

What's News

Business & Finance

- ◆ Lordstown Motors, the electric-truck startup once cheered by investors during the SPAC boom and lauded by former President Trump as a savior for a closed GM factory in Ohio, filed for bankruptcy, the company said. A1
◆ United Airlines' CEO blasted the FAA after severe storms led to thousands of canceled flights in recent days, saying the agency's air-traffic-control problems exacerbated the disruption. B1
◆ The Biden administration is considering new restrictions on exports of AI chips to China, as concerns rise over the power of the technology in the hands of U.S. rivals, according to people familiar with the situation. A2
◆ Ford plans to lay off at least 1,000 salaried employees and contract workers in North America, people familiar with the matter said. B1
◆ Major U.S. stock indexes rose, with the S&P 500, Nasdaq and Dow industrials posting gains of 1.1%, 1.6% and 0.6%, respectively. B11
◆ Lagarde said the ECB would likely raise rates in July and keep them high for some time, signaling that the central bank still has a way to go to tame high inflation. A18
◆ Google violated its promised standards when placing video ads on other websites, according to new research that raises questions about the transparency of the tech giant's online-ad business. B1
◆ Ryan Seacrest will be the new host of "Wheel of Fortune," succeeding Pat Sajak after the longtime host steps down next year. B4

World-Wide

- ◆ The Supreme Court, in a 6-3 decision, rejected a Republican-led challenge that would have allowed state legislatures to expand their power over federal elections unchecked by state courts or constitutions. A1
◆ The court rejected a bid by Norfolk Southern to limit its state-court liability in states where it does relatively little business, saying states can require firms to submit to their courts' jurisdiction as a condition of doing business within their borders. A4
◆ The justices clarified the line between protected free speech and unlawful threats in a First Amendment ruling that will make it more difficult for prosecutors to convict people of crimes such as stalking. A4
◆ Russia moved to shore up its internal security forces as the Defense Ministry said that the Wagner paramilitary group was preparing to hand over its heavy weapons, an indication it could be disbanded as an autonomous force in coming days. A1, A7
◆ A Russian missile strike on Kramatorsk in eastern Ukraine killed two people and wounded at least 22, authorities said, as a restaurant popular with Ukrainian troops was hit during peak dinner hours. A7
◆ A pattern of negligence and misconduct by staff at a federal jail in New York gave Jeffrey Epstein a perfect opportunity to kill himself in his cell in August 2019, the Justice Department's watchdog said in a report. A3
◆ More than 40 million people in the U.S. were under a heat warning or advisory as a heat wave persists this week in Texas and other parts of the southern U.S. A3

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Muslim Pilgrimage Reaches Its Spiritual Peak



FORGIVENESS: Participants in the annual Hajj wend their way up Mount Arafat, where Muhammad is said to have preached his last sermon, to pray for forgiveness of sin. The gathering southeast of Mecca is viewed as the pinnacle of the pilgrimage.

Justices Back Role Of State Courts in Elections

Decision rejects GOP idea that legislatures can redraw federal districts unchecked

By Jess Bravin

WASHINGTON—The Supreme Court rejected a Republican-led challenge that would have allowed state legislatures to expand their power over federal elections unchecked by state courts or constitutions.

Tuesday's 6-3 opinion, by Chief Justice John Roberts, found that North Carolina's state court didn't overstep when it struck down a congressional redistricting plan as overly partisan. The ruling effectively rejects the notion of an "independent state legislature" that conservatives argued, citing the federal Constitution, should be free from state-level judicial restraints.

The majority opinion deals a blow to Republican aspirations to sideline state courts from overseeing federal elections. It comes as a relief to Democrats and some election reformers, who for months feared the conservative-leaning court might deal them a loss that could allow unlimited gerrymandering by partisans.

The decision reaffirms judicial checks on legislative power that were challenged after state supreme courts in a number of states sought to

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- ◆ Higher bar for prosecuting cyberstalkers... A4
◆ Justices reject bid to limit liability in state courts... A4

The Drugs That Power Tech: Ketamine, LSD, Mushrooms

By Kirsten Grind and Katherine Bindley

Elon Musk takes ketamine. Sergey Brin sometimes enjoys magic mushrooms. Executives at venture-capital firm Founders Fund, known for its investments in SpaceX and Facebook, have thrown parties that include psychedelics.

Routine drug use has moved from an after-hours activity squarely into corporate culture, leaving boards and business

leaders to wrestle with their responsibilities for a workforce that frequently uses. At the vanguard are tech executives and employees who see psychedelics and similar substances, among them psilocybin, ketamine and LSD, as gateways to business breakthroughs.

"There are millions of people microdosing psychedelics right now," said Karl Goldfield, a former sales and marketing consultant in San Francisco who informally counsels friends and

colleagues across the tech world on calibrating the right small dose for maximum mindfulness. It is "the fastest path to opening your mind up and clearly seeing for yourself what's going on," said Goldfield.

Goldfield doesn't have a medical degree and said he learned to dose through experience. He said the number of questions he gets about how to microdose has grown dramatically in recent months.

The account of Musk's drug

use comes from people who witnessed him use ketamine and others with direct knowledge of his use. Details about Brin's drug use and the Founders Fund parties come from people familiar with them.

Musk, his attorney and a top adviser didn't respond to requests for comment. A spokeswoman for Brin, the co-founder of Google, didn't respond to requests for comment.

In a tweet following online Please turn to page A10

Mutiny, Lengthy War Raise Risks for Putin

By Marcus Walker

Russian President Vladimir Putin's Ukraine strategy has rested on a big assumption: that his autocratic government could outlast Western democracies, whose leaders are more beholden to public opinion, in a long and costly war.

The Wagner mutiny this past weekend shows a military quagmire threatens Moscow's strongman leader, too.

Wagner head Yevgeny Prigozhin appears to have lost his feud with Russia's military chiefs. But his march on Moscow exposed the brittleness of Putin's political system since the Russian invasion of Ukraine turned into a bloody

slog, destroying large parts of the armed forces.

Putin on Saturday invoked the specter of 1917, when army mutinies during World War I undermined the czarist regime and led to revolution. "Intrigues, squabbles and politicking behind the backs of the army and the nation turned into the greatest turmoil, the destruction of the army and the collapse of the state," he said in a televised

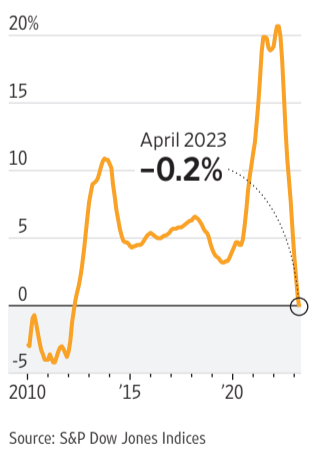
Please turn to page A8

- ◆ Russian missile attack kills two in Ukraine... A7
◆ Kremlin boosts internal security forces... A7
◆ U.S. sanctions Wagner gold operations... A8

Home Prices Slip for Year

Home prices posted their first year-over-year price decline in 11 years in April. A3

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



Source: S&P Dow Jones Indices

Lordstown Motors Files for Bankruptcy Amid EV Challenges

By Sean McLain

Lordstown Motors, the electric-truck startup once cheered by investors during the SPAC boom and lauded by former President Donald Trump as a savior for a closed General Motors factory in Ohio, has filed for bankruptcy, the company said early Tuesday.

The filing came after talks fell through on a plan for Lordstown's investment partner, Taiwan-based contract-manufacturing company Foxconn Technology, to buy \$170

million in shares of the electric-truck maker, Lordstown said.

Lordstown sold its northeast Ohio factory, a former GM plant, to Foxconn in November 2021, after the startup ran into production issues. As part of the deal, Foxconn and Lordstown agreed to cooperate on a series of new vehicles to be produced at the plant.

Lordstown said Tuesday it was filing for chapter 11 bankruptcy.

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- ◆ Heard on the Street: EV lives on in Lordstown... B12

South Korea Will Turn Back Time

It tops face cream: country shaves year off ages

By Timothy W. Martin and Dasl Yoon

SEOUL—Like many people, Kim Hae-yeon struggled with turning the big 5-0. Unfortunately, she'll have to do it twice.

"I'm 50," she says, "but turning 48 soon." On Wednesday, Kim and the rest of South Korea will turn a year or two younger as a new national law kicks in that abolishes the unusual way this country has long calculated age.

For centuries, Koreans inflated ages compared with the rest of the world. An individual Please turn to page A10

U.S. Pressure on China Led Sequoia to Split

Sequoia Capital became the most consistent money-making venture-capital firm in history, placing huge winning bets in the U.S. and in China. In the end, the Silicon Valley firm found it had to choose just one. Scrutiny of Sequoia's China

By Kate O'Keeffe, Berber Jin and Aruna Viswanatha

ventures had been rising in Washington for months, with officials and members of Congress hammering the firm for bankrolling Chinese technology competitors and potentially boosting China's military. Then, last summer, Sequoia's China arm tapped U.S. investors to raise a record \$8.5 billion to pour into promising Chinese companies, and the pressure notched higher.

The Biden administration's senior Asia policy official, Kurt Campbell, confronted Sequoia's

top executive in Washington, Don Vieira. Campbell asked why Sequoia would fund Chinese companies that might threaten U.S. national security and do so when Washington wants that financing to stop, according to people familiar with the matter.

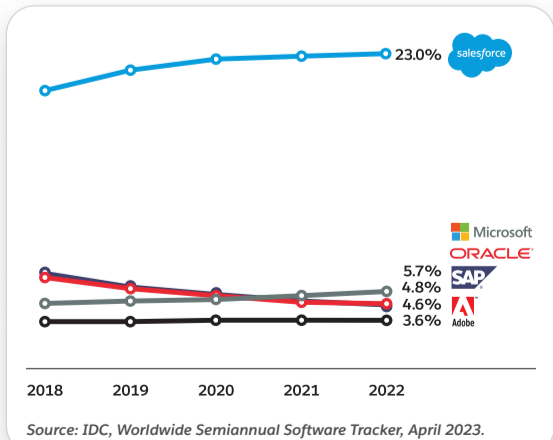
Vieira explained that Sequoia China doesn't invest in defense technology, but given the firm's structure, Sequoia in the U.S. has no control over the China unit's investments, the people familiar with the matter said.

It wasn't enough. Sequoia bowed this month to the fraught competition between the U.S. and China in announcing a plan to break up the firm. Its senior partners unanimously made the decision, Sequoia said. A public statement cited the rising complexity of running a decentralized global investment firm.

Please turn to page A6

Salesforce. #1 CRM.

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



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



salesforce.com/number1CRM

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



U.S. NEWS

Curbs on AI Chips Sent to China Weighed

The Biden administration is considering new restrictions on exports of artificial intelligence chips to China, as concerns rise over the power of the technology in the hands of U.S. rivals, according to people familiar with the situation.

By Asa Fitch, Yuka Hayashi and John D. McKinnon

The Commerce Department could move as soon as early next month to stop the shipments of chips made by Nvidia and other chip makers to customers in China and other countries of concern without first obtaining a license, the people said.

The action would be part of final rules codifying and expanding the export control

measures announced last October, some of the people said.

The Commerce Department didn't immediately respond to a request for comment.

The move could further crimp China's ability to build its AI capabilities after restrictions last year that cut off the most advanced AI chips made by Nvidia and Advanced Micro Devices.

Nvidia responded to that move by making a version of its AI chips for the Chinese market called the A800 that fell below performance thresholds outlined by the Commerce Department. That chip replaced the A100, which is widely used in data centers to do AI computations.

The new restrictions being contemplated by the department would ban the sale of

even A800 chips without a license, according to the people familiar with the matter.

Nvidia declined to comment, and AMD didn't immediately respond to a request for comment.

The administration is also considering restricting leasing of cloud services to Chinese AI companies, which have used such arrangements to skirt the export bans on advanced chips, some of the people familiar with the discussions say.

The timing of the rule's rollout is still uncertain, as chip makers continue to push the administration to forgo or ease

the new restrictions. The administration is likely to wait until after a visit to China by Treasury Secretary Janet Yellen in early July to avoid angering Beijing, according to a person familiar with the situation.

The discussions follow the rise of so-called generative AI tools such as OpenAI's ChatGPT, which became a cultural phenomenon only after the first set of restrictions went into place last year.

U.S. officials and policy makers increasingly see AI through a national-security lens. Weapons infused with AI

could give U.S. rivals a battlefield advantage, and AI tools could be used to create chemical weapons or produce malicious computer code.

Yet, protecting critical technologies while minimizing the impact on the operations of companies from the U.S. and allied nations is a huge challenge for the administration. "We are protecting our foundational technologies with a small yard and high fence," national security adviser Jake Sullivan said in April.

The Commerce Department in October implemented a range of stringent export control measures on advanced semiconductors and the chip-making machinery, but it hasn't issued formal regulations to codify the rules. Since last fall, the administration

has gathered comments from affected businesses and negotiated with the governments of allied nations to hammer out the final rules.

The U.S. has persuaded the Netherlands and Japan—which have the world's top manufacturers of chip-making equipment—to join the U.S.'s policy and has been working with them to unify the list of the controlled items.

The U.S. is also expected to allow chip makers from South Korea and Taiwan to continue operating and expanding their existing plants in China manufacturing less advanced, or legacy, chips.

The Biden administration is also weighing an executive order that would restrict U.S. investment in China and other geopolitical rivals.

Weapons with AI could give U.S. rivals a battlefield advantage.

U.S. WATCH

NEW YORK Ivanka Trump Let Off Case

A New York appeals court on Tuesday ordered that Ivanka Trump be dismissed from a civil fraud case filed by state Attorney General Letitia James against Donald Trump, his family business and three of his children.

James last year accused the former president, his family business and other defendants of a decadelong scheme to falsely value their assets and generate \$250 million in ill-gotten gains.

The Trumps have denied the allegations and cast James as politically motivated.

A five-judge panel said the attorney general's legal claims against Ivanka Trump, who served as executive vice president at the Trump Organization before becoming a presidential adviser, were too old. "The allegations against defendant Ivanka Trump do not support any claims that accrued after February 6, 2016," said the decision from the state's Supreme Court Appellate Division's First Department.

—Corinne Ramey

HEALTH Clinics Linked To Meningitis

A fungal meningitis outbreak among people who underwent cosmetic procedures in Mexico this year has killed at least six people.

The cases have been linked to two clinics in Matamoros, Mexico, where patients received epidural anesthesia during surgical procedures including liposuction and breast augmentation, according to the U.S. Centers for Disease Control and Prevention. The clinics were closed by Mexican officials May 13.

As of last week, at least nine people have confirmed cases of fungal meningitis, while 10 people have been diagnosed with probable cases, the CDC said. Nearly 170 cases are under investigation.

Fungal meningitis is a rare fungal infection that causes swelling of the protective membranes covering the brain and spinal cord.

—Talal Ansari

CALIFORNIA Actor Sands Confirmed Dead

Actor Julian Sands, who starred in several Oscar-nominated films in the late 1980s and '90s including "A Room With a View" and "Leaving Las Vegas," was found dead on a Southern California mountain five months after he disappeared while hiking, authorities said Tuesday.

An investigation confirmed that it was Sands whose remains hikers found Saturday in wilderness near Mount Baldy, the San Bernardino County Sheriff's Department said. The 65-year-old actor was an avid and experienced hiker who lived in Los Angeles and was reported missing Jan. 13.

An autopsy has been conducted, but further test results are needed before the cause of death can be determined, authorities said.

—Associated Press



The electric-truck maker sued Foxconn Technology over claims of fraud and breach of contract. Above, the Lordstown, Ohio, plant.

Lordstown Files for Bankruptcy

Continued from Page One
ruptcy protection and would seek a buyer. At the same time, Lordstown sued Foxconn over claims of fraud and breach of contract, alleging that the contract manufacturer's actions "had the intended effect of destroying the business of an American startup," Lordstown said.

Foxconn said Tuesday that it had been in constructive negotiations with Lordstown to resolve its financial difficulties but that Lordstown had made "false comments and malicious attacks" against it and was reluctant to carry out their investment agreements. Further negotiations would be suspended, it said.

Lordstown's bankruptcy filing comes as the shine fades from a pack of EV startups that reaped sensational gains on their initial public offerings, but that so far have failed to disrupt the car industry's traditional pecking order. Investors spent billions of dollars on bets to find the next Tesla, but Lordstown's rapid ascent and fall underline the

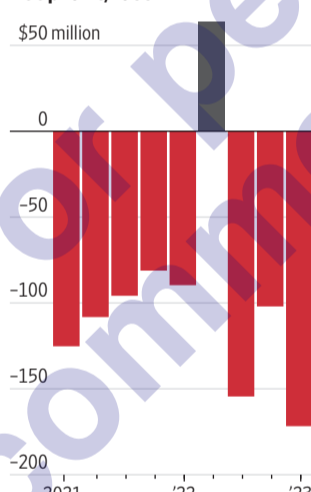
risks inherent in a capital-intensive industry defined by stiff competition and thin profit margins.

The young companies face challenges that never confronted Tesla, which practically had the electric-car market to itself for more than a decade. In many cases, today's startups are competing head-on with the world's largest carmakers as they introduce new EV models. At the same time, supply-chain disruptions in the wake of the pandemic hit many of the companies just as they were getting their factories in motion. Some have repeatedly fallen short of production targets as they struggle with the intricacies of mass manufacturing.

Lordstown once said it would produce hundreds of thousands of vehicles in the former GM plant in Lordstown, Ohio, but so far it has made only a handful of trucks. The company's market capitalization has fallen to \$47.49 million as of Monday, from a peak of about \$5 billion in February 2021.

Even better-capitalized EV companies, including Rivian Automotive and luxury carmaker Lucid Group, have seen their cash piles dwindle and share prices fall. Both Rivian and Lucid have failed to meet earlier production goals as they contended with parts

Lordstown Motors quarterly net profit/loss



Source: S&P Capital IQ

shortages and manufacturing problems.

Market leader Tesla is a rare example of an EV company that survived its early years. Tesla Chief Executive Elon Musk, who went through his own self-described "production hell," last year referred to car factories as "gigantic money furnaces."

Ahead of its bankruptcy filing, Lordstown said it reached out to 50 potential investors and strategic partners but had received no serious interest. It also applied for a loan from the U.S. Department of Energy for advanced-technology vehicle makers, but

it didn't qualify for one largely because of concerns about its viability.

As part of the bankruptcy, the company plans to lay off some of its 243 employees in its headquarters and other locations, Chief Financial Officer Adam Kroll said in the filing.

In late 2019, Lordstown seemingly materialized out of nowhere as GM executives had been taking heat from Trump for the Ohio factory's closure earlier that year. Steve Burns, the entrepreneur behind Lordstown, had run a little-known Cincinnati-area electric-truck maker, Workhorse Group, for more than a decade.

Lordstown bought GM's plant for \$20 million in November 2019. Burns, who was also CEO, promised to quickly hire workers and increase production at the 6-million-square-foot factory. Lordstown went public in late 2020 through a merger with a special-purpose acquisition vehicle. Burns said at the time that Lordstown had raised about \$675 million through the deal, "more than enough funding to get us through initial production." The company said it had 100,000 preorders for its first vehicle, the Endurance EV pickup.

As Lordstown geared up to start factory output, short seller Hindenberg Research in

March 2021 cast doubts on the auto maker's claims of 100,000 orders, saying the company had paid a consultant to generate perceived demand. Burns said that the company had paid consultants to generate preorders, but denied misrepresenting the company's orders. A later investigation by the board of directors found that the company had made inaccurate disclosures about its preorders, resulting in the resignations of the CEO and finance chief.

Burns in recent years has been unloading his Lordstown stock. In May and June, he sold off the rest of his holdings in transactions that netted more than \$3.8 million, according to regulatory filings.

The company in 2021 had run into cash problems. In June of that year, Lordstown said it lacked the money to start mass producing vehicles. In the fall of that year, Lordstown agreed to sell the factory to Foxconn for \$230 million, a deal that included an additional \$50 million purchase of Lordstown stock by Foxconn. In return, Lordstown would contract out the manufacturing of its Endurance truck to Foxconn. Lordstown's financial troubles continued despite the lifeline from Foxconn.

—Becky Yerak contributed to this article.

CORRECTIONS & AMPLIFICATIONS

In some editions Thursday, a pipe-lay vessel that was helping in the search for the Titan submersible was misidentified as a research vessel in the cap-

tion with a U.S. News article about the search. Also, a correction that ran in Friday's edition incorrectly called the pipe-lay vessel a research vessel.

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

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More Charged in Deadly Migrant Smuggling

By ELIZABETH FINDELL

Smugglers knew the air conditioning wasn't working in a tractor-trailer where 53 migrants died trapped in the South Texas heat last year, according to charges against four additional men announced on the first anniversary of the tragedy.

Prosecutors for the U.S. attorney's office for the Western District of Texas believe Riley Covarrubias-Ponce, Felipe Orduna-Torres, Luis Alberto Rivera-Leal and Armando Gonzales-Ortega worked together on a smuggling operation that moved migrants through a web of guides, stash houses, trucks and transporters. They orchestrated retrieving the trailer in which the migrants died and recruiting its driver, Homero Zamorano Jr., the office said.

Zamorano and another accused conspirator, Christian Martinez, were indicted last year on charges of conspiracy and illegally transporting migrants. The four additional men arrested in Texas this week, Mexican nationals ranging in age from 28 to 53, each face four charges involving conspiracy and illegally transporting migrants resulting in death or serious injury.

The public defender's office representing Zamorano declined to comment Tuesday, and The Wall Street Journal couldn't determine whether the other men are represented by attorneys.

At least some of the defendants knew that the trailer's air conditioning wasn't working properly and wouldn't blow cold air on the migrants, according to the superseding in-

dictment unsealed Tuesday. Regardless, it says, they organized loading at least 66 people, including eight children, into the back of it in Laredo, for a three-hour trip to San Antonio on June 27, a day the temperature surpassed 100 degrees.

"As the temperature inside the trailer rose, chaos ensued," the indictment says. "Some aliens screamed and banged on the walls for help. Some passed out, unconscious. Others crawled at the sides of the trailer attempting to escape."

The migrants ranged in age from 13 to 55 and had traveled from Guatemala, Honduras and Mexico.

The charges against the four new defendants carry a maximum penalty of life in prison. Redactions in the indictment indicate that charges against a seventh person are sealed.

U.S. NEWS

U.S. Home Prices Fall Annually, First Time In 11 Years

By NICOLE FRIEDMAN

Home prices posted their first year-over-year price decline in 11 years in April, as higher mortgage rates made home purchases more expensive for buyers.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures home prices across the nation, fell 0.2% in April, compared with a 0.7% annual growth rate the prior month. The annual decline was the first for the index since April 2012.

Compared with the previous month, the index rose 0.5% in April on a seasonally adjusted basis, the third straight monthly increase.

Mortgage rates rose rapidly in 2022, causing a slowdown in home sales as buyers backed away from the market. House-buying affordability in April fell to its lowest level since November, according to the Federal Reserve Bank of Atlanta.

But prices haven't declined as much as many economists expected, because the higher mortgage rates made current homeowners reluctant to sell, keeping the supply of homes on the market lower than normal.

The average rate for a 30-year fixed mortgage was 6.67% in the week ended June 22, up from 5.81% a year earlier, according to Freddie Mac.

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

"The U.S. housing market continued to strengthen in April," said Craig Lazzara, managing director at S&P Dow Jones Indices. "Home prices peaked in June 2022, declined until January 2023, and then began to recover."

The median existing-home price fell 3.1% in May from a year earlier to \$396,100, according to the National Association of Realtors.



In Texas, construction crews repair a road in Houston damaged by the heat. Macey Staes, left, comforts a kitten rescued from a vacant Houston apartment where 13 animals died because of the hot weather. Robert Harris, top left, pauses to wipe his face while digging fence post holes as the temperature in Houston soared. Swaths of the country have endured triple-digit heat and humidity in recent weeks due to a heat dome.

Millions Under Heat Warning in U.S.

By ALYSSA LUKPAT

More than 40 million people in the U.S. are under a heat warning or advisory as a heat wave persists this week in Texas and other parts of the southern U.S.

Swaths of the country, from Arizona to Florida, have endured triple-digit heat and humidity in recent weeks while a heat dome remains stalled over the region, the National Weather Service said. A heat dome occurs when the atmosphere traps hot air over a certain area for days or weeks, forecasters said.

Forecasters said Tuesday was expected to be the warmest day of the week in parts of Texas, which has taken the brunt of the heat wave. Cities, including San Antonio and Austin, broke daily temperature records last week as the heat reached 105 and 106 degrees Fahrenheit, respectively, according to the National Weather Service. Both cities were expecting triple-digit heat again Tuesday.

At Big Bend National Park in southwest Texas, a teenage boy and his stepfather died

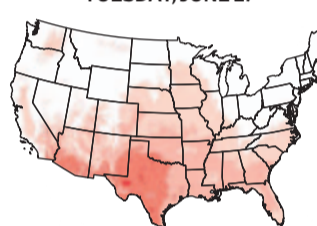
Burning Hot

Forecasters said Tuesday was expected to be the warmest day of the week in parts of Texas, which has taken the brunt of the heat wave.

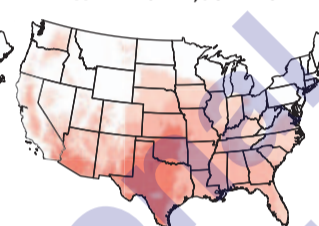
Forecast mean temperature: 4 p.m. CST



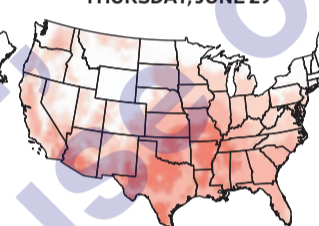
TUESDAY, JUNE 27



WEDNESDAY, JUNE 28



THURSDAY, JUNE 29



Source: NOAA

last week after going on a hiking trail in 119-degree heat, the National Park Service said. The teen lost consciousness on the trail after falling ill. The stepfather, 31 years old, died after he went to get help for the boy and crashed his car. Authorities found the boy deceased on the trail.

Dangerous heat and humidity are expected to continue at least through early next week from Texas to the Carolinas, forecasters said. Some inland areas could see temperatures of 115 degrees, while parts of Florida could get 110-degree

heat early next week. The humidity could make the predicted temperatures feel even hotter.

"The Gulf Coast and areas immediately inland most likely will see no breaks in the oppressive heat and humidity as we look forward to the Fourth of July holiday," the National Oceanic and Atmospheric Administration's Weather Prediction Center said Tuesday.

Forecasters are warning people under the heat dome to drink plenty of water and check on their elderly neighbors.

Silas Smith, a manager at Lick Honest Ice Creams in San Antonio, said overheated customers have been grateful for the store's air conditioning this month. When some of them order outside at the walk-up window, they stick their heads inside to feel the cold air.

"Usually people weren't in the best mood when they get here," said Smith, 23. Their spirits often improve after enjoying a blast of AC and a frozen treat, he said.

Texas' electrical-grid operator has at times this month

asked Texans to conserve energy because of record demand for power. The state hasn't experienced power blackouts like the kind it faced after a freak winter storm in 2021.

If temperatures surge in the U.S. this summer, two-thirds of the continent could face energy shortfalls when demand is high, according to the North American Electric Reliability Corporation, an enforcement body for the energy industry.

The heat wave followed a series of storms that tore through the South, leaving hundreds of thousands of people without power for days. Several people died after the storms whipped up tornadoes in Texas, Florida and Mississippi, officials said.

The Midwest has avoided the dangerous heat dome but wildfire smoke from Canada drifted into the region Tuesday, according to AirNow, a government tracking site.

Michigan had the worst air quality in the country Tuesday morning, with cities including Grand Rapids choked by "very unhealthy" air, according to AirNow.

Jail's 'Negligence' Is Cited in Epstein's Suicide

By SADIE GURMAN

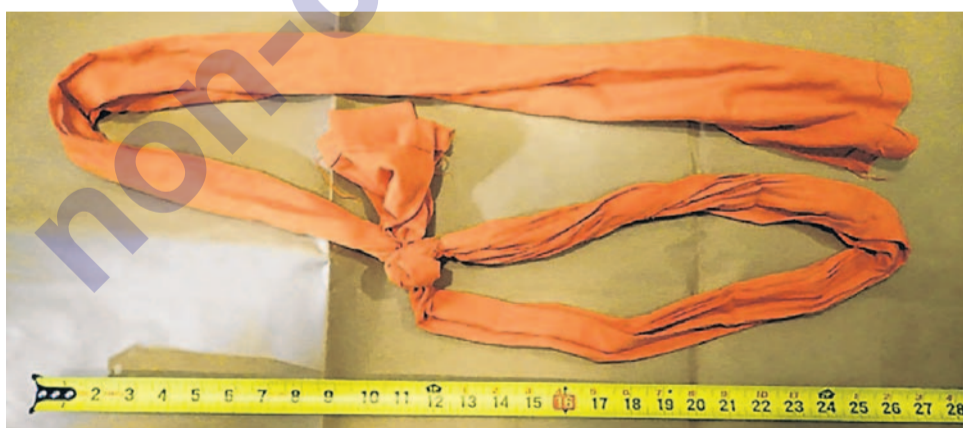
WASHINGTON—A pattern of negligence and misconduct by staff at a federal jail in New York gave disgraced financier Jeffrey Epstein a perfect opportunity to kill himself in his cell in August 2019, the Justice Department's watchdog said in a report that pointed to chronic problems within the beleaguered federal prison system.

Despite a suicide attempt by Epstein just weeks earlier, staff at the since-closed Metropolitan Correctional Center in Manhattan in the hours before his death didn't assign him a cellmate, neglected to search his cell, failed to conduct their rounds and gave him extra bedding that he used to hang himself, the report said. Surveillance cameras around the unit where Epstein was housed were turned on but broken.

The jail was short-staffed, poorly managed and ill-equipped to manage suicidal inmates, the report said. One staff member assigned to supervise Epstein had worked 24 hours straight by the time the accused sex trafficker was found dead in his cell.

The "combination of negligence, misconduct and outright job performance failures" created an environment ripe for Epstein's suicide, spurring conspiracy theories and depriving his victims of the chance to see him brought to justice, Inspector General Michael Horowitz said.

Epstein, 66 years old, was found dead the morning of Aug. 10, 2019. He was being held at the jail after federal prosecutors in Manhattan indicted him on two counts related to sex trafficking of minors. Prosecutors accused Epstein of orchestrating a



A piece of orange cloth was found hanging, below, from the bunk bed in Jeffrey Epstein's cell at the Metropolitan Correctional Center in Manhattan following his death in 2019.

yearslong sex-trafficking operation in which he and his associates lured dozens of girls to his homes in New York and Florida. He recruited them to perform massages in the nude that steadily progressed to masturbation and sex acts, prosecutors said. Epstein had pleaded not guilty.

Epstein's suicide—a determination made by a medical examiner and confirmed by the inspector general's probe—laid bare a federal prison system beset by understaffing, leadership issues, inmate violence and other problems. The agency is responsible for running more than 120 facilities with roughly 160,000 inmates. The investigation "revealed the direct impact of insufficient staffing levels on inmate safety," the report said, noting that guards said they routinely failed to check inmates and make their rounds because they were working multiple shifts, tired and overwhelmed with other duties.

Colette Peters, who became director of the Federal Bureau of Prisons last year, said in a statement attached to the re-



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port that the agency had already begun implementing the inspector general's recommendations. "While this misconduct described in this report is troubling, those who took part in it represent a very small percentage of the approximately 35,000 employees...who continue to strive for correctional excellence every day," she wrote. The agency said separately that officials had begun a "diligent review" of video footage to ensure staffers are properly observing at-risk inmates and now require more

reporting and training, including in suicide-prevention.

The inspector general pointed to 13 employees who failed in their duties or showed poor judgment, four of whom were referred to the Justice Department for potential prosecution. Two guards, Tova Noel and Michael Thomas, were ultimately charged in November 2019 with conspiracy and multiple counts of records falsification. They reached an agreement with federal prosecutors to resolve the criminal charges against them without jail time.

Epstein was one of several high-profile inmates who have died behind bars in recent years. Investigators also unearthed widespread failures after convicted Boston mobster James "Whitey" Bulger was bludgeoned to death with a padlock less than 12 hours after arriving at a West Virginia penitentiary in October 2018.

The watchdog will also likely review the circumstances surrounding the suicide this month of Unabomber Theodore Kaczynski, who was found dead in his cell at a federal prison in

North Carolina.

The inspector general's office has issued a number of withering reports detailing deep deficiencies within the Bureau of Prisons, which has struggled with the coronavirus pandemic, inmate escapes and rampant sexual abuse by employees. Misconduct within the prison system accounts for roughly half of the inspector general's caseload.

The yearslong investigation into Epstein's death revealed a series of missteps that made it easy for him to kill himself. For one, officers allowed him to have excessive amounts of blankets, linens and clothing, even though he had tried to hang himself once before, just weeks earlier, prompting medical staff to put him on suicide watch. That determination required him to be housed with another inmate. But on Aug. 9, his cellmate was transferred, allowing Epstein to remain alone in his cell for a full day, even after one official sent an email to 70 employees warning them that he needed a cellmate.

In the hours before Epstein's death, staff assigned to watch him neglected to search his cell, which would have uncovered the extra bedding, and didn't conduct any of their required 30-minute rounds or inmate counts. They then falsified slips and round sheets to show that they had been performed, leaving Epstein unwatched for hours before he was found dead.

While video cameras in the area provided live feeds to monitoring stations, "system deficiencies" meant they failed to record video, a problem that was discovered weeks earlier but not fixed until after Epstein died.

First Local Malaria Cases Seen Since 2003

By JOSEPH DE AVILA

Five cases of malaria have been identified in the U.S., marking the first time since 2003 that the disease has been acquired within the country, federal health officials said.

Four people in Florida and one in Texas contracted the mosquito-borne disease during the past several weeks, according to a health advisory issued Monday by the Centers for Disease Control and Prevention. Those patients have received treatment and are improving, the CDC said.

The risk of acquiring malaria in the U.S. is extremely low, the CDC said. But it is higher in places where mosquitoes survive for most the year and where many travelers are coming from places where malaria is more common.

Malaria is a potentially fatal disease and should be treated as a medical emergency, health officials said. Symptoms include fever, chills, headache, muscle pain and fatigue.

