

# Trump Charged With Election Schemes

Grand jury alleges former president lied about vote fraud, helped organize fake electors and obstructed Congress's tally of 2020 results

By SADIE GURMAN AND ARUNA VISWANATHA

WASHINGTON—Donald Trump was indicted Tuesday in an unprecedented criminal case accusing the former president of trying to subvert the will of American voters through his attempts to cling to power after he lost the 2020 election.

The indictment by a federal grand jury in Washington charges Trump with four crimes, including conspiring to defraud the U.S., obstruct-

ing an official proceeding and conspiring against the rights of voters for his actions that culminated in the Jan. 6, 2021, attack by his supporters on the U.S. Capitol. The indictment charges Trump alone, but it describes six co-conspirators, including people identifiable as Rudy Giuliani and several other lawyers who worked with him to contest the 2020 election results.

Many of the details referenced in the case have been previously revealed, including from a House panel that investigated the Jan. 6 attack. But the 45-page document paints a detailed portrait of Trump's alleged efforts to press claims that the election had been marred by fraud, even though he had been told repeatedly they had no merit, and how he leaned on officials in battle-

ground states he had lost, including Arizona, Georgia and Michigan, to support his efforts.

After those initial efforts failed, the indictment alleges, Trump pushed his own Justice Department to falsely claim election fraud, and he pressed Vice President Mike Pence to overturn the results, telling Pence at one point: "You're too honest." He then called his supporters to Washington and

urged them to "fight like hell" just before they marched to the Capitol on Jan. 6.

Brought by special counsel Jack Smith, the indictment opens a second federal criminal case against Trump under the administration led by President Biden, who beat him in the 2020 race for the White House and is now his potential opponent next year, with Trump the Republican front-runner.

Trump is scheduled to appear in federal court in Washington on Thursday.

The statutes carry heavy penalties. Attempting to obstruct an official proceeding, for example, carries a maximum sentence of 20 years in prison. But defendants rarely face such sentences.

In a brief appearance before reporters Tuesday, where he took no questions, Smith called the Capitol attack "an unprecedented assault on the seat of American democracy. As de-

◆ Six co-conspirators are detailed in indictment..... A5 ◆ Prosecutions, probes, lawsuits pile up for former president..... A5 ◆ As Trump leads GOP rivals, his legal bills drain 2024 funds..... A5

Please turn to page A4

## China Death Toll Rises in Typhoon's Wake



INUNDATED: At least 20 people died and 19 were missing in Beijing and surrounding areas, such as Miaofengshan, above, on the city's outskirts, after torrential rains from Typhoon Doksuri caused flooding for a fourth day. A8

## Uber's Businesses Turn Profitable For the First Time

By PREETIKA RANA

Uber Technologies posted its first-ever operating profit in the second quarter, a milestone in its long-term efforts to stem losses in its businesses carrying people and delivering food.

The results for the three months through June were driven by solid growth in both of Uber's core businesses, as the number of rides in the U.S. and Canada surpassed pre-pandemic levels for the first time and demand for delivery stayed strong despite restaurant reopenings.

The quarter was the first since Uber's 2009 founding that it reported its underlying operations were profitable. The easy availability of capital for much of the past decade had Uber and others burning tens of billions of dollars in an attempt to

gain market share.

From 2016 through the first quarter of this year, Uber has collectively reported close to \$30 billion in operating losses, according to S&P Global Market Intelligence.

"For most of our history, profitable wasn't the first thing that came up when you asked someone about Uber," Chief Executive Dara Khosrowshahi said on a Tuesday call with analysts. "In fact, many observers over the years boldly claimed that we would never make any money...But we knew they were wrong," he added.

The operating performance helped lift Uber to a net profit in the quarter. Uber has posted a quarterly net profit four

Please turn to page A2

◆ Heard on the Street: Uber got too revved up..... B14

## Shortage of Nurses Fuels Global Battle

By STUART CONDIE AND GABRIELE STEINHAUSER

A global shortage of health-care workers is setting off a bruising worldwide battle for talent, as rich countries raid other nations' medical systems for staff to care for their aging populations.

The competition has helped countries such as the U.S. and Australia replace some nurses who quit in record numbers during the height of the Covid-19 pandemic. But it is also leaving hospitals in developing countries and some wealthier nations such as the U.K. worse off, as they lose staff to countries offering bigger paychecks.

Australia has been one of the most aggressive poachers, with

offers of special bonuses and fast-tracked visas. An Australian advertising campaign in the British Isles featured workers with sunshine streaming through windows. The campaign coincided with British nurses going on strike over pay, long hours and other concerns.

"You can surf in the early mornings, go fly fishing on weekends, take photography classes, write novels, or sell preserves at the farmers' markets," stated an ad in the British Medical Journal, an industry magazine, for an emergency-medicine registrar job.

The health department in Australia's Tasmania state, which placed the ad, said that like other local authorities it is looking to many countries

Please turn to page A7

## Parents Obsess Over Camp Photos

\* \* \*  
Some scrutinize snapshots for any signs of sadness

By TARA WEISS

Summer sleep-away camps regularly post photos of boys and girls during games, meals and assemblies, reassuring parents their children are alive and having fun.

Many moms and dads aren't convinced. They scrutinize every pixel of their child's expression and body language for clues about their emotional state. These parents may want their children to

Please turn to page A10

## Why America's Gun Laws Are in Chaos

Judges clash over history after Supreme Court upended how to decide Second Amendment cases; 'The whole thing puzzles me'

By JACOB GERSHMAN

The Supreme Court last summer sought to clarify its expansive reading of the Second Amendment. Instead, it set off chaos.

The decision in New York State Rifle and Pistol Association v. Bruen decreed that gun-control laws of today must have a clear fore-runner in weapons regulations around the time of the nation's infancy, regardless of the modern public-safety rationale behind them.

The result: Hundreds of gun cases litigated in recent months have become a free-for-all, with lower courts conflicted or confounded about how and where to draw limits on gun rights.

"There's all this picking and choosing of

historical evidence. "This is too early. This is too late. Too small, too big," Judge Gerard Lynch of the Second U.S. Circuit Court of Appeals said during a recent argument about a new law in New York that prohibits guns in sensitive places like parks, museums and bars. "The whole thing puzzles me."

In that case, the right of licensed handgun owners to carry weapons into bars and theaters could hinge on 19th-century statutes that barred drunks from carrying firearms, and outlawed guns and butcher knives in social parties attended by ladies. A case decided last fall held that the federal ban on guns with obliterated serial numbers was unconstitutional because unmarked guns were perfectly legal in the 18th century.

Please turn to page A10

## What's News

### Business & Finance

◆ **Uber's results** were highlighted by its first-ever operating profit, a milestone in the firm's long-term efforts to stem losses in its businesses carrying people and delivering food. Revenue rose 14% but slightly missed analyst estimates. **A1**

◆ **Fitch downgraded** the U.S. government's credit rating weeks after Biden and congressional Republicans came to the brink of a historic default, warning about the growing debt burden and political dysfunction in Washington. **A2**

◆ **Starbucks reported** record sales from its cold espresso and other elaborate coffee drinks, but said employee wage increases and investments in its cafes dragged down profit. **B1**

◆ **The S&P 500 and Nasdaq** fell, retreating 0.3% and 0.4%, respectively, while the Dow industrials gained 0.2%. **B13**

◆ **Shares of indebted** trucker Yellow have more than tripled this week, defying its recent shutdown of operations and impending bankruptcy filing. **B1, B13**

◆ **Meta offered** to seek consent for highly personalized ads in Europe in a bid to end a yearslong tussle over the legality of those ads on the Continent, people familiar with the proposal said. **B1**

◆ **BP said** its second-quarter profit dropped almost 70% from the oil giant's year-earlier bonanza, as lower commodity prices and weak refining margins hit results. **B3**

**CONTENTS**

Opinion.....	A15-17
Personal Journal.....	A11-12
Business News.....	B3-6
Property Report.....	B6
Crossword.....	A14
Sports.....	A14
Markets.....	B13
Technology.....	B4
U.S. News.....	A2-5
World News.....	A6-9

### World-Wide

◆ **Trump was indicted** in an unprecedented criminal case accusing the former president of trying to subvert the will of American voters through his attempts to cling to power after he lost the 2020 election. **A1, A4-5**

◆ **Ukrainian drones struck** Moscow for a second time this week, while unmanned boats attacked Russian ships in the Black Sea, Russian authorities said. **A6**

◆ **China ousted** the commander of its missile force, a move that analysts said was intended to ensure loyalty to President Xi in that arm of the country's military. **A8**

◆ **A congressional committee** is investigating BlackRock and MSCI for facilitating American investment in Chinese companies the U.S. government has accused of bolstering China's military and violating human rights. **A3**

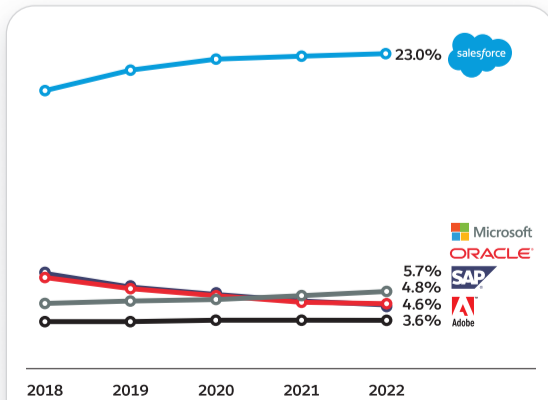
◆ **European governments** began evacuating their citizens from Niger after last week's coup there triggered a standoff between Moscow's allies in the region and states that have worked more closely with the U.S. and other Western powers. **A7**

◆ **Myanmar's Suu Kyi**, who was ousted from power in a military coup in 2021 and convicted in a series of cases brought against her by the junta, was pardoned for some of those offenses. **A9**

◆ **Died: Sheila Oliver**, 71, trailblazing lieutenant governor of New Jersey. **A3**

## Salesforce. #1 CRM.

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



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



salesforce.com/number1CRM

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



# U.S. NEWS

## Fitch Downgrades U.S.'s Credit Rating

### Firm warns of debt burden, dysfunction; Yellen calls the decision 'arbitrary'

By MATT GROSSMAN AND ANDREW DUEHREN

Fitch Ratings downgraded the U.S. government's credit rating weeks after President Biden and congressional Republicans came to the brink of a historic default, warning about the growing debt burden and political dysfunction in Washington.

The downgrade, the first by a major ratings firm in more than a decade, is evidence that increasingly frequent political skirmishes over the U.S. government's finances are clouding the outlook for the \$25 trillion global market for Treasuries. Fitch's rating on the U.S. now stands at "AA+", or one notch below the top "AAA" grade.

America's reputation for reliably making good on its IOUs has cast Treasury bonds in an indispensable role in global markets: a safe-haven security offering nearly risk-free returns. Treasuries serve as a critical benchmark for returns on stocks and other bonds, because investors generally demand greater yields on any other securities that they buy.

Few investors believe that Fitch's downgrade will immediately challenge that role. Still, it is the first time a ratings firm lowered its headline assessment of the U.S. government's propensity to pay its bills on time since Standard & Poor's in 2011 lowered its rating one notch below the top grade. That decision followed another tense debt-ceiling standoff in Congress.

Moody's, the other member of the three big U.S. ratings firms, continues to give the U.S. its strongest assessment.

Fitch said Tuesday that the downgrade reflects an "ero-

sion of governance" in the U.S. relative to other top-tier economies over the last two decades.

"The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management," the agency said.

Biden administration officials criticized Fitch's decision, blaming governance problems on the Trump administration and arguing that the U.S. was not at risk of missing its debt payments.

"The change by Fitch Ratings announced today is arbitrary and based on outdated data," Treasury Secretary Janet Yellen said in a statement.

Administration officials said Fitch staff, in justifying their concerns over the U.S.

political system, repeatedly raised the events of Jan. 6, 2021, when supporters of former President Donald Trump stormed the capital saying the 2020 election was stolen.

Trump was indicted Tuesday for his efforts to overturn his loss to Biden in that election. He has denied wrongdoing, and has repeatedly accused prosecutors of pursuing him for political reasons.

Congress passed legislation suspending the government's borrowing limit in early June, just days before the deadline Yellen had given for when the government would become unable to pay all of its bills on time.

The eventual compromise, which set caps on federal spending and raised the debt limit for roughly two years,

came after months of deadlock between Democrats and Republicans. Republicans had demanded spending cuts in an echo of previous clashes over government borrowing, which Democrats resisted for months. During the impasse, Fitch said it was considering downgrading the U.S.

Fitch said it expects the general government deficit to rise to 6.3% of gross domestic product in 2023 from 3.7% last year. The expected deficit growth reflects cyclically weaker federal revenues, new spending initiatives and a higher interest burden, Fitch said. The firm expects the U.S. economy to slip into a recession later this year.

Presiding over the world's largest economy and in charge of its most important currency, the U.S. government is typically treated as among the safest borrowers anywhere. Banks and companies around the globe often think of U.S. Treasuries as if they are as re-

liable and liquid as cash—a premise that relies on sacrosanct confidence in the government's ability to pay its bills.

On Wall Street, banks and investors are unlikely to step back abruptly from their reliance on Treasuries as a safe-haven benchmark following the actions of a single rating agency, said Luke Tilley, chief economist at Wilmington Trust. But moves such as Fitch's incrementally degrade the confidence that global financial markets place in the U.S. government's creditworthiness, he said.

"Rome wasn't built in a day, and it didn't fall apart in a day either," Tilley said in an interview in May, when the U.S. was facing an imminent default. "But if the two parties in Washington are going to force investors to rethink whether the U.S. will pay its bills, investors will do exactly that."

—Dean Seal contributed to this article.

**It is the first such action by a major ratings firm in more than a decade.**

## New York Reopens Park Amid Lead Tests

By SUSAN PULLIAM AND COULTER JONES

New York state said a Wappingers Falls, N.Y., playground is safe to reopen after testing found no pattern of high lead in 25 samples at the site.

The state had temporarily closed the playground after a Wall Street Journal report last month showed several high lead readings at the park. Gov. Kathy Hochul said New York is continuing to investigate lead cables throughout the state.

The Journal reported that lead in the soil near a "Children at Play" sign measured more than 1,000 parts per million, based on tests by Jack Caravanos, an environmental public-health professor at New York University, who assisted the Journal in its research.

The U.S. Environmental Protection Agency's recommendation for the levels of lead it believes are generally safe in soil where children play is 400 parts per million.

Caravanos took 209 samples at Wappingers Falls for the Journal, with lead readings ranging from a high of about 1,634 parts per million to a low of about 16 parts per million. Those samples were taken in April and July.

Hochul last month asked three state departments to "immediately investigate" lead cabling in New York.

The Journal's investigation in July revealed that AT&T, Verizon Communications and other telecom companies have left behind more than 2,000 toxic lead cables on poles, under waterways and in the soil across the U.S. Testing by the Journal near such cables showed that dozens of spots registered lead levels exceeding EPA safety guidelines.

Hochul's office said the state's "scientific analysis found no evidence of elevated or widespread lead contamination in the area sampled. The multi-agency examination of the potential for lead-based telecommunication cables in New York State communities is ongoing."

Caravanos said New York should consider "more testing and still demand that the cables come down."

## U.S. WATCH



THE LACKS FAMILY

An undated photo of Henrietta Lacks.

## MARYLAND Suit Over Use of Cancer Cells Settled

The family of Henrietta Lacks and Thermo Fisher Scientific reached a settlement related to the unauthorized use of her cancer cells, which benefited labs and companies and proved invaluable for research for decades.

The two parties said they reached a confidential settlement in the case, originally filed by lawyers representing Lacks's family in 2021 in the U.S. District Court in Baltimore.

The story has come to represent the legacy of mistrust of the scientific and medical establishment within minority communities whose bodies have historically been used without their consent.

Lacks, a Black mother, sought treatment for cervical cancer at Johns Hopkins Hospital in Baltimore in 1951. She died from the disease that October at the age of 31. During her treatment, researchers took cells from her tumor sample without her knowledge or consent. Federal regulations requiring patient consent weren't yet in place.

Lacks's family was unaware about the use of her cells until the 1970s. They never received compensation stemming from the money earned by companies using the cells, lawyers representing Lacks's family said. In their complaint against Thermo Fisher.

Lawyers representing Lacks's family argued in an amended complaint, filed in 2022, that Thermo Fisher profits from the HeLa cell line without compensating her estate.

Lawyers for Thermo Fisher had sought to dismiss the case, saying the statute of limitations had passed. They also said the commercial use of HeLa cells is legal.

—Jennifer Calfas

## MINNESOTA Recreational Pot Now Legal in State

Minnesota's legalization of recreational marijuana took effect on Tuesday, allowing people 21 and older to legally possess and grow their own marijuana for recreational purposes, subject to limits as the state establishes a legal cannabis industry in the coming months and years.

The Midwestern state is the 23rd in the country to legalize recreational marijuana. Surrounding states—including Wisconsin, Iowa, Nebraska, South Dakota and North Dakota—haven't legalized it.

At least two tribal nations in northwestern Minnesota are expected to open dispensaries for recreational marijuana this month. The Red Lake Nation and the White Earth Nation are using their tribal sovereignty to allow sales.

Most other businesses aren't expected to sell legal recreational marijuana until early 2025, as the state sets up a licensing and regulatory system for the new industry.

Dennis Buchanan, who owns The THC Joint in Minneapolis and two other cannabis-related businesses in the state, said he wasn't expecting to sell marijuana until 2025. Now, he expects to sell more marijuana-related accessories.

Minnesota restaurants, breweries and stores have already been selling drinks, gummies and candies that contain up to 5 milligrams per serving of hemp-derived THC—the ingredient in marijuana that creates a high—since last year when the state passed a law to allow it. Now, retailers can start selling marijuana seeds if they comply with labeling and other requirements set by the state.

—Associated Press

## LABOR MARKET Job Openings Fall But Remain High

The U.S. labor market is showing fresh signs of easing, with slowly falling job openings adding to figures that show the Federal Reserve is making progress in cooling the economy and lowering inflation.

Job openings declined by 34,000 to a seasonally adjusted 9.6 million in June from the prior month, the Labor Department said Tuesday, the lowest level since April 2021. Layoffs held nearly steady at 1.5 million in June.

Employers reported fewer openings in the transportation and warehousing industries. Openings also declined in state and local education and the federal government.

Job openings are down from a record of 12 million in March 2022. They remain well above prepandemic levels and exceed the six million unemployed people looking for work in June.

The numbers reflect a labor market that is gradually cooling but remains solid more than a year after the Fed began lifting interest rates to slow the economy and combat high inflation. The central bank raised interest rates last week to a 22-year high after skipping an increase in June.

Recent private-sector numbers from Indeed also show labor demand is easing steadily. Total postings on the job site for mid-July were down 16% from a year earlier, though those remain above prepandemic levels.

The quits rate—or the number of job resignations as a share of total employment—declined to 2.4% in June from 2.6% the prior month.

—Christian Robles

## Uber Logs Operating Profit

Continued from Page One times before but those results were on the back of investment gains that outweighed losses in its operations.

The company projected continued growth for the third quarter ending Sept. 30.

Uber had started to rein in costs back in 2019, then the

pandemic hit and crushed its ride-hailing operations. Its smaller food-delivery unit became the company's lifeline. The company cut its head count and shed noncore businesses such as self-driving cars during the pandemic. Those savings helped it navigate a more recent economic downturn.

It was better than rival Lyft at responding to a yearslong driver shortage after the economy reopened from Covid-19 lockdowns. That helped Uber gain market share.

Lyft, which also trimmed its losses over the years and is now led by a new CEO, has yet to post its first operating

profit. Uber expanded advertising in its app over the past year. It continued to become more disciplined about spending on discounts to consumers and incentives to drivers. It said it has become better at combining deliveries and reducing errors, which improved its operational efficiency.

Uber posted a profit of \$394 million during the second quarter, compared with a loss of \$2.60 billion in the like period a year earlier. That came in better than the \$18 million loss that analysts polled by FactSet had expected. It was driven predominantly by Uber's oper-

ating profit, which totaled \$326 million. Wall Street expects Uber to continue recording an operating profit for the rest of the year.

Uber's revenue rose 14% to \$9.23 billion, slightly missing analyst estimates. Its gross bookings—or the total value of transactions on its app—grew 16% to \$33.60 billion, beating expectations. Bookings are indicative of consumer demand, while revenue refers to Uber's cut from it.

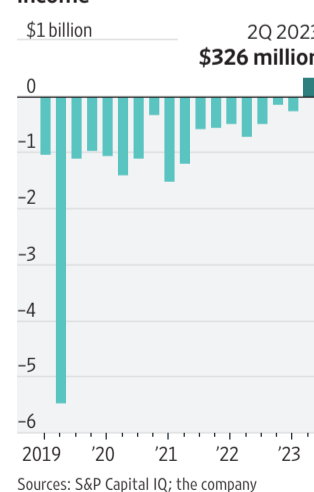
Uber projected gross bookings between \$34 billion and \$35 billion in the current quarter. Analysts polled by FactSet expect third-quarter bookings of \$34.09 billion.

Uber's ability to pull ahead has been reflected in share prices. Through Monday's close, its shares had doubled this year while Lyft shares had risen 15%. Uber's shares closed 6% lower after its earnings announcement Tuesday on the revenue miss. The company also announced the departure of its chief financial officer.

Bookings and revenue in Uber's freight division, which transports goods for companies and typically accounts for under one-quarter of revenue, slid 30% during the quarter.

Uber has cut hundreds of jobs this year, largely in human resources, freight and overseas food-delivery operations. The cuts—collectively accounting

## Uber's quarterly operating income



Sources: S&P Capital IQ; the company

## CORRECTIONS & AMPLIFICATIONS

In some editions Tuesday, the first name of LeAnn Rimes was misspelled as LeeAnn in a photo caption with a Page One article about celebrity videos.

Yangtze Memory Technologies urged suppliers in late June to show "integrity" and deliver machinery parts it had purchased. In some editions Tuesday, a World News article about the effect of U.S. export restrictions on China's tech industry incor-

rectly said late July.

In some editions Tuesday, Grand Cherokee was misspelled as Chero Charokee in a Business & Finance article about Jeep's parent company Stellantis.

The last name of Guillaume Sauger, the general manager of Paris hotel La Fantaie, was misspelled as Saug in an Off Duty article on Saturday about booking a last-minute trip.

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

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# U.S. NEWS

## House Panel on China Targets U.S. Firms

By KATE O'KEEFFE AND CORRIE DRIEBUSCH

The world's largest asset manager and a top stock-market-index compiler are being investigated by a congressional committee for facilitating American investment in Chinese companies the U.S. government has accused of bolstering China's military and violating human rights.

The House of Representatives' Select Committee on the Chinese Communist Party notified BlackRock and MSCI on Monday of the probes into their activities, according to letters viewed by The Wall Street Journal.

While the committee doesn't have lawmaking authority, it does have subpoena powers and has garnered bipartisan support for its initiatives. The goal of the investigation is to gather facts that would inform the U.S.'s China policies, including on American capital flows.

### Activities are legal

The panel told the companies that a review of just a sliver of their activities—which aren't illegal—showed that they are causing Americans to fund more than 60 Chinese companies that U.S. agencies have flagged on security or human-rights grounds.

By routing "massive flows of American capital" to such Chinese entities, the U.S. companies are "exacerbating an already significant national-security threat and undermining American values," said the letters, signed by the panel's chairman, Republican Rep. Mike Gallagher of Wisconsin, and its top Democrat, Rep. Raja Krishnamoorthi of Illinois.

Across five funds, BlackRock has invested more than \$429 million in such Chinese companies, the panel found. BlackRock manages more than \$9 trillion in assets and is entrusted by millions of Americans to invest their savings. The firm said in a statement that it has engaged the committee directly to better understand its concerns.

"The majority of our clients' investments in China are through index funds, and we are one of 16 asset managers currently offering U.S. index funds investing in Chinese companies," it added. MSCI selects the securities that make up the indexes many investors use as a basis for their portfolios. There are more than \$13 trillion of assets benchmarked to MSCI's products. In a statement, the company said it is reviewing the committee's inquiry. It has previously said that all of its index decisions are made after consultations with a range of global market participants.

The select committee on China, which was set up this year, is increasingly targeting the role of U.S. companies and financial institutions in fueling the rise of China. Its work exemplifies a shift in thinking in the White House and on Capitol Hill that once supported U.S. business ties with China but now sees some investment as counter to U.S. interests.

Like the Jan. 6 select committee that investigated the 2021 attack on the Capitol, the China panel aims to build a narrative in a way that is accessible to the public.

Last week, the Senate made progress on passing potential legislation that would require certain U.S. entities to notify the Treasury Department of investments in sensitive technologies in adversary countries such as China. Lobbying from the business community has so far quashed attempts to review or block such investments.

The China committee in July launched an investigation into U.S. venture-capital firms funding Chinese artificial-intelligence, semiconductor and quantum-computing startups.

The White House and a bipartisan coalition in Congress have deemed such investments especially harmful because of the operational expertise and critical relationships the U.S. venture capitalists offer their targets.

With this latest investigation into BlackRock and MSCI, the panel is broadening its focus by now also scrutinizing asset managers and index compilers. Such firms would typically have little to no direct involvement with the Chinese companies in their portfolios or indexes, but they play a crucial role in directing large sums of Americans' retirement savings into their coffers. The panel said its review has shown that, "as a direct result of decisions" made by BlackRock and MSCI, Americans have been "unwittingly funding" an array of Chinese companies that operate against the interests of the U.S.

A representative from the Chinese Embassy in Washington said Monday that "politicizing economic, trade and investment issues runs counter to the principles of market economy."

Buying shares of Chinese companies has provided big returns in the past for investors. The optics of such investments have shifted, however, as U.S.-China tensions have escalated. In 2018, MSCI added domestic Chinese stocks to Emerging Markets Index, sending billions of dollars flowing into those companies. The move came after pressure from the Chinese government, the Journal previously reported.

In addition to its passive funds invested in Chinese companies, two years ago BlackRock raised money for a Chinese mutual fund. Mestic Chinese stocks to Emerging Markets Index, sending billions of dollars flowing into those companies. The move came after pressure from the Chinese government, the Journal previously reported.

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### BlackRock and MSCI are probed for facilitating investment in China.

## Supermoon Is Something to Howl About



LIKE A BIG PIZZA PIE: A supermoon—which occurs when the moon is full at the moment when its orbit is closest to Earth—rises above the Manhattan skyline on Tuesday. Another supermoon, known as a blue supermoon, will take place on Aug. 30.

## Physicist Accused of Plagiarism Faces Questions on Superconductivity Claims

By NIDHI SUBBARAMAN

A physicist accused of fabricating data and plagiarizing portions of his Ph.D. thesis is facing doubts from his peers about his boldest claim: the discovery of a room-temperature superconductor.

Ranga Dias, a physicist at the University of Rochester, stunned colleagues and made headlines in March with news published in the prestigious journal Nature that the rare-earth metal lutetium combined with nitrogen and hydrogen was a superconductor at 70 degrees Fahrenheit.

The team dubbed the material "reddmatter"—a reference to a fictitious cosmic substance in the 2009 movie "Star Trek" that formed black holes—because, they said, the material transformed to a vibrant red as it got compressed.

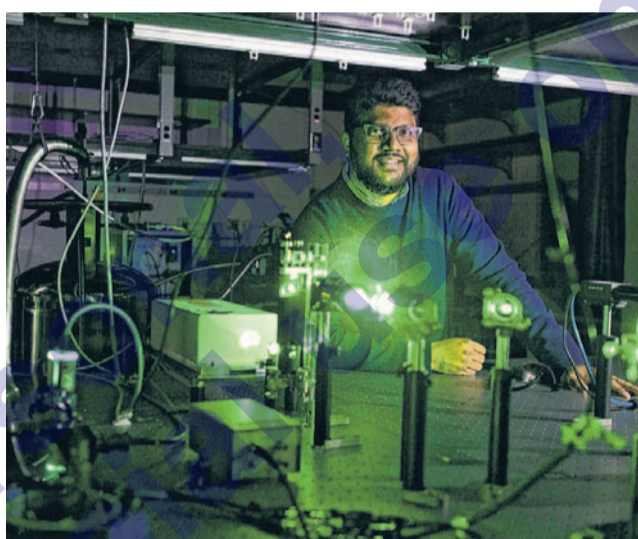
Long sought by engineers and physicists, superconductivity at room temperature and regular pressure could transform electronics and engineering by eliminating the loss of energy that occurs as current moves through wires. Materials with this quality need ultralow temperatures or crushing pressures to exhibit such "superconducting" behavior, making them expensive and impractical for widespread use.

Several physicists and labs, after scrutinizing data published in Dias's March study and experimentally repeating the team's methods, aren't convinced the group found the holy grail chased by condensed-matter physicists. One team did report superconductivity in one of two samples supplied by Dias's lab, but other physicists say their measurements could be the result of a loose electrical connection.

"We're absolutely still waiting for confirmation that superconductivity at room temperature exists," Douglas Natelson, a condensed-matter physicist at Rice University in Houston, said of the claims.

A spokesperson for Nature said the journal is assessing concerns that have been raised.

It is the latest cloud in a storm brewing over Dias and his work. Nature last year retracted his 2020 paper claiming superconductivity in another material after some physicists pointed to peculiarities in key data. A pair of phys-



Ranga Dias is a physicist at the University of Rochester.

icists assembled evidence that suggested about a fifth of Dias's Ph.D. thesis at Washington State University matched text in other publications. And in July, the journal Physical Review Letters told Dias and his co-authors that a retraction of a 2021 study was necessary after an internal review confirmed data fabrication.

"Have I seen any data that confirms superconductivity? No, I haven't," said Dirk van der Marel, a physicist and professor at the University of Geneva in Switzerland who analyzed past work by Dias and flagged inconsistencies.

Dias didn't respond to a request for comment.

Dias has, through a spokesperson, denied to other news outlets fabricating or manipulating data, or engaging in any scientific misconduct. Regarding his doctoral thesis, a University of Rochester spokesperson said Dias "has taken responsibility for these errors and is working with his thesis advisor at Washington State University to amend the thesis."

Washington State University administrators know about allegations around Dias's Ph.D. thesis, a spokesperson said. The university treats misconduct cases as confidential and didn't confirm if one had been opened.

The University of Rochester made two inquiries over the 2020 retracted Nature study but found "no evidence that supported the concerns," a spokesperson said, adding that university leaders are aware of

the possible retraction of the 2021 study.

The March study was the second big superconductivity claim by Dias and collaborator Ashkan Salamat, a physicist at the University of Nevada, Las Vegas. In 2020, they led a team that described superconductivity at room temperature in another material—a combination of carbon, sulfur and hydrogen—that was hit with a laser and crushed between diamonds to an extreme pressure similar to that within the Earth's core.

The results were lauded as breakthroughs. But the paper was retracted by publisher Nature in September 2022, after other physicists, including van der Marel, pointed to data they said didn't add up.

According to a retraction note posted on the website, the authors of the study, including Salamat, say the data in the Nature 2020 papers support its key claims, and disagree with a decision to retract the study.

Salamat didn't respond to a request for comment.

Months later, looking at the March data describing "reddmatter," Johns Hopkins University physicist Peter Armitage said he found inconsistencies.

A superconductor's signature is zero resistance below a specific temperature, at some level of pressure. A graph deep in the Nature study showed "reddmatter" drop to zero resistance at temperatures varying slightly as different magnetic fields were switched on.

When Armitage plotted the observations himself using data supplied in the study, he got a different curve, in which

the resistance tapers gradually, rather than flattening out, he said. "This was a big problem," Armitage said.

"It didn't look anything like a superconductor," said John-pierre Paglione, director of the Maryland Quantum Materials Center at the University of Maryland, who also examined the data.

The physicists were puzzled that Dias and his team appeared to subtract remaining resistance values to get to zero, but Armitage, Paglione and other physicists say that step isn't justified.

But by measuring a sample from Dias's group, one team at the University of Illinois Chicago said they saw superconducting behavior, according to a paper posted ahead of peer review to the preprint server arXiv.

"We found very good agreement with what they reported in the Nature paper," said Russell Hemley, a materials chemist and physicist at UIC. When Hemley's group measured voltage across one sample under pressure, they saw a drop to zero in the temperature range Dias and team observed. A second sample didn't behave this way.

But Paglione and Natelson pointed to some artifacts in their resistance graphs—tell-tale bumps and dips—that made them suspect the zero resistance was because of incorrect electrical measurements under exacting conditions.

Paglione was puzzled that Hemley and team didn't show superconducting behavior in a variety of other ways. "If this was an observation in my lab, we would do every possible measurement to verify or disprove the claim of superconductivity, especially given the importance of this," he said.

Hemley said other tests are continuing.

Some labs that made the material and repeated experiments in the Nature paper say they didn't see superconductivity under nonextreme conditions.

Dias and Salamat are listed on multiple patent applications filed worldwide and have founded a company, Uearthly Materials, to make superconductors. The outfit has raised about \$17 million in funding, according to the research firm PitchBook.



Sheila Oliver in 2021.

## New Jersey's Lieutenant Governor Dies at Age 71

By LIYAN QI

New Jersey Lt. Gov. Sheila Oliver, the first African-American woman elected to a statewide office in that state, died Tuesday, according to her family and the governor's office. She was 71.

Oliver had been recently serving as acting governor while Gov. Phil Murphy was traveling overseas. New Jersey Senate President Nicholas

Scutari is now serving as acting governor, per the state constitution. He took over the role from Oliver on Monday, as she dealt with an undisclosed medical issue that required her to be hospitalized, according to an aide. Murphy and Scutari are both Democrats, as was Oliver.

In a statement, the Oliver family said: "She was not only a distinguished public servant but also our cherished daughter, sister, aunt, friend, and hero."

Murphy, who is soon returning to the U.S. from Italy, in a statement called Oliver a "trailblazer in every sense of the word."

A self-described "Jersey Girl," according to her government biography page, she was born and raised in Newark. In 2010, she became the first African-American woman to serve as the state's Assembly

Speaker—making her the second in the nation's history to lead a state legislative house, according to her biography page. During her tenure as speaker, Oliver worked to pass legislation that curbed pension and healthcare benefits for public workers.

Senate Republican Leader Anthony Bucco described Oliver in a statement as "a devout public servant and an incredibly kind person."

During her time as lieutenant governor, she led the Department of Community Affairs, handling issues such as affordable housing and homelessness prevention, according to the Murphy statement.

Murphy called her "an inspiration to millions of women and girls everywhere, especially young women of color."

—Erin Ailworth and Joshua Jamerson contributed to this article.



# U.S. NEWS



Above, Trump supporters storming the Capitol on Jan. 6, 2021, and The Wall Street Journal's front-page account of the events the following day, below.

## Key Moments Surrounding The Attack on The Capitol

Jan. 6, 2021

**1 a.m.:** President Trump tweets: "If Vice President @Mike\_Pence comes through for us, we will win the Presidency. Many States want to decertify the mistake they made in certifying incorrect & even fraudulent numbers in a process NOT approved by their State Legislatures (which it must be.) Mike can send it back!"

**11:35 a.m.:** A group of Proud Boys is gathered on the east side of the Capitol, according to videos of the scene.

**11:57 a.m.:** Trump takes the stage to address thousands of supporters. "We will stop the steal," he says. He tells supporters to march to the Capitol and promises to join them. He returns to the White House. Thousands of protesters head toward the Capitol.

**12:53 p.m.:** Then-Vice President Mike Pence releases a letter in which he says he doesn't have authority to overturn the will of voters.

Meanwhile, Trump supporters knock down the first row of barricades and the crowd begins pushing up the stairs toward a second line of barricades as thousands of protesters stream in from the rally on the National Mall. Within minutes, the small number of Capitol Police guarding the barricade retreat, giving protesters unrestricted access to the lower stairs and the west lawn of the Capitol.

**12:57 p.m.:** The first group reaches the west side of the Capitol and begins to clash with officers, shouting and yelling, "Traitors!"

**1 p.m.:** Pence and senators walk to the House chamber to begin the joint session to certify the Electoral College result.

**1:11 p.m.:** Trump concludes his speech at the Ellipse.

**Around 2:10 p.m.:** The crowd on the left side of the stairs on the west side of the Capitol storms past police. Within minutes, dozens and then hundreds of people begin pushing up the stairs. People start climbing the walls of the Capitol and flooding onto balconies.

**2:24 p.m.:** "Mike Pence didn't have the courage to do what should have been done to protect our Country and our Constitution," Trump tweets.

**2:26 p.m.:** Pence is evacuated to a secure location.

**2:30 p.m.:** The House is abruptly adjourned, and lawmakers are told to be prepared to hide under their chairs. The Senate chamber is evacuated.

**2:44 p.m.:** With rioters surging into the Capitol, an officer fires a shot outside the House chamber at a woman who was trying to climb through a glass entryway. Authorities later confirm Ashli Babbitt died from gunshot injuries.

**4:17 p.m.:** In a recorded statement, Trump tells protesters to go home. "You have to go home now, we have to have peace...we love you, you're very special," he says.

**Shortly after 5 p.m.:** Law-enforcement officers in riot gear position themselves for a concerted effort to clear the hundreds of protesters still encircling the Capitol. The crowd thins out significantly as 6 p.m. approaches.

**6:01 p.m.:** Trump tweets, "These are the things and events that happen when a sacred landslide election victory is so unceremoniously & viciously stripped away from great patriots who have been badly & unfairly treated for so long. Go home with love & in peace. Remember this day forever!"

—Scott Patterson

## Trump Hit With New Indictment

Continued from Page One scribed in the indictment, it was fueled by lies."

Despite losing, Trump spread lies that there had been fraud in the election, and that he had actually won, the indictment alleges. "Each of these conspiracies...targeted a bedrock function of the United States federal government: the nation's process of collecting, counting, and certifying the results of the presidential election," prosecutors assert in the indictment.

