found, drawing on public financial filings.

Even as rates continued to climb throughout 2022, about a quarter of publicly traded banks reduced their protective hedging last year, the researchers found.

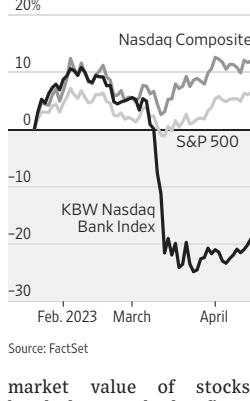
For instance, SVB had about 12% of its securities portfolio at the end of 2021 but only 0.4% by the end of 2022. The professors described this as akin to a gamble. "These banks have taken a large risk, which is profitable for bank shareholders on the upside, but the losses are borne by the FDIC on the downside," they wrote, referring to losses incurred in the SVB failure by the Federal Deposit Insurance Corp.

Their paper, posted this month on Social Science Research Network, a repository for new research work that isn't yet peer-reviewed, follows a separate article by the group in March that said nearly 200 banks had exposure to unrealized losses and uninsured depositors that was similar to SVB's.

"You could think of SVB as the canary in the coal mine," Mr. Piskorski said.

The March market mayhem reminded Wall Street that higher interest rates set by the Fed inevitably hurt the

## Index performance over the past three months



Source: FactSet

market value of stocks, bonds, loans and other financial assets held by banks—and in some cases can impair a bank's reputation for soundness, spurring flight on the part of depositors whose holdings exceed the \$250,000 FDIC limit.

In the case of Silicon Valley Bank, the firm came under intense pressure because of cash burn on the part of its technology-startup clients, which led to deposit outflows—even before fears about its health flared following an attempt last month to raise cash by selling stock. A catastrophic run on uninsured deposits followed. The FDIC took over SVB on March 10.

Analysts, investors and

bank executives say it makes sense that many banks don't insure themselves against rising rates.

All else equal, banks' profits often benefit from higher rates because they allow banks to charge higher interest on loans.

For **M&T Bank Corp.**, which on Monday was one of the first regional banks to post first-quarter results, net income from interest more than doubled to \$1.82 billion over the past three months, helped in part by an acquisition. Its shares on Monday had their biggest percentage gain in the past year.

Rising income provides a natural hedge against losses on banks' securities portfolios when rates rise and explain why many don't hedge, said Stephen Biggar, director of financial-services research at Argus Research, which analyzes stocks.

"Banks are interest-rate-sensitive vehicles by design," Mr. Biggar said.

Suhail Shaikh, chief investment officer at London-based fund manager Fulcrum Asset Management, said that his team's funds are positioned to benefit from a rise in British and Japanese bond yields that he believes will follow from dissipating concern about U.S. regionals.

"In the last month, the crisis has died down quite significantly," he said.

# Credit Suisse Is Faulted

Continued from page B1

caustic victims.

Mr. Barofsky issued a report that said the bank found about 99 people of the thousands of names that were reviewed had accounts at some stage, with most opened in the decades following the war. Mr. Barofsky didn't find any dormant or still-open accounts.

One such example was for an unidentified Nazi commander who had an account open until 2002. The amount of the account or reason for its closing wasn't provided to the investigator.

Credit Suisse produced its own report on the matter, delivered to the committee last month, with additional details to some of Mr. Barofsky's findings. It said the research had supplemented but not materially altered what was already known about the bank's Nazi dealings.

The bank said Tuesday that investigators found no evidence to support the Simon Wiesenthal Center's allegations that many individuals on the Argentina list had accounts during the Nazi period and said there was no evidence that eight Nazi-era accounts uncovered in the probe contained assets taken from Holocaust victims. After meetings with the Senate Budget Committee this month, Credit Suisse said it would probe its role in railtines.

Credit Suisse said Mr. Barofsky had a limited engagement and that his report contains "numerous factual errors, misleading and gratuitous statements and unsupported allegations that are based on an incomplete understanding of the facts." It said it hired a law firm to replace Mr. Barofsky for independent verification of its review's findings.

A spokeswoman for Mr. Barofsky declined to comment.

The Credit Suisse review looked at a list of people either in the Nazi party or a related union in Argentina, representing a large chunk of the German population in the country at the time. The bank also repeated an earlier review of a separate list compiled by the Simon Wiesenthal Center in 1997 of senior Nazi officials. The center, a Jewish human-rights organization, has hunted former Nazis and sought reparations for Holocaust victims.

Only holders of the riskiest type of Credit Suisse's debt got hit.

The plan doesn't include a eurozone deposit-insurance program. The European Commission has tried to advance this project before but failed because rich countries like Germany resist the idea of paying for the financial problems in their poorer neighbors.

Deposits up to €100,000—the equivalent of about \$109,000—are insured in the eurozone, but each country is responsible for its own pool of funds, which can't be transferred to another country. That runs counter to the project of a banking union, in which countries share a common bank-supervision system and supervisor—the European Central Bank—and rules on how to deal with failing banks.

In the U.S., there have been discussions on how to improve deposit insurance, including by raising or even suspending its limit, which is now \$250,000 per depositor.

counsel at Credit Suisse.

Mr. Barofsky formerly served as an assistant U.S. attorney for the Southern District of New York and later held a role as a special inspector general overseeing the financial-crisis-era Troubled Assets Relief Program.

Senate Budget Committee Chairman Sheldon Whitehouse (D, R.I.) and Sen. Chuck Grassley of Iowa, the panel's top Republican, issued a subpoena for the documents in March.

The committee has jurisdiction over budget itemizations for the Office of the Special Envoy for Holocaust Issues, which is tasked with developing policies to return assets to their rightful owners and secure compensation for Nazi-era wrongs.

"While Credit Suisse initially agreed to investigate evidence of previously unidentified Nazi-linked accounts," Mr. Grassley said in a written statement, "the information we've obtained shows the bank established an unnecessarily rigid and narrow scope, and refused to follow new leads uncovered during the



Neil Barofsky in 2018

course of the review."