The disease is transmitted through mosquito bites. Malaria can't be spread person-to-person.

Increased international travel this summer could cause a rise in imported malaria cases, the CDC said. About 2,000 cases of imported malaria were reported annually in the U.S. before the Covid-19 pandemic, according to the health agency.

U.S. NEWS

Supreme Court Raises the Bar For Prosecuting Cyberstalkers

Ruling clarifies what forms a 'true threat,' throws out online stalking conviction

BY JAN WOLFE AND JESS BRAVIN

WASHINGTON—The Supreme Court clarified the line between protected free speech and unlawful threats in a First Amendment ruling that will make it more difficult for prosecutors to convict people of crimes such as stalking.

In a 7-2 decision issued Tuesday, written by Justice Elena Kagan, the court threw out the cyberstalking conviction of a Colorado man who sent myriad unsolicited Facebook direct messages to Coles Whalen, a singer-songwriter he became obsessed with.

It has long been clear that so-called true threats constitute a category of speech not protected by the First Amendment, but lower courts have adopted different legal frameworks for determining what is a true threat.

The ruling, *Counterman v. Colorado*, clarifies the mental state that a defendant must have to be convicted. The court said prosecutors must prove that the defendant acted at least recklessly—a higher bar than many lower-court judges currently use.

"The state must show that the defendant consciously disregarded a substantial risk that his communications would be viewed as threatening violence," Kagan wrote for the court.

The case was sent back to a lower court in Colorado, where prosecutors could decide to retry the man accused of cyberstalking. In a retrial, prosecutors would face a higher burden of proof because of Tuesday's decision



Coles Whalen was inundated by unsolicited messages by a man who became fixated on her.

from the Supreme Court.

Paul Cassell, a University of Utah professor who represents Whalen, said he was disappointed with the decision but hopeful that Colorado prosecutors would retry Billy Raymond Counterman, the Colorado man who took his case to the high court.

John Elwood, an Arnold & Porter partner who argued for Counterman, said: "We're gratified that the Supreme Court agreed with Billy Counterman that the First Amendment requires proof of mental state before it can imprison a person for statements that are perceived as threatening."

"Free speech is too important to imprison people for statements that are at most negligent," he added.

The court's holding was a middle-ground approach. Counterman had argued that the government must show that the speaker subjectively knew or intended the threatening nature of the statement. Colorado's lawyers argued it

was enough to show that an objective "reasonable person" would regard the statement as a threat of violence.

This sort of "objective test" adopted by Colorado and about 30 other states raises First Amendment concerns, Kagan wrote, because it would "chill too much protected, nonthreatening expression."

Justice Amy Coney Barrett wrote a dissenting opinion that was joined by Justice Clarence Thomas, saying there was little legal or historical basis for the recklessness standard the court settled on.

"The reality is that recklessness is not grounded in law, but in a Goldilocks judgment: Recklessness is not too much, not too little, but instead 'just right,'" she wrote.

Barrett also said the majority decision will have repercussions outside of criminal law. For one thing, the ruling will make it more difficult for threat victims to obtain restraining orders, she said.

Counterman became fixated

on Whalen, and in 2014 began texting her through Facebook Messenger, under the delusion that they were in a romantic relationship. The messages, which kept coming even after she blocked Counterman and obtained a restraining order against him, were terrifying and drove her from performing in public, Whalen said.

Counterman was convicted under a state law prohibiting approaching, following or contacting someone "in a manner that would cause a reasonable person to suffer serious emotional distress."

Under the Colorado statute, prosecutors weren't required to show that Counterman understood his statements were threatening. They only had to show that a reasonable person would have viewed the Facebook messages as threatening.

Colorado Attorney General Phil Weiser, a Democrat, criticized the ruling, saying the Supreme Court has made it more difficult to stop stalkers from tormenting victims.

Justices Reject Bid To Limit Liability At State Level

BY JESS BRAVIN

WASHINGTON—The Supreme Court rejected a bid by Norfolk Southern to limit its state-court liability in states where it does relatively little business, ruling that states can require companies to submit to their courts' jurisdiction as a condition of doing business within their borders.

While the case involved a long-pending workplace lawsuit filed by a retired railway employee from Virginia, Justice Neil Gorsuch, writing for a 5-4 majority of the justices, linked the issue to a Norfolk Southern train's Feb. 3 derailment in East Palestine, Ohio.

"Its cargo? Hazardous chemicals," Gorsuch wrote, suggesting that under Norfolk's argument, the Constitution could in theory shield the company from some state-court suits while leaving its employees exposed to liability.

At issue was a Pennsylvania law requiring that companies operating within the state consent to lawsuits filed in Pennsylvania courts—even if the allegations involve conduct that took place elsewhere. Norfolk argued that imposing such liability on the railroad, which is based in Georgia and operates in 22 states plus the District of Columbia, violated the Constitution's due-process clause.

Not so, Gorsuch wrote, joined in whole or part by Justices Clarence Thomas, Samuel Alito, Sonia Sotomayor and Ketanji Brown Jackson. The court had resolved the matter in a 1917 case, he wrote, when it upheld a lawsuit that an Arizona mining company filed in Missouri against its Pennsylvania-based insurance company for fire damage to a smelter near

Cripple Creek, Colo. The insurance company did business in Missouri, which imposed conditions similar to what Pennsylvania does, Gorsuch wrote.

States began adopting such laws in response to the rapid growth of corporations in the 19th century, he wrote. States required consent to liability "in exchange for the rights to exploit the local market and to receive the full range of benefits enjoyed by in-state corporations," he wrote.

Norfolk Southern, Gorsuch said, had complied with the Pennsylvania requirement for decades.

An attorney for Norfolk Southern declined to comment.

The case involved a retired railway employee of Norfolk Southern, Robert Mallory, a Virginia resident who alleged he developed colon cancer from workplace exposure to carcinogens. Mallory said he was exposed to the materials while working in Ohio and Virginia but filed suit in Pennsylvania state court in 2017.

Pennsylvania law authorizes lawsuits against any company registered to do business within the state, but Norfolk Southern, whose freightlines traverse the eastern U.S., argued that constitutional due-process standards should require more than minimal contacts with a state to establish legal jurisdiction over its conduct. Once based in Norfolk, Va., Norfolk Southern moved its headquarters in 2021 to Atlanta.

The Mallory case was of interest to businesses nationwide for its potential to limit a practice called forum-shopping, in which litigants try to steer cases into courts they hope will be more sympathetic to their claims.

Checks on Legislatures Reaffirmed

Continued from Page One

protect voters more extensively than the baseline provided by the federal charter. Roberts's opinion, joined by Justices Sonia Sotomayor, Elena Kagan, Brett Kavanaugh, Amy Coney Barrett and Ketanji Brown Jackson, quashes the argument that the Constitution, in assigning to state legislatures responsibility to set the "times, places and manner of holding elections for Senators and Representatives," implicitly eliminated those legislatures' duty to obey their own state constitutions.

Justice Clarence Thomas, joined by Justice Neil Gorsuch and in part by Justice Samuel

Alito, dissented, arguing that the case should have been dismissed because the North Carolina Supreme Court earlier this year reversed its previous decision invalidating congressional maps under its state constitution.

Several state supreme courts have undone gerrymanders drawn by both Democratic-controlled and Republican-controlled legislatures. Republicans, who lead a majority of state legislatures, have sought to nullify those decisions, while Democrats largely have acquiesced, calling for a nationwide ban on gerrymanders.

Republicans argued that the federal elections clause of the U.S. Constitution gives Congress the sole power to check improper behavior by state legislatures. Voter groups countered that the Constitution gave that power to Congress as a backstop to normal checks and balances, offering an additional safe-

guard against legislatures' abuse of majorities to ensure partisan victories.

"The Elections Clause does not insulate state legislatures from the ordinary exercise of state judicial review," Roberts wrote, referring to a court's power to strike down laws that violate the constitution. That principle, he wrote, predated the federal Constitution itself, citing precedents from the 1780s when Rhode Island and North Carolina courts struck down laws violating their own state constitutions.

The decision in the case, *Moore v. Harper*, notes that state constitutions still must be interpreted in line with the federal elections clause, giving federal courts the power to assess if state decisions stray

from its requirements or distort their own state laws.

Neal Katyal, who argued the current case for Common Cause and the North Carolina League of Conservation Voters, said: "Today's decision is a complete rebuke of the independent state legislature theory and a powerful reaffirmation that state legislatures must comply with their founding charters, upholding the limits placed on state legislatures by the people."

Marina Jenkins, executive director of the National Democratic Redistricting Committee, also hailed the court's decision. In light of the efforts to overturn the 2020 election results, she said, "a decision that said legislators, particularly legislators in gerrymandered

Dissenting justices said the case should have been dismissed.

legislatures, can unilaterally say how elections in that state are run, without accountability to state law, would have been incredibly dangerous."

David Thompson, who argued for North Carolina House Speaker Timothy Moore, didn't comment directly on the Supreme Court's ruling, emphasizing instead that the state Supreme Court had "already corrected the errors of its ways and that the state legislature is now free to redraw the congressional map without undue judicial interference."

John Eastman, a former law professor who advised former President Donald Trump on resisting the 2020 election results, filed a brief for the Claremont Institute backing the GOP position. On Tuesday, he criticized Roberts's opinion, saying state courts that apply "often vague prescriptions...for 'free and fair elections' will be able to modify any state election law that, in [their] view, doesn't

pass that vague requirement, thus transferring the power the Constitution clearly assigns to the state legislature to the state judiciary."

Eastman is facing disbarment proceedings in California over his efforts to replace Democratic electors in states President Biden won in 2020 with would-be Trump electors, citing legal theories that legislatures could override the voters' choice. He has argued that he is entitled to pursue legal theories until they are rejected in court.

While the North Carolina and Pennsylvania supreme courts have thrown out maps that Republicans drew to advantage GOP candidates, state courts in Maryland and New York have tossed congressional districts drawn by Democratic-controlled legislatures based on similar free-elections clauses in their state constitutions.

—Aaron Zitner contributed to this article.

Haze from Canadian Fires Returns in Some States



SMOKY WINDY CITY: Downtown Chicago's skyline is seen blanketed in smoke from Canadian wildfires on Tuesday. Air-quality alerts were in effect across several states, including Michigan and Illinois, according to the National Weather Service.

Treasury Faulted for Loan To Troubled Trucking Firm

BY DAVID HARRISON

The Treasury Department erred in giving a loan to a troubled trucking company as part of a 2020 Covid-19 rescue package and should refrain from similar sector-specific loan programs in the future, according to a new congressional report.

Yellow, a trucking company, received a \$700 million loan from the Treasury Department as part of an aid program for private industries included in bipartisan legislation known as the Cares Act, enacted early in the pandemic.

But Treasury had to skirt the program's rules to make the loan, the report said. The agency designated Yellow—then known as YRC WorldWide—as critical to national security even though the company didn't meet the standard for that designation, the report said.

To qualify as a national-security company, a firm needed to have high-priority defense contracts or a top-security clearance. Although the company was a Defense Depart-

ment contractor it "was not critical to maintaining national security given that the shipping services it provides to the military could be provided by other trucking companies," the report said.

Instead, Treasury used a "catch-all provision" allowing for loans based on the recommendation of the Defense Department or Director of National Intelligence, according to the report, released Tuesday by the Congressional Oversight Commission, which was set up to monitor how Cares Act money was spent.

In exchange for the loan, Treasury received a roughly 30% stake in the company.

At the time of the loan the company was rated noninvestment grade by Moody's Investors Service and was at risk of bankruptcy, according to the report. The trucking industry slashed spending and cut back on hours and pay in the first few weeks of the pandemic.

A Treasury spokeswoman said the agency is monitoring the loan, which went out under the previous administration.

PAID ADVERTISEMENT

Poland's Experience and Potential will help to rebuild Ukraine

Poland not only should but is obliged to support the economic reconstruction of Ukraine.

Such entities as PKO Bank Polski, may play an important role in this process.

This is not only a moral obligation of Poland and Poles with respect to our neighbour affected by the Russian aggression; it also contributes to our national interest and additionally creates huge economic possibilities, both for Ukraine and for our country. We cannot waste such an opportunity.

Geopolitics has not favoured Poland in the last few centuries. Geographic location between authoritarian regimes waging imperial policy led to Poland's loss of independence over 200 years ago. In the 20th century, during more than four decades of communist rule, Poland was not a sovereign state, independently pursuing its actions in the political and economic realm. These were the key factors that contributed to the fact that its level of economic development was lower than in the countries of Western Europe. Luckily, when Poland regained its independence in 1989, completely new prospects emerged. In the course of a quarter century – counting from Poland's accession to NATO in 1999 – Poland has first and foremost radically solidified its international safety and secondly, due to its accession to the European Union in 2004, built the foundations of unprecedented economic success on the continent.

Joining NATO and the EU finally integrated the Polish economy with the West, offering safety – of primary importance in the face of Russia's current aggression – along with access to the EU market. In effect, in the last few years, exports became the driving force of the Polish economy. In addition, Brexit redirected a number of foreign investments to Poland and the share of our country in all greenfield-type investments implemented in the EU has significantly grown. Contrary to appearances, Poland's location may also work to its advantage: it is close to the developed countries of Western Europe and the former Eastern bloc, in the vicinity of the recently disrupted trade routes. Today, Poland is looked upon by European companies as an attractive location to transfer their businesses. That is why near-shoring, from which Poland benefits, has already become a fact in multiple areas and offers opportunities for further growth of the role of the Polish economy in global production chains.

Solid economic foundations, growing independence from Russian energy resources, significant competitive advantages and favourable geopolitical changes make the process of catching up with the Western states in terms of living standards a fact and a huge Polish success. At the present moment, Poland's GDP per capita is on the level of 80% of the EU average while the unemployment rate is one of the lowest in the entire EU. Poland is also one of the least indebted states in Europe. Poland belongs to a small group of states where the public debt and the private debt as compared to the GDP was reduced during the pandemic; before the pandemic, its level was one of the lowest in the European Union.

Relying on its experiences, knowledge and the above-mentioned economic potential, Poland may act as a bridge between Ukraine and the West in the near future. We may help,



in various aspects, in rebuilding the country from war-time destruction and support Ukraine on the way to becoming an EU member. Also PKO Bank Polski and its Capital Group have an important role to play in this respect.

Post-War Reconstruction of Ukraine Supported by Polish Companies

24 February 2022 is a date that will undoubtedly remain in the memory of the whole world for a long time. Russia's attack on Ukraine has radically transformed the social, economic and political reality throughout Europe. Since the beginning of the war, Poland has been supporting Ukraine in terms of humanitarian aid, as well as diplomatically, millions of Ukrainian refugees found shelter in Polish homes. Companies, including PKO Bank Polski, have joined this unprecedented aid from Polish society, supported by actions from the state. Since the beginning of the war, the Bank has offered not only financial and organisational help, it has also prepared special banking services for the citizens of Ukraine and organised transport for refugees and the employees of its Ukrainian company, Kredobank. Today, a year and a half since the beginning of the Russian aggression, Ukraine still needs help, primarily militarily and politically but also ad-hoc aid and support for maintaining the continuity of the Ukrainian economy. In the long-term perspective, the greatest challenge will be post-war reconstruction.

Needs in this respect are overwhelming; according to various estimates, the reconstruction of

hand, solidified the economic and geopolitical potential of the United States. With all differences and understanding the particular nature of our situation, the history of the Marshall Plan should inspire the aid actions directed to Ukraine.

In this aspect, Poland and PKO Bank Polski may play a significant role. I would like to point out that a part of PKO Bank Polski Group is Kredobank. This is a Ukrainian bank that has been operating in the country for a number of years. Thanks to the knowledge and experience of Kredobank, we know what the needs of the Ukrainian economy are. PKO Bank Polski Group may play a crucial role in ensuring ongoing financing for companies, support in tendering processes and financing trade exchange. It may also guarantee a transparent flow of funds to Ukraine – from earmarked funds to the final recipient with control of investment performance, in the "PKO Bank Polski-Kredobank-reconstruction company" scheme. In this situation, Kredobank, which has a unique position, could perform the role of a local agent. Since March 2022, Kredobank has been on the list of system banks of the National Bank of Ukraine (NBU).

That is why PKO Bank Polski has already prepared a solution that will allow for handling the funds intended for the reconstruction of Ukraine with the use of the newest technologies. An integrated system will ensure transparency, efficiency and smooth management. From the registration of companies, through the management of tenders, to monitoring, settlements and bridge financing. The platform will offer legal and fiscal aid for companies that start to operate in Ukraine. It will facilitate contacts among stakeholders.

A strong, independent and affluent Ukraine within the European structures is a Polish national interest. A corrupt, under-invested and depopulated state is a threat to Poland. That is why the reconstruction of Ukraine is a vital interest of our state, which, offering systemic assistance, should also share its experiences in terms of economic transformation and conduct of economic policy. The bank managed by me is fully aware of this and has the tools to pursue and implement these goals.

Dariusz Szwed

Acting CEO of PKO Bank Polski

Ukraine may cost anywhere from USD 350 up to 750 billion. However, the world order from before 2022 is not going to be restored. The Russian aggression marked the beginning of a completely new era of political and economic relations. Countries that wish to play an important role in the new reality have to act here and now – selecting partners reasonably, shortening the supply chains and competing for new contracts.

Well-Planned Reconstruction Entails Benefits for Both Sides

Historical experiences show that participation in the process of reconstruction from post-war destruction may offer economic benefits both for the country affected by the tragedy of war, as well as the country offering assistance, after the cessation of hostilities. The most obvious example in this respect is the Marshall Plan after WWII, which, on the one hand, guaranteed that the Western European states quickly reconstructed their pre-war economic potential and entered the path of long-term development leading to prosperity unknown behind the "Iron Curtain", and on the other

PKO Bank Polski

PKO Bank Polski is the largest commercial bank in Poland and a market leader with respect to the scale of operation, capital, credit facilities, savings, number of clients and the size of the distribution network. It is a strong and modern bank, supplying financial services for all segments of clients; it currently services nearly 12 million clients. The Bank is reinforcing its foreign presence via corporate branches operating in Germany, Czech Republic and Slovakia. It will soon commence a full-scale operation in Romania. The Bank's Capital Group includes Kredobank, a universal bank operating throughout Ukraine.

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U.S. NEWS

Montana Emerges as Test of GOP Strategy

By SIOBHAN HUGHES

WASHINGTON—Senate Republican leadership is taking an early stand in the Montana primary to try to help the party win back the majority in 2024 after a dispiriting result last year.

Steve Daines (R., Mont.), the head of the Senate Republicans' campaign arm, threw his support behind military veteran and businessman Tim Sheehy, who announced Tuesday that he would run for Senate in the state. His entrance could put the party on course for a contentious primary fight.

Sheehy, the founder of Bridger Aerospace, which provides pilots and planes to fight wildfires, cast himself as a pragmatist who would draw from his twin experiences of serving in the military and running a company.

"Whether it was in war or business, I see problems and solve them," Sheehy said in a statement.

Republicans see Montana as one of their top pickup opportunities in 2024, alongside other states such as Ohio, West Virginia and Pennsylvania, as they seek to flip the Senate back to GOP control. Democrats currently have a 51-49 advantage

after Republicans' expected "red wave" failed to materialize in 2022. Senate Minority Leader Mitch McConnell (R., Ky.) cited "candidate quality" as a key issue, and party officials are trying to recruit candidates who can win both the primary and the general election.

Sheehy's entrance into the Montana race could pit him against Rep. Matt Rosendale (R., Mont.), who has privately been testing the waters for a race. The winner will take on Democratic incumbent Sen. Jon Tester, who defeated Rosendale in 2018. An aide to Rosendale said he hasn't decided whether to run again. In a recent interview, when asked about his plans, Rosendale said that "we've got another at least year for the people of Montana to figure out who they want representing them" and that "my timetable is my timetable."

Rosendale took shots at both Sheehy and Tester on Tuesday. "Congratulations to Mitch McConnell and the party bosses on getting their chosen candidate," Rosendale said on Twitter. "Unfortunately for them, Montanans don't take orders from Washington," he said.

National Republicans had appealed to Sheehy to enter the contest, hoping that his background and personal wealth—he is seen as someone who could finance his own campaign—would enable him to flip the seat. Donald Trump won Montana by more than 16 percentage points in 2020.

Sheehy, a former Navy SEAL officer, describes his background as including deployments to Iraq and Afghanistan, among other places, and earning decorations including the Bronze Star and the Purple Heart Medal.

Daines's endorsement marks the latest—and most personal—instance of the NRSC chairman taking sides in a GOP primary in a bid to avoid a repeat of 2022, when candidates in competitive states including Arizona, Georgia and Pennsylvania lost to Democrats.

"Tim Sheehy is a decorated veteran, successful businessman, and a great Montanan," Daines said in a statement. "I could not be happier that he has decided to enter the Montana Senate race." Daines has also endorsed West Virginia Gov. Jim Justice for the seat currently held by Sen. Joe Manchin (D., W.Va.). Rep. Alex Mooney (R., W.Va.) is also running for that seat, setting up a potentially damaging GOP primary battle.

Of the 34 seats being decided in November 2024, none of the Republican seats are considered highly competitive, compared with eight of the Democratic seats, according to the nonpartisan Cook Political Report.

Republicans see the state as a top pickup opportunity in the Senate.



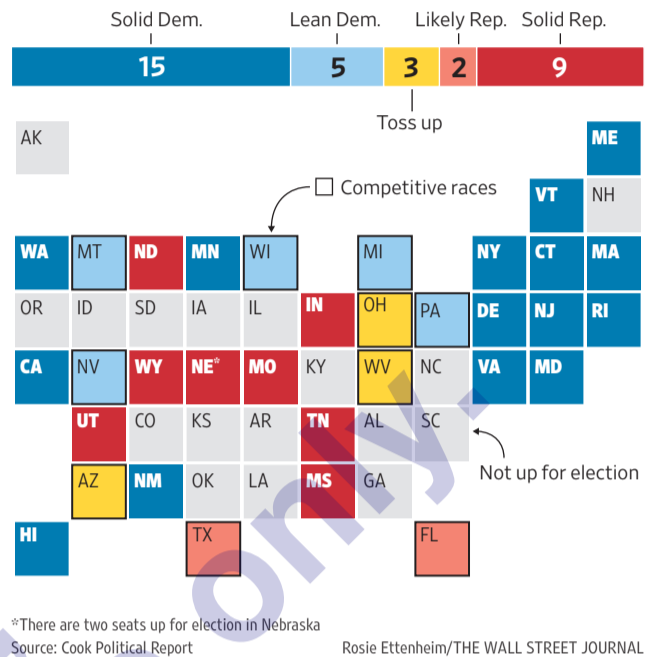
Steve Daines, above, the head of the Senate Republicans' campaign arm, threw his support behind military veteran and businessman Tim Sheehy, who announced his run for Senate.

Daines's endorsement in the Montana race has him taking sides in a home-state contest. Daines's position could thrust into the open rifts inside Montana, where Rosendale has his own base of support but where other establishment Republicans support Sheehy. It also signals to wealthy donors that Sheehy is the bona fide candidate to whom to steer campaign donations.

National Republicans have also been turned off because Rosendale lost his 2018 race against Tester, and they worry that a rematch would end in another Republican defeat.

Rosendale is a member of the House Freedom Caucus, a bloc of hard-line conservatives, and he voted in January against elevating Rep. Kevin McCarthy (R., Calif.) to House speaker and opposed the recent debt-ceiling deal.

2024 Senate race ratings



More Powerful Weight-Loss Drugs in the Pipeline

By PETER LOFTUS

Weight-loss drugs more potent than Ozempic are coming.

Spurred by the viral success of therapies such as Ozempic and Mounjaro, researchers are doubling down on finding a next generation of medicines that would help people shed more pounds.

Early returns are promising: New evidence presented Monday for an experimental treatment from Eli Lilly found it could help people lose almost a quarter of their body weight in about 11 months.

The new weight-loss therapies could also provide other benefits, such as improving liver health.

If they prove out, the drugs would further transform treatment of obesity, turning it into a condition like hyperten-

sion or high cholesterol that can be controlled by prescriptions after years of often ineffective reliance on diet and exercise.

The new crop of drugs could even make medications a viable rival to bariatric surgery, which can help people lose roughly one-third of their body weight.

Drugs such as Ozempic "are the beginning of this era of highly effective and well-tolerated anti-obesity medicines," said Dr. Ania Jastreboff, an obesity-treatment specialist and director of the Yale Obesity Research Center.

If enough new drugs become available, doctors and patients could choose the best treatment for their weight, age and any obesity-related medical issues such as fatty-liver disease, said Dr. Louis

Aronne, an obesity-treatment specialist at Weill Cornell Medicine in New York.

"People have different causes for their obesity. Each of these may benefit from a different medical treatment which specifically targets the problem," he said.

The hunt for drugs that can trump Ozempic has attracted newcomers to the rapidly expanding market for weight-loss drugs such as Amgen and Boehringer Ingelheim, as well as heavyweights Novo Nordisk and Eli Lilly.

Demand has soared for Novo Nordisk's Ozempic and Wegovy and Eli Lilly's Mounjaro because the once-weekly injections have helped people lose much more weight than older medications.

Those types of drugs, originally developed to treat Type 2

diabetes, mimic a gut hormone called glucagon-like peptide-1, or GLP-1, which helps suppress appetite and makes people feel full sooner when eating.

Next-generation weight-loss drugs in the works build on the science behind Ozempic, Wegovy and Mounjaro.

Mounjaro, which is approved to treat diabetes but could get approval later this year for weight management, also mimics a second gut hormone, known as GIP, along with GLP-1, in a bid to enhance the weight-loss effect.

Biotech Amgen is developing a weight-loss drug that also mimics the two gut hormones. Amgen's compound could be injected once a month rather than weekly.

Lilly's next-generation weight-loss drug, known as retatrutide, adds a third gut hor-

none to GIP and GLP-1.

Scientists believe the third hormone, called glucagon, can increase a person's energy expenditure, potentially further contributing to weight loss beyond appetite suppression.

Researchers reported, at the annual scientific meeting of the American Diabetes Association on Monday, that retatrutide helped people lose up to 24% of their body weight—an average of 58 pounds—after 48 weeks of treatment in a midstage clinical trial of 338 adults who were overweight or had obesity.

That amount of weight loss suggests retatrutide may be even more powerful than Wegovy, which has been shown in studies to help people lose about 17% of their body weight on average. Ozempic, which is approved only to treat Type 2

diabetes, contains the same main ingredient as Wegovy.

People who took Lilly's drug Mounjaro, which was introduced last year, in one study lost an average of up to 22.5% of their body weight.

Some patients taking the Lilly drug in the study had gut side effects such as nausea that are also seen with Ozempic and Mounjaro.

Boehringer Ingelheim and Zealand Pharma are codeveloping an experimental anti-obesity drug, dubbed survodutide, which combines GLP-1 and glucagon. The drug helped people lose up to nearly 19% of their body weight after 46 weeks of treatment, researchers said. About 25% of patients who started taking the drug, discontinued it due to side effects, primarily nausea and other stomach problems.

U.S. Ire Led Sequoia to Split Units

Continued from Page One

The bitter rivalry between the two major powers made Sequoia a political lightning rod in Washington and exacerbated tensions within the firm, feeding into the decision to break up.

Sequoia's rainmaker China chief, Neil Shen, for one, had lost out in a succession battle to lead the group. He didn't work as closely with the new leadership, was dismayed by recent financial losses from the U.S. side and had talked for years about striking out on his own, people familiar with the matter said.

Sequoia's U.S., China and other arms sometimes invested in competing companies, and the China and India units had expanded into consumer and other sectors not typically part of the U.S. unit's focus.

Sequoia is set to split into five independent entities: one for the U.S. and Europe, one for China and one for India and Southeast Asia, plus a hedge fund and wealth-management business.

As the Biden administration works to keep semiconductors and other advanced technologies from China, financial ties are being undone, too. The firm that made its reputation on investments in Apple and TikTok owner ByteDance found its business model was no longer tenable.

This account of how one of the world's storied venture-capital firms got caught out when U.S.-China relations began to spiral, and how it responded, is based on interviews with people close to Sequoia, officials in the Biden and Trump administrations and lawmakers on Capitol Hill.

Under the reorganization, Sequoia China will rebrand as HongShan—"sequoia" in Chinese—and operate independently, Sequoia Capital said.

After early investments in Google and Cisco Systems, Sequoia Capital launched Sequoia Capital China in 2005 with Shen, a founder and managing partner. Overseen by a group of senior partners, Sequoia gave its units some autonomy, though they shared a name, profits and some back office operations.

The power of Sequoia's brand helped the China arm attract U.S. university endowments and other large investors. Shen excelled, with investments in companies including food-delivery company Meituan and e-commerce platform Pinduoduo.

His returns outpaced those of other top partners in the U.S., according to people familiar with the performance.

As recently as 2018, Sequoia's then-global managing partner Doug Leone discussed elevating Shen to lead or co-lead the global firm. That year, Sequoia held its biennial investor conference in Beijing.



The U.S.-China rivalry made Sequoia a political lightning rod.

administrations squelched Chinese plays for U.S. chip companies.

Shen's stardom in China and relationship with the Chinese government started to raise eyebrows in Washington. He often met Communist Party officials and joined a top government advisory committee.

Shen told Chinese financial news outlet Yicai in a 2016 interview posted to YouTube in 2019 about an internal Sequoia database that held 40 years of the firm's intelligence on the companies it had invested in and that Sequoia teams worldwide could access. He called the database Sequoia's "most important competitive power."

Some at the firm worried such comments could draw criticism from Washington. Sequoia tightened controls on database access.

When the Trump administration turned its interest to TikTok and its potential to siphon U.S. citizens' data, Shen appeared to underestimate the politics. He told ByteDance it could deflect U.S. regulatory heat by offering security guar-

antees, hiring more white Americans to run TikTok U.S. and saying it aspires to be a global company.

Washington's scrutiny soon focused on Sequoia. At a Senate Armed Services Committee hearing in June 2021, Sen. Dan Sullivan (R., Alaska) blasted Sequoia, among others, as "unpatriotic." "They knowingly are funding, financing, our competitor, the PLA," he said, referring to China's People's Liberation Army.

The Biden administration began to examine U.S. investment in Chinese tech firms. National security adviser Jake Sullivan in a speech signaled support for regulations to screen U.S. investment overseas in technology ventures in rival countries.

Then, a report from a Georgetown University think tank identified a Sequoia China-funded startup in artificial intelligence, 4Paradigm, as a contractor for the PLA.

Sequoia told lawmakers and White House officials who asked about 4Paradigm that

Shen was prohibited from investing in Chinese military technology, but Sequoia hadn't anticipated that an AI startup it helped get off the ground would later become a PLA contractor.

"Sequoia China doesn't invest in businesses that operate for the purpose of facilitating or providing support to the Chinese military," a company spokesperson said. Sequoia Capital said it was assured by Sequoia China that it had not invested in nor planned to invest in "companies that are in the business of selling their products or services to the Chinese military."

In meetings, Vieira explained to congressional staff members and administration officials that Sequoia Capital didn't control Sequoia China's investments. Since Sequoia China uses the firm's name, the staff aides and officials argued, there must be more that Sequoia Capital can do.

As part of its plans for investment restrictions in China, the National Security Council in early 2022 surveyed recent U.S. investments in sensitive Chinese tech and found that Sequoia China was among the most dominant.

Sequoia's U.S. and China arms edged away from each other. They each raised separate expansion funds to back large startups, rather than tapping combined funds as in the past.

Then came the record \$8.5 billion funding round, which had been approved by the firm's global leadership and included large U.S. institutional investors. The enormous stockpile clashed with the sentiment in Congress and the

White House's planned investment restrictions.

Around the time of the fundraising round, Sequoia settled its leadership transition, passing over Shen and handing the reins to partner Roelof Botha, who had led early investments in Square and Instagram. The partners concluded that having a Chinese national lead a global firm would be difficult given souring U.S.-China relations.

Another change Sequoia made was introducing a screening process for any new Sequoia China investments in Chinese semiconductor or quantum-computing companies. The measure was modeled after a draft of the outbound investment restrictions.

When Vieira briefed the National Security Council and lawmakers about the plan, many remained skeptical. A January meeting in the office of Sen. Marco Rubio (R., Fla.) went awry. Vieira and the senator's aides argued about whether the U.S. could stop China's technological development.

"Sequoia is incredibly concerning," Rep. Mike Gallagher (R., Wis.) told Fox News, saying the special committee on China he leads plans to investigate the firm.

Shen's term on the Chinese government advisory body had ended, and he had pared some investments in Chinese technology.

Still, senior partners at Sequoia thought that given the U.S. and China were increasingly at odds, keeping the two entities together was no longer feasible.

—Rolfe Winkler contributed to this article.



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WORLD NEWS

Two Die as Russia Hits Busy Restaurant

Missile strike targets eastern Ukraine spot that is a favorite among Kyiv's troops

By MATTHEW LUXMOORE

KYIV—A Russian missile strike on Kramatorsk in eastern Ukraine killed two people and wounded at least 22 on Tuesday, authorities said, as a restaurant popular with Ukrainian troops was hit during peak dinner hours.

Andriy Yermak, the chief of staff to Ukrainian President Volodymyr Zelensky, posted a photo of the damaged building in Kramatorsk, and footage shared from the scene showed its smoldering ruins and emergency crews sifting through the rubble.

"The center of the city, a popular eating spot where a large number of civilians had gathered," was hit, Pavlo Kyrylenko, the head of the military administration of the surrounding Donetsk region, said in an interview with Ukrainian television.

He said rescue workers and medics arrived on site shortly after the missiles struck at about 7:30 p.m., searching for casualties buried under the rubble of the restaurant. They established a medical and hu-



People carried a woman from the debris after a Russian missile attack on buildings in central Kramatorsk on Tuesday.

manitarian aid tent, the Kramatorsk city council said.

"Russia deliberately targeted a crowded place," Interior Minister Ihor Klymenko said in a post to the social-

media app Telegram.

Russia has been regularly targeting Ukrainian cities with drone and missile strikes since last fall, seeking to sap morale while depleting Ukraine's air

defenses and keeping them away from the front lines of the fighting in the country's east and south.

Tuesday's strike on Kramatorsk, in which authorities

said Russia used modified S300 air-defense missiles, hit a garrison city that is close to the battlefield in the eastern Donbas region and is always full of Ukrainian troops rest-

ing from duty or at command posts.

