

What's News

Business & Finance

- Customers pulled more than \$100 billion in deposits out of First Republic Bank last month... Corporate insiders raced to buy shares of their own companies after last month's banking crisis... Fox News parted ways with prime-time host Tucker Carlson... Credit Suisse gave a glimpse of its chaotic final weeks before a rescue by UBS... Walt Disney said it is beginning its second round of layoffs... U.S. stocks ended mixed... CNBC International anchor Hadley Gamble accused former NBCUniversal chief Jeff Shell of sexual harassment... Google's cloud unit launched a platform integrating its threat intelligence and cybersecurity operations services with generative AI.



Yevgeny Nuzhin, shown in Ukraine last year, was recruited out of prison to fight for Russia.

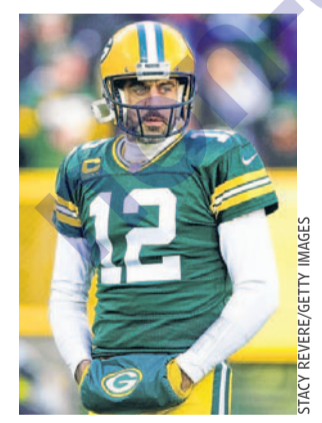
Portrait of a Wagner Recruit: A Grim Life, a Brutal Death

Russian prisoner tried to survive war long enough to win freedom. By JAMES MARSON. BARVINKOVE, Ukraine—Yevgeny Nuzhin, an ex-cop and convicted killer, had carved out as good a life as a penniless inmate could expect inside a high-security Russian prison. During his two decades behind bars, Mr. Nuzhin had ingratiated himself with inmates and prison authorities, affording him a contraband phone, an exemption from prison work and three nights with a woman he had married in the prison chapel.

World-Wide

- Three Ukrainian unmanned boats attacked a Russian-controlled military port in Crimea and an aerial drone crashed in the Moscow area... The U.S. envoy to the U.N. demanded Moscow free Wall Street Journal reporter Evan Gershkovich... The Supreme Court turned away appeals by oil companies seeking protection from potential liability under state laws for harms caused by climate change... The trial began for the man charged with killing 11 people at a Pittsburgh synagogue in 2018... Proud Boys members were "thirsting for violence" ahead of the attack on the Capitol... Nikki Haley received stock options worth close to \$300,000... Speaker McCarthy and House Republicans face a crucial test this week as they scramble to unite their factious party around a bill that would slash government spending in exchange for raising the nation's borrowing limit.

INSIDE



SPORTS Quarterback Aaron Rodgers is headed to the Jets in a trade with the Packers. A14



BUSINESS & FINANCE Appeals court sides with Apple in 'Fortnite' case, fending off antitrust challenge. B1

First Republic Deposits Sank By \$100 Billion

Bank to cut head count, slash executive pay after customers pulled money in panic

Customers pulled about \$100 billion in deposits out of First Republic Bank last month, when a pair of bank failures shook Americans' faith in regional lenders. The bank's first-quarter earnings report on Monday detailed its precarious financial situation following the withdrawals. Deposits fell more than 40% to \$104.5 billion at the end of the first quarter, from \$176.4 billion on Dec. 31. The first-quarter tally includes \$30 billion from megabanks including JPMorgan Chase & Co. meant to keep First Republic afloat, suggesting last month's

Insiders Snag Stocks After Bank Turmoil

Corporate insiders raced to buy shares of their own companies after last month's banking crisis, signaling a vote of confidence in this year's market rebound. More than 1,000 officers and directors at more than 600 companies bought their own stock in March. That is the highest number on an individual and company basis since last May, according to the Washington Service, an insider-trading data analytics provider. The ratio of insider buying to selling last month swelled to the highest level since September, the firm found. Financial firms represented a significant percentage of the buying activity last month as executives bet their stocks would recover after the rapid collapses of three U.S. banks

Carlson Ousted at Fox News After Dominion Disclosures

Fox News parted ways with prime-time host Tucker Carlson, a surprising move that comes after he made disparaging remarks about colleagues at the network that were disclosed during a legal battle with a voting-machine company. Mr. Carlson's departure puts an end to a decade-plus tenure at the conservative news network during which he rose to become the highest-rated host in prime-time cable news. Mr. Carlson, whose contract was renewed in 2021, will be paid out for the rest of his contract, people familiar with the matter said. He is paid about \$20 million a year, one of the people said. Mr. Carlson found out he was being let go about 10 minutes before the network announced his departure, the people said. Lachlan Murdoch, the chief executive of Fox News parent Fox Corp., and Fox News Chief Executive Suzanne Scott decided Mr. Carlson would leave the network on Friday, according to a person familiar with the matter. The exit creates another high-profile opening in a cable news landscape where familiar faces have been leaving over the past year and a half. Also Monday, CNN parted ways with Don Lemon, who had left his 10 p.m. prime-time perch to co-anchor the network's new morning show, a move that has failed to generate strong ratings. Fox News on Monday said

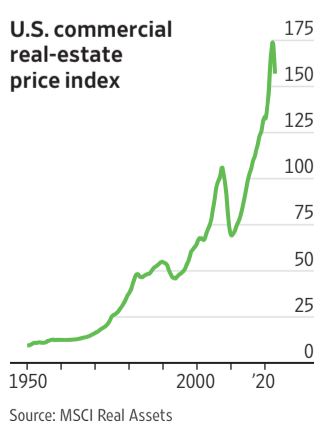
Weary Bitcoin Investors Chase Shiny New Object—Gold

The old-school asset is seen as a respite from the cryptocurrency roller coaster

For three years, Mitch Day rode bitcoin's wild swings, through the record highs of 2021 to the cold-water plunge of 2022. Mr. Day and a number of his cryptocurrency compatriots have since turned to the asset favored by pharaohs, pirates and Scrooge McDuck, helping drive an outbreak of gold fever. "For a long time, I kind of figured, 'Oh gold and silver?'" said Mr. Day, a 27-year-old college student in Keelowna, British Columbia. "Sure, I'm not necessarily going to get rich buying gold, but it will hold certain times better than a lot of other things." Bruised by steep declines in a variety of cryptocurrencies, some investors who preached the benefits of crypto's independence from banks and national currencies have diversified

Woes Swell for Commercial Property

Commercial real estate has experienced its share of busts in recent decades. This one is different. Landlords are contending simultaneously with a cyclical market downturn and with secular changes in the way people work, live and shop. The sudden surge in interest rates caused property values to fall, while the increases in remote work and e-commerce are reducing demand for office and retail space. Investors and economists have said these two forces haven't come together on this scale since the 1970s, when a recession followed surging oil prices and a stock-market rout while new technologies enabled jobs to move out of major cities. This time, the pandemic is largely responsible for accelerating the commercial property upheaval. The U.S. office vacancy rate reached a milestone in the first quarter when it rose to 12.9%, exceeding the peak vacancy rate during the 2008 financial crisis. Despite low unemployment, that figure marked the highest vacancy rate since data firm CoStar Group Inc. began tracking it in 2000. It is unknown how bad the commercial property downturn will get. Some analysts said it might well end up less severe than the previous two downturns, in the early 1990s and after the 2008 financial crisis, especially if the U.S. economy avoids a deep recession and interest rates start to come down quickly. But the deeper problems facing office and certain retail landlords mean building values



# U.S. NEWS

## States' Climate Lawsuits Can Proceed

### Supreme Court allows a number of cases against oil companies to move forward

BY JESS BRAVIN AND ERIN MULVANEY

WASHINGTON—The Supreme Court turned away appeals by oil companies seeking protection from potential liability under state laws for harms caused by climate change, a decision that at least for now allows a number of cases to move forward under state laws the industry sees as less favorable than federal environmental statutes. Oil companies, among them Chevron Corp., Exxon Mobil

Corp. and Shell PLC, are facing lawsuits alleging varied environmental harms from greenhouse-gas emissions filed under state laws by Rhode Island and several local governments, including the city of Baltimore; Colorado's Boulder and San Miguel counties; Hawaii's Honolulu and Maui counties; and California's Marin, San Mateo and Santa Cruz counties. The Supreme Court denied the industry petitions in a summary order Monday that as is typical contained no comment. Justice Samuel Alito didn't take part in the cases, likely because he owns shares in companies involved in the suits. In one case, Suncor Energy (U.S.A.) Inc. v. Boulder County, Justice Brett Kavanaugh noted that he preferred to hear the appeal. "This was the right decision, and it is time to prepare for trial," said Sara Gross, an attorney with the Baltimore City Law Department. "Since we filed this case nearly five years ago, the climate crisis has worsened, the costs to Baltimore taxpayers are skyrocketing, and the defendants have pocketed trillions of dollars in profits while trying to dodge accountability for their deception." The Baltimore suit, filed in 2018 in state court, alleges that more than 20 energy companies promoted fossil fuels while concealing information about the harmful changes in climate they cause, including rising sea levels and

extreme weather. Theodore Boutrous, who represents Chevron in several of the disputes, said he was confident that the pending climate lawsuits would ultimately be dismissed. "Climate change is an issue of national and global magnitude that requires a coordinated federal policy response, not a disjointed patchwork of lawsuits in state courts across multiple states," he said. "These wasteful lawsuits in state courts will do nothing to advance global climate solutions, nothing to reduce emissions, and nothing to address climate-related impacts." An Exxon spokesman said the company would fight the suits, adding: "Today's decision has no impact on our fo-

cus to invest billions of dollars to leading the way in a thoughtful energy transition that takes the world to net zero carbon emissions." "We do not believe the courtroom is the right venue to address climate change," a Shell spokeswoman said. Since 2017, at least two-dozen lawsuits have been filed by states and local governments against oil companies. Lower courts largely have rejected industry motions to dismiss the cases or move them into federal courts the defendants believe may provide a legal advantage. In 2021, the Supreme Court handed industry a procedural win when it ordered a federal appeals court in Richmond, Va., to reconsider its decision

to leave Baltimore's suit in state court. The appeals court in 2022 reaffirmed that ruling, which Monday's Supreme Court order leaves in place. Also Monday, the justices agreed to hear a pair of cases over whether the First Amendment prohibits local officials from blocking individuals who posted critical comments from their social-media accounts. In 2019, a federal appeals court held that then-President Donald Trump couldn't block individuals from his Twitter account, but the Supreme Court dismissed an appeal as moot after his term ended in 2021. The cases accepted Monday involve officeholders including school-board members from Poway, Calif., and the city manager in Port Huron, Mich.

### U.S. WATCH

### Nearly Half of Voters Favor Ban on TikTok

Nearly half of U.S. voters support banning the Chinese-owned TikTok video app, according to a new Wall Street Journal poll, but there are sharp divisions along partisan, age and even racial lines. Most voters view the app as a national-security risk and favor forcing its sale to non-Chinese owners, the poll found. But younger voters and Democrats are far less likely to support a ban than older voters and Republicans. Overall, 46% of respondents support a nationwide ban and 35% oppose it. By party, 62% of Republicans favor a ban on TikTok, while just 33% of Democrats do. By age group, 59% of people age 65 and over favor banning TikTok, while 37% of those 18-34 favor a ban, with 48% opposing. The findings reflect TikTok's user base—most of whom are under 30, an age group that typically favors Democrats by wide margins. Nearly half of white voters, or 48%, favor a ban, as do 42% of Hispanic voters. But just 35% of Black voters say they support banning the app. The U.S. contends that TikTok, owned by Beijing-based ByteDance Ltd., poses a threat because China's authoritarian government could demand access to data on U.S. users and influence content on the app. TikTok, which says it is implementing a \$1.5 billion plan to secure its data, didn't respond to a request for comment on the poll results. The poll of 1,500 voters was conducted April 11-17 and has a margin of error of plus or minus 2.5 percentage points. —John D. McKinnon



**JOINING THE FORCE:** New York City Police Academy graduates celebrated at the end of their ceremony on Monday at Madison Square Garden.

### Charging Decisions in Trump Case Coming

Atlanta-area District Attorney Fani Willis will announce charging decisions this summer arising from her election-interference investigation into former President Donald Trump and his allies, according to a letter she sent to local law-enforcement agencies

warning of the potential for violent reactions to that key milestone in her two-year probe. In the letter addressed to Fulton County Sheriff Patrick Labat, Ms. Willis said she would be announcing charging decisions relating to the investigation sometime between July 11 and Sept. 1. Ms. Willis said she wanted to give law-enforcement agencies sufficient time to prepare for the "significant public reaction" her announcement could trigger. "We have seen in recent years that some may go outside of public expressions of opinion that are protected by the First Amendment to engage in acts of violence that will endanger the safety of our community," Ms. Willis said. "As leaders, it is incumbent on us to prepare." The letter was earlier re-

ported by the Atlanta Journal-Constitution. While Mr. Trump wasn't called to testify in the probe, some legal experts have said he is a potential target. Mr. Trump has insisted repeatedly that he did nothing wrong after the election. Ms. Willis's warning to law enforcement suggests charges against Mr. Trump are likely, said Jessica Levinson, a professor at Loyola Law School in Los Angeles. "She's basically sending out a save-the-date card," Ms. Levinson said. Ms. Willis, a Democrat, has been probing Mr. Trump's efforts to overturn his election defeat in Georgia for about two years. No indictments have been issued in the investigation. —Jan Wolfe and Cameron McWhirter

### Ex-Officer Who Shot Wright Is Released

Kim Potter, the former Minnesota police officer who said she mistook her gun for a Taser when she shot and killed Daunte Wright in 2021, was released from prison early Monday. Ms. Potter, a white former officer for the Brooklyn Center Police Department in suburban Minneapolis, fatally shot Mr. Wright, who was Black, during a traffic stop in April 2021. The shooting happened during the trial of Derek Chauvin, the officer who killed George Floyd, and Mr. Wright's death set off several days of protests. Ms Potter was convicted of second-degree manslaughter and

given a two-year sentence. She served 16 months of her two-year sentence behind bars, said Department of Corrections spokesman Andy Skoogman. He said Ms. Potter will be on supervised release until Dec. 21. Mr. Wright, a 20-year-old father, was killed April 11, 2021, after Brooklyn Center officers pulled him over for having expired license tags and an air freshener hanging from his rearview mirror. Officers discovered he had a warrant for a misdemeanor weapons possession charge and he was shot during a struggle as officers tried to arrest him. Ms. Potter said she thought she was holding her Taser at the time, not her gun. She is heard on video yelling "Taser" several times just before she fires her pistol. —Associated Press

### Man Killed at College, Suspect in Custody

A man shot and killed another man Monday at Rose State College in Oklahoma, according to police, who reported no other injuries after the campus was briefly put on lockdown. Midwest City Police Chief Sid Porter said the men were "acquainted through a domestic situation." The two-year college has about 13,000 students and is just outside Oklahoma City. Chief Porter said the victim was shot once and the suspect was confronted by officers. "They ordered him to drop the gun, which he did, and they took him into custody," Chief Porter said. —Associated Press

## Deposits Fell at First Republic

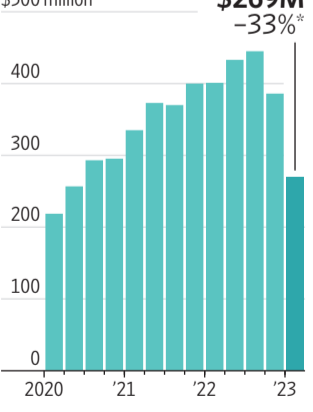
Continued from Page One reduce head count by 20% to 25% and slash executive pay, the bank said. Executives declined to answer questions on a

call with analysts Monday. Withdrawals have stabilized, First Republic said, and the bank is trying to bring in fresh deposits. Excluding the \$30 billion from the megabanks, the run cost First Republic all but \$19.8 billion of its uninsured deposits, a low-cost funding source that was once a cornerstone of its business model. Many regional banks recently reported a decline in deposits in the first quarter, including Comerica Inc. and Zions

Bancorp. But the drop at First Republic stands out for its sheer size. Many of the other regional banks reported higher first-quarter profits. First Republic was once the envy of the banking business. The lender grew rapidly by catering to wealthy clients who wanted high-touch service that they couldn't get from bigger banks. In a low-interest-rate world, those customers were happy to leave large sums of money in accounts earning

nothing. The bank specialized in making huge mortgages, some at low rates, to wealthy people like Meta Platforms Inc. CEO Mark Zuckerberg. The bank's highflying business came back to earth after the Federal Reserve began raising interest rates. Wealthy customers, no longer content to leave giant balances in bank accounts earning paltry interest, began to move their money into higher-yielding alternatives. The sudden failure of Silicon Valley Bank last month spooked customers with balances exceeding the Federal Deposit Insurance Corp.'s \$250,000 insurance limit.

### First Republic Bank's quarterly net profit



hired investment bankers to advise on its options, The Wall Street Journal reported. On Monday, the bank said it is "pursuing strategic options" but didn't offer additional details. After Silicon Valley Bank's collapse sparked a deposit run, First Republic filled the hole with loans from the Federal Reserve and Federal Home Loan Bank, which lend to stressed banks, and a line of credit from JPMorgan. Borrowings peaked at \$138 billion on March 15. First Republic said that figure had fallen to \$104 billion on Fri-

day. The bank said it paid between 3% and 4.9% on loans from the Fed and FHLB in the quarter, on average. This means First Republic is facing a grim and unusual situation where it might have to pay more on its liabilities than it is earning on its loans, analysts have said. In the first quarter, the bank's loan book yielded 3.73%. Rising rates have battered the value of First Republic's mortgages and other loans. The bank's balance sheet showed \$166.1 billion of loans as of Dec. 31, at amortized cost. A footnote said their fair-market value was \$143.9 billion. The \$22.2 billion difference was greater than First Republic's \$17.4 billion of total equity, or assets minus liabilities. The bank said it planned to start selling the mortgages it makes in an effort to reduce the size of its balance sheet. It generally kept those loans on its books. Going forward, First Republic will rely more on customers whose balances fall under the FDIC insurance limit, executives said. Uninsured deposits will now be a "much smaller percentage" of total deposits, Chief Executive Officer Michael Roffler said. —Gina Heeb contributed to this article.

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**CORRECTIONS & AMPLIFICATIONS**  
Dealer markups contributed between 0.3 and 0.5 percentage point to the rise in the consumer-price index between the end of 2019 and the end of 2022, according to a recent study by Michael Havlin. A Business & Finance article on Monday about the research incorrectly gave the range as between 0.3 and 0.7 percentage point, based on a calculation error by the study's author.  
Readers can alert The Wall Street Journal to any errors in news articles by emailing [wsjcontact@wsj.com](mailto:wsjcontact@wsj.com) or by calling 888-410-2667.

U.S. NEWS

Synagogue Massacre Trial Begins

By KRIS MAHER PITTSBURGH—Carol Black has honored the memory of her brother who was killed in the Tree of Life synagogue attack by taking on roles he once performed at services and by attending Pitt football games in the seat he had occupied for 35 seasons beside hers.

beliefs resulting in death and committing a hate crime resulting in death. He has pleaded not guilty. In court filings, his lawyers said that he had offered to plead guilty and serve multiple life sentences, if prosecutors would agree not to seek the death penalty.

The three congregations that lost 11 members 4½ years ago in the deadliest antisemitic attack in U.S. history have largely grieved and tried to heal in private, supporting one another even as they joined the widening community of people scarred by mass shootings.

Adjudication of state criminal charges has been deferred until the federal trial is over. Mr. Bowers's defense team includes Judy Clarke, a federal death-penalty expert. Defense attorneys said in court filings that Mr. Bowers, a former truck driver who dropped out of high school, has been diagnosed with schizophrenia and epilepsy. Such health information could be presented during a sentencing phase.

Starting Monday, the Pittsburgh massacre again was thrust into the public spotlight as jury selection began in the federal hate-crime trial for the man charged in the case. If he is found guilty, a second, death-penalty phase will follow with the same jury.

Ms. Clarke couldn't be reached for comment; two other defense lawyers didn't respond to a request for comment.

Deep wounds

"I've been thinking about it for a while, and I've been dreading it," said Beth Kissileff, whose husband, Rabbi Jonathan Perlman of the New Light Congregation, escaped during the shooting. Three congregations worshiped at Tree of Life synagogue: New Light, Dor Hadash and Tree of Life.

In addition to reopening deep wounds in the Jewish community in Pittsburgh and the tightknit Squirrel Hill neighborhood, for many the trial has raised questions about what constitutes justice following a mass shooting.

Shortly before 10 a.m. on Oct. 27, 2018, Robert Bowers entered the synagogue armed with an AR-15 and three handguns and began killing people who had gathered for Shabbat services, prosecutors contend. "I just want to kill Jews," he told arresting officers, according to a filed affidavit.

Seven of the nine families whose relatives were murdered wrote a letter in 2021 to Attorney General Merrick Garland saying that they support the death penalty for Mr. Bowers.

Mr. Bowers, 50 years old, faces 63 counts, including 11 counts each of obstruction of the free exercise of religious

"This massacre was not just a mass murder of innocent citizens during a service in a house of worship. It was an antisemitic hate crime," said Diane Rosenthal, whose brothers Cecil and David were killed. "The death penalty must apply to vindicate justice and to offer



Above, tributes to the victims of the mass shooting were displayed inside the locked doors of Tree of Life in Pittsburgh late last year. Below, a commemoration ceremony was held for the victims last October, on the fourth anniversary of the attack.

some measure of deterrence from horrific hate crimes happening again and again."

People in the three congregations remain in different camps, according to members. The board of Dor Hadash sent a letter to Mr. Garland opposing the death penalty in this case.

The trial comes as antisemitic incidents are on the rise nationwide. In March, the Anti-Defamation League said that it had tracked 3,697 such incidents in 2022, a 36% increase from the prior year, and the highest number on record since the group began tracking incidents in 1979.

The evidence at trial is expected to include body-camera footage, 911 calls and radio transmissions, witness accounts and reconstruction of the crime scene.

On the morning of the attack, according to court documents, Mr. Bowers named a Jewish immigrant aid group in an online post and said it "likes to bring invaders in that kill our people. I can't sit by and watch my people get slaughtered. Screw your optics, I'm going in."

David Harris, a law professor at the University of Pittsburgh,



said that the trial, as with others that follow mass shootings, is a necessary act that reaffirms the values of the community as much as it attempts to bring a perpetrator to justice.

"There is no real dispute about the guilt of the killer in this case," Mr. Harris said. "We know who was there and pulled the trigger all those times."

The trial in federal court in downtown Pittsburgh is another step in a long process for the survivors.

As the gunman targeted

worshippers, many in their 70s and 80s, Ms. Black stayed alive by hiding in a dark closet; one victim fell a few feet from where she was. Her brother, Richard Gottfried, was killed.

Ms. Black, a 71-year-old retired audiologist who is a member of New Light, said she was grateful for support from survivors of other mass shootings, such as families of the nine worshippers killed at the Emanuel A.M.E. Church in Charleston, S.C., in 2015. She is now part of a group that

reaches out to communities affected by hate crimes.

Monthly meetings

In Squirrel Hill, Ms. Black meets monthly with people who lost family members in the attack and with people who survived it, she said. "In the beginning, we would talk a lot about what happened that day. We don't do that anymore. We just enjoy being in each other's presence."

Stephen Cohen, co-president of New Light, said he was looking to the trial with some trepidation and plans to attend to look Mr. Bowers in the eye.

Bruce Herschlag, president of Dor Hadash, said he won't go to the trial. He said the congregation plans to continue to focus on social justice issues and lobbying for gun-control measures.

Plywood still covers a door and window shattered in the violence 4½ years ago. Alan Hausman, president of Tree of Life, said the building will someday feature a skylight leading to the main sanctuary and ark to show visitors "that this is the path of light to the future."



Rioters, including Dominic Pezzola, center, stormed inside the U.S. Capitol on Jan. 6, 2021.

U.S. Says Far-Right Proud Boys Thirsted for Violence on Jan. 6

By C. RYAN BARBER AND JAN WOLFE

jury summarized the Justice Department's case against former Proud Boys leader Enrique Tarrío and four other members of the group—Joseph Biggs, Ethan Nordean, Dominic Pezzola and Zachary Rehl—who all stand accused of conspiring to prevent the peaceful transfer of power on Jan. 6, 2021. Lawyers for two of the defendants rejected the conspiracy charge Monday.

WASHINGTON—Members of the Proud Boys were "thirsting for violence" ahead of the Jan. 6, 2021, attack on the Capitol and considered themselves "Donald Trump's army" as the former president clung to power after the 2020 election, a federal prosecutor said Monday.

The jury will begin deliberations after defense lawyers for all the accused Proud Boys make their closing arguments.

"For these defendants, politics was no longer something for the debating floor or the voting booth. For them, politics meant actual, physical violence," said federal prosecutor Conor Mulroe, as closing arguments began Monday in the seditious-conspiracy trial against members of the far-right group.

Mr. Mulroe presented jurors with what he called the "drumbeat" of antagonistic messages that Proud Boys members exchanged in the weeks following Donald Trump's loss in the 2020 presidential election. Mr. Mulroe said group members

spoke in violent, revolutionary terms leading up to the Jan. 6, 2021, certification of Joe Biden's victory, with references to 1776.

In Mr. Tarrío's view, Mr. Mulroe said, the Proud Boys were a "fighting force lined up behind Donald Trump and ready to commit violence on his behalf."

In the first closing argument for a Proud Boy defendant, Mr. Nordean's lawyer dismissed the notion that the violence of Jan. 6 resulted from extensive planning. "It's a riot; it's not a deep-laid conspiracy," he said.

The lawyer, Nicholas Smith, said Mr. Nordean invoked the year 1776 in a state of "humiliating drunkenness."

"Does that show what his intent was on Jan. 6? Of course not," Mr. Smith said.

Weight-Loss Drugmakers Press for Medicare Coverage

By LIZ ESSLEY WHYTE

Weight-loss drugmakers are lobbying Congress to grant them access to a monster payday for their blockbuster treatments: Medicare coverage.

New drugs to treat diabetes and obesity are helping people shed pounds and generating huge sales for Novo Nordisk AS and Eli Lilly & Co. But they cost hundreds of dollars a month or more, and Medicare doesn't cover them to treat obesity. The law governing Medicare's prescription-drug benefit excludes weight drugs. If that changed, demand from the 65 million older and disabled people insured through Medicare could push sales even higher.

Novo Nordisk's Wegovy, the only one of the new drugs approved by the Food and Drug Administration to treat obesity, costs more than \$10,000 a year without insurance. Covering treatment for one-tenth of Medicare patients who could qualify for the medications would cost about one-fifth of the federal insurer's annual drug spending, according to research published in March in the New England Journal of Medicine.

The companies and patient advocates said treating Medicare recipients with the drugs would reduce other healthcare costs. But lawmakers are unlikely to extend Medicare coverage to the drugs because the tab would be so high, congressional staffers said. Lawmakers including Sen. Bill Cassidy (R., La.), who plan to reintroduce

legislation extending Medicare coverage to weight-loss drugs, are working with the Congressional Budget Office to bring down the price, advocates and a Senate staffer said. Proposals they are discussing include limiting coverage to people with higher body mass indexes or a test program, the people said.

The advocates for Medicare coverage said they hope that arrangement would encourage



Ozempic maker Novo Nordisk has sought Medicare weight-loss coverage for a decade.

more private insurers to cover the drugs, too. They are also working at state houses on legislation requiring state health plans and Medicaid programs to cover the drugs, they said. A bill introduced in California last month would require private insurers to offer coverage.

Vicki Delp, a 63-year-old retired hospital clerk from Cloverdale, Ind., said she has lost 55

pounds since July on Lilly's Mounjaro and Novo Nordisk's Ozempic, which she buys by mail from Canada for about \$350 a month. "I wish insurance would understand that obesity is a disease and we should be able to get our medication just like the diabetics do," she said.

Novo Nordisk has lobbied for Medicare to cover weight-loss treatments for a decade, congressional records show. The company said it spent about \$4.6 million on lobbying last year and has spent about \$3 million annually on lobbyists since 2013, according to data from the nonprofit OpenSecrets.

"We advocate for patients and policies that support access to all obesity treatments, including coverage for anti-obesity medications," said a Novo Nordisk spokeswoman.

Eli Lilly, which has said it expects to win FDA approval for Mounjaro to treat obesity, joined the lobbying effort in 2021, federal records show. An Eli Lilly spokeswoman said covering its drugs "would be in line with today's medical understanding of obesity."

The companies are among 40 members of the Obesity Care Advocacy Network, a lobbying group leading the push for Medicare to cover weight-loss drugs. Others include the National Council on Aging, the National Kidney Foundation and WeightWatchers, which last month said it was buying Sequence, a telehealth company that connects patients to weight-loss drugs.

Knight Gives \$400 Million to Help Black Community in Portland, Ore.

By RACHEL BACHMAN

Phil Knight grew up in Portland, Ore., and eventually made the area home to Nike Inc., the athletic-shoe behemoth he co-founded with Bill Bowerman, his track coach at the University of Oregon.

Mr. Knight and his wife, Penny, are giving \$400 million to rebuild Portland's Albina area, a historically Black community whose residents have experienced decades of disruption and displacement.

Rebuild Albina will be a project of the newly established 1803 Fund, a nonprofit that aims to combine elements of private investing and philanthropy. The number references the year that explorers Lewis & Clark decided to bring York, a Black frontiersman and slave, with them across the country to the Pacific.

Mr. Knight's donation arrives against the backdrop of a city he says is in crisis. Port-

land, for decades a quirky, outdoory boomtown, in recent years has been beset with public drug use, chronic homelessness, a spike in crime and drop in population.

"I think it can lift the community and it can give the whole city hope," Mr. Knight said in an interview about his initiative. "That's the ambition."

Mr. Knight has voiced increasing concern about his home state's largest city. Last

year he donated several million dollars to two candidates opposing Democrat Tina Kotek, in a race that some thought would see Oregon elect its first Republican governor in decades. Ms. Kotek won.

The idea for Rebuild Albina came from conversations a few years ago with two men Mr. Knight called "tireless, selfless workers for the community." Ron Herndon has led the Albina Head Start program for nearly half a century. Tony

Hopson is founder and CEO of Self-Enhancement Inc., an area organization that provides families with education and social services.

Mr. Knight said he had given each man a few million dollars over the decades to further their work, and was impressed with how they used it. "You just think, with a little more money, how many great things they could do," Mr. Knight said. "That's really kind of what my mind-set is."

Messrs. Hopson and Herndon will sit on the board of the 1803 Fund, along with Nike CEO John Donahoe and Nike Jordan Brand Chairman Larry Miller.

Mr. Knight, 85 years old and still Nike's largest shareholder, and his family are worth an estimated \$47.2 billion, according to Bloomberg. Phil and Penny Knight have become perhaps the state of Oregon's best-known philanthropists and some of the most prominent in the nation.

U.S. NEWS

# GOP Debt-Limit Plan Faces Key Test

By LINDSAY WISE

WASHINGTON—Speaker Kevin McCarthy and House Republicans face a crucial test this week as they scramble to unite their fractious party around a bill that would slash government spending in exchange for raising the nation's borrowing limit.

With the health of both the economy and his speakership potentially on the line in the debt-limit fight, Mr. McCarthy and his allies have begun the process of wrangling the 218 votes needed for passage of their plan. In the narrowly divided 222-213 House, Republicans can afford no more than four defections, if all Democrats vote no, as expected.

Mr. McCarthy, asked about the bill's prospects last week, remained upbeat. "I think we're in very good shape," he said. "We're working, talking through all the members."

Falling short could badly undermine Republicans in their effort to negotiate a debt-limit compromise with President Biden, who has called for the ceiling to be lifted with no strings attached, and the Democratic-controlled Senate. It also could damage Mr. McCarthy's credibility within his conference.

The Limit, Save, Grow Act would return the government's discretionary spending to fiscal year 2022 levels, cap annual spending growth at 1% for a decade and raise the debt ceiling until March 31, 2024, or until the national debt increases by \$1.5 trillion, whichever comes first.

House GOP leaders are planning for a possible vote



Speaker Kevin McCarthy and his allies have begun the process of wrangling votes needed for passage.

Wednesday or Thursday, confident that success would strengthen Republicans' hand and force Mr. Biden to the table.

Senate Republicans are watching the process closely. They said it is key for House Republicans to demonstrate that they have the votes to pass their debt-ceiling bill.

"Otherwise, [President Biden] is just going to stonewall," said Sen. John Thune of South Dakota, the No. 2 Senate Republican. "But if they put something out there, if they can actually produce a re-

sult...I think it changes the entire dynamic around the debt limit."

The country hit its \$31.4 trillion debt limit in January. The Treasury Department has been using special accounting measures to keep paying the government's bills.

Voters were evenly divided over raising the debt ceiling in a Wall Street Journal poll conducted this month. But they were overwhelmingly opposed to the idea of making cuts to domestic programs as a condition of raising the debt ceiling. The House GOP proposal

would claw back unspent Covid-19 relief funds, prevent implementation of Mr. Biden's plan to cancel student-loan debt, and toughen work requirements for government benefits such as Medicaid and the Supplemental Nutrition Assistance Program, also known as food stamps.

The bill would rescind most of the \$80 billion in new funding for the Internal Revenue Service to improve tax collection, and repeal energy and climate tax credits passed by Democrats last year as part of Mr. Biden's signature climate,

healthcare and tax legislation, the Inflation Reduction Act. In all, the cuts add up to \$4.5 trillion.

Many House Republicans said last week that they were undecided. Some suggested they would like to see changes to the bill before committing to vote for it. Few had fully read the 320-page bill.

Rep. George Santos (R., N.Y.) said he would oppose the debt-ceiling measure in its current form because it would end tax credits for solar panels popular in his district.

"It's not good enough," he said. "I'm not changing [my position] until there's some change there."

