

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

WEDNESDAY, MAY 8, 2024 ~ VOL. CCLXXXIII NO. 108

WSJ.com

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What's News

Business & Finance

◆ **Sexual harassment**, bullying and discrimination have long pervaded the FDIC, according to a blistering report on the agency's culture that calls into question the leadership of Chairman Martin Gruenberg. **A1**

◆ **TikTok filed** a federal lawsuit challenging the constitutionality of a new law that requires a sale or ban of the popular social-media app in the U.S. **A1**

◆ **The S&P 500 and Dow** rose 0.1% and 0.2%, respectively, with the broad-based index building on its recent rally. The Nasdaq slipped 0.1% **B12**

◆ **Tom Zhu, who is** credited with turning Tesla's Shanghai factory into a stellar performer, is set to return to China, where the electric-vehicle maker's sales have declined. **B1, B4**

◆ **Reddit reported** its first results as a public company, with the social-media platform reporting better-than-expected revenue and a narrower-than-expected loss for the first quarter. **B3**

◆ **Uber and Instacart** formed an unlikely partnership that will allow customers to order Uber Eats restaurant food through the Instacart app. **B3**

◆ **BP plans to cut** at least \$2 billion in costs after its profit was hit by lower oil and gas prices and an outage at a U.S. refinery. **B3**

◆ **Aramco's first-quarter** profit missed analysts' forecasts following a lower volume of crude oil sold and weaker refining and chemicals margins. **B7**

◆ **Amazon.com said** it would spend \$9 billion to expand its cloud services in Singapore as global tech companies boost their data-center footprints in Asia. **B4**

World-Wide

◆ **Israel sent tanks** into Rafah and took control of the Gaza side of a key border crossing to Egypt, securing a strategic corridor as high-stakes negotiations for a truce and hostage releases intensified. **A1, A6**

◆ **The Biden administration** said it had paused weapons destined for Israel, in Washington's first formal rebuke to its top Middle East ally's campaign against Hamas in Gaza. **A6**

◆ **The jury heard** testimony from adult-film actress Stormy Daniels in Trump's hush-money trial, including details of an encounter in a Lake Tahoe hotel in 2006. **A1**

◆ **A New York judge** struck a measure from the November ballot that Democrats had hoped would put the politically potent issue of abortion front and center for several competitive congressional elections. **A3**

◆ **Marjorie Taylor Greene** laid out a list of demands for Mike Johnson but signaled she was wavering on whether to force a vote to oust him as House speaker following blowback from other Republicans. **A5**

◆ **Proposed legislation** in New York could make the state the first in the nation to block gun makers from selling pistols if they don't take measures to prevent their modification to enable fully automatic fire. **A5**

◆ **Putin was inaugurated** as Russia's president for another six-year term after sidelining or eliminating his rivals and is now focused squarely on the war in Ukraine. **A7**

◆ **The Ukrainian Security Service** said it foiled a Russian plot to assassinate President Zelensky by striking his convoy with missiles and drones. **A7**

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Holocaust Remembrance Day Observed Amid War



NOT FORGOTTEN: President Biden, House Speaker Mike Johnson, House Majority Leader Steve Scalise and House Minority Leader Hakeem Jeffries hold images of Holocaust victims at a remembrance ceremony at the Capitol on Tuesday.

Israel Seizes Border Crossing Amid Revived Cease-Fire Talks

BY ANAT PELED
AND SUMMER SAID

TEL AVIV—Israel sent tanks into Rafah and took control of the Gaza side of a key border crossing to Egypt, securing a strategic corridor as high-stakes negotiations for a truce and hostage releases intensified.

Israeli military footage showed its tanks moving in on the Rafah border crossing, outside the southern Gaza city where more than one mil-

lion people are sheltering from the war. The operation followed a series of Israeli airstrikes against Hamas targets and warnings to civilians in the eastern part of Rafah to move to zones in the west as Israel prepares for a military offensive.

Negotiations toward a cease-fire deal resumed in Cairo after an Israeli delegation, Hamas officials, mediators from Qatar and Central Intelligence Agency Director William Burns arrived in the Egyptian capital on

Tuesday. Burns was expected to travel to Israel on Wednesday.

As the Biden administration tried to help mediate a cease-fire and stave off a large-scale military offensive in Rafah that would endanger civilian lives, U.S. officials expressed some optimism about the prospects of a deal.

"A close assessment of the two sides' positions suggests that they should be able to close the remaining gaps," National Security Council spokesman John Kirby said.

Hamas said Monday that it had agreed to a cease-fire pact that would involve an exchange of hostages abducted by the group on Oct. 7 for Palestinian prisoners in Israel. But the group added conditions that Israel hadn't approved, including a complete Israeli withdrawal from Gaza and an end to the Israeli blockade on the enclave.

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◆ **U.S. pauses weapons shipment to Israel.....** A6

Porn Star Daniels Details Trump Tryst

Donald Trump greeted adult-firm actress Stormy Daniels in silky pajamas at his penthouse suite in a Lake Tahoe hotel in 2006, she told jurors Tuesday at his hush-money trial.

By James Fanelli,
Erin Mulvaney
and Corinne Ramey

"I said, 'Does Mr. Hefner know you stole his pajamas,'" Daniels recalled joking when she saw him, referring to Hugh Hefner, the founder of Playboy magazine who was known for wearing a similar outfit.

The two later had sex, Daniels testified, and after it was over she remembered her hands shaking as she tried to buckle her high-heeled gold

shoes. As she was preparing to leave, Trump expressed interest in another meeting, she said. "Let's keep in touch, honey bunch," she recalled him saying.

The brief sexual encounter is at the heart of the trial, in which Manhattan prosecutors allege Trump falsified business records to conceal a \$130,000 payment to Daniels on the eve of the 2016 election to buy her silence. The payment came during a critical moment in his first presidential campaign, prosecutors said. At the time, Trump was under scrutiny after an "Ac-

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◆ **Office turmoil comes for Trump building.....** B6

INSIDE



PERSONAL JOURNAL
Gen Z is starting out with more credit-card debt than generations before them. **A10**

BUSINESS & FINANCE
Disney adds streaming customers, but shares fall as company posts loss for quarter. **B1**

TikTok Files Suit In Attempt to Block Divest-or-Ban Law

BY JACOB GERSHMAN
AND MEGHAN BOBROWSKY

TikTok filed a federal lawsuit Tuesday challenging the constitutionality of a new law that requires a sale or ban of the popular social-media app, setting up a court showdown over national security and free speech in the age of global information wars.

The suit, filed directly with a federal appeals court in Washington, D.C., seeks a court order preventing the U.S. from enforcing the bipartisan law signed by President Biden last month. The mea-

sure bans Chinese-backed TikTok in the U.S. unless its parent company, ByteDance, divests itself of the platform by mid-January.

Beijing-based ByteDance has said it can't and won't sell its U.S. operations by the deadline, leaving litigation as its best hope to maintain its U.S. market. The lawsuit accuses the government of trampling on TikTok's First Amendment rights—as well as the free-speech rights of millions of U.S. citizens—under the banner of national security.