Russia didn't comment on Tuesday's strikes.

Russia has denied deliberately targeting civilians since it launched its invasion of Ukraine in February 2022, but its regular strikes and the broader military campaign have led to thousands of deaths among civilians, according to the United Nations.

The latest attacks come as Ukrainian forces move to push Russian troops back around the city of Bakhmut, which fell to Russian forces last month and lies 18 miles from Kramatorsk.

Ukraine has reported advances on the city's northern and southern flanks in recent days, and says Russia has moved troops from the south to reinforce its defenses around Bakhmut.

Kramatorsk and nearby cities close to the front lines have been regularly hit by Russian artillery and missile strikes since the war began.

The most devastating attack on Kramatorsk, which had a prewar population of 157,000 residents but has largely emptied out since last spring, was a strike on the train station that killed at least 52 people and injured more than 100 trying to flee hostilities in the Donbas region.

Pope Sends Italian Cardinal as Peace Envoy to Moscow

By FRANCIS X. ROCCA

ROME—Pope Francis is sending his personal envoy for peace in Ukraine to Moscow this week, the Vatican said Tuesday, in what could risk being read as a gesture of support for Russian President Vladimir Putin after facing an unprecedented challenge to his authority.

Italian Cardinal Matteo Zuppi will visit Moscow on Wednesday and Thursday, the Vatican

said, "to achieve a just peace." The Vatican didn't specify with whom Zuppi would meet.

Zuppi, who isn't a professional diplomat, often is mentioned as a potential successor to Francis.

Putin's hold on power was shaken by an abortive mutiny over the weekend.

The pope, while frequently deploring the war and the suffering of Ukrainians, has avoided blaming Russia or Putin

for the conflict. The Vatican's neutral stance has raised complaints in Ukraine even among the Catholic hierarchy there. This week's mission to Moscow could exacerbate such tensions.

"It may be difficult to explain to Ukrainians how the presence of a papal envoy doesn't appear to bolster Putin's credibility at a time when it seems under unprecedented pressure," said John Allen, president of Crux Catholic Me-

dia and a Vatican analyst.

"On the other hand, it could also be read as an expression of Pope Francis' willingness to try anything, even at the risk of his own political capital, to foster peace," he said.

"Pope Francis recognizes that for the moment, there is no solution to Ukraine that doesn't involve Putin," he said.

Sandro Magister, a Vatican expert who writes for Italy's L'Espresso magazine, said

Zuppi's most important contact in Russia likely wouldn't be in the Kremlin but at the Moscow Patriarchate, which oversees the country's Orthodox Church. The pope has met twice in the past two months with Metropolitan Anthony of Volokolamsk, the patriarchate's equivalent of a foreign minister. Magister noted that the Russian Orthodox Church's leadership stood publicly behind Putin during the week-

end's insurrection.

The Vatican said last month that Zuppi, archbishop of Bologna and president of the Italian bishops' conference, would serve as the pope's personal envoy for peace in Ukraine.

Ukrainian President Volodymyr Zelensky, who met with the pope in May, has asked the Vatican to support his peace plan, which revolves around the return to Ukraine of all Russian-occupied territory.

Kremlin Boosts National Guard As Wagner Prepares to Disarm

By YAROSLAV TROFIMOV

Russia moved to shore up its internal security forces as the Defense Ministry said the Wagner paramilitary group that launched a mutiny last week was preparing to hand over its heavy weapons, an indication it could be disbanded as an autonomous force in coming days.

In the first significant change in Russia's security system in the aftermath of the aborted rebellion, the Russian National Guard—a force primarily responsible for maintaining order inside Russia—will obtain tanks and long-range artillery, said its commander, Viktor Zolotov.

Wagner's owner, Yevgeny Prigozhin, has arrived in Belarus, where he and some of his men will be allowed to stay at their own expense, Belarusian President Alexander Lukashenko said.

Prigozhin's departure puts the spotlight on whether his troops surrender their tanks, planes and howitzers to the regular military by a July 1 deadline, essentially disappearing as a combat unit that rolled through Russia on Saturday. Wagner troops are still in their camps in the Russian-occupied Luhansk region of eastern Ukraine, Lukashenko said.

Wagner has been the only Russian formation that was able to advance in Ukraine since last summer, seizing the town of Bakhmut after months of heavy combat that killed tens of thousands of troops. Its men are unlikely to be as efficient if they join the regular military that lacks Wagner's esprit de corps, said Franz-Stefan Gady, an analyst at the International Institute for Strategic Studies who closely follows the war.

"If Wagner gets disbanded, the morale and the unit cohe-

sion that really made Wagner such an extraordinary formation with the larger Russian military establishment will be lost," he said.

The Russian National Guard was outgunned by Wagner on Saturday and didn't put up notable resistance as Prigozhin's mutineers seized the southern city of Rostov and swiftly advanced toward Moscow. The regular military, too, didn't intervene except for a few bombing and strafing runs by warplanes and helicopters.

Celebrating the mutiny's defeat, President Vladimir Putin on Tuesday gathered the country's security leadership on the main square inside the Kremlin for a ceremony to congratulate them on "sheltering our motherland from cataclysms, and in fact stopping civil war."

While Putin offered an amnesty to Wagner's troops and leaders for the attempted mutiny, on Tuesday he hinted that Prigozhin and other leaders could still be prosecuted—for corruption.

The Russian government provided Wagner with 86 billion rubles, equivalent to \$1 billion, to pay salaries and insurance to its men between May 2022 and May 2023, while Prigozhin's catering business, Concord, earned another 80 billion rubles in contracts to provide food and other services to the Russian armed forces, he said.

"The upkeep of the Wagner group was entirely funded by the state," Putin said, adding menacingly: "I hope that nobody stole anything, or didn't steal that much—we will look into all this."

Making a distinction between Prigozhin and regular fighters, Putin has repeatedly praised the courage of the group's rank and file, saying the Russian military would

welcome the battle-hardened veterans.

Wagner members who wanted to sign contracts with the Russian armed forces were welcome to join, Putin said on Monday, while others could go home or follow Prigozhin to exile in Belarus.

Wagner counted 25,000 troops by Prigozhin's assessment. Its arsenal includes tanks, aircraft, howitzers, multiple-launch rocket systems and air-defense batteries that were used to shoot down six Russian helicopters and one airborne command-center plane on Saturday, as Wagner's columns swiftly moved toward Moscow.

Under a deal brokered by Lukashenko, Prigozhin on Saturday night agreed to halt what he had described as a "march of justice" and accepted, at least for now, to go to Belarus.

On Tuesday morning, the Russian Federal Security Service said it closed the criminal case against Wagner's mutineers.

Lukashenko said Belarus was taking a "pragmatic approach" to Wagner, and would take advantage of the group's combat experience to train its own armed forces.

"No reason to be afraid of them," Lukashenko added. "We, too, are keeping an eye out."

Lukashenko said he expected many of the mercenaries to go home or sign contracts with the Russian military.

Wagner won't be able to recruit inside Belarus, and Minsk won't be building any special bases for the group, but may provide a disused military facility, he said.

The U.S. government said on Tuesday that it was providing Ukraine with a new \$500 million military assistance package that includes more Bradley and Stryker infantry fighting vehicles, as well as additional artillery ammunition, air-defense missiles and other weapons needed for the counteroffensive pursued by Kyiv.

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Our friend and colleague, **Evan Gershkovich**, was detained by 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](https://www.wsj.com/Evan) and add the hashtag **#IStandWithEvan** across social media.



I met Evan in the London office amid the chaos of war coverage. He had only been at The Wall Street Journal's London bureau for a few weeks when Russian troops crossed the border of Ukraine in the pre-dawn hours.

The entire bureau started early that day, and we kept going, fueled by adrenaline and coffee. It's hard to describe the intense bonding that happens when you're in a newsroom covering a breaking story, banding together to figure out a million things at once. You quickly learn who is an expert in what, who has the stress chocolate and whose desk you can go to when you need a break.

In the weeks and months that followed, Evan was generous with his time and knowledge, offering to run down random Eastern European crypto leads of mine while fielding questions from the entire newsroom on Russian politics and economics.

Evan would wander over to the finance reporters' section of the newsroom and hang out with us, gossiping or planning to see football matches with people. When he came back to town from Russia, a group of us would get drinks.

Evan is the type of person who fits in effortlessly. He's easygoing in a way I will never be. He is driven to tell the stories of the everyday people he encounters. He reports on Russia because he cares about the people.

I miss the sleep-deprived days of last year, trading messages with Evan and wearily talking over a pint. I miss doing my best work with him. Free Evan.



Caitlin Ostroff
WSJ Reporter

#IStandWithEvan

THE WALL STREET JOURNAL.

FROM PAGE ONE

The Drugs That Power Tech

Continued from Page One
 publication of this article, Musk said he believed ketamine is a better way to deal with depression compared with more widely prescribed antidepressants that are “zombifying” people.

The movement isn’t a medical experiment or a related investment opportunity, but a practice that has become for many a routine part of doing business. It comes with risks of dependence and abuse. Most of the drugs are illegal. Before he was killed in April in San Francisco, Bob Lee, the founder of CashApp, was part of an underground party scene known as “the Lifestyle,” where the use of psychedelics was common. Lee had ingested drugs including ketamine before his death, an autopsy showed.

Silicon Valley has long had a tolerance toward drug use—many companies don’t test employees regularly—but the phenomenon is worrying some companies and their boards, who fear they could be held liable for illegal activity, according to consultants and others close to the companies.

Users rely on drug dealers for ecstasy and most other psychedelics, or in elite cases, they employ chemists. One prolific drug dealer in San Francisco who serves a slice of the tech world is known as “Costco” because users can buy bulk at a discount, according to people familiar with the business. “Cuddle puddles,” which feature groups of people embracing and showing platonic affection, have become standard fare.

Replacing alcohol

Some start dabbling with psychedelics in search of mental clarity or to address health issues and end up using the drugs more frequently at Silicon Valley parties or raves, where they have taken a role similar to alcohol at a cocktail party.

Invitations to psychedelic parties are often sent through the encrypted messaging app Signal, rather than over email or text, so they can’t be shared easily. At some high-end private parties, users are asked to sign nondisclosure agreements and sometimes pay hundreds of dollars to attend, according to people who have attended or received invitations.

Spencer Shulem, CEO of the startup BuildBetter.ai, said he uses LSD about every three months because it increases focus and helps him think more creatively. While working alone after hours, he will sometimes take a low-enough dose where he said no one would know he was on LSD. Other times, he’ll take a larger dose alone and connect with nature on a hike.

Shulem, who lives in New York City, said the high expectations of venture-capital firms and investors in general can lead founders to turn to psychedelics to provide an edge. “They don’t want a normal person, a normal company,” he said. “They want something extraordinary. You’re not born extraordinary.”

He said he is cautious about sharing his LSD experiences at work unless someone asks. “I am not having a preaching seminar every Friday about the joys of drugs,” he said.

Fueling the informal use of psychedelics across the tech world is the formal, clinical work performed by doctors and

researchers seeking new solutions for mental-health problems. Ketamine, which doctors have long used as an anesthetic, is sometimes prescribed to treat depression or post-traumatic stress disorder, often as pills or through infusions at clinics.

Investors are pouring funds into companies working to develop treatments with psychedelics. Rick Doblin, the founder of the research and advocacy nonprofit Multidisciplinary Association for Psychedelic Studies, or MAPS, saw about 12,000 attendees at his psychedelics science conference in Denver last week, a record, compared with about 3,000 six years ago.

Using psychedelics was the subject of a bestselling book by Michael Pollan in 2018 called “How to Change Your Mind.” A Netflix docuseries based on the book followed in 2022.

The value of the psychedelic drug market, which includes companies engaging in research and trials to legalize the use, is expected to reach \$11.8 billion by 2029, up from \$4.9 billion in 2022, according to research firm BrandEssence. Founders Fund has an ownership stake in Compass Pathways, a company researching commercial psilocybin development, and its co-founder Peter Thiel is personally invested in Atai Life Sciences, which is developing psychedelics for mental health.

A spokeswoman for Founders Fund said, “Research shows that psychedelics can provide significant mental health benefits, and we support public and private sector efforts to make these drugs safely and legally available.”

While some tech players say taking the drugs brings a medical benefit, most are dosing themselves, and not in a clinical setting. Tech innovators such as Apple’s Steve Jobs have long talked about using LSD. Today, the use of psychedelics has become widespread.

“A few years ago, talking about psychedelics in Silicon Valley was a big no-no,” said Edward Sullivan, the chief executive of Velocity Coaching, a business that coaches startup founders and corporate executives. “That has really changed.”

He said about 40% of his clients have expressed an interest in psychedelics recently, up from a handful five years ago. Some executive coaches said they are now helping companies and leadership teams navigate drug use.

Macro dosing

Some entrepreneurs microdose to derive benefits, often in hope of alleviating anxiety or sharpening focus. Others in tech said they take full doses of a drug—using the term macrodose—as they try to reach a high that will lead to a new disruptive idea. Goldfield describes this as “ego death,” an experience when a user gets to the core of their being and “lets go.”

The former chief executive of the startup Iterable, Justin Zhu, said he microdosed LSD once in 2019 and was fired by the company’s board of directors nearly two years later. Zhu’s dismissal was for violations of “Iterable’s Employee Handbook, policies and values,” the company wrote in an email to staff at the time.

Zhu said he microdosed on the recommendation of another entrepreneur, to help cope with



Karl Goldfield, left, a former sales and marketing consultant, informally counsels friends and colleagues on how to ingest the right dosage for what he calls maximum mindfulness. Top right: Psilocybin gummies at Goldfield’s home. Bottom right: Goldfield shows off some psilocybin mushrooms. ‘There are millions of people microdosing psychedelics right now,’ he says.



depression as a result of being a CEO. He found meditation and fasting weren’t enough. “It did really heal a lot of the trauma for me,” he said in an interview. Zhu filed a lawsuit against Iterable and some of its board members alleging he was terminated for voicing complaints about anti-Asian discrimination, and that the microdosing issue was a pretext. The dose affected Zhu’s vision during an investor meeting, but overall the experience brought a positive change to his work life, Zhu’s lawyers said in the lawsuit.

A spokeswoman for Iterable declined to comment for the company and the board. The case is proceeding to private arbitration, Zhu said.

When Musk in 2018 smoked marijuana on “The Joe Rogan Experience” podcast, he and employees of Musk’s rocket company, SpaceX, were subjected to drug tests for months after, Musk has said, without offering further details.

The CEO has told people he microdoses ketamine for depression, and he also takes full doses of ketamine at parties, according to the people who have witnessed his drug use and others with direct knowledge of it.

The psychedelic parties that attract chief executives such as Musk and others across the tech industry extend beyond Silicon Valley. Tech and other industry executives have attended similar parties in Miami and Mexico,

where guest lists are tightly controlled and kept confidential, according to attendees.

Goldfield, the former sales consultant who helps his friends microdose, said he counsels users to take a small amount of a psychedelic—say 10 micrograms in a gummy or a pill—and wait an hour to gauge the effect. Goldfield said that LSD helped him recover from a tough childhood in Chicago of bullying and feeling suicidal.

Microdosing, he said, isn’t the same as being high. “Think of it as a smart drug,” he said. “It’s giving you the ability to be more analytical and be more aware.”

Experts in the field say people who attempt to self-diagnose can slide into abuse. “There’s no guarantee you’re going to be the one who gets that positive outcome on your own,” said Alex Penrod, an addiction specialist in Austin, Texas.

Penrod said he supports the use of psychedelics with the help of a trained therapist but worries about people who use the potential benefits of the drugs as a justification for recreational use. “You can get very comfortable with, ‘Well it has positive values, so I’m not going to pay attention to my use,’” he said. “It’s kind of blinding.”

When using powerful substances without the assistance of trained professionals, “you’re going to have some people fall-

Addiction specialists say people who self-diagnose can slide into abuse.



Elon Musk, the Tesla founder, takes ketamine.

ing into self-destructive behavior, rather than self-healing behavior,” said Sullivan, the executive coach.

That is what happened to Tony Hsieh, the former Zappos chief executive who died in late 2020 following injuries in a house fire, the Journal has previously reported. Hsieh believed that ketamine could help him think through business challenges while working at Zappos, which is owned by Amazon.com. Soon, he was overusing, the friends said. Under pressure from Amazon to improve his erratic behavior, Hsieh resigned shortly before his death, the Journal reported.

Drugs at work

Doblin, the founder of MAPS, and other researchers, said they believe there is a way to incorporate drugs into the workplace. At MAPS, which has about 35 employees, Doblin added to his employee manual a section called smokable tasks—things you can do at work when you’re high on drugs, such as brainstorming in a meeting.

A for-profit subsidiary of MAPS, which is developing a therapy that works in conjunction with MDMA, known as ecstasy, and has about 130 employees, declined to implement the policy. Doblin called that position “timid and risk-averse.”

Amy Emerson, the chief executive of MAPS Public Benefit Corp., MAPS’s for-profit arm, said in a written statement, “We support MAPS having policies that work for their teams and the work they are doing and maintain separate policies for our employees and the work we do at MAPS PBC.”

Tim Sae Koo was the founder of a digital marketing startup in San Francisco when he discovered psychedelics at the Coachella music festival in 2014.

He said they helped him realize he had started his business to make his mother proud, and that it was time to sell. “A lot of that kind of exploration in my psychedelic experience helped give me a clarity that I had started the company from a place of a wound,” he said.

For the past five years, he has hosted ayahuasca retreats

in Costa Rica geared toward tech entrepreneurs and CEOs. Over 500 people have attended the ceremonies, including a handful of founders of startups worth more than \$1 billion, he said.

The retreats last days where people drink a hallucinogenic brew that often induces vomiting but can also open the mind, said Sae Koo, incorporating elements of a practice used by some indigenous cultures.

Dustin Robinson, a former attorney at the law firm Holland & Knight, based in Fort Lauderdale, Fla., said he began researching psychedelics and their healing properties before trying psilocybin in the presence of his life coach. Suddenly, Robinson said, he could see a much broader career path.

He started a psychedelic-focused venture-capital fund. “It helped me step away and think, ‘Wow, I can have so much of a larger impact,’” he said.

In the past couple of years, the fund has invested nearly \$20 million in 18 different companies involved with psychedelics. He is on track to launch a second fund. The companies are all legal, he said, because they are researching and dispensing the drugs for pharmaceutical purposes.

Robinson said he has received ketamine therapy—full-dose injections by a doctor at a private clinic. He recently attended a five-day psilocybin retreat in Jamaica organized by Beckley Retreats, where he is a lead investor. Users don eye masks in a spiritual ceremony and, under the guidance of trained facilitators, receive a high dose of the drug to “go inward,” he said.

If he still worked at Holland & Knight, “I certainly wouldn’t be posting information about my psychedelic experience,” he said.

Sylvia Benito, a board member and spokeswoman for Beckley, said there is a waiting list for most of the roughly 30 retreats each year. The retreats are popular because “we’re in a time when people are looking for ways to feel like their lives matter.”

—Emily Glazer and Shalini Ramachandran contributed to this article.

South Korea Rolls Back Ages

Continued from Page One
 ual is 1-year-old at birth, and everyone gains a year together on Jan. 1. A New Year’s Eve baby turns two after a single day.

The new law will switch everyone to the international age standard—which starts people at zero on the day they are born. Koreans already born will get younger, and use their birth to determine how old they are. Official documents will start using the international measure, too.

Kim, a stay-at-home mother, will have to face 50

again in 2024.

Getting older based on calendar years rather than birth dates is a remnant of ancient culture in East Asian countries, which generally also considered time spent in the womb as part of age.

China and Japan shifted to the global standard decades ago. South Korean President Yoon Suk Yeol, who took office last year, vowed to do the same on the campaign trail.

“South Korea Is Getting Younger,” the government said in a press release about the passage of the time-bending bill.

The country’s giant age reversal has some wrinkles.

It complicates South Korea’s hierarchical society, in which age influences social status—and like other cultures determines whether a more polite or casual version of language is used.

South Koreans nonchalantly ask even relative strangers, “how old are you?” The query is so common that before the 2018 Pyeongchang Winter Olympics, authorities explicitly advised locals to not ask this question of foreigners, who might find it rude.

“Kids when they bump into each other at the playground will first ask their ages before their names,” says Sun Hyunwoo, the founder of Talk to Me in Korean, a website that teaches the language.

Lee Jin-soo has been 15 but will be rolled back to 13 under the new law. At school, some of his classmates with whom he has long shared an age will be 14. They already are asking Lee to address them with the honorific title of “hyung,” or older brother.

“I’m upset that I have to wait until my birthday in October to become the same age

as them,” he says.

According to South Korea’s education ministry, students shouldn’t dwell on their new differences. “It may seem awkward at first,” the guidance adds.

Kim Ji-soo, an office worker, turned 30 in January and under the shift, will be 29. He plans to continue to give that older age in public because he feels it gives him more stature, especially at work where he sensed some co-workers looked down on him for being in his 20s. “I’m going to stick with 30,” he says.

But Park Jeong-yeon, also an office worker, is delighted she will soon age backward to 28, from 30 years old. That buys her more time to meet her parents’ goal that she marries by

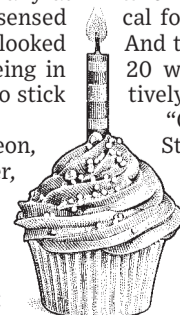
her mid-30s.

“There was always a sense of urgency with my parents telling me I was becoming too old to act like a child,” Park says. “Well, now they’ll have to accept I have two more years in my 20s.”

The new law carves out some exceptions. South Korea will keep the prior age method for determining when kids start elementary school and when young men get a physical for military conscription. And the legal drinking age of 20 will change to 19, effectively remaining the same.

“Can Those Born in 2004 Still Legally Drink? The Still-Puzzling ‘International Age,’” screamed a news headline. (Yes, they can.)

Watching the years rewind will be a relief to expats such as Sasha Smirnova, who moved



Happy returns

By TARA WEISS

Companies are rolling out special paid time off for new grandparents, hoping the move will keep older workers from retiring or moving to another employer.

So-called grandternity leave is rare. Tech company Cisco, consulting firm Mercer and hiring platform HireVue are among the handful of companies that offer it. The time off can range from a day to a couple of weeks.

The new form of leave—and other expanding benefits aimed at mid- and late-career employees, such as menopause time off—signal that more employers need older workers. In a tight labor market where there are more than 10 million open jobs, many firms still struggle to keep their most experienced talent from walking out the door while also trying to recruit more in this cohort, which is prized for its historical knowledge and old-fashioned work ethic.

“Companies are trying to figure out what to do with older workers because we’ve never had this many,” said Bradley Schurman, chief executive of The Super Age, a demographic strategy firm that uses age data to help organizations retain and attract talent.

Saga, a U.K. company that sells vacations, insurance and other products aimed at people ages 50 and over, recently rolled out five days of paid grandternity leave to its 2,500 employees. So far 32 have taken it.

“The view that everybody in this age group is retired simply isn’t the case,” Róisín Mackenzie, chief people officer, said of working grandparents.

The idea came up in 2021 when the company reviewed its benefits through the lens of its customers, Mackenzie said. Saga also started letting grandchildren of its workers attend its on-site daycares and is starting to offer part-time opportunities for people who want to keep working a less intense schedule.

Scott Merry, a 47-year-old IT specialist with Saga in Kent, England, took a week of grandternity leave in February when his second grandchild was born to help care for his 4-year-old grandson, Elliot.

“It was just wonderful,” he said of the family bonding time. “He’s got me wrapped around his finger.”

Merry’s son, Lewis Merry, said it was a huge relief to have his father there, because his partner had to stay in the hospital longer than originally anticipated.

“We weren’t sure what we were going to do about child care,” the younger Merry said.

In the U.S., employees ages 50-plus make up more than a third of the workforce.

“We don’t see that declining any time soon,” said Carly Rosz-



Grandternity Leave Helps Retain Experienced Workers

Mid- and late-career employees say they appreciate time off tailored to their stage of life



Leanne Delgado was able to help out when her fifth grandchild, Mackenzie, was born.

kowski, AARP’s vice president of financial resilience. The segment of the labor force made up of people ages 75 or older is expected to nearly double over the next decade, according to federal projections.

Within months of joining hiring platform company HireVue as director of rewards, Dallin Johns discovered he would soon be a first-time grandparent. When he shared the news with his team, they filled



Dallin Johns used paid leave to bond with his granddaughter, Makiah, on a family vacation.

him in on the firm’s weeklong grandternity leave policy.

“It was the first I’d ever heard of it, and I work in benefits,” Johns said.

Since Johns, 50, lives near Salt Lake City, and his son’s family is

five hours away in Boise, Idaho, he decided to wait until his granddaughter, Makiah, was out of the newborn stage to take his week off.

In April, the extended family rented a house on the Oregon coast for a week of beach time. When everybody else went on a crabbing boat, Johns stayed behind with Makiah.

“It’s a trip I’ll never forget and a large part of my memories were of holding Makiah in my arms,” he said.

HireVue’s grandternity leave dates back to 2016 when the founder’s executive assistant became a grandmother and wanted to take time off to help her daughter and bond with the new baby. The company formalized the benefit as a way to attract and retain a more diverse workforce, said Natalie Dopp, HireVue’s chief people officer.

In 2017, when Cisco revamped its benefits around “moments that matter,” the company began offer-

ing three days of paid time off for grandparents, said Ted Kezios, senior vice president of people care. Nearly 30% of Cisco’s benefits-eligible employees in the U.S. are 50 and older; nearly 800 employees have used the benefit in the past 2½ years.

At global consulting firm Mercer’s Australia and New Zealand offices, 30% of its workforce is at least 50 years old. Mercer introduced one day of paid grandparent leave in that region last September, said Gaye Morris, chief people and culture officer for Mercer in Australia and New Zealand.

Leanne Delgado, a 56-year-old team lead with Mercer in Melbourne, took her paid time off when her fifth grandchild, Mackenzie, was born in November. Delgado and her husband drove to the hospital to relieve her stepdaughter’s partner from sleeping on the couch in the hospital room. Her stepdaughter, Bethany Delgado, said she had complications during labor, making it difficult to care for Mackenzie for the first few days.

“Leanne having access to this type of leave, rather than eating into her annual or personal leave, made us feel less guilty about accepting her help,” Bethany Delgado said.

Norovirus Sweeps Through Cruise Ships

By JACOB PASSY

Cruises are packed as more travelers choose long-delayed vacations at sea. The downside: Higher numbers of those passengers are getting sick.

So far this year, there have been 13 outbreaks of norovirus on cruise ships, according to reports from the U.S. Centers for Disease Control and Prevention. That marks the largest number of norovirus incidents on these vessels in a single year since 2012—and the year is only halfway over.

The most recent outbreak occurred on a North Atlantic Viking Cruises sailing that docked in New Jersey on June 20. More than 100 passengers fell ill, according to the CDC, accounting for 13% of all vacationers on the ship. Crew members also contracted the gastrointestinal illness.

Viking Cruises said it believes that the recent outbreak on its Neptune vessel “originated from a shoreside restaurant in Iceland where a group of guests dined during their free time.”

Norovirus is particularly contagious, says Dr. William Schaffner, a professor of infectious diseases at the Vanderbilt University Medical Center, and it thrives in the closed environment of a cruise ship. Health experts say normal sanitation tactics such as using hand sanitizer aren’t effective against norovirus, and people can get sick from ingesting very

few particles of the virus.

“The opportunities for close person-to-person spread are so intense on a cruise ship that once this virus is introduced into that population, it has many, many opportunities to spread,” he says.

Taking precautions

Across the 13 outbreaks among cruises that docked in the U.S., nearly 1,700 passengers reported being ill during their voyages, along with more than 240 crew members. The Cruise Lines International Association forecast that around 31.5 million passengers will go on cruises worldwide this year.

“Because cruise ships report illnesses to the CDC, there is more visibility and faster reporting to health authorities, which should not be confused to mean a higher incidence rate onboard,” a spokeswoman for the Cruise Lines International Association said.

The CDC reports outbreaks when 3% or more of passengers or crew report symptoms of gastrointestinal illness to the ship’s medical staff on voyages under their jurisdiction. The ships also must have more than 100 passengers and sailings between three and 21 days long for an outbreak to be reported. In the five

years before the start of the Covid-19 pandemic, there were an average of around 11 outbreaks of gastrointestinal illness a year on cruise ships, based on data from the CDC.

“We’re returning to what the norm was,” says Ross Klein, a researcher who has tracked health and safety incidents on cruise ships.

Passengers can take precautions beyond washing their hands to stay healthy on their next sailing, cruise experts say. Tips include using a napkin to handle utensils at the buffets and drinking bottled water on the ships. Aside from surfaces or

contaminated food and water, norovirus can spread through the air near where someone throws up. One way for passengers to avoid that problem: sticking to the restrooms in their cabins.

“If you’re practicing good hygiene yourself, you minimize the chances that you may get infected,” says Andrew O. Coggins, Jr., an industry analyst and professor at Pace University.

All aboard

After the cruise industry resumed sailing in the wake of Covid, the number of outbreaks of norovirus or

other gastrointestinal illnesses was initially very limited. In 2022, only four such outbreaks were confirmed by the CDC, of which two involved norovirus.

Cruise-industry analysts attribute the shift this year in large part to the greater number of passengers on board cruise ships. Many cruise lines are seeing occupancy rates on their ships matching pre-pandemic levels.

Another factor is the overall uptick in contagious illnesses occurring as Covid concerns have eased, Schaffner says. Whether at sea or on land, as people have resumed gathering in large numbers, a variety of illnesses have re-emerged as a concern.

Cruise lines work hard to reduce the risk of getting sick while at sea, Coggins says. Passengers generally must fill out health questionnaires before boarding at the start of the voyage.

The trouble, Coggins says, is that passengers may not be forthcoming about whether they have symptoms of norovirus or other ailments before setting sail. And symptoms can take days to emerge after infection.

When outbreaks of gastrointestinal illnesses happen, cruise staff thoroughly clean the ship before the next sailing. But repeated outbreaks can occur because removing norovirus particles requires scrubbing virtually every surface on the ship with bleach, industry analysts say.



The Viking Neptune experienced a norovirus outbreak on a North Atlantic sailing in June.

CLOCKWISE FROM TOP: PHOTO ILLUSTRATION BY DASY KORBLES/THE WALL STREET JOURNAL; STOCK (3); CHANDLER, JOHNS, BETHANY DELGADO

MARUSZ LOPUSIENICZ/SHUTTERSTOCK

PERSONAL JOURNAL.



Pharrell Williams's debut show at Louis Vuitton took place atop Paris's oldest bridge.

ing collection yet in his three years at the French house with an assortment that ran the gamut from accommodating double-breasted suits and workaday black ties to thigh-kissing shorts and washed jeans.

"At the end of the day, I want to make clothes that people wear," said Givenchy's Williams.

At LVMH's Loewe, the spotlight was squarely on the clothes. The collection showed its creative director Jonathan Anderson in top form and solidified Loewe's status as LVMH's most risk-taking label through exaggeratedly high-waisted jeans, glittery shirts and trousers, and sleeveless leather rompers with attached shoes.

The indie darlings

Many of the most captivating actual clothes came from brands outside the LVMH umbrella who weren't preoccupied with competing at such a herculean, gotta-'gram-it scale. If Louis Vuitton's show was the latest gazillion-dollar Marvel movie, these minor-key events were the indie Sundance darlings.

"I think a lot of the hits [of the week] were operating on this quiet spectrum," said Ssense's Bettridge.

Take Kiko Kostadinov, an upstart Bulgarian-born, British-based designer who presented a progressive yet palatable collection of robe-like overcoats, contrasting-sleeve zip-up work jackets and gorgeous, highly salable striped knits. Or 4SDesigns, a New York label showing in Paris for the first time. Designer Angelo Urrutia offered a confident, flag-planting collection of bouclé tweed overshirts, collarless blazers and trompe l'oeil "jeans" that were actually made of leather.

Or Rick Owens, one of the largest remaining independent designers showing. His collection included extremely high-waisted pants that almost seemed to have a built-in corset. There were also plays on his architectural blazers, hulking leather jackets and trailing topcoats.

"We don't have the resources that other people do, but I feel that I have lived an honorable life," said Owens, a California native based in Paris. "I am so grateful for my little niche."



ON TREND
JACOB GALLAGHER

Louis Vuitton vs. the World

The LVMH fashion house had the splashiest show of the season, but it certainly wasn't the only notable one at Paris Fashion Week

One of the great basketball questions of the year was finally answered on Thursday evening at the NBA draft. No, not if Victor Wembanyama, the 7-foot-4 French sensation, would be the No. 1 overall pick—that had been all but official for months. But what would the most-hyped basketball prodigy since LeBron James wear to his coronation?

The answer: Louis Vuitton, bien sûr. A forest-green suit with a tricky "wrapped jacket" overlaid across the top, like a chef's apron crossbred with a kimono.

For Vuitton, it was yet another publicity slam dunk during a week in which the French luxury powerhouse seems to have fully activated all the marketing powers of its \$20 billion machine.

Last week, days before Wemby was drafted by the San Antonio Spurs, Vuitton opened Paris fashion

week with the debut show from its new creative director, Pharrell Williams.

It was a head-spinning affair held on Paris's famed Pont Neuf bridge with nearly 2,000 people in attendance, including LeBron James, Beyoncé and Rihanna. There were boats, a gilded runway and an iPhones-out-to-prove-you-were-there performance from Jay-Z and Williams himself. And yes, there were clothes—the sort of assertive, opulent fare that spurs Vuitton's millionaire clients to spend.

Days afterward, the show remained the talk of the front rows. "The fact that it was the first day I think really disrupted things," said Thom Bettridge, head of creative and content at online megaretailer Ssense, who was in Paris for fashion week. "It's just really impossible to underscore the de-

gree to which that fashion show operated on a different scale in terms of budget and celebrity than any other fashion show can."

This proved to be a challenge for the dozens of brands that still had to orchestrate their own valiant efforts at presenting newness in the following days.

While many shows felt humble and forgettable by comparison, the shrewdest labels countered the LV hangover with some combination of Instagram-bait gimmicks, tantalizing backdrops at shows and, often, just really great clothes.

LV vs. LVMH

It was Louis Vuitton's corporate siblings at LVMH, the largest luxury conglomerate, that used their mighty resources to kick-start some chatter of their own. There was Dior, which cut through with

a show that began with the 51 models rising simultaneously out of the metallic floor. The gimmick had the pragmatic side effect of giving the audience more time to study the fetching clothes, like tweedy granny cardigan jackets, barrel-cut, to-the-shin trousers and slime-green neon loafers.