In a social media post Tuesday, Trump said the case was a "pathetic attempt" by the Justice Department to "interfere with the 2024 Presidential Election."

Within minutes, the Trump campaign sent a fundraising email, portraying him as a victim of political persecution. "It's not just my freedom on the line, but yours as well—and I will NEVER let them take it from you," it read.

In the indictment, prosecutors acknowledged that Trump had a right to challenge the election results and even falsely claim fraud. But they said what he did went far beyond such rights and involved discounting legitimate votes.

The indictment adds to the cloud of legal challenges under which Trump will be campaign-



Special counsel Jack Smith speaks to members of the media Tuesday in Washington after the latest Trump indictment.

ing. Smith's office also is prosecuting him on separate charges that he improperly retained classified government documents at his Florida resort and obstructed the government's efforts to retrieve them.

The district attorney in Fulton County, Ga., also has been investigating Trump for election interference. And the former president awaits trial on 34 felony charges brought by local prosecutors in New York in a business-records case stemming from a hush-money payment made to a porn star in the final stretch of the 2016 election.

Trump has denied wrongdoing in the federal, New York and Georgia matters, and accused prosecutors of pursuing him for political reasons.

Prosecutors have charged more than 1,000 people in connection with the Jan. 6

riot, for crimes ranging from trespassing to assault and obstructing the congressional proceeding, almost all of whom were at the Capitol during the violence. More than 500 have pleaded guilty, and several who were convicted of playing a leading role in the violence have been sentenced to years in prison. Trump is among the first who didn't directly participate in the riot to face federal charges in connection with the attack.

The Jan. 6 Capitol attack led to Trump's second impeachment, with the Democratic House alleging that he incited an insurrection. Trump was acquitted in the Senate.

The probe has advanced for months on several tracks, with prosecutors examining efforts that included assembling fake slates of electors to send to Congress; pressuring Pence to



that they are Giuliani, Trump lawyers John Eastman, Sidney Powell and Kenneth Chesebro and former Justice Department official Jeffrey Clark. A sixth is described as a political consultant, whose identity is unclear.

The six, while unindicted, could potentially face charges as Smith's probe is ongoing.

"Every fact Mayor Rudy Giuliani possesses about this case establishes the good faith basis President Donald Trump had for the actions he took during the two-month period charged in the indictment," his political adviser, Ted Goodman, said.

Eastman's lawyer, Charles Burnham, said the indictment was a misleading attempt to "contrive charges" against Trump and "cast ominous aspersions on his close advisers."

Clark and a lawyer for Chesebro didn't return calls seeking comment. A lawyer for Powell declined to comment.

Prosecutors on Thursday added three new counts to Trump's case related to the classified documents, alleging Trump and his aides sought to have surveillance footage from the club deleted so that it couldn't be turned over to a grand jury. A federal judge has scheduled the trial in that case to begin on May 20.

The original June indictment in the documents case charged Trump with 37 counts on seven different charges, including willful retention of national-defense information, withholding a record, false statements and conspiracy to obstruct.

—Isaac Yu and Byron Tau contributed to this article.

## Five Notable Passages in the Indictment

### Trump Didn't Believe What He Was Saying

*'Despite having lost, the Defendant was determined to remain in power. So for more than two months following election day on November 3, 2020, the Defendant spread lies that there had been outcome-determinative fraud in the election and that he had actually won. These claims were false, and the Defendant knew that they were false. But the defendant repeated and widely disseminated them knowingly false claims appear legitimate, create an intense national atmosphere of mistrust and anger, and erode public faith in the administration of the election.'*

### Trump Had a Right To Contest Results

*'The defendant had a right, like every American, to speak publicly about the election and even to claim, falsely, that there had been outcome-determinative fraud during the election and that he had won. He was also entitled to formally challenge the results of the election through lawful and appropriate means, such as by seeking recounts or audits of the popular vote in states or filing lawsuits challenging ballots and procedures. Indeed, in many cases, the Defendant did pursue these methods of contesting the election results. His efforts to change the outcome in any state...were uniformly unsuccessful.'*

### Trump, Others Pressured the DOJ

*'The defendant and co-conspirators attempted to use the power and authority of the Justice Department to conduct sham election crime investigations and to send a letter to the target states that falsely claimed that the Justice Department had identified significant concerns that may have impacted the election outcome[.]'*



Former President Trump

### Trump Tied to Jan. 6 Attack on the Capitol

*'[T]he Defendant sought to enlist the Vice President to use his ceremonial role at the certification to fraudulently alter the election results. The Defendant did this first by using knowingly false claims of election fraud to convince the Vice President to accept the Defendant's fraudulent electors, reject legitimate elector votes, or send legitimate electoral votes to state legislatures for review rather than count them. When that failed, the Defendant attempted to use a crowd of supporters that he had gathered... to pressure the Vice President to fraudulently alter the election results.'*

### Trump Is Accused Of Exploiting Violence

*'[A]t 2:25 p.m. the United States Secret Service was forced to evacuate the Vice President to a secure location. At the Capitol, throughout the afternoon, members of the crowd chanted "Hang Mike Pence!", "Where is Pence? Bring Him Out," and "Traitor Pence!" The defendant repeatedly refused to approve a message directing rioters to leave the Capitol, as urged by his most senior advisors... Instead, the Defendant issued two Tweets that did not ask rioters to leave the Capitol but instead falsely suggested the crowd at the Capitol was being peaceful[.]'*



U.S. NEWS

Six Co-Conspirators Detailed in Indictment

Members of Trump's circle under scrutiny for bids to spread lies, submit fake electors

By Isaac Yu

The indictment of Donald Trump for his alleged crimes in seeking to reverse the 2020 election casts a spotlight on a circle of attorneys and advisers who helped spread claims of fraud and attempted to block the certification of electoral votes on Jan. 6, 2021.

Six co-conspirators and their actions were described in the former president's second federal indictment, submitted Tuesday afternoon by special counsel Jack Smith. The six weren't named and none have been indicted. Smith said the investigation continues.

Descriptions in the document indicate that they are former New York City Mayor Rudy Giuliani, Trump lawyers John Eastman, Sidney Powell and Kenneth Chesebro and former Justice Department official Jeffrey Clark. A sixth person is described as a political consultant, whose identity is unclear.

Clark and a lawyer for Chesebro didn't return calls seeking comment. A lawyer for Powell declined to comment.

Rudy Giuliani

The indictment described co-conspirator 1 as an attorney who "was willing to spread knowingly false claims and pursue strategies" that

Trump's re-election lawyers refused to.

Giuliani was an early ally to Trump's 2016 campaign and became the president's personal lawyer in 2018. Giuliani was the chief strategist of efforts to overturn the 2020 election in swing states, arguing a case on Trump's behalf in Pennsylvania court. He also admitted to making false statements to the Georgia state Senate, claiming election workers had used "suitcases" of unlawful ballots to commit fraud. Giuliani's claims were resoundingly rejected in state and federal court, and he faces multiple defamation lawsuits.

"Every fact Mayor Rudy Giuliani possesses about this case establishes the good faith basis President Donald Trump had for the actions he took," Giuliani adviser Ted Goodman said in a statement Tuesday.

John Eastman

The second co-conspirator is an attorney who the indictment said "devised and attempted to implement a strategy to leverage" Vice President Mike Pence's ceremonial role to block Joe Biden's 2020 victory.

A former constitutional law professor who once clerked for Supreme Court Justice Clarence Thomas, Eastman promoted the notion that then-Vice President Mike Pence could single-handedly reject the electoral count on Jan. 6, 2021. He asserted without evidence that Biden won in Georgia because 66,000 un-



Rudy Giuliani, top, became Trump's personal lawyer in 2018. Sidney Powell promoted election-fraud theories on cable TV.

derage people and thousands of felons voted illegally there.

Eastman also unsuccessfully advanced the fringe "independent state legislature" theory to lobby state legislators in swing states to appoint alternate, pro-Trump slates of electors.

Eastman's lawyer, Charles Burnham, said the indictment was misleading and meant to "cast ominous aspersions" on Trump's advisers.

Sidney Powell

The third co-conspirator is described in the indictment as an attorney whose "unfounded claims of election fraud" were privately acknowledged by Trump as "crazy."

Powell joined Trump's legal team soon after Election Day and quickly became the public face of efforts to cast doubts on the results. She regularly

appeared on Fox News and other cable shows to promote her "unfounded" theories and talk about her lawsuits, including one filed against the governor of Georgia, according to the indictment. She was dismissed from the team by Giuliani weeks later but continued to be included in meetings with Trump and make television appearances.

Trump considered naming Powell a special counsel to oversee election-reversing efforts and, despite his comments of doubt, continued to publicly promote her theories.

Jeffrey Clark

The indictment describes the fourth co-conspirator as a Justice Department official who attempted to "open sham election crime investigations and influence state legislatures with knowingly false claims of election fraud," alleges the indictment.

Clark, a midlevel Justice Department bureaucrat, proposed sending a letter to officials in swing states asking them to send slates of Trump-supporting electors, Justice Department officials testified at a hearing held by the House Select Committee that was investigating the Jan. 6 attack on the Capitol. A former environmental lawyer, Clark later promised to use the Justice Department's power to help Trump pressure state officials and open election investigations if Trump removed the then acting attorney general and nominated Clark to lead

the Department of Justice instead. The plan failed when DOJ officials threatened to resign en masse.

Kenneth Chesebro

The fifth co-conspirator "assisted in devising and attempting to implement a plan to submit fraudulent slates of presidential electors," according to the indictment.

Chesebro, an attorney and Trump campaign adviser, was the original architect of the fake elector plot. His memo to Republican Party officials in his home state of Wisconsin on Nov. 18, 2020, is the earliest known proposal to nominate fake electors, which he then worked to replicate nationwide with Giuliani and others. Republicans from seven Biden-won states met on Dec. 14, 2020, to cast fake electoral votes for Trump, which Trump allies then attempted to deliver to Capitol Hill.

Political consultant

The indictment describes the sixth co-conspirator, whom the Journal hasn't identified, as a political consultant alleged to have "helped implement a plan to submit fraudulent slates of presidential electors." The co-conspirator is said to have crafted lists of attorneys in swing states who could assist with the fraudulent effort, and worked to confirm phone numbers for six U.S. senators who conspirators believed could help delay the certification of Biden's win.

Prosecutions, Probes, Lawsuits Pile Up for Trump

Former President Donald Trump is having to answer to criminal charges at both the federal and state levels as he vies to secure the Republican nomination for 2024.

By Jan Wolfe, Corinne Ramey and Byron Tau

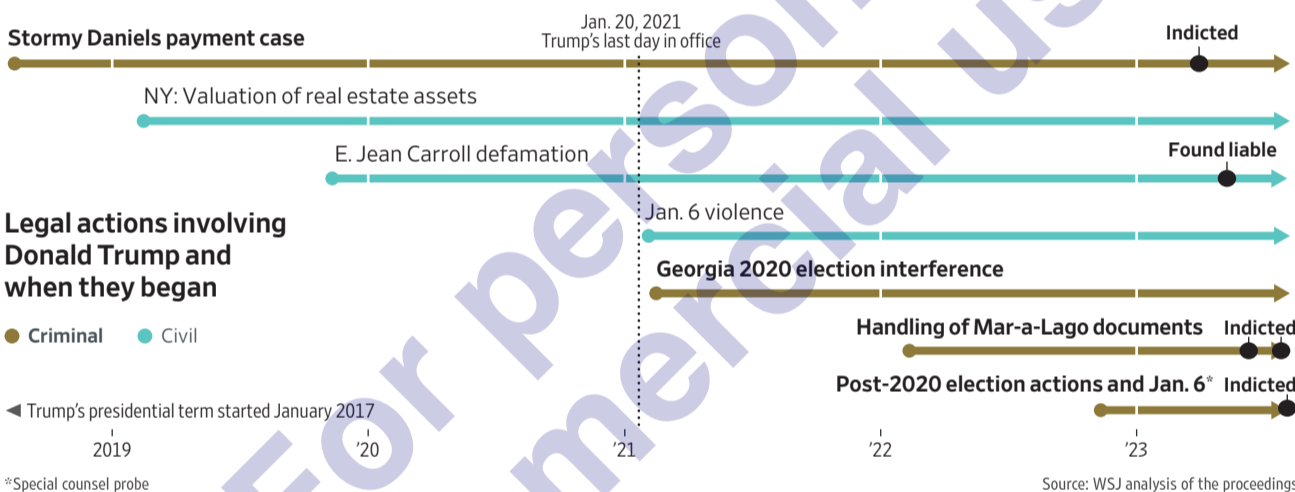
Here is a look at the status of some of the most prominent prosecutions, investigations and lawsuits involving Trump, in addition to the criminal indictment Tuesday brought by special counsel Jack Smith over the former president's efforts to reverse his 2020 election loss.

Mar-a-Lago documents probe

Smith indicted Trump on June 9 after an investigation into his handling of classified documents at his Mar-a-Lago resort in Florida. The charges marked the first time in history that the federal government has criminally charged a former president.

Trump faces charges including willful retention of national-defense information, withholding a record, false statements and conspiracy to obstruct.

On five of the counts, Trump was charged alongside his personal aide, Walt Nauta, who went to work at Mar-a-



Lago after serving as a military valet in the White House. Nauta separately faces a false-statements charge. Both Trump and Nauta have entered not guilty pleas to all charges.

Federal Judge Aileen Cannon set May 20, 2024, as the date for the trial to begin, finding middle ground between prosecutors who wanted it to begin in December and Trump's defense team, which sought to have it start after the 2024 election.

Manhattan criminal case on Stormy Daniels payment

Trump was charged on April 4 with 34 felony counts of falsifying business records to

hide hush money paid to suppress potentially damaging sexual allegations during his 2016 presidential campaign. He pleaded not guilty.

The case, which centers on Trump's alleged role in payments to porn star Stormy Daniels, marked the first time in American history that a former president has faced criminal charges.

Manhattan District Attorney Alvin Bragg secured the indictment through a grand jury that began in late January hearing from witnesses involved in the payment and its aftermath.

The charges of falsifying business records in the first

degree are Class E felonies, the lowest level, and carry a maximum sentence of four years in jail, though first-time offenders usually receive much lighter punishment. A judge set a trial date of March 25, 2024.

New York state civil lawsuit alleging false valuation of real-estate assets

New York Attorney General Letitia James filed a lawsuit in September against Trump, three of his adult children and his company, alleging they engaged in a decadelong scheme to falsely value their assets and generated \$250 million in ill-gotten gains. The lawsuit alleges that Trump's financial

statements, which were provided to insurers and lenders, included false and misleading valuations, allowing him to reap favorable terms and other benefits.

James is asking the court for remedies that would effectively cripple the Trumps' ability to do business in New York. Trump has denied wrongdoing and said the lawsuit by James, a Democrat, is politically motivated. A trial is set for October.

Georgia investigation into alleged election meddling

Fulton County District Attorney Fani Willis has been investigating efforts by Trump and his allies to overturn

Georgia's 2020 presidential election and has said she is nearing charging decisions.

Willis, a Democrat in Atlanta, initially launched the probe on the basis of a recorded Jan. 2, 2021, phone call in which then-President Trump urged Republican Brad Raffensperger, the state's top elections official, to find enough votes to overturn the election. Trump denies wrongdoing and has said the call was "perfect."

Trump has petitioned the Georgia Supreme Court to shut down the criminal investigation, saying his rights were violated by Willis and the judge who oversaw the process.

Civil suits related to Jan. 6, 2021, attack on the Capitol

Several Democratic lawmakers and Capitol Police officers are seeking to hold Trump accountable for the violence of Jan. 6, 2021, in a series of civil lawsuits.

A federal judge in Washington rejected Trump's immunity claims and allowed the lawsuits to proceed last year, prompting the former president to challenge the ruling to the U.S. Court of Appeals for the D.C. Circuit. A three-judge panel heard arguments in December over whether Trump bears responsibility for the mental and physical harm caused by the assault on the Capitol.

As Ex-President Leads GOP Rivals, His Legal Bills Drain 2024 Accounts

By Jack Gillum and Alex Leary

Donald Trump's legal troubles haven't hurt him in the polls. But they are taking a significant bite from his campaign bank account.

The former president increasingly is crowding out rivals, with recent polling showing more than half of likely Republican presidential voters picking him for the nomination.

At the same time, his courtroom difficulties are draining the coffers fueling his candidacy, raising concerns among allies as he was indicted a third time Tuesday.

New data made public Monday showed that Trump's main political-action committee—which has funded many of his legal expenses and that of allies snared in various investigations—is running dry. Save America PAC had less than \$4 million in the bank as of June 30, compared with more than

\$100 million a year before.

Nearly 90% of Save America's everyday expenses this year, or more than \$20 million, accounted for legal-related costs, a Wall Street Journal analysis of Federal Election Commission data shows. Some close to Trump's campaign say there is a sense of worry about the drain.

If that trend continues, Trump might have to dip into his own pockets or pull from other funds to pay his attorneys. He also could step up appeals to his supporters.

Trump isn't broke, however. His official campaign reported more than \$22 million in the bank at the end of June, buoyed by more than \$4 million in individual contributions. A super PAC

backing his candidacy, called Make America Great Again, still has nearly \$31 million to spend.

His chief Republican rival, Florida Gov. Ron DeSantis, has a solid war chest but has slipped in the polls. A super PAC supporting DeSantis reported \$97 million cash on hand, driven by a relatively small amount of wealthy donors. Data show more than a third of contributions to the DeSantis super PAC were at least \$100,000; the highest was \$20 million.

Trump, already facing criminal charges from the Manhattan district attorney, was indicted a third time Tuesday over his attempts to undo the 2020 election results.

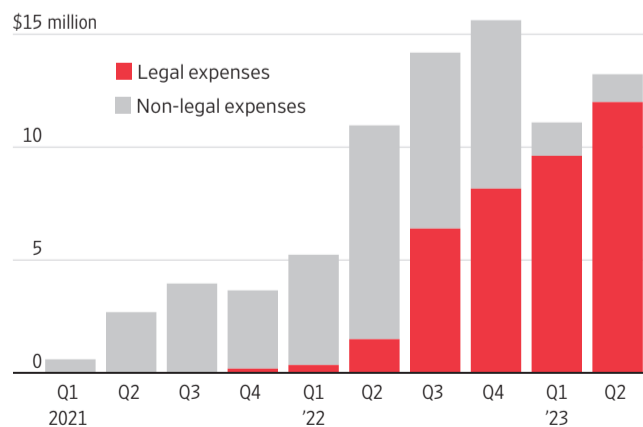
A similar investigation in Georgia is expected to soon result in charges.

In some ways, Trump and his campaign feel especially strong at the moment. About 54% of likely Republican voters say they would pick Trump, compared with 17% who would choose DeSantis, according to a recent New York Times/Siena College poll. None of Trump's most die-hard supporters thought he committed serious federal crimes, according to the poll. The former president has portrayed himself as a victim of politically motivated attacks, claims that have resonated with his supporters, who have continued to send him money. Rivals such as DeSantis are caught in an awkward spot of trying to take advantage of Trump's problems while echoing his condemnations of the justice system.

Trump spokesman Steven Cheung has said the extraordinary legal bills paid by

Donald Trump's 'Save America' group has spent more on legal expenses.

Quarterly expenses



Note: Non-legal expenses exclude refunds and transfers to political committees. Source: Federal Election Commission

Trump's PAC are necessary to protect the former president's employees from what Cheung called "financial ruin," saying that "the weaponized Department of Justice has continued to go after innocent Americans because they worked for President Trump."

Critics have said using those funds for legal expenses is illegal. Saurav Ghosh, director of federal campaign-finance reform at the nonpartisan Campaign Legal Center, assailed

the practice as a "slush fund," and called it "a clear abuse of his donors, and further illustrates the extent to which he is willing to bend or break campaign finance laws to advance his personal interests."

Trump is establishing a new legal fund to offset expenses for staffers and associates called the Patriot Legal Defense Fund, according to a person familiar with the matter. —Anthony DeBarros contributed to this article.



## WORLD NEWS

# Drone Attacks on Russia Are Intensifying

An airport in Moscow was closed and naval vessels in the Black Sea were targeted

By BOJAN PANCEVSKI

Ukrainian drones struck Moscow for a second time this week and forced the closure of a key airport, while unmanned boats attacked Russian merchant ships as well as naval vessels in the Black Sea, Russian authorities said Tuesday.

Vnukovo, one of Moscow's four main airports, was closed. A skyscraper that hosts private and government offices also was attacked, said Moscow's mayoral office.

Russia's Defense Ministry said unmanned Ukrainian naval drones were destroyed while trying to sink Russian civilian transport ships en route to the Bosphorus in the southwestern Black Sea, as well as Russian warships patrolling waters off the coast of Crimea. It wasn't possible to independently confirm the Defense Ministry's statement, which has issued inaccurate claims in the past.

Ukraine and Russia have traded accusations that their merchant ships have been used to smuggle weapons as the Black Sea takes on a grow-



A building in Moscow was damaged Tuesday in a second drone attack in the city this week.

ing significance in the war.

The Ukrainian government hasn't directly commented on the claims. Following the earlier drone attack on Sunday that targeted the same Moscow high-rise, Ukraine's President Volodymyr Zelensky said the war was returning to Russia, a process he deemed "inevitable, natural and absolutely fair."

The unmanned aerial vehicles reached the Moskva-City business district despite stringent aerial defenses and anti-

drone measures that were put in place in 2022. These defenses were fortified after the Kremlin, the official seat of President Vladimir Putin, was targeted on May 3.

Two drones were destroyed and one crashed inside Moscow after being targeted by electronic jamming equipment, Russia's Ministry of Defense said Tuesday. No one was hurt in the attack, it said.

After Moscow's Mayor Sergei Sobyenin posted the news of the attack on his profile on

the Russian social network Vkontakte, dozens of users purporting to be Moscow residents—whose identities couldn't immediately be established independently—expressed their anxieties about the increasingly frequent drone assaults.

"People are asleep without knowing what is happening over their heads," said Anna Venyaminova, who complained that it was impossible to access the bomb shelter or the basement in her building.

Many users on the site complained that there weren't any sirens warning of attacks and there wasn't any guidance on what to do in the event of one.

The Kremlin sought to play down Tuesday's attack, with presidential spokesman Dmitry Peskov telling reporters that the threat of drone strikes on sites in Moscow obviously exists. "Measures are being taken," he said, directing requests for further comments to Russia's Defense Ministry.

The drones are most likely being launched by an intelligence network operating within Russia, said Leonid Slutsky, the chairman of the international committee of Russia's parliament, the State Duma.

"It is time to cover the decision-making centers with a flurry of fire in order to burn out the Nazi infection forever," Slutsky said on the Telegram social network.

He called for immediate retributions in Ukraine, which is frequently labeled as a Nazi state in Russia, a throwback to Moscow's conflict with Nazi Germany in World War II.

A separate attack by Ukrainian forces on Tuesday hit residential buildings and infrastructure in Russia's Bryansk district near the border with Ukraine, said the local governor, Alexander Bogomaz.

The drone attacks on Mos-

cow, which is located less than 300 miles from the Ukrainian border, have been gradually intensifying in recent months. Experts say Ukraine is trying to increase the psychological pressure on Moscow by bringing the war home to Russians, who largely have been supportive of the invasion.

"This is a Ukrainian approach that we've seen before: delivering a message to the Russians that war is near, in the hope that it will have a demoralizing effect and cause domestic troubles for Putin with more people questioning the war," said Alexander Gabuev, director of the Carnegie Russia Eurasia Center in Berlin.

"The ability to strike deep inside enemy lines is remarkable," he said. "However, so far we don't see any domestic political reaction in Russia that would favor Ukrainian aims, since the Russian society is repressed and atomized."

Russia continued its missile onslaught across Ukraine on Tuesday, with rockets hitting a dormitory in the eastern city of Kharkiv on the night between Monday and Tuesday, according to local authorities.

On Monday, a Russian missile killed six people, including a girl aged 10, and injured dozens in the central city of Kryvyi Rih, Zelensky's birthplace.

# In Ukraine, Amputations Evoke Scale of World War I

By BOJAN PANCEVSKI

In February, Ruslana Danilkina, a 19-year-old Ukrainian soldier, came under fire near the front line around Zaporizhzhia in southeastern Ukraine. Shrapnel tore her left leg off above the knee. She clutched her severed thigh bone and watched medics place her severed leg into the vehicle that took her to a hospital.

"I was holding the bone in my hands...there and then I realized that this was the end, that my life would never be the same again," Danilkina said.

Danilkina is one of between 20,000 and 50,000 Ukrainians who have lost one or more limbs since the start of the war, according to previously undisclosed estimates by prosthetics firms, doctors and charities. The actual figure could be higher because it takes time to register patients after they undergo the procedure. Some are only amputated weeks or months after being wounded. And with Kyiv's counteroffensive under way, the war may be entering a more brutal phase.

By comparison, some 67,000 Germans and 41,000 Britons had amputations during World War I, when the procedure often was the only one available to prevent death. Fewer than 2,000 U.S. veterans of the Afghanistan and Iraq invasions got amputations.

Ukraine's government didn't respond to a request for comment about the figures. Kyiv has kept precise casualty statistics secret so as not to demoralize the population. But even as a rough estimate, the number casts light on the staggering human cost of Russia's 17-month onslaught—a cost that will linger for decades as a generation of invalids returns to civilian life.

## Firm helps amputees

Germany's Ottobock, the world's largest prosthetics manufacturer, which is working with Kyiv to help amputees, estimates the number of amputees at about 50,000 based on data from the government and medical partners.

At the lower end, the Houp Foundation, a Kyiv-based charity, puts the number of serious injuries caused by the war at 200,000. About 10% of serious injuries typically require amputations, according to the foundation.

Such numbers reflect how Russia wages the war, with heavy use of mines and artillery, missile and drone attacks targeting soldiers and civilians alike.

"My grandfather founded our company in 1919 to help...German soldiers returning from World War I



Ruslana Danilkina is one of between 20,000 and 50,000 Ukrainians who have lost one or more limbs since Russia invaded Ukraine in 2022. Below, Ukrainian soldier Denys Kryvenko, who lost both legs and an arm, is seen with a medic after surgery.

wounded by artillery fire, who lost their arms, legs or eyesight—this is exactly what we see in Ukraine," said Hans Georg Näder, Ottobock's chairman.

Danilkina had five operations before receiving an artificial leg from Ottobock with the help of Superhumans, a charitable foundation based in the Ukrainian western city of Lviv. She has since turned 20 and has been documenting her recovery on social media under the nickname Unbreakable Rusya.

On Monday, she received a more sophisticated leg called Genium X3 developed by Ottobock with the U.S. military that allows users to easily climb stairs or even walk backward.

Denys Kryvenko, a 24-year-old former steelworker from Kropyvnytskyi in central Ukraine, was drafted last year and lost both legs and his left arm in the grinding battle for the eastern Ukrainian city of Bakhmut in January.

Before the injury he was 6 feet 1 inch tall but now stands at 5 feet 6 inches on his artificial legs.

Both Kryvenko and Danilkina now work with Superhumans to help other amputees. Their social-network activism and media appearances have turned them into symbols of Ukrainian suffering and resilience.

Making enough artificial limbs, some of which cost more than 50,000 euros, about \$55,000, isn't the main challenge: The bigger bottleneck is expert staff to care for amputees, each of whom needs a tailor-made prosthetic, Näder said.

Kyiv pays up to €20,000 for each military amputee, but ci-



vilians often struggle to afford treatment.

Ottobock grants a discount for Ukrainians, and provides free training for doctors and technicians there. Still, many patients must rely on charities to obtain prostheses.

## Over a year wait list

Before the February 2022 Russian invasion, Ukraine had several thousand amputations annually, but its healthcare system is now overwhelmed, according to Ukrainian doctors and specialist clinics, with many patients waiting more than a year for a new limb.

Doctors in Lviv alone performed more than 53,000 sur-

geries in the past year, said Oleksandr Kobzarev, an executive with Unbroken, a network of medical rehabilitation centers.

Superhumans chief executive Olga Rudneva says her foundation only has the capacity to admit some 50 amputees each month. She estimates the number of amputees at least 20,000 since last year.

Patients should get new limbs at the latest 90 days after amputation to avoid atrophy and other problems, Rudneva said, but many have waited for more than a year.

Young children among the amputees are particularly difficult to care for, she said, because they must change sev-

eral prostheses by the time they become adults.

Oleksandra Paskal, 7, lost her leg in a Russian missile attack near Odesa in May 2022. Her mother Maria, who partially lost her hearing in the explosion, says her daughter is woken at night by phantom pain in the lost limb—a frequent neurological condition in amputees.

Dr. Jennifer Ernst, head of the Innovative Amputation Medicine department at the Hannover University Hospital in Germany, specializes in bionic surgery involving connecting nerves to prosthetic limbs. She recently operated on a soldier who lost both legs in an attack that killed his entire unit.

Like many Ukrainian patients evacuated abroad after serious trauma, the soldier had an antibiotic-resistant bacterial infection, forcing Ernst to remove significant pieces of leg tissue.

## 'I don't regret it'

Despite successes—one patient's arm was saved by a 3D-printed bone implant—she says most have to be amputated because of advanced infections.

Last year, her clinic admitted a 16-year-old boy who lost an arm when a Russian missile hit a Kyiv metro station. The child killed his younger sister but left their mother only slightly injured.

Out of 100 soldiers hospitalized within about 3 miles of the front line, 36% suffered very severe injuries, while between 5% and 10% of all deployed troops were killed, according to Ukrainian military estimates shared with a group

of U.S. military surgeons. In comparison, only 1.3% to 2% of U.S. troops deployed in recent conflicts died in action.

Western military surgeons haven't seen such injuries on this scale since World War II, said Dr. Aaron Epstein, head of the Global Surgical and Medical Support Group of former military surgeons who train Ukrainian military medics.

While artillery and missiles were the main causes of amputation early in the conflict, some of the worst casualties now come from mines laid along the 600-mile front line.

Between 40 and 80 patients report to hospitals in the city of Zaporizhzhia with traumas each day, including amputees coming from the front line some 25 miles away, said Dr. Kostyantyn Mylytsya, medical director of the private KSM Clinic.

Mylytsya focused on cosmetic surgery before the war. Now his clinic treats and rehabilitates amputees. Such centers, he says, are needed "in every town across Ukraine; they must be as common as dentists."

A former British paratrooper serving in Ukraine's armed forces lost his foot in a mine explosion in June. He had been wounded in April 2022, a month after volunteering to fight, when a Russian cruise missile hit his unit's headquarters. He spent five months in Ukrainian and British hospitals but returned to the southern front as soon as he could.

In June, his unit launched a nightly raid on Russian forces but suffered devastating losses. His team spent the night cowering in the basement of an abandoned school before attacking again.

They drove past destroyed Western Leopard tanks, Humvees and Bradley infantry fighting vehicles. The severed limbs of their comrades lay scattered on the ground.

The soldiers used broken sticks to tap their way forward to detect hidden mines. As he was setting up a machine gun near an abandoned Russian trench, the 28-year-old stepped on an antipersonnel mine.

"I screamed and fell in the direction of travel, and I was lucky not to hit another mine," he said.

He was evacuated to a field hospital where doctors saved his leg but cut off most of his left foot.

He said many in his unit were hospitalized after the raid. Most of the soldiers who accompanied them died.

Now, waiting for treatment in the U.S., he said he intends to return to his regiment—even if only as an instructor.

"This war is horrendous and now I, too, am crippled...But I don't regret it," he said.

FROM TOP: VLADA AND KONSTANTYN LIBEROV/LIBROCS; DENYS KRYVENKO



# WORLD NEWS

## In-Demand Nurses Are Poached

Continued from Page One including the U.K. for overseas workers.

The battle is part of a global resurgence in migration that is reshaping the world economy this year. As borders have reopened since the worst of the pandemic, countries have been welcoming foreign workers in selected industries to address labor shortfalls, helping push migration to record levels.

Douglas Chikobvu, a nurse at Gweru Provincial Hospital in Zimbabwe, said he has watched about a dozen nurses from his surgical ward move to take jobs abroad in recent years.

Chikobvu, who is secretary-general of the Zimbabwe Professional Nurses Union, said that in some hospitals one nurse sometimes ends up looking after 25 or 30 patients during a shift, instead of a more reasonable level of 10.

Zimbabwe's vice president, Constantino Chiwenga, in April threatened that his country would pass a new law that would criminalize the active recruitment of Zimbabwe's healthcare workers.

Data released by the U.K. government this year showed that the U.K. alone issued 17,421 health- and care-worker visas to Zimbabwe nationals in the 12 months to March 31—almost six times as many as in the previous 12 months.

Speaking at an event on human trafficking in April, Chiwenga referred to the recruitment of developing-world medical staff as a "crime against humanity."

"If people die in hospitals because there are no nurses and doctors—and somebody who has been so irresponsible for not training their own nationals, but wanting poor countries to train for them—it's a crime that must be taken seriously," he said.

The World Health Organization in March this year published a list of 55 countries—37 of them in Africa—with the most pressing health-workforce challenges. These countries on average have just 15 health workers per 10,000 people, compared with 148 per 10,000 in high-income countries.

The WHO has asked its members not to actively recruit doctors and nurses from these 55 nations without first sealing bilateral agreements to support the countries where they are recruiting. Such support could include financing the training of new



Dr. Hardeep Kang, a sexual-health physician, at her new job in Cairns, Australia.

staff or plans for health workers to return to their country of origin after a number of years.

For wealthier countries, luring medical staff from abroad is attractive because it can take years to train nurses and doctors. Between 2020 and 2021, the U.S. lost more than 100,000 nurses, the largest decline on record, a study in the journal Health Affairs showed.

Since the height of the pandemic, hospitals have struggled to rebuild normal staffing levels and morale. Improved salaries and working conditions have since drawn some workers back, but shortages remain.

In Australia, the number of advertised vacancies for health professionals more than doubled from early 2020 to August 2022 and remained close to that historic peak nine months later, according to the most recent data from the Australian Bureau of Statistics. The country granted 4,950 visas to healthcare workers over the nine months through March 2023, according to data from the Australian Department of Home Affairs. That number is up 48% from a year earlier—yet the country is still facing nursing shortages, officials say.

Ramsay Health Care, which owns more than 500 hospitals and clinics in Australia and 10 other countries, recently said a lack of skilled workers continues to limit its ability to treat patients. It is looking overseas for staff, it said.

Dr. Hardeep Kang, a sexual-health physician, was working in northern Britain when she was approached by a recruitment agency to see whether she would be interested in a move to Australia. She now works in Cairns, a city in

northern Australia, after migrating in November. Kang said she now earns about \$56,000 more a year than in the U.K., in part because of a supplement offered by the state government to sweeten roles outside major cities.

Rebekah Daly, a radiologist who moved to Australia in January from Ireland, said that almost a quarter of her co-workers back home had quit to travel or work overseas now that Covid-related travel restrictions had been lifted.

The U.K. has introduced a new visa for healthcare workers with less onerous provisions than those for other skilled workers. It issued 101,570 visas to health and care workers in the 12 months ended March 31, nearly three times as many as during the previous year, with most recruits coming from India, Nigeria and Zimbabwe, according to government data.

After the publication of the WHO list, the U.K. government said health and social care organizations wouldn't actively recruit from nations flagged by the agency, but there is nothing that stops health workers from these countries from applying for open posts.

Ireland last year relaxed employment restrictions for non-European doctors already in the country as part of an effort to keep them. More than 70 countries have introduced laws in recent years to make it easier to hire health workers from abroad, according to the WHO. Other rich countries like Germany have made the recruitment of healthcare workers part of high-level trips to countries such as Ghana, Brazil and Albania.

In the U.S., recruiting nurses from abroad effectively stopped because the type of green card that healthcare institutions use to hire nurses became so oversubscribed that the State Department stopped processing applications. Visa-screening requests from overseas healthcare workers rose more than 40% in each of the past two fiscal years, which run through September.

The backlog means it could be up to four years before nurses recruited this summer could start work in the U.S., putting the nation's staffing firms and healthcare employers at a global disadvantage,

## Hospitals have struggled to rebuild normal staffing levels and morale.

said Justin Leibowitz, recruitment director for New York-based Adex Medical Staffing. Adex invests money up front to help international nurses meet requirements to work in the U.S., which the company doesn't recoup until nurses start work. The delays require the company to wait longer before a return on investment, he said. International nurses may also rethink their options.

Some developing countries are pushing back by making it more difficult for health workers to emigrate. The Philippines imposed a temporary ban on more leaving during the pandemic. It continues to cap the number who can work overseas.

Zimbabwe's Health Service Commission says it needs 81,517 healthcare workers to meet population needs, but as of last September it had only 74,298.

Chikobvu, the nurse in Zimbabwe, said he and his colleagues share ads for jobs in countries such as the U.S. and the U.K. in dedicated WhatsApp groups. He is currently applying for nursing jobs in the U.S. He said his monthly income of about \$425 isn't enough to pay for his family's food and healthcare and cover school fees for his four children.

—Melanie Evans contributed to this article.

## Europe Begins Niger Evacuations As Tensions Grow

European governments began evacuating their citizens from Niger on Tuesday after last week's coup in the West African country triggered a tense standoff between Moscow's allies in the region and states that have worked more closely with the U.S. and other Western powers.

By Noemie Bisserbe, Benoit Faucon and Gabriele Steinhilber

The evacuations—led by France, Niger's former colonial power—show that European governments expect their citizens to be at higher risk in the country, which has been central to U.S. efforts to combat Islamist militants in the Sahel, the semiarid strip south of the Sahara.