In 1998, Credit Suisse agreed to pay about one-third of a \$1.25 billion settlement between Swiss banks and victims of Nazi persecution. The bank at the time provided information to panels set up in the U.S. and by the Swiss government, which found numerous examples of Credit Suisse aiding in persecution, including in the "Aryanization" of Jewish companies by forced transfers to non-Jewish owners.

However, those reviews didn't fully explore Nazi-related accounts at the bank, and Credit Suisse hadn't before reviewed the list of Nazis in Argentina for such ties.

Because of the country's secrecy laws in place at the time of World War II, Swiss banks were a haven before the war for Jewish families and businesses, while also assisting Nazi organizations and officials in storing looted assets and moving money overseas.

Switzerland and its banks bought gold from the Nazi regime when other countries refused and returned the assets and deposits of many Holocaust victims to their families only after lawsuits and sanctions threats by U.S. cities and states during the 1990s outcry.

Mr. Barofsky said some findings in the latest review raised questions about the accuracy of information that Credit Suisse gave on the arrival of a new general

# Europe Targets Public Bailouts of Banks

BY PATRICIA KOWSMANN

part of the so-called banking union.

Following a series of bank rescues during the eurozone sovereign-debt crisis, European authorities created a plan in 2015 to ensure taxpayer money didn't go to bailing out troubled lenders. But the rules, which impose losses on a bank's shareholders, bondholders and even some depositors before tapping any public money, have been used in just one major case, of Spanish lender Banco Popular Español SA in 2017.

Instead, countries have continued to find ways to bail out banks with public money, often because many shareholders and creditors are local individual investors. Medium-size and small banks also often don't have enough equity and bonds to wipe out, meaning uninsured depositors could get burned if the government stays on the sidelines.

Under the revised plan, which is aimed at those mid-size and smaller lenders, national deposit-guarantee programs would be tapped to fund the transfer of deposits from the failing bank to a healthy one. There are strict conditions associated with

that, in a nod to Germany, which is highly protective of its deposit-guarantee system.

Mr. Dombrovskis said this would make a bank failure less disruptive to depositors, including uninsured ones.

The commission also wants to extend depositor protection to public entities such as hospitals, schools and municipalities, as well as client money parked in some kinds of funds.

The proposal needs to be

## Existing rules guarding taxpayers have proved to have too many loopholes.

approved by the European parliament and member states.

The difficulty in imposing losses on bank investors was on display in the hasty sale of Credit Suisse Group AG to peer **UBS Group AG** last month.

Switzerland, which isn't a member of the bloc, had a similar playbook to resolve failing banks by wiping out shareholders and bondholders

before tapping public money. But authorities there said that could have triggered further panic. So instead the government agreed to provide bailouts under a backstop.

Only holders of the riskiest type of Credit Suisse's debt got hit.

The plan doesn't include a eurozone deposit-insurance program. The European Commission has tried to advance this project before but failed because rich countries like Germany resist the idea of paying for the financial problems in their poorer neighbors.

Deposits up to €100,000—the equivalent of about \$109,000—are insured in the eurozone, but each country is responsible for its own pool of funds, which can't be transferred to another country. That runs counter to the project of a banking union, in which countries share a common bank-supervision system and supervisor—the European Central Bank—and rules on how to deal with failing banks.

In the U.S., there have been discussions on how to improve deposit insurance, including by raising or even suspending its limit, which is now \$250,000 per depositor.

## New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG: Daily percentage change from the previous trading session.

Tuesday, April 18, 2023																				
Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg
<b>Highs</b>			<b>Stock</b>			<b>Stock</b>			<b>Stock</b>			<b>Stock</b>			<b>Stock</b>			<b>Stock</b>		
AltisourceAsset AAMC	79.72	3.1	ConcordAcquisition CNTG	31.20	3.5	Opportunities INNOV	10.42	0.1	SPDR Energy PPG	142.46	-0.5	ADS-TEC	197	-0.9	BridgeWater BRWBP	17.75	-0.2	FirstBancorpNC FATH	0.51	-4.17
AmphastarPharm AMPH	42.88	1.2	Copart CPRT	18.02	0.4	InterPartners IPAN	151.45	0.7	WynnTree WYN	337.86	-2.0	BrightMindsRd BDWP	1.75	-0.42	MidWest Bancorp FNC	32.59	-2.1	MidFirst FNL	1.54	-0.52
ApplusAECOM APLS	82.71	0.1	COTV	10.29	0.2	IntertechEnt CTEK	46.97	-5.5	WYNN WYNN	105.69	-0.54	BrightMindsBio DRUG	4.00	-0.37	Midwest Bancorp FNL	23.92	-1.6	MidWest Bancorp FNL	1.54	-0.52
ApolloStattil APTG	10.29	0.2	Crocs CROX	145.19	3.4	Jaylin JFIN	4.68	0.8	WYNNW WYNN	105.69	-0.54	BrightMindsBio DRUG	4.13	-1.4	FirstBank FRBN	9.65	-2.9	MidWest Bancorp FNL	1.54	-0.52
ArchCapital ACGL	72.44	1.8	Cvent CVT	47.87	-0.2	KrystalRockTech KRYX	89.82	1.1	Yumbi YUMB	137.61	0.4	BrightMindsBio DRUG	4.24	-1.2	FirstBank FRBN	16.58	-2.2	MidWest Bancorp FNL	1.54	-0.52
AresAcqNn AAC	10.37	-0.4	CymaBayTherap CBAY	10.50	-1.5	Lanthrus LTHN	109.33	0.0	ADSE ADSE	197	-0.9	CalAmp CAMP	2.73	-0.7	MidWest Bancorp FNL	1.54	-0.52	MidWest Bancorp FNL	1.54	-0.52
AssetMarkFII AMCF	32.45	0.5	DeckersOutdoor DECK	21.62	0.6	Lenin LEN	49.53	0.3	ADtran ADTN	28.23	-2.2	CommerceBchs CR	1.19	-0.2	MidWest Bancorp FNL	1.54	-0.52	MidWest Bancorp FNL	1.54	-0.52
AstecAZNE AZN	75.83	1.9	Decker'sLab DRLY	40.64	0.7	LibertyBrands LIBR	59.10	0.1	Aceragen ACEN	205	-0.5	Advancetech Advan	1.25	-0.3	MidWest Bancorp FNL	1.54	-0.52	MidWest Bancorp FNL	1.54	-0.52
AtmosHealth ATMS	14.05	0.2	Diageo DGE	94.04	0.5	LibertyBrands LIBR	35.52	0.1	AdvantageSols ADV	12.13	-0.3	AdvantageSols ADV	1.25	-0.3	MidWest Bancorp FNL	1.54	-0.52	MidWest Bancorp FNL	1.54	-0.52
AsuronSoftware ASUR	17.14	0.6	ELF ENR	5.27	0.2	MagellanPharm MM	4.52	0.5	AgileTechno ATLG	18.13	-0.2	AlmondMinerals ALMD	1.25	-0.3	MidWest Bancorp FNL	1.54	-0.52	MidWest Bancorp FNL	1.54	-0.52
AtCoastal II ACC	10.49	0.2	EnrichLife ENIC	12.45	0.2	Meritus MTRN	11.95	0.7	AppliedMolecular AMT	18.68	-0.4	AlmondMinerals ALMD	1.25	-0.3	MidWest Bancorp FNL	1.54	-0.52	MidWest Bancorp FNL	1.54	-0.52
AtlasLithium ATLS	25.47	1.9	EroCooper ERO	20.05	0.5	Meritus MTRN	13.65	0.4	AppliedMolecular AMT	18.68	-0.4	AlmondMinerals ALMD	1.25	-0.3						