LVMH also had a curious thing for bridges this season, as Kenzo, another label in the conglomerate's portfolio, staged its show on the Passerelle Debilly, a pedestrian span at the foot of the Eiffel Tower. Still, the postcard-perfect setting didn't quite make up for a hodgepodge, often confused collection full of denim kimonos and cargoed culottes.

The clothes were stronger over at Givenchy, yet another LVMH property. Creative director Matthew Williams sent out his most convinc-

WHAT'S YOUR WORKOUT? | JEN MURPHY

At 98, She's Chasing Running Records

Most people in their 10th decade would be thrilled to finish any kind of race. At age 98, Betty Lindberg is so competitive, she hired a coach to help get her speedier for her approaching 10K.

"I don't have interest in knitting or crocheting anymore, but I still feel compelled to get out there and move," she says. She plans to run in the Peachtree Road Race in Atlanta on July 4.

The annual event first ignited her interest in running back in 1988. Her daughter and son-in-law were competing in it and enlisted her to pick them up at the finish.

"I didn't even know what a road race was but thought it must be pretty special if people are waking up at the crack of dawn on a holiday," says the Atlanta resident. After watching runners cross the finish line, she was convinced she could run the 6.2-mile race, too.

At the time, Lindberg was 63. The extent of her fitness routine was wearing a vibrating slimming belt she bought from an infomercial. She asked her doctor if she was healthy enough to start a running routine.

After a few tests, Lindberg got the green light. Then she started setting records.

At 91, Lindberg broke the world record in the 800-meter distance for women over 90, clocking a time of 6 minutes and 57 seconds. Earlier this year, she bested her own world age-group 5K record by completing the Publix Atlanta 5K in 59 minutes and 4 seconds.

This May, 96-year-old Canadian Rejeanne Fairhead topped that record with a run of 51 minutes and 9 seconds. Lindberg welcomes the competition.

"There aren't many people in my age group," she says. "I'm always trying to beat myself."

At the 2022 Peachtree 10K, she was so disap-

pointed with her finish time of 2 hours, 37 minutes, that she promised it would be her last race. By the start of 2023, she'd changed her mind and found a coach and nutritionist to help her train.

Lindberg run-walks or jogs and says she is determined not to slow down on or off the racecourse.

"People congratulate me

pleted her longest training run of 6.5 miles. Her run-walk training pace is 21 minutes and 30 seconds a mile, four minutes faster than her 2022 race pace. She is now beginning to taper for the event and scaling back miles.

Three days a week, she and her daughter, Kerry McBrayer, attend a group workout called Senior Fit at LA Fitness in Atlanta's Buckhead neighborhood. The 50-minute class uses light dumbbells, resistance bands and stability balls for strength exercises. Many balance-focused exercises incorporate a chair.



Betty Lindberg shadowboxes during a fitness class.

on my running, but I'm even more proud that I can still carry my own groceries," she says.

"We do a lot of sitting down and standing," Lindberg says. "I always feel like we're being tricked into doing squats."

The workout

In April, Lindberg started working with Bob Wells, coach of the Atlanta Track Club's In-Training program. "During my initial conversations with Betty, it immediately became clear why she struggled in 2022," he says. "Her longest workout leading up to the race was 3 miles. She wasn't doing any kind of hill or speed work."

He created a training plan around her existing routine, which had involved three 2.5-mile run-walks a week, and slowly increased her mileage. Wells added hill work, as the Peachtree 10K is known for its undulating course.

Lindberg recently com-



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LOUIS VUITTON

KENDRICK BRINSON FOR THE WALL STREET JOURNAL

ARTS IN REVIEW



Objects on display in the exhibition 'Crimea: Gold and Secrets of the Black Sea', left; a spiraling second-century torque, below left; a Scythian gold helmet from the fourth century B.C., below right

CULTURAL COMMENTARY

Amid Missiles and Tanks, Ukraine Wins a Round

Hundreds of treasures are bound for Ukraine after spending years abroad in legal limbo



By KONSTANTIN AKINSHA

Virtually from the moment they invaded Ukraine in February 2022, the Russians have been systematically looting, destroying or damaging Ukrainian monuments and sites. The idea was to conquer a people by eradicating its history and culture.

So there was something to celebrate when, on June 9, the Netherlands Supreme Court ruled that archaeological objects lent by museums in Crimea to an exhibition that opened in Amsterdam in February 2014 should be returned to Ukraine. Thus ended a legal battle that had lasted nearly a decade.

The saga began at the end of

2013, when the traveling exhibition "Crimea: Gold and Secrets of the Black Sea" was shipped from Germany, where it had been shown, to the Allard Pierson Museum in Amsterdam. The show included jewelry, arms and vessels drawn from the collections of five museums, one in Kyiv and four in Crimea. Until 1954 Crimea was a part of the Russian Soviet Federated Socialist Republic. It was then transferred to the Ukrainian Soviet Socialist Republic, and after the fall of the U.S.S.R. the Crimean Peninsula remained a part of the independent Ukrainian state recognized by Russia. Among the highlights of the exhibition were a golden helmet and a sword with a golden scabbard—Scythian, dating from the fourth

century B.C. and on loan from the Museum of Historical Treasures of Ukraine in Kyiv—and 2,000-year-old Chinese lacquer boxes from the Historical, Cultural and Archaeological Museum-Reserve in Bakhchysarai in the southern Crimean Peninsula. The Chinese objects are rare material proof of trade between China and the Roman Empire.

In its Jan. 29, 2014, announcement, the Dutch museum promised that the show, scheduled to run from Feb. 7 through Aug. 31, 2014, would "feature some spectacular archaeological finds" and cast "new light on the Scythians, Goths and Huns, for centuries dismissed as little more than 'barbarians.'" Museum officials could hardly imagine what problems

were to come.

In February 2014, Russian troops invaded the Crimean Peninsula under the pretext of protecting the Russian-speaking population from "Ukrainian nationalists." Then on March 18 of that year, Russian President Vladimir Putin signed a decree annexing it to the Russian Federation from Ukraine. Ukrainian officials immediately demanded that, after the Amsterdam exhibition closed, all of the show's contents be sent to Ukraine. The four Crimean museums, by contrast, insisted that their artifacts be returned to them, in what was now Russian-held territory. In September 2014, 19 objects from the Kyiv museum were returned to Ukraine. But the 565 objects from the Crimean museums stayed in

the Netherlands.

The Ukrainians maintained that all the objects belonged to the Ukrainian state and, because they had been given nonseizure guarantees from the Dutch government, everything should be returned to them. The Crimean museums countered that their artifacts were part of the cultural heritage of Crimea and must be returned to their original locations.

Given these conflicting claims, the Dutch museum refused to return the contested objects to either side. And so the Crimean museums brought suit in the District Court of Amsterdam against the Allard Pierson for the return of its objects.

On Dec. 14, 2016, the court ruled that the disputed objects must be returned to Ukraine. The Crimean museums appealed, and in October 2021 the Amsterdam Court of Appeals ruled against them, stating that the claim that the objects are "part of the cultural heritage of Crimea or of the Autonomous Republic of Crimea was incorrect, as neither is a sovereign state."

Echoing the Court of Appeals, the Netherlands Supreme Court ruled this month that "although the museum pieces originate from Crimea and can therefore also be regarded as Crimean heritage, they are part of the cultural heritage of Ukraine."

Predictably, Russian propaganda outlets went into overdrive, with Tass reporting that Russian Foreign Ministry spokesman Maria Zakharova had promised "a due response" and that Crimean State Council Chairman Vladimir Konstantinov had, without irony, declared that the ruling was "nothing but a plunder of Crimea."

Ukrainian President Volodymyr Zelensky praised the Netherlands for "defending the rule of law and the values of civilization" and stated that the objects will be returned to their host museums "when the Ukrainian flag will be in Crimea." In the meantime, they will be housed in secret shelters to protect them from the Russian bombardments of Kyiv.

The ruling by the Supreme Court of the Netherlands is a rare victory in the battle to keep Ukrainian cultural heritage safe and out of Russian hands. Still, there's a sense in which this episode marks the end of an era. Once upon a time, these artifacts symbolized the easing of strained relations between Russia and the West. The 1975 exhibition "From the Lands of Scythians: Ancient Treasures From the Museums of the U.S.S.R., 3000 B.C.-100 B.C.," organized by the Metropolitan Museum of Art in New York, marked the beginning of museum exchanges between the Soviet Union and the West. By contrast, the Allard Pierson Museum show coincided with the annexation of Crimea, which became a harbinger of the wider Russian invasion of Ukraine and the beginning of the new Cold War.

Mr. Akinsha is an art historian who most recently organized the traveling exhibition "Modernism in Ukraine, 1900-1930s."

TELEVISION REVIEW | JOHN ANDERSON

Revisiting a Closeted Movie Star's Story

The seismic tremors generated in 1985 by the news that Rock Hudson was dying of AIDS may be hard to comprehend now, partly because Rock Hudson himself is such an artifact. The late-era product of a studio system that would mold a star and manicure his image, Hudson was a creation, one who emanated a certain sense of plenty—in looks, talent, charm and modulated machismo—that fit America's sense of itself. That he was gay was simply too much for some people, though as made very clear in "Rock Hudson: All That Heaven Allowed," that fact was among the worst-kept secrets in Hollywood.

Directed by Stephen Kijak, the HBO presentation is a kind of quips-and-clips documentary—several of Hudson's lovers talk very frankly, wryly and with enormous affection about Hudson the man, the charmer and the sexual adventurer, while Mr.

Kijak uses scenes from Hudson's films as a kind of visual illustration/annotation to his story. In "Pillow Talk," Hudson's popular 1959 comedy with Doris Day—which Hudson contends they almost didn't do because it was "too dirty"—the actor was "a gay man playing a straight actor playing a straight character pretending to be gay," as one interviewee points out. Mr. Kijak's tactic exposes dialogue crawling with double-entendres in many Hudson movies, among them "Magnificent Obsession," "Lover Come Back" or "Seminole."

Mr. Kijack uses the technique to very clever and amusing effect, though it eventually grows cruel, even snide, toward the end of the film, when Hudson's own words and footage are used against him, as a public figure who never admitted his homosexuality publicly when it might have counted. It certainly might have. "The knowledge that



Rock Hudson in 1954; a documentary on HBO explores his life and career.

this beautiful, handsome man that everyone loved had AIDS changed things completely," says the writer Armistead Maupin, a Hudson friend and confidante. "When I approached

him about coming out six or seven years before, I told him, 'You'll make a difference in how people perceive gay people.'" Hudson declined, until his illness made it unavoidable.

"All That Heaven Allowed"—a play on the Douglas Sirk-directed "All That Heaven Allows," one of the actor's breakthrough films—is not a celebration. It is in part biographical, with the young-hunk-makes-good tale of the film world and a parade of clips from the movies that he made. But the documentary's main concern is Hudson as the ultimate closeted homosexual, the CinemaScope version of a tale gay men had been forced to live out for generations, or risk scandal, blackmail and even criminal prosecution; the J. Edgar Hoover-led FBI, we learn, kept a dossier on Hudson. (The words "sex offender" appear in it.) The actor's longtime agent, Henry Willson ("that evil manager," according to the actor's longtime companion, Lee Garlington), specialized in massaging the brands and protecting the images of his good-looking clientele, occasionally offering up one actor to a scandal magazine like Confidential (which specialized in exposing "nymphos, pinkos, winos and homos") to protect another client, such as Hudson, who was once among Hollywood's biggest stars but now may be best remembered for the life he didn't live.

Rock Hudson: All That Heaven Allowed
 Wednesday, 9 p.m., HBO

Mr. Anderson is the Journal's TV critic.

SPORTS

Scouts Call In AI Help for the Draft

Major League Baseball is experimenting with analysis of player potential via artificial intelligence

By Lindsey Adler

The most important thing a baseball team can do ahead of the amateur draft is predict future success for developing young ballplayers. Scouting has changed drastically since an explosion of data and technology entered the game a decade ago, and now Major League Baseball is introducing an even more high-tech tool: analysis of player potential via artificial intelligence.

The league has partnered with Uplift Labs, a biomechanics company that says it can document a prospect's specific movement patterns using just two iPhone cameras. The setup was available for use in evaluating prospects who agree to participate at the MLB draft combine last week in Arizona.

Uplift says it uses artificial intelligence to translate the images captured by the phone cameras into metrics that can quantify elements of player movement. It believes the data it generates can detect player's flaws, forecast their potential and, possibly, flag their potential for injury.

"We have metrics on things like kinematic sequence, stride length, ball contact timing," said Sukemasa Kabayama, who founded Uplift in 2017. "At the same time, we also have this new kind of very early injury warning detection. Let's say if you have too much of an arm flare, you know there may be potential overload on the elbow, which can unfortunately lead to Tommy John surgery."

The integration with Uplift demonstrates the league's growing interest in centralizing some elements of research and development. As many clubs invest in similar technology and information, MLB has been considering ways to provide that data on a universal basis.

"Biomechanics and the analysis associated with it is something that we know is a pretty significant piece of where the game is headed," said Bill Francis, MLB's senior director of baseball operations. "Traditionally, it has been very hard to



do at scale because of the expensive hardware."

The use of Uplift was optional for players at the combine. Agents say there is a divide in who may benefit from submitting biomechanical data pre-draft and who could be hurt by it.

The league and players' union have implemented signing bonus protections for any player who submits to a pre-draft physical, but the top players in any draft class typically opt out of the process. Under the new policy, if a player submits to a pre-draft physical, he is ensured that he will receive at least 75% of the slot value as a signing bonus, or become a free agent.

If a player is already projected to go near the top of the draft, MRI data or movement data may be used by a team to find potential red flags in the player's athletic profile, which could be used to negotiate a smaller bonus for the player as he enters professional baseball.

But some player agents believe

that movement data could help players who are likely to go in later rounds of the draft, showing deeper skill sets that may not be immediately apparent in the player's high school or college results.

"I think whenever something is introduced, it's natural to wonder why, and to proceed with caution," said player agent Tom Koehler, a former major-league pitcher. "The real question becomes, 'Why is it being used?' Is it being used as a barometer to see how these guys develop throughout their career and how to prevent injuries moving forward? Or is it being used to hurt draft position based on how somebody's body works?"

Baseball scouts suddenly have a lot more information in their search for the mythical "five-tool" player who has speed, fielding

pro prowess, can hit for average and power and possesses arm strength. Gone are the days when teams relied on a scout's career's worth of anecdotes to determine how the player might perform at the big leagues.

In the early 2010s, teams began researching the pitching or hitting characteristics that lead to on-field success. Pitchers have always thought about the spin on their pitches, for instance, but once technology was able to quantify "spin rate," teams were able to study it and learn just how important it is to a pitcher's success.

Once they learned the true value of spin rate, they were able to target players who may have had a poor strikeout rate in college, but a good spin rate on their fastball, which can be harnessed in development to

make him a more effective pitcher. The use of biomechanics is the second true wave of baseball's innovation age. In just a few years, teams have gone from building "biomechanics labs" that use complicated systems that require a player to wear minimal clothing and attach sensors to various parts of their bodies to build a digital portrait of how the body is moving. This is typically known as "markerless" technology.

But the ideal system for tracking biomechanics would be in markerless, camera-based technology like Uplift, which can be trained on a player in a game situation rather than a lab. The way a player moves on an indoor mound, throwing into a net is hardly a perfect data set when it comes to determining how the player will move when he is bursting with adrenaline while facing a live batter in a major-league game.

"In our limited testing, Uplift shows huge promise for clinical markerless motion capture in sport biomechanics," said Kyle Boddy, the founder of Driveline Baseball.

Uplift's approach is to attempt to democratize access to markerless biomechanics technology, and MLB is betting that the convenience of the product will give it an easy foray into offering biomechanical analysis at the draft combine.

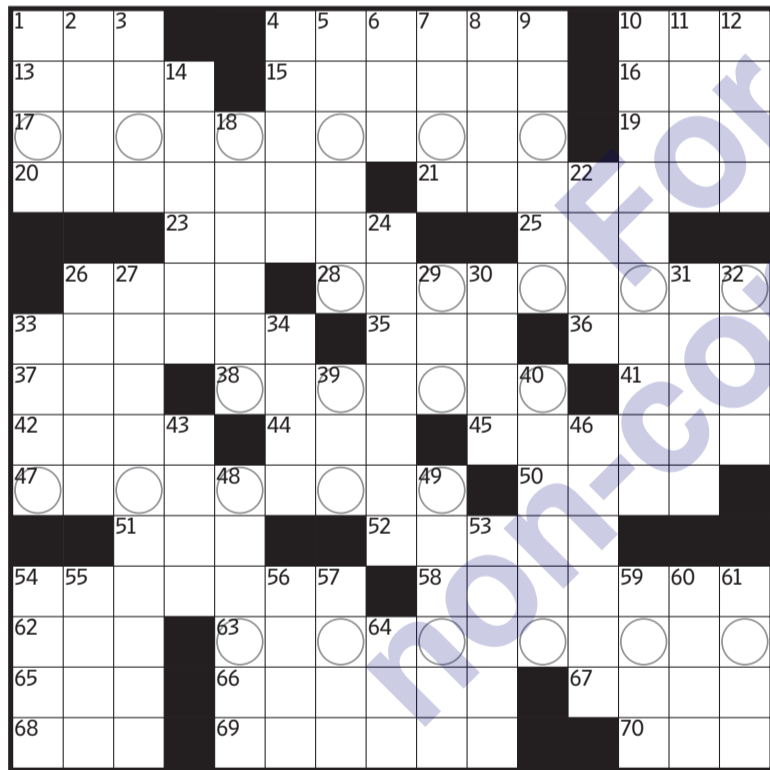
All teams will have access to the same Uplift data at the combine, but there is still an arm's race within baseball to determine how to get the most out of a player's movement profile. One team may have determined that they are skilled at developing players with a certain subsection of skills—making players with those skills more valuable to them in the long run. Another team may understand that there is value in a movement tendency, but that as an organization they have yet to figure out how to make the most of this ability.

"I liken it to the radar gun, a tracking technology that is quite ubiquitous in baseball now," Kabayama said. "It's a tool that assists people in the player performance or evaluation process."

The use of biomechanical technology presents a big ask for potential future major-league players: How much potentially damaging or beneficial information about yourself would you give potential future employers to determine whether they want to hire you or not?



The WSJ Daily Crossword | Edited by Mike Shenk



- 22 "Bus Stop" writer
- 24 Easter colors
- 26 Gainbridge Fieldhouse player
- 27 It's not quite right
- 29 Cry from the stands
- 30 Foot features
- 31 Misplayed
- 32 Fork setting
- 33 Rhames of "Pulp Fiction"
- 34 One may be conjugated
- 39 Ensign's affirmative
- 40 Placed back on the wall, perhaps
- 43 Lily family member
- 46 Venerable

ODD FELLOWS | By Mike Shenk

- | | | | |
|---|--|--|------------------------------------|
| Across | 28 Stand-up comic attending a soiree? | 52 Show of indifference | 4 Bishop's topper |
| 1 Barbering challenge | 33 Czech president/dramatist Havel | 54 Most easterly of the Balearic Islands | 5 How police may act |
| 4 Farm critter, in kid-speak | 35 ___ Paulo | 58 Greeted eagerly | 6 Ball |
| 10 Cold plunge pool setting | 36 Continental coin | 62 Texting gasp | 7 Singer Natalie |
| 13 Island instruments, for short | 37 Post-op spot in a hosp. | 63 American architect's cautionary action? | 8 Auspicious indication |
| 15 Doing what the natives do, maybe | 38 Jacket material for a "Wizard of Oz" actor? | 65 ___ de mer | 9 Snipes of "White Men Can't Jump" |
| 16 Its larval form is transparent | 41 Bustier's kin | 66 From time immemorial | 10 Loses focus, maybe |
| 17 Gambling spots for a noted cellist? | 42 Barclays Center players | 67 Shade | 11 Trapper's offering |
| 19 Shade supplier | 44 Bread for a Reuben | 68 Fire | 12 Aid for the needy |
| 20 Title spy in a Louise Fitzhugh children's book | 45 Ready to mail, say | 69 How birthdays are celebrated | 14 Spread out gracefully |
| 21 Joins up | 47 "The Maids" dramatist's surrounding parkland? | 70 Its brightest star is Regulus | 18 Wave, say |
| 23 "Get ___!" ("Relax!") | 50 Not chromatic | | |
| 25 Objective | 51 In the past | | |
| 26 Man who may be promoted | | | |

Previous Puzzle's Solution



Hans Niemann's \$100 Million Chess Lawsuit Over Cheating Allegations Is Dismissed

By Andrew Beaton and Joshua Robinson

A FEDERAL JUDGE on Tuesday dismissed American chess grandmaster Hans Niemann's \$100 million lawsuit against former world champion Magnus Carlsen, Chess.com and other prominent chess figures following an explosive battle over allegations that Niemann had cheated.

The 20-year-old Niemann's antitrust claims against the parties were dismissed with prejudice, meaning they cannot be brought again. The judge in U.S. District Court in the Eastern District of Missouri declined jurisdiction over Niemann's other claims, including that the parties had defamed Niemann.

"We are pleased the Court has rejected Hans Niemann's attempt to recover an undeserved windfall in Missouri federal court, and that Niemann's attempt to chill speech through strategic litigation in that forum has failed," said Craig Reiser, a partner at Axinn and an attorney for Carlsen.

Attorneys for Niemann, Terrence Oved and Darren Oved, said that they intended to pursue the defamation claim, among others, in state court. The bizarre saga that shone an international spotlight on chess burst into public view last September, when Niemann beat Carlsen at a prestigious tournament—after which Carlsen took the unprecedented step of withdrawing from the event. Though Carlsen said little in the immediate aftermath, his actions were taken to mean that Carlsen believed Niemann was a cheater.

That was only the beginning of a stunning series of events in which wild conspiracy theories flourished about

how a player such as Niemann might cheat during in-person competitions, also known as over-the-board chess. Niemann then admitted to having cheated, in limited instances, in online matches. He chalked those incidents up to youthful indiscretions, but vehemently denied ever cheating in over-the-board games.

As speculation raged about whether a then-teenage grandmaster had skyrocketed to the upper echelons of the game unfairly,

The Wall Street Journal, which found that the scope of his cheating to be far wider and over a longer period of time than Niemann previously admitted. The investigation found that the young American had "likely cheated" in over 100 games on its popular platform, which attracts regular players and grandmasters alike.

Niemann responded by filing a lawsuit accusing Carlsen, Chess.com—which had purchased Carlsen's company PlayMagnus—and other



A judge dismissed a \$100 million lawsuit by Hans Niemann.

Carlsen eventually broke his silence—explicitly calling Niemann a cheater and saying he thought about withdrawing from the tournament before it ever began, simply because Niemann was invited.

"I believe that Niemann has cheated more—and more recently—than he has publicly admitted," Carlsen wrote in a statement posted to social media last September. "His over the board progress has been unusual, and throughout our game in the Sinquefeld Cup I had the impression that he wasn't tense or even fully concentrating on the game in critical positions, while outplaying as black in a way I think only a handful of players can do."

Niemann's actions were further called into question in an investigation by Chess.com, first reported by

figures, whom Niemann alleged had effectively created a monopoly in elite chess competition and defamed him with the cheating allegation. At one point, the case even cited a meme from an "Avengers" movie tweeted by PlayMagnus as evidence.

In the time since the allegations exploded, the various characters have gone in different directions. Niemann has continued to play competitive chess, but has seen his rating in classical games fall below 2700 from a peak of 2708. He is currently ranked No. 36 in the world.

Carlsen, meanwhile, had already decided not to defend his world championship title and watched as China's Ding Liren claimed his throne earlier this year with a victory over Russia's Ian Nepomniachtchi.

TIMMY HUYNH/THE WALL STREET JOURNAL (STOCK ©)

TIM VIERAGE/ENCE-FRANCE-PRESSE/GETTY IMAGES

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OPINION

Russia's Godfather Is Losing It



BUSINESS WORLD
By Holman W. Jenkins, Jr.

The signature of Vladimir Putin's rule has been the export of Russia's creative, entrepreneurial, ambitious people until there was one left, Yevgeny Prigozhin.

The process culminated with the flight of Russia's technical and business talent amid the Ukraine war. It began with Mr. Putin's attack on the most successful and creative of the oligarchs, Mikhail Khodorkovsky, in 2003. Like Mr. Prigozhin, who started as a hot-dog vendor, Mr. Khodorkovsky operated a café. He expanded

Putin is too weak to win the war and also too weak to end it.

into energy and his crime was seeing a political role for himself based on his oil wealth. His biggest mistake, apparently, was not having a private army.

In the subsequent legal charade, which saw Mr. Khodorkovsky jailed and his assets redistributed to regime cronies, a question was Mr. Putin's real agency. Originally maneuvered into position by oligarchs looking to protect their Yeltsin-era wealth, Mr. Putin's rise was cemented by terrorist bombings that killed hundreds of Russian apartment dwellers in their beds and are now believed to have been carried out by his own

supporters with or without his knowledge.

Ditto murders of journalists, critics and opposition politicians, including some who insisted on investigating the bombings. Were these outrages authored by Mr. Putin or by those trying to control him?

The echo in Mr. Prigozhin's method in the recent uprising is hard to ignore. He rose to a sudden celebrity status via his public commentary on the failings of the Ukraine war, understood over and over to be his way of communicating with and trying to manipulate Mr. Putin.

Tellingly, amid a supposedly "existential" war, behind this week's showdown was a standard Putin-era battle over money and graft, which was also the source of the war itself, Mr. Prigozhin explained in one of his videos. He was only acting to stop rival kingpins, Sergei Shoigu and Valery Gerasimov of the Ministry of Defense, from stealing his major asset, his Wagner mercenary force, by incorporating it into the Russian military.

It has always paid to focus on the true nature of the Putin regime rather than the Russian political and geographic imperatives that realists talk about.

Mr. Putin dreams of Peter the Great, but his retinue resembles the "prat" British gangsters who populate a Guy Ritchie movie. The very nature of his regime drove his neighbors toward NATO, which might otherwise have become vestigial. Only state cronies thrive in his economy dominated by the pursuit of



SPUTNIK VIA REUTERS

graft opportunities. From local entrepreneurs to BP and Ikea, investors learned that to build something in Russia was to risk having it stolen by the regime.

From early on, he lacked a retirement strategy, meaning he would have to stay around forever and grow calcified in office. When he couldn't give his people hope of European-style prosperity and freedoms, he gave them military adventures and "national enemies."

And now even his leverage over his sub-bosses is starting to deteriorate, because he no longer is able to solve any real problem. He only creates them, such as launching a war in Ukraine on the misinformed premise that Ukrainians would surrender.

Mr. Prigozhin is the most off-kilter of the Putin elite but the first to say the war was launched on false pretenses. Ukraine and NATO weren't threatening Russia. There were no "Nazis." For all his wrong-side-of-the-tracks ambience, Mr. Prigozhin channels what every respectable regime official thinks. The truth seeps even into the propagandistic

coverage of Russia's state-controlled TV. And Mr. Putin's attempt to brace up his godfather system this week by invoking the dignity and legalism of the state hardly helped. It was better calibrated to suggest a dictator's wishful thinking than to show he has his answers.

Mr. Prigozhin's fate remains up in the air, but he enjoys bargaining chips Mr. Khodorkovsky lacked, as when his employees shot down several aircraft seeking to interfere with their protest "march of justice" to Moscow. Despite the apparent amnesty afforded by Mr. Putin to end the showdown, will Mr. Prigozhin now fall out of a window as other inconvenient Putin associates have? I am more skeptical than some. Would somebody be able to place hands on him? Would they dare? What's in it for them? Mr. Putin faces risks whichever way he turns in the still-unfinished crisis; by a strange logic, Mr. Prigozhin may even have bought himself some immunity by putting elite doubts about the war officially on the record.

At the same time, a weak Putin is even less likely to make peace. He is also less likely to be able to order the apparently strengthened Messrs. Shoigu and Gerasimov to undertake any more hopeless fantasy offensives in pursuit of ultimate victory. Expect paralysis in Moscow and defensive inertia in the war. With the ending yet to be written, the final chapter is likely to exhibit the same elements of burlesque that characterized internal Russian politics this week.

BOOKSHELF | By Tunku Varadarajan

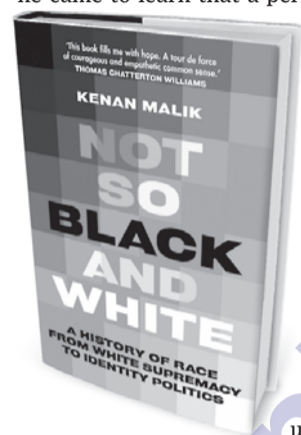
Class Struggle, Not Race Hustle

Not So Black and White

By Kenan Malik
(Hurst, 380 pages, \$29.95)

Racism drew Kenan Malik to politics in 1970s Britain, where "Paki-bashing"—the gleeful term used by white racists to describe their assaults on immigrants from Pakistan and India—was "a national sport." Self-defense became second nature to the British-Indian schoolboy, who organized street patrols to protect his kinfolk in Manchester. "By the time I was a teenager," he writes, "it was difficult to think of many days when I wasn't in a fight with racists."

You'd think a formative experience of this kind would turn a man into a lifelong racial activist. Not Mr. Malik. Even as racism fast-tracked politics into his life, it taught him to look beyond the "narrow confines" of race. By the time he was in college, where he studied neurobiology, he'd become a man of the proletarian left, committed to a class struggle that strove to unite working people of all races against their common oppressors. Most important, he came to learn that a person's race offers "no guide to



the validity" of his political beliefs. Your politics, in short, are a matter of personal choice and not determined by the ethnic group to which you belong. Many on the American left today—whose racial reductiveness holds it to be self-evident that a conservative black person is Not Truly Black—would do well to take note.

Mr. Malik is a prolific commentator in Britain on questions of ethnicity and culture. A stalwart of the universalist left, he espouses a working-class solidarity not "fractured" by race and holds fast to the ideology he embraced in his street-fighting years. He expresses these views eloquently—and with a lightly worn erudition—in "Not So Black and White." Such an ideology, widespread in the Western world until about the 1960s, is now more alive (though much diminished) in Europe than in America. In the U.S., it has given way to racial high priests and hucksters, who've imposed an identitarian catechism on everyone—even on old-school lefties like Bernie Sanders.

"Not So Black and White" sets out to tell the history of race "from white supremacy to identity politics." Yet it really is two books in one, the first less immediately appealing than the second. The first half of the book is a potted history (or "a retelling," as Mr. Malik calls it) of the concept of race. He argues—not entirely originally—that "race did not give birth to racism. Racism gave birth to race." By this he means that it is erroneous to assume that racism emerges when members of one race begin discriminating against members of another. Rather, the opposite is true: "Elites began dividing the world into distinct races to . . . justify the differential treatment of certain peoples." Slavery in the Americas was "racialized in a way unseen before," and until the emergence of New World slavery, the distinction between masters and slaves had "rarely been one of race."

If this seems a little facile, the book's second half is altogether more persuasive. Mr. Malik focuses on the paradox of modernity, as "the age that invented the concepts both of equality and of race." The tussle between the two, he says, continues to shape our consciousness today. Advocates for black emancipation and equality once made common cause with the "universalist" left, which pushed for equal rights for all people, irrespective of race. Yet the meaning of antiracism today has "shifted from demands for political rights and material improvements to calls for the recognition of identity." The phenomenon that best illustrates this trend, says Ms. Malik, is Black Lives Matter, "the most resonant movement challenging racism since 'Black Power.'" Taking its cue from critical race theorists—some of whom hold that racism is ineradicable—BLM conflates the need to challenge racism with the pursuit of racial solidarity. But as Mr. Malik notes, "pursuing the second aim makes the first more difficult."

Working-class solidarity has given way to racial high priests and hucksters, who've imposed an identity catechism on everyone.

He highlights a truth that should be obvious to many Americans: that there is no single black identity. But to assume that there is one—as BLM and others do—only serves the interests of black political elites, whose antiracism is little better than "public performance or finger-wagging at white people to make them feel guilty."

Peddling the myth that black people are inherently powerless in a "white society," these elites have sought to carve out a space—a sanctuary—in which blacks can "assert a degree of power and autonomy." This racial gatekeeping, as it were, has given rise to the taboo surrounding "cultural appropriation," by which races are enjoined to stay in their "lane." Mr. Malik offers a bewildering example from the Whitney Biennial in New York in 2017, when a black British artist campaigned to have a white artist's work destroyed because she'd trespassed onto black territory by painting an image of Emmett Till, a 14-year-old whose lynching in Mississippi in 1955 caused world-wide outrage. Antiracism has morphed into the setting up of racial frontiers "beyond which certain people should not step."

Part of the problem with the contemporary left, says Mr. Malik, is its entanglement not just from the ideas of the Enlightenment—which, at their finest, seek to dissolve boundaries between peoples—but from the working class itself. The increasing use of "culture" as the primary lens with which to view social relations has made the identitarian left suspicious of blue-collar folk, who often resist the progressive ideas thrust upon them in schools and the media.

As effective as Mr. Malik's critique is, his solution is too steeped in nostalgia to ever be workable. He calls for the revival of "radical universalism" as a social movement and as a way to vault the hurdles of race that litter our lives. He yearns for a return to the old-fashioned working-class solidarity—enlightened and nonracial—that he remembers from his youth on the streets of Manchester. This makes him a quixotic man, surely. But compared with many of his counterparts on the left today, it also makes him a likable one.

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at Columbia University's Center on Capitalism and Society.

Israel's Anti-Majoritarian Majority



POLITICS & IDEAS
By William A. Galston

Jerusalem The Israel to which I returned last week for my annual visit is more divided than I have ever seen it, so much that 40% of Israelis fear their

country is heading toward civil war. There is a broad yearning for compromise and consensus, counterbalanced by a deep pessimism that the political system can achieve these goals. Proposals by the right-wing coalition government to overhaul the judiciary have triggered massive antigovernment demonstrations that many regard as the awakening of Israel's long-dormant political center.