Western officials worry that the military junta that detained Niger's elected president, Mohamed Bazoum, last week could develop closer ties with Russia, especially if France and the U.S. cut military aid to the junta. On Sunday, thousands of pro-coup protesters threw stones at the French Embassy in the capital, Niamey.

"Given the situation in Niamey, the violence that took place against our embassy the day before yesterday and the closure of airspace, which leaves our compatriots without the possibility of leaving the country by their own means, France is preparing the evacuation of its nationals and European nationals wishing to leave the country," the French foreign ministry said on Tuesday.

Italy's foreign minister, Antonio Tajani, said that his government would dispatch a flight to Niamey to help Italian nationals leave the country.

John Kirby, a spokesman for the White House National

Security Council, said there were currently no plans to evacuate U.S. citizens from Niger. "We're watching this literally by the hour and if we have to make adjustments, we will make adjustments, we're just not there at this time," Kirby said.

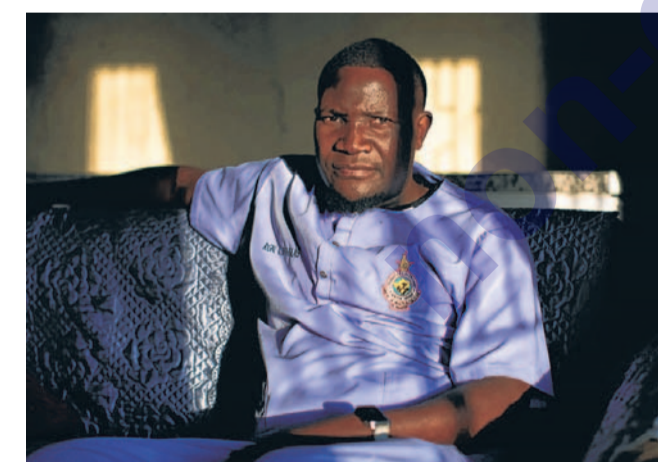
The U.S. government has spent around \$500 million arming Niger's military in recent years and has some 1,100 troops and drones stationed in the country.

The coup, led by Niger's powerful presidential guard, has revealed deep divisions among its West African neighbors, several of which have also seen their elected governments ousted by militaries in recent weeks.

Leaders from the Economic Community of West African States threw their weight behind Bazoum. The group imposed tough financial and trade sanctions on Niger and said that if the junta failed to reinstate Bazoum by the end of the week, they would consider a military intervention.

French Foreign Minister Catherine Colonna on Monday denied claims by the Nigerien junta that Paris would participate in a military intervention. "France's only priority is the safety of its nationals," she said. Colonna blamed the junta and Russia for the attack on the French Embassy. "What we saw [on Sunday] was an organized, non-spontaneous, violent, extremely dangerous protest, with Molotov cocktails, Russian flags, anti-French slogans copied and pasted from what we can see elsewhere," she said. "So all the usual ingredients of destabilization in the Russian-African style."

French foreign ministry officials said they were in contact with the U.S. about the possible evacuation of American citizens.



Douglas Chikobvu says nurses have left Zimbabwe for overseas.

—Melanie Evans contributed to this article.

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WORLD NEWS

# China Replaces Top Missile Commander

By ALASTAIR GALE AND CHUN HAN WONG

China ousted the commander of its missile force, a move that analysts said was intended to ensure loyalty to leader Xi Jinping in the arm of the military that controls nuclear-tipped missiles pointed at the U.S., and would play a pivotal role in any attempt to seize Taiwan through force.

The removal of Li Yuchao, a veteran of the People's Liberation Army Rocket Force, marked an abrupt end to an unusually short stint in a key military post, and comes days after China replaced its foreign minister in another decision shrouded in mystery.

Li, who was appointed commander in January 2022, hadn't been seen in public for months. His ouster was confirmed at a ceremony a day before China celebrated the 96th anniversary of the founding of the PLA on Tuesday.

In a Tuesday commentary marking the anniversary, the official PLA Daily newspaper urged all military personnel to uphold Xi's status as the "core" of the Communist Party leadership, and to persist with efforts to enforce discipline and fight corruption within the armed forces.

At the Monday ceremony, Xi officially promoted the PLA Rocket Force's new commander, Wang Houbin, and its new political commissar, Xu Xisheng, to the rank of general, and presented them with their new rank insignia, according to the government-run Xinhua News Agency. The appointments of Wang and Xu, who have naval and air force backgrounds respectively, departed from a longstanding practice of placing China's

strategic-missile force under the command of officers with experience in this service.

Taylor Fravel, a professor at the Massachusetts Institute of Technology who has written extensively about China's military, said the decision to appoint officials from outside the Rocket Force suggests that the problems that were identified with Li were severe, and reflects the importance of the force as it undergoes a significant expansion amid deteriorating ties with the U.S.

Under China's Soviet-style political control over the military, the PLA maintains a dual leadership system whereby military units are headed by two officers typically of equal grade: A commanding officer with formal authority over combat decisions; and a political commissar who enforces party directives.

## His exit comes days after Beijing abruptly removed the foreign minister.

Xinhua's report didn't mention the previous commander, Li, or the former political commissar, who held the role since July 2020. China's Defense Ministry didn't respond to queries about Li's replacement.

Li's exit comes days after China abruptly removed its foreign minister, Qin Gang, just months after he took the job—another change that Beijing made without explanation.

Coming so soon after Qin's removal, "the purge of former Rocket Force Commander General Li Yuchao...marks one of China's most profound leadership shake-ups in years," said Craig Singleton, a senior fellow at the Foundation for Defense of Democracies, a conservative-leaning Washington-based think tank.

Singleton said the recent brief armed uprising in Russia likely served as a reminder of the need to keep the military on a tight leash.



Rain from remnants of Typhoon Doksuri immersed cars in a Beijing neighborhood. Below, rescue workers assist residents.

# Beijing Area Hit by Deadly Floods

By RACHEL LIANG AND DAN STRUMPF

At least 20 people died in Beijing and surrounding areas, and 19 others were missing after torrential rains from Typhoon Doksuri caused flooding for a fourth day, according to state media.

As of Tuesday, more than 50,000 local residents had been evacuated from their homes. The suburban districts of Mentougou and Fangshan on the western edge of Beijing were among the most severely affected, said the state-owned Beijing Daily, with some locations reporting power and communications outages.

By 6 a.m., the two districts got more than 16 inches of precipitation in the past four days, according to a local official from the flood control and drought-relief office. That is more than half of the level they would expect in an average year, and exceeds the level from the last major flood in the city in 2012, when 79 people died.

The city's Zhaitang reservoir near Mentougou discharged water for the first



time since its construction in 1998. One state-run newspaper showed photos of floodwaters inundating a luxury hotel lobby on the outskirts of Beijing.

After battering the Philippines and Taiwan, Doksuri made landfall in Fujian Province on Friday morning, before continuing to sweep north and dumping the heaviest rain in a decade on the capital. By Tuesday afternoon, the storm was moving northeast and was likely to weaken, according to Beijing radio.

China's coastal regions frequently are hit by tropical storms that develop in the Pacific Ocean, but the extent of the rainfall and flooding from Doksuri is unusual. In addition to surrounding Hebei Province—where nine people were reported dead and six missing—and the nearby port city of Tianjin, the storm led to heavy rains in Jilin, roughly 600 miles to the northeast, and the province of Guangdong, more than a thousand miles to the south, according to the Na-

tional Meteorological Center.

Meanwhile, a second typhoon was swirling off the coast of mainland China, according to the center. Khanun is expected to make landfall in the Zhejiang or Fujian areas in the next few days, threatening further floods, the center said, though the risk to Beijing is low.

Recently, heavy flooding in the southwestern megacity of Chongqing led to 15 deaths, causing widespread damage and forcing thousands to evacuate their homes, said China's official Xinhua News Agency.

The flooding in Chongqing followed a heat wave in China's north that saw temperatures soar to more than 100 degrees Fahrenheit. China's National Climate Center has said the country recorded the highest number of high-temperature days in the past six decades.

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photo by Roger Winsstead





WORLD NEWS

# Mongolia Seeks Closer Ties to U.S. With Visit

Country between China and Russia casts itself as Asian democratic outpost

By BRIAN SPEGELE

BEIJING—Sparsely populated and sandwiched between two authoritarian powers, Mongolia is positioning itself as a resource-rich, democratic partner for the U.S. in Asia amid growing competition between Washington and Beijing over the minerals needed to pursue cleaner energy.

That push will be at the heart of a visit by Mongolia's prime minister to Washington this week, as his country attempts to draw itself closer to the West in a bid to diversify its economy without angering its powerful neighbors Russia and China.

"The visit will be crucial in delivering a different understanding for the U.S. side about our democracy," Prime Minister Oyun-Erdene Luvsanamsrai said, speaking through an interpreter in an interview ahead of his visit.

During the visit that begins Wednesday, Oyun-Erdene is expected to meet with Vice President Kamala Harris and Secretary of State Antony Blinken. He is also slated to visit the National Aeronautics and Space Administration.

Mongolia's rich mineral reserves as well as its unique geographic positioning are winning it increasing attention on the global stage. The Washington visit is the latest of several high-profile engagements by Oyun-Erdene, who welcomed French President Emmanuel Macron to Mongo-

lia in May and sat down with Chinese leader Xi Jinping in Beijing in June.

Mongolia was long a Communist country closely tied to the Soviet Union. Since transforming into a democracy in 1990, it has kept close links to both Russia and China, and relies on them for imports of electricity, fuel and other goods.

Courting the U.S. at a time of heightened tensions between Beijing and Washington carries risks for Mongolia, as China has shown itself willing to punish its smaller, landlocked neighbor for perceived slights. After Mongolia in 2016 welcomed a visit by the Dalai Lama—the Tibetan spiritual leader whom China paints as a separatist—Beijing raised fees on Mongolian mining products and caused traffic to back up at an important border crossing.

The risk of shortages of minerals such as copper that are used in electric-vehicle batteries, as well as solar and wind energy systems, is helping draw the U.S. and Mongolia closer, with Washington increasingly concerned about China's domination of the raw materials used in clean energy production.

While Mongolia's government says it has tens of millions of metric tons of such minerals in reserve, issues including a lack of infrastructure and corruption have held back foreign investment. In June, the State Department signed an agreement with Mongolia's government to help the country's resource sector attract foreign capital.

The next step, Oyun-Erdene said, would be forming partnerships with more international companies to jointly ex-

plore more of the country's mineral resources. He acknowledged the country's current data might not be trusted by international companies.

"We would like to be more open and transparent to our investors, especially Western partners and including the United States," Oyun-Erdene said, adding that he also has been discussing potential investment in the country with SpaceX founder Elon Musk.

Mongolia approved the use of SpaceX's Starlink satellite-internet service in July. Oyun-Erdene said that he and Musk recently discussed establishing training centers in Mongolia because of what the prime minister said were physical similarities between its Gobi Desert and Mars.

SpaceX didn't respond to requests for comment.

Geopolitically, Mongolia is among the developing countries that are treading carefully between the U.S. and its allies on one side and China and Russia on the other, as the war in Ukraine grinds on. Ulaanbaatar, the capital of Mongolia, has abstained from votes at the United Nations that have condemned the invasion.

The prime minister in the interview called for a ceasefire and the start of negotiations as soon as possible, but said that Russian people shouldn't be blamed for the actions of their government.

"We're incredibly concerned about this tension because the challenges and consequences of this will be not just geopolitical but also economical," he said.

The prime minister's trip comes as Mongolia returns to economic health following a slowdown during Covid-19. The country's economic growth was just 1.6% in 2021.

—Austin Ramzy and Matthew Thomas contributed to this article.

**Mongolia has rich mineral reserves and unique positioning.**



Prisoners who have been granted pardons leave the Insein Prison in Yangon, Myanmar, Tuesday.

# Myanmar Ex-Leader's Jail Term Cut

By FELIZ SOLOMON

Myanmar's former civilian leader Aung San Suu Kyi, who was ousted from power in a military coup in 2021 and convicted in a series of cases brought against her by the junta, was pardoned for some of those offenses, reducing her decadeslong sentence by six years.

Suu Kyi, 78 years old, was detained in an early morning raid on Feb. 1, 2021, when the military overthrew her elected government and plunged the Southeast Asian nation into turmoil. She was subsequently convicted of 18 charges, including corruption and election fraud, and sentenced to a total of 33 years imprisonment.

In a statement disseminated on state-controlled media on Tuesday, the junta said Suu Kyi was granted a pardon for five of the offenses, including violating rules linked to the Covid-19 pandemic and illegally importing walkie-talkies. Junta spokesman Zaw Min Tun told reporters the pardon would cut Suu Kyi's sentence by six years. That would leave her to serve 27 years of incarceration, unless the junta makes further changes or decisions involving her.



Aung San Suu Kyi in 2020.

Suu Kyi and other officials including former President Win Myint, who was also granted a partial pardon Tuesday.

The military claimed the vote was marred by fraud, which election observers refuted.

Political analysts say the junta may be intending to appease foreign governments with Tuesday's partial pardons, offering a small gesture as a sign that they are open to change. Western governments, however, aren't likely to view the development as a real concession, the analysts said.

"I think we need to resist the temptation to read too much into it. If you look at all these charges, it seemed pretty clear that they were locking her up and throwing away the key," said David Mathieson, an independent analyst based in Thailand who is an expert on Myanmar. "Shaving off six years just reveals that these were political show trials to begin with and there is no rule of law."

The coup abruptly ended Myanmar's decadelong transition to democracy, returning the country to global pariah status and sending its economy into a tailspin as Western governments imposed sanctions and investors fled.

## WORLDWATCH



SEARCH FOR SURVIVORS: Rescue workers search the debris after a crane collapsed in Thane, India, on Tuesday, killing at least 16 construction workers.

### WEST BANK Gunman Wounds 6 In Israel Settlement

A Palestinian gunman opened fire in an Israeli settlement east of Jerusalem on Tuesday, wounding six people before being shot and killed, Israeli police said.

The shooting at a mall in the sprawling Jewish settlement of Maale Adumim, in the occupied West Bank, was the latest in the most violent stretch of the Israeli-Palestinian conflict in the territory in nearly two decades.

Later on Tuesday, Palestinian health officials said the Israeli military shot and killed a 15-year-old Palestinian who allegedly tried to stab soldiers in the southern West Bank, near the city of Hebron.

The Islamic militant groups Hamas and Palestinian Islamic Jihad praised the attack as "heroic" but stopped short of claiming responsibility.

Fighting between Israel and the Palestinians in the West Bank intensified early last year when Israel launched near-nightly raids into Palestinian areas in the West Bank in response to a spate of Palestinian attacks against Israelis.

—Associated Press

### HUNGARY U.S. Imposes New Travel Restrictions

The U.S. imposed new travel restrictions on citizens of Hungary over concerns that the identities of nearly one million foreigners granted Hungarian passports over nine years weren't sufficiently verified, according to the U.S. Embassy and a government official.

The restrictions apply to the U.S. Visa Waiver Program, which allows passport holders from 40 countries to enter the U.S. for business or tourism without a visa for up to 90 days.

The validity period of travel for Hungarian passport holders under the Electronic System for Travel Authorization was reduced from two years to one year, and each traveler will be limited to a single entry into the U.S. A senior U.S. government official said the change followed years of failed efforts by the U.S. to resolve the security concerns.

Hungary's government began offering a simplified naturalization procedure to those claiming Hungarian ancestry in 2011, even if they didn't live or intend to live in Hungary.

—Associated Press

### SWEDEN Security Raised as Qurans Are Burned

Sweden plans to step up border controls and identity checks at crossing points as its security situation deteriorates during a Quran burning crisis that has shaken the country as well as neighboring Denmark in recent weeks.

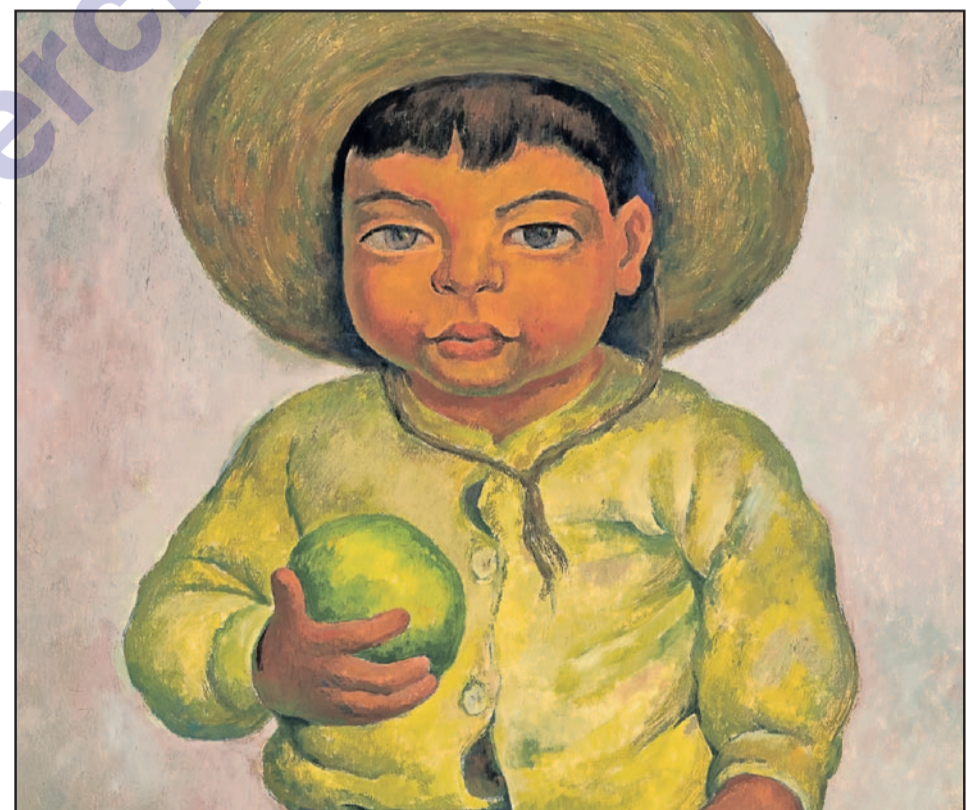
Swedish Prime Minister Ulf Kristersson said the measure were expected to be approved by his government on Thursday.

It is meant to prevent "people with very weak connections to Sweden" to come to the country "to commit crimes or to act in conflict with Swedish security interests," he said at a news conference in Stockholm on Tuesday.

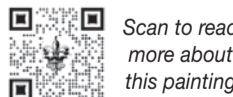
A string of public Quran desecrations in Sweden and Denmark conducted by anti-Islam activists has sparked angry demonstrations in Muslim countries.

Last week, Sweden's domestic security service warned that the security situation has worsened after the recent Quran burnings in the country and protests in the Muslim world, both of which hurt the Nordic nation's image.

—Associated Press



## ¡VIVA MÉXICO! DIEGO RIVERA



Scan to read more about this painting

Diego Rivera's original oil on panel *Niño Indígena con Pelota* was painted when he returned to Mexico City with Frida Kahlo following a sojourn in the United States. Rivera's work captures the artist's reverence for the vibrant culture of his home country. *Niño Indígena* was part of the distinguished collection of Dwight W. Morrow, the US Ambassador to Mexico. Painted compositions by Rivera in this scale are highly rare on the market. Signed and dated "Diego Rivera '35" (upper right). Canvas: 39<sup>3</sup>/<sub>8</sub>" h x 23<sup>5</sup>/<sub>8</sub>" w. Frame: 47<sup>3</sup>/<sub>8</sub>" h x 31<sup>1</sup>/<sub>2</sub>" w. #31-7200

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# FROM PAGE ONE

## Parents Analyze Camp Shots

*Continued from Page One*  
 gain independence at camp, but they can't help poring over photos to see if the kids are smiling, engaged in activities or circled by friends. Anything less—a child walking alone or caught in a neutral expression—triggers questions and deep analysis.

"It's an addiction," said Stacy Johnson, of Manalapan, N.J. Every morning, she scrolls through hundreds of photos looking for her 11-year-old daughter Liv, and her son Jace, 8. They go for seven weeks to Camp Chen-A-Wanda

in Pennsylvania's Pocono Mountains.

Johnson is more concerned about Jace, a first-time camper. In a video from a dance party at Camp Chen-A-Wanda, she saw he wasn't joining the fun. She guessed he was sad because parent-visiting day had ended only a few hours earlier.

Dayna Solomon, of Brooklyn, was disturbed by a photo of her 13-year-old son Jake, a camper at Susquehannock in Pennsylvania. The boy was shown walking under a bridge made by the outstretched arms of campers. She texted her husband, Seth.

"Hm. He doesn't look thrilled," she wrote.

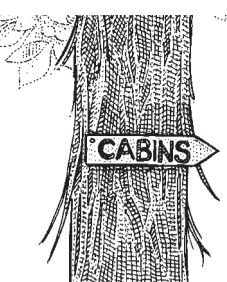
"You're nuts," her husband replied. "He looks focused."

Photo-copter parents hover a far distance from their own parents, who generally dropped them at summer

camp with the expectation of maybe a letter or two. Some camps now livestream sports tournaments and other special events on Instagram.

Heidi Green, a professional photographer in Manhattan who has two campers, created the Instagram account Spot My Kid, which has 1,177 followers. She described her audience as "crazy camp parents who stalk, overanalyze and treasure every single sighting. (No matter how ridiculous.)" Parents share photos marked with circles and arrows that flag their child in a crowd.

"We're so desperate for a sign of life that we hold on to any little sign we can find, whether it's the back of our



Looking for good signs

child's shoe, the top of their hat, their ear or them all the way in the back of a photo where we have to zoom in 100 times to see them," Green said.

Tracy Seiler's son Brody, 10, has been attending Camp Westmont in Pennsylvania since age 9, and he was joined this summer by his 7-year-old twin siblings Ryder and Emmy. As an experienced camp parent Seiler knew not to freak out when she saw a photo of Ryder standing alone at the camp carnival. A couple of summers ago, Seiler, of Marlboro, N.J., saw a similar photo of Brody and recalled obsessing that he had no friends.

"Those thoughts build anxiety, and they run away with

you," said Stacy Fleischman, director of business development at Camp Specialists, a service that matches children with camps. She fields calls from clients who sometimes panic about what they infer from photos of their children. "They can make a parent who isn't anxious become anxious."

Tyler Hill Camp in Wayne County, Pa., employs photographers and videographers to document the daily lives of campers. Every age group has its own Instagram account. One videographer posts on TikTok, a new feature this year. The camp's opening day got half a million views.

"We live in a different world. Kids coming to camp today are connected to their parents 24/7. All of a sudden that stops and they have an insatiable appetite for knowing what's going on," said Wendy Siegel, the camp's co-

owner and director with her husband, Andy. To keep pace with demand, the camp tries to capture at least two photos of each camper every day.

Six years ago, the clamor from parents about what they saw in camp photos prompted an email from Siegel that revealed some of the questions from moms and dads.

*My son isn't smiling. Please go back and take another of him smiling.*

*Can you please make sure she knows that the blue tank top with the stripes is to wear at night—not during the day?*

*Why is my son standing on the outskirts of the group? Do those boys not like him?*

Siegel and her staff now remind parents that if there is a serious concern they will be in touch. Otherwise, she said, she advises them to embrace the philosophy that no news is good news.

## Why U.S. Gun Laws Are in Chaos

*Continued from Page One*  
 The Bruen case launched the upheaval. In that decision, the Supreme Court said New York couldn't require concealed-carry applicants to prove a dire need for self-protection. The 6-3 opinion, written by Justice Clarence Thomas and endorsed by five fellow conservatives, said the restrictive licensing rules violated the Second Amendment right of ordinary, law-abiding citizens to carry handguns for self-defense.

The opinion rejected the practice of lower courts considering the public-safety intentions of gun laws being challenged. The courts often found that the government's goal of curbing gun crimes and mass shootings outweighed the liberty interests of gun owners.

That practice watered down gun rights, the opinion said. Instead, Thomas wrote, to pass constitutional muster, gun restrictions within the scope of the Second Amendment must be deeply rooted in historical precedent. Governments defending them bear the burden of showing that their laws are similar, or at least analogous, to firearm regulations widely enforced around the time of Second Amendment's ratification in 1791.

The decision, along with recent Supreme Court cases overturning abortion rights and protecting religious expression in the public sphere, reflects the conservative majority's emphasis on history and tradition as the arbiter of constitutional conflicts.

Judges often engage in historical inquiries to interpret constitutional text and figure out the scope of protected rights and governmental powers. But in Bruen, never before had the high court demanded such a rigid reliance on historical evidence to settle questions about a core constitutional right.

"What I don't think I've ever seen elsewhere is a demand by the court that every single difficult case be resolved by a historical record that contains so little information," said Nelson Lund, a George Mason University legal scholar who has written critically of the Bruen decision.

### Opposite readings

The Bruen decision was a sequel to the late Justice Antonin Scalia's 2008 opinion in District of Columbia v. Heller that first held that the Second Amendment protects an individual right to keep and bear arms for self-defense, not just the right of states to form militias. The 5-4 Heller decision was a defining moment for originalism, the judicial philosophy championed by Scalia that says judges should interpret constitutional provisions according to their meaning at the time they were adopted.

The Bruen decision extended Heller's understanding of the Second Amendment's text with the added constraint of the historical test.

Judges are at odds about how to use centuries-old weapons laws, many obscure, to evaluate modern-day restrictions and firearm offenses.

Some courts upholding the federal gun ban on pot users



New York state is enforcing gun restrictions in sensitive areas including schools, hospitals and Times Square, shown in September.

say the law is consistent with the tradition of keeping guns away from the mentally ill or unvirtuous citizens. Other courts declared the ban unconstitutional, citing a dearth of evidence that 18th- and 19th-century Americans who consumed intoxicating substances forfeited their gun rights.

### Abuse cases

A similar split has emerged over whether the government can disarm individuals subject to domestic-violence protection orders. A New Orleans-based federal appeals court said no, finding no parallel treatment of abusive spouses in early-American codes. Weeks later, a federal judge in California concluded the opposite, drawing on 19th-century statutes requiring individuals deemed a threat to public safety to post bonds before carrying weapons in public. The Supreme Court will take up the issue in its next term, which begins in October.

In 1791, when the Second Amendment was ratified along with the rest of the Bill of Rights, the nation was a preindustrial, largely agrarian society. Americans armed themselves with single-shot flintlocks whose cumbersome reloading and inaccuracy beyond a short range made them far less deadly than today's semiautomatic firearms.

Founding-era weapons laws, a complete list of which is still being assembled by academic researchers, were concerned with gunpowder storage, preventing accidents and keeping guns away from slaves, Native Americans and British loyalists.

Thomas's opinion in the Bruen decision also suggested that laws in existence around 1868—when the 14th Amendment was ratified to protect federal rights from infringement by state governments—could serve as a historical baseline.

"This Court is not a trained historian," U.S. District Judge Carlton Reeves of Mississippi wrote in an order last fall. "We are not experts in what white, wealthy, and male property owners thought about firearms regulation in 1791. Yet we are now expected to play historian in the name of constitutional adjudication." He floated the idea of appointing a historian as a consulting expert to assist him.

The Bruen case has placed a wide range of federal and state gun regulations in jeopardy. In the past year, judges have ruled against bans on

AR-15 assault rifles, laws restricting adults under 21 from purchasing or carrying handguns in public and other gun-control measures found to be lacking in historical tradition.

Courts have also slashed away at the federal Gun Control Act, originated in 1968, the once-presumed-untouchable law that makes it illegal for certain classes of people to possess firearms, including domestic abusers, drug users and those under felony indictment.

U.S. District Judge Robert L. Miller last fall dismissed charges against a man who attempted to buy a gun from an Indiana pawnshop while under indictment. Though the government had been restricting firearm use by people under indictment since as far back as 1938, the judge said, that didn't prove a historical tradition under Bruen.

In the decision's concluding paragraphs, Miller said he earnestly hoped that he had misunderstood the Supreme Court's new command. "If not, most of the body of law Congress has developed to protect both public safety and the right to bear arms might well be unconstitutional," he wrote.

### Historian witnesses

The case has given firearms historians new roles as key witnesses. California and other pro-gun-control states have assembled a roster of gun historians—compensating some at a rate of \$500 an hour—to scavenge databases and newspaper archives for historic gun laws and render their opinion on them.

Days after the Bruen decision, political scientist Robert Spitzer got an email from the California attorney general's office looking for help in defending the state's 10-round limit on magazine capacity

and restrictions on AR-15s. The professor, a retired academic who authored several books about American gun policy and the history of gun regulations, would be retained by more than 10 other states in the months that followed.

"It's been nearly a full-time occupation for me," Spitzer said. He has dug deep into archaic restrictions on Bowie knives—the folklore-famed combat knife wielded by street brawlers and duelers—and spring guns—tripwire-rigged



Justice Clarence Thomas

booby traps also known as trap guns that were once deployed against rabbit thieves and trespassers.

Courts have looked at those old laws as possible analogues to AR-15 crackdowns. California argues laws on spring guns are "particularly analogous" to its AR-15 ban in their goal of protecting the public from "unnecessary gunshot injuries."

Gun-rights groups have recruited their own historians. They include Ashley Hlebinsky, a founder of University of Wyoming law school's new center for gun research and a former curator of one of the largest firearms museums in the country. The groups have also turned to Clayton Cramer, an adjunct community college instructor in Idaho known for exposing errors in another

scholar's work on American gun culture and colonial-era gun ownership.

The dueling teams of historians have clashed in court papers, accusing each other of mischaracterizing past arms regulations. Spitzer and Cramer leveled accusations of shoddy scholarship at each other in a lawsuit challenging Chicago suburb Highland Park's ban on assault weapons.

In federal court rulings from Delaware, Washington state and Illinois that refused to block assault-weapon bans, judges said the crackdown on semiautomatic rifles resembled 19th-century restrictions on the carrying of Bowie knives.

"The 'craze' for these knives led to their widespread use in fights, duels, and other criminal activities," wrote U.S. District Judge Richard Andrews of Delaware in March. "As violent crime increased during the early nineteenth century, states responded with anti-knife legislation."

In late April, however, a different federal judge in Illinois, U.S. District Judge Stephen McGlynn of East St. Louis, Ill., ruled against the state's assault-weapons ban, rejecting the comparison to old Bowie laws. The analogy failed, he said, because the Bowie statutes didn't criminalize possession of the weapon—unlike Illinois's law—but mostly restricted the carrying of concealed knives in public places.

Illinois, the judge said, enacted the law months after a gunman shot up an Independence Day parade in Highland Park. "Can the senseless crimes of a relative few be so despicable to justify the infringement of the constitutional rights of law-abiding individuals in hopes that such crimes will then abate or, at least, not be as horrific?" wrote Judge McGlynn. "Likely

no," he answered. A federal appeals court in Chicago is now reviewing the state law.

### Gun rights of felons

A federal appeals court in Philadelphia recently reviewed a federal law disarming people convicted of felonies and serious misdemeanors. It upheld the gun rights of a Pennsylvania man forbidden from arming himself because he once committed food-stamp fraud decades ago. In doing so, the court rejected analogies to early-American state laws confiscating firearms from Blacks, Native Americans, Catholics, Quakers and British loyalists.

Judge Reeves of Mississippi upheld in June the gun rights of a man convicted of aggravated assault and manslaughter, saying he was following the high court's reasoning in Bruen. But a federal appeals court based in St. Louis affirmed the indictment of a convicted drug dealer for illegal gun possession. The court noted that in the late 1700s nonviolent crimes such as horse theft or forgery were capital offenses—and in such a punishment one loses the right to bear arms.

The Biden administration hopes the case the Supreme Court will hear in the coming term will result in gun prohibitions being retained on individuals subject to domestic-violence protective orders.

A February appeals court ruling threw out the conviction of an Arlington, Texas, man for possessing firearms while under a domestic-violence restraining order after applying the guidance of the Bruen case. In its decision, the New Orleans-based Fifth U.S. Circuit Court of Appeals said the domestic-abuse gun law lacked historical support.

The court said the man, who also faces charges on multiple shootings, was "hardly a model citizen" but said he was still "part of the political community entitled to the Second Amendment's guarantees."

U.S. Solicitor General Elizabeth Prelogar in the government's high-court appeal said the Fifth Circuit "missed the forest for the trees" and "overlooked the strong historical evidence supporting the general principle that the government may disarm dangerous individuals."

Most of the litigation challenging criminal gun laws is spearheaded by public defenders, not gun-rights groups, on behalf of indigent defendants.

Within 48 hours after the Bruen decision, Lex Coleman, a federal public defender in West Virginia, was on the phone with clients, including Randy Price, an Ohio man caught possessing a pistol with an obliterated serial number in violation of federal law.

Coleman told Price they needed to file motions contesting the constitutionality of the charges against him. "The world has changed, and we need to go for this and see what happens," he said he told Price.

He got the indictment on that charge overturned after prosecutors struggled to identify a historical statute similar to the prohibition on unmarked guns. "We're being forced under this decision to look back in time...quite frankly I find it really hard," prosecutor Negar Kordestani told the judge.

In dismissing the gun charge, the judge found it "undisputed that serial numbers were not required, or even in common use, in 1791."



Semiautomatic rifles on display at the National Rifle Association meeting in Houston in 2022.



# PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Wednesday, August 2, 2023 | A11



**BONDS**  
ELIZABETH  
BERNSTEIN

## Add 'Great Sex' to List Of Vacation Priorities

For many couples, getting away can go a long way toward spicing up intimacy, but stresses at home and on holiday threaten to kill the mood

**M**att Hughes wanted everything to be perfect to celebrate his 10th wedding anniversary. He took his wife to an oceanfront suite at a luxury resort and had flowers, chocolate and Champagne delivered. That night, the couple went to dinner at a French restaurant.

When they returned to their room, Hughes dimmed the lights, leaned in for a kiss—and heard a great, big woof.

Several dogs started barking in the next room. The couple tried to carry on, but the pooches proved too distracting. The front desk wasn't much help; the room's human occupants were nowhere to be found.

After several hours, Hughes, 53 years old, a technology executive from San Clemente, Calif., drove to a pharmacy and bought earplugs. "It was really frustrating," he said.

What is it they say about best-laid plans? (Pun intended.) Vacation sex can be an excellent way for us to reconnect with our partner—and create memories we can draw on in the future.

We're already focused on pleasure and adventure. The novelty of a new place can be arousing. Without the distraction of our daily responsibilities, we *should* have

more time to make it happen.

Sadly, reality often intervenes. Noisy hotels, sunburn, hangovers and the boss who just won't let go can put a damper on things. These days, there's a more overarching problem, too: Many of us live in such a state of chronic stress that our nervous systems are stuck on high alert. Even when we get away from our day-to-day worries, we're irritable, exhausted, unable to relax.

That's not sexy!

In reporting this column, I heard from readers about their vacation-sex challenges.

"My husband and I are laughing at your email. We are currently on vacation with 6 kids," one woman responded.

"We stopped to have sex on a mossy patch while on a motorcycle trip, but the bugs, rocks and general outdoor reality really killed the mood," another said.

"I got food poisoning," said a

man, who explained that his ex-girlfriend didn't fully grasp how sick he was. "This might have been taken personally, which might have led to our end."

Research on sexual fantasies demonstrates our desire for a romantic interlude. Ninety percent of people have fantasized about sex in a hotel; 85% about sex in nature; 83% about sex on the beach or another exotic location; and 53% about sex on an airplane, said Justin Lehmiller, a social psychologist and research fellow at Indiana University's Kinsey Institute, who conducted the studies.

Anticipation is a big part of the fun. It also can be part of the problem. We often imagine that a future event will be much better (or worse) than it turns out to be. Researchers call this affective forecasting. When it comes to vacation sex, high hopes can create

pressure, which can kill the mood.

"If you feel you have to do something, then immediately you want it less," said Amanda Luter-man, a psychotherapist in Montreal who specializes in sexual relationships.

If sex doesn't happen, it can feel not just disappointing but also hurtful. One partner might feel rejected or taken for granted. Both might feel like failures who have squandered a wonderful opportunity—and spent a lot of money doing it.

Hughes and his wife, married 22 years, have had vacation-romance mishaps other than barking dogs. On a Caribbean trip years ago, their kids came down with hand, foot and mouth disease on the one night they had a babysitter. Last year in Italy, their daughter got Covid-19 and the family quarantined. In Puerto Vallarta in July, they planned an evening alone in their room but couldn't relax knowing that the kids—now teenagers—were at the hotel's pool bar likely having their first drinks. (Mexico's legal drinking age is 18.)

**Anticipation is a big part of the fun. It also can be part of the problem.**

Hughes says he sometimes doubts himself when intimacy doesn't pan out on a trip. "I wonder, 'Are you really that into me?'" he said.

So he's developed vacation strategies to keep the fire going. He tries to stay flexible and keep the mood relaxing. He indulges his kids. ("Happy kids, happy mom.") He also looks for fun activities he and his wife can do that are outside their comfort zone. In Mexico, the couple went disco dancing.

"I think the best way to focus on sex is not to," Hughes said. "When people feel at ease and relaxed, the thing that you want to happen comes naturally."

How can you make sure satisfying vacation sex actually happens? It may take some planning. Here's some advice.

### Schedule regular vacations.

Put them on your calendar. This will give you more opportunities for a vacation-sex reset, as well as something to anticipate.

### Talk about expectations.

Start with the vacation itself: What activities do you want to do, how much time together do you need, should there be limitations on work and screens? "This will help reduce opportunities for resentment," said Marissa Nelson, a sex therapist in Washington, D.C.

Then talk about intimacy, including what makes you feel closer to your partner and any new activities you might like to try. Discuss what to do if things don't go as planned. Public Service Announcement: Try another time.

### Don't overplan.

If you've got every hour mapped out, you'll wear yourself out. You also won't have time to be spontaneous. Spontaneity is sexy, Lehmiller said.

