

What's News Business & Finance Shares of Nvidia soared more than 24%, putting it on the cusp of becoming the first \$1 trillion chip company...

A Flag for Every Fallen Hero Marks Memorial Day Plans



NOT FORGOTTEN: A member of the 3rd U.S. Infantry Regiment, also known as the Old Guard, places flags in front of headstones on Thursday at Arlington National Cemetery in preparation for Memorial Day weekend.

Deal Is Eyed to Lift Debt Cap, Curb Spending

Negotiators discuss a two-year accord as Biden and McCarthy tell of progress

WASHINGTON—The House of Representatives left for its Memorial Day weekend recess with some progress but no deal in place to raise the nation's debt ceiling, as the

By Natalie Andrews, Siobhan Hughes and Lindsay Wise

White House and top Republicans sought to agree on the central issue of government-spending levels.

Negotiators were narrowing in on a two-year spending deal that would raise the debt ceiling for the same amount of time, extending it past the 2024 election, people familiar with the discussions said, but nothing has been finalized.

The deal under discussion would cap federal spending but would include increases for the military and veterans, one of the people said.

Also up for discussion is rescinding some of the \$80 billion that Congress approved last year to expand the Internal Revenue Service, which the agency had planned to use to boost tax enforcement and modernize its technology, people familiar with the discussions said.

Wall Street has a doomsday playbook... A4 Backup plan for agencies is weighed... A4

Nvidia Value Nears \$1 Trillion, Propelled by AI-Chip Outlook

By ASA FITCH

The business that started 30 years ago with a meeting at a Denny's has become the semiconductor company at the heart of the artificial-intelligence revolution, putting it on the cusp of becoming the first \$1 trillion chip company.

Nvidia's shares soared more than 24% on Thursday to a high after it said the AI boom is translating into record sales, fueling excitement that

the new era in computing is kicking in faster than previously thought.

"When generative AI came along, it triggered a killer app for this computing platform that's been in preparation for some time," Nvidia Chief Executive Officer Jensen Huang said on Wednesday.

Michael Sansoterra, the chief investment officer at Atlanta's Silvant Capital Management, which counts Nvidia among its largest stock hold-

ings, said, "This is going to be the largest change in tech that we've seen since the internet, there's little doubt in my mind." What's so exciting for investors now, he added, is that after months of chatter around AI, the money is starting to flow.

The stock is up 160% this year. The \$183.8 billion it added Thursday in market valuation, the third most ever for a U.S. company, pushes its total to over \$938 billion, bringing

Nvidia close to joining Apple, Microsoft, Amazon and Google parent Alphabet on the list of the world's trillion-dollar companies.

Unlike those companies, Nvidia isn't a household name. It doesn't produce consumer devices or internet services that the world's masses use on a daily basis. Behind the

Heard on the Street: Nvidia isn't the only AI bet... B12

High Court Further Erodes EPA's Power

By JAN WOLFE AND JESS BRAVIN

WASHINGTON—The Supreme Court limited the Environmental Protection Agency's authority over wetlands in a decision with broad ramifications for the environment, agriculture, energy and mining.

Justice Samuel Alito wrote in the Thursday opinion that the Clean Water Act covers only wetlands with a "continuous surface connection" to navigable waters, overturning a 2006 precedent recognizing federal protection for wetlands with a "significant nexus" to such bodies. The new interpretation, Alito wrote, "accords with how Congress has employed the term 'waters' else-

where in the Clean Water Act." The Supreme Court's ruling comes less than a year after it curbed the EPA's authority to limit emissions from coal plants. In that blockbuster case, West Virginia v. EPA, the court said the EPA had overstepped when it devised the Obama-era regulatory program known as the Clean Power Plan.

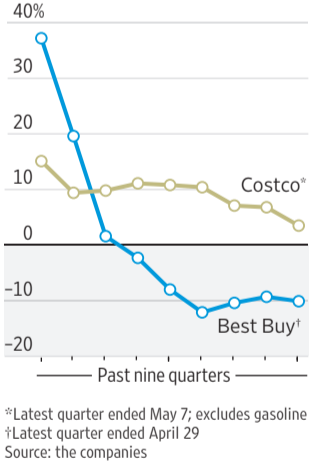
Joined by Chief Justice John Roberts and Justices Clarence Thomas, Neil Gorsuch and Amy Coney Barrett, Alito praised the Clean Water Act as a "great success" since its 1972 enactment that restored polluted lakes and rivers

Court curbs windfalls in government seizures... A2

Retailers Feel Shoppers' Pain

Consumer wariness is hitting earnings for certain retailers more than others. B1

Comparable store sales, change from a year earlier



Source: the companies

Ukrainian Fighters With Poor Training Defended Bakhmut

By MATTHEW LUXMOORE

KOSTYANTYNIVKA, Ukraine—Pvt. Oleksiy Malkovskiy, an unemployed father of three, fired a rocket-propelled grenade for the first time in his life on the front lines of the battle for Bakhmut in February.

Russian troops were assaulting one of the apartment blocks that his group of 16 draftees, many of whom had been enlisted days earlier and given no training, were defending.

Malkovskiy missed. The Russians fired their own RPG and hit the wall beside him, leaving him concussed. He ran

from the building and hid in a vegetable patch, his ears buzzing. When he returned after sundown, the bodies of two of his comrades lay in the room.

During the 36 hours he spent in brutal house-to-house combat in the eastern Ukrainian city, 11 of the 16 men from Malkovskiy's group were either killed or captured, surviving soldiers and relatives of the missing said.

Russia finally consolidated control over Bakhmut over the

Wagner begins Bakhmut handoff to Russian army... A7

Goodbye 'Senior.' Hello 'Older Adult.' Schools teach teens to talk to baby boomers

By JOSEPH PISANI

NEW YORK—High-school teacher Kaydiana O'Mealley recently asked her students an age-old question. What age is old?

Brace yourself if you were born in the 20th century: "35," one student said. "72," said another.

"One kid said 46," said O'Mealley, which struck her as very specific. "He was like, 'That's just what I think.'"

The exercises are part of a new effort in the nation's largest school district to teach teenagers how to relate to older Americans. The youngsters are watching videos of

Near Misses Shadow Summer Air Travel

Runway incidents on track to break records; postpandemic strains may be a factor

Riding a 14-year streak without a fatal major U.S. airline crash, the skies have never seemed safer. That wasn't the takeaway from an

By Andrew Tangel, Micah Maidenber and Alison Sider

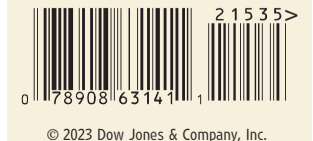
unusual meeting of senior aviation-industry officials and regulators in March.

Convened by the Federal Aviation Administration and held at an office outside Washington, D.C., the meeting focused on a string of serious incidents at U.S. airports this year. The most alarming: a near-collision on a FedEx cargo plane nearly landed on top of a Southwest Airlines jet

taking off from the Austin, Texas, airport, risking the lives of 131 passengers and crew. In January, a pilot's wrong turn on a New York runway almost led to a collision.

The officials tossed around theories for the close calls, many focusing on strains stemming from the sudden bounceback in travel after the pandemic. Some cited a lack of experience among newer pilots or distractions facing air-traffic controllers. Staff across the aviation industry may be fatigued from intense work schedules, went another line of discussion. Or, as some current and former government officials believe, complacency has simply set in.

Markets B11 Arts in Review A12-13 Banking & Finance B10 Business News B35 Crossword A13 Heard on Street B12 Mansion MI-12



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U.S. NEWS

Court Curbs Windfall on Government Seizures

By JESS BRAVIN

WASHINGTON—The Supreme Court ruled unanimously Thursday that government agencies that seize private property to satisfy delinquent taxes can't keep the surplus if it sells for more than the taxpayer owes.

The case came from Minneapolis, where Hennepin County officials seized and sold an elderly woman's condominium after she accrued \$15,000 in penalties and delinquent taxes for failing to

pay the property-tax bill for five years. The apartment sold for \$40,000 and county officials contended that they could keep the \$25,000 difference because Minnesota law extinguished the owner's interest in the property.

Geraldine Tyler, 94 years old, stopped paying property taxes after her family moved her to a senior community in 2010. She filed suit, arguing that by keeping the surplus, Hennepin County violated constitutional provisions barring government from taking

private property for public use without just compensation. Lower courts dismissed the case, but the Supreme Court made swift work of their decisions. The justices heard the suit less than a month ago—the last argument of the current term—and issued the opinion far ahead of cases argued last year that have yet to be decided.

Writing for the court, Chief Justice John Roberts cited legal precedents dating to the Magna Carta, when in 1215

the English barons forced King John to swear that the remainder of a dead man's property must be returned to the estate after tax debts are satisfied. In America, Roberts observed, most states followed that principle with laws requiring that officials return the surplus after seized property is sold for tax debts.

"The taxpayer must render unto Caesar what is Caesar's, but no more," Roberts wrote, adding a gloss to New Testament accounts of Jesus' collo-

quy with the Pharisees.

More relevant, Hennepin County argued, was the Supreme Court's 1956 decision affirming New York City's power to foreclose on property for unpaid water bills. Roberts rejected that argument, writing that the New York ordinance gave property owners 20 days to request the surplus from a foreclosure sale while Minnesota law provided no such opportunity.

"This decision affirms that property rights are fundamental and don't depend

solely on state law," said Christina Martin, an attorney with the Pacific Legal Foundation who argued Tyler's case. "The court's ruling makes clear that home equity theft is not only unjust, but unconstitutional."

Hennepin County Auditor Dan Rogan said officials had sought only to administer state law. "Hennepin County will work closely with the Minnesota Legislature to create a process that is consistent with the Supreme Court's decision," he said.

Justices Erode EPA Authority

Continued from Page One across the nation. "Today, many formerly fetid bodies of water are safe for the use and enjoyment of the people of this country," Alito wrote.

He characterized the decision as resolving a "nagging question" over the act's outer boundaries, which the vague language Congress used to define its scope—it protects the "waters of the U.S."—left unclear.

"Does the term encompass any backyard that is soggy enough for some minimum period of time?" he wrote. "How about ditches, swimming pools, and puddles?"

The court, he wrote, had now provided an answer that would spare property owners the sometimes great expense and even potential criminal liability for misjudging whether their projects were covered by the Clean Water Act.

In a separate opinion, Justice Brett Kavanaugh criticized Alito's narrow reading of the act, saying it would undermine federal protection of the Chesapeake Bay and Mississippi River.

"[T]he Court's new and overly narrow test may leave long-regulated and long-accepted-to-be-regulable wet-



The Supreme Court adopted a narrow view of what constitutes a wetland under the EPA's jurisdiction according to the Clean Water Act.

lands suddenly beyond the scope of the agencies' regulatory authority, with negative consequences for water of the United States," Kavanaugh wrote, joined by Justices Sonia Sotomayor, Elena Kagan and Ketanji Brown Jackson.

Kagan, joined by Sotomayor and Jackson, went further in a separate opinion. The majority, she wrote, put "a thumb on the scale for property owners—no matter that the Act (i.e., the one Congress enacted) is all about stopping property owners from polluting."

The Pacific Legal Founda-

tion, which represented property owners Michael and Chantell Sackett in their years-long dispute over a lot near Idaho's Priest Lake, said the court had struck a blow for property owners.

The "ruling returns the scope of the Clean Water Act to its original and proper limits," said Damien Schiff, an attorney with the organization who argued the case. "Courts now have a clear measuring stick for fairness and consistency by federal regulators."

President Biden saw it differently.

"Today's decision upends the legal framework that has protected America's waters for decades," he said. "It also defies the science that confirms the critical role of wetlands in safeguarding our nation's streams, rivers, and lakes from chemicals and pollutants that harm the health and wellbeing of children, families, and communities."

Biden said the administration will "carefully review this decision and use every legal authority we have to protect our Nation's waters for the people and communities that

depend on them."

Environmental groups decried Thursday's decision. "Almost 90 million acres of formerly protected wetlands now face an existential threat from polluters and developers," said Sam Sankar, vice president of programs at Earthjustice.

"What the court has done is rewrite the law in an extraordinarily aggressive way, going beyond even what the Trump administration would have done," Sankar said.

The Clean Water Act prohibits the "discharge of pollutants," including rocks and sand,

into "navigable waters."

The EPA has interpreted its jurisdiction broadly to include some wetlands that aren't directly connected to a body of water, an interpretation it says is necessary to protect against water pollution and consistent with Congress's intent in passing the landmark environmental-protection law.

There has been fierce debate about what areas fall within the statute's jurisdiction ever since its enactment. Property owners hoping to build on or dredge wetlands are often required to seek permits from the EPA and the Army Corps of Engineers, which helps enforce the Clean Water Act.

The Sackett family property lies across a road about 300 feet from Idaho's Priest Lake. Despite this buffer, EPA scientists and the Army Corps of Engineers determined the lot was a wetland covered by the Clean Water Act, citing a "shallow subsurface flow" linking it to the lake. That required the Sacketts to obtain federal permits before developing the property.

Trade groups representing oil companies and mining firms had filed brief urging the court to reach the outcome it did. The EPA's broad approach to wetlands had created regulatory uncertainty, these groups said.

Farmers' advocates applauded the high court's decision, saying it would make it easier for them to do their job with less interference from federal agencies.

—Kristina Peterson contributed to this article.

U.S. WATCH

TEXAS House to Consider Paxton Impeachment

State lawmakers are set to consider impeachment proceedings against Texas Attorney General Ken Paxton, after a recommendation Thursday from a House investigation committee.

The committee of three Republicans and two Democrats voted unanimously to draft the articles of impeachment. Their decision came after a hearing Wednesday in which investigators laid out years of crimes they said they believe Paxton committed.

The 20 articles of impeachment include conspiracy, dereliction of duty, misapplication of public resources, unfitness for office, bribery, obstruction of justice, false statement and conspiracy.

On Thursday, Paxton tweeted a link to a spokesman calling the impeachment proceedings a move to thwart voters, with the comment, "Overturning elections begins behind closed doors."

—Elizabeth Findell

ATLANTA Tight Security When DA Presents Charges

Georgia's capital faces a security lockdown in August, when a local prosecutor has indicated she will present criminal charges on alleged 2020 election interference to a grand jury.

Fulton County District Attorney Fani Willis, a Democrat, has focused her probe on the actions of former President Donald Trump and his supporters to overturn his narrow loss in Georgia. Although Trump wasn't called to testify over the course of the more than two-year probe, legal experts have said he is a potential target. Willis hasn't said what charges Trump or his supporters may face. Trump has said that he did nothing wrong.

Law-enforcement officials in Atlanta have been mum so far about their plans to handle throngs of reporters and interested citizens as well as potential protests and violence—but Willis has put them on notice to prepare.

—Cameron McWhirter

RHODE ISLAND State Sues Makers of 'Forever Chemicals'

Attorney General Peter Neronha filed a suit Thursday against the manufacturers of so-called forever chemicals, commonly referred to as PFAS, saying they have caused significant harm to the state's residents and natural resources.

Neronha faulted the companies for engaging in what he described as "a massive and widespread campaign to knowingly deceive the public." The complaint alleges the companies violated state environmental and consumer-protection laws.

Andrew Fasoli of the American Chemistry Council said: "We support strong, science-based regulation of PFAS chemistries. But overly broad restrictions on this important technology could significantly harm economic growth, cost countless jobs, damage supply chain resiliency, and hamper businesses and consumers from accessing the products they need."

—Associated Press

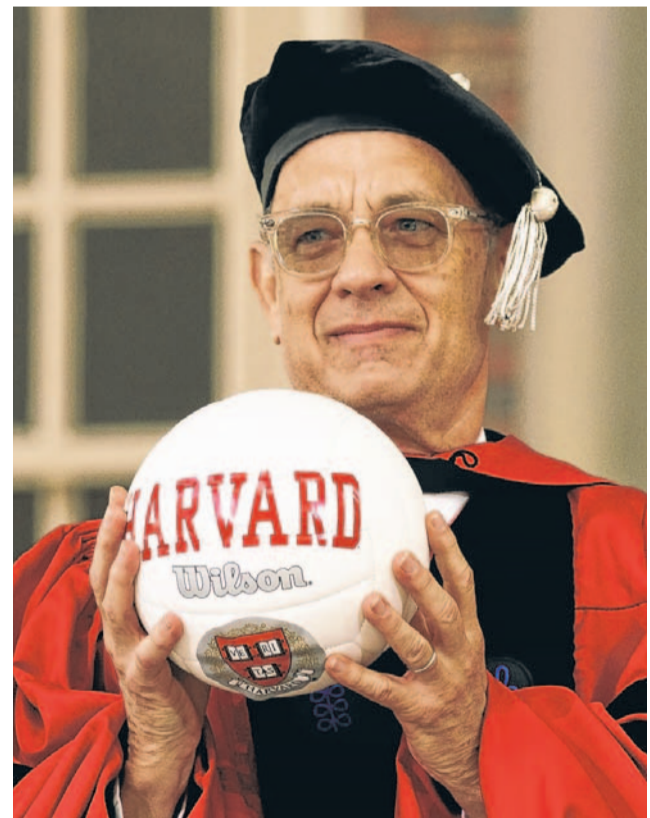
HEALTH Long Covid Following Omicron Put at 10%

About 10% of people appear to suffer long Covid after an omicron infection, a lower estimate than earlier in the pandemic, according to a study of nearly 10,000 Americans that aims to help unravel the mysterious condition.

Early findings from the National Institutes of Health's study highlight a dozen symptoms that most distinguish long Covid, the catchall term for the sometimes debilitating health problems that can last for months or years after even a mild case of Covid-19.

Millions worldwide have had long Covid, with dozens of widely varying symptoms including fatigue and brain fog. Scientists still don't know what causes it, why it strikes only some people, how to treat it—or even how to best diagnose it. Better defining the condition is key for research to get those answers.

—Associated Press



IVY TRIBUTE: Tom Hanks got an Honorary Doctor of Arts degree at Harvard's 372nd Commencement Thursday in Cambridge, Mass.

CORRECTIONS & AMPLIFICATIONS

An immigration bill introduced two years ago by Rep. María Elvira Salazar (R., Fla.) included a 15-year path to citizenship for immigrants in the

country illegally. A U.S. News article on Wednesday about a new immigration bill incorrectly said the older bill contained no path to citizenship.

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

THE WALL STREET JOURNAL (USPS 664-880) (Eastern Edition ISSN 0099-9660) (Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241) Editorial and publication headquarters: 1211 Avenue of the Americas, New York, NY 10036. Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, NY, and other mailing offices. Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020. All Advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order. Letters to the Editor: Fax 212-416-2891; email: wsjletters@wsj.com Need assistance with your subscription? By web: customercenter.wsj.com; By email: wsjsupport@wsj.com By phone: 1-800-JOURNAL (1-800-568-7625) Reprints & licensing: By email: customreprints@dowjones.com | By phone: 1-800-843-0008 WSI back issues and framed pages: wsjshop.com Our newspapers are 100% sourced from sustainably certified mills. GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

U.S. Regulator Vows Tough Line on Banks

By RICHARD VANDERFORD

Large U.S. banks found to have consistently poor risk management and other failings will face more heavy-handed government intervention, including demands to shore up capital or exit lines of business.

A policy unveiled Thursday creates a new set of guardrails targeting complex banks that fail to fix "persistent weaknesses," said Michael Hsu, head of one of the nation's top banking regulators, the Office of the Comptroller of the Currency.

The move from Hsu's agency comes after several significant bank failures this year that have rattled markets and the financial industry.

"A bank's inability to correct persistent weaknesses will result in proportionate, fair and appropriate conse-

quences," Hsu said.

The new OCC guidelines will largely apply to banks with at least \$50 billion in consolidated assets, but the OCC said it reserved the right to apply them to any of the financial institutions it regulates that are sufficiently complex or risky.

The agency will be looking for banks rated by regulators as having weak management and those whose risk management has been poor for several years. The OCC said it would also be looking at those that have been subject to multiple enforcement actions in a three-year period, and those that don't take corrective measures required by a formal enforcement action.

The OCC said in most circumstances it will apply increasingly severe penalties to

banks that show continued shortcomings, including demands to shore up risk management and restrictions on growth.

The banking regulator could also require banks to take on additional capital, and might ultimately order institutions to sell off lines of business or exit certain markets, it said.

Certain banks are simply "too big to manage," Hsu said in a January speech, and can face problems not from weak management but because their sheer scale prevents successfully managing them. Regulators need to "develop credible, transparent mechanisms to compel divestitures and simplification at large banks when necessary," he said.

The rapid-fire meltdowns of several banks in recent months have brought scrutiny

to institutions' apparent failures to manage certain risks, such as rising interest rates and overly concentrated customer bases. The actions and inactions of government banking supervisors have also been in the spotlight.

The Federal Reserve's top regulator said banking supervisors failed to take forceful action to address growing problems at Silicon Valley Bank, which was a well-known banker to the technology sector before its collapse in March.

The too-big-to-manage issue is real, said Clifford Rossi, a former chief risk officer at Citigroup's consumer lending group who now is a professor of the practice of the University of Maryland's Robert H. Smith School of Business. "Anything can go wrong for an institution that large," he said.

U.S. NEWS

Holiday Travelers See Lower Gas Price

By Joseph De Avila

If you're road-tripping this Memorial Day weekend, you have recession worries to thank for your cheaper tank of gas.

The average price of unleaded gasoline in the U.S. was \$3.57 a gallon on Thursday, down 22% from a year ago, according to OPIS, an energy-data and analytics provider.

Gasoline prices have hovered around that mark for most of 2023. Relatively low oil prices and lackluster global demand for fuel have driven down prices at the pump from a record high above \$5 a gallon last June, analysts said.

Motorists likely won't see big changes anytime soon given the weak demand for fuel and low cost of oil, said Edward Moya, senior market analyst at trading firm Oanda.

"This is going to be a summer where I don't anticipate we are going to have significantly higher prices like we typically do," Moya said.

About 42.3 million Americans are expected to travel 50 miles or more this Memorial Day weekend, a 7% jump from last year and the third-busiest since 2000, according to a survey by AAA.

Car travel this Memorial Day weekend isn't expected to fully rebound from 2019, whereas air travel is projected to jump past prepandemic levels, according to AAA.

Those traveling by car this holiday weekend will pay less for gasoline compared with last year. Fuel costs soared in 2022 after Russia's invasion of Ukraine jolted energy markets. The average price of gasoline peaked at \$5.02 in June, according to OPIS, which is owned by Dow Jones.

The shock to the energy markets was short-lived, however. The U.S. and Europe turned away from Russian oil, but Russia was able to sell more to India and China, alleviating pressure on the global energy market, analysts said.

While gas prices are down sharply from last year, they are still above where they were before the pandemic. The average price of gasoline was \$2.84 a gallon at this time in May 2019, according to OPIS.

Gasoline prices in the U.S. haven't budged much this year because of a pessimistic economic outlook, analysts said.

"It's very difficult for oil to rally if the majority of folks in the financial community—speculators, investors—think there is going to be a recession," said Tom Kloza, global head of energy analysis for OPIS.

George Floyd Remembered on Third Anniversary of His Killing



HONORED: Flowers and other tributes were laid at George Floyd Square in Minneapolis Thursday. Floyd died after a police officer pressed a knee on his neck for over nine minutes.

Oath Keepers Founder Sentenced

Far-right leader gets 18 years for seditious conspiracy in Jan. 6 attack on the Capitol

By C. RYAN BARBER

WASHINGTON—A federal judge sentenced Oath Keepers founder Stewart Rhodes to 18 years in prison Thursday for plotting to forcefully prevent the peaceful transfer of presidential power, capping the seditious-conspiracy case against the far-right group's leader with the stiffest punishment to date stemming from the Jan. 6, 2021, attack on the Capitol.

Judge Amit Mehta handed down the sentence at a federal courthouse just blocks from the Capitol after a more than three-hour hearing in which prosecutors underscored Rhodes's role in orchestrating what they called an attack on democracy. In extended remarks, Mehta said it was clear that Rhodes "wanted the democracy in this country to devolve into violence."

"You, sir, present an ongoing threat and a peril to this country, to the republic and the very fabric of our democracy," the judge said.

Before issuing the sentence,

Mehta sided with the Justice Department's request to apply an enhanced terrorism penalty for Rhodes, saying the Oath Keepers leader had committed an offense against an "institution of American democracy at its most important moment—the transfer of power."

In a separate case earlier this month, Mehta, an Obama appointee, ordered a 14-year prison term that previously stood as the longest sentence in the wave of more than 1,000 prosecutions arising out of the Capitol attack.

Wearing an orange prison jumpsuit and his signature black eye patch, Rhodes stood up to deliver a defiant address railing against what he called the "systemic violence from the left" and efforts to "shut down the free speech" of former President Donald Trump's supporters. "I'd like to start by saying that I'm a political prisoner, and like President Trump, my only crime is opposing those who are destroying our country," Rhodes said.

Rhodes went on to characterize his conviction as "preordained" and described others charged in connection with the Capitol attack as political prisoners who, he said, have been "grossly overcharged."

Federal prosecutors had



Stewart Rhodes founded the far-right Oath Keepers in 2009.

recommended a 25-year sentence for Rhodes, with assistant U.S. attorney Kathryn Rakoczy arguing Thursday that he oversaw a conspiracy to "intimidate and coerce" lawmakers who had gathered to certify President Biden's victory over Trump.

"That is terrorism," she said, "and it is conduct that threatened and continues to threaten the rule of law in the United States." The seditious-conspiracy charge carries a maximum penalty of 20 years in prison, but Rhodes was con-

victed on other charges as well.

A Yale Law School graduate and former Army paratrooper, Rhodes founded the far-right Oath Keepers in 2009 and sought members with military or law-enforcement backgrounds. The group says its members are loyal to the U.S. Constitution rather than to any government leader.

Rhodes was convicted in late November of seditious conspiracy alongside another Oath Keepers member, Kelly Meggs, 54, who was sentenced later on Thursday to 12 years in prison. The two stood trial alongside three other members of the Oath Keepers who were acquitted of seditious conspiracy but found guilty of other charges, including obstruction of an official proceeding, which carries a maximum sentence of 20 years in prison.

Four other Oath Keepers were convicted in January of seditious conspiracy, in a trial that similarly highlighted the far-right group's role in the Capitol attack. Federal prosecutors presented evidence in both trials of Oath Keepers members advancing into the Capitol in a military-style "stack formation." They also accused the group of stashing an arsenal of weapons at a hotel outside Washington for a

so-called quick reaction force.

Rhodes's sentencing unfolded just weeks after a jury found former Proud Boys chairman Enrique Tarrío and three other members of that far-right group guilty of seditious conspiracy.

Rhodes was on the Capitol grounds but didn't enter the building on Jan. 6, 2021. On the witness stand, he testified it was "stupid" for his group's members to have done so while Congress gathered to certify the 2020 election results. At trial, his lawyer said his client engaged in bombastic rhetoric but never had an agreement with other Oath Keepers to interfere with members of Congress who had gathered on Jan. 6 for the ceremonial certification.

In a 183-page court filing, federal prosecutors underscored the heightened significance of the sentences for Rhodes and other members of the Oath Keepers.

On Wednesday, police officers and congressional staffers came before the judge to deliver victim-impact statement.

Metropolitan Police Officer Christopher Owens recalled his wife bursting into tears at the sight of his "bruised, battered and bloodied" body after he returned home.

'Near-Normal' Atlantic Hurricane Season Forecast

By GINGER ADAMS OTIS

NOAA forecasters predict a "near-normal" Atlantic hurricane season over the next six months, with 12 to 17 large storms. Some of those are expected to become hurricanes.

The large storms have winds of 39 mph or higher. Of those, forecasters at the National Oceanic and Atmospheric Administration said Thursday that they expect five to nine to become hurricanes, which have winds of 74 mph or higher.

As many as four could be a Category 3 hurricane or higher, meaning winds above 111 mph.

NOAA forecasters said it

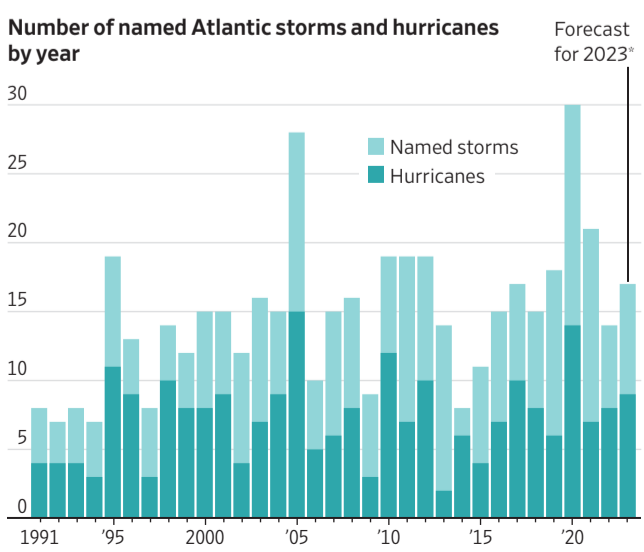
has a 70% confidence in its ranges.

The warming in the Atlantic Ocean could provide additional fuel for storms, even as a looming El Niño climate pattern is expected to damp hurricane activity.

Forecasters with the Climate Prediction Center, a division of the National Weather Service, said they have calculated a 40% chance of a near-normal season. Normal is 14 named storms, even if some become hurricanes.

The Atlantic hurricane season runs June 1 to Nov. 30.

◆ Heard on the Street: Season could be mild or wild..... B12



*High end of forecasted range Source: NOAA

GRAFF

THE MOST FABULOUS JEWELS IN THE WORLD

U.S. NEWS

Wall Street Has a Doomsday Playbook

By SAM GOLDFARB

Wall Street is breaking out its doomsday playbook for how to survive a U.S. default.

The industry's primary goal: keep the financial markets functioning. Many fear everything from computer glitches to cascading panic if the U.S. misses payments on Treasuries, which are a bedrock of trading and usually considered almost as safe as cash.

Under Wall Street's plan, though, investors would be able to keep trading all U.S. Treasuries, even those with past-due interest or principal payments. Chaos and confusion would be kept at bay through a series of conference calls, each with an agenda already organized by the Securities Industry and Financial Markets Association trade group.

Leading Sifma's effort is Robert Toomey, a former lawyer at the Securities and Exchange Commission and New York Fed. He told a conference last week that market participants had been surprised when

Treasury Secretary Janet Yellen said at the start of the month that the government could run short of cash to pay its bills as soon as June 1 if Congress doesn't raise the U.S. debt ceiling by then.

That was earlier than many analysts expected, jarring an industry that has labored to develop a plan for a default since the debt-ceiling fight of 2011 rattled markets. Now firms across Wall Street are actively planning to mitigate the damage.

The threat of "execution tends to focus the mind," said Toomey, who heads Sifma's capital-markets practice.

Wall Street's work on planning for a default got off to a rocky start more than a decade ago.

At the end of the 2011 standoff, a staff member at the New York Fed told central-bank officials that market participants had been "unable to get to a well-coordinated, very effective approach" to handling a potential default, according to a transcript of the meeting.

Since then, progress has come along gradually, spearheaded both by Sifma and a group of market participants sponsored by the New York Fed.

For Toomey and others at Sifma, a basic task in recent days has been to make sure that Sifma members—including broker-dealers, banks and asset managers—are aware of the default playbook.

One assumption is that Sifma would be able to get one day's advance notice if a missed payment was imminent. At that point, it would hold its first conference call at 6:45 p.m. ET, with a follow-up scheduled for 10:15 p.m.

The main purpose of both calls would be to answer a key question: whether the Treasury Department had decided to delay, by a single day, a principal payment due the following morning. Were that to happen, trading of affected U.S. Treasuries could take place essentially as normal.

Treasuries that were supposed to mature on a Tuesday, for example, would now have a

new "operational maturity" date of Wednesday. The daily routine of conference calls and maturity-date extensions would continue as long as necessary until the Treasury could pay the bond back. At that point, payment would go to whoever was holding the bond the night before the operational maturity date, rather than the original maturity date.

It is far from clear that the Treasury would ever miss a debt payment, even if it does run short of cash to pay all of its bills. In 2011, the department decided at the last minute that it would give priority to debt payments over other types of spending, according to the transcript of the same Fed meeting that revealed Wall Street's planning efforts.

Under the apparent plan, the Treasury would continue to hold debt auctions to raise the cash needed to pay back maturing bonds. Meanwhile, it would delay nondebt payments as necessary to preserve the cash needed to pay interest on Treasuries.

For her part, Yellen has repeatedly said that there would be no good options if the U.S. reached its borrowing limit and cautioned that the Treasury's payment systems might not be able to give priority to certain payments over others.

Some on Wall Street have also said they would try to limit the damage of a default outside of the bond market.

Banks including JPMorgan and Bank of America would be willing to advance customers' Social Security payments for a few days, with the assumption that a deal could get worked out during that time, according to people familiar with the matter. The banks wouldn't do so forever.

Bank of America Chief Executive Brian Moynihan said in February the bank would prepare to waive late fees and other costs for customers who earn money from the government. That would mirror actions taken during the pandemic and other crises.

—Ben Eisen contributed to this article.

Backup Plan for Agencies Weighed

By ANDREW DUEHREN

WASHINGTON—The Treasury Department is preparing to change how the U.S. processes federal agencies' payments if the debt ceiling is breached, dusting off a contingency plan crafted after the 2011 borrowing-limit standoff, people familiar with the matter said.

Just days away from becoming unable to pay all of the government's bills on time unless Congress raises the debt limit, Treasury officials have been quietly laying the groundwork for potentially delaying some payments after June 1.

Under the backup plan created for a debt-limit breach, federal agencies would submit payments to the Treasury Department no sooner than the day before they are due, the people familiar with the talks said. That would represent a change from the current system, in which agencies may submit payment files well before their due dates. The Treasury Department processes them on a rolling basis, often ahead of the deadlines. Some payments are already sent to the department one day early, one person said.

The plan would enable the Treasury to make daily decisions about whether it can pay all of the government's bills the next day. It has been discussed across the government, but the department hasn't instructed agencies to change how they pay bills.

In those conversations, Treasury officials have also discussed how they would likely delay payments until they have enough cash to pay the full day's worth of bills, according to people familiar with the matter, though no final decision has been made about how delayed payments could be resolved.

The contingency plan discussed with agencies doesn't

Agencies would submit payments no sooner than the day before they are due.

specify whether the U.S. would try to make sure it pays certain bills on time. But because the reliability of Treasury securities are central to the global financial system, officials at Treasury Department and the Federal Reserve in the past discussed giving priority to debt payments.

In public minutes from meetings in 2011 and 2013, Fed officials discussed their plan with the Treasury Department to ensure that the government paid back investors for principal and interest on the debt. All other bills would be subject to a day-by-day evaluation of whether the government had enough cash to pay them, according to the documents.

In recent conversations with other agencies about how payments could be delayed, Treasury officials haven't indicated whether the U.S. would make debt payments the priority, according to people familiar with the conversations.

The Treasury Financial Manual lays out the plan to shift to a day-by-day payment system under a "debt ceiling constraint." It doesn't state whether the U.S. would give priority to debt payments.

Treasury Secretary Janet Yellen has repeatedly said that giving priority to payments may not be possible, saying that she and the White House have to make difficult choices if the debt limit isn't raised in time. While paying investors first could calm global financial markets, it could also require the Biden administration to delay things such as Social Security checks to elderly Americans.

In addition to the contingency planning, Treasury officials have been working with agencies to scrutinize their payment needs. Earlier this month, David Lebryk, Treasury's fiscal assistant secretary, sent a memo to agencies asking them to notify the Treasury Department of any large payments that would be due soon, according to a copy viewed by The Wall Street Journal.

House Takes Break Amid Talks

Continued from Page One
ple familiar with the talks said. Republicans voted earlier this year to claw back most of the money, a move that would be a net increase in the budget deficit because it would shrink tax revenue.

Leaders are hoping to reach and pass a deal through both the Republican House and Democratic Senate ahead of a June 1 deadline, when the government could run short of funds to pay all of its bills on time. The ability to make that deadline wanes each day lawmakers don't have a deal on the table, as any legislation would likely take several days to pass.

On Wall Street, investors are setting plans to increase the likelihood that they would be able to keep trading all U.S. Treasuries, even those with past-due interest or principal payments, in the event of a default. The Securities Industry and Financial Markets Association trade group is hoping to limit confusion by organizing a series of conference calls that would take place if a default looked imminent.

In remarks from the White House, President Biden said he and House Speaker Kevin McCarthy (R., Calif.) have had productive conversations and their staffs continue to meet. "They're making progress," he said. "I've made it clear time and again defaulting on our national debt is not an option."

Biden, a Democrat, said the talks over the budget showed that he and McCarthy had different views for narrowing the deficit. The president referenced his proposal this year that includes tax increases on wealthy Americans and big businesses.

"There is no agreement, all right?" McCarthy said on Thursday evening. "We know where our differences lie, and we'll continue to work to try to be able to solve the problem, but there is no agreement."

The White House and Republicans were deadlocked on some crucial issues, and negotiators were regrouping to determine the next steps.

"There's a sense of understanding from both teams that we have serious issues still to work out and come to terms with and that's going to take some time," Rep. Patrick McHenry (R., N.C.), one of the House GOP negotiators, said.

As talks have progressed, conservative Republicans and liberal Democrats have pressed their side to not give in too easily. Far-right members want McCarthy to insist on the deep cuts the House passed in an April bill, while progressives want Biden to more firmly push back against possible budget cuts and work requirements for social programs.

Thirty-five Republicans sent a letter to McCarthy on Thursday demanding that he "hold the line" on negotiations and add policies like border security to the legislation.

In January, to win the speakership, McCarthy promised conservatives he would seek to return spending to 2022 levels.



House Speaker Kevin McCarthy, shown at the Capitol on Thursday, faces pressure from his party to 'hold the line' on negotiations.

Where a Spending Deal Could End Up

Debt-ceiling discussions between the White House and congressional negotiators are focused on reining in outlays on the budget's discretionary side, the type of spending that Congress is supposed to approve every year to keep the government running.

Republicans passed a bill last month that would cut next year's discretionary spending to around fiscal 2022 levels and hold annual increases to 1% for a decade, which the party calls its starting point. That would represent a \$3.6 trillion reduction in overall spending by 2033 compared with what the Congressional Budget Office has forecast.

The White House, meanwhile, has suggested freezing 2024 spending at current 2023 levels

and imposing a 1% cap only for 2025. Assuming spending resumes growing as forecast starting in 2026, that would reduce spending by slightly more than a \$1 trillion compared with CBO's baseline by 2033. The CBO forecasts future spending using a custom-built inflation gauge.

A spending deal probably would end up somewhere between the two proposals. Republican leaders have said they would be open to cutting less than they anticipated in their bill but they are adamant that next year's discretionary spending level should be lower than this year's.

1. The space for a deal likely falls somewhere between the red and blue dotted lines.

Note that actual spending levels in future years could be higher than outlined in the proposals because lawmakers often authorize new spending during the year to respond to what they

see as emergencies.

2. One unresolved question is whether the negotiators will include cuts to military spending as part of the package. The Defense Department makes up almost half of all discretionary spending.

Many Republicans have said they want to exempt the Pentagon while focusing cuts on other agencies. That would squeeze the nonmilitary parts of government spending even more. Under the Republican proposal, letting military spending rise along CBO's projected path would imply a 23% reduction in nonmilitary spending next year compared with the CBO forecast, gradually growing to a 42% reduction by 2033.

3. Besides the Pentagon, the departments of Health and Human Services, Veterans Affairs and Homeland Security receive the most money from discretionary appropriations.

Some Republicans have suggested they also would want to protect the Department of Veterans Affairs from cuts, which could mean steeper reductions for other agencies.

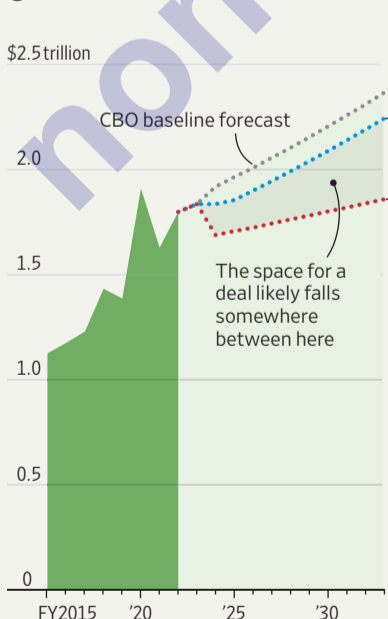
4. One thing to keep in mind: The two sides are arguing only over a small slice of overall government spending. Discretionary spending doesn't include programs such as Medicare and Social Security—which disburse money on autopilot—or interest payments on government bonds.

Those mandatory and interest payments are by far the largest share of federal spending and are projected to get even bigger in the coming years.

The gap between the proposals from the House Republicans and the White House, as difficult as it has been to resolve, represents roughly 2% of the government's total spending next year.

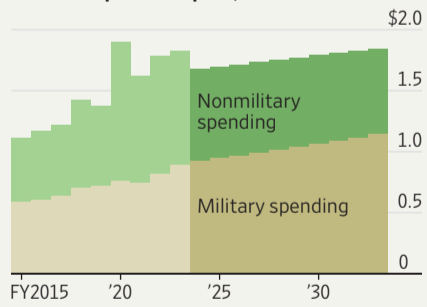
—David Harrison

1 Authorized discretionary spending scenarios



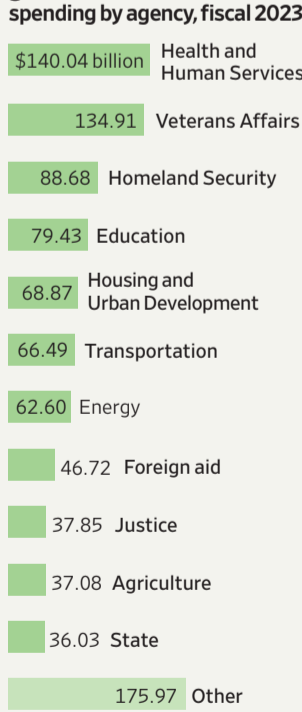
Sources: Congressional Budget Office (spending scenarios, exempting military cuts, mandatory and discretionary spending), White House (proposal); Office of Management and Budget (authorized nonmilitary spending)

2 Exempting military cuts under House Republican plan, in trillions

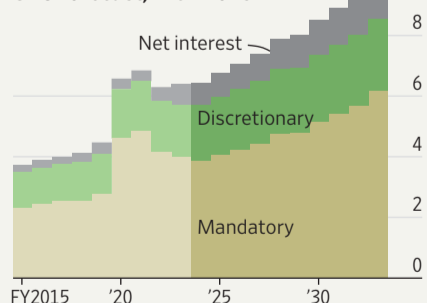


3 Authorized nonmilitary spending by agency, fiscal 2023

3 Authorized nonmilitary spending by agency, fiscal 2023



4 Government spending and CBO forecast, in trillions



He also agreed to change House rules to allow any single member to force a vote on ousting him as speaker, part of concessions that empowered rank-and-file members and could leave McCarthy vulnerable if he angers his conference.

Treasury Secretary Janet Yellen has said the U.S. could begin missing payments on its obligations as soon as June 1 if Congress doesn't act. Officials have declined to say how the Treasury would act if the U.S. had to choose which payments to make, but Treasury officials have been quietly laying the groundwork for potentially delaying some payments.

Yellen has said that giving priority to certain payments,

such as interest on government debt, may not be possible. While paying investors first could calm global financial markets, it could also require the Biden administration to delay things such as Social Security checks.

Making the deadline has become less certain. Given it takes time for legislation to make its way through both chambers, lawmakers have wondered if they could make the June 1 deadline, even if a deal was struck soon. House leadership told members that they would have 72 hours to review any legislation and 24 hours' notice to return to Washington in the event of an agreement. The Senate is scheduled to be back

in town next week.

Fitch Ratings said Wednesday it had placed the U.S. triple-A credit rating on "rating watch negative." While the ratings firm said it still expects an agreement on raising the debt limit, it said there was a greater risk it could fail to do so in time. DBRS Morningstar made a similar move on Thursday.

A main issue in negotiations is setting a top-line number for spending next year, along with years to come. Republicans want to spend less, with some conservatives wanting to roll back discretionary spending to the fiscal 2022 levels, saying cuts are needed to put the country on a better financial path. Republicans

want no cuts to military spending or veterans benefits.

Democrats say that if a deal reduces spending, but defense programs aren't cut, it will require steep reductions to other parts of the budget to make the math work, including medical research, early-childhood education and other domestic programs on which many people rely.