The intense confrontation over judicial reform is due in part to the distinctive features of Israel's institutions. In parliamentary systems, there is no division between the executive and legislative branches. But restraints on majority power that exist in many parliamentary systems are absent in Israel. There is no constitution or bill of rights, and the "Basic Laws" that are supposed to build incrementally toward a constitution are enacted by simple legislative majorities. The Knesset is unicameral, and all governing power is centralized, so the country can't rely on federalism to reduce the intensity of disputes by allowing local majorities to have

their way on some issues.

The judiciary has emerged as the only real check on government power. Former Chief Justice Aharon Barak, regarded by his admirers as Israel's John Marshall, led the Supreme Court to consider the Basic Laws as Israel's constitution and exercise judicial review. The court has wielded this power more often against the right than the left, especially on issues of state and religion and to a lesser extent national security. This explains why Prime Minister Benjamin Netanyahu's government, which represents the interests of the religious parties and the settler movement more than any other government in Israel's history, chose to lead with an effort to reduce the court's authority and political independence.

To the government's surprise, this move has been wildly unpopular. According to surveys conducted by the Israel Democracy Institute, only 21% of the public wants the government to proceed with the coalition's proposals, compared with 36% who would proceed only with proposals reflecting a broader consensus and 34% who want to abandon the effort.

The proposals have spurred dissent from opposition parties and within the coalition. Voters who support Mr. Netanyahu's Likud Party, which provides nearly half of the coalition's 64-seat Knesset majority, mostly reject the judicial overhaul. Only 32% of Likud's supporters want the

government to proceed, while 42% prefer a consensual approach and 20% want the government to scrap the initiative. Some Likud members of the Knesset have broken ranks with the coalition on an important vote about the composition of the committee that chooses Supreme Court justices.

Judicial reform might have reawakened the country's long-dormant centrists.

Underlying this conflict over basic institutions are long-simmering disputes over the relationship between religion and state and the movement to settle and formally incorporate the West Bank. It has also highlighted fundamental disagreements about what kind of country Israel should be.

As support for left-wing political parties has plummeted to only 15%, the left's program—a religiously neutral "state for all its citizens"—has been marginalized. But there are stark divisions within the mainstream, which endorses the formula of Israel as a "Jewish and democratic state."

Yossi Klein Halevi, a fellow at the Shalom Hartman Institute and one of the most insightful analysts of Israeli society, put it this way: For the center, "Jewish" means the Jewish people and "democratic"

means liberal democracy with protections for individual and minority rights. For the right, "Jewish" means Judaism and "democratic" means winner-take-all majoritarianism.

The paradox is that the forces that most favor majoritarian reforms—the religious parties—don't enjoy widespread support. Most Israelis oppose state subsidies for religious schools that don't teach basic subjects and passionately reject religious demands for exemption from military service. Two-thirds of Israelis—and three-quarters of Likud supporters—favor universal civil or military service for young adults.

The coalition is trying to use its majority to ram through policies that a majority of Israelis—and Likud members—oppose. A mobilized public opposition is making it hard for the coalition to succeed, and recent polls indicate a significant erosion in the coalition's public support. If internal divisions trigger its collapse, it will likely lose its parliamentary majority.

This helps explain why Mr. Netanyahu has recently stated his determination to move in a "more measured way," beginning with an issue—the power of the court to review certain government actions for "reasonableness"—that appears to be ripe for compromise. If he can't persuade his more-extreme partners to follow him down this path, his government could fall, opening the door to a potential realignment of Israeli politics.

The Primitive Appeal of Golf

By Mark Naida

I have a hunch that deep in their hearts most golfers don't like the sport very much. It's a game of incredible highs—holing one out from a bunker produces a euphoria rare in adult life—but mostly drudgery. Unless you're good, which most players aren't, you spend at least a fifth of each round wondering where your tee shot went or wandering around behind the green staring at the ground because you muscled a shot way past the pin.

Despite the boredom, golf scratches an itch for many people. They budget for new clubs and green fees. They daydream about playing a quick nine after work. They call on Monday to set up their Saturday-morning tee time, assuring their spouses that

they will be back in time for lunch, though the odds of that are vanishingly small, especially given that a fivesome of newbies will inevitably tee off right before and gum up the whole course.

Few sports require working with the land to achieve a goal.

All this to play a game that leaves players feeling a little hollow, because unless there is money on the line, they're really playing against themselves. Almost every golfer I ask admits his handicap is too low and he hardly ever shoots that well.

The constant longing for improvement, for a perfect swing that sends the ball arc-

ing just past the pin with a little backspin like on the Golf Channel, is certainly an appealing part of the game. But I think it's often a secondary reason why people sacrifice so much for the game. When else do you get to walk around in a beautifully manicured place with a task to accomplish? Sure, you could go for a long walk through a park, but odds are your neighborhood park isn't conducive to a 6-mile walk—the average distance traveled during a round of golf by those who eschew carts. And what are you supposed to focus on during that walk anyway?

Golf's appeal is that it forces players to interact with a landscape in a way few other sports do. Most sports are played either indoors on hard floors or on prepared ground. On a rolling course

you may have to contend with pine straw, inconveniently placed trees, tall rough, a deep sand trap or a fast green. A big part of the game is examining the ground, judging the weather, and working with the environment to achieve a goal. Farmers do this all the time, but most of us don't, and there is something in the Neolithic parts of our brains that craves this experience.

I have young kids, so I'm not hitting the links regularly. But every time I'm out wondering and wandering around a course playing mediocre golf, I think what a joy it is to be outside, in an empty, well-tended landscape, with something to do.

Mr. Naida is an assistant editorial features editor at the Journal.

OPINION

REVIEW & OUTLOOK

The Supreme Court's Elections Muddle

So much for the radical Supreme Court. A 6-3 majority on Tuesday rejected the argument advanced by some conservatives that the U.S. Constitution bars state courts from reviewing Congressional maps and voting laws.

The Justices invite many more legal challenges to state ballot laws.

The dispute in Moore v. Harper centered on a North Carolina House redistricting plan in 2021 that was blocked by a Democratic majority on that state's High Court.

In other words, partisan state judges read a ban against political gerrymanders into the penumbra of state law. As a result, Democrats carried three more Congressional seats under a court redrawn map last November than they were predicted to under the Legislature's.

GOP lawmakers argued that the North Carolina court's ruling violated the U.S. Constitution's Elections Clause, which requires "the Legislature" of each state to prescribe "[t]he Times, Places and Manner of" federal elections.

Chief Justice John Roberts rebuffs this reading of the Elections Clause with a middle of the road, or muddle of the road, decision. On the one hand, he says state legislatures are subject to state judicial review under the state constitution when they write election law.

But he also stresses that "state courts do not have free rein" and "this Court has an obligation to ensure that state court interpretations of state law do not evade federal law."

Yet the majority declined to adopt a standard for reviewing such state court decisions. "The questions presented in this area are complex and context specific," the Chief writes. "We hold only that state courts may not transgress the ordinary bounds of judicial review such that they arrogate to themselves the power vested in state legislatures to regulate federal elections."

But what does "ordinary bounds" mean? Perhaps as with pornography, the Court will know it when it sees it. But in practice any review is likely to be highly deferential to state courts, as

Justice Brett Kavanaugh notes in a concurrence. He favors Chief Justice William Rehnquist's standard in Bush v. Gore (2000) that considers whether the state court "impermissibly distorted" state law "beyond what a fair reading required."

As Justice Clarence Thomas explains in a dissent joined by Justice Neil Gorsuch, "it seems likely that 'the bounds of ordinary judicial review' will be a forgiving standard in practice," swelling courts with election lawsuits that will be "quickly resolved with generic statements of deference to the state courts."

The exceptions, he adds, "will arise haphazardly, in the midst of quickly evolving, politically charged controversies, and the winners of federal elections may be decided by a federal court's expedited judgment that a state court exceeded 'the bounds of ordinary judicial review' in construing the state constitution." Or vice versa.

This sounds right. Partisans routinely challenge state ballot laws in election years, and state courts often intervene at the last minute. Democratic attorney Marc Elias has built an entire legal practice doing this. The Court's Moore ruling will invite more such legal elections mischief.

Will the High Court intervene and risk being attacked for election interference? Don't count on it. The Court had precisely that opportunity in 2020 after Pennsylvania's Supreme Court literally rewrote state election law to extend the deadline for receiving mail-in ballots.

* * *

The Moore ruling is the third in three weeks that shows the supposedly partisan Justices tip-toeing around election law—almost certainly to the benefit of Democrats.

In Allen v. Milligan, the Court struck down a GOP Legislature's map because it didn't include a second majority-black district. On Monday the Court declined to review a lower judge's order requiring that Louisiana's Congressional map be redrawn to add another majority-black district. This encourages more lawsuits using Section 2 of the Voting Rights Act to strike down GOP gerrymanders.

The Roberts Court may have a center-right majority, but it includes many flavors of conservative. That won't stop the left from trying to destroy individual Justices, though perhaps Moore will provide a 24-hour respite.

The Lordstowns of Industrial Policy

The White House is on a campaign touting the glories of Bidenomics, with media fanfare every time a new plant opens with the help of new subsidies for semiconductors and other politically favored industries.

The Ohio electric-truck maker Trump touted files for bankruptcy.

The electric-truck maker filed for bankruptcy on Tuesday, and the proximate cause was a dispute with investor Foxconn. But flash back to 2020 when President Trump pumped Lordstown and its "incredible" vehicle. "We've been working on this very long and very hard because General Motors left the plant," Mr. Trump said.

"When GM shut down" a Chevy Cruze plant, Mr. Navarro said, "that was a devastating blow to the Mahoning Valley." But "the President

sprung into action." By that he meant pressured GM into selling the plant.

But the test of success isn't when groundbreaking begins and the politicians take a bow. It's whether the companies that break ground survive as businesses. Lordstown's problems were many, and a 2021 truck prototype catching on fire during a road test turned out to be a prescient metaphor.

Neither Mr. Trump nor President Biden were present at the Lordstown bankruptcy filing, and the politicians never have to account for what goes wrong.

No one wants to see a business fail, but Lordstown is another example of the peril of politicians allocating capital. The lesson is worth keeping in mind as the press releases fly and the politicians show up for photo ops. Far too often, and despite taxpayer subsidies, the government picks losers.

Josh Shapiro's Voucher Test

School choice used to be a bipartisan cause, but in recent years most Democrats have fallen in line behind the union-school status quo. An exception is Pennsylvania Gov. Josh Shapiro, who endorsed a modest choice program in last year's election, and is now facing union resistance to get his plan through the Legislature.

A Democratic Governor fights for school choice in Pennsylvania.

Mr. Shapiro supports Lifeline Scholarships that could be used for private school tuition and related education expenses by students in the worst-performing 15% of district schools. Proposed amounts are \$5,000 for elementary-school, \$10,000 for high-school, and \$15,000 for special-needs students.

Roughly 380 schools in Pennsylvania are in the bottom 15%, and nearly 140 are in the education disaster area known as Philadelphia. The Philly school district's math proficiency for the 2021-2022 school year was merely 15% and for some high schools 1% or less.

Lifeline Scholarship bills have been introduced in the House and Senate, and the scholarships are likely to be included in budget negotiations as a June 30 deadline nears. GOP Senate President Pro Tempore Kim Ward is pushing the proposal, and the question is whether leaders in the House, which has a one-vote Democratic majority, will entertain it.

As usual, unions are trying to make sure they don't. "A large group of lawmakers in the House has voted against voucher schemes like this in the past," said the head of the Pennsylvania

State Education Association, Rich Askey, adding that "we can stop this terrible idea." His union along with several others sent a letter to the Governor expressing "deep concern and complete opposition."

The unions cite the typical line about vouchers taking money from public schools, but the scholarships would have their own fund, which seems to be important to the Governor.

Mr. Shapiro is pressing ahead despite the union fire. "I believe every child of God deserves a shot here in the Commonwealth of Pennsylvania, and one of the best ways we can guarantee their success is making sure every child has a quality education," the Democrat said on Fox News last week. He added that he wouldn't "take a dollar out of our public schools" to achieve that.

Pennsylvania already has two limited tax-credit scholarship programs, which rely on corporate donations. The Lifeline Scholarships are hardly world-changing, but they are an opening to more publicly funded education choice. A Lifeline Scholarship bill passed the House last year with one Democratic vote, when Republicans had the majority, and more Democrats may be willing to vote for it this time around.

Too many schools in Pennsylvania are betraying their students, and fixing them should be a bipartisan priority. Credit to the Governor for trying, and let's hope he has more sway with fellow Democrats than does the union.

LETTERS TO THE EDITOR

Why Trump Had a Right to the Documents

The implications of the "Clinton Sock Drawer" case, laid out in my op-ed "Clinton's Sock Drawer and Trump's Boxes" (June 14), shouldn't be derided. The Constitution and the Presidential Records Act aren't as simple as former Attorney General Bill Barr and letter writer James Wendel (June 20) think.

Not every record created by a federal agency is an "agency record." As then-Judge Merrick Garland and two of his colleagues on the D.C. Circuit concluded in 2013 (in another Judicial Watch case, concerning White House visitor logs maintained by the Secret Service), records created by an agency for the president and intended to be controlled by the president aren't agency records. Why not? Separation of powers. As Judge Garland explained, if records requested and intended to be controlled by the president were agency records, "a potentially serious congressional intrusion into the conduct of the President's daily operations" would exist.

The recent indictment implies that Donald Trump received the 31 records when he was president and that he in-

tended to control them because he placed them in boxes, retaining them. At this point, only the government knows whether those records were created for President Trump. But that fact probably doesn't matter. Another D.C. Circuit panel in 1993 explained that the purpose of the "agency record" exception in the Presidential Records Act was to prevent a president from defining "presidential records" as "all records produced or received by, or in the possession or under the control of, any government agency or employee of the United States."

The indictment, however, doesn't allege that Mr. Trump swooped down into agencies, took records that didn't belong to him and hid them in boxes. It claims that he kept records received by him as president. Thirty years of legal precedent suggest that the records Mr. Trump retained aren't "agency records" and that his decision to maintain the records can't be second-guessed.

MICHAEL BEKESHA Senior attorney, Judicial Watch Washington

We Need a Full Inquiry Into the Hunter Affair

Thanks to Kimberley Strassel, we are learning about the outrageous behavior of the Justice Department to protect Hunter Biden from a possible felony charge ("The Hunter Biden Whistle Blows," Potomac Watch, June 23). Most media outlets, if they mention the Internal Revenue Service whistleblower at all, portray it all as a Republican political attack.

The House Ways and Means Committee rightly sought out the IRS employees who were removed from the case after their investigation was repeatedly stifled by Assistant U.S. Attorney Attorney Lesley Wolf. Based on the details in Ms. Strassel's column, it would seem prudent for the committee to now subpoena Ms. Wolf to testify under oath.

The American public deserves the truth. Whitewashing the younger Mr. Biden's crimes would be as corrupt as the crimes themselves.

OLIVER WATSON Orange, Calif.

Ms. Strassel's discussion of the Hunter Biden plea deal is excellent, but it omits one salient point: This isn't a

done deal. The prosecution and defense may have agreed on a (sweetheart) deal, but the third leg of the agreement is that it must be accepted by a judge, in this case, Judge Maryellen Noreika.

Judge Noreika has the power to reject this plea deal and return the parties to the status quo ante. A better result, however, which might restore confidence in the system, would be to order a hearing into the circumstances surrounding the plea, and take testimony from the whistleblowers. That clearly would be in the public interest.

It is unusual but not unheard of for a judge to reject a plea bargain, and it happens in high-profile as well as run-of-the-mill cases. As a former prosecutor, I've seen it. Last year, in a case involving inside-the-Beltway spy intrigue, Judge Gina Groh rejected a plea deal on grounds that the agreed-to sentence for the now-convicted spies wasn't harsh enough for the crimes committed. Let's hope Judge Noreika reaches the same obvious conclusion.

MICHAEL G. BRAUTIGAM Tallinn, Estonia

The 'Dark Patterns' of Deceptive Marketing

We shouldn't blame consumers when companies' drip-pricing schemes deceive them ("Hidden Fees Exist Because They Work," U.S. News, June 17). Our market-based economy depends on sellers to make good-faith attempts to compete with one another in developing the best products and services to win over consumers. Businesses that use hidden fees and

drip pricing win market share and harm competitors by advertising lower prices than they really charge and then hoping that consumers don't notice.

This is often achieved through the use of "dark patterns" and other tools of deceptive marketing. Anyone who has ever rushed through the process of buying a concert ticket and knuckled under to ticketers' exorbitant fees, thanks to a ticking time clock at the top of a screen, is familiar with the dark patterns. Instead of casting blame on consumers, we should support those who seek to prohibit such abuse in the first place.

JOHN BREYAULT National Consumers League Arlington, Va.

Memorizing Great Words Is Better Than the Alternative

In "Kids and the Power of the Spoken Word" (op-ed, June 15), Mark Bauerlein and David Mikics write that modern educators prefer critical analysis to memorization. But critical analysis vanished years ago. Now it's straightforward propaganda. People don't like critical analysis anyway: What they want is for everyone else to agree with them.

WIGHT MARTINDALE JR. Conshohocken, Pa.

Sixty years ago, every student in Douglas Bush's class on John Milton knew we would have to write from memory 20 lines on our final exam. The first 20 lines of "Paradise Lost" have remained with me ever since and helped me sail through every difficult dentist appointment.

SALLY BOGLE GABLE Atlanta

I was in eighth grade when my teacher chose me and a classmate to recite two pieces of American literature to the elderly residents of Pennsylvania Memorial Home in Brookville. Seventy-nine years later, Lincoln's Gettysburg Address and Oliver Wendell Holmes's Old Ironsides are still in my memory—and alive.

BILL PRESTON Prescott, Ariz.

Latin Language Still Lives

Seminarian Gerard Gayou's "The Guiding Light of Latin Grammar" (Houses of Worship, June 23) calls to mind the line of Father John X. Halligan, played by Van Johnson in the 1952 movie "When in Rome": "Latin's not dead, it's just resting."

STEPHEN F. PEIFER Portland, Ore.

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Which People Get to Choose?

It's hard to dispute Justice Samuel Alito's point that abortion "presents a profound moral question" or your editorial assessment that it belongs "in the people's hands" ("Democracy Vindicates Alito on Abortion," Review & Outlook, June 24). But shouldn't such moral questions be decided by individuals, based on their own beliefs, rather than by state legislatures, guided by political considerations?

RON HUTCHESON Washington

CORRECTION

The music review "Eric Clapton's Essential Concerts" (June 26) misidentified the lead singer on Cream's "Sunshine of Your Love." It was Jack Bruce.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Do you think there is such a thing as too green?"

OPINION

Americans Are Living Longer and Prospering

By Richard B. McKenzie

Wealth in America over the past several decades has increasingly become concentrated among the top 1%. As of 2021, the wealthiest 10% controlled nearly 70% of total wealth—up from 63% in 1989. The wealth of the bottom half increased in real dollars between 1989 and 2022 but declined from 3.8% to 3.1% as a share of the total during the same three decades.

Many on the left view this as evidence that the wealthy have rigged the country's tax and regulatory policies to their advantage. Sen. Bernie Sanders denounces today's wealth-concentration as "morally obscene." President Biden seeks to temper the growing wealth accumulation by imposing a "billionaires tax."

But one major cause of this wealth concentration is going largely unnoticed: Americans' increasing life spans have disproportionately increased the elderly's considerable wealth advantage. They've had more time to save and invest because of advances in medical science during their lifetimes.

Longer life spans are an underappreciated cause of the increase in the concentration of wealth.

From 1940 to 2019, Americans' life expectancy rose by almost 16 years, while the share of the U.S. population 65 and older grew from 9.8% to 16.7%. The elderly have progressively more healthy years to work. Most important, increased life spans have meant that older Americans' wealth portfolios have been able to compound for longer.

To illustrate, consider a 65-year-old today who has a portfolio of \$1 million, fully invested in an S&P index fund, enabling him to hold off for years shifting assets into lower yielding bonds. Suppose he chooses to work an additional 10 years, expecting almost the same number of retirement years as a 65-year-old had in 1940, but all the while allowing the \$1 million portfolio to compound for 10 years. If the S&P increases at its historical inflation-adjusted rate of 7.2%, his real wealth will grow to about \$2 million—without any additional investments. The retiree will move from the top 12% of wealth holders to the top 6%. The person with \$6 million at 65 will move from the top 3% to the top 1% at 75.

If 67-year-old Bill Gates invests his wealth, slightly more than \$117 billion this year, for the next 10 years and at the same low rate, he will add another \$117 billion to the top 1% of aggregate wealth. That calculation reveals a truism: The greater the wealth at 65, the greater the portion of the wealth increase that will add to wealth concentration in the top tiers.

The upward wealth-concentration trend can't be fully explained by increased life spans. Many people are able to increase their wealth dramatically without the benefit of age—and many elderly people can do the same without reaching the top tiers. But critics shouldn't overlook that Americans 70 and up, who represent 16% of the population, now hold \$35 trillion in wealth, or 27% of total wealth, up from a fifth three decades ago.

Fortunately, many young people, who can begin building their own portfolios, will be beneficiaries of considerable inheritance and longer life expectancies than today. They'll just have to wait.

Mr. McKenzie is a professor emeritus of economics at the University of California, Irvine and author of "The Selfish Brain: A Layperson's Guide to a New Way of Economic Thinking."

By Eileen J. O'Connor

Supervisory Special Agent Gary A. Shapley Jr., a 14-year veteran of the Internal Revenue Service's Criminal Investigation Division, sat on May 26 for hours of sworn and transcribed testimony with members of the majority and minority staffs of the House Ways and Means Committee. On June 1, an IRS criminal investigator who chose to remain anonymous did the same. These whistleblowers came forward because they believe that Attorney General Merrick Garland gave false assurances to Congress when he testified that he had empowered U.S. Attorney David Weiss with full authority to investigate Hunter Biden's alleged criminal activity and bring any resulting charges.

The plea agreement reportedly reached between Mr. Weiss and the president's son gives credence to the whistleblowers' statements. The judge to whom that agreement is presented on July 26 ought to consider rejecting it.

IRS special agents are the agency's criminal investigators. They are the best in the world at tracking down the proceeds of crime. Because of this, they are frequently invited by other federal law-enforcement agencies to participate in matters far removed from tax crimes. They work hand-in-glove with assistant U.S. attorneys and Justice Department tax prosecutors to obtain search warrants and other authorizations necessary to explore leads.

The IRS opened its investigation into Hunter Biden in November 2018 as an offshoot of an investigation it was conducting of a foreign-based amateur online pornography platform. In October 2019 the Federal Bureau of Investigation learned of certain devices, including laptops, that had been abandoned at a Delaware computer repair shop. According to Mr. Shapley, FBI agents had confirmed within weeks that the devices belonged to Mr. Biden and that their contents were authentic. After taking possession of the devices in December 2019, FBI agents notified

Throw Hunter's Plea in the Trash



Hunter and Joe Biden.

the IRS that they likely contained evidence of tax crimes. Notwithstanding this notification and that the FBI had legitimate possession of the devices and unfettered access to their contents, Mr. Shapley's testimony describes how prosecutors never permitted the IRS special agents to examine them.

The IRS whistleblowers say Justice sabotaged the investigation, so how can the agreement stand?

This is only one of the roadblocks the whistleblowers claim prosecutors threw in the way of their investigation into Mr. Biden's financial dealings. The IRS special agents testified that they requested and were denied permission to search the guest house at Joe Biden's Delaware mansion and the storage locker Hunter Biden maintained in Northern Virginia. The whistleblowers claim they had reason to believe they would find records in those locations of at least some of the numerous pass-through entities that reportedly served as conduits for illicit and likely unreported payments to Hunter Biden and possibly other

members of his family.

Federal rules provide that the government generally must prosecute an offense in the district in which it was committed. Charges brought in an improper venue can be dismissed. U.S. attorneys are the chief federal law enforcement officers for their districts. When a U.S. attorney discovers crimes that need to be charged in another district, he generally transfers the case and, if necessary, details some of his own staff to handle it.

By June 2021, Mr. Weiss's prosecution team had gathered enough evidence to understand that Delaware wasn't the proper venue in which to prosecute Hunter Biden's tax crimes. Crimes allegedly committed in 2014 and 2015 would have to be charged in the District of Columbia and those allegedly committed 2016-19 would have to be charged in the Central District of California.

According to the whistleblowers' testimony, the U.S. attorneys in the capital and Central California refused Mr. Weiss's requests to charge Hunter Biden in their districts. Mr. Shapley testified that Mr. Weiss then asked "Main DOJ" to name him special counsel and was denied—possibly not for the first time. In March testimony before the Senate Judiciary Committee the attorney general said that although he hadn't made

Mr. Weiss special counsel, he had given Mr. Weiss all the authority he needed to bring charges in any district he deemed appropriate.

But on Oct. 7, 2022, Mr. Shapley claims, Mr. Weiss declared in a meeting of the prosecution team that in fact he wasn't the final decision maker with respect to charges that might be brought against Hunter Biden. It was this statement that shocked and troubled Mr. Shapley such that he braved the consequences of becoming a whistleblower and sought legal counsel on how to do so.

The Justice Department's alleged foot-dragging and refusal to permit IRS special agents to follow the evidence allowed the statutes of limitations for 2014 and 2015 to expire, notwithstanding that Mr. Biden's defense counsel had, according to Mr. Shapley, agreed to more than one extension. Far worse, Mr. Garland's failure to designate Mr. Weiss a special counsel essentially guaranteed that Mr. Biden wouldn't be prosecuted for any of his alleged tax crimes.

The "criminal information"—the charging document in the absence of an indictment—prepared by Mr. Weiss's office, to which Hunter Biden will reportedly plead on July 26, states that Mr. Biden received but didn't pay federal taxes on "taxable income in excess of \$1,500,000.00" in 2017 and in 2018. House Oversight Committee Republicans claim to have seen Treasury Department suspicious-activity reports suggesting that Mr. Biden received vastly more than that during the years the IRS was investigating.

Judges can reject plea agreements. That would be an appropriate disposition here. And Congress, in fulfillment of its oversight obligation, must learn and share with the American public what evidence the IRS gathered, what evidence its agents weren't permitted to obtain, and what charges might have been brought if they had.

Ms. O'Connor, a Washington lawyer, headed the U.S. Justice Department's tax division, 2001-07. Jay Starkman contributed to this article.

The Trouble With Reparations for Redlining



UPWARD MOBILITY
By Jason L. Riley

Following California's lead, lawmakers in New York have passed a bill to create a reparations task force to study the lingering effects of slavery. New Jersey and Vermont are among states considering similar measures. It's too

early to tell if or how any restitution would play out—neither Gov. Gavin Newsom of California nor Gov. Kathy Hochul of New York has endorsed reparations payments—but a suburb of Chicago may offer some clues. Two years ago, Evanston, Ill., became the first municipality in the country to make reparations available to black residents. The City Council voted to distribute grants of \$25,000 each to qualifying black households for home repairs, down payments on property and other housing costs. Blacks who lived in Evanston between 1919 and 1969 and their direct descendants are eligible. The city has promised to spend up to \$10 million over the next decade, and CNN reported in March that 650 residents so far had applied. Don't be surprised if Evanston becomes a template for similar schemes.

Proponents of reparations cite past housing discrimination as a primary driver of today's racial wealth gap. The National Housing Act of 1934 established the Federal Housing Administration to "facilitate sound home financing on reasonable terms." Prior to the 1930s, people usually paid cash for homes. When homes were financed, down payments of at least 30% were often required, which few could afford. The new law was intended to guarantee private mortgages and make them more widely accessible.

The effort was remarkably successful, and the effects were almost immediate. "Builders went back to

work, and housing starts and sales began to accelerate rapidly in 1936," wrote historian Kenneth Jackson in a definitive study, "Crabgrass Frontier: The Suburbanization of the United States." There were 93,000 housing starts in 1933. By 1941 the figure had risen 566%, to 619,000. "By the end of 1972, FHA had helped nearly eleven million families to own houses and another twenty-two million families to improve their properties," wrote Mr. Jackson. "And in those same years between 1934 and 1972, the percentage of American families living in owner-occupied dwellings rose from 44 percent to 63 percent."

Officially, the FHA legislation had no discriminatory intent. Nevertheless, the new programs were implemented in ways that led to dramatic racial disparities. In determining which residences to insure, the agency instructed underwriters to consider, among other things, a community's "economic stability" and its "protection from adverse influences." This resulted in a practice known as "redlining," in which banks declared entire neighborhoods ineligible for FHA loans. The upshot, Mr. Jackson pointed out, is that FHA helped to turn the building industry "against the minority and inner-city housing market" and to promote "the income and racial segregation of suburbia."

Given this history, it's easy to understand why proponents of reparations are quick to cite redlining as a justification. California's task force noted the state's "willing complicity in federal redlining policies" as a "clear case of state-sanctioned housing discrimination." Sponsors of the New York legislation cited the state's "history of segregation,

Most people who lived in areas where the FHA refused to insure mortgages were white.

housing discrimination and redlining." Ta-Nehisi Coates's 2014 article in the Atlantic magazine, which reignited this debate, is titled "The Case for Reparations." That case is largely based on housing discrimination in the Jim Crow era. "Redlining went beyond FHA-backed loans and spread to the entire mortgage industry," he wrote, "which was already rife with racism, excluding black people from most legitimate means of obtaining a mortgage."

Nevertheless, the argument that discriminatory housing policies kept blacks from acquiring more wealth and entitle them to reparations isn't a particularly strong one. Mr.

Coates asserts that government's housing policies "engineered the wealth gap" that exists today. The historical reality is that notwithstanding the difficulties blacks faced in obtaining mortgages in the postwar period, homeownership among blacks was rising faster than it was among whites. Research by economists William J. Collins and Robert A. Margo shows that between 1940 and 1980, homeownership rates climbed by 37 percentage points for blacks and by 34 points for whites. If homeownership builds wealth, this was a period of extraordinary gains for blacks.

But there is a more fundamental problem with linking reparations to past redlining policies. While a higher percentage of the black population lived in redlined areas, most residents of neighborhoods where the FHA refused to insure mortgages weren't black, according to a 2021 National Bureau of Economic Research study by Price V. Fishback, Jessica LaVoice, Allison Shertz and Randall Walsh. "In our sample, over 95 percent of black homeowners lived in the lowest-rated 'D' zones," they found. "Yet, the vast majority (92 percent) of the total redlined home-owning population was white." If being a victim of redlining is a qualification for reparations, what is the argument for excluding whites?

From Russia With Talent

By John Fund

The weekend's abortive Wagner Group rebellion is the most extreme threat against Vladimir Putin yet. Russia is bleeding, and its injuries penetrate deeper than the battlefield. The massive migration plaguing the country is an opportunity for the West.

Over the weekend the Journal reported that prices of flights from Moscow were surging. An aviation search engine showed airfares to Dubai had soared to \$4,200, Istanbul to \$850 and Yerevan, Armenia, to \$1,000. Travelers to some destinations had to wait for flights on Monday or Tuesday because weekend seats sold out.

Such an exodus isn't new. Last year's invasion of Ukraine has prompted two other waves of emigration. While estimates vary, some 200,000 left Russia in the first two months of the war, including many journalists, artists and tech professionals. Last fall, when the government decided to enlist young men off the streets, 400,000 people left the country.

Russia is reeling from its worst labor crunch since Mr. Putin came to

power in 1999. Half of all businesses face labor shortages, according to the country's central bank. In December, Russia's Communications Ministry disclosed that 10% of the country's IT workers had left in 2022 with no plans to return. Shortages of engineers, welders and oil drillers further hinder Russian industries.

To buck the trend, Russia's security services have confiscated the passports of some senior officials to prevent them from overseas travel. Some Russian nationalists have even called for an aerial "Berlin Wall" to prevent average citizens from leaving. But such a move would further alienate Mr. Putin from his people and weaken his popularity.

The U.S. and its allies stand to gain from Mr. Putin's population drain, and we should look to immigration laws as instruments of foreign and economic policy. The U.S. accepts as many as 85,000 migrants a year through the H-1B visa program, which allows employers to hire educated foreign workers for specialty occupations. By slightly expanding those numbers and targeting Russian technical talent, we can take advantage of the Russian engineers fleeing Moscow to fill

our tech labor shortage.

President Biden has taken steps in this direction. Last year he asked Congress to waive job-offer requirements temporarily for Russians with advanced degrees in a host of fields including manufacturing, technology and engineering. The proposal languished in Congress. Mr. Biden needs to revive it and make it a priority.

If Washington sets an example, U.S. allies may follow in different ways. In April 2022, European Council President Charles Michel said European countries should consider offering asylum to Russian soldiers who leave their posts in Ukraine. The month before, Czech Prime Minister Petr Fiala visited Kyiv and called for "a coalition of states" to "provide asylum to soldiers of the Russian Federation who decide not to fight and desert."

Taking talent and numbers away from Mr. Putin, whether through asylum or immigration, is a strategic way to weaken Russia's military and economy while strengthening the economies of the U.S. and its allies.

Mr. Fund is a columnist for National Review and a senior fellow at the Committee to Unleash Prosperity.

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WORLD NEWS

Nuclear-Armed Sub to Head to Korea

By TIMOTHY W. MARTIN

SEOUL—The U.S. is sending its largest nuclear-armed submarine to South Korea for the first time in four decades, in an effort to rattle the regime of Kim Jong Un.

The Ohio-class warships, called boomers, can stay submerged indefinitely and go on monthslong patrols. They can fire nuclear warheads at targets thousands of miles away.

But the visit carries just as much—if not more—significance for South Korea. The port visit will mark the first substantial payout from an accord struck in late April between President Biden and South Korean President Yoon Suk Yeol.

Seoul restated its commitment to not developing its own nuclear weapons. In return, the U.S. offered South Korea—for the first time—a bigger say in consultations on potential American nuclear use in response to a North Korean attack and promised to dispatch strategic assets like nuclear-armed submarines and B-52 bombers to the region.

In recent days, the USS Michigan, a nuclear-powered submarine that shoots cruise missiles, visited South Korea to participate in combined special-ops training. American and South Korean officials haven't disclosed the timing of the visit by the submarine armed with nuclear warheads.

South Korea, said Jean H. Lee, a nonresident fellow at the European Center for North Korean Studies. "They don't have a lot now, so Kim Jong Un needs tension to justify testing," Lee said. "It will be very tempting to use this as an opportunity to show the people there has been a very real reason why he's been investing in nuclear weapons."

Historic run

Pyongyang has engaged in a historic run of missile provocations in recent years, breaking a self-imposed moratorium on long-range weapons. U.S.-led efforts to thwart the North's behavior through the United Nations Security Council have been met with resistance by China and Russia.