Rep. Chip Roy (R., Texas), a leading member of the ultra-conservative House Freedom Caucus, said he was still reading through the legislation and hasn't made up his mind. "There's a lot of good stuff there," he said. "There's a few details we're still working out."

Some moderate lawmakers from both parties have offered their own plan, which would raise the debt ceiling through February 2025 if Congress sets up a special commission to reduce deficits. The commission's proposals would be subject to an up-or-down vote by Feb. 28, 2025.

Senate Majority Leader Chuck Schumer (D., N.Y.) dismissed the House Republican bill as "a partisan wish list masquerading as legislation." He said it has no chance of moving forward in the Democratic-controlled Senate.

—David Harrison, Andrew Duehren and Annie Linskey contributed to this article.



Susan Rice

## Rice, a Top Adviser To Biden, Is Leaving

By ANDREW RESTUCCIA

WASHINGTON—Susan Rice, President Biden's top domestic policy adviser, is departing the administration, the White House said Monday.

Ms. Rice, a longtime foreign-policy expert, has led the White House Domestic Policy Council since the start of the administration, helping coordinate with federal agencies on a broad variety of issues, including economic mobility, healthcare, gun control and immigration. Her last day will be May 26, an administration official said.

President Biden thanked Ms. Rice for her service, saying, "There is no one more capable, and more determined to get important things done for the American people than Susan Rice." He praised Ms. Rice for her work on health policy, including on lowering prescription drug prices for seniors.

In a tweet, Ms. Rice said she was "so proud of all we have been able to accomplish together for the American people."

Neera Tanden, the White House staff secretary, is seen by some inside the West Wing as a contender to succeed Ms. Rice, according to people familiar with the matter.

Ms. Rice served as United Nations ambassador at the beginning of the Obama administration and later became President Barack Obama's national security adviser during his second term. During that period, she worked closely with then-Vice President Biden, often meeting with him during daily intelligence briefings.

During the 2020 campaign, Ms. Rice was under consideration as Mr. Biden's running mate and was discussed as a potential secretary of state during the president's transition.

As the administration's leader of the Domestic Policy Council, Ms. Rice didn't need to receive Senate confirmation. If she had been nominated to a different position, she would have likely faced opposition from Senate Republicans for her foreign policy role during the Obama administration.

Republicans have criticized Ms. Rice for initially characterizing the deadly 2012 attacks on Americans in Benghazi, Libya, as an episode of spontaneous protest hijacked by extremists instead of a premeditated terrorist attack.

A 2014 House of Representatives report on the Libya incident found that while public statements by Ms. Rice and other U.S. officials were proven wrong, the inaccuracies stemmed from poor intelligence.



## President Holds Pep Rally for America's Teachers

President Biden honored the nation's best teachers Monday, saying they go above and beyond by providing food and supplies out of their own pockets and often find themselves "explaining the unexplainable, from banned books to duck-and-cover drills." The Rose Garden event honored the Council of Chief State School Officers' 2023 teachers of the year from each state. Tulsa, Okla., math teacher Rebecka Peterson, left, was named overall teacher of the year. "I teach because it gives me life to offer the American Dream to the next generation," said Ms. Peterson, who referenced her Swedish and Iranian heritage and said her immigrant view helps her see the beauty in the nation.

—Associated Press

## Commercial Property Woes Swell

Continued from Page One

are less likely to rebound to new highs the way they did after those previous meltdowns. That, in turn, suggests that commercial real estate won't contribute as much to the country's economic growth as it had during previous rebounds. Depressed building values could hurt cities, which depend on property-tax revenue, and weigh on bank balance sheets, leading to less lending throughout the economy.

It is also bad news for the banks, pension funds and asset managers that are among the biggest lenders to owners of commercial buildings, which means they could face losses for years to come. Commercial mortgages account for around 38% of the median U.S. bank's

loan holdings, according to KBW Research. North American public pension funds on average hold around 9% of their assets in real estate, according to Preqin.

"You literally have trillions of dollars of investment that are suddenly just massively impaired," said Dan Zwirn, chief executive of Arena Investors, a New York-based asset manager and real-estate investor.

During previous downturns, fundamental trends usually worked in property owners' favor once the economy showed signs of rebounding. Increasingly white-collar workers crowded into cities, filling office towers and ensuring a reliable stream of customers at shops and restaurants. Meanwhile, red tape and zoning restrictions made it harder for developers to build, protecting property owners from competition.

That helped building values bounce back and reach record highs after the crisis was over. Since these property market routs coincided with economic slumps, the Federal Reserve

cut interest rates to lower borrowing costs and boost the economy. Between late 1993 and mid-2022, U.S. commercial real-estate prices grew almost fourfold, according to MSCI Real Assets, easily outpacing inflation.

Now, new technologies and changes in the way people live and work are threatening many landlords, said Ben Miller, CEO of property investment firm Fundrise. Retail owners for years have grappled with the rise of e-commerce, which has pushed down the value of storefronts and is still a threat to shopping malls throughout the country.

Store closures increased significantly this year, said UBS Group AG, which estimated this month that around 50,000 retail stores in the U.S. will close over the next five years. Bed Bath & Beyond Inc. became the latest major chain retailer to falter when it filed for bankruptcy protection on Sunday after years of losses and failed turnaround plans. The company said it expects to close all of its 360 Bed Bath & Beyond and 120 Buybuy Baby

retail locations eventually.

Office owners are at the beginning of the process of working off their glut and could face many years of falling tenant demand. The growing popularity of remote work, made possible by technologies such as email, Zoom and Dropbox, means offices are far emptier than they were before the pandemic. The occupied space per office

### Landlords are contending with changes to work and shopping habits.

worker is 12% below where it was in 2015, CoStar said, a sign that corporate tenants might want less space when they renew office leases.

"People thought of these office buildings as forever because of course it's going to be 98% leased forever," Mr. Zwirn said. "People were not planning on this secular change."

Not all commercial real estate looks imperiled. Data centers and warehouses have benefited from e-commerce and remote work. Apartment rents are well above prepandemic levels, and most analysts expect the country's housing shortage to persist, which supports higher rents. Retail rents are rising again in Manhattan, while some major chain stores are expanding after years of store closures.

Even for the beleaguered office market, there are some mitigating factors. Landlords mostly hold less debt as a share of property values than they did in 2008.

Still, most analysts expect vacancies to keep rising as more leases expire and companies cut back on space. Office-building prices are down 25% since early 2022, estimates real-estate analytics firm Green Street. Prices of malls are down 19% since early 2022 and down 44% since 2016.

The last time landlords in big U.S. cities suffered market downturns alongside a secular shift was in the 1960s and 1970s, said Jim Costello, chief

economist at MSCI Real Assets. The spread of highways, fax machines and cheap long-distance calls allowed factories and offices to move from big cities to cheaper places, he said. More families ditched urban centers for the suburbs. Inflation and rising unemployment took a toll.

Many owners of urban apartments, offices and retail space saw their wealth wiped out. In the Bronx, some landlords set fire to their properties to collect insurance money.

This time, vacancies and rising interest rates are coming together to hit office owners. Take the Meridian at Deerwood Park, a sprawling office complex in suburban Jacksonville, Fla. The property's sole tenant, Deutsche Bank, moved out in late 2022, according to data from Trepp Inc.

With debt costs surging and building values plummeting across the U.S., the owner didn't get a new loan and defaulted on the property's mortgage when it expired on April 1, according to Trepp.

U.S. NEWS

# Haley's Board Seat Delivers Stock Windfall

By JOHN MCCORMICK

Nikki Haley received stock options worth close to \$300,000 roughly six weeks after jumping into the 2024 presidential race as part of a real-estate company merger, Securities and Exchange Commission filings show.

The 26,703 shares of **United Homes Group** Inc. stock awarded on March 30 to Ms. Haley—a former South Carolina governor who hasn't been employed full-time since resigning as United Nations ambassador from the Trump administration in 2018—was part of her compensation for serving on the company's board.

Her continued involvement with a corporate board is relatively unusual for a presidential contender and highlights the choices candidates sometimes have to make about whether to put their private-

sector careers on hold.

In late 2014, former Florida Gov. Jeb Bush resigned from at least two corporate boards, just weeks after he announced he was considering a 2016 presidential campaign. He also ended a consulting contract with a bank and severed ties with additional businesses.

Republican Mitt Romney, now a senator from Utah, resigned his post on Marriott International Inc.'s board of directors months ahead of formally entering the 2012 presidential race.

Kevin Madden, a senior adviser to Mr. Romney's presidential campaign, said he would advise White House candidates to step down from corporate boards.

"You are trying to build a profile as a candidate, with a focus on the broader economy and the broader economic environment, and that's much

harder to do if you are seen as working in an active sense with one company," he said.

Chaney Denton, a spokeswoman for Ms. Haley, declined to comment.

## A corporate board seat is relatively unusual for a presidential hopeful.

Former New Jersey Gov. Chris Christie, who is considering a 2024 Republican presidential bid, serves on the boards of the New York Mets and Pacira BioSciences Inc. He declined to comment when asked whether he would step down from the posts if he entered the race.

While not directly compara-

ble with Ms. Haley's corporate-board ties, other presidential candidates have had to answer questions about how they would manage business interests if elected.

In 2020, Michael Bloomberg said he would sell Bloomberg LP, the multibillion-dollar financial-data and media company he co-founded, if he won the White House. He also turned over day-to-day operations of the company to an expanded management committee during his bid. Questions about ownership became moot after the billionaire's presidential campaign flamed out.

Mr. Bloomberg, as part of his campaign, questioned Donald Trump's ethics, noting that the then-president had never placed his business interests in a blind trust and instead turned them over to his children to run. Mr. Trump has often responded to such criti-

cism by saying that running for president and serving in the job has cost his personal fortune billions.

The initial windfall for Ms. Haley came just more than a year after she joined the board of closely held Great Southern Homes Inc., one of the largest home builders in the Southeast. Before the merger, SEC filings show she collected \$187,873 in cash and stock compensation from the company in fiscal year 2022.

Ms. Haley was awarded her vested stock options after Great Southern Homes merged with another entity to become United Homes Group. Following the merger with a special-purpose acquisition company called DiamondHead Holdings Corp., she was granted a seat on the board of the newly formed company in Irmo, S.C.

Ms. Haley, whose term on the board doesn't expire until

2026, stands to receive additional stock worth more than \$780,000 if the company hits share-price targets in the next five years. She also could be granted options for additional shares—more than 80,000—that would vest in three annual installments starting in January 2024.

Ms. Haley hasn't yet filed a financial disclosure form for her presidential bid, although she has significantly less wealth than Messrs. Romney or Bush. A 2018 disclosure form, reflecting her 2017 finances, showed significant debt and relatively little family income, although South Carolina records show a \$1.2 million commercial real estate sale in 2018 that likely reduced her debt.

Allen Hutto, a spokesman for United Homes Group, didn't respond to calls and an email seeking comment.

# DeSantis Begins World Tour, Plays Down Presidential Run

By PETER LANDERS

TOKYO—Florida Gov. Ron DeSantis said he wasn't a candidate for president, but he got a welcome worthy of an American political VIP Monday in Japan, his first stop on an around-the-world tour.

Striding into the prime minister's office holding the hand of his wife, Casey DeSantis, Mr. DeSantis held a roughly 40-minute meeting with Prime Minister Fumio Kishida. He said they discussed North Korean leader Kim Jong Un's provocations and the Chinese Communist Party—the sort of issues presidents worry about.

"We were able to discuss the security challenges in the region and we discussed, obviously, Japan moving to bolster its defenses," Mr. DeSantis said. "I was able to educate a

little bit on what's going on in Florida and he was very impressed with that."

Mr. Kishida, politely greeting his visitor, repeated two frequent DeSantis talking points. The Japanese leader said Florida was one of the first states to recover from Covid-19 and was one of the fastest-growing states in the U.S.

The Census Bureau recently said Florida has the fastest-growing population in the U.S., while Mr. DeSantis gained national prominence by resisting Covid-19 mask and vaccine mandates and sparring with public-health specialists over activity restrictions.

Mr. DeSantis is on a four-nation tour of U.S. allies that will also take him to South Korea, Israel and the U.K. He said he would take part in celebrating the 75<sup>th</sup> anniversary of Israeli statehood.

Polls suggest Mr. DeSantis is the strongest potential Republican challenger to former President Donald Trump, who has already announced his candidacy to reclaim the White House. The governor is relatively low on experience abroad, although he served in Iraq while in the Navy.

Mr. DeSantis deflected a question about polls including one by The Wall Street Journal showing he has fallen behind Mr. Trump in the race for the 2024 Republican nomination.

"I am not a candidate, so we'll see if and when that changes," he said.

Political observers have said they expect Mr. DeSantis to declare his presidential candidacy after Florida's state legislative session ends in May. He has already visited key primary states such as New Hampshire and Michigan.



Florida Gov. Ron DeSantis and his wife, Casey DeSantis, with Japanese Prime Minister Fumio Kishida.

He also brought some state business with him to Tokyo, saying he was meeting with Japan's two international carriers to urge the opening of direct flights between Japan and Florida.

Many Japanese responded with bafflement at his name. A Japanese reporter at the

prime minister's residence hastily scanned Mr. DeSantis's Wikipedia page on his phone, commenting with surprise that the governor was only 44 years old.

Mamoru Sato, 70, who works for a Tokyo anime studio, didn't recognize Mr. DeSantis when shown his picture.

"I believe few Japanese know him," Mr. Sato said. But he said it would be better if younger people became national leaders. "We could say the same thing for Japan as well," he said.

—Chieko Tsuneoka and Miho Inada contributed to this article.

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U.S. NEWS

Lemon Exits CNN, Says He's Stunned

BY ALYSSA LUKPAT AND ISABELLA SIMONETTI

Don Lemon and CNN are parting ways after 17 years. CNN Chairman and Chief Executive Chris Licht said in a companywide email Monday that Mr. Lemon was departing the network. He didn't give a reason why Mr. Lemon was leaving. Mr. Lemon taped his last show on Monday morning. "Don will forever be a part of the CNN family, and we thank him for his contributions over the past 17 years," Mr. Licht said in the email. The move comes two months after Mr. Lemon drew criticism on "CNN This Morning" for saying Republican presidential candidate Nikki Haley wasn't in her prime. "I was informed this morning by my agent that I have been terminated by CNN," the 57-year-old news anchor said Monday on Twitter. "I am stunned." Mr. Lemon likely will be paid out for the remainder of

his contract, a person familiar with the matter said. His departure is the third significant media-industry staffing change in two days. Fox News said Monday that Tucker Carlson, the network's highest-rated prime-time host, taped his final show last week. NBCUniversal, a division of Comcast Corp., said Sunday that its chief executive, Jeff Shell, was departing after an investigation into a complaint of inappropriate conduct. Mr. Lemon has been one of CNN's most recognizable faces in recent years. He joined the network in 2006 as a reporter and in 2014 began anchoring the prime-time show "Don Lemon Tonight." He switched to the morning side in November to co-host "CNN This Morning," working out of the network's New York bureau. Mr. Lemon had a brief and controversial run on the morning show. He agreed to participate in formal training and went off the air for several days in February after he made the comments about Ms. Haley.

He and his co-anchors had been discussing Ms. Haley's calls to test politicians for mental competency once they are older than 75. Ms. Haley's campaign sought to take advantage of Mr. Lemon's departure by pushing out a fundraising email to supporters. "Don Lemon was just fired," the email said, offering a "Past My Prime?" can cooler in exchange for a \$7 contribution. "It's a great day for women everywhere!" In Mr. Lemon's statement, he thanked his colleagues but also said there were "larger issues at play" regarding his departure, without offering specifics. "After 17 years at CNN I would have thought that someone in management would have had the decency to tell me directly," Mr. Lemon said Monday. "At no time was I ever given any indication that I would not be able to continue to do the work I have loved at the network." CNN disputed Mr. Lemon's statement, saying the network offered him an opportunity to



Don Lemon at a presidential debate in 2019 in Detroit. He worked at CNN for 17 years.

meet with its management but he instead released a statement on Twitter. One of Mr. Licht's deputies contacted Mr. Lemon's agent and said the network no longer wanted his services at CNN, a person familiar with the matter said. The deputy also offered Mr. Lemon a meeting with human resources and Mr. Licht, the person said. "CNN This Morning," which launched in November, was down more than 23% in ratings in the first quarter as of late March, compared with its pre-

decessor, "CNN New Day," during the same period last year, according to Nielsen. "CNN This Morning" had drawn 359,000 viewers, compared with 844,000 for MSNBC's "Morning Joe" and more than 1.2 million for "Fox & Friends," according to Nielsen data. Including simulcasts on the HLN channel, "CNN This Morning" had drawn 438,000 viewers in the period, the network said. "CNN This Morning has been on the air for nearly six months, and we are committed to its

success," Mr. Licht said in his companywide email Monday. The network launched "CNN This Morning" in a bid to overhaul its morning lineup with one of its most prominent anchors, Mr. Lemon, at the helm. The show was the first major program Mr. Licht added to CNN's lineup since he was tapped early last year by CNN's new owner, Warner Bros. Discovery Inc., to run the network. He has indicated he wanted to change the perception that CNN's political coverage was too partisan.

Carlson Ousted at Fox News

Continued from Page One Mr. Carlson's last show was on Friday, and said it would rely on a rotation of hosts until it names a permanent anchor for the 8 p.m. program. Fox & Friends co-host Brian Kilmeade anchored the show Monday night. In opening remarks, Mr. Kilmeade said he was "great friends with Tucker." A lawyer representing Mr. Carlson didn't respond to a request for comment. Fox's decision to let Mr. Carlson go comes less than a week after Fox Corp. agreed to pay \$787.5 million to settle its legal battle with Dominion Voting Systems, which had accused Fox's news networks of airing false claims by hosts and guests that Dominion helped rig the outcome of the 2020 U.S. presidential election in favor of Joe Biden. Mr. Carlson had been expected to testify during the trial. Fox Corp. and News Corp., the parent of The Wall Street Journal's publisher, share common ownership. Fox shares fell 3% Monday. Private messages sent by Mr. Carlson to colleagues were made public in the legal proceedings of the Dominion defamation suit. In some, Mr. Carlson mocked claims made on air by guests, said he hated



Fox News said prime-time host Tucker Carlson's last show was this past Friday.

former President Donald Trump, and complained about colleagues and Fox executives. "Do the executives understand how much credibility and trust we've lost with our audience?" Mr. Carlson wrote in a text message to a colleague in the aftermath of the election, according to court documents. "We're playing with fire, for real." Fox took issue with remarks Mr. Carlson made that were derogatory toward the network, people familiar with the

matter said. Much of the communications were redacted in court documents but became known internally to senior Fox management, they said. Mr. Carlson also complained to a colleague when a Fox News reporter fact-checked one of Mr. Trump's tweets that mentioned Dominion: "Please get her fired," Mr. Carlson told fellow Fox News host Sean Hannity, according to a court filing. "It's measurably hurting the company." Before the Dominion suit

was settled, Delaware Superior Court Judge Eric Davis had already concluded that Fox News and Fox Business did in fact broadcast false claims about Dominion, voiced by both network hosts and Trump associates. In a statement announcing the settlement, Fox acknowledged the judge's findings. Court documents also revealed Mr. Carlson's feelings about Mr. Trump. In a text message exchange from January 2021, Mr. Carlson said the

network was "very close to being able to ignore Trump most nights," and said, "I hate him passionately," referring to the former president. A recent Wall Street Journal poll found that Mr. Trump is the front-runner in the race for the 2024 Republican presidential nomination. Mr. Carlson recently drew criticism from both Democrats and Republicans for airing a segment that showed previously unaired footage of the Jan. 6, 2021, attack on the U.S. Capitol. Mr. Carlson said that lawmakers had intentionally overstated the violence. Mr. Carlson is a defendant in a lawsuit filed last month by Abby Grossberg, a former producer for Mr. Carlson and Fox Business host Maria Bartiromo. The suit, which also names Fox and other individuals, said that "Mr. Carlson's derogatory comments towards women, and his disdain for those who dare to object to such misogyny, is well known on the set" of his show. Fox News fired Ms. Grossberg shortly afterward, saying she filed her complaint without taking steps to protect "portions containing Fox's privileged information." Ms. Grossberg's lawyers described her firing as retaliatory. In a statement following news of Mr. Carlson's ouster, Ms. Grossberg's lawyers said: "Tucker Carlson's departure from Fox News is, in part, an admission of the systemic lying, bullying, and conspiracy-mongering claimed by our client." Mr. Carlson had no comment on the suit. Fox at the time said

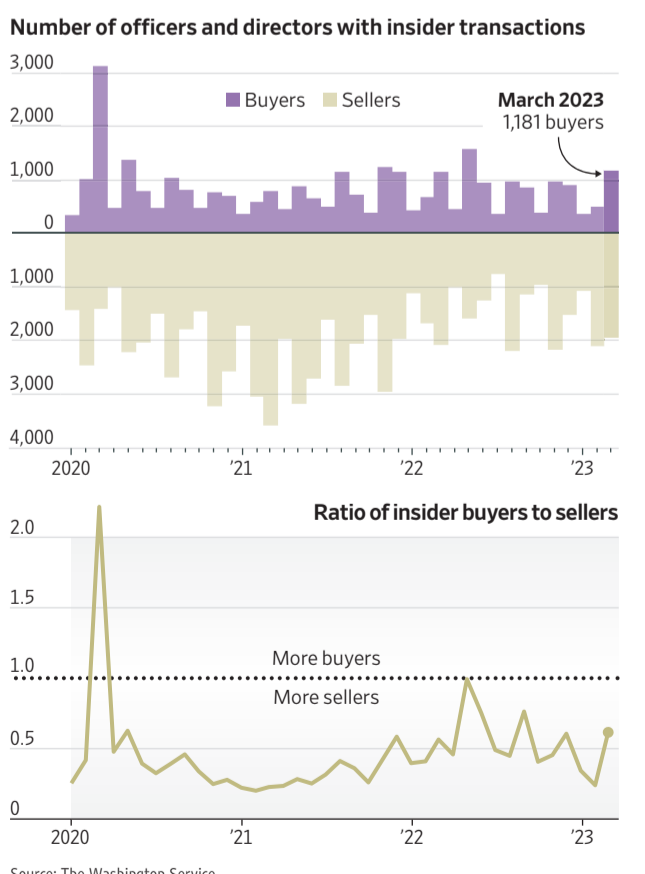
it hired independent outside counsel to investigate the concerns raised by Ms. Grossberg. Mr. Carlson rose to national prominence as the co-host of the CNN show "Crossfire," where he represented the political right until the show's cancellation in 2005. He also had a stint on MSNBC and co-founded the conservative site the Daily Caller. Mr. Carlson joined the prime-time lineup at Fox News in 2017, and went on to become the highest-rated prime-time host in cable news. Prime-time shows get the biggest share of the audience for Fox and other cable channels, and are a key driver of Fox's ad business. On prime time, Mr. Carlson became a lightning rod for frequently making controversial remarks. In a recent show, Mr. Carlson suggested that Justin Pearson, one of the Tennessee lawmakers protesting for stricter gun control, probably got into an elite college because he was a Black man. In 2018, Mr. Carlson faced an advertising boycott after saying on air that certain immigrants were making the U.S. "dirtier and more divided." Fox blamed the boycott on advocacy groups. Besides his nightly presence on Fox News, Mr. Carlson has also been prominent on Fox Nation, the channel's direct-to-streaming service.

Watch a Video Scan this code to watch a video on Tucker Carlson leaving Fox News.

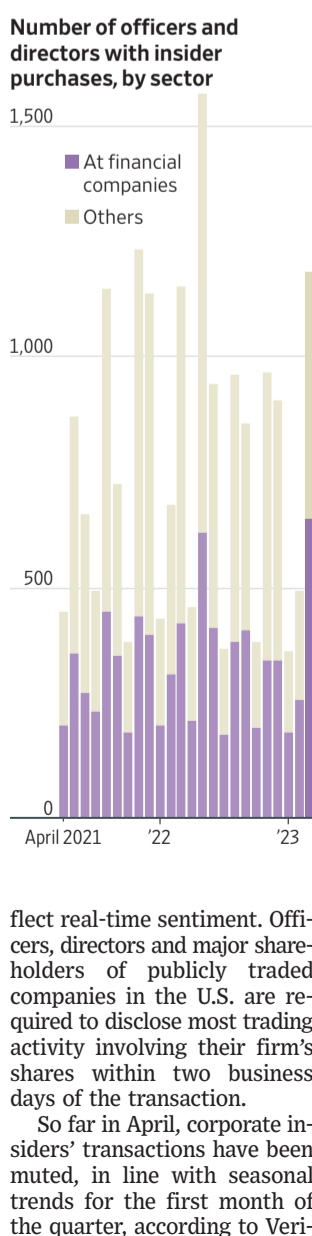
Insiders Bought Up Stocks

Continued from Page One rate optimism in the wake of banking-sector turmoil, providing some reassurance to investors as stocks bounce from last month's lows. The major U.S. stock indexes have proved fairly resilient after March's tumult, with the S&P 500 up 7.7% in 2023, though the index slipped last week. "There was a lot of fear in the market that drove down the value of some good businesses. That was a situation where you're throwing the baby out with the bath water," said Stephanie Lang, chief investment officer at wealth-management firm Homrich Berg. "If insiders put their money in line with their shareholders, that is a good endorsement for the stock." Last month, officers and directors at financial firms made up more than half of all insiders who bought company stock, the highest share for the sector in at least two years, according to the Washington Service. Insider buying in March was concentrated in regional banks, according to investment-research firm VerityData. Texas-based Cullen/Frost Bankers Inc., California-based PacWest Bancorp and Ohio-based Fifth

Third Bancorp were among the regional firms whose insiders purchased company shares after Silicon Valley Bank failed. "The insiders are signaling that they feel confident in their banks' abilities to weather the storm. That type of signaling is certainly positive for investors," said Ben Silverman, director of research at VerityData. Eric Diton, president and managing director of investment advisory firm the Wealth Alliance, said the rush of stock buying from bank insiders confirmed his belief that the banking crisis is contained. He said he has an optimistic outlook on U.S. equities and is especially positive on dividend-paying stocks as he anticipates interest rates could soon ease. "I'm a big fan of watching what corporate insiders do," Mr. Diton said. Recent quarterly reports from banks paint a mixed picture of how the industry is faring. Giants such as JPMorgan Chase & Co. sailed through the crisis as customers moved deposits to bigger institutions from smaller firms. Some regional banks like Western Alliance Bancorp said deposit outflows had steadied. Other Main Street banks noted they are having a tougher time hanging on to customer money. Bank stocks have stabilized in recent weeks but haven't recovered their March losses. The SPDR S&P Bank Exchange-traded fund and Regional Banking ETF are down 19% and 27% this year, respectively.



Moody's Investors Service downgraded 11 regional banks Friday, saying recent events have raised questions about the stability of some banks' deposits. Outside the financial sector, insiders also picked up shares in some consumer-focused firms, VerityData noted. Domino's Pizza Inc. CEO Russell Weiner bought about \$1 million in shares at the beginning of



March, marking his first stock purchase as a reporting insider and the first insider buy at the company since 2015, according to VerityData. Many insider sales are made on predetermined schedules to avoid the appearance of illegal trading on nonpublic information, but Mr. Silverman said VerityData focuses on transactions that weren't planned in advance in order to better reflect real-time sentiment. Officers, directors and major shareholders of publicly traded companies in the U.S. are required to disclose most trading activity involving their firm's shares within two business days of the transaction. So far in April, corporate insiders' transactions have been muted, in line with seasonal trends for the first month of the quarter, according to VerityData. Most insiders are constrained until their companies report earnings. Insider selling usually trumps insider buying in a given month, in part because executives' compensation often includes shares, so they are likely to cash out when they need funds. By contrast, when insiders buy their company stock, it usually means they think shares are undervalued and could soon move higher. Analysts tend to pay attention to the number of buyers and sellers rather than dollar amounts to deduce sentiment trends because a few large sellers can have an outsized impact. In March, insider buying totaled about \$800 million, compared with nearly \$3.4 billion in selling, according to the Washington Service. Some investors analyze insider transactions with more caution. Victoria Fernandez, chief market strategist and portfolio manager at Crossmark Global Investments, said the increase in insider buying is a positive sign but isn't the only indicator she uses to form her investment outlook. Her firm anticipates stocks could drift lower if corporate earnings turn out weaker than expected and if the Federal Reserve increases interest rates longer than anticipated, she said. "Are insiders buying because they need to support the stock price instead of because they think it is undervalued?" Ms. Fernandez said. "I think you have to be careful."

## WORLD NEWS

# Moscow Says Drone Boats Hit Crimea Port

An armed aerial drone also crashed in a forest near the Russian capital, news agency reports

By BOJAN PANCEVSKI  
AND IAN LOVETT

Three Ukrainian unmanned boats attacked a Russian-controlled military port in Crimea and an aerial drone crashed in the Moscow area, Russian authorities said, while the Kremlin escalated its criticism of a deal that allows for the export of Ukrainian grain.

The drone boats attacked the base of Russia's Black Sea Fleet in Sevastopol, a key military port city on the Crimean Peninsula, said a spokesman for Russia's Defense Ministry. The city's Russian-installed governor, Mikhail Razvozhayev, said there was no damage.

Meanwhile, security forces told Russian state news agency TASS that an armed aerial drone crashed in a forest near Moscow. Local media published footage of what they said was a Ukrainian-made UJ-22 Airborne drone found by residents of a village east of the capital. The drone crashed after it ran out of fuel,



An image from a TASS video shows military activity over Russia's Black Sea Fleet in Sevastopol following a maritime attack.

said reports. Security officials said the drone was of Ukrainian manufacture, TASS said.

A Ukrainian drone also attacked a settlement in the occupied region of Luhansk in eastern Ukraine, Kremlin-installed officials there told Rus-

sian state media. Ukraine's Defense Ministry didn't respond to requests for comment about the drones.

Recently, several attacks have hit Crimea, which Russia annexed from Ukraine in 2014. Most notable was an explosion

last year that damaged the Kerch Bridge, which links the peninsula to Russia. Ukrainian officials haven't claimed responsibility for many of the assaults.

Meanwhile, former Russian President Dmitry Medvedev

said approval of a proposed Group of Seven ban on Russian exports would mean the end of a deal that allows the export of grain from Ukraine through the Black Sea. There is significant skepticism within the G-7 about a Russian export ban.

The deal, which has allowed for the export of more than 28 million tons of grain from Ukraine since it was signed last July, has come under increasing strain, as both sides gear up for an expected Ukrainian offensive in the southern agricultural heartland.

Russia repeatedly has threatened to back out of the deal, citing what it says are obstacles to its own food and fertilizer exports because of Western sanctions.

The General Staff of Ukraine's Armed Forces said doctors in occupied areas of Ukraine who had taken Russian passports are being pressured to register for service in the Russian military. The U.K. Ministry of Defense said that pressure on people to get Russian passports is growing in occupied territory, as part of a so-called Russification effort.

"Residents in Kherson have been warned that those who have not accepted a Russian passport by 01 June 2023 will be 'deported' and their property seized," the ministry tweeted Monday. "Russia is likely expediting the integration of the occupied areas of Ukraine into the bureaucracy of the Russian Federation to help paint the invasion as a success."

# Iran Ships Ammunition to Kremlin by Caspian Sea

By DION NISSENBAUM  
AND BENOIT FAUCON

Russian ships are ferrying large quantities of Iranian artillery shells and other ammunition across the Caspian Sea to resupply troops fighting in Ukraine, Middle East officials said, posing a growing challenge for the U.S. and its allies as they try to disrupt cooperation between Moscow and Tehran.

During the past six months, cargo ships have carried more than 300,000 artillery shells and a million rounds of ammunition from Iran to Russia, according to the officials and

documents viewed by The Wall Street Journal. Intelligence about the shipments has been shared with the U.S., people familiar with the matter said.

Iran's delegation at the United Nations and the Russian Defense Ministry didn't respond to requests for comment. The White House National Security Council declined to comment.

The U.S. and its allies have been looking for ways to disrupt transfers of weapons from Iran, which also has been a key supplier of drones to the Russian military, U.S. officials say.

Iran primarily has used cargo planes to ship weapons

to Russia, said U.S. officials, making it all but impossible to intervene. And taking action in the Caspian Sea would require help from former Soviet republics on its coastline.

Earlier this month, Vice Adm. Brad Cooper—the head of the U.S. Navy's Bahrain-based Fifth Fleet who has spearheaded multinational efforts to stop illegal shipments of weapons and drugs from Iran in the Persian Gulf—made an unannounced visit to Turkmenistan on the Caspian Sea, said Cmdr. Tim Hawkins, a Navy spokesman. Cmdr. Hawkins declined to comment on any specific discus-

sions about seizing weapons shipments in the Caspian Sea.

Officials in the Middle East said the most recent weapons shipment known to have crossed the Caspian Sea to Russia left Iran in early March aboard the Rasul Gamzatov. The ship carried 1,000 containers with 2,000 artillery shells, the officials said.

Publicly available shipping data shows the ship returned to Iran in late March and set sail again for Russia after being in port for just one day.

The ship is owned by MGFLOT, a Russian company previously known as TransMorFlot LLC. The company was sanc-

tioned last year by the U.S. Treasury Department, which said 16 of its vessels, including the Rasul Gamzatov, were transporting weapons for Russia. The company didn't respond to requests for comment.

Russia turned to Iran for help last summer as it suffered setbacks at the hands of Ukrainian forces supplied with arms and ammunition by the U.S. and its North Atlantic Treaty Organization allies.

Iran initially provided Russia with hundreds of explosive-laden drones that Moscow used against Ukrainian civilian and military targets. Ukrainian

air defenses largely have succeeded in downing the drones and Russia has been using them less frequently.