"It is clear to me that President Biden is continuing to hold the line as it relates to the types of devastating cuts that Republicans are trying to jam down the throats of the American people," said House Minority Leader Hakeem Jeffries (D., N.Y.).

—Catherine Lucey contributed to this article.

How teams of all sizes do their best work.

Emilie

Victor

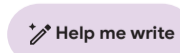
Google Workspace



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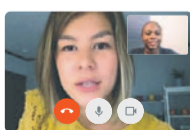
Turn everyone into a creator

Google Workspace is home to the apps that help all of us create and innovate—Gmail, Chat, Calendar, Docs, Sheets, Slides, Drive, Meet, and more. With Google AI built in, your teams can achieve more than you ever thought possible.



Make work less work

No matter their role or business, people prefer using Google Workspace. Intuitive tools enable teams to easily connect in real time with any device, from the front line to the office to remote, and anywhere in between.



Keep it all safe

When security isn't a concern, your teams get more done. Keep everyone safe with automatic threat defenses, built-in security and compliance controls, and cloud-born infrastructure by Google Workspace.



Google Workspace is how it's done

It's home to the apps used by more than 3 billion people around the world. It's how you go from a blank page to something so much more. Together.



U.S. NEWS

DeSantis Looks to Reset After Launch Debacle

GOP critics mock 2024 hopeful's judgment as he plans travel schedule to early primary states

By ALEX LEARY

Ron DeSantis is already looking for a reboot.

After a disastrous launch event on Twitter Spaces Wednesday night, the Florida governor's 2024 presidential campaign got a quick start Thursday in trying to move on by announcing an aggressive travel schedule to early primary voting states while the candidate did interviews with conservative radio hosts and appeared before a large group of fundraisers in Miami.

For now, and possibly for days to come, the botched debut on Twitter—which was plagued by technical problems and delays—is the talk of political circles and fodder for additional mockery from DeSantis's opponents in both parties. "I call it 'massive attention,'" tweeted Twitter owner Elon Musk, spinning the event he hyped as historic. "Top story on Earth today."

Donors assembled in Miami shrugged off the mishap and

enthusiastically greeted DeSantis Thursday, according to two people familiar with the gathering, and were pleased with the volley of interviews he conducted. That evening DeSantis and his wife, Casey, were expected to join in making fundraising calls, and the campaign said it pulled in \$8.2 million in the first 24 hours of his bid—exceeding the \$6.3 million Joe Biden raised in the first day of his 2020 effort.

To some Republicans, the decision to eschew a more traditional kickoff—or even stick to television, as DeSantis did on Fox News after the Twitter Spaces event—undercut a central point he is trying to make: That he is a disciplined and competent alternative to the turmoil that surrounds his chief rival for the Republican nomination, Donald Trump.

"The technical follies involved in the announcement will be lost on most and soon forgotten by all but the biggest keyboard cowboys, but the idea itself seemed half baked and spur of the moment," GOP strategist Liam Donovan wrote Thursday. "Interesting, and not without potential, but not indicative of the fine-tuned electoral machine we were promised in the

wake of the red wave that crested across the sunshine state eight months ago."

DeSantis had a landslide reelection victory in 2022 and remains a formidable opponent to Trump, even as his standing in polls had fallen in recent months. Still, the debacle on Wednesday added to criticism from some quarters that he is unprepared for the national stage.

"DeSedative," said Rep. Matt Gaetz, a fellow Floridian and onetime DeSantis insider who is backing Trump. Another Trump ally, Steve Bannon, said, "This is a historic screw-up."

Philip Klein, editor of National Review Online, wrote, "The launch of a campaign is one of the few moments in which a candidate has full control of the medium and message, and broad attention."

"By agreeing to do the Twitter Spaces launch, DeSantis surrendered control and suffered for it," he wrote.

DeSantis, though, is taking a different approach to the campaign. Advisers viewed Twitter as a way to reach a conservative audience while bypassing the traditional media, a signature of the governor's tenure. His campaign has



Ron DeSantis's Twitter profile page, left. The Florida governor's presidential campaign announcement took place Wednesday using Twitter Spaces, a live audio feature.

sought to put a positive spin on Wednesday night's technical meltdown by claiming it was caused by overwhelming interest in his launch.

"He did 75+ minutes on pure policy. Trump could never do that," said former Trump chief of staff Mick Mulvaney, referring to the eventual discussion that took place.

Trump, by contrast, has cooled some of his anti-media rhetoric in an attempt to dominate the conversation. The former president's most attention-getting move in recent months was very much in a

traditional venue: a town hall on CNN.

DeSantis did interviews on Thursday with several conservative radio hosts. One of them, Dana Loesch, praised the Twitter forum, tweeting, "Legacy media is very mad at the competition."

The DeSantis campaign on Thursday also sought to emphasize its next steps, announcing he will visit 12 cities and towns over four days in Iowa, New Hampshire and South Carolina. Eroding Trump's leads in those early states on the primary calendar

is a crucial element of DeSantis's initial strategy, as his campaign tries to outwork the former president on the ground.

"No one will work harder than Governor DeSantis to share his vision with the country—he has only begun to fight," campaign manager Generra Peck said.

Watch a Video

Scan this code for a video on the glitches that hit DeSantis's announcement.

Twitter Flaws Snag Musk's Media Goal

By SARAH E. NEEDLEMAN

Elon Musk's ambitions to make Twitter a major media platform suffered a setback Wednesday when technical issues delayed the launch of Republican Ron DeSantis's presidential campaign, raising questions about whether the company has enough employees to keep it humming smoothly and challenge rivals as Musk intends.

Since his \$44 billion deal to buy Twitter last year, Musk has maintained that he wants the platform to be the go-to online venue for prominent figures, companies and others to post content and make announcements.

He has also significantly shrunk Twitter's staff and suggested other companies should follow suit. At The Wall Street Journal's CEO Council Summit this week, he said many employers had too many people and they could boost productivity with leaner staffs.

Both of those positions drew attention Wednesday night after Twitter suffered technical problems during the DeSantis event. As the Florida governor was set to speak on Twitter Spaces, many users said the technology wasn't working for them and that the audio was going in and out.

There was "just a massive number of people online, so the servers are straining somewhat," Musk said at one point.

Roughly 20 minutes after it was scheduled to begin, the event was transferred from Musk's Twitter account to that of his associate, technology investor David Sacks. A tweet



Elon Musk has significantly shrunk Twitter's staff since his \$44 billion deal to buy the platform last year.

from Sacks featuring a recording of the event said: "Twitter performed great after some initial scaling challenges."

The platform showed roughly 300,000 listeners tuning in near the close of the event late Wednesday. Sacks's tweet said more than three million users tuned in, a number that was increasing Thursday morning, suggesting it included users who listened live as well as afterward.

The setback comes after another high-profile figure, former Fox News anchor Tucker Carlson, revealed plans earlier this month to launch a show on Twitter. Carlson was one of Fox's most popular anchors and could draw new users to the platform, raising the stakes for ensuring it doesn't malfunction.

Fox News parent Fox Corp. shares common ownership with

Journal publisher News Corp.

"Political figures and anyone for that matter have to factor in the risk from the platform," said Republican digital strategist Eric Wilson.

He added that the benefits of running Twitter Spaces events and tweeting in general likely outweigh the potential for glitches. "You don't have to deal with someone else's agenda," he said. "You get to go direct to the consumer."

Twitter Spaces launched two years ago and hosts have ranged from K-pop artists and Hollywood actors to cryptocurrency enthusiasts and musicians. It initially faced competition from the app Clubhouse, which soared in popularity during the pandemic but later lost its footing.

It isn't clear whether the technical glitches during the DeSantis event could have

been prevented had the company had higher staffing levels.

But a lack of staff and poor planning can lead to such results, said Rahul Telang, a professor of information systems at Carnegie Mellon University's Heinz College.

"That's exactly what happens when there's turmoil in a company and half your staff leaves or you fire them," said Telang.

Twitter didn't comment. Twitter's performance has been under scrutiny since Musk completed his takeover of the company at the end of October and took it private. He subsequently slashed the company's workforce, prompting some former employees and outside observers to question whether the cuts would impede Twitter's operations.

On top of its technical woes, Twitter has continued to grapple with fake and spam accounts. On Monday, multiple verified accounts tweeted a bogus image with text falsely claiming a large explosion had occurred at the Pentagon, said John Scott-Railton, a senior researcher at the Citizen Lab, a research group at the University of Toronto. The verified accounts purported to be news outlets or breaking news tickers, he said.

Musk has indicated that Twitter is now in competition with the news business. He recently jabbed on the platform at the New York Times and National Public Radio, and he has weighed in on the accuracy of certain news outlets.

—Alexa Corse contributed to this article.

Biden Names Brown as Joint Chiefs Chair Pick

By GORDON LUBOLD AND SABRINA SIDDIQUI

WASHINGTON—President Biden's nomination of Air Force Gen. Charles Q. Brown Jr. to be the next chairman of the Joint Chiefs of Staff elevates an innovative military officer with a technological background who could help streamline the Pentagon bureaucracy, lawmakers and analysts said.

The president selected Brown, who currently serves as the chief of staff of the Air Force, over Marine Corps Commandant Gen. David Berger, the other contender to be the U.S.'s top uniformed officer and principal military adviser to the president. If confirmed by the Senate, Brown would be the first Air Force officer to lead the Joint Staff since 2005, and the second Black chairman of the Joint Chiefs of Staff.

"We are in the most dangerous national security moment since World War II," Biden said at the White House on Thursday. "This demands that we elevate uniformed leaders who have a laser focus on readiness, deterrence, and warfighting, instead of politics."

He praised Brown as a "thoughtful, deliberate leader who is unafraid to speak his mind as someone who will deliver an honest message that needs to be heard and will always do the right thing when it's hard."

Brown would succeed Gen. Mark Milley, an outspoken Army officer who served during tumultuous times for a chair-

man, including the attack on the Capitol on Jan. 6, 2021, the Covid-19 pandemic, the war in Ukraine and the chaotic U.S. departure from Afghanistan. Milley was chairman during the riots that broke out following the murder of George Floyd, which moved Brown to make a video describing his own experience of racism. The video was seen as a rare statement from a uniformed officer on a controversial issue.

Brown made waves last summer when he suggested the U.S. should begin training Ukrainians on flying F-16 jet fighters, a policy decision that wasn't made until last week, when Biden announced it.

Brown is considered a quiet professional with more technological experience than most other men who have come before him. A fighter pilot with extensive command experience, Brown leads an organization with a roughly \$200 billion budget and a fleet of thousands of jet fighters, bombers, transport planes, helicopters, aerial fuel tankers, drones and much more. Among Brown's tasks has been to oversee efforts to modernize the force for a potential confrontation with China.

Brown was confirmed to his current role on a vote of 98-0 in 2020. Potentially complicating matters in the Senate is Sen. Tommy Tuberville (R., Ala.), who has blocked all military promotions over a disagreement about the Pentagon's policy to help military members have access to abortion services.

FROM PAGE ONE

AI Chips Propel Nvidia

Continued from Page One

scenes, though, its chips have become indispensable. They are used in PCs, cars and robots. Now with AI, its processors drive new chatbots that generate cogent-sounding sentences and a raft of other tools that the world's biggest companies are racing to deploy.

For Huang, it's the culmination of a journey that began at the Denny's in San Jose, Calif., when he discussed with two fellow engineers how to make computer graphics better. Nvidia took another turn some 16 years ago when Huang moved to make it more mainstream, looking for new customers after establishing itself as a leader in graphics processors that made videogames more crisp and less choppy.

There was little fanfare in late 2006 when Huang opened up Nvidia's graphics-processing units, or GPUs, to software developers to tinker with, allowing them to use their computing power for purposes other than making graphics look better. The move, he told analysts on an earnings call, "will open a whole new field called GPU computing."

Those Nvidia processors, developers soon realized, were exceedingly good at the complex calculations that undergird modern AI systems. They excel at doing lots of computations simultaneously, something for which traditional computing engines—central processing units—are less suited.

Nvidia's first big success outside of videogaming was cryptocurrency mining, where GPUs also proved proficient. Nvidia passed chip giant Intel in market value in 2020 as crypto prices rose, and its stock continued rising to its previous record of nearly \$330 a share in late 2021.

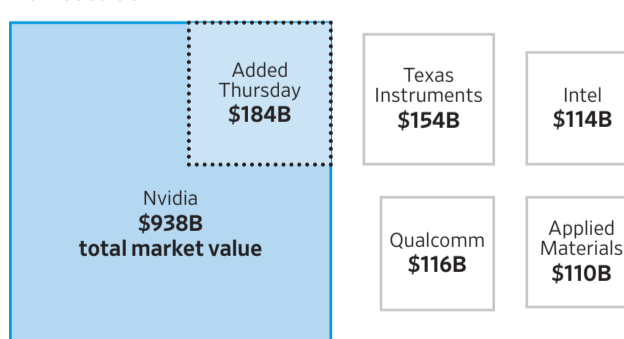
When the crypto winter set in, Nvidia's stock crashed last

year, before the AI wave reignited investor enthusiasm in recent months.

The AI craze also made investors all but forget another Nvidia setback. In the midst of the pandemic, Huang made one of his boldest moves, seeking to acquire British chip-design specialist Arm from SoftBank Group in a deal valued, at the time, at roughly \$40 billion. The two called off the deal last year after rivals objected to Nvidia acquiring a company that had earned a reputation as acting as a kind of Switzerland to the chip industry—offering its designs to everyone without favoring any one company.

Some analysts say the AI boom holds much greater and more-lasting promise for Nvidia than crypto. The company currently has no competitor that can match it in its breadth of chips and software for the computing-intensive demands of generative AI. UBS analysts estimate developing OpenAI's ChatGPT—the first major generative AI system to be widely available—required

Market value



Source: FactSet

some 10,000 Nvidia GPUs.

What's different about generative AI is that there are clear uses for the technology as businesses look for ways to exploit its capabilities, said Stacy Rasgon, a chip-industry analyst at Bernstein Research. "It's not crypto," he said.

As the AI arms race heats up among companies including Amazon.com, Microsoft and Alphabet's Google, Huang on Wednesday described the computing transition under way as an "iPhone moment," referring to the rapid growth

of smartphones after Apple launched its signature phone in 2007. Operators of data centers are revamping to make them better for AI, he said, pivoting to the strengths of Nvidia's chips and software.

"We're seeing incredible orders to retool the world's data centers," Huang said in a call with analysts.

Demand for Nvidia's chips has been so hot lately that its supply chain has struggled to keep pace. Nvidia's chief financial officer said on Wednesday that the company had secured

"substantially higher" supplies of chips for the second half of the year.

Nvidia designs but doesn't make its own chips. The company embraced from the get-go a business model that farmed out production to contract chip-makers including the world's largest, Taiwan Semiconductor Manufacturing.

The shift in the computing landscape could present challenges to Intel, the dominant supplier of data-center CPUs that form the backbone of corporate networks and the internet. Intel, shares of which fell by more than 5% on Thursday, is making its own efforts to cater to the AI demand, including specialist AI chips and new CPUs that handle AI calculations better.

"I think you're seeing the beginning of, call it a 10-year transition to basically recycle or reclaim the world's data centers and build it out as accelerated computing," Huang said. Nvidia is now roughly eight times Intel's market value.

WORLD NEWS

Wagner Begins Its Handoff in Bakhmut

Paramilitary group is told to leave behind ammunition for Russia's regular army

By ALAN CULLISON AND IAN LOVETT

Russian paramilitary group Wagner said it has begun handing over Bakhmut to regular Russian troops Thursday, a move that marked an end to a bloody offensive that flattened the eastern Ukrainian city.

Wagner released a video of its founder, Yevgeny Prigozhin, strolling through the city's rubble, telling troops to pack up.

"From the first of June we'll be gone, we'll relax and get ready to receive new orders," he said. He told his troops to leave behind ammunition for the regular army, which will be

tasked with defending the city.

With Bakhmut under Russian control, Moscow's forces inside Ukraine are now expected to steel themselves for a long-awaited offensive by Ukrainian forces aimed at taking back occupied land.

In Kyiv, government officials have indicated that the offensive won't be directed at Bakhmut, which they say has little strategic value and was destroyed by months of fighting. Both sides said they were using the battle there to exhaust and deplete the enemy.

As Moscow awaits the offensive, it has been launching long-range barrages on targets deep inside Ukraine. A wave of drones again struck Kyiv early Thursday, the 12th attack on Ukraine's capital in May, according to Ukrainian officials.

The Ukrainian air force said it shot down 36 Iranian-made

Shahed drones over Kyiv.

"The enemy continues to use attack tactics in several waves, with intervals between groups of attacking drones," said Serhiy Popko, head of the Kyiv city military administration. "This is how the Kremlin's army is trying to achieve its goals, including exhausting our antiaircraft defense."

In his nightly address on Wednesday, Ukrainian President Volodymyr Zelensky said that, in all, some 1,160 Shahed drones had been launched at Ukraine since the war began, of which nearly 900 were shot down.

While Ukraine has so far focused its offensives on retaking land occupied by Russia, recent fighting on the border has spilled into Russian territory. A group of pro-Ukrainian Russian volunteers that conducted a raid into Russia's Belgorod region held a news con-

ference on Wednesday, during which they paraded a Russian armored vehicle that they claimed to have captured.

Speaking in Ukraine's northern Sumy region, Denis Kapustin, who claimed to lead the group, said the operation was ongoing. "Phase one was a success," he said.

Ukraine provided the group with "medicine, petrol, obviously a lot of encouragement," Kapustin said. Another fighter said Ukraine supplied vehicles.

Russia's Defense Ministry said it reclaimed control of Belgorod's border villages, killing 70 people. The information couldn't be independently confirmed.

Zelensky said the arrival of F-16 jet fighters from Ukraine's Western supporters would boost the country's air defenses. The U.S. agreed last week to help train Ukrainian

pilots to fly the F-16s.

Defense Secretary Lloyd Austin said Thursday that Denmark and the Netherlands would lead a European coalition in coming weeks to develop a framework for providing F-16 training, working with the U.S. and other allies.

Meanwhile, Bridget Brink, the U.S. ambassador to Ukraine, accused Russia of obstructing grain shipments to Ukraine despite having recently agreed to extend a deal to allow the exports via the Black Sea to continue.

"After repeated threats to withdraw from the Black Sea Grain Initiative, Russia now refuses to allow any of the waiting 28 ships into Pivdeny, one of the three ports designated by the agreement for food exports," she wrote Thursday on Twitter. "Russia must stop obstructing the operations

of this lifesaving initiative."

Russia's Foreign Ministry didn't respond to a request to comment.

Zelensky spoke Thursday through a live stream at Johns Hopkins University's graduation ceremony in Baltimore. He urged graduates to forge a vision for their lives and appreciate the benefits of living in a free and peaceful country.

"Know how you want your tomorrows to be," he said. "You have to know this when you are a soldier and you have to defend your position so that the whole country is protected. You have to know this when you just have to go through life."

He also thanked this generation of Americans for again "rising to the occasion" and "leading the free world to secure freedom in Europe" as their great-grandparents did 80 years ago.



A man digs a grave for a Ukrainian soldier from Kharkiv. Below, Serhiy and Anzhela Puhasiy with their son. Ukrainian fighter Serhiy was released in a prisoner swap in April.

Unit Fought With Little Training

Continued from Page One

weekend, after a 10-month battle that Kyiv used to grind down Russia's forces. While neither side has disclosed its casualties, many thousands of soldiers on both sides have died on the Bakhmut front, according to Western estimates. Many more have been injured.

In an effort to preserve brigades trained and equipped by the West for a widely anticipated offensive, and with many of its professional soldiers dead, Kyiv sent in mobilized soldiers and territorial-defense units, sometimes with patchy training and equipment.

The ultimate success or failure of Ukraine's strategy in Bakhmut will hinge on the results of the bigger offensive.

"If you can avoid having to divert your decisive combat force toward something like Bakhmut, which would have a long-term negative impact on the overall counteroffensive, then you do it," said retired Lt. Gen. Ben Hodges, a former commander of the U.S. Army in Europe. "You still pay a high price."

The 16 men including Markovskiy, enlisted into the 5th company of Ukraine's 93rd Mechanized Brigade, left Kharkiv on Feb. 16 by bus for the brigade's base 2½ hours' drive south. The passengers were mostly poor men from villages in the northeastern Kharkiv region, many of them unskilled, doing odd jobs as handymen or shift work at factories. Many received mobilization notices that month, according to their military-service records. While some had completed mandatory service years or decades earlier, almost none had seen active combat.

They spent two nights at the base, where they were given



Soviet-era rifles and uniforms, according to military documents and photos. On Feb. 18, they were driven to Kostyantynivka, 16 miles from Bakhmut, and billeted in a house on the outskirts of the garrison town.

They posed for photos with their rifles in front of religious icons placed on the mantelpiece.

On the morning of Feb. 21, the company sergeant major arrived to say he had orders to send the men into Bakhmut in groups of six. Russian forces were edging closer to the river that bisects the city, pressuring Ukrainian units.

Some of the men threatened to write an official refusal to follow the order, citing a lack of training. Vladyslav Yudin, an ex-convict from the eastern city of Luhansk, said he told the sergeant major he had never held a gun, let alone shot one, and was scared. "Bakhmut will teach you," he said the man replied.

When the first group of men arrived in Bakhmut that evening, they were told to follow a commander to their position. They walked down alleyways past the ruins of bombed buildings, stepping over downed telephone poles and unexploded Russian shells.

They reached a high-rise apartment block separated by a shed, a chain-link fence and a small garden from Russian troops in the next building. They took up positions beside windows on the first floor. Then they came under fire with grenades and mortars, and Yudin said he saw Serhiy Didik, a 36-year-old villager, and the commander killed in front of him. "It was hell on earth," he said.

Less than 300 yards away, farmer Serhiy Puhasiy was in a

A group of 16 Ukrainian draftees lost 11 who were killed or captured.

house under Russian attack that forced his group out. He came under machine-gun fire from the third story of another building and watched his squad leader and another soldier fall. He found himself exposed as bullets whizzed around him. He soon found himself surrounded by Russian soldiers.

"Are you alone?" asked one of the Russians, tying his arms

away without training and a week later he's gone?" One man lowered his eyes, she said, and the other answered, "It's war. No one will train them now."

On April 2, a channel tied to the Wagner paramilitary group that spearheaded Russia's assault on Bakhmut posted a photo of Didik's military ID and said he had been confirmed dead. But Didik's wife is convinced he is in Russian captivity. "I know my husband is alive," she said in a message to The Wall Street Journal. "My heart feels it."

The wives of the missing men are angry that they were sent into Bakhmut without training. The vast majority of mobilized soldiers in Ukraine get at least minimal preparation, and cases of untrained men being ordered to fight aren't widespread. But Ukrainian law doesn't specify how long training should last, and lawyers say recruits can do little beyond lodging a complaint via their commanders or a Defense Ministry hotline.

Ukrainian lawmakers have introduced a bill mandating a minimum of three months' preparation for mobilized troops. The Defense Ministry denied sending soldiers without training into Bakhmut, and an officer from the 93rd said he hadn't heard of such cases in his unit. "If it happens, it's wrong," he said. A military spokesman declined to comment.

In mid-April, Puhasiy was released in a prisoner swap after nearly two months in Russian captivity. He and a dozen others were blindfolded, driven to Bakhmut and told to walk across the front line as Russian troops communicated by radio with the Ukrainians, ensuring both sides held their fire.

Puhasiy believes it was his short military service that saved him from execution. When the Russians looked at his military record card and saw the date he was mobilized, less than a week earlier, they asked how long he had fought. "Twenty-four hours," he replied. He said they warned that if he is ever captured again, he wouldn't survive.

German Economy Falls Into Recession

By PAUL HANNON

Germany slipped into recession during the first three months of the year, as households cut spending in response to sharply higher prices for energy and food.

With Europe's largest economy having shrunk for two straight quarters, meeting the technical definition of a recession, the eurozone as a whole also might have contracted in the first quarter.

The news about the German economy doesn't fundamentally alter economists' views about the country's immediate prospects, and any decline in output in the broader region is likely to have been modest.

Still, news of a recession in the eurozone would deflate some of the optimism that has built up around the currency area's economic prospects in recent months. It could also inspire greater caution among policy makers at the European Central Bank as they prepare to raise interest rates further.

"A technical recession would be a change in the overall narrative on how resilient the eurozone economy has been," said Bert Colijn, an economist at ING.

Germany's statistics agency said Thursday that gross domestic product was 0.3% lower in the three months through March than in the last quarter of 2022. It had estimated that the economy flatlined in the first quarter, having contracted by 0.5% in the final quarter of last year.

The agency said a 1.2% fall in household consumption was the main reason for the contraction, as households saw their spending power eroded by a surge in food prices. In March, German households were paying 21.2% more for their food purchases than a year earlier.

In the months immediately following the invasion of Ukraine, economists had warned that Germany faced a high risk of sliding into recession, given its reliance on Russian supplies of natural gas. But economic data releases at the turn of the year appeared to indicate that Germany would avoid that fate. The revised figures for the first quarter confirmed that the world's fourth-largest economy had succumbed to recession, but one less severe than feared.

Business surveys have pointed to a return to growth in Germany during the second quarter. But the impact of higher borrowing costs and a weak expansion in many of its main export markets led to the possibility of a renewed contraction in the three months through September. "Higher interest rates will continue to weigh on both consumption and investment and exports may also suffer amid economic weakness in other developed markets," said Franziska Palmes, an economist at Capital Economics.

Should the estimates for growth in other eurozone members be unchanged, the new measure of GDP for Germany suggests the currency area's economy as a whole contracted slightly in the first quarter. The European Union's statistics agency estimates it grew at an annualized rate of 0.3%.

Ban Strains U.S.-China Talks

Retaliation for Beijing's move against Micron could set back a fragile rapprochement

BY LINGLING WEI AND CHARLES HUTZLER

Commerce Secretary Gina Raimondo and her Chinese counterpart held a pivotal meeting for fraught U.S.-China ties Thursday, as pressure builds on the Biden administration to respond to Beijing's blacklisting of U.S. semiconductor maker Micron Technology.

Any retaliation by the U.S. over Micron risks setting back a fragile rapprochement after bruising months of acrimony. Raimondo's dinnertime meeting with Chinese Commerce Minister Wang Wentao was the latest in a series of high-level talks intended to restart dialogue, and the first one to take place in Washington.

The Micron ban and recent moves by Beijing against U.S. businesses in China—including raids, detentions and investigations—were at the top of Raimondo's agenda, according to people who have consulted with the Commerce Department.

Afterward, a brief Commerce Department statement said the discussions included the "overall environment in both countries for trade and investment" and said Raimondo raised concerns about the recent spate of actions taken against U.S. companies operating in China.

"The Chinese side expressed



Commerce Secretary Gina Raimondo is in discussions with her Chinese counterpart, Wang Wentao, to restart dialogue.

major concerns about the U.S.'s economic and trade policy towards China," the Chinese Commerce Ministry said in its brief account. It singled out Washington's intensified restrictions on the sale of advanced semiconductor and other technologies to China and a planned executive order that would limit American investments in China.

Both sides, however, described the meeting in positive terms and noted the importance of keeping communication channels open.

Beijing cited national security risks Sunday for its move to bar major Chinese companies from buying products from Micron, the largest U.S. memory-chip maker. Biden administration officials have said the restrictions "have no basis in fact."

The action against Micron is fueling already-hawkish senti-

ment in Congress toward China, with prominent lawmakers demanding the administration take Beijing to task.

Meanwhile, according to U.S. business executives, attention on the Micron issue also is likely to get a boost from Senate Majority Leader Chuck Schumer (D., N.Y.). Micron announced late last year plans to spend as much as \$100 billion over the next two decades to build a giant computer-chip factory complex in upstate New York.

Micron and Schumer's offices didn't respond to requests for comment.

Technology is a prime battlefield in ties between the U.S. and China that have been on a downward spiral for years, with both engaging in tit-for-tat retaliation as they compete for global influence. Last summer, after then-House Speaker Nancy Pelosi defied

China's objections and traveled to Taiwan, for example, Beijing cut off most high-level dialogue with Washington.

Moves on both sides have homed in on semiconductors, which power everything from cars to weapons. Leader Xi Jinping has set plans for China to dominate the field, though it is far from achieving that, while the Biden administration has restricted exports of advanced semiconductors and production equipment to China and persuaded key allies to follow suit.

As part of a broader effort to retaliate against intensified U.S. sanctions against Chinese companies, Beijing has held back its required green light for mergers that involve American companies such as Intel's takeover of Israel-based Tower Semiconductor.

At a summit last weekend in Japan, the U.S. and other members of the Group of Seven advanced democracies took aim at Beijing's ambitions, collectively vowing to protect vital technologies and work together to fend off Beijing's economic pressure on foreign companies and governments.

On the heels of those statements, Beijing announced the purchase ban on Micron.

"So how do they respond to criticism over economic coercion? With economic coercion," White House national security spokesman John Kirby said Wednesday.

Still, Kirby said disputes like that over Micron underscore why Washington and Beijing should talk.

Hack Hurts Bid For Beijing Reset

BY MIKE CHERNEY AND AUSTIN RAMZY

The U.S. and its closest allies said Chinese hackers are targeting critical infrastructure using a novel method that is difficult to detect, sounding an alarm that could be a hurdle to recent efforts to improve ties between Beijing and the West.

Cybersecurity agencies in the U.S., the U.K., Canada, Australia and New Zealand—an intelligence-sharing group of countries known as the Five Eyes—said a Chinese state-sponsored actor is employing a tactic known as "living off the land," which involves using built-in network administration tools to gain access to systems. The activity blends in with normal Windows system activities, allowing the actor to evade detection.

The campaign is affecting communications, manufacturing, transportation, maritime and other sectors in parts of the U.S. and Guam, the American territory that hosts major military installations in the Pacific, according to a blog post from Microsoft, publisher of the Windows operating system. The tech giant said the Chinese actor, known as Volt Typhoon, is pursuing capabilities that could disrupt communication infrastructure between the U.S. and Asia in a future crisis.

China has consistently denied carrying out cyberattacks and has accused the U.S. of be-

ing the biggest culprit of such efforts. Mao Ning, a spokeswoman for China's foreign ministry, on Thursday said the U.S. is spreading false information.

By gaining access to a system through the "living off the land" approach—and maintaining that access while remaining undetected—hackers can glean intelligence about how the system operates. It could also give them the ability to disrupt the system later with no warning—though the intent could just be information gathering, some experts said.

The most recent allegations come at a fraught moment in China-U.S. relations. It adds to a host of issues that have strained ties between China and the U.S. including Taiwan, the war in Ukraine and the suspected Chinese spy balloon that the U.S. shot down in February.

During the Group of Seven meeting in Japan over the weekend, the U.S. and other democracies discussed plans to confront "malign practices"—including harmful digital operations such as espionage and threats to critical infrastructure—though some of the language avoided naming China directly.

After the G-7 meeting, however, President Biden said he expected a thaw in relations with China and that he wanted improved lines of communication between Washington and Beijing.

Post-Lockdown, Chinese Shrug Off Looming Covid Wave

BY BRIAN SPEGELE

BEIJING—Roughly this time last year, Beijing was a Covid-19 fortress teetering on the edge of a lockdown. As daily case counts crept up to around 100 in this mega-capital of more than 20 million people, residents cleared out grocery stores, lined up for near-daily testing and postponed travel out of the city due to the risk that they wouldn't be allowed back in.

Today, Beijing and the rest of China are gearing up for a new Covid-19 wave that a top Chinese medical expert says could infect 65 million people a week by late June. Office workers are already calling in sick, many of them catching the virus for the second time in six months.

And yet the mood this time is decidedly blasé.

Restaurants, train stations, concert venues and soccer stadiums are teeming. Tourists clutching umbrellas in Tiananmen Square seem more worried about sunburn than Covid-19. One of the few outward signs of the latest wave

is that more people are wearing masks on the streets—but even then mask-wearing is optional and many are left to dangle around the chin.

The contrast points to the dramatic changes in China's approach to the virus that have completely altered daily life in the country. As the government now races to rewrite some of the history of its handling of Covid-19, many Chinese are eager to move on.

For three years after Covid-19 first emerged in the central Chinese city of Wuhan, China adopted a zero-tolerance approach to the virus. The strategy boiled down to confronting Covid-19 with brute force, cutting off chains of transmission by isolating people who might have come into contact with the virus. It used heavy-handed lockdowns to control people's movements and tracked them with intense digital surveillance.

Today, the government says defeating Covid-19 is impossible. "It won't be gone once and for all," Zhong Nanshan, a top Chinese epidemiologist



A Covid-19 test was administered ahead of the China-Central Asia Summit in Xi'an last week.

and government adviser during the pandemic, said at a conference this week.

Partly responsible for the latest wave is the XBB.1.5 subvariant, Zhong said. This strain of the Omicron variant has also been found widely in

the U.S., transmitting more easily than other subvariants. Zhong said modeling showed Covid case counts in China would reach around 40 million infections a week by the end of May before peaking around 65 million cases a week by late

June, adding that most people infected for a second time would have mild symptoms.

A huge wave of Covid-19 cases swept over China beginning late last year after the government started relinquishing controls. An estimated 1.1

billion to 1.2 billion people—as much as 85% of China's population—are believed to have been infected with Covid thus far, Zhong said.

Public anger and frustration with the country's zero-tolerance Covid-19 controls culminated in November with street protests in Beijing, Shanghai and other cities. Many Chinese say they are happy the government finally relinquished control, despite the huge wave of sickness and death that swept over the country late last year and early this year.

China hasn't reported any deaths from the latest outbreak, although the country's reporting of Covid statistics has been widely debated. China's official data recently put the death tally for the whole pandemic at around 84,000, while some experts have estimated as many as 1.5 million people have died.

As of late last year, China said that more than 90% of its population was fully vaccinated, although it remains relatively easy in China to find people who haven't gotten vaccinated.

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Both Koreas Hold Big Space Ambitions

BY DASL YOON

SEOUL—The two Koreas are elevating a space race aimed at modernizing how each country monitors the other's improving military firepower.

As hopes for a diplomatic breakthrough have dimmed in recent years, North and South Korea have grown more antagonistic toward one another and upped their displays of military might. They have traded missile tests. Pyongyang has sent drones that flew over downtown Seoul. South Korea has sharpened security and defense ties with the U.S. and Japan.

The rise in tensions has elevated the importance—and need—for spy-satellite technology that neither country now has.

South Korea cleared a significant technological marker on Thursday, launching multiple commercial satellites aboard a homegrown rocket for the first time. North Korea's Kim Jong Un regime stands poised to soon fly its first military reconnaissance satellite.

Nuri, South Korea's three-stage liquid-fuel rocket, blasted off at 6:24 p.m. local time Thursday from the Naro Space Center in Goheung. The 200-ton rocket launched into space and deployed eight satellites into orbit about 342 miles above Earth.

Seoul has the clear technological advantage, weapons analysts say, though Pyong-



South Korea's homegrown rocket Nuri lifting off Thursday.

yang has been quick to advance its sanctioned missile program to develop long-range rockets that can carry satellites. Both nations remain years away from having a full-fledged network of spy satellites. But attaining the technology would allow the countries to identify military targets to precisely launch strikes during potential conflict without relying on their allies' satellite technology for information.

In North Korea's case, space-based satellite technology is essential for its nuclear strategy. Having eyes in the sky would serve as an additional asset to launching nuclear strikes with better accuracy, said Yang Uk, a military expert at the Asan Institute for Policy Studies. Should the technology progress enough,

North Korea could potentially identify nuclear strike targets in the U.S., he added.

"This triggers concerns for the U.S. and its neighbors in the region," Yang said.

The U.S. possesses the most military satellites in the world, and allies like South Korea rely on Washington for information, such as monitoring the Kim regime's strategic facilities. But Seoul has long held ambitions to harness an independent space reconnaissance program. Doing so, South Korean officials have said, would enable the country to keep an "unblinking eye" on their northern neighbors.

Furthermore, Seoul's military has been in the process of regaining full operational control of its military from Washington, which South Korean President Yoon Suk Yeol said

would require South Korea to secure and operate reconnaissance assets.

South Korea's homegrown rocket Nuri serves no military purposes, though the technology is overlapping and places the country among a rarefied group of nations that have developed rockets that can carry a satellite weighing more than 1 ton into space. The main satellite carried by Nuri is tasked with validating imaging radar technology and observing cosmic radiation, according to the science ministry.

As South Korea has vowed to strengthen its deterrence posture along with the U.S., it is important for the country to advance domestic technology that could aid the allies' combined forces in countering North Korea, said Kim Gi-bum, an associate research fellow at the Korea Institute for Defense Analyses. "South Korea taking steps forward in space-based technology contributes to the joint posture of Washington and Seoul," Kim said.

North Korea is preparing a satellite launch of its own. Last week, the country's leader, Kim, examined the country's first military reconnaissance satellite, calling it crucial in countering the U.S. and South Korea. The United Nations Security Council has banned North Korea from launching satellites into space, because such launches can be used to test long-range ballistic-missile technology.

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WORLD NEWS

Arrests Fracture Opposition in Pakistan

Imran Khan's backers say government aims to hobble political threat ahead of vote

By SAEED SHAH

ISLAMABAD, Pakistan—Supporters of former Pakistani Prime Minister Imran Khan said authorities are dismantling his opposition party, rocking a country that has been plagued by political instability and casting a shadow over its fragile democracy. The government said this week that it was considering a ban on Khan's party, after his arrest on corruption charges this month set off violent protests that targeted military installations. Thousands of Khan's supporters have been arrested—including dozens of senior party members—on charges ranging from disturbing public order to murder and terrorism.

Khan's party poses a political threat to the government, which must hold elections by October, following the end of the Parliament's five-year term. Polls show Khan is the most popular politician in Pakistan.

The nuclear-armed nation of more than 220 million people has been embroiled in political and economic turmoil for more than a year, following Khan's ouster as prime minister. Beset by a heavy debt burden and



Former Prime Minister Imran Khan left a hearing before the Anti-Terrorism Court this week in Islamabad.

dwindling foreign reserves, the government has been teetering at the edge of default and trying to convince the International Monetary Fund to restart a bailout that was suspended while Khan was in power.

Khan was released three days after he was arrested on May 9 and remains at his home in the eastern city of Lahore. The wave of detentions, however, is beginning to take a toll on his party. After being released from prison this week, senior party figures said they were quitting,

in what Khan called "forced divorces." Those included the party's secretary-general and two of its most well-known faces, the former information and human-rights ministers.

Police are searching for other senior party members in hiding. A prominent journalist who advocated for Khan has been missing since May 12. Sami Ibrahim, another news anchor known for his pro-Khan views, disappeared Wednesday, according to his channel, Bol News.

The government of Prime

Minister Shehbaz Sharif said members of Khan's party "crossed a red line" when they damaged military property in the wake of his arrest, and that those involved are being dealt with according to the law. That includes putting those who attacked military installations on trial in military courts, where proceedings won't be open to the public.

Khan, a former cricket star, took on Pakistan's powerful military more directly than others had dared. He branded

the then-army chief a traitor, accusing him of working with his political rivals to remove him from office in April 2022.

After Khan's arrest, the government said his supporters attacked military properties nationwide, from the gates of the army headquarters in the northern city of Rawalpindi, to the offices of the military's spy agency in the eastern city of Faisalabad. The official home of the top general in Lahore was ransacked and set on fire. Monuments to soldiers killed in combat were also broken. Khan's party has condemned the attacks.

Pakistan's military has ruled the country directly for long periods, with the most recent dictatorship ending in 2008. Mass trials of civilians in military courts were last held in the early 1980s, under the rule of Gen. Zia-ul-Haq. But even when not formally in power, the army wields huge influence. That clout often has been secured by grooming politicians and trying to ensure that no party gains a majority in Parliament, as coalitions are easier to manipulate.

Taimur Jhagra, a former provincial minister from Khan's party, who is in hiding, said the aim of the crackdown is to fracture his political party and to shackle its performance in the election.

"This feels like we have gone back to the 1980s, almost as if the democratic process will have to begin again," said Jha-

gra, on an encrypted app. "But there is always a path back to power when you have a popular vote bank. I think that support for Imran Khan remains intact."

Defense Minister Khawaja Muhammad Asif said most of those arrested are out on bail. He said the majority would be tried in civilian courts.

"We are being very careful in identifying people, so that there is no finger pointing later that we were settling some political score," Asif said. "Very few people will be tried in military courts."

Officials from Punjab and Khyber Pakhtunkhwa, two of the country's four provinces, said 27 people had been cleared for military trials so far.

Hina Jilani, chairwoman of the Human Rights Commission of Pakistan, an independent organization, said the government was justified in enforcing the law for acts such as arson, but that it was casting the net too wide and that the use of military courts is unacceptable.

"My major concern is that the military, which had in the recent past seemed to be on the back foot, has found an excuse for not being neutral anymore," said Jilani.

Khan has had dozens of criminal cases registered against him, with allegations ranging from corruption and blasphemy to murder. He denies wrongdoing, saying these are politically motivated accusations.

Immigration Hits A High in U.K.

By DAVID LUHNOW AND MAX COLCHESTER

LONDON—When the U.K. voted to leave the European Union in 2016, many backers of Brexit hoped the move would cut immigration by ending the right of EU residents to move here freely, a growing trend that some Britons felt was taking jobs away from locals.

Instead, immigration has risen to a high, as more migrants from non-European countries have outstripped a sharp decline in those from the EU. Though the ruling Conservative Party repeatedly has pledged to cut migrant numbers post-Brexit, it has let in more in a bid to boost stagnant economic growth.

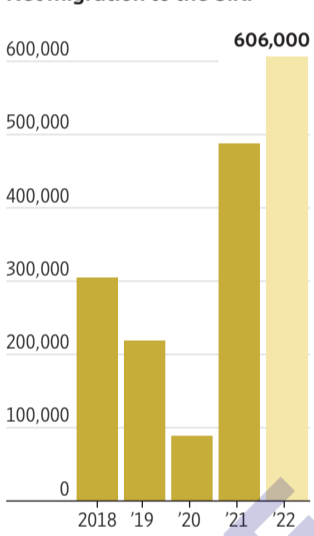
Data released Thursday by the Office for National Statistics showed that net migration during 2022 rose by 606,000, the largest increase on record. The figures don't include migrants who arrived illegally on boats across the English Channel, the number of whom surged 60% last year to a record of about 45,000.

"Numbers are too high, it's as simple as that, and I want to bring them down," Prime Minister Rishi Sunak said.

The U.K. experience illustrates that even if industrialized nations want to curb migration, and take drastic steps to do so, they can come under pressure to allow it to avoid economic damage from labor shortages. In the U.K., the labor force is smaller than it was pre-pandemic, and some industries have complained they can't find enough workers.

It also underscores the political headache this trade-off presents. Thursday's immigration numbers elicited criticism among some Conservative Party lawmakers, who said voters want this influx brought

Net migration to the U.K.



Source: U.K.'s Office for National Statistics

down. Sunak's government announced new restrictions this week on how many family members visa-holding students could bring to the country. Polls show that Britons have mixed views on whether migrants are a boon, but they put a lot of weight on whether the government is seen to be controlling the flow of people into Britain.

Contributing to the rise was the granting of humanitarian visas to some 300,000 people from Ukraine following the Russian invasion and from Hong Kong amid growing political repression in the former British colony. It also was fueled by a sharp rise in visas for students and workers from non-EU countries. About 136,000 visas were granted to students' families in 2022, an eightfold increase from 2019.

The U.K. is the only major Western economy whose workforce is still smaller than it was pre-pandemic because of a combination of long-term illness, lower immigration from Europe and people taking early retirement.

New Species Discovered Deep in Pacific

By ERIC NILER

A remote area of the Pacific Ocean seafloor contains mineral-laden nodules that could power electric-vehicle batteries, wind turbines and consumer electronics. However, researchers recently discovered that 90% of the marine creatures living near the potato-size nodules are new species, challenging the idea that the vast mining area is an ecological wasteland.

Researchers from the Natural History Museum London analyzed samples of bottom-dwelling animals collected on expeditions to the 2.3 million-square-mile area, known as the Clarion Clipperton Zone, which lies halfway between Hawaii and Mexico. Of the 5,578 species found in the zone, between 88% and 92% are new to science, according to the paper, published Thursday in the journal Current Biology.

While it isn't unusual to find new animals when looking in an unexplored area of the ocean, the large number was a surprise, according to Douglas McCauley, associate professor of ocean science at the University of California, Santa Barbara who wasn't involved in the study.