The Kim regime went more than two months without any missile activity before test-firing a couple of short-range weapons this month.

A port call by an Ohio-class submarine with nuclear firepower isn't likely to dissuade the Kim regime.

If anything, the arrival of the nuclear submarine will feed into the North Korean dictator's narrative that more weapons advances are necessary to defend the country against the joint threat from the U.S. and



The USS Michigan, a nuclear-powered guided-missile submarine, left Busan last Thursday.

South Korea, said Jean H. Lee, a nonresident fellow at the European Center for North Korean Studies.

"They don't have a lot now, so Kim Jong Un needs tension to justify testing," Lee said. "It will be very tempting to use this as an opportunity to show the people there has been a very real reason why he's been investing in nuclear weapons."

The potential for a bigger shift from the April accord lies more with South Korea, security experts say.

Yoon, a conservative who took office last year, has made solidifying ties with Washington and Tokyo a priority.

This month, the South Korean leader said his country's relationship with the U.S. had been upgraded to a "nuclear-based alliance."

More talks

The biggest prospects for a change lie with the establishment of a new Nuclear Consultative Group between the two countries. Seoul and Washington are firming up details for the first deliberations, which are expected to occur four times a year. The pact also calls for new training exercises for scenarios that could include a South Korean conventional military role in supporting U.S. nuclear operations in a conflict.

INTEGRATION SEEN AS KEY

The historical focus of deterrence and extended-deterrence strategy consultations by Washington and Seoul has been scenarios of North Korean nuclear use and how a conventional response by the alliance might unfold, said S. Paul Choi, a former strategist for the South Korea-U.S. Combined Forces Command.

But many aspects regarding the potential deployment of U.S. nuclear weapons have been "almost a black box" for South Korea, Choi said. Greater integration with Seoul should increase readiness and deterrence, especially since South Korean troops would constitute

the bulk of ground forces in a nuclear conflict, he said.

"A mantra in the defense community is that plans don't matter, but planning does," said Choi, who is now principal of StratWays Group, a Seoul-based geopolitical-risk consulting firm.

Chun In-bum, a former special-forces commander of the South Korean army, said the U.S. and South Korea could benefit from having a more in-depth understanding of each other's positions.

One question is if North Korea were to launch a nuclear attack on the South, should the response be nuclear or conventional, or possibly both, he added.

ing exercises for scenarios that could include a South Korean conventional military role in supporting U.S. nuclear operations in a conflict.

What isn't up for consideration is a redeployment of American tactical nuclear weapons to South Korea,

which were removed in 1991.

Biden, during Yoon's state visit to Washington where the new nuclear pact was announced, also made clear that he has the absolute and sole authority to launch a nuclear weapon.

But the U.S. would make

every effort to consult with South Korea on the potential use of nuclear weapons, Biden said.

Yoon raised concern among U.S. officials after suggesting in January that South Korea could pursue its own nuclear weapons.

The notion reflected growing unease about North Korea's advances, as well as other security fears resulting from Russia's invasion of Ukraine and China's rising aggression across the region.

Some 70% of South Koreans said they were worried about security issues in the region, according to a poll in May conducted by the semi-official Yonhap News Agency.

Bigger exercises

The U.S., South Korea and Japan have participated in more three-way exercises and plan to sync their real-time missile-tracking systems by the end of the year.

Seoul and Washington just concluded their largest-ever, live-fire drills simulating the response to a North Korean attack.

The deeper military coordination between the U.S. and its Asia-Pacific allies has significance beyond the Kim regime and has drawn disapproval from China.

While the Biden administration deserves much credit for strengthening ties in the region, Beijing's assertive behavior has served as the decisive factor or underlying condition for the greater U.S.-allied coordination, said Patricia M. Kim, a China expert at the Brookings Institution.

"It's striking how little recognition there is in Beijing about how its own coercive behavior has served as the No. 1 factor for pushing U.S. allies closer toward Washington," she said. "There's a tendency for China to see itself as a victim of encirclement, rather than the cause."

The South Korean focus on exerting greater involvement in the U.S. use of nuclear weapons can seem perplexing to some military experts. That is because Washington and Seoul have ample ability to pummel Pyongyang with their conventional arsenal of weapons, said Lami Kim, a military expert at the Asia Pacific Center for Security Studies in Hawaii.

"What's key is whether Washington has the will to punish North Korea with overwhelming force, not which weapon systems Washington is willing to employ," she said.

ECB Head Sees Rise In Rates Next Month

By TOM FAIRLESS

European Central Bank President Christine Lagarde said the bank would likely raise interest rates in July and keep them high for some time, signaling the ECB still has a way to go to tame high inflation.

Speaking at the bank's annual policy conference in Portugal, Lagarde warned that recent economic shocks were still working their way through Europe's economy, "making the decline in inflation slower and the inflation process more persistent."

The comments underline an emerging policy divergence between the ECB and the Federal Reserve that has helped to boost the value of the euro in recent weeks.

"Fairly hawkish tone from the president....July hike sounds like a done deal, with little prospect for a pause," said Frederik Ducrozet, head of macroeconomic research at Pictet Wealth Management in Switzerland.

Lagarde zeroed in on buoyant wage growth in Europe, where pay is often negotiated between trade unions and employers in deals that often last several years. That delay, coupled with lackluster productivity growth, risks keeping inflation high, she said.

The ECB expects eurozone wages to grow by a further 14% by the end of 2025 as workers seek to recoup income lost to high inflation, she said. The trouble is, productivity is growing less than expected, amplifying the impact of wage growth on inflation, Lagarde said.

"It is unlikely that in the near future the central bank will be able to state with full confidence that the peak rates have been reached," she said.



The ECB's Christine Lagarde said rates would stay high.

WORLDWATCH



STONE-FACED: A worker under watchful eyes on Tuesday set up 'Venus of the Rags' by Italian artist Michelangelo Pistoletto during final preparations for the installation's opening on Wednesday at Piazza del Municipio in Naples, Italy.

FRANCE

Body Found in Building Rubble

French emergency workers found a body Tuesday in the rubble of a Paris building whose facade collapsed in an explosion last week, and are working to remove the remains and identify the person, said the Paris prosecutor's office.

The discovery marks the first fatality in the blast, which left six people critically injured and more than 50 people with less serious injuries or psychological shock, the Paris prosecutor said.

Authorities had been digging through debris for days to try to locate a person reported missing since the explosion June 21. The search was complicated by the risk that a neighboring building could collapse.

After the discovery, the preliminary investigation was expanded to include potential manslaughter charges, the prosecutor's office said. They are looking into whether the blast was caused by intentional violation of safety rules. A possible gas leak was one of the theories under investigation.

The French capital's historic—and sometimes aging—infrastructure has seen occasional gas explosions in the past. Last week's explosion near the historic Val de Grace military hospital in the city's 5th district crumpled the facade of a building that held a private academy of design and arts.

—Associated Press

SIERRA LEONE

President Wins A Second Term

Sierra Leonean President Julius Maada Bio has won a second term in office, receiving 56.17% of ballots cast and narrowly clearing the threshold for avoiding a runoff in the West African nation, electoral officials said Tuesday.

Main opposition candidate Samura Kamara disputed the results showing he got 41.16% of the vote in Saturday's election. "These results are NOT credible and I categorically reject the outcome so announced by the electoral commission," he said.

To win in the first round of voting and avoid a runoff, the top contender had to secure 55% of the vote. Bio said in a tweet he was "extremely humbled and immensely thankful for your overwhelming vote of confidence."

Bio previously defeated Kamara in the 2018 presidential election, promising to end rampant corruption.

Analysts say Bio has invested in improving education and has taken steps to fight corruption.

At the beginning of this year, he signed a landmark women's rights bill.

But the weak economy eventually propelled Sierra Leoneans into the streets to protest widespread poverty. Nearly 60% of Sierra Leone's population of more than 7 million are facing poverty, with youth unemployment among the highest in West Africa.

—Associated Press

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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S&P 4378.41 ▲ 1.15% S&P FIN ▲ 0.71% S&PIT ▲ 2.04% DJTRANS ▲ 2.70% WSJ\$IDX ▼ 0.13% 2-YR. TREAS. yield 4.762% NIKKEI (Midday) 32842.39 ▲ 0.93% See more at WSJ.com/Markets



Lines of travelers swelled Tuesday at the Newark, N.J., airport. Over 4,000 U.S. flights have been scrubbed since Sunday.

Ford to Lay Off 1,000 Contract, Salaried Workers

Cuts are expected to significantly affect company engineers in North America

By NORA ECKERT

Ford Motor plans to lay off at least 1,000 salaried employees and contract workers in North America, people familiar with the matter said, the automaker's latest effort to defray the heavy cost of investing in electric cars.

In internal meetings on Monday, Ford began notifying some salaried workers in North America that job cuts would be coming, a company spokesman confirmed Tuesday morning. The planned layoffs are concentrated in the engineering ranks, where Ford is targeting costs across its business units, he said.

The automaker has made several rounds of global layoffs over the past year, including a 3,000-person reduction in the U.S. last summer and a slightly larger layoff in Europe initiated earlier this year. Ford has about 28,000 salaried employees in North America. The U.S. automaker's plan for another round of layoffs was re-

ported last week by The Wall Street Journal.

This latest reduction of Ford's white-collar workforce includes employees in its electric-vehicle and software side of the business, the company spokesman confirmed.

The cuts will affect workers in the automaker's gas-engine and commercial-vehicle divisions, he said.

Managers at the company held meetings on Monday in which they informed employees that layoffs were coming and that affected teams should work from home for the rest of the week, a company spokesman said.

Many automakers are focused on areas where they can cut costs to offset their heavy investments in EV development. In recent months, General Motors and Jeep-maker Stellantis began offering buyouts, with executives emphasizing the need to control costs as they pour more money into electric and digital technology. Stellantis's buyout offers also included unionized workers at its U.S. factories.

The salaried job cuts at Ford come weeks ahead of the scheduled start of negotiations with the United Auto

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United Blames FAA as Storms Bring More Flight Cancellations

By ALISON SIDER

United Airlines' chief executive blasted the Federal Aviation Administration after severe storms led to thousands of canceled flights in recent days, saying the agency's air-traffic-control problems exacerbated the disruption.

With summer travel in full swing, scattered storms began wreaking havoc on travel in the Northeast on Saturday,

and the number of disrupted flights swelled Sunday and Monday. Airlines canceled about 500 U.S. flights as of Tuesday afternoon as storms lingered, in addition to the more than 3,500 that were scrubbed Sunday and Monday.

The FAA said thunderstorms would continue to pose challenges Tuesday afternoon and evening. In one notice, it said LaGuardia Airport in New York was "almost in grid-

lock," without enough available departure gates.

The onslaught of storms in the Northeast has set off one of the worst stretches for air travel this year. United Chief Executive Scott Kirby said a shortage of air-traffic controllers also played a role.

"I'm also frustrated that the FAA frankly failed us this weekend," Kirby wrote in a message reviewed by The Wall Street Journal.

Kirby said that the FAA cut arrival rates by 40% and departure rates by 75% on Saturday. That, he said, led to a cascade of delays, canceled flights and diverted planes that "put everyone behind the eight ball when weather actually did hit on Sunday and was further compounded by FAA staffing shortages Sunday evening."

The FAA said staffing constraints didn't contribute to de-

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Klimt Sale Breaks a Record



Gustav Klimt's last portrait, 'Lady With a Fan,' sold on Tuesday for \$108.4 million at Sotheby's London. It was the highest price paid for an artwork at a European auction. B2

Vornado Bets \$1 Billion On New York Offices

By KATE KING AND CRAIG KARMIN

Employees frequently cite the dreaded commute as their biggest reason for avoiding the office. But one of America's most prominent landlords is featuring the commute as a selling point for a 9-million-square-foot real-estate project surrounding Manhattan's Penn Station.

Vornado Realty Trust is spending \$1.2 billion overhauling two of its office buildings near the Midtown transit hub, which serves commuters from

◆ The Property Report..... B6

several subway lines, Long Island, New Jersey and, starting in 2027, Westchester County, N.Y., and Connecticut.

"We think this is the most important development in the city and perhaps way, way beyond the city," the New York firm's chairman, Steven Roth, said.

Roth told Vornado investors that Friday office work is "dead forever" and "Monday is touch-and-go." But he believes workers will continue to commute a few days a week as long as it is an easy journey. He calls train rides to Penn Station a "one-seat commute" because office

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Google Ad Study Faults Reliability

By PATIENCE HAGGIN

Google violated its promised standards when placing video ads on other websites, according to new research that raises questions about the transparency of the tech giant's online-ad business.

Google's YouTube runs ads on its own site and app. But the company also brokers the placement of video ads on other sites across the web through a program called Google Video Partners. Google charges a premium, promising that the ads it places will run on high-quality

sites, before the page's main video content, with the audio on, and that brands will only pay for ads that aren't skipped.

Google violates those standards about 80% of the time, according to research from Adalytics, a company that helps brands analyze where their ads appear online. The firm accused the company of placing ads in small, muted, automatically played videos off to the side of a page's main content, on sites that don't meet Google's standards for monetization, among other violations.

Adalytics compiled its data

by observing campaigns from more than 1,100 brands that got billions of ad impressions between 2020 and 2023. The company shared its findings with The Wall Street Journal.

In a statement, Google said the report "makes many claims that are inaccurate and doesn't reflect how we keep advertisers safe." The company said it has strict policies for the program that serves video ads on third-party sites.

"As part of our brand safety efforts, we regularly remove ads from partner sites that violate our policies and we'll

take any appropriate actions once the full report is shared with us," the company said.

Some ad buyers who have reviewed the research say they want their money back.

"This is an unacceptable breach of trust by YouTube," said Joshua Lowcock, global chief media officer at ad agency UM Worldwide. "Google must fix this and fully refund clients for any fraud and impressions that failed to meet Google's own policies."

The Journal independently observed invalid ad placements

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Volatility Lurks Below Surface of Rally

By GUNJAN BANERJI AND ERIC WALLERSTEIN

Don't be fooled by the sleepy stock market.

Stocks have quietly climbed through the first half of the year, sending the S&P 500 up 14% and measures of market volatility to depths not seen since before the start of the Covid-19 pandemic.

The Cboe Volatility Index, or the VIX, has fallen below 14, near the lowest levels since February 2020. Known as Wall Street's fear gauge, the index tracks the price of options often used to hedge against stock-market downturns.

Yet traders are pointing to a handful of signs, such as positioning in the options market and mammoth swings

CBOE Volatility Index



Source: FactSet

in some individual stocks, that suggest volatility has been brewing under the surface.

A boom of interest in artificial intelligence has led to a dizzying surge in the share

prices of big tech stocks. The frenzy has helped the market value of the information-technology sector climb about \$1.9 trillion since the start of the year to more than \$10 trillion, representing nearly

half of the market's growth this year, according to Dow Jones Market Data.

Options wagers on the tech-led rally have also extended to other corners of the market, such as small-cap stocks. Even without a big market drawdown, should stocks begin moving in lockstep, that could boost turbulence in the broader market.

Traders are piling into wagers that would profit if that occurred. More call options tied to the VIX have changed hands on an average day in June than in any other month on record, according to Cboe Global Markets data.

Among the most actively traded options tied to the VIX in recent sessions have been those tied to the gauge jumping to as high as 47.5 or 30, a

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Private-Equity Giants Settle for Small Deals

By BEN DUMMETT AND LAURA COOPER

Megadeals are out. Little deals are in.

Blackstone, KKR and other buyout giants are using their record war chests to snap up smaller companies in deals that typically are easier to accomplish in an era of soaring borrowing costs and economic uncertainty.

Volatile markets and a cloudy economic outlook have made it harder for buyers and sellers to agree on the worth of a business. More-expensive debt and a dearth of bank financing also are making large

buyouts more challenging, bankers and private-equity deal makers say.

So far this year, PE-backed deals have an average value of \$65.9 million, the smallest for the comparable period since the global financial crisis, according to Refinitiv, a data provider.

Smaller takeovers and add-on deals are en vogue, industry participants say, because they often require no debt and allow firms to keep investing despite the tougher backdrop. An add-on deal is one in which a PE firm or other buyer acquires a business and integrates it into a company already in its port-

folio.

As of Friday, the overall value of private-equity-backed deals is down over 50% in 2023 versus the prior period, at a three-year low of about \$256.7 billion, according to Refinitiv. But the number of transactions has fallen 4% to 6,458. That is the third-highest year-to-date tally in data going back more than 30 years, showing the resurgence of smaller deals.

For Blackstone, which is known for larger deals such as its \$4.6-billion purchase of events software company Cvent Holding, the shift means buying smaller companies that it can combine with those that

it already owns, said Eli Nagler, a deal maker in the firm's buyout group. The combined company can eliminate overlapping operations and boost revenue to achieve a higher valuation in a future sale or initial public offering.

Blackstone can take advantage of portfolio companies that have existing debt facilities locked in at lower rates than are currently available. By drawing down those facilities to finance a deal, Blackstone and the portfolio company can cut acquisition costs, Nagler said.

Companies backed by Black-

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Penn 1 has a hotel-style lobby that includes a large staircase and giant screens that show sports at happy hour.

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United Hits FAA Over Disruptions

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lays at East Coast air-traffic control facilities this week. "We will always collaborate with anyone seriously willing to join us to solve a problem," an FAA spokesman said.

Airlines face the challenge of repairing their operations in time for the July 4 holiday. The Transportation Security Administration has said it expects to screen 2.82 million travelers Friday, which would be a new post-pandemic peak.

As of Tuesday afternoon United had canceled about 14% of flights scheduled for the day, outpacing rivals. The airline canceled about 18% of its flights Monday, according to flight data providers.

Delta Air Lines and JetBlue Airways were also impacted by the recent storms. JetBlue on Tuesday scrubbed over 14% of its flights while Delta's cancellations eased to roughly 8% of flights, according to Anuvu.

Delta said it has worked to stabilize its operations after the rounds of thunderstorms Sunday and Monday, and expects to be "fully reset" by Wednesday.

United's Kirby said he plans to discuss with FAA and

Transportation Department officials how to prevent a repeat of similar disruptions this summer. He said that air-traffic control shortages predate the FAA's current leadership.

United has also struggled to match crews with flights as its operation has been upended. The union that represents United flight attendants said Monday some of them had spent three hours on hold waiting for instructions amid a deluge of reassignments.

The airline said it was working to catch up on call volumes, including increasing staffing in crew scheduling and mandatory overtime on the scheduling team.

The number of people passing through U.S. airports in recent weeks has hit the highest levels in more than three years. Packed flights with few empty seats can make it harder for passengers to find alternatives when cancellations and delays upend their plans.

The industry is under pressure from regulators to perform better this summer than it did the past few years coming out of the pandemic, when rapidly returning demand overwhelmed airlines' operations.

Delta Air Lines CEO Ed Bastian said Tuesday that the airline's operation has made strides but can still be knocked off course by bad weather. He spoke at an investor presentation, where the company raised its earnings forecast for the current quarter because of strong demand.

Ford to Cut 1,000 More Employees

Continued from page B1
Workers union over a new four-year labor contract for its hourly factory workers.

The automaker, along with Stellantis and GM, faces a tough round of talks with a higher-than-usual risk of a strike, analysts say, citing a

hard-line stance taken by the UAW's new leadership team.

Ford has more work to do than its peers in reducing costs, Chief Executive Jim Farley has said, noting the automaker's business of making internal-combustion-engine vehicles is significantly less efficient than competitors'.

Ford's annual costs are \$7 billion to \$8 billion, too high relative to rival automakers, executives have said. To eliminate this cost gap, the company is streamlining its supply-chain spending, reducing complexity in its vehicle lineup and clamping down on

warranty costs, executives have said.

For traditional automakers, boosting profit margins on the internal-combustion side of the business has become a crucial focus, because the profitability of EVs is expected to be skimpy for several years as companies scale up output and work to reduce battery costs, analysts say. Farley said last month that the cost of making an EV might not be equal to that of internal-combustion vehicles until after 2030.

Ford has said it expects to lose \$3 billion in operating

profit on its EVs business this year. While executives at the automaker have said profits from its gas-engine operations would sustain the business in the midst of these losses, some analysts questioned whether the automaker would require additional funding.

As Ford executives have focused on cost-cutting measures across the organization, including reducing its workforce, the automaker has sought out government financing for the expansion of its battery-manufacturing operations.

Last week, the Energy Department said it would loan a Ford joint venture \$9.2 billion to support production of EV batteries across three factories in the U.S. South, the largest commitment in the loan program's office history. The billion-dollar infusion is meant to bolster Ford's venture with Korean battery-maker SK On, covering two battery plants in Kentucky and one in Tennessee.

UAW President Shawn Fain, who was elected in March, criticized the loan, pointing out that Ford is receiving support on top of its sizable profit and that this influx of cash isn't necessarily benefiting its workforce.

"These companies are extremely profitable and will continue to make money hand-over-fist whether they're selling combustion engines or EVs. Yet the workers get a smaller and smaller piece of the pie," he said.

BUSINESS & FINANCE



The mysterious 'Lady With a Fan' was painted by Klimt in 1917-18 and found on an easel in his Vienna studio when he died.

Klimt's Last Portrait Sets Record With \$108 Million Sotheby's Sale

By KELLY CROW

A Gustav Klimt portrait of a mysterious semi-nude woman clutching a hand fan and standing against a colorful wall of dragons and flowers sold Tuesday for \$108.4 million at Sotheby's London, setting a record for any artwork auctioned in Europe.

The 1917-18 "Lady With a Fan" surpassed both of Europe's previous titleholders, including the \$104 million paid by billionaire Lily Safra in 2010 for Alberto Giacometti's spindly bronze sculpture, "Walking Man I," and the \$80.4 million painting record previously set in 2008 by

Claude Monet's 1919 canvas, "Water Lily Pond."

"Lady with a Fan" also topped the \$104.6 million paid for the artist's 1903 landscape, "Birch Forest," which went to an anonymous buyer last year.

The identity of the woman holding the fan remains a mystery, but she likely stood out because the canvas is considered the artist's final portrait. The work was found sitting on the easel of his Vienna studio when he died at age 55 in 1918.

Sotheby's only expected "Lady With a Fan" to sell for around \$80 million, but four bidders pushed it far higher. Adviser Patti Wong won the work following a 10-minute

bidding war for one of her clients in Hong Kong, she confirmed after the sale.

The painting fell shy of breaking the artist's overall record, which cosmetics executive Ronald Lauder set in 2006 when he paid \$135 million for Klimt's restituted "Portrait of Adele Bloch-Bauer I," a shimmering portrait of a woman surrounded by golden-flecked patterns. That restituted painting, which became the subject of a 2015 film, "Woman in Gold," is now displayed at New York's Neue Galerie.

The Austrian symbolist was best known for his sensual portraits of lanky, glamorous women whose postures or

modern attire marked a departure from the stiffer, salon-style portraits of women that preceded him. His 1907-08 masterpiece, "The Kiss," depicting an embracing couple dressed in a riot of patterned fabric, hangs in Vienna.

Few of his portraits still circulate in today's marketplace, which likely added to the appeal of "Lady with a Fan."

The "lady" depicted in the work remains anonymous. Curators surmise she was a model he hired, rather than an Austrian socialite like Bloch-Bauer, because the woman depicted agreed to pose in the nude, her figure obscured by a kimono and hand fan.

Diageo Cuts Ties With Diddy After Suit

By JOSEPH PISANI

Diageo said it is ending its relationship with Sean "Diddy" Combs, nearly a month after the rapper sued the spirits maker over allegations the company neglected the DeLeón tequila brand they co-own.

Combs also accused Diageo of racial discrimination. Diageo has denied the allegations.

Diageo said Tuesday that Combs's actions breached his contracts and caused it to end its business relationship with the music mogul.

"We are saddened that Mr. Combs has chosen to recast a business dispute as anything other than that," the company said.

Besides DeLeón, Diageo and Combs have worked together since 2007 on vodka brand Ciroc. Diageo said in its Tuesday court filing that Combs has been paid nearly \$1 billion

over the years they have worked together.

In May, Combs sued Diageo in New York State Supreme Court in Manhattan, alleging the company neglected DeLeón and poured its resources into its other tequila brands. Combs said in the court filing the company also had pigeonholed DeLeón as "urban" and described it as a "Black brand."

"Diageo attempting to end its deals with Mr. Combs is like firing a whistleblower who calls out racism," John C. Hueston, a lawyer for Combs, said. "This lawsuit and Mr. Combs are not going away."

Diageo, which also owns Guinness beer and Johnnie Walker Scotch whisky, has denied the allegations. "Our steadfast commitment to diversity within our company and the communities we serve is something we take very seriously," the company said last

month.

Combs's lawsuit said Diageo instead poured resources into two other tequilas, Don Julio and Casamigos, the George Clooney-backed brand that Diageo agreed to buy in 2017 for up to \$1 billion.

In a court filing Tuesday, Diageo asked the court to dismiss the lawsuit. It said Combs only invested \$1,000 in the tequila brand, while Diageo has invested more than \$100 million.

Hueston said Combs compiled with his contractual obligations.

"Diageo partnered with him to use his widely known name and likeness to promote DeLeón," he said. "Its new, apparent focus on monetary funding belies the immense value Mr. Combs brought to

establishing and growing the DeLeón brand."

Combs has a business portfolio that includes fashion, spirits, media and cannabis. When the rapper and Diageo joined forces to develop Ciroc, Combs took responsibility for the brand's marketing and worked with the company to develop new Ciroc products.

In 2013, as tequila was growing in popularity in the U.S., the rapper's business, Combs Wines and Spirits, formed a joint venture with Diageo to purchase DeLeón. At the time, it was a little-known tequila brand that sold in some Hollywood bars for more than \$1,000 a bottle.

Diageo already had a stake in one tequila brand, Don Julio, taking full control of that brand within a few years.

In Memoriam

For more information: wsj.com/inmemoriam

Jeanette Flanigan



ELMHURST, ILL. - Jeanette Stafford Flanigan. Trailblazer, family woman, veteran dies at age 100

(March 13, 1923-June 3 2023)

Jeanette leaves behind a legacy as a trailblazer and role model for young women everywhere. She was on the frontier of women seeking advanced degrees (earned a JD and MBA) and entering the professional workplace while having a family and serving her country in the military in WW2. Throughout her life, Jeanette strived to contribute and improve the lives of other people in her community.

Inspired by the support and encouragement of her father Edward Stafford, Dean of Students at the University of Illinois, Jeanette pursued legal studies and obtained her undergraduate degree cum laude LAW 1944 and JD LAW 1947 at the University of Illinois, passing the bar at the age of 25. Jeanette's passion for education runs deep, she would later teach Business Law and Accounting part-time at Elmhurst College, (now Elmhurst University). A life long learner, Jeanette earned an MBA at age 48.

Jeanette was a loving wife and dedicated mother. She married Tom Flanigan,

also a WW2 vet from Champaign, IL. They had two daughters, Jill and Karen, with whom Jeanette instilled a passion for education, professional careers and a love of jazz music (fostered by regular family trips to New Orleans). Jeanette and Tom built strong friendships at the Elmhurst Presbyterian Church and within the community. Jeanette was active in her community, taking on leadership positions on the board of Elmhurst Public Library and in several University of Illinois alumni and Kappa Alpha Theta groups in the Chicago suburbs and downstate in Champaign-Urbana

Jeanette was remarkable in her professional accomplishments, pushing the limits of the low glass ceiling of the time. Jeanette's first professional experience was serving her country in WW2 as a member of the WAVES (Women Accepted for Volunteer Emergency Services). She moved to Washington DC to work in Naval Communications Security, where she sent and received secret coded messages to US navy ships and submarines at sea.

Later, Jeanette went on to have a successful legal career in the Chicago loop. She worked as an attorney in the Trust Department at Continental Illinois National Bank, now Bank of America, rising in rank to Vice President during a time when very few women held that title. She worked there from 1971-90, retiring at the age of 67.

In retirement and in old age, Jeanette enjoyed an exceptionally social and healthy lifestyle as a member of Ladies Nine Hole Golf league, Christ Church of Oak Brook and its many groups including The Greenhouse, The AAUW, The Oak Brook Club condominium and its social groups including the Ulterior Womens Club. She patronized the arts: Drury Lane, The Chicago Lyric Opera, The Chicago Art Institute and The Chicago Botanic Gardens. Her philanthropic focus included: Ricker Circle University of Illinois, Presidents Circle Elmhurst University, Christ Church of Oak Brook and The Salvation Army.

Jeanette is survived by her daughters Jill Flanigan Traina and Karen Flanigan Meyer and their families.



The company's Mustang exhibit at the New York auto show in April.

BUSINESS NEWS

Fanatics Sweetens Bid for PointsBet U.S. Unit

By KATHERINE SAYRE

Sports-merchandise giant **Fanatics** has increased its offer for sports-betting operator **PointsBet Holdings'** U.S. business by 50% amid a bidding war with gambling competitor **DraftKings**.

PointsBet said Tuesday that Fanatics raised its bid to \$225 million and recommended that shareholders vote in favor of the revised deal. Fanatics in May forged a deal to buy the Australian company's U.S. assets for \$150 million but raised it after DraftKings made a play for the unit.

The competition for the PointsBet unit is a sign of the intense interest in sports betting, a fast-growing segment of the U.S. gambling industry.

DraftKings made a nonbinding offer to buy the PointsBet U.S. assets for \$195 million this month but hadn't submitted a binding offer by a 6 p.m. Melbourne time deadline, PointsBet said.

PointsBet shareholders are scheduled to vote on the revised Fanatics deal Friday.

The PointsBet assets would give Fanatics, which began rolling out a sports-betting app this year, access to wagering technology and PointsBet's gambling licenses in various states. Fanatics has said it plans to invest \$1 billion in its sports-betting division.

A spokesman for DraftKings said the company was aware of the Fanatics offer and declined to comment further.

DraftKings has the second-largest market share in U.S. online sports betting, behind FanDuel, and said when it made its nonbinding offer that the deal could help it offer customers new types of bets.

PointsBet launched in the U.S. in 2019 when the industry was in its infancy but has struggled to achieve the scale that FanDuel and DraftKings did as more states legalized sports wagering.

Software Maker Tops \$1 Billion

By MARIA ARMENTAL

An online sales boom drove e-commerce software provider **Cart.com's** value past \$1 billion through a \$60 million investment from a multifamily office and corporate venture-capital arms.

The investment valued Austin, Texas-based Cart at roughly \$1.2 billion, up from around \$840 million last year, when investors provided \$240 million in equity and debt financing. The latest round didn't include traditional growth-equity investors.

The corporate-venture arms of data cloud company **Snowflake** and financial services firm **B. Riley Financial** as well as Prosperity7 Ventures, a fund started by **Saudi Arabian Oil Co.**, joined Dallas-based multifamily office **Legacy Knight** in the deal.

Strategic backers are "definitely taking advantage of the markets right now and filling in the gaps that financial investors have left," said Omair Tariq, Cart's chief executive. He said that several private-equity firms had discussed participating but hadn't made any commitments.

Cart offers smaller brands the kind of online infrastructure as well as logistics and fulfillment services that larger companies and marketplaces such as Amazon.com, Home Depot and Best Buy provide to help brands connect with customers. Cart's applications integrate and analyze transaction data to identify trends so sellers can adjust their marketing and advertising strategies.

Watch a Video

Scan this code to watch a video on how venture capital is getting pickier.

Starbucks Faces Pride Controversy

Tension over store decorations has led to strikes at some of the chain's locations

By HEATHER HADDON

Starbucks told employees it plans to issue clearer guidelines around in-store decorations after controversy over Pride decorations led to strikes at some cafes this week.

The coffee chain said on Monday that it will make centralized guidelines for in-store visual displays and decorations that represent the brand's views supporting inclusion. Starbucks said there was no change to its policies regarding the look of its cafes and that it will continue to allow flexibility for individual stores.

Earlier this month, the Starbucks Workers United union representing chain baristas accused the company of limiting workers' ability to hang Pride decorations in stores. Starting Friday, some pro-union workers went on strike over the issue, with disruptions at dozens of stores Monday, the company said.

The strikes continued on Tuesday, with seven stores closed and other cafes running with limited service, Starbucks



The union representing chain baristas has accused the company of limiting workers' ability to hang Pride decorations in stores.

said. Starbucks said it heard from employees that they wanted to be creative in how stores decorate, and that there needed to be more clarity and consistency in current guidelines around visual displays and decorations.

"As we reaffirm our previous commitments and standards, it will be even clearer to all who we are and what we stand for," said Sara Trilling,

Starbucks's president of North America.

Starbucks said Tuesday that it intends to clarify the policy guidelines by the end of the year.

Starbucks Workers United said while it was glad the company was refining its approach to Pride decorations, it would still push the chain to bargain for a first union contract.

"We'll be out in the streets

until Starbucks is at the table!" Starbucks Workers United said in a tweet.

Starbucks has said the union has failed to respond to more than 215 bargaining sessions the company has proposed for stores, and it has filed a complaint with the National Labor Relations Board about the matter.

Starbucks on Monday filed a separate NLRB complaint accusing Starbucks Workers

United of misrepresenting the company's approach to Pride, including limiting decorations.

The company said in its filing that the union has provoked workplace tension, spurred business disruptions in Starbucks stores and denigrated the chain through its campaign.

Starbucks Workers United called the complaint a public relations stunt and said it was confident that the NLRB would dismiss it.

Walgreens Lowers Its Outlook for the Year

By NGAI YEUNG

Walgreens Boots Alliance said sales rose in the most recent quarter, but the company lowered its outlook for the year amid tepid consumer spending and a steep drop-off in Covid-19 tests and vaccines.

The second-biggest drugstore chain by locations in the U.S. also said Tuesday that it would step up cost-cutting measures and boost the long-term profitability of its healthcare business. Those measures include restructuring as well as investing in telehealth services, automated fulfillment centers and other initiatives that aim to ease pharmacist workloads.

The company cut its full-year earnings outlook to between \$4 and \$4.05 a share from \$4.45 to \$4.65 a share.

"I am not satisfied with today's headline guidance revision," Walgreens Chief Executive Roz Brewer told analysts on a conference call.

Shares of Walgreens fell more than 9% to \$28.64 Tuesday, making the company the biggest decliner among S&P 500 companies. Shares are down about 30% over the past year, compared with a nearly 15% gain in the S&P 500 index, according to FactSet.