"There is no question: the

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Pro Soccer Rookie Is Finance Bro

* * *
He's 45, living his dream—and spent big to get there

BY DAVID MARINO-NACHISON
AND PATRICIA KOWSMANN

Early this year, a struggling soccer team in Portugal's second division unveiled a new player to help in its battle against relegation. He didn't look like anyone's idea of a star signing.

Courtney Reum is a middle-aged American venture capitalist whose soccer career peaked a couple of decades earlier, when he played for Columbia in the Ivy League.

That didn't prevent Reum from earning a contract with Länk FC Vilaverdense. On Jan. 31, the final day of European soccer's midseason transfer

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Huge Project Hits Wall in Saudi Arabia

Crown prince's plans for 105-mile-long skyscrapers face glitches, soaring costs

BY ELIOT BROWN
AND RORY JONES

The engineers saw a mountain-sized problem.

For weeks, thousands of trucks and diggers had worked 24 hours every day, scooping millions of cubic feet of sand at the world's biggest construction project known as Neom in Saudi Arabia. But the workers had dumped the massive pile of dirt—now hundreds of feet wide—in the very spot where architects planned to dig a waterway out to the Red Sea.

So, the trucks and diggers went back to work, picking it all back up and making a new mountain of sand nearby in a costly hiccup that epitomizes the Saudi

project's turbulent journey from an audacious concept to a sprawling operation that has faltered in its execution.

Defying skeptics, Saudi Arabia is barreling ahead with hundreds of billions of dollars in projects at Neom, a built-from-scratch region the size of Massachusetts, typified by sci-fi architecture, an arid ski resort and a laundry list of flashy projects meant to attract a population larger than New York City's.

None is more brazen than a multitrillion-dollar pair of skyscrapers taller than the Empire State Building designed to run 105 miles long and house nine million people, the flagship develop-

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U.S. NEWS

Social Security Is Running Dry, Posing a Political Test

By Andrew Duehren

Social Security’s finances are in dire straits.

An aging population is pushing up the cost of the program as a smaller share of Americans directly pay into it. That imbalance means that Social Security could become unable to provide full retirement and disability benefits to Americans in 2035, the program’s trustees warned on Monday.

At that point, without congressional action, elderly and disabled Americans who rely on Social Security could see their payments cut by 17%. Congress could avoid the crisis by raising payroll taxes, trimming benefits or some combination of the two. Those options carry extreme political risks, though, and policymakers have put off embracing an overhaul of the program.

But they may not have to. The U.S. government will still likely be able to afford to pay full benefits to retired and disabled Americans in 2035. Whether it does so will in some ways be an accounting decision for lawmakers who control how money is classified within the government—and whether they want to tackle tough questions about federal spending or sidestep the politically radioactive debate.

Right now, two Social Security trust funds—one for the disability-insurance program and another for the much larger old-age program, though they are often combined in forecasts—help make up the difference between

program benefits and income. Since 2021, paying Social Security benefits has cost more than the program brings in from payroll taxes and other sources, putting the combined trust funds on track to depletion in 2035.

To some experts, the end of the trust funds wouldn’t require a substantive change to how Social Security is financed. Congress will have a straightforward option to keep delivering full benefits, they say, though the absence of cost savings or new revenue would mean leaving a significant driver of the overall federal deficit unaddressed.

“Having a trust fund does not make it easier for us to pay benefits. It commits the government to pay benefits, but it doesn’t make it easier,” said Andrew Biggs, a senior fellow at the American Enterprise Institute. “This is not gold sitting in Fort Knox in any way at all.”

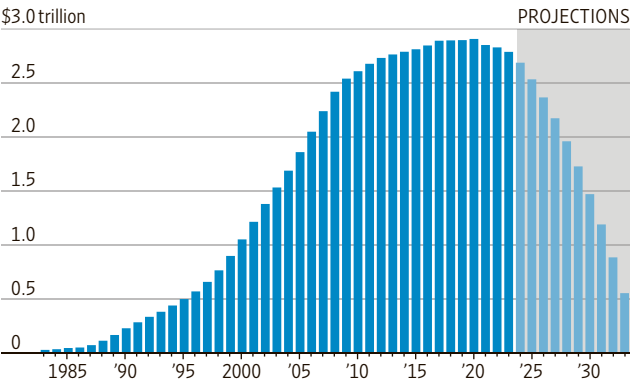
Money accumulates

For decades after Congress overhauled the program in 1983, Social Security took in more money than it spent on benefits. The excess accumulated in the trust funds.

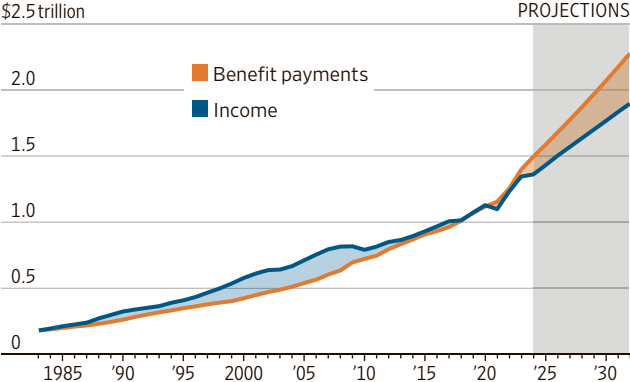
But money sent to the trust funds didn’t sit there. Instead, Social Security technically lent it back to the rest of the U.S. government, which then used it for anything from funding military operations to paying back bondholders.

In return for the cash, the government gave the trust fund special IOUs—Treasury bonds that can’t be traded but

Reserves of the old-age and disability-insurance trust funds



Annual cost of Social Security benefits compared with program’s income



Source: Social Security Trustees

are secured by the full faith and credit of the U.S. Those bonds generate interest, supplementing the income Social Security now nets from a 12.4% payroll tax.

To many economists, one part of the U.S. government lending to another part of the U.S. government is anomalous. Many of them disregard intra-governmental debt like the Social Security trust funds when

they consider the overall U.S. debt burden. Overall U.S. debt is roughly \$34.6 trillion, while debt held by the public, the metric favored by economists, is \$27.5 trillion.

How bills are paid

In the past few years, as the cost of Social Security has outpaced its income, the program has had to rely on the

trust fund to pay its bills. To do that, Social Security redeems some of its bonds to get cash from the Treasury. In 2023, the balance of the Social Security trust funds declined by roughly \$41 billion.

The Treasury pays the bill for Social Security the same way it pays all sorts of other bills: by using non-payroll tax revenue and money borrowed from investors on Wall Street. While that effectively means that Social Security benefits are now financed by overall revenue, experts in the program emphasize that the legal obligation created by the bonds is important.

“That’s possible only to the extent that Social Security was running on a surplus sometime in the past, which was reducing pressure on general revenues,” said Paul N. Van de Water, a senior fellow at the Center on Budget and Policy Priorities. “That’s an important political and legal distinction even if it’s not so important from an economic point of view.”

Ahead of the depletion of the trust fund, Congress would have to pass a law to allow Social Security to pull from general, non-payroll-tax revenues without a bond from the trust fund to redeem. Passing a law through Congress is no small thing, but compared with the thornier debates around changing the popular entitlement program, simply preserving full benefits could be the easy way out for lawmakers.