"It is a pretty big deal in terms of shedding light on new forms of life on the planet," McCauley said. "They are not describing the underwater equivalent of the Eastern lowland gorilla. They are describing gorillas for the first time."

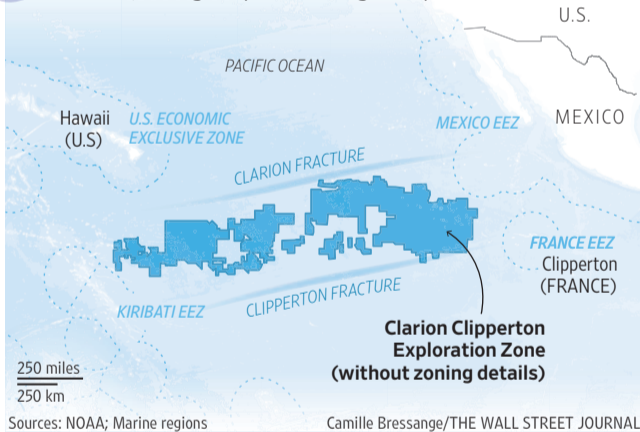
Countries have been vying for a piece of the mineral-rich area of the Pacific Ocean. The International Seabed Authority, a United Nations-affiliated agency that regulates access to seafloor mining in the zone, has granted 17 contracts to explore for nodules in the zone. Mining proponents have said the seafloor is relatively barren and won't be damaged as much as mineral-rich areas on land.

Adrian Glover, an author of



Samples of the new marine invertebrates were collected by the Natural History Museum London.

The Clarion Clipperton area, originally earmarked for raw materials extraction projects, boasts a rich underwater environment, calling deep-sea mining into question



Sources: NOAA; Marine regions

the study and merit researcher at the museum, spent several months at sea collecting samples earlier this year. At an average depth of over 3 miles, the seafloor in the zone is too dark to sustain plants, but a variety of animals thrive there, including arthropods, which are shrimp-like invertebrates with segmented joints, and spiny invertebrates like sea urchins, sea cucumbers, worms and sponges. Researchers used remotely operated vehicles with retractable arms to sample the muddy world, as well as wooden boxes they dragged along the bottom.

Glover said he found a red-

dish-green worm that lives inside the nodules, as well as 2-inch-long glass sponges that attach themselves to the outside. Neither animal had been seen previously by scientists. Glover said while the abundance of animals was less than in other parts of the globe, the diversity was off the charts.

"It doesn't rival coral reefs or rainforests for diversity," Glover said. "But it is actually higher than soft sediments along the continental shelf, which is just totally bizarre." Glover said new marine invertebrates are valuable because they can contain unusual chemical compounds

that could potentially be turned into anticancer, antifungal or antiviral drugs.

The research on biodiversity of marine life in the zone will be reviewed by the seabed authority, according to Glover. The authority didn't respond to a request to comment.

Delegates to the authority are devising new rules to oversee deep-sea mining, which must be approved before companies can apply for a license.

The authority has granted exploration contracts of the mining area to several nations including China, Russia, Korea, France, Germany, the U.K. and India, many of whom are partnering with commercial firms, according to the ISA website.

Vancouver-based The Metals Company, in partnership with the island nation of Nauru, tested its pilot collection system in 2022, collecting around 3,000 metric tons of nodules, according to a company spokesman.

Environmentalists have called for a ban on mining the nodules, which contain nickel, copper, manganese and cobalt. Some carmakers say they won't use electric-vehicle batteries made with seafloor minerals.

Gerard Barron, chief executive of TMC, said that his firm is testing undersea tractor-like harvesters to collect the nodules and that the operation would cause less damage than existing mines that destroy rainforests in places like Indonesia, a leading producer of nickel.

"Never do we suggest there will be no impact, but we have to figure out how we can mitigate it and then we have to look at the alternatives," Barron said. "A lot of engineering effort has gone into minimizing our impact as our robots drive along the ocean floor."

Barron said only a portion of the zone will be opened to mining. Once the agency approves the new rules, Barron said he hopes to be operating in late 2024.

WORLD WATCH

JAPAN

Central Banker Sees Signs of Inflation

Rising prices of hotel rooms are an indication that Japan might be decisively pulling free of deflation, the country's central-bank chief said. Bank of Japan Gov. Kazuo Ueda said he saw the trend of higher lodging costs when he used to make his own hotel bookings for business trips before he took up the governor's post in April.

"There appear to be moves leading towards sustainable inflation," Ueda said in an interview Thursday with The Wall Street Journal and other media.

Unlike the Federal Reserve, which has raised rates aggressively since early 2022, the Japanese central bank has maintained

monetary easing. It says inflation in Japan is mainly because of temporary rises in energy prices and not backed by strong demand, and is thus not sustainable.

Still, speculation is growing among economists and investors that the bank will tweak its control over the 10-year Japanese government bond yield as soon as this year. In a surprise move in December, the bank raised its bond-yield cap to 0.5% from 0.25%.

Economists say prices for services such as movies and hotel stays will likely contribute to achieving sustainable overall inflation because they tend to reflect higher wages, compared with prices of goods, which fluctuate more widely depending on energy costs and foreign-exchange rates.

—Megumi Fujikawa

UNITED KINGDOM

Man Arrested After Crash at Downing St.

A car collided Thursday with the gates of Downing Street in central London, where the British prime minister's home and offices are located, setting off a rapid, intense security response at one of London's most-fortified sites.

No one was injured and police said they weren't treating the incident as terrorism-related. Police arrested a man on suspicion of criminal damage and dangerous driving, and local officers, rather than counterterrorism detectives, were handling the investigation.

Prime Minister Rishi Sunak was in his office at the time of the crash, which revived memories of attacks on London's gov-

ernment district.

It wasn't immediately clear whether the crash was deliberate.

Video footage posted on social media showed a silver hatchback car heading straight for the gates at low speed across Whitehall, the main thoroughfare in London's government district.

The BBC showed a photo of officers leading away a man with handcuffed hands behind his back.

About two hours after the crash, a car transporter arrived to take the vehicle away.

Officers cordoned off a wide area of London's government district, but lifted the barriers less than two hours after the collision took place, allowing people back into Whitehall.

—Associated Press

SOUTH KOREA

U.S., Seoul Conduct Drills Near Border

The South Korean and U.S. militaries conducted large live-fire drills near the border with North Korea on Thursday, despite the North's warning that it won't tolerate what it calls an invasion rehearsal on its doorstep.

The drills, the first of five rounds of live-fire exercises through mid-June, mark 70 years since the establishment of the military alliance between Seoul and Washington. North Korea typically reacts to such major South Korean-U.S. exercises with missile and other weapons tests.

The U.S.-South Korean firing exercises, called "Combined annihilation firepower drills," are the big-

gest of their kind. The drills have been held 11 times since they began in 1977, according to the South Korean Defense Ministry.

The drills involved 2,500 troops and 610 weapons systems such as jet fighters, attack helicopters, drones, tanks and artillery from South Korea and the U.S., according to the South Korean Defense Ministry.

The drills simulated artillery and aerial strikes on front-line North Korean military facilities in response to an attack. The troops later practiced precision-guided attacks on simulated targets in the rear areas to "completely annihilate" North Korean military threats, according to a ministry statement.

North Korea didn't immediately respond to the start of the drills.

—Associated Press

FROM PAGE ONE

Close Calls Shadow Air Travel

Continued from Page One
“Every piece of the system is under stress,” Ed Sicher, president of American Airlines’ pilot union, said in a closed-door session of the March 15 meeting, according to a recording reviewed by The Wall Street Journal. A spokesman said the pilot union has amplified messages to its members to remain aggressively focused on safety.
No one can say for sure what’s behind the near misses, leaving industry officials on edge as fliers begin to pack into planes for a busy travel season.



A Southwest Airlines plane prepares for takeoff while another lands at Austin-Bergstrom International Airport, above. Travelers check in at the airport, lower left.

‘Everybody’s radar’

“It will be on everybody’s radar during the summer,” George Novak, president of the National Air Carrier Association, a trade group, said in an interview.

Better technology and years of collaboration between industry and government officials have dramatically reduced fatal U.S. crashes since 2009, when 50 people died in a plane crash in upstate New York. There have been two other fatalities involving large passenger planes since then. In 2018, a passenger near a window on a Southwest Airlines flight was killed after a fan blade ruptured during a flight, puncturing the fuselage. The following year, a passenger died after being hit by a propeller blade when a PenAir flight overran a runway in Alaska during a landing.

But if a pattern of serious close calls involving airliners at U.S. airports early this year keeps up, it would top any annual total of such incidents in more than two decades, according to a public FAA database.

At John F. Kennedy International Airport in New York, a plane in January made a wrong turn and nearly ran into another jet on a runway. The FAA has logged the incident as one due to “pilot deviation” from federal regulations. There have also been serious close calls this year in Santa Barbara, Calif., Baltimore and Boston.

Close calls

The National Transportation Safety Board is investigating six airport close calls, and the agency isn’t likely to release its final conclusions for months. Chair Jennifer Homendy declined on Tuesday to say what may have led to the incidents, citing the investigations, though she did note that both flight crews in the JFK incident were very experienced. She said the board would likely address shortcomings related to training, technology and situational awareness.

The Austin episode is putting the spotlight on the role of air-traffic controllers who manage thousands of flights each day across the country, sometimes spacing multiple jets loaded with passengers



just moments apart. The actions of the pilots are also under scrutiny, according to government officials. Neither the pilots nor controllers have been publicly identified by air-safety officials.

A fog had settled over the airport that morning, but the facility was calm, with little traffic to start the day, according to a preliminary NTSB report about the episode.

An air-traffic controller cleared a FedEx plane to land, and then advised a Southwest jet it could begin rolling down the same runway for takeoff. It started to do so.

About a minute later, the captain of the FedEx plane asked the controller to confirm he could land, because he was concerned about the Southwest plane, the pilot later told the NTSB. The controller confirmed the FedEx plane was cleared to land and the jet descended toward the runway. Then the FedEx pilots caught a glimpse of the Southwest plane’s silhouette through the fog.

“Southwest abort,” one of the FedEx pilots said. The Southwest plane continued its takeoff. The FedEx pilots executed a “go-around,” climbing and then circling back to land. No one was injured.

Rates of serious runway incidents fell in recent years after regulators and the industry made a concerted push to address them, including by adding sensors and warning lights at certain airports.

The Austin airport wasn’t

equipped with technology that would have helped let controllers know about the potential conflict—the type of system that alerted controllers to the near collision at JFK.

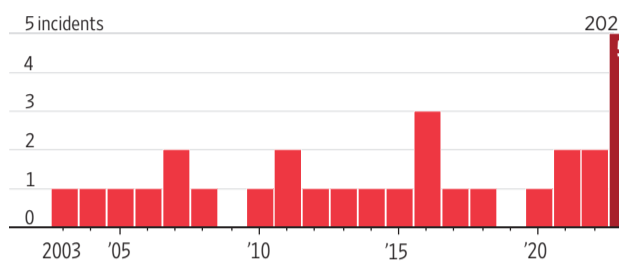
Many industry officials worry that inexperience among pilots and flight controllers is compounding any problems. Starting in early 2020, carriers grounded much of their fleets and slashed their schedules as would-be passengers stayed home before Covid-19 vaccines emerged. Airlines urged employees to take buyouts or retire early, and legions of experienced pilots obliged.

Travel surged back much faster than they expected, and airlines struggled to replenish their ranks quickly enough. That has meant pilots are speeding through career milestones—getting pulled up from small regional carriers, from smaller planes to bigger ones, and upgrading from first officer to captain—more quickly than in the past.

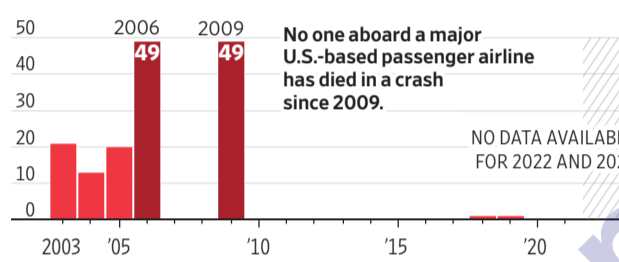
“My biggest concern is, are we making absolutely sure we are not shortcutting training,” the NTSB’s Homendy told reporters on Tuesday. “I hear from those out in the field, whether it’s in a cockpit, or in ATC, or on the ground about how they feel like they’re getting rushed through training, and they’re making certain intervals faster than their predecessors. And so that is concerning for me.”

Current and former FAA officials said the agency saw

Serious close calls on U.S. runways, January-March each year*

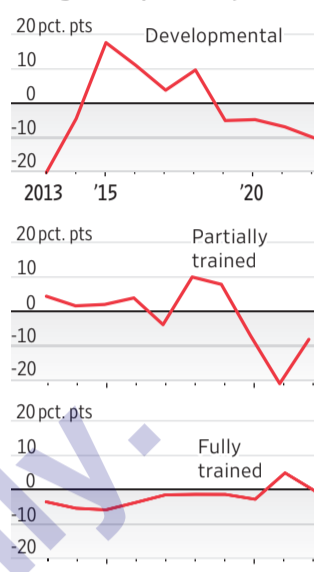


Fatalities from airline accidents



*Data covers incidents involving carriers with regularly scheduled service. Sources: Federal Aviation Administration (close calls, control staff); National Transportation Safety Board (fatalities)

Air traffic control staff, change from previous year



early-warning signs in the summer of 2021.

In August of that year, as travel started to rebound, the agency urged airlines to monitor staff for a lack of recent flight experience and check for potential fatigue-related errors by front-line employees, among other steps, according to a memo the FAA distributed at the time.

The FAA also struggled to bring on new air-traffic controllers, train them and continue training existing controllers who weren’t fully certified

‘Every piece of the system is under stress,’ a pilot-union head warned.

for the work. In 2020, the FAA temporarily closed its main training academy and paused on-the-job training because of the pandemic.

By that September, the number of fully trained controllers at the agency had slipped to 10,268, the lowest over a decadelong period that ended last autumn. The numbers have improved somewhat since then, but the FAA still had fewer fully trained staff at air-traffic facilities as of last September and a smaller pipeline of newer employees to train than 10 years earlier.

Among staffers working at one type of facility, 20% of

controllers were still at the earliest stages of their training as of September 2022, the FAA has said. The Transportation Department has requested additional funding to help the FAA catch up.

At the closed-door session of the March 15 FAA safety meeting, David Garrison, senior vice president of corporate safety and security at Delta Air Lines, acknowledged training challenges as a reason the industry has struggled to return to normal. “The reality is even if we have everybody hired, the proficiency and the ability of the system is not where it has been in the past,” he said.

Sicher, the American Airlines pilot union chief, said at the meeting that pilots are working longer and declining to extend their workdays due to fatigue. “At the same time, we’ve got new guys sitting in cockpits that are supposed to be the resilience in the system, the backup for the captain,” he said, referring to first officers.

During a Delta analyst call in April, Chief Executive Ed Bastian said there is no evidence tying inexperience to the recent close calls, and that the airline has added procedures, training and focus on the operation to account for a younger workforce.

Air-safety officials are taking a fresh look at their existing methods for tracking risks to spot what they may be missing. Airlines and regulators share nonpublic data about safety problems to target in-

cident threats before they result in incidents or accidents.

“We need to be really honest with ourselves about whether we have done all we can,” United Airlines’ safety chief Sasha Johnson at the March 15 meeting. “We’ve had a very focused back-to-basics approach at United and I think, especially given what we’ve gone through, it’s warranted.”

A United spokesman said Johnson was referring to the airline’s approach in light of recent years of upheaval in the aviation industry. As it monitors for emerging risks, he said, United has been focused on training and promoting safety for all employees, regardless of experience level, urging them to follow standard operating procedures.

Full attention

The FAA’s top air-traffic manager said his group would make sure that supervisors of controllers devote their full attention to airfields during peak traffic times, according to a memo. The agency is also holding mandatory briefings on air-traffic basics.

This week, the FAA said the rate of serious incidents at U.S. airports had leveled off and showed signs of receding.

“I want to say this cautiously—we are seeing early and preliminary indications that the level of severe runway incursions is coming closer to the norm,” Transportation Secretary Pete Buttigieg said Tuesday.

Teens Mull Meaning of Being ‘Old’

Continued from Page One
their elders doing yoga, hanging out with them and learning how to talk to them without using the old-age labels baby boomers hate. (Goodbye, “senior.” Hello, “older adult.”)

The curriculum is being tested at 13 New York City public high schools for the first time this spring semester, including at The School for Human Rights in Brooklyn, where O’Mealley teaches.

Teen Imani Stanback said the lessons have made her more patient with her grandma, who recently activated closed captioning on her TV but couldn’t figure out how to turn it off.

“She was like, ‘I don’t know why I’m struggling so much,’” Stanback said. “I said, ‘It’s fine.’”

“I felt old in the past few weeks,” empathized the teen, who was recently around 6-year-olds who sang TikTok songs she didn’t recognize.

The new curriculum sprang from high-school students who were interns at New York City’s Department for the Aging two years ago, said Commissioner Lorraine Cortés-Vázquez.

The interns pointed out how evil characters in children’s movies often are gray and appear old, such as Cruella de Vil, the Disney villain who cloaks herself in dog fur and a plume of cigarette smoke.

The schools in the current pilot will give feedback this summer, and the aging department will consider tweaks for the next school year. Cortés-Vázquez said the goal is to add ageism lessons for even younger students.

Natasha Jack, principal at The School for Human Rights, said yes to the curriculum, which is being incorporated into economics, so students are talking about how ageism relates to personal finance and employment. Organizers hope children will grow up to dispel stereotypes and fight age discrimination in the workplace.

Jack added her own spin to it: a podcast. In a recent class, students who are mostly 17-years-old took turns at the mic.

One teen said some managers at the restaurant chain where he works as a part-time cashier don’t take him seriously



Devonte Shirley, Nicola Isembert and Joshua McBean speak on their anti-ageism podcast.

and he has heard customers call him a “cute kid.” Another student said she asked her mom about credit cards only to be told she was too young for the conversation. A few said their older relatives rely on them to figure out how to pay for groceries with Apple Pay or order a ride on Uber.

Chayil Charles said the class taught her the phrase elderly

also can be considered a no-go. “I didn’t know it was a bad thing,” said the 17-year-old, who learned the word evokes frailty. “Now I know.”

She’d evolved in other ways. “I thought 60 and up was very old,” she said. “But the class really changed my mind.”

As part of the course, the principal wanted to take the students to a nursing home.

“Could we not?” responded Dr. Tobi Abramson, the director of mental-health initiatives at the New York City aging department, who helped design the curriculum.

“If you take students only to see that, that’s what they’re going to think is aging,” Abramson said.

Instead, the class plans to visit one of the city’s senior

centers, which were rebranded “older adult centers” about two years ago.

“Senior is a loaded term,” said Cortés-Vázquez, the aging commissioner.

At the centers, students might see a 60-something take tai chi and then head to work, Abramson said.

O’Mealley played the class an AARP video in which young adults in a studio are asked to imitate older people doing tasks such as calisthenics. They feigned slow gaits and half-baked jumping jacks.

Then, real-life older people come out in the film and prove them wrong—including one who does a boat pose while perched on a yoga block, with her body forming a V as she lifts her legs above her hips. A young man, decades younger, couldn’t do it. The class was shocked.

One topic off limits is the age of O’Mealley, the teacher. (She is 35.) Curious students try to suss out the number by asking what songs were popular when she was growing up. O’Mealley hasn’t told them, saying she doesn’t want them to judge her. “If I say I’m a certain age,” she told them, “you might think I may not know about something because I’m a certain age.”

ARTS IN REVIEW

FILM REVIEW | KYLE SMITH

Disney's Overlong Trip Under the Sea

Though it boasts impressive visuals, the live-action remake of 'The Little Mermaid' amounts to little more than trading water



Few would have guessed this when it arrived in the closing weeks of the 1980s, but "The Little Mermaid" turned out to be one of the most influential movies of the decade. Disney animation was on life support; the studio hadn't produced anything great in many years. Ariel and her fishy friends not only revived a great company and ushered in a new golden age of animated features but brought back the Broadway-style screen musical, which had been dead for an entire generation, and schooled millions of youngsters in its romantic-comic conventions. In plucking from off-Broadway the immensely gifted composer Alan Menken and Howard Ashman, a fantastically clever lyricist who died two years later, Disney made superstars of both.

Not least among the virtues of the original "The Little Mermaid," an adaptation of the Hans Christian Andersen fairy tale, was its tight storytelling: It runs a fast-moving 83 minutes. In keeping with a general, if ill-advised, expansionist urge in blockbuster movies, the live-action remake is fully 50% longer, despite having the same story. More than 15 minutes go by before the opening number.

With a charming if somewhat bland young star, Halle Bailey, playing Ariel, the mermaid with a crush on humanity who saves a prince from a shipwreck and falls in love, the new edition is perfectly serviceable musical enter-



Halle Bailey, above, and Jonah Hauer-King, left, in director Rob Marshall's new version of the animated classic; the film also features new songs by Alan Menken and Lin-Manuel Miranda.

tainment from director Rob Marshall, who also made "Chicago" and the fourth "Pirates of the Caribbean" movie. Mr. Marshall's competent-to-generic style suggests he is unencumbered with any pretensions to being a visionary, which makes him ideally suited to handle mega-blockbusters for mega-corporations.

Water is tricky for visual-effects specialists, but the film looks great; except for a climactic action scene, everything is free of the

murk that often be-devils maritime movies. "Under the Sea," for instance, which was the most delightful showstopper in the original, is here reimaged with such a dazzling digital array of colorful underwater creatures, all of them rendered in perfect clarity, that this scene alone looks like it cost more than the entire 1989 movie. It's a true spectacle, a burst of cinematic energy that reminds us all why going out to the theater can still be exhilarating.

On the other hand: How dare they reimagine our beloved "Little Mermaid"? Some entries in Disney's remake-o-rama, such as Tim Burton's "Alice in Wonderland" and Jon Favreau's "The Jungle Book," were backed by a strong creative urge to rework the material. "The Little Mermaid," on the other hand, is self-evidently nothing but a marketer's dream, a glitzed-up, star-studded version of something that was small and wonderful, with a bit more multiculturalism (King Triton's seven daughters span many

warm Caribbean rather than the chilly North Sea, hence the multi-ethnic cast). Another friend, Scuttle the seagull, is played by the comic Awkwafina, whose scratchy voice mars a clever rap song, "The Scuttlebutt," the best of three new compositions by Mr. Menken featuring the lyrics of "Hamilton" creator Lin-Manuel Miranda. (Mr. Miranda also provides bland lyrics to two so-so tunes.)

A weak point in the original film was that Ariel's love interest, Eric, was a bit thinly imagined. That remains the case here; as played by the sad-looking Jonah Hauer-King, Eric gets a lot of screen time devoted to his back story and his relationship with a new character, his adoptive mother, Queen Selina (Noma Dumezweni). Yet all of this added material is superfluous and dramatically inert.

The film's starry cast includes Javier Bardem, Melissa McCarthy and Awkwafina.

Every extra minute feels like a betrayal of the original, in which not a word was wasted. Watching a soul-challenged remake with a colossal budget is like going back to the neighborhood where you grew up and finding the telephone poles have been gold-plated and the kindergarten has been replaced by a casino. It may be amazing, it's certainly expensive. But is it better? Though the new "Little Mermaid" makes excellent use of all that digital wizardry has to offer, its heart is lost at sea.

TELEVISION REVIEW | JOHN ANDERSON

Mary Tyler Moore, TV's Modern Woman

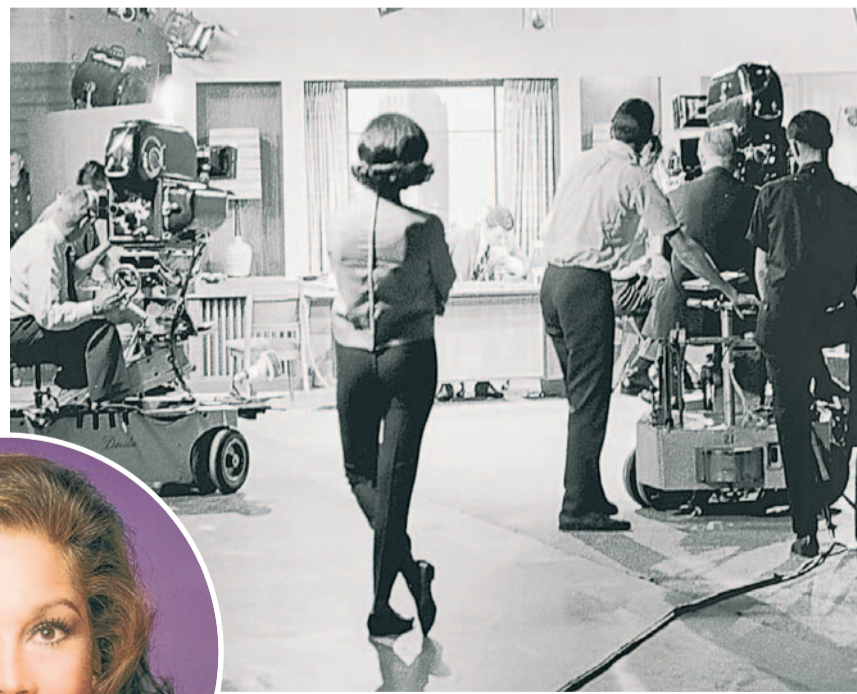
With all due respect to Mary Tyler Moore, two hours is a lot of Mary Tyler Moore—or anyone whose most significant contribution to pop culture aired its finale in 1977. "Being Mary Tyler Moore" does have its revelations, especially for those unfamiliar with the subject: Moore, who died in 2017 at the age of 80, was far more intelligent and discerning than her characters—and her characters were almost always distinguished by intelligence and discernment. But a viewer might wonder why now, and when will it be over.

A documentary on HBO explores the actress's major roles and media entanglements.

Directed by James Adolphus ("Soul of a Nation"), the HBO documentary is almost too balanced: It puts just as much weight on Moore's post-"Mary Tyler Moore Show" career as it does on her tenure as the show's then-modern woman/career gal Mary Richards, or as Laura Petrie, arguably the more revolutionary role of Moore's career. Laura, wife of Rob Petrie on the landmark "Dick Van

Dyke Show," wore pants, had her own ideas and, unlike Lucy, Ethel or June Cleaver, was hot; there was no question that Rob and Laura had sex, which was unknown territory in early '60s network TV. (Little Ricky seemed to have been the product of a virgin birth.) And there was more to it, though only designer Isaac Mizrahi, in a tossed-off bit of interview from who knows where, makes the observation that Laura Petrie had a kinship with Jackie Kennedy by virtue of timing, type and chicness. There's no decoding that kind of link. But it was there.

Very smartly, and rather delightfully, Mr. Adolphus opens with a clip from a 1966 TV interview Moore did with TV host David Susskind, whose questions are rude ("Don't you think working mothers sort of short-change their children?") but provide a window into the genuine woman, who is sexy-cool and just short of intolerant of patriarchal nonsense. We often confuse actors with their characters, and this clip clears that up; another, in which Moore accepts one of her Emmys for the Van



Mary Tyler Moore on the set of 'The Dick Van Dyke Show,' left; Moore circa 1975, below left



Dyke program, shows how easily she could slide back into the Laura Petrie persona when it suited her purpose.

The choice of interview footage for "Being Mary Tyler Moore" follows a similar stratagem to that of the Susskind bit: showing Moore under pressure and uncomfortable and using this to reveal character. One of the more obvious things we see is that Moore, like most of us, changed over time. An interview with the once-ubiquitous Rona Barrett is like a hostage video, with Moore seemingly terrified and Barrett appallingly clue-

less—Moore had lost a son, which prompted inevitable comparisons to her Oscar-nominated performance as the icily grief-stricken mother in "Ordinary People" (1980). James Lipton, the mawkish host of "Inside the Actors Studio," tortures her further. Moore had an uneven relationship with the media, although in the case of the disastrous musical version of "Breakfast at Tiffany's," which followed Moore's promising casting opposite Julie Andrews in "Thoroughly Modern Millie" (1967), the critics seem to have been right. Even producer David Merrick can barely defend the show.

"Tiffany's" marked a low point in

Moore's career, which was like a history of television itself: She was the Hotpoint pixie on the appliance ads, her pregnancy eventually forcing her out of the full-body leotard. She was the voice, and the legs, of David Janssen's secretary on the mystery series "Richard Diamond, Private Detective"; trained as a dancer, she brought a physical grace and fluidity to everything she did, including some horrible-looking TV specials with the likes of Danny Kaye and Jack Benny. (And not including "Whose Life Is It Anyway," the protagonist of which is bed-ridden and which won her a special Tony, essentially for being a major TV star who deigned to do a Broadway show.) But those specials led to "The Mary Tyler Moore Show," which for seven years was among the most popular on TV and the keystone of the legendary Saturday nights on CBS ("All in the Family," "M*A*S*H," "MTM," "The Bob Newhart Show," "The Carol Burnett Show"). It was an era of appointment TV. And one can't help thinking how long ago it was.

Being Mary Tyler Moore
 Friday, 8 p.m., HBO

Mr. Anderson is the Journal's TV critic.

ARTS IN REVIEW



Salena Qureshi and the 'Monsoon Wedding' ensemble

union, is effectively reprised as "Not in This Together" in the second act when troubles arise between Aditi and Hemant. When Ria reveals a shocking secret she has kept to herself, she sings a moving solo, "Be a Good Girl," and shares an equally lovely duet with Lalit. Another delight is "Aunties Are Coming," in which the older married women comically lament the waning of their husbands' desire as the years wore on.

Full of complex family ties, the show is an overstuffed but colorful affair.

"Monsoon Wedding" was originally aiming for Broadway, and the songs, save for the Indian-inflected orchestrations, largely fall into familiar if adeptly crafted forms that are in the vein of traditional American musical theater, only occasionally exhibiting the flash and bombast of Bollywood movies.

Simply because its dramatic canvas is so broad, "Monsoon Wedding" cannot avoid compressing plot twists into moments of sentimentality and borderline melodrama, although even these have the enjoyable sudsiness of soap operas from any culture. And the performances, which I am unable to celebrate in sufficient detail, are impeccable. But a wry early joke from a family member strikes to the heart of the problem with this pleasurable if dramatically cumbersome show: "Aditi," she asks, "how will your groom know who is who? Brother, sister, cousins." How indeed?

Monsoon Wedding
St. Ann's Warehouse,
45 Water St., Brooklyn,
\$49-\$159, closes June 25

Mr. Isherwood is the Journal's theater critic.

THEATER REVIEW | CHARLES ISHERWOOD

A Dizzying Marital Musical

Mira Nair directs a crowded, lively stage adaptation of her film about an arranged marriage in India

Brooklyn, N.Y. **WEDDINGS AMONG** the upper classes in India are famously lavish affairs, stretching over several days, featuring elaborate rituals and the exchange of sumptuous gifts between the families involved. "Monsoon Wedding," a musical theater adaptation of the 2001 Mira Nair movie, depicts such a wedding and the manifold dramas surrounding it. And while it is fairly minimalist in terms of design—the primary set is a two-level gray cement affair recalling Constructivist architecture—the show is certainly lavish, maybe overly so, in other regards.

It is as stuffed as a closet full of saris with colorful plots and subplots involving not just the families of the bride and groom, but also a whole host of other relatives, as well as a romance between the wedding planner and a servant of one of the families. There are also allusions to the strict class distinctions in the country, as well as its history of religious strife. To shape all this material, as well as al-

most two dozen songs, into a cohesive musical proves a daunting task for Ms. Nair, who herself directs the show with more affectionate flair than focus.

Even with a cheat sheet in the program, showing the various branches of the families involved, your head begins spinning early as you try to sort out the relationships among the characters (which probably should have been indicated in the program, too). And while the musical offers plenty of lively pleasures, my mind was still a bit fogged when it drew to a conclusion.

The wedding in question is to take place between self-proclaimed "South Delhi girl" Aditi Verma (Salena Qureshi) and Hemant Rai (Deven Kolluri), a Morgan Stanley banker from New Jersey who flies in to Delhi with his parents, Mohan (Jonathan Ravi) and Saroj (Meetu Chilana), as the celebrations begin. Aditi's father, Lalit (Gagan Dev Riar), is already feeling harassed as he watches the rupees flying in all directions at the behest of his cheerful wed-

ding planner, Dubey (Nimit Das). And the Vermas are hosting not just the Rai family but also the "head" of the Verma family, Tej Puri (Alok Tewari), and his wife, Vijaya (Miriam A. Laube)—Lalit's sister—coming in from California.

Hoping to keep your eyes from glazing, I will skip over the relationship between the Vermas and another branch of the family, the Chawlas. I'm not sure I ever sorted out all the connections between the characters, among whom another notable is Ria Verma (Sharvari Deshpande), a cousin who lives with the Vermas and is older than Aditi but still unmarried at the appalling age of 30. She, however, is utterly uninterested in matrimony, and ready to head to NYU to study, in part for reasons that become clear by the musical's dramatic ending.

The book, by Arpita Mukherjee and Sabrina Dhanwan, while overburdened by the necessity of dramatizing so much material, is at its best when exploring the love at first sight, or at least pleasant surprise at first sight, between Aditi, played with an affecting sense of ambivalence by Ms. Qureshi, and Hemant, whom Mr. Kolluri depicts as gallant but overwhelmed at the prospect of an arranged marriage to a woman he has met only over Zoom. A particularly charming scene finds them stealing away from the family and reintroducing themselves to each other, sharing details of their lives, despite their prior

formal meeting.

This gently blossoming romance is cleverly woven together with that of Dubey and the Verma family servant Alice (Anisha Nagarajan), with the scenes between the two couples blending together gracefully. While Aditi and Hemant find themselves troubled by the gulf between the cultures they have grown up in, Dubey, portrayed with ebullience by Mr. Das, and Alice,

imbued with a shrinking shyness by Ms. Nagarajan, come from different religious backgrounds—he's Hindu and expects Alice to take a new name and convert from Christianity.

The score, with music by Vishal Bhardwaj and lyrics by Masi Asare and the Broadway veteran Susan Birkenhead ("Jelly's Last Jam"), is nicely varied. "All in This Together," a celebration of the families' coming



Deven Kolluri and Salena Qureshi, above, and Sharvari Deshpande, Gagan Dev Riar and company, below, in the St. Ann's Warehouse production



The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	13
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- 30 Like some kitchens
- 31 Old Italian currency
- 32 Hiding place
- 33 Charts from hearts: Abbr.
- 34 Crooner Perry
- 35 Scads
- 36 Splinter group
- 40 Park expanse
- 41 Diva's delivery
- 42 Off-color
- 45 Still
- 47 Monument Valley sight
- 49 Roger _____ Overlooked Film Festival
- 50 Pauper's wear
- 51 Grammer of "Frasier"
- 54 FaceTime devices
- 55 "Daphnis et Chloé" composer
- 56 Shower grime
- 57 Radius neighbor
- 58 Start for call or Cop
- 60 Sax great Stan
- 62 Number on the Fool card in many tarot decks
- 64 Yale rooter
- 65 Pitching fig.
- 66 Hiding place

POWER PACK | By Mike Shenk

- The answer to this week's contest crossword is an eight-letter quality.
- Across**
- 1 Ernie Banks, for 18 seasons
 - 4 Targets of pull-downs
 - 8 Gomez of "Only Murders in the Building"
 - 14 Deposit in a bank, sometimes
 - 15 "Casablanca" role
 - 16 Semi-professional?
 - 17 Negroni ingredient
 - 18 *Parrot parasite
 - 20 "The Dreamy Fish" composer
 - 22 Twisty fish
 - 23 Hail Mary, e.g.
 - 24 Pot pour
 - 27 Mendes and Green
 - 29 *Classic Cadillac model
 - 34 Till fill
 - 37 Stephen of "The Crying Game"
 - 38 "Giant Brain" of 1945
 - 39 World Cup cry
 - 40 *Penmanship, some think
 - 43 Foreordain the winner of
 - 44 Barista's creation
 - 46 Lyricist Gershwin
 - 47 Ingenuity explores it
 - 48 *He played a police inspector in Fritz Lang's "M"
 - 52 Org. that includes Fever and Dream
 - 53 Words from a compliant CPO
 - 56 Unshakable
 - 59 Easter find
 - 61 Site of the Casa Grande del Pueblo presidential residence
 - 63 *Landscape's packetful
 - 67 Broad st.
 - 68 Prepare to deplane
 - 69 Pear or persimmon
 - 70 German article
 - 71 New Zealand natives
 - 72 Off the wall
 - 73 _____pitch
 - 9 Canal setting
 - 10 Categorizes together
 - 11 Director Kazan
 - 12 Brooklyn ballers
 - 13 Warring Olympian
 - 19 Observe
 - 21 Longing
 - 25 Croatian coin
 - 26 Zira and Zaius, in a 1968 film
 - 28 "It Shouldn't Happen to _____" (James Herriot book)
- Down**
- 1 Machine parts
 - 2 Heep of fiction
 - 3 Japanese box lunch
 - 4 ABC's "One _____Live"
 - 5 Hardy quaff
 - 6 Wand-wielding org.
 - 7 Fill fully
 - 8 Put on the back burner

Previous Puzzle's Solution

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

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, May 28. A solver selected at random will win a WSJ mug. Last week's winner: Paul Sand, Rollinsford, NH. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

SPORTS

JASON GAY

She Ran 6,400 Miles Over 200 Days. She Cooled Off With a Marathon.

Candice Burt's Forrest Gump-style endurance feat is getting ready for the record books



Ultra runner Candice Burt ran in the HURT100 in Hawaii on days 71 and 72 of her streak. In total, Burt ran about 6,400 miles over 200 days.

On Wednesday, May 24, the ultra runner Candice Burt woke up in her Boulder, Colo., home around 8 a.m. She had a simple breakfast of granola with coffee. Later, she stopped by her favorite bagel shop and picked up a bagel.

Then she ran a marathon, 26.2 miles, through what she called an "epic" Rocky Mountain thunderstorm.

Just to cool down. What Burt didn't do: Run 32 miles. That's what she had done each day for the prior 200 days, from Nov. 5, 2022, until May 23, 2023—a 6½-month span in which Burt ran somewhere between five and six hours per day through snow, sleet, rain, Arizona heat and even at 2 a.m. in the dark after a late-night flight to Hawaii.

In total, Burt ran about 6,400 miles. That's almost enough to

cover a run from Seattle, Wash., to Fort Myers, Fla. And then all the way back to Seattle.

It's an extreme accomplishment, one that Burt has been chronicling rigorously, and will ask the Guinness Book of World Records to verify as the world record for consecutive days running an ultra marathon by any athlete on earth.

Why 32 miles? It's a little more than 50 kilometers, which is an official ultramarathoning distance. Technically 50K is 31.068 miles, but Burt didn't want to take any chances that she was accidentally shortening her mileage—so she rounded up to 32.

"I didn't want to cut it close," she said.

I nodded over the phone. I was a runner! In fact, I'd run 45 feet the other day, after the cat grabbed a piece of butter off my toast and darted down the hallway.

Burt's all the way over at the other end—she's a longtime ultra trailblazer and race director who organizes 200-mile and 200-mile-plus events in locations like Lake Tahoe and Moab, the ones in which participants try to grab a little sleep in their journeys, lest hallucinations start to take over.

A 41-year-old mother of two teenagers, Burt dove into the ultra world after reading Christopher McDougall's bestselling 2009 book "Born to Run" and meeting a woman who had run a 100-mile race. Burt had run track and cross-country in high school—but nothing like that. After doing a few marathons, she ran her debut 50K ultra, and found her new passion.

The ultra running world is rich with athlete adventurers like Burt who are constantly pushing the category in new directions. Burt's latest ultra feat didn't begin as a specific plan to run for 200 days

straight. It just sort of happened. I asked her the important existential question: why?

"I think it was the pure curiosity of wanting to see what my body can do," she said.

The ultra streak, she said, became "the little snowball at the top of the hill that just started gathering more snow and got bigger and bigger and bigger," she said. Burt knew of a mark for 26.2 miles (106 days), and then she'd heard someone did 150 at 26.2, and she decided to take it further.

Burt maintained her streak—which had to be outdoors, never indoors on a treadmill—through a wild Colorado winter that found her trudging through snow several times. She ran in the desert during a visit to her former home base of Tucson, Ariz. Most impressively, she ran 50K after a frantic travel day to Hawaii, in which she'd been marooned during a layover in Los

Angeles, and worried her streak would be broken.

"Right out of the airport," she said. "I had all my gear with me."

Since Burt wanted record certification, her job was not as simple as running out the door. She kept rigorous logs and used GPS to track her journey—she wore two watches, in fact, with one serving as an emergency backup. Witnesses were also necessary—people who had sign statements confirming they'd seen Burt running at a given time and location.

Burt also chronicled her runs via photos and video. Her social-media account became a steady parade of selfies, Burt holding the camera aloft and taking a picture of herself running in her wrap-around sunglasses. This was easy on nice days—less fun in a driving blizzard.

"It's definitely the most intensive record-keeping I've had to do," Burt said.

Nutrition was also key. Burt said she required a daily intake of 5,000 calories simply to maintain her weight. "I don't have any special diet, but I find I do a lot better if I have red meat," she said. On her runs, she'd bring snack bars or granola—and she'd call in a pickup order to the bagel shop and grab it during her run.

Her body, shaped by years of running at ultra distance, held up. Burt said the first 100 days of her 32-mile streak was relatively easy. Her motivation sank during a stretch of subzero weather, when she got frostbite on a big toe. "I was like, 'Why am I doing this?'" Burt said. "It's horrible."

For the 200th run, Burt was joined by friends. "She seemed like she was just going out for a normal run," said her friend Tim Probst, who followed along on a bicycle. After the finish, they celebrated with a barbecue, steak on the grill.

Burt's friend Jess Greene, an experienced ultra competitor, marveled at the accomplishment.

"I can even imagine doing it a few days in a row," Greene said. "For someone to take it and show up every day for 200 days...I can't fully wrap my mind around what it took."

Burt doesn't have a specific goal for what's next. She's curious about the idea of a record-breaking cross-country run, but doesn't have a plan yet. Mostly she's happy to be around her home more, with her daughters and dogs. On Thursday, she planned to taper down with a 20-mile run.

You know, a relaxing distance like that.

BY LAINE HIGGINS

IT WOULD BE EASY TO THINK of the Florida Panthers' Matthew Tkachuk as the NHL's own "nepo baby." His father Keith was one of the finest U.S.-born hockey players ever, with 538 NHL goals to his name. He even has a famous childhood friend in Boston Celtics star Jayson Tatum, who he went to high school with in St. Louis.

But there's one big difference between Tkachuk and all those would-be movie stars who may or may not live up to the family name: Tkachuk is a sensation in his own right who is carving up the NHL playoffs. Now, he's almost single-handedly taken the Panthers to their first Stanley Cup Final since 1996.

On Wednesday, the Panthers completed an Eastern Conference Final sweep of the Carolina Hurricanes with Tkachuk scoring the deciding goal with less than five seconds left in regulation. In two other games of the series, he netted game-winners in overtime.

The younger Tkachuk (pronounced kah-CHUCK) has been the driving force behind Florida's surprise run through the playoffs, delivering clutch assists and overtime winners. Even bona fide hockey nut Charles Barkley said recently that the Panthers' winger "might just be passing your dad if you keep ballin' like you ballin'."

Tkachuk is doing on ice what the Miami Heat's Jimmy Butler is doing on the hardwood. Butler even wore the skater's jersey during a recent practice session to troll his Eastern Conference Finals opponent, the Boston Celtics (the Boston Bruins were eliminated by the Panthers earlier in the playoffs). Both Butler and Tkachuk have now willed their eighth-seeded teams to the championship round, or the brink thereof.

None of this would have been possible if Tkachuk hadn't seized control of his future last summer by borrowing a play more common in basketball: forcing a trade. It was a bold move that typifies the confidence and relentless belief powering Tkachuk's game.

The Calgary Flames owned his rights for one more year, but Tkachuk told them he wouldn't be back for an encore after his breakout 104-point season in 2021-22. He craved a better off-ice lifestyle than what was available in Alberta and

Don't Call Matthew Tkachuk a 'Nepo Baby'



Matthew Tkachuk scored the game-winning goal in Game 4 of the Eastern Conference Finals.

saw the writing on the wall for the Flames' future after fellow star Johnny Gaudreau declined to re-sign with the club.

Tkachuk's trade request was so surprising that Panthers general manager Bill Zito said he didn't even consider what pieces he'd have to move around to make room for the Calgary winger.