The U.S. and NATO view Russia's war in Ukraine as a threat to global security, especially to nations in the military alliance on Russia's western borders.

Anna Borshchevskaya, a senior fellow at the Washington Institute for Near East Policy, said Iran's relationship with Russia is moving from transactional to strategic. "Russia is now dependent on Iran for the first time in the broad scope of the Russia-Iran relationship," she said. "It's an historic shift."

# U.S. Envoy Confronts Lavrov At U.N. Over Jailed Americans

By WILLIAM MAULDIN

UNITED NATIONS—A senior U.S. diplomat demanded Moscow free Wall Street Journal reporter Evan Gershkovich and another detained American at a meeting of the United Nations Security Council led by her Russian counterpart.

The U.S. ambassador to the U.N., Linda Thomas-Greenfield, invited Elizabeth Whelan, the sister of detained American Paul Whelan, to attend a Security Council meeting presided over by Russian Foreign Minister Sergei Lavrov.

The U.S. diplomat said Moscow was using Messrs. Whelan and Gershkovich as "bargaining chips, human pawns."

Russia holds the rotating presidency of the Security Council in April, culminating in two meetings this week led by Mr. Lavrov himself rather than a subordinate Russian diplomat. Security Council meetings are rare venues where senior U.S. and Russian envoys come face to face.

"I am calling on you, right now, to release Paul Whelan, Evan Gershkovich immediately, to let Paul and Evan come home and to cease this barbaric practice once and for all," Ms. Thomas-Greenfield told the 15-member council meeting led by Mr. Lavrov.

Calling attention to Ms. Whelan, Ms. Thomas-Greenfield said: "I want Minister Lavrov to look into her eyes and see her suffering."

Mr. Lavrov lifted his left hand briefly after Ms. Thomas-Greenfield's appeal but passed much of her remarks looking at papers.

"As a courteous president I cannot but thank the representative of the United States," he said when she concluded, and then recognized the next speaker.

Maria Zakharova, a spokeswoman for Mr. Lavrov, said he might address the detainees issue in a future news conference.

The 31-year-old reporter in Russia, Mr. Gershkovich, was detained on March 29 by Russia's Federal Security Service,



Elizabeth Whelan, the sister of detained American Paul Whelan, looked on during a U.N. Security Council meeting on Monday.

or FSB, while he was on a reporting trip in the city of Yekaterinburg and held on an allegation of espionage the Journal and U.S. government vehemently deny.

He was confined the following day in a prison in Moscow run by the FSB. On April 18 he appeared before a judge, who denied his appeal to lift his pretrial detention.

Russian authorities haven't publicly provided evidence to support the allegation. The U.S. government has designated Mr. Gershkovich as wrongfully detained. Western governments, global news organizations, press-freedom advocates and human rights

groups around the world have joined the Journal and the U.S. administration in demanding his immediate release. The U.S. has said Mr. Gershkovich isn't a spy and has never worked for the government.

Russia has said it is acting in accordance with its own laws.

The U.S. also considers Mr. Whelan to be wrongfully detained and his espionage conviction to be bogus. Ms. Thomas-Greenfield said Russia hasn't accepted a U.S. offer aimed at freeing the 53-year-old corporate security executive and former U.S. Marine.

Ms. Whelan told journalists at the U.N. before the meeting that her brother and Mr. Gershkovich are part of an "escalating series of wrongful detentions" that Russia is using to extract concessions from Washington.

Mr. Lavrov didn't speak to reporters before entering the council chamber for a meeting aimed at airing Russia's views on multilateralism. In his remarks at the meeting, he criticized Washington for not granting visas to Russian journalists who sought to travel with him to New York.

The State Department says the statuses of individual visas are confidential. Russian media outlets employ journalists based in the U.S. who can attend U.N. meetings.



WSJ reporter Evan Gershkovich is being detained in Moscow.

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## WORLD NEWS

# Lack of Workers Slows Arms Makers

By Alistair MacDonald and Doug Cameron

Russia's invasion of Ukraine has turbocharged demand for weapons. Now arms makers face the challenge of hiring thousands of skilled workers to capitalize on an influx of orders.

Defense companies in the U.S. and Europe are working through record order books after Western governments increased spending in recent years amid rising geopolitical tensions. The war in Ukraine is now further fueling growth, partly as the U.S. and its allies begin to replace weapons they have sent to Kyiv.

Hiring enough workers to meet the demand will likely be tricky. Defense jobs can require niche skills and security clearances. Some people have qualms about working for weapons makers. And defense companies are all trying to hire at the same time in a field that has long struggled to meet recruitment goals.

"Our first priority is really to ramp up capacity, which, of course, means increasing staff," Patrice Caine, chief executive of Thales SA, said on an investor call last month. The French company, whose products include sensors for submarines and jets, plans to hire 12,000 people this year.

To deal with what he described as "tensions on some

labor markets," Mr. Caine said Thales plans to further develop its foreign engineering centers as well as rely more on partnerships with other companies, having expanded its own talent-acquisition function last year.

Global military spending rose 3.7% to a record of \$2.24 trillion last year, according to data released Monday by the Stockholm International Peace Research Institute, a think tank. Expenditure in Europe increased at its steepest year-over-year rate in at least 30 years, Sipri said.

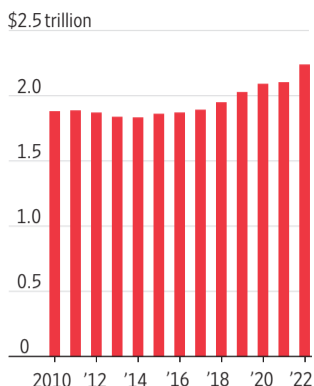
The hiring challenge is part of a wider supply-chain crunch for the defense industry. Arms makers are also contending with shortages of key components such as chips and rocket motors as well as rising costs. That has left some contractors struggling to fill their orders.

U.S. defense companies have been wrestling with labor shortages since last year, when they accelerated efforts to replace workers who didn't return from pandemic furloughs.

Most companies didn't hit their recruitment targets and attrition levels remain high, but they say hiring has improved in recent months.

Europe's largest defense company, BAE Systems PLC, is hiring 2,600 this year for its apprentice and graduate training programs, and several thousand more for other roles.

Military expenditure in the world



Note: Figures are at constant 2021 prices except 2022.

Source: Sipri Military Expenditure Database

Missile maker MBDA wants to add 2,000 workers, equivalent to more than 15% of its workforce. Others including Saab AB, the Swedish maker of the Gripen jet fighter, and Rheinmetall AG, the German company that helps make the Leopard tank, also plan to hire thousands of new workers.

"Defense companies are worried at the moment about recruitment," said Aimie Stone, chief economist at ADS Group, a U.K.-based trade association, citing competition for talent among arms makers as well as from a rebounding civil aerospace sector and emerging space industry.

Arms makers were already struggling to fill vacancies be-

fore the latest round of hiring, Ms. Stone said, noting that ADS members had 10,000 open vacancies at the end of last year.

Weapons makers have always been hard to recruit for, said Kieran Slaughter, a U.K.-based recruiter who specializes in the defense industry at Mane Contract Services. Auto makers and airplane manufacturers competing for the same talent tend to pay more and don't require the same security vetting, he said.

Security clearance in Europe can take anywhere from two weeks in low-level jobs to eight weeks for the most senior roles, and usually months in the U.S. "Some candidates don't want to wait around," Mr. Slaughter said.

Many jobs in defense are also highly specialized. MBDA, for instance, is currently looking for a warhead engineer, while Rheinmetall is recruiting experts in virtual reality.

While there are multiple applicants for blue-collar roles, candidates for more specialized positions are a "rare commodity," said Colin McClean, managing director of Rheinmetall BAE Systems Land, a U.K.-based maker of tanks and armored vehicles.

In the U.S., shipbuilding was one of the sectors hit hardest by pandemic retirements. General Dynamics Corp., a large U.S. Navy shipbuilder, hired 24,000 staff last

year, yet attrition and retirements left its net head count up only 3,400 at 106,500.

Chris Kastner, chief executive of Huntington Ingalls Industries Inc., which also makes Navy ships and submarines, said the company is focusing on recruiting from apprentice schools and community colleges rather than advertising jobs more widely.

"If people choose the career, they stay," he said. "There's the high chance of attrition now with walk-in individuals."

In munitions manufacturing, factories are often located in remote areas because of environmental and safety concerns, which can put off some potential applicants.

"It's a tough place sometimes to recruit people to," Paula Hartley, vice president, enterprise performance at Lockheed Martin Corp., said of the company's facility in Camden, Ark., around 100 miles from state capital, Little Rock, in the heart of the southeast U.S. forestry belt.

Lockheed has around 1,000 staff at the plant and plans to hire another 200. It still has open postings from January for engineering positions, where it assembles Javelin missiles and Himars rocket launchers.

The company has held jobs fairs and recruited farther afield, doling out midcycle pay raises and signing-on bonuses.

# Ship-Part Shortages Plague Russia

By Costas Paris

Russian shipbuilding behemoth United Shipbuilding Corp. is running out of key engine parts, delaying or halting the production of tankers and ocean vessels the country needs to move its oil and cargo.

Soon after Russia invaded Ukraine in February 2022, the U.S. and Europe slapped Russia with sanctions and export controls that have disrupted the flow of engine parts, propellers and fuel pumps.

State-owned United Shipbuilding, or USC, has been sanctioned since 2014, but its challenges of getting equipment and foreign specialists to install parts "took on a systemic character" after February 2022, a USC official said.

USC and Zvezda Shipbuilding Complex, another state-owned enterprise, are Russia's two biggest yards in terms of orders. They produce an array of ships from nuclear-powered submarines and navy frigates to ice-breaking tankers and passenger ships.

Their clients are mostly from inside Russia, and the production problems will mostly be felt within the country. Any problems will have a limited impact on global shipbuilding, which is dominated by Asian yards.

A steady customer for both Russian yards is state-owned tanker operator Sovcomflot, which is also sanctioned and was forced to sell over a third of its fleet and move its operations in Dubai.

The European Union and the U.S. have imposed a ban on Russian ships at their ports along with sanctions on tankers moving Russian oil. These actions have led Russian oil exporters to rely on an aging fleet of tankers that now move the majority of the country's seaborne oil exports.

# Global Military Spending Reaches a Record \$2.24 Trillion

By Alistair MacDonald and Doug Cameron

The war in Ukraine and tensions over China's increased military clout pushed worldwide military spending to a record last year, and is expected to continue to boost demand for weapons.

Military spending rose by 3.7% to a record \$2.24 trillion in 2022, according to data released Monday by the Stockholm International Peace Research Institute, a think tank

known as Sipri. The figures mark the eighth consecutive year of spending growth.

Last year's increase came as the West sent arms to Ukraine following Russia's invasion and European nations continued to bulk up their militaries against what they see as the wider threat from Moscow, Sipri said. Russia has increased its own spending on weapons, it added.

Governments in Asia also spent more on defense, Sipri said, with nations including

Japan and Australia seeking to counter China's increased military heft.

"The continuous rise in global military expenditure in recent years is a sign that we are living in an increasingly insecure world," said Nan Tian, a senior researcher at Sipri.

The U.S. remained by far the world's biggest military spender last year, with its \$877 billion outlay, accounting for 39% of the global total and three times more than China, the second-biggest spender.

Sipri said the 0.7% increase in U.S. spending, which it said would have been greater had it not been for high inflation, was driven by aid to Ukraine.

The U.S. sent \$19.9 billion of weaponry, including rocket launchers, air defense and tanks, to Ukraine last year, or about 2.3% of its total military spending, Sipri said.

Expenditure in Europe rose at the fastest rate since the end of the Cold War some 30 years ago, Sipri said, up 13% to \$345 billion.

Russia's military spending grew by an estimated 9.2% in 2022, to around \$86.4 billion, or around 4.1% of its gross domestic product that year, Sipri said. Ukraine's military spending hit \$44 billion last year, more than six times more than the year before.

China now has the world's second-largest military budget and spent an estimated \$292 billion on defense in 2022, which was a 4.2% increase on 2021 and is two thirds higher than a decade ago, Sipri said.

# WSJ

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WORLD NEWS

Sudan Fighting Is Choking Off Locals' Options

U.S. says three-day truce has been called, but earlier efforts to end fighting have failed

Foreign governments continued to evacuate their personnel and dependents from Sudan on Monday...

By Nicholas Bariyo in Kampala, Uganda, and Gabriele Steinhäuser in Johannesburg

in a lethal power battle between the country's top two generals, the options to get to safety were narrowing.

For a 10th day, the Sudanese military, commanded by Lt. Gen. Abdel Fattah el-Burhan, the country's de facto head of state...

On Monday, Secretary of State Antony Blinken announced that the two parties

had agreed to a nationwide cease-fire for three days. Mr. Blinken said the agreement was reached "following intense negotiation over the past 48 hours"...

"We will continue to work with the Sudanese parties and our partners toward the shared goal of a return to civilian government in Sudan," Mr. Blinken said.

Large parts of Khartoum and its twin city across the Nile River, Omdurman, which have been at the center of clashes between the two factions...

Netblocks, a group that tracks internet outages around the world, said real-time network data showed a near collapse of connectivity across Sudan.

The clashes have paralyzed trade into and within Sudan, sending prices skyrocketing for essentials such as bottled water, some food items and gasoline.



Passengers fleeing the Sudan conflict on Monday disembarked from a Spanish air force aircraft at Torrejón Air Base in Madrid.

for residents to either sit out the violence at home or attempt an escape to safer areas.

Abdullah Khair, a schoolteacher, said he took advantage of a lull in fighting on Sunday to flee Khartoum with his wife and four children.

"Staying in Khartoum had become untenable, so I decided to move my family outside the city where there is less shooting," Mr. Khair said.

Many foreigners living in Su-

dan, including Americans, have started making their way toward Port Sudan, a city on the Red Sea about 500 miles from Khartoum...

The U.S. military early Sunday evacuated nearly 100 embassy and other government personnel from Khartoum.

Mr. Blinken on Monday said the U.S. was considering op-

tions for resuming a diplomatic presence in the country, including at Port Sudan.

Mr. Blinken and other Biden administration officials said they are also trying to help other U.S. citizens who are attempting to leave the country.

"We have deployed U.S. intelligence, surveillance and reconnaissance assets to support land evacuation routes, which Americans are using, and we're moving naval assets within the region to provide

support," national security adviser Jake Sullivan told reporters on Monday.

The U.S. government estimates that some 20,000 Americans are in Sudan, many of them dual nationals.

Sudanese citizens, who have even fewer options of getting to safety, were frantically trying to secure transport to Egypt in the north or other neighboring countries.

Journalist Detained Over Year In China

By Chun Han Wong

SINGAPORE—A veteran Chinese journalist faces spying charges over his interactions with diplomatic and academic contacts from Japan and the U.S., his family said in their first public comments on the case...

Dong Yuyu, a senior editorial writer and editor at a leading Communist Party newspaper, was taken into custody in February 2022...

While the Japanese diplomat was interrogated and released hours later, Mr. Dong has remained in detention since then.

His family said it isn't clear when his trial would start. Under Chinese law, espionage can be punished with heavy prison sentences...

Mr. Dong's family says he is neither a spy nor has he acted as a foreign agent. Relatives and friends described his interactions with U.S. and Japanese academics, journalists and diplomats...

The Dong family said it believes Chinese authorities could be trying to silence intellectuals and deter them from meeting foreigners.

More than 60 foreign academics and journalists have signed an open letter calling on Beijing to "reconsider the charges" against Mr. Dong...

Japan's Foreign Ministry didn't respond to a request for comment. The Beijing municipal high court and prosecutor's office, as well as China's Foreign Ministry, didn't respond to inquiries.

U.S. Builds Up Forces on Island Near Taiwan

By Alastair Gale

BASCO, Philippines—On a rocky, windswept island just over 100 miles south of Taiwan, U.S. troops from the Marines and Army ran out of MV-22 Osprey aircraft with weapons...

On the opposite side of the island, a Himars rocket launcher was brought ashore on Monday from an amphibious landing craft...

The drills were part of the largest-ever annual military exercises between the U.S. and the Philippines, which this year for the first time included a focus on the defense of the northern Philippines...

The two-day exercises on Basco Island show the importance of defending a major maritime transit point for both the Chinese and American militaries...

"Whoever controls the channel has a very strategic chokepoint," said retired Maj. Gen. Restituto Padilla, a former deputy chief of staff of the Armed Forces of the Philippines.

The channel, about 70 miles wide and bordered by the southern tip of Taiwan and the cluster of islands that include Basco, provides the Chinese navy with access to the east coast of Taiwan and the Pacific...

An escalation of Chinese



U.S. Marines carry supplies after arriving on Basco island in the Philippines during joint exercises.

island of Hainan. The Chinese aircraft carrier Shandong transited the channel this month before conducting jet-fighter drills to the east of Taiwan.

The channel is also the most direct access point for any American forces sent to the Taiwan Strait from air and naval bases on Guam, as well as a key transit point for commercial shipping and subsea cables that provide communications links to a swath of Asia.

A map of the region showing the Bashi Channel between Taiwan and the Philippines, with labels for various countries and cities.



military activity around Taiwan, including the recent jet-fighter drills, have heightened concerns in the Philippines and other nearby countries about a war in the region.

its territory and has pledged to take the self-governing island by force if necessary.

"We don't know the Chinese mind-set. When we hear China might invade Taiwan, we are worried," said Anthony Merina, a 66-year-old retired vegetable and pig farmer who came to watch the military drills on Basco...

This week, the Himars system is scheduled to be fired to sink a decommissioned ship off the Philippines at the conclusion of the annual Balikatan military exercises between the U.S. and the Philippines...

Gen. Padilla said the exercise will send a signal that Chinese ships operating around

southern Taiwan could be vulnerable to sinking, making it more difficult to launch any operation to encircle or invade the island.

Exercises by China's military in April this year and August last year, which included deploying aircraft and ships and firing missiles around Taiwan, show that Beijing's strategy is to try to cut off the island from outside support...

During the drills last year following the visit of then U.S. House Speaker Nancy Pelosi to Taiwan, the Bashi Channel was one of six zones that China declared would be used by its military.

Training activity by the Chinese military shows it is sharpening its ability to try to prevent the U.S. and other forces from accessing the Bashi Channel and surrounding sea in the event that it invades Taiwan...

Philippine President Ferdinand Marcos Jr. is scheduled to visit the U.S. for a summit with President Biden on May 1. In a meeting with Mr. Marcos in Manila on Saturday, Chinese Foreign Minister Qin Gang called for the Philippines not to pick sides...

—Shelby Holliday contributed to this article.

WORLD WATCH

CHINA

Beijing Tries to Ease Furor Over Remarks

China said it respected the sovereignty of former Soviet republics, seeking to contain a diplomatic uproar after Beijing's ambassador to France appeared to question their status under international law.

Chinese Foreign Ministry spokeswoman Mao Ning said there had been no change in Beijing's position after three Baltic states—Latvia, Lithuania and Estonia—said they would summon Chinese officials over the ambassador's remarks...

"China respects the sovereign status of the former Soviet republics following the dissolution of the Soviet Union," Ms. Mao said Monday.

—Brian Spegele

ISRAEL

Driver Is Killed After Car Rams Shoppers

A car ramming attack Monday near a popular Jerusalem market wounded five people and the Palestinian driver was shot and killed, Israeli police said.

The statement said the driver of the car was shot and killed at the scene near the open-air Mahane Yehuda market. A 70-year-old man was in serious condition, police said.

Israeli media identified the attacker as Hatem Nejima, 39, a married father of five from a Palestinian section of east Jerusalem, who may have suffered from mental illness.

Police said the attacker "deliberately hit several pedestrians, some of whom were crossing the road," and attempted to drive backward before a bystander shot and killed him.

—Associated Press



DOUBLE SHOT: The United Arab Emirates' Amal spacecraft captured images of Mars and the smaller of its two moons, Amal—Arabic for hope—flew within 62 miles of Deimos last month.

PAKISTAN

Explosions Kill 12 At Police Facility

Two explosions Monday at a counterterrorism police facility in northwest Pakistan killed at least 12 people and wounded at

least 50, police said.

Senior police officer Ataullah Khan said an initial blast at the facility in the Swat Valley district of Khyber Pakhtunkhwa province was followed by a larger, more intense one.

Images from the blast scene showed destroyed cars and

downed trees, and at a local hospital bloodied victims being carried inside on stretchers.

No one claimed responsibility for the attack but the Pakistani Taliban have claimed similar attacks since ending a cease-fire with the government last year. The explosions came hours after police said a counterterror operation in the province's Lakki Marwat district took place in which three militants and one police officer were killed.

—Associated Press

KENYA

Death Toll Rises to 73 at Pastor's Ranch

Kenyan President William Ruto on Monday compared the dozens of starvation deaths among the followers of a pastor in the south of the country with the results of terrorist acts, as the new death toll rose to 73.

—Associated Press

# FROM PAGE ONE

## Prisoner Wagers for Freedom

Continued from Page One  
vice under Wagner's command.

Mr. Prigozhin told inmates at one prison that only two entities offered a way out, according to a video of his remarks. One was God—that is, an exit in a wooden box—and the other was him. “I’m taking you out of here alive,” he said. “But I won’t return all of you alive.”

Tens of thousands of inmates have taken the deal in the past year. It isn’t known how many have lived long enough to collect their due.

Mr. Nuzhin was among 90 or so inmates at Correctional Facility No. 3 willing to take their chances. “I’ve got a plan of sorts,” he told his family. Later, Mr. Nuzhin revealed he was going to Ukraine and tried to reassure one of his two grown sons, saying, “See you in six months.”

Mr. Prigozhin had offered favorable terms, he later told the Journal, and “got me what I wanted.”

The only catch was whether he could survive.

### ‘I got caught’

Mr. Nuzhin had trained as a welder in the industrial city of Samara, Russia, in the dying days of the Soviet Union and served briefly as a warrant officer in the Interior Ministry’s Internal Troops, a domestic security force.

His life went off the rails around the time of the Russian economy’s collapse and Vladimir Putin’s ascension to Russia’s leader. During a botched robbery in 1999, Mr. Nuzhin fatally shot a man. “Do you remember what it was like in Russia then? Everyone got by as best they could,” he said, by explanation. “I got caught.”

Mr. Nuzhin was convicted of murder and sent to prison. His short-lived escape added four years to his sentence. His brother took a different path, he said, and moved to Moscow where he spent 15 years in a dead-end job as a security guard. “All of Russia is there, in Moscow, trying to earn a living,” Mr. Nuzhin said.

In prison, Mr. Nuzhin had neither the physical prowess nor financial resources that make life easier. He instead used his wits to carve out a role as an intermediary between inmates and prison officials. He was assigned the most comfortable cell block and exempted from work in the prison’s sewing workshop.

Andrei Ismagilov, a prisoner who arrived in 2016, recalled Mr. Nuzhin strutting across the prison yard to the bathhouse, dressed only in a towel and slippers, showing off a muscular torso covered in tattoos.

To fill the hours, Mr. Nuzhin spent time online, sharing Soviet-era photos and Russian nationalist slogans over his page on VK, a Russian social-media site. He sent his family photos of himself relaxing in prison garb and displaying his tattoos—skulls, a crown, a serpent.

Mr. Nuzhin met Olga Cherkasova online, and they married in 2012. A video of a ceremony at the prison chapel shows Mr. Nuzhin and Ms. Cherkasova in Russian Orthodox wedding crowns.

Mr. Nuzhin’s son Nikita Nuzhin recalled a 2015 trip to the



Above, Wagner Group founder Yevgeny Prigozhin, center, in Moscow on April 8; below, a closed street in Bakhmut, Ukraine.



spoke with the Journal.

Mr. Nuzhin’s family and fellow prisoners learned of his whereabouts from an interview on a Ukrainian YouTube channel. He said he had planned to surrender and wanted to fight for Ukraine. “Many thought he was just trying to survive and was making up some kind of tale on the fly,” said Mr. Ismagilov, the former prison acquaintance. “He was a real survivor.”

While sitting on a wooden stool and speaking in a weary voice, Mr. Nuzhin told the Journal that he took Mr. Prigozhin’s offer because he didn’t trust Russia’s notoriously capricious prison system to release him at the end of his sentence. “If the prison authorities take a dislike to you, you’re done for,” he said. “Freedom is here. There will be no freedom there.”

On Sept. 17, Sgt. Yatsunyk was leading a team to recover dead and injured Ukrainian soldiers when he accidentally triggered a mine explosion and was killed.

Maj. Harkaviy called on Mr. Nuzhin to join him and three other soldiers to retrieve Sgt. Yatsunyk’s body. With land mines scattered around the area, it was a dangerous task. “They summoned me, I got in with them and went,” Mr. Nuzhin said matter-of-factly.

### ‘I’m alive’

Weeks later, Ukrainian military intelligence, which is in charge of prisoner exchanges, agreed to take custody of Mr. Nuzhin. Some of Maj. Harkaviy’s soldiers escorted Mr. Nuzhin to Dnipro, a nearby city, and handed him over. The Ukrainians sent a video to Mr. Nuzhin’s family.

“I’m alive. Everything’s OK. Everything will be all right,” Mr. Nuzhin said on the video and noted the date was Nov. 1.

On Nov. 13, Mr. Nuzhin was in another video posted on Telegram by a channel close to Wagner. It was captioned, “Hammer of Vengeance.” Mr. Nuzhin appears to be kneeling with his head taped to a brick post. He identifies himself and says that he had wanted to switch sides in the war. Then, a man standing behind him delivers a sledgehammer blow to his head. Mr. Nuzhin collapses to the floor, and the man delivers a second blow. The Journal couldn’t verify the authenticity of the video.

“Nuzhin betrayed his people, betrayed his comrades, betrayed intentionally,” Mr. Prigozhin said in a statement released from his news service. “The Russian people, Russians genetically smell betrayal.” A Kremlin spokesman, asked about the video on a conference call with reporters, said, “It’s not our business.”

Nikita Nuzhin said his family hasn’t received the body or any information. He blamed Ukrainian authorities. “He was their prisoner, and they were responsible for his life,” he said. “But they handed him over. They knew what would happen.”

Petro Yatsenko, a spokesman for Ukrainian military intelligence, said only that Mr. Nuzhin had agreed to be exchanged.

“You know, it’s wrong from a human standpoint,” Maj. Harkaviy said in January, while under heavy assault from Wagner forces in Bakhmut.

“But 23 Ukrainians returned to their families,” he said, “and that’s a good thing.”

—Oksana Grytsenko and Kate Vtorygina contributed to this article.

prison with Ms. Cherkasova. They stayed three days in a visitors’ block, relaxing and eating meals with Mr. Nuzhin.

After a 2019 corruption scandal, newly installed prison authorities confiscated Mr. Nuzhin’s phone. “Nobody would ever touch Yevgeny,” said fellow inmate Mr. Ismagilov. “That was the first and only time I saw it.” He eventually got another phone.

Mr. Nuzhin had missed raising his two sons and was anxious about losing time with his four grandchildren. “We’re all he had left,” said Nikita Nuzhin, who tried to talk his father out of going to fight in Ukraine.

Mr. Prigozhin, a longtime acquaintance of Mr. Putin’s, was enlisting prisoners to help Russia regain ground in Ukraine after devastating losses by the country’s professional military. The 61-year-old businessman offered inmates the equivalent of \$1,300 a month to fight with the Wagner Group for half a year. They were promised freedom if they survived and a burial and gravesite if they didn’t.

He wore a Hero of Russia star, the highest state honor, and Mr. Nuzhin assumed he was from the Ministry of Defense. For years, Mr. Prigozhin denied a connection with Wagner, which covertly deployed fighters to eastern Ukraine to fight government troops in

2014, as well as to Syria’s civil war, in support of President Bashar al-Assad.

Mr. Prigozhin stepped into the spotlight last year when Russia’s invasion of Ukraine faltered. In prisoner recruiting trips that began last summer, he told inmates that they would be bound by Wagner’s rules of war—no looting and no retreating, according to a video of him speaking. Deserters, he said, would be shot.

“What the heck are you doing?” Nikita Nuzhin recalled asking his father about going to war. His father was better off serving what was left of his prison sentence, he said, there was so little time left.

### Hauling the dead

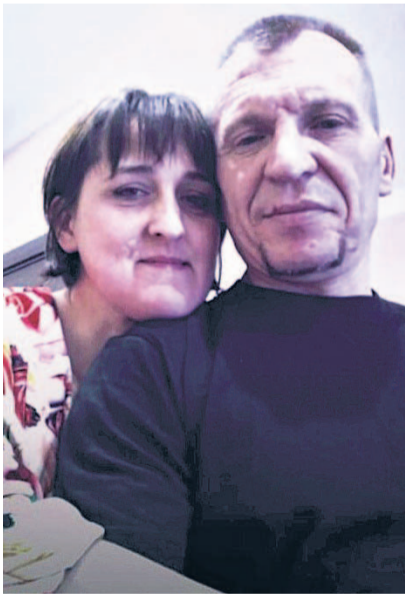
On Aug. 25 last year, Mr. Nuzhin and other recruits boarded vans and left their prison in Skopin, Russia, about 150 miles southeast of Moscow. They arrived at a nearby airport and flew by plane to southwestern Russia. From there, they traveled by helicopter to a Russian-occupied part of eastern Ukraine.

The men trained for a week at a former prison using rifles without bullets—a sign, Mr. Nuzhin later said, that they weren’t trusted. They

were told to advance on command, he said, and warned that “if someone remained in the trench, they would just shoot them dead.”

On Sept. 2, the men were driven to a house on the front lines near Bakhmut, a city in eastern Ukraine that Wagner had been assaulting for months—and still is. That night, Mr. Nuzhin joined a group of 17 men who were loaded into pickup trucks and taken to woodlands to retrieve the bodies of comrades killed in a battle.

The next night, Mr. Nuzhin and others returned to the



Olga Cherkasova and Yevgeny Nuzhin.

## Bitcoin Fans Mine For Mettle

Continued from Page One  
into gold.

Web searches for “crypto” and “gold” in the same query last year hit their highest levels since 2018, according to an analysis by Nick Martin of Hootsuite, social-media marketing platform based in Vancouver. Google searches for the phrase “how to buy gold” have hit their highest recorded level so far this month, according to Google Trends data going back about two decades.

The SPDR Gold Shares exchange-traded fund, the largest ETF backed by physical

gold, has gained about 20% in the past six months. Sales of American Eagle gold coins in January hit the highest monthly tally in more than a year, running close to last year’s pace through the first quarter, according to the U.S. Mint.

Bitcoin has lost about half its value since late 2021, as well as much of its mystique. The collapse of cryptocurrency exchange FTX further crushed enthusiasm, along with the paychecks of such big-name promoters as Tom Brady, Kim Kardashian and Shaquille O’Neal. Crypto firms spent more than \$70 million last year to air Super Bowl ads. This year, not a single one played.

Gold prices, by contrast, remained nearly flat last year, while stocks and bonds posted double-digit losses. In recent weeks, fears about turmoil in

the banking sector have driven gold-futures prices above \$2,000 a troy ounce for the first time in a year, near record highs.

Crypto, touted by fans as investing’s future, has a lot of ground to cover. The current market value of all cryptocurrencies stands at about \$1.2 trillion, according to CoinMarketCap.

As one of the world’s oldest assets, gold has a total estimated value at \$14.5 trillion, according to data from the industry group World Gold Council estimating the amount of gold mined worldwide.

Gold was prized by ancient Egyptians and Incans. It lured European explorers to the New World and the original 49ers to California. The precious metal remains a staple in investors’ portfolios, prized for its stability and as a hedge against inflation. It also can be

easily melted into bars or coins, a valuable benefit for criminals now that authorities have breached the anonymity of digital wallets.

Rob Saudelli, of Chilliwack, British Columbia, is among those diversifying away from digital holdings. His investments in a crypto mining firm increased 10-fold from late 2020 to early 2021. Since then, he has become disillusioned with cryptocurrencies, and tweets saying they will save the world and bring peace.

“I hope it comes true, but none of that is going to help my retirement account appreciate in value, as a lot of people found out the hard way, myself included,” said Mr. Saudelli, 56.

At the beginning of 2022, Mr. Saudelli’s portfolio contained about 10% bitcoin and Ethereum. Those holdings

have since fallen to 5%. “People had a party, and they’re leaving now,” he said of the crypto boom.

Mr. Saudelli, like some others in the cyber crowd, say they are willing to trade the meteoric gains—and stomach-churning plunges—of cryptocurrencies for the relative stability of gold prices. His portfolio includes about 10% in gold and 14% in silver, he said.

Daniel Fisher, chief executive of a Physical Gold Ltd., a precious-metals dealer in London, said crypto’s decline and stock-market turbulence has kept him busy selling gold and silver coins in recent months. Many people think “I could keep this running and lose everything,” he said, “or I can start taking chips off the table.”

Luis Sousa started narrowing his cryptocurrency holdings to bitcoin in late 2021, he

said, and began adding gold Britannia coins in early 2022. “Even in the worst possible time in the market, gold’s worst will be better than bitcoin’s worst,” said the 29-year-old veterinarian of Cardiff, Wales.

Mr. Day knows gold isn’t going to take him to the moon, echoing the lingo of traders who believe a particular cryptocurrency will skyrocket in value. He buys gold coins to preserve his wealth.

Bitcoin shares common qualities with gold: Both are mined. Neither is wallet-friendly. And they are virtually useless for buying gas, groceries or a movie ticket.

But gold has a distinct advantage compared with digital currencies.