The move could also mean the U.S. deficit continues to grow at a pace economists

find alarming, potentially weighing on the performance of the economy.

Budget forecasters such as the Congressional Budget Office generally assume that Social Security will keep paying full benefits to Americans even after the projected depletion of the trust fund. That is an exception to CBO’s general practice of assuming that only current law continues into the future.

Is overhaul needed?

Because Congress could choose to deliver full benefits even after the depletion of the trust funds, some policymakers see the need to more broadly overhaul Social Security as less urgent.

The Biden administration hasn’t proposed specific ways to extend the solvency of the program.

“I am committed to extending Social Security solvency by asking the highest-income Americans to pay their fair share without cutting benefits or privatizing Social Security,” the president said in a statement on Monday.

The presumptive Republican presidential nominee, Donald Trump, has said he would look for spending cuts in government programs but won’t touch Social Security.

Social Security is helping fuel the government’s overall spending challenges. Spending on Social Security represented 5% of U.S. gross domestic product this past year, and it is expected to reach 5.9% of GDP in 2034, according to the CBO.

Misdeeds Chronicled At FDIC

Continued from Page One

having relationships with subordinates were promoted or moved to other regions or divisions rather than face discipline. One senior FDIC examiner sent a woman a picture of his private parts, while another was known for going to brothels with colleagues during work trips. A Hispanic employee was asked by a colleague to recite the Pledge of Allegiance to “prove that they were American.”

The Journal reported that many female bank examiners quit as a result of such experiences.

Investigators also confirmed that multiple employees experienced “extremely difficult and volatile” interactions with Gruenberg, a Democrat who has spent nearly two decades at the FDIC. FDIC employees, including senior leaders, felt “disrespected, disparaged and treated unfairly” by Gruenberg and said the chairman was perceived as someone “who could not control his temper.”

After the Journal’s investigation was published, with reports that Gruenberg had repeatedly berated staffers, he said he had been generally unaware of allegations of a toxic culture and resisted calls from Republican lawmakers to resign.

The report didn’t make a recommendation as to whether Gruenberg and other senior leaders should face discipline or removal, which was outside investigators’ scope. But it said Gruenberg’s long tenure and reputation for losing his temper with staff “presents unique challenges” for him to spearhead the cultural and structural overhaul that it said is needed and questioned whether he has the “moral authority” to do so.

Those dynamics, investigators said, “may hinder his ability to establish trust and confidence in leading meaningful culture change, and so too may his apparent inability or unwillingness to recognize how others experience certain difficult interactions with him.”

Gruenberg, nominated by President Biden to lead the agency for a second term in 2022, joined the FDIC board in August 2005 and has led the agency for nearly 10 of the last 13 years. As a presidential nominee, he can be pushed out only by the president.

White House press secretary Karine Jean-Pierre didn’t directly answer when asked at a



A blistering report called into question the leadership of FDIC Chairman Martin Gruenberg.

briefing if Biden still had confidence in Gruenberg. But she noted that the FDIC chief had “apologized and has committed to the recommendations” in Tuesday’s report.

In a message to staff Tuesday before the report’s release, Gruenberg said employees “reported painful experiences of mistreatment and feelings of fear, anger, and sadness.”

“To anyone who experienced sexual harassment or other misconduct at the FDIC, I again want to express how very sorry I am,” he wrote. “I also want to apologize for any shortcomings on my part.”

Some lawmakers in both parties Tuesday called for Gruenberg, 71 years old, to resign. The GOP chairman of the House Financial Services Committee, Patrick McHenry of North Carolina, said the report “makes clear new leadership is needed.” Sen. Joni Ernst (R., Iowa) called for Biden to order the Justice Department to investigate the agency “top to bottom.”

Sen. Bill Hagerty (R., Tenn.), a member of the Senate Banking Committee, called for the panel to hold a hearing on the findings.

Gruenberg is set to testify next week alongside other regulators in previously scheduled hearings.

Members of the special committee that the FDIC formed to oversee the probe said they were deeply troubled by the findings. “Today’s report establishes the urgent imperative of a cultural transformation at the FDIC led by those with the leadership capacity to effectuate that change,” said Jonathan

McKernan, a Republican board member and co-chair of the special committee.

Michael Hsu, a Democratic board member and the committee co-chair, said the report was thorough and nonpartisan.

Linda Miller, CEO of the consulting firm Audient Group and one of the committee’s nonvoting members, said the accountability recommendations in the report don’t go far enough to address the problem and called for the FDIC to establish a mandatory 14-day suspension policy for staff who are credibly accused of sexual harassment, among

other measures. Problems with the agency’s culture have been raised internally, including to senior leadership, but their responses have been insufficient, the report said. One FDIC executive told the law firm that wrongdoers can expect that the FDIC will “pay, promote, or move them.”

Investigators described the agency’s culture as “patriarchal, insular and risk-averse.”

Widespread fear of retaliation and a “lack of clarity and credibility around internal reporting channels” have driven an underreporting of misconduct, the report said.

Some 97 people reported 145 incidents of sexual assaults, unwelcome sexual advances, unwanted touching and attention and other sexual conduct.

Ninety-one additional people reported 141 incidents of gender or sexuality-based discrimination. Some 187 people reported 320 incidents of bullying, threats and other verbal abuse, and 191 people reported

295 incidents of other discrimination, including racial.

One Hispanic employee who organized diversity initiatives was asked by a colleague, “When will we have a white man’s day/month?” Another employee was told, “you’re a mother now, you don’t belong in the workplace.”

The agency faces other external investigations, including from House lawmakers and its inspector general.

Gruenberg told investigators he didn’t recall “ever getting angry in meetings with FDIC employees.” The report included a number of incidents that suggest otherwise.

In a May 2023 meeting, Gruenberg subjected participants to what one described as “45 minutes of vitriol” and threatened to “‘fire’ or ‘reassign’ anybody he wanted.”

The report documents four other incidents of Gruenberg losing his temper, including one in which he threw papers against the wall in anger. Gruenberg in his interview with investigators denied throwing anything during a meeting.

After the Journal reported on his temper, a senior executive in a meeting with Gruenberg and others was frustrated by Gruenberg questioning the accuracy of the report and told him that it “accurately reflected [Chairman Gruenberg’s] leadership style and everyone in the room [was] afraid to tell [him] that.” That led to a “tense and awkward discussion among the senior staff about their respective interactions with him.”

One participant in a 2007 meeting in which Gruenberg lost his temper told investigators, “In my entire career of 35 years, I’ve never had anybody treat me like that.”

A House hearing in November yielded an uncomfortable

moment in which Gruenberg was forced to correct the record on whether he had ever been investigated over inappropriate behavior.

He initially told the committee he had never been the subject of such an investigation. But after the Journal requested comment from the FDIC on a 2008 investigation following an incident in which a senior female employee said he lost his temper with her, Gruenberg revised his testimony and confirmed he had been investigated.