"It wasn't like we sat in the scouting meetings and said, 'Let's go get one of these,'" Zito said in an interview last week. "We didn't know Matthew was going to become available."

To pull it off, Zito and his counterpart in Calgary, Brad Treliving, had to get creative. First, the Flames reupped Tkachuk to an eight-year, \$76 million deal, a longer contract by one year than any new team could offer Tkachuk. Meanwhile, the Panthers signed pending free agent Jonathan Huberdeau—fresh off a career-best season of his own—to a similarly lucrative deal of the same length. Then the clubs swapped stars, with Florida receiving a conditional draft

pick and throwing in another defenseman, forward and conditional first-round draft pick for good measure.

The structure of the trade was unusual, the caliber of skaters involved eye-popping. The accelerated timeline was similarly shocking: Tkachuk's trade was made public on July 22 while his family was supposed to be celebrating the engagement of their younger son Brady, a winger for the Ottawa Senators.

"I might've ruined his dinner a little bit," the elder brother said.

The Panthers offered Tkachuk something tantalizing that the Flames couldn't: A team built to win now. Florida was a few months removed from a 122-point season in which they won the Presidents' Trophy for tallying the most regular season points but fizzled out in a second-round sweep by the Tampa Bay

Lightning.

"Hopefully I'm the guy that can put them over the edge," he said last summer.

Still, making space for Tkachuk meant parting with Huberdeau, a longtime Panther who was coming off the most offensively productive season of his decadelong career with 115 points. Zito was bet-

ting that the young winger with a famous last name wouldn't only match Huberdeau's finishing touch, but give Florida the intangibles it needed to get over the postseason hump.

Though Tkachuk excels at stickhandling and has a deft scoring touch, what sets his game apart isn't something easily captured by box scores—his ability to troll opponents. In Game 4 against the Bruins, he nearly lured goalie Linus Ullmark into a fight. In the next round against the Toronto Maple Leafs, he teased fans who had

21
Points (nine goals, 12 assists) that Matthew Tkachuk has picked up during the Panthers' run to the Stanley Cup Final.

chanted "We Want Florida!" by asking them if they felt the same after their series-clinching win in Game 5.

He became public enemy No. 1 in Raleigh over the weekend by scoring both overtime winners—the first in the fourth overtime period after 139 minutes and 47 seconds of hockey, the second much faster on Saturday night.

Both times he celebrated by motioning his teammates to head to the bus while skating straight to the tunnel—the celebratory equivalent of a mic drop.

"When the lights get brightest, he just seems to up his level," teammate Josh Mahura said on Monday.

Tkachuk did it again on Wednesday, scoring two goals for Florida to punch the Panthers' ticket to the Stanley Cup Final.

Tkachuk's cocksure attitude never waned, even though the Panthers started the season losing more games than they'd won and only got into the playoffs by one point during the last week of the season.

In March, after the elder Tkachuk called the Panthers "soft" on a Toronto radio show, he went so far as to put his father into "timeout" and ban him from speaking to the media. He proved his dad wrong on the ice, too. After Keith Tkachuk's rant, the Panthers rattled off six straight wins to lock in the wildcard spot, overcame a 3-1 series deficit to take down the winningest NHL team in modern history, almost swept a talented Maple Leafs team and put the gritty Hurricanes on the ropes.

Tkachuk in that time netted five goals and seven assists down the stretch of the regular season, and added 21 more points in the playoffs. It puts him in elite company: only two players have scored more points in their debut season after getting traded—and one is a guy named Wayne Gretzky. As Barkley predicted, it also puts him well ahead of his dad.

Dad seems to have come around, too: After his son scored the game-winner, he did a double fist pump and wrapped his neighbors in a gleeful bear hug.

"My dad never had the chance to play in the Stanley Cup Final so I know he's living this through me," Tkachuk said.

OPINION

IRS Needs a Cage, Not More Cash



POTOMAC WATCH
By Kimberly A. Strassel

Revenue Service has no business keeping its untrustworthy fingers on last year's \$80 billion cash infusion.

This week brought two more examples of IRS roguery that build on its already unsavory record of leaks, incompetence and partisan behavior. The first is the alarming story of journalist Matt Taibbi, who may have been targeted by the IRS in retribution for documenting the joint censorship efforts of Big Tech and the federal government.

Mr. Taibbi in March told the House Judiciary Committee a disturbing tale: an IRS agent had made a surprise visit to his New Jersey residence on March 9—the same day Mr. Taibbi testified before another House committee about censorship at Twitter. The journalist was subsequently told there were “identity theft” concerns with his 2021 and 2018 tax returns. The 2018 claim particularly troubled Mr. Taibbi, since his accountants possessed documentation showing the return had been electronically accepted, and neither they nor he had ever received notification of a problem. Judiciary Chairman Jim Jordan demanded the IRS explain.

The IRS earlier this month provided Mr. Jordan documents that only add to the appearance of targeting. It seems the IRS officially opened its examination of Mr. Taibbi's return on Dec. 24—not only Christmas Eve but a Saturday. What could be urgent enough to inspire a government employee to work overtime? That was the day Mr. Taibbi capped three weeks of reporting with his ninth installment of the Twitter files, an exposé of a wide sweep of federal agencies working with social-media companies to censor online speech.

Documents also show that in addition to the unannounced house call, an IRS agent dived deep into Mr. Taibbi's personal life, compiling a file of his voter-registration records, whether he had a concealed-weapon permit and even whether he possessed hunting or fishing licenses, among other data. The file contained his Wikipedia page detailing his Twitter files work. The IRS launched this excavation even though Mr. Taibbi didn't owe the IRS any money.

More notable is what the IRS didn't provide the House: any proof of letters it claimed to have sent to Mr. Taibbi alerting him to the purported 2018 problem. It also failed to cough up internal communications related to the case, despite Mr. Jordan's demand and Mr. Taibbi's signed waiver to allow Congress to see information related to his return.

Whether Mr. Taibbi is a

target of harassment or not, these IRS tactics ought to alarm lawmakers. How many other Americans—those who don't even owe the feds money—have an IRS file detailing their gun-permit status? How does that relate to tax liability? Federal tax forms require preparers to list their names and phone numbers. Is it IRS practice to jump to an investigation before picking up the phone? Is it now standard for an agent to show up unannounced at your door—in absence of any proof of lawbreaking?

Matt Taibbi's ordeal shows why the GOP should claw back that \$80 billion infusion.

Then there's IRS Supervisory Special Agent Gary Shapley, the congressional whistleblower who this week went public with his claims of Justice Department political interference in the Hunter Biden probe. A 14-year IRS veteran, Mr. Shapley oversees a team that specializes in international tax and financial crimes. He says he was assigned control of the Biden investigation in 2020, but again and again watched prosecutors engage in “deviations” from the normal process, in ways that “seemed to always benefit the subject.” He explained he “couldn't silence my conscience anymore.”

Mr. Shapley's attorneys informed Congress that their

client and his team had recently been yanked off the probe “at the request of” the Justice Department—which looks like clear (and forbidden) retaliation for his speaking out. IRS Commissioner Danny Werfel will undoubtedly try to slough this off on Justice, but a request is only a request, and nothing excuses Mr. Werfel from his own obligation to see tax justice done or protect whistleblowers. The IRS can hardly claim to need more money to pursue tax cheats when it is sidelining top investigators pursuing tax cheats.

No agency with this track record deserves last year's \$80 billion reward, especially as the IRS is openly promising to use the cash to hire tens of thousands of new agents for draconian enforcement activity. If Democrats are so concerned about discretionary spending cuts, they ought to be forced to choose between a cash infusion aimed at taxpayer harassment and the domestic handouts they claim are vital.

Meanwhile, look to see which enterprising GOP presidential candidate strikes on the obvious answer to the forever IRS mess: a flat tax. A vastly simplified system wouldn't only strengthen the economy but carry the side benefit of completely eliminating the positions of legions of IRS employees, whose power rests in the gray area of a tangled tax code. Starve the beast—for now. Ultimately, put it in a tiny cage.

Write to kim@wsj.com.

BOOKSHELF | By Brenda Cronin

The Wearing Of the White

Pazazz

By Nina Edwards

(Reaktion, 223 pages, \$27.50)

White clothes can make you see red. Consider “Top Hat,” the 1935 movie where Fred Astaire and Ginger Rogers dazzle in “Cheek to Cheek.” Their show-stopping number was briefly in peril because Astaire objected to his partner's dress—a costly concoction of satin and ostrich feathers that was in fact pale blue but shone on-screen as pure white. The director dangled an alternate costume but Rogers held firm: “It's either that dress or home I go.” Did Astaire fear being upstaged by a shimmering ensemble? He said it was all about the feathers flying during their routine. It was as if “a chicken had been attacked by a coyote,” he recalled in his memoir. “It was like a snowstorm . . . I had feathers in my eyes, my ears, my mouth.”



The dance's energetic moments did have flecks swirling around the floor and clinging to Astaire's tailcoat. The strong feelings on both sides are no surprise, according to Nina Edwards, who records the drama in “Pazazz: The Impact and Resonance of White Clothing.” Onetime Vogue editor Diana Vreeland said *pazazz* evoked “the spirit and glamour of fashion.” Ms. Edwards borrows the term—and its unorthodox spelling—for her study of the “peculiar allure” of white garments. White clothes span life from a newborn's onesie to a mummy's linen wrappings. Ms. Edwards offers a *tour d'horizon* of white raiment through the ages. In a maid's apron or a doctor's coat, white telegraphs servility or authority. White military uniforms can be found world-wide and although most sports embrace colorful clothes, Wimbledon's “almost entirely white” dress code prevails at tennis championships.

White can bewitch the seemingly sensible into fashion contortions. Ms. Edwards notes the medieval rage for light-colored, pointy-toed shoes that were so impractical the tips had to be “cut away” when knights wearing them dismounted for hand-to-hand combat. In 18th-century Paris, towering white powdered wigs inspired the notion “to heighten standard doorways to create easy passage for . . . vast, teased up-dos.” For sheer danger, no unwieldy headpiece could match the flammable 19th-century crinoline, which an errant spark could explode into a “burning whirlwind of fire.” The crinoline's massive skirts atop layers of snowy petticoats also “could get trapped under carriage wheels or caught up in machinery.” The risky garment was handy for shoplifters and smugglers, such as a woman aboard a steamer headed to England from the Netherlands. She told officials she was pregnant; instead, they discovered that her crinoline was concealing “no less than five pounds of cigars, nine pounds of tobacco, a quantity of tea and a bottle of gin.”

White has spawned arbitrary and anachronistic diktats, such as that it should be worn only between Memorial Day and Labor Day. That likely arose because those who could afford vacations (and frequent launderings) favored clothes of light color and material during summer holidays. When fall returned, so did heavy, dark garments—a convention that caught on among those taking cues from the elite.

In previous books Ms. Edwards has ruminated on the significance of buttons, offal, weeds and darkness. Her M.O. allows for a stream-of-consciousness meandering, like the caretaker of a sleepy museum who suddenly finds herself escorting visitors through its jumble of treasures. Ms. Edwards's aperçus will beguile some readers but frustrate others eager for more context. In “Pazazz,” a discussion of cleaning white clothes has a cameo by Mrs. Tiggy-Winkle, the hedgehog washerwoman of Beatrix Potter's children's books. The same chapter notes that “white glove” describes a fancy residential building or hotel—the doormen wear them—before gliding on to the long white gloves seen on debutantes.

When it comes to clothes, white can come laden with meaning, from the authority of a doctor's coat to the innocence of a debutante's glove.

Plucking from history, religion, royalty and the arts, the author cites memorable figures in white, real and imaginary. There are portraits of women by Constable, Whistler and Sargent. In Dickens's “Great Expectations,” Miss Havisham still wears her wedding dress decades after being jilted. Men get their due for wearing white and keeping it spotless. Regency dandy George (Beau) Brummell (1778-1840) stood out by “going so far as to bathe and to brush his teeth every day.” By contrast, biographer James Boswell (1740-1795), apparently “seldom washed himself, so that when he was well dressed his clean ruffles showed up the griminess of his skin.”

The silver screen is a trove of images: Think of Marilyn Monroe in white dress and high heels in “The Seven Year Itch.” Peter O'Toole wore white robes and headdress as “Lawrence of Arabia”—and reveled in white as a celebrity. “I woke up one morning to find I was famous,” he said. “I bought a white Rolls-Royce and drove down Sunset Boulevard, wearing dark specs and a white suit, waving like the Queen Mum.”

White is interwoven with marriage and mourning. Ms. Edwards credits Queen Victoria's satin-and-lace dress for her 1840 wedding with popularizing white for brides. Victoria later spent decades in widow's weeds but for her funeral insisted that her body be dressed in white and her face covered with her wedding veil.

Elizabeth I never married but was a vigorous advocate for the absence of color, portrayed around 1592 by Marcus Gheeraerts the Younger “in the height of sumptuous white silk excess.” The painting captures the monarch in an immaculate ruff, with lariat of pearls and a ghostly complexion conjured up by “daily applications of white lead paste and vinegar.” In couture, a model dressed as a bride has traditionally closed fashion shows, even if what she wears is a far less reliable moneymaker than its colorful predecessors down the catwalk. Bright clothes *sell* while white clothes *stun*.

So, the only rule for wearing white? When accessorized with élan, it befits any occasion.

Ms. Cronin is an associate editorial features editor at the Journal.

In SUMMER BOOKS this weekend

Ernie Pyle's reports from the front • The Renaissance in Northern Europe • The drama of being Sam Shepard • Sam Sacks on Richard Ford • And the season's bounty in sports, food, history, travel, nature, fiction & much more

The Many Paradoxes of Timothy J. Keller

HOUSES OF WORSHIP
By Kate Bachelder Odell

Ask anyone to name a story from the Bible, and you'll likely get the answer David and Goliath. Most Americans know it as a tale about facing your fears, steeling yourself and prevailing against long odds. “I'm here to say that's a shallow understanding, even a deceptive understanding, of how to read the text,” Tim Keller, minister of Redeemer Presbyterian Church in Manhattan, told his congregation one Sunday morning in 2015.

Keller, who died May 19 at age 72, then indicted what he called “counterfeit courage”—the modern idea that the way to overcome fear is to “visualize success.” Stoicism works only in “short-term bursts, mainly on adrenaline,” and most “of the acts of courage we most admire don't come from self-assertion and self-confidence.”

His church shouldn't see itself in David but in the story's terrified Israelites, who needed a savior. Christians, Keller concluded, can face life's complexities and dangers because Jesus Christ conquered death. Those who follow him are secure, and “joy is always on the way.” In saying so, Keller blew open an old story with intellectual force and verve.

Keller's life was confounding. The first paradox is obvious: He built a congregation of orthodox Christians in the naked city. Keller spent his early career as a country preacher in Hopewell, Va., before a stint in academia, departing to

plant Redeemer for the Presbyterian Church in America in 1989.

“We did not come expecting a great deal of success,” Keller said on the church's 25th anniversary. He spoke plainly of sin and grace to New York's skeptical and high-achieving clientele: the corporate managers and Ivy League-educated consultants but also the artists, musicians and nonprofit executives.

He would, as he told me for a 2014 Weekend Interview, aspire to “show secular people that they're not quite as unreligious as they think. They're putting their hopes in something, and they're living for it.” In New York, it's often a career. “I try to tell people: The only reason you're laying yourself out like this is because you're not really just working. This is very much your religion.”

A second paradox: Keller was a popular pastor who was allergic to the celebrity he attracted. His books, such as “The Prodigal God” and “The Meaning of Marriage,” among many others, have sold millions of copies. But he was enigmatic and avoided the spotlight. An editor of the Christian magazine *World* once quipped that he could organize an interview with Keller “as easily as I can set one up with Vladimir Putin.”

Keller “was not that great showman preacher,” says Collin Hansen, editor of the Gospel Coalition, a network of Presbyterian and Reformed churches. He was introverted and cerebral in a way that Billy Graham, for all his strengths, never was. But Keller's “sense

of irony,” his “professorial approach,” appealed to New Yorkers.

Keller insisted that Christian evangelism be winsome, which made him polarizing—perhaps the third paradox. “I fear that anxious evangelicals hope that if they can just be grace-centered enough” and “serve the community, and make clear that they are not Republicans, then unbelievers will turn to Christ,” Kevin DeYoung, a fellow Reformed pastor, recently wrote of Keller's bent.

He was a popular preacher in New York and a celebrity who hated attention.

It's a fair point. Keller warned that Christians shouldn't be politically monolithic. He worried about American evangelicalism's association with the political right. But there is also the risk, which Keller realized, that Christian believers become entangled with the obsessions of the political left: sexual identity, racial grievance, Marxian redistributionism and so on. Progressive Christianity is the mirror image of the moral majoritarianism of the 1980s, and it will end no better for the church's public witness.

Some dismiss Keller's approach as outmoded in an American culture hostile to Christianity. Underlying this critique is the assumption that it was easy for a minister in Manhattan 25 years ago to

preach that sex is reserved for a man and a woman in marriage. It wasn't. “We were thrown out of facilities for our faith. We were mocked in the press,” Keller recalled of founding Redeemer.

In 2017 Princeton Theological Seminary revoked an award it had planned to bestow on Keller, because his church didn't countenance same-sex marriage or female ordination. The latter charge is especially redolent. Keller's marriage to “Kathy, the Valiant”—as he described her in a book dedication—was a more than 40-year intellectual conspiracy of equals and a living refutation to the canard that Christianity relegates women to inferior status.

At the end of his 2015 sermon, Keller referred to J.R.R. Tolkien, whose myth-drenched narratives had long captured his imagination. Keller said he leaned on a line from “The Lord of the Rings” while fading under anesthesia for thyroid cancer surgery, years before the pancreatic variety took his life. A thought pierced the character Sam, “that in the end the Shadow was only a small and passing thing: there was light and high beauty for ever beyond its reach.”

Keller said he realized that “if the Bible is true, the whole universe is a universe of joy, of glory, of life.” On earth we're “stuck in this little tiny speck of darkness.” But because of Christ's death and resurrection, “even that darkness someday is going to be taken away.”

Mrs. Odell is a member of the Journal's editorial board.

Poppies for Veterans, an American Tradition

By Jason De Sena Trennert

I first noticed the poppies when I was in London on business just before Remembrance Day about 20 years ago. Men and women throughout the city were wearing red paper poppies, which I learned were an important symbol in the Commonwealth to honor members of the military who died in war. I didn't know at the time that selling poppies to give financial and occupational support to disabled servicemen began in the U.S., thanks to the efforts of professor and philanthropist Moina Michael after World War I.

A poem, “In Flanders Fields,” inspired the use of poppies to remember veterans. After losing a close

friend and seeing unspeakable carnage at the Battle of Ypres in World War I, John McCrae, a Canadian army officer and physician, began his work: “In Flanders Fields, the poppies blow / Between the crosses, row on row.”

The flower caught on in Britain after being introduced stateside.

Michael came across the poem in 1918 in New York while training YMCA war workers and was so moved in what she later called a “spiritual experience” that she wrote her own poem, “We Shall Keep the Faith.” In it, she promises to wear a poppy in memory of those who served in the war: “It seems

to signal to the skies / That blood of heroes never dies.”

After the war, Michael was teaching a class in education to disabled veterans at the University of Georgia. Realizing the financial need of many returning soldiers, she initiated a drive to raise money for disabled servicemen coming home by selling silk poppies. By 1921 the American Legion Auxiliary and by what would become the Royal British Legion had adopted the poppy as a symbol of remembrance for war veterans. Shortly after her death in 1944, the U.S. Navy commissioned the SS Moina Michael, a Liberty-class cargo ship, in tribute to her humanitarian efforts. In 1948 the post office issued a 3-cent stamp in her honor.

My business partners and I started the Poppy Project in

2012 and began sending poppies to our clients, believing it should carry the same symbolism in the U.S. that it does in the Commonwealth. Donations from recipients go to the American Legion for their programs that support veterans, the military community and their families. Congressional efforts to designate the Friday before Memorial Day as National Poppy Day regrettably have stalled in committee.

Bringing back the poppy would allow Americans to honor our own brave veterans and those of our allies. It's time to revive this proud and noble symbol in the country of its origin.

Mr. Trennert is chairman and CEO of *Strategas*, an investment-strategy, economic and policy research firm.

OPINION

REVIEW & OUTLOOK

LETTERS TO THE EDITOR

A Clean Water Landmark for Liberty

The Supreme Court issued another landmark decision pruning back an overgrown administrative state on Thursday in Sackett v. EPA. Don't believe the cries that the 5-4 decision will despoil America's precious wetlands. The majority simply stopped a regulatory land grab.

The Justices rebuke the EPA for its land grab over 'waters' of the U.S.

Michael and Chantell Sackett's ordeal reveals how rule by an unfettered administrative state can cause significant cost and hardship. For 16 years the couple has been battling the bureaucracy to build a home. The Environmental Protection Agency and U.S. Army Corps of Engineers claim their dry property is a wetland subject to federal regulation.

The Clean Water Act (CWA) authorizes EPA to regulate only "navigable waters" in interstate commerce. Yet the EPA said the Sacketts' property was connected to a wetland some 30 feet away, which was connected to a ditch that connected to a nonnavigable creek that connected to a lake. Follow that?

Americans anywhere in the country could have their backyard declared a wetland, but they wouldn't know it until the EPA swoops in and threatens enormous penalties for pouring herbicide on weeds. EPA advises landowners to solicit the Army Corps' opinion before doing anything with their property. But 75% of the time the Corps claims jurisdiction.

Does federal jurisdiction really "encompass any backyard that is soggy enough for some minimum period of time?" Justice Samuel Alito asks in the majority opinion joined by Chief Justice John Roberts and Justices Clarence Thomas, Neil Gorsuch and Amy Coney Barrett. "How about ditches, swimming pools, and puddles?"

A majority in Rapanos (2006) couldn't agree on how to limit EPA's authority over wetlands. Four Justices said the Clean Water Act's scope extended to "only those relatively permanent, standing or continuously flowing bodies of water" such as oceans, rivers and lakes, and wet-

lands that were directly adjacent and "indistinguishable" from those waters.

However, the agencies and lower courts have adopted Justice Anthony Kennedy's lone opinion that federal jurisdiction extends to land that has a "significant nexus" to a waterway. This test is as clear as a swamp.

While all nine Justices ruled for the Sacketts, they disagreed on the scope of federal power. The majority strips away the "significant nexus" ambiguity from Justice Kennedy's Rapanos opinion, but reaffirms the conservative plurality's view that a "wetland" must "be indistinguishably part of a body of water that itself constitutes 'waters' under the CWA."

The other four Justices say the law should be interpreted broadly to cover land that is "adjacent" to navigable water, which need not be "adjoining" as long as it is "close to" or "lying near." Under their opinion, there would be no limiting principle to federal authority.

In an opinion joined by the three liberals, Justice Brett Kavanaugh writes that the majority's limitations on federal authority could endanger "water quality and flood control throughout the United States." But states will still be able to regulate land and water within their borders, and Congress can rewrite the Clean Water Act.

As Justice Alito writes, the minority doesn't even attempt "to explain how the wetlands included in their interpretation fall within a fair reading of 'waters.'" Textualist arguments that ignore the operative text cannot be taken seriously. It's disappointing that Justice Kavanaugh departed from his typically rigorous administrative law analysis.

The current High Court's project reining in a runaway administrative state is one of the most important in Court history. The Sacketts' victory after their long ordeal is a triumph for the liberty of every American.

Volt Typhoon's Jolt to U.S. Complacency

President Biden is predicting better days for U.S.-China relations, but that hope was rudely interrupted Wednesday by news that Chinese hackers have broken into crucial U.S. government and military infrastructure.

Western intelligence agencies and Microsoft Corp. disclosed that an outfit known as Volt Typhoon is spying on anything that might be vulnerable in a conflict, including assets on Guam, where there is a U.S. military base. Microsoft said China's goal may be to choke off U.S. communications in a crisis.

The news underscores how vulnerable the U.S. is to cyber attacks and deep virus plants that we may never discover until a conflict erupts. As it happens, that bad news coincides with a list of 10 well-timed bipartisan recommendations that the House Select Committee on the Chinese Communist Party adopted this week to preserve "peace and stability in the Taiwan Strait."

The committee warns that "U.S. critical infrastructure is vulnerable to CCP cyber attacks." People's Liberation Army hackers, the report notes, "could target naval and aerial ports of embarkation to slow down our ability to send American forces to the theater, as well as shut down much of our nation's economic activity." Sounds like that's what China is already planning. The report recommends grants for port operators to improve cybersecurity, more testing and other measures to add "resiliency."

As for hard power, the committee says the U.S. should urgently buy more long-range missiles. The committee conducted a war game over

The House China committee highlights 10 steps to defend Taiwan.

control of Taiwan earlier this year, and it says the U.S. "ran low on all precision-guided missiles within a week." Congress can build on multi-year bomb buys and speed up Air Force and Navy efforts to strap weapons such as long-range antiship missiles onto more aircraft.

The committee also recommends quarterly updates for Congress on the backlog for weapons shipments to Taiwan, and improving combined training with the U.S. military. The U.S. has expanded its training in Taiwan in recent years, but more coordination will help Taiwan feel more confident that it can defend itself. A more proficient military is one more likely to fight, and U.S. training is part of the story of Ukraine's battlefield success.

The report also recommends that the U.S. fortify its bases in the region, and Congress can direct the military to pour concrete for hardened logistics and fuel depots in the Western Pacific. The committee notes that in its Taiwan war game the "PLA pre-emptively struck U.S. bases," including in Guam and Japan. Some Americans may not want to defend Taiwan, but the U.S. may have to defend itself.

These ideas aren't revolutionary, but a bipartisan voice vote is notable in a Congress otherwise polarized. The American public needs to know that a Chinese takeover of Taiwan would make Beijing master of the Pacific, to the detriment of American interests and prosperity. The path to deterring that outcome is building a new political consensus like this week's China committee report.

A Texas-Sized Property Tax Cut

Property taxes are the sore point in otherwise low-tax Texas, and the state GOP is finally taking them on. After years of disagreement, the Legislature is advancing a reform that would boost the Lone Star State's nation-leading growth.

The Texas House last week passed Senate Bill 3, which would return more than \$16 billion to property owners. Rep. Morgan Meyer, one of the bill's architects, says the relief would be "immediate and permanent," reducing the amount of tax that local governments can collect. The bill passed 147-0.

The reform would increase the share of home value that taxpayers can exclude from tax bills. The homestead exemption, which applies to any primary residence, would rise to \$100,000 from \$40,000. The increase will go a long way in a state where the average house costs about \$300,000. Mr. Meyer estimates the change would return about \$1,400 a year to a typical middle-class homeowner.

A second adjustment would lower the cap on how much a property's appraised value can rise each year. The maximum increase would drop to 5% from 10% and be extended to all properties. The runaway price growth of the past three years has cooled, but the lower cap would spare homeowners from reliving sudden tax spikes if prices re-accelerate.

Property taxes in Texas have crept up to an average rate of about 1.8%, the seventh highest of any state according to the Tax Foundation. GOP legislators have campaigned for years on restraining the local governments that collect the tax, but intraparty disputes have foiled reform.

The current bill is a compromise among GOP leaders. Lowering the appraisal cap was a priority of House Speaker Dade Phelan, who included it in a bill that his chamber approved last month. Lt. Gov. Dan Patrick, who leads the Senate, called that bill "dead on arrival" after the vote, preferring to boost the homestead exemption. House leaders agreed to include both provisions after a conference committee last week.

The Senate is now on the clock to pass the reform and send it to Gov. Greg Abbott before the legislative session ends on Memorial Day. The Governor has largely left the details in the Legislature's hands, but he's backing the tax cut and may convene a special session to finish it, along with bills on school choice and updates to the power grid. On top of helping taxpayers, lawmakers feel pressure to dedicate the \$33 billion revenue surplus the state is running this fiscal year.

The Texas economy grew at an annual rate of 7% in the last quarter of 2022, the fastest of any state according to the Bureau of Economic Analysis. Affordable housing has been a main driver, with home prices still close to the national average amid rapid population and job growth. Letting home buyers hold on to more of their rising value will help keep the state affordable.

Curbing property taxes takes political will because state lawmakers must contend with county and city governments. Texas legislators can draw inspiration from Iowa, where Gov. Kim Reynolds cut property taxes by \$100 million this month. The chance at a historic cut in Texas now lies with its Senate, and long-suffering homeowners are watching.

Biden's Plan to Keep the Poverty Rate High

Kevin Corinth's op-ed "Will Biden Cross a Line on Poverty?" (May 23) highlights the Biden administration's attempt to increase government spending by arbitrarily changing the definition of poverty. Using his regulatory authority, the president would define the poverty rate as the bottom third of income recipients and, without legislative authority, increase welfare spending by \$124 billion over the next decade.

Under that new definition, economic growth that doubled incomes across the board wouldn't reduce the poverty rate—even though families counted as poor would have seen a doubling of their incomes. Only a dramatic redistribution of income could ever lower the poverty rate.

With Congress beginning to consider legislation to force the Census

to count all transfer payments as income to the recipients, an action shown in our book, "The Myth of American Inequality," to reduce the official poverty rate by over 75%, the administration's effort to redefine poverty is no surprise. If Congress forces the Census to stop overstating poverty by not counting food stamps, refundable tax credits and some 100 other transfer payments, the administration can keep poverty rates elevated by changing the definition.

No wonder Americans are cynical about their government. As a nation, we need to get our facts straight.

PHIL GRAMM AND JOHN EARLY Helotes, Texas, and Mount Pleasant, S.C. Mr. Gramm was chairman of the Senate Banking Committee. Mr. Early twice was assistant commissioner at the Bureau of Labor Statistics.

A Way Out of Drug Shortages and Rationing

Your editorial "Why Cancer Drugs Are Being Rationed" (May 23) identifies a threat to the health of Americans. The problem, as you note, extends beyond cancer drugs to other classes of medicines and even to infant formula. Regulatory policy reforms could reduce shortages by making the U.S. market more attractive and available to foreign suppliers. One such solution that has been discussed for years but never implemented is reciprocity of drug and other approvals between the Food and Drug Administration and foreign regulatory agencies that have evaluation regimes comparable to the FDA's.

Reciprocity would allow an approval in another country to trigger approval in the U.S. upon application by the manufacturer. That could reduce shortages, make innovative drugs available sooner in the U.S. and provide an incentive for more international producers to expand production to meet U.S. demand.

HENRY I. MILLER AND JOHN J. COHRSEN Redwood City, Calif., and Arlington, Va.

Physicians as old as I am remember laughing at the absurdity of penicillin shortages on "M*A*S*H," never dreaming that in America we would be short of hundreds of drugs, including simple generic oral antibiotics like amoxicillin, the albuterol needed to treat asthma and the lifesaving chemotherapeutics now being rationed.

While "generic profits have shriveled owing to government efforts to

reduce drug spending," there are examples of generics that have been in scarcity that command a high price. Saline cost \$1 a bag to make in 2013, but at the time, some hospitals were charging over \$700 for sterile saltwater. Ever hear the one about the \$100 aspirin? Someone must be making money, or there must be a financial barrier to entry.

I suggest someone open the books of the group purchasing organizations, the hospital middlemen whose legalized kickbacks (aka rebates) have led us to a dysfunctional supply chain and a medical supply crisis worse than Hawkeye Pierce faced in South Korea. Better do it fast before it's you or your loved one facing a shortage of a crucial product.

MARION MASS, M.D. Perkasie, Pa.

Until politicians understand the law of supply and demand, the shortages of generic drugs will worsen as the population ages. The simple answer is to let the market pricing mechanism work. There will be pain in the short run as prices rise to their market level, but in time competition will drive them to a sustainable, lower level. Look at flat-screen TVs. The larger sets can now be bought for hundreds of dollars, when only a few years ago a technically inferior unit cost thousands. Government needs to step back and let the market work.

BOB HUMMEL Knoxville, Tenn.

How Social Justice Subverts Our Democracy

What Ed Meese and Kelly Shackelford describe in "The Left's War on the Rule of Law" (op-ed, May 17) illustrates how social justice is meant to operate: outside of our governance structures. Within those structures, coalitions of interests compromise to maintain peaceful interactions. Social justice, on the other hand, is neither justice dispensed by institutions designed to protect individual or minor-

ity rights against the majority's will nor a system of representatives accountable to the represented. It falls in the gap between legislative and judicial functions and owes its existence to vehemence of opinion.

In the spring of 2018, some 4,600 Google employees protested the use of artificial intelligence in U.S. military applications, prompting Google to decline to renew its contract with the Defense Department. The views of 4,600 software developers on where and how AI should be used don't represent the interests of Google shareholders, let alone those of 330 million Americans. It doesn't even acknowledge that the political rights of those U.S. citizens were also at stake.

In the worldview of social justice, the right of assembly and to petition government essentially subsumes all governance principles instead of underpinning them. It is easy to see how close we're coming, full circle, to a system of "might makes right" and, ironically, more arbitrariness rather than less.

GISELE SIROT Gastonia, N.C.

SVB's Becker Can't Blame It All on the Federal Reserve

As the CFO of a venture-backed firm that banked with Silicon Valley Bank, I had a front-row seat to the turmoil caused by the collapse. While I agree the Federal Reserve played a key role in SVB's failure, CEO Greg Becker's appearance before Congress was comical ("SVB's Greg Becker Tells His Story," Review & Outlook, May 17). Mr. Becker's position is seemingly that he was nothing more than a custodian of an institution driven into the ground by forces outside his control. This is nonsense. He blew up his bank due to poor risk management and basic hubris. Custodians don't make eight-figure annual salaries.

MATT ELBERT CFO and CRO, Tachyus Houston

How About Back to Normal?

In "AI's Education Revolution" (Inside View, May 22), Andy Kessler writes that "teaching will be transformed." What about what happened during the 2½ years that schools were closed because of Covid? All the research finds that online teaching was enormously detrimental for student learning. How will this be different?

KEN VALERO Littleton, Colo.

CORRECTION

On the National Assessment of Educational Progress, 22% of eighth-graders scored proficient or above in civics. The letter "The Path Back to Civics Education in America" (May 22) misstated the number.

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Pepper ... And Salt

THE WALL STREET JOURNAL



"Oh, just tax sheltering in place."

A Win-Win Debt-Ceiling Deal

By Mark Penn

President Biden can still win while “losing” the debt-ceiling negotiations. Avoiding a default while throttling back government spending would be a popular move for a president whose basic competence is under fire.

The president’s job-approval rating in the RealClearPolitics polling average is shy of 42%. He generally has the support of the Democratic Party’s left wing but is waning with moderates. In the February Harvard CAPS/Harris Poll, a plurality of voters, 42%, believed his policies and State of the Union address were too far to the left. And 56% think his administration has spent too much in the last two years.

Despite the political baggage left over from past showdowns and shutdowns, most voters think the Democrats need to agree to spending reductions as part of the debt-ceiling increase. They want to avoid a default, and a majority, 57%, think the Democrats should be the ones to compromise, according to the May Harris poll. A recent AP-NORC poll confirms that finding with overwhelming percentages of the public wanting spending caps in place.

While Mr. Biden likes to say he has cut the deficit by trillions, the public realizes that he is responsible for the Covid spending binge, not the reduction that followed.

Kevin McCarthy, having won his fight to become speaker, is now the most popular party leader in America. His ratio of favorable to unfavorable is plus-1 and Mr. Biden’s is minus-10. Voters perceive Mr. McCarthy to be more moderate after his party’s

Biden and McCarthy can diminish the power of the far left and far right, restoring voter confidence.

far right attacked him for not being conservative enough. Indeed, he seems to have hit the sweet spot of public opinion: He is considered a more reasonable leader because he risks the ire of certain members of both parties in everything he does.

Mr. Biden is in the opposite position. He is seen as too close to the left, even as the left grouches about what kind of a deal he might make. Sen. Bernie Sanders said it would be “disastrous” to pass “outrageous Republican

proposals” and even called for using the 14th Amendment to bypass Congress. At first Mr. Biden appeared to pull back from talks, calling the Republican proposals “wacky,” but now is back at the negotiating table.

It’s typical in these fights for parties to accuse each other of being too extreme in the media and then get together to look for a reasonable compromise. Mr. Biden needs spending reductions consistent with the core Democratic values of maintaining entitlement and safety-net programs, while Mr. McCarthy needs to prevent any chance of tax increases. Work requirements for federal benefits are popular nationally and were a key part of the 1996 welfare reform that Mr. Biden supported but may prove a bridge too far for Democrats today.

The president and speaker will be the winners if they can make a deal. The losers will be the Democratic left and the Republican right. These factions likely will oppose any such deal, and the more they do, the better it would be for Messrs. Biden and McCarthy. By coming to a centrist compromise, the leaders would boost their support with swing voters, who are increasingly fed up with partisan politics and want to see bipartisan solutions.

Mr. Biden will get some opposition

on the budget deal, but it should boost his ratings, putting at ease Democrats who are nervous about his re-election bid given that he is losing to Donald Trump in most polling match-ups. Mr. McCarthy might face a challenge to his speakership if a group of Republicans doesn’t like the bill’s final form, but most would be happy with him for getting something done instead of passing fruitless bills. If the GOP’s far right topples him, the Democrats would have a big win and the Republicans a big loss, increasing the chance of a Biden victory and allowing him to claim he stood up to the MAGA Republicans.

In politics there are no guarantees, and this process could spin out of control, especially given how both leaders need to protect their flanks. But the smarter play for Messrs. Biden and McCarthy is to find a compromise that frays their extreme wings while keeping them in line. This would be a win for the country, giving people hope that their political system can fix problems. And it would give the president the win he needs to right his re-election effort.

Mr. Penn was a pollster and adviser to Bill and Hillary Clinton, 1995-2008. He is chairman of the Harris Poll and CEO of Stagwell Inc.

A Cold War Weapon Whose Time Has Gone

By Thomas Emanuel Dans

Kazakhstan has been a free country for more than 30 years. A culturally Muslim former Soviet republic with a population of 19 million, modern Kazakhstan is a secular country with a reputation for religious tolerance. Yet it is unable to have an open trading relationship with the U.S. because of the Jackson-Vanik Amendment, a 1974 law aimed at protecting Soviet Jews. This Cold War relic has outlived its usefulness and should be changed.

Jackson-Vanik was designed to pressure the Soviet economy by tying access to critical U.S. goods to freedom of emigration from communist states. The Soviet Union is gone but Jackson-Vanik remains in effect. A new bipartisan bill by Rep. Jimmy Panetta (D., Calif.) proposes to extend to Kazakhstan permanent normal trade relations with the U.S., relieving the country of its obligation to meet continuous human-rights compliance standards in exchange for nondiscriminatory trade terms, access to U.S. financing and the ability to conclude bilateral trade agreements. Mr. Panetta’s bill is co-sponsored by Reps. Dina Titus (D., Nev.), Darin LaHood (R., Ill.) and Ami Bera (D., Calif.).

Jackson-Vanik forced Moscow to allow many Jews and other persecuted minorities to emigrate. It worked beautifully. Millions found freedom in the U.S. and Israel. But while the law undoubtedly helped America win the Cold War, it no longer advances U.S. geopolitical interests.

From a human-rights perspective, it penalizes Kazakhstan by absurdly lumping it together with communist Cuba and North Korea while giving other serial abusers, such as Russia and China, a pass.

Jackson-Vanik, designed to help Soviet Jews, bars Kazakhstan from normal trade with the U.S.

The U.S. removed China from Jackson-Vanik in 2002 after it joined the World Trade Organization and did the same for Russia upon its accession to the WTO in 2012. Kazakhstan joined the WTO in 2016. Uzbekistan, also still subject to Jackson-Vanik, is working toward expedited accession.

Congress and the Biden administration should be working to provide both countries permanent normal trade relations with the U.S.

The status quo is incredibly damaging to U.S. national interests. Jackson-Vanik impedes American investment and competition in strategic countries bordering Russia and China. Chinese capital fills the vacuum. When the U.S. fails to reward positive progress, countries don’t see why they should do the hard work of liberalizing.

I have seen with my own eyes what smart American foreign and economic policy can do in the region. I was a seventh-grader in a Baltimore public school in 1982 and my first Russian teacher happened to be a *refusenik*. Jackson-Vanik had enabled her to emigrate from Ukraine.

Later, as an exchange student in the Soviet Union, I got an eerie daily glimpse of Moscow’s notorious Lefortovo Prison on the walk to class. Jewish dissident Natan Sharansky had been tortured there a few years earlier. Journal reporter Evan Gershkovich is being held there today.

As a venture-capital investor in the 1990s, I brought my fund to Kazakhstan to pursue agribusiness opportunities. We found young entrepreneurs there and created a successful dairy business. In the months after 9/11, I built a school milk program in Afghanistan with help from my Kazakhstan business partners. Today, we are jointly surveying rebuilding opportunities in Ukraine.

Economic sanctions, when correctly applied, can change a country’s behavior. But once those sanctions achieve their purposes and are no longer relevant, they should go. Trust and partnership must take the place of leverage and disincentive. In the case of Kazakhstan, it’s time for the U.S. to put the past to bed.

Mr. Dans served as counselor to the U.S. Treasury undersecretary for international affairs (2020-21) and as a commissioner of the U.S. Arctic Research Commission (2021).

Tim Scott and the Politics of Forgiveness

By Lance Morrow

America is stuck—deadlocked, frozen, like the armies on the Western Front in 1917. One side is headquartered at Mar-a-Lago and has no ideas at all beyond revenge and gaudy vindication. The other side bivouacs at the White House and has far too many notions—not a few of them absurd, in a leftist way. Both armies are angry, full of sullen grievance. Fox and MSNBC lob ritual shells to and fro. Donald Trump and Joe Biden glare at each other across the cratered American landscape.

I’ve been trying to talk myself into the idea that Tim Scott is the answer to this ignoble situation, that he might be the way forward. I haven’t succeeded, but it’s early yet. Mr. Scott’s recently announced candidacy for the Republican presidential nomination at least points in an interesting direction. He’s a long shot now, but in my fantasy he might become the leader to break the American deadlock.

An upbeat candidacy of national reconciliation seems pitched to break the Trump-Biden stalemate.

Think of Messrs. Trump and Biden as thesis and antithesis. They are irreconcilable ideas—old sluggers from the Pleistocene, both of them embarrassed by now. For a moment, allow yourself to imagine Mr. Scott as a kind of synthesis—and even a refreshment of the American system.

Mr. Scott is a black conservative. That somewhat counterintuitive dou-



Sen. Tim Scott in Manchester, N.H., May 8.

ble identity might have its uses in a national drama of reconciliation. He is from Charleston, S.C., a seedbed of the old confederacy. He was raised in something like poverty, with a devoted, hard-working single mother. His parents divorced when he was 7. For all such early adversity, rooted in ugly American experience, the boy became an entrepreneurial, patriotic Republican. His biography somehow manages to adapt the saga of black America (descendant of slaves, sometime victim of discrimination) to a benign version of MAGA, so that he appropriates the white version of the American story—a memory, as it were, of the Eisenhower time: upbeat, Rotarian—and makes it his own.

It’s clear that Mr. Scott loves his country and believes its promises despite his knowledge of its wicked racial legacy. Naturally, the left’s jeering hacks call him “Uncle Tim.” More than half a century ago, the American left began to despise the American story as, at best, a record of hypoc-

ry and fraud. Thomas Jefferson and George Washington were slave owners. From such facts the indignant left extrapolated pandemic white supremacy and a more or less monstrous America. As the debunking of American exceptionalism morphed into dogma among leftist elites, the deeper, redeeming truth about the country—the American optative—was trampled underfoot. Radical discrepancies in Americans’ ideas of who they are account for the political divisions we have now.

The key to Tim Scott’s presidential venture isn’t so much his qualifications as statesman or politician. Those remain to be seen, as his record is sparse. The key, rather, is in his temperament—his manifest goodwill. His policies are less important at this point than the miracle of his temperament. His conciliatory charm isn’t superficial but rather the product of spirit and character.

The only exits from rage are exhaustion and forgiveness. But some-

times a miraculous change of mood will do. Almost uniquely among American politicians today, Mr. Scott embraces a theology of forgiveness—that great mood-changer. Forgiveness requires humility, a virtue in short supply. It also requires maturity, intelligence and a capacity for gratitude. A radiantly cheerful Sen. Scott tells his country: Get over it. Move on.

Martin Luther King Jr. had a thunderous line: “The arc of the moral universe is long, but it bends toward justice.” I’m not sure that’s true. I’d say the arc of the moral universe bends more often toward forgetfulness, oblivion. At best, and with grace, the arc ends in forgiveness, which isn’t an easy thing.