## MARKETS

# Goldman, J&J Pressure Dow Industrials

Bank of America was among other big companies reporting Tuesday

By ERIC WALLERSTEIN AND ANNA HIRLENSTEIN

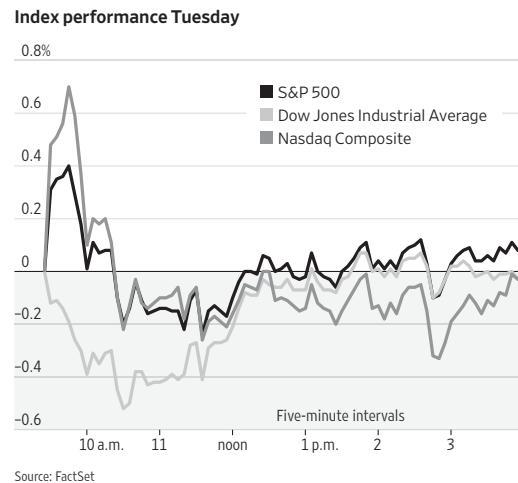
The Dow industrials rode out a batch of corporate earnings to finish near flat despite pressure from shares of **Goldman Sachs** Group and **Johnson & Johnson**.

The blue-chip Dow Jones Industrial Average fell 10.55 points, or less than 0.1%, to 33,976.63. The S&P 500 advanced 3.55 points, or 0.1%, to 4,154.87. The Nasdaq Composite slipped 4.31 points, or less than 0.1%, to

**TUESDAY'S MARKETS** 12,153.41, posting an eighth loss in 11 trading days.

Earnings continue to put banks' efforts to weather recent industry strains and tightening from the Federal Reserve on display. Goldman Sachs's stock slipped \$5.77, or 1.7%, to \$333.91 after a slowdown in deal making and a loss on its Marcus loan book hit profit and revenue. Shares of **Bank of America** rose 19 cents, or 0.6%, to \$30.56, and **Bank of New York Mellon** added 66 cents, or 1.5%, to \$44.89. Both lenders reported rising revenue.

The stress seen in March was relatively isolated to banks with business-model issues, according to Conor Muldoon, fun-



damental portfolio manager at Causeway Capital Management.

"When the Fed drains the water, you start to see all these problems you didn't see before," he said. "As the Fed continues to tighten, I expect more will be uncovered."

Mr. Muldoon, who co-manages Causeway's international and global value equity strategies, said that credit conditions will begin to crunch once unemployment and delinquencies tick up.

The economy will likely feel the effects of that later this year when higher rates "really start to bite," he said.

Despite an improved outlook for the rest of the year and earnings that beat analysts' ex-

pectations, shares of health-care-products giant Johnson & Johnson shed \$4.66, or 2.8%, to \$161.01.

"I could paint as good of a bullish scenario as I could a bearish one for the economy and markets," said Rick Friedman, portfolio strategist on GMO's asset-allocation team. The severity of a possible recession and speed at which inflation recedes remain unknowns, he said.

GMO is wagering that there is more room for growth stocks to fall while value stocks—those seen as trading inexpensively relative to their values—remain discounted. As of the end of February, nearly 21% of GMO's \$4.3 billion portfolio



Despite an improved outlook, Johnson & Johnson shares shed \$4.66, or 2.8%, to \$161.01.

was invested in hedge funds seeking to profit if that happens, according to Mr. Friedman.

Growth stocks, which offer the promise of windfall profits far in the future, benefit from low interest rates. Despite the Fed's record pace of tightening, investors haven't given up on such companies.

An update on the U.S. housing market offered mixed signals. Starts declined far less than expected, while building permits fell substantially. The yield on the benchmark 10-year Treasury note fell to 3.571%

from 3.590% Monday.

The pan-continental Stoxx Europe 600 finished 0.4% higher.

Chinese stocks were mixed after data showed that the country's economy had expanded more than analysts had forecast. The Shanghai Composite Index rose 0.2%, while Hong Kong's Hang Seng Index fell 0.6%. Early Wednesday, the Hang Seng was down 0.7% and the Shanghai benchmark was down 0.2%.