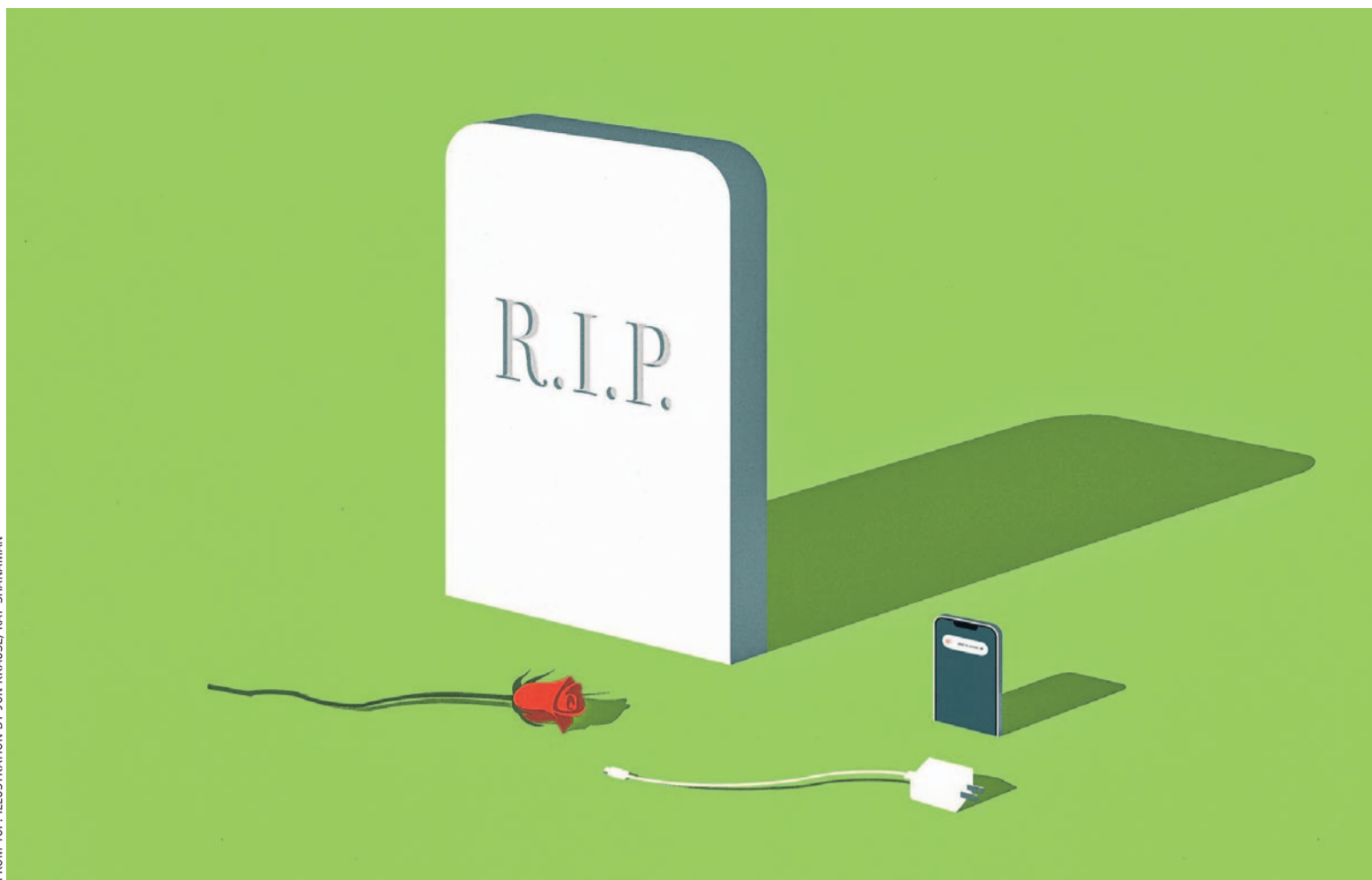
“It looks beautiful in and of itself,” Mr. Day said, “and you can densely hold wealth in your hands.”

# PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

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## Life After Death: Secure Your Digital Legacy Before You Die

Tips to make sure heirs can access your photos, files and passwords when you're gone



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

The certainties in life are death and taxes, right? Now that tax season is over, it's time to turn your attention to the other one.

People often arrange for who gets their money, real estate and physical belongings when they die. But what about the digital assets we accumulate in a lifetime—photos, social-media accounts and more?

If you don't have your digital matters sorted—or even just spelled out in a memo—you will be burdening your loved ones. They will have to spend their grieving hours on customer-support calls, trying often fruitlessly to gain access to your accounts and files.

Nancy Gourlie lost her partner of 18 years, Burton Sellers, in February. The pair were avid photographers, and he had thousands of nature and family photos in his iCloud account.

After his death, his account began receiving emails saying that payments for iCloud storage were past due and warning that his ac-

count would be closed. His credit cards had been locked posthumously, she said, so the automatic payments weren't going through. When she tried to log in from her computer with a saved password, it didn't work: Mr. Sellers, who had dementia, apparently changed his Apple ID password and didn't tell her.

Ms. Gourlie, a 78-year-old resident of Willow Valley Communities in Lancaster, Pa., turned to Susan Culbertson, a fellow resident who heads the retirement community's Apple club. Ms. Culbertson checked Mr. Sellers's iPad and saw that it was signed into his Apple ID, making it a "trusted device." She was able to go into the iPad's settings and change the password.

### Designate a contact for your passwords

It's not enough to keep a list of account passwords, because you might forget to update it. A password manager lets you designate a contact who can be granted access should you die or become incapacitated. Here's how to set up contacts at each of the major password managers:

► **Bitwarden.** You can designate a contact for your Bitwarden vault and decide how much access to give that person by setting up

emergency access. You must pay \$10 annually for a premium plan or \$40 annually for a family plan of up to six members.

► **1Password.** People can create a family account with up to five family members for \$5 a month. Customers can share login credentials with various family members. People can also opt to store physical and digital copies of an emergency kit containing all of their account information.

► **LastPass.** This password manager has emergency access. It allows users to designate a contact who can request access to your passwords and notes after you die. The feature is available only to customers of LastPass Premium (\$36 a year) and LastPass Families (\$48 a year).

► **Dashlane.** People who use this password manager can create a secure note containing their credentials and share it.

### Name a legacy contact for online accounts

To avoid locking out your loved ones upon your death, be sure to designate legacy contacts for your cloud-based accounts, and notify



Kay Shanaman couldn't close out the Facebook account of her late husband, Duane Sorenson.

those people. That way, your heirs can more easily retrieve photos and other important documents you might have stored.

► **Apple.** You can designate a legacy contact from the settings on your iPhone, iPad or Mac under Password & Security.

When you're gone, legacy contacts can access photos, messages, notes, files, apps and device backups without having to know your Apple ID password. They can't access movies, music or books

you've purchased or any data stored in your iCloud Keychain.

Your digital next of kin will need to provide Apple with your death certificate, along with the 88-character alphanumeric access key that's generated when you name them a legacy contact. You can notify someone via Messages when you add them as a legacy contact, and if they accept, they automatically have a copy of the access key stored in their Apple ID settings. To find the code, contacts can first tap their name, then Password & Security and then Legacy Contact. (If you're named a digital contact, it's a good idea to also make a copy of the access key and store it in a safe place.)

► **Google.** You can decide what to do with your Google account and data when the former becomes inactive after a chosen period. Go to myaccount.google.com, tap Data & Personalization, then scroll down and select "Make a plan for your account." From there, you'll be directed to Google's inactive account manager tool where you can name contacts and choose which data you want to share with them.

### Make plans for your social-media accounts

For many people, social media is part photo album, part diary, part repository of personal and professional contacts, which might be important to heirs. When Kay Shanaman lost her husband in 2020, she couldn't figure out how to close out his Facebook account. Former students of the retired high-school teacher continued to post birthday wishes well after he'd died. She finally gave up.

► **Facebook.** The Meta Platforms Inc.-owned social network allows legacy contacts to look after your main profile if it's memorialized. (Instagram profiles can also be

memorialized, but there is no way yet to name legacy contacts.) Legacy contacts can be added to Facebook accounts by going into the memorialization settings under Settings & Privacy.

When you're gone, legacy contacts can download a copy of what you've shared on Facebook, update your profile and cover photos, as well as request the removal of your account. They won't be able to log into your account, read your messages—or add or remove friends.

► **LinkedIn and Twitter.** These platforms don't offer a way to name legacy contacts but survivors can request the removal of a deceased person's account on both Twitter and LinkedIn.

### Talk it through

Finally, have a conversation with family about your digital assets, says Ms. Culbertson. It's not enough to simply pass along login credentials to survivors.

"Do you want your accounts to be memorialized? Do you want them to be deleted? Do you want people to be able to download your data?" she says. "Make your wishes known."

## Companies Offer Student-Loan Perks

By LINDSAY ELLIS

More workers are turning to their employers' benefits to pay down their student loans.

Companies big and small are adopting and expanding debt-repayment benefits for employees, many of whom will be required to restart loan payments later this year after a lengthy pandemic pause.

The trend is a new twist on the old tuition assistance benefit, human-resources leaders said. Instead of offering to help fund a master's or other advanced degree, many employers find that professionals in their 20s, 30s and 40s need help paying down the debt they accumulated for their undergraduate studies. The benefit, which can be tax-exempt up to \$5,250, is directed toward loan payment and is also proving to be an effective way to recruit and retain talent, HR leaders said.

Two-thirds of nearly 2,900 employees surveyed by MetLife Inc. said they worry about paying down debt and half of Gen Z and younger millennial respondents said help paying down student loans is a "must have" benefit at work.

In Massachusetts, job seekers have had their pick of roles in biotech, said John Grossman, head of human resources at Visterra Inc., which employs about 100 people

and this year began offering \$100 a month toward full-time workers' student debt.

What's attractive to the highly skilled people Mr. Grossman is trying to recruit has shifted since 2020. Back then, he said, mental-health perks such as free visits with a mental-health professional were top of mind, as millions of workers navigated working from home. Direct financial benefits hold broader appeal now as higher costs weigh on workers' minds.

Mr. Grossman, 51 years old, is using the benefit to help pay off an M.B.A. that he earned in 2005. "People throughout their careers could potentially tap in to this," he said.

More than 40 million Americans have a combined \$1.6 trillion in federal student-loan debt. The Supreme Court is currently considering appeals that could block President Biden's student-loan forgiveness plan.

Student-loan perks are getting more popular: 17% of large employers surveyed by the Employee Benefit Research Institute said they offered student-loan assistance in 2021; an additional 31% said they were planning to roll out the benefit.

Smaller firms are also launching these benefits to help with recruiting, said Kate Winget, a chief revenue officer at Morgan Stanley at Work, which offers education benefits to corporate clients through a



John Grossman is putting the monthly payments toward debt for an M.B.A.

are evolving," said Chris O'Connor, chief executive of Yale New Haven.

The company introduced the benefit after some job candidates said that they opted for jobs elsewhere in part because those employers were offering student-loan repayment benefits, Mr. O'Connor said.

Some companies are expanding how much they contribute. UKG Inc., a software company based in Lowell, Mass., and Weston, Fla., previously offered \$500 a year toward student debt; now workers can get

\$1,400 a year, distributed quarterly. Chegg Inc., an education-technology company in Santa Clara, Calif., now offers workers who stay with the firm for more than two years between \$4,000 and \$6,000 annually toward student loans.

Augie Kennady, Chegg's director of trust and safety, graduated with more than \$80,000 in student loans in 2013. He made minimum payments and "wasn't seeing any big dents," he said of the balance.

When Chegg started making payments, Mr. Kennady said he was motivated to pay more. The debt is less than \$20,000 now and the 37-year-old was able to buy a house in 2021.

"It has been a powerful retention tool," he said.

### Direct financial benefits hold broader appeal now as higher costs weigh on workers' minds.

program called Gradifi.

Student-loan repayment is now in "every single conversation we have" with clients, Ms. Winget said, and the division has seen between 20% and 30% growth in new clients for Gradifi each year since 2018.

Even a few hundred dollars a year directed toward loan repayment can generate goodwill, said Uri

Gneezy, a University of California, San Diego economist and the author of a recent book about how incentives work and motivate people.

Designating specific funds to help defray a person's student-loan payment signals that the employer is grateful for the worker's education and recognizes the financial toll it took to prepare for the role, he said.

Last June, Yale New Haven Health System in Connecticut started a pilot program to offer some of its workers \$4,000 annually toward student debt for up to five years, a benefit that could reach a maximum of \$20,000.

"The needs and expectations of our new employees, particularly those that are right out of school,

# PERSONAL JOURNAL.



**PERSONAL TECHNOLOGY**  
**NICOLE NGUYEN**

## Subscription Prices Going Up? Fight Back

### Track hidden recurring costs, consider free alternatives and haggle

Last week, I got an email from the fitness-tracking app Strava: “News about your subscription price.” It wasn’t good news. My annual fee is going from \$59 to \$80.

I’m considering switching to the free version, which offers less performance analysis.

Those of us with digital subscriptions have been getting a lot of emails like this lately. In March, YouTube TV raised prices again, this time from \$64.99 to \$72.99 a month. Before that, HBO Max—now to be just Max—upped its monthly fee by a dollar.

For a while, we were OK with the creeping price tags. Now, it’s clear we are not. People are canceling subscriptions faster than they’re signing up, as it becomes clear that a few bucks saved a month can mean thousands a year.

But this isn’t a zero-sum game. The options aren’t to stay subscribed or cancel. The best way to manage this subscription dilemma is to make sure you are using what you pay for, negotiate lower rates and replace some memberships with freebies.

### Identify recurring costs

Schedule a regular subscription audit and cancel unused services. This includes aspirational subscriptions you keep handy hoping you’ll use them, such as language-learning and fitness apps, said Robbie Kellman Baxter, a subscription-pricing consultant for companies such as Microsoft Corp. and Netflix Inc. “A lot of businesses count on optimism,” she said.

If combing through credit-card statements seems cumbersome, the Rocket Money app can identify recurring costs by looking into your financial accounts, which you have to be comfortable with sharing. (You log into your financial institutions through a third-party integration called Plaid, which says it doesn’t access or store login credentials.)

Rocket Money can notify you when there are price hikes and direct you to the cancellation page for many services. Mint’s app has a subscription tracker, too. It wasn’t

as good as Rocket Money at finding all of my subscriptions, but you can add them manually.

Some banks and credit-card companies have built-in tools. The Chase app’s Stored Cards section shows repeating charges at businesses where your payment details are saved. Capital One’s Eno assistant can tip you off to ending free trials and increases in recurring charges.

### Haggle and downgrade

The most negotiable bills are for cellular service, cable internet, home security and satellite radio, said Yahya Mokhtarzada, co-founder of Rocket Money. The company provides a bill-negotiation service and pockets a percentage of your first year of savings.

Satellite-radio plans can almost always be lowered, though customers tend to save more on cell-phone bills, he said. Ask if there’s a new plan available with more perks or a lower price. Threatening to cancel can also get you a better rate because, as Mr. Mokhtarzada explained, it costs a lot for these businesses to get new customers.

For digital subscriptions, see if you can choose a lower tier. For example, if you’re paying for two terabytes of Google cloud storage, but are using only 20 gigabytes, go down to the 100-gigabyte plan. Don’t mind ads? Many streaming services, such as Netflix, now offer cheaper, ad-supported plans.

### Find the cancel button

Sign-ups through Apple or Google’s app stores might not be as obvious on bank statements. These show up



### It’s not a zero-sum game—the options aren’t to stay subscribed or to cancel.

as “Apple.com/bill” or “GOOGLE\*App name.”

To find your Apple app subscriptions on an iPhone or iPad, go to Settings and tap your name, then Subscriptions. For the Google Play store, go to the Google Play app and

tap your profile icon, then Payments & subscriptions.

Hop between services based on the latest seasons of your favorite shows.

When you unsubscribe, most services retain your viewing history and preferences for a certain period (10 months on Netflix)—so your recommendations will be right where you left them when you’re ready for your next binge.

If you were charged for a service you’ve never used, try contacting customer service to see if the company will offer a refund, suggests Ms. Baxter.

“If you say, ‘You can look into my account, I haven’t signed in for months,’ most big companies will honor the request,” she said.

### Consider free alternatives

Look into your local library’s cardholder benefits. You might be able to nix your Audible membership with free access to Libby, used by 90% of public libraries in North America.

Another library partner, Hoopla, includes digital newspapers and magazines, while Kanopy hosts thousands of movies and TV shows.

Free streaming platforms such as Freevee, Tubi and the Roku Channel have a sizable selection of titles, but you’ll need to be OK with commercial breaks.

If you’re a casual music listener, Spotify, YouTube Music and Pandora have free tiers with ads. With software, instead of paying for a Microsoft 365 subscription, try LibreOffice or Google’s Docs, Sheets and Slides web-based apps. GIMP is a free Photoshop alternative.

If you want to quit your fitness app, YouTube offers virtually any workout.

You’ll need to spend time hunting for channels and you might have to sit through an ad. (Yoga With Adriene and Fitness Blender are favorites of mine.)

Nike Inc.’s free Training Club and Run Club apps offer great workouts.

### Don’t double pay—share instead

You don’t have to live under the same roof to share some family plans. Amazon Prime includes two separate adult accounts, while Apple and Google services can be split among six people.

The hassle is getting everyone to pay their share. You can create a group in Splitwise and set up a recurring bill. Group members can settle up with a PayPal or Venmo payment directly through the app.

If people forget, tap the Remind button next to their names to give them a little nudge.

PHOTO ILLUSTRATION BY RACHEL WEINDELSON/THE WALL STREET JOURNAL (STOCK ©)



MY RIDE | A.J. BAIME

## Movie Fueled Dream Of a '70 Convertible

Joe Carter, 63, a real-estate investor living in Moreno Valley, Calif., on his 1970 Mercury Cougar convertible, as told to A.J. Baime.

to California. According to my research, it was originally purchased in California, and I am the third owner. I have something called a Marti report, which is a sort of official database of Ford-produced cars. [Mercury was a brand owned by Ford; it launched the Cougar as a muscle car in model year 1967.] According to this report, my Cougar is one of only 27 made in 1970 with Competition Gold exterior paint, and one of only three in that color with a Dark Tobacco leather interior.

The Cougar was basically an upscale Mustang with unique features. The styling actually makes it look like an exotic cat. When I look at the grille and the front end, it looks like the nose of a cat. The fenders look like a

Joe Carter fell in love with the Cougar after seeing a James Bond movie in 1972.

cat’s ears. When the headlights are off, they recede ingeniously into the grille and become invisible. In those days, car designers had more free rein. Today, cars are works of technology, safety and efficiency. In those days, they were works of art.

I don’t think a car like this should be kept in a garage with a plastic tarp over it. You should drive it. That’s the fun. I drive this car to the grocery store and to the bank. I take my wife out to dinner in it. Sometimes, I play music from 1970, and this car takes me back in time.

The Cougar gets so much attention, so at every other stoplight, I am waving at people. They want to know what it is, so I yell through the window: “’70 Cougar!” Out on the road, the car is the star, just like it was a half-century ago when I first saw one on the big screen.

### THE SPIRIT OF SAILING

Designed to withstand the demands of the open seas. The Yacht-Master is an emblematic nautical timepiece that combines elegance and performance. Its bidirectional bezel is used to calculate sailing time between two points, and its waterproof Oyster case protects the movement in the most extreme conditions. The range includes models fitted with the innovative Oysterflex bracelet, ensuring comfort and reliability. Highly legible and embodying the Rolex sailing tradition, it exemplifies the precision required to navigate the ocean and its challenges. **The Yacht-Master.**

#Perpetual



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ROLEX OYSTER PERPETUAL AND YACHT-MASTER ARE TRADEMARKS.

EMANUEL HAHN FOR THE WALL STREET JOURNAL (2)



In 2014, I was fantasizing about cars and I found this 1970 Mercury Cougar convertible online. It was in St. Louis. I bought this car for \$22,500 and had it shipped

ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

The National Finds Its Way Back

Since the 2017 release of the National's seventh album, "Sleep Well Beast," the brooding indie rock band has fragmented. The group's members all live in different places, from Los Angeles to Ohio to upstate New York to France, and most have been busy with side projects.



The National, above, whose ninth album, 'First Two Pages of Frankenstein,' is out Friday



choly, sometimes to the point of parody, and that is certainly the case on these songs. But Mr. Berninger's wry self-awareness has moved to the foreground, and the album is filled with quotable and often witty lines.

The first track, "Once Upon a Poolside," which features ultra-spare piano and barely there backing vocals from singer-songwriter Sufjan Stevens, opens with a grim couplet that suggests a troubled relationship ("Don't make this any harder / Everybody's waiting"), and the poignant chorus—"What was the worried thing you said to me?"—deepens the sense of dislocation.

and sensations that surround him. "What about the undeveloped cameras?" he asks in the second track, "Eucalyptus," as if the memories captured on that film might somehow save him.

"Tropic Morning News" has one of the album's best melodies, and it's one of just a few uptempo

songs, gliding along over a chiming guitar and pitter-pat drums. Mr. Berninger squeezes in captured on that film might somehow save him. The following "New Order T-Shirt" looks back on a relationship and lingers over its one perfect moment, an image of the partner draped in the titular piece of band merchandise.

The production on "Frankenstein" aims for a kind of understated grandeur. Aaron Dessner,

the group's primary studio architect, specializes in arrangements that blend organic elements—there's lots of piano, and acoustic guitars pop up here and there—and carefully sculpted electronics.

Though melancholy, the songs on the album also have a wry and witty sense of self-awareness.

little too polite, but once you tune into the National's restrained aesthetic, the subtle dynamic shifts become more forceful. And the layered production fits well with Mr. Berninger's writing, highlighting its introspective qualities.

For most of the record, Mr. Berninger seems utterly alone in these songs, cut off from the world and trapped inside his own head. The tension of his condition is released on the closing "Send for Me," a lovely song with a simple "I'll be there for you" message.

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

ARTS CALENDAR

HAPPENINGS FOR THE WEEK OF APRIL 25

By WSJ Arts in Review Editors

The Wall Street Journal's Arts Calendar is a regular series of listings highlighting some of the most important and engaging cultural events each week, curated by the editors of the Arts in Review section.

Film "Are You There God? It's Me, Margaret" (April 28) Judy Blume's 1970 coming-of-age novel gets its first big-screen adaptation in a

maker accused of killing her friend with an ax in 1980. Elizabeth Olsen stars as Montgomery and Jesse Plemons plays the victim's husband in this miniseries written by David E. Kelley of "Big Little Lies."

Theater "Summer 1976" (Samuel J. Friedman Theatre, New York, opens April 25) Laura Linney and Jessica Hecht play a strong-willed single mother and a naive housewife who develop a special kinship during the Bi-

(The Grolier Club, New York, April 26-July 29)

The Grolier Club serves up a historic feast with its show of over 200 menus and related ephemera drawn from the collection of Henry Voigt. Featuring bills of fare from Chicago's Palmer House Hotel and such particularly American dining locales as a Mississippi riverboat and an antebellum women's restaurant, it's a delicious, multi-course look at a nation's cuisine and history.

Art "Judith Joy Ross" (Philadelphia Museum of Art, April 24-Aug. 6)

The 77-year-old photographer and portraitist has spent an artistic lifetime capturing the essence of people, usually average Americans from her home region of Eastern Pennsylvania: a soldier in fatigues, a Spanish teacher, a service-station worker. Now, a retrospective exhibits over 200 works in the largest show of her photographs to date.

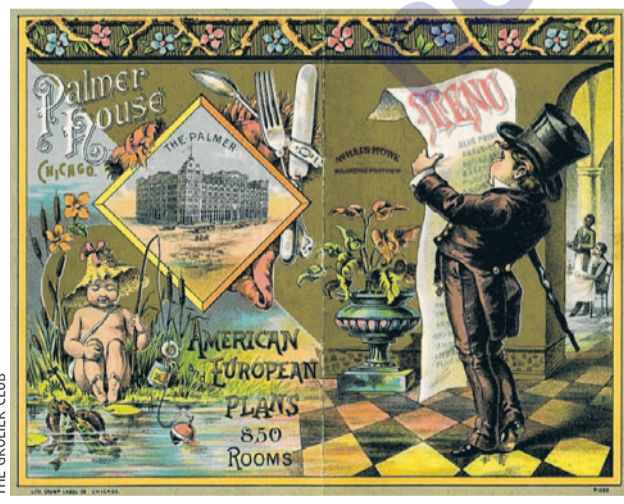
"Across Asia: Arts of Asia and the Islamic World" (The Walters Art Museum, Baltimore, opens April 23)

Refreshed and reinstalled, the Walters's display of its Asian and Islamic collections now features 500 artworks exhibited together in a single contiguous space. Organized by themes and cultures, the display highlights a variety of practices, from architecture to sculpture, as well as a 19th-century Buddhist pulpit from Thailand, one of very few examples held by an American institution.

Last Call "L'Elisir d'Amore" (The Metropolitan Opera, New York, closes April 29)

These final performances of Donizetti's bel-canto comedy feature Aleksandra Kurzak and Xabier Anduaga, in his Met debut—in a production from the seemingly incapable Bartlett Sher.

For additional Arts Calendar listings visit wsj.com. Write to brian.kelly@wsj.com.



Printed material from the Palmer House in Chicago (1886)

film written and directed by Kelly Fremon Craig ("The Edge of Seventeen") and starring Abby Ryder Fortson, Rachel McAdams, Benny Safdie and Kathy Bates.

"Winter Boy" (April 28) Prolific French filmmaker Christophe Honoré ("Dans Paris") returns with the tale of a gay 17-year-old who struggles to come to terms with the death of his father, which may have been self-inflicted.

TV "Love & Death" (HBO Max, April 27) There's no slowing the crime-drama craze. The latest entry in this murderer's row of shows about well-known cases tells the story of Candy Montgomery, a Texas home-

centennial season in Ohio in this new play by Pulitzer-winner David Auburn.

"The Sign in Sidney Brustein's Window" (James Earl Jones Theatre, New York, April 25-July 2)

Lorraine Hansberry's play was overlooked when it opened on Broadway in 1964. It certainly won't be this time. Moving from BAM, where the staging was much lauded—theater critic Charles Isherwood praised "Anne Kauffman's incisive production"—Oscar Isaac and Rachel Brosnahan will continue to portray the central couple living in Greenwich Village.

Exhibitions "A Century of Dining Out: The American Story in Menus, 1841-1941"

The WSJ Daily Crossword | Edited by Mike Shenk

Grid for the crossword puzzle with numbers 1-67 indicating starting positions for clues.

- 27 Uses a pair of shears
28 "\_\_\_ Misérables"
29 Ancient Mexican
30 Fish eggs
31 Finish
32 Decree
33 Specialized market segment
34 Resemble, familiarly
38 Yoga class need
39 ET craft
40 "Hagar the Horrible" cartoonist Browne
42 Luggage luggers
43 Tundra rodent
45 Historic stretch
46 Cymbals in a drum kit
47 Language suffix
50 Japanese port
51 Trellis climbers
52 Corrosive liquids
54 Jazz legend Fitzgerald
55 Active individual
56 Language of Southeast Asia
57 River to the Caspian Sea
58 Yr. starter
59 It may be massaged

HEADPIECES | By Yael Rusonik

- Across
1 Throw in the towel
6 Piece of French toast?
11 Dr. of 12-Down
14 "Wouldn't that be wonderful!"
15 Girder with dual flanges
16 Cereal grain
17 Hawaiian porch, or Hawaiian island
18 Italian grandmother
19 Univ. application number
20 1967 Van Morrison hit
23 Some cases for EMTs
24 Handy way to converse?: Abbr.
25 Features of cursive b's and f's
28 2014 Meghan Trainor hit
32 Response to a knock
35 Shipping map section
36 Quarterback Manning
37 "Buenos \_\_\_"
38 Like some forgetful Zoom participants
40 Let go of
41 "Gross!"
42 Call at the plate
43 Puts up for sale, in a way
44 1935 Fred Astaire hit
48 Evidently upset
49 Belief suffix
50 Biological eggs
53 Accepted the consequences of one's actions, and what the artists did with the hits in this puzzle?
58 Runway sight
60 Hawaiian "howdy"
61 Tehran resident
62 Number on a card, sometimes
63 Fabric fold
64 Like some art class models
65 Neither's partner
66 Indian gowns
67 Tumbler, e.g.
Down
1 Hero of "The Hobbit"
2 Tony or Emmy
3 Papa\_\_\_ (New England pizza chain)
4 Middle part of Caesar's boast
5 What a magician's prop might vanish into
6 Records that outsold CDs in 2022, for the first time in 35 years

Previous Puzzle's Solution grid with words like SAPS, CLUB, ITSME, etc.

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

SPORTS

JASON GAY

# The Real Issue in Youth Sports

A proposed ban on 'participation trophies' hits North Carolina but it ignores a far bigger problem



Is there a debate sillier than the one over "participation trophies?" Like an out-of-shape benchwarmer, our intermittent national bicker over the appropriate reasons to award hardware to young athletes has wheezed its way back onto the playing field.

This time the arena is North Carolina, where a trio of state politicians have introduced legislation to enact a statewide ban on youth sports awards "based solely on participation."

Public time and money well spent, that's for sure. If there's one thing that constituents want from their elected officials, it's a heavy regulatory hand in the youth sports trophy industry.

Should this North Carolina bill become law, I would urge its three sponsors to spend the coming months traversing the Tar Heel state in a minivan full of sweat socks and fast food wrappers, popping in unannounced on Little League games, lacrosse contests and 7-on-7 flag football, making sure no child is awarded a shimmering figurine for anything less than a stellar athletic achievement.

Naturally, the participation trophy debate isn't about the children, or even sports. It is yet another pastime for the recreationally outraged, a howl to make an easy score in the culture wars, earning back slaps from followers who think the planet is going to hell, thanks in part to socialist 7-year-old soccer programs.

The argument is this: Participation trophies are a gateway to sloth and entitlement, since they teach children that they will be rewarded not for effort or accomplishment, but simply for showing up.

How is a child supposed to withstand the fickle winds of a harsh world, with clear winners and losers, if they are treated to shiny hardware for attendance?

The fear is that giving a child a trophy for wandering through a



three-month "season" is to instill a need for constant, unearned approval. Though the "participation trophy" debate is many decades old, it's routinely portrayed as an example of modern coddling, and it's only a matter of time before that trophy-hoarding 9-year-old is standing in an office asking for a promotion, a raise and a snowboarding sabbatical.

As a current youth sports parent, with the highway miles and Coleman folding chairs to prove it, I am afraid to say I haven't detected an epidemic. I have two children, ages 8 and 10, and I calculated the other day that over 15 or so youth sports seasons played, across multiple sports, in two different states, we have received a grand total of one participation trophy, which was awarded when my son participated in a shaggy local T-ball league when he was 5.

These were pre-kindergartners who couldn't tell time or tie their own cleats, much less hit a baseball, so nobody objected to the idea of them getting a \$3 piece of tin for showing up to a crabgrass field once a week and trying to remember if they were left or right handed. If that makes me a facilitator of unhinged youth entitlement, then guilty as charged!

As always, the attention-seeking outrage obscures a genuine issue. The problem with youth team sports isn't that they're giving out too many trophies to participants. It's that participation is down, worrisomely.

Numbers have been dropping for a while, both pre- and postpandemic. According to the Aspen Institute's Project Play, which monitors data from the Sports & Fitness Industry Association, the percentage of children aged 6-12 who regu-

larly played a team sport dropped from 45% in 2008 to 37% in 2021. That drop was under way well before Covid—participation fell to 38% in 2019, the year before the pandemic.

Not great. We can start with the myriad physical and mental health reasons why children should be athletically active—it's exercise and exertion; it extricates them from omnipresent screens; it instills a sense of self and positive body image. All that, plus you usually get a cool T-shirt. And maybe a hat.

The benefits of team sports are even more pronounced: learning to cooperate with peers, share common goals and problem-solve as a group. School sports participation has long been linked to improved self-esteem and academic performance. Some employers report seeking out candidates with team sports backgrounds, because they

The 'participation trophy' debate is many decades old, but is cited as an example of modern coddling.

can thrive in a collaborative environment.

Sounds great, right? But numbers continue to drop.

Recreational (and school) programs continue to be plundered by pay-for-play travel leagues, which hoard talent, overemphasize specialization, and put 100s of miles on the odometers of tired parents who can't believe they have to sit through yet another indoor soccer triple-header.

Travel sports, which can begin in the single-digit ages, alienate late-comers and slow-to-develop athletes, to say nothing of children from families that struggle to pay fees which can push into the thousands. Team participation increasingly correlates with income—just 24% of children from families with incomes of \$25,000 play regularly, versus 40% from families with an income of \$100,000 or more.

It's a mess. Youth sports are becoming another domain of the haves, threatening the overall health of the sports themselves. The talent pool gets limited. The late bloomer is discouraged. For those who play, burnout rises, not to mention anxiety over playing time and repetitive stress injuries.

Travel sports sell themselves as portals to glory and possible scholarships, but try finding a college coach who loves the grind of the current setup. Or an orthopedist. To be clear: Youth sports remain full of generous adult volunteers who do it for all the right reasons. My children have been blessed to join thriving rec leagues. But intensity always looms. Gone are the unstructured games that many of us grew up playing, with no stakes, uniforms, or time limits. Instead we hear stories of adults tangling with each other in the parking lot.

If our politicians want a real youth sports crisis to tackle, there it is. If they take on participation, turn around the numbers and keep more kids playing sports, they'll be doing a great service to children, families, schools, communities and the sports we love. They'll earn the admiration of their constituents, donors and future generations. I'll even get them a trophy. As big as they want.



Rodgers is headed to New York.

## Packers Trade Rodgers to Jets

By Andrew Beaton

Aaron Rodgers is finally headed to the New York Jets.