Forgiveness was enshrined in the First Amendment as an enforced forbearance. The ideas of others must be endured, even respected. Such civic self-discipline enables American freedom. Forgiveness—a profound political transaction, if properly managed—seems to me the idea at the heart of Mr. Scott’s purposes.

Forgiveness breaks the deadlock. It enables escape from the past and opens the gate to the future. Forgiveness may bring with it a blessing of forgetting. The liberation from grievance is a gift of grace all around.

It would be fatuous to think that Tim Scott might turn American public life into the Peaceable Kingdom. It’s putting a lot on the man. On the other hand, he might. One can dream. God knows it’s time for some emotional relief. It would be a miracle. Miracles happen now and then.

Mr. Morrow is a senior fellow at the Ethics and Public Policy Center and author of “The Noise of Typewriters: Remembering Journalism.”

Reports of the BJP’s Demise Are Greatly Exaggerated



EAST IS
By Sadanand Dhume

Modi heading into next year’s national elections. Karnataka is an impressive win for the beleaguered Congress Party, which now boasts a nearly two-thirds majority in the state Assembly, but drawing national lessons from a state election is woefully premature.

It’s true that Karnataka carries a particular political significance. With about 70 million people, the state is only India’s ninth most populous, roughly analogous to North Carolina in the U.S. in terms of electoral heft.

But by some measures Karnataka boasts India’s third-largest state economy—an important consideration for a cash-strapped party like Congress. The state’s capital, Bangalore, is a technology and startup hub. The election is also the first of a string of important state elections this year leading up to general elections next summer. This makes it a logical place to begin the countdown for 2024.

Congress’s victory also seems to underscore the geographical limits of the BJP’s strident brand of Hindu nationalism. Of the five relatively prosperous states that make up southern India, the BJP has held power only in Karnataka. The party has struggled to make inroads in the south, with its relatively large Christian and Muslim populations and more relaxed approach to fraught cultural issues such as beef consumption and interfaith marriage. The BJP government that Karnataka

turned out had tried to ban the hijab from high schools, scrapped educational and job quotas for Muslims in favor of Hindu caste groups, and demonized an 18th-century Muslim ruler who fought the British.

The Congress Party won a meaningful state victory, but Modi is still a favorite in the 2024 election.

The BJP’s traditional association with Hindi—the language Mr. Modi speaks most often in public—doesn’t do it any favors in this part of the country, which values English as a tool for educational and professional advancement.

So while the BJP dominates the Hindi heartland and western India, it has performed pitifully in the south. The five southern states account for about a fourth (129 of 543) of the seats in the directly elected lower house of Parliament. In the last national election, in 2019, the BJP managed to win only 29 of those seats, and 25 were in Karnataka. The party does even worse in state elections. Outside Karnataka, it has struggled to get more than 12% of the vote in southern states.

These factors explain why pundits are making much of the BJP’s defeat. Historian Ramachandra Guha told the Wire that Congress’s victory means all of southern India is free of Mr. Modi’s party. “A large part of the country, that is the most economically dynamic, that is the most socially progressive” and “much more open to scientific research and innovation,” he said, is

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THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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BUSINESS & FINANCE

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Amazon, Dish Weigh Phone Deal

BY DREW FITZGERALD
Dish Network is in talks to sell wireless plans for its nascent mobile phone service through Amazon.com, according to people familiar with the matter, an arrangement that could give the telecom company's 5G rollout a critical lifeline.
Details of the new phone plans sold through Amazon's U.S. website could be announced as soon as June, the

people said, though several factors could still delay or derail their launch.
Dish executives have said that they need to ensure Apple's iPhones can operate on the company's new fifth-generation network to take advantage of the device's sizable market share, for instance. Federal regulators have set a June 14 deadline for Dish to meet certain network coverage milestones, and missing those goals could result in financial penal-

ties for Dish.
Financial terms of the potential arrangement between Dish and Amazon couldn't be learned. Dish is already a customer of Amazon's cloud-computing services.
A Dish spokeswoman said the company does "not have any type of distribution plan or partnership with Amazon at this time." Dish executives have said in recent weeks that they expect to meet the government's June deadline.
Selling plans through Ama-

zon gives Dish the chance to market its service to millions of prospective customers. The relationship could also help the e-commerce company expand its relatively small footprint in the consumer smartphone market.
Amazon has previously discussed potential wireless business deals with Dish before the current round of talks. In 2014, Amazon launched its own smartphone using AT&T's network but later scrapped the deal.
Please turn to page B2

Dish, a longtime presence in satellite television, has spent more than a decade laying the groundwork to be a major player in the wireless business. Dish and its affiliates have spent about \$30 billion on mobile spectrum licenses. Company technicians have spent the past three years installing a nationwide network of cell towers and software with the latest fifth-generation technology from scratch.

Shoppers Pull Back, Putting Pressure On Retail

BY DEAN SEAL AND SABELA OJEA
Most shoppers' budgets remain under pressure and retailers continue to adapt.
Companies from Best Buy and Dick's Sporting Goods to Kohl's and Lowe's flashed mixed signals on the state of the U.S. consumer this week.
Inflation is weighing on Americans across income levels, and some pandemic changes in consumer behavior are expected to last.
And while some companies have touted the pricing power they have on certain items, executives remain cautious about consumers' reception to further price increases.
"Customers are clearly feeling cautious and making trade-off decisions as they continue to deal with high inflation and low consumer confidence due to a number of factors," Best Buy Chief Executive Corie Barry said Thursday.
Here is what The Wall Street Journal learned about the retail landscape from recent quarterly earnings reports:
Americans have been spending a larger share of their budgets on activities outside the home in recent months. That is helping drive success of apparel brands that cater to going out.
In Urban Outfitters' latest quarter, sales rose 17% at Free People, which specializes in bohemian-chic fashion, and 13% at Anthropologie, which caters to young, sophisticated shoppers. Those gains offset a 13% drop at the company's namesake brand.
Urban Outfitters executives
Please turn to page B2

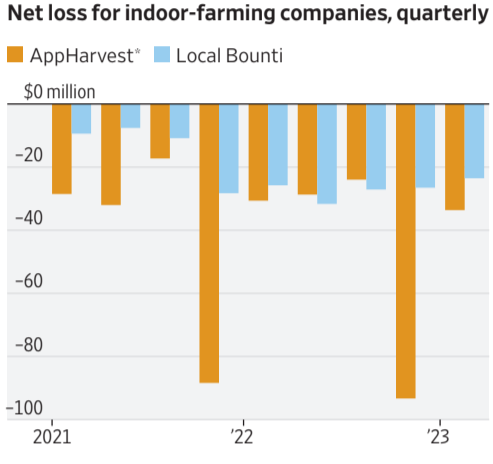


Romaine lettuce seedlings are prepared at vertical-farm Bowery.

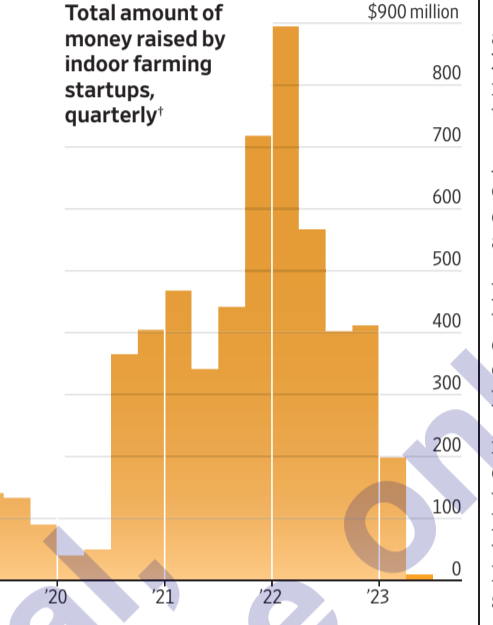
Funds Dry Up For High-Tech Farm Startups

BY AMRITH RAMKUMAR AND PATRICK THOMAS
Startups that promised to make farming a high-tech business are withering, suffering from rising costs, tight financing, pests and other problems that have troubled traditional agriculture for centuries.
Investors poured billions of dollars into companies such as AppHarvest and Local Bounti that grow lettuce, tomatoes and other crops in indoor farms that use advanced technology such as sensors and robots to offset weather-related risks, use less water and produce more consistent crops. Shares of the two companies are down more

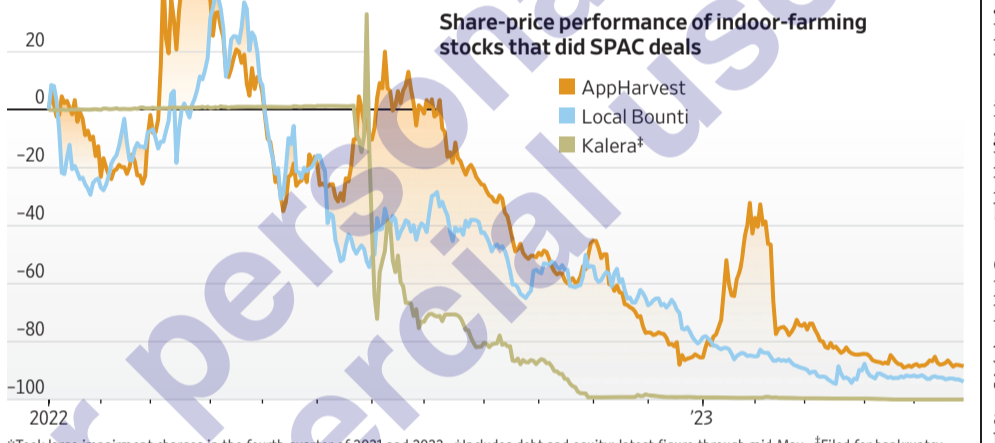
than 95% since they went public in 2021, and in recent months at least four companies in the sector have shut down or filed for bankruptcy.
Funding has all but dried up. The industry raised a record \$895 million in last year's first quarter. So far in the current quarter, the figure is about \$10 million, according to research provided by the firm AgFunder.
"Their business model was selling a vegetable, but they somehow described themselves as a technology company," said Paul Sellow, chief executive of Little Leaf Farms, a Massachusetts startup that grows lettuce using high-tech greenhouses.
He says his company has



Net loss for indoor-farming companies, quarterly



Total amount of money raised by indoor farming startups, quarterly



Share-price performance of indoor-farming stocks that did SPAC deals

avoided the sector's difficulties by making day-to-day farming the priority rather than growth. It expects to hit \$100 million in sales this year and says it is profitable.
The struggles of the indoor-agriculture companies mark the

latest faltering efforts by entrepreneurs to use technology to upend established industries. WeWork said it was a technology company, not a landlord. That didn't work. Carvana said it would use technology to reinvent the used-car market. Its

shares are down more than 95% from their peak. Katerra was going to reinvent construction. It went bankrupt in 2021.
Farm startups have run up against the same obstacles that have long posed challenges to
Please turn to page B11

Disney-Comcast Hulu Dispute Nears Endgame

BY JESSICA TOONKEL AND AMOL SHARMA
Hulu's parents are trying to bring an end to their uneasy marriage.
Late last year, top executives from Disney and Comcast, the co-owners of Hulu, visited a New York law office to give depositions in a dispute over the streaming service, people familiar with the

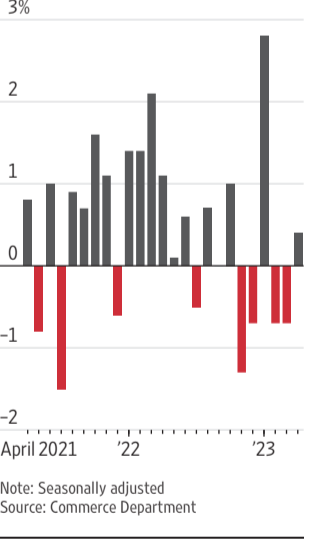
situation said. At issue is Comcast's claim that Disney, the majority owner, injured Hulu by failing to launch it outside the U.S.
The arbitration case, which the companies haven't discussed publicly, is part of a larger, multiyear battle between Disney and Comcast over one of the streaming industry's biggest players, and how to divvy up the spoils of

its rise. It has featured claims of broken promises, legal threats and dueling valuations.
Now, the companies must overcome that baggage to strike a deal that would lead to Comcast's exit from the business. Under an agreement between the companies, starting in 2024, Comcast can require Disney, which owns two-thirds of Hulu, to buy its one-third stake, or Disney can

require Comcast to sell.
Both sides want to do a deal, but when each has assessed Hulu's value in recent years, they have been tens of billions of dollars apart, the people familiar with the situation said. Hulu can be valued no lower than \$27.5 billion under the pact between the companies.
Disney Chief Executive Officer Robert Iger said on an

earnings call this month that the companies have had cordial discussions and signaled his desire to give consumers a single streaming offering that includes Hulu content. "How that ultimately unfolds is, to some extent, in the hands of Comcast," he said.
Comcast CEO Brian Roberts told investors at a conference days later that the "majority
Please turn to page B2

U.S. retail and food-services sales, monthly change



Note: Seasonally adjusted. Source: Commerce Department. Heard on the Street: Dollar Tree is squeezed..... B12

INSIDE
WHISTLEBLOWERS
A record \$279 million SEC award went to a tipster in an Ericsson bribery case. **B3**



ENERGY
Investment in new solar projects is set to surpass oil for the first time this year. **B5**

Nike Proceeds With Ja Morant Sneaker Despite Suspension

BY INTI PACHECO
Nike released a sneaker from Ja Morant despite the basketball star's recent suspension from his team and retailers dropping the launch.
Sales of the Ja 1 "Hunger" sneaker began Thursday morning through Nike's SNKRS app. Within 20 minutes of the launch a message posted on the app said the release was sold out.
Finish Line and Hibbett Sports, both of which were slated to participate in the launch, removed the sneaker from their online release calendars last week. Nike, while selling products through its app, also removed a webpage for the new sneaker from its main website.
Nike and Finish Line parent company JD Group declined to comment. Hibbett didn't re-

spond to requests for comment. Representatives for Morant didn't respond to requests for comment.
Nike listed about 3,000 pairs of the Ja 1 "Hunger" sneaker in its U.S. inventory ahead of the release, according to information reviewed by The Wall Street Journal.
The company had listed about 16,000 and 5,900 pairs in its U.S. inventory for each of the previous Ja 1 sneaker releases, which are low numbers compared with other releases, said Owen Stelmarski, who runs SwiftSole, a sneaker information website. On its most recent collaboration with rapper Travis Scott, the sneaker giant had about 110,000 pairs in its inventory, he said.
In 2019, Morant signed an endorsement deal with Nike before he was drafted as the second overall pick in the NBA



The shoe promoted by Memphis's Ja Morant, seen soaring over Lakers star LeBron James, sold out.
draft that year. Three years later, Nike touted Morant as its first Gen Z basketball player to have a signature shoe with the company.
Nike's signature deals can be lucrative for players and yield substantial revenue for the company. Deals with basketball stars LeBron James and Kevin Durant have run for years and produced several models of shoes shaped with creative input from the players.
The first sneaker in the Nike Ja 1 line was unveiled in December and hit retail stores earlier this year.
Just weeks before the launch of the "Hunger" sneakers, a
Please turn to page B2

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.

A	Ericsson.....B3	Nvidia.....A1,B11,B12
Abercrombie & Fitch	Fahrenheit.....B10	Paramount Global.....B3
.....B2,B12	Ford Motor.....B4	PepsiCo.....B6
Advanced Micro Devices	Finish Line.....B1	Plenty.....B11
.....B11	G	Procter & Gamble.....B12
Amazon.com.....B1	GenesisCare.....B5	Proof.....B10
American Eagle	GSK.....B3	R
.....B12	H	Ralph Lauren.....B12
Outfitters.....B12	Hibbett Sports.....B1	Ryanair.....B12
AppHarvest.....B1	Hindenburg Research	S
Apple.....B1,B4B11	Snap.....B4
Arrington Capital.....B10	Home Depot.....B12	T
AT&T.....B1	I - P	Taiwan Semiconductor
B	Icahn Enterprises.....B11	Manufacturing
Best Buy.....B1	Illumina.....B4A6,B11,B12
BlackRock.....B10	Kering.....B3	Target.....B12
Bowery Farming.....B11	Keurig Dr Pepper.....B12	Tesla.....B4
ByteDance.....B4	KKR.....B5	T-Mobile US.....B2
C - F	Kohl's.....B1	U - W
Celsius Network.....B10	Local Bounti.....B1	Unilever.....B12
Coca-Cola.....B12	Meta Platforms.....B4	Urban Outfitters.....B1,B12
Comcast.....B1	Micron Technology.....A8	U.S. Data Mining.....B10
Costco Wholesale.....B2	Microsoft.....B12	Verizon Communications
Dick's Sporting Goods B1	Nestlé.....B12B2,B4
Dish Network.....B1	Nike.....B1	Williams-Sonoma.....B2
Dollar Tree.....B2		
e.l.f. Beauty.....B2		

INDEX TO PEOPLE

A	Farley, Jim.....B4	Lund, Claire.....B3
Ackman, William.....B11	Figliolo, Keith.....B10	Moynihhan, Brian.....A4
Alber, Laura Jean.....B2	Genoot, Asher.....B10	Musk, Elon.....A6,B4
Alberini, Carlos.....B2	H	P
Amin, Tarang.....B2	Horowitz, Fran.....B2	Papic, Marko.....B11
Angella, Frank.....B10	Huang, Jensen.....A1	Peterson, Stuart.....B10
Arrington, Michael.....B10	Hurlbert, Craig.....B11	R - S
B	I	Rainey, Brenda.....B11
Barry, Corie.....B1	Icahn, Carl.....B4,B11	Rasgon, Stacy.....A6
Bastian, Ed.....A11	Iger, Robert.....B1	Redstone, Shari.....B3
C - G	J - M	Roberts, Brian.....B1
Cluver, Michelle.....B11	Jessop, Noah.....B10	Sacks, David.....A6
Colijn, Bert.....A6	Kaza, Ravi.....B10	Sansoterra, Michael.....A1
Colucci, Jarid.....B10	Kingsbury, Tom.....B2	Sellw, Paul.....B1
Dreiling, Rick.....B12	Kokinos, Steven.....B10	Siegel, Seth.....B6
Ellison, Marvin.....B2	Krouner, Derek.....B10	Steinberg, David.....B10
Ergen, Charlie.....B2	Kukutai, Arama.....B11	Sun, Lisa.....B10

BUSINESS & FINANCE

Amazon, Dish Eye Phone Deal

Continued from page B1
vice, called the Fire Phone, due to weak sales.

Wireless plans sold through Amazon's massive e-commerce portal could eventually challenge rival cellphone carriers AT&T, Verizon and T-Mobile as they wrestle with slowing subscriber growth following a pandemic-era boom. Amazon already sells unlocked smartphones that customers can bring to a network provider, but it isn't a major destination for customers seeking a new device already provisioned for service.

Clinching an agreement with Amazon would also give Dish Chairman Charlie Ergen a much needed vote of confidence as investors' faith in his strategy wavers.

Dish shares have hit 23-year lows this year as analysts question whether the satellite-TV mogul's wireless service will pay off before billions of dollars of debt come due over the next three years.

"We obviously realize that we're more of a liquidity story than anything in the market,"



Dish has spent more than a decade laying the groundwork to be a major player in wireless.

Ergen said on an early May earnings conference call. "And obviously, we have to address that."

The satellite company's wireless wager deepened in 2020 when T-Mobile's takeover of rival Sprint triggered a series of government-ordered asset divestitures. Dish instantly gained millions of wireless customer accounts and valuable network assets through the deal, which officials designed to ensure a competitor to Verizon, AT&T and T-Mobile would continue to serve the U.S. wireless market.

Dish now serves about 8 million wireless subscribers, mainly through Boost Mobile, down from about 8.6 million a year earlier. The company uses networks from AT&T and T-Mobile to link those customers while work continues on its own network.

Boost Mobile sells its prepaid plans through more than 4,000 cellphone dealers, according to industry analyst Wave7 Research. Dish executives say they want to expand the wireless service to serve postpaid customers, or those who are billed for monthly ser-

vice after it is provided. Wall Street analysts say they give postpaid subscriber bases much richer valuations because they represent more dependable revenue streams than prepaid phone users, who are more prone to switching or dropping service.

Distribution through Amazon is unlikely to solve Dish's problems overnight. The company said it recovered from a cyberattack earlier this year that knocked some systems offline for weeks and its wireless phone brand lost customers during the first quarter.

Shoppers Constrain Retailers

Continued from page B1
said Anthropologie sales were strong across the brand's more dressed-up categories, such as pants, dresses and heels, as economies reopen.

Rising demand for dresses and pants also drove an unexpected lift in first-quarter sales at **Abercrombie & Fitch**, which boosted its revenue outlook for the year. "They're back at the office. They're celebrating with their friends," Fran Horowitz, the apparel retailer's CEO, said on a call with analysts. "They're going out and we're there and servicing them for all of those occasions."

Beauty competitors such as **e.l.f. Beauty** have benefited from the same trend, with executives citing strength in sales of color cosmetics. The company's cream eye shadows and liquid highlighters are among its top-selling products.

"The pandemic was very tough on color cosmetics due to behavior-related restrictions, but there is a pent-up consumer demand on being able to get out and express yourself," CEO Tarang Amin said.

The going-out trend is also evident in sports. Dick's said sales of items tied to team sports remained strong in its latest quarter.

High-price items lost their luster as the cost of most goods and services ticked upward.

For Lowe's customers, inflation pressures were most pronounced for big-ticket items, the company reported. Spending on do-it-yourself projects in the category was especially



Costco's average daily transaction amount fell in the most recent quarter, driven in part by weaker sales of big-ticket items.

weighed down, CEO Marvin Ellison said.

"Things like the savings rate of consumers, and you're looking at pent-up demand and the housing shortage, the age of homes," he said on an earnings call. "All of these things are still incredibly relevant."

At **Williams-Sonoma**, demand softened for its high-ticket furniture offerings but not its high-price electronics and kitchen items.

"We are seeing subdued demand in our furniture business, with customers demonstrating more caution on high-ticket-considered purchases," CEO Laura Jean Alber said on a call with investors.

Costco Wholesale said its average daily transaction amount fell in the most recent quarter, driven in part by weaker sales of big-ticket items

such as home furnishings, electronics and jewelry. Costco finance chief Richard Galanti said the warehouse club's performance wasn't down as much as other companies and that it follows two years of outsize growth during the pandemic.

Best Buy said inflation pressures and low consumer confidence ate into its sales. The electronics retailer is anticipating a pullback in demand this year. "It's a consumer that clearly, when they're faced with record-high inflation versus 2020 in food, housing and fuel, that's going to drive those trade-off decisions," said Barry of Best Buy.

Middle-income consumers are getting squeezed, as are retailers that cater to them.

Kohl's Chief Executive Tom Kingsbury said that middle-income shoppers are suffering

because of macroeconomic issues and that the retailer needs to offer more value to win their spending.

Many retailers are relying heavily on promotions to try to boost spending among customers, but this is affecting apparel retailers such as Express.

Guess? also considers the U.S. consumer as price sensitive, even when online shopping. The apparel company's wholesale revenue fell 25% in North America amid order cancellations. "It is hard to navigate through wholesale customers repeatedly canceling orders," CEO Carlos Alberini said.

Burlington Stores CEO Michael O'Sullivan said the company's higher-price items are selling well, suggesting it is adding high-income shoppers who hadn't shopped there. "It's

the middle price points that are the softest," he said.

Everyone is looking for deals. That is helping chains such as **Dollar Tree**, which posted 6.1% sales growth in its latest quarter. Both its namesake chain and Family Dollar banner added more customers from a year ago, when they also won over a bunch of new shoppers. Executives at the discount chain said that it has recorded an uptick in sales of consumable items as consumers focus more on needs.

—Will Feuer contributed to this article.

Listen to a Podcast



Scan this code for a podcast on the risks faced by companies raising prices.

Morant's Nike Sale Proceeds

Continued from page B1
video of Morant began to circulate on social media earlier this month in which the Memphis Grizzlies point guard was seen posing with a gun inside a car. The Grizzlies said in a statement that Morant, 23 years old, would be suspended from team activities pending a league review.

After the Grizzlies announced the suspension, Morant said he knew he disappointed a lot of people who supported him. "My words may not mean much right now, but I take full accountability for my actions. I'm committed to continuing to work on myself," he said.

That followed a separate incident in March, when Morant streamed himself on social media posing with a handgun at a Denver-area strip club, resulting in an official eight-game suspension handed down by the NBA at the time.

After the earlier suspension, Nike said it appreciated Morant's accountability and said it supported his prioritization of his well-being.

NBA Commissioner Adam Silver then stressed the importance of one of the league's youngest star players conducting himself appropriately. "Ja's conduct was irresponsible, reckless and potentially very dangerous," Silver said at the time.

Last summer, Morant was accused in a lawsuit of punching a 17-year-old during a pickup basketball game.

—Robert O'Connell contributed to this article.

Inside the Dispute Over Hulu

Continued from page B1
case" is that Disney will buy Comcast's stake. Hulu's value, he said, should be based on the hypothetical idea that it would be put up for sale in an auction for anyone—including any major media or tech company—to buy it. "The job is to then give us one-third of that value," he said. "So I think we have a very valuable position."

In early 2024, each company will do an assessment of Hulu's value again, and if they are still far apart, an independent third party will be enlisted to make a determination, people familiar with the matter said.

Each company has its separate streaming ambitions beyond Hulu. Disney launched its flagship service Disney+ in 2019, while Comcast launched its Peacock service in 2020.

As their fight over Hulu plays out, Comcast has stopped funding Hulu, people familiar with Hulu's finances

said. Disney has provided the equivalent of a bridge loan, so that the streamer gets needed cash, they said.

If Comcast and Disney reach a deal on overall ownership of Hulu, they would settle up on the past payments and could resolve the arbitration as part of a wider transaction, the people said.

Even without a deal, Iger is already taking steps to integrate Hulu with a plan to fold its content into Disney+ in the U.S. by the end of the year—by adding a Hulu "tile"—while maintaining a stand-alone Hulu app. The initiative was known within Disney as "Project Hulk," and has been under way for more than a year, but came as a surprise to top Comcast executives, people familiar with the situation said.

Hulu launched in 2007, and quickly became known for letting cable cord-cutters stream network TV shows the day after they aired on TV. That was possible because it was owned by several big media companies, including the parents of NBC, Fox and ABC.

Today, it streams such shows as ABC's "Abbott Elementary" and Fox's "The Masked Singer," original programs including "Only Mur-

ders in the Building" and a deep library of TV and movie classics. The service had about 48 million subscribers as of April and is one of the few streaming services to generate a profit in the past few years.

Comcast, which became one of Hulu's owners when it acquired control of NBCUniversal in 2011, has sometimes differed with the other owners over strategy. In 2013, Hulu considered a sale but scrapped the effort. One reason was that Comcast's Roberts had assured the other owners, Disney and Fox, that he could make Hulu the nationwide streaming platform for the cable TV industry, which would boost its growth.

Discussions bogged down, and the Comcast partnership never happened. Iger and his team were said to be furious, according to people close to the discussions. In Comcast's view, a sale of Hulu didn't make sense at the time because the offers it was fetching were too low, another person familiar with the situation said.

Hulu added subscribers briskly for years but also lost a lot of money—upward of \$1.5 billion in fiscal 2018 alone, according to an estimate from SVB MoffettNathanson. That is partly because of how the



Comcast CEO Brian Roberts.

owners were paid for putting their own content on Hulu. As Hulu grew, the parent companies got larger revenue-sharing payments, according to people familiar with the situation, so they profited at Hulu's expense. Hulu eventually established a cap on the total amount of revenue that could be shared with owners, the people familiar with Hulu's finances said.

A key moment in the Disney-Comcast feud came after Disney's late 2017 announcement that it had agreed to acquire Fox entertainment assets including its one-third Hulu stake. Up until then, when Hulu did

major deals to purchase content from any of its owners, it required unanimous approval from voting stakeholders—a way to avoid self-dealing.

On the eve of that merger announcement, Disney and Fox quietly changed Hulu's governing rules, making it impossible for their minority partner, Comcast, to block major decisions, according to people familiar with the matter. Comcast wasn't privy to the change because it had agreed to be a silent, nonactive partner in Hulu to secure the U.S. government's approval of its NBCUniversal acquisition.

For the next few months, Comcast tried to break up the Disney-Fox deal, making its own unsolicited run for the Fox assets. Disney prevailed with a \$71.3 billion acquisition deal in June 2018, but the bidding war drove up the cost.

Comcast learned of the Hulu rule change only in September of that year, when the restriction making it a silent partner ended, the people familiar with the matter said. When Comcast found out, it threatened legal action, the people said.

Partly to avoid that potential legal brawl, the companies started talking about how to

rework their relationship, at the direction of Roberts and Iger. NBCUniversal's chief at the time, Jeff Shell, sat down for lunch in Burbank, Calif., with Kevin Mayer, who was then Disney's top streaming executive, and hashed out the beginnings of a truce, said people familiar with the situation. The eventual agreement, reached in 2019, gave Disney operating control of Hulu and set up the possible sale of Comcast's stake in 2024.

Comcast agreed to go along with the new governing rules for Hulu with the understanding that Disney would keep aggressively expanding the streaming service, including in international markets, to make it as valuable as possible, said a person familiar with the discussions. Disney's view is that it never promised that Hulu would launch internationally, people close to the situation said.

In 2020, by which time Bob Chapek had taken over as CEO from Iger, Disney instead decided to use its Star brand—which originated in Asia—for its general-entertainment streaming endeavors overseas, instead of Hulu. Star became a tile within the Disney+ app in certain markets.

BUSINESS NEWS

Redstone Deal Gives Boost To Paramount

National Amusements, which holds controlling stake, secures \$125 million from bank

By JESSICA TOONKEL

Paramount Global's controlling shareholder, Shari Redstone's National Amusements, secured a \$125 million investment from merchant bank BDT & MSD Partners, according to people familiar with the situation, a cash infusion at a critical moment for the entertainment company.

The investment comes just weeks after Paramount announced that it would be cutting its dividend for the first time in several years—a key source of income for Redstone and her family, The Wall Street Journal previously reported. Like its peers, Paramount is struggling to turn a profit as it grows its streaming business.

The investment will give National Amusements some flexibility to pay off interest expenses and reduce its revolving loan, according to the people. It also means that the company won't have to sell or pledge shares in Paramount.

Chicago and New York-based BDT & MSD is making the investment in National Amusements as a vote of confidence, as it sees opportunities to expand the business and generate value from Paramount, the people said. National Amusements is open to exploring strategic opportunities for Paramount, the people said.

BDT & MSD has been advising National Amusements for more than a year, some of the people said.

As part of the preferred equity investment, BDT & MSD is receiving warrants to purchase 3.5 million shares of Paramount's nonvoting stock from National Amusements at a strike price of \$15, the people said.



The investment in Shari Redstone's National Amusements will mean it won't have to sell or pledge shares in Paramount Global.

Kering, GSK, Others Develop Standards for Protecting Nature

By DIETER HOLGER

Luxury group **Kering** and biopharma company **GSK** are among more than a dozen companies preparing targets to develop a gold standard for how businesses can protect nature.

In the coming months, non-profit Science Based Targets Network will review submissions from companies on how they use water and land, with a view to establishing a set of targets that will attest to the quality of companies' nature plans. SBTN said that 17 companies are readying their targets but have yet to submit them for review.

Over the past two years, the group has worked with more than 100 companies and 80 nonprofit organizations to develop its process.

SBTN follows in the footsteps of the Science Based Targets initiative, the gold standard for corporate decarbonization targets which more than 2,000 companies have asked to validate their emissions-reduction plans.

Nearly 200 nations signed the Global Biodiversity Framework in December, aiming to conserve at least 30% of the Earth's land and water.

Protecting nature can also reinforce or even enhance climate action. Yet the issues surrounding nature loss are complex and many companies are unsure how to measure it or what to do.

The Taskforce on Nature-Related Financial Disclosures, a business-backed effort to protect biodiversity, is working on a reporting framework, and SBTN is developing standards to evaluate companies' nature targets.

The SBTN standards can help companies move from multiple and conflicting definitions of what is enough action for nature, to consistent and replicable guidance that is comparable across compa-



Gucci owner Kering is one of several companies seeking to develop a standard for protecting nature.

nies, said Erin Billman, executive director of the Science Based Targets Network.

The SBTN standards can be classified into four topics: Land, freshwater, oceans and biodiversity. For each topic, companies need to zoom into specific locations, such as a farm on landscapes linked to deforestation or a factory drawing water from stressed reservoirs.

The first batch of standards focus on land and freshwater and the group expects to validate the first corporate targets on these two topics by the end of the year.

Gucci-owner Kering is preparing its land-use targets. It has been mapping out regions where it sources raw materials for a fund launched with environmental nonprofit Conservation International in 2021. The French luxury-goods company said it tracks 95% of the key materials it sources.

Leather represents more than half of Kering's raw-ma-

terial sourcing. It gets most of its leather from Europe, but South America is in focus because of the risk of deforestation from the cattle industry, said Sabrina Gonçalves Krebsbach, Kering's sustainable sourcing and biodiversity specialist.

At one location in Northern Chaco, Argentina, Kering pays local cattle farmers to restore native forests and vegetation and it also uses satellite monitoring to check no deforestation occurs.

"We expect that the landscapes will be similar [to the ones under the SBTN targets]," Gonçalves Krebsbach said. But the target-setting process will require experts to gather more data on the ground, she said.

Healthcare company GSK is working on targets to help meet its 2020 pledge to be water neutral by 2030, meaning it will replenish as much water as it uses in stressed areas. It has cut more than 5% of its water use so far. Phar-

maceutical manufacturing accounts for more than 20% of the world's water usage.

In 2020, GSK started to map out stressed water basins in its supply chain. It has identified three water-stressed areas where it has manufacturing: Algeria, India and Pakistan. In Nashik, India, for instance, its factory and suppliers draw from a strained water basin. From 2020 to 2022, it cut its water use by around 17% at the site through rainwater harvesting and efficiency upgrades such as through purified water reuse and process water recovery.

The U.K.-based drugmaker hopes SBTN's standards will validate the outcomes of projects that replenish water in stressed basins, the first of which the company plans to announce soon, said Claire Lund, GSK's vice president of sustainability.

"Is that the right logical approach? We hope it is," she said.

Record Whistleblower Award Went to Tipster on Ericsson

By MENGQI SUN

The record \$279 million whistleblower award issued by the Securities and Exchange Commission earlier this month stemmed from a bribery case against telecommunications company **Ericsson**.

The award from the SEC's cash-for-tips program was related to the \$1.1 billion settlement the Swedish company reached with U.S. authorities in 2019 over allegations it conspired to make illegal payments to win business in five countries, in violation of U.S. antibribery laws, according to people familiar with the matter.

The SEC didn't name the enforcement action underlying the award and didn't identify the tipster, in keeping with whistleblower protection rules that prevent the regulator from divulging this information to the public.

A series of alleged missteps since 2019 led Ericsson in March to agree to plead guilty and pay an additional fine of about \$207 million to settle allegations it breached the deferred prosecution agreement it reached in 2019 with the Justice Department.

Under SEC rules, a whistleblower can receive an award of between 10% and 30% of the fines collected in SEC civil-enforcement actions and related actions from other enforce-

ment agencies resulting from a tip, assuming the SEC collects more than \$1 million.

A spokesman for the SEC declined to comment. A spokesman for Ericsson also declined to comment. A spokesman for the U.S. Attorney's Office for the Southern District of New York, which brought the charges against Ericsson, didn't immediately respond to a request for comment.

The \$279 million was paid through the SEC's cash-for-tips program.

Two other individuals also separately applied to receive a whistleblower award from the SEC, but their claims were denied. In a publicly available but highly redacted version of the SEC order, the commission said the claimants' information didn't help the agency's enforcement action.

The \$279 million whistleblower award topped the previous record, a \$114 million whistleblower award the SEC issued to an individual in October 2020.

Prosecutors from the Southern District of New York in Manhattan who brought the

charges in 2019 said that Ericsson's wrongdoing occurred in Djibouti, China, Vietnam, Kuwait and Indonesia from 2000 to 2016. The SEC said in its complaint that Ericsson subsidiaries won business worth about \$427 million by using third parties to bribe officials in Saudi Arabia, China and Djibouti.

The deferred prosecution agreement in 2019 included a \$520 million criminal penalty and \$540 million disgorgement of illicit profits, and required Ericsson to retain a compliance monitor for three years and to cooperate in related probes.

Prosecutors said in March that the company failed to comply with its settlement obligations, including full cooperation with U.S. authorities and failures to disclose evidence and allegations.

An investigation into Ericsson's historic operations in Iraq is continuing. The company has said it is cooperating with the probe.

The monetary sanctions against Ericsson are among the highest ever imposed by the U.S. government for violations of the Foreign Corrupt Practices Act. The FCPA prohibits the use of bribes to foreign officials to win or keep business.

—Ben Foldy, Dave Michaels and Dylan Tokar contributed to this article.



The Swedish company reached a \$1.1 billion settlement with the U.S. in 2019 over bribery claims.



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TECHNOLOGY

TikTok Tests Its Own AI Chatbot

By Sarah E. Needleman

TikTok is testing a chatbot powered by generative artificial intelligence that is designed to help its users find content and get recommendations for more.

The company said Thursday it has been testing the feature in the Philippines and its bot is called Tako.

"Tako is powered by a third-party chat assistant and is designed to help make it easier to discover entertaining and inspiring content on TikTok," it said on Twitter. "No current plans for this beyond these early tests."

The bot will answer questions and have conversations with users, said Watchful Technologies, a Tel Aviv-based competitive-intelligence company that uncovered that TikTok was trying the feature before its announcement.

Generative AI chatbots have been making their way into many apps in recent months, including Duolingo, Expedia and Bing. In February, Facebook parent Meta Platforms said it was establishing a group aimed at accelerating the adoption of the technology across the company. Snap said it was rolling out an AI experimental chatbot for users on its Snapchat app.

The technology can be helpful for users navigating their way around apps filled with vast amounts of content. For app makers, it serves as a potential engagement booster.

"Tako could completely transform the way users navigate TikTok," Watchful said in a blog post Thursday, adding that the chatbot's placement on the top right corner of the app, above other icons, signifies its importance.

The generative AI boom was triggered by the release of OpenAI's ChatGPT tool late last year. It started a wave of similar systems capable of quickly producing essays, images, audio and more based on text prompts. Tech experts expect it to transform industries and the future of work.

Watchful said it wasn't able to determine which generative

AI tool TikTok is using to power Tako, or if Tako's recommendations are controlled by its algorithm. The company said Tako is initially rolling out only for users who are 18 and older.

The new feature is being tested as TikTok faces the possibility of being banned in the U.S. unless its Chinese owner ByteDance sells its stakes in the video-sharing app.

U.S. lawmakers have raised national-security concerns over how ByteDance handles TikTok's data-gathering and content moderation. The company has made efforts to be more transparent about its processes, such as by building a new subsidiary to house TikTok's U.S. data.

Last week, Montana's governor signed a bill banning TikTok in the state, citing national security concerns. TikTok is suing the state over the bill, which it has criticized as unconstitutional.

Consumer-advocacy groups raised concerns about TikTok's recommendation algorithm, saying it suggests inappropriate and harmful content. In 2021, a Wall Street Journal investigation found TikTok's algorithms flooded teens with thousands of weight-loss videos within a few weeks of joining the platform.

In response, TikTok said it would adjust its recommendation algorithm to avoid showing users too much of the same content and that it was testing ways to avoid pushing too much content around a certain topic to individual users—such as extreme dieting or breakups—to protect their mental well being.

Still, this month, the Journal reported TikTok is continuing to inundate some users with videos about eating disorders, body image, self-harm and suicide based on a recent study.

A TikTok spokeswoman said the company has a team of more than 40,000 people moderating content, and it removed about 85 million posts deemed in violation of its community guidelines in the last three months of 2022.



Some chief information security officers see generative AI's potential but are unconvinced that in its current form it does anything new.

Security Chiefs: Rewards, Risks Of Generative AI Are Inflated

By James Rundle

Security chiefs say the benefits of artificial intelligence are clear, but the promises and risks of early generative AI are overblown.

Generative AI platforms such as OpenAI's ChatGPT gained attention for their ability to answer conversational questions, write essays and perform other tasks in humanlike ways.

Security vendors are touting the benefits of the technology, saying it can augment human analysts by analyzing and distilling data from wildly different sources into a digestible report. Google released a security-focused generative AI product in April, joining cyber technology providers including SecurityScorecard and ZeroFox.

Some chief information security officers see the technology's potential but are unconvinced that in its current form it does anything new. Machine-learning technology has been in place for years in areas such as market surveillance units of stock exchanges, performing similar data-analysis functions, and in

cybersecurity teams at large companies such as Walmart.

They also don't trust it.

"At present, we're basically looking at every result and trying to understand if we can trust not just the work that went into the result, in terms of the sources that it was trained from, but then the result itself," said Justin Shattuck, CISO at insurer Resilience.

Generative AI systems have been known to give inaccurate or misleading results, sometimes from prompts that are too vague but also from poor data sources. The limitations of the technology mean it can run into trouble on relatively simple queries.

Shattuck said his team experimented with generative AI to analyze the security information generated by its systems. AI can identify data points of interest that may be missed by human analysts reading reams of alerts. "We found that we can trust it for that type of workload," he said.

Government officials say they are still assessing the impact that AI variants such as generative

apps could have in the future before they issue recommendations. John Katko, a former congressman for New York's 24th district, and the ranking member of the House Homeland Security Committee until earlier this year, said the true potential of the technology has yet to be realized, given the speed of development.

"Where is AI going to be in six months, and how is that going to change things? Look at how much it has changed in the last three months," he said, referring to its widespread adoption by software providers.

For Lucia Milicic Stacy, global resident CISO at cybersecurity firm Proofpoint, the speed of development and public fascination with the technology have led to the rash of generative AI deployments by technology providers. Sometimes this stems from a commercial imperative but also from worries that if they don't use it, hackers will, she said. "Our job as security leaders is to manage that risk, and every time there's new tech, there's a new opportunity for that threat actor to leverage

that to get into my environment," said Milicic Stacy.

There is little doubt that generative AI is a boon to phishing attackers, who can otherwise be tripped up by poorly worded scam emails. ChatGPT can write grammatically correct copy for them. Cybersecurity company Darktrace said in an April report it observed a 135% rise in spam emails to clients between January and February with markedly improved English-language grammar and syntax.

Companies including Samsung Electronics, Apple, JP-Morgan Chase and Verizon Communications barred or restricted employee use of ChatGPT and similar programs. The measures were introduced over fears employees might paste sensitive information into these tools, which could then leak or send trade secrets back to the AI model to be trained on.

Concerns should be manageable through existing data-protection procedures and a few new controls, said Supro Ghose, CISO at Eagle Bancorp, a regional bank in Virginia, Washington, D.C., and Maryland.

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CLASS ACTION

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA	
PURPLE MOUNTAIN TRUST, Individually and on Behalf of All Others Similarly Situated,	Case No. 3:18-cv-03948-JD
vs. Plaintiff,	CLASS ACTION
WELLS FARGO & COMPANY, et al.,	SUMMARY NOTICE
Defendants.	

IF YOU PURCHASED OR ACQUIRED WELLS FARGO & COMPANY ("WELLS FARGO") COMMON STOCK FROM NOVEMBER 3, 2016 THROUGH AUGUST 3, 2017, INCLUSIVE (THE "CLASS PERIOD"), YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT. CERTAIN PERSONS ARE EXCLUDED FROM THE DEFINITION OF THE CLASS AS SET FORTH IN THE STIPULATION OF SETTLEMENT.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Northern District of California, that in the above-captioned litigation (the "Action"), a Settlement has been proposed for \$300,000,000.00 in cash. A hearing will be held on August 17, 2023, at 10:00 a.m., before the Honorable James Donato, at the United States District Court, Northern District of California, Phillip Burton Federal Building & United States Courthouse, Courtroom 11 - 19th Floor, 450 Golden Gate Avenue, San Francisco, CA 94102, for the purpose of determining whether: (i) the proposed Settlement should be approved by the Court as fair, reasonable and adequate; (ii) the proposed Plan of Allocation for distribution of the Settlement proceeds is fair, reasonable and adequate and therefore should be approved; and (iii) the application of Lead Counsel for the payment of attorneys' fees and expenses from the Settlement Fund, including interest earned thereon, should be granted.