On Tuesday, Japan's Nikkei Stock Average rose for an eighth straight trading day,

logging its highest close since August. Early Wednesday, the Nikkei was down 0.2%.

## 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.

### 52-WEEK BILLS

Applications	\$104,985,719,700
Accepted bids	\$37,910,019,700
*noncompetitively	\$1,185,806,400
*foreign noncompetitively	\$35,000,000
Auction price (rate)	95.419667 (4.530%)
Coupon equivalent	4.770%
Bids at clearing yield accepted	57.40%
Cusip number	912796CK5
The bills, dated April 20, 2023, mature on April 18, 2024.	

## Lawmakers Float Bills To Boost Investments

By CHRIS CUMMING

The private-equity industry may be facing heat from U.S. regulators, but it still has allies among lawmakers on Capitol Hill. Three bills pending in the House would ease rules for private-equity managers, legislative records show.

One of the measures, introduced last week by Reps. Ann Wagner (R., Mo.) and Gregory Meeks (D., N.Y.), would make it easier for ordinary investors to get access to private equity through closed-end funds, potentially giving buyout firms a lucrative new source of capital.

Two other bills from Rep. Andy Barr (R., Ky.) would exempt more private-equity and venture-capital firms from oversight by the Securities and Exchange Commission. Mr. Barr chairs the House Financial Services subcommittee on financial institutions.

No vote has been scheduled on any of the three bills and it remains unclear whether they will attract support from other lawmakers.

Mr. Barr said his proposals are intended to increase capital flows to small business.

"Now more than ever, we need to incentivize economic growth and lending to small businesses, entrepreneurs, and American innovators," he said.

The proposals are part of an effort, which is supported by House Financial Services Committee chair Rep. Patrick McHenry (R., N.C.), "to get our economy going again as we continue to grapple with historic inflation and excessive government impediments to

new business formation," Rep. Barr wrote.

The private-fund proposals introduced Thursday reflect this pushback against increased regulation of the private-equity industry, said James Maloney, founder and managing partner of Tiger Hill Partners, a communications and lobbying group that works with private-equity firms.

"Industry-friendly legislation serves as a political counterbalance to perceived overreach by the administration's regulators," he said. "Republican-led attempts at regulatory relief are likely to increase in both volume and range."

The bill introduced by Ms. Wagner and Mr. Meeks would amend the Investment Company Act of 1940 to prevent the law from being used to limit the amount that a closed-end fund could invest in a private fund. The change, if enacted, would make it easier for less-wealthy people to invest in the asset class.

Two of Mr. Barr's bills would loosen regulation for smaller private-equity and venture firms. Under the 2010 Dodd-Frank law, private firms with less than \$150 million in assets don't have to register with the SEC. Mr. Barr's bill would tie that asset level to inflation so that it rises over time. His other bill would expand the range of investments that venture-capital firms can make without triggering SEC registration requirements.

The American Investment Council, private equity's largest lobbying group, didn't immediately provide comment on the three House proposals.

## Institutional Investors Expect To Add to Private Equity, Credit

By ROD JAMES

Investor appetite for private equity remains strong even as interest rates climb above levels that drove yield-seeking managers into private markets for more than a decade, according to a survey by asset manager **BlackRock Inc.**

Over 70% of the roughly 200 institutional investors responding to the survey plan to put more money into private equity this year, and more than half expect to increase allocations to private credit, BlackRock said. The survey canvassed the views of senior executives whose organizations account for \$3.2 trillion of private-market assets.

Here are a few additional takeaways from the investor poll, which the New York firm carried out between October 2022 and January 2023.

**Income generation takes precedence over capital appreciation.**

More than 80% of respondents to the survey cited income generation as an important factor driving allocations to private markets, with capital appreciation the second-most cited factor at 58%.

The focus on income is particularly strong among investors in Europe, the Middle East and Africa, where 87% cited it as an important driver.

Private-credit funds stand to benefit from these priorities as the floating-rate loans typically financed through the vehicles will yield greater re-

turns as interest rates rise, said Phil Tseng, co-head of U.S. private credit at BlackRock Alternatives. Credit investors can also "drive deal structures and covenants," which Mr. Tseng said "has led to stronger protections, lower defaults and higher recoveries" compared with public debt markets.

**Despite the focus on income, appetite remains strongest for private equity.**

Private equity outshone all other alternatives among survey participants, with 72% planning a small or significant increase to their private-equity allocation this year. Jon Seeg, global co-head of private equity for BlackRock Alternatives, said investors may

favor the asset class because private-equity funds invested during a downturn tend to achieve above-average returns later on.

"I know from talking to my peers that the denominator effect really worked against new allocations [last year]," an alternative-investments manager with a U.S. corporate pension told the survey takers. As portfolios rebalance—whether because of exits, revaluations of private holdings or improvements in publicly traded securities—"there's more capacity this year."

**Illiquidity remains the chief barrier to investing in private markets.**

Despite an expanding market for secondhand fund stakes, which often provide a way for investors to cash out

of private-equity investments, 49% of survey respondents cited the illiquid nature of funds and having to lock up money for years at a time as a barrier to investing in private markets. The value of secondary investments reached \$108 billion last year, just under a record set in 2021.

Reaching a consensus on private investments also deters commitments. Difficulty getting buy-in from others in the investing organization represents one of the biggest obstacles to making a commitment, according to 41% of respondents.

**Surveyed groups account for \$3.2 trillion of private market assets.**

**Deal sourcing trumps track record when choosing a manager.**

While 31% of respondents cited track record as a priority when making a commitment to a fund manager, that history takes a back seat to the ability to unearth good deals. Finding managers with exceptional deal-sourcing capabilities ranked as the main priority for 45% of participating investors.

"Investment opportunities in private markets aren't uniformly distributed like you see in public markets, where there's a very transparent

process and everybody gets a fair shot at the deal," a money manager with a Canadian family office told the survey takers. Having access to good, proprietary deals enables managers to influence their structure and drive better terms, the manager said.