The Packers and Jets agreed to terms on a deal to send the 39-year-old quarterback and franchise icon to New York, in a complicated deal that ends months of drama.

The trade makes the Jets—a perennial laughing stock that hasn't made the playoffs since 2010—into a legitimate threat to win a championship. It also ends the often-contentious relationship between Rodgers and the Packers, the only team he has ever played for.

The swap comes just ahead of the NFL draft, which begins Thursday and will now look different because of the deal. The teams swapped picks in the first round, according to multiple reports, moving the Packers from No. 15 to No. 13, while Green Bay also gets a second-round selection in return. The trade also includes the Jets sending a conditional pick to the Packers in 2024 that could become a first rounder.

Packers general manager Brian Gutekunst said the deal isn't finalized but that he expects it to be finished in the next couple of days before the draft. A person familiar with the matter confirmed the swap, which was first reported by ESPN.

The Jets are ultimately paying a steep price for a player with a massive contract, who is coming off a down season and may only be a rental. Rodgers has mulled retirement for years now and said he was leaning in that direction earlier this offseason when he entered a darkness retreat. After he emerged, he met with the Jets and said he planned to play for them in 2023. The Packers plan to move on with Jordan Love, the quarterback they selected in the first round a few years ago.

## Women's Sports Audience Opens Way for Richer Deals

By Rachel Bachman

When WNBA commissioner Cathy Engelbert was at the Masters recently, an unusual topic of conversation bubbled among golfers and fans: women's college basketball.

The LSU-Iowa NCAA women's title game had just drawn a record-shattering 9.9 million TV viewers, twice the total from a year earlier. In the years to come, the stars of that game, like LSU's Angel Reese and Iowa's Caitlin Clark, will be eligible to play in the WNBA—just when the league expects to have a new media rights deal in place.

Over the next few years, four major women's sports rights packages will be up for new rights deals: not just the WNBA, but also the NCAA's women's college basketball tournament, FIFA's Women's World Cup and the National Women's Soccer League.

The task for Engelbert and other stewards of these assets is to leverage the current excitement around women's sports into much richer media deals than they currently have. Until now, the cost of rights packages for many women's sports has remained low, and in some cases—such as the NCAA tournament and the Women's World Cup—the rights holders have simply bundled them into packages with other assets, virtually giving them away.

Growing audiences for all of the properties have created hope that the commercial value of these events, long viewed with skepticism, can be substantially boosted.

FIFA now estimates that rights to the 2023 Women's World Cup are worth \$300 million, according to a person familiar with the matter. That's partly attributable to simply assigning the tournament a portion of the revenue from the deals in which it is bundled with the men's World Cup. A spokesperson said FIFA doesn't provide public estimates for potential rights deals.

"I think we're at a Rubicon moment," said Ed Desser, a former NBA media executive who has done extensive consulting work on the value of media rights.

Such moments of optimism have dissipated in the past after major moments, such as the U.S. women's soccer team's iconic victory in the 1999 World Cup. Nearly a quarter-century later, FIFA president Gianni Infantino has complained that some broadcasters are lowballing their offers for the 2023 tournament, which begins in



From left to right: Brazil's Marta, Sabrina Ionescu (WNBA), Angel Reese (LSU) and Alex Morgan (NWSL)

about three months.

Here is a look at the developing landscape for women's sports rights.

### NCAA women's basketball

Desser and John Kosner, a consultant and former ESPN executive, compiled an 88-page analysis of the women's basketball tournament's sponsorship and media-rights value commissioned by the NCAA in 2021 following the public airing of inequities between the men's and women's tournaments. The women's tournament is now bundled with 28 other NCAA sports championships and sold to ESPN for about \$34 million a year.

The consultants' conclusion that the women's tournament by itself could be worth \$81 million to \$112 million under a new deal starting in 2025 elicited scoffs at the time, they said. But with this year's NCAA women's final viewership approaching the NCAA men's final audience of 14.7 million, that range doesn't seem so crazy.

Yet the NCAA still hasn't decided for certain whether it will sell the women's tournament as a separate entity. New NCAA president Charlie Baker said the association plans to test the market to measure the appetite for a stand-alone contract as part of a broad review of all NCAA business.

Rosalyn Durant, ESPN executive vice president, programming & ac-

quisitions, said the network is proud to have helped build the WNBA and NCAA women's tournament "through the unparalleled megaphone that ESPN offers across our linear, digital, streaming and social platforms." She added: "We hope to continue to play a significant role in ensuring the upward trajectory of the sport for many years to come."

### Women's World Cup

The value of Women's World Cup rights has historically been invisible because they were packaged and sold with the rights to the men's World Cup. The 1.12 billion global audience for the 2019 Women's World Cup in France changed that, spurring FIFA to begin selling many more of the women's rights separately.

FIFA also is in the process of calculating a separate value of the Women's World Cup rights for the first time, according to a person familiar with the matter. This person said that FIFA is projecting the value of FIFA rights for the 2023 Women's World Cup will be more than \$300 million.

Part of that, however, comes not from new rights sales, but rather from assigning the women's tournament an estimated portion of packaged deals like the one Fox has through 2026 for the U.S. English-language broadcast rights to the men's and women's World

Cups, according to the person familiar with the matter. A Fox spokesman declined to comment.

### WNBA

Engelbert said the WNBA will seek a deal worth more than \$100 million a year after its current agreement with ESPN expires after the 2025 season.

MLS and the WNBA had similar ratings on ESPN last year and have a similar number of regular-season games this year. But the WNBA's broadcast-rights deals are worth roughly \$35 million, or 14% of MLS's 10-year deal with Apple worth \$250 million a year.

### NWSL

At 11 years old, the NWSL is the smallest rights holder of the bunch yet investors are bullish on it.

Its current deal with CBS, in its final year, is worth about \$1.5 million annually. The NWSL anticipates making a deal this summer, commissioner Jessica Berman said, declining further comment. A CBS spokesman declined to comment.

In recent months, global investment firm Sixth Street Partners won a bidding war to become majority owner of an NWSL expansion franchise in the Bay Area for \$53 million. That team, along with the return of a team in Utah, will bring the league to 14 teams in 2024. A 15th franchise, in Boston, will launch at a later date.

JEFFREY PHELPS/ASSOCIATED PRESS

ISTOCK

PATRICK T. FALLON/REUTERS/GETTY IMAGES; MICHAEL REAVES/GETTY IMAGES; KEVIN JARAUSA TODAY SPORTS; JEFF HALSTEAD/CON SM/ZUMA PRESS



OPINION

REVIEW & OUTLOOK

Florida's a Dump, Says President Trump

He's a New Yorker by birth and branding, but President Trump officially moved to Florida in 2019, a decision that made financial sense.

He steals Biden's lines to trash DeSantis and a successful GOP state.

Mr. Trump knows that Gov. Ron DeSantis could be a formidable rival, and Mr. Trump will apparently say anything to trash him.

that were given different weights, everything from the "Gender-Representation Gap in Different Economic Sectors" to "Pediatricians per Capita."

Not mentioned by Mr. Trump are many WalletHub rankings that put Mr. DeSantis's state near the top. Florida has been listed as the No. 2 best state in which to retire.

That gets to the bigger point, which is what economists call revealed preferences. Whatever WalletHub says, hundreds of thousands of Americans are moving to Florida because they think they can build better lives there.

Since Mr. DeSantis became Governor in 2019, Florida has expanded school choice, and a bill passed in March will make its program universal, enabling any family to participate.

Florida is a model of successful GOP governance, and Republicans should be arguing they can do the same for the country if voters put them in charge of Washington.

The funniest part about Mr. Trump's effort to claim Florida is a dump? He still lives there.

The Trump release includes links to news reports and left-leaning studies claiming that Florida is unaffordable and unsafe, with low teacher pay, a "failing education system," a "failing medical environment," and much more.

Some of the statistics come from groups with progressive agendas. Mr. Trump cites a 2022 Oxfam report that says Florida is the 29th best state for workers.

Mr. Trump cites the Florida Policy Institute, which demands "Driver's License Equity" by allowing "(undocumented) immigrants to obtain driver's licenses."

Many of the rankings in Mr. Trump's statement come from the website WalletHub. To take one example, Florida is 26th on its list of best states for working moms.

Bed Bath & Beyond's Bankruptcy

Market discipline is at long last reasserting itself as the Federal Reserve normalizes monetary policy. The latest casualty is Bed Bath & Beyond Inc., which filed for bankruptcy on Sunday following years of changing consumer trends and financial losses that were unsustainable as interest rates rose.

Failure is preferable to propping up zombie companies.

A decade ago, Bed Bath & Beyond was a brick-and-mortar star with a \$16 billion market cap. With interest rates at near-zero for a decade, the company went on an acquisition binge, buying up companies such as Cost Plus World Market in 2012 and Decorist in 2017.

Yet the big-box retailer was slow to adapt to the e-commerce era. Target, Walmart, Home Depot and Lowe's invested in improving their online and logistics operations, which enabled them to better compete with Amazon.

Investors indulged such losses as long as the Fed maintained its uber-accommodative policies, which made borrowing cheap and fueled speculative stock-buying.

so-called meme stocks such as AMC and GameStop.

But credit conditions tightened last year as the Fed raised rates, spurring the retailer last August to close 150 stores and cut its workforce by 20%.

Nobody celebrates a corporate bankruptcy and the human and financial harm that goes with it. But some companies inevitably fail in a dynamic economy, and the demise of unprofitable businesses enables labor and capital to move to more productive uses.

Failure is essential to future growth.

The Pentagon Tilts at Windmills

We know climate change tops the White House agenda, but it's still depressing to see it supersede even national defense. Witness how the Department of the Interior rolled over Pentagon warnings that offshore wind installations in the mid-Atlantic could interfere with military training.

Interior's offshore wind leases could interfere with military training.

President Biden has set a goal of generating 30 gigawatts of offshore wind power by 2030. Waters off the coasts of North Carolina, Virginia, Maryland and Delaware are prime real estate for wind farms because they are relatively shallow.

Offshore wind turbines three times the height of the Statue of Liberty could interfere with training and radar. As the Energy Department explains, "if not mitigated, such wind development can cause potential interference for radar systems involved in air traffic control, weather forecasting, homeland security, and national defense missions."

National defense appears to have been a fifth or sixth thought for Interior, which is in charge of offshore wind leases in federal waters.

wind lobby and states in the region.

Interior said it considered input from these "stakeholders" as well as state and local renewable energy mandates and "information on domestic and global offshore wind market and technological trends."

The Interior lease proposal from November says that it doesn't "reflect a final assessment of the Department of Defense (DOD) regarding compatibility of the proposed [wind energy areas] with DOD needs."

It's possible the military could modify exercises and operations to accommodate wind farms, but this shouldn't be necessary. Power generated by offshore wind isn't needed to keep U.S. lights on.

Offshore wind is three times more expensive than onshore wind or gas power and could make the electric grid less reliable.

LETTERS TO THE EDITOR

Electric Vehicles Will Not Save the Climate

Electric vehicles are preposterous, in particular as climate policy ("Biden and Media Are EV Grifters" by Holman Jenkins, Jr., Business World, April 19).

Mr. Jenkins goes on to offer the Econ 101 argument for a carbon tax. This ignores the incentives of Congress when climate policy becomes a money machine and a host of other problems, among which is, again, the near-zero future temperature effect of any carbon tax that Congress might enact.

BENJAMIN ZYCHER American Enterprise Institute Long Beach, Wash.

Anybody who has read Mr. Jenkins over the years is familiar with his distaste for EV subsidies. As a fan of free markets, I feel the same. But I wonder why Mr. Jenkins rarely questions the far wider world of subsidies for regular old (non-EV) driving.

ANTHONY HARVATH Chicago

Policy makers and auto executives could learn a lot from Mr. Jenkins, as could college economics professors. Once and for all: Passenger cars contribute a minuscule amount of total lifetime greenhouse-gas emissions.

THOMAS McDONALD Rochester Hills, Mich.

Dismiss the Debt Ceiling at America's Peril

Alan Blinder's op-ed "Biden Can Avoid a Debt-Ceiling Crisis on His Own" (op-ed, April 20) dramatizes the effect of not raising the debt ceiling and then trivializes Congress's responsibility to evaluate raising the debt ceiling as a "wacky idea."

Suggesting that the U.S. abolish the debt ceiling because no other advanced country (save Denmark) has such a law reflects the temptation to abandon rules-based policy when it is needed most. While the 14th Amendment tells us "the validity of the public debt . . . shall not be questioned,"

TERENCE E. BURNS, C.F.A. Fairfax Station, Va.

While I agree with Mr. Blinder's statement of the problem, his "What, me worry?" solution doesn't make me feel any better. Perhaps it is because he delves into the constitutional tea leaves. I am certain that, should the federal budgetary blowout cause an economy-destroying credit collapse,

Equally puzzling, as long as he is musing on unlikely solutions, is the lack of discussion of a line-item executive veto. This would put responsibility for and authority to maintain a balanced budget in the president's lap and let Congress off the hook.

JAMES KIRK Bonny Doon, Calif.

Please ask Mr. Blinder to explain with specificity his gloss-over declaration: "The problem isn't economic. The U.S. government has the wherewithal to pay all its bills in full and on time."

JEFFREY C. VAN FOSSEN Wadsworth, Ohio

What the 'War on Yeshivas' Is Really About

"There is one nation spread and scattered among the nations throughout all the provinces of your kingdom," the evil Haman tells King Ahasuerus of Persia in the Scroll of Esther that Jews read on Purim.

The New York Times recycles this ancient accusation when it argues, as William McGurn summarizes in "Leave the Yeshivas Alone" (Main Street, April 18), that Hasidic parents are "religious fanatics . . . condemning their children to lives of 'jobless-

Nothing Focuses the Mind Quite Like Paying Taxes

Perhaps the rising shenanigans on college campuses and the decrease in teenage employment aren't mere coincidence ("A Little Work Never Hurt Anyone—Including Teenagers" by Jason Riley, Upward Mobility, April 12).

KATHLEEN LYNCH RAUCH Downers Grove, Ill.

The Philosophy of the Serpent

Herb Berkowitz ("Chromosome Isn't Everything," Letters, April 20) seems to believe that each of us has the power to accomplish what only God can do. Faithful Christians have believed for centuries that the transformation of bread and wine into Christ's body and blood is accomplished by the powerful word of God.

JAMES BURHOP Oconomowoc, Wis.

ness and dependency." We dress strangely, play by a different set of rules and, to quote the Times, live in "insular enclaves devoted to preserving centuries-old traditions."

These caricatures illustrate that the war on yeshivas has never been about Hasidic children, but about forcing the dominant culture's values onto a group that won't submit. I am a proud graduate of a yeshiva where I studied zero—yes, zero—secular studies, but which prepared me for a meaningful life. Today, I run a successful e-commerce business and, together with New York's flourishing Hasidic business community, pour enormous sums of money into state and city coffers, which fund failing public schools to the tune of \$32,757 a student.

Meanwhile, my wife and I, denied educational vouchers, spend tens of thousands of dollars a year on tuition to send our three boys to the same yeshiva I attended precisely because we care more for them than anything else.

SHMUEL B. GOPIN Brooklyn, N.Y.

An Answer for Sherrod Brown

Sen. Sherrod Brown asks, regarding his bill requiring two-person train crews, "Would you get on a commercial flight if the plane had only one pilot?" (Letters, April 20). This is the intellectual heft of leftist politicians. With equal hilarity, I ask: Would you get on a bus with only one driver?

SCOTT FREEMAN Hoboken, N.J.

Pepper ... And Salt

THE WALL STREET JOURNAL



"You waited in line? I saved time and took the slippery slope."

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







# Alliance for the future

윤석열 대통령의 역사적인 미국 국빈 방문을 환영합니다.  
70년을 넘어 지속될 굳건한 한-미 동맹을 통해  
양국 간 포괄적 협력이 앞으로 더욱 강화되기를 기원합니다.

We welcome President Yoon Suk-yeol's historic state visit to the United States.  
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# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, April 25, 2023 | B1

S&P 4137.04 ▲0.09% S&P FIN ▼0.20% S&P IT ▼0.42% DJ TRANS ▲0.35% WSJ IDX ▼0.22% 2-YR. TREAS. yield 4.144% NIKKEI (Midday) 28706.04 ▲0.39% See more at WSJ.com/Markets

## Credit Suisse's Results Show Pain

### Swiss bank lost a further \$75 billion in deposits before it agreed to UBS rescue

By MARGOT PATRICK

**Credit Suisse Group** AG gave a glimpse into its chaotic final weeks before a rescue last month by **UBS Group** AG with a first-quarter earnings report that showed operating revenue diving and customers rushing to pull deposits.

The Swiss bank lost more than \$2 billion from its businesses in the first quarter, but posted a prodigious net profit because of the paper gains realized from writing off \$17 billion in bonds. Customers withdrew around \$75 billion in deposits in a run that the bank says has moderated since the UBS deal announcement on March 19. Revenue fell across its investment-banking and wealth-management arms and its domestic bank.

Credit Suisse agreed to be bought for around \$3.25 billion

after losing the confidence of customers and investors. Switzerland's government backstopped the deal with the bond write-off, as well as liquidity lines, a guarantee against \$9 billion in potential losses on trading portfolios and a competition waiver letting UBS control much of the Swiss banking market.

Some Credit Suisse bondholders are suing in the country over the regulator's decision to void the \$17 billion in bonds, which made up part of the bank's capital cushion.

Credit Suisse posted a net profit of 12.43 billion Swiss francs, equivalent to \$13.9 billion, for the first three months of the year because of the value of the written-off bonds. The bank lurched through financial losses and scandals in the past several years, and failed in a last attempt to restructure and regain trust after bank customers started pulling their deposits and investments last fall.

The massive quarterly profit, the largest in the bank's history and among the largest ever for a bank, is an unusual

coda given the bank's unraveling.

It was possible because the write-down of the bonds feeds through as a revenue gain, which leads to a swelling of paper profits. But it isn't money that Credit Suisse shareholders will immediately realize. UBS benefits, however, since it inherits Credit Suisse without having to repay those bonds. Credit Suisse shareholders will

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◆ Heard on the Street: Credit Suisse buys time for UBS B12

## Layoffs At ESPN Include Streaming Executive

By ALYSSA LUKPAT AND JESSICA TOONKEL

**Walt Disney** Co. said Monday it is beginning layoffs at ESPN and other divisions, part of its previously unveiled plan to cut 7,000 jobs.

At ESPN, the cuts come as **Disney** tries to figure out the sports-media outlet's next chapter. Russell Wolff, a veteran executive who oversaw the ESPN+ streaming service, is among those leaving the company, according to people familiar with the situation.

Disney said several thousand U.S. employees would be cut this week from multiple business areas, including its entertainment arm and its parks, experiences and product division.

Disney said it didn't expect to lay off any hourly front-line employees from its theme parks and resorts. "The difficult reality of many colleagues and friends leaving Disney is not something we take lightly," the company said Monday.

Robert Iger, Disney's chief executive, in February said the company was planning to lay off employees and slash \$5.5 billion in costs. He unveiled the move as part of a broader restructuring plan after Disney ousted Bob Chapek and brought Mr. Iger back to lead the company. Mr. Iger has been under pressure to make Disney's streaming business profitable and to raise the company's stock price. Disney has contended in recent years with streaming competition and with falling revenue from the box office and cable TV. The layoffs and cost cuts are set to give more power to the company's content executives.

The company said that it began its first wave of layoffs last month and that its bigger second round of cuts would run from Monday to Thursday. About 4,000 people are expected to be laid off during the two rounds, Disney said.

Disney said it planned to reach its target of cutting 7,000 employees following a third

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## Nearshoring Shift Brings Its Own Hurdles



Many U.S. manufacturers are moving production to Mexico to avoid depending too much on China.

By PAUL BERGER

Even before the Covid-19 pandemic sparked a global shortage of shipping containers and a surge in ocean shipping costs in 2020, automotive-parts supplier **Premium Guard Inc.** was concerned about souring U.S.-China relations and had been working on bringing some production closer to home.

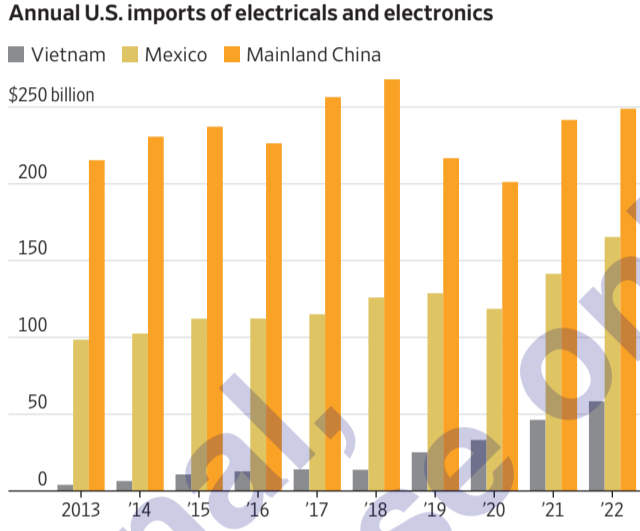
So when the New York-based company completed the

purchase of its first factory in Mexico in late 2020, it proved to be a fortuitous solution to the Covid-19-related disruptions that allowed Premium Guard to keep some of its crucial parts moving even as lengthy backups in international shipping brought many supply chains to their knees.

But with new factories filling the landscape and more under construction in North America, some companies are discovering that shifting pro-

duction from one part of the world to another has brought new sets of costs and logistics hurdles that highlight the complications of executing a nearshoring strategy.

When Premium Guard wanted to expand its factory in Mexico, it had to import new equipment from Asia because manufacturers there offered better options and pricing than anywhere else, said Roel Dekkers, Premium Guard's director of supply chain for Mex-



Source: S&P Global Market Intelligence Global Trade Analytics

ico. Premium Guard also had to develop a new network of suppliers that could make products and packaging to the right specifications and cost.

Even today, the factory struggles to compete with Chinese prices because the range of raw materials, from steel to paper pulp, available in Mexico is more limited and more expensive than in China.

Still, the challenges and the expense are worth it because Premium Guard now has a

sourcing strategy that doesn't rely on a single country thousands of miles away, Mr. Dekkers said.

"We needed to have a near-source option to complement our supply chains out of Asia," he said. "The supply-chain crisis taught us that it's crucial to have critical components close to home."

More and more companies are looking to follow the auto supplier's path as they try to

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## Bud Light Uproar Response Criticized

By JENNIFER MALONEY AND LAUREN WEBER

The maker of **Bud Light**, after coming under fire for a social-media promotion with a transgender advocate, is now being criticized internally and externally by people who say the company didn't support its marketing manager when she came under attack.

**Anheuser-Busch InBev** SA placed on leave the executive overseeing Bud Light marketing, **Alissa Heinerscheid**, as well as her boss, **Daniel Blake**. And it named a replacement for Ms. Heinerscheid in the Bud Light role. Sales of Bud Light have slumped in recent weeks.

The controversy began when Bud Light enlisted several social-media influencers to create buzz for the beer brand during the annual college basketball playoffs.

One of them—transgender advocate and social-media star **Dylan Mulvaney**—spoke in an Instagram video post on April

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## Apple Wins Appeal in 'Fortnite' Case

By AARON TILLEY

A federal appeals court sided with **Apple Inc.** and upheld a 2021 ruling that mostly supported the company's App Store policies against an anti-trust challenge by "Fortnite" maker **Epic Games Inc.**

A panel of three judges on the Ninth U.S. Circuit Court of Appeals on Monday sided with a federal judge's ruling that rejected all but one of Epic's

claims and declared that Apple doesn't have monopolistic control over mobile-game transactions.

"There is a lively and important debate about the role played in our economy and democracy by online transaction platforms with market power," the ruling concluded. "Our job as a federal Court of Appeals, however, is not to resolve that debate—nor could we even attempt to do so. Instead, in this

decision, we faithfully applied existing precedent to the facts as the parties developed them below."

The two companies have battled for years to settle the question of how much control Apple should have over third-party developers in the App Store, with billions of dollars at stake over the software used on more than one billion devices.

Apple has since faced chal-

lenges to how it operates the App Store all over the world, including in the European Union, South Korea and Japan, and the company has made several changes that reduced its control or its cut of revenue from developers.

The Justice Department is investigating whether Apple favors its own products over third-party developers in its mobile operating system, The

Please turn to page B4

## CNBC Anchor Claims Harassment by Shell

By JOE FLINT

CNBC International anchor **Hadley Gamble** accused former NBCUniversal Chief Executive **Jeff Shell** of sexual harassment and sex discrimination in a complaint to the company, a lawyer for Ms. Gamble said Monday.

NBCUniversal parent **Comcast Corp.** said Sunday that Mr. Shell was exiting after an investigation into a complaint that he engaged in inappropriate conduct.

Mr. Shell was fired for cause, and the company doesn't intend to pay him severance, people familiar

with the situation said Monday. CNBC is owned by NBCUniversal.

"The investigation into Mr. Shell arose from a complaint by my client of sexual harassment and sex discrimination. Given these circumstances it is very disappointing that my client's name has been released and her privacy violated," said **Suzanne McKie**, a managing partner of **Farore Law**, a firm based in the U.K.

Media reports late Sunday named Ms. Gamble as the individual who brought the complaint.

Neither Mr. Shell nor a



Hadley Gamble

spokeswoman for the former executive responded to requests for comment.

In a statement Sunday, Mr.

Shell said he had an inappropriate relationship with a company employee. "I'm truly sorry I let my Comcast and NBCUniversal colleagues down," he said.

Ms. Gamble is a CNBC anchor and senior international correspondent who covers energy, geopolitics, and financial markets, according to her company biography.

She now anchors a show from CNBC's Middle East headquarters.

Ms. Gamble's current contract wasn't expected to be renewed, people familiar with the situation said.

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### INSIDE



**AUTOMOTIVE**  
Plug-in hybrid vehicles seek their niche. **B3**

**BUSINESS NEWS**  
Carrier near \$13 billion deal to buy Germany's Viessmann. **B5**

Advertisement for Interlake Mecalux featuring images of warehouse automation and the text: 'MAXIMIZE WAREHOUSE PRODUCTIVITY WITH AUTOMATION' and 'interlakemecalux.com (877) 632-2589'

INDEX TO BUSINESSES

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

Index to businesses table with columns A, B, C, D, E, F, G, H, I, J-N, K and various company names like Alphabet, Amazon, Anheuser-Busch, Apple, Baker Hughes, Bed Bath & Beyond, etc.

INDEX TO PEOPLE

Index to people table with columns A-K and names like Aldrich, Ania, Armstrong, Brian, Auld, David, etc.

Disney Lays Off Thousands

Continued from page B1 round of layoffs before this summer.

The company in recent months has laid off its meta-verse division and employees working on its streaming services in Beijing. Disney is targeting two of its most well-known divisions: ESPN and parks.



The company said it didn't expect to lay off any hourly front-line employees from its theme parks and resorts.

ESPN but ultimately decided against it, Mr. Iger said in February.

The company has invested heavily in ESPN+, but has been cautious about moving major sports content from its TV channel to that service.

Mr. Wolff has been with ESPN for 26 years in a variety of roles. It is unclear who will be taking over ESPN+ after his departure.

Bed Bath Got Emergency Loan Ahead of Its Bankruptcy Filing

By SOMA BISWAS

Bed Bath & Beyond Inc. faced a much worse financial situation ahead of its bankruptcy filing than is typical for companies facing an imminent chapter 11.

The home-goods retailer sought a \$54 million emergency loan on Friday from all of its lenders to meet payroll and other expenses, court papers show, before filing for bankruptcy protection on Sunday.

Sixth Street Partners to help meet the costs of the company's planned going-out-of-business sale while it looks for a last-minute buyer.

"Last week the company returned to an overadvance position" on its bank loans, so its lenders got together and signed off on the new \$54 million loan, Bed Bath & Beyond lawyer Emily Geier said Monday.

Sixth Street Partners received court approval for a \$240 million loan package that lets the investment firm roll up

\$200 million of its old loans into a top-ranking position while also lending the additional \$40 million in new money. "Without the \$40 million this iconic retailer was going to go into a fire sale, a very unplanned liquidation," Judge Vincent Papalia said from the bench on Monday.

All of the retailer's 14,000 employees can be assured they will get paid, company lawyer Josh Sussberg said in court.

Bed Bath & Beyond has set a tight schedule to seek a buyer willing to salvage some or all of its stores, while simultaneously conducting liquidation sales.

Bids for Bed Bath & Beyond are due May 28 and the chapter 11 case is expected to wrap up by August, according to the company's lawyers.

"I hope this will be the first time that we start a wind down and then halted it," Mr. Sussberg said.

Watch a Video

QR code and text: Scan this code for a video on what led to Bed Bath & Beyond's bankruptcy.

Tuesday Morning To Shut More Sites

By AKIKO MATSUDA

Home-goods retailer Tuesday Morning Corp. is moving toward a liquidation of additional store locations after a bankruptcy auction for the company's remaining assets.

Dallas-based Tuesday Morning last week selected a Hilco Global unit that specializes in retail restructuring and liquidations as the successful bidder for its roughly 200 stores that hadn't already been designated as going out of business.

The Hilco unit's bid provides for an orderly liquidation of some or all of the company's remaining stores, according to people familiar with the matter.

"We are working with the company to develop the final detailed plan on which stores will close and do not have a specific number of store closings at this time," said Ian Fredericks, president of Hilco's consumer-retail group.

Tuesday Morning didn't respond to requests for comment on Monday. The company had proposed giving the winning bidder for its assets some time to designate store leases if a buyer emerges that wants to assume certain locations, leaving some chance for a subset of stores to remain open.

Hilco prevailed at auction over investment firm Invictus Global Management LLC, court papers show.



Staff work at a pool of brine highly concentrated with lithium at an Albemarle mine in Chile.

Robust EV Demand Powers A Surge in Mining Mergers

Mining companies are back at the deals table as they battle for control of commodities essential for making electric

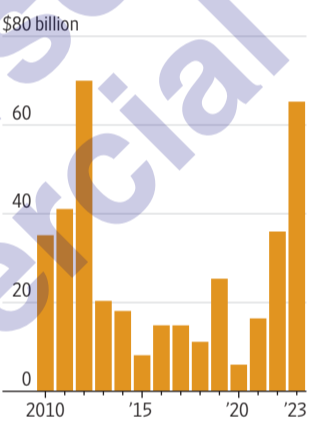
By Rhiannon Hoyle in Adelaide, Australia, and Julie Steinberg in London

cars and renewable-energy infrastructure.

The return to deal making comes as mining companies seek to boost their exposure to metals like copper, nickel and lithium, for which demand is expected to grow as the world transitions to greener energy.

This year, mining companies have announced more than \$65 billion in pending and completed deals, according to data provider Dealogic. That number is nearly double the \$36 billion announced in the same period of 2022, and the highest amount to start the year since 2012, when China's breakneck growth led to a surge in deals.

Global deals announced by mining companies



Note: Data are through April 21 of each year. Source: Dealogic

The uptick in deals contrasts with a lull in overall global M&A activity.

Mining companies held back on large deals for much of the past decade after a spending spree during a China-led commodities boom ended with big write-downs.

That experience prompted a yearslong focus on shareholder returns and debt reduction. Now, miners are hungry for deals again.

Hudbay Minerals Inc. this month said it would buy Copper Mountain Mining Corp. in a \$439 million all-stock deal.

Mining companies have been encouraged by government policies, such as the Inflation Reduction Act, that are expected to boost demand for metals used in batteries and other clean-energy technology, companies and analysts say.

Also among proposals is a bid of more than \$19 billion by Newmont Corp. to buy Australia's Newcrest Mining Ltd., which would add nearly 50 billion pounds of copper reserves and resources to the Colorado-based gold giant's business.

Copper is also part of the appeal for Glencore PLC's roughly \$23 billion merger proposal for Teck Resources Ltd. Teck has so far resisted Glencore's advances.

Bud Light Response Criticized

Continued from page B1

1 about a personalized beer can that Bud Light had sent her as a gift. The uproar that followed thrust the brand and the world's biggest brewer into the U.S.'s partisan politics and culture wars.

Some people on social media seized on Bud Light's promotion with Ms. Mulvaney and called for a boycott of the brand. Some dug up earlier comments from Ms. Heinerscheid that they said were disrespectful of Bud Light drinkers.

In the week ended April 15, Bud Light's U.S. retail-store sales fell 17% compared with the year-earlier period, according to an analysis of Nielsen data by Bump Williams Consulting Co. Meanwhile, sales of rival brands Coors Light and Miller Lite each grew 17.6%.

On Friday, the company said Ms. Heinerscheid would take a leave and said it would revamp its process so senior

leaders are more involved in marketing decisions. It said Todd Allen, most recently global vice president of Budweiser, would take over Ms. Heinerscheid's role. On Sunday, the company confirmed that Mr. Blake was also taking a leave. Both leaves are involuntary, according to people familiar with the matter.

Some employees shared concerns among one another on Friday after the company told staff about the management changes, people familiar with the matter said. Company insiders and industry observers said the company should have spoken out in defense of Ms. Heinerscheid, a rising star within the company's marketing department, when she came under attack.

"Good leaders always protect their people," said consultant Bump Williams. "That was not the case this time."

Alison Taylor, an associate professor at the New York University Stern School of Business who teaches about corporate ethics, wrote a post on LinkedIn criticizing the company's response to the uproar.

"What's not defensible is when you get very predictable backlash...that you then play it in this clueless way and don't have the courage of your convictions," she said in an interview. "They should have stood behind this marketing person."