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THE LITIGATION, AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. You may obtain a copy of the Stipulation of Settlement, the Notice of Proposed Settlement of Class Action (the "Notice"), and the Proof of Claim Form at www.WellsFargo2018SecuritiesLitigation.com or by contacting the Claims Administrator: *Wells Fargo 2018 Securities Litigation*, c/o Gilardi & Co. LLC, P.O. Box 8040, San Rafael, CA 94912-8040; 1-888-416-6687.

If you are a Class Member, to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim by mail postmarked no later than August 21, 2023, or submit it online by that date. If you are a Class Member and do not submit a valid Proof of Claim, you will not be eligible to share in the distribution of the Net Settlement Fund, but you will still be bound by any judgment entered by the Court in this Action (including the releases provided for therein).

To exclude yourself from the Class, you must have mailed a written request for exclusion so that it was received by January 26, 2023, in accordance with the instructions set forth in the notice of class certification disseminated pursuant to Court order. If you are a Class Member and have not excluded yourself from the Class, you will be bound by any judgment entered by the Court in this Action (including the releases provided for therein) whether or not you submit a Proof of Claim. If you submitted a valid request for exclusion, you will have no right to recover money pursuant to the Settlement.

Any objection to the proposed Settlement, the Plan of Allocation, or the fee and expense application must be filed with the Court no later than July 27, 2023.

PLEASE DO NOT CONTACT THE COURT, THE CLERK'S OFFICE, DEFENDANTS, OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE. If you have any questions about the Settlement, or your eligibility to participate in the Settlement, you may contact Lead Counsel at the following address or by calling 1-800-449-4900:

ROBBINS GELLER RUDMAN
& DOWD LLP
SCOTT H. SAHAM, ESQ.
655 West Broadway, Suite 1900
San Diego, CA 92101
settlementinfo@rgrdlaw.com

DATED: May 1, 2023

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NOTICE OF SALE

NOTIFICATION OF PUBLIC SALE OF COLLATERAL BY SECURED CREDITOR PURSUANT TO UNIFORM COMMERCIAL CODE

CASE-MATE INC. ("Seller"), in its capacity as a secured creditor, intends to sell, assign and transfer the rights, title and interest of VINCI BRANDS LLC, f/k/a Armor Acquisition LLC ("Company"), a Delaware limited liability company in the property identified below to the highest or best qualified bidder(s), as determined by Seller, by a public sale or sales as follows:

Day and Date: Monday, June 5, 2023
Time: 1:00 p.m. (prevailing Eastern time)
Place: Nelson Mullins Riley & Scarborough LLP
330 Madison Avenue, 27th Floor
New York, New York 10017
(videoteleconference available)

Collateral: All assets of the Company, including accounts, inventory, goods, equipment, investment property, deposit accounts, general intangibles, trademarks, trade names, licenses, goodwill, contract rights, customer lists, and all books and records, other than Excluded Property (collectively, the "Collateral").

Excluded Property: (i) Equipment or other property subject to a capital lease or purchase money financing, to the extent Seller does not have a lien thereon; and (ii) any United States intent-to-use trademark applications (the "Excluded Property").

Seller holds a security interest in the Collateral pursuant to the provisions of the Uniform Commercial Code of the State of Delaware (the "UCC") and Company's rights in the Collateral will be sold in accordance with the provisions of the UCC under such procedures and rules as Seller may determine. Seller reserves the right to modify such procedures at any time in its discretion.

The public sale will be conducted on a "AS IS, WHERE IS" basis, without representation or warranty of any kind from Seller as to title, quality, quantity, quiet enjoyment, merchantability, fitness for a particular purpose, or any other matter. Bids may be in bulk only (unless Seller elects otherwise). Any bidder must be prepared to accept the terms and conditions set forth in a certain Asset Sale Agreement to be provided upon request (the "Proposed Sale Agreement"). All bidders must be pre-qualified on or before 5:00 p.m. prevailing Eastern time on June 2, 2023 to participate in the auction and for such purpose shall provide Seller with, among other information, financial information and other documents necessary to demonstrate its ability to close the transaction within the time frame set forth below and with information to satisfy the requirements of Seller as to AML and OFAC regulations. No bids shall be subject to any further due diligence or financing contingencies. Among other conditions, in order for a bidder to be pre-qualified, each bidder must enter into a customary confidentiality agreement and post with Seller a good faith deposit in an amount equal to the greater of (a) \$1,200,000 and (b) ten percent (10%) of its bid, in cash, by an irrevocable letter of credit, or cashier's or bank check, or by wire transfer of immediately available funds, which will be refundable if the bidder is not the successful bidder; provided that Seller may accept other assurances as to the creditworthiness of the bidder in its sole discretion. Unless otherwise agreed to by Seller, dosing of the sale will occur on June 5, 2023, and payment of the entire balance of the purchase price will be due and payable to Seller on such date by cashier's or bank check or by wire transfer of immediately available funds. Seller reserves the right to credit bid in such amount as may determine in its sole and absolute discretion.

This notification does not constitute a binding offer by Seller to sell the Collateral. Seller reserves the right to adjourn, postpone or cancel the sale for any reason it may determine. Inquiries concerning the sale, including any requests for the Proposed Sale Agreement and financial information as to Company and other terms of sale, may be made to Adam Herring at (404) 322-6143 or adam.herring@nelsonmullins.com. On a confidential basis only, any bidder that has been qualified shall be entitled to receive a copy of the Proposed Sale Agreement prior to the date of the auctions sale.

If you plan to attend the sale, please contact Adam Herring at Nelson Mullins, (404) 322-6143 or adam.herring@nelsonmullins.com in advance so that we can alert building security or provide video teleconference information.

Tesla, Ford Team Up In EV-Charging Deal

By Rebecca Elliott

Tesla is opening some of its fast-charging network to Ford Motor customers in the U.S. and Canada, the companies' chief executives said in a joint appearance Thursday.

The deal would give Ford customers access to more than 12,000 fast-chargers, known as Superchargers, beginning in early 2024. The Detroit company also plans to adopt Tesla's charging port.

"We don't want the Tesla Supercharger network to be like a walled garden," Tesla Chief Executive Elon Musk said on Twitter. "We want it to be something that is supportive of electrification and sustainable transport in general."

Ford CEO Jim Farley praised the reliability and locations of Tesla's chargers, recalling a family vacation last year in California. "My kids kept looking at me and going, 'Hey, Dad,

there's another Supercharger. Can we stop there? How about there?'" Farley said. "I was like, 'No, we have to go here behind this other building.'"

The joint appearance on Twitter Spaces, a live audio feature on the social-media platform Musk owns, marked a continuation of the friendly, often playful rivalry between Musk and Farley.

Tesla's Supercharger network, which includes more than 17,700 fast-chargers in the U.S. at more than 1,650 locations, is widely regarded as the most reliable in an industry where finding operable charging equipment can be difficult.

Much like cellphones, electric vehicles use a variety of chargers. Finding a charger that works for any given vehicle can make it harder to power up. The deal with Ford indicates Tesla is having success in persuading other EV makers to adopt its charging technology.

Illumina Shareholders Elect Icahn Pick to Board

By Peter Loftus

Illumina shareholders voted to elect one of activist investor Carl Icahn's three nominees to the company's board of directors, giving him a partial victory in a bruising proxy battle he launched over the biotechnology company's handling of a risky acquisition.

According to a preliminary vote tally disclosed at Illumina's annual shareholder meeting on Thursday, shareholders re-elected eight existing Illumina directors and elected Icahn nominee Andrew Teno, a portfolio manager at Icahn Capital.

Illumina Chairman John Thompson wasn't re-elected, Illumina said. Chief Executive Francis deSouza, who serves

on the board, was re-elected. The board will choose a new chairman at a later date. Shareholders declined to approve the compensation provided to deSouza and Illumina's other top executives. That advisory vote is non-binding.

Illumina, which had backed the election of its current nine directors including deSouza, said it appreciated the constructive shareholder feedback and would welcome Teno to the board.

San Diego-based Illumina is a leader in DNA sequencing technology used by academic researchers, drugmakers and consumer genomics companies like 23andMe.

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BUSINESS NEWS



Solar-power investments above \$1 billion a day are seen in 2023.

Solar Investments Are Set to Top Oil For the First Time

By WILL HORNER

Investments in solar power are on course to overtake spending on oil production for the first time, the foremost example of a widening gap between renewable-energy funding and stagnating fossil-fuel industries, according to the head of the International Energy Agency.

More than \$1 billion a day is expected to be invested in solar power this year, which is higher than total spending expected for new upstream oil projects, the IEA said in its annual World Energy Investment report.

Spending on so-called clean-energy projects—which include renewable energy, electric vehicles, low-carbon hydrogen and battery storage, among other things—is rising at a “striking” rate and vastly outpacing spending on traditional fossil fuels, Fatih Birol, the IEA’s executive director, said in an interview.

Birol pointed to a “powerful alignment of major factors,” driving clean-energy spending higher, while spending on oil and other fossil fuels remains subdued. This includes mushrooming government spending aimed at driving adherence to global climate targets such as President Biden’s Inflation Reduction Act.

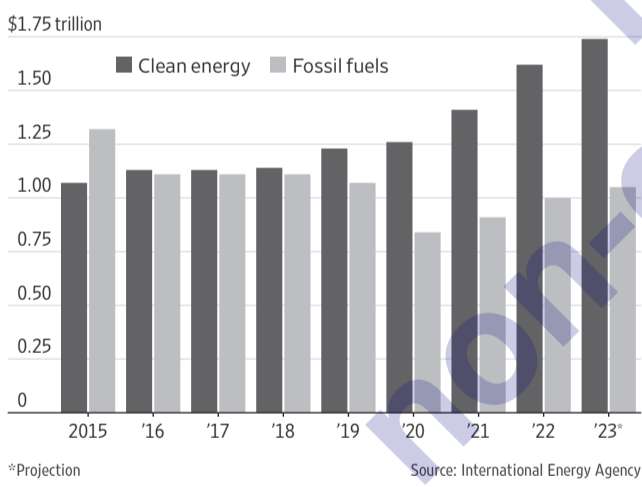
“A new clean global energy economy is emerging,” Birol told The Wall Street Journal. “There has been a substantial increase in a short period of time—I would consider this to be a dramatic shift.”

A total of \$2.8 trillion will be invested in global energy supplies this year, of which \$1.7 trillion, or more than 60%, will go toward clean-energy projects. The figure marks a sharp increase from previous years and highlights the growing divergence between clean-energy spending and traditional fossil-fuel industries such as oil, gas and coal. For every \$1 spent on fossil-fuel energy this year, \$1.70 will be invested into clean-energy technologies compared with five years ago when the spending between the two was broadly equal, the IEA said.

While investments in clean energy have been strong, they haven’t been evenly split. Ninety percent of the growth in clean-energy spending occurs in the developed world and China, the IEA said. Developing nations have been slower to embrace renewable-energy sources, put off by the high upfront price tag of emerging technologies and a shortage of affordable financing. They are often financially unable to dole out large sums on subsidies and state backing, as the U.S., European Union and China have done.

While clean-energy spending has boomed, spending on fossil fuels has been tepid. Despite earning record profits from soaring oil and gas prices, energy companies have shown a reluctance to invest in new fossil-fuel projects when demand for them appears to be approaching its zenith.

Global energy investments



GenesisCare Prepares For Bankruptcy Filing

By ALEXANDER GLADSTONE AND SOMA BISWAS

GenesisCare, a provider of cancer-care services backed by KKR, is preparing to file for bankruptcy within days, according to people familiar with the matter.

The Australia-based company, which also operates in the U.S. and Europe, is in talks to receive roughly \$200 million in new financing to see it through bankruptcy, the people said. GenesisCare is advised by lawyers from Kirkland & Ellis. China Resources Group also is an owner of the company.

Representatives for GenesisCare, Kirkland and KKR didn’t respond to inquiries seeking comment. China Resources Group couldn’t be reached.

GenesisCare has been struggling under a debt load stemming in part from its \$1.5 billion acquisition of 21st Century Oncology in 2020. Healthcare service provider 21st Century Oncology filed for bankruptcy in 2017, blaming changes in insurance reimbursement practices in addition to government penalties and

settlements. It emerged from chapter 11 in 2019.

Since October, S&P Global has cut GenesisCare’s credit ratings twice, each time pushing it one notch deeper into distressed territory, raising expectations that the company would default.

The ratings company cited rising borrowing costs, sluggish recovery in patient volumes and a slower recovery in the U.S. for the downgrades. GenesisCare had \$154 million in cash as of September, but its liquidity has been getting worse since then, according to S&P Global.

Private-equity firms have been facing increasing challenges in refinancing portfolio companies’ debts as interest rates rise and financing has become more difficult to access in recent months.

Envision Healthcare, another KKR-backed healthcare provider, filed for chapter 11 earlier this month. The private-equity firm has written off its \$3.5 billion investment in the physician-staffing company it acquired in 2018, The Wall Street Journal has reported.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below), and the provisions herein are subject to their entirety to the provisions of the Offer (as defined below). The Offer is made solely pursuant to the Offer to Purchase, dated May 26, 2023, and the related Letter of Transmittal and any amendments or supplements thereto, and is being made to all holders of Shares. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the securities, “blue sky” or other laws of such jurisdiction. In those jurisdictions where applicable laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser (as defined below) by one or more registered brokers or dealers licensed under the laws of such jurisdiction to be designated by Purchaser.

Notice of Offer to Purchase for Cash All Outstanding Shares of Common Stock of HOME POINT CAPITAL INC. a Delaware corporation at \$2.33 NET PER SHARE Pursuant to the Offer to Purchase dated May 26, 2023 by HEISMAN MERGER SUB, INC. a wholly owned subsidiary of MR. COOPER GROUP INC.

Heisman Merger Sub, Inc., a Delaware corporation (“Purchaser”) and a wholly owned subsidiary of Mr. Cooper Group Inc., a Delaware corporation (“Mr. Cooper”), is offering to purchase, subject to certain conditions, including the satisfaction of the Minimum Condition, as described below, any and all of the outstanding shares of common stock, par value \$0.0000000072 per share (the “Shares”), of Home Point Capital Inc., a Delaware corporation (“Home Point”), at a price of \$2.33 per Share, net to the seller in cash, without interest, subject to any required withholding taxes (the “Offer Price”), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated May 26, 2023 (the “Offer to Purchase”), and in the related Letter of Transmittal (the “Letter of Transmittal”) which, together with the Offer to Purchase and other related materials, as each may be amended or supplemented from time to time, constitutes the “Offer”).

Tendering stockholders who are record owners of their Shares and who tender directly to Equiniti Trust Company (the “Depository”) will not be obligated to pay brokerage fees or commissions or, except as otherwise provided in the Letter of Transmittal, stock transfer taxes with respect to the purchase of Shares by Purchaser pursuant to the Offer. Tendering stockholders who hold their Shares through a broker, dealer, commercial bank, trust company or other nominee should consult with such institution as to whether it charges any service fees or commissions.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., EASTERN TIME, ON TUESDAY, JUNE 27, 2023, UNLESS THE OFFER IS EXTENDED OR EARLIER TERMINATED.

The Offer is being made pursuant to the Agreement and Plan of Merger, dated as of May 10, 2023 (as it may be amended from time to time, the “Merger Agreement”), among Home Point, Mr. Cooper and Purchaser. The Merger Agreement provides, among other things, that, if the Offer is consummated, as soon as practicable after the consummation of the Offer (but in any event on the same date as the consummation of the Offer) and subject to the satisfaction or waiver of certain conditions, Purchaser will be merged with and into Home Point (the “Merger”) without a vote of the stockholders of Home Point in accordance with Section 251(h) of the General Corporation Law of the State of Delaware (the “DGCL”), with Home Point continuing as the surviving corporation. In the Merger, each Share outstanding immediately prior to the effective time of the Merger (other than any Shares held by Home Point, Mr. Cooper or any of their respective direct or indirect wholly owned subsidiaries or by any person who is entitled to, and has properly exercised and perfected their demand for, statutory appraisal of his or her Shares) will be converted into the right to receive \$2.33 net per Share in cash, without interest, subject to any required withholding taxes. As a result of the Merger, Home Point will cease to be a publicly traded company and will become a wholly owned subsidiary of Mr. Cooper. Under no circumstances will interest be paid on the purchase price for Shares, regardless of any extension of the Offer or any delay in making payment for Shares. The Merger Agreement is more fully described in the Offer to Purchase. On May 10, 2023, in connection with the execution and delivery of the Merger Agreement, certain stockholders of Home Point (the “Principal Stockholders”) entered into a tender and support agreement with the Mr. Cooper and Home Point pursuant to which each Principal Stockholder agreed, among other things, to tender all of its Shares to Purchaser in the Offer. As of the date of the tender and support agreement, the Principal Stockholders collectively owned approximately 92% of the outstanding Shares.

The Offer is not subject to any financing condition. The Offer is conditioned upon, among other things, (A) the Merger Agreement not having been terminated in accordance with its terms (the “Termination Condition”) and (B) the satisfaction of (i) the Minimum Condition (as defined below), (ii) the Regulatory Conditions to the Offer (as defined below); and (iii) the Governmental Authority Condition to the Offer (as defined below). The “Minimum Condition” requires that the number of Shares validly tendered in accordance with the terms of the Offer, and not validly withdrawn at 5:00 p.m., Eastern Time, on Tuesday, June 27, 2023 (the “Expiration Date,” unless Purchaser shall have extended the period during which the Offer is open in accordance with the Merger Agreement, in which event “Expiration Date” will mean the latest time and date at which the Offer, as so extended by Purchaser, will expire), together with all other Shares (if any) beneficially owned by Mr. Cooper and his affiliates, represent at least one more Share than 50% of the sum of (x) the total number of Shares outstanding at the time of the expiration of the Offer, plus (y) the total number of Shares that Home Point would be required to issue upon conversion, settlement, exchange or exercise of all options, warrants, rights or securities outstanding at the time of the expiration of the Offer that are convertible, exchangeable or exercisable into Shares (whether then outstanding or for which the conversion, settlement, exchange or exercise date has already occurred, but in any event without duplication). The “Regulatory Conditions to the Offer” require (i) that any waiting period (and any extension thereof) applicable to the Offer or the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, has expired or been terminated, (ii) there is not in effect any voluntary agreement with a governmental authority not to consummate the Offer or the Merger, and (iii) all consents from and notices to federal and state regulators and government-sponsored enterprises required by the Merger Agreement have been obtained or made, as applicable. The “Governmental Authority Condition to the Offer” requires that no governmental authority of competent jurisdiction in any jurisdiction in which Mr. Cooper, Home Point or any of their respective affiliates have any business operations has enacted, issued, promulgated, enforced or entered any law or order which is then in effect and has the effect of restraining, enjoining, rendering illegal or otherwise prohibiting the acquisition of or payment for Shares pursuant to the Offer or the consummation of the Merger. The Offer is also subject to other conditions (each individually, an “Offer Condition,” and collectively, the “Offer Conditions”) as described in the Offer to Purchase.

The Board of Directors of Home Point has unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are fair to, and in the best interest of, Home Point and its stockholders, (ii) declared it advisable to enter into the Merger Agreement, (iii) approved the execution, delivery and performance by Home Point of the Merger Agreement and the consummation of the transactions contemplated thereby, including the Offer and the Merger, (iv) resolved that the Merger shall be effected under Section 251(h) of the DGCL, and (v) resolved to recommend that the stockholders of Home Point tender their Shares to Purchaser pursuant to the Offer (the “Home Point Board Recommendation”).

The Merger Agreement contains provisions to govern the circumstances in which Purchaser is required or permitted to extend the Offer. Specifically, the Merger Agreement provides that (i) if, as of the then-scheduled Expiration Date, any Offer Condition (other than any such conditions that by their nature are to be satisfied at the expiration of the Offer, but subject to such conditions remaining capable of being satisfied) is not satisfied and has not been waived by Purchaser or Mr. Cooper, to the extent waivable by Purchaser or Mr. Cooper, Purchaser may, in its discretion (and without the consent of Home Point or any other person), subject to applicable law, extend the Offer on one or more occasions, for an additional period of up to ten (10) business days, or such longer period as Purchaser, Mr. Cooper and Home Point agree, per extension, to permit such Offer Condition to be satisfied; (ii) Purchaser must, and Mr. Cooper must cause Purchaser to, extend the Offer from time to time for: (A) any period required by any applicable law, any interpretation or position of the SEC, the staff thereof or the Nasdaq Stock Market (“Nasdaq”) applicable to the Offer; and, unless the applicable Offer Condition is waived by Purchaser or Mr. Cooper and (B) periods of up to ten (10) business days per extension, until (x) any waiting period (and any extension thereof) applicable to the consummation of the transactions contemplated by the Merger Agreement, including the Offer, under the HSR Act and any other antitrust laws has expired or been terminated and (y) all consents from and notices to federal and state regulators and government-sponsored enterprises required by the Merger Agreement have been obtained or made, as applicable; and (iii) if, as of the scheduled Expiration Date, any Offer Condition (other than any such conditions that by their nature are to be satisfied at the expiration of the Offer, but subject to such conditions remaining capable of being satisfied) is not satisfied and has not been waived, at the request of Home Point, Purchaser must, and Mr. Cooper must cause Purchaser to, extend the Offer on one or more occasions for an additional period of up to ten (10) business days per extension, to permit such Offer Condition to be satisfied; provided, however, that in no event shall Purchaser be required to extend the Offer beyond the earlier to occur of (x) the valid termination of the Merger Agreement and (y) 5:00 p.m., New York City Time, on May 10, 2024 (the “Termination Date”).

Pursuant to its terms, the Merger Agreement may be terminated by, among other things, (i) the mutual written consent of Mr. Cooper and Home Point and (ii) by either Mr. Cooper or Home Point if the Offer Acceptance Time has not occurred on or before 5:00 p.m., New York City Time, on May 10, 2024.

Subject to the applicable rules and regulations of the SEC, Purchaser expressly reserves the right to (i) increase the Offer Price, (ii) waive any Offer Condition and (iii) make any other changes in the terms and conditions of the Offer not inconsistent with the terms of the Merger Agreement. Without the prior written consent of Home Point, Mr. Cooper and Purchaser are not permitted to: (i) decrease the Offer Price, (ii) change the form of consideration payable in the Offer, (iii) decrease the maximum number of Shares sought to be purchased in the Offer, (iv) impose conditions to the Offer other than the Offer Conditions, (v) amend, modify, supplement or waive the Minimum Condition or the Termination Condition, (vi) amend, modify or supplement any of the other terms of the Offer in a manner that adversely affects, or would reasonably be expected to adversely affect, any holder of Shares in its capacity as such, (vii) terminate the Offer or accelerate, extend or otherwise change the Expiration Date of the Offer, except as otherwise required or expressly permitted by the Merger Agreement (including, for the avoidance of doubt, in connection with an Offer Termination), or (viii) provide any “subsequent offering period” (or any extension thereof) in accordance with Rule 14d-11 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Because the Merger will be governed by Section 251(h) of the DGCL, Purchaser does not expect there to be a significant period of time between the consummation of the Offer and the consummation of the Merger. The parties to the Merger Agreement have agreed that subject to certain conditions specified in the Merger Agreement, the Merger will become effective as soon as practicable after the consummation of the Offer.

Subject to the terms and conditions set forth in the Merger Agreement and to the satisfaction or waiver of the Offer Conditions, Purchaser will (and Mr. Cooper will cause Purchaser to) (i) promptly after (and in any event no later than the first business day after) the Expiration Date of the Offer, accept for payment all Shares tendered (and not validly withdrawn, as permitted under the Offer to Purchase) pursuant to the Offer (the date and time of such acceptance, the “Offer Acceptance Time”) and (ii) promptly after (and in any event no later than the second (2nd) business day after) the Offer Acceptance Time pay for such Shares. For purposes of the Offer, Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not validly withdrawn if and when Purchaser gives oral or written notice to the Depository of its acceptance for purchase of such Shares pursuant to the Offer. Upon the terms and subject to the conditions of the Offer, payment for Shares accepted for purchase pursuant to the Offer will be made by deposit of the Offer Price for such Shares with the Depository, which will act as paying agent for tendering stockholders for the purpose of receiving payments from Purchaser and transmitting such payments to tendering stockholders whose Shares have been accepted for purchase. If Purchaser extends the Offer, is delayed in its acceptance for payment of Shares or is unable to accept Shares for payment pursuant to the Offer for any reason, then, without prejudice to Purchaser’s rights under the Offer and the Merger Agreement, the Depository may retain tendered Shares on Purchaser’s behalf, and such Shares may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as described in the Offer to Purchase and as otherwise required by Rule 14e-1(c) under the Exchange Act. **Under no circumstances will Mr. Cooper or Purchaser pay interest on the purchase price for Shares by reason of any extension of the Offer or any delay in making such payment for Shares.**

No alternative, conditional or contingent tenders will be accepted. In all cases, payment for Shares accepted for purchase pursuant to the Offer will only be made after timely receipt by the Depository of (i) the certificates evidencing such Shares (the “Certificates”) or confirmation of a book-entry transfer of such Shares (a “Book-Entry Confirmation”) into the Depository’s account at The Depository Trust Company (“DTC”) pursuant to the procedures set forth in the Offer to Purchase, (ii) the Letter of Transmittal, properly completed and duly executed, with any required signature guarantees or, in the case of a book-entry transfer, an Agent’s Message (as described in the Offer to Purchase) in lieu of the Letter of Transmittal and (iii) any other documents required by the Letter of Transmittal. Accordingly, tendering stockholders may be paid at different times depending upon when Certificates or Book-Entry Confirmations with respect to Shares are actually received by the Depository.

Shares tendered pursuant to the Offer may be withdrawn at any time until the Expiration Date and, unless theretofore accepted for payment by Purchaser pursuant to the Offer, pursuant to Section 14(d)(5) of the Exchange Act, may also be withdrawn at any time after Tuesday, July 25, 2023, which is the 60th day after the date of the commencement of the Offer, unless prior to that date Purchaser has accepted for purchase the Shares validly tendered (and not validly withdrawn) pursuant to the Offer.

For a withdrawal to be effective, a written notice of withdrawal must be timely received by the Depository at one of its addresses set forth in the Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of such Shares, if different from that of the person who tendered such Shares. If Certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depository, then, prior to the physical release of such Certificates, the serial numbers shown on such Certificates must be submitted to the Depository and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution, unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer as set forth in the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at DTC to be credited with the withdrawn Shares.

Withdrawals of Shares may not be rescinded. Any Shares validly tendered will thereafter be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn Shares may be re-tendered by again following one of the procedures described in the Offer to Purchase at any time prior to the Expiration Date.

Purchaser will determine, in its sole discretion, all questions as to the form and validity (including time of receipt) of any notice of withdrawal and Purchaser’s determination will be final and binding. None of Mr. Cooper, Purchaser, the Depository, the Information Agent (as defined below) or any other person will be under any duty to give notice of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

The information required to be disclosed by paragraph (d)(1) of Rule 14d-6 of the General Rules and Regulations under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

Home Point has provided Mr. Cooper with its stockholder list and security position listings for the purpose of disseminating the Offer to Purchase, the related Letter of Transmittal and other related materials to holders of Shares. The Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares whose names appear on the stockholder list of Home Point and will be furnished, for subsequent transmittal to beneficial owners of Shares, to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency’s security position listing for subsequent transmittal to beneficial owners of Shares.

The exchange of Shares for cash pursuant to the Offer or the Merger will be a taxable transaction to U.S. Holders (as defined in the Offer to Purchase) for United States federal income tax purposes. See the Offer to Purchase for a more detailed discussion of the tax treatment of the Offer. **Each holder of Shares should consult with its tax advisor as to the particular tax consequences to such holder of exchanging Shares for cash pursuant to the Offer or the Merger.**

The Offer to Purchase and the related Letter of Transmittal contain important information. Holders of Shares should carefully read both documents in their entirety before any decision is made with respect to the Offer.

Questions and requests for assistance may be directed to the Information Agent at its addresses and telephone numbers set forth below. Requests for copies of the Offer to Purchase, the Letter of Transmittal and other tender offer materials may be directed to the Information Agent. Such copies will be furnished promptly at Purchaser’s expense. Stockholders may also contact brokers, dealers, commercial banks or trust companies for assistance concerning the Offer. Except as set forth in the Offer to Purchase, neither Purchaser nor Mr. Cooper will pay any fees or commissions to any broker or dealer or any other person for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

EQ D.F. KING
D.F. King & Co., Inc.
48 Wall Street, 22nd floor
New York, NY 10005
Stockholders may call toll free: (866) 864-7964
Banks and Brokers may call collect: (212) 269-5550

BUSINESS & FINANCE

Backlash Exposes Risks of Influencer Ads

Skin-care company's sensitivity questioned after school-shooting reference by a creator

By ASHLEY WONG AND ALYSSA LUKPAT

A familiar marketing tactic backfired for the skin-care company Bioré when a paid influencer's promotional TikTok led to swift criticism and apologies from both the company and the influencer.

Bioré said it partnered with 14 TikTok influencers who posted videos this month to promote the company's pore strips and its mental-health awareness campaign. The influencers discussed their personal mental-health challenges, including struggles with depression and body dysmorphia.

Cecilee Max-Brown, an influencer with about 27,000 TikTok followers, talked in her video last week about how she experienced anxiety attacks after the February shooting on her campus at Michigan State University, where three students were killed.

She deleted the video and posted an apology this week, but copies of the video are still circulating on social media. She didn't return a request for comment.

"Life has thrown countless obstacles at me this year, from a school shooting to having no

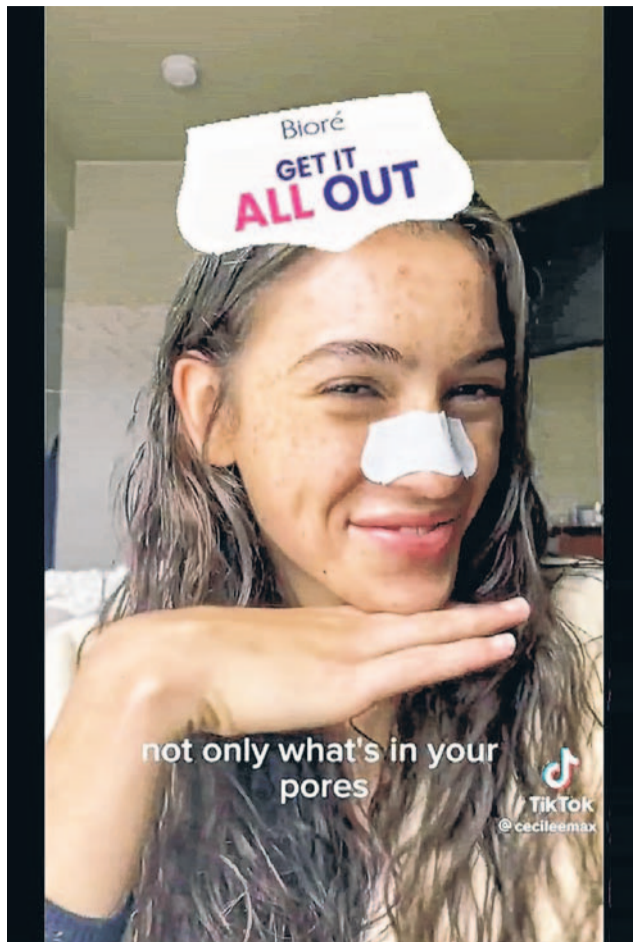
idea what life is going to look like after college," she said as upbeat music played. She put a pore strip on later in the video.

The backlash was immediate. Critics said the ad's product placement was insensitive because they thought the company was capitalizing on a school shooting and survivors' trauma. School shooting survivors and other people said pore strips couldn't alleviate mental-health challenges.

Max-Brown discussed in her video how the Michigan State shooting had triggered her anxiety over a clip montage of her napping, working out, applying skin-care products and journaling in her car. She then urged viewers to fill out a digital Bioré-branded card "stripping away" stigmas around mental health.

Bioré posted an apology on Instagram Sunday, saying it wasn't sensitive about a serious tragedy. "This is our mistake, and we own it," Bioré said. The company said it didn't tell the 14 influencers what to say, but it reviewed all the videos before they were posted.

The video controversy highlighted the risks companies take when they sponsor influencers involved in sensitive topics. Companies have advertised with influencers for nearly as long as social media has existed, but in recent years the strategy has become more unpredictable as U.S.



Bioré apologized for ad with influencer Cecilee Max-Brown.

culture wars have intensified. Bud Light's sales are still down after conservative critics boycotted the beer brand over its April partnership with the transgender influencer Dylan Mulvaney. As part of a paid

promotion for a Bud Light contest, the company sent Mulvaney a personalized can to mark the one-year anniversary of her gender transition.

Influencer-marketing analysts said more creators try to

build deeper relationships with their audiences by discussing personal issues and their political beliefs. In theory, the trust they build with viewers can boost awareness of the brands or products they recommend.

That fan loyalty is why many brands choose to work with creators who have strong political or social values, said Magda Houalla, director of marketing strategy for Aspire, a digital-marketing platform that works with influencers.

"Their audience becomes quite a bit more engaged," Houalla said.

That kind of partnership works best when a brand has clearly established what its values are, strategists said, and chooses to work with influencers who share those values and have discussed them in their content.

If a company hasn't made their stance clear from the beginning, "The audience is going to feel that you're using their commitment to the cause to sell to them," said Sara McCord, a marketing strategist and the chief executive of Sara McCord Communications. "And people don't like that."

A Bioré spokeswoman declined to say how much the company paid Max-Brown for the ad. The spokeswoman said Bioré has been checking in on Max-Brown after the video controversy.

The spokeswoman said Bioré never meant to imply its

products would help someone's mental health. Instead the company wanted to remind people to clear their minds the same way they might clear their skin, the spokeswoman said.

Pairing political or social commentary with product marketing is a longstanding strategy. Dove's advertisements have circulated messages on body positivity and the harmful effects of social media for years. Ben & Jerry's has been a frequent advocate for issues including criminal-justice reform and has released several politically themed ice cream flavors.

Wading into political and social commentary has sometimes proven problematic. A 2017 Pepsi ad was widely criticized because it featured the model Kendall Jenner offering a police officer a can of Pepsi to mediate a protest echoing the Black Lives Matter movement. PepsiCo eventually pulled the ad.

How a brand handles the backlash afterward is just as important as figuring out who to join with on specific social issues, strategists said. A company's timely and thoughtful response to a backlash can mean the difference between a mistake and a weeklong drop in sales. "Some of these mistakes that have just really gotten exponentially worse," McCord said, "it's because the responses keep adding fuel to the fire."

Grant Thornton to Cut 300 U.S. Employees as Business Cools

By MARK MAURER

Grant Thornton is laying off about 300 U.S. employees, or roughly 3% of its workforce in the country, people familiar with the matter said, as the professional-services firm navigates declining demand for its advisory and tax services.

The Chicago-based firm will have laid off the workers,

mostly in the advisory and tax divisions, by the end of Thursday, the people said. Grant Thornton employs about 9,000 people in the U.S. and more than 68,000 globally.

The move follows a series of cuts by large professional-services firms in recent months, particularly in their consulting arms. The consulting industry surged during the Covid-19 pan-

dem as companies sought outside help to strengthen and adjust their businesses. Many of those companies have since pulled back on consulting services amid recession fears.

The global consulting market is forecast to grow by 6% to 10% this year, down from 10.7% in 2022, according to Source Global Research.

Ernst & Young in April said

it would cut about 3,000 U.S. employees, largely on the consulting side, after assessing current economic conditions. The cuts represented less than 5% of its workforce. Two months earlier, KPMG said it would lay off several hundred people in its consulting division in February.

Grant Thornton on Tuesday said it would be laying off U.S. workers due to a slowing econ-

omy and "pockets of underutilization," but declined to provide the number affected. The firm at the time said it was making targeted staffing adjustments so it can invest in higher-growth areas of the business.

"We value the contributions of all team members and are providing severance benefits and professional outplacement services to help affected profes-

sionals transition to new opportunities," the firm said in its statement Tuesday.

Chief Executive Seth Siegel, when asked about layoffs at a town hall earlier this month, told U.S. partners and other workers that the firm was continually monitoring business conditions and seeing softening demand in certain business divisions.

THE WALL STREET JOURNAL.

CEO Council

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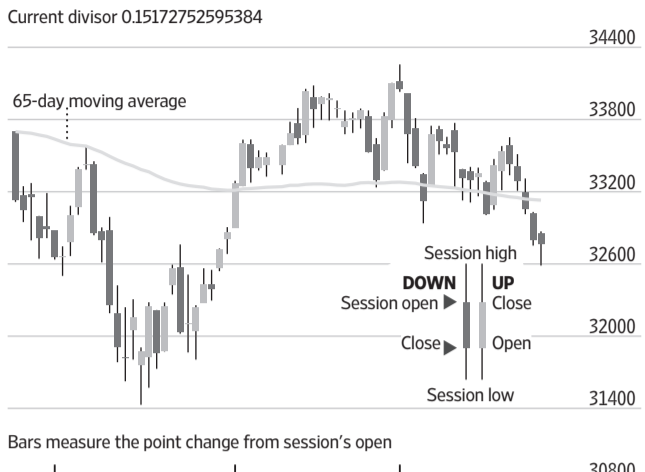
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TRUST YOUR DECISIONS

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

32764.65 ▼35.27, or 0.11% Trailing P/E ratio 21.83 18.56 P/E estimate* 17.71 16.53 Dividend yield 2.15 2.18 All-time high 36799.65, 01/04/22

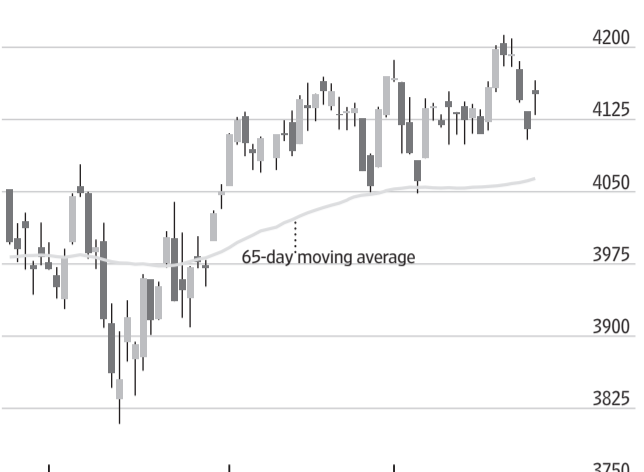


Current divisor 0.15172752595384

*Weekly P/E data based on as-reported earnings from Birenyi Associates Inc; *Based on Nasdaq-100 Index

S&P 500 Index

4151.28 ▲36.04, or 0.88% Trailing P/E ratio* 18.57 20.31 P/E estimate* 18.82 17.15 Dividend yield* 1.67 1.58 All-time high 4796.56, 01/03/22



Nasdaq Composite Index

12698.09 ▲213.93, or 1.71% Trailing P/E ratio** 28.12 25.17 P/E estimate** 26.62 21.37 Dividend yield** 0.82 0.90 All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table with columns: Index Name, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann.

Table for Nasdaq Stock Market: Nasdaq Composite, Nasdaq-100

Table for S&P: S&P 500 Index, MidCap 400, SmallCap 600

Table for Other Indexes: Russell 2000, NYSE Composite, Value Line, NYSE Arca Biotech, etc.

International Stock Indexes

Table with columns: Region/Country, Index, Close, Net chg, Latest % chg, YTD % chg.

Table for EMEA: STOXX Europe 600, Euro STOXX, Bel-20, etc.

Table for Asia-Pacific: MSCI AC Asia Pacific, S&P/ASX 200, etc.

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges.

Most-active issues in late trading

Table with columns: Company, Symbol, Volume (000), Last, Net chg, After Hours % chg, High, Low.

Percentage gainers...

Table with columns: Company, Symbol, Close, Net chg, % chg, High, Low.

Percentage Losers

Table with columns: Company, Symbol, Close, Net chg, % chg, High, Low.

Most Active Stocks

Table with columns: Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

* Volumes of 100,000 shares or more are rounded to the nearest thousand

QR code and text: Scan this code to get real-time U.S. stock quotes and track most-active stocks, new highs/lows, mutual funds and ETFs. All are available free at WSJMarkets.com

Trading Diary

Volume, Advancers, Decliners

Table with columns: NYSE, NYSE Amer., Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, Block trades.

Total volume* 4,651,647,122 333,389,945 Adv. volume* 2,059,786,840 99,687,498 Decl. volume* 2,516,743,931 230,738,169

Table with columns: Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, Block trades.

*Primary market NYSE, NYSE American, NYSE Arca only. *(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

Volume Movers

Table with columns: Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table with columns: Country/currency, Thurs in US\$, YTD chg per US\$, Country/currency, Thurs in US\$, YTD chg per US\$.

Commodities

Table with columns: Commodity, Close, Thursday Net chg, % Chg, High, 52-Week Low, % Chg, YTD % chg.

Sources: Tullett Prebon, Dow Jones Market Data

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year

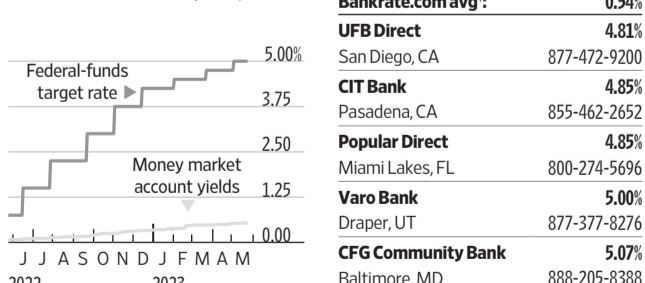
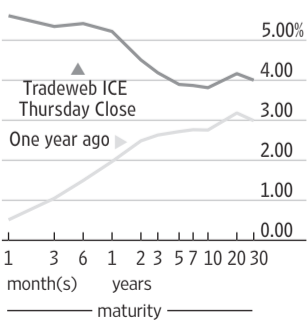


Table with columns: Interest rate, Last (●) Week ago, 52-Week Range (%), 3-yr chg (pct pts).

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. †Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar, dollar vs. major U.S. trading partners



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Table with columns: Bond total return index, Close, Yield (%), 52-Week High, Low, Total Return (%).

Sources: J.P. Morgan, Bloomberg Fixed Income Indices; ICE Data Services

COMMODITIES

Futures Contracts

Table with columns: Metal & Petroleum Futures, Copper-High (CMX), Gold (CMX), Palladium (NYM), Platinum (NYM), Crude Oil, Light Sweet (NYM), NY Harbor ULSD (NYM), Gasoline-NY RB00 (NYM), Natural Gas (NYM), Agriculture Futures, Corn (CBT), Oats (CBT), Soybeans (CBT).

Table with columns: Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Wheat (KC), Cattle-Feeder (CME), Cattle-Live (CME), Hogs-Lean (CME), Coffee (ICE-US), Sugar-World (ICE-US), Sugar-Domestic (ICE-US), Cotton (ICE-US), Orange Juice (ICE-US), Ultra Treasury Bonds (CBT).

Table with columns: Treasury Bonds (CBT), Treasury Notes (CBT), Treasury Inflation Protected Securities (TIPS), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), 10 Yr. Del. Int. Rate Swaps (CBT), Three-Month SOFR (CME), Canadian Dollar (CME), British Pound (CME), Swiss Franc (CME), Japanese Yen (CME), Eurodollar (CME).

Table with columns: Australian Dollar (CME), Mexican Peso (CME), Euro (CME), Index Futures, Mini DJ Industrial Average (CBT), Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), Mini Russell 1000 (CME), U.S. Dollar Index (ICE-US).

Cash Prices

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: Energy, Metals, Fibers and Textiles, Grains and Feeds, Food, Fats and Oils. Includes various commodity prices and their changes.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=contract; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=b=weekly; M=monthly; H=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Coltork Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 5/24

Source: Dow Jones Market Data

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table showing the largest 100 exchange-traded funds, latest session. Columns include ETF Name, Symbol, Closing Price, Chg, YTD (%).

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Table with columns: Money Rates, Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount, Federal funds. Includes interest rates and inflation data.

Bonds | wsj.com/market-data/bonds/benchmarks

Table with columns: Broad Market Bloomberg Fixed Income Indices, U.S. Corporate Indexes Bloomberg Fixed Income Indices, High Yield Bonds ICE BofA, U.S. Agency Bloomberg Fixed Income Indices. Includes bond benchmarks and yields.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. **EMBI Global Index. Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P.Morgan

Global Government Bonds: Mapping Yields

Table showing yields and spreads for global government bonds. Columns include Country, Maturity, Yield, Spread, etc.

Corporate Debt

Table showing corporate debt spreads. Columns include Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread.