**Distress and emerging-market infrastructure counted among the most attractive investments this year.**

Subsectors that benefit from market dislocation, such as debt tied to infrastructure, real estate and distressed assets, provide some of the best investment opportunities this year, according to at least half of survey respondents. Emerging-market infrastructure, residential real estate and niche properties such as data centers and cold-storage warehouses also offer good opportunities, according to respondents.

Mature companies took the top spot among private-equity investors, with 56% citing the category as the biggest investment opportunity. Venture-capital and secondary transactions followed, at 40% and 39%, respectively.

"I think people are cautious right now, so mature companies make sense," said a U.S. corporate pension executive who specializes in alternatives. "Given the uncertainty we're living with and the higher cost of capital, venture could be seen as a risky but attractive opportunity if you have the right manager and the right fund."

3.49%. It edged up to 3.57% on Tuesday.

That yield, which is the benchmark for many types of bonds stowed in banks' securities portfolios, has been falling largely because the banking turmoil heightened fears of a recession.

In turn, unrealized losses have been shrinking. Bank of America said Tuesday that unrealized losses on its held-to-maturity portfolio had shrunk to \$99.08 billion, or 35% of equity. The losses are shrinking because rates are falling and because some of the bonds are maturing.

Bank of America's unrealized bond losses were recently bigger than any other large bank, The Wall Street Journal reported, but other banks have unrecognized losses too. JP Morgan Chase & Co. had unrealized losses on its held-to-maturity portfolio of almost \$31 billion at the end of March, according to its latest earnings. That is down from more than \$40 billion at the

end of September.

The entire industry had some \$620 billion of unrealized losses on their bond portfolios at the end of last year, according to the Federal Deposit Insurance Corp.

SVB's portfolio was more lopsided than those of its larger competitors.

At the end of September, SVB's \$15.9 billion in unrealized losses on its bond portfolio were greater than its \$15.8 billion in shareholder equity. That gave it very little breathing room to avoid selling bonds at a loss if it needed to, say, meet customer withdrawals.

SVB's deposit base also turned out to be especially flighty. When its tech-focused customers got wind of the bank's rickety financial state, they pulled more than \$40 billion in deposits in a single day. Deposits at big lenders such as Bank of America and JPMorgan have proven far more stable. Both added deposits after SVB's failure sparked a run on a number of smaller banks.



## Unrealized Losses on Bonds Fall

Continued from page B1

loss. But unrealized losses spiked.

Such losses on Bank of America's held-to-maturity bond portfolio grew to more than \$16 billion at the end of September, meaning that if it hypothetically had to recognize those losses, it would erase 43% of its total equity. That is the difference between assets and liabilities, and it is typically considered to be a cushion that can absorb losses.

After the banking turmoil began, bond yields dropped sharply. Between March 9, the day before SVB failed, and the end of the quarter, the yield on the 10-year Treasury note fell 0.43 percentage point to

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Chinese Economy Defies Naysayers

The country's first-quarter growth shows it is far from a spent economic force

In late 2020 and early 2021, the U.S. was being pummeled by Covid-19, by its scattershot response to the pandemic and by toxic politics. Many observers concluded the nation had entered terminal economic and political decline. But a year later, having suffered through Covid-19 and the associated political shocks, it was growing strongly again and had reasserted itself on the world stage.

Something similar is happening in China now.

China's 4.5% first-quarter growth figure surprised many economists, who expected somewhere in the neighborhood of 4%, particularly given continuing drags from China's housing-market crash and a conservative monetary stance. To be sure, there are important differences: Chinese households never received big government checks and so, while the consumption rebound is impressive, it likely won't have quite the staying power that the U.S.'s did. Significant structural damage to the nation's housing market and to its high-tech sector from the policy missteps of the past two years will persist, and demographics are a drag.

But none of that means China can't experience a period of above-

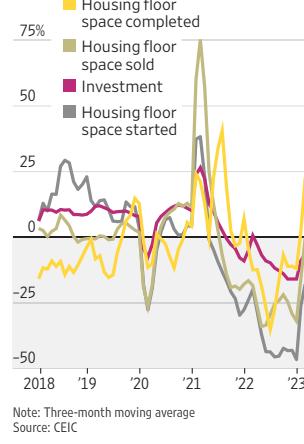
trend rebound growth now that it passed through the wringer. Given the strong momentum the economy has now and given the low-base effect next quarter from last year's Shanghai lockdown, China's second-quarter growth will likely be significantly stronger.

The consumption figures were the most impressive, as expected: Retail sales rose 10.6% year over year, up from 3.5% in January and February.

But the Chinese housing market is in better shape than it appears. Although investment weakened again marginally in March, which may partly explain why coal and steel prices have lagged of late, residential floor space sold rose year over year for the first time since June 2021. And housing floor space completed rose 35%, up from a 10% gain in January and February and double-digit declines as recently as November. Housing starts and investment are lagging but the backlog of uncompleted, presold apartments—the key factor weighing on the market—appears to have been whittled down.

Given that fact, and the strong rebound in domestic consumption and travel, it is no surprise to see oil demand jumping back as well.

### Chinese property indicators, change from a year earlier



China's apparent petroleum demand—refinery runs plus net oil product imports—rose nearly 10% year over year in March according to figures from data provider CEIC. That was up from a 3.9% fall in December 2022, confirming other hints earlier this year that oil demand was rebounding quicker than

expected. By the second half of the year, China's property rebound and oil demand are likely to start having a much more noticeable impact on global commodity prices—although a construction frenzy on the scale of previous stimulus episodes remains unlikely.

One area where optimism may be slightly misplaced is trade. China's March exports surprised strongly on the upside, partly on the strength of burgeoning trade with Russia, but the official manufacturing purchasing-managers index showed growth in new export orders slowing slightly. Output of key export-related manufactured goods like smartphones and computers also remained weak in March: Production fell 6.7% and 21.6%, respectively, year over year.