A departure by Gruenberg would leave FDIC Vice Chairman Travis Hill, a Republican, as the agency’s acting chairman. (Hill is a former staffer at the agency who has served on the five-member board for about a year.) That could make it more challenging for Biden-appointed Democrats to complete new requirements for larger banks to shore up their financial footing.

The report also documented multiple structural problems at the FDIC.

For one, the FDIC doesn’t have a policy on intimate relationships between employees, including between supervisors and subordinates. As a result, investigators said, the agency has a culture in which “pursuing romantic relationships with colleagues, including subordinates, has not been viewed as problematic.”

A former field office supervisor pursued and had relationships with junior staffers, including student interns. When he was reported to the regional office for having a relationship with an intern, he wasn’t disciplined. While on a work trip, a former executive was thrown out of a strip club for inappropriately touching dancers and subsequently asked an employee during a cab ride, “Does your husband eat you?” (She never reported it because she didn’t know who to tell and didn’t think anyone would believe her.) Another executive asked an employee how far away she lived and suggested they could “get there and back before the end of the day.”

An employee told investigators that a former executive in headquarters had “grabbed her and rubbed himself on her after a happy hour.”

Women in one field office said their supervisor routinely talked about their breasts, their legs and his sex life. One employee recounted sexual

harassment from a more senior examiner that continued over six years and included sending her text messages of partially clothed women, including one that included the words, “get naked Bitch.” The alleged harassment continued even after she filed a complaint against him.

Of the 92 harassment complaints the agency received between 2015 and 2023, none resulted in a removal, demotion or pay cut. Of those, 76 led to no discipline at all. In 12, the perpetrators received counseling, warnings or training; in two, they were suspended; and in another two they received letters of reprimand.

Among the recommendations in the report was the appointment of an external “Transformation Monitor” to audit the FDIC’s work to address its problems, the creation of a 360-degree review process for the chairman and other senior leaders, improved training and improved disciplinary processes and record-keeping.

In his message to staff on Tuesday, Gruenberg cited a 13-page action plan the agency released in December outlining steps it would take to address its cultural issues.

The FDIC subsequently established multiple task forces led by senior leaders at the agency. Many employees privately expressed skepticism about leaders’ willingness to overhaul the culture. In recent months in particular, employees said things had largely reverted to normal.

THE WALL STREET JOURNAL

(USPS 664-880)
(Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935)
(Western Edition ISSN 0193-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas,
New York, N.Y. 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

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U.S. NEWS

New York Abortion Measure Stricken By Judge

By **LAURA KUSISTO**
AND **JIMMY VIELKIND**

A New York judge has struck a measure from the November ballot that Democrats had hoped would put the politically potent issue of abortion front and center for several competitive congressional elections.

The New York measure provides broad equal-rights protections, including for pregnancy and reproductive healthcare, that supporters say would make laws restricting abortions unconstitutional.

Justice Daniel Doyle, a lower court judge in upstate New York, said the state legislature had failed to follow the proper procedure for putting a measure on the ballot. The legislature's misstep, said Doyle: a failure to give the state's attorney general time to issue an advisory opinion before the vote.

The legislature's quick vote "frustrated the deliberative process," the judge wrote.

The ruling, while technical in nature, is at least a temporary blow to advocates and Democrats who have sought to put abortion-related measures on the ballot in more than half a dozen states for the November election. Some advocates have feared that trying to



New York Attorney General Letitia James says she will appeal the judge's decision.

mount campaigns in so many states could lead to efforts that are hastily put together or poorly funded.

The state's attorney general, Letitia James, said she plans to appeal the ruling. Democrats say they expect the case to move quickly and that they still would be able to get the measure on the ballot and have sufficient time to mount a campaign to voters.

If they do lose on appeal, however, the measure is unlikely to get on the ballot this November.

"This is a disappointing court decision, but we will appeal because New Yorkers deserve to be protected by their Constitution, especially as our basic freedoms and rights are under attack," James said.

The idea for a referendum on an equal rights amendment in New York germinated for years mostly among lawmakers. State legislators in July 2022 took the first required step to put it on the ballot, just days after the U.S. Supreme Court decision overturning *Roe v. Wade*.

Abortion in New York was legalized before the 1973 *Roe* decision, but state lawmakers overhauled and strengthened abortion rights in 2019. Abortion is allowed in the first 24 weeks of pregnancy or later, if doctors determine it necessary for the health of the mother.

The plaintiffs in the lawsuit, a Republican state legislator and two of her constituents, said that in its haste the legislature failed to comply with a provision of the state's constitution.

"They were in such a rush and a frenzy" that they didn't follow this requirement, said Christian Browne, an attorney for the plaintiffs.

Gov. Kathy Hochul, a Democrat, said "our decadeslong fight to protect equality and reproductive freedom will not be thrown off track by one extremist judge and I look forward to casting my ballot for the Equal Rights Amendment in November."

Thousands Try Dangerous Trek Up Highest Peak In New England

Some are unprepared and fatalities are on the rise; 'There's a lot of ways to die on Mount Washington'



Above, Dave Bruno, a 50-year-old from Connecticut, hiked solo to the Mount Washington summit in April. Below, the night shift at the observatory.

By **JON KAMP**

MOUNT WASHINGTON SUMMIT, N.H.—When Joabe Barbosa hiked this mountain in March, he spotted a stern warning along the trail.

"The area ahead has the worst weather in America," a sign read. "Many have died there from exposure. Even in the Summer. Turn back now if the weather is bad."

Barbosa decided to continue up Mount Washington, since the weather seemed mild at that point and he was dressed warmly. When he reached the snowy summit, winds were whipping with tropical-storm intensity and a wind chill around zero.

"The change in temperature on that mountain is incredible," said Barbosa, a 23-year-old from the U.K. attending graduate school in the U.S. He has been touring the states looking for experiences and refrigerator magnets along the way.

On his descent, as the sun set, he tumbled into a drainage ravine in the darkness. Rescuers found him hours later with a bloody gash above his left eye and a broken tooth. He was also hypothermic, missing a sneaker, had frostbitten toes, and landed in the hospital.

No. 4 in deaths

Such accidents keep piling up on a mountain that poses hazards from rough terrain and foul weather, despite its relatively small size. At 6,288 feet, the New Hampshire peak is the tallest in the Northeast, yet stands less than one-third the elevation of Alaska's Denali. Seventeen states boast summits above Mount Washington. Colorado alone has 58 peaks topping 14,000 feet.

Still, Mount Washington ranked No. 7 in number of accidents and fourth in deaths among U.S. peaks during a roughly 70-year span, according to researchers at Oregon Health & Science University who compiled reports of accidents from the American Alpine Club. Denali led both lists.

The challenge, according to experienced rescuers, is that the New Hampshire mountain is a quick drive from big Northeast cities and easy to reach by road, luring tens of thousands of climbers each year. The seemingly manageable size lulls many people into thinking



they can scale it easily.

A Mount Washington hiker needed emergency help in February as sustained winds plunged the wind chill to minus 52 degrees, state authorities said. Last August, because of severe weather, rescuers had to help several people on and near the slopes.

The death toll is also rising: A 20-year-old woman skiing the mountain's Tuckerman Ravine fell to her death in March. The same day, the U.S. Forest Service said snow rangers responded to two other traumatic injuries there.