High-yield issues with the biggest price increases...

Table showing high-yield issues with biggest price increases. Columns include Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread.

...And spreads that widened the most

Table showing corporate debt spreads that widened the most. Columns include Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread.

...And with the biggest price decreases

Table showing corporate debt spreads with biggest price decreases. Columns include Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread.

*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

Table with 6 columns: Stock, Sym, Close, Chg, Net, etc. Includes sections for 'How to Read the Stock Tables', 'Underlined quotations' (bold and underlined), and a grid of stock data from A to Z.

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Dividend Changes

Table with 6 columns: Company, Symbol, Yld, Amount, Payout, Record. Lists companies with dividend changes.

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New Highs and Lows

Table with 6 columns: Stock, Sym, 52-Wk High/Low, Chg. Lists stocks hitting new 52-week highs or lows.

Table with 6 columns: Stock, Sym, 52-Wk High/Low, Chg. Lists stocks hitting new 52-week highs or lows.

Table with 6 columns: Stock, Sym, 52-Wk High/Low, Chg. Lists stocks hitting new 52-week highs or lows.

Mutual Funds

Table with 6 columns: Fund, NAV, YTD, Net YTD, Chg, etc. Lists mutual funds with performance metrics.

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BANKING & FINANCE

BlackRock Beefs Up Secondaries Unit

Asset manager fills out leadership of team that focuses on the private-market strategy

By ROD JAMES

BlackRock, the world's largest asset manager, has expanded the leadership team of a unit that acquires second-hand stakes in private-market assets.

The firm, with \$9.09 trillion in assets under manage-

ment, has hired Lisa Sun as a managing director and co-head of its secondaries and liquidity solutions platform, according to an internal memo seen by The Wall Street Journal.

Sun joins from the New York office of secondary buyer Collier Capital, where she spent more than 11 years working on deals instigated by both investors in funds and fund managers, known respectively as limited-partner-led and general-partner-

led deals.

She will work alongside co-heads Jarid Colucci and Derek Krouner, who assumed leadership of the team after its previous leads, Steve Lessar, Konnin Tam and Veena Isaac, departed under a cloud for Apollo Global Management in the spring of 2022.

New York-based BlackRock had just started marketing its second Secondaries & Liquidity Solutions fund at the time of the departures. The fund was targeting \$4 billion, the

Journal reported at the time.

In the memo, BlackRock describes secondaries as "one of the most asked about" private-market strategies among clients. The team has committed \$1.5 billion into deals over the past year and its debut fund, which closed in March 2021, is in the top performance bracket compared with its peers, the memo added.

There was around \$108 billion of secondary deal volume in 2022, down from \$132 bil-

lion in record year 2021, but still the second-highest ever, according to investment bank Jefferies.

Buyers are hoping for a surge in secondary deal flow as public pension programs and endowments, many of which are over-allocated to private equity, are driven to sell portfolios of assets to free capital for new commitments, and buyout managers, facing a difficult exit market, look for ways to hold on to prized assets.

Fahrenheit Prevails in Chapter 11 Bid for Celsius

By ALEXANDER GLADSTONE

Celsius Network, the bankrupt cryptocurrency lender, has reached an agreement to be managed by **Fahrenheit LLC**, a group of investors led by TechCrunch founder Michael Arrington.

The sale will be part of Celsius's chapter 11 exit plan, which will include a distribution of the firm's liquid cryptocurrency to account holders, settlements with holders of custody accounts and the creation of a reorganized public company that will manage Celsius's illiquid assets.

The sale will be part of the crypto lender's plan to exit from bankruptcy.

Under the plan, Celsius account holders will receive 100% of the equity in the reorganized company, subject to dilution that will be distributed to Fahrenheit as management fees.

Fahrenheit is owned by **Arrington Capital, U.S. Data Mining Group, Proof Group, Capital Management, Steven Kokinos and Ravi Kaza**. As part of the plan, Fahrenheit will purchase \$50 million of equity in the new company.

The Fahrenheit team that will assume management of Celsius will be led by Arrington, Kaza, Noah Jessop, and Asher Genoot.

The winning bid will provide "attractive offers for Celsius to immediately energize its mining rigs that are currently inactive," Celsius said.

Health Funds Gain as Startup Investing Slows

By BRIAN GORMLEY

Venture capitalists are raising piles of cash to invest in healthcare—even as less of that cash is actually being put to work at startups.

U.S. healthcare venture investors are standing firm in the belief that innovation in the life sciences, coupled with falling valuations, will in time pay off. In the first quarter, these investors secured \$6.8 billion, a pace that exceeds that of 2022, when \$21.8 billion was raised for the entire year, according to Silicon Valley Bank, now a division of First Citizens Bank. The tallies include healthcare-only funds and healthcare allocations of diversified pools.

Last year's was the second-highest annual total for those investors behind the \$28.3 billion raised in 2021, according to SVB.

But even with cash sloshing around in health-focused venture funds, investment in startups is down. Some investors are holding out for bargains, especially in mid- to later-stage companies that previously raised capital at lofty valuations.

"There's a lot of dry powder sitting on the sidelines waiting for valuations to normalize," said Keith Figlioli, a managing partner of LRVHealth, which



Healthcare venture investment jumped after the 2020 start of the pandemic. A testing site in Indonesia.

recently closed its fifth venture fund.

Recently, healthcare venture returns have declined as volatility in the stock market has curbed initial public offerings. But limited partners in venture funds are focusing less on recent performance and more on the promise of advances in biotechnology and digital health that could lead to giant returns over the next decade.

"LPs understand this is a long-cycle investment thesis

and still believe the core drivers are intact," said Frank Angella, a managing partner of Grove Street Advisors, which invests in venture funds.

Healthcare venture investment jumped in 2020 and 2021 as the pandemic cast a spotlight on life-sciences companies while low-interest rates drove investors into equities. A strong IPO market prompted public-market investors to join venture rounds of startups just before they went public, inflat-

ing venture-investment totals.

Now, though, large crossover rounds have grown scarce and many mid- to later-stage startups financed during the boom face the prospect of raising money at a lower valuation than their last venture financing, investors said.

"There are a number of companies out there trying to raise capital that are probably going to have to raise down rounds or already have," said David Steinberg, a general

partner of biotech venture firm Longwood Fund, which recently closed its sixth fund.

U.S. and European healthcare startups banked \$9.85 billion in venture capital in the first quarter, well behind the clip of last year, when these companies collected \$65.73 billion for the year. Medical venture investment peaked in 2021 at \$98.42 billion, according to SVB.

Healthcare venture returns as well have slipped from pandemic-era highs. In the first quarter of 2021, for example, healthcare-focused venture funds posted a 22.5% return, according to market tracker PitchBook Data. Just a year later, that quarterly return had plummeted to negative 9.5%, improving somewhat in the next three quarters.

But to abandon healthcare now would be to miss a digital revolution taking shape, some investors say, as startups apply machine-learning to ever-larger biological and medical data sets to create insights that will lead to new treatments and better patient care.

"Companies we're funding today are not just a chemist and a biologist, there's a computer scientist in the mix and there's a heavy computational component," said Stuart Peterson, managing partner of Artis Ventures, a venture firm.

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MARKETS

Technology Stocks Lead Nasdaq Higher

Debt talks rattle Treasury market, causing bond yields to increase

By ERIC WALLERSTEIN

Nvidia's breakout first-quarter results lifted tech stocks despite surging bond yields.

The chip maker's strong outlook came from the booming demand for artificial intelligence and boosted the Nasdaq Composite to a 1.7% gain with its own 24% rise.

"What is the oil of the future? Semiconductors," said Michelle Cluver, a portfolio

strategist at Global X. "Artificial intelligence is a major theme driving markets right now," she said.

Chip makers tied to the AI frenzy rose across the board. **Advanced Micro Devices** gained 11%. American depository receipts for **Taiwan Semiconductor Manufacturing**—which manufactures Nvidia chips—added 12%. That was its largest one-day percentage increase since 2008.

While shares of information-technology firms shot up 4.5%—their biggest one-day pop since November—none of the 10 remaining sectors in the S&P 500 gained more than a half percentage point. The benchmark index still managed to rise 0.9%, though the Dow industrials slipped 0.1%, or 35 points.

Thursday marked the Dow's fifth-straight session of losses.

A slate of economic data showed U.S. economic growth and inflation remain hot, adding to fears of persistently tight monetary policy from the Federal Reserve.

Gross domestic product, personal consumption and Core PCE—the Fed's preferred inflation gauge—all came in hotter than expected for the first quarter. Jobless claims increased slightly last week but remained at historic lows.

Bond yields climbed as prices fell. The yield on the benchmark 10-year U.S. Treasury note rose to 3.814% from 3.717% Wednesday. The two-year yield rose to 4.508% from 4.343%.

The looming U.S. debt-ceiling deadline has already rattled short-term bonds and is starting to cause worry among investors in other corners of the market.

On Wednesday, Fitch placed the U.S.'s triple-A credit rating on negative watch, citing "in-



Nvidia's results lifted tech stocks. Above, Nvidia CEO Jensen Huang shown speaking at a technology conference in Taipei in 2018.

creased political partisanship" around the debt limit.

Shares of energy, healthcare and utilities firms all fell more than 1% on the day.

Brent crude oil's 2.7% retreat to \$76.26 a barrel, after settling at its highest value since the start of May on Wednesday, dragged down oil and gas stocks.

Policy makers and analysts are warning of a market calamity should the limit not be raised in time.

That said, stock benchmarks have largely shrugged off the risk. Marko Papic, chief strategist at the Clocktower Group, said markets are trading in line with how negotiations have unfolded.

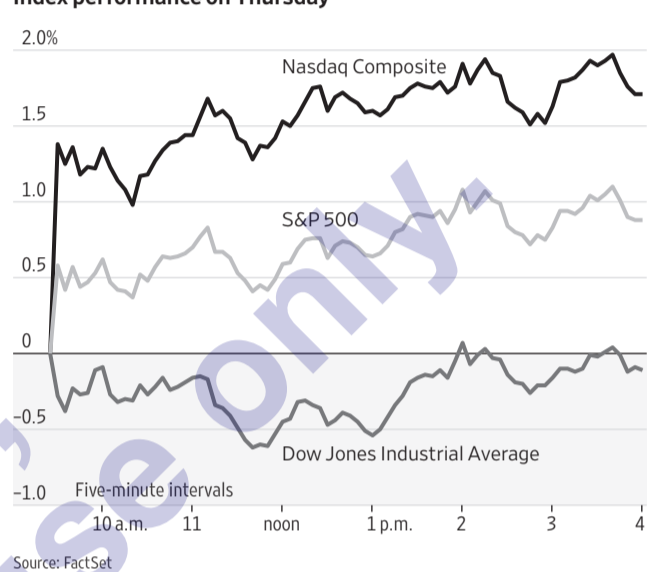
"I'm pleasantly surprised

with how well negotiations have gone, and how well the market has taken it," he said. "But I'm still cautious."

Consumers are less concerned about the debt ceiling than in 2011, causing investors to see less risk of politicians taking hardline stances, Papic said. That has reduced the severity of potential fiscal cuts, he added, helping stocks trend higher even as the government nears the date by which it may be unable to pay its bills on time.

Overseas, Europe's Stoxx 600 fell 0.3%. Early Friday, Japan's Nikkei 225 was up 1% but the Shanghai Composite was down 0.6%. Hong Kong was closed Friday for a holiday. S&P 500 futures fell 0.2%.

Index performance on Thursday



Icahn Enterprises Drop Steepens

By BEN FOLDY

Shares in **Icahn Enterprises** dropped 14% on Thursday in the wake of a tweet by William Ackman, putting the stock on pace for its sharpest decline since short seller **Hindenburg Research** published a report targeting the company on May 2.

Icahn Enterprises, the publicly traded firm controlled by

investor Carl Icahn, has lost roughly 60% since Hindenburg alleged the company was relying on inflated asset valuations and Mr. Icahn's borrowing against billions of dollars of his shares had left the company dangerously overleveraged.

In the aftermath of the report, Icahn said the company valued its assets using accepted methodologies and disclosed that the Manhattan U.S.

attorney's office opened an investigation into the company. Icahn said it didn't expect the investigation to significantly affect its business.

Ackman, who came out on the losing end of a high profile fight with Icahn over Herbalife, tweeted Wednesday evening that Icahn's leverage left it vulnerable to a chain reaction of margin calls from lenders.

"All it takes is for one

lender to break ranks and liquidate shares or attempt to hedge, before the house comes falling down. Here, the patsy is the last lender to liquidate," Ackman wrote.

Thursday's selloff in Icahn shares was mimicked in those of companies in which the company holds significant stakes. Shares in Xerox declined 2.7%, while those of refiner CVR Energy fell 5.1%.

Private-Equity Fundraising Blues Hit Newer Managers

By CHRIS CUMMING

A pullback by private-equity investors is hitting younger firms harder than their longer-tenured peers.

Raising money has always been hard for fund managers with shorter track records, especially as investors have migrated toward larger managers in recent years.

But since the private-equity fundraising slowdown began last year, these dynamics have intensified, with newer managers getting a significantly smaller piece of the overall fundraising pie than usual.

Emerging managers, or those that have raised three or fewer funds, account for about 17% of the total money collected by the industry since the beginning of last year, according to PitchBook Data, which tracks information about private markets. Such relatively new firms gathered around 31% of the total capital raised from 2008 through 2021.

For the very newest firms, those putting together debut funds, the market is even less welcoming. First-time funds closed on \$2.9 billion in this year's first quarter, well behind last year's pace, when debut managers raised \$16.4 billion for the full year, PitchBook said. Even last year's total paled by historical standards. In 2016, for instance, inaugural funds closed on more than \$80 billion.

The problem is that institutional investors lack new money to invest, because the slowdown in liquidity events such as mergers and initial public offerings has reduced their cash

flow, said Brenda Rainey, a member of the private-equity practice at industry consulting firm Bain & Co. At the same time, there is a huge number of firms trying to raise capital, resulting in a very competitive market.

"Arguably [fundraising] is the most difficult challenge that firms are facing today, even more so than deal-making," said Rainey.

Some investors still want to provide seed capital to newer managers, but their budgets are simply too stretched, she said. "The interest has not gone away for emerging managers. It's just the squeeze that investors are in now," Rainey said.

While conditions are worse for new managers, few firms escaped the pinch of the broad decline in fundraising that began last year and continued in the first months of 2023, PitchBook data show. All private-capital vehicles—including private equity, venture capital, real estate and other types of strategies—collected about \$1.09 trillion globally in the past four quarters, 29% less than during the previous four quarters, PitchBook said.

So-called private-equity megafunds—huge vehicles managed by established private-equity firms—have also struggled to get commitments from investors. They accounted for about 30% of the total raised for private-equity funds in the first quarter, below their 46% share last year. The largest buyout fund to close during the quarter, London-based Permira's eighth flagship buyout vehicle, gathered €16.7 billion, or about \$17.8 billion.

Globally, private-equity firms collected \$455 billion for their funds in the past four quarters, about 16% less than during the previous 12 months, PitchBook said. Other types of private funds had steeper fundraising declines.

Venture-capital fundraising fell to \$202 billion over the 12 months through March, down 38% from the year-earlier period, and real-estate fundraising dropped 42% to \$92 billion on the same basis.

Only secondaries fundraising increased over the 12 months ended in March, with \$62.4 billion raised in that time, an increase of nearly 40%.

Funding Dries Up for Farm Firms

Continued from page B1

farmers: high costs for supplies, energy and workers. While farming indoors protects the companies from the vagaries of the weather, it doesn't eliminate pests.

There are two main types of indoor farming: modern versions of greenhouses that use energy from the sun to grow plants horizontally; and vertical farms with stacks of plants on top of one another underneath artificial lights.

Many analysts are confident the high-tech greenhouses can be operated profitably in the U.S. because they have been run successfully in Europe and Canada. Vertical farms are another story. No company has made money operating one on a large scale.

Startups in both areas pitch themselves as a green solution to the U.S. food system, which has long struggled with challenges posed by extreme weather, heavy resource usage and dependence on a few prolific regions. The newcomers have attracted funding support from top companies such as Cargill and Walmart.

The promises started unraveling last year, when rising costs made building and operating new facilities more costly than expected. Some of the steepest expenses are heating and ventilation. Lighting costs alone for vertical farms can make projects uneconomical. With profits still elusive, the businesses were vulnerable when interest rates rose and investors started shunning speculative companies.

Greenhouse operator AppHarvest ran into additional issues when pests damaged some



AppHarvest was once valued above \$3.5 billion. Its market value is now down to about \$75 million.

of its tomatoes and strawberries at Kentucky facilities in 2021 and 2022. Last month, the presence of harmful listeria bacteria forced it to suspend operations at one of its greenhouses, the company said in a securities filing.

"There's a lot of frustration out there," said Deb Yates Bunnell, a 67-year-old investor who owned several thousand AppHarvest shares but sold them last summer after they fell about 25%. The retired project manager in Louisville, Ky., said her husband had cautioned her about buying a stock because she believes in the company's mission. Yates Bunnell recently bought more shares at around 50 cents. "I really wanted this company to make it," she said.

The boom in high-tech farming coincided with the surge in special-purpose acquisition companies, or SPACs. Companies that go public via SPACs can make business projections that wouldn't be allowed in normal initial public offerings.

AppHarvest went public via a SPAC at a valuation of about \$825 million, projecting that sales would surge to about \$25 million in 2021 and \$60 million in 2022 as it opened more greenhouses. The stock soared

in early 2021 alongside other speculative companies, valuing AppHarvest above \$3.5 billion.

The company, which was backed by former venture capitalist and now Republican Ohio Sen. J.D. Vance, had sales of roughly \$9 million in 2021 and \$15 million last year. It has warned that it might not survive without significant additional funding. The company

The boom in high-tech farming coincided with the surge in SPACs.

since has raised some cash by selling stock and selling one of its farms to a partner, then leasing the space back. AppHarvest's market value is down to about \$75 million.

A spokesman said AppHarvest has learned from its challenges, and those lessons should help it become more efficient. The company is considering other sale-leaseback transactions, he said.

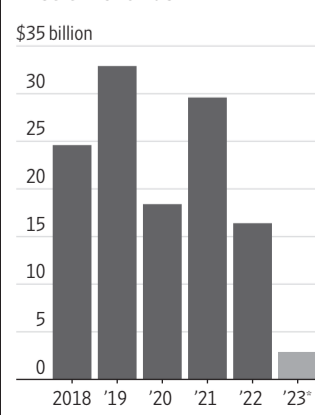
Local Bounti has raised money by selling a facility, then

leasing the space back and increasing its debt agreement with its partner Cargill. The company employs a hybrid approach, using vertical farms to grow plants early in their lives, then moving them to greenhouses as they mature.

Local Bounti is confident that the funding and facility openings can make operations profitable within two years, Co-CEO Craig Hurlbert said. Local Bounti said on Thursday that a former Amazon.com executive and CEO of meal-delivery company Freshly, Anna Fabrega, will take over as its new CEO in June. The company's current Co-CEOs will shift to new leadership roles.

Indoor-farming companies that stayed private also hit lofty valuations in recent years. Vertical-farm startup **Bowery Farming** was valued at \$2.3 billion by investors including Fidelity Investments in 2021. SoftBank, Walmart and others invested \$400 million in vertical-farm company **Plenty** early last year. Many private companies are facing the same funding drought as those that went public. Bowery said that the company was focused on continuing to grow while navigating economic uncertainty.

Capital raised by first-time funds



*As of quarter ended March 31 Source: PitchBook

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Theft and Thrift Squeeze Dollar Tree

Shrink and a sales shift to lower-margin consumables pressure profits at discount retailer

Making that extra buck of profit is proving to be difficult at **Dollar Tree**.

Dollar Tree said same-store sales grew 3.4% at its namesake banner and 6.6% at Family Dollar in its quarter ended April 29—both healthier growth numbers than Wall Street expected. But while top-line numbers were strong, net income shrank 44%, which was worse than the 37% decline analysts anticipated.

Cautious consumer spending behavior was in part to blame. More shoppers filled their baskets with necessities such as food rather than higher-margin discretionary products. At Dollar Tree, for example, consumables came to account for 48% of sales, up from 46.2% a year

earlier. At Family Dollar, consumables accounted for 80.1%, up from 78.1%.

And then there were items with no margin at all: Shrink, an industry term for theft, reduced earnings by roughly 14 cents a share last quarter compared with the same period in 2022. In all, despite lower freight costs, gross margins shrank 3.4 percentage points compared with last year to 30.5%. This follows four quarters of year-over-year expansion in gross margin after Dollar Tree broke its \$1 price point and started selling at \$1.25.

Those headwinds to profitability were significant enough that Dollar Tree reduced its profit expectation for the year, even as it kept its sales forecast largely unchanged. For the

year, it now expects earnings per share of \$5.73 to \$6.13, which at the midpoint is about 9.5% lower than the midpoint of the expectation it shared in March. Dollar Tree's shares shed 12% Thursday.

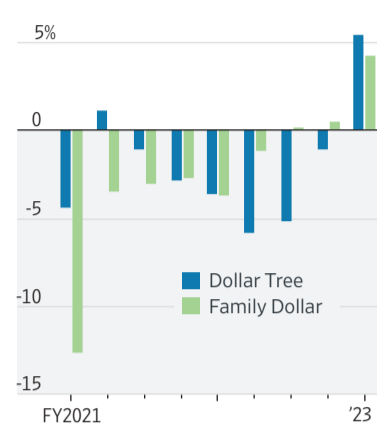
The company is still in its early stages of a turnaround led by former Dollar General boss Rick Dreiling, which involves hefty investments in store improvements and hourly wages. There are green shoots here: Dollar Tree logged its first year-over-year increase in store traffic—and a pretty significant one of 5.5%—after six consecutive quarters of declines. Family Dollar saw its third consecutive quarter of traffic growth.

Less convincing was Dollar Tree's assurance that today's margin head-

winds from the shift to necessities-based shopping are temporary. While Dreiling said sales mix will eventually normalize, some of its initiatives, which include introducing more \$3-to-\$5 frozen and refrigerated food items, could continue shifting its sales composition to lower-margin consumables. An economic-condition-driven shift to consumables has a track record of sticking, at least at competitor Dollar General.

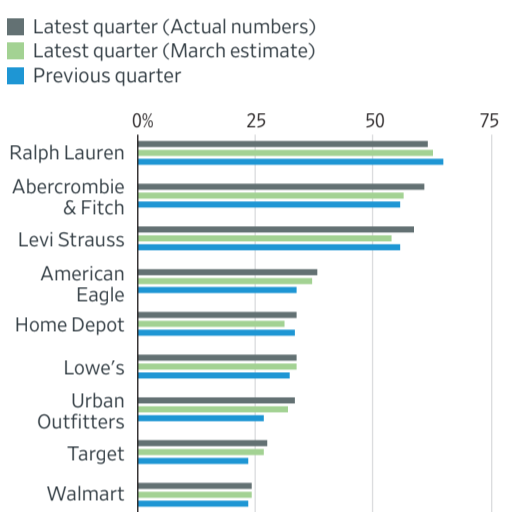
Dollar Tree had caught up to Dollar General's valuation recently in terms of revenue multiple but will now have some more catching up to do. It will have to convince investors that it has a clear pathway to improve profits beyond its breaking-the-buck strategy. —*Jinjo Lee*

Year-over-year change in store traffic, quarterly



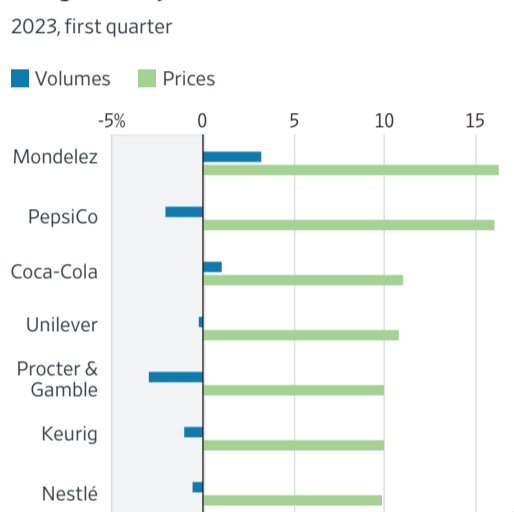
Note: 1Q23 ended April 2023. Source: Visible Alpha (up to 4Q22), the company (1Q23)

Gross profit margins, selected retailers



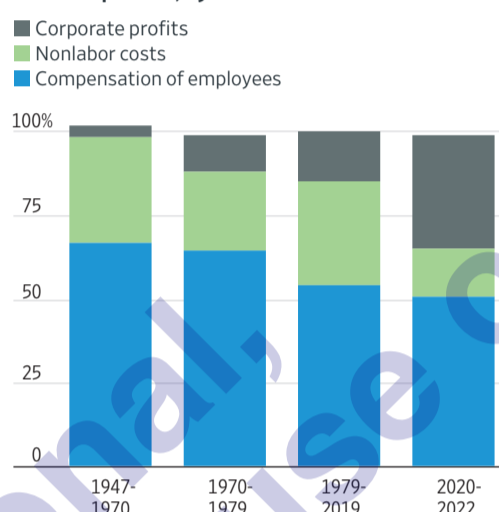
*Prices for the nonfinancial corporate sector

Sales of consumer-goods multinationals, change from a year earlier



Sources: FactSet (gross profit margins); The companies (first-quarter change); Bureau of Economic Analysis (unit prices).

Growth in U.S. unit prices during selected periods, by contribution*



Nvidia Isn't The Only Way to Bet on AI

In a gold rush, sell picks and shovels. If you really want to play three-dimensional chess, buy the company that makes those picks and shovels.

Chip giant **Nvidia** is getting a major boost from the artificial-intelligence boom. Every tech firm from **Microsoft** to **Google** has rushed to join the frenzy, sparked by the success of ChatGPT. But **Taiwan Semiconductor Manufacturing Co.**, or **TSMC**, which makes Nvidia's AI chips, could be another significant beneficiary.

Nvidia shares jumped 24% Thursday, a day after the company projected revenue to jump more than 64% to \$11 billion for the current quarter. That guidance—more than 50% above analysts' expectations on S&P Global Market Intelligence—would be the highest quarterly sales ever for the company.

Surging demand for Nvidia's chips, used in data centers for AI calculations, is a main reason for the blowout forecast.

If Nvidia is expected to sell that many more chips, TSMC, which actually manufactures those chips, should also see an increase in orders. TSMC's Taiwan-listed stock rose 3.4% Thursday. TSMC's high-performance computing segment, which makes data-center chips like Nvidia's but also more consumer-focused products such as processors for personal computers, is its biggest revenue contributor, making up 44% of total sales last quarter.

In the near term, the AI boost may not be enough to offset weaknesses in other areas such as smartphones and personal computers, where the market is still digesting chip inventories piled up in the past couple of years. TSMC said last month it expected its revenue to drop by a low-to-mid-single-digit percentage for 2023.

But Nvidia's rosy outlook should give investors more confidence that the AI boom will translate into more concrete earnings growth for TSMC—probably much sooner than most market participants had anticipated. And Nvidia won't be the only customer for AI chips. Other companies that wish to design their own chips will likely need TSMC too, given its leading position in chip manufacturing, as well as its new technology in advanced packaging. Being the sole supplier, more or less, for the weapons needed for an epic battle for AI dominance among Google, Microsoft and nearly every other big tech firm is a rather envious position to be in, as Nvidia itself is clearly demonstrating.

TSMC's stock trades at 17 times next-12-month earnings, slightly below its five-year average of 19 times, according to S&P Global Market Intelligence. That compares with 61 times for Nvidia. Clearly, TSMC isn't a pure AI play, meaning it may not see quite the same levels of explosive growth as Nvidia, and it is also a more capital-intensive business.

But it could be a cheaper bet to ride the AI boom, particularly if the chip-price cycle as a whole ends up bottoming out in the second half of 2023.

—*Jacky Wong*

'Greedflation' Is Real—and Not All Bad

A bit of corporate greed may be helping the fight against recession. Almost all big companies have now published their first-quarter results, and investors should like what they saw.

The S&P 500's average earnings-per-share may have fallen 1.4% year over year—the second quarterly decline in a row—but Wall Street was expecting a deeper 5.9% drop at the start of the quarter, making it the largest forecast beat in a year. Stoxx Europe 600 earnings per share were forecast to grow 2.1%. They instead rose 18%.

At the crux of the matter is the politically charged question of whether corporations—setting aside the obvious case of commodity producers—are shifting the burden of inflation to households.

The latest results back up the argument that they are, made by Josh Bivens at the left-leaning Economic Policy Institute and several lawmakers.

Among the points the corporate critics make is that one-third of the growth in U.S. unit prices from 2020 to 2022 can be explained by higher corporate profits and only half by higher wages. Historically—including in the oil crises of the

1970s—capital accounted for around one-tenth and labor for almost two-thirds.

Companies, which in normal times are wary of angering customers with big price changes, seem to have seized on the excuse of generalized inflation to shield their margins, with drops in actual sales mostly offset by higher prices.

On Thursday, shares of **Ralph Lauren** jumped more than 5% as the apparel retailer overshot first-quarter earnings estimates by increasing the average price of its items by 12%.

This broadly matches what **Urban Outfitters** and **Abercrombie & Fitch** reported earlier this week. Sales may not be anything to write home about, but the combination of higher prices and a fall in input and transportation costs has staged a faster-than-expected rebound in gross margins.

Consumer-goods multinationals provided even better evidence of strong pricing power last month. **Procter & Gamble**, **Unilever** and **Nestlé** sold less during the first quarter compared with a year ago but raised prices 10%. The historical average is for price and volume increases to be much more in line.

Other staples companies such as **Coca-Cola** and **Keurig** show similar patterns, as do carmakers, which also have reported disappointing unit sales but bumper dollar revenues.

Airlines say post-Covid pent-up demand is still strong: European low-cost leader **Ryanair** reported a near-record profit Monday, with fares 10% higher than before the pandemic.

In preserving margins, the strong spending patterns have averted layoffs and budget cuts.

Profit margins should be a key focus of equity investors this year. The recent earnings decline isn't explained by sales, which have kept growing, albeit at a slower pace, but rather higher input costs pressuring margins. Positive guidance by executives is starting to feed into forward earnings forecasts, though, which now point to margins edging up again.

—*Jon Sindreu*

Hurricane Season This Year Could Be Mild or Wild

Bathers hitting Gulf Coast beaches over Memorial Day weekend are in for a surprise: Water temperatures in some places are more typical of July levels.

While some consider a bathtub experience pleasant, and others stifling, scientists are alarmed by record ocean temperatures this spring. Coastal homeowners and insurers are hopeful that Mother Nature will cut them a break.

Hurricane season starts in about one week and officially runs from June through November. While there already is one tropical disturbance present, the busiest period is between August and October with a statistical peak around Sept. 10. Warm water is the fuel that helps hurricanes sustain themselves and to occasionally become monster storms, so such unusually warm water is a major worry.

Ironically, a likely summer shift to an El Niño weather pattern that has farmers fretting and is warming Pacific Ocean temperatures on the West Coast could save the day. Another result of the weather pattern is stronger wind shear in the Caribbean that tends to disrupt

hurricane formation.

Add it all together and influential storm forecasters at Colorado State University see the season as being slightly below average with 13 named storms, six hurricanes and two major ones this season. The long-term averages are 14.4, 7.2 and 3.2, respectively. Of course, those numbers only tell you the odds and go out the window if a storm veers into a big population center.

For insurers, a storm slamming into a wealthy place like Florida can be hard on business. Last year, Hurricane Ian became that state's costliest storm as measured by insured losses and the second most expensive ever, according to Aon.

Ian was the deadliest Florida hurricane in almost 90 years. Hurricane Katrina in 2005, which was an extremely active season for storms, caused far more fatalities and was about twice as expensive for insurers on an inflation-adjusted basis. The odds are in insurers' favor according to meteorologists. But with unprecedented climate conditions and the constant danger of storms that can take a deadly turn, the winds can shift quickly.

—*Spencer Jakob*



Fort Myers Beach after Hurricane Ian, which became that state's costliest storm as measured by insured losses and the second most expensive ever.



\$185 Million
A 35,000-sq.-ft. estate with an olive grove lists in Bel-Air. **M2**

MANSION

\$75 Million
Condo to sell for a hefty profit on NYC's Billionaires' Row. **M3**



The Architect Celebrities Are Begging to Work With

The 81-year-old Japanese architect Tadao Ando has developed a cult following among the likes of Beyoncé, Jay-Z, Kanye West and Kim Kardashian. 'It was like working with God.'



Beyoncé and Jay-Z recently bought this Tadao Ando-designed home in Malibu, Calif.

CLOCKWISE FROM TOP: FLORIAN HOLZHERR/WHY; DONATO SARDELLA/GETTY IMAGES; LUC CASTEL/GETTY IMAGES; IAN WEST/PA/ZUMA PRESS; MIKE KELLEY BEL-AIR; DOROTHY HONG FOR THE WALL STREET JOURNAL (NYC)

By KATHERINE CLARKE AND E.B. SOLOMONT

These days, the hottest must-have among the super wealthy isn't an Hermès purse, a designer Doodle dog or even Ozempic.

It is a concrete home designed by an 81-year-old Japanese architect.

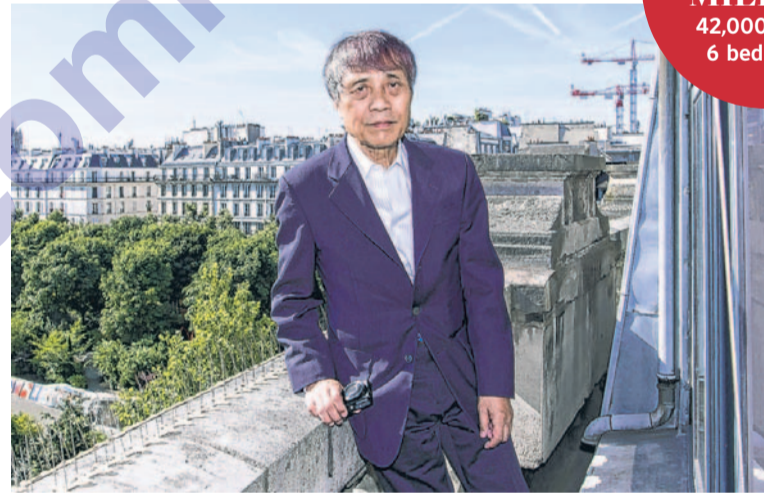
Celebrities like Beyoncé, Jay-Z, Kanye West and Kim Kardashian are flocking to homes designed by Tadao Ando, a self-taught, Osaka-based architect. Ando's homes aren't just rare, but also affordable only for the very rich: Numbering fewer than 20 in the U.S., they are generally defined by their use of reinforced architectural concrete, which makes construction far more expensive than in typical homes. Clients must also be willing to go to great lengths to bring his vision to life.

In recent years, Ando has developed something of a cult following, with his devotees describing him in ethereal terms: master, poet, genius, icon. They travel to Japan for an audience with the Pritzker Prize winner, and beg him to design their homes.

"It was like working with God," said Leonard Steinberg, a real-estate agent with Compass in New York, who worked on sales at 152



Beyoncé and Jay-Z, above, bought the Malibu home from Bill and Maria Bell, top right. Tadao Ando, at right, was born in Osaka, Japan, in 1941. He won the Pritzker Prize in 1995.



APPROX. **\$200 MILLION**
42,000 sq. ft., 6 bedrooms

Elizabeth Street, a boutique condominium designed by Ando in the mid-2010s. "There was definitely a sense that we were dealing with an iconic figure of our time."

A recent string of megadeals has brought Ando's work into the spotlight and dramatically driven up prices for his homes, according to industry insiders. Most recently, Beyoncé and Jay-Z paid about \$200 million for an oceanfront Ando-designed mansion in Malibu, Calif., according to people familiar with the sale. The blufftop house, measuring about 42,000 square feet, was designed by Ando for prominent art collectors Bill and Maria Bell, who spent a dozen years constructing what Maria Bell said is a "sculpture as much as it is a building."

The deal, which closed May 22, set a record for the highest price ever paid for a home in California. Jay-Z and Beyoncé didn't respond to requests for comment.

They weren't the first celebrities to eye the house. West, now known as Ye, was planning on purchasing it for an even higher price last year, before his erratic behavior and antisemitic comments derailed his earnings, according to people familiar with the situation. West

Please turn to page M4

When Cookie-Cutter Doesn't Cut It

A North Carolina couple built a modern cantilevered house in a traditional suburban community. The design helped transform the landscape of their neighborhood.

By NANCY KEATES

DORLISA FLUR WAS living in a cookie-cutter house in a suburban subdivision when, as a member of a cultural facilities board, she helped oversee the creation of the Bechtler Museum of Modern Art in Charlotte, N.C.: a rust-colored, terracotta tiled, cubed and cantilevered building designed by Swiss modernist Mario Botta.

Her exposure to Botta's architecture changed the course of her life. She and her husband Peter Flur went on to build a roughly 5,300-square-foot, three-bedroom, four-bathroom, cantilevered modern house on 5 acres along a lake just outside Charlotte. The house took three years and more than \$2 million to build, finishing in February 2022.

"Neither of us knew anything about modern art or architecture," says Dorlisa Flur, 58, a former McKinsey principal who is a



Dorlisa and Peter Flur spent three years building a 5,300-square-foot house just outside Charlotte, N.C.

corporate director and strategist. "We had no clue what we were getting into," says Peter Flur, also 58, who started a software company.

The Flurs' new house, in turn, has helped transform the architecture of their neighborhood, a private development called The Sanctuary at Lake Wylie, a man-made reservoir with portions in both North and South Carolina. Before they built their home, the

Please turn to page M6

PRIVATE PROPERTIES

A Bel-Air Home Gets a Major Price Tag

In a city already littered with megamansions for sale, a newly built home is trying for a massive price.

A roughly 35,000-square-foot Los Angeles estate is hitting the market for \$185 million. If it sold for close to that price, the Bel-Air property would be one of the most expensive homes ever to trade in the L.A. area.

Property records show the seller is a limited liability company tied to local developer Maggie Gong Miracle, who is originally from China. The LLC purchased the site in 2017, records show. Miracle is perhaps best known in Los Angeles for her association with a plan to build the Star, an \$800 million office skyscraper on Sunset Boulevard. Miracle said the project is currently in the entitlements phase.



The estate includes guesthouse and tennis court.

The newly built house has never been lived in, according to listing agents Joyce Rey of Coldwell Banker Realty and James

Harris and David Parnes of the Agency. Named La Vue, the nearly 3-acre estate comprises an eight-bedroom main house as well as

a guesthouse and wellness facility, they said.

The property has plenty of the over-the-top décor and amenities that have be-

come synonymous with L.A. megamansions. The entry foyer of the main house has a curved limestone staircase, a chandelier, and a

fresco painted on the walls, Rey said. In the living room, there are two 16-foot marble fireplaces made from stone sourced from a quarry outside Rome. There is also a living garden wall and an office with a 1,600-square-foot deck. The primary suite, with a sauna and steam room, can be closed off from the rest of the estate with facial recognition software.

There are two swimming pools. One of them, a 174-foot curved lap pool, has a television mounted on hydraulics so it can rotate 180 degrees. A 105-foot pool is located by the guesthouse. The grounds also contain a tennis court, a fitness room, a theater and a dining area in an olive grove.

The listing will be a test for the troubled high-end Los Angeles real-estate market, which has undergone major shifts in the past few months as the result of a new transfer tax on luxury home sales.

—Katherine Clarke

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Joel Tauber Sells Aspen Mansion

UPDATE After hitting the market for \$100 million last year, a slopeside mansion in Aspen, Colo., has closed for \$65 million, according to listing agent Steven Shane of Compass.

The seller is Detroit manufacturing entrepreneur and philanthropist Joel Tauber and his family, records show.

The identity of the buyer is unknown.

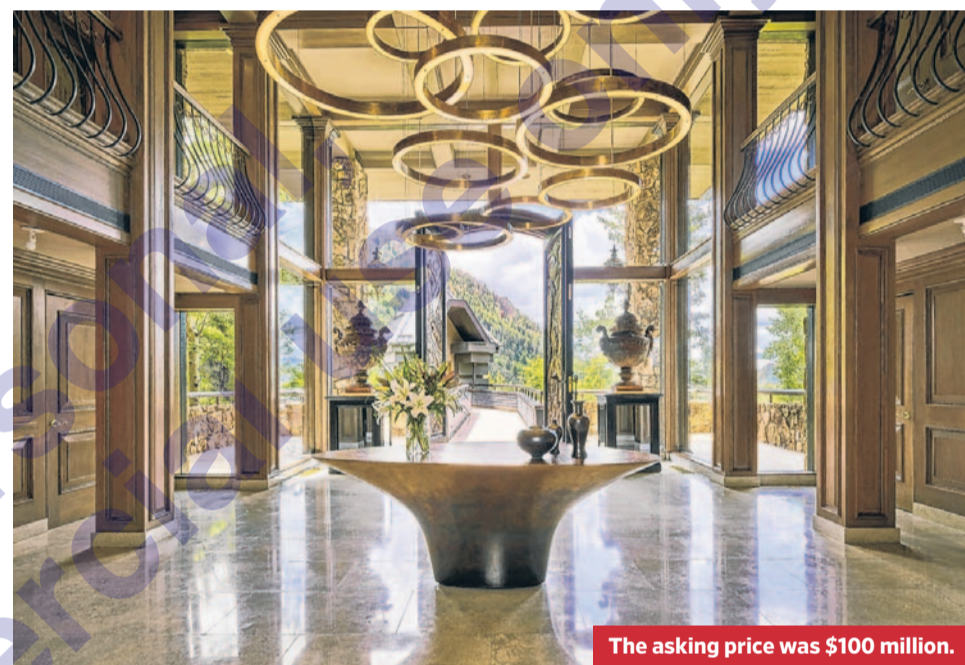
Tauber bought the ski-in, ski-out house from department-store heir and media mogul Ted Field for just over \$9 million in 1996, according to property records. He listed the property in June of 2022.

Shane said although his client didn't cut the price, he was realistic about how much the home would fetch. "The \$100 million price was warranted, but it was an aspirational ask," Shane said.

Still, the deal marks the most expensive home sale in downtown Aspen, he said.

Set on 1.4 acres, the

SOLD
\$65 MILLION
14,200 sq. ft.,
10 bedrooms,
slopeside



The asking price was \$100 million.

three-story home is built into the side of Aspen Mountain. It was originally built in 1979 and renovated in 2015, records show. The roughly 14,200-square-foot house has 10 bedrooms, two kitchens and about 5,000 square feet of deck and patio space.

Aspen's current sales record was set in 2021 when

former professional hockey player Patrick Dovigi bought a mansion on Red Mountain for \$72.5 million. In May, Texas oil heir Christy Thompson sold a mansion near the center of downtown Aspen for \$60 million in an off-market deal.

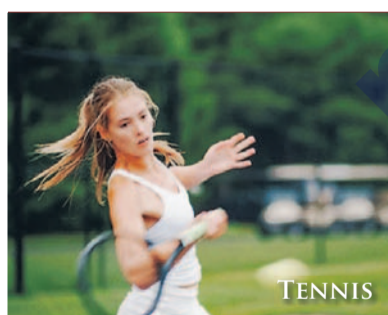
Aspen's luxury market benefited from a Covid-era boom, fueled by limited inventory and heightened demand. The market has since

slowed, and during the first quarter sales dropped 44% from the same period of 2022, according to data from Sotheby's International Realty. The median single-family home price rose about 20% year-over-year.

Shane said ultraluxury hasn't taken a hit.

"There's limited inventory and luxury buyers are not scared," he said.

—E.B. Solomont



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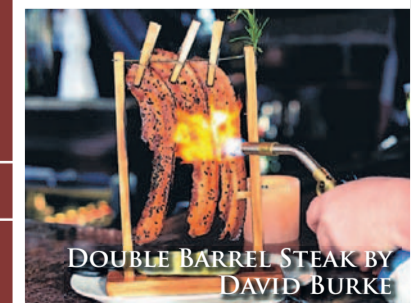
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PRIVATE PROPERTIES

220 Central Park South



Condo in Contract on NYC Billionaires' Row

On Billionaires' Row in New York, a condominium at 220 Central Park South is in contract to sell for about \$75 million, according to two people familiar with the situation.

If it closes for that price, the property will be one of the most expensive apartments to sell in New York this year, according to appraiser Jonathan Miller of Miller Samuel. It will also provide a significant profit for the seller, the limited liability company 220 CPS 64, which paid nearly \$54 million for the property in 2020, according to property records. The Delaware-based company initially signed a contract for the unit in May 2015 and finally closed in July 2020, once construction was complete.