China still has a significant economic hole to climb out of, but these latest figures show it is back in business. The policy mistakes of the Covid-19 era have done some long-term damage to China's prospects. But they won't be enough to remove the country as a formidable global economic force—even though many in Washington might wish that to be the case.

—Nathaniel Taplin

## Goldman Misses Out On Lending Bonanza

Firm rethinks parts of consumer-credit unit

The latest quarter illustrates why **Goldman Sachs** was so eager to get into consumer lending in the first place. But it has to go backward on that front before it can go forward.

Goldman didn't have a bad quarter, as much of the year-over-year decline in revenue was due to unflattering comparisons with last year's huge performance in fixed-income trading, deal making and capital raising.

Return on equity in its global markets and banking business in the first quarter was quite strong at an annualized 16.6%, well above the firm's overall return of 11.6%.

But what Goldman didn't have—which its retail banking peers such as **JPMorgan Chase** did in spades—was the significant tailwind of surging net interest income and lending growth that comes with rising rates and normalizing consumer borrowing activity.

This helps explain some of the divergence in stock performance among banks so far this season: Shares of major lenders with big lending books to match against their deposit bases are mostly up a lot so far, while banks that rely more heavily on fees and institutional cash aren't.

Even shares of **M&T Bank**, one of the class of regional lenders investors were generally most concerned about, were up nearly 8% on Monday and rose slightly Tuesday. By contrast, Goldman shares fell about 2% on Tuesday after its report.

Where Goldman is lending to individuals, it saw a bump. The firm reported a 27% year-over-year jump in net interest income derived from its asset-and-wealth-management business, which includes loans to private banking clients, plus from its platform solutions unit, which includes credit card loans such as via the **Apple Card**.

However, as part of the narrowing of its consumer focus strategy laid out in recent months by Chief Executive David Solomon, Goldman is intentionally shrinking some of this lending.

The firm sold off some Marcus personal loans and plans to continue to do so. That added noise to its results, as the reclassification of Marcus loans into held-for-sale necessitated marking down their value, which was reflected in lower revenue. This was partly offset by a release of loan reserves, which bumped up net income. Goldman also announced that it is now exploring a sale of its GreenSky consumer-lending unit.

This all highlights the continuing question around Goldman, which is how it can continue to diversify its revenue away from its markets-driven businesses to take some volatility out of its results.

There was progress on these fronts. In its asset-and-wealth-management unit, Goldman reported another record in fees, at \$2.3 billion. Inflows into money-market funds helped drive assets under supervision to another record of \$2.7 trillion.

The firm also continued to add significantly to its collateralized lending, which is part of the strategy of growing financing in its global banking and markets unit.

Goldman is adding to its deposit franchise with the announcement of Apple's high-yield savings account for Apple Card customers; that cash will live at Goldman. With a yield of 4.15%, that may help it attract cash that is now aggressively seeking yield.

The question is what they are going to do with this money to maximize its potential value to Goldman, if not lend it out to consumers.

There will certainly be quarters when Goldman's current mix of businesses give it the means to outperform peers, such as if rates start falling and if Wall Street deal making rebounds. The firm's strategy to outperform in quarters like this one, though, is still a work in progress.

—Telis Demos

## Buffett, Japan Firms Would Be Mighty Team

Warren Buffett shone a spotlight on Japan's trading companies—conglomerates with diverse sets of businesses and long histories. So far, they have been good investments for the investor—but these storied Japanese companies could be his partners, too.

Last week, Mr. Buffett said in an interview with local publication Nikkei that his company **Berkshire Hathaway** raised its stake in five Japanese trading conglomerates—Itochu, Marubeni, Mitsubishi, Mitsui and Sumitomo. Berkshire now owns more stocks in Japan than in any other country outside the U.S. Berkshire first disclosed its investments in the five trading giants in August 2020.

Some of these trading companies, known as *sogo shosa* in Japanese, trace their roots to the 19th century. They used to dominate Japan's exports and imports, helping source raw materials globally and sell Japanese products overseas. But they have morphed into a different species by investing upstream—in mining and agriculture—and downstream in retail.

Even though they are called trading companies, most of their revenue no longer comes from taking a cut of international trade or wholesaling as middlemen. Their investments around the world in a multitude of sectors—from textiles to machinery—generate the bulk of their profits. They have a particularly big footprint in natural-resource-related businesses, given that Japan has to import much of



Workers clean used iPhones at a facility owned by a unit of Itochu that sells used phones and tablets online.

its energy, food and minerals.

Mitsui invested in coal and iron ore in Australia and copper mines in Chile. Itochu owns banana plantations in the Philippines. Mitsui and Mitsubishi have liquefied-natural-gas projects across the world, helping secure supplies for Japan—which was the largest LNG importer in 2022. The two companies own stakes in Russia's Sakhalin-2 LNG project, even though they had to write down its value last year.

Last year's surge in commodity prices boosted their profits—and Berkshire Hathaway's. Mitsui's profit for the nine months ended

in December rose 33% from a year earlier. About two-thirds of that came from its energy-, mineral- and metal-related investments.

As Mr. Buffett rightly put it, these companies are a bit like Berkshire. They own a lot of different things, often hold them for long periods and tend to be focused on value and cash flows rather than flashy thematic, unproven companies. Mr. Buffett suggested they could potentially be partners in future deals. "They can call us anytime," said Mr. Buffett in a CNBC interview last week.

That would indeed be an inter-

esting idea, given that the Japanese trading houses have been scouring the globe for opportunities, too. They are doing very well off the commodities boom, but they would benefit from further diversification, especially as the drive to decarbonize accelerates globally. That could eventually affect the value of some of their traditional resource businesses.

Mr. Buffett says he was confounded by the chance to buy into the Japanese trading houses at the price on offer. Opportunities to do deals together might amaze him, too.

—Jacky Wong

## Investors Need to Be Discerning About Biotech

Merck's \$10.8 billion acquisition of **Prometheus Biosciences**, which is developing a promising treatment for inflammatory bowel disease, is giving the entire biotechnology sector a lift.