### Don't hustle up until the last moment.

Pack early. Finish up work and errands with time to spare. "You dramatically increase your chances of a satisfying sexual and emotional connection by priming your nervous system before your departure," said Julia DiGangi, a neuropsychologist in Chicago.

### Be adventurous.

Start outside of bed. Go somewhere new, or try an activity or food you haven't tried before. New experiences activate our brain's reward system, flooding it with neurochemicals related to pleasure and bonding—the same circuits triggered when we first fall in love.

Shake it up in the bedroom, too. (Even a new time of day counts.) "Vacations are about exploration," Nelson said.

### Staycations count.

Sneak away close to home sometime. Even one night is enough to reset, if you get in a vacation mode of mind, Lehmiller said.

Think of it as a "laycation." Mike Dowd, an architect in Portland, Ore., told me. "It's a vacation where you stay home and hope to have sex," he said.

## U.S.-Made Granddad Sneakers Hit Stride



**ON TREND**  
BY JACOB  
GALLAGHER

**P**aul Ben Chemhoun, the founder of Brut, a Paris vintage store so dedicated to selling musty old American clothes it might as well be in Kansas, first came across some sneakers from San Antonio Shoemakers a few years ago.

The shoes captivated him. They looked nice, but it was their provenance that really got his gears churning. The sneakers were, shockingly, made in America. "I was quite amazed by this," said Ben Chemhoun, who thought that only New Balance still made sneakers in America.

Enticed by cheaper labor, most American-based sneaker juggernauts shipped their production overseas years ago. In the footwear world, an American company that actually produces its shoes in America is as rare as a three-headed dog: Today there is a dwindling group of shoe companies still able to print "Made in the U.S.A." on their tags, of which Boston-based New Balance is by far the largest.

Like its regional neighbor the Alamo, San Antonio Shoemakers is an American relic. For nearly half a century, it has produced sneakers, loafers and dressy boots.

But SAS is no marquee name like New Balance. Even among Nike-nerd

sneaker collectors, it doesn't ring many bells. That's because SAS has largely catered to the retirement-home set. Its traditional audience is more "This Old House" than TikTok.

That is starting to shift. Last year, Ye, the rapper formerly known as Kanye West, posted a photo of SAS's logo to Instagram, fueling speculation that the disparate entities might work together. (They didn't.) More recently, SAS has basked in a curious moment of, dare-say, coolness, thanks to the dad, or some would say granddad, sneaker trend. On Instagram, you can spot people many decades away from attaining AARP membership wearing the label's squishy shoes with pleated pants and bomber jackets.

Ryan Chang, 35, a writing professor in Los Angeles, has been a fan of SAS for years. He was drawn to the sneakers in large part because they were so clearly not aimed directly at his sub-50 demo. "Those shoes weren't algorithmically delivered to me," said Chang.

He likes how well his Journey Mesh sneakers have stood up over the years—and how easy they are on his feet. "They're not necessarily designed for style first," he said. "They focus really on foot health." His well-under-the-hill friends have even become SAS converts, not so much for the look, but for the orthopedic advantage. They're buying them, Chang said, "mostly because their feet have really started to hurt."

The wide-set look of the shoes



Orthopedic sneakers manufactured by San Antonio Shoemakers have found an unexpected audience among young people and in Europe.

has its fans as well. "I have quite a strong interest in grandpa style," Ben Chemhoun said. In June, his shop released a collaborative version of the Journey Mesh sneaker.

The \$245 doughy trainers look like something a sweatpantsed retiree would wear for a walk around the cul-de-sac. As Ben Chemhoun tells it, they're just the thing for his 20-something shoppers to wear around the third arrondissement. Online, the mesh-heavy shoes are sold out in many sizes.

Ben Chemhoun said it took him many months to hear back from SAS about working together.

"We are not a fashion house in

any form or fashion," said Nancy Richardson, SAS's CEO. Uniquely for shoe brands, "We really focus on 35 and above," she said.

When she joined the company in 2012, SAS was releasing as little as one new style every five years. "It was almost as if the company had hit pause," she said.

Under her stewardship, the brand has sprung to life, introducing around four to five new styles each year. Today, the "new arrivals" tab on the brand's website reveals \$329 dress chukka boots, \$225 lace-up sole and \$249 mesh sneakers that look not unlike a pair of Salomon's hiking shoes. Each shoe takes somewhere

between 65 and 80 steps to complete. Everything is done in house.

On its website, the company's target audience remains clear. Product descriptions mention the word comfort right at the top, and indicate that a given style is Medicare approved. For foot-pained shoppers, SAS offers shoes in a range of different widths. Hardly things a Gen Z shopper would fret over.

SAS operates three factories in South Texas and is still owned by the family of Terry Armstrong, the Maine-born entrepreneur who started the company in 1976 with his friend Lew Hayden. "They felt very strongly about keeping jobs in America," Richardson said of the founders.

While investing in American manufacturing is something clothing industry honchos and politicians rally around, Richardson said that in her experience, it isn't something that actually sways consumers to spend.

The elevated expense of manufacturing in America also means SAS's sneakers sell at a much higher price point than, say, Nike's \$110 Air Force 1s, or Reebok's \$90 Club C designs, and shoppers occasionally bristle.

Curiously, the shoppers that do see American manufacturing as a big plus are often overseas, which is SAS's fastest-growing market.

"I'm a huge fan of Made in U.S.A.," said Mario Romano, a 50-something Italian actor and enthusiast of vintage clothing who previously wore New Balances but now savors SAS shoes. "These are the sneakers that I would ideally like to wear, along with old American Levi's 501, for the rest of my life."



PERSONAL JOURNAL.

By Allison Pohle

# Are TSA Wait Times Longer?

New airport scanners help relieve some screening headaches, but security lines still crawl

New scanners at airport security are better at detecting explosives and potential threats, plus they let you keep your laptop in your carry-on bag. Passengers say the new machines are also making for longer waits.

The Transportation Security Administration says its computed tomography, or CT, scanners will make airport security both stronger and faster, and holds that overall waits at its checkpoints aren't longer with the new machines. Now in 228 U.S. airports, the machines create 3-D images of a bag's contents while subjecting fewer travelers to extra bag searches. They take some getting used to as passengers are learning to put all their items in wide, flat bins rather than plopping their bags directly on a conveyor belt.

In rare cases, waits at CT scanners have made passengers miss their flights, and frequent fliers say they are arriving at the airport earlier than usual to avoid mishaps.

The combination of a busy summer season and new equipment is the latest challenge for U.S. airports, where record numbers of travelers are passing through security checkpoints. TSA officials now recommend travelers get to the airport two to three hours before flights.

TSA is installing the new scanners as soon as they are ready, rather than waiting for a slower season, says the agency's head, David Pekoske. Intelligence officials told TSA the technology, which is already used for checked luggage, is needed as quickly as possible for carry-on bags, too, he said. "There are fewer parts of the year where airports aren't really busy," he says.

TSA has nearly 750 CT machines scanning carry-ons, with 180 installed this year. Less than half of the country's airport checkpoint lanes have the scanners, as part of a \$341 million upgrade thus far. The goal is for all passengers to keep laptops and some liquids inside their bags, the agency says.

The CT scanner creates a 3-D image of a bag when it enters the machine. Agents can rotate images for more-thorough screening without having to open the bag or call a passenger aside. While the image generation and analysis can take longer than with the old X-ray machines, TSA officials say the new tech isn't changing overall wait times.

"TSA is under a tremendous learning curve as they get used to this new technology," says Jeffrey Price, an aviation-security professor at the Metropolitan State University of Denver. Agents now receive more information from the scans, which means they're relearning how to analyze images, he said.

## Learning curve

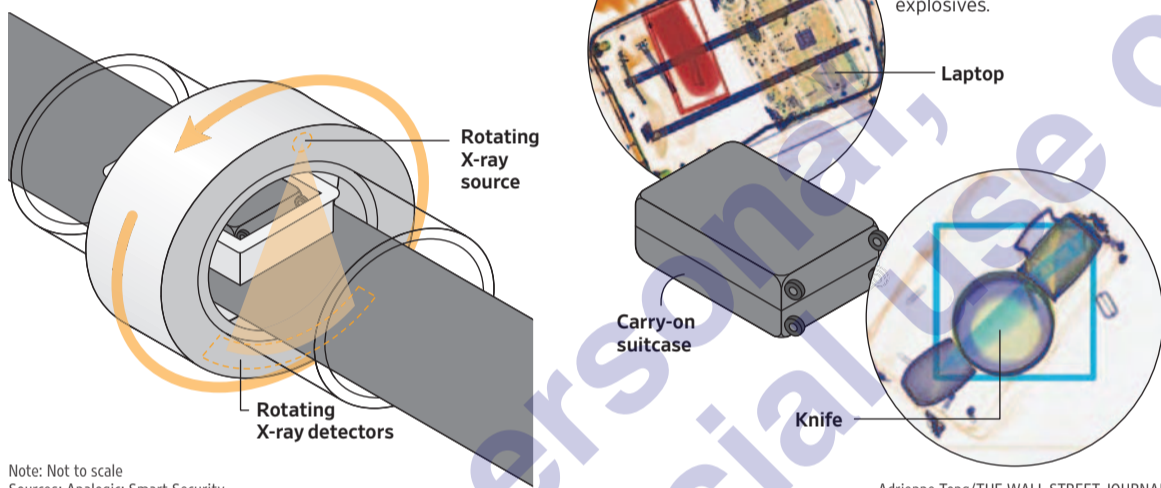
Passengers have a learning curve, too. If shoes, hats and other loose items aren't placed securely in bins, they can fall out and get stuck in the machines, several TSA agents said.

The TSA monitors wait times at its checkpoints and has standards for what it considers acceptable—30 minutes or less for standard screening lanes, 10 minutes for PreCheck. Current waits fall



New airport scanners allow travelers to keep large electronics and certain liquids in their bags.

A bin holding carry-on bags and loose items, such as hats and shoes, with loose items on the bottom, enters the machine. It then stops in the tunnel so that the imaging components can get a full scan of the contents.



Note: Not to scale Sources: Analogic; Smart Security

Adrienne Tong/THE WALL STREET JOURNAL

within those limits, TSA says. (Pekoske says he is notified when PreCheck waits exceed 15 minutes.)

Frequent traveler Matt Kantz, from Muncie, Ind., says he is building in extra time for airport security, leaving 30 minutes earlier than usual. The 50-year-old sales director regularly flies out of Indianapolis, where he says waits in the TSA PreCheck lane are longer since the CT machines were installed this year. He says it took more than 20 minutes to get through the PreCheck lane once in April and once in May.

The first time, he says, he nearly missed his flight. "It's a stark difference between what it is and what it was," he says.

TSA says wait times were longer than normal this spring as ma-

chines were being installed, but says its data don't match Kantz's account. The agency also noted the Indianapolis airport has seen record travel volumes.

## Tech upgrades

One brand of the scanner, the Analogic, can switch offline when certain items pass through, requiring a system reboot and leading to downtimes, multiple TSA agents said. The agents asked not to be named to discuss details of their roles.

Analogic executives referred all comments to the TSA.

This summer, officials at Texas' Lubbock Preston Smith International Airport warned travelers that the new CT scanners slowed wait times and caused some people to miss their flights.

At first, the machines went offline several times a week, says Chuck Farina, the airport's deputy director of operations and safety. That happens less often now, he says, but even a few minutes of downtime to reset the machine can slow passengers during peak times.

Pekoske says the TSA has better-trained security officers to reset the machines. The agency is also updating the scanners' software.

## The airport experience

Airport directors say wait times will improve as passengers and agents adjust, and note that not having to repack bags after security is a plus.

"The scanning process is longer, but you're not doing your re-

▲ Passengers are learning how to navigate the new CT scanners that the TSA is rolling out.

combobulating after the checkpoint," says Lew Bleiweis, president and chief executive of the Asheville Regional Airport Authority in North Carolina.

In Atlanta, wait times are shorter with the CT system, TSA officials say. Secondary bag screens are also more targeted because agents no longer need to root around in bags.

Wait times at Syracuse Hancock International Airport have improved since the CT machines were introduced, Jason Terrieri, executive director of the Syracuse Regional Airport Authority, says. In some cases, passengers move from the TSA PreCheck lane into the standard screening lane because the wait is shorter, he said.

## Improvements ahead

Passengers say they feel longer waiting times most acutely as they await bags at the end of the screening lane. But they aren't counting how much time they used to spend repacking those bags, Pekoske says.

"When I'm doing something, I think time goes by a little quicker," he says. "When I'm just waiting for something to come out of a tunnel, for example, in an X-ray, that time seems longer to me."

The TSA says things will get even faster in the future. Right now, agents sit next to the machines and monitor every bag. The agency is testing a remote screening option that sends images from a number of lanes to a stand-alone room for review to boost efficiency.

# Splitting Heirlooms Without the Drama

By Ashlea Ebeling

Divvying up stuff among heirs can turn into a battle, but it doesn't have to.

There are many ways to go wrong: writing vaguely worded wills, putting sticky notes on items around the house as bequests and counting on heirs to work it out. Missteps can cost an estate thousands of dollars, and disputes over heirlooms can grow ugly, dragging out the estate process and leading to lingering resentments, estate administrators say.

Helping to clear out a high-rise apartment, David Kantrowitz, an appraiser and art dealer in Boston, found a diamond wedding ring and band in a hazardous-waste bag in the back of a closet. The apartment owner's heirs were thrilled but couldn't agree over who should get the find. The lawyer handling the estate drew a name from a hat to pick the winner.

"Many attorneys gloss over personal property," said Jennifer Galvagna, head of trusts, estates and tax at Bank of America Private Bank. Baby boomers handling their parents' estates and assessing what they have amassed are having more conversations around inheritance and heirlooms, she said.

There are better—and often more creative—ways to plan and divide that can avoid family squabbles over cars, jewelry, furniture and household items.

## Designate a representative

The person you choose to handle your estate typically distributes the personal property, so pick carefully and specify how much power they have.

"Are they going to hear everybody out and help the family move on?" said Kristin Shirahama, an estate lawyer with Bowditch & Dewey in Framingham, Mass.

Jason Sloman from Williams-ville, Ill., has been working on settling his dad's estate for almost two years. His father, a large-machinery mechanic, had more than a dozen vehicles, a homemade water-well drill rig, two semitrailers of car parts and guns dating to the Civil War. The elder Sloman listed 19 heirs in a trust he drew shortly before his death in 2021. "He said, 'I know you can handle everyone I want to help and the stress of dealing with people who aren't going to be happy,'" Sloman said.

## Spell out bequests

If you want a particular item to go to a certain someone, make it clear



in your will or trust, Galvagna said. Describe the item in detail and name who should get it. Just putting a sticky note on something—or telling a family member it is theirs after you are gone—doesn't make it legally binding.

Sloman's dad left his Buick Roadmaster with a Corvette engine to a friend who could use that engine for her hot-rod car. Another friend inherited his Ford work truck. His guns went to his son.

For the most part, Sloman's father told him to liquidate everything, put the money in the trust and distribute it to heirs as cash.

"He knew what was precious to him might not mean anything to other people," Sloman said.

## Give a distribution method

Paul Lyon's parents left it to him and his sister to distribute everything in their estate among their

children after the parents' death in 2020. The five siblings met at their parents' townhome in Minnesota to sort through the belongings and choose things wanted.

For items that more than one sibling liked, the kids pulled out a deck of cards and played high card wins. "I lost at every card draw," Lyon said, noting he lost out on a TV, a set of dishes and a drill press.

Spelling out the distribution method in the will or trust can help prevent conflicts. Rolling dice works, too. Or drawing straws. When labeling items to distribute among heirs, keep in mind that sticky notes fall off. Color-coded stickers work better.

## Get creative

In one estate, two sisters wanted the same ring that wasn't left to anyone specifically, Galvagna said. An estate-settlement officer at the

bank got a duplicate ring made, mixed it up with the original and gave one to each daughter.

In another estate, three children fought over a cookbook with handwritten notes by family members, she said. The personal representative had them draw straws. The child with the large straw got the original cookbook. The other children got photocopies.

## Write a property memo

In most states, you can draft a personal-property memo listing what you want to give and to whom. If the memo is incorporated in a will or trust, it is legally binding. If not, the personal representative can take your wishes into consideration. Sign and date it.

## Get heirlooms appraised

Families who get appraisals can use that information to decide how to divide up items equitably, what to sell and what to donate. If the heirs don't want stuff left to them, they can donate it and use the appraisal to substantiate a tax deduction for the donation, Galvagna said. Appraisals are also needed for estate-tax and capital-gains tax purposes.

Kantrowitz has had lots of "Antiques Roadshow"-type moments spotting overlooked valuable items and selling them for heirs at auction: a \$15,000 gold cuff bracelet that a son almost threw away, a \$20,000 pair of midcentury armchairs from a home office and a \$25,000 silver-plated box on a shelf.

PHOTO ILLUSTRATION BY ELENA SCOTT/THE WALL STREET JOURNAL; ISTOCK (2)

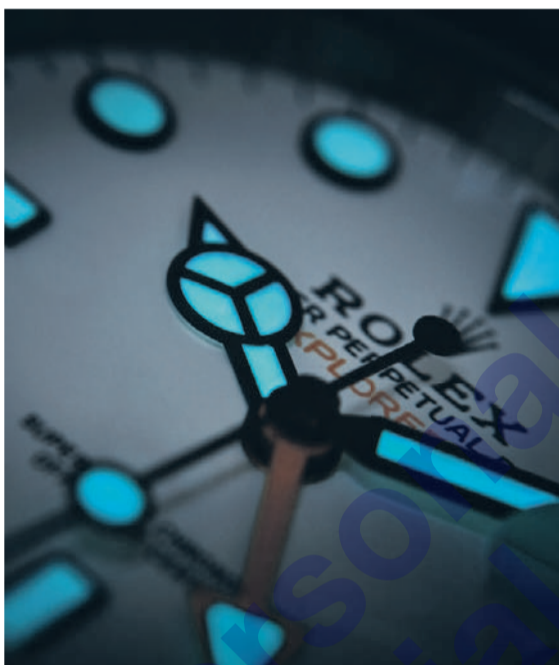




ALAIN HUBERT, 2007 POLAR EXPLORER AND MOUNTAINEER



HAROUN TAZIEFF, 1963 PIONEERING VOLCANOLOGIST



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# ARTS IN REVIEW

Viewer might want to refrain from dining before—or after, or certainly during—“Poisoned: The Dirty Truth About Your Food,” which doesn’t wallow in unsavory imagery as much as it provides a lot of information that is hard to digest. Especially if, like most humans, you want to eat. And you know in your heart a lot of this stuff already.

“America has the safest food supply in the world” is a refrain heard throughout the documentary, from politicians on both sides of the aisle, and it may be true: The system in other countries may be even worse than ours. But as the show recounts, various American food industries have been linked over the years to a series of panicky recalls and in some cases fatal illnesses: the infamous E. coli outbreak in 1992-93 Seattle, for instance, that killed four children and was traced back to Jack in the Box hamburgers. The reforms that followed have largely eradicated the perils of meat, if not everything else: The most dangerous things on your hamburger now, says food consultant Mansour Samadpour, are merely the lettuce, tomato and onion.

As we are reminded during “Poisoned,” which is based on the book by Jeff Benedict, there have been any number of salmonella-related crises in recent years involving baby spinach, peanut products, eggs and, naturally or not, chicken. No one in the business of cantaloupe, bean sprouts, romaine lettuce from Arizona or bagged produce in general is going to be happy with the film. And how does that wholesome-looking boneless breast get in that shiny plastic pouch at the supermarket? You don’t want to know. Still, when Perdue opens the doors of its pristine poultry plant in Hurlock, Md., what we see is cleanliness, maybe even godliness. (Such transparency does instill confidence.) And Bruce Stewart-Brown, a veterinarian and the company’s senior vice president of food safety, looks crestfallen when some salmonella is found in a testing sample taken by filmmaker Stephanie Soechtig. One wonders if the bacterium can ever be completely eradicated.

Bill Marler thinks it can, but he’s also a lawyer from Washington state who began advocating for food victims during the Jack in the Box incident. Mr. Marler is a central source in the movie and argues that the food industry could clean up its act if it had the will and fewer lobbyists. It’s clear that a self-regulating industry would be preferable: Tim York, CEO of California’s Leafy Greens Marketing Agreement—whose signatories include Dole, Fresh Express and Organicgirl!—has to concede that the group’s efforts have been far from 100% successful, but he reads as totally sincere in his mission.

The regulatory option hardly instills confidence. Ms. Soechtig gets two bureaucrats to agree to sit down for a penurious 30 minutes—Sandra Eskin, deputy under secretary for food safety in the Agriculture Department, and Frank Yiannas, who recently resigned as a deputy commissioner with the Food and Drug Adminis-



TELEVISION REVIEW | JOHN ANDERSON

## Farm to Table to Hospital

A documentary inspects the American food industry and the dangers of bacteria like E. coli



Images of agriculture and industry from Netflix’s ‘Poisoned: The Dirty Truth About Your Food,’ above and top; Mansour Samadpour, a food consultant who is interviewed in the film, left

tration. They explain their areas of authority and then explain how little authority they have. This may be a congressional problem, but both seem distinctly put upon to have to answer questions at all. Mindy Brashears, who held a similar position to Ms. Eskin in the Trump administration, is a pretty, smiling scientist who stops smiling so much when answering questions about who funded her research at Texas Tech.

For all the troubling appraisals, “Poisoned” is a thoroughly captivating program, one that does not

ignore personal responsibility in the arena of food prep but also provides news you can use: Does anyone who currently wields a frying pan not treat chicken like a “biohazard,” as someone puts it? Unlikely. But the pitfalls of cross-contamination aren’t always easy to avoid—“even for someone as careful as me,” says microbiologist Lance Price.

He lays out a very plausible scenario: You buy chicken; you bring it home and open it, putting the plastic wrapping in the garbage (using your foot) and the

chicken into hot oil. Then you go to the sink, turn on the faucet (which you’ve now contaminated), pump the soap dispenser (also now contaminated), wash your hands, turn off the faucet (thus recontaminating your hands) and throw the rest of the packaging away (using your hands). “Then I’m going to go make a salad.”

It would be blackly funny if the victims focused on by Ms. Soechtig weren’t so poignant and the possible casualties so expansive. (The CDC, we are told, says 48 million people in the U.S. are affected by

food-borne illnesses each year, though how that number is determined is not explained.) Full disclosure: I’ve had salmonella twice, probably from restaurant salads, and a beloved relative died in 2017 from a listeria infection. So I’m hardly a disinterested observer. But when it comes to food, who is?

**Poisoned: The Dirty Truth About Your Food**  
Wednesday, Netflix

Mr. Anderson is the Journal’s TV critic.



Nancy Gates and Randolph Scott in ‘Comanche Station’

FILM REVIEW

## Budd Boetticher Back in the Saddle

By DAVID MERMELSTEIN

When you set yourself down to pondering, you realize westerns once occupied a huge swath of cinematic territory. But much like the lost open spaces of the West itself, they have been crowded out. In fact, I can’t recall when I last saw one at a multiplex.

But not everyone has forgotten westerns. Take the folks at Criterion, who every now and again like to remind us about the merits of such pictures. Not just their place in film history, but also the way they make all kinds of viewers feel about how this country came to be what it is. Oh sure, there’s plenty in them to feel sheepish about nowadays. But there are also lots of appealing things,

about personal honor, for instance. And let’s not forget the suspense and tension and wondering how everything’s going to turn out. To say nothing of those gorgeous vistas that so often come with location shooting.

All that and more is packed into “The Ranown Westerns,” a collection just out from Criterion of five films made in the 1950s directed by Budd Boetticher and starring that lanky, laconic fixture of the Old West, Randolph Scott. The box is available only as a “combo edition,” with three Blu-rays and three 4K UHD discs, the latter requiring a 4K television and 4K disc player. But all the films, handsomely restored by Sony in 4K, are contained complete in each format, along with ample bonus content.

Not every film fan will know of

Budd Boetticher, but many consider him a near equal to John Ford and Howard Hawks when it comes to westerns. As for what “Ranown” means, that’s a conflation of Scott’s first name and the surname of Harry Joe Brown, who teamed with his old friend Scott to produce these movies, all made within a three-year period, and then arranged for them to be distributed by Columbia Pictures.

Several more things also unify the movies, all filmed in Lone Pine, Calif., making them a natural set. Each was shot in color (by Charles Lawton Jr., Burnett Guffey or Lucien Ballard), the last two in CinemaScope. And they all run less than 80 minutes, two closer to 70. But it’s the scripts—three by Burt Kennedy, two by Charles Lang—that give this quintet its particular pi-

quancy. For starters, the plots, three inspired by pre-existing material, are simple but not simplistic. And though Scott is always some kind of hero, a shadow darkens his characters—often a murdered or missing wife only obliquely invoked. Even more striking, his antagonists transcend stock black hats, claiming nuanced back stories and varied motives, with the dialogue between them and Scott often the film’s not-so-hidden heart.

That’s certainly the case in the first picture, “The Tall T” (1957), in which Scott gets embroiled in a hold-up-cum-kidnapping opposite a dowdy heiress (Maureen O’Sullivan). Some of the most poignant parts of the movie come when Scott is chatting uneasily with their captor, a sage Richard Boone, torn between his own aversion and a begrudging respect for Scott.

And in the set’s final offering, “Comanche Station” (1960), Scott, having rescued a woman (Nancy Gates) from Indian capture, must deal delicately with a trio of dangerous bounty hunters, led by a charismatic Claude Akins, who insist on joining him yet appear to care more about their reward than the woman Scott is trying to return.

“Buchanan Rides Alone” (1958), set in a border town controlled by a corrupt family, inverts many western conventions to great effect, with nearly all the American characters, save Scott (just passing through), pretty much irredeemable and the Mexicans wholly commendable, particularly the scrappy, high-

born vaquero, winningly played by Manuel Rojas, whose neck Scott is trying to save.

Equally unconventional is “Decision at Sundown” (1957), Boetticher’s least favorite of these films, in which a vengeful Scott is determined to murder a man on his wedding day, believing—wrongly, it turns out—that the would-be groom caused the death of Scott’s wife.

If there is a quintessential Ranown picture, it’s probably “Ride Lonesome” (1959), which initially appears to be a straightforward story of pursuit and capture, with Scott rounding up a likably cocky young outlaw (James Best). But matters quickly become complicated as supporting players (including James Coburn in his film debut) burgle Scott’s posse. An even greater upending comes with the film’s surprise conclusion, and its unforgettable final image.

Boetticher liked to say that stories have three parts—a beginning, middle and end—and he didn’t much care for a tale’s start or finish. He found what happens in between more interesting. That’s why in these films Scott appears almost from nowhere at the opening and departs just as ambiguously at the fadeout, more or less heading off into the sunset. But now, thanks to Sony and Criterion, the stable of Ranown talent that created these pictures rides again.

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

**A new set from Criterion features five of the director’s classic westerns.**



SPORTS

U.S. Stumbles Into Round of 16

The Americans are seeking to win a third straight Women's World Cup but face a difficult path

By Rachel Bachman

Auckland, New Zealand U.S. women's national team players long inspired fear in opponents merely by appearing in their red-and-white-striped federation crest, its four stars representing a record four World Cup titles.

Those days are gone. After a harrowing 0-0 draw with Portugal on Tuesday in their final Women's World Cup group stage here, the U.S. women were reduced to survivors.

The U.S. limped into the knockout round with a second-place group-stage finish that puts them on a much more difficult path toward their goal of an unprecedented third straight title.

Tuesday's match was inches away from an even more calamitous outcome. Late in the match, Portugal's Ana Capeta rocketed a shot that ricocheted off the right post. If the ball had gone in and sent the U.S. to defeat, it would have eliminated the Americans, ranked No. 1 in the world, before even reaching the knockout round of a tournament they were favored to win.

Their listless performance here so far continues a steady decline that began at the Tokyo Olympics two years ago and continued with a series of troubling performances in international play over the past year. The rest of the world has closed the gap on the U.S. and now is threatening to end its dynasty.

The U.S. suddenly faces an uphill climb to another title. In the Round of 16 on Sunday in Melbourne, it's likely to face Sweden, a team it has struggled against in recent years. If the U.S. survives that test, it would then possibly face Japan, perhaps the hottest team in this tournament.

Japan has now become an unlikely role model for the Americans. In 2011, it became the only team to win the World Cup after finishing second in its group. That year—the only other time the U.S. finished second in its group—the Americans reached the final before losing to Japan in a penalty shootout.



Alex Morgan, right, of the U.S. reacts after a missed shot at goal as Portugal's Diana Gomes, left, looks on.

The way the U.S. played Tuesday makes a return to the final this year seem like a far-off goal. As Portugal, ranked 21st in the world, controlled possession with precision passing, the U.S. played like 11 strangers.

"We missed some big chances," U.S. co-captain Alex Morgan said. "I did as well. We should have put some in the back of the net and we didn't. We own that. We're not happy with the performance that we put out there, but at the same time, we're moving on."

The U.S. left the group stage having scored just four goals across three games—on 58 shots. The U.S. beat Vietnam 3-0 and drew with the Netherlands 1-1.

As the U.S. played Portugal on Tuesday, the Netherlands powered past it in the Group E standings

with a 7-0 pounding of Vietnam.

Making the U.S. situation even more dire: It will face its knockout game without midfielder Rose Lavelle. She's provided a spark for the U.S. even as she gradually ramps up after a knee injury but against Portugal, she received her second yellow card of the tournament and must serve a one-game suspension as a result.

U.S. coach Vlatko Andonovski shook up the lineup for Tuesday's match, inserting Lavelle at midfield in place of Savannah DeMelo and putting Lynn Williams in place of Trinity Rodman on the right wing. The U.S.'s inability to convert its scoring chances, however, continued. Again the U.S. women outshot their opponent, 13-5—and this time, had nothing to show for it. The U.S. women struggled to

move the ball when they had it, and struggled to get it back when they lost it. Portugal was patient and on target with the ball, holding it 43% of the match to the U.S.'s 39%. Portugal forward Jessica Silva tormented the U.S. on the right side with deft ball handling and pinpoint passing.

"They wanted it bad. They had full belief," U.S. co-captain Lindsey Horan said. "And I think we need a little bit more belief when we're playing. We need to be more calm. We need to be more poised."

It was a physical game, with players challenging hard for the ball and being knocked to the pitch.

U.S. forward Sophia Smith also received a yellow card, for a high kick that struck a Portugal player, and was subbed out for Megan Rapinoe in the 61st minute.

Sweden can secure the top spot in its group with a win or draw with Argentina on Wednesday—and that is bad news for the U.S. Sweden handed the U.S. its worst-ever finish in any major tournament, knocking the Americans from the quarterfinals of the 2016 Rio Olympics by hunkering down in a defensive stance the U.S. couldn't penetrate.

At a group-stage game at the 2021 Tokyo Olympics, Sweden dominated the U.S., 3-0, en route to winning a silver medal, as the U.S. settled for bronze. In that game, Sweden's Stina Blackstenius scored twice, and she's back in this tournament, having scored in Sweden's 5-0 group stage romp over Italy.

The Swedes also have a dangerous weapon in Amanda Ilestedt, who's scored three times in two group-stage games despite playing center-back. That total is already halfway to Rapinoe's six goals scored across seven games to win the golden boot as the top scorer in the 2019 World Cup.

If the U.S. manages to beat Sweden, then it could then face a hot Japan squad in the quarterfinal. Japan, the 2011 champions, shut out its three group-stage opponents by a combined 11-0, including a 4-0 drubbing of Spain. The Japanese face an uneven Norway squad on Saturday in the Round of 16.

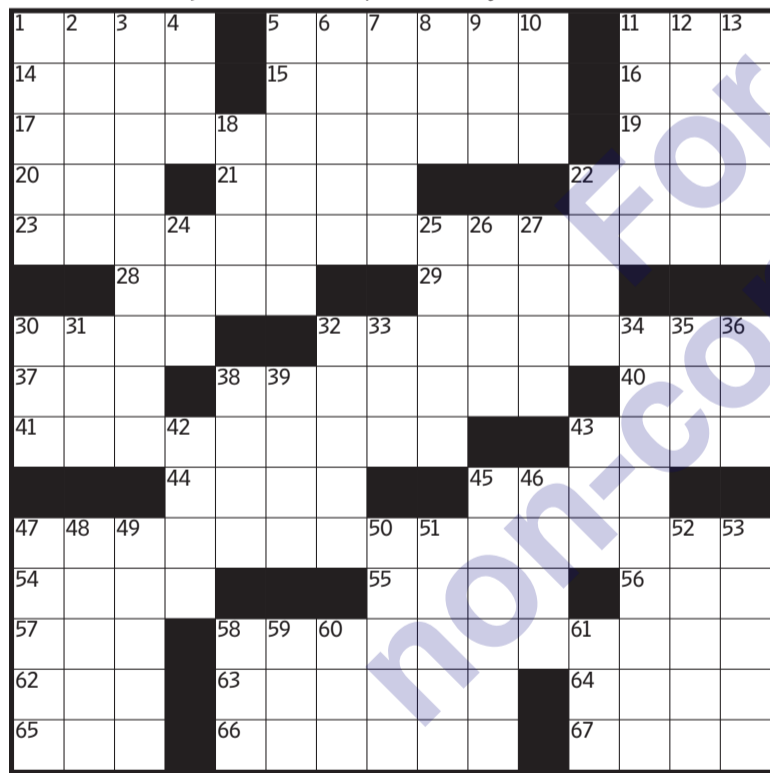
The lackluster showing so far will also raise questions about Andonovski, coaching in his first World Cup since taking over from Jill Ellis, who led the team to back-to-back titles. Andonovski assembled a 23-player team with 14 World Cup newcomers, then started a lineup in the opener that had never before played together.

"It's not good enough," Andonovski said of his team's performance on Tuesday, reciting the need to improve defensively, in the midfield and elsewhere. He insisted, however, that the U.S. has the pieces it needs to advance in this tournament.

"We have to stick to our principles. We have to stick to our game model and we have to stick to our philosophy," he said.

"We have executed our principles on both sides of the ball, offensively and defensively, against very good opponents with the group of players that we have here, and I have no doubt that we can execute it against good opponents going forward."

The WSJ Daily Crossword | Edited by Mike Shenk

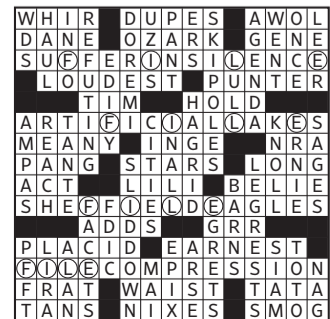


- 24 X, at times
25 Taj
26 Sacred image
27 Done for
30 Atlanta-based health org.
31 Holstein sound
32 Limerick folks
33 Mom-and-pop org.
34 Riches
35 Common attachment type
36 Touch lightly
38 Large Hadron Collider org.
39 Eager in the extreme
42 "Star Wars" general
43 ejemplo
45 Lover of 44-Across, in Greek mythology
46 Moonfish
47 "Awesome!"
48 Stage of development
49 Way to go
50 Falcon's perch
51 Three-time Masters champ Sam
52 Bother persistently
53 Activist Thunberg
58 Mud bath site
59 Campaign-backing grp.
60 See 6-Down
61 Serpent on a sarcophagus

LET'S MOTOR! | By Zachary David Levy

- Across
1 Many Christmas ornaments
5 Only jockey to win two Triple Crowns
11 Message from police HQ
14 Croft who raids tombs
15 Laughed with gusto
16 Pronoun option
17 What did the last gallon of gas say to the tailpipe?
19 Pursue persistently
20 By way of
21 Quadrilateral calculation
22 Little bit
23 What did the burned-out clutch say to the gearbox?
28 Root for the chef
29 In unison, in music
30 "Gimme a break!"
32 Find My, for one
37 Market indicator
38 NPR show from 1977 to 2021, and a description of this puzzle's theme
40 Org. that may say no to drugs
41 Marked by camaraderie
43 Sound of a malfunction
44 Lover of 45-Down, in Greek mythology
45 Betting bunch
47 What did the shot suspension say to the strut?
54 "Hold it right there!"
55 "A Day Without Rain" singer
56 Stud finder?
57 Contents of le Rhône
58 What did the flat tire say to the lug nut?
62 Superlative suffix
63 Outcast
64 Jazzy improvisation
65 Driving aid
66 Give in
67 Org. that opposes factory farming
Down
1 Martini garnish
2 Force to fit
3 Edible vessel for soup
4 Kenny G's instrument
5 Compound volcano of eastern Turkey
6 Where Joan of 60-Down was burned at the stake
7 Hacienda houses
8 Critic's focus
9 Food
10 Out of the ordinary
11 "Ditto," somewhat formally
12 Shot
13 Got going
18 Aesop's also-ran
22 "It all makes sense"

Previous Puzzle's Solution



Tiger Woods Joins PGA Tour Board Amid Player Unrest Over Saudi Deal

By Louise Radnofsky and Andrew Beaton

THE PGA TOUR has agreed to add golf legend Tiger Woods to its board of directors, in a direct response to pushback from players over how it handled the stunning deal with LIV Golf's Saudi backers.

In a letter last week to Tour players, commissioner Jay Monahan ceded to the players a say over a board seat vacated by former AT&T chairman Randall Stephenson, who recently stepped down citing Saudi Arabia's record on human rights. Golfers who stuck with the PGA Tour, many of whom turned away enormous sums of money offered to them by LIV, had been publicly miffed over the lack of transparency that led to the bitter rivals becoming partners.

The players' demand for that influential seat: appoint Tiger, and only Tiger.

In a response to Monahan, signed by 38 top players on the PGA Tour and dated Monday, they wrote that Monahan had to take various steps in order to regain the trust of the players following the agreement, which they learned about at around the same time as the general public.