For Walgreens, sales climbed 8.6% in the quarter ended May 31, helped by higher prices for branded



Executives noted the company is facing challenges similar to other retailers whose customers have been hurt by inflation.

drugs and a rise in the number of prescriptions filled.

But executives noted the company is facing challenges similar to other retailers whose customers have been hurt by high inflation.

Customers pulled back discretionary spending and are responding to promotions, Brewer said. Those pressures may be affecting the number of prescriptions that people are seeking to get filled, she said.

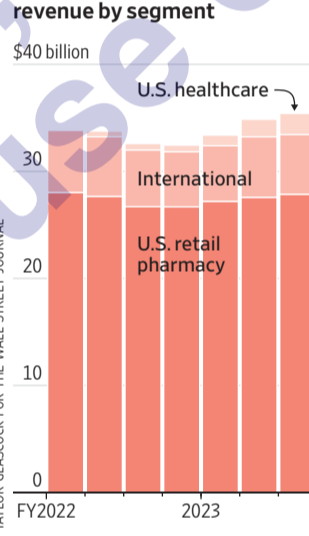
"Our customer is feeling the strain of higher inflation and interest rates, lower SNAP benefits and tax refunds and an

uncertain economic outlook," Brewer said.

The company's Covid-19 business this year slowed more than executives had forecast, with Brewer noting that customers are less willing to vaccinate as the public-health emergency designation has ended. It administered 800,000 Covid-19 vaccines in the latest quarter, down from 4.7 million in the previous year. The company aims to administer 9 million to 10 million Covid-19 vaccines in its next fiscal year, a total similar to a typical flu season.

Walgreens has been work-

Walgreens Boots Alliance revenue by segment



Share price, year to date



Note: Latest fiscal quarter ended May 31. Sources: S&P Capital IQ, the company (revenue); FactSet (share price)

Bankman-Fried Loses Bid to Dismiss Charges

By JAMES FANELLI

A New York federal judge on Tuesday denied FTX founder Sam Bankman-Fried's request to dismiss most of the criminal charges he faces over the collapse of the crypto exchange, setting the stage for him to go to trial in October.

U.S. District Judge Lewis Kaplan ruled Bankman-Fried's arguments to toss 10 of the 13 counts against him lacked merit, allowing the Justice Department's case to move forward.

Federal prosecutors in Manhattan charged Bankman-Fried, 31 years old, in December with stealing billions of dollars from FTX customers while misleading investors and lenders. The charges included fraud, money laundering and a conspiracy to commit campaign-finance violations.

The cryptocurrency entrepreneur was arrested in the Bahamas and transferred to U.S. custody after consenting to extradition. Since his extradition, prosecutors have twice expanded their case against him, adding allegations that he conspired to

commit bank fraud and bribe a Chinese official.

Lawyers for Bankman-Fried argued that the Justice Department brought flawed charges in a rush to indict him after FTX filed for bankruptcy. Some of the charges, they said, were legally invalid in light of a Supreme Court decision last month that narrowed the scope of the federal wire-fraud statute. They also said the government was attempting to make a criminal case out of matters that traditionally would have been handled through civil enforcement.

Kaplan's ruling said the Justice Department's charges met legal standards. Dismissing charges ahead of trial is reserved for extremely limited circumstances, he said.

A spokesman for Bankman-Fried declined to comment.

The ruling means Bankman-Fried will likely head to trial on most of the 13 charges in October. Earlier this month, Kaplan agreed to hold a separate trial on some charges in 2024 after prosecutors and Bankman-Fried's defense team agreed that litigation in the Bahamas could delay his case.

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2019 911 GT3 RS PDK	White/Black	172 mi CPO	\$319,900
2019 911 GT3 RS PDK	White/Black	172 mi CPO	\$319,900

Model	Color	Mileage	Price
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MEDIA

Seacrest Named New Host Of 'Wheel of Fortune' Show

By SURYATAPA BHATTACHARYA

Ryan Seacrest will be the new host of "Wheel of Fortune," succeeding Pat Sajak after the longtime host steps down next year.

Sony Pictures Television said Tuesday Seacrest signed a multiyear deal to host the syndicated game show starting in 2024. Seacrest will also serve as a consulting producer on the show, Sony said.

Sajak said earlier this month he will retire next year, at the end of Season 41. He will work as a consultant on the show for three years. "We are ecstatic to have Ryan as the next host of Wheel of Fortune. Ryan loves Wheel as much as we do and is the perfect person to continue the show's four-decade success into the future," said Ravi Ahuja, chairman of global television studios at Sony Pictures.



He has hosted a variety of television and radio shows, including a New Year's Eve show.

"It's been a privilege and pure joy to watch Pat and Vanna on our television screens for an unprecedented 40 years, making us smile every night and feel right at home with them," Seacrest said in a statement Tuesday.

Seacrest has hosted a variety of television and radio shows, including "On Air with Ryan Seacrest" and "American

Idol" for 21 seasons. His career is most often compared with that of his late mentor Dick Clark, from whom Seacrest inherited hosting duties for "Dick Clark's New Year's Rockin' Eve With Ryan Seacrest."

One of Seacrest's first jobs, he said, was co-hosting "a little game show" called "Click for Merv Griffin," which aired

more than 25 years ago.

"So this is truly a full circle moment for me and I'm grateful to Sony for the opportunity," he said. "I can't wait to continue the tradition of spinning the wheel and working alongside the great Vanna White."

Seacrest left the ABC talk show "Live with Kelly and Ryan" in February after six years and one Emmy award.

Carlson's Life, Fox News Ouster Coming to Stores

By JEFFREY A. TRACHTENBERG

Tucker Carlson may no longer be on TV, but he will soon make his way onto bookshelves.

Two biographies of the former cable-news host are in the works, one of which will go on sale next month, a sign of the continued interest in Carlson since Fox News canceled his show in April.

"Between his popularity and the controversy surrounding his departure from Fox, it seems like this is a great time to publish books about him," said Lorraine Shanley, president of industry-consulting company Market Partners International. "He's an interesting character in the conservative firmament."

Journalist Chadwick Moore said he spent more than 100 hours interviewing Carlson at his homes in Maine and Florida for "Tucker," a biography that goes on sale on July 18. Conservative publisher All Seasons Press said it is printing 100,000 hardcover copies of the book, a sizable print run by publishing standards.

Moore said he was done with his manuscript in late March but had to rework it—and interview Carlson again—after "Tucker Carlson Tonight" was canceled.

Moore said the book covers all aspects of Carlson's life, in-

cluding his surprising exit from Fox News and his decision to launch a new show on Twitter "Carlson wants to be his own boss," he said.

Moore said Carlson hasn't seen a word of the manuscript. "An authorized biography could suggest that the subject selected the biographer or is very involved in the editorial process," said Moore. "Neither is the case with my book."

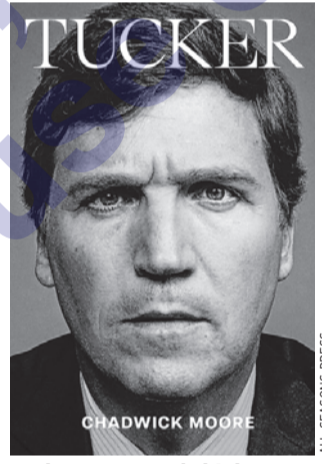
Fox News said on April 24 it had parted ways with Carlson but didn't provide a reason. Carlson declined to comment, as did a spokeswoman for Fox News.

The Wall Street Journal reported that the discovery of private messages in which Carlson showed disregard for management and colleagues was a major factor in that decision. The messages were part of a trove of emails and texts from Fox executives and hosts that came to light as a result of a defamation lawsuit against Fox filed by Dominion Voting Systems, which Fox agreed to pay \$787.5 million to settle.

At the time the messages were discovered, reservations had already been mounting within Fox's management about risks Carlson presented for the network, the Journal reported—including concerns that the populist firebrand had come to believe himself bigger than the network and was increasingly operating as his own island.

Carlson rose to become the network's highest-rated prime-time host during his tenure at Fox News, which began in 2009 after stints on MSNBC, CNN and PBS.

The other coming Carlson book, which doesn't yet have a publication date, is being written by Jason Zengerle, a contributing writer to the New York Times Magazine. Zengerle said the book, "Hated by All the Right People," will examine Carlson's career through the prism of conservative media and conservative politics over the last 30 years.



Carlson was Fox's highest-rated prime-time host.

Google Ads Faulted Over Reliability

Continued from page B1 as those the research identified, but couldn't confirm the extent of the phenomenon. Ad buyers and engineers vouched for the research findings.

To complete its research, Adalytics worked with ad agencies to analyze their clients' ad-buy placement reports. The company also analyzed data

collected by companies that archive the web to find instances when ads ran on sites that didn't meet the Google Video Partners requirements.

Among the major brands whose Google video-ad placements weren't in line with the promised standards were Johnson & Johnson, American Express, Samsung, Sephora, Macy's, Disney+ and The Wall Street Journal, according to Adalytics. It also affected ads for government agencies, including Medicare, the U.S. Army, the Social Security Administration, and the New York City municipal government. "CMS is concerned with reports of invalid ad placements by YouTube,"

said a spokeswoman for the Centers for Medicare and Medicaid Services.

YouTube accounts for 8.3% of U.S. digital-video ad spending, according to research company Insider Intelligence. Marketers feel obligated to advertise on YouTube because of its size, several ad buyers said.

Google sells ad placements on third-party sites as part of bundles that include ads on YouTube itself. Google parent Alphabet didn't disclose how much revenue came from Google Video Partners. Brands and ad agencies often aren't aware that their ads have run on third-party sites, said several ad buyers.

For every brand in Adalytics' sample, more than half the budget they spent on the bundles went to non-YouTube properties, the research found.

A Google spokesman said the overwhelming majority of the video ads it sells are served on YouTube—not third-party sites. Advertisers can clearly see that their ads might run on third-party sites, and how much is spent there, and can easily opt out, he said.

Brands typically pay about \$100 for every 1,000 completed views of the ads on third-party sites, according to several ad buyers. Lower-quality ads often sell for about \$5 per 1,000 instances, the buyers said.

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IN THE MATTER OF GLOBOFORCE GROUP PLC (COMPANY NO. 533586)
AND IN THE MATTER OF THE COMPANIES ACT 2014
AND IN THE MATTER OF A PROPOSED REDUCTION OF CAPITAL
PURSUANT TO SECTIONS 84 AND 85 OF THE COMPANIES ACT 2014
NOTICE IS HEREBY GIVEN that, by special resolution of the members of Globoforce Group plc (the "Company") passed at an extraordinary general meeting duly convened and held on 21 June 2023, it was resolved that, subject to and with the consent of the High Court of Ireland and in accordance with the provisions of Section 84 and 85 of the Irish Companies Act 2014, and forthwith and contingently upon the allotment and issue of B Deferred Shares of €1.00 each in the capital of the Company by way of capitalisation, the company capital of the Company be reduced by cancelling the amount standing to the credit of the Company's share premium account (within the meaning of the prior Companies Acts) immediately following such allotment and issue of B Deferred Shares and the credit arising upon the cancellation of that portion of the Company's company capital be credited to the reserves of the Company and, in accordance with section 117(9) of the Companies Act 2014, be treated as a realised profit. The amount standing to the credit of the share premium account immediately following the issue of the said B Deferred Shares on 21 June 2023 which is proposed to be cancelled is US\$503,416,005.00.

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THE PROPERTY REPORT

Fort Worth Commercial Property Booms

Rapidly growing Texas city lures more than \$2 billion in new projects

By PETER GRANT

Fort Worth, Texas, is already America's fastest-growing major city. Now, it is becoming a new commercial real-estate boomtown.

Texas developer John Goff is planning to open a \$275 million mixed-use development known as Crescent Fort Worth this year. The project includes 168,000 square feet of office space, 175 upscale rental apartments and a 200-room luxury hotel.

Texas A&M University System, meanwhile, broke ground this month on the first of three buildings in a planned urban research campus in southeast downtown Fort Worth. The school also announced a tentative deal with aerospace company Lockheed Martin, which has a large presence in the region, to jointly operate training and research facilities on the new campus.

Overall, \$2.3 billion of projects are under construction or in the pipeline for Fort Worth, including 5,000 new apartments, said Todd Burnette, a managing director at commercial real-estate-services firm JLL.

"We're in the early stages of what's happened in Austin,"

he said.

The new projects are testimony to how rapidly Fort Worth is expanding—even by Texas' standards—boosted by the migration from the West and East Coasts and fueled by Texas' lower cost of living, business-friendly governments and tax incentives.

Fort Worth is the fastest-growing of the 30 most populous U.S. cities, with its population rising 4.1% since 2020 to nearly one million, according to Downtown Fort Worth Inc., a business organization. The city is drawing many of the same sort of out-of-state people and businesses heading to Dallas, which is less than 40 miles to the east.

"It's not uncommon that when we're competing, we're competing with other Texas cities, not other states," said Fort Worth Mayor Mattie Parker.

Most downtowns, including some in Texas, are struggling with gluts of space because return-to-office rates are sluggish and remote work continues to be popular. The vacancy rate in downtown Dallas is about 30%, according to JLL.

But downtown Fort Worth's office-vacancy rate has remained at roughly 13% during most of the pandemic, JLL said. That puts Fort Worth developers in the unusual position of being able to build office space to meet the needs of businesses trying to lure workers back to offices.

Videogame company **Pro-**



John Goff's Crescent Fort Worth project is envisioned as offices, apartments and a luxury hotel.

ablyMonsters is among the city's new tenants, agreeing to open a second office there after the City Council granted the firm based in Bellevue, Wash., a \$1.5 million incentive package. Charles Schwab said in 2019 that its headquarters would move from San Francisco to the Dallas-Fort Worth region.

Texas A&M is discussing public-private partnerships with local businesses in engineering, medicine and other

fields to develop programs for its Fort Worth campus, which is expected to be completed by 2027. Elbit Systems of America, a defense and aviation company, and Alcon are also exploring deals with the university, according to people working on the new campus.

Most of the office space in Crescent Fort Worth has been leased at top-of-the-market rents, Goff says. Tenants include Goff's businesses in real estate, energy, finance and

hospitality as well as Satori Capital, an investment manager and Pegasus Resources, an oil-and-gas business.

Goff learned the office-building business as the top lieutenant to Richard Rainwater. The two built an office and lodging empire named Crescent Real Estate Equities during the downturn of the late 1980s and early 1990s, selling it to Morgan Stanley for \$6.5 billion just before the global financial crisis.



People gather in the hotel-style lobby at Penn 1, the recently renovated Vornado Realty Trust building in Manhattan.

Vornado Bets on Commuters

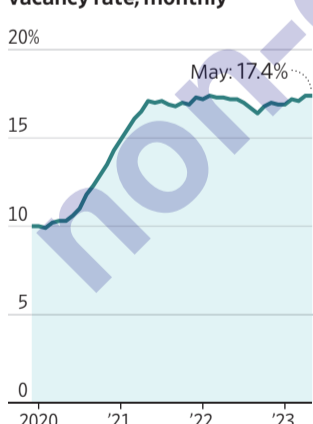
Continued from page B1 employees won't then need to take the subway to their offices.

Some of the early results at Penn 1 look promising. Vornado leased 700,000 square feet in the building since its recent \$450 million renovation, pushing rents to \$100 from \$60 a square foot. The building is nearly fully leased, Vornado said. Tenants include Samsung Electronics, Cisco Systems and Hartford Financial Services.

But challenges remain. Vornado is trying to lease Penn 2, a 1.8-million-square-foot office tower next to Penn 1. It rented seven floors to Madison Square Garden for the sports and entertainment arena's corporate headquarters. But Vornado is looking for an anchor tenant for the building's "bustle," a space with 23-foot-high ceilings and a column-free layout spanning two city blocks.

Vornado is trying to fill giant office towers at a tumultuous time. The New York City office market is suffering as hybrid work schedules become commonplace and there is little sign of a turnaround coming soon. The rate of Manhattan office space at a tumultuous time. The New York City office market is suffering as hybrid work schedules become commonplace and there is little sign of a turnaround coming soon. The rate of Manhattan office space

Manhattan office space vacancy rate, monthly



Sources: Colliers (vacancy rate); FactSet (share price)

Vornado Realty Trust share price, weekly



office so employees who live there can avoid any type of transit during the workweek, as Related Cos. and Brookfield have done in the Hudson Yards neighborhood.

As with other office landlords, Vornado's share price tumbled since 2020, down nearly 80%. Earlier this year, it wrote down its Midtown Manhattan portfolio by \$500 million and suspended dividend payments for the rest of the year.

Vornado spent two decades buying up properties around Penn Station. More than 40% of Vornado's 20-million-square-foot Manhattan office portfolio is concentrated in the neighborhood on Manhattan's west side.

Vornado has plans to build more offices near Penn Station as part of the state's redevelopment plans there. But company executives said they are pausing because high interest rates and tight capital markets are making it too hard to build

right now. It has plans for a hotel and apartment building near Penn Station, making success in that area crucial to the future of this firm. In total, Vornado spent \$2.4 billion on properties and public improvements in the neighborhood.

"It's such a big bet because this will be single-handedly the biggest growth driver for them going forward," said Ronald Kamdem, head of U.S. REITs at Morgan Stanley.

Vornado thinks it can attract business to its Penn offices based on price.

Vornado at least has time on its side. Rather than borrowing to finance its office renovations when it embarked on the project and debt was cheap, Vornado is paying for the buildings' overhauls with \$1 billion in profits the company raked in from 220 Central Park South, a luxury supertall condominium tower.

That tied up money that could have been used for other purposes, like paying down debt, putting even more pres-

sure on this project to succeed. But it means these two office towers don't face the refinancing risk that has troubled many other developers since mortgage rates have soared. "We have no debt," Roth said. "We have no time limit."

Vornado thinks it can attract business to its Penn offices based on price. The renovated floors in Penn 1 are renting for about \$100 a square foot, or nearly double what Vornado was charging before the renovation.

Those rents are competitive because they are roughly half what Related and Brookfield are charging a few blocks away for their newly constructed office towers at Hudson Yards and Manhattan West.

Vornado faces a coming rent increase from the family that owns the land under Penn 1. Vornado has been paying \$2.5 million in annual rent to lease the land, and early last year Roth estimated that cost could jump to \$26 million. The two sides are now litigating the matter.

Meanwhile, commuters can hop off their trains and into Vornado's newly renovated buildings without stepping on the sidewalks. Penn 1 and Penn 2 have underground entrances that connect to the train station and enough amenities that employees won't have to head outside. Penn 1 features a hotel-style public lobby, a market, and a restaurant run by Chicago-based David Morton. Giant screens play sports during happy hour.

Tenants have access on site for health needs, including medical services run by Columbia University. High-end fitness operator Life Time will run the building's large gym and build seven pickleball courts along with a lounge and bar on the ground floor.

Local Governments In China Used Fake Deals to Lift Sales

By REBECCA FENG AND CAO LI

China's local government funding problems last year were even worse than most economists thought. At least \$12 billion worse.

That is the boost Chinese local governments got to their revenue after a series of fictitious sales of land and other state-owned assets, according to the country's national audit office. The disclosure means that even the official data, which showed a sharp drop in land sales and local government revenues last year, painted a more positive picture than was accurate.

Around 70 regions inflated their local fiscal revenue by selling state-owned assets and land to themselves, the national auditor said. Since these deals were done between local governments and their own entities, they didn't actually raise revenue for local governments but simply moved money around. Around \$8 billion of the deals were struck by county-level governments, the auditor said.

Local governments in China have long relied on land sales as a major source of revenue. But after problems in the country's property sector worsened last year, demand for land slowed dramatically.

Chinese local governments' total land-related income in 2022 was down 23% from a year earlier, data from the Ministry of Finance shows, mostly because of the drop in land sales. This number includes the fictitious transactions.

Their land-related income in the first five months of this year was also down 20% from a year earlier, according to data from Wind, a financial data provider.

Local governments in China can't borrow directly, but they can use funding vehicles to help them pay for projects. These funding vehicles were among the buyers of government land last year.

In some cities, state-owned buyers were set up just days or weeks before land auctions were announced or the transactions took place, The Wall Street Journal previously reported.

"It's very simple—local governments have run out of money, so how could they have obtained more funds?" said Bo Zhuang, a senior strategist at Loomis, Sayles, who believes such practices are still occurring.

Goff repurchased the property in 2009 for a fraction of the cost.

Other developers are also moving forward with commercial real-estate plans in Fort Worth. Earlier this year, Dallas-based Dart Interests paid \$18 million for the Fort Worth Central Library, a 2.5-acre property where Dart is planning a mixed-use development.

Fort Worth and the rest of Texas still face challenges to their recent breakneck growth. Goff and other developers with projects under way obtained financing before interest rates surged, but others with developments on the drawing board might be delayed by today's high rates.

Earlier this month, the operator of the state's power grid asked residents to voluntarily cut back on electricity, anticipating record demand during a heat wave. The temperature during the Texas A&M groundbreaking ceremony last week was over 100 degrees.

"You don't even know what heat is until you come to Texas today," said John Sharp, chancellor of Texas A&M.

But people have been migrating to Sunbelt cities with lower housing costs.

"You can buy quite a spread [in Fort Worth] for what you're selling your 2,000-square-foot house for in another locale and getting a pool and two-car garage on half an acre," JLL's Burnette said.

Many large Chinese privately owned developers have all but disappeared from land auctions. That includes former giants China Evergrande Group and Sunac China Holdings, two companies that haven't bought land from local government auction markets for more than a year.

Country Garden Holdings, one of China's largest real-estate developers, is an exception. In April, it bought residential land in a local government auction for the first time since December 2021.

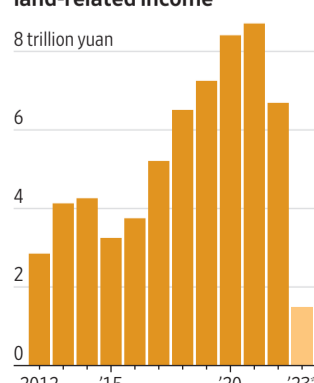
Although the Chinese housing market showed signs of stabilizing earlier this year, the recovery is already fizzling out. Sales at the top 100 Chinese developers rose 6.7% in value terms year over year in May, compared with a 31.6% increase in April, according to the China Real Estate Information Corp.

The fall in local governments' revenue from land sales last year came as they faced an increasing need to spend, as the country implemented a stringent zero-Covid policy that required a coordinated response from local officials and severely hurt economic activity.

A city-level local government in Guizhou province admitted its dire debt position earlier this year, saying that it has "done everything possible" to resolve its risk from write-offs and converting government debts to state-owned companies' debts. It warned that "debt risks may occur at any time if funds are not available in a timely manner."

The troubles of Kunming, a city in China's southwestern Yunnan province, also came into the spotlight after comments by an anonymous expert on a call with investors were widely circulated on social media.

Chinese local governments' land-related income



*First five months Note: 1 trillion yuan=\$138.2 billion Source: Wind

COMMODITIES Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes sections for Futures Contracts (Metal & Petroleum, Copper-High, Gold, Crude Oil, NY Harbor, Gasoline, Natural Gas, Agriculture) and Interest Rate Futures (Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, Treasury Bills, 30 Day Federal Funds, Three-Month SOFR).

COMMODITIES Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes sections for Interest Rate Futures (Treasury Bonds, Treasury Notes, Treasury Bills, 30 Day Federal Funds, Three-Month SOFR) and Currency Futures (Japanese Yen).

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks Table with columns: Latest, Week ago, -52-Week-High, -52-Week-Low. Includes sections for Money Rates (Inflation, Federal funds, Treasury bill auction, Secondary market, Fannie Mae, Other short-term rates) and Call money.

Bonds | wsj.com/market-data/bonds/benchmarks Table with columns: Total return close, YTD total return (%), Index, Yield (%), Latest, Low, High. Includes sections for Broad Market, Mortgage-Backed, U.S. Corporate Indexes, High Yield Bonds, and U.S. Agency.

Exchange-Traded Portfolios | WSJ.com/ETFResearch Table with columns: Symbol, Closing Price, Chg, YTD (%). Includes sections for Largest 250 exchange-traded funds, Tuesday, June 27, 2023, and a list of ETFs.

Global Government Bonds: Mapping Yields Table with columns: Country, Maturity, Yield (%), Latest, 1, 2, 3, 4, 5 Previous, Month ago, Year ago, Spread Under/Over U.S. Treasuries. Includes a section for Corporate Debt.

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FINE & COMPANY LLC AUGUST 29 • REAL ESTATE AUCTION 13 ACRE DEVELOPMENT SITE IDEAL FOR INDUSTRIAL DISTRIBUTION FACILITY 5370 WEST INA ROAD, MARANA (TUCSON), AZ TO BE SOLD ABSOLUTE, REGARDLESS OF PRICE! PAD-READY SITE OFFERED IN 4 TRACTS TRACT 1 - ATTRACTIVE FOR COMMERCIAL OR RETAIL USE

Corporate Debt Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week. Includes Royal Bank of Canada, Svenska Handelsbanken, Nordea Bank Abp, Netflix, Guardian Life Global Funding, Eaton, Oracle, Metropolitan Life Global Funding.

High-yield issues with the biggest price increases... Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, One-day change, Last week. Includes Dish DBS, Navient, Venture Global Calcasieu Pass, Sealed Air, CSC Holdings, Prime Security Services Borrower, Teva Pharmaceutical Finance Netherlands, American Airlines.

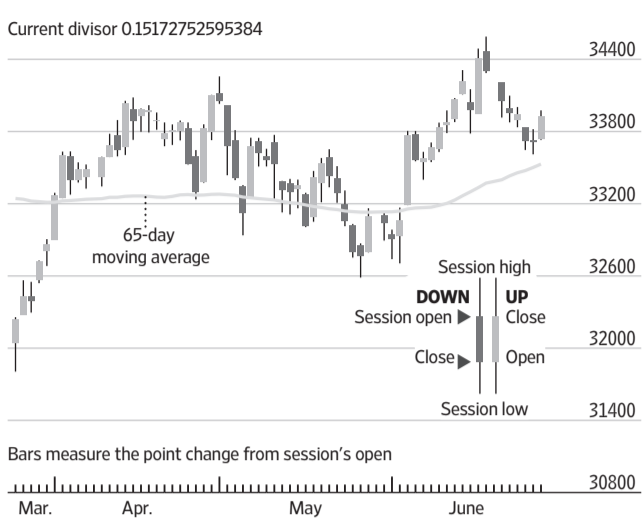
High-yield issues with the biggest price decreases... Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, One-day change, Last week. Includes Time Warner Cable Enterprises, Rakuten, Occidental Petroleum, Embarq, Ford Motor, Howmet Aerospace, Navient, Bausch Health.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

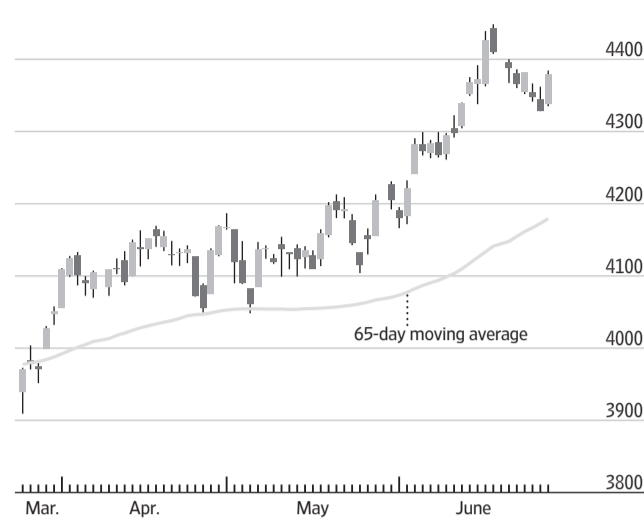
33926.74 ▲212.03, or 0.63%
 High, low, open and close for each trading day of the past three months.
 Last: 22.61, Year ago: 17.63
 Trailing P/E ratio: 18.04, P/E estimate: 16.42
 Dividend yield: 2.10, All-time high: 36799.65, 01/04/22



Current divisor 0.15172752595384
 *Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

S&P 500 Index

4378.41 ▲49.59, or 1.15%
 High, low, open and close for each trading day of the past three months.
 Last: 19.57, Year ago: 20.43
 Trailing P/E ratio: 19.82, P/E estimate: 16.95
 Dividend yield: 1.59, All-time high: 4796.56, 01/03/22



Nasdaq Composite Index

13555.67 ▲219.89, or 1.65%
 High, low, open and close for each trading day of the past three months.
 Last: 30.92, Year ago: 25.06
 Trailing P/E ratio: 28.65, P/E estimate: 21.23
 Dividend yield: 0.75, All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Index	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	33975.65	33730.39	33926.74	212.03	0.63	34589.77	28725.51	9.6	2.4
Transportation Avg	15337.63	14924.38	15293.11	401.68	2.70	15640.70	11999.40	15.2	14.2
Utility Average	912.80	907.00	910.67	2.64	0.29	1061.77	838.99	-4.9	-5.9
Total Stock Market	43743.93	43225.07	43680.75	528.09	1.22	44194.00	36056.21	13.7	13.4
Barron's 400	964.54	947.34	962.81	15.46	1.63	1023.20	825.73	9.4	4.6
Nasdaq Stock Market									
Nasdaq Composite	13578.80	13366.97	13555.67	219.89	1.65	13782.82	10213.29	21.2	29.5
Nasdaq-100	14972.31	14726.75	14945.91	256.89	1.75	15185.48	10679.34	28.4	36.6
S&P									
S&P 500 Index	4384.42	4335.00	4378.41	49.59	1.15	4425.84	3577.03	14.6	14.0
MidCap 400	2579.71	2534.48	2575.33	40.82	1.61	2726.61	2203.53	11.5	6.0
SmallCap 600	1197.42	1173.54	1193.92	20.53	1.75	1315.82	1064.45	4.4	3.1

Index	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Other Indexes									
Russell 2000	1855.11	1823.26	1849.93	26.67	1.46	2021.35	1655.88	6.4	5.0
NYSE Composite	15663.95	15518.74	15646.68	127.94	0.82	16122.58	13472.18	6.7	3.0
Value Line	563.69	554.54	562.71	8.17	1.47	606.49	491.56	5.2	4.9
NYSE Arca Biotech	5222.56	5172.90	5181.49	-40.75	-0.78	5644.50	4390.11	11.6	-1.9
NYSE Arca Pharma	867.68	857.98	863.40	0.22	0.03	892.45	737.84	3.9	-0.5
KBW Bank	79.18	77.64	78.93	0.84	1.07	115.55	71.96	-24.0	-21.7
PHLX ^S Gold/Silver	120.07	117.26	118.37	-1.09	-0.91	144.37	91.40	1.1	-2.1
PHLX ^S Oil Service	77.02	75.57	76.52	0.57	0.75	93.94	56.08	10.7	-8.7
PHLX ^S Semiconductor	3647.01	3517.52	3642.41	126.64	3.60	3739.75	2162.32	37.9	43.8
Cboe Volatility	14.34	13.59	13.74	-0.51	-3.58	33.63	12.91	-51.6	-36.6

†Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
SPDR S&P 500 ETF Trust	SPY	6,161.3	435.75	-0.42	-0.10	445.22	433.99
NIO ADR	NIO	6,010.7	9.36	0.02	0.21	9.39	9.30
Snap	SNAP	5,099.0	11.47	-0.01	-0.09	11.53	11.42
TAL Education Group ADR	TAL	4,510.5	6.04	...	unch.	6.04	6.01
Invesco QQQ Trust I	QQQ	3,839.5	363.44	-0.40	-0.11	363.90	363.28
Apple	AAPL	3,626.7	187.92	-0.14	-0.07	193.95	185.27
Alphabet Cl A	GOOGL	3,284.9	117.71	-0.62	-0.52	118.34	117.30
Intel	INTC	2,961.9	34.12	0.02	0.06	34.14	33.34

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Xponential Fitness	XPOF	152.3	17.00	1.28	8.14	17.25	15.32
Kartoon Studios	TOON	54.8	2.31	0.16	7.44	2.35	2.15
AeroVironment	AVAV	119.9	95.40	5.08	5.62	98.00	89.50
Gritstone bio	GRTS	125.4	2.11	0.10	4.98	2.11	1.97
Valley National Bancorp	VLY	328.1	8.10	0.37	4.79	8.10	7.69

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
AST SpaceMobile	ASTS	615.4	5.12	-1.25	-19.62	6.47	5.07
MicroVision	MVIS	767.9	3.49	-0.40	-10.28	4.04	2.81
Black Diamond Therap	BDTX	2,680.1	5.73	-0.45	-7.28	6.68	5.67
Liberty Broadband Cl C	LBRDK	285.1	72.47	-5.25	-6.76	77.72	72.47
Rapid7	RPD	216.8	42.50	-2.37	-5.28	44.87	42.50

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	809,603,180	6,963,764
Adv. volume*	642,301,229	2,534,832
Decl. volume*	157,928,728	3,185,592
Issues traded	3,040	325
Advances	2,136	156
Declines	807	147
Unchanged	97	22
New highs	107	2
New lows	32	8
Closing Arms*	0.66	1.53
Block trades*	3,989	109

	Nasdaq	NYSE Arca
Total volume*	5,053,666,168	223,470,948
Adv. volume*	3,364,156,938	153,630,766
Decl. volume*	1,610,577,360	69,235,012
Issues traded	4,573	1,738
Advances	2,663	1,333
Declines	1,737	387
Unchanged	173	18
New highs	87	18
New lows	168	13
Closing Arms*	0.73	1.97
Block trades*	34,454	954

*Primary market NYSE, NYSE American NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	673.87	5.83	0.87	11.3
	MSCI ACWI ex-USA	300.44	1.13	0.38	6.8
	MSCI World	2921.19	26.26	0.91	12.2
	MSCI Emerging Markets	995.02	5.75	0.58	4.0
Americas	MSCI AC Americas	1659.24	18.63	1.14	13.9
Canada	S&P/TSX Comp	19733.09	145.77	0.74	1.8
Latin Amer.	MSCI EM Latin America	2449.23	-2.98	-0.12	15.1
Brazil	BOVESPA	117522.87	-720.08	-0.61	7.1
Chile	S&P IPSA	3198.07	-11.69	-0.36	0.8
Mexico	S&P/BMV IPC	53926.91	591.17	1.11	11.3
EMEA	STOXX Europe 600	452.90	0.22	0.05	6.6
Eurozone	Euro STOXX	451.16	2.05	0.46	10.0
Belgium	Bel-20	3479.87	-26.42	-0.75	-6.0
Denmark	OMX Copenhagen 20	1969.13	-27.40	-1.37	7.3
France	CAC 40	7215.58	31.23	0.43	11.5
Germany	DAX	15846.86	33.80	0.21	13.8
Israel	Tel Aviv	1748.15	-19.73	-1.12	-2.7
Italy	FTSE MIB	27401.09	158.18	0.58	15.6
Netherlands	AEX	760.56	3.06	0.40	10.4
Norway	Oslo Bors All-Share	1358.09	-10.73	-0.78	-0.3
South Africa	FTSE/JSE All-Share	74543.48	278.44	0.37	2.0
Spain	IBEX 35	9393.00	119.00	1.28	14.1
Sweden	OMX Stockholm	824.02	0.11	0.01	5.4
Switzerland	Swiss Market	11142.65	0.75	0.01	3.9
Turkey	BIST 100	5759.11	26.25	0.46	4.5
U.K.	FTSE 100	7461.46	7.88	0.11	0.1
U.K.	FTSE 250	18054.84	80.17	0.45	-4.2
Asia-Pacific	MSCI AC Asia Pacific	163.08	0.54	0.33	4.7
Australia	S&P/ASX 200	7118.20	39.55	0.56	1.1
China	Shanghai Composite	3189.44	38.82	1.23	3.2
Hong Kong	Hang Seng	19148.13	354.00	1.88	-3.2
India	S&P BSE Sensex	63416.03	446.04	0.71	4.2
Japan	NIKKEI 225	32538.33	-160.48	-0.49	24.7
Singapore	Straits Times	3205.35	15.67	0.49	-1.4
South Korea	KOSPI	2581.39	-0.81	-0.03	15.4
Taiwan	TAIEX	16887.90	-171.34	-1.00	19.5
Thailand	SET	1478.10	-7.22	-0.49	-11.4

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week Low	% chg
CalciMedica	CALC	4.30	0.94	28.00	20.30	1.00	-72.1
Enovix	ENVX	16.43	3.31	25.23	26.30	6.50	69.2
OneConnect Finl Tech ADR	OCFT	3.35	0.59	21.38	23.00	2.61	-80.1
Kaleyra	KLR	4.80	0.84	21.21	10.85	1.57	-35.0
Nutriband	NTRB	2.44	0.41	19.90	6.98	1.92	-34.6
GraniteSh 1.5x Lg Coin	CONL	9.92	1.63	19.66	24.43	3.80	...
AdaptHealth	AHCO	11.28	1.85	19.62	27.48	9.32	-39.8
Arena Group Holdings	AREN	4.90	0.79	19.22	16.50	3.32	-54.7
Paltalk	PALT	3.42	0.55	19.16	4.60	1.28	67.6
Hawaiian Holdings	HA	10.25	1.65	19.12	17.39	7.34	-31.6
American Rebel Holdings	AREB	5.50	0.81	17.21	38.50	3.13	-72.0
American Equity	AEL	52.86	7.76	17.21	53.68	28.05	39.0
Arrival	ARVL	2.64	0.37	16.30	96.00	1.62	-96.7
Carvana Cl A	CVNA	24.30	3.39	16.21	58.05	3.55	-1.8
Cooper-Standard Holdings	CPS	14.60	2.02				

BANKING & FINANCE

Activist Blackwells Pushes For New Directors at IHS

By BEN DUMMETT

An activist investor is ratcheting up the pressure on IHS Holding, pushing for the cell-tower operator to appoint new independent directors to its board and offer investors more transparency to boost its stock price.

of Xerox between 2009 and 2016, according to IHS's website.