On Monday, the SPDR S&P Biotech ETF, which has underperformed other growth sectors this year, closed up 4.7%. For the year, the Biotech fund is down 1.4% versus the Nasdaq-100's gain of 20%.

The biotech jump was higher than when **Pfizer** agreed to buy Seagen for \$43 billion in March or when **Amgen** agreed to acquire Horizon Therapeutics for \$27.8 billion in December.

The lack of a significant rally in the biotech sector so far this year despite a significant amount of deal making left many investors and analysts scratching their heads. But there is a certain logic to it. While the Pfizer and Amgen deals were large and pricey, they were bets on companies with approved products and growing sales. There are a handful of biotech companies with such a profile.

The Merck deal, while smaller, gives the industry more confidence. That is because Prometheus is an earlier-stage company. While Prometheus reported positive study results in midstage testing



A handful of biotech companies have approved products and growing sales.

for ulcerative colitis and Crohn's disease, it has yet to prove the drug works in a larger study. If Merck was willing to acquire Prometheus at a 75% premium to where shares closed on Friday, the thinking goes that many other companies with no approved products could be undervalued, too.

But Jefferies healthcare strategist Will Sevush argues there are too many publicly traded companies with very little chance of ever launching a product. A 2021 bubble in the sector allowed many compa-

nies with highly speculative products to come to the market, and many of those companies will be a drag on the sector for some time.

The sector will likely continue to be volatile, especially with the presence of so many short sellers. Short interest, while significantly lower than the peaks reached in the summer of 2022, had been edging up in recent weeks, says Mr. Sevush. Many probably had to cover their bets after this past weekend's Merck news. While the sector tends to outperform during

short periods of excitement, such as during the vaccine hype, it hasn't been a good long-term investment. In the past five years, the S&P Biotech ETF is down about 10% versus a gain of more than 90% for the Nasdaq-100.

The more promising strategy might be to bet on winners, companies that are on the cusp of a breakthrough or might be soon acquired by pharmaceutical companies. Prometheus was in Mr. Sevush's takeout basket, which includes other biotech stocks such as **Madrigal Pharmaceuticals**, **Sarepta Therapeutics**, **BioMarin** and **Argenx SE**.

Another biotech that outperformed on Monday was **Roivant**. While the company has holdings in different therapeutic areas, it is developing a treatment targeting the same TL1A protein as Prometheus. The stock was up 20% at Monday's close and rose 4.1% on Tuesday.

What many of these companies have in common is that they either have approved products gaining traction on the market, or, like Prometheus, they have compelling clinical data that backs up their scientific approach. Merck's splurge on a mid-stage company is no doubt encouraging news for the sector. It is even better news for companies with a credible pipeline.

—David Wainer

—Telis Demos



# BREITLING

## CHRONICLE



# TOP TIME

THE UNCONVENTIONAL CHRONOGRAPH

# HISTORY IN THE MAKING

## STYLE-DRIVEN TIMEKEEPING

### THE 1960s

Capturing the daring fashion and freewheeling spirit of the 1960s, Willy Breitling introduced an unconventional chronograph for "young and active professionals."

A motoring-focused take on the Premier line, the Top Time chronograph became a firm favorite among a stylish in-crowd of café-racer and sportscar enthusiasts, with men and women equally drawn to the watches' bold proportions and graphic dials.



## INTRODUCING THE TOP TIME CLASSIC CARS COLLECTION, OUR NEW CHRONOGRAPH SERIES INSPIRED BY THE QUINTESSENTIAL SPORTS CARS OF THE 1960s: THE FORD MUSTANG AND THUNDERBIRD, THE CHEVROLET CORVETTE, AND THE SHELBY COBRA.



## RETURN OF THE UNCONVENTIONAL 2023

The Top Time remains Breitling's watch for speed seekers with a penchant for style, which today means drivers, bikers, surfers, and digital nomads. The updated look stays true to the original Top Time's attention-grabbing designs, while honing them in Breitling's signature modern-retro style. This latest edition draws on the colors and detailing of some of the 1960s' most famous sports cars, giving the watches an unmistakable sense of adventure.

**Note**  
Breitling brands and models are internationally registered by Breitling SA. Breitling reserves the right to change the specifications and design of all its models at any time and without any notice. Terms of sale and warranty available at the time of sale are applicable. Breitling watches are sold through [www.breitling.com](http://www.breitling.com), an exclusive network of boutiques, and authorized dealers. • Photos, illustrations, and text: © Breitling SA, © Breitling Archives, © Getty Images, © Unsplash, © Venzin + Bühl Fotografen, © Watchfred • Shelby®, Carroll Shelby's signature®, Carroll Shelby's likeness®, the "CS" logo®, 427 S/C®, and the outward appearance [trade dress] of the 1960s Shelby Cobra vehicles® used under license from Carroll Shelby Licensing, Inc. • General Motors trademarks used under license to Breitling. • Ford Motor Company Trademark & Trade Dress used under license. • All rights reserved. • No part of this newspaper may be reproduced or transmitted in any form or by any means, including photography or digitalization, without prior written permission of Breitling SA. • Breitling SA, Léon Breitling-Strasse 2, 2540 Grenchen, Switzerland • 03/2023 © 2023 Breitling SA