Anheuser-Busch didn't respond to requests for comment. Bud Light works with hundreds of influencers. The sponsored post by Ms. Mulvaney was consistent with previ-

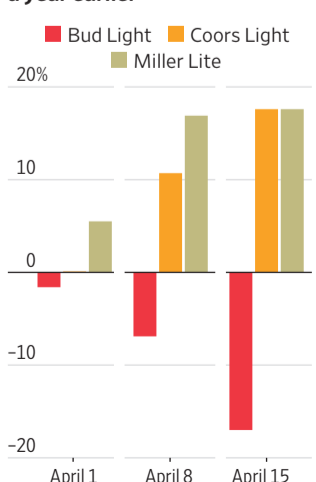
ous Anheuser-Busch campaigns, which have supported LGBT rights. The personalized can made for Ms. Mulvaney was never available for sale.

In 2016, Bud Light released a TV spot supporting same-sex marriage, featuring actors Seth Rogen and Amy Schumer. In 2019, Bud Light partnered with Glaad, an advocacy organization for LGBT rights, to release a special-edition rainbow-colored aluminum bottle in celebration of Pride month.

Bud Light, the No. 1 selling beer brand in the U.S., has been struggling for years with falling sales volume as younger consumers opt for craft beers, cocktails and newcomers such as hard seltzer.

Ms. Heinerscheid, 39 years

Weekly retail-store dollar sales in the U.S., change from a year earlier\*



\*For the week ended each date. Sources: Analysis of Nielsen data by Bump Williams Consulting

old, is the first woman in Bud Light's 41-year history to spearhead marketing.

In a podcast interview released in March, Ms. Heinerscheid said, "I had a really clear job to do when I took over Bud Light. It was, this brand is in decline, it's been in decline for a really long time, and if we do not attract young drinkers to come and drink this brand, there will be no future for Bud Light."

The current controversy began during Bud Light's March Madness contest, in which social-media influencers in sponsored posts encouraged followers to post videos of themselves carrying three glasses or cans of Bud Light with the hashtag #easycarrycontest.

Ms. Mulvaney posted a February Instagram video of herself in a bathtub drinking Bud Light and in March posted a video calling the personalized can "possibly the best gift ever" in celebration of the one-year anniversary of her gender transition.

Ms. Mulvaney had been documenting her gender transition over 365 days on TikTok. Her following on social media had grown; so had criticism of her from some conservative commentators.

Musician Kid Rock posted a video on Twitter in which he shot cases of Bud Light with a rifle, and a man calling himself "Conservative Dad" launched a beer brand, "Ultra Right," offering 6-packs for \$19.99.

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BUSINESS NEWS

# Coca-Cola Sales At Venues Boosted Quarterly Profit

By DEAN SEAL

Coca-Cola Co. saw first-quarter sales rise as the company's customers bought more beverages on the go.

The beverage company said global sales rose 5% in the first three months of the year to \$10.98 billion, topping analyst expectations for \$10.8 billion.

The growth came from both higher prices and higher volumes. Coca-Cola reported an 11% increase in price/mix, which includes price increases as well as changes in package sizes and retail sales channels.

Global sales volumes were up 3% in a turnaround from its last quarter, when they fell slightly for the first time in at least a year, largely due to one-time events including the company's withdrawal from Russia and Covid-19-pandemic-related lockdowns in China.

The higher volumes were attributed to stronger sales at away-from-home venues.

Growth in Coca-Cola's developed markets, led by Mexico, Western Europe and Australia, outpaced more modest increases in developing and emerging markets, including China and India.

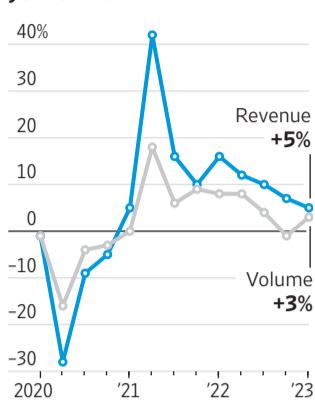
Coca-Cola said sales of its soft drinks and water ticked up during the quarter, led by 8% volume growth for its Smartwater brand.

Meanwhile, revenue from sports drinks and tea slipped.

The company stumbled last quarter on its \$5.6 billion purchase of BodyArmor and its integration of the fast-growing startup brand with its other sports drink, Powerade.

Sales of the company's juice brands and dairy and plant-based beverages were even with the year-earlier quarter's totals as growth in certain brands, such as its

Coca-Cola's net revenue and case volume, change from a year earlier



Source: the company

Fairlife milk products in the U.S. and Minute Maid Pulp Orange juice in China, were offset by the suspension of operations in Russia.

The strong performance of Coca-Cola's Costa brand in the U.K. and China boosted its coffee segment's top line by 9%.

Coca-Cola's operating margin tightened to 30.7% from 32.5% last year due to one-off items and unfavorable foreign-currency fluctuations that are expected to weigh on results again in the second quarter.

Stripping out those one-time items, Coca-Cola's adjusted operating margin in the first quarter expanded thanks to its top-line growth and the refranchising of its bottling operations, which offset higher marketing investments and operation costs, the company said.

Despite the margin contraction, Earnings jumped 12% to 72 cents a share on a profit of \$3.1 billion.

Adjusted earnings came in above analyst estimates at 68 cents a share.

The company's shares declined slightly to close at \$63.95 on Monday.

# Plug-In Hybrids Seek Niche

Toyota, Ford, Hyundai see a bridge between gasoline-powered cars and electric vehicles

By RIVER DAVIS

Toyota Motor Corp. is getting ready to bring its latest plug-in hybrid model to American showrooms next month, a part of the company's bet that plug-ins can be the bridge between traditional cars and electric vehicles.

Toyota, Ford Motor Co. and Hyundai Motor Co. are among global brands rolling out new plug-in hybrid gas-electric cars. While most hybrids on the road today combine gas engines with electric motors to save fuel, plug-in hybrids can drive primarily on batteries—with the engine as a backup—making them the closest thing to a full EV on the road.

Toyota is rebranding its plug-ins as “practical electric vehicles” that work for average American commuters who want to drive mostly on electric power but worry about range on longer trips. Its Prius Prime plug-in, which will start to arrive at U.S. dealers in May, is capable of driving up to 44 miles on a battery alone.

For many environmental groups, plug-in hybrids still aren't good enough because they burn fossil fuel. Some industry analysts aren't sure plug-ins are a great business opportunity either, given the fast-rising interest in pure EVs made by Tesla Inc. and others.

One of the biggest risks for the plug-in market comes from regulators in places such as California who are moving to limit or exclude plug-in hybrids from rules mandating a transition to electric.

Toyota's recently appointed chief executive, Koji Sato, made the case for plug-in hybrids on Friday.

“There are regions that are moving speedily toward EVs and others that are taking more time,” Mr. Sato said. Investing in plug-in hybrids “is a practical way in which we can



Toyota's goal is to get the range of plug-in hybrid vehicles closer to full EVs, CEO Koji Sato said.

shift toward electrified vehicles,” he said.

Toyota's goal, Mr. Sato said, is to increase the range of plug-in hybrid vehicles so that the resemblance to full EVs grows closer. The company said earlier this month that it planned to develop plug-in models capable of driving more than 200 kilometers, or about 124 miles, in EV mode.

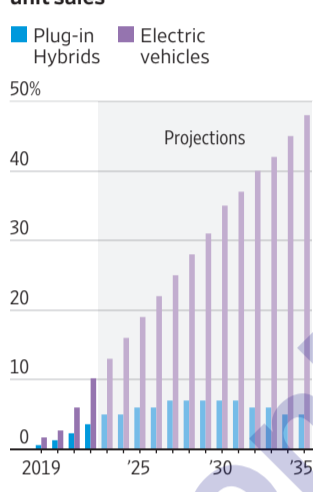
“We want to change the understanding of what a plug-in hybrid is,” Mr. Sato said.

EV-charging infrastructure is lacking in many parts of the world and even where it does exist, the stations are often plagued with problems. In the U.S., one in five electric vehicle public-station charging attempts resulted in failure last year, according to a report from J.D. Power.

Dealers say the average price of an EV—\$58,940 in the U.S. last month—is also preventing wider uptake. The Prius Prime starts at \$33,445.

Hanley Dawson III, whose family operates a group of car dealers in the Chicago area, says a number of customers have returned EVs after underestimating the difficulties posed by limited range and

Share of global light-vehicle unit sales



Source: Moody's Investors Service

charging problems.

“They then inquire about hybrids,” Mr. Dawson said.

Plug-in hybrids make up only about 4% of global light-vehicle sales, but the cars have gained some ground in recent years. Sales of plug-in hybrids rose 46% last year from a year earlier, according to consulting firm EV-Volumes. EV sales rose 59% over the same period.

In the U.S., there are more than 30 plug-in hybrid models

available. Plug-in hybrid models from Ford and Stellantis NV made up six of 16 vehicles deemed eligible for full or partial EV tax credits in the U.S., according to a list of qualifying cars released by the Treasury Department on April 17.

More plug-in hybrids are hitting showrooms, including Ford's Escape sport-utility vehicle and Hyundai's Tucson crossover. Earlier this month, Toyota said it was planning more plug-in models.

Still, some question the staying power of the plug-in hybrid market as full EV sales take off in China and parts of the U.S. and Europe. General Motors Co. has said that it sees no future for hybrids in its U.S. lineup and that it views its investment dollars as better spent on developing fully electric vehicles.

In a recent report, Moody's Investors Service projected that plug-in hybrids would likely make up 7% of global sales in 2030, down from the 9% it had earlier projected. It said pure EVs would likely make up about a third of global sales by that date, up from its previous forecast of about a quarter.

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## BUSINESS NEWS



Cooling- and heating-equipment maker Viessmann's plant in Germany. Acquiring the company would help Carrier expand outside the U.S.

# Carrier Nears \$13 Billion Deal

Carrier Global Corp. is in advanced talks to acquire German industrial manufacturer Viessmann for about \$13 billion including debt, according to people familiar with the matter.

By Lauren Thomas, Laura Cooper and Ben Dummett

A cash-and-stock deal could be announced as soon as this week, assuming the talks don't break down, the people said. The move is part of a transformation under way at Carrier, which is also working on a plan to sell or spin off its Fire & Security business segment, The Wall Street Journal previously reported.

Buying closely held Viessmann would further expand Carrier's operations outside of the U.S. Last year, the Florida-based maker of air condition-

ers and other types of heating and cooling equipment reported net sales of \$20.4 billion, of which 60% came from the Americas and 23% from Europe, the Middle East and Africa, according to the company's annual report.

Viessmann was founded in 1917 as a locksmith business by Johann Viessmann. The company, which is still owned and operated by his family, has since grown into a global manufacturer of equipment ranging from boilers to refrigerated cabinets and other cooling technology used by customers including retailers and medical-care facilities.

Last year, Viessmann generated sales of 4 billion euros, equivalent to about \$4.4 billion. It oversees 22 production companies across 12 countries, along with a global network of sales branches, according to the company's website.

Carrier was formed after United Technologies Corp. separated itself into three independent companies, breaking apart one of America's last industrial conglomerates, a move completed in 2020. (The Otis elevator business was also separated.)

**The Florida company's stock fell over 7% on news of the purchase talks.**

Carrier, with a market value of \$38 billion Monday morning, is focused on expanding its refrigeration as well as its heating, ventilation and air-conditioning businesses. Last year, it acquired substantially all of Toshiba Corp.'s stake in

the companies' Toshiba Carrier Corp. joint venture for \$900 million. TCC provides residential and light-commercial HVAC products.

Carrier's Fire & Security division accounted for about 17% of the company's sales in 2022. Demand for the division's products, which are used across residential, commercial and industrial properties, was mixed in the most recent quarter, buffeted by slower new construction in some markets, management said on a conference call in February.

That has helped spur calls from some investors for the company to consider separating out the business, which they consider a drag on its valuation.

Carrier investors didn't welcome the Viessmann news, with the U.S. company's shares falling more than 7% to close at \$41.93.

# Investors in Tesla Object to Nominee

By DEAN SEAL

A group of Tesla Inc. shareholders are standing against the nomination of a former executive to the electric-vehicle maker's board over concerns he is a company insider coming in to replace an independent director.

Labor pension-fund advisory firm SOC Investment Group and other investors urged Tesla shareholders Monday to vote against the nomination of former Chief Technology Officer JB Straubel to a seat that will be vacated by independent director Hiro Mizuno.

The group is calling on board chair Robyn Denholm to overhaul the board with what it calls truly independent directors, adding that appointing Mr. Straubel to the board would mean that at least five of its eight members lack independence, the shareholders said.

"Replacing an independent director with another insider risks exacerbating existing problems that seem to arise from such a clubby board," the shareholders said.

A representative for Tesla didn't respond to a request for comment.

The investor group says

Tesla needs a more independent board to rein in Elon Musk and protect the company from its chief executive's recent actions, which they claim have tarnished the car maker's reputation.

They said that Mr. Musk already is dividing his time too heavily between Tesla, his SpaceX startup and now X Corp., formerly Twitter Inc., which he acquired and is now being overhauled at his direction.

The group also takes aim at what its members say are Mr. Musk's "often polarizing and inflammatory statements" on Twitter. The investors said the Tesla co-founder has been wading into "deeply divisive narratives" and promoting conspiracy theories that could alienate the company's customer base.

Adding Mr. Straubel, who served as the company's technology chief for 14 years until he resigned in 2019, would only further weaken the board's oversight of Tesla and Mr. Musk, the investors said. Mr. Musk has for years been criticized over a perceived lack of independence among Tesla's directors, tasked with overseeing plans for the company.



The pick of JB Straubel for the board sparked the dispute.

# A Mother's Day Gift Worth a Thousand Words!

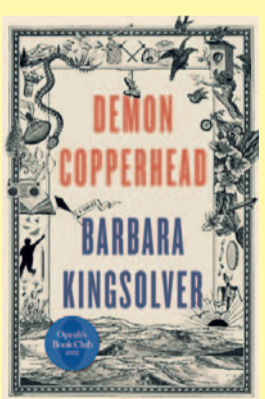
HarperCollinsPublishers



A romantic novel from Julia Quinn and Shonda Rhimes inspired by the new original Netflix series about Bridgerton's Queen Charlotte.



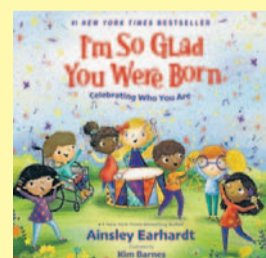
An instant *New York Times* bestseller from the author of *The Women of the Bible Speak*.



"Equal parts hilarious and heartbreaking, the story of an irrepressible boy nobody wants, but readers will love." —Ron Charles, *Washington Post*



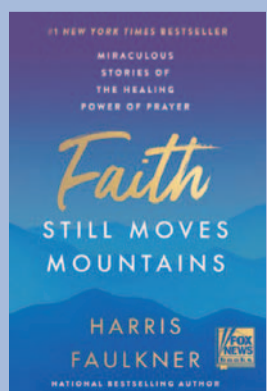
Bestselling author Lysa TerKeurst helps you stay connected to God in the middle of tough circumstances.



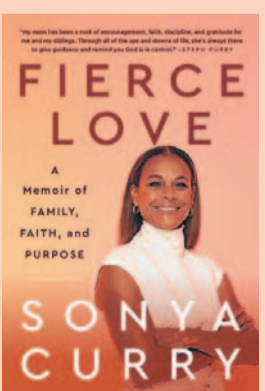
Celebrate big dreams as well as the wonder of everyday experiences like sweet and special snuggles and cuddles, fun times, and learning times too!



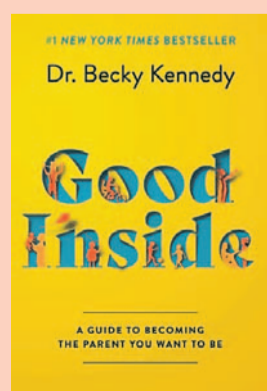
"Outstanding...Readers will be transfixed by Miller's thought-provoking queries about race and family...an elegantly structured soul-soother." *Publishers Weekly* (starred review)



An instant #1 *New York Times* bestseller from FOX News anchor and author Harris Faulkner.



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BUSINESS NEWS

# Supply Chains Ready for New Global Era

Companies adapt their operations to changing market pressures, geopolitics

By PAUL PAGE

When a measure of strains on global supply chains fell earlier this year to levels last seen before the Covid-19 pandemic, it signaled to some that the product shortages, port bottlenecks and shipping disruptions of the past three years were over and that a new era of stability was on the horizon.

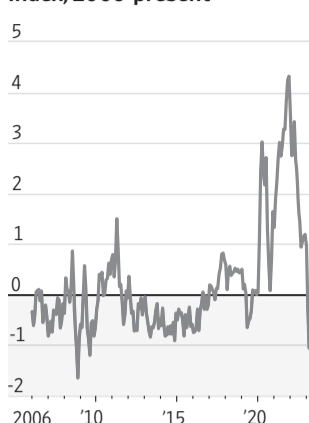
But industry experts say a “return to normal,” as the Federal Reserve Bank of New York described its Global Supply Chain Pressure Index in February, hardly means that companies are going back to conventional, some would say complacent, supply chains. Instead, say academics and

consultants, the experiences during the pandemic, along with changes in geopolitics, are leading to broader, potentially long-lasting changes in how companies manage the flow of goods, from the sourcing of raw materials to manufacturing and distribution.

The changes are playing out at factories in India, auto-assembly plants in northern Mexico, ports from the U.S. Southeast to East Africa and mineral mines in Canada and Sweden. The sites are where companies are implementing disciplines such as resilience, regionalization and supplier diversification that came to the forefront as they coped with the severe disruptions that began in early 2020.

The turmoil that began with the declaration of the pandemic first hit companies with sudden shortages of consumer staples as households locked down, was followed by factory shutdowns that inter-

The New York Fed’s monthly Global Supply Chain Pressure Index, 2006-present



Source: Federal Reserve Bank of New York

rupted the flow of goods and then hit transportation networks as an abrupt snapback in demand led to overstuffed ships and backups at ports. By April 2020, the New York Fed’s supply-chain stress index had shot up to double the

level it reached during the recovery from the 2009 financial crisis. It finally fell back early this year to levels more typical of a measure going back 25 years.

“Some stresses have been taken off, there are fewer supply shortages, and things are a lot less hectic, but we certainly are not back to normal,” said Patrick Van den Bossche, a partner and global analytics practice leader at consulting firm Kearney.

The changes on the surface include less reliance on Asia, particularly China, and the use of more automation technology to keep assembly lines and warehouse operations running.

Apple Inc. is shifting some smartphone production from China to India, toy maker Mattel Inc. is among companies expanding operations in Mexico, and even a Chinese manufacturer, Hisense Co., is looking to make appliances in

Mexico for the U.S. market.

But there are more enduring changes, experts say, that will more affect how companies get their raw materials and parts, where they produce goods and how they ship finished products to consumers. Taken together, the changes mark the biggest shift in how supply chains are managed since China’s entry into the World Trade Organization in 2001 ushered in a new era of globalization.

Experts say postpandemic supply chains are being built with a focus on regionalization, with production closer to where companies expect to sell their goods. Companies are moving to spread their base of suppliers around the world and they are adding automation to everything from warehousing operations to procurement decisions. The shifts add up to a widespread effort to make supply chains more resistant to disruption.

“The move away from China, to rewire supply chains to where you have multiple local supply chains, is really just starting,” said Mr. Van den Bossche.

Rick Gabrielson, a consultant and former senior transportation executive at Target Corp. and Lowe’s Cos., said many companies are looking hard at their sourcing strategies, including whether they have a heavy concentration of goods or components coming from one country or a single supplier. Spreading out suppliers almost certainly adds costs, but Mr. Gabrielson said companies have to balance those costs against the potential for disruptions. “You have to ask yourself, which do you want? Are we going to minimize risk for shareholders and customers or are we going to minimize costs? This is the conversation that is taking place, but the change doesn’t happen overnight,” he said.

## Nearshoring Shift Faces Hurdles

Continued from page B1

navigate a world of mounting geopolitical and business uncertainty that has exposed weaknesses in far-flung supply chains. For many manufacturers, that has meant returning production closer to home, a push toward nearshoring that is chipping away at the offshoring drive over the past few decades that moved a swath of production from Western countries to low-cost centers in Asia, and most of all to China.

Many companies have been looking for alternatives to China since the Trump administration in 2018 slapped the country with new tariffs on top of import duties for a range of goods. The search ac-

celerated after the pandemic caused a sharp contraction in shipping demand, which then surged rapidly as restrictions were lifted, triggering port bottlenecks, product shortages and crumbling transportation budgets across the corporate world.

Much of the growth in production in the U.S. and nearby countries is coming in high-tech fields such as semiconductors, national priorities backed by billions of dollars in government incentives to support a Biden administration push to wean America off its reliance on China-focused supply chains.

Mexico appears to be ideal for some companies seeking sites outside Asia to make goods more cheaply than in the U.S. It is close to American consumers, has a relatively cheap labor force compared with other North American workers and is a member of a free-trade agreement with the U.S. and Canada, saving the cost of tariffs that are imposed on a raft of imports from Asia.



Location of Mexican plants like this one is a significant advantage.

Importers say that although the cost of manufacturing in Mexico may be higher than in some parts of Asia, the country also delivers cost savings from shorter shipping distances that reduce the need to carry so much inventory and that offset the risk of production disruptions and lost sales because of freight delays.

Jake Ozmun, director of sourcing at Malouf Cos., a Lo-

gan, Utah-based furniture retailer, said his company can move imports from a factory in Mexico to Utah in a couple of weeks, about one-third of the time it takes from a factory in Asia. The company now sources about 20% of its products from North America, mostly from Mexico.

But companies say Mexico also has drawbacks that make factory decisions far from cer-

tain. The electrical grid can be unreliable, executives say, and the lack of locally produced parts and raw materials means manufacturers still must source components from Asian suppliers.

Chris Rogers, head of supply chain research at S&P Global Market Intelligence, said the risks that come with long supply chains must also be balanced against risks that may come with locating production in Mexico. Mr. Rogers said physical security is a concern in a country notorious for drug cartels and violent crime. And he said some companies might see a labor risk in Mexico because the U.S.-Mexico-Canada trade pact boosted unionization rights.

Although China is losing its share as an exporter to the U.S. of goods such as electronics and apparel to countries like Mexico and Vietnam, it remains the global manufacturing leader.

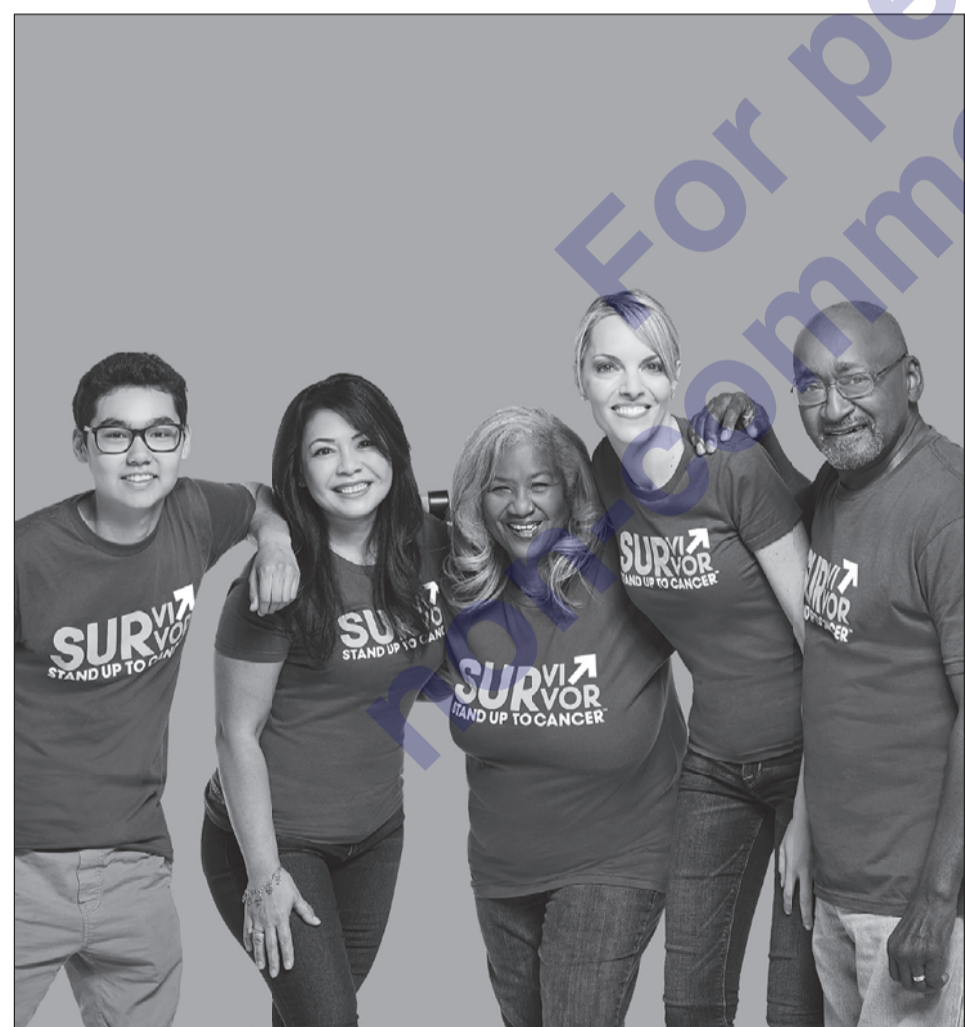
China’s advantages go beyond the low-cost production that initially lured manufactur-

ers to the nation in the wake of its ascension to the World Trade Organization in 2001. A vast network of suppliers has sprung up since then—companies providing everything from refining commodities for factory production to makers of the inner components of manufactured goods—offering a sprawling ecosystem of businesses for a variety of sectors.

Mexico lacks many of the nearby supply-chain networks that support products ranging from iPhones to washing machines and sofas. Building up similar ecosystems in Mexico will take years.

Omar Troncoso, head of the Mexico City office at consulting firm Kearney Inc., said industrial parks built around furniture, electronics and home appliances are starting to spring up. Mr. Troncoso said about half of the investments are being driven by Chinese companies and their suppliers looking to set up facilities close to the U.S. border.

—Liz Young contributed to this article.



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## April is World Autism Awareness Month



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COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Table with columns: Metal & Petroleum Futures, Open, High, Low, Settle, Chg, Open interest. Includes Copper-High, Gold, Crude Oil, NY Harbor ULSM, Gasoline, Natural Gas, and Agriculture Futures.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Wheat, Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, and Cocoa.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Interest Rate Futures, Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, and Orange Juice.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Currency Futures, Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, and Euro.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Index Futures, Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini S&P 1000, and U.S. Dollar Index.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table with columns: Total return close, YTD total return (%), Index, Yield (%), Latest, Low, High. Includes Broad Market, U.S. Corporate Indexes, High Yield Bonds, and U.S. Agency.

Cash Prices | wsj.com/market-data/commodities

Monday, April 24, 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 with columns: Commodity, Price, Change. Includes Energy, Metals, Gold, Fibers and Textiles, Grains and Feeds, Food, and Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=b=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 4/21

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

April 24, 2023

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Inflation, Policy Rates, Overnight repurchase, U.S. government rates, Discount, Federal funds, Prime rates, International rates. Includes U.S. consumer price index, Euro zone, U.S., Canada, Japan, and various government rates.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Table with columns: Week Ended, High, Low. Includes Federal funds, Commercial paper, Treasury yields, and TIPS.

Notes on data: Federal-funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades. Commercial paper rates are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit. Discount window primary credit rate is charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program; rate is average for seven days ended Wednesday. Inflation-indexed long-term TIPS average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more. Sources: Federal Reserve; for additional information on these rate data and their derivation, please see, https://www.federalreserve.gov/data/download/Build.aspx?rel=H15

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table with columns: Coupon (%), Maturity, in years, Latest, Yield (%), Previous, Month ago, Year ago, Spread, Under/Over U.S. Treasuries, in basis points, Latest, Prev, Year ago. Includes U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week. Includes Sumitomo Mitsui Financial, Wells Fargo, Bank of America, Lockheed Martin, National Australia Bank, Toronto-Dominion Bank, UnitedHealth, Comcast.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week. Includes Procter & Gamble, Walmart, Banco Santander, Dell, Netflix, Royal Bank of Canada, Credit Suisse, Walt Disney.

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 Navient, Liberty Interactive, Hughes Satellite Systems, Teva Pharmaceutical Finance Netherlands, Sprint Capital, Regal Rexnord, Dish DBS, Howmet Aerospace.

...And 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 WeWork, Telecom Italia Capital, Bath & Body Works, Transocean, Dish DBS, Navient, Prime Security Services Borrower, Sprint.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more. Source: MarketAxess

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Bicom), Chicago Stock Exchange, Cboe NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more in their previous closing price by 2% or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists top 1000 stocks including AVTR, AVY, CARR, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists top 1000 stocks including DKS, DLR, DFC, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists top 1000 stocks including GMS, GSK, GSK, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists top 1000 stocks including MOS, MTR, MTR, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists top 1000 stocks including UGI, UGI, UGI, etc.

Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists top 1000 stocks including ABB, ABB, ABB, etc.

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Table with columns: Stock, Sym, Close, Chg, Net Chg. Lists top 1000 stocks including ABB, ABB, ABB, etc.

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 with columns: Stock, Sym, Hi/Low, Chg, % Chg. Lists new highs and lows including AADN, ABB, ARB, etc.

52-Week %

Table with columns: Stock, Sym, Hi/Low, Chg, % Chg. Lists 52-week percentage changes including ABB, ABB, ABB, etc.

52-Week %

Table with columns: Stock, Sym, Hi/Low, Chg, % Chg. Lists 52-week percentage changes including ABB, ABB, ABB, etc.

52-Week %

Table with columns: Stock, Sym, Hi/Low, Chg, % Chg. Lists 52-week percentage changes including ABB, ABB, ABB, etc.

52-Week %

Table with columns: Stock, Sym, Hi/Low, Chg, % Chg. Lists 52-week percentage changes including ABB, ABB, ABB, etc.

Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

E-Ex-distribution. F-Previous day's quotation. G-Notes and s apply. J-Footnotes x and s apply. K-Recalculated by Lipper, using updated data. P-Distribution costs apply. L2b-1-R Redemption charge may apply. S-Stock split or dividend. F-Footnotes p and r apply. V-Footnotes x and e apply. X-Ex-dividend. Z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table with columns: Fund, NAV, Chg, % Ret, YTD NAV, Chg, % Ret. Lists top 250 mutual funds including Growth Company, InfrPrdBndInvs, InfrPrdBndInvs, etc.

Mutual Funds

Data provided by LIPPER

Table with columns: Fund, NAV, Chg, % Ret, YTD NAV, Chg, % Ret. Lists top 250 mutual funds including SrsGlobal, SrsCoreRetail, SrsCoreRetail, etc.

Mutual Funds

Data provided by LIPPER

Table with columns: Fund, NAV, Chg, % Ret, YTD NAV, Chg, % Ret. Lists top 250 mutual funds including JPMorgan R Class, CoreBond, CoreBond, etc.

Mutual Funds

Data provided by LIPPER

Table with columns: Fund, NAV, Chg, % Ret, YTD NAV, Chg, % Ret. Lists top 250 mutual funds including LgCapGow I, LgCapGow I, LgCapGow I, etc.

Mutual Funds

Data provided by LIPPER

Table with columns: Fund, NAV, Chg, % Ret, YTD NAV, Chg, % Ret. Lists top 250 mutual funds including PrmpAdmlr, PrmpAdmlr, PrmpAdmlr, etc.

BANKING & FINANCE

NFT Insider Case Heads to Trial

Ex-OpenSea employee is accused of using confidential information to buy digital tokens

By James Fanelli

The first-ever trial involving alleged insider trading of digital tokens kicked off in a New York federal court Monday, a test of how the Justice Department applies age-old laws to a new and lightly regulated industry.

The defendant, Nathaniel Chastain, is a former employee of OpenSea, the largest online marketplace of nonfungible tokens, and his case turns on whether he used confidential information to purchase NFTs ahead of the company featuring them on its home page.

The Manhattan U.S. attorney's office charged Mr. Chastain in 2022 with wire fraud and money laundering, alleging that in 2021 he used nonpublic OpenSea information to purchase NFTs and later sell them at a profit, knowing that their prices would increase after being featured. While federal prosecutors described Mr. Chastain's alleged crimes as an insider-trading scheme, they didn't bring traditional insider-trading charges, which involve securities or commodities violations.

Mr. Chastain has pleaded not guilty to the charges. His trial is expected to last one to two weeks.

The case comes as Damian Williams, the U.S. attorney for the Southern District of New York, and other prosecutors have ramped up scrutiny of the crypto industry, operating at times in gray areas of the law. Prosecutors have sought to target alleged conduct that would raise legal concerns if committed in connection with traditional financial products.

Manhattan federal prosecutors scored guilty pleas from two brothers charged last year with the first-ever insider-trading scheme involving cryptocurrency. One of the siblings, a former Coinbase Global Inc. employee, admitted to tipping off his brother and a friend to



The OpenSea homepage on April 21. Prosecutors have increased scrutiny of the crypto industry, including gray areas of the law.

confidential information from his job about coming digital currencies the exchange planned to list. Prosecutors said the recipients used the information to trade on the currencies ahead of their listing. The case left unresolved important legal questions about whether some crypto assets can be considered unregistered securities.

Other high-profile cases have been more straightforward. In December, Mr. Williams's office charged FTX founder Sam Bankman-Fried with criminal offenses tied to the collapse of his crypto exchange. The indictment included sweeping allegations of a global fraud scheme, but at the root of the case, Manhattan federal prosecutors accused Mr. Bankman-Fried of stealing billions of dollars from FTX customers. He has pleaded not guilty and is set to go to trial in October.