"There's a lot of ways to die on Mount Washington," said Jeff Fongemie, who directs the mountain's Avalanche Center.

Summer hypothermia

Warmer-weather months provide little reprieve. Joe Roman, a search and rescue coordinator with the Appalachian Mountain Club, said it tends to get the most hypothermia calls in summer.

On a recent April day, as spring conditions thawed Mount Washington's base, the wind atop the snow-encrusted summit peaked above 80 miles an hour as the temperature remained well below freezing.

Among the few climbers and skiers were Ryan Atkins and Vincent Landry, both from Quebec, who were preparing for a May climb up Denali. They were dressed warmly and had emergency supplies including aluminum blankets, Landry said. "Mount Washington offers proper alpine terrain you can compare to what you see in Alaska," he said.

The summit draws visitors to 130-mile views of mostly rugged terrain on a clear day. Roughly a quarter-million peo-

ple get there each year via the mountain's Cog Railway and Auto Road. The mountain can draw thousands of backcountry skiers on busy days.

Big Wind Day

The summit visitor's center is peppered with reminders of the mountain's dangers, including framed lists naming 171 people who died there and elsewhere in the Presidential Range between 1849 and last year. The Mount Washington Observatory recorded a 231-mph gust at the summit on April 12, 1934, which came to be known as Big Wind Day.

The extreme winds stem from factors including the mountain's topography and its position in major storm tracks. Workers and a cat named Nimbus staff the nonprofit observatory at the summit visitor's center year-round. They forecast conditions on a mountain-top that often vary wildly from weather at the base.

Even in winter, weather observers stepping outside to take measurements and knock ice from instruments regularly spot climbers. Some are poorly dressed for harsh conditions, including four who broke into the building at the end of March while seeking refuge, said weather observer Charlie Peachey, who was working a night shift and kicked them out.

Summit workers don't want to offer help, absent real medical emergencies, and lure even more unprepared hikers.

On a snowcat ride to the summit, Jay Broccolo, the observatory's director of weather operations, talked about the hikers he has seen in foul, wintry weather. "Sometimes I'm just like, 'God bless you, I hope I don't read about you later.'"



Weather observers Charles Peachey, above left, and Alexandra Branton last month.

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Daniels Recounts Trump Tryst

Continued from Page One

cess Hollywood” tape surfaced of him describing how he groped women.

The presumptive Republican presidential nominee has denied the affair and any wrongdoing. He has said Manhattan District Attorney Alvin Bragg, a Democrat whose office brought the case, charged him with 34 felony counts out of political spite.

The case is one of four prosecutions Trump is facing and could be the only one to go to trial before the election.

Trump received welcome news Tuesday in another of the cases, when the federal judge presiding over his prosecution in South Florida indefinitely delayed his trial on charges he mishandled classified documents. The trial previously was scheduled to begin May 20, though both sides had been anticipating the date would slip because the judge has been slow in addressing pretrial matters.

For Manhattan prosecutors, putting Daniels, 45 years old, on the stand was a gamble. Her testimony helped bolster the account of her former lawyer, Keith Davidson, and gave jurors a firsthand look at her efforts to sell her story and negotiations around her silence.

Trump’s lawyers raised objections over what she told the jury and later demanded a mistrial. They accused Daniels of changing her story and of providing details outside the scope of the trial.

Daniels said at one point that she blacked out during the encounter, but clarified she wasn’t drunk or drugged.

Todd Blanche, a Trump lawyer, said Daniels’s testimony was meant to inflame the jury and wrongfully raise questions about whether the sex was consensual. “There is no way to unring the bell, in our view,” Blanche said.

Justice Juan Merchan denied the mistrial bid but ac-



A sketch shows Stormy Daniels being questioned by prosecutor Susan Hoffinger. Below, Donald Trump and lawyer Todd Blanche.

knowledgeed that some of Daniels’s testimony would “probably have been better left unsaid.” The judge said a prosecutor spoke to Daniels about her testimony before she returned in the afternoon.

Earlier in the day, Daniels testified how she met Trump at a 2006 celebrity golf tournament at Lake Tahoe, Nev., and he later invited her to dinner at his hotel. Trump had been impressed when he learned Daniels was involved in production as well as acting, she said.

At the time, Daniels, then 27, said she had recognized Trump from his reality show, commercials and cameos on professional wrestling programs.

“I didn’t know his age but I knew he was older than my father,” said Daniels, wearing a black dress and hooded sweater with her bleached blond hair pulled back in a messy bun. Trump, now 77, was 60 years old at the time of the golf tournament.

Trump, seated at the defense table, stared blankly at Daniels when she first took the



witness stand, but furrowed his brow on occasion as she joked about the run-up to the short-lived tryst. Throughout her hourslong testimony, he frowned at times and appeared to be listening intently, but also kept his eyes closed for extended periods.

In a bench conversation be-

tween Merchan and lawyers that couldn’t be heard elsewhere in the courtroom, the judge said he could hear Trump cursing during Daniels’s testimony and asked Blanche to speak to his client. “It has the potential to intimidate the witness and the jury can see that,” the judge said,

according to a trial transcript.

Daniels recalled that throughout the evening, her date peppered her with unusual questions about the adult-film industry, including whether there was a union. “Most people who talk to me about work, they want to know the sexy stuff,” she said. “These were

more very thought-out business questions.”

Trump also dangled the prospect of her appearing on his show “The Apprentice,” she said. “You remind me of my daughter. She is smart and blonde and beautiful and people underestimate her as well,” Daniels recalled Trump saying.

Daniels described having sex with Trump as a whirlwind. She walked out of the bathroom in the hotel room, she said, and was surprised when she saw him lying on a bed waiting for her. She said the sex was brief.

Afterward Trump said they “were great together,” she said. She left soon after.

Daniels testified that they saw each other at various public places, including at Trump Tower, and once in Los Angeles, where she said she rejected his sexual advances.

Daniels said that in October 2016 she learned that Trump and his then-personal lawyer, Michael Cohen, were willing to pay her to sign a nondisclosure agreement. She said she thought the agreement was the best scenario because she didn’t want her husband at the time to find out. She said about being paid: “It’s money, but the number didn’t matter to me, and I didn’t pick the number,” she told jurors.

On cross-examination, Trump’s lawyer Susan Necheles asked Daniels about past comments she has made, including a tweet where she called the former president an “orange turd.”

In a line of confrontational questioning, Necheles asked Daniels if she despises Trump, and whether she has made fun of his looks the same way he did when he called her “horseface” and “sleazebag.” Daniels responded, “Because he made fun of me first.”

Daniels acknowledged she has been paid for her story, at times, but insisted she is telling the truth, and didn’t always tell full accounts publicly. “None of it is made up,” she said.

Necheles also asked, “Do you want President Trump to go to jail?”

“I want him to be accountable,” she responded.

—C. Ryan Barber
contributed to this article.

TikTok Sues In Attempt To Stop Ban

Continued from Page One

Act will force a shutdown of TikTok by January 19, 2025,” the lawsuit states, “silencing the 170 million Americans who use the platform to communicate in ways that cannot be replicated elsewhere.”