Among them was appointing Woods, who the players said had volunteered to fill Stephenson's seat. That would seemingly deviate from Monahan's proposal to have two of the board's five independent directors and two of its five player directors form a search committee for the new board members and the board director.

"This is a critical point for the Tour, and the players will do their best to make certain that any changes that are made in Tour operations are in the best interest of all Tour stakeholders, including fans, sponsors and players," Woods said in a statement released by the Tour.

sided by the agreement to pool the Tour's commercial assets, along with Europe's DP World Tour, in a new for-profit entity in partnership with Saudi Arabia's Public Investment Fund and its golf business. Monahan's response sought to quell that dissent by promising the players more influence on the board and a role in negotiating a final deal with the Saudis.

By Tuesday, the Tour was ready to agree to Woods. In a joint announcement, the Tour and the players said that he

PGA Tour wins. Regarded as perhaps the greatest player ever despite a career upended by injury and scandal, Woods emerged as an elder statesman and firm backer of the Tour during the PGA Tour's battle with LIV. Woods has hardly played this season as he recovers from a surgery earlier this year stemming from injuries he suffered in a life-threatening 2021 car crash.

In addition to appointing Woods, the players took direct aim at the process that



The PGA Tour has agreed to add golf legend Tiger Woods to its board of directors in a concession to player demands.

would join the board as a sixth player director, that a new independent director would be still be sought, and that the overall control of the board would be divided between six player directors, five independent directors, and a director representing the PGA of America.

The announcement promised that those six player directors will have authority to approve—or nix—any potential changes to the Tour as it seeks to turn the framework agreement with the Saudis into an actual deal.

It also said that a special adviser retained for the players—Colin Neville, head of the sports practice at the Raine Group merchant bank—would have access to whatever documents or information he requested.

Woods, 47 years old, is a 15-time major champion and tied as the all-time leader in

led to the agreement between the Tour and PIF. The talks between the two sides, which were suing one another while LIV had wooed away some of the world's best golfers such as Brooks Koepka and Cameron Smith, were closely held. On the Tour side, the negotiations were led by board members Jimmy Dunne and Ed Herlihy.

The players' letter called for a review of the Tour's governance structure to make certain that two directors wouldn't have the ability to bind the players to a course of action without the consent of the players.

In addition to scrutiny the deal is already facing on Capitol Hill, the Justice Department—which was already investigating the PGA Tour and other powerful golf bodies for potential antitrust violations—has signaled it will look into any deal.

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

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# OPINION

## AI Is Hollywood's Fake Villain



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

Because the Hollywood unions stumbled into a strike that will likely end badly for all, they've belatedly needed to raise the stakes to cover up their folly. Sampling the zeitgeist in a typically shallow fashion, they find the answer in the panic du jour: artificial intelligence.

Barely mentioned in the lead-up to the strike, AI now is on every lip. "Breaking Bad" actor Bryan Cranston, at a recent New York City rally, thundered in the general direction of Disney chief Bob Iger: "Mr. Iger . . . we will not have our jobs taken away and given to robots."

In the real world, writers of every description, including Hollywood writers, are already happily using AI to increase their productivity.

In the real world, actors will be thrilled to marshal their digital likenesses to increase their earnings without having to show up on a set. Even more thrilled will they be when they realize it's how they will tap promising new interactive opportunities.

In a nation of laws, studios can't take digital likenesses without compensation. And actors by now are clued-in enough not to sign bad deals. To make their case, the unions have been reduced to a lie, saying the studios have

demanding perpetual digital rights to low-paid "extras." Actually, the studios seek digital rights related only to the one show or movie the extra was paid to appear in.

The strike is such a bad idea, the myth-weaving can't stop. The left-wing Guardian newspaper inflates the actors and writers into humanity's vanguard against the AI dictatorship. Unfortunately, this insanity can't paper over a fundamental problem: the tenuous solidarity between most union members, who are dabblers making less than \$10,000 a year, and the name-brand talent like Mr. Cranston who have little practical use for the union. They negotiate their own terms through agents.

Maybe this explains a lacuna in every glowing profile of union boss Fran Drescher. Missing is the scene where she and colleagues are seen weighing the risks of a strike before embarking on it. Instead, a cause célèbre has been made out of a nameless studio exec quoted by a website saying the strike might last until union members "start losing their apartments and losing their houses." Well, yes. Union leaders usually think hard about unholstering a gun that inevitably is aimed partly at the membership's own head.

Launching a walkout at the moment studios were most desperate to cut content costs and reduce their streaming losses was not a gifted bit of decision-making. On the weekend, Barron's reported

that analysts now see permanently lower content costs emanating from the strike.

A few things, though, have been clarified. If you thought Hollywood types were prone to pontificating on subjects they know nothing about, you may now think they know nothing about their own interests.

If you suspected celebrities outbid each other in exhibitionist sanctimony, this appears to have been exactly the force that propelled them into an ill-advised strike.

**It will make actors richer but first must take the blame for their stupid strike.**

The actors see a zero-sum battle between workers and the pockets of industry CEOs, as if CEOs are bargaining with their own money, not on behalf of shareholders.

This is exactly not what's happening. CEOs don't give a flick about what actors and writers make, they care about the stock going up, which can happen only with happy consumers and streaming starting to break even.

The actors are seeking a 20% increase in minimum pay over three years; the studios are offering 13%. Which side is right? Neither. It's a business negotiation. But it's also not a one-off like a house sale. In the end, actors, writers and studios need each

other to maintain a thriving industry that creates opportunity for all.

But the unions' biggest villain is—wait for it—Disney's Mr. Iger for suggesting in a TV interview the unions were being "not realistic."

They would have been less offended if he accused them of abusing puppies. And yet Disney, along with Paramount and Warners, is closest to the actors and writers in attachment to the traditional business. Netflix shares are up since the walkouts began in May, and Apple and Amazon, with their giant main businesses, have barely noticed the strike.

No wonder the non-clueless are pining for the power-brokers of old, a Lew Wasserman or Jack Warner, who could impose a solution. Today's savior might be a Tom Cruise, quietly recognizing that the unions have shot themselves in the foot. It might be Gov. Gavin Newsom, who could fix the Hollywood strike and then march on Washington to save his party from its 2024 Biden captivity.

Hollywood blundered into today's mess, but the episode opens our eyes to important matters. Hollywood is part of a megatrend of the content industries coming to terms with the algorithm. So are the news media. But have a little faith in technology. At some point the genius of artificial intelligence will be turned to helping us sift meaning from the sludge rather than simply to produce sludge.

**BOOKSHELF** | By Edward Kosner

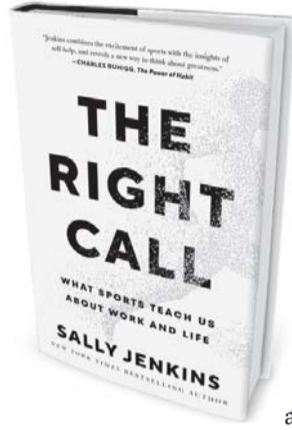
## The Sheep From the GOATs

**The Right Call**

By Sally Jenkins  
(Gallery, 253 pages, \$27.99)

At the Beijing games of 2008, swimmer Michael Phelps was determined to break Mark Spitz's nearly four-decade-old record of seven gold medals in a single Olympics. For 20 years, Phelps had swum five miles of laps a day, six or seven days a week (including his birthday and Christmas), to condition his body and "automate" his form. He won his record-tying race, the 100-meter butterfly, by reflexively making a "chop" move to touch the pool wall 0.01 seconds ahead of the closest contender.

Throughout the 2006 NFL season, coach Tony Dungy's Indianapolis Colts, who played their home games in a domed stadium, routinely practiced snapping, passing and running with a soaking-wet football. Then, in the Super Bowl in Miami, they executed all their plays to beat the fumbling Chicago Bears in the driving rain.



Bill Belichick drilled his New England Patriots in the quick and proper way to hand the football to the ref after each play. Why? To save the seconds on the clock the team could lose if the zebra fumbled a toss from a Pats player.

These extraordinary glimpses of top performers and their coaches come from "The Right Call: What Sports Teach Us About Work and Life," a beguiling book by the sports-writer Sally Jenkins—daughter of the late all-star journalist and author Dan Jenkins—who has

covered the Olympics, Super Bowls and other peak sports events for decades.

"The Right Call" is essentially a self-help book, but it's unlike any you may have encountered before. Sleek as a wide receiver racing toward the end zone, the book weighs in at barely 200 pages plus copious endnotes and an index. But it's packed with sophisticated reportage and epigrammatic insights that deliver on the promise of the subtitle.

Ms. Jenkins's thesis is simple: Leadership and performance, especially decision-making under pressure, can be enhanced by understanding and emulating the behavior of brilliant pro and college stars and their coaches, whose rigor and dedication can turn talented athletes into icons and mediocre teams into Super Bowl and NCAA champs. "These are the elements," she writes, "of a good process for anyone who wants to choose and act well in the face of extraordinary pressures: Conditioning, Practice, Discipline, Candor, Culture, Failure, Intention."

Successive chapters illustrate these aspects of performance and leadership with compelling examples from the careers of top coaches like Dungy, Belichick, Andy Reid of the Kansas City Chiefs, Steve Kerr of the Golden State Warriors and Pat Summitt of the Tennessee Lady Vols. And there's an all-star cast of athletes, too, including Phelps, all-pro quarterbacks Tom Brady and Peyton Manning, and Diana Nyad, who at age 64 swam from Havana to Key West—"the equivalent of five English Channels"—in 53 hours.

Ms. Jenkins deals with both psychology and physiology, noting, for example, that physical conditioning stimulates growth in the frontal lobes of the brain. Similarly, sustained brain-work under intense pressure can drain weight from the body as surely as strenuous exercise: In 1984-85, during his five-month contest with Garry Kasparov, chess champion Anatoly Karpov lost 22 pounds while sitting down.

### Sports stars and their coaches get candid about the habits and qualities that separate the elite from the journeymen jocks.

The pages of "The Right Call" are studded with aperçus, many from Ms. Jenkins, others from athletes and coaches and from experts in the science of success and failure. "Practice differs from conditioning," writes the author; "it's strategic, informed, targeted work." "The difference between elites and amateurs is that elites practice those things they are worst at and dislike the most, while the rest of us run around our backhands our whole lives." "The secret of successful deciders is that they train themselves into a higher tolerance for tedium." "Pressure," says quarterback Manning, paraphrasing coach Chuck Noll, "is something that you feel when you don't know what the hell to do." "You are your numbers," says crusty coach Bill Parcells.

Ms. Jenkins illustrates her chapters on different elements of leadership with vivid examples from the careers of her jocks and sideline wizards: The morning after each season ended, Manning and his coach watched hours of tape, not of his touchdown passes but of every interception he threw. During the four failed Cuba-to-Florida swims before her 2013 triumph, Diana Nyad quit the water only when her trainer and "conscience," Bonnie Stoll, said *OK, enough*. NBA shooter Steph Curry has what Ms. Jenkins describes as the coarse, calloused "hands of a logger" from making 2,000 practice shots a week. When Steve Kerr was named coach of the Warriors, he flew around the country to meet every one of his new players in their homes.

Many consider Tom Brady the GOAT—the greatest pro quarterback of all time. But to win that distinction, Brady had to overcome with supreme dedication NFL draft evaluations that accurately described him as of "poor build," lacking "physical stature" and "a really strong arm." "Can't drive the ball down the field," said one scout. "Gets knocked down easily." Brady, in Ms. Jenkins's book, is a classic example of intentionality, "the conscious decision to work toward a self-crafted identity, to refuse to let events—or other people—decide who and what you will be."

Self-help books can be inspiring—or daunting. Authors give readers, in the words of one of my old bosses at Newsweek, "the arrows to Toyland." But following the practices of some of the paragons cited in "The Right Call" is likely to be beyond the capacity or will of most readers. And some of the recommended conduct—like scrupulous honesty with bosses, colleagues and subordinates—is right out of the Boy Scout handbook. Still, the sharp insights and intriguing anecdotes that fill the book prompt valuable reflection on one's own performance under pressure and track record of decision-making.

And it's a joy to read.

Mr. Kosner is the author of "It's News to Me," a memoir of his career as the editor of Newsweek, New York magazine, Esquire and the New York Daily News.

## Ben-Gurion on Judicial Reform



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

Israel does not have a constitution in the way most Americans understand the term. Instead, it has a series of "Basic Laws," passed by Israel's unicameral legislature, the Knesset, with a simple majority of members present and voting. In the 1990s, after the Knesset passed two new Basic Laws to protect human rights, Israel's Supreme Court declared that these laws had constitutional status and could be used as the basis for striking down ordinary legislation.

Many analysts on the right have argued that what proponents have called a "constitutional revolution" was an act of judicial usurpation, and lingering resentment over the alleged judicial coup helped fuel the effort by Israel's current government to weaken the court's power.

It may seem odd that Israel has no written constitution. With few exceptions, modern representative democracies have adopted such documents, and Israel's Declaration of Independence, issued on May 15, 1948, promised that Israel would ratify one by Oct. 1 of that year.

Explanations for the failure to do so usually focus on practicalities: As Israel struggled to survive the invasion by Arab armies and the influx

of immigrants and refugees, other matters were more urgent; and besides, the key factions in Israeli politics could not agree on the substance of fundamental law.

While there is something to both these rationales, the most important explanation for the nascent state's failure to adopt a constitution is that David Ben-Gurion, Israel's founding father and dominant political figure, did not want one. Two years ago, Neil Rogachevsky, a scholar at Yeshiva University, found and translated a speech that Ben-Gurion delivered in 1949 to the Knesset committee responsible for drafting a constitution.

Ben-Gurion began his speech by denying that conventional practice had relevance for the new state: Israel had arisen in "special historical circumstances" and would have "particular tasks that nearly no other nation" had, he said. The only question was whether prevailing practices would be good (or not) for the state of Israel. He reviewed the reasons that led other countries to adopt constitutions—such as the need to delineate powers in a federal system or to draw the line against tyrannical power—and denied their relevance for the Israeli case.

Ben-Gurion then went to the heart of the matter: whether Israel needed a distinction between ordinary laws that can be enacted by simple majority and foundational laws that would be

harder to adopt and change. His answer was a resounding no. "Just as I am against special privileges [in politics]," he declared, "I am also against privileged laws." Even if he found himself in the minority, he would oppose supermajority requirements. "Why would the minority restrict itself?" After all, he continued, "every minority fancies that it will one day be a majority."

### Israel's founder was skeptical that his country needed a written constitution.

Citing the *Lochner* era of U.S. Supreme Court opposition to progressive social legislation, Ben-Gurion directly attacked American-style judicial review as a standard for Israel. "In a country such as ours, imagine for yourselves that the nation wants something, and seven people designated with the rank of judge cancel something that the nation wants! . . . This, in our country, would lead to a revolution. For the people would say: we will do what we want." Israel, Ben-Gurion argued, had chosen a parliamentary form of government in which the people's representatives make and implement laws. In such a system, he bluntly concluded, it's impossible to "delegate authority to the court to decide

whether the laws are kosher or not kosher."

As Ben-Gurion spoke to the Knesset committee, the new state was experiencing a wave of immigration from Middle Eastern countries, which, he noted, was raising concerns among Israel's mainly European founding generation that they would be overwhelmed by "savages" who had no regard for the law. To his enduring credit, he pushed back hard against these sentiments, and he warned against efforts to use the law to entrench the beliefs of European Jews against the views of newcomers.

Israelis who have mobilized against the Netanyahu government's plan to restrict the power of the judiciary do not share Ben-Gurion's confidence that unrestrained parliamentary majorities can always be trusted to observe democratic norms. In recent decades, attacks on the judiciary around the world have often opened the door to soft authoritarianism with a democratic face. Still, Ben-Gurion was right to emphasize the tensions that judicial review would create in a parliamentary democracy, and many Israelis who reject the current government's attack on the judiciary believe that the expansion of judicial power in the 1990s went too far. But the quest for a new balance is proving elusive, and the failure to find it could inflict enduring damage.

## Hold the Censors Accountable

By Eric Schmitt

The First Amendment is the bedrock of our Constitution, but recent actions by Biden administration officials have put Americans' right to freedom of speech at grave risk. Whether stifling speech about the Hunter Biden laptop story or limiting posts about the Covid lab-leak theory, the extent to which this administration (and before it the Biden campaign) has used government power to censor speech is astounding. I uncovered this censorship, and now I am leading the charge for accountability by introducing the Censorship Accountability Act.

certain topics. One of the most egregious examples saw a coordinated effort by these bureaucrats, notably Anthony Fauci, to discredit the lab-leak theory regarding the origins of Covid-19 and censor those who posted about it. Dr. Fauci went out of his way to convince scientists who supported the lab-leak theory

### Bureaucrats who stifle free speech should face consequences.

to change their minds and argue that the virus originated naturally. He conducted a slew of public attacks on the theory, decrying it multiple times. After Dr. Fauci's efforts to discredit it, Facebook expanded its content-moderation policies to censor posts suggesting Covid-19 might have been man-made.

The more we look into the Biden administration's attempts to censor speech, the worse it gets. Several federal agencies—including the Energy Department and Federal Bureau of Investigation—now agree that the lab-leak theory is the most likely one regarding the origin of the Covid-19 virus.

The censorship campaign seems to have come from the pages of George Orwell's "1984," and the judge in *Missouri v. Biden* agreed, writing that it "depicts an almost dystopian scenario" and that the federal government "seems to have assumed a role similar to an Orwellian 'Ministry of Truth.'" We need to ensure citizens can hold these bureaucrats accountable for infringing on their rights. That's why I'm introducing the Censorship Accountability Act, to bring accountability to federal bureaucrats who violate Americans'

First Amendment rights.

Current law allows state employees to be held liable for constitutional violations under a law known as Section 1983. But no such law provides a path to accountability for federal employees doing the same. The Censorship Accountability Act would empower individuals to seek justice if the federal government tramples on their right to express their views. In May, I introduced the Collude Act, which would strip Big Tech companies of their Section 230 protections if they censor speech online. The Censorship Accountability Act would bring accountability to federal executive branch employees.

With this crucial bill, I will continue protecting Americans' First Amendment rights to freedom of speech.

Mr. Schmitt, a Republican, is a U.S. senator from Missouri.



OPINION

REVIEW & OUTLOOK

Another Troubling Trump Indictment

Donald Trump's post-election behavior in 2020 was deceitful and destructive, and his malfeasance on Jan. 6, 2021, was disgraceful, but was it criminal? That's the claim in the extraordinary indictment issued Tuesday by a federal grand jury established by special counsel Jack Smith.

Jack Smith's broad theory of fraud has dangerous implications.

Democrats have long sought an indictment related to Jan. 6, but on that score what's striking is what's not in the 45-page document. There is no evidence tying Mr. Trump to the Oath Keepers or Proud Boys who planned to, and did, breach the U.S. Capitol that day. That was the worst offense against democracy, and more than 1,000 people have been prosecuted in connection with it.

Yet the indictment offers no new evidence to establish a connection between the riot and Mr. Trump beyond his well-known tweets and public statements. Surely Mr. Smith would have added this to his conspiracy charges if he had found such evidence. Mr. Trump is also not charged with encouraging an "insurrection," which is the word and charge leveled by the press corps and Democrats.

Instead the indictment charges one obstruction and three conspiracy counts related to what it claims was a broad effort to overturn the 2020 election based on "dishonesty, fraud, and deceit." The indictment concedes that Mr. Trump "had a right, like every American, to speak publicly about the election and even to claim, falsely, that there had been outcome-determinative fraud during the election and that he had won."

In other words, Mr. Trump can lie about the election all he wants. But the indictment says Mr. Trump broke the law when he acted on those lies. Those actions include lobbying state officials to hunt for voter fraud, working with his conspirators to stand up substitute electors in seven states, and trying to persuade Vice President Mike Pence that he had the power to refuse to count electoral votes on Jan. 6.

This is a remarkably broad theory of "conspiracy to defraud the United States," and one with troubling implications far beyond the fate of Mr. Trump. Mr. Smith's theory seems to be that if a President and his "co-conspirators" are lying, and then take action on that lie, they are defrauding the U.S.

This potentially criminalizes many kinds of actions and statements by a President that a prosecutor deems to be false. You don't have to be a defender of Donald Trump to worry about where this will lead. It makes any future election challenges, however valid, legally vulnerable to a partisan prosecutor. And it might

have criminalized the actions by Al Gore and George W. Bush to contest the Florida election result in 2000.

Our legal counselors also point to *Nixon v. Fitzgerald*, a 1982 Supreme Court ruling that the President "is entitled to absolute immunity from damages liability predicated on his official acts." That was a civil, not a criminal, case. But lobbying his own Justice Department to investigate voter fraud, or even lobbying state officials to find fraud, is arguably within a President's official duties if he believes fraud occurred.

Mr. Smith alleges and offers substantial evidence that Mr. Trump was frequently told that he lost the election and that there was no provable election fraud. But Mr. Trump was also told the opposite, and he typically resides in a performance artist, fact-free world of his own imagining. Assuming Mr. Trump can find competent counsel, you can expect to hear more about this "absolute immunity" ruling as part of his defense.

None of this is an apology for Mr. Trump's post-election behavior. These columns have been clear from Election Day that we have seen no evidence that the election was stolen, and that Mr. Trump should have resigned in disgrace after the events of Jan. 6.

But the good news of that day, and of all four Trump years as President, is that America's institutions held up under great stress. If there was a conspiracy, it was by a gang of misfits. As Mr. Smith's indictment makes clear, most GOP officials in the states wanted nothing to do with it. Neither did most Trump officials, and Trump-appointed judges ruled against the President's claims. Mr. Pence was a hero. The conspiracy had no chance of success.

Yet this indictment, perhaps even more than the others, will by dint of looking back at 2020 roil the 2024 campaign. Democrats want Mr. Trump to be the Republican nominee, and Mr. Smith (whether he intends it or not) is making that outcome more likely.

We will have an election campaign that rotates between courtrooms and rallies. The carnival will make it difficult for other Republicans to be heard. A debate between Joe Biden and Mr. Trump, if they are the nominees, will be over one man's age and infirmity and another's attempt to stay out of jail.

We've argued that an indictment of a former President should be based on serious charges with enough evidence to convince most Americans that it is justly brought. We doubt most Republicans will see this one in that light, and that means we are headed for more difficult and dangerous months ahead.

Biden's Summer Regulatory Onslaught

The Biden Administration's regulatory onslaught is more unrelenting than the heat. With Congress leaving town, the White House last week dumped another truckload of regulations that will cost Americans hundreds of billions of dollars. Corporate lawyers, enjoy the beach reading.

While Congress and the media sleep, new rules remake the economy.

The Transportation Department on Friday proposed a 696-page rule raising corporate average fuel economy (Cafe) standards that would effectively require 100% of new cars to be electric by 2032. This is even more aggressive than California's EV mandate, which wouldn't ban the sale of new gas-powered cars until 2035.

Passenger cars would have to achieve 66.4 miles a gallon in 2032, up from 44.1 mpg last year. The ramp-up for trucks and SUVs is even steeper—to 54.4 mpg from 32.1 mpg. Auto makers will have no way to comply but to make more EVs.

Here's the kicker: The Energy Department is also proposing to reduce the "miles per gallon equivalent" for EVs. For example, the F-150 Lightning's rating would decline to 67 mpg from 237 mpg. This means auto makers will have to produce even more EVs to meet Cafe mandates. They'll be fined if they fall short.

A GM presentation to the White House estimated that industry penalties could total \$300 billion, or about \$4,300 per vehicle, from 2027 to 2031. Consumers and workers will pay the cost, and for what? The Administration claims the proposal will reduce CO2 emissions through 2050 by 885 million metric tons—about half as much as Canada's wildfires are projected to release this year.

The Administration on Friday also proposed a 236-page revision to National Environmental Policy Act (NEPA) guidelines that will require federal agencies to consider climate change and "environmental justice" in project reviews. If a utility wants to build a gas pipeline, agencies might have to evaluate if a solar plant would better promote environmental justice, however regulators define it.

NEPA was intended to protect local environments, but the Administration redefined "environment" to include the purported "global" effects of climate change. "Leases for oil and gas extraction or natural gas pipelines have local effects, but also have reasonably foreseeable global indirect and cumulative effects related to GHG emissions," the revision states.

A footnote says this NEPA revision accords with the law's decree that the federal government "assure for all Americans safe, healthful, productive, and esthetically and culturally

pleasing surroundings." The Administration is begging for another legal challenge under the Supreme Court's major questions doctrine.

The Administration is also quietly using collusive legal settlements with green groups to end-run judicial review of rules—a practice known as "sue and settle." The Administration on July 21 settled a lawsuit with the Sierra Club by agreeing to remove 11 million acres in the Gulf of Mexico from future oil and gas development to protect the Rice's whale.

The settlement will also restrict transit for oil and gas vessels—but no other ships—through a long strip where Rice's whales haven't even been found. This will make offshore leases less economically viable and undermine provisions in the Inflation Reduction Act that West Virginia Sen. Joe Manchin demanded in return for his vote.

Last week Securities and Exchange Commission Chair Gary Gensler jammed through a rule requiring public companies to disclose to investors cyber-security breaches within four days of discovering them—no matter if they are still trying to repair their systems.

As GOP commissioner Hester Peirce noted in dissent, the unprecedented rule could "tell successful attackers when the company finds out about the attack, what the company knows about it, and what the financial fallout is likely to be (i.e., how much ransom the attacker can get)" and "will signal to other would-be attackers an opportune time to attack."

The rule will give private companies another reason not to go public—in addition to other disincentives the SEC is creating. For instance, the Public Company Accounting Oversight Board, a quasi-private entity overseen by the SEC, in June proposed rules that would vastly expand the remit of auditors under the Sarbanes-Oxley Act.

Public companies are required to hire external auditors to review their financial statements and accounting. The accounting board wants auditors to identify noncompliance with any regulation or law, whether or not they are financially material. This would vastly expand the scope and cost of audits.

There's much more to say about this regulatory typhoon, which the Administration is counting on the press corp to ignore, as it usually does. But we thought Americans might like to know what regulators are up to while they vacation. The Administration is imposing by regulation what it can't pass through Congress and hoping nobody notices.

LETTERS TO THE EDITOR

The Doctor's Office Charges Like a Hospital

Regarding Bobby Jindal and Charlie Katebi's op-ed "Doctor's Office Care at Hospital Prices" (July 27): The climate of healthcare has forced out the independent physicians. The gobbling up of small practices has led to the creation of megahealth and hospital entities with the backing of private equity. Sleight-of-hand billing practices come with the territory. Patients are the losers, and site-of-service differentials lead to higher costs and insurance exposure for all of us. Welcome to the new world of healthcare in America.

RONALD G. FRANK, M.D. West Orange, N.J.

Health insurers and private-equity firms, not hospitals, are responsible for most of the acquisition of physicians during the past five years. As polling has shown, most physicians are choosing to become employed rather than operate their own practices due to increased costs and burden from policies like commercial insurer prior authorizations.

RICK POLLACK CEO, American Hospital Association Washington

So-called "site-neutral" policies fail to account for the differences between hospital outpatient departments (HOPDs) and other sites of care. HOPDs treat sicker, lower-income Medicare patients and those dually eligible for Medicare and Medicaid, with more complex and chronic conditions than those treated in independent physician offices or ambulatory surgery centers. HOPDs are also required to comply with many more regulatory and safety codes and provide 24/7 standby capacity for emergencies. It's appropriate that they be provided with differential payment. Existing site-neutral payment poli-

Some years ago, I required injection treatment for a dermatologic condition. When administered at a hospital dermatology clinic, I was charged \$678. When I switched to my local dermatologist, the fee was \$62.

On an almost daily basis, I hear from patients how their doctor now works for a hospital or large group and, as a consequence, they received an exorbitant unexpected bill. Obama-Care encouraged these consolidations in the guise of efficiency and cost savings. Now we're all paying the price.

DONALD SPECTOR, D.P.M. The Bronx, N.Y.

Muslim Parents Stand Up for Their Values

Shadi Hamid's "Muslims vs. Democrats: A Story of Betrayal" (Houses of Worship, July 28) highlights the decision by the Montgomery County, Md., public school board to take away parental notice and opt-outs for story books that push extreme ideology regarding gender identity and sexuality to kids as young as prekindergarten. My firm represents a group of Muslim, Catholic and Ethiopian Orthodox Christian parents, among others, who are suing the board for the ability to guide their children's education in accordance with their beliefs. The school board's actions demonstrate a brazen disregard for parental rights, childhood innocence and religious freedom.

The board forged ahead with its storybook mandate despite concern from its own elementary-school principals. In a memo sent to the board last year, and disclosed only this week, the principals raised concerns that the curriculum presented "questionable" facts, encouraged teachers to make

"shaming comment[s]" to children who disagreed with the books, raised the "problematic" issue of normalizing "school age children falling in love with other children" and was "dismissive of religious beliefs." The board doubled down anyway.

ERIC BAXTER The Becket Fund for Religious Liberty Washington

As today's Democratic Party treats minorities and religious communities as narrow-minded and in need of enlightenment, the shallow constructs of intersectionality come tumbling down. Muslims seem to be coming to the conclusion that religiously observant Jews arrived at long ago: Vote your values. Minorities in America don't need a party to protect them. They need freedom of speech to hold all parties accountable. Ideology should never be dictated by the state.

NATALIE MIZRACHI New York

The Supreme Court and the British Monarchy

The more public scrutiny on the Supreme Court and its lack of formal ethics standards, the more the court resembles another institution that isn't officially accountable to those it serves: the British monarchy ("High Court Code of Conduct Has Stalled for Years," Page One, July 20).

Though any institution in the modern democratic world must be socially aware and politically nimble

enough to avoid being forced into giving up power, the Supreme Court seems to act like the British crown in that, with a little mystery and some separation from the common people, there need be no enforcement of written rules for the justices. While the court shouldn't operate or rule based on the popularity of any passing mainstream view, justices with lifetime tenure must have some measure of accountability to the people they serve.

Just as the late Queen Elizabeth II voluntarily agreed to pay income tax, our Supreme Court should agree to written ethics rules to preserve the sanctity of the court and the legitimacy of its rulings. Their opinions may trump others', but justices shouldn't wear crowns.

AARON KOHRS Alexandria, Va.

Does DeSantis's Florida Covid Record Still Matter?

All the good that Florida Gov. Ron DeSantis did with Covid ("The Real DeSantis Covid Record," Review & Outlook, July 26) has long been forgotten. The six-week abortion ban, the dispute with Disney, the school-curriculum controversies, including regarding the LGBTQ population, and the immigration policies have crowded out his Covid policies. Neither the progressives nor former President Donald Trump brought Mr. DeSantis down. He did that to himself.

BRENDA BEDRICK East Greenwich, R.I.

Mr. Trump lost my support in March 2020, during his daily, hour-long, self-focused Covid "news conferences." In contrast, when I watched Gov. DeSantis on TV regarding the crisis, he was inspiring and to the point. The three medical doctors in our family heartily supported his plans for reasonable reopening. Mr. DeSantis won my vote for president in the months that followed. I am forever grateful for his courage in keeping our state a place of freedom.

JILL ROMMEL Clearwater, Fla.

Advertising Meets Politics

A caption printed above "Five Best: Books on Advertising" (July 29) attributes the following definition of advertising to Stephen Leacock: "The science of arresting the human intelligence long enough to get money from it." Hey, wait a minute. I thought that was the definition of politics.

JOHN C. HAYS Ocala, Fla.

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Pepper ... And Salt

THE WALL STREET JOURNAL



"Now what would you think about recomplicating our life?"



OPINION

Our Alito Scoop Is No Scandal

By James Taranto

Jealous journalists are trying to make a scandal out of a scoop. Last week on these pages David Rivkin and I published our second Weekend Interview with Justice Samuel Alito. Like the first one, in April, it both made news and drove the conformist press corps to hysterics. Along with the usual heckling, Justice Alito's detractors zeroed in on a sentence toward the end of the piece. "So one of the lawyers in a major Supreme Court tax case . . . just sat with a sitting justice for four hours?" ProPublica's Jesse Eisinger, who oversees the site's tediously antagonistic coverage of the justices, tweeted Friday. Yes, that's true, and Mr. Eisinger knew it because the article disclosed it. Mr. Rivkin—an appellate lawyer with a sideline as a prolific freelance writer—represents the appellants in Moore v. U.S., which the court has agreed to hear in the 2023-24 term.

Ruth Marcus thinks she smells a rat. The truth is that partisanship has dulled her nose for news.

In a column published Sunday, the Washington Post's Ruth Marcus went further. She observed correctly that "justices are going to have preexisting relationships with lawyers who appear before them—that's inevitable." But she also asserted that "it's not a good look when one litigant has special access to a justice."

In fact, litigants Charles and Kathleen Moore have no "special access" to Justice Alito, and Ms. Marcus's accusation is scurrilous. It would have been an act of serious professional misconduct for Mr. Rivkin and Justice Alito to discuss the Moores' case, and it never came up in the interview. Mr. Rivkin and I didn't ask about pending cases at all, save for a glancing reference to Loper Bright Enterprises v. Raimondo, in which the court will reconsider Chevron v. NRDC (1984). Justice Alito responded only with a general observation about precedent. The article mentioned Moore in a paragraph listing some of the major cases on the court's fall docket, which I wrote while preparing the article three weeks after our July meeting with Justice Alito. We cited Mr. Rivkin's involvement in the interest of full disclosure—which shows how easily disclosure can become a mug's game. Mr. Rivkin was transparent with our readers about his pending business before the court. The thanks he gets is that Mr. Eisinger, Ms. Marcus and others are acting as if he has something to hide.

Ms. Marcus's column also reveals the vacuousness of partisan demands for "ethical" standards. In presuming to judge Justice Alito's conduct, she appeals to no principle or standard, only her own olfactory senses. She admits there's nothing wrong when justices have "relationships" with members of the Supreme Court Bar—but then proclaims that this relationship doesn't "smell right" to her. She professes that "I'm all for justices speaking and writing publicly" but she deems it "unseemly and unsettling" that Justice Alito would do so for the Journal rather than the many outlets that are openly hostile to him.

Last week Ms. Marcus participated in an online Post symposium of "left-leaning columnists" about Joe Biden's 2024 campaign. "From my point of view," she wrote, "the risk to the Supreme Court alone is enough to justify doing whatever it takes to maximize the chance of a Democrat being elected (which means: Biden, Biden, Biden)."

That isn't a rat that Ruth Marcus smells. It's her own stinking partisanship.

Mr. Taranto is the Journal's editorial features editor.

What We've Learned About Inflation

By John H. Cochrane

As inflation eases, representatives of different schools of thought are taking victory laps. But who really deserves one? What have we learned about inflation?

I think the episode is a smashing confirmation of the fiscal theory of the price level. Where did inflation come from? Our government borrowed about \$5 trillion and wrote people checks. Crucially, and unlike in 2008, there was no mention of how the new debt would be repaid, no promise of debt reduction later. The spending was couched as an "emergency expenditure" not going through the usual budget process or requiring offsets. Treasury Secretary Janet Yellen, argued that "with interest rates at historic lows"—they were then—debt isn't a concern, so "the smartest thing we can do is act big."

People could have looked at all this new debt, thought it would be repaid with interest, and therefore regarded it as a good investment. They didn't. They chose to try to spend the new debt rather than save it. But we can't all sell, so that drives up prices.

Inflation peaked in June 2022 and continues to ease, with interest rates below inflation until April 2023 and no recession. Why? Again, fiscal theory provides a straightforward answer. A one-time \$5 trillion fiscal blowout causes a one-time rise in the level of prices, just enough to inflate away the value of the debt by \$5 trillion. Then inflation stops, even if the Federal Reserve does nothing.

The Fed is still important in fiscal theory. The Fed bought about \$3 trillion of the new debt and converted it to interest-paying reserves. Giving people checks backed by reserves is arguably a more powerful inducement to spend than giving people Treasury bonds. Now, by raising interest rates, the Fed lowers current inflation but at the cost of



RICHARD B. LEVINE/ZUMA PRESS

more-persistent inflation. That smoothing is beneficial.

These are core propositions of fiscal theory, stated ahead of time and at odds with conventional theories.

What of supply shocks, as espoused by "team transitory"—for example, Alan Blinder recently in the Journal? In this view, as Mr. Blinder describes it, "most of the rising inflation wasn't due to an overheated economy fueled by monetary and

With price increases easing, it's time to take stock of how various theories have performed.

fiscal policy, but rather to several 'special factors' that would disappear on their own. Principal among them were rising prices for food and energy and supply-side bottlenecks from the pandemic."

There are two problems with this view. First, it confuses relative prices with the price level. If televisions are in short supply, the price will rise relative to other goods and wages. A supply shock can't make the price of everything go up unless

the government gives people enough money or debt to afford the higher prices. Second, it predicts that the price level, not the inflation rate, will return to where it came from—that any inflation should be followed by a period of deflation.

Monetarists also took a victory lap, noting the \$4 trillion rise in M2 between the onset of the pandemic and inflation's breakout in early 2021. This rise was almost mechanical: The Treasury deposited checks in people's bank accounts, which are part of M2. After decades, M2 finally seemed to have something to do with inflation.