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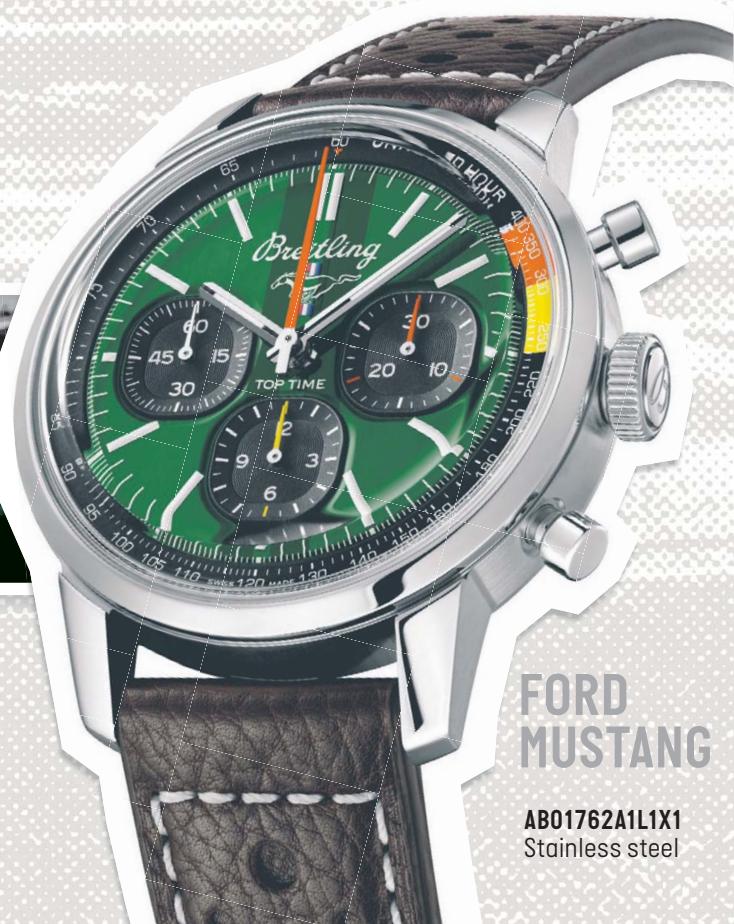
## FORD THUNDERBIRD

AB01766A1A1X1  
Stainless steel



## SHELBY COBRA

AB01763A1C1X1  
Stainless steel



## FORD MUSTANG

AB01762A1L1X1  
Stainless steel

A disruptive chronograph with a motoring spirit and a new motor of its own, the Breitling Manufacture Caliber 01.

## CHEVROLET CORVETTE



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# SPIRITED

## LOGO

All four Top Time Classic Car editions feature the unmistakable colors and logos of their automotive counterparts – including the winged emblem of the Ford Thunderbird in its original teal.



## VINTAGE DETAILING

The retro inspiration extends to the subdials, whose "squircle" shape [not quite square, not quite round] evokes the look of vintage dashboard clocks and gauges. The watch is set on a classic leather racing strap.

AB01766A1A1X1

## TACHYMETRE SCALE

A racing chronograph at heart, the Top Time features a tachymeter scale that allows the wearer to compute average speed based on time measured over a fixed distance either in miles or kilometers per hour.

# ELEGANT

## WATCH FACE

The so-called "syringe" hands found on many vintage Premier watches make a return, as do Arabic numerals. Here, they are three-dimensionally applied while cleverly skirting the subdials.



## APERTURE

A subtle window at 6 o'clock delivers the date function, without distracting from the watch's harmoniously balanced design.

## CASE SIDE

Sleek rectangular chronograph pushers lend a smooth operational feel, while decorative case-side grooves and the deep-fluted crown provide ease of grip and functionality.

**AB0145221B1P1**  
Stainless steel

**AB0145331K1P1**  
Stainless steel



Ouvert.  
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**AB0145171C1P1**  
Stainless steel



**AB0145211G1P1**  
Stainless steel



**AB0145371L1A1**  
Stainless steel



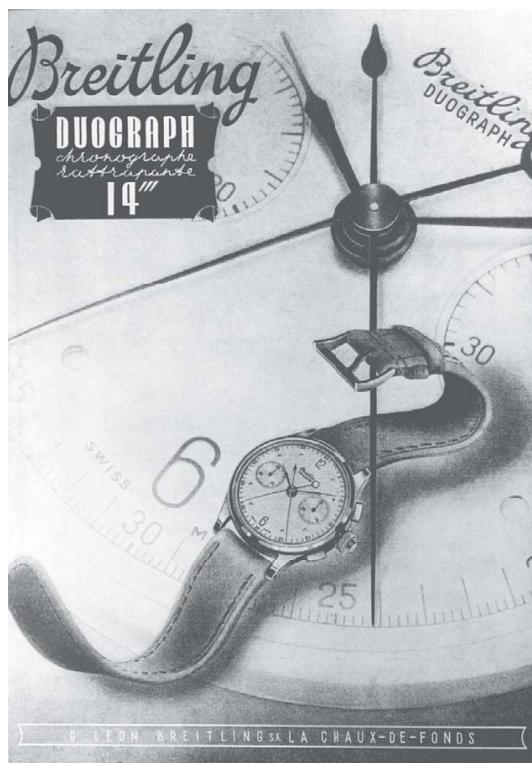
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# HISTORY IN THE MAKING

## FROM PURPOSE TO STYLE

### THE 1940s

Breitling had made a name for itself as a maker of high-precision aircraft instruments and pilots' chronographs. But as a man of great personal style, third-generation founder Willy Breitling also sought to elevate the wristwatch to a thing of elegance that, like the glamorous black-and-white films of the day, conveyed hope in spite of the uncertain times. His Premier line preserved all the functionality of his superb chronographs but enriched them with form.



**INTRODUCING THE 2023 PREMIER. DESIGNED FOR DAY-TO-NIGHT ELEGANCE AND POWERED BY THE MANUFACTURE CALIBER 01, IT REPRESENTS THE HEIGHT OF BREITLING'S PRECISION, INNOVATION, AND STYLE.**



## A WATCH OF IMPECCABLE TASTE

### 2023

The Premier is once again Breitling's flagship elegant watch series. Updated and refined for a new generation of discerning watch owners, the collection has become a showcase not just of the brand's distinctive designs, but of its watchmaking expertise. Decorative details, luxurious materials, and manufacture movements define the Premier collection, whose name speaks to its uncompromising quality.

RB0145371G1R1  
18K red gold



# BREITLING

## CHRONICLE



# PREMIER

FROM PURPOSE TO STYLE