The suit also alleges the U.S. ban is an unconstitutional legislative punishment of TikTok, denies the company equal protection under the law and amounts to an unlawful taking of private property.

The short-form video platform, which has operated as TikTok in the U.S. since 2018, quickly gained mass appeal as an entertainment platform, news source, cultural tastemaker and activist hub.

More than half of all U.S. adults ages 18 to 29 use TikTok, according to the Pew Research Center. About four in 10 TikTok users say they regularly get news from the app—double the number of people who said they did in 2020.

National-security officials and federal lawmakers have watched its growth with alarm. Supporters of the law have said TikTok offers a potent tool to spy on people and manipulate public opinion through its algorithms. Forcing TikTok to cut ties with China is the only effective way to deal with the

security risks, they said.

TikTok has said it has taken measures to safeguard user data and prevent Chinese government influence.

The U.S. has long restricted foreign ownership of radio and television broadcasting, but Congress has never taken such drastic actions against an internet platform used by millions of people.

For now, life on TikTok is operating as usual. High-profile users are continuing to post content and TikTok is telling advertisers not to worry. At a conference in New York last week, one of TikTok’s business leaders told a room of 300 media executives that the company isn’t backing down in its fight to stay in the U.S.

TikTok doesn’t comment publicly on its financials, but going into 2024 it wasn’t yet profitable, according to people familiar with the matter.

TikTok ad sales in the U.S. are expected to grow 31% this year to \$8.7 billion, according to estimates from Emarketer, an outside firm. The platform is investing heavily to build out a shopping feature that could potentially rival Amazon one day, with users buying and selling items directly on the platform.

If ByteDance were to try to sell off TikTok’s U.S. operations, it is unclear what price it could fetch. One potential suitor has suggested \$20 billion as a starting price for its U.S. operations.

But divestiture in any meaningful sense seems to be off the table, since the Chinese government has indicated it will not allow a forced sale of the app.

Courts previously ruled against some federal and state restrictions on TikTok, but have left the First Amendment issues unsettled.

A federal judge in Washington ruled against Commerce Department efforts to ban TikTok during the Trump administration, deciding the agency exceeded its authority under a 1970s law, the International Emergency Economic Powers Act. In a separate Pennsylvania case, another U.S. district judge, citing similar legal grounds, sided with a group of TikTok stars that sued the Trump administration.

The current case is different because it is Congress that took action—after classified briefings—rather than the White House trying to claim authority for a ban under a decades-old law.

The GOP-led House passed the bill overwhelmingly in March. The Senate then took a more cautious view of the legislation, but ultimately approved it after extending the time period for TikTok to find a buyer.

TikTok is already restricted on federal government smartphones. Many states have also banned the platform on state government devices.

Several Supreme Court precedents could be relevant in the legal fight, including a 1965 case in which the high court said citizens have a right to receive information even if it is foreign propaganda.

The Justice Department, which will defend the government in the lawsuit, declined to comment on it.



TikTok, owned by China-based ByteDance, argues the ban violates its constitutional rights.

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New York state Sen. Zellnor Myrie, a Democrat, has sponsored gun-control laws since his party has controlled the Legislature.

New York Targets ‘Glock Switches’

Bill would ban sales of pistols that can be modified to fire like machine guns

By CAMERON McWHIRTER

Proposed legislation in New York could make the state the first in the nation to block gun makers from selling pistols if they don’t take measures to prevent them from being able to be converted to fire like machine guns.

The bill, introduced Tuesday, was drafted in response to the growing use of the attachments, called “pistol converters” or “Glock switches,” that are placed on popular semiautomatic pistols such as those made by Glock, said the bill’s sponsor, state Sen. Zellnor Myrie, a Democrat who represents a Brooklyn district.

The devices, about the size of a thumbnail, allow shooters to fire all the rounds in a mag-

azine by just holding down the trigger, similar to a machine gun. The New York legislation highlights concern by police about the increased use of Glock switches in shootings—and killings—across the U.S.

Democrats have controlled both houses of the New York Legislature since 2019, and have approved several gun-control laws, some of which were also sponsored by Myrie. They include a red-flag law, which prevents the purchase or possession of firearms by people who might hurt themselves or others; statutes to criminalize ghost guns, which are firearms made with 3-D printers; and a ban on bump stocks, which allow semiautomatic rifles to fire like machine guns.

Lawmakers returned Monday to the state Capitol in Albany for the five remaining weeks of their annual session.

Any new legislation likely would face legal challenges from gun-rights groups and

gun companies arguing that such a law would impose an undue burden on gun makers because of misuse of their product.

The legislation doesn’t name Glock, but Myrie said he wrote the bill to address Glock pistols because they are easily converted for machine gun-like fire.

“This is an attempt by New York to protect our constituents,” he said. “Other gun makers do not have this problem. This is a refusal-to-address-an-issue problem.”

A spokeswoman for Glock didn’t respond to requests for comment.

Tom King, president of the New York State Rifle & Pistol Association, said if Glock modified its gun to prohibit the switches, “I guarantee you there’s an engineer out there or a self-taught gunsmith out there who is going to work a way around it.”

The legislation is trying to punish a company for someone

misusing its product and it is a step “more and more down the road to complete banning of Glock firearms,” he said.

The bill would be the first of its kind in the nation, according to the group Everytown for Gun Safety.

Officials at the group, which helped draft the legislation, said Glock switches are a national problem contributing to gun violence.

“Glock’s handguns are uniquely susceptible to being easily converted into illegal machine guns, making them a weapon of choice for criminals seeking to spray hundreds of bullets and inflict maximum damage,” said Nick Suplina, senior vice president for Law and Policy at Everytown for Gun Safety. “This legislation is about putting Glock on notice.”

Glock switches are easy to install and have sold for between \$50 and \$100. They also can be manufactured on 3-D printers. Many Glock switches have been imported to the U.S.

Greene Wavers on Call For Vote on Speaker

By LINDSAY WISE AND NATALIE ANDREWS

WASHINGTON—Rep. Marjorie Taylor Greene (R., Ga.) laid out a list of demands for House Speaker Mike Johnson on Tuesday, but signaled she was wavering on whether to force a vote to oust him this week following blowback from other congressional Republicans and former President Donald Trump.

The meeting among Johnson, Greene and her ally Rep. Thomas Massie (R., Ky.), the second in two days, came after Greene vowed last week to call a vote in her long-shot bid to remove the speaker.

“It’s not a negotiation at all,” said Johnson (R., La.) ahead of Tuesday’s sit

said at a joint appearance with Johnson last month that the novice speaker was “doing about as good as you’re going to do.”

Trump spoke by phone with Greene this past week to express his disapproval with her efforts to oust Johnson, according to people familiar with the conversation. Trump told her such a move risked destabilizing the party ahead of his rematch with President Biden this fall, these people said.

A person close to Trump said the former president thinks the party “needs to be fighting on the outside, not inside,” adding that Trump has told Greene that many times. Greene has declined to characterize her conversations with Trump.