But does money alone drive inflation? Suppose there had been no deficit, and the Fed had done another \$5 trillion of quantitative easing, buying \$5 trillion of bonds in exchange for \$5 trillion in reserves. Would people with \$5 trillion more cash but \$5 trillion less Treasury bonds, and thus no net increase in wealth, have tried to spend money, driving up prices? We pretty much know the answer—similar QE throughout the 2010s had basically no effect on inflation. In the monetarist view, more money and less bonds has exactly the same effect as more money and more bonds. In the fiscal view, overall

A Primer on What a Fiduciary Shouldn't Do

By Terrence Keeley

Asset managers, beware: Rep. Bill Huizenga, chairman of the House Financial Services Subcommittee on Oversight, has sent letters of inquiry to BlackRock, Vanguard, State Street, Fidelity and other firms before hearings scheduled for the fall on what it means to be a fiduciary. "The lack of transparency surrounding the decisions asset managers make on behalf of millions of retail investors is concerning," he warns. "Congress must understand how asset managers fulfill their fiduciary responsibilities to prioritize financial returns and act in shareholders' best interest."

His committee likely will be deluged with legalese and financial gibberish to the effect that the asset management business is much more complex than mere mortals could ever possibly comprehend.

For starters, different investors have different objectives and constraints—and there sure are a lot of different investors. On top of this, markets are hard to figure out. They go up and down, often more than common folks expect. Due to these vagaries, highly leveraged products

make sense for some clients, while complex funds driven by arcane algorithms are the best fit for others. All responding managers will claim broad consumer choice is a social good and that they must offer a wide selection of products with an even wider set of fee structures to meet clients' evolving needs and goals.

A House panel looking into ESG wants asset-management firms to be transparent with clients.

Some clients choose to use Catholic or other social screens in addition to maximizing their returns. Does Congress dare think Catholics should be forced to compromise their principles? A growing number of mostly younger investors want their investments to "do well and do good." This means, in addition to beating the market, their investments are expected to benefit the least fortunate and stop raising the planet's temperature. Immediately. The idealism of these many young

and other inexperienced investors' wishes has led hundreds of managers to offer trillions of dollars of ESG products.

Don't buy any of it. The asset-management industry thrives on two variables: margins and volumes. Its executives grow downright giddy when they can get both. Given an opportunity to sell plain vanilla index funds for a single basis point or more pricey ESG products that may or may not perform as hoped—well, need I say more?

Given that it will prove impossible for asset managers to explain succinctly how they pursue financial returns and operate in their clients' best interest, here are tips for Mr. Huizenga and his colleagues about how fiduciaries don't act.

No fiduciary allows clients to invest hard-earned money for unreasonable goals. No fiduciary allows clients to buy more expensive or riskier products when simpler, cheaper alternatives will do. No fiduciary hides costs or risks from clients. No fiduciary tires of listening to clients' objectives, even as markets and individual circumstances change. No fiduciary ceases educating clients about how others in simi-

lar circumstances have fared using different investing approaches.

Complete transparency with clients is a hallmark of true fiduciaries. That includes how a firm's stewardship team will vote clients' shares, which are owned by clients, not asset managers. This means clients' voices must be heard in boardrooms and during proxy fights—not the voices of their managers, who often have competing agendas. Almost invariably, asset owners want to maximize their long-run financial interests. More often than not, they don't want their investments spent on politics.

"In investing, you get what you don't pay for," John Bogle once wrote. "Intelligent investors will use low-cost index funds to build a diversified portfolio of stocks and bonds, and simply stay the course. They won't be foolish enough to think that they can consistently outsmart the market."

Mr. Bogle died in 2019, so Mr. Huizenga can't call on him to testify this fall. Still, let's hope his common-sense wisdom will prevail.

Mr. Keeley is CEO of IPointSix LLC and author of "Sustainable: Moving Beyond ESG to Impact Investing."

Stand With Ukraine, My African Friends

By Bernard-Henri Lévy

I knew Rwanda in the time of the genocide against the Tutsi. I covered the wars in Angola, Eritrea and Burundi. I mobilized against the genocide in Darfur and the massacres in the Nuba mountains, for Christians persecuted in Nigeria and for the anti-apartheid militants of South Africa. I stood on the side of the Algerian people when the Islamist groups were killing them off, and I supported the democratic aspirations of Libyan civil society.

I also have fond memories of a lively and happy Africa, from Abidjan, Ivory Coast, to Dakar, Senegal; from Lusaka, Zambia, to Nairobi, Kenya.

I have a message to Africa—one inspired by friendship, respect and my history of supporting your fight for justice and your hopes: There is, on large parts of your continent—especially its sub-Saharan zone—a strange, shameful and potentially tragic blindness regarding the war against Ukraine.

I was in Odesa in July, when 17 of your leaders arrived in St. Petersburg for the second Russia-Africa summit. There, the president of Burundi expressed his concern over "Western interference" and the "iniquity" of "sanctions inflicted on Russia." Vladimir Putin seemed to barely believe it himself: the divine surprise of a blank check for his war against Ukraine by a representative of what Franz Fanon called the wretched earth.

Since the first sanctions vote at the United Nations, on March 2, 2022, many African countries have taken a course of at best abstention and neutrality, and at worst alliance with the murderous Russian regime.

This attitude is incomprehensible. Of course no one ignores that you depend on Russian wheat no less than Ukrainian wheat. But how can you fail to see that the general export blockade has only one culprit—the man who bombs Odesa's silos, who unilaterally reneges on the grain agreement signed in July 2022, and who launched this senseless, imperial, bloody war?

Your position is ultimately suicidal. In your refusal to see the reality and in accepting the lies of Mr. Putin's propaganda, you tie yourself

to a man who isn't your friend.

Russia is pillaging Sudanese gold, Nigerian uranium and Burkinabe cotton. At the height of the pandemic, Russia sold you the leftovers of their bad vaccines at inflated prices. Russia ridicules your youth by inviting young South Africans to "observe" the phony referendums on annexing territories taken from Ukraine, making them salute these "great and wonderful polls."

Vladimir Putin denounces Western colonialism while bringing back its most atrocious practices.

And the Wagner Group—responsible for mass crimes in the Central African Republic, innumerable torture in Mali, and perhaps last week's coup d'état in Niger that is taking down the democratically elected government of President Mohamed Bazoum. By what gruesome logic can it be seen as an instrument of a "fair and democratic multipolar world order" determined to fight against "neocolonialism," as Mr. Putin said at the summit?

My African friends, Russia definitely isn't your friend. In each of your countries where you open your arms wide to Russia, it reproduces the most atrocious of what the French, English, Belgian, Portuguese

and German colonizers did before you chased them out.

Russia's anti-Western rhetoric and incessant harping on yesterday's imperialism is a crude distraction that shouldn't fool you and that has no other effect but to hide the imperialism that Russia practices today.

This blindness is unworthy of Africa's history. You can't have fought so many wars of liberation only to turn your backs on a country, Ukraine, who is taking the same path and shaking free of its chains in turn.

May the memory of your illustrious pioneers inspire you. May the souls of the founding fathers of your free nations remind you of your own memory. Léopold Sédar Senghor, Félix Houphouët-Boigny and Louis Rwagasore would never have gone to St. Petersburg as Russia bombed Odesa. Ahmed Sékou Touré and Julius Nyerere would never have let themselves be humiliated by a Russian leader trying, for his own gain, to resuscitate the worst colonial practices.

Today's Africa is the continent of the future and has grand historical responsibilities on the world stage. Its place is alongside the Ukrainians.

Mr. Lévy is author of "The Will to See: Dispatches From a World of Misery and Hope" and author and director of the documentary "Slava Ukraini." This article was translated from French by Matthew Fishbane.

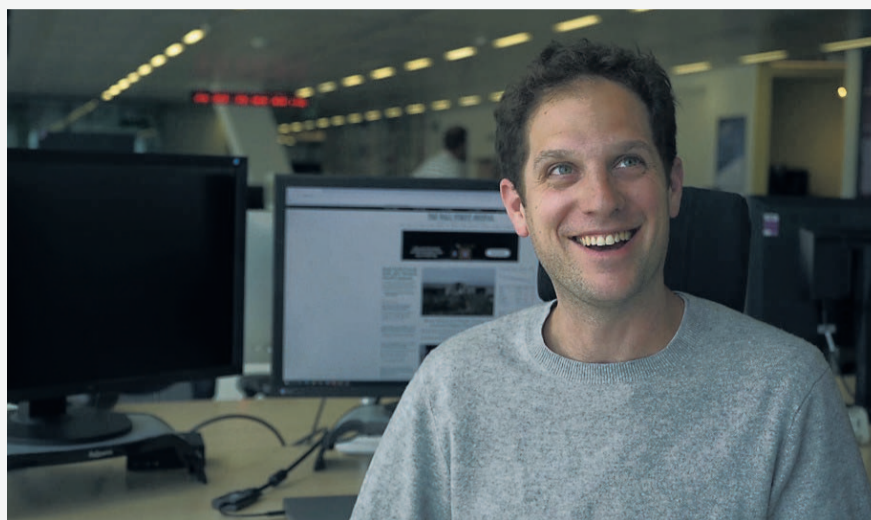
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Our friend and colleague, **Evan Gershkovich**, was detained by Russia on March 29 during a reporting trip and accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and have called for his immediate release.

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

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



We worked with Evan on The Wall Street Journal's coverage of the arrest, trial and release of Brittney Griner last year. It took about three seconds of knowing Evan to realize that he is a smart, careful, hard-working, pragmatic, resourceful and brave reporter.

When news emerged of Griner's detention, it was several weeks after the invasion of Ukraine. Evan already had plenty to do. But he intuitively understood that her detention was an important story, for the U.S. and for Russia, and wanted to make sure it was rigorously covered.

Evan turned out to be more than helpful. He was essential.

One morning, we opened a draft of an article that we were writing with Evan, only to find that while we had been sleeping, he had managed to track down a top Russian attorney who hadn't yet spoken with anyone else. It was a reporting feat that stuck with us. There were three bylines on that article, but Evan's was the one that mattered.

We made it a point to read everything he wrote in the future.

Evan stayed with the Griner story for months even as he juggled other pressing demands—bringing readers, including her colleagues and fans, desperately wanted information.

He reported on the legal proceedings against her and the negotiations to free her right up to the day she flew back to the U.S. We can only hope that he has that image of her homecoming in his mind now.

We all need reporters like Evan gathering the news.



**Louise Radnofsky**  
Reporter



**Ben Cohen**  
Columnist

# #IStandWithEvan

THE WALL STREET JOURNAL.



# BUSINESS & FINANCE

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## Earnings Season Threatens Tech Stocks

Investors say optimism in markets could evaporate if profits get squeezed

By HANNAH MIAO  
U.S. stocks have stormed higher this year, but some investors say lackluster earnings projections threaten their ascent.

Stocks have rallied as the economy has proved more resilient than expected and investors bet the Federal Reserve could soon conclude its aggressive campaign of raising interest rates, which crushed stocks in 2022. Excitement about artificial-intelligence technology has also sparked a frenzy in markets, boosting megacap tech stocks such as **Nvidia** and **Microsoft**. The S&P 500 is up 19% this year,

and the tech-heavy Nasdaq Composite has gained 36%. But while stocks have climbed, corporate profits have fallen. Companies in the S&P 500 are set to log a roughly 7% year-over-year decline in earnings for the second quarter, according to a FactSet blend of reported results and consensus analyst estimates. That would mark the largest quarterly earnings decline for the index since the

second quarter of 2020 and a third consecutive quarter of declining profits. Earnings expectations for the third and fourth quarters have dropped, too. At the beginning of the year, Wall Street analysts expected profits to grow by nearly 5% in the third quarter and almost 10% in the fourth quarter, according to FactSet. Now, they see increases of roughly 0.2% and 7.4%.

Investors say the optimism in the markets could soon evaporate if profits get squeezed further, calling into question the fundamental value of stocks. Market participants often use the ratio of a company's share price to its earnings as a gauge for whether a stock appears cheap or pricey. When the earnings side of the equation pulls back, that could make the

*Please turn to page B12*

## Yellow Shares Rally as Bankruptcy Looms

Shares of indebted trucker **Yellow** have more than tripled this week, defying its recent shutdown of operations and impending bankruptcy filing. Shares of the indebted trucker extended their surge on Tuesday, more than dou-

bling to \$3.90, amplifying its Monday's performance.

Some investors were struggling to understand the stock rally, which suggested that buyers see value in Yellow's equity even as it nears a bankruptcy filing and freight customers take their business elsewhere.

Equity ranks junior to debt in bankruptcy and holders typically recover nothing unless creditors are fully paid with a surplus of value left over. Shareholders of bankrupt companies are rarely in the money—usually when the business gets an unexpected boost that restores its solvency.

That isn't likely for Yellow, which faces long odds to exit from bankruptcy as a going concern because of the nature of the trucking business. Its customers would be long gone, afraid of leaving their inventory stranded in court proceedings.

Yet now that customers have fled, Yellow could be more valuable in some respects in liquidation than as an ongoing operation, in large part because of its real estate and other holdings, said people familiar with the situation. A representative for Yellow didn't respond to a request seeking comment.

For Yellow's stock to be worth anything in bankruptcy, the company must pay back the nearly \$1.5 billion in total debt it owed as of the end of

*Please turn to page B13*

◆ The collapse of Yellow could cost taxpayers..... B13

## Starbucks Sales Rise, but Wage Hikes Bite

By HEATHER HADDON

**Starbucks** reported record sales from its cold espresso and other elaborate coffee drinks, but the coffee giant said that employee wage increases and investments in its cafes dragged down its profit.

The coffee chain reported \$9.2 billion in sales for the most recent quarter, below analysts' expectations of \$9.3 billion. Quarterly revenue climbed 12.5% from a year earlier, the company said.

North American same-store sales grew by 7% during the quarter compared with last year, slightly below analysts' expectations.

Price increases contributed to the increase in sales, Starbucks said. Starbucks said that customers flocked to cold espresso beverages and ones modified with cold foam and other add-ons.

Starbucks shares fell 0.5% to \$100.75 in after-market trading.

Chief Executive Laxman Narasimhan said U.S. store operations are improving. The company is installing new ovens and coffee machines in stores, and baristas are staying in their jobs for longer.

"We are executing better," Narasimhan said during an earnings call Tuesday.

Investors are parsing Starbucks' earnings for signs about how consumers are spending for discretionary items such as lattes and iced coffee. U.S. consumer spending has cooled but remains stronger than many economists had expected, pushing off earlier projections of



North American same-store sales grew by 7% during the quarter compared with last year, slightly below expectations.

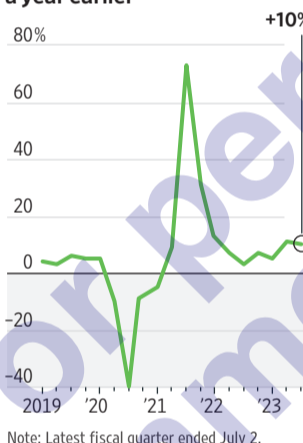
downturn starting in the middle of this year.

The company in the past year has reported strong sales in the U.S. even as it has raised the prices of its drinks in response to rising labor, coffee and ingredient costs. Customers continue to spend extra on syrups, foams and other add-ons, the company has said.

Narasimhan, who became chief executive in March, has said he is seeking to improve Starbucks' supply chain, staffing and equipment to boost the shopping experience for customers. He said Tuesday that the company was making progress on a wide-ranging revamp

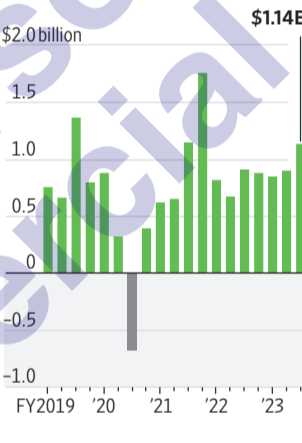
*Please turn to page B2*

Starbucks global same-store sales, change from a year earlier



Note: Latest fiscal quarter ended July 2. Sources: the company (sales); S&P Capital IQ (profit/loss); FactSet (performance)

Quarterly net profit/loss



Share-price and index performance, year to date



## Meta Offers to Seek Consent for Targeted Ads in Europe

By SAM SCHECHNER

Instagram might soon ask for permission before using your embarrassing dance-video habit to select the ads you see—provided you live in Europe.

Under pressure from privacy regulators, **Meta Platforms** has

proposed asking all users in Europe to decide whether they would like to see ads targeted based on how they interact with the company's apps, such as what videos they watch or posts they share.

In a proposal to privacy regulators, the company said it

could update its systems to seek consent for such ads as soon as the end of October in a bid to end a yearslong tussle over the legality of those ads in the European Union, people familiar with the proposal said.

The offer to limit so-called behavioral ads to users who

opt in goes far beyond what Meta has done so far in response to privacy regulators.

Since April, Meta has allowed users in Europe to request an opt-out from ads based on their activity in Meta apps, but only if a user completes a lengthy form on its help

pages. That process likely has limited the number of people who have opted out.

Seeking consent, by contrast, would entail asking users to say "yes" or "no" before showing such ads. Under EU law, a user has to be able to access the service even if they say no.

The hit to ad revenue could be significant. If a large number of users decline ads based on their activity on Instagram or Facebook, Meta's systems would end up with fewer signals to infer interests and build audiences for ads that

*Please turn to page B4*

## Toyota Land Cruiser To Return to U.S.

By RIVER DAVIS

TOKYO—**Toyota Motor** is bringing a long-running icon of off-roading back to the U.S.

Toyota on Wednesday showed off a new Land Cruiser, reminiscent of boxy pre-2000s versions of the sport-utility vehicle. The company plans to bring the redesigned Land Cruiser to the U.S. next year after having discontinued the model there.

The price in the U.S. will start in the mid-\$50,000s, the company said.

The revival of the long-running nameplate known for its ability to handle driving over

rough terrain, mimics a move made a few years earlier by Ford, which relaunched its previously discontinued off-roading SUV, the **Bronco**, in 2020.

The return of the Land Cruiser could put further pressure on **Jeep's** position in the "adventure vehicle" category.

When Toyota discontinued the Land Cruiser in the U.S. in 2021, the nameplate was aging and had not received a major update in years, although it enjoyed a following from some off-road enthusiasts.

Toyota's chief branding officer, Simon Humphries, said the new Land Cruiser is "proud to be raw and utilitarian."

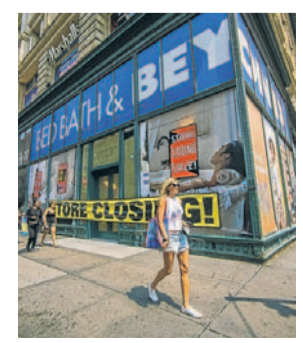


The new Land Cruiser was on display in Tokyo on Tuesday.

## INSIDE



**PROPERTY REPORT**  
Foreign purchases of U.S. homes slump but at a slower rate than overall transactions. **B6**



**BUSINESS NEWS**  
Bed Bath & Beyond begins its new life as an online brand under new ownership. **B7**



H&M says extending the life of clothes 'is crucial for reducing our environmental impact.'

## H&M, Zara and Fast-Fashion Peers Are Pushing Into Repair Services

By TREFOR MOSS

Fast-fashion retailers including **H&M Hennes & Mauritz**, **Uniqlo** and **Zara** have for years enticed shoppers to buy more and more new clothes. Now these brands are pushing consumers to repair their old ones, too.

The moves come as the fashion industry works to burnish its green credentials

amid pressure from consumers and regulators to lessen its environmental impact. Repairing clothes rather than throwing them away reduces waste and means fewer resources are used to make replacements.

Zara this year is launching nationwide repair services in several of its largest markets, **Uniqlo** is adding repair studios to a number of stores, and

H&M-owned **Cos** is working with a startup to help customers fix damaged dresses and jackets.

While some high-end brands have long offered to fix pricier products, the large-scale rollout of repair services is a new venture for mainstream fashion retailers whose clothes are typically much cheaper. The trend could also

*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.

<b>A</b>	<b>H</b>	Royal Caribbean.....B13
Apollo Global Management.....B13	H&M Hennes & Mauritz.....B1	<b>S</b>
Arista Networks.....B13	HSBC.....B14	Sally Beauty.....B13
<b>B</b>	<b>I</b>	Sanofi.....B12
Bed Bath & Beyond.....B7	Inditex.....B2	SeaWorld.....B7
BlackRock.....A3	<b>L</b>	Shell.....B3
BP.....B3,B6	LandYield.....B6	Starbucks.....B1
<b>C</b>	Lyft.....A2,B14	Syneos Health.....B4
Carnival.....B13	<b>M</b>	<b>T</b>
Caterpillar.....B3,B13	Mercuria Energy.....B6	Tesla.....B12
Chevron.....B3	Meta Platforms.....B1,B4	Thermo Fisher.....A2
Costco Wholesale.....B2	MFN Partners.....B13	Toyota Motor.....B1
<b>D</b>	Microsoft.....B1,B4	<b>U</b>
Diageo.....B2	MSCI.....A3	Uber Technologies.....A1,B14
<b>E</b>	<b>N</b>	Ultra Beauty.....B13
E.l.f. Beauty.....B13	Norwegian Cruise Line.....B13	<b>X</b>
Estée Lauder.....B13	Nvidia.....B1	XPO.....B13
Exxon Mobil.....B3	<b>O</b>	<b>Y</b>
<b>F</b>	Overstock.com.....B7	Yangtze Memory Technologies.....A2
Finite Carbon.....B6	<b>P - R</b>	Yellow.....B1,B13
<b>G</b>	Pfizer.....B3	<b>Z</b>
Gap.....B2	Procter & Gamble.....B12	ZTE.....A3
	Royal Bank of Canada.....B14	

## INDEX TO PEOPLE

<b>B</b>	Helmerson, Helena.....B2	Paulonis, Denise.....B13
Borkhataria, Biraj.....B3	Humphries, Simon.....B1	<b>R</b>
Bourla, Albert.....B3	<b>I</b>	Rathbun, Anna.....B12
Bragar, Sandi.....B12	Iger, Robert.....B7	Robard, Yann.....B12
<b>C</b>	<b>J</b>	<b>S</b>
Carney, Sean.....B6	Johnson, Jonathan.....B7	Sivasubramanian, Swami.....B4
Chai, Nelson.....A2	<b>K</b>	Smith, Corey.....B6
Chakravarti, Ram.....B4	Khosrowshahi, Dara.....A1,B14	Speigel, Dennis.....B7
Chandrashekar, Lavanya.....B2	Kimbell, Dave.....B13	Spieler, Kurt.....B13
Cipolloni, George.....B12	<b>L</b>	Swartz, Michael.....B7
<b>D</b>	Looney, Bernard.....B3	<b>T</b>
Devnani, Nikhil.....B14	<b>M</b>	Tilley, Luke.....A2
Dusanivsky, Ihor.....B13	Maceiras, Óscar García.....B2	Turov, Jon.....B4
<b>E</b>	Malhotra, Rashi.....B6	<b>W</b>
Evnin, Luke.....B12	Masood, Adnan.....B4	Wolfmeyer, Korinne.....B13
<b>F</b>	Musk, Elon.....B12	Woods, Jay.....B13
Fain, Josh.....B6	<b>N - P</b>	<b>Y - Z</b>
<b>G - H</b>	Narasimhan, Laxman.....B1	Yun, Lawrence.....B6
Goshen, Ori.....B4	Norton, Marta.....B12	Zaffino, Ian.....B7

# Diageo's Spirits Stumble in U.S.

By SAABIRA CHAUDHURI

Americans are pulling back on buying pricey alcohol as a pandemic-era booze boom slows.

Johnnie Walker scotch and Smirnoff vodka maker Diageo Tuesday reported flat annual sales in North America, saying sales growth of bottles priced \$50 and up had slowed in the fiscal year to June 30. The company—whose business is tilted more toward upscale alcohol than many of its rivals—also said its share of the U.S. spirits market had declined slightly.

Diageo, like other spirits makers, benefited during the pandemic as many home-bound consumers amassed savings, allowing them to spend more money on high-end liquor. A continuing shift toward cocktails and away from beer and wine also accelerated.

While some pandemic-era trends tailed off after a few months, the cocktail-making trend looked set to stay. “Everyone was doing Zoom cocktail parties,” said Diageo’s Chief Financial Officer Lavanya Chandrashekar.

Then as bars and restaurants reopened, Diageo continued to see strong growth as Americans rushed to socialize with family and friends. Many drinkers also continued to make cocktails at home.

Now, normality is setting in and the spirits industry’s growth rates are returning to



Diageo, the maker of Johnnie Walker scotch and other liquors, reported flat annual sales in North America.

drashekar said. Diageo doesn’t see any signs that consumers are trading down to cheaper brands, though people are shopping “more smartly in terms of where they buy,” with the company’s products at retailers such as Costco doing well, she said.

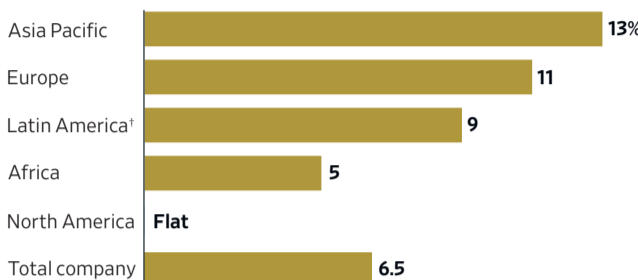
“I feel good about where the consumer is today in the U.S.,” Chandrashekar said.

Another factor hitting Diageo’s U.S. results was the growing popularity of spirit-based canned cocktails, which made up more than one-third of the American spirits industry’s growth last year. Diageo—which had slowed launches of canned cocktail products to focus on other areas—said it lost share in the category, largely to low-end brands.

Overall, Diageo said full-year organic net sales, which strip out currency fluctuations and the impact of mergers and acquisitions, grew 6.5%. The rise was driven by higher prices, with volumes falling 0.8%. Diageo logged sales growth in all regions outside of North America. Net profit rose to £3.72 billion, equivalent to about \$4.8 billion, from £3.25 billion a year earlier. Net sales were £17.11 billion, up from £15.45 billion over this period.

The company has in recent years worked to tilt its exposure toward pricier spirits brands as drinkers have shown a growing propensity to spend more.

Diageo’s organic sales growth by region for the year ended June 30, 2023\*



\*Excludes currency fluctuations and the impact of mergers and acquisitions. †Includes the Caribbean. Source: the company

prepandemic levels of between 4% to 6%, Chandrashekar said. Diageo’s \$50-a-bottle segment grew 7% last year globally compared with 31% the year earlier.

Overall U.S. spirits sales dropped 1%, offsetting a 1% rise in Diageo’s smaller beer division, which includes Guinness.

Diageo said its alcohol distributors bought less than they had a year earlier when there was a rush of orders to fill shelves following supply-chain disruptions amid the pandemic.

Sales to retailers grew ahead of shipments to distributors, indicating underlying demand is strong, Chan-

## Starbucks Sales Hit Record

Continued from page B1 of the coffee chain.

Starbucks said last year that it would invest in store equipment, improve its store designs and increase its incentives for

workers.

Narasimhan said that he thinks Starbucks can open more stores in smaller cities in the U.S.

Delivery sales are growing, and Starbucks will continue to invest in its to-go offerings, he said.

China is Starbucks’s second-biggest market after the U.S., and the country’s Covid-19-related restrictions badly hurt its business there.

Starbucks last year predicted its sales in China would re-

bound in coming years, and it aimed to open around 3,000 new stores in the country by 2025.

Now, China’s economic recovery is sputtering, with the country’s economy barely growing in the second quarter from the first quarter and youth unemployment hitting a record in June.

The slowdown is hurting consumer companies with big markets in China, such as beauty chains.

Starbucks said its same-store

sales in China grew by 46% in its third quarter from a year earlier, exceeding analysts’ expectations. Narasimhan said Tuesday that the Starbucks brand is healthy in China and sales are improving.

Seattle-based Starbucks reported net income of \$1.14 billion for its third-quarter ended July 2, up 25% from the same period a year earlier.

Earnings were \$1 a share when accounting for one-time items. Analysts polled by FactSet expected 95 cents a share.



Customers flocked to cold espresso and foam drinks.



In the U.K., Zara uses a network of third-party repairers. Fixing a hole costs £10, or about \$13.

## Fashion Sellers Offer Repairs

Continued from page B1 threaten to cannibalize sales of new products.

Repairs and other sustainability initiatives are an “attempt to transform ourselves and the sector,” said Óscar García Maceiras, chief executive of Zara owner Inditex, at the company’s annual general meeting in July.

The retailer is rolling out its “Zara preowned” service, which enables customers to repair, sell or donate used clothes in stores and online, in France, Germany and Spain this year. It said the service would launch in all its major markets by 2025, having started in the U.K. late last year.

In the U.K., Zara takes in garments for repair and handles payments, but uses a network of third-party repairers to do the work. Mending a hole, for example, costs £10, equivalent to roughly \$13.

The company has said repairs are key to its sustainability efforts, enabling customers to extend the life of their clothes while reducing waste.

Across the fashion industry, a truckload of used textiles is either buried or incinerated globally every second, according to the Ellen Mac-

Arthur Foundation, a U.K.-based nonprofit, with 92 million tons of garments tossed annually into landfills. Clothes bought from fast-fashion brands are on average thrown away after less than a year, the foundation says.

The European Parliament in June approved a new strategy calling for fashion companies operating in Europe to adopt higher environmental standards.

Lawmakers are now drafting more than a dozen new laws that will require brands to make their production processes greener and take greater responsibility for waste associated with their products.

Other global regulators and multinational bodies including the United Nations have also been pushing for change within the fashion industry. Under a U.N.-led Fashion Charter, for example, signatories including Gap, H&M and Inditex have committed to reduce their emissions.

In response, fashion brands are taking a more active interest in the fate of their products after they have left the store, offering to recycle old clothes or keep them in circulation by patching a knee or darning a hole.

For luxury brands including Hermès or Louis Vuitton, repairs are already regarded as an essential service, with customers motivated to mend a handbag or coat that potentially cost them thousands of dollars.

For mainstream brands selling cheaper clothes, the

equation is more complex: Consumers might not see much value in repairing something that didn’t cost much to begin with, and even if they do, brands face the challenge of enabling repairs at mass-market scale.

Japanese brand Uniqlo has so far opened 21 “Re.Uniqlo Studios” around the world, five of which are in the U.S., where customers can pay \$5 for a simple repair or have their items remade into something new.

H&M says extending the life of clothes through repair and other means “is crucial for reducing our environmental impact.”

Though analysts say there is a risk that sustainability efforts could become a drag on new sales, H&M is aiming to double sales this decade while also halving its environmental impact.

H&M has launched repair stations at stores in seven cities, including Paris and Stockholm. The retailer also offers online repair tutorials and sells products including decorative patches designed to encourage customers to fix their own clothes.

“This is a service that is appreciated where we offer it,” H&M Chief Executive Helena Helmersson said in an interview. But for an affordable brand “it’s more difficult to get the demand to the extent that it becomes profitable,” she said. Rather than repair, reselling used clothes will likely remain the main thrust of H&M’s waste-reduction efforts, she said.

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BUSINESS NEWS

# Pfizer's Revenue Misses Views but New Drugs Await

By JARED S. HOPKINS

**Pfizer** on Tuesday reported second-quarter revenue that fell short of analysts' estimates as record sales from its Covid-19 products dry up.

Pfizer says its strategy of relying on internal innovation is bearing fruit, with a series of new drug approvals coming in the second quarter and drugs from recent deals helping drive revenue.

The company has been looking to ramp up areas for growth as record sales from its Covid-19 products soften. Excluding the Covid-19 vaccine and treatment Paxlovid, Pfizer sales grew about 5%, by \$537 million.

The growth was partly driven by products recently acquired through deals, including migraine treatment Nurtec and sickle-cell disease drug Ox-bryta, Pfizer said.

Chief Executive Albert Bourla said he expects demand for Pfizer's Covid-19 products to be less uncertain once they are sold commercially instead of through government contracts.

Pfizer expects to roll out its Covid-19 shot to the commercial market in September, assuming the latest version targeting newer strains are cleared by regulators and available by the end of August, Bourla said in prepared remarks.

The company's second-quarter net earnings fell by roughly three-quarters to \$2.3 billion, or 41 cents a share. Excluding certain items such as litigation, second-quarter earnings were 67 cents a share, compared with analysts' forecast of 57 cents a share.

Sales fell 54% to \$12.7 billion, compared with the consensus estimate of \$13.3 billion among analysts surveyed by

FactSet. An expected drop in sales from its Covid-19 vaccine and treatment drove the decline in sales.

The company narrowed its full-year sales forecast to a range of \$67 billion to \$70 billion, down from its previous range of \$67 billion to \$71 billion.

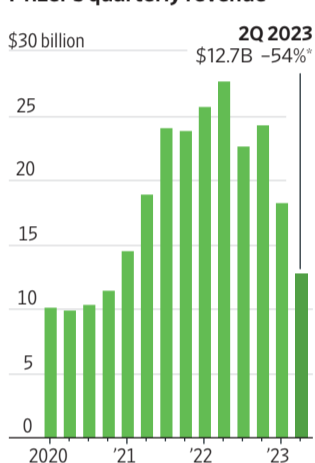
During the latest quarter, U.S. regulators approved Abrysvo, Pfizer's new vaccine for older adults for respiratory syncytial virus; Litfulo, a treatment for the hair loss condition alopecia areata; and Ngenla, a growth hormone treatment for children.

More approvals are expected later this year, helping contribute to Pfizer's goal of rolling out 19 new products or label indications within 18 months, Bourla said.

The new drugs and approvals could soften the impact in 2030 when Pfizer is due to lose \$17 billion in sales from patent expirations.

The company also has been working toward a goal of adding \$25 billion in revenue by the end of the decade from moves such as deal making.

Pfizer's quarterly revenue



\*From a year earlier  
 Sources: S&P Capital IQ; the company

# Caterpillar's Sales Surge as Construction Booms



Caterpillar's revenue surged 22% in the second quarter as demand for its construction products rose despite higher prices.

Total revenue increased to \$17.32 billion, lifted by higher

sales across all three of its major segments, compared with \$14.2 billion in the year-ago quarter. Analysts polled by FactSet expected total revenue and sales of \$16.46 billion.

Caterpillar reported a second-quarter profit of \$2.92 billion, or \$5.67 a share, compared with \$1.67 billion, or \$3.13 a share, in the same period last year. Analysts polled by FactSet expected per-

share earnings of \$4.50. The company said its sales benefited from dealers stocking up on inventory, as well as more sales directly to customers.

—Ben Glickman

# BP Profit Falls as Prices Weaken for Oil, Gas

By JENNY STRASBURG AND MARI NOVIK

LONDON—British oil giant **BP** said its second-quarter profit dropped almost 70% from its year-ago bonanza, as lower commodity prices and weak refining margins hit results.

The oil major's profit missed market expectations and fell more sharply compared with roughly 50% declines recorded by bigger rivals **Exxon Mobil**, **Shell** and **Chevron**.

BP trimmed its quarterly share buyback to \$1.5 billion from the \$1.75 billion announced last quarter while modestly boosting its dividend.

The results come as energy heavyweights emerge from last year's record-breaking year of profits flush with cash

but navigating lower commodity prices and a murky economic outlook in key markets, including China.

U.S. oil majors have signaled they could use billions of dollars in their war chests on big acquisitions in the oil patch.

European counterparts, meanwhile, are trying to boost share prices through continued investor payouts in a bid to narrow their valuation gap with U.S. companies.

London-based BP said Tuesday that its underlying replacement-cost profit, a metric similar to net income that U.S. oil companies report, was \$2.6 billion. That compared with the \$3.5 billion average projection of 24 analysts compiled by BP and \$8.5 billion in the year-ago period.

BP said maintenance activity at production sites and

weak oil-trading results in the three months ended June 30 were partially offset by what it called exceptional natural-gas trading returns. Trading results can vary from trends in market prices, depending on the timing of customer agreements, the value of derivative contracts and other factors. The company also said it expects to produce more oil this year compared with last year.

BP's second-quarter net income fell to \$1.8 billion from \$9.3 billion in the same period last year, when Russia's war in Ukraine helped stoke prices of oil and gas amid supply worries. Net debt at the end of the second quarter was \$23.7 billion, up from \$22.8 billion a year earlier.

Chief Executive Bernard Looney said the continued share buybacks and the divi-

dend boost reflect BP's confidence in its performance. Investors have been demanding that companies show they can continue to take advantage of oil-and-gas returns while maintaining cash payouts to shareholders.

BP said in its earnings statement Tuesday that it expects natural-gas prices to continue to be lower in Europe and Asia into the third quarter, citing higher-than-normal levels of gas storage on the European continent as countries sock away supplies ahead of winter.

"BP reported a weak set of numbers versus expectations," RBC Capital Markets analyst Biraj Borkhataria wrote in a research note, adding that the company looked to compensate by boosting its dividend and continuing share purchases.

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TECHNOLOGY

WSJ.com/Tech

# Meta Acts to Block News in Canada

# Some Firms Shun New U.S.-EU Data Pact

Changes step up fight over law that sets revenue sharing for online content

in a showdown over whether digital companies should finance news outlets.

“Changes will roll out over a few weeks,” Meta spokesman Andy Stone wrote on X, the platform formerly known as Twitter. “As we’ve always said, the law is based on a fundamentally flawed premise. And, regrettably, the only way we can reasonably comply is to end news availability in Canada.”

Meta and Alphabet-owned

Google have taken a hard line against Canadian legislation, passed in June, that compels digital platforms to compensate media outlets for links. Internet law experts say this reflects the companies’ concern about a contagion effect—that every jurisdiction will try to mimic Canada’s approach and get the Silicon Valley companies to help finance news-gathering.

The U.S. Senate Judiciary Committee, for instance, ap-

proved proposed legislation that is similar in scope to what Canada approved.

Google has said it would remove links to Canadian news articles on its search function for Canadian users once authorities start enforcing the legislation, which is expected to happen late this year. Canadian officials say they believe they can address Google’s concerns. A Google spokesman said Tuesday its warning remains in place.

Last month, Prime Minister Justin Trudeau likened the fight with Meta and Google to World War II. “They made the wrong choice by deciding to attack Canada,” he said July 5. “Canadians will not be bullied by billionaires in the U.S.”