A spokesman for IHS had no immediate comment.

New York-based Blackwells is ranked among the 10 largest shareholders of IHS, which has a market value of about \$3 billion, according to a person familiar with the matter.

IHS is incorporated in the Cayman Islands and listed in New York. It oversees a network of close to 40,000 towers across Africa, Latin America and the Middle East, according

to its website. The company went public in October 2021 and since then its stock price is down more than 50%, sharply underperforming the S&P 500 over that period.

The activist warned that "it will take all necessary steps to overhaul the current board in the event the status quo persists," suggesting Blackwells could wage a proxy battle.

IHS faces pressure from other shareholders. Earlier this month, MTN, a mobile operator based in South Africa, called on IHS to hold a shareholder meeting, saying

the company had breached a shareholder agreement over the sale of nonvoting shares. MTN owns a 26% stake in IHS.

This is Blackwells's second attempt to agitate for change at IHS. It first sent a letter to the board privately in August, but according to the fund IHS largely dismissed its ideas.

One area at which Blackwells takes aim is IHS's use of shareholder-disclosure requirements that are allowed given its status as a Cayman Islands-incorporated company. The investor describes them as lax and wants IHS to reincorporate in the more shareholder-friendly jurisdictions of Delaware or Maryland.

As an activist investor, Blackwells is known for taking on Peloton Interactive.

Firm Plans Regulated Cryptocurrency Trading

By DAVE MICHAELS

WASHINGTON—A small brokerage firm thinks it has a blueprint to bring crypto trading into the regulated market.

Prometheum's plan involves the use of an exemption that U.S. regulators created 50 years ago to permit trading of shares that were given as compensation to a corporate insider or sold to an early investor. The exemption is used daily in the stock market.

It has never been used in crypto, however, which developed as an unregulated alternative to Wall Street that still doesn't have a federal market overseer.

Prometheum, a six-year-old startup with no digital-asset trading revenue, has cast its lot with regulators hoping to move crypto onto regulated

exchanges and brokerages.

"It's an element of what you would call the intellectual capital that led us to build out a unique business, and essentially other people haven't necessarily focused on that," Prometheum co-Chief Executive Aaron Kaplan said.

Prometheum already scored one first—last month it became the first brokerage to secure a special license to hold clients' crypto assets.

Securities and Exchange Commission Chair Gary Gensler has touted Prometheum as proof that regulators can find a way to make crypto's unique market structure work with old-fashioned securities laws.

The SEC hasn't endorsed Prometheum's use of the exemption to trade tokens that the agency believes are the kinds of investments it regulates.

Biggest 1,000 Stocks | WSJ.com/stocks

Table with columns for Stock, Sym, Close, Net Chg, and multiple sub-sections (O, P, Q, R, S, T, U, V, W, X, Y, Z) listing various companies and their performance metrics.

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.

Table showing New Highs and Lows for various stocks, including columns for Stock, Sym, Hi/Lo, % Chg, and 52-Wk %.

Table showing 52-Week Highs and Lows for various stocks, including columns for Stock, Sym, Hi/Lo, % Chg, and 52-Wk %.

Cash Prices Tuesday, June 27, 2023

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table listing Cash Prices for various commodities including Energy, Metals, Grains and Feeds, Silver, Other metals, Steel/EV metals, and Fibers and Textiles.

Mutual Funds

Table listing Mutual Funds with columns for Fund, NAV, Net YTD % Chg, and YTD % Ret.

KEY TO CODES: A=ask; B=bid; BP=company elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co. K=h=weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=SoSland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 6/26

Source: Dow Jones Market Data

MARKETS

Strong Data Bolster Major Stock Indexes

Bond yields increase after ebullient manufacturing, consumer reports

By Jack Pitcher

Major stock indexes rose as investors sifted through a fresh round of data that signaled a resilient U.S. economy. The S&P 500 advanced 1.1% and the Nasdaq Composite added 1.6%, while the Dow Jones Industrial Average closed 0.6% higher.

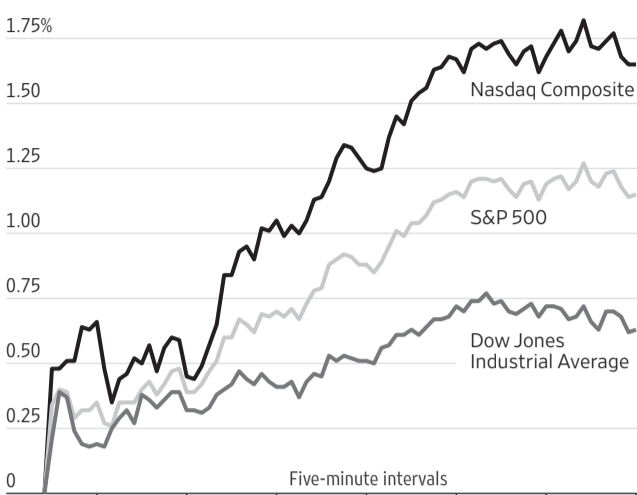
Orders for manufactured U.S. goods rose 1.7% in May, helped by strong demand for passenger planes and new autos. It was the third consecutive month of gains, a sign that manufacturing orders may have bottomed after slumping last year. Orders rise in an expanding economy and shrink in a contracting one.

Meanwhile, a closely watched survey of consumer confidence jumped to a 17-month high, an indication that individuals are feeling better about inflation and the economy.

The Conference Board's consumer-confidence index hit 109.7 in June, higher than economists polled by The Wall Street Journal had expected.

"It's hard to envision a recession if you look at the economic data readings we've had over the past two months," said Art Hogan, chief market strategist at B Riley Wealth Management. "Now that we're closer to the end of the rate-

Index performance on Tuesday



Source: FactSet

hike cycle, we're in more of a place where investors view good economic data as a positive for earnings and stocks."

While higher consumer confidence is a positive for an economy driven by consumer spending, analysts say improving confidence could complicate the Federal Reserve's campaign to tame inflation.

Americans expect prices to rise 6% over the next 12 months, according to the survey. That is the lowest inflation expectations reading in more than two years but still well above the Fed's 2% target.

"The data today continue to show the Fed's job is very tough," Jefferies analyst Thomas Simons wrote. "Consumer attitudes remain resilient, and their spending plans have only come in modestly."

Treasury yields rose following Tuesday's data releases,

with the benchmark 10-year yield climbing to 3.767% from 3.719% Monday. Yields rise as bond prices fall.

As 2023 approaches its midway point, equity investors are sitting on big gains. The S&P 500 has rallied 14% this year. The Nasdaq is up 30%, on pace for its best first half since 1983.

Together, strong stock-market performance and a resilient economy are perplexing some investors and analysts who had expected the Fed's fastest interest-rate increases in over four decades to cause more of a slowdown by now. One area where higher rates clearly are affecting prices is housing: U.S. home prices posted their first year-over-year price decline in 11 years in April, according to the S&P CoreLogic Case-Shiller National Home Price Index, re-



Airline stocks had a strong day in the stock market.

leased Tuesday.

Market skeptics continue to point out that much of this year's index gains have been driven by a handful of the biggest technology companies. Big tech helped propel Tuesday's gains, with Tesla, Meta Platforms and Nvidia all gaining more than 3%.

"If the few stocks driving the rally fail to deliver on elevated earnings expectations, the broad market will likely be exposed to a pullback," said Seema Shah, chief global strategist at Principal Asset Management.

Airline stocks gained after Delta Air Lines boosted its financial outlook for the year. Delta, American Airlines and United Airlines all advanced more than 5%. Cruise operators Carnival and Royal Caribbean were also among the S&P 500's top performers.

Walgreens Boots Alliance was the index's laggard, tumbling 9.3% after the drugstore chain slashed its financial outlook for 2023.

Shares of Lordstown Motors fell 17% after the electric-truck startup filed for bankruptcy protection.

Commodity and currency markets were quiet as investors continued to brush off the weekend's revolt in Russia.

Brent crude, the oil benchmark, fell 2.6% to \$72.26 a barrel. The Russian ruble modestly extended declines against the dollar.

Overseas, the Stoxx Europe 600 was little changed, up less than 0.1%. Early Wednesday, Japan's Nikkei 225 was up 0.9%, Hong Kong's Hang Seng Index was down 0.2% and mainland China's CSI 300 was down 0.5%. S&P 500 futures fell 0.2%.

Volatility Lurks In Market

Continued from page B1

sign that some traders are positioning for more tumult later this year. The gauge typically moves in the opposite direction of stocks, making a bullish bet on the VIX akin to a bearish bet on stocks.

So what has been driving the lull in the broader market? The economy's resilience has helped quell fears about a recession that dominated for much of last year, leading to a steady march higher for major indexes. Instead of worries about inflation and other economic data, investors have turned their focus to individual companies.

For instance, the monthly inflation data—known for setting off fireworks in the stock market last year—have led to relatively tepid reactions in recent months. Meanwhile, much of the jobs data have been stronger than expected.

That has left many investors with more optimism about the economy and markets.

"It's almost like a sweet

spot," said Danny Kirsch, head of options at Piper Sandler.

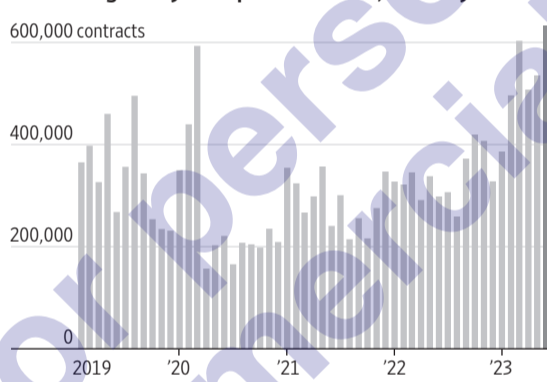
It has now been more than three months since the S&P 500 has pulled back at least 3%, one of the longest such stretches since World War II, Deutsche Bank research shows. The average weekly move for the benchmark has been less than 1% in either direction since the end of March, according to FactSet. In late 2022, the index averaged swings of roughly 2.6% each week.

Others say technical dynamics in the stock and options market have pushed volatility lower. One measure of how tightly stocks within the S&P 500 are moving together, known as correlation, has fallen to some of the lowest levels on record in the past three months, according to Deutsche Bank, a sign that stocks and sectors are moving in dramatically different directions.

This "has been a key driver of lower index [volatility] and suggests a decline in the pricing of macro concerns," the firm's analysts wrote in a recent note to clients.

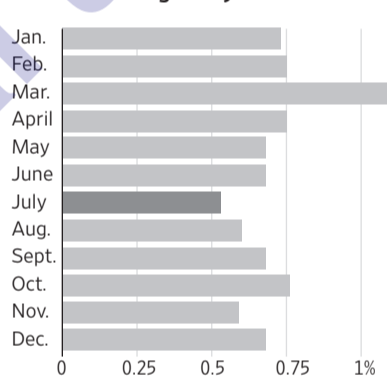
Correlations within stocks haven't been this low since late 2017 and early 2018, around the time a burst of volatility known as "Volmageddon" jolted markets. If

VIX average daily call options volume, monthly*



*Through June 27 †Since 2013 Sources: Cboe Global Markets (call options); Dow Jones Market Data, FactSet (S&P 500 average daily move)

S&P 500 average daily absolute move†



stocks across the S&P 500 start moving in lockstep once again, that would drive volatility higher.

Daily market moves might also be blunted by an income-generation strategy that has grown on Wall Street. Investors are heavily selling call contracts, known as overwriting, to pocket premiums while giving buyers the right to buy shares at a specific price, by a specific date.

The trading forces options dealers—Wall Street firms that profit from market-making fees—to hedge their exposure by selling shares. Quiet markets have driven more interest in the strategy, perpetuating the calm, according to traders.

"There's massive, really re-

lentless call overwriting in the market right now—maybe the most extreme I've seen in my career," said Alex Kosoglyadov, managing director of global equity derivatives at Nomura.

While the economic picture has remained sanguine despite a flurry of rate increases from the Federal Reserve, some analysts say Fed policy has yet to pressure the economy—and stock market—given how high inflation remains.

Real interest rates, the difference between nominal rates and inflation, are arguably not yet in restrictive territory. Further rate increases at coming Fed meetings could be the difference between a central-bank accommodation

and tightening, especially if price pressures continue to wane. That could unravel the rally and make investors more sensitive to macroeconomic data, a theme of 2022's bear market.

Seasonal factors could keep volatility quiet even with second-quarter earnings season approaching. The S&P 500 has moved an average of 0.53% a day in July over the past decade, the quietest month of the year according to Dow Jones Market Data. That compares with March's average daily move of 1.1%.

Even with a number of traders positioning for renewed fear, the seasonality of the summer creates "the perfect storm" for low volatility to persist, said Kosoglyadov.

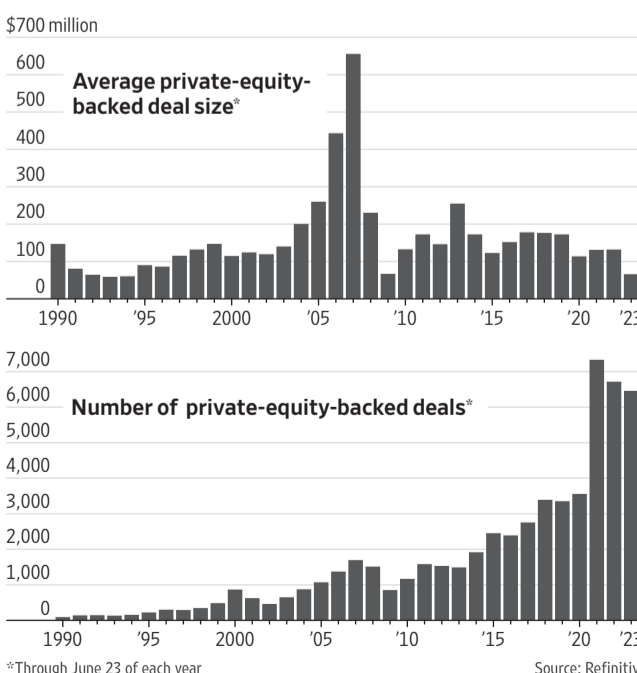
Small PE Deals Are En Vogue

Continued from page B1

stone that have recently struck add-on deals include K-12 education-technology provider Renaissance Learning, advertising automation specialist Simplifi and environmental, social and governance software provider Sphera. Values weren't available.

Ares Management, which finances deals for PE firms, also has seen this trend play out. "For financing commitments out of our U.S. direct-lending business, we saw a smaller average transaction size in the first quarter of 2023 versus the same period in 2022," said Kipp deVeer, the head of Ares's credit group.

The high cost of debt and inflationary pressures have led BC Partners, which has headquarters in London and New York, to accelerate its strategy



of add-on deals to help the companies it already owns expand and attract new customers, said Nikos Stathopoulos, the buyout firm's European chairman.

In one example, Davies Group, which provides services to the insurance industry and

is owned by BC Partners, has acquired three companies—ClaimPilot, MVP and Affirm—in 2023 to expand its U.S. operations and add to its consulting and audit offerings. Deal values ranged between €10 million and €50 million, or about \$10.9 million to \$54.5 million.

PE firms have more than \$1.4 trillion to spend, according to Preqin, a data provider. They need to invest to start generating returns, which in turn will help them raise new funds for future deal making and garner the fee income that comes with it.

As recently as 2021, deals such as the bid of more than \$30 billion for Medline Industries by Blackstone, Carlyle Group and Hellman & Friedman were viewed as signaling a revival in big leveraged buyouts. Other multibillion-dollar buyouts included the \$17 billion purchase of Athenahealth and the \$12 billion acquisition, excluding debt, of McAfee.

Larger acquisitions can be a more efficient way to spend money quickly. But the financing of one megadeal this year helps explain the current preference for smaller transactions. While historically, buyout firms

have financed around half of an acquisition with debt to boost their returns, the \$12.5 billion purchase of Qualtrics by Silver Lake and Canada Pension Plan Investment Board used \$1 billion in debt and relied on equity to finance most of the acquisition.

Small deals carry their own disadvantages, though, bankers and deal makers said. They slow the investing process and can be more hotly contested. Smaller targets also can have less financial data and less experienced management.

"Smaller deals are just as hard, if not harder, to do than big deals," said Jeremy Swan, a managing principal in the financial-services and financial-sponsors group at advisory firm CohnReznick.

"It's a lot more challenging and requires more diligence," Swan said, pointing to less-developed finance functions at smaller companies.

Oaktree Revamps Leadership, Appoints Co-CEOs

By Miriam Gottfried

Credit-investing giant Oaktree Capital Management is elevating the leaders of two of its businesses to the position of co-chief executive officer.

The Los Angeles firm, which manages \$172 billion in assets, is naming Robert O'Leary and Armen Panossian co-CEOs, according to people familiar with the matter. They will succeed Jay Wintrob, 65 years old, who was named CEO in 2014 and will leave the firm.

O'Leary, 52, has been portfolio manager of Oaktree's flagship Global Opportunities strategy. Previously known as Distressed Opportunities, the unit focuses on providing capital to credit-constrained companies, investing in out-of-favor industries and backing management groups with sights on undervalued assets. In 2021, the firm said it finished raising a \$15.9 billion fund for the strategy, its largest vehicle to date.

Panossian has been running Oaktree's performing-credit business, which lends to healthy companies that have a long record of positive cash flow. As part of his remit, the 46-year-old oversees the firm's liquid and private-credit strategies.

Both men will continue to lead their respective businesses in addition to their CEO duties, the people said.

Oaktree is also promoting Todd Molz, who has been the firm's general counsel and chief administrative officer, to the role of chief operating officer. He will oversee the day-to-day management of the firm and all noninvesting functions will report to him.

The three will join Oaktree Co-Chairmen Bruce Karsh and Howard Marks and Vice Chairman John Frank on the firm's executive committee. Marks in May told Oaktree investors that he was being treated for throat cancer. Earlier this month, he told them he was cancer-free after surgery and radiation, according to a memo seen by The Wall Street Journal.

Founded in 1995 by Marks, Karsh and other former colleagues from asset manager TCW Group, Oaktree has over 1,000 employees in 20 cities around the world. It went public in 2012. In 2019, Canadian investment giant Brookfield Asset Management completed a deal to buy just over 60% of Oaktree, taking it private again.

The two firms have continued to operate independently since then, although they have collaborated in areas such as private wealth.

Under the deal, Brookfield could own 100% of Oaktree by 2029 at the earliest.

Wintrob, a former American International Group executive, was the first person to hold the title of CEO at Oaktree.

O'Leary, who joined Oaktree in 2002, previously worked as a consultant at McKinsey and at private-equity firm Orion Partners. He has a bachelor's degree from Pomona College and an M.B.A. from Harvard Business School.

Panossian joined Oaktree in 2007 as part of its Global Opportunities group. He later led the development of its collateralized loan obligation businesses before becoming head of the performing-credit operation in 2019. He has a bachelor's degree from Stanford University, a master's in health-services research from Stanford Medical School, a law degree from Harvard Law School and an M.B.A. from Harvard Business School.

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.

FIVE-YEAR NOTES

Applications	\$108,201,132,200
Accepted bids	\$43,000,072,100
* Noncompetitively	\$56,747,200
* Foreign noncompetitively	\$5,000,000
Auction price (rate)	99.914708 (4.019%)
Interest rate	4.000%
Bids at clearing yield accepted	42.63%
Cusip number	91282CHK0

The notes, dated June 30, 2023, mature on June 30, 2028.

\$256.7

Overall value, in billions, of PE-backed deals in 2023 to date, a three-year low

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY



The Indiana Jones sequel, 'The Dial of Destiny,' hits theaters this weekend and will be the first movie from that franchise in 15 years.

Box-Office Fool's Gold Dulls Recovery

Blockbuster misses have offset some hits, putting more burden on aging stars

Harrison Ford might resurrect Indiana Jones. Resuscitating the movie industry's summer box office might prove a more challenging adventure.

That is a burden the 42-year-old franchise wasn't intended to bear alone. This year's summer movie season was packed with major releases, raising hopes early on that the theatrical industry could finally recover—or at least come close to recovering—the ground it lost because of the pandemic. And this year's season got the benefit of a strong lead-in, with the early April release of "The Super Mario Bros. Movie" having racked up nearly half a billion dollars in just the domestic market by the start of May.

That movie raised hopes that families with children were finally finding their way back to theaters. But that story line was complicated by the disappointing performances of other family-friendly flicks. Disney's live-action remake of "The

Little Mermaid" has so far underperformed similar remakes of "The Lion King" and "Aladdin" that were released in 2019. And the company's latest Pixar release called "Elemental" generated one of the weakest opening weekends in that studio's history this month.

Other plot twists have abounded in this summer's box office. The animated "Spider-Man: Across the Spider-Verse" from Sony has racked up more than \$300 million domestically—far ahead of the total haul of its 2018 predecessor film, while Disney's summer offering from the Marvel universe—"Guardians of the Galaxy Vol. 3" is trending about 8% below its 2017 predecessor film at the same point in its lifespan, according to data from Box Office Mojo. Other superheroes are proving to be less than invulnerable: "The Flash" from Warner Bros. Discovery opened to a weak \$55 million domestically and saw sales slide 72% in its second weekend.

The overall result is that the theatrical industry is a ways off from prepandemic levels. This year's total domestic box office of about \$4.3 billion thus far is 21% below 2019's level for the same period. That is better than the 34% gap that existed at this point last year. This year has been helped dramatically by "Avatar: The Way of Water," which was released in mid-December but stayed strong well into 2023.

The domestic box office for movies released this year is about \$3.6 billion—31% below 2019's level based on the same criteria, according to Box Office Mojo.

The season is hardly over. The Indiana Jones sequel, "The Dial of Destiny," hits theaters this weekend and will be the first movie from that franchise in 15 years. Nostalgia has been a big box-office draw of late; last summer's "Top Gun: Maverick" came 36 years after its predecessor and is the fifth-highest movie ever in terms

of domestic box office. And Tom Cruise will make a return trip to theaters next month with his seventh "Mission Impossible" installment—the last one in 2018 set a franchise high of more than \$220 million domestically.

However, investors are starting to hedge their bets. National theater chain Cinemark saw its stock price more than double in the first five months of this year, but the shares are now down 15% since peaking earlier this month. IMAX shares have slipped about 7% in that same time.

Cowen analyst Doug Creutz projects that the current summer season will finish about 30% below the average of the summer seasons for 2017-19, leading him to conclude in a report last week that "post-pandemic attendance will most likely never recover to more than about 75-80% of pre-pandemic levels." This summer's drama might not have a happy ending.

—Dan Gallagher

Japan Wades Into the Chip Wars

Tiny semiconductor chips have become the heart of great-power competition.

Governments around the world are subsidizing chip makers. But until recently the main combatants were China, the U.S. and a few smaller economies punching above their weight such as South Korea and Taiwan.

Now the world's third-largest economy—and a formidable technological giant—is entering the fray.

Japan is acting decisively to ensure leadership in key segments of the semiconductor supply chain—an echo of an earlier era of brawny industrial policy that helped it dominate key hard technology sectors like autos and chips in the 1970s and 1980s.

State-backed fund Japan Investment Corp. has launched a \$6.3 billion offer to buy semiconductor materials manufacturer JSR, the latter confirmed Monday. JSR is

the world's largest maker of photoresist, a light-sensitive material that allows miniature circuits to be printed on silicon wafers.

The deal surprised markets as JSR, a profitable listed company, isn't a typical target for JIC. Such state-backed funds are better known for rescuing struggling industrial giants like Japan Display and Sharp, or investing in smaller startups. JSR shares are now up 30% this week and are trading at a 3% discount to the offer price.

JSR says the transaction would create flexibility for strategic investments. It approached JIC in November believing a state-backed fund could provide stable, long-term capital—and strengthen its hand in any future negotiations with other industry

players. JSR says it plans to relist in five to seven years.

Japan is already a dominant supplier of semiconductor materials. Apart from photoresist, Japanese companies are the biggest makers of silicon wafers and other materials such as fluorinated polyimide, used in smartphone displays. Japan caused a stir when it tightened export controls on three semiconductor materials, including photoresist, to South Korea in 2019.

But while Japanese companies dominate the supply of many of these materials, the domestic industry is fragmented. In photoresist, for example, JSR is the market leader, but Japanese rivals such as Tokyo Ohka Kogyo and Shin-Etsu aren't far behind. That

is probably why JSR and JIC are talking about a bolder restructuring of the domestic industry—to concentrate resources, integrate technology and maintain Japan's competitiveness.

The JIC-JSR deal is likely just the beginning; the two have hinted at further consolidation that could create a national champion.

Japan is eager to revive its semiconductor fabrication industry, too—a sector that it used to dominate. Like other economies, it is subsidizing chip makers to build plants.

While the country has been overtaken by Taiwan and South Korea in chip making itself, Japan still has many pockets of strength in the sector. More government involvement to maintain the country's leadership seems increasingly likely.

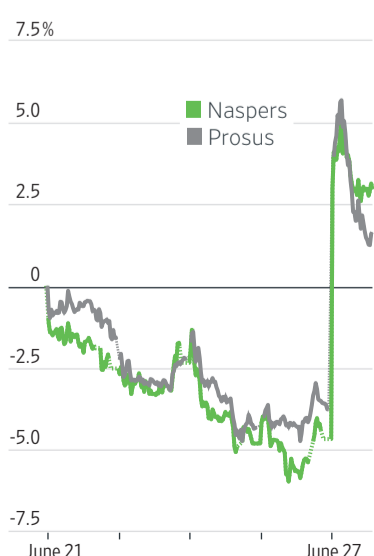
The global chip wars are heating up—and spreading.

—Jacky Wong

Japan is already a dominant supplier of semiconductor materials.

Tencent's Top Shareholder Scraps Messy Crossholdings

Share-price performance



Source: FactSet

Prosus is trying to reboot its cheap stock—again.

Shares in Europe's most valuable consumer-technology company are up about 6% after management said knotty cross-shareholdings between Prosus and its South African parent Naspers will be scrapped.

That means a share-buyback program that is helping improve the company's low valuation can now continue, which is good news for shareholders.

The origin of the problem is Naspers' wildly successful early bet on Chinese tech giant Tencent. The value of its stake grew so rapidly that the company became too big for the Johannesburg stock exchange, forcing fund managers to sell for technical reasons and causing the stock to trade at a big discount to its net asset value. In 2019, Naspers created Prosus

as a vehicle to move its Tencent stake and other global investments onto the larger Amsterdam stock exchange, but the problem persisted. Two years ago, Naspers and Prosus set up a crossholding whereby Naspers owns 62% of Prosus's ordinary shares and Prosus owns 49.9% of Naspers, shifting another chunk of Naspers' value to Amsterdam.

But the crossholdings have caused other headaches. Shareholders hate the complexity and the structure threatens a share-buyback program launched a year ago, also to address the discounts. Naspers has been slowly selling down its stake in Tencent, which stands at around 26%, and using the cash to buy back shares in Naspers and Prosus.

The share repurchases appear to be working: The two stocks' average discount to net asset value

has narrowed from 54% when the buyback was launched, to roughly 38% by the end of March this year.

However, under South African company law, Naspers can buy back only 10% of its shares within the current structure. It purchased 6%, so is close to maxing out. This would put the kibosh on buybacks at Prosus.

The latest reshuffle of holdings should fix this glitch while making the companies easier for investors to understand. But it probably won't fully resolve the discount problem at Prosus and Naspers, which also has to do with the varied array of venture-capital investments—including takeout delivery, online payments and edtech—that sit alongside the Tencent stake in their portfolio.

Prosus and Naspers are getting simpler, but perhaps not simple enough.

—Carol Ryan

Lordstown's EV Survives As It Dives Into Chapter 11

City will remain a hub for the industry

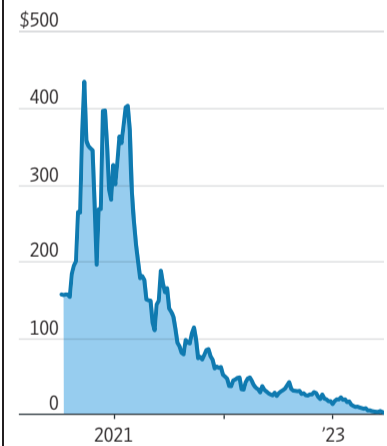
Lordstown Motors is dying. Long live Lordstown.

Electric-vehicle startup Lordstown Motors wants a buyer for its pickup truck, the Endurance. To clear the asset of "legacy issues," it sought bankruptcy protection on Tuesday, a sorry step for a company whose purchase of General Motors' redundant factory in Lordstown, Ohio, made it an unlikely darling of the Trump administration. The stock fell 17% on Tuesday.

The company is pitching the Endurance not to vehicle-fleet buyers but as a "springboard" to other manufacturers that might want a ready-designed electric pickup. Its value is doubtful given the Endurance's history, which has included battery fires, quality issues and a recall—all before it entered full-scale production. The company made much of a design incorporating motors in each of the four wheels, but this may have added to costs more than it did to the vehicle's potential price, particularly given mounting competition with Ford's F-150 Lightning and Rivian's debut pickup.

Whatever the outcome of this sales process, Lordstown Motors, which went public via a merger with a special-purpose acquisition company in 2020, has been a disaster for investors. Still, the ripple effects might not be huge. The company had 260 full-time staff at the end of last year, mainly in vehicle development. A year earlier, it employed 632 people.

Lordstown Motors' stock price



Note: Adjusted for 1:15 reverse stock split in May 2023. Source: FactSet

The difference can be explained by the company's deal to raise cash by selling the former GM plant and contracting manufacturing to its top shareholder, Taiwanese industrial giant Foxconn. With the iPhone maker in charge of the factory and its staff, the EV startup's failure might not change much for the town of Lordstown, which former President Donald Trump tried to turn into a symbol of Rust Belt revival.

The Asian company that now dominates industry in Lordstown has another project for the factory, courtesy of a more successful EV startup: Fisker. The Californian company is "capital-light," meaning it designs vehicles but leaves the manufacturing to others. Its first model, the Ocean, is being made by industry supplier Magna Steyr in Austria. Another model, the Pear, is due to start production in Lordstown in 2025.

Another question for the residual value of Lordstown Motors is the merit of the legal case it kicked off Tuesday against Foxconn. The contract manufacturer turned from white knight to foe for Lordstown when Foxconn withheld a promised slug of investment earlier this year, claiming breach of contract.

While it is understandable that Foxconn didn't want to throw good money after bad, its reasoning always sounded spurious. The alleged breach of contract arose because the stock fell below \$1, the level Nasdaq sets as a minimum. Lordstown performed a reverse stock split last month to fix the problem, multiplying its nominal share price by 15, but the move didn't patch up the companies' relations.

Lordstown Motors is now in the hands of lawyers and bankers. But don't write off the Lordstown EV business.

—Stephen Wilmot