Located on the 64th floor of the limestone high-rise, the unit

IN CONTRACT
\$75 MILLION
64th floor,
6,000 sq. ft.,
4 bedrooms



measures roughly 6,000 square feet with four bedrooms, records show. The property wasn't formally listed for sale, according to the listing website StreetEasy.

Several units at 220 Central Park South have recently sold for hefty returns, despite a relatively

soft market for big-ticket homes in Manhattan. Earlier this year, real-estate investor Ofer Yardeni sold his unit at the building for \$33.8 million, roughly 52% more than he paid in 2019.

Another 220 Central Park South unit, owned by lighting entrepreneur David Littman and his wife, Constance Littman, is in contract to sell for close to \$80 million, according to a person familiar with that transaction. The couple paid about \$55.5 million for the apartment in 2019, records show.

Designed by Robert A.M. Stern Architects, 220 Central Park South has private dining rooms, an athletic club, a juice bar, a basketball court and a golf simulator.

Manhattan sale prices so far this year have topped out at around \$50 million, far below the roughly \$240 million record for a New York City condominium, which was set at 220 Central Park South in 2019, Miller said.

—Katherine Clarke

Chanos Lists in Miami Beach

Famed short seller Jim Chanos is listing an apartment at the Continuum, a luxury condo complex in Miami Beach, Fla., for \$21 million.

The roughly 4,800-square-foot apartment has four bedrooms, two offices, a media room and a large living room, according to a spokesman for the Corcoran Group, which is listing the property. It has views of the Atlantic Ocean, Fisher Island, and the Miami skyline.

Chanos, founder of the New York-based hedge fund Chanos & Co., bought the apartment in 2003 for \$3.115 million, according to property records. Chanos said he bought the unit off floor plans before it was built. At the time, he spent about four months a year in Florida and the rest of his time in New York, but he was convinced that values in the Miami area would rise as the city became a more international destination. "I felt that it was probably going to ultimately be a pretty good investment," he said. "All things considered, I think that's how it turned out."

For an additional \$4 million, the buyer can also purchase a lower-level studio apartment, which Chanos said has been used for staff, and an ocean-facing ca-



Chanos paid \$3.115 million in 2003.



bana.

Chanos, who is divorced, said he now spends most of his time in Florida. He is selling because he is an empty-nester and no longer needs "a 5,000-square-foot family apartment," he said. His four children have grown up and moved out, he said, and he plans to

downsize with his girlfriend to a single-family home in Coral Gables or Coconut Grove.

Residents of the Continuum have access to a spa, a fitness center and three swimming pools, according to Julian Johnston, Crystal Connors, Mick Duchon and Eloy Carmenate of the Corcoran Group, who have the listing for Chanos's unit. The building's penthouse, which was owned by Continuum developer Ian Bruce Eichner, set a record for the building when it sold for \$35 million in 2021, they said.

Chanos gained fame in the early 2000s as a short seller of Enron stock. His New York penthouse, located on the Upper East Side, is also on the market, asking \$23.5 million.

—Katherine Clarke



The house was completed in 2004.

On the Market: A Home On Lake Champlain

An estate spanning about 22 acres on Vermont's Lake Champlain is coming to market for \$9.975 million.

The sellers are investor Ray Sadler and his wife, Martha Sadler.

The property is located in Shelburne, about 7 miles from Burlington, according to listing agent Wade Weathers of LandVest, who is marketing the property with colleague Averill Cook. The land was once part of the country estate of William Seward Webb and Eliza Osgood Vanderbilt, who tapped Frederick Law Olmsted Sr., to design the landscaping. Ray Sadler said they pur-

chased their property in 1983 from a grandson of Webb and Vanderbilt. They tore down an 1850s farmhouse and built their current home, which was completed in 2004.

FOR SALE
\$9.975 MILLION
22 acres,
airstrip

The Sadlers' property has 836 feet of frontage on Lake Champlain. Measuring about 4,200 square feet, the shingle-style residence has four bedrooms, several offices and a home theater.

The property has a separate barn with a one-bedroom guest apartment. There is also a registered 1,800-foot airstrip.

—E.B. Solomont

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MANSION

Ando Homes

Continued from page M1
couldn't be reached for comment.

The purchase would have been West's second Ando home. In 2021, the rapper purchased a \$57.25 million Ando property on the beach in Malibu from former Wall Street heavyweight Richard Sachs.

That same year, Slack co-founder Stewart Butterfield and his wife, Away co-founder Jen Rubio, paid roughly \$40 million to buy an elaborate Ando-designed ranch near Santa Fe, N.M., from designer Tom Ford. Known as the Cerro Pelon Ranch, the roughly 20,000-acre property has a house perched on an enormous reflecting pool.

West's former wife, the reality star and entrepreneur Kim Kardashian, posted on Instagram about working with Ando on a home near Palm Desert, Calif. In 2019, the Skims co-founder paid \$6.3 million for roughly 1.8 acres of land in the Madison Club in La Quinta, according to property records, and has since applied for a building permit for a new house with a pool and spa.

Kardashian recently visited Ando's office in Japan to make finishing touches to the design before breaking ground, she wrote in an April post.

"Met with the master himself, Tadao Ando to review and discuss a dream project we have been working on for the past two years," she said, posting photos of the two of them in his office, with drawings of the spaceship-shaped house on a table between them. Kardashian declined to comment.

Ando's office didn't respond to requests for comment.

Born in Osaka in 1941, Ando had a brief stint as a boxer before turning to architecture. Largely self-taught, he opened his eponymous firm in 1969, according to the firm's website. While early works included tiny homes in Japan, Ando became famous for cultural institutions like the Church of the Light in Osaka, which opened in 1989, and the Pulitzer Arts Foundation in St. Louis, which opened in 2001. He won the Pritzker Prize in 1995.

"For us in architecture, Ando has been one of the truly biggest names for a long time now," said Seng Kuan, an architecture professor at Harvard University and the University of Tokyo.

Roughly \$40 million: sale price of Tom Ford's ranch



152 Elizabeth Street

Architecture has become a luxury item collected by the 1% of the 1%, Kuan said, noting that a "rarefied subset of architectural master-

pieces...are being collected as works of art." Ando is among the handful of living architects whose work falls into that category, he said.

Sometimes described as Brutalist, Ando's homes are typically hulking, sparse structures with smooth edges, water features and windows that frame the views. Admirers say they evoke an almost spiritual, Zen-like experience in their simplicity, while others say the concrete is too hard and cold to be livable.

Due to the higher costs of concrete construction, Ando's clients typically pay multiples of the usual price of construction to build the homes he has designed. Moreover, Ando doesn't simply design the home and then hand over the plans, clients said: He is involved in every step of the process, down to the landscaping and even furnishings.

a way that the corrosion can't impact it."

Amit Khurana of Sumaida + Khurana, which developed 152 Elizabeth, said they tested each truckload of concrete for quality control, and turned away more trucks than they accepted. "There was a specialist on site who would sift through the concrete with his bare hands," he said.

Sachs, a longtime Ando devotee, told The Wall Street Journal in 2020 that his Malibu home took seven years to build. Construction required about 1,200 tons of concrete, 200 tons of steel reinforcement and 12 massive pylons driven more than 60 feet into the sand. "This isn't just a house. This is like a Picasso cubist painting, very important and very rare," Sachs said at the time.

Ando is known to have rejected prospective clients, despite their hefty budgets.

a rainy night in New York, and then flew to Osaka the following week to meet the architect himself. He brought Ando a gift—a book about Muhammad Ali—and once Ando sketched an idea for the New York condo, Khurana said he refused to leave the office without a commitment to move forward.

Many of Ando's clients are art collectors, said Kuan, noting that concrete is neutral enough to complement modern art.

Two such collectors are Bill and Maria Bell, the sellers of the Malibu home purchased by Beyoncé and Jay-Z. The Bells paid \$14.5 million in 2003 for a roughly 8-acre parcel of land in Malibu, according to records. They had been admirers of Ando's work for years before they hired him to build a house on the site, Maria Bell said.

"[The site] had this incredible feng shui, if one believes in that," she said. "It spoke to Mr. Ando."

She said the architect visited Malibu and they traveled to Osaka, where he presented them with the design.

"Certainly we asked ourselves, would we really be capable of going there and living in an Ando home?" she said. On top of laborious construction, "it's also a daunting idea to live in something that can seem to many people like a Brutalist structure."

But they were reassured once they met with Ando, she said, when it became clear his vision for the site was "exactly right."

Ando also designed many pieces of furniture for the home that will remain in the house, Maria Bell said.

She declined to comment on the sale of the home, but said over the years, "the people that have responded to the house have been artists, whether visual or performing. I think that really Ando is also an artist as well as an architect."

\$6.3 million: land price paid by Kim Kardashian

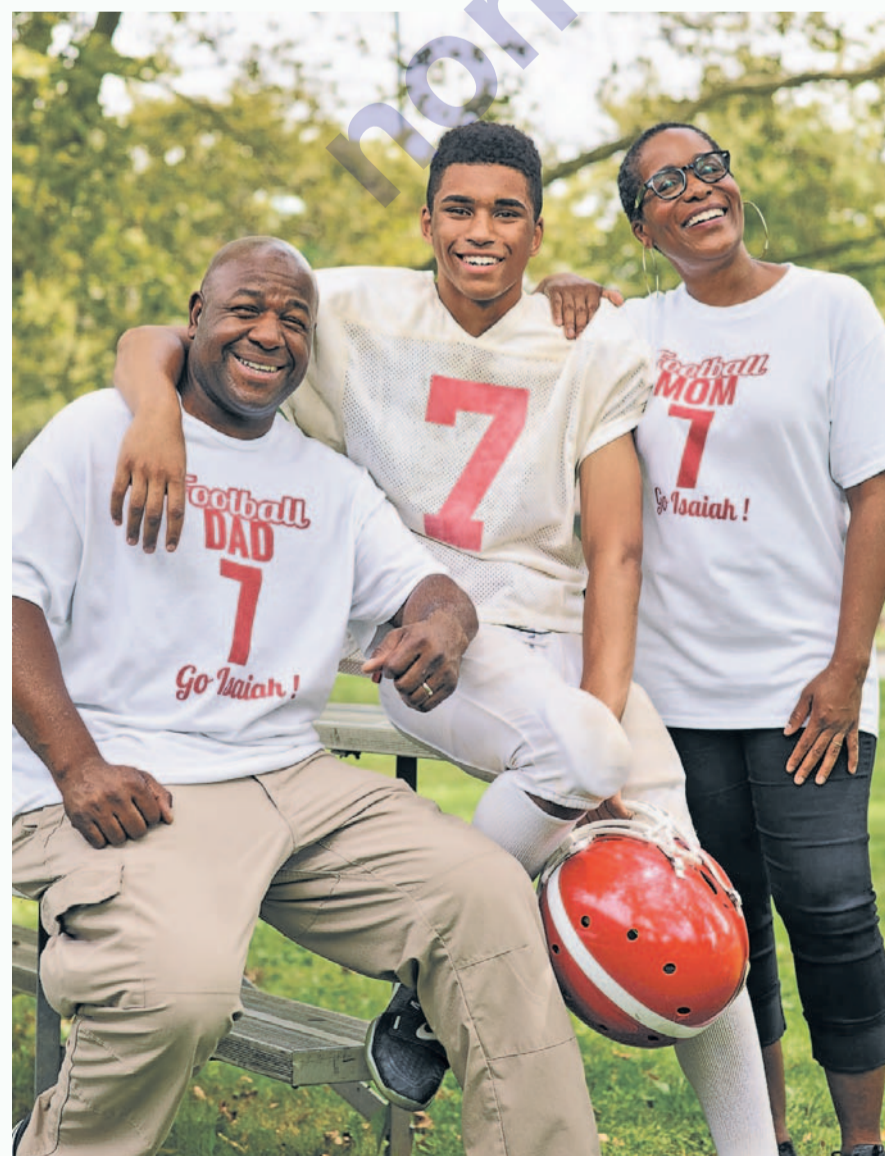


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Darnell and Denna, adopted 16-year-old Isaiah



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'My decision to accept their projects depends mainly on their personality and aura.'

—Tadao Ando

"You don't just get a sketch and build it," Steinberg said. "You have to build it his way."

Ando clients are more art patrons than homeowners, and the resulting home becomes "an art form that you inhabit," said architect Leo Marmol, who has worked on two Ando projects.

Not everyone embraces Ando's aesthetic. When it came to marketing the seven condos at 152 Elizabeth, the sales team worked with an interior designer to soften the look with more textured touches, lighting and wood accents, in order to appeal to a wider audience. "It had to be warmed up," Steinberg said. Still, Ando had to sign off on the interiors, or "we would have gone to Ando jail," he said with a laugh. The building sold out after about four years of sales, records show.

Ando's brand of concrete construction is challenging, Marmol said, especially in California, where construction must meet guidelines for earthquakes. Building on the sand in Malibu is especially tricky, he said.

"The salt and the corrosive nature of the air isn't friendly to metal, which is a major structural component in concrete," he said. "The rebar has to be specially treated and handled in such

"A considerable range of people come to my firm to request my design services," he was quoted as saying in the book "Tadao Ando: Living with Light" by Philip Jodidio. "My decision to accept their projects depends mainly on their personality and aura."

In other words, "a billionaire could come in the door tomorrow and offer him a billion dollars to design his house, and that wouldn't motivate him," said L.A. real-estate agent and developer Tyrone McKillen, who has worked with Ando. "It has to be close to his heart for him to work with you."

To convince Ando to design 152 Elizabeth, Khurana said, he showed one of Ando's associates the site on



\$57.25 million: Price Kanye West paid in Malibu

FROM TOP LEFT: KEVIN BOBOLSKY GROUP; AMY SUSSMAN/GETTY IMAGES (KARDASHIAN); OLIVIA ALONSO GOUGH FOR THE WALL STREET JOURNAL (2); GOTHAM/GETTY IMAGES (WEST)

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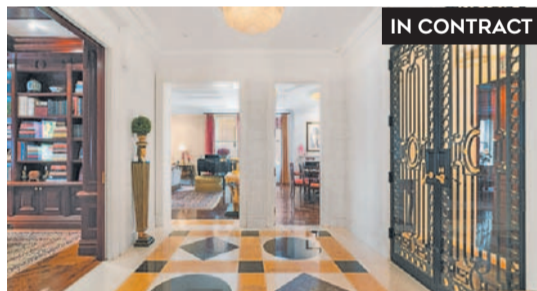
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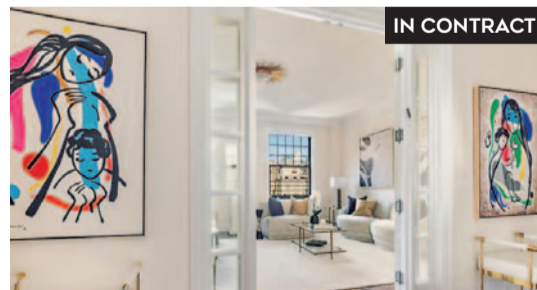
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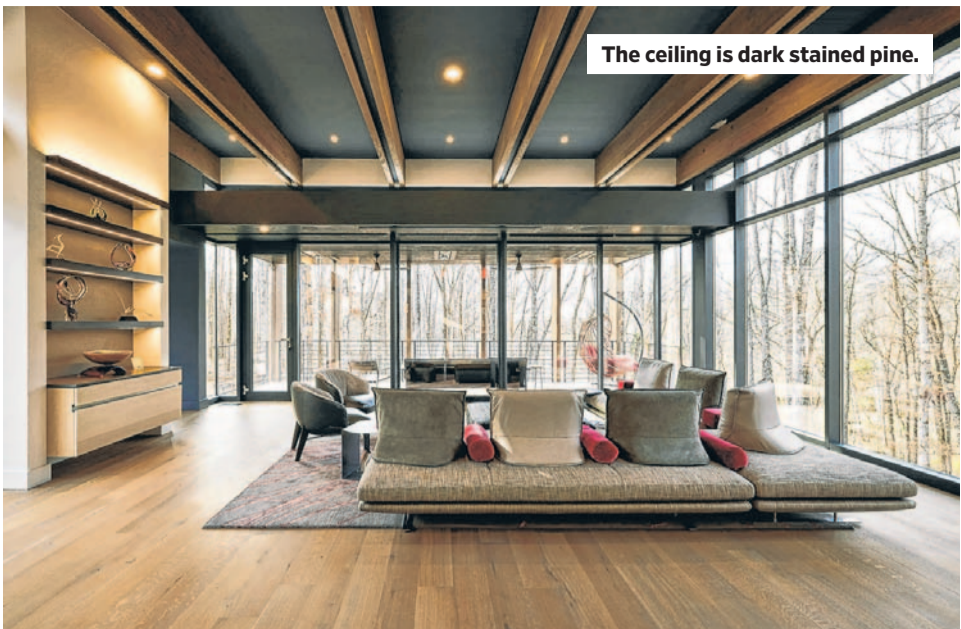
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MANSION



The ceiling is dark stained pine.



The design for the couple's three-bedroom, four-bathroom house was approved because it fit within its surroundings; it is set on top of stone walls carved into the hill.

ing as balustrades. A main room with 14-foot ceilings holds the kitchen, dining and living rooms. At one end is a balcony with a porch overlooking the lake.

The house is almost net zero, meaning it produces almost as much energy as it uses during the year. It has solar panels, high performance German-engineered windows, spray foam insulation and air tight construction. Though the lot is 5 acres, the HOA rules allowed them to clear only about an acre, most of which was covered in underbrush and trees. The topography, combined with the complexity of the design, presented a civil engineering challenge, says Buddy Edwards, owner of Charlotte-based Lynn Luxury Homes, which built the house.

It helped that Edwards had built homes in the Sanctuary before and had a former client on the HOA's design committee. He and Witte worked together to meet the committee's technical requirements, such as the materials, and the visual imperative that the house not stick out (they used muted colors and set it back from the road).

The Flurs, who met as students at Duke University, moved to Charlotte from Atlanta in 2000, partly for her job at McKinsey and partly to be closer to family. Her parents lived in Siler City, N.C., where she grew up, and his parents had relocated to Cary, N.C.

They chose to live in an upscale suburb just south

of the city called Ballantyne, known for its McMansions that look very much the same, because they saw it as a good place to raise their daughter, who is now 22. When they built that home, they chose a spec house plan; the only element they changed was that they didn't want brick, she says.

They had long dreamed about building a house by the ocean, but that changed after she took a job

as chief strategy and transformation officer at Southeastern Grocers in Jacksonville, Fla., in 2016 and 2017. Both years she lived there, commuting home for weekends, Jacksonville experienced flooding and wind damage. "I saw how painful that was," she says.

The Flurs shifted their focus to lakes, and in 2018 they started looking at properties in the area, eventually paying \$400,000 for the lot along Lake Wylie. They told Witte how much they loved the Bechtler building and art and showed him some extremely modern homes they'd seen on a Netflix show. But they really didn't know exactly what they wanted: "We had this dream house inside of us. Toby got it out of us," she says.

A Shift To Modern

Continued from page M1 Sanctuary had allowed only traditional homes in Manor, Compound and Retreat styles, and most of the some 100 homes in the development are what owners there describe as French Country. These homes range in size from around 4,000 square feet to 14,000 square feet and have sold in the past for between \$850,000 and \$5 million.

As a result of the Flurs' project, the homeowners' association recently added a category to its design guidelines called The Organic Home—illustrated by a photo of the Flurs' house. An "organic home" means the house fits into its surroundings, says Dave Chappelle, who was head of the Sanctuary HOA's design committee when the Flurs first submitted their architect's design. He says that in the past the committee had requests for modern homes, but they tended to be glaringly different—white boxes or commercial looking. The Flurs' house blended into its site, and it allowed the development to widen its criteria, he says. The approval process for the couple's home was complex, with lots of discussion about the design goals, the setbacks, materials and colors, but he says the overall consensus was that their house fit in well with the community.

To carry out their modern aspirations, the Flurs hired Toby Witte, principal of Wittehaus, an architectural firm based in Charlotte. The couple had seen photos in a newspaper of the home Witte built for his own family in 2017. Witte,



Cost to build \$2 MILLION

Cost of 5-acre lot \$400,000



Fir beams go from inside to outside and stick off the side of the house.



The center of the house, on the main floor, is a music room, with a piano. A floating staircase leads down to a guest wing; vertical room-high metal rods serve as balustrades.



The rooms cantilever over the hill that slopes down to the lake.



who is German, focuses on what he calls European-style modernism, with an emphasis on sustainability, and says Botta's work was "part of my upbringing." Witte works to counter what he sees as "a sea of heartless, uninspired

houses provided to North American homeowners," he says in his book "Supersizing Bliss."

The Flurs' house is set on top of stone walls carved into the hill. The rooms cantilever over the hill that slopes down to the lake, creating a feeling of floating. Like the Bechtler, it is cubed, and it shares some of the same materials and fixtures, but it is a completely original design, with gray stucco boxes connected by a breezeway. Fir beams, which go from inside to outside, stick off the side. "It's more deconstructed than modular," says Geri Cruickshank Eaker, of Freespace Design, which designed the interiors and describes itself as a Euro-Modern interior design agency in Charlotte.

A glass doorway and glass on the other side of

the entryway give views of the swimming pool and the lake below. The ceiling, in both inside and outside spaces, is dark stained pine. Some floors are ceramic tile. The cen-

ter of the house, on the main floor, is a music room, with a piano and pocket doors. There is a floating staircase down to a guest wing on the lower floor, with screens of vertical room-high metal rods serv-



An inspiration for the house was the Bechtler Museum of Modern Art, designed by Swiss architect Mario Botta, above.

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RICH ZIPS | A LOOK AT SOME OF THE MOST EXPENSIVE ZIP CODES IN THE U.S.

LISTINGS

Santa Fe, NM, 87506

By JESSICA FLINT

IN NORTH-CENTRAL New Mexico, in the foothills of the Sangre de Cristo Mountains, is the state's capital, Santa Fe. The heart of the city—whose population is 89,008, according to census data—is its 400-year-old plaza. But outside of town, the 87506 ZIP Code has Santa Fe's priciest residential real estate as ranked by median listing price, according to Realtor.com. (News Corp, parent of The Wall Street Journal, operates Realtor.com.) The ZIP Code is a roughly 200-square-mile circle beginning just north of the plaza and extending about 35 minutes northeast and 45 northwest into open land, where gated communities like Las Campanas and large estates offer luxury country living while being within close proximity to the city's culturally-rich energy.

NOTABLE STOPS AND SHOPS
Tesuque Village Market

About 10 minutes north of the plaza in the village of Tesuque, this general store, res-



Tesuque Village Market is a restaurant, bakery and liquor store.

1610
The year Santa Fe was founded, making it the country's oldest capital city.

\$2.04 MILLION
Median List Price
(down 0.61% year-to-year)

89
Median days on market

\$522
Median price per square foot

65
Number of Active Listings (up 62.5% year-to-year)
Source: Realtor.com (April 2023)



A house in the Las Campanas community, about 20 minutes northwest of Santa Fe's plaza.

taurant, bakery and liquor store has an old world trading post vibe. Take home a loaf of green chile cheddar bread.

Glenn Green Galleries

Santa Fe is known for its art scene, which includes more than 100 galleries near the plaza and the city's world-famous annual art markets. This gallery and sculpture garden, however, is further afield on an estate property in Tesuque. It showcases everything from sculpture and paintings, prints and crafts to photography and jewelry by internationally recognized artists.

El Nido

This restaurant in Tesuque is nearly 100 years old. It specializes in live fire cooking. There is also a sushi bar within the restaurant called Su, which serves an omakase menu with fish regularly flown in from Japan.

Poeh Cultural Center

Founded in 1988, this tribally owned and operated museum and art studio is dedicated to preserving the culture and traditions of the Pueblo people, particularly the six of New Mexico's eight northern Pueblos that speak Tewa. It's in the Pueblo of Pojoaque, about 20 minutes from the plaza.

EVENT OF THE YEAR

The Santa Fe Opera takes place every summer in an open-air theater. More than 2,000 performances of nearly 180 different operas—the new, the rarely performed, and the beloved—have been showcased here since this opera's founding in 1956. This year the season runs June 30 through Aug. 26.



MEMBERSHIP TO HAVE

Las Campanas is a golf community about 20 minutes northwest of the plaza. The Club at Las Campanas—where membership is by invitation only—has two Jack Nicklaus golf courses, pools, tennis and pickleball courts, an equestrian facility and a 46,000-square-foot clubhouse.



\$14.25 million
5 bedrooms, 8 bathrooms
In this 7,764-square-foot compound, modern materials such as clay walls and concrete floors are juxtaposed against views of the Sangre de Cristo Mountains. Agents: Ricky Allen and Cathy Griffith, Sotheby's International Realty.



\$9.8 million
5 bedroom, 9 bathrooms
On 40 acres, this 11,681-square-foot ridgetop estate takes advantage of sweeping nature vistas. The residence has a primary suite, an indoor pool and a 1,000 bottle wine cellar. Agent: Darlene Streit, Sotheby's International Realty.



\$3.95 million
4 bedrooms, 6 bathrooms
With views of the Jemez Mountains, this 5,737-square-foot home has limestone floors and accent beams. There is a 75 foot-long gallery wall for art and a landscaped interior atrium. Agent: Britt Klein, Sotheby's International Realty.

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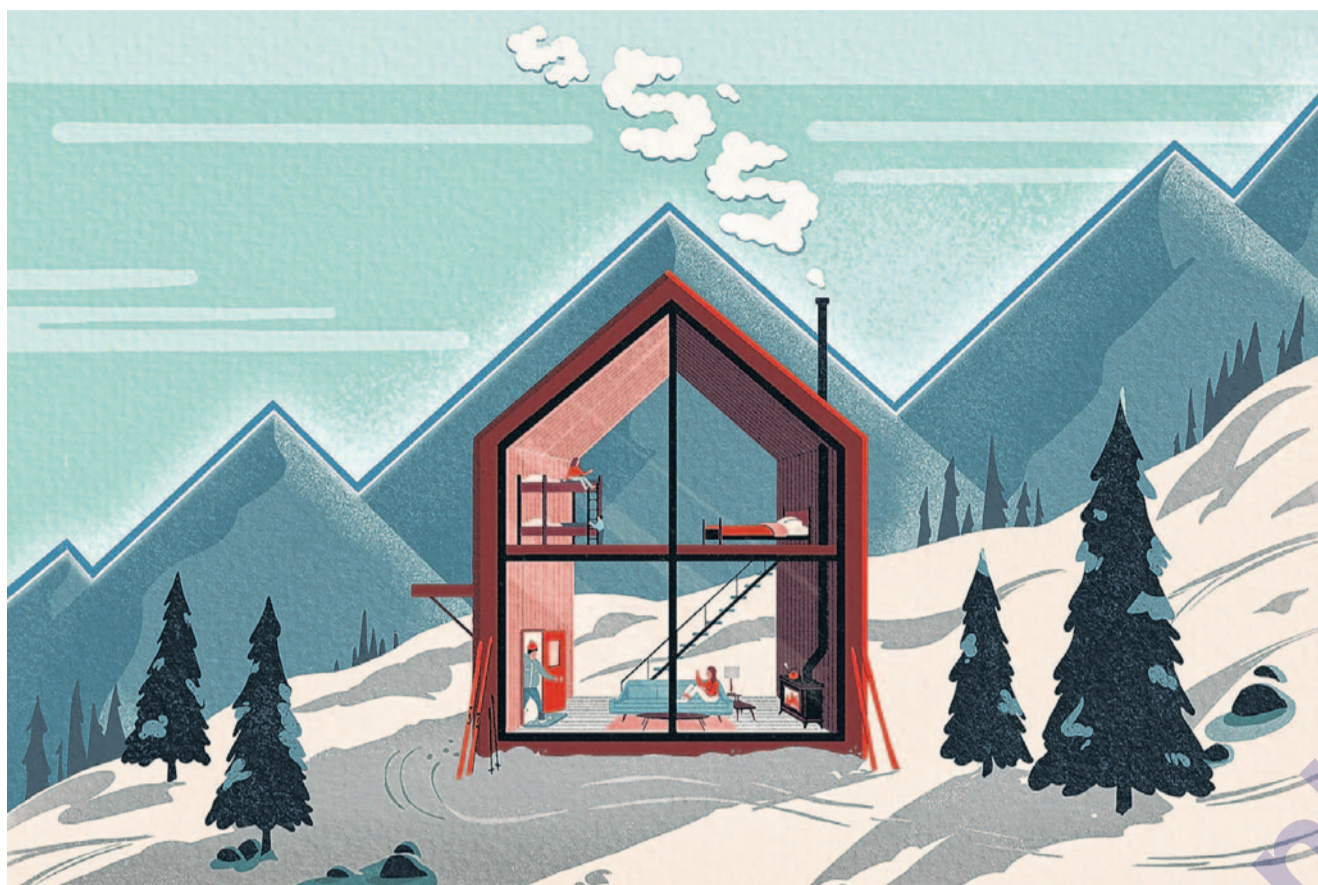
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MANSION

COUNTING HOUSE | ROBYN A. FRIEDMAN

A Home for The Holidays

Here are a few things to keep in mind before buying a vacation home



In the market for a vacation home? That beachfront estate in the Hamptons or ski-in, ski-out chalet in Aspen might seem like a dream come true. But plans change, so thinking of your vacation home as an investment can help ensure your dream doesn't turn into a nightmare.

Consider John Foreman, a tech-company executive who unexpectedly became a landlord after building a five-bedroom, mountain-modern home in Black Mountain, N.C., about 20 minutes from Asheville. Foreman, 39, originally planned the residence for his wife and three sons, but a job offer took the family from Atlanta, a three-hour drive, to Utah, a four-hour flight, while it was under construction. After it was completed in 2020, he listed the property with Airbnb, renting it for \$1,000 a night. The property brought in \$250,000 in revenue in 2022, netting Foreman \$80,000 after expenses. Still, despite its success as a vacation rental, it is now listed for sale for \$3.75 million.

"It's a lot of work, and I'm already very busy," he said. "Even though I have a property manager, there's still stuff that I need to handle, like warranty issues with the builder because it's new construction. It would be a lot easier to coordinate things if I lived closer."

Even if you plan to use a vacation home solely for personal use, consider the home's potential as an investment property. A job loss or change in family status might require you to short-term rent the property to help defray costs, or convert it to a full-time rental.

When searching for a vacation home, location is the key consideration, as with all types of real estate. Think about what local amenities drew you to an area in the first place, and then make sure the property you're interested in is close enough that you, or your fu-

ture renters, will actually use them, whether that is beach, hiking trails, tennis courts or downtown areas for dining and shopping.

Size matters as well. The more bedrooms, the more space for family and friends and the higher the asking price should you decide to rent it. The downside is that more renters can mean higher cleanup costs, and more potential for property damage. Also, even if you don't initially intend to rent out your vacation home, be wary of

condominium or homeowners association rules, or local government regulations, that might restrict the number of people in a rental home, or prohibit rentals entirely.

Accessibility is another key factor in choosing the perfect vacation home. Consider the proximity to your primary residence and how easy it is to get there, whether it is a short drive or a direct flight without the stress of making connections.

Even if you plan to use your va-

cation home solely for friends and family, if you live farther than an hour's drive away, you'll likely need a caretaker or manager to oversee the property and inspect it regularly. Property management costs \$200 a month and up for vacation homes on Cape Cod, Mass., that aren't rented, which includes weekly visits to check on the house, not including any required work, according to Matthew Cole, president and chief executive officer of Cape Associates,

a property management and custom-building firm based in Eastham, Mass. Foreman paid 25% of the gross rents generated by his vacation home to a management company. Prices vary by market.

Here are some other things to consider if you're shopping for a vacation home.

Consult your tax adviser. If you plan to use the property for both personal and business use, limitations may apply to the rental expenses you can deduct for mortgage interest, real-estate taxes, maintenance, utilities, insurance, depreciation and other business costs. The rules can get complicated and vary greatly depending upon the extent of your personal use of the property.

Expect higher financing costs. If you plan to finance your vacation home, the interest rate might be higher than for a primary residence, and the lender may require a higher down payment. Fannie Mae and Freddie Mac have raised fees for second-home loans they purchase, according to Patti Lotane, a mortgage loan officer for Cape Cod 5 in Chatham, Mass. For example, the interest rate on a \$500,000 mortgage for a primary home with 20% down was 6.375% with no points on May 15 if that loan was sold on the secondary market, while the rate on a similar loan on a second home was 8.125% plus half a point, she said.

Shop for insurance ahead of time. Will Van Den Heuvel, senior vice president, personal lines, for The Cincinnati Insurance Co., said that in riskier parts of the country, such as California and Florida, insurance premiums are rising and options are shrinking. "We have seen some homes deemed uninsurable at any price," Van Den Heuvel said. "That would obviously influence a purchasing decision."

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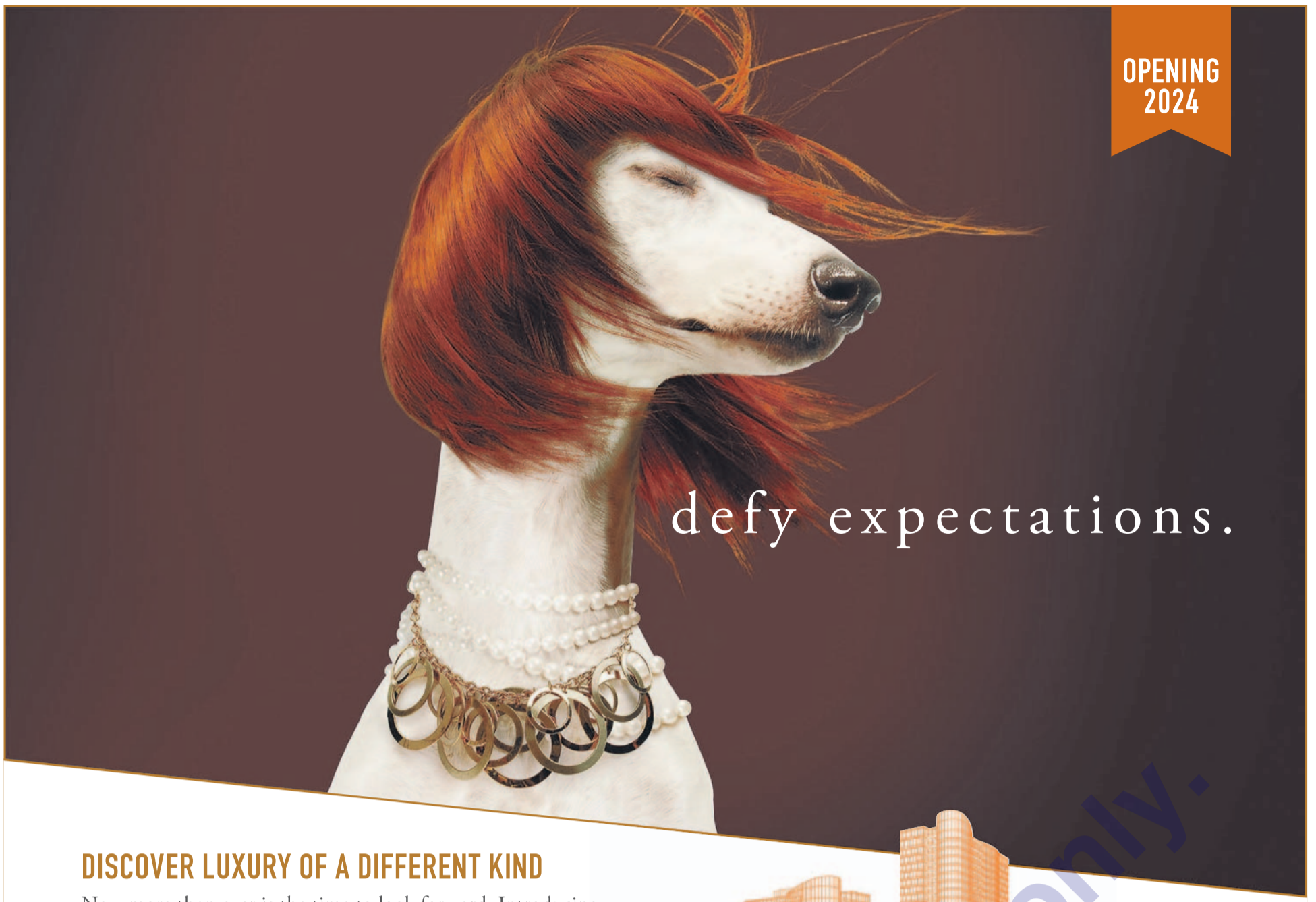
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PRIVATE PROPERTIES

After Trade, NFL's Ramsey Lists in L.A.

Following his trade from the Los Angeles Rams earlier this year, Miami Dolphins cornerback Jalen Ramsey is listing his L.A.-area home for \$13.995 million.

The roughly 10,000-square-foot estate is located in Hidden Hills, a star-studded area that has been home to celebrities such as the Kardashians and Madonna. Ramsey bought the property for about \$9.5 million in 2020 from "America's Got Talent" host Howie Mandel, records show. Mandel built the house as an investment property and it had never been lived in when Ramsey bought it, according to listing agent Lee Mintz of Compass.

Ramsey, who hails from Tennessee, said he started looking for an L.A. home following his 2019 trade to the Rams from the Jacksonville Jaguars. The NFL star settled on Hidden Hills in part because of its proximity to the Rams' training facility in Thou-



The estate is about 10,000 square feet.

RYAN LAHIFFE/PLATINUM PIXELS

sand Oaks, he said. "L.A. traffic can be crazy, and I already don't like driving that much," he said. He keeps a list of features he wants in his dream house on his

phone, he said, and this property checked off "90% of them."

Sitting on roughly an acre, the Modern Farmhouse-style main house spans three levels and has

six bedrooms, Mintz said. The compound has a movie theater, bar and wine room, as well as a gym, sauna and basketball court. Also on the grounds are a pool, guest-

house and built-in barbecue area. After purchasing the house, Ramsey said he built the guest-house, expanded the driveway and redid the landscaping.

Ramsey said the home was perfect for quarantining during the pandemic, since its amenities meant he rarely had to leave the house. Even in regular times, he said, his fame sometimes makes outings difficult.

"I can't really just go to L.A. Fitness without being bombarded by people looking for pictures or autographs," he said.

Ramsey said it was a difficult decision to sell the house, but it was impractical to keep it since he'll be spending almost all his time in Miami. He has been house hunting there, he said, but keeps comparing all the options to his Hidden Hills home.

"If I felt like I was gonna be continuing to come to California often, then I would probably just hang on to it, honestly," he said, "because I love the home."

—Katherine Clarke

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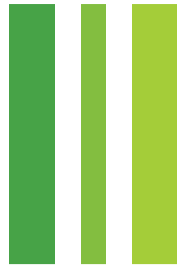
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Source: Ipsos Affluent Survey USA Spring 2022 Adults 18 or older, HHI \$125,000+.
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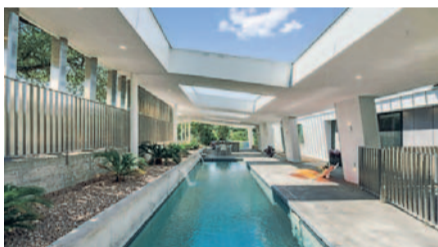
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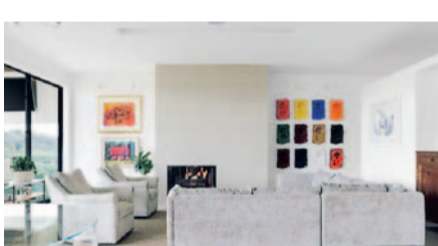
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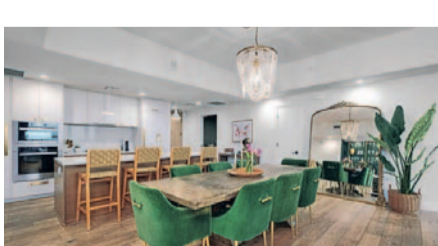
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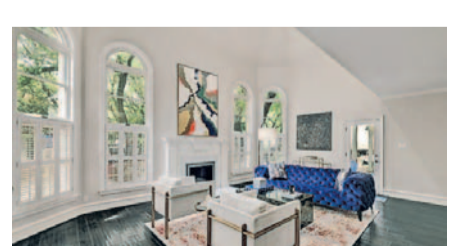
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MANSION

HOUSE CALL | BEL POWLEY

‘A Small Light’ Star Got Her Mom’s Critical Eye

The actress on her show-business parents, sizing up TV dramas with her mom and mixing vodka martinis for dinner guests

The first film I saw as a child that made me emotional was “Stand by Me.” I was a bit in love with River Phoenix, but I also felt close to the story of kids going through adult situations.

The first time I cried watching TV, I saw my father get shot on a soap. His character was being killed off, and it was his big TV performance. My sister, Honor, and I freaked out. I was 8 and Honor was 6. At first we thought it was real. Neither experience made me want to become an actor. That would come later.

I grew up in the Shepherd’s Bush section of West London. We first lived in a small flat but eventually up-sized to a two-story Victorian terrace house with bay windows and a little garden out back.

My father, Mark Powley, is an actor who starred in many popular British TV dramas. My mom, Janis Jaffa, is a leading casting director. When I was 9 they separated. The split was such a shock that my mother, sister and I all slept in the same bed.

When my parents got back together a year later, I was happy, initially. But over time, I realized they weren’t meant to be together. They fought, and their lives had become quite separate.

When I was 16, they divorced, and I became fiercely independent. I was doing well at school and had a strong social circle.

Before all the marital drama, show business had become normalized. My mother started her own casting company with a part-



Bel Powley in Pasadena, Calif., in January, above, and, top right, with her sister, Honor, left, in their grandmother’s garden in 1996.

ner. Their office was in our house, but their casting was done at a studio in town. When my mother couldn’t find a sitter, she’d take my sister and me along. Watching

her, I found how she made decisions fascinating. Part of my earliest exposure to acting was through my mother’s critical eye. We’d watch lots of TV together

because she had to be up on the latest shows and actors.

When I was a bit older, I was allowed to stay up later than my sister. My mother and I would watch TV, analyze shows and discuss the performances.

Acting still wasn’t a passion, even though at age 12 I’d joined a kids’ Saturday drama program called the Youngblood Theatre Company. It was more of a place my mother parked me for three hours so she could run weekend errands.

What changed my mind about acting was my involvement in a kids’ TV show called “M.I. High.” I was cast at 14, had a lot of fun and earned money, which was cool. I got an agent and, at 16, I was cast in “Tusk, Tusk,” a play by Polly Stenham performed at the Royal Court Theatre. Jeremy Herrin directed.

My epiphany came when we began to rehearse with the play’s writer and director. During rehearsals, we studied the script and developed our characters. That process blew my mind. I realized the goal was to become the character, not pretend to be her.

I had planned to study history and politics at the University of Manchester but was cast as Thomasina in the Broadway revival of Tom Stoppard’s “Arcadia.”

I was 18 when I told my mother. She had cast hundreds of actors and knew I was determined. She was fine with it. To put her at ease, I said I’d return to college after the play. Deep down, I knew that was never going to happen. I think she knew, too.

“The Diary of a Teenage Girl” in 2015 was my first film and my first starring role, as Minnie. It also was the first time I truly connected with a character.

Today, Douglas, my fiancé, and I live in East London. We moved into our two-story Victorian terrace house in 2019. Since we’re on a bit of an incline, we see gardens cascading nearly all the way down to Canary Wharf.



Whenever I go see my mom, I drive past my old family home. Seeing it makes me feel sad. To pick me up, I also try to pass the first flat we lived in. That house was really fun.

—As told to Marc Myers

Bel Powley, 31, is an English actress, who starred in the films “The King of Staten Island” and “A Royal Night Out,” and TV’s “The Morning Show.” She currently stars in the National Geographic limited series “A Small Light.”



BEL’S BAY WINDOW

“A Small Light”? ▲ I play Miep Gies, who sheltered Anne Frank and her family and survived World War II.

Favorite spot? Our sofa faces the front bay window, which is covered by a sheer curtain. No one can see in, but I can watch the world go by.

Down time? We love having friends over for long dinners. Douglas is a really good cook. I’m a better host.

Before dinner? We love preparing guests vodka martinis. We basically built a bar just to make them.

TYLER DEMOGENES/NATIONAL GEOGRAPHIC/Disney; BEL POWLEY (FAMILY PHOTO); DUSAN MARTINEK/NATIONAL GEOGRAPHIC/Disney



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