When Johnson was asked Tuesday about whether he expected to remain party leader next year, he responded that he intended to lead the conference in the future

Trump told Greene he disapproved of her efforts to oust Johnson.

and noted that he was “glad to have the support of President Trump.”

Most Republicans have little appetite for another speaker vote, and House Democratic leaders have said they would back Johnson in any effort by dissident Republicans to oust him, unlike last year when Democrats helped eight rebel Republicans sink then-Speaker Kevin McCarthy.

Rep. Carlos Gimenez (R., Fla.), a Johnson ally, said Greene must be looking for an exit ramp, “or at least a way to say she didn’t lose.” Gimenez said he would advise Johnson not to agree to any of her demands. “You never negotiate under threats like that.”

—Alex Leary and Vivian Salama contributed to this article

U.S. WATCH



A grandmother whose home was hit by a twister embraces her granddaughter in Barnsdall, Okla.

BOY SCOUTS
Group Renamed as Scouting America

The Boy Scouts of America is renaming itself Scouting America after years of turmoil in an effort to be more welcoming.

The Boy Scouts said the name change would take effect in February 2025. The group said it currently has thousands of girls involved in its programs.

“This will be a simple but very important evolution as we seek to ensure that everyone feels welcome in Scouting,” said Roger A. Krone, president and chief executive officer of the organization.

The Boy Scouts have for years been dogged by hundreds of sexual-abuse lawsuits, which intensified when states such as California and New York began allowing people to sue regardless of when the alleged abuse occurred.

The group filed for bankruptcy in 2020 and emerged from chapter 11 last year with a plan to pay roughly \$2.4 billion to resolve more than 82,000 individual claims of sexual abuse.

The organization on Tuesday said it has more than a million youth members, down from 2.6 million in 2012.

—Alyssa Lukpat

MIDWEST/PLAINS
Storms, Tornadoes Hit Several States

Severe storms battered the Midwest on Tuesday, unleashing a curtain of heavy rain, gusty winds and tornadoes a day after a deadly twister ripped through a small Oklahoma town.

Tornadoes were spotted after dark Tuesday in parts of Michigan, Indiana and Ohio, while portions of Illinois, Kentucky and Missouri were also under a tornado watch, according to the National Weather Service.

In southwestern Michigan, two tornadoes blitzed the city of Portage near Kalamazoo. A FedEx building was destroyed, but a company spokesperson said there were no serious injuries. An estimated 50 people were trapped inside the facility as of 9:30 p.m., said Taylor Koopman, a spokesperson for the county administrator.

Koopman said “there are wires down in the building” that needed to be cleared before first responders could go in.

The tornado that touched down Monday night in Oklahoma ripped through the town of Barnsdall. The mayor said one person was dead and one man was missing.

—Associated Press

BALTIMORE
Body of Missing Worker Recovered

The body of the last missing construction worker killed in the collapse of Baltimore’s Francis Scott Key Bridge in March has been recovered, officials announced as demolition crews prepared to use explosives in the ongoing cleanup effort.

Officials said the crew of the Dali will remain on board the grounded containership while crews conduct a controlled demolition to break down the largest remaining span of the fallen bridge.

The span landed on the ship’s bow after the Dali lost power and crashed into one of the bridge’s support columns on March 26. Since then, the ship has been stuck amid the wreckage, and Baltimore’s busy port has been closed to most maritime traffic.

Six construction workers were killed in the collapse. The body of Jose Mynor Lopez, 37, was recovered Tuesday, officials said. All the victims were Latino immigrants working an overnight shift filling potholes on the bridge.

The controlled demolition, which is expected to take place in the coming days, will allow the Dali to be refloated.

—Associated Press

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WORLD NEWS

Path to Gaza Truce Proves Elusive

Washington urged a delay in attack on Rafah as cease-fire efforts bogged down

By MICHAEL R. GORDON

WASHINGTON—The Biden administration’s intensive public and private campaign to forestall Israel’s assault on Rafah has become its toughest test to date with its Middle East ally.

Hours after President Biden on Monday warned Israeli Prime Minister Benjamin Netanyahu against a full-scale assault on Rafah, Israel’s military conducted what it called targeted airstrikes in the eastern part of the city and sent in tanks as it seized the enclave’s border crossing with Egypt.

The Israeli attack signaled the wide gulf between Biden and Netanyahu over a strategy for securing the release of hostages held by Hamas and ultimately ending the fighting.

So far, the White House has neither achieved a cease-fire between Hamas and Israel nor persuaded Netanyahu to defer the Rafah offensive.

Hamas on Monday said it accepted a temporary cease-fire. The U.S. said it was reviewing the Hamas response while Israel complained the group introduced new conditions.

Hamas’s claim to have accepted the cease-fire appeared more like a counteroffer, one aimed at putting the onus for impeding the pause on Israel. And Israel’s attack in Rafah likewise could have been a negotiating tactic, intended at least in part at driving home to Hamas the costs of not reaching a deal to free hostages.

Since his wartime trip to Israel following Hamas’s Oct. 7 surprise attack, Biden has emerged as one of the country’s strongest supporters. Billions of dollars in American weaponry have flowed to Israel, and the U.S. has de-



Displaced Palestinians flee Rafah in the southern Gaza Strip. At right, relatives mourn those killed during Israeli airstrikes in the city.



fended Israel’s right to defend itself—a “bear hug” strategy that U.S. officials hoped would enable Washington to work behind the scenes to influence Israeli leaders’ calculations.

For the past several weeks, the Biden administration has increased pressure on Israel and Hamas to try to secure a six-week cease-fire, which U.S. officials hoped they might extend through more diplomacy.

A pause, U.S. officials say, is needed to secure the release of hostages, including American citizens, and provide an opportunity for diplomatic efforts to encourage the normalization of relations between Saudi Arabia and Israel.

“If we’re able to get the deal, get the cease-fire, get

the hostages out, we’ll look for ways to build on that and have something that’s sustainable over time,” Secretary of State Antony Blinken said on Wednesday following a meeting earlier in the day in Jerusalem with Netanyahu.

Netanyahu, in contrast, has emphasized the imperative of taking the fight to the four Hamas battalions and the

the Hamas battalions there “with or without a deal.”

In Biden’s 30-minute call on Monday with Netanyahu, the president discussed negotiations for a cease-fire and hostage deal.

The White House said Israel agreed to reopen the Kerem Shalom border crossing that is used to funnel aid to Gaza, which was closed after a Hamas rocket attack killed four Israeli soldiers in the area on Sunday.

A worry for the Biden administration is that even a limited operation might spur hundreds of thousands of Palestinians to flee.

Meanwhile, Israel’s war cabinet said it was sending a delegation back to the still-fraught cease-fire talks but was continuing its Rafah operation to put pressure on Hamas to release the hostages and advance “the other goals of the war,” Netanyahu’s office said.

U.S. Pauses Weapons Shipment To Israel

By NANCY A. YOUSSEF AND GORDON LUBOLD

In Washington’s first formal rebuke to Israel’s campaign against Hamas in Gaza, the Biden administration said late Tuesday that it had paused weapons destined for its top Middle East ally, as Israel was mounting new operations in Rafah in southern Gaza.