In the NFT case, lawyers for Mr. Chastain have said OpenSea, the alleged victim, suffered no harm as it received commissions on all the transactions cited in the indictment.

They have also accused prosecutors of mischaracterizing Mr. Chastain's alleged crime as insider trading to grab headlines. Federal regulators haven't formally identified NFTs as either a security or a commodity, a necessary prerequisite for bringing formal insider-trading charges, they say.

The argument didn't persuade U.S. District Judge Jesse Furman, who is presiding over the case. He shot down Mr. Chastain's request to bar prosecutors from describing the alleged scheme as insider trading to jurors, saying in a ruling last week that the term wasn't an inapt description of the allegations.

Judge Furman also agreed with prosecutors that confidential information can be considered property, a key element of the Justice Department's fraud case, citing a 1987 Supreme Court decision in Carpenter v. United States, a fraud case involving a former Wall Street Journal columnist convicted of sharing nonpublic information about his column before publication. Mr. Chastain's lawyers argued un-

successfully that confidential information wasn't property because it had no inherent economic value.

A lawyer for Mr. Chastain and a spokesman for the Manhattan U.S. attorney's office both declined to comment for this article.

Brian Jacobs, a former federal prosecutor, said the charges have drawn attention because crypto has been largely unregulated and prosecutions testing the limits of the Carpenter decision don't happen that often. There is also a question of whether the government is criminalizing conduct that should be treated as a workplace dispute, he said.

"It remains to be seen how the government will be able to explain why it's involved in protecting a market it hasn't been involved in protecting before," said Mr. Jacobs, a partner at Morvillo Abramowitz Grand Iason & Anello PC.

Eugene Ingoglia, a former federal prosecutor who is now a partner at Allen & Overy LLP, said the trial is likely to center on whether the information Mr. Chastain used was indeed

confidential and restricted under the company's policies.

"If it's not clear that the information was supposed to be kept in confidence or treated in a certain way, then he can't be convicted of deliberately perpetrating a fraud," Mr. Ingoglia said.

Prosecutors have said that OpenSea, which was founded in 2017, treated the information as confidential and that Mr. Chastain signed a confidentiality agreement when he started working for the company, which included a "protection of information" provision.

Lawyers for Mr. Chastain have argued that the information wasn't confidential and relevant company rules weren't clear.

"Not only were there no OpenSea policies, trainings, or compliance programs to inform employees of any restriction on trading featured NFTs, the government would have the jury believe that a generic confidentiality agreement, signed by newly hired employees, covered the conduct," the lawyers said in a filing.

Credit Suisse Logs Results

Continued from page B1 receive UBS stock once the deal completes.

Credit Suisse's results gave a view into the integration challenges that UBS faces. The smaller lender's wealth-management business, particularly in Asia and the Middle East, was coveted by UBS but risks being hollowed out. Assets under management in the unit are 29% lower than at the end of the first quarter of 2022, at around \$563 billion. Gross margins fell.

In Credit Suisse's investment bank, revenue fell in many divisions because of lower client activity, including as a result of downgrades to the group's credit rating. Its Swiss bank was more resilient, posting lower revenue but an overall operating profit.

In the last three months of 2022, customers drained around \$120 billion from bank assets under management. About another \$70 billion came out in the first three months of 2023, Credit Suisse said on Monday. Those figures include investment products and other client assets beyond deposits.

The Swiss bank lost more than \$2 billion from its businesses in the first quarter.

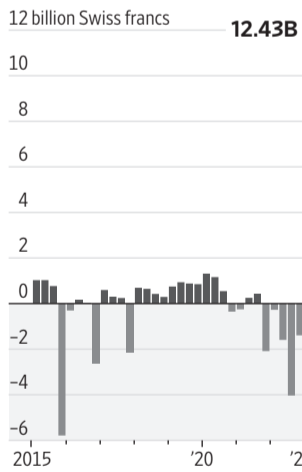
The departing customers meant Credit Suisse needed emergency liquidity support from the Swiss National Bank. Credit Suisse said it borrowed around \$120 billion from the central bank as of March 31.

Some UBS shareholders are urging UBS to spin off Credit Suisse's domestic bank. The merger is politically charged in Switzerland because of the potential for job cuts and the possible cost of the government backstop for UBS.

UBS has given only a rough outline of its plans for Credit Suisse and the businesses it intends to keep. It has said it will keep the Credit Suisse brand alive in Switzerland for the foreseeable future. UBS reports first-quarter earnings on Tuesday.

The deal aims to close in the second quarter, likely making Credit Suisse's Monday earnings report its last on its own.

Credit Suisse quarterly net profit/loss



Note: 1 billion Swiss francs=\$1.12 billion. Sources: FactSet; the company

Coinbase Tests Rivals in Push Outside U.S.

By Vicky Ge Huang and Paul Kiernan

To fend off a regulatory clash at home, Coinbase Global Inc., the largest cryptocurrency exchange in the U.S., has been trying to expand into international markets. But some analysts are skeptical that the company can catch up to its deeply entrenched rivals overseas.

Coinbase said last week that it plans to launch a crypto derivatives exchange in Bermuda in the coming weeks after obtaining a regulatory license to operate in the country.

The move marks the latest example of Coinbase's overseas expansion after it launched a slew of products and services and hired personnel in Singapore, Brazil and Canada in recent weeks. It is also discussing with financial regulators in Abu

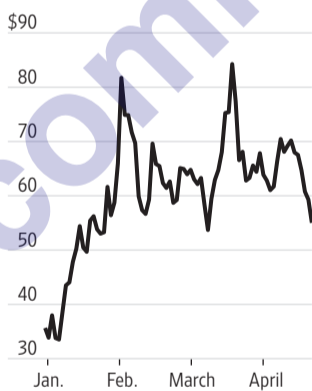
Dhabi about a potential license to set up an exchange there.

Coinbase Bermuda Ltd. obtained a Class F License under the Digital Asset Business Act from the Bermuda Monetary Authority, the company said in a Wednesday blog post. The license will allow Coinbase to offer products such as perpetual swaps, a type of crypto derivative that let traders continuously place leveraged bets on crypto prices.

Derivatives allow traders either to hedge against losses or place leveraged speculative bets without owning the underlying asset. Derivatives products are especially popular among crypto traders, but the market is a crowded one dominated by offshore players, including the world's largest crypto exchange Binance.

Shares of Coinbase have surged 67% this year but are

Coinbase share price



Source: FactSet

well below the stock's initial offering price of \$250. Falling trading volume hurt Coinbase's transaction revenue, which was more than half of its total net revenue in the fourth quarter.

Some analysts lack confidence in Coinbase's move to di-

versify outside of the U.S., where it has a first-mover advantage. In 2022, Coinbase generated \$2.7 billion or 84% of its \$3.2 billion in total revenue from the U.S., according to the firm's most recent 10-K filing.

"This isn't going to help them if the U.S. market isn't going to be what it was like in 2021," said Dan Dolev, senior analyst at Mizuho Securities USA. "There are a lot of international players out there. Coinbase only has an edge in the U.S. because they are so dominant."

Coinbase's spot market share versus other centralized exchanges stands at roughly 5.7%, up from 4.8% a year ago but down from 6.9% in January 2022, according to CCData.

In an interview, Coinbase Chief Executive Brian Armstrong said the firm tries to differentiate itself from com-

petitors by being the most trusted and easiest-to-use exchange.

"I'm less focused on competition with other crypto companies, and I'm more focused on 'how do we just grow the size of pie?'" he said. "It's kind of like we're sitting here in 1999 and e-commerce is getting started. There's no need to fight."

Coinbase's U.S. business has come under intense regulatory pressure in recent months.

U.S. regulators have signaled that they are ready to police crypto with a heavier hand. They have taken numerous enforcement against crypto exchanges including Binance and Kraken. Mr. Armstrong said he wouldn't rule out relocating Coinbase outside of the U.S. if he doesn't see regulatory clarity around digital assets emerge in the country.

Paul Hastings Nets Kirkland & Ellis Fund-Formation Team

By Rod James

Law firm Paul Hastings LLP picked up a group of private-funds partners from rival Kirkland & Ellis LLP as part of a push to become a dominant player in the market.

The Los Angeles firm's new team consists of five lawyers led by former Kirkland Partner John Budetti, now a partner in Hastings's New York office, according to Mr. Budetti and a

statement from Hastings seen by The Wall Street Journal. Mr. Budetti serves as global chair of his new employer's investment-funds and private-capital practice, the document said.

Mr. Budetti spent more than 16 years at Kirkland, one of the most active firms in forming new private-equity funds. He is known for his work on behalf of private-equity firms with assets of \$30 billion or more, according to

the statement. He works with firms as they form private funds as well as on deals involving secondhand fund stakes and co-investments, while also advising clients on matters related to fund economics and governance.

"The arrival of John and the premier investment funds team...further our goal of representing our asset management clients on their most important and complex matters

across a broad range of asset classes and practices," said Hastings Chair Frank Lopez.

The four partners joining Mr. Budetti cover fund formation, private transactions, tax and regulatory matters, the statement said. The names of the four weren't announced, but Mr. Budetti said they have all worked at Kirkland's U.S. offices.

Hastings aims to build out its buyout-fund-formation practice, adding to its estab-

lished businesses focused on real estate and credit, Mr. Budetti said.

The law firm is looking to attract multiproduct asset managers and large publicly traded firms that are moving into private investing. Such groups need a law firm that "can cover the whole spectrum" of issues related to private funds, Mr. Budetti said, adding that he expects to attract some of his previous cli-

ents to his new firm.

Hastings has more than 40 professionals focused on fund formation globally, according to its website.

"[Hastings] is the only top-tier law firm with an established funds practice where this type of opportunity exists," Mr. Budetti said of his chance to create a premier practice. He added he aims to take a good business and turn it into a powerhouse.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Table of largest 100 exchange-traded funds, latest session, including Monday, April 24, 2023 data for various ETFs.

Table of ETFs with columns for Symbol, Price, Chg, YTD, and other metrics.

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MARKETS

# Stocks Waver Before Tech Earnings News

By CHARLEY GRANT AND ANNA HIRTEINSTEIN

Stocks wobbled between small gains and losses in another quiet session, while investors awaited many corporate earnings reports and further clarity on the path of interest rates.

The S&P 500 rose 0.1%. The Dow Jones Industrial Average advanced 66.44 points, or 0.2%. The Nasdaq Composite fell 0.3%.

Markets have turned quiet after last month's abrupt collapse of Silicon Valley Bank spurred worries about the health of the financial system. The S&P 500 and Nasdaq Composite have moved by less than 1% for two weeks in a row. Wall Street's fear gauge, the Cboe Volatility Index, has fallen as well.

Investors are turning their focus this week to technology earnings. **Amazon.com**, **Microsoft**, Google parent **Alphabet**, Facebook parent **Meta Platforms** and **Intel** are

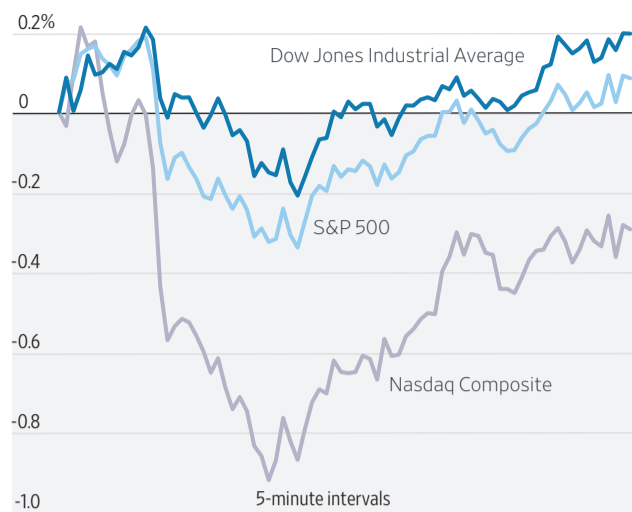
among the companies scheduled to report in the coming days. Analysts expect profits to decline from a year ago at all but Amazon, according to estimates compiled by FactSet.

"It's not like we're all excited about growth," said Daniel Morgan, senior portfolio manager at Synovus Trust. "We're still seeing a pretty low bar coming into this quarter. I think we could get some surprises on the upside."

So far, 90 of the companies in the S&P 500, or about 18% of the index, have reported results. About 77% of those companies have topped profit expectations so far, according to FactSet. Analysts are projecting profits to drop 6.2% from a year ago, based on projected earnings and actual results. That would mark the largest decline since the second quarter of 2020.

**Coca-Cola** shares edged 0.2% lower after the company reported quarterly results that topped analyst estimates. **Fox** fell 2.9% after Fox News announced Tucker Carlson is leaving the network. **Walt Dis-**

Index performance Monday



Source: FactSet

ney stock rose 0.1% after the company began a fresh round of layoffs. **Bed Bath & Beyond** stock fell 36% after the retailer filed for bankruptcy protection over the weekend.

Trading activity is likely to remain subdued this week

ahead of the Federal Reserve's May policy meeting "unless we see a material surprise coming through in the key earnings releases," according to Laura Cooper, macro strategist at BlackRock.

"What we're looking for is

around the impact of the inflationary backdrop, as well as the slowing economic growth and the impact that that has on curbing consumer demand," she said.

Some investors cited the impact of the banking upheaval on the real economy as a key question for markets. Moody's Investors Service downgraded the credit rating of 11 regional banks on Friday.

Regional banks have reported more stable deposit levels than some investors feared, but banks warned that they will face higher costs to retain customer funds, which will hit profits.

"We know the cost of capital has gone up. We know that valuations will be impacted," said Ania Aldrich, investment principal at Cambiar Investors. "We know we are going to see issues, but are they going to be big enough to hit the economy?"

Government-bond yields slipped. The 10-year Treasury note settled at 3.514%, down from 3.570% Friday, while the 30-year bond closed at 3.728%.

Bond prices rise when yields fall.

Oil prices rose. Front-month Brent crude futures gained 1.3% to settle at \$82.73 a barrel. The S&P energy sector advanced 1.6%.

Late in day, bitcoin traded at \$27,434.44, down \$74.22, or 0.3%. The cryptocurrency is down five of the past six days.

Overseas, Europe's Stoxx 600 was flat. Early Tuesday, Japan's Nikkei 225 was up 0.4%, but Hong Kong's Hang Seng Index was down 1.7% and South Korea's Kospi was down 1.2%. S&P 500 futures fell 0.2%.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

	13-Week	26-Week
Applications	\$162,398,529,400	\$138,072,351,900
Accepted bids	\$63,209,278,500	\$53,228,819,900
* noncomp	\$3,130,750,800	\$1,991,683,500
* foreign noncomp	\$100,000,000	\$100,000,000
Auction price (rate)	98.719681 (5.065%)	97.553111 (4.840%)
	5.216%	5.044%
Bids at clearing yield accepted	91.77%	38.84%
	912796129	912797166

Both issues are dated April 27, 2023. The 13-week bills mature on July 27, 2023; the 26-week bills mature on Oct. 26, 2023.

# CelerateX Targets Less-Popular Clean-Energy Areas

By LUIS GARCIA

**CelerateX Capital**, a clean-energy-focused platform set up by **Kerogen Capital** and former General Electric Co. executives, aims to raise about \$1 billion to invest in less-popular clean-energy segments.

CelerateX plans to invest in such areas as geothermal and modular nuclear reactors, said founder Jason Cheng, chief executive of both CelerateX and Kerogen, where he is also the managing partner.

Investment targets also include biofuels, battery supply chains and hydrogen fuel as other promising areas, Mr. Cheng said.

"The strategy is to identify industries that can gain scale and have a big impact on decarbonization," he said.

CelerateX's fundraising comes at a challenging time for private-equity firms trying to drum up capital.

Even with the advantage of a rising appetite for investments in businesses that help reduce carbon emissions, clean-energy fund managers aren't immune to headwinds facing private-equity fundraising, as surging interest rates and depressed securities markets drive institutional investors to put off new commitments, industry consultants have said.

Private-capital firms held interim or final closes last year for 140 funds focused on clean-energy technology, down 39% from the 230 such funds in 2021, according to research provider Preqin Ltd. Just 23 held closings during the first

quarter of this year, down almost 47% from the same period of last year.

Hong Kong-based Kerogen designed the strategy pursued by CelerateX after hearing from many investors who said they wanted to back businesses in sectors other than wind and

## CelerateX looks to invest in sectors different from those generally seen.

solar energy, where returns have been pressured by an abundance of capital, Mr. Cheng said.

"We've spent the last 12

months talking to investors about what CelerateX should look like," he said. "We worked hard to put together a strategy that's more private equity-focused but that also [targets] sectors different from what investors generally see."

CelerateX will mostly look to invest in Asia and Europe under the strategy, but it is also seeking opportunities in the U.S. and Canada, Mr. Cheng said.

In addition to Mr. Cheng and other Kerogen managers, CelerateX leaders include former GE executives such as Mark Chen as chief operating officer. Mr. Chen is a former GE Equity Asia Pacific CEO. John Rice, a former GE vice chairman, serves as chairman of CelerateX's advisory board, while another former top GE executive

in Europe, Stephan Reimelt, is a CelerateX operations partner.

"They brought in skill sets that we didn't have because we're more heavy industry focused," Mr. Cheng said of the former GE executives.

The executives have experience in areas such as aviation fuels and small-scale nuclear reactors, Mr. Cheng said. Kerogen, which has raised more than \$2 billion for private-equity and co-investment funds since 2007, invests in both oil and gas as well as renewable energy.

In March, Kerogen said it would invest £12 million, equivalent to \$14.9 million, in **Geothermal Engineering Ltd.** through CelerateX.

The company is developing geothermal-energy projects in the U.K.

Last year, Kerogen put \$108 million into **EcoCeres Inc.**, a biofuel producer in Asia. More recently, private-equity firm Bain Capital and the Canada Pension Plan Investment Board, also known as CPP Investments, backed the business.

As it prepares to start fundraising efforts for CelerateX's \$1 billion pool, Mr. Cheng said institutional investors can be particularly slow to back funds focused on clean-energy sectors that are less familiar, such as hydrogen and geothermal energy.

Persuading investors to back "a newer strategy, a newer sector does take more time," Mr. Cheng said. "Public markets are quicker to jump on it but private-capital investment requires [fund managers] with a track record."

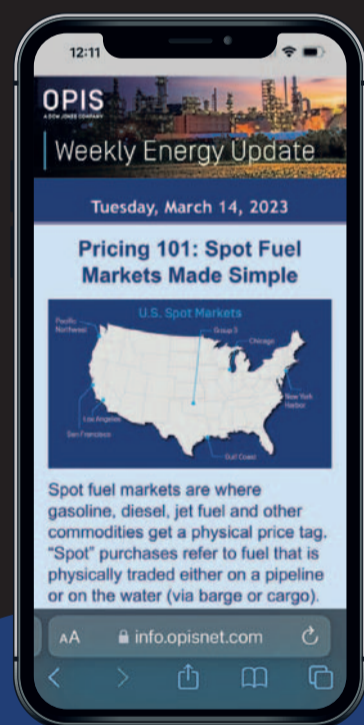
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# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Credit Suisse Buys Time for UBS

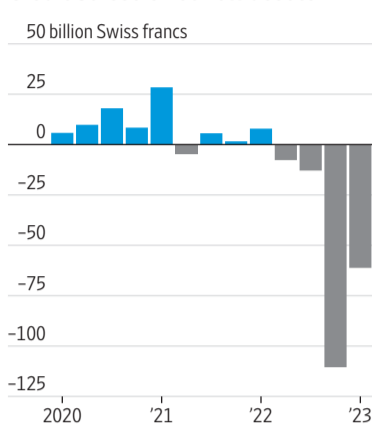
A huge one-time profit at bondholders' expense creates a necessary cushion against further losses

Credit Suisse is in terrible shape, but UBS is being well paid to nurse it to health. Bizarre quarterly results from the failed bank on Monday put fresh numbers on the risk-return bargain at the heart of Switzerland's rescue merger.

On the face of it, Credit Suisse had probably its best-ever quarter, with pretax profit equivalent to roughly \$14.4 billion. Stripping out one-time effects, though, Credit Suisse's loss before tax swelled to about \$1.5 billion, compared with \$1.1 billion in the previous quarter, when the crisis of outflows that eventually sank the ship started.

The main reason for the difference is the controversial write-off of Credit Suisse's \$17 billion in AT1 capital notes by the Swiss financial regulator as part of last month's deal, which is expected to close this quarter. Counting these subordinate bonds as capital, rather

Credit Suisse's net new assets



Note: 1 Swiss franc = \$1.12  
Source: the company

than liabilities the bank owes to creditors, prompted a matching accounting "write-up" that boosted profit.

It also transformed the balance sheet: As of March 31,

Credit Suisse had a common equity Tier 1 ratio—a customary measure of capital adequacy—of 20.3%, up from 14.1% three months earlier and far above industry norms.

The same dynamic was at play in the bank's liquidity. The credit lifeline extended to the company by the Swiss National Bank increased the so-called liquidity coverage ratio, which compares the amount of high-quality assets banks have available for sale with asset flows, to 178% for the quarter, up from 144% in the previous period.

The company needed the extra liquidity because it is still losing assets: Outflows of deposits and assets totaled about \$70 billion in the quarter, and as of April 24 they haven't yet ended, its statement said. It needed the extra capital because those outflows are helping to push most of Credit Suisse's business lines further into

the red. Its flagship wealth management unit lost roughly \$129 million in the quarter, compared with \$119 in the prior three months and profit in the quarters before that.

The question for UBS stock investors is just how much capital will be absorbed by Credit Suisse's losses over the coming quarters. It depends how quickly the company stabilizes asset flows and stops key rainmakers from getting poached by rivals and if it can wind down large chunks of its big investment bank without too much trouble.

Nobody can really know what kinds of costs this process will entail. Banking turnarounds following the 2008 crisis were famously complex. Yet Credit Suisse's historic first-quarter profit at bondholders' expense gives UBS a huge buffer to work with.

—Stephen Wilmot

## U.S. Oil Patch Loses Its Luster

Field-services firms shift to overseas

The oil-field-services sector is humming along, but its clients are casting their gaze past America's once-booming shale patch.

Industry services giants **SLB** and **Baker Hughes** had healthy numbers to report last week. SLB said Friday that its top line grew 30% in the first quarter from a year earlier, better than the 25% Wall Street expected. Net income grew 83%, handily exceeding expectations. Baker Hughes said Wednesday that revenue and net income grew 18% and 14%, respectively—both higher than expectations. **Halliburton**, the third huge player in the business and the one most focused on North America, releases results today.

While spending on short-cycle U.S. shale powered the growth of oil-field services companies last year, long-cycle international spending is expected to take center stage in 2023. SLB said Friday that the North American land market could see a plateau in activity this year as low natural-gas prices make it uneconomic for some producers to drill. U.S. benchmark natural-gas futures have been hovering just above \$2 per million British thermal units recently, well below the price of \$3.45 per million British thermal units that producers say they need on average for drilling to be profitable, according to a first-quarter survey by the Kansas City Federal Reserve.

Domestic oil-drilling activity has been weak. The U.S. oil rig count dropped almost every week since early February, according to Baker Hughes data. This might reflect caution and price sensitivity from private drillers, which had been quick to add rigs last year but were quick to drop them when oil prices fell this year. After some steep cost inflation last year, break-even prices rose for producers, according to Kansas City Fed survey results. If U.S. benchmark crude oil prices fall to \$70 a barrel, private operators could drop a few dozen more rigs; if they fall to \$60 to \$65 a barrel, up to 150 rigs could stop being employed, according to estimates from Scott Gruber, equity analyst at Citigroup. West Texas Intermediate crude fell below \$70 a barrel during parts of March, though it recovered after some members of OPEC+ announced a production cut.

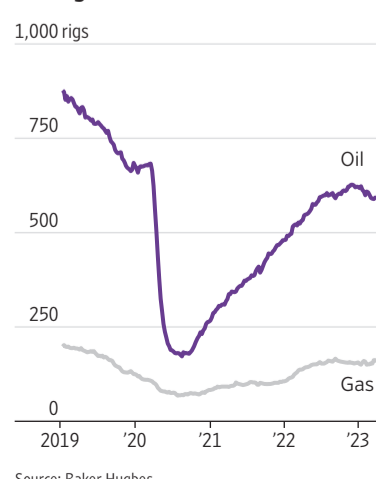
SLB and Baker Hughes lowered their expectations for North American spending growth this year. Baker Hughes said it expects drilling and completion spending in the region to grow by a low double-digit percentage this year. International spending is expected to increase in the mid-double-digit range. CEO Lorenzo Simonelli said on his company's earnings call on Wednesday that pricing in North America is starting to level off across the industry.

The OPEC+ production cut hasn't reduced oil-field services companies' business prospects. SLB Chief Executive Olivier Le Peuch said on the earnings call on Friday that there have been no signs of slowdown in spending in those countries. SLB expects to see its highest-ever revenue in the Middle East this year. Notably, Saudi Arabia and the United Arab Emirates have ambitious long-term capacity-expansion plans for oil and natural gas. SLB highlighted Brazil's goal to expand its oil production to 4 million barrels a day from today's 3.3 million barrels a day.

Weakness in North American short-cycle activity notwithstanding, oil-field services firms' unwavering pipeline of long-cycle contracts signal that the world's producers are still in the fossil-fuel business for the long haul.

—Jinjo Lee

U.S. rig count



Source: Baker Hughes

## India's Population Boom Is an Opportunity

India is set to reach a notable milestone this year—becoming the world's most populous country. That squarely positions it as an alternative to China both as a manufacturer and, perhaps someday, as the world's largest market.

The onus is now on the South Asian giant to fulfill that promise or bear the consequences.

India's population should reach about 1.429 billion by mid-2023, slightly higher than China's 1.426 billion people, according to a new estimate from the United Nations. According to Pew Research, people under the age of 25 account for more than 40% of India's population—at a time when the U.S. and China are rapidly aging.

However, the rosy comparisons stop there. While India was the fastest-growing of the five largest world economies in 2022, real spending power still lies largely in the hands of a lucky few. India's gross domestic product per capita was just \$2,257 in 2021 against China's \$12,556 according to the World Bank. The scope for discretionary spending is much more limited than in China or even Indonesia, according to HSBC. India's wage earners often have more mouths to feed, the bank says, given low female labor-force participation and large family sizes.

Even so, consumption rather than investment disproportionately drives growth. And high unemployment remains an enormous challenge, largely because India's private sector remains cautious about investing in the formal economy.

The unemployment rate was 7.8% in March 2023, according to the Centre for Monitoring Indian Economy, an independent think tank in Mumbai. That rate has remained at around 8% for most of the past four years. And that is particularly concerning, given India's very low labor-force partici-



India's population should reach about 1.429 billion by mid-2023, slightly higher than China's 1.426 billion people.

pation rate—at only about 40% according to official data.

Education, too, is a challenge. Leaving aside those from the country's top engineering and management schools, Indian college graduates often struggle to find jobs. Last year, business advisory Wheelbox found that only 47% of male graduates it tested passed its National Employability Test. Fifty-three percent of female graduates passed.

More manufacturing jobs and increasing female labor-force participation would help. Mahesh Vyas, the chief executive of the Centre for Monitoring Indian

Economy, says India needs to create an environment that encourages large-scale private-sector investment—something that has been absent for several years now, he says.

In contrast, China has been extraordinarily successful at funneling its enormous population into the global manufacturing labor force. Manufacturing was 27% of China's economy in 2021 versus just 14% of India's, according to the World Bank. And while New Delhi's recent policies to boost Indian manufacturing have met with some marked successes, much more is still needed—especially

heavier infrastructure investment and labor-market reforms.

Time is of the essence. While India looks young now, the nation's population could peak as early as 2047, according to the U.N.

With the West increasingly leery of China and that nation's own demographic dividend ebbing, India stands at a crossroads. It will either leverage its enormous human resources to become a superpower—attracting enormous investment inflows in the process—or miss the moment and scuttle its potential.

—Megha Mandavia

## Bruised Home-Selling Market Shows Signs of Life

The spring home-selling season is under way, and America's housing market is a mess. Just not quite the mess it was at the end of last year.

Last week, the National Association of Realtors reported that a seasonally adjusted 4.44 million existing (previously owned) homes were sold in March at an annual rate. That was down from February's 4.55 million and far below the 5.69 million registered in March 2022. But over the three-month period ended in January, the monthly average was 4.05 million.

Also last week, the National Association of Home Builders said that its housing-market index—a measure of builders' views on the market—rose to 45 this month from March's 44. That is still a low reading, but in December it was at 31.

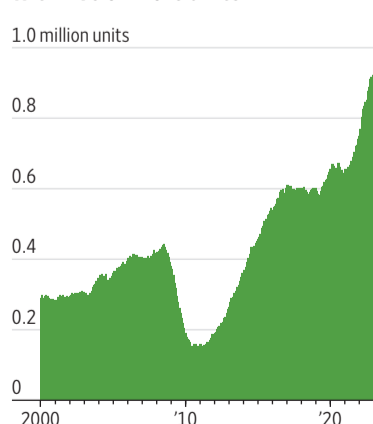
"The spring selling season is off to an encouraging start," David Auld, chief executive of **D.R. Horton**, said during the home builder's earnings call Thursday. In addition to handily beating analysts' estimates for its fiscal sec-

ond quarter ended March 31, D.R. Horton said that it was pleased with its sales pace this month, that its cancellation rate had fallen sharply since the prior quarter and that it expected to close sales on far more homes in the current fiscal year than what analysts had penciled in. The home builder's stock price climbed sharply on Thursday.

Part of what is happening is that homes have gotten a bit more affordable—or, perhaps better put, a bit less unaffordable. The average rate on a 30-year mortgage was 6.39% last week, according to Freddie Mac. That is an eye-watering level by the past decade's standards, but in early November the rate was 7.08%.

Prices have moderated, too. The National Association of Realtors said that the median price on an existing single-family home was down 1.4% in March from a year ago. For new homes, many builders are offering incentives to lower buyers' mortgage payments. In a recent survey, nearly 90% of home builders polled by Evercore ISI said that promotions were larger

Privately owned housing units under construction in buildings with five or more units



Note: Seasonally adjusted  
Source: U.S. Census Bureau via St. Louis Fed

or much larger than normal.

A lack of inventory remains a problem, but the number of homes on the market appears to have improved. Realtor.com reported that during the week ended April 15, the number of homes listed for sale was 49% above the year-earlier level. Commerce Department

figures show there is also a large number of multifamily buildings under construction which, as they are completed and come on the market, should boost housing availability.

None of which is to say the spring selling season is likely to be as strong as last year's, much less 2021's blowout. But housing is unlikely to be quite the drag on the overall economy that it has been in recent quarters.

In the fourth quarter, the Commerce Department reported that residential investment, which includes spending on new homes, broker commissions and home improvements, shaved 1.2 percentage points off the annualized change from the previous quarter in gross domestic product. Economists expect Thursday's first-quarter GDP report to show a much smaller drag.

Starting with the current quarter, housing could even begin providing a modest tailwind for the economy, in a small way helping to at least temporarily keep at bay the recession so many expect.

—Justin Lahart

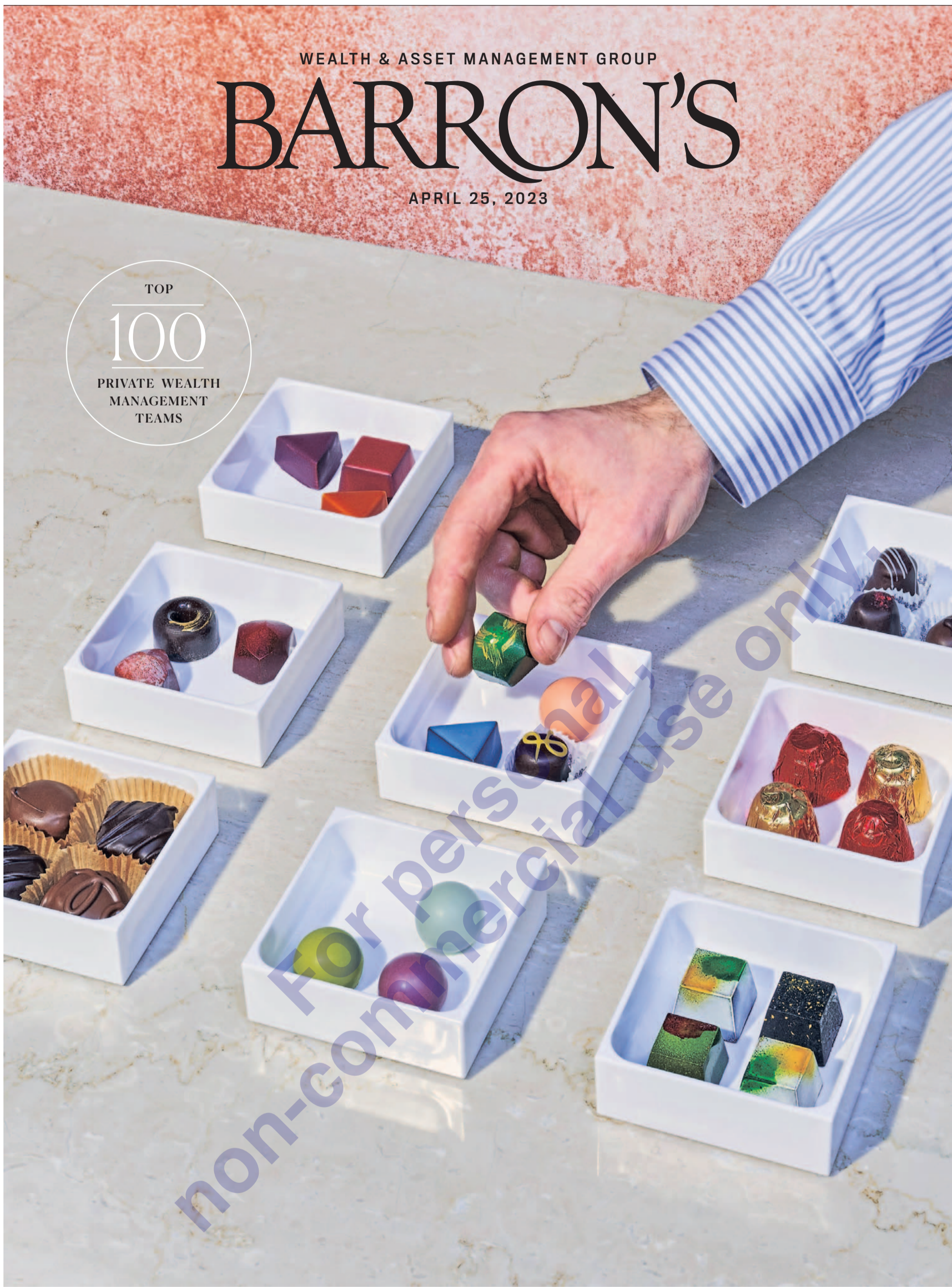
A special report by *Barron's* magazine, a Dow Jones publication

WEALTH & ASSET MANAGEMENT GROUP

# BARRON'S

APRIL 25, 2023

TOP  
**100**  
PRIVATE WEALTH  
MANAGEMENT  
TEAMS



## Need Financial Advice? How to Pick the Right Team.

Wealth management teams can vary widely in investing approach and culture. Here's our definitive ranking of the 100 best teams.