Canadian Heritage Minister Pascale St-Onge said Tuesday Meta’s decision was “irresponsible.” She said the company currently faces no legal obligations because regulations have not yet been drafted.

By CATHERINE STUPP

Some businesses are holding off on signing up for a long-awaited new data agreement between the U.S. and the European Union, waiting to see whether the benefits outweigh the risks.

After three years of negotiations, the EU gave final approval in July to a new deal that allows companies to store data about Europeans on U.S. soil. Companies can sign up to use the new framework, potentially simplifying how they handle personal data. Still, some corporate privacy officers said they are in no rush to do so, waiting to see whether the new agreement will be challenged in court and whether continuing to use existing privacy contracts, although it is more work, might make more sense.

Using the new deal, known as the Trans-Atlantic Data Privacy Framework, opens companies up to more regulatory scrutiny and requires privacy teams to go through extra work to make sure they meet requirements under the deal.

Since 2020, when the European Union’s top court ruled that Privacy Shield, a previous data agreement, was illegal, companies have been forced to use lengthy legal contracts to transfer data to the U.S. The court said Privacy Shield left open the possibility that the U.S. government could access European data, posing risks to Europeans’ privacy.

More than 5,000 companies had used Privacy Shield to move data between jurisdictions. So far, around 2,500 companies have signed up to the new framework, according to the Commerce Department.

Some corporate privacy officers said they are used to their contractual arrangements now, even if they are time consuming, and might stick to those instead of signing up to use the new framework.

“We want to make sure it’s worthwhile,” said Alea Garbagnati, head of privacy at Adaptive Biotechnologies, a Seattle-based drug-discovery company. Garbagnati said she would determine in the next six months to a year whether to certify to use the framework.

The U.S. Federal Trade Commission has sanctioned businesses that didn’t comply with the Privacy Shield and the same could happen under the new framework, Garbagnati said.

After Privacy Shield was killed, some companies made moves to protect their data that they might not be able to easily undo, said Caitlin Fennessy, vice president and chief knowledge officer at the International Association of Privacy Professionals, a trade group.

In particular, some European companies switched from American to European technology providers, Fennessy said. Regulators told companies in several European countries that it was illegal for them to use services from U.S. companies, including Cloudflare’s cloud cybersecurity service and Google Analytics to track website traffic for digital advertising.

Many companies transfer personal data from Europe to the U.S. because they are multinationals and handle human-resources information in different jurisdictions, or they might move data abroad because it helps them provide certain services to customers. Companies also work with supply chains that could include service providers located in different parts of the world, requiring that personal data moves between countries.

For companies to become certified under the new deal, they need to agree to adhere to principles, including the use of appropriate measures to protect personal data from unauthorized access, destruction or disclosure, and sharing data with third parties only if an individual consents.

Max Schrems, the lawyer who filed the complaint that led the EU court to strike down the Privacy Shield, has said he intends to file a complaint against the new framework.

EU officials said they expect complaints but aren’t concerned.

# Concession Made on Ad Targeting

Continued from page B1

make up the bulk of its revenue. That could make its ads less effective, which could weigh on prices.

Meta doesn’t break out its revenue from the EU, but it likely accounts for much of the broader Europe region, which also includes the U.K. and Turkey. The company said the Europe region generated 23% of its \$31.5 billion in advertising revenue in the second quarter.

Meta has reported a rebound in its ad revenue this year, aided by its use of artificial intelligence to improve ad targeting. That has helped the company recover from a \$10 billion drop in ad revenue from Apple privacy changes for iPhones. Those changes, made in 2021, hindered Meta’s ability to use data it had about its users’ activity on third-party apps. It isn’t clear how those AI fixes will perform without data on usage of Meta’s own apps.

Meta said it plans to make the change to consent following discussions and guidance from Ireland’s Data Protection Commission, the lead privacy regulator for the company because it has its EU headquarters in Ireland. The company added that advertisers will still be able to run personalized ad campaigns in Europe after the change.



Meta Platforms says it could update its system to seek consent from users on behavioral ads in the EU by the end of October.

Meta’s proposed change to seeking consent for behavioral ads opens a new chapter of a dispute that dates to 2018, when the EU’s privacy law, the General Data Protection Act, came into effect. At the time, Meta used its terms of service to justify selecting ads based on users’ activity in its apps. The choice was stark: Agree to the terms of service, or stop using the app.

Privacy activist Max Schrems complained, launching a case that eventually wound its way last year to a board of all EU privacy regulators. They decided in December

that Meta couldn’t use agreement to its terms of service to justify those ads. Ireland’s Data Protection Commission in January issued the order to stop doing so, along with a roughly \$430 million fine.

Meta appealed that decision but in April also switched its legal justification for behavioral ads to a provision of the EU’s privacy law that cites the “legitimate interest” of its business. As part of that change, it created the online form giving users the option to request to opt out of behavioral ads.

The EU’s top court then un-

expectedly weighed in. In a July decision largely on a different topic, the court said that users’ interest in their own privacy overrides the “legitimate interest” argument for a social network like Facebook to show behavioral ads—unless it had users’ consent.

After that decision, Ireland’s privacy regulator told Meta that it wasn’t compliant with its January decision and passed along objections from some other European privacy regulators as well. Norway, for instance, demanded last month that Meta stop showing behavioral ads in Europe until

it could ask for consent.

Meta in recent days told regulators that it was willing to switch to seeking consent but said the change is a significant hurdle that would require at least three months to implement, the people familiar with the proposal said.

The company also offered the possibility of waiting until early next year to implement it at the same time as changes related to a separate EU regulation aimed at promoting competition, which requires consent for mingling data between a company’s core services.

# Power of Cloud Vendors Forces Choices Amid AI Boom

By BELLE LIN

Companies looking to deploy generative artificial intelligence have some choices to make.

There are a number of large language models that power generative AI, and many of the AI companies that make them have forged partnerships with big cloud-computing vendors. As business technology leaders make their picks among them, they are weighing the risks and benefits of using one cloud provider’s AI ecosystem.

They say it is an important decision that could have long-term consequences, including how much they spend and whether they are willing to sink deeper into one cloud provider’s set of software, tools, and services.

So far, AI model makers like OpenAI, Anthropic, and Cohere have led the charge in developing proprietary large language models that companies are using to boost efficiency in areas like accounting and writing code, or adding to their own products with tools like custom chatbots.

Tie-ups between model makers and major cloud companies include OpenAI and Microsoft Azure, Anthropic and Cohere with Google Cloud, and the machine-learning startup Hugging Face with Amazon Web Services. Databricks, a data storage and management company, agreed to buy the generative AI startup MosaicML in June.

For many businesses, the primary choice isn’t which AI model to use but whether they stay within the AI ecosystem offered by their cloud providers, said Adnan Masood, who has advised Microsoft and is chief AI architect at digital technology and information technology services firm UST. The Aliso Viejo, Calif.-based company began using AI models from OpenAI and its cloud partner Microsoft Azure, in part because the firm already runs on Microsoft’s cloud plat-



Companies often find it easier not to switch cloud providers, says Adnan Masood, an advisor on AI and other technology.

form, Masood said.

Still, if a company chooses a single AI ecosystem, it could risk “vendor lock-in” within that provider’s platform and set of services, said Ram Chakravarti, chief technology officer of Houston-based BMC Software. This paradigm is a recurring one, where a business’s IT system, software and data all sit within one digital platform, and it could become more pronounced as companies look for help in using generative AI.

Companies say the problem with vendor lock-in, especially among cloud providers, is that they have difficulty moving their data to other platforms, lose negotiating power with other vendors, and must rely on one provider to keep its services online and secure.

Cloud providers, partly in response to complaints of lock-in, now offer tools to help customers move data between their own and competitors’ platforms. Businesses have increasingly signed up with more than one cloud provider to reduce their reliance on any

single vendor.

That is the strategy companies could end up taking with generative AI, Chakravarti said, where by using a “multiple generative AI approach,” they can avoid getting too entrenched in a particular platform. Many chief information officers have said they willingly accept such risks for the convenience, and potentially lower cost, of working with a single technology vendor or cloud provider.

A challenge in incorporating generative AI is that the technology is changing so quickly, analysts have said, forcing companies to not only keep up with the pace of innovation, but also sift through potential data privacy and cybersecurity risks.

A company using its cloud provider’s premade tools and services can more quickly implement generative AI off-the-shelf, Masood said.

“It has privacy, it has security, it has all the compliance elements in there,” he said. “At that point, people don’t really have to worry so much

about the logistics of things, but rather are focused on utilizing the model.”

For other companies, it is a conservative approach to use generative AI with a large cloud platform they already trust to hold sensitive company data, said Jon Turow, a partner at Madrona Venture Group. “It’s a very natural start to a conversation to say, ‘Hey, would you also like to apply AI inside my four walls?’”

And while many companies say they would like to “fine-tune” or customize large language models with their own data, most find that they don’t need to make that kind of investment, said Ori Goshen, co-founder of AI company AI21 Labs. Many customers are just looking for a way to ask questions of and write summaries based on their data, he said, and AI21 offers its own software to help customers deploy its models.

“You can think conceptually about these language models as engines, but basically companies want cars,” he said. “We’re getting you much closer to a car.”

For the cloud providers, it is also an opportunity to use generative AI to boost demand for their core cloud services. Microsoft last week reported slower quarterly sales growth, even as excitement around AI bolstered its business. Google’s cloud-computing unit, a central piece of its AI strategy, reported revenue up 28% from a year earlier.

Amazon, which is expected to report earnings on Thursday, announced updates to its Bedrock AI platform last week, making it easier for businesses to pull in their own data for use with large language models, and deploy the various AI models that AWS supports, said Swami Sivasu-

bramanian, the company’s vice president of data and machine learning.

Google Cloud, like AWS, has increasingly aimed to market itself as a neutral platform where developers can pick among an array of generative AI models from different companies. A company spokesperson said it supports its own models like PaLM, and other open-source, third-party, and custom models.

Sivasubramanian said customers want to have their pick of AI models, typically using more than one for a single function, and end up “building so much scaffolding” to make their work that they need the extra help.

Microsoft, which last month announced that Meta’s open-source Llama 2 model would be free and available to developers using its cloud platform, said it also allows developers to build their own “co-pilot” AI-based work assistants, and that companies can pull in their own data to use with OpenAI models.

In theory, these partnerships have opened up the number of AI models that executives can use inside their companies. But some technology leaders still don’t want to

remain wedded to a single cloud or tech provider, and have decided to wait and see which AI models can offer the best performance, at the best price.

“We’re going to leverage the standard tech stack and infrastructure that we currently have, which is Microsoft Azure with OpenAI,” said Larry Pickett, chief information and digital officer of pharmaceutical services company Syneos Health. “But we know this is a bit of a horse race between all these different competitors, and so we just want to remain flexible.”

**The Google and Amazon clouds are pitched as neutral for AI models.**





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# THE PROPERTY REPORT

## Foreign Purchases of U.S. Homes Slump

Sales slide 14% to an all-time low but fell at a slower rate than overall transactions

By NICOLE FRIEDMAN

Foreign buying of U.S. homes fell for a sixth straight year, sinking to the lowest level on record, though some signs of turnaround are starting to emerge.

International buyers purchased 84,600 U.S. homes in the year ended in March, down 14% from the prior year, according to a report released Tuesday by the National Association of Realtors.

The dollar volume of residential real estate purchased by these buyers fell 9.6% to \$53.3 billion, also a record low since NAR began collecting the data in 2011.

Foreign buyers pulled back for some of the same reasons that Americans did, including housing prices that have been close to record highs and limited inventory for sale. Foreigners also were deterred by the stronger dollar.

"With home prices having risen in the U.S. in the 2020-2021 period so substan-



New York City's high rents are fueling greater interest in the market from foreign investors.

tially...people are just priced out," said Lawrence Yun, NAR's chief economist.

Still, the decline in international purchases was less than the 23% decline that U.S. existing-home sales posted over the same period. Foreign buy-

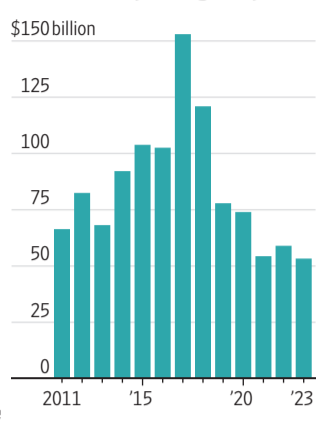
ers are more likely to pay with cash, making them less responsive to steeper mortgage rates compared with domestic buyers.

Foreigners also were bigger spenders. The median purchase price for foreign buyers

in the year ended in March was \$396,400, NAR said, compared with \$384,200 for all U.S. sales of previously owned homes in the same period.

And some brokers say that foreigners are finally showing signs of renewed interest,

Purchases of U.S. residential real estate by foreign buyers



Note: Data for 12-month period ended in March

Source: National Association of Realtors

thanks to a drop in worldwide Covid-19 restrictions, especially in previously strict countries like China. Chinese buyers were the most active during the period with \$13.6 billion in purchases, the country's highest level since 2018.

Foreigners have always represented a small slice of the overall U.S. housing market and made up less than 2% of existing-home sales during the year ended in March.

But their purchases tend to be concentrated in a limited number of states, such as Florida, California and Texas,

which were the most popular destinations for foreign buyers during the period.

In the Tampa, Fla., area, demand for luxury properties from Latin American buyers is robust because it is more affordable than Miami, historically a major destination for foreign buyers, said Corey Smith, a real-estate agent with Charles Rutenberg Realty.

Florida passed a law this year that limits how residents of seven countries, including China, can purchase properties in the state. Smith said the law hasn't deterred buyers from other countries.

In New York City, foreign investors are showing more interest in the market because high rents make it attractive to purchase rental properties, said Rashi Malhotra, a real-estate agent with Coldwell Banker Warburg.

"They're looking for a good deal," she said. "There is a little bit of hesitation there, too. It's not a quick decision."

About 51% of foreign buyers in the year ended in March were recent immigrants or foreigners who live in the U.S. Nonresidents tend to buy U.S. homes as rental properties or vacation homes, according to NAR.

### BUSINESS NEWS

## Small Timber Players Get a Way to Sell Carbon Offsets

By RYAN DEZEMBER

One of the country's largest forest-carbon firms is launching a platform to enable owners of Southern timberland to sell carbon offsets on properties as small as 40 acres, expanding a market that has mostly been limited to owners of vast wooded tracts.

Finite Carbon, which is majority owned by energy

giant BP, said it would begin to enroll landowners in 13 Southern states in the program this month.

Landowners will be paid quarterly if they agree not to cut down trees for 20 years and then maintain a steady volume of standing timber on their property for another two decades. The trees must be big enough to be saleable at the time the no-cut

contract is signed.

Finite has arranged more than \$900 million of forest-carbon deals for large U.S. landowners such as timberland investment firms and tribes, dispatching foresters to remote woodlands to measure trees and calculate how much carbon is held on properties that are tens of thousands of acres.

That is only economical for big tracts, so Finite is using

Forest Service data, satellite imagery and computer programs to determine how many offsets smaller landowners can sell if they promise not to cut, said Finite Chief Executive Sean Carney.

Mercuria Energy Group agreed to buy the offsets through a Tennessee startup that the Swiss commodities trader backs called LandYield. Mercuria plans to hold some of

the forest credits—each representing a metric ton of sequestered carbon—to offset emissions generated by its fossil-fuel businesses and to sell the rest to other companies looking to reduce their own carbon footprints, said Josh Fain, LandYield director of operations.

There are several ways to generate carbon offsets, which are awarded for reducing greenhouse gases. The most

popular in the U.S. are associated with forgoing wood harvests so that trees can keep sucking carbon dioxide from the atmosphere as they grow.

Forest offset guidelines developed by regulators in California for the state's cap-and-trade emissions market have spread to unregulated markets. Firms such as Finite broker so-called

voluntary offset deals between landowners and companies.



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BUSINESS & FINANCE



Pipeline, the new roller coaster at SeaWorld Orlando. The soft attendance drove a decline in profit and revenue.

SeaWorld Faces Rough Ride As Visitor Numbers Drop

By WILL FEUER

SeaWorld Entertainment warned that attendance fell in the second quarter, as the scorching summer heat kept some visitors away from the company's theme parks during a crucial period.

Orlando-based SeaWorld runs three of its namesake parks in the U.S. as well as others under the Busch Gardens banner and other brands.

For the three months through June 30, SeaWorld estimates that it drew 6.1 million visitors, down from 6.3 million a year ago. The company said the decline was driven by "adverse weather across a number of the company's markets, including during peak visitation periods."

The soft attendance drove a decline in profit and revenue, though SeaWorld hasn't yet reported its full results for the second quarter.

Final results will be re-

leased Aug. 8 ahead of the market open.

The company estimates that quarterly sales will be \$494 million to \$497 million, lower than the \$504.8 million that the company recorded in the same period last year and below the \$518.3 million that Wall Street analysts expected. Visitors who did show up, spent more on average than they did last year.

SeaWorld expects quarterly profit to fall from last year, too, weighed down by lower sales as well as higher interest costs.

Shares of SeaWorld and fellow theme park operator Cedar Fair both fell less than 1%. Six Flags stock reversed losses seen earlier Tuesday and finished the day about 1% higher.

The warning from SeaWorld comes after The Wall Street Journal reported that traffic to Walt Disney's U.S. theme parks slowed this year, and Chief Executive Robert Iger confirmed last month

that a scorching July 4 weekend in Orlando weighed on attendance.

Hot summer days have long been a challenge for U.S. theme parks, but increasingly severe weather has emerged over the past decade or so as a growing focus for executives and investors. More extreme summer weather in particular is starting to reshape the industry, spurring more investment in water parks and indoor rides.

Heading into this year's summer season, analysts and industry observers had hoped that attendance at parks run by SeaWorld, Six Flags and Cedar Fair would inch closer to prepandemic levels this summer. The unusually hot weather and plumes of smoke from the Canadian wildfires are weighing on demand.

"You just haven't gotten any help from Mother Nature over the past month," said Michael Swartz, an analyst at

Truist. On top of the weather, he said: "Weakening consumer spending certainly cannot be ruled out."

Ian Zaffino, an analyst at Oppenheimer, said park operators are discussing the effect of weather on quarterly results more often than they used to. For years, he said, executives avoided discussing weather because it was a constant factor for the industry. But recently, some companies have treated irregular weather as a special event.

"It's getting to the point where weather is having an effect so often that they're saying, 'Maybe we just do call it out,'" Zaffino said.

Dennis Speigel, CEO of consulting firm International Theme Park Services, said the fall season will be key this year.

He said some operators are already advertising Halloween-themed events, earlier in the summer than usual.

Bed Bath & Beyond Begins a New Life As an Online Brand

By ALYSSA LUKPAT AND DENNY JACOB

The fallen Bed Bath & Beyond is back online.

The retailer's website is being run by Overstock.com, which purchased some of Bed Bath & Beyond's intellectual-property assets in June.

Overstock, known for selling furniture, is rebranding in the U.S. as Bed Bath & Beyond to signal its investment in bedding, towels, dishware and other home goods. Overstock's website now redirects to Bed Bath & Beyond's website, which features logos from both companies.

"It really felt like a no-brainer to us," Overstock Chief Executive Jonathan Johnson told The Wall Street Journal.

Bed Bath & Beyond filed for bankruptcy in April. The company closed hundreds of stores and took down its website. Bed Bath & Beyond had reported years of losses amid shifting consumer habits.

The retailer still had valuable intellectual-property assets, some of which Overstock

bought for \$21.5 million in cash. Overstock acquired Bed Bath & Beyond's trademarks, customer database and other brand assets.

The new Bed Bath & Beyond website launched Tuesday in the U.S., selling both Overstock's furniture catalog and Bed Bath & Beyond's traditional home-goods items. The website had launched in Canada in June.

Even the famous blue coupon is back, sort of: Overstock is giving a 25%-off coupon to anyone who downloads the app "Bed Bath & Beyond by Overstock."

"One of the things we liked about this deal is that the Bed Bath & Beyond and the Overstock customers weren't a perfect overlap, but they were pretty close," Johnson said.

Overstock's business is in the home space, but people still consider the company a liquidator even though it hasn't functioned as one in two decades. Johnson said he sees the company in a better position in the future thanks to its rebrand.



Bed Bath & Beyond closed stores after a bankruptcy filing.

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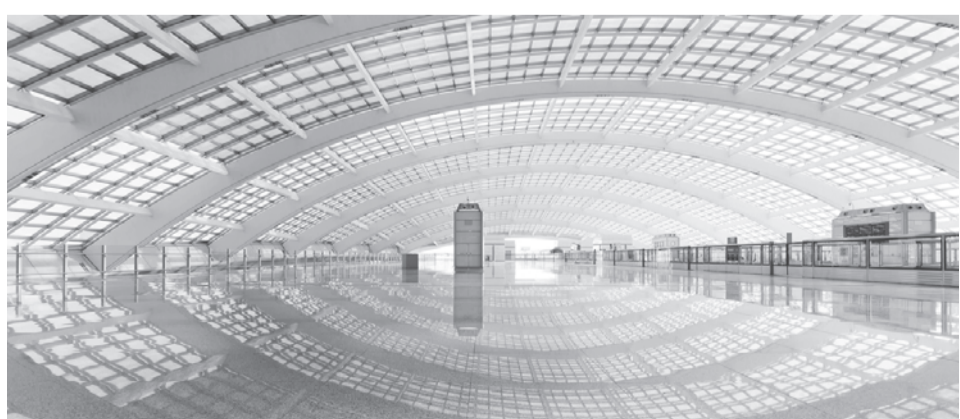
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BIGGEST 1,000 STOCKS

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Footnotes:
h-New 52-week high.
n-New 52-week low.
d-Indicates loss in the most recent four quarters.
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Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.
Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

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Key annual interest rates paid to borrow or lend money in U.S. and international markets.

Table with columns: Inflation, U.S. prime rate index, International rates, Prime rates, Call money, Commercial paper (AA financial), Secured Overnight Financing Rate, DTCC GCF Repo Index, U.S. government rates, Discount, Federal funds, Treasury bill auction.

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Tuesday, August 1, 2023
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KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tortella & Brookes; H=American Commodities Brokerage Co; K=3=weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Spotland Publishing; R=SNL Energy; S=Platts; T=1; U=US\$; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 7/31

BANKRATE.COM® MMA, Savings and CDs

Table with columns: Average Yields of Major Banks, Consumer Savings Rates, High yield savings. Lists various banks and their rates for different terms.

Table with columns: High yield jumbos, Money market account, Six-month CD, One-year CD, Two-year CD, Five-year CD. Lists various banks and their rates for different terms.

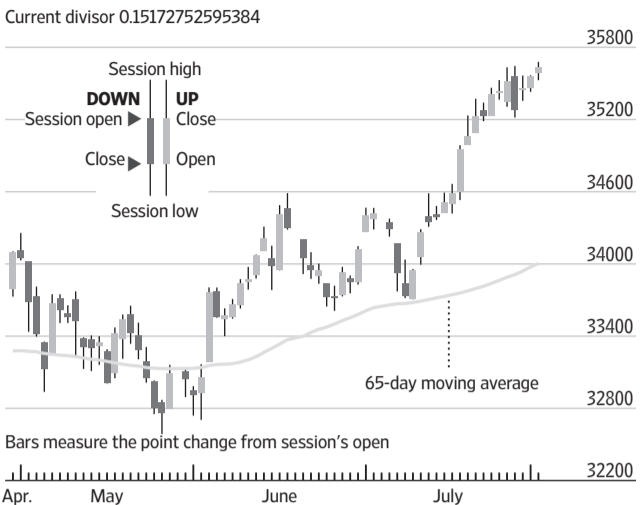


# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

**35630.68** ▲71.15, or 0.20%  
High, low, open and close for each trading day of the past three months.



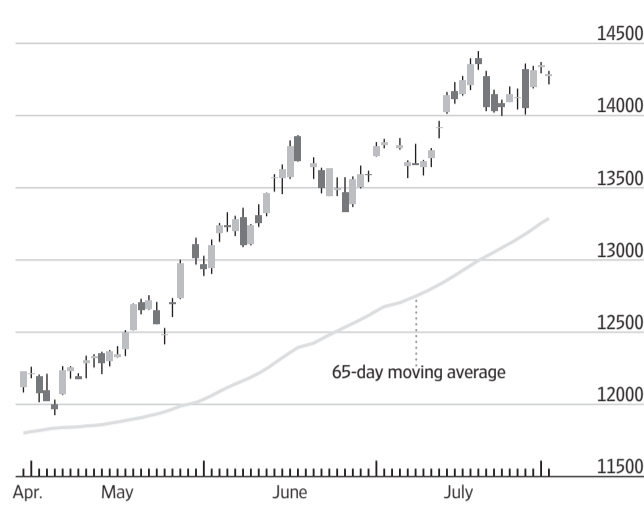
### S&P 500 Index

**4576.73** ▼12.23, or 0.27%  
High, low, open and close for each trading day of the past three months.



### Nasdaq Composite Index

**14283.91** ▼62.11, or 0.43%  
High, low, open and close for each trading day of the past three months.



### Major U.S. Stock-Market Indexes

Index	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
<b>Dow Jones</b>									
Industrial Average	35679.13	35526.61	<b>35630.68</b>	71.15	0.20	35630.68	28725.51	10.0	7.5
Transportation Avg	16574.14	16319.71	<b>16530.42</b>	-86.00	-0.52	16695.32	11999.40	15.7	23.4
Utility Average	935.34	919.36	<b>919.75</b>	-11.47	-1.23	1061.77	838.99	-9.8	-4.9
Total Stock Market	45897.03	45714.68	<b>45837.79</b>	-131.88	-0.29	45969.67	36056.21	11.3	19.0
Barron's 400	1036.97	1029.64	<b>1035.21</b>	-1.76	-0.17	1036.97	825.73	9.2	12.5
<b>Nasdaq Stock Market</b>									
Nasdaq Composite	14309.21	14215.64	<b>14283.91</b>	-62.11	-0.43	14358.02	10213.29	15.7	36.5
Nasdaq-100	15748.43	15636.57	<b>15718.01</b>	-38.99	-0.25	15841.35	10679.34	21.8	43.7
<b>S&amp;P</b>									
500 Index	4584.62	4567.53	<b>4576.73</b>	-12.23	-0.27	4588.96	3577.03	11.9	19.2
MidCap 400	2726.02	2706.29	<b>2721.86</b>	-6.58	-0.24	2728.44	2203.53	9.4	12.0
SmallCap 600	1277.43	1265.07	<b>1276.12</b>	-6.31	-0.49	1315.82	1064.45	3.6	10.2
<b>Other Indexes</b>									
Russell 2000	1996.89	1976.79	<b>1994.17</b>	-9.01	-0.45	2021.35	1655.88	5.9	13.2
NYSE Composite	16427.29	16310.36	<b>16356.51</b>	-70.78	-0.43	16427.29	13472.18	7.9	7.7
Value Line	596.65	591.68	<b>594.55</b>	-2.10	-0.35	606.49	491.56	4.9	10.9
NYSE Arca Biotech	5326.48	5258.62	<b>5277.22</b>	-49.26	-0.92	5644.50	4390.11	11.1	-0.1
NYSE Arca Pharma	878.59	869.19	<b>870.94</b>	-4.67	-0.53	892.45	737.84	6.8	0.4
KBW Bank	89.01	87.76	<b>88.45</b>	-0.88	-0.99	115.55	71.96	-17.0	-12.3
PHLX <sup>S</sup> Gold/Silver	124.43	122.48	<b>122.56</b>	-4.50	-3.54	144.37	91.40	15.1	1.4
PHLX <sup>S</sup> Oil Service	93.19	91.62	<b>93.12</b>	-0.38	-0.41	93.94	56.08	38.2	11.0
PHLX <sup>S</sup> Semiconductor	3866.85	3818.06	<b>3858.21</b>	-3.42	-0.09	3861.63	2162.32	29.7	52.4
Cboe Volatility	14.30	13.75	<b>13.93</b>	0.30	2.20	33.63	12.91	-41.8	-35.7

<sup>S</sup>Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

### Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

#### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Advanced Micro Devices	AMD	16,131.7	122.68	5.08	4.32	125.36	114.85
SPDR S&P 500 ETF Trust	SPY	5,338.3	454.61	-1.87	-0.41	456.52	424.26
Pinterest	PINS	5,089.2	28.82	-0.14	-0.48	32.00	27.32
Invesco QQQ Trust I	QQQ	4,095.3	381.40	-1.39	-0.36	383.80	356.20
Citigroup	C	3,163.6	46.90	-0.17	-0.36	47.09	46.90
Direxion Dly Semi 3 Bear	SOXS	2,920.0	8.26	0.04	0.49	8.30	8.10
Yellow	YELL	2,885.2	3.64	-0.26	-6.67	3.92	1.44
Tupperware Brands	TUP	2,827.5	5.16	-0.22	-4.09	5.42	4.63

#### Percentage gainers...

Company	Symbol	Last	Net chg	% chg	High	Low
Cardlytics	CDLX	189.7	14.21	2.94	26.09	14.69
e.l.f. Beauty	ELF	647.5	136.40	19.90	17.08	137.00
Rover Group	ROVR	209.2	6.35	0.77	13.80	8.00
Freshworks CI A	FRSH	338.7	20.34	2.10	11.51	22.87
Match Group	MTCH	883.8	50.85	4.70	10.18	52.50

#### ...And losers

Company	Symbol	Last	Net chg	% chg	High	Low
Axalta Coating Systems	AXTA	122.9	27.48	-4.72	-14.66	32.20
SolarEdge Technologies	SEDG	360.6	210.80	-28.67	-11.97	243.97
Camping World CI A	CWH	90.4	28.20	-3.07	-9.82	31.27
Penumbra	PEN	61.5	269.85	-28.48	-9.55	304.30
Shoals Technologies	SHLS	67.9	24.24	-1.87	-7.16	26.48

### Trading Diary

#### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
<b>Total volume*</b>	867,950,936	11,913,341
<b>Adv. volume*</b>	260,657,595	2,983,806
<b>Decl. volume*</b>	601,923,441	8,244,009
<b>Issues traded</b>	3,038	326
<b>Advances</b>	996	125
<b>Declines</b>	1,934	188
<b>Unchanged</b>	108	13
<b>New highs</b>	107	3
<b>New lows</b>	17	8
<b>Closing Arms*</b>	1.04	1.93
<b>Block trades*</b>	4,155	144

\*Primary market NYSE, NYSE American, NYSE Arca only. \*TRIN A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

### International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>					
	<b>MSCI ACWI</b>	<b>703.60</b>	-3.51	-0.50	16.2
	<b>MSCI ACWI ex-USA</b>	<b>312.02</b>	-2.67	-0.85	10.9
	<b>MSCI World</b>	<b>3048.60</b>	-15.70	-0.51	17.1
	<b>MSCI Emerging Markets</b>	<b>1043.09</b>	-3.82	-0.37	9.1
<b>Americas</b>					
	<b>MSCI AC Americas</b>	<b>1736.72</b>	-5.92	-0.34	19.2
Canada	<b>S&amp;P/TSX Comp</b>	<b>20532.93</b>	-93.71	-0.45	5.9
Latin Amer.	<b>MSCIEM Latin Am</b>	<b>2532.96</b>	-29.21	-1.14	19.0
Brazil	<b>BOVESPA</b>	<b>121248.39</b>	-694.59	-0.57	10.5
Chile	<b>S&amp;PIPISA</b>	<b>3629.67</b>	21.64	0.60	14.4
Mexico	<b>S&amp;P/BMV IPC</b>	<b>54210.62</b>	-608.43	-1.11	11.9
<b>EMEA</b>					
	<b>STOXX Europe 600</b>	<b>467.16</b>	-4.19	-0.89	9.9
Eurozone	<b>Euro STOXX</b>	<b>465.02</b>	-5.18	-1.10	13.4
Belgium	<b>Bel-20</b>	<b>3760.48</b>	-16.13	-0.43	13.6
Denmark	<b>OMX Copenhagen 20</b>	<b>2031.18</b>	0.44	0.02	10.7
France	<b>CAC 40</b>	<b>7406.08</b>	-91.70	-1.22	14.4
Germany	<b>DAX</b>	<b>16240.40</b>	-206.43	-1.26	16.6
Israel	<b>Tel Aviv</b>	<b>1861.67</b>	-9.59	-0.51	3.6
Italy	<b>FTSE MIB</b>	<b>29356.16</b>	-288.55	-0.97	23.8
Netherlands	<b>AEX</b>	<b>786.14</b>	-5.86	-0.74	14.1
Norway	<b>Oslo Bors All-Share</b>	<b>1418.53</b>	0.78	0.06	4.1
South Africa	<b>FTSE/JSE All-Share</b>	<b>78641.91</b>	-335.99	-0.43	7.7
Spain	<b>IBEX 35</b>	<b>9502.90</b>	-138.60	-1.44	15.5
Sweden	<b>OMX Stockholm</b>	<b>839.45</b>	-5.18	-0.61	7.4
Switzerland	<b>Swiss Market</b>	<b>11309.25</b>	...	Closed	5.4
Turkey	<b>BIST 100</b>	<b>7168.51</b>	-48.44	-0.67	30.1
U.K.	<b>FTSE 100</b>	<b>7666.27</b>	-33.14	-0.43	2.9
U.K.	<b>FTSE 250</b>	<b>19065.66</b>	-78.11	-0.41	1.1
<b>Asia-Pacific</b>					
	<b>MSCI AC Asia Pacific</b>	<b>170.24</b>	-0.52	-0.30	9.3
Australia	<b>S&amp;P/ASX 200</b>	<b>7450.70</b>	40.28	0.54	5.9
China	<b>Shanghai Composite</b>	<b>3290.95</b>	-0.09	-0.003	6.5
Hong Kong	<b>Hang Seng</b>	<b>20011.12</b>	-67.82	-0.34	1.2
India	<b>S&amp;P BSE Sensex</b>	<b>66459.31</b>	-68.36	-0.10	9.2
Japan	<b>NIKKEI 225</b>	<b>33476.58</b>	304.36	0.92	28.3
Singapore	<b>Straits Times</b>	<b>3373.79</b>	-0.19	-0.01	3.8
South Korea	<b>KOSPI</b>	<b>2667.07</b>	34.49	1.31	19.3
Taiwan	<b>TAIEX</b>	<b>17212.87</b>	67.44	0.39	21.8
Thailand	<b>SET</b>	<b>1556.06</b>	...	Closed	-6.7

Sources: FactSet; Dow Jones Market Data

### Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week Low	% chg
Motorsport Games	MSGM	6.60	3.17	92.32	49.50	2.01	6.5
Cheetah Net Supply Chain	CTNT	6.90	2.90	72.50	6.90	3.51	...
American Superconductor	AMSC	16.13	6.05	60.02	17.37	3.20	162.7
ABVC BioPharma	ABVC	3.61	1.12	44.98	18.70	2.40	-44.4
Rigetti Computing	RGTI	3.25	0.76	30.52	5.90	0.36	-20.0
D-Wave Quantum	QBTS	2.70	0.60	28.57	13.23	0.40	-68.8
Rhythm Pharmaceuticals	RYTM	22.75	4.91	27.52	34.99	12.59	60.6
AnebuBioPharmaceuticals	ANEB	2.74	0.58	26.72	5.21	1.77	-5.9
Tupperware Brands	TUP	5.38	1.11	26.00	12.86	0.61	-25.3
Meihua Intl Medical Techs	MHUA	3.25	0.55	20.15	45.49	2.29	-54.0
Revolution Medicines	RVMD	31.50	5.25	20.00	32.08	17.03	54.6
Arista Networks	ANET	185.61	30.52	19.68	190.65	98.20	58.5
Genesis Unicorn Cap CI A	GENQ	9.92	1.58	19.00	13.38	7.00	-0.5
Blue Apron CI A	APRN	6.37	0.98	18.18	98.64	4.70	-83.4
Nikola	NKLA	3.12	0.45	16.85	8.97	0.52	-55.2

### Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Yellow	YELL	219,205	4466.9	3.90	121.59	8.51	0.43
Nikola	NKLA	211,193	211.9	3.12	16.85	8.97	0.52
Tupperware Brands	TUP	148,364	1033.9	5.38	26.00	12.86	0.61
Mullen Automotive	MULN	113,341	-48.2	0.13	-0.46	23.98	0.10
Faraday Future	FFIE	113,165	31.6	0.33	7.80	3.36	0.15
ProSh UltraPro Shrt QQQ	SQOQ	104,296	-11.6	17.06	0.89	69.55	16.38
Palantir Technologies	PLTR	98,884	21.9	19.99	0.76	20.24	5.92
NIO ADR	NIO	89,331	48.2	14.63	-4.38	22.74	7.00
Advanced Micro Devices	AMD	89,297	27.5	117.60	2.80	132.83	54.57
T2 Biosystems	TTOO	88,630	60.4	0.16	6.78	15.00	0.0



BIGGEST 1,000 STOCKS

Table of the 1,000 largest U.S. stocks by market cap, organized by sector and alphabetically within each sector. Columns include Stock, Sym, Close, and Net Chg.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

Table of New Highs and Lows for August 1, 2023, listing stock symbols and their respective price movements.

Table of New Highs and Lows for August 1, 2023, listing stock symbols and their respective price movements.

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Advertisement for 'Dividend Changes' listing various companies and their dividend details.



COMMODITIES

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Futures Contracts

Table of Metal & Petroleum Futures. Columns: Open, High, Low, Settle, Chg, Open interest. Rows include Copper-High (CMX), Gold (CMX), Crude Oil, Light Sweet (NYM), NY Harbor ULS (NYM), Platinum (NYM), Gasoline-NY RB0B (NYM), Natural Gas (NYM).

Table of Agriculture Futures. Columns: Open, High, Low, Settle, Chg, Open interest. Rows include Corn (CBT), Oats (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Wheat (KC), Cattle-Feeder (CME), Hogs-Lean (CME), Lumber (CME), Milk (CME), Cocoa (ICE-US).

Table of Interest Rate Futures. Columns: Open, High, Low, Settle, Chg, Open interest. Rows include Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), Three-Month SOFR (CME).

Table of Currency Futures. Columns: Open, High, Low, Settle, Chg, Open interest. Rows include Japanese Yen (CME).

Table of Index Futures. Columns: Open, High, Low, Settle, Chg, Open interest. Rows include 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).

Biggest 1,000 Stocks

Table of the 1,000 largest stocks. Columns: Stock, Sym, Close, Net Chg. Rows include Tesla, Amazon, Microsoft, Apple, Google, Facebook, etc.

Bonds | wsj.com/market-data/bonds/benchmarks

Table of Bond Benchmarks. Columns: Index, Yield, High, Low. Rows include Broad Market, U.S. Corporate, High Yield, U.S. Agency.

Table of Mortgage-Backed Bonds. Columns: Index, Yield, High, Low. Rows include Mortgage-Backed, Freddie Mac, Muni Master, 12-22 year, 22-plus year.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Table of Corporate Debt. Columns: Issuer, Symbol, Coupon, Yield, Maturity, Spread, Current, One-day change, Last week. Rows include KeyCorp, United Airlines, American Airlines, Mercedes-Benz, John Deere, Rabobank, Banco Santander, Northern States Power.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table of Global Government Bonds. Columns: Country, Maturity, Yield, Spread, Change. Rows include U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.

High-yield issues with the biggest price increases...

Table of High-yield Bonds. Columns: Issuer, Symbol, Coupon, Yield, Maturity, Current, One-day change, Last week. Rows include Global Marine, Embarq, American Airlines, Pactiv, Hughes Satellite Systems, Ford Motor Credit, Occidental Petroleum.

...And with the biggest price decreases

Table of High-yield Bonds. Columns: Issuer, Symbol, Coupon, Yield, Maturity, Current, One-day change, Last week. Rows include Occidental Petroleum, United States Cellular, APA, Teva Pharmaceutical Finance Netherlands, Venture Global Calcasieu Pass, Ford Motor, CSC Holdings.

Mutual Funds

Table of Mutual Funds. Columns: Fund, NAV, YTD Chg, YTD % Ret. Rows include Artisan Funds, BlackRock Funds, Calamos Funds, Fidelity Freedom, Franklin AI, Invesco Funds A, JPMorgan I Class, Parnassus Fds, PGIM Funds C Z, PIMCO Funds 10, PIMCO Funds Instl, PIMCO Funds Instl Income, PIMCO Funds Instl Income, PIMCO Funds Instl Income, PIMCO Funds Instl Income.

...And spreads that widened the most...

Table of Corporate Debt. Columns: Issuer, Symbol, Coupon, Yield, Maturity, Spread, Current, One-day change, Last week. Rows include Rio Tinto Finance, Toronto-Dominion Bank, Verizon Communications, Telefonica Europe, Williams, National Australia Bank, UBS, Volkswagen Group of America Finance.

Table of Mutual Funds. Columns: Fund, NAV, YTD Chg, YTD % Ret. Rows include AB Funds, Artisan Funds, BlackRock Funds, Calamos Funds, Fidelity Freedom, Franklin AI, Invesco Funds A, JPMorgan I Class, Parnassus Fds, PGIM Funds C Z, PIMCO Funds 10, PIMCO Funds Instl, PIMCO Funds Instl Income, PIMCO Funds Instl Income, PIMCO Funds Instl Income.

Table of Mutual Funds. Columns: Fund, NAV, YTD Chg, YTD % Ret. Rows include Lord Abbett I, Metropilitan West, Putnam Funds Class A, Schwab Funds, MFS Funds, MFS Funds Class I, Growth, TIAA/CREF Funds, Natixis Funds, LSGrowth, Neuberger Berman Fds, VANGUARD ADMIRAL, Northern Funds, Shkldx, Old Westbury Fds, Parnassus Fds, PGIM Funds C Z, PIMCO Funds 10, PIMCO Funds Instl, PIMCO Funds Instl Income, PIMCO Funds Instl Income, PIMCO Funds Instl Income.



BUSINESS & FINANCE

# Private-Equity Firm Reaches \$5 Billion Funding Goal

By ROD JAMES

Whitehorse Liquidity Partners has completed fundraising for its fifth vehicle dedicated to making preferred-equity investments, bringing its assets under management to \$13.5 billion in only eight years.

The Toronto-based firm collected \$5.3 billion for Whitehorse Liquidity Partners

V and related vehicles, exceeding a \$5 billion goal, according to a statement seen by The Wall Street Journal. The fund will mainly provide cash to private-equity fund investors and fund managers in return for the rights to preferential cash flows generated by their portfolios.

The latest fund is 32% larger than its predecessor, which collected \$4 billion by

the time of final close in April 2021, and more than 12 times as large as its debut fund raised in 2017.

Fund managers can use preferred equity to make investments when their fund runs out of money or to provide cash back to investors when they have been unwilling or unable to do so through more traditional methods like mergers or ini-

tial public offerings.

Fund investors also can take out preferred equity to generate liquidity from their private-equity portfolios without having to sell assets. Many institutional investors are over-allocated to private equity, which should drive demand for the firm's offering, managing partner Yann Robard said in the statement. Such deals can provide investors with capital to back new fund commitments at a time when they often have less cash available from traditional exit avenues to finance those commitments.

Preferred equity deals accounted for around 14% of the sponsor-led secondary transactions in 2022, equivalent to

around \$6.7 billion, according to data compiled by investment bank Evercore.

In addition to making preferred-equity investments, Whitehorse also buys portfolios of fund stakes on the secondary market, according to documents prepared for Pennsylvania Public School Employees' Retirement System, which committed up to \$200 million to the new fund. Fund V had an upper limit of \$6 billion, the documents noted.

"Closing our largest fund since inception, through a period of uncertainty and market volatility, is a remarkable achievement," Robard said in the statement.

Other investors in Fund V include Virginia Retirement

System, which committed \$250 million, Tennessee Consolidated Retirement System and Oregon Investment Council, which each committed \$200 million, according to The Wall Street Journal's LP Commitment database. Eighty-five percent of limited partners that backed Fund V were repeat investors, partner Michael Gubbels said in the statement.

Whitehorse was founded in 2015 by Robard, the former head of secondaries and co-investments at CPP Investments, the investment arm of Canada's largest pension plan. Since its founding, Whitehorse has deployed more than \$18 billion across more than 200 transactions.

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# Investor Seeks to Spur Drug For Rare Autoimmune Disease

By BRIAN GORMLEY

Venture capitalist Luke Evin has financed several successful biotechnology startups that develop treatments for cancer. Now, he is encouraging drugmakers to tackle another disease: a rare autoimmune condition that he has himself.

Through the Scleroderma Research Foundation, a nonprofit that funds scleroderma research, Evin has launched a new clinical trial platform, called Conquest, designed to accelerate drug development for the disease. Scleroderma often causes tightening and thickening of skin and can affect the heart, lungs and other internal organs.

Evin was diagnosed with scleroderma in 1998 and became chairman of the foundation in 2002.

Conventionally, individual drugmakers would each sign up participants for their own clinical trials. Some study par-

ticipants would receive the experimental drug, while others would be part of the trial's control group.

Conquest enables companies to compare their drugs to a common control group, reducing the number of patients on a placebo and lowering the cost of the study. Evin said he was inspired by similar clinical trial designs that have been used for cancer.

Drugmaker Sanofi said it has agreed to test a drug through Conquest, and Evin said biotech startups also could benefit from the program. "We are building this platform to appeal to small companies and large," Evin said. "This will be cheaper, faster than anything they could do on their own."

Through MPM Capital, the venture firm he co-founded in 1997, Evin has backed cancer-drug developers such as Maverick Therapeutics, which was acquired by Takeda Pharmaceutical in 2021, and Potenza

Therapeutics, sold to Astellas Pharma in 2018. MPM is being rebranded as MPM BioImpact.

Rare diseases have emerged as a significant market for biotech startups as advances in fields such as genetic medicine have opened new avenues to attack these conditions. But companies with compounds that may be beneficial in scleroderma don't necessarily have all the expertise in-house needed to develop treatments for this disease.

Evin said he has seen companies that attempt trials but select the wrong endpoint, or goal, for the study or run studies that are too small. When the trial failed, they assumed their drug didn't work, he said. The research foundation offers expertise that can help position treatments for success in trials, he said, adding that the foundation also has identified medical centers that can recruit scleroderma patients and have clinicians expert in the disease.

## Earnings Threaten Stocks

Continued from page B1

market look overpriced.

"If we see profits start to fall, that could take some air out of equities," said Sandi Bragar, chief client officer at wealth-management firm Aspiriant.

Companies in the S&P 500 are trading at about 19.7 times their projected earnings over the next 12 months, according to FactSet, up from a multiple of roughly 17 at the beginning of the year and above the five-year average of 18.6.

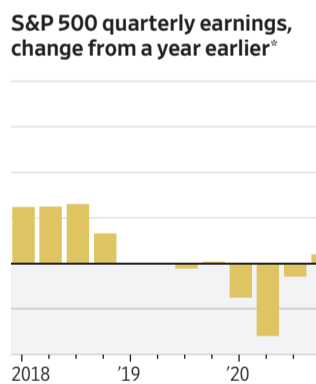
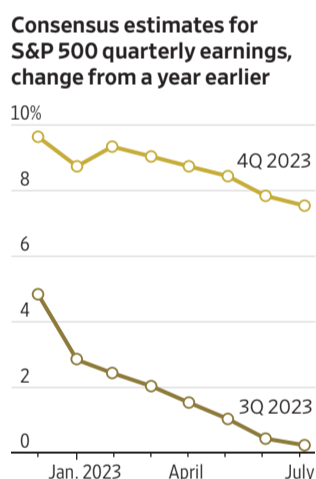
By another measure of valuation, stocks haven't looked this expensive in more than a year. The S&P 500's cyclically adjusted price/earnings ratio, which compares the index's price relative to inflation-adjusted corporate earnings over the past 10 years, stood at 30.8 as of early July, the highest since April 2022.

Some investors anticipate earnings expectations to fall further as a potential recession looms and the Fed's rate increases make their way to companies' bottom lines.

So far this earnings season, companies are beating Wall Street projections at a greater rate than usual. With results in from about 60% of the companies in the S&P 500, 81% are topping analyst expectations, compared with the five-year average of 77%, according to FactSet.

Yet the stronger-than-expected reports aren't impressing investors. Shares of companies that have topped Wall Street's earnings expectations are rising 0.1% on average in the two days before their report through the two days after, according to FactSet. That compares with the five-year average of a 1% gain.

Microsoft last week reported quarterly results that beat analysts' top- and bottom-line estimates, but shares dropped 3.8% the next day as investors keyed in on the company's slowing revenue growth. Tesla topped Wall Street earnings expectations, yet the electric-vehicle stock sank 9.7% the following ses-



\*Second quarter 2023 based on blend of reported results and consensus estimates. As of Aug. 1. Source: FactSet

sion, as Chief Executive Elon Musk warned that additional price cuts might be needed.

"When you have a momentum-driven rally, the markets expect perfection," said Anna Rathbun, chief investment officer at CBIZ Investment Advisory Services. "If there's bad news, you have more to lose."

A core concern for investors is just how much longer companies can protect profits by trying to pass on elevated costs to customers, who have stomachached quarter after quarter of price increases. Net profit margins among companies in the S&P 500 are poised to fall to 11.4% for the second quarter, according to a FactSet blend of reported results and consensus analyst estimates, below the previous quarter's 11.5% and the year-earlier's 12.2%.

Consumer-products maker Procter & Gamble raised prices by 7% across its brands in the June quarter from a year earlier, propping up earnings. But sales volumes fell 1%,

signaling some resistance from inflation-weary customers.

"At a certain point, consumers will balk. Something at some point will give. You can't indefinitely increase prices," said George Cipolloni, portfolio manager at Penn Mutual Asset Management.

Some investors say they are looking for value in areas of the stock market that haven't rallied as much as the megacap tech stocks.

"You don't necessarily have to pull out of stocks based on concerns about valuations. It's more a question of rotation within the U.S. equity market," said Marta Norton, chief investment officer for the Americas at Morningstar Wealth.

Norton said she is picking up shares of some materials companies, banks and communication-services companies that have more attractive valuations at current prices.

Others are looking abroad for stock-buying opportunities.

**'If we see profits start to fall, that could take some air out of equities.'**

CLASSICS

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MARKETS

S&P, Nasdaq Fall, Blue Chips Gain

Shares of Caterpillar and Arista Networks advance after earnings reports

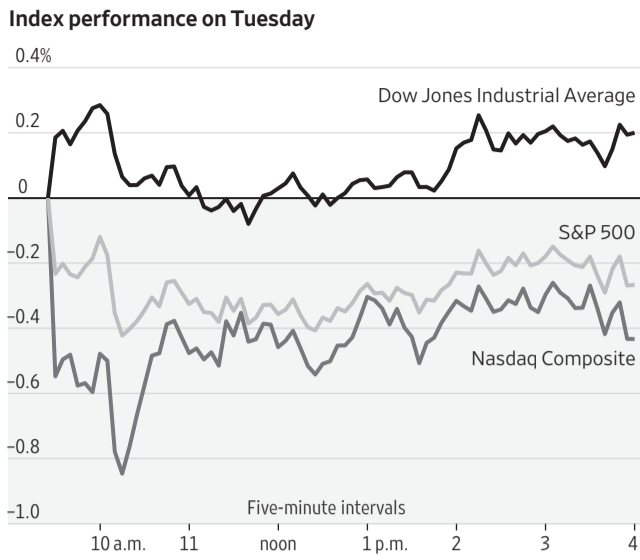
By CHARLEY GRANT

Stocks pulled back, a pause after an extended rally. The S&P 500 fell 0.3%. The tech-heavy Nasdaq Composite declined 0.4%. The Dow Jones Industrial Average rose 0.2%, or 71 points.

The declines bucked a recent trend of stock-market gains. The S&P 500 has risen for five consecutive months, including a 3.1% gain in July.

Investors have grown more optimistic that the Federal Reserve can engineer a soft landing by bringing inflation to heel while avoiding a significant contraction.

The rally began with shares of big technology companies but has recently expanded to other parts of the market such as industrial and financial stocks. All 11 sectors of the S&P 500 rose last month.



Source: FactSet

The recent widespread strength is a sign that bearish investors who have been anticipating a recession are starting to buy in, said Jay Woods, chief market strategist at Freedom Capital Markets. "There have been too many people waiting for an obvious selloff that never happened, and now they have to chase performance."

Economic data released Tuesday added to hopes that the U.S. economy can steer clear of the worst-case scenario. Job openings declined slightly from the prior month to a seasonally adjusted 9.6 million in June, the Labor Department said—the smallest number of available jobs since April 2021 but still well above prepandemic levels.

U.S. manufacturing activity contracted for a ninth consecutive month in July, the Institute for Supply Management said. But economic activity within the services sector has remained strong.

Government-bond yields climbed as prices fell. The 10-year Treasury yield rose to 4.048% from 3.956% Monday. The yield on the 30-year bond rose to 4.104%, its highest level since November 2022.

The Treasury Department said Monday it expects to borrow just over \$1 trillion in the third quarter. That was \$274 billion higher than the previous estimate in May.

Meanwhile, corporate earnings have declined but not by enough to deflate investor enthusiasm.

Second-quarter earnings from S&P 500 companies are down 7.1% from a year earlier, according to a blend of reported results and analyst forecasts provided by FactSet.

That figure is turning out better than expected: Nearly 83% of companies that have reported earnings have topped Wall Street forecasts, better than the five-year average of 77%.

About 58% of S&P 500 companies have already given second-quarter results.

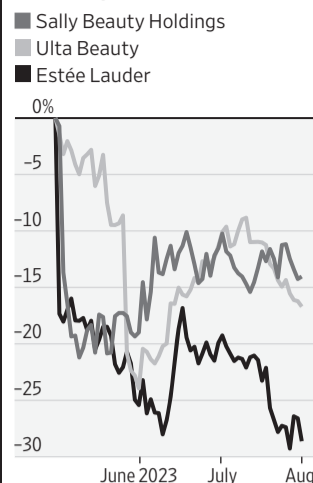
Shares of Caterpillar advanced about 9% after the construction-equipment manufacturer said revenue grew by 22% in the second quarter. The S&P 500's top performer was network-equipment maker Arista Networks, which rose 20% Tuesday after reporting results Monday afternoon.

"I think overall, earnings have been a little bit more resilient than expected," said Kurt Spieler, chief investment officer at FNBO. "The market at the beginning of the year expected much worse."

Norwegian Cruise Line Holdings stock fell 12% after reporting earnings. Rivals also sold off: Carnival declined 4.5%, while Royal Caribbean fell 1.5%.

Overseas, Europe's Stoxx 600 fell 0.9%. Early Wednesday, Hong Kong's Hang Seng Index was down 1.9%, Japan's Nikkei 225 was down 1.8% and South Korea's Kospi was down 1.3%. S&P 500 futures fell 0.4%.

Share-price performance over the past three months



Source: FactSet

The Allure Of Beauty Stocks Is Fading

By AMINA NIASSE

Beauty stocks are losing their glow.

The cosmetics industry historically has been more resilient than other discretionary categories during inflationary periods because consumers are reluctant to alter their grooming habits. Yet companies are grappling with challenges including changes in consumer tastes and spending patterns, a slower-than-expected rebound in demand from China and a rise in theft.

The stocks have tumbled, even amid a revival in the broader stock market. Ulta Beauty shares have declined 19% over the past three months, while Sally Beauty Holdings has fallen 16% and Estée Lauder has dropped 27%. All three stocks are down in a year in which the S&P 500 has rallied 20%, including its 10% advance over the past three months.

Company executives have suggested in recent months that consumers are spending more selectively and leaning toward less expensive mass-market brands. Investors will be closely watching the companies' earnings reports this month to see if the pressures are abating.

"Consumers are exploring how best to navigate the economic uncertainty," Ulta Chief Executive Dave Kimbell said on the company's earnings call in May. "Inflation concerns remain high."

Kimbell added that it is difficult to gauge if the growth in mass products is due to interest in brands such as E.l.f. Beauty that are known for selling low-cost-but-trendy makeup or increased consumer price sensitivity. Makeup sales across the industry have generally been declining since before the start of the pandemic.

Ulta operates about 1,300 retail stores across the U.S. and sells makeup, skin care, fragrance, bath and hair products at various price points. The company has long been a highflier in the sector based on its steady revenue growth and commanding market share. Its stock was trading at records in April ahead of the recent selloff.

"Ulta is probably the best-positioned beauty retailer in a recessionary environment because it does have such a broad assortment of products," said Korinne Wolfmeyer, a senior research analyst at Piper Sandler.

Sally Beauty, perhaps best known as a distributor of professional beauty products such as hair color, has also experienced a shift in consumer behavior.

Chief Executive Denise Paulonis said in May that customers' purchasing behavior held steady in January and February but began to soften in March and April as stylists bought products closer to need.

Shares of Sally Beauty, which has been closing stores, have been in slow retreat from a recent peak in 2021.

Estée Lauder is facing a different set of challenges. The company, whose brands include Clinique, M.A.C. and Bobbi Brown, is especially dependent on China sales.

The company, which cut its outlook for the year in May, said a slower-than-expected recovery in Asia travel demand was a drag on its retail business.

The Collapse of Yellow May Cost Taxpayers

By ANDREW DUEHREN

WASHINGTON—The collapse of trucking giant Yellow risks saddling American taxpayers with financial losses.

The federal government lent Yellow \$700 million during the height of the Covid-19 pandemic in 2020, providing a bailout that helped the company keep operating and attempt to expand its business. The Treasury Department took a roughly 30% equity stake in Yellow. At least three government investigations have since questioned the Trump administration's handling of the loan.

Now, Yellow has shut down its operations and is expected to file for bankruptcy following a string of mergers that left it bulging with debt and a standoff with the Teamsters union.

Treasury's equity stake could be wiped out. Whether the federal government recovers the money it lent would likely depend on how much Yellow raises by selling real estate and other assets in bankruptcy. But some lawmakers and analysts have said taxpayers could lose money.

A Treasury spokeswoman said the department's priority in the event of a bankruptcy was to recover as much of the

loan as possible.

A spokeswoman for Yellow said the company expects to pay back its loan in full. She said Yellow followed Treasury's rules in applying for the loan and complied with the loan agreements.

The company's stock has soared since Yellow halted operations, finishing Tuesday up 121% at \$3.90, the latest in a series of jumps.

In addition to making \$68 million in cash interest payments, Yellow has paid back \$230 of its principal on the loan, according to a July 1 Treasury report.

Yellow's shutdown comes as the Biden administration is offering billions in government subsidies to support companies producing clean energy and semiconductors. Previous failures of companies that took government support—such as Solyndra, the solar company that failed after getting a government loan guarantee—became ammunition for opponents of such aid for years.

The administration hasn't indicated plans to give any more aid to Yellow, whose collapse could cause the loss of nearly 30,000 jobs. The Pension Benefit Guaranty Corporation, which helps backstop pension plans, said it is monitoring the situation.

Late last year, the Biden administration distributed \$36 billion to shore up a multiemployer pension plan that Yellow participates in, part of a roughly \$90 billion aid package Congress had approved for such plans.

The government's pandemic-era aid has caused headaches in the past. As much as \$100 billion of the more than \$5 trillion the government offered during the pandemic was stolen or improperly disbursed, the Secret Service has estimated.

Yellow, which had neared bankruptcy before, said in 2020 it would struggle to make its debt payments when the pandemic shut down factories and stores.

The Treasury Department gave Yellow the loan under a \$17 billion program created by Congress for supporting com-

panies necessary for protecting national security. Yellow provided shipping for the military, which the Treasury said made it eligible for the loan. Lawmakers have since said other trucking companies could have taken over that work.

Yellow employees and the Teamsters union lobbied lawmakers and the Trump administration for the money, a congressional report said. The union declined to comment.

Pentagon staff at one point recommended the agency decline to recognize the trucking company as critical for national security, according to two congressional inquiries.

Soon after that, then-Treasury Secretary Steven Mnuchin called then-Defense Secretary Mark Esper, who designated it as critical, according to the congressional investigations.

Esper declined to comment. He has previously said he made the certification at the recommendation of Pentagon staff.

A spokesman for Mnuchin didn't respond to a request for comment. In 2020, Mnuchin told lawmakers that the loan was risky and that he was under pressure to extend credit to struggling firms, even if it meant losing money. "That doesn't mean I don't think

we're secured and we'll get our money back," he said.

Of the \$17 billion available under the national-security fund, the government only lent \$735 million, meaning Yellow received 95% of the allocated funds through the program.

"This company was not essential to national security, and so I question why the loan was entertained," said Rep. French Hill (R., Ark.), who led a report on the loan for the bipartisan Congressional Oversight Commission.

The Treasury made the Yellow loan in two tranches, one worth \$300 million to cover pre-existing business expenses and the other worth \$400 million to pay for the purchase of new tractors and trailers.

Yellow had roughly \$1.5 billion in total long-term debt as of March 31, according to its most recent quarterly filing. For recovering the first tranche of debt, the Treasury is third in line behind other creditors, Hill said.

—Andrew Restuccia contributed to this article.

Watch a Video



Scan this code to watch a video on Yellow shutting its operations.

Trucker's Shares Rally

Continued from page B1 the first quarter, including roughly \$729 million owed to the government through a Covid-19 rescue loan. Unpaid claims for wages, vendor bills and pension obligations will also rank ahead of equity.

Selling assets out of bankruptcy would help satisfy those debts. Some of Yellow's real estate could be especially valuable because many of its long-time terminals are in desirable urban locations, have ample parking and are configured for the particular kind of trucking Yellow specializes in, known as less-than-truckload trucking, according to these people. These are also locations that can be difficult for new entrants to access.

The company recently sold a single terminal in Compton, Calif., in a dense Southern California market, for \$80 million, and used the money to pay down its debt to Apollo Global Management, a top creditor.

The Nashville, Tenn., company must also pay fees for lawyers and bankers to administer any bankruptcy case that can run into tens of millions of dollars.

Stocks nearing bankruptcy can sometimes rally as short sellers close out negative bets and take profits. And gravity-defying rallies for troubled businesses have become more



The company could be more valuable in liquidation than as an ongoing operation, in large part because of its real estate.

common in recent years as individual investors piled into meme stocks like Hertz Global Holdings and AMC Entertainment despite their distress.

Share volumes for Yellow jumped to 123 million Tuesday and 150 million Monday from an average of 12 million shares last week, said Ihor Dusaniwsky from financial-data provider S3 Partners. The huge volume of shares traded this week indicates the rally is driven by new buyers snapping up shares rather than traders simply covering short positions, Dusaniwsky said.

"Yellow has become a momentum and meme stock with day traders chasing short-term price moves," he added.

A few former meme stocks have vindicated their backers with shares rebounding after the businesses recovered. Most, like Revlon, Avaya and Bed Bath & Beyond have ended with shareholders wiped out.

MFN Partners, a Boston-based investment firm, has accumulated more than 22 million common shares of Yellow in recent days, accounting for a 42% stake, according to Yellow's securities filings. MFN

didn't return a request for comment on Tuesday.

MFN took a significant stake last year in Yellow competitor XPO, according to filings by XPO.

Despite the rally this week, Yellow's market capitalization is hovering around \$150 million, a fraction of its roughly \$5 billion in annual revenue. Yellow has listed the value of its property and equipment as worth more than \$1.1 billion, after accounting for depreciation, in its securities filings. Proceeds from the sale of such assets must be used to

pay off the debt and other obligations before it can go to equity holders.

Yellow operates more than 300 facilities in North America, including about 166 terminals that it owned as of Dec. 31. The largest is a sprawling terminal with more than 400 freight doors in Chicago Heights, Ill., a town long known as the crossroads of Lincoln Highway and Dixie Highway. It also owns large terminals in Winston-Salem, N.C., and in Maybrook, N.Y., north of New York City.

—Paul Page contributed to this article



# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## A Stronger Yen Might Be Lurking Around the Corner

Bank of Japan's surprise monetary-policy change bring more uncertainty to the currency's path

The Bank of Japan's surprising Friday tweak to its monetary policy hasn't—so far—caused many ripples in global financial markets. But the move injects more uncertainty into the yen's trajectory.

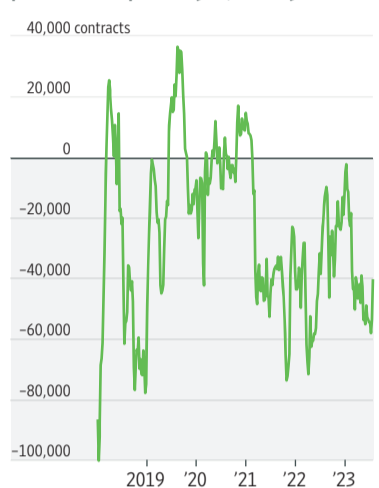
And that could, eventually, upend some of global investors' favorite trades.

Japan's central bank on Friday effectively raised its cap on 10-year government-bond yields to 1% from 0.5%—rebranding the previous 0.5% cap as a “suggestion”—while keeping its short-term interest rate negative. While the market had been expecting an eventual change to the country's so-called yield-curve control policy, the prospect of a sudden change still spooked investors. Global bond and currency markets whipsawed initially when Japan's domestic media *Nikkei* reported last Thursday that a tweak could be coming.

But those markets quickly settled after the bank actually made its announcement. Japan's yen has now weakened against the dollar compared with a week earlier.

One reason is that the market

Leveraged funds' net futures and options position in Japanese yen, weekly



Note: Notional value of a contract is ¥12.5 million, the equivalent of \$87,862  
Source: CEIC

probably still expects the Bank of Japan to only slowly shift away from its ultra-easy monetary policy regime, which has become an outlier in an environment of rising interest rates globally. That theory



The yen weakened against the dollar after the Bank of Japan lifted a cap on 10-year government-bond yields.

was bolstered by the relatively cautious and incremental nature of Friday's change. The yen has actually depreciated significantly versus the dollar since the central bank made its last tweak to its yield-curve control policy in December—and is down about 8% against the greenback in 2023. Japanese 10-year yields have moved up since Friday's tweak to about 0.6%.

But more flexible—and unpredictable—monetary policy in Tokyo still translates into substantial uncertainty for global markets. The yen has been a popular funding currency for so-called carry trades due to its low interest rates. Borrowing in yen to invest in other high-yielding currencies—like Mexican peso and Brazilian real—has been a lucrative trade this year, especially as

the yen has continued to depreciate against most other currencies.

As an indication of such speculative flows, leveraged funds have ramped up their short bets against the yen since the beginning of the year, according to data from the Commodity Futures Trading Commission. Their net short position in options and futures was 40,754 contracts as of July 25, compared with 4,917 contracts at the beginning of 2023. That is equivalent to a notional sum of about \$3.6 billion after they pared back their shorts in recent weeks.

And the actual size of the carry trade is likely several magnitudes higher—especially since many Japanese companies and individuals also invest abroad to take advantage of the interest-rate differen-

tials. In a report last month, Bank of America said Japanese banks have bought \$90 billion of foreign bonds so far this year.

A sudden surge in the Japanese yen remains unlikely as the country's interest rates remain much lower than most of the other economies, for now. But if Japan's inflation remains uncomfortably high—year-over-year core inflation was 3.3% in June—and the interest rates of Japan and other countries start to converge more, the yen could finally bounce back.

Most of the attention paid to Japan this year has been on its surprisingly strong stock market. A surprisingly strong yen could, at some point, be even more disruptive.

—Jacky Wong

## Uber Got a Bit Too Revved Up

Uber Technologies' road to actual profits has been a long one, but investors still got there early.

The ride-hailing company's second-quarter results Tuesday included its first-ever operating profit, based on generally accepted accounting principles. This comes just a little over four years after Uber listed its shares on the New York Stock Exchange, though the company has been on this trip for quite some time, having reported its first profit on the far more generous standard of adjusted earnings before interest, taxes, depreciation and amortization in late 2021. Earnings on that basis came in at \$916 million for the most recent quarter—exceeding Wall Street's consensus forecasts by 10%.

But Uber's top-line growth didn't impress to the same degree. Revenue rose 14% year over year to \$9.2 billion, which represented the company's slowest growth in more than two years and fell a bit short of the \$9.4 billion projected by analysts. That was due to weakness in Uber's food-delivery and freight businesses—the latter of which saw revenue slide 30% year over year. The much larger food-delivery segment logged revenue growth of nearly 11% to almost \$3.1 billion, but that tally still fell about 5% short of prior estimates.



Uber stock fell nearly 6% Tuesday after the company's quarterly results.

Uber's stock price, which had doubled for the year to date ahead of the results, fell nearly 6% on Tuesday.

Ride-sharing still accounts for nearly half of Uber's total revenue, and that business is doing well. Gross bookings in Uber's mobility segment rose 25% from a year earlier to \$16.7 billion, beating the \$16.5 billion expected by analysts. Revenue rose even further, jump-

ing nearly 38% to \$4.9 billion. Mistakes by Lyft have helped, as the much smaller ride-sharing rival was keeping its prices high, which ended up driving riders away.

But Lyft is under new management now, and Uber Chief Executive Dara Khosrowshahi noted in Tuesday's earnings call that Lyft “now is competing effectively” in the ride-share market. It still isn't a close contest; analysts expect

Lyft to report 3% revenue growth for the second quarter when the company posts its results next week, and to stay at low-single-digit growth for the remainder of the year.

A more rational marketplace has been key to Uber finally being able to cross the profitability threshold, and is a welcome change from the bruising, venture-capital-backed competition to build market share at all costs that marked the company's early years. More milestones are still ahead as Uber works toward landing an investment-grade debt rating and building up its balance sheet. Notably, the company's free cash flow for the quarter crossed the \$1 billion mark for the first time ever in the recent quarter.

Nikhil Devnani of Bernstein said steady GAAP profitability is the final hurdle for Uber to be included in the S&P 500. In a report last month, he projected that this could come sometime in the later half of next year. That could become another driver of the stock this year, as companies added to the key index from 2010 to 2023 averaged a strong outperformance in the year prior to their inclusion, according to Bernstein's research. Uber's stock may only be taking a rest stop.

—Dan Gallagher

## HSBC's Earnings Are a Throwback

HSBC's results may take investors back to earlier, more financially complex times.

On Tuesday, the London-headquartered bank said that it earned \$8.8 billion during the second quarter, almost doubling its profits from a year earlier and comfortably beating analyst expectations.

Despite signs that gains from higher interest rates are starting to plateau as lenders are slowly forced to offer depositors better returns, HSBC still managed to widen its net interest margins and forecast that they would be higher than expected in 2023 as a whole. Its investment-banking fees were up a surprising 69% due to a jump in debt issuance, despite most other banks reporting big drops.

Furthermore, the bank said that return on tangible equity would be in the mid-teens in 2023 and 2024, compared with a previous target of above 12% from 2023 onward. In the first half of the year, this figure was an annualized 18.5%, excluding one-off impacts such as the purchase of the British arm of Silicon Valley Bank.

A 15% return is a key number: It is roughly what many European banks were delivering before the 2008 global financial crisis, which was fueled in part by excessive risk-taking. Ever since, more stringent banking regulations including higher capital requirements have squeezed gains for investors. However, if higher interest rates allow HSBC to stabilize its profitability back around those levels, it could be a powerful signal for the market.

To be sure, as HSBC executives admitted Tuesday, central banks are expected to start lowering rates again over the following years. Nevertheless, investors have reasons to favor HSBC ahead of many of its peers: On top of the reopening of the border between Hong Kong and mainland China this year, the sale of HSBC's Canadian business to Royal Bank of Canada—scheduled to be completed in early 2024—has boosted its capital and is set to unlock further dividends and buybacks. Yet shares still trade below book value.

European banking isn't about to get as exciting as it was before 2008. But if some lenders can bring profitability closer to those levels, their stocks could nonetheless wake up.

—Jon Sindreu

## It Might Be Quitting Time for the Fed's Rate Hawks

Not as many Americans are quitting their jobs each month as last year. That might mean the Federal Reserve can quit worrying so much about wage inflation.

The Labor Department on Tuesday reported that a seasonally adjusted 3.8 million people quit their jobs in June, down from 4.1 million in May. That brought the quits rate—the number of people quitting their jobs as a share of overall employment—to 2.4% from May's 2.6%. In November of 2021 and again in April of last year, the quits rate hit a record of 3%. But June's quits rate was still a bit higher than the 2019 average of 2.3%, which itself was historically high.

Tuesday's report showed that the number of unfilled job openings hasn't come down as much. On the last day of June, there were 9.6 million job openings—slightly lower than in May. That left the number of job openings per unemployed person at 1.6—not as high as the record 2.1 notched in May of last year but still well above the 2019 average of 1.2.

Economists generally pay closer attention to openings than quits. Openings lie at the heart of the

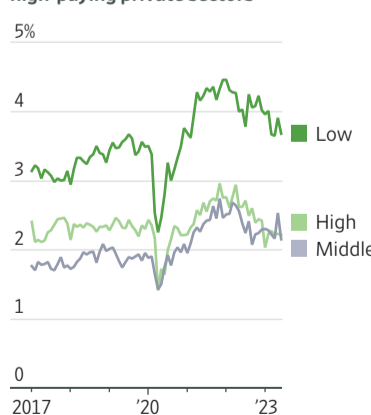
Beveridge curve—the plotting of the opening rate versus the unemployment rate named after the late British economist William Beveridge that lays out how efficiently the economy is matching jobs with workers.

Since the pandemic, the job-openings-to-unemployment ratio has been a particular focus at the Federal Reserve, with policy makers putting forth the idea that a drop in openings could help cool wage inflation without a commensurate jump in the unemployment rate.

But at least in the current instance, quits might provide a more accurate portrayal of job-market tightness. When people quit their job, it is usually because they have a better job elsewhere. (Job separations for retirement, disability and the like are measured separately.) So as Evercore ISI analysts point out, a quit generally represents an actual bid for a worker. In contrast, openings can represent just options to hire a worker if a dream candidate comes along.

The decline in quits suggests the job market might be closer to the point that it is cool enough for the Fed than what job openings

Quits rates by low-, middle- and high-paying private sectors



Note: Sectors divided into roughly equal employment buckets, by average hourly earnings  
Source: Labor Department

suggest. If that is right, then the Fed might not feel compelled to raise rates again. But in some sectors, quits rates are still quite high compared with before the pandemic. In the leisure and hospitality sector, for example, it stood at 5% in June, which compared with a 2019 average of 4.6%, while in private education and health services it was 2.3% versus 2019's 1.9%. Both of those are “high-

touch” sectors that experienced steep job declines when the pandemic hit, with employers later struggling to hire workers back.

Another way to look at quits rates is to divide them, by total employment, into low-, middle- and high-paying private sectors. The quits rate in the lowest-paying group, which includes leisure and hospitality and retail workers, among others, was 3.7% in June, 0.2 percentage point above its 2019 average. The middle group, which includes education, health and manufacturing workers, at 2.1%, was 0.3 point higher than in 2019. And the highest-paying group, which includes sectors such as finance and information, at 2.2%, was 0.1 point lower.

So the realignment of the labor market that the pandemic kicked off, with lower- and middle-income workers in particular searching for, and finding, better opportunities elsewhere, looks as if it hasn't played out.

The job market might be getting cool enough for the Fed, but that doesn't mean some businesses won't still need to dig deep.

—Justin Lahart