BY STEVE GARMHAUSEN

PHOTOGRAPHS BY SCOTT SEMLER; STYLED BY EMMA RINGNESS

Investors often seek out large brokerage firms because they like having the stability of a big company. What many people may not realize is that top advisors at marquee firms like Morgan Stanley, Merrill Lynch, Wells Fargo, and UBS typically work in teams, which come in many different flavors.

"If we scripted a scenario where we walked into a big brokerage firm's offices, we'd be likely

to get substantively different solutions depending on whether we turned right and met with one team or turned left and met with another," says Doug Black, founder of SpringReef, an advisor search firm for wealthy investors. "The teams are far more different from one another than the firms are."

In *Barron's* annual list of top private wealth teams (see rankings starting on page S4), you'll find teams bent on beating the market alongside

those that are content to match market returns by using index funds. The teams on this list work at the biggest brokerage firms and include groups that specialize in serving superwealthy families and others that focus on upper-middle-class households. Some teams are run by a lead advisor who brings in new business and dictates the investment approach, while more "horizontal" teams are made up of several advisors who function as true partners and

jointly decide how the practice will operate.

The differences go on and on. In practice, successful big Wall Street teams are often distinct businesses within businesses. "They may have Morgan Stanley or Merrill Lynch on their business card, but they run very independently," says Mindy Diamond, CEO of Diamond Consultants, an advisor recruiting firm.

*Continued on the next page*

## 2023 TOP 100 PRIVATE WEALTH MANAGEMENT TEAMS



*Continued from the previous page*

While big brokerage firms vet the securities that advisors recommend to clients and make sure that advisors follow industry regulations, those advisors are granted broad latitude in how they run their practices and serve clients. That, says Black, is because advisors have the power to leave with their clients for a rival firm—indeed, they’ve traditionally been offered big bonuses to do so. “In the world of large brokerage firms, the advisor is king,” Black says.

**Finding your team.** All of this variance from team to team matters to clients because, ultimately, there’s a team that’s the best fit for each individual’s needs. Finding that team is a matter of understanding the industry’s landscape and gaining insight into teams’ structures, investment approaches, client types, and cultures. You’ll need to ask good questions about the following topics.

**Investment approach.** Different teams, even within the same firm, can have vastly different approaches to managing investments. HLM Capital Management Group’s conservative investment philosophy—Steven Hefter, partner and lead investment strategist, sums it up as “don’t lose principal”—is the sort of thing that’s important for would-be clients to understand. “We’re trying to preserve principal in a portfolio that’s diversified,” says Hefter. “So, if you get a big tech rally, we’re not going to outperform because we’re not all in that one area.”

In other words, HLM’s investment philosophy is about earning the returns necessary to achieve goals with the least risk possible. Other teams tout their ability to deliver above-market returns, and there’s a big investor constituency for both approaches. Investors should be very clear on this point with any advisor they consider hiring.

A related question for a major brokerage team you’re considering hiring: Are there limitations in the investment strategies you offer based on what your firm allows you to do? For instance, says Diamond, teams might leave their parent companies to be able to offer a broader menu of alternative investments than the firm allows. Most big firms don’t allow clients to own cryptocurrencies in their accounts.

**Cultural fit and focus.** This softer subject can be hard to get at, but it’s crucial to understand with the team you’re working with. When it comes to culture, UBS advisor teams generally look a lot like their clients. “A team that is focused on tech entrepreneurs may have a more relaxed culture, with similar dress and interacting on the same timelines,” says Jason Chandler, head of U.S. wealth management at UBS. “A team focused on private-equity executives could have a different culture.”

It’s important to make sure that you’re not a team’s atypical client, notes Black. “You don’t ever want to be somebody’s largest client, because they’ll be learning on your money,” he says. “And you don’t want to be somebody’s smallest client, because you’re going to have service issues.”

A team should also have deep experience working with clients who share your background. If you’re a corporate executive with a big portfolio of stock options, the team should serve plenty of your peers. “How many clients have you worked with who are just like me?” is absolutely a fair question, says Black.

One element of culture that can be critical to clients is humility. The industry’s most successful advisors didn’t get that way by being

racked with self-doubt. But confidence can curdle into pride. When a team can’t admit it needs outside help to deliver the best solution to a client, that’s a problem.

Vince Lumia, head of field management for wealth management at Morgan Stanley, says he’s seeing more “strategic partnering” among the firm’s teams. When encountering unfamiliar client challenges, they’re increasingly comfortable reaching out to other teams with the right expertise. “We’re seeing advisors acknowledge and be humble about what they can and can’t do,” says Lumia. “That creates a lot of credibility with the client.”

**Team structure.** Another factor that can distinguish teams is the presence of specialists, from estate lawyers to planning experts to tax specialists, notes Lumia. Those specialties, which complement the core functions of financial planning and investing, have become more common, especially at larger teams serving very wealthy clients, he explains. “We are finding that more and more of the most successful teams are embedding those resources within the team,” Lumia says.

One emerging trend in the way teams are structured involves geography. Big teams may operate out of several locations, which can be helpful to families with multiple homes. “Our clients are becoming wealthier, more diverse,

chemistry on the team,” says partner Ben Leshem. While each client has a lead relationship manager, each advisor knows every client, and collaboration is frequent.

HLM eventually found that it operated as its own “business within a business” to such an extent that, four years ago, the team of four veteran advisors left their parent, Wells Fargo Advisors, to become an independent firm. HLM is now affiliated with Wells Fargo’s independent advisor channel and uses its brokerage platform and other services, but its staff and advisors are no longer Wells Fargo employees.

HLM struck out on its own in part to emphasize its independence and objectivity on the investment front, says Hefter. “We wanted to make it very clear that we are our own firm,” he says.

Given the business-within-a-business character of many teams, a good question to ask is whether a team intends to leave its parent company, says Diamond. “The more a team runs independently as a business, the more likely that team could be to leave at some point and become independent or join another wirehouse,” she says. “That’s something every client should ask their advisors about, and I don’t know that most people do.”

**Service model.** Determining the level

“We’re seeing advisors acknowledge and be humble about what they can and can’t do. That creates a lot of credibility.”

VINCE LUMIA, HEAD OF FIELD MANAGEMENT, MORGAN STANLEY WEALTH MANAGEMENT

and, in the past couple of years coming out of Covid, they’re moving—to places like Florida, Texas, Colorado, and Utah,” says UBS’ Chandler. “So, our best teams are structuring themselves to have team members in key locations.”

**Diversity matters.** It’s no secret that the financial advisor industry is mostly white, male, and middle age. Against that backdrop, teams that feature diversity—of gender, ethnicity, age, and professional background—stand out. That’s the case with the six-person team of Myah Moore Irick at Merrill Lynch. Raised in Hawaii by a Black father and a part-Korean mother, Irick has spent the past three years forming a diverse team. “The face of the world continues to change,” she says, “but I really feel like our industry hasn’t evolved as fast as it should.”

Irick’s group, which specializes in serving recipients of sudden wealth, such as athletes and entertainers, skews young; she’s the oldest, at 41. The team features four women and three people of color.

Clients may find diverse teams a good fit from a cultural perspective, and a diversity of backgrounds and viewpoints can help create a fuller understanding of clients’ challenges and opportunities.

**Compensation.** One good way to understand the dynamics within a team is to ask how advisors get paid. At many teams, revenue from client fees goes to the advisor who “owns” the relationship. At HLM, revenue goes to the firm and is shared among the now nine-person group. “That leads us to great

of client service that you can expect can be tricky. Ask the advisor you’re considering hiring, “Will I be working directly with you, or will I be assigned to a junior person who lacks your experience?”

Every advisory practice describes itself with terms like “client centric,” but “the extent to which each team really lives and breathes that certainly differs,” says Diamond. “Some advisors are more focused on bringing in assets, and others are more focused on client service and nurturing relationships.”

It’s wise to ask for a description of the team’s client-service philosophy, and how it balances adding new clients with servicing existing ones, she says. Pressing for details and examples is a must. If a firm’s client-service associates have securities licenses just like the senior advisors do—as is the case with HLM—it’s a pretty good clue that they’re serious about client service. Such an arrangement means that the person who answers the phone will quickly be able to place client orders, perform trading functions, and even provide investment advice.

And if you are talking to an advisor over age 60, ask about succession plans. A major advantage of a team structure is that it often includes younger advisors who are coming up the ranks and can take over when the founder retires. It isn’t a rude question, and it’s one that older advisors have come to expect. “Don’t be afraid to ask questions—hard questions,” says Black. “Because it’s your money.” ■

THE RANKINGS

## Why We Now List Teams First

BY MATT BARTHEL

When *Barron’s* launched its first financial advisor ranking nearly 20 years ago, it was with a two-pronged mission: to help our readers locate good financial counsel and to encourage advisory professionals to get better at their work.

That mission remains. What has changed is that financial advice has evolved into a team sport. Increasingly, advisory teams are the main mechanism for high-quality client service, innovation, and growth.

Our rankings are adapting accordingly. The inaugural Top 100 Financial Advisors ranking in 2004 listed individual advisors, just as this year’s edition does (see page S9). But that ranking is preceded in this special section by lists focused on teams.


First is our list of the Top 100 Private Wealth Management Teams, starting on page S4. These groups manage money for individuals and families. This year, the teams with the biggest gains include The Princi Group at Morgan Stanley, Epstein Partners at UBS, and CEK & Associates at Merrill Lynch, up 46, 34, and 31 ranking spots, respectively, from last year (see our Q&A with CEK on page S6).

Next, we rank the top teams that consult with institutions, such as pension funds and university endowments (see the Top 100 Institutional Consulting Teams, starting on page S7). Some of the biggest movers on this list include the Global Corporate & Institutional Advisory Services team at Bank of America, SageView’s Newport Beach team, and Team Eskamani at Captrust. These teams rose 60, 45, and 31 ranking spots, respectively.

**Why teams matter.** Advisors are, of course, expected to manage investments capably. But as clients look for help with estate planning, taxation issues, long-term healthcare, and other matters beyond investing, advisory teams have the resources and flexibility to help—a major reason that teams continue to rise in importance. Top advisory teams are growing at an aggressive pace. The average assets managed by a Top 100 Private Wealth Management Team has risen to \$8.2 billion, up 10% from 2021, and up almost 44% from the 2019 ranking, which listed only 50 teams. The average team revenue has grown even more—up 48% since 2021, to \$28.2 million per team. The increase in revenue is one result of the expanded range of services teams are able to provide.

One of the most important forces driving team development is succession planning. The best advisors are developing teams that embrace the culture and client connections that the advisor has built over time, creating an advisory practice that is bigger and more enduring than any one person. ■





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## BARRON'S SPECIAL REPORT

**THE TEAM**  
From left, Michael Ricca, Diana Chaney, and Mary Guza of The Ricca Group.



## A Holistic Approach to Managing Wealth

Morgan Stanley's Ricca Group relies on a strong team to provide the wide range of expertise that today's clients need

BY ROSS SNEL

PHOTOGRAPH BY MARY KANG

It's hard to be a one-man band in wealth management these days, says Michael J. Ricca of Morgan Stanley. Wealthy clients now expect a complex mix of services—everything from managing cash and banking needs to budgeting, gifting, educational planning, and trust planning. “The idea that any one professional can provide all those areas of expertise is just unreasonable,” he says.

Years ago, Ricca started building a team that could handle those varied needs, and The Ricca Group in Florham Park, N.J., has since grown into a 21-person team. Along with partners Mary Guza and Diana L. Chaney, Ricca explains how their group's structure benefits both clients and younger colleagues, and what investors should look for in an advisor.

**Barron's:** Can you tell us how your team came to be?

**Michael J. Ricca:** I joined what was a predecessor firm of Morgan Stanley in 1991 as a sole practitioner. In those days, the business was fairly one-dimensional and focused on transactions: stocks, bonds, mutual funds. As the industry became more focused on holistic wealth management, I saw an opportunity to build a team that would cover all areas of financial planning and focus on superior service. So, we started adding tenured professionals.

Mary Guza, my partner, joined us in 2007 as a client-service associate. We recruited her from a financial-planning firm where she focused mainly on insurance planning. She became a managing director and the team's retirement-plan specialist. My other partner, Diana Chaney, was a portfolio manager at U.S. Trust, then became a mom and took some time off. She became a client of ours,

and soon after that joined the group to run our investment management team. Since then, we've added six other financial advisors. We are all adamant, though, that what has enabled us to be a top team is our 12-person service team.

**How do clients benefit from your team structure, including that service team?**

**Diana L. Chaney:** A good example would be when a client has a large liquidity event but really doesn't have a blueprint for how they're going to coordinate their retirement goals, any legacy plans they have, their investment

program, or any philanthropic goals. So, one of the Certified Financial Planners on the team would work closely with the client to understand all their goals, but then would liaise with their estate counsel, their accountant, our internal high-net-worth planning resources, and any other required resources to create an overall plan. The investment team would tailor the portfolio to support that plan and any different objectives for different generations. In the meantime, the service team really becomes their de facto point of contact. If an issue comes up, they will either funnel it to one of us, or handle it.

**Your team is quite large. What do you do to nurture younger members?**

**Mary Guza:** We found that loosely organizing ourselves into three groups helps us develop ideas, share workload, and mentor the next generation of leadership. These groups are relationship management, investment management, and client service. Each is multigenerational. We all certainly cross over the lines in the three areas, but the structure creates strong working relationships where younger team members can work alongside more-experienced members to develop their knowledge. We often encourage entry-level

advisors that work with families that have the same type of needs that they have or deal with situations similar to theirs. They can look for advisors who work with clients on a similar career path. It might be healthcare professionals. It might be business owners. It might just be folks with comparable backgrounds. But people have to feel comfortable, and, frankly, competency at our level is really table stakes.

**What's your outlook for markets?**

**Chaney:** We're cautious about equities, and in terms of fixed income, we recently extended duration, believing we're closing in on a peak in interest rates.

**Can you elaborate on that cautiousness?**

**Ricca:** We're being very patient with equities. We're investing new money in both a periodic and opportunistic manner, so we're gradually wading in. But because we see more volatility, we're inclined to keep larger amounts of cash than we normally do. We're not in the camp where we see a protracted bear market, so we don't believe in actually raising cash and generating capital gains. But we have levels targeted on the different indexes where we think it's appropriate to start putting cash reserves to work.

**Can you talk about those levels?**

**Chaney:** We can do it in a general sense, but it really depends on the client and the relationship. We say right now that if the S&P 500 [index] fell to 3750, we would add to stock positions for some clients that have extra cash and are a little bit cautious or have brought in new money recently.

**Thank you, Michael, Mary, and Diana. ■**

“Trust and chemistry are as important as credentials and experience in this business.”

MICHAEL J. RICCA

individuals to take on additional designations, like the CFP.

**Do you have any tips to help investors choose the right team?**

**Ricca:** Families have to take the time to meet the professionals they're considering working with. Trust and chemistry are as important as credentials and experience in this business. We have to ask people for very personal information, so it's really important that they feel like they're putting that information into hands they can trust. Experience is also critical, so investors should look for

2023 TOP 100 PRIVATE WEALTH MANAGEMENT TEAMS

# How a UBS Megateam Is Building Portfolios Now

Driven by a common focus and a service-oriented ethos, this team lately has been steering clients toward Europe

BY ANDREW WELSCH

PHOTOGRAPH BY MARY KANG

**F**ew clients in the past 15 years have asked UBS Private Wealth Management advisors David Hollenbaugh and Alex Williams for more exposure to international stocks. But Hollenbaugh, Williams, and partners Peter Rukeyser and Wayne Safro have been offering clients just that. “People, of course, tend to look at what has worked, but we would encourage people to look ahead at what the market is offering in terms of valuation, growth, and potential reward,” Hollenbaugh says.

Their 18-person team oversees \$5 billion in assets on behalf of wealthy families, entrepreneurs, and endowments. Hollenbaugh and Williams talked about how they’re positioning client portfolios and how they foster esprit de corps in a team that is spread across three metropolitan areas.

**Barron’s: What made you decide to form a team?**

**Alex Williams:** We each see the world in a similar way. I got into this because I felt it was a really noble profession. I approach it this way: “How would I want my family treated?” We live by that ethos.

**David Hollenbaugh:** There are huge advantages to scale. Historically, the business was very siloed—small teams that didn’t communicate much, even though they often faced the same challenges. So, how great would it be to bring 18 people together with a unified focus? If one person learns about a solution to a problem, we can share that quickly across the group. We can invest in specialized resources. There are multiple chartered financial analysts on our team. From the standpoint of a client, we can offer an incredible experience and competence on the issues. It’s a competitive advantage.

**Your team operates from offices in New York, Boston, Greenwich, Conn., and Palm Beach, Fla. How do you maintain a team culture across different locations?**

**Williams:** We are very disciplined in commu-



**THE TEAM**  
From left, David Hollenbaugh, Wayne Safro, Alex Williams, and Peter Rukeyser of UBS Private Wealth Management.

nicating with one another. We have investment, client, and partner meetings every week. We spend time in different locations together. From a client coverage standpoint, we have little pods where everyone in that pod is responsible for knowing everything about a particular client.

**Hollenbaugh:** In some ways, we are following our clients. We’re a national practice, and we have clients all over the country, but currently a lot in New York, Boston, and Florida. We can be there in Florida for client meetings, or in New York. It’s also the way clients want to be served.

One more point: Our team has been together for a long time. My client associate has been with me since 1999. When you have a 24-year relationship, you don’t have to sit side-by-side every day to communicate effectively.

**Let’s shift to the markets. How are you positioned?**

**Williams:** We’re slightly underweight stocks.

We’re in line with bonds, but we are stressing duration. We are maintaining our alternatives exposure, but that’s specific to the client; some portfolios are more aggressive. And we are slightly overweight to cash. We’re not making huge bets here. Our strategy is if we get over 4200 on the S&P [500 index], we’re more likely to rebalance. Below 3800, we’re more likely to be a buyer.

**Hollenbaugh:** I think what has kept us out of trouble is having a mind-set of alignment with how we invest our own capital. There are these growth strategies that too often have attracted so much capital at precisely the wrong time. It’s relatively easy for advisors to give clients what the clients want, but having a mind-set of doing what’s right, not what’s in demand, often leads to better results over time.

**With interest rates higher, how are you thinking about fixed income?**

**Hollenbaugh:** We manage fixed income tacti-

cally for both credit and duration. After Covid, we made a lot of money in fixed income, and we gradually reduced exposure. First, we shortened the duration when we became worried about the potential for rising interest rates.

When we entered the second half of last year, the consensus shifted toward a potential recession, so we began extending the duration. That worked well to put us in a neutral position. Now, we have an average duration of about half a year. That’s comfortable for us.

**In equities, do you see opportunities outside the U.S.?**

**Williams:** On the international side, we think the dollar is overvalued. The U.S. economy will probably underperform relative to the rest of the world. Europe is faring much better than expected, and it is trading at a discount compared with its historical average. So, we think there’s plenty of opportunity outside U.S. markets.

**Hollenbaugh:** We have given clients more exposure to a basket of international stocks that have the following characteristics: a price/earnings ratio of 10 and a dividend yield of 5%. There aren’t too many places in U.S. markets where you can find that, yet few clients in the past 15 years have asked for more international exposure.

**What do you think sets you apart from other teams?**

**Williams:** We’re safe hands. This is a noble business, and we take it very seriously. If a client is thinking about an issue, we want to be the client’s first call.

**Hollenbaugh:** We bring a degree of humility to our client conversations. We try to know what we can, but there are things that are unknowable, so we build that into our risk-management approach. It’s about balance. Humility keeps you out of trouble because the most dangerous situation is when you think you know a thing but are wrong.

**Thanks, Alex and David. ■**

# Experience and Diversity Pay Off

These veteran Merrill Lynch managers find strength in the varied perspectives and personality types represented on their team

BY AMEY STONE

PHOTOGRAPH BY ZERB MELLISH

**M**errill Lynch advisors Bill Corbellini and Dwight Emanuelson had bumped into each other for years in the Dallas area, and had even discussed working together a few times. But it wasn’t until Emanuelson called a prospective client in 2000 that the two joined forces.

The prospect, an executive who had just sold his business to a publicly traded technology company, told Emanuelson that he had already scheduled a meeting with Corbellini. “That’s when I called Bill and said, ‘Don’t you think it would be great for us to go after this together?’” says Emanuelson.

They approached the client as a team and won the business. It was just when the Nasdaq was about to begin falling as the dot-com bubble burst. “We got \$60 million and three individuals tied to that company,” says Emanuelson. “We helped them diversify and hedge their positions, so we ended up preserving wealth and, to this day, have clients from that time.”

Their team, CEK & Associates, now manages \$4.5 billion in assets and has 13 members, including partner Raj Kalyandurg. The three advisors recently met with *Barron’s* to discuss why diversity is crucial for a team and how they match team members with specific clients.

**Barron’s: When did you start at Merrill, and how did you form your team?**

**Dwight Emanuelson:** I started at Merrill right out of college in 1984. My father was with the firm on the East Coast in management. I worked as a solo practitioner until I met Bill and we decided to team up to pursue large, high-net-worth clients. Raj was a younger advisor in my office, and we joined Bill and his team in 2000.

**Bill Corbellini:** I came to Merrill out of the Air Force in 1985 and spent my entire career here. Dwight and I had been No. 1 and No. 2 in the marketplace, and then we said, “Look, one plus one can really be three in this situation.” We got buy-in from management, and the rest is history.

**That was early in the trend of advisors working in teams. Was it hard to convince management?**

**Corbellini:** We were early to the dance, no doubt about it. We saw that having diverse views and complementary skill sets can be a real benefit to clients. I like to think that we were ahead of our time.

**Tell me about your different strengths.**

**Corbellini:** Raj is outstanding in multigenerational wealth planning, trusts, and complex estate planning. Dwight is very market savvy. He has that in his DNA from his father. We also want to be representative of the communities we serve. If everyone walks and talks the same way, it isn’t a team.

**Raj Kalyandurg:** We’re really proud that our team has evolved to have a lot of diversity, including different ages. We work with mul-

tigenerational families, and we want younger clients to feel they have an advisor at their generational level.

**Corbellini:** There are 13 of us, including six women. Having a client-facing woman is very important to us. Teams that don’t have that are clearly disadvantaged. We have Indian, Asian, and Middle Eastern team members. We have members of the LGBTQ community. Sami Abboud, our chief operating officer, keeps us all rowing together and focused.

**How do you serve clients?**

**Corbellini:** The coverage model is five team members working together for the family. Each family has two advisors on the team who know every single aspect of the family. In addition, each group has a financial analyst and two client associates. We also have some specialist positions; we have someone focused on

second- and third-generation family members. We also have a lending and credit specialist.

**So, it depends on the family’s needs?**

**Kalyandurg:** That’s correct. We find that certain personality types will match the partners as well as the team members. If they prefer an analytical approach, or like to work by email, we put together a team for them.

**Emanuelson:** Clients really care about our tenure here, our ability to adapt to different market conditions and long-term investment returns.

**Tell me about your current market outlook.**

**Emanuelson:** We’re fairly optimistic, but I don’t think I’ve been through a time where things are as confusing. People are reading about bank failures, the war in Ukraine, and a lot are nervous. If clients express concern and need more liquidity, we give them a little more. If you do that right for each family, you can ride out pretty extreme moves in the market. **Kalyandurg:** Cash flow is crucial. People rarely panic if they have liquidity and cash flow. Also, one of the things that the team does a great job of is finding clients’ blind spots. It’s not just diversification. We have plenty of clients who feel like they have a plan until markets get shaken up. Finding the blind spots is part of our job.

**How are you planning for succession?**

**Corbellini:** The question comes up in client meetings. We think young, look young, we take care of ourselves, but clients ask, after 39 years, “How much longer do you plan on doing this?” We have built something with Raj, Sami, and all the others that is sustainable. They are all owners, with equity in the business, and their interests are aligned with clients. If anything happened to me or Dwight, they wouldn’t miss a beat. That said, we’re having a lot of fun. We built something we think is really great, and we want to do this for a long time.

**Thank you, Bill, Dwight, and Raj. ■**



**THE TEAM**  
From left, Raj Kalyandurg, Bill Corbellini, and Dwight Emanuelson of CEK & Associates, Merrill Private Wealth Management.



## 2023 TOP 100 PRIVATE WEALTH MANAGEMENT TEAMS



THE TEAM  
Jim Detterick, left,  
and Ryan Lewis from  
Global Institutional  
Advisory Solutions,  
Graystone Consulting.

# Complex Clients Are Their Specialty

Global Institutional Advisory Solutions is one of the rare teams that excel at serving institutions and private wealth clients

BY STEVE GARMHAUSEN

PHOTOGRAPH BY JUSTIN KANEPS

Since deciding to join forces 16 years ago at Morgan Stanley's elite Graystone Consulting business, Jim Detterick and Ryan Lewis have built a 45-person team that manages some \$24 billion in institutional consulting assets. But what really makes them happy is tackling complex client needs—the more complicated, the better. “The running joke is that if there's something that's really hard to figure out for a client, we're the ones who get called,” says Detterick.

Speaking with *Barron's*, Detterick, a specialist in the business of helping employers set up and run retirement plans and equity compensation plans, and Lewis, an expert in serving very wealthy households, explain how they built their thriving business, dubbed Global Institutional Advisory Solutions. They reveal the reason they tend to play defense as investors. And they share what's on the minds these days of both their institutional and wealth management clients.

**Barron's: When and why did you decide to form a partnership?**

**Jim Detterick:** It was a little bit of luck and a little bit of strategy. Ryan and I arrived at this firm within less than a year of each other.

We didn't even know each other, but I think Ryan kept overhearing a lot of the things that were happening within our office and some of the things we were working on, and eventually—this was in 2007—he walked up to me and said, “Hey, I really want to understand more about your business. I'm interested in how we can work together.”

I come from an institutional wealth background, and Ryan comes from a private wealth background. We realized that there was a tremendous amount of potential in our ability to collaborate. It was based on the idea that when we develop an effective institutional relationship, a lot of downstream opportunity comes out of that. In other words, it's not just working with investment committees and boards and institutions, but figuring out how we can serve the individuals within that institution. One of the compelling points of our business model is that we're not just here to advise institutions around this asset pool or around that service we're delivering. We also think there's a huge case for providing individual advice.

**Ryan Lewis:** I was 30 years old and had never had exposure to institutional business. But I was curious. Now, with a larger team, we're bringing that institutional approach to ultrahigh-net-worth families.

**How long was it until the combined businesses really took off?**

**Detterick:** The first year was a pretty good grind. We had this idea that we thought would be really powerful, but we had to go out and win the clients. There was probably at least a couple of years of a slow grind, and then it real-

ly started clicking sometime later, in year two and into year three. By year four or five, it was busting at the seams. We arguably had more opportunities than we could even process. So, the question became how do we, in a really fast-growing business, still deliver that original thesis of excellence and differentiation?

**Lewis:** A lot of that was cultural fit and just getting to know each other. He didn't know my business, and I didn't know his business. And then there was the question, how do we work together? If you put two type-A personalities in a room, they'll always be battling for air-time. But by now, we know who talks first and who talks second, depending on the situation. Jim leads institutional pitches; I lead private wealth management pitches, and we pivot in the middle of pitches. We can read a room, and our success rate winning clients has skyrocketed. Jim and I are also dear friends: I was in his wedding; our kids know one another very well. It's not only a business relationship, but also a friendship.

All egos are checked at the door, which is hard to find. And that's what makes this team so successful. Everyone on the team is rowing, and we run a very flat organization with no hierarchy. I take input all the time from our most

junior folks on the team, and we incorporate that input, and it makes our team much better.

**Who are your typical institutional clients?**

**Detterick:** The core of our business is what I would call Fortune 1000 corporations. Over the years, that has expanded and grown. We've developed a significant expertise in the professional-services arena. We serve some of the largest law firms in the country, some of the largest alternative asset managers. And what we do with those institutions has grown over the years. The backbone of our business has been the traditional Erisa [Employee Retirement Income Security Act of 1974] institutional retirement consulting business—401(k)s, defined benefit plans, nonqualified comp plans, but also equity plans. We've even grown to serve corporate foundations. And some very large, well-known nonprofit endowments have become clients.

**Lewis:** We've got to have the most complex client base in the organization. And the amount of resources that we've built internally, on top of the Morgan Stanley platform, is unmatched to deliver and dissect that complexity. We simply do not have run-of-the-mill clients.

**Detterick:** The firm's senior leadership over

the institutional wealth businesses has gotten into a groove with us. The running joke is that if there's something that's really hard to figure out for a client, we're the ones who get called. We really believe that clients are seeking out not just intellectual capital, but also advisors who really hear and understand what their needs are. Being good listeners is really important as a facet of what we do.

**What are institutional clients asking about these days that they weren't a few years ago?**

**Detterick:** ESG [environmental, social, and governance] issues were definitely something that clients weren't really asking us a lot about five years ago. Today, every single committee and board that we speak to brings it up. Diversity, equity, and inclusion is another huge topic now. Clients are demanding not just understanding of that topic but also a specialization around that topic. And that has been something we get asked at every single board meeting and by every single client.

**It has been a tumultuous year. What are your wealth management clients' main concerns these days?**

**Lewis:** There are a lot of geopolitical risks that exist today that have clients quite concerned. The good news is that as those risks appeared, risk-free rates skyrocketed—there are solutions for clients today that we haven't had in the past 15 years. But the biggest concerns in the past three months have been the continuation of the war in Ukraine, the debt ceiling window coming to a fast close, and then the political environment in the U.S., which has been an ongoing concern for the past six or seven years.

The banks recently scared everybody, but the government reacted pretty quickly, and those fears have seemed to fade. But I will tell you, for the past three weeks it has been a sprint for many clients to get money out of regional banks and into the larger institutions, such as Morgan Stanley.

**Do you tend to have a conservative investment orientation for your private wealth clients?**

**Lewis:** Yes, we do. Our clients tend to be able to compound wealth in their day job faster than I would ever be able to compound wealth for them through investing. In addition, a lot of our executives and private-equity clients work in industries that are very cyclical. So, when

their businesses aren't doing well, it's very important that their personal balance sheets do well. We tend to play defense in many of our portfolios, understanding that because the client is compounding wealth at such an astronomical rate, we want to keep purchasing power in place for the long term.

**What's your biggest business challenge right now?**

**Lewis:** From a team perspective, given our exponential growth rate, the biggest challenge—and I think this is a challenge across the U.S. today for many service businesses—is hiring, training, and retaining talent. There has been a brain drain from the financial world over to technology. That—coupled with a shortage of workers—has made it challenging to find great talent that wants to work at the pace at which Jim and I work.

We work a lot of hours, we work really hard, and we pride ourselves on the amount of effort, thought, and execution we give every client in our book of business. Finding that hardworking, dedicated employee is the first challenge. And in terms of training them, we're finding that new graduates aren't super prepared because they had those Covid years in the middle of their college. Then there's retaining them—there is a fight for that middle-tier talent. The two- to three-year employee who has been trained, passed all the tests, and is in a position to flourish has become a hot commodity. Compensation has been a big thing because of inflation in New York City and the surrounding areas. Attracting and retaining great talent is critical because this is a human-driven business.

**What would you say is your biggest challenge on the institutional-client side?**

**Detterick:** When we're advising committees or boards, their biggest challenge is often the perpetuity of the asset pool. How do we create a strategy for that client that can help them feel confident through inflation and lots of different market cycles? It can't just be tactically good for an 18-to-24-month window. That's the kind of stuff that keeps us up at night and that we spend a lot of time debating and talking through in our team meetings every week.

**How do you keep your business culture unified across your offices in New York, Chicago, and Denver?**

**Detterick:** It's almost impossible to replicate the exact same culture across geographical regions. From a leadership perspective, we can try to plant the seeds of what we think really matters, what differentiates us as a team, what we pride ourselves on. But individuals and how they interact and work together every day create a lot of the culture. We think we do a pretty good job of creating consistency about the big important things.

Thanks, Jim and Ryan. ■



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