U.S. officials said they were conducting a review of other weapons sales. Earlier Tuesday, Israel sent tanks into Rafah and took control of the Gaza side of a key border crossing to Egypt.

The Biden administration has repeatedly said it opposes Israel launching a ground operation in Rafah, unless there is a plan to safeguard the more than one million people who have sought safety there. Israeli Prime Minister Benjamin Netanyahu has said the Rafah operation would go forward.

Israel has “not fully addressed our concerns,” a senior administration official told reporters in a statement.

The official said the U.S. began in April to review proposed transfers of weapons to Israel that might be used in Rafah. One shipment was paused, which consists of 1,800 2,000-pound bombs and 1,700 500-pound bombs.

“We are especially focused on the end-use of the 2,000-lb bombs and the impact they could have in dense urban settings as we have seen in other parts of Gaza. We have not made a final determination on how to proceed with this shipment,” the official said.

The official didn’t say who is leading the review, when it would conclude and how the administration is making its assessment.

Key Border Crossing Seized

Continued from Page One

Hamas, which the U.S. designates as a terrorist organization, has since offered some amendments to its Monday proposal, U.S. officials said.

Prime Minister Benjamin Netanyahu of Israel said that the Hamas proposal on Monday fell short and that he had instructed the Israeli delegation in Cairo to insist on the conditions that Israel requires for its security.

“Hamas yesterday intended to sabotage the entry of our forces into Rafah” by saying it had agreed to a truce deal, Netanyahu said Tuesday. “It did not happen,” he said.

Netanyahu has said Israel’s military needs to break up four remaining Hamas battalions in Rafah to achieve the goal of destroying the group’s ability to attack Israel.

Defense Minister Yoav Gallant drew a connection between the Rafah operation on Tuesday and the hostage negotiations, saying that the operation would continue “until we eliminate Hamas in the Rafah area and the entire Gaza Strip, or until the first hostage returns.”

Israel’s military described the operation at the Rafah crossing as “very precise and limited in space,” aimed at eliminating Hamas militant infrastructure.

U.S. officials also described the operation as narrow—not the large-scale Rafah offensive that the Biden administration has warned against. Israel told the U.S. that the moves on Tuesday aimed to cut off Hamas’s ability to smuggle weapons and funds into Gaza, Kirby said.

Hamas called Israel’s operation a dangerous escalation that would harm the flow of humanitarian aid to Rafah. The group called for U.S. and

other international pressure on Israel “to stop this escalation that threatens the lives of hundreds of thousands of displaced civilians in Rafah and the entire Gaza Strip.”

The operation at the Rafah crossing came after Hamas fired rockets and mortars at the Israeli-controlled Kerem Shalom border crossing on Sunday, killing four soldiers and wounding several others.

Kerem Shalom, one of two main entryways for aid into Gaza along with the Rafah crossing, remained closed on Tuesday, Israel said.

Hamas’s military wing claimed responsibility on Tuesday morning for another rocket barrage on Kerem Shalom. The Israeli military said rockets and mortars had been fired at Israeli territory from Rafah but that there were no injuries.

The move to take the Rafah crossing was directly tied to the negotiations and aimed at increasing pressure on Hamas, sending the message that the Israeli military can operate where it likes, analysts said.

“If Hamas will not go into a deal, Israel is keen to go further into Rafah,” but could potentially stop with the crossing, said Israel Ziv, a former commander of the Israeli military’s Gaza Division.

The Israeli government has maintained from the start of the war that the only way to bring Hamas to the negotiating table is through military pressure. The seizure of the Rafah crossing positions the

military to launch a broader operation if talks collapse.

Around 20 militants were killed during the Israeli operation to seize the crossing, and three tunnel shafts were discovered, according to the Israeli military. An explosive-laden car driving toward Israeli troops was struck. No Israeli soldiers were injured, the military said.

The Gaza Strip is ensnared in a humanitarian crisis, with potential famine and an acute shortage of fuel. The United Nations warned that the cut-off of the two main arteries for aid imperils humanitarian operations that serve the entire population of some 2.2 million people.

The U.S. pressed for the reopening of both crossings to facilitate humanitarian aid, a State Department spokesperson said. An Israeli official said that as long as Hamas was firing at the Kerem Shalom crossing, Israel couldn’t open it. “Hamas is stopping the aid,” the official said.

More than 34,000 Palestinians have been killed since the start of the offensive in Gaza, most of them civilians, according to Palestinian authorities, who don’t specify how many were combatants. Israel invaded Gaza after a Hamas-led attack on southern Israel on Oct. 7 killed some 1,200 people, most of them civilians, according to Israel.

—Gordon Lubold, Carrie Keller-Lynn and Stephen Kalin contributed to this article.



Israel conducted airstrikes against Hamas targets in Rafah.

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WORLD NEWS

Putin Doubles Down on Ukraine

Leader looks to firm Russia’s ties to China, Iran, North Korea—and get more war aid

By ANN M. SIMMONS

Vladimir Putin was inaugurated as Russia’s president for another six-year term after sidelining or eliminating his rivals, and is now focused squarely on the war in Ukraine—and the alliances he needs to secure a victory.

Since the invasion two years ago, Putin has nurtured close relationships with a host of countries who share his wariness of the U.S. and the West. Iran has provided missiles and drones. North Korea has sent ammunition and other weapons. In Africa, Putin’s efforts to cast himself as a defender of traditional religious values have won him admirers across a slice of nations that used to look to the West, while the Russian leader’s media handlers played up the positive response he received during a tour in December of the Middle East, where he tried to drive a wedge between Arab nations and the U.S. over the war in Gaza.

No relationship, however, is closer than the one with China. There are signs the two countries’ interests will align more tightly after Chinese leader Xi Jinping earlier declared that their relationship would have “no limits.”

In his inauguration address at the Grand Kremlin Palace on Tuesday, Putin returned to his familiar theme of creating what he called a multipolar world order, which could challenge the influence of the West.

“We have been and will be open to strengthening good relations with all countries that see Russia as a reliable



A crowd of 2,600 or so gathered to watch Vladimir Putin’s inauguration in Moscow on Tuesday.

and honest partner. And this is truly the global majority,” he told the 2,600 or so guests gathered in the hall.

“We do not refuse dialogue with Western states,” he continued. “The choice is theirs: Do they intend to continue trying to restrain the development of Russia, continue the policy of aggression, continuous pressure on our country for years, or look for a path to cooperation and peace?”

Putin “obviously values the China relationship above all and the Chinese seem to be tilting toward Russia now more than ever before,” said Donald Jensen, a senior adviser for Russia and Europe at the Washington-based United States Institute of Peace.

Beijing played a crucial role in the early days of the war by providing a destination for Russian oil and gas after Western sanctions closed off markets in Europe and much of the rest of the world, giving

Russia time to put its economy on a war footing. While China has refrained from supplying weapons and ammunition, it does provide crucial microelectronic components and other items—from routers to ball bearings—that the U.S. says can be used to support Russia’s war effort. Putin has said he plans to visit China this month, when he and Xi are expected to strengthen their political and economic ties, countering what they have said are U.S. attempts to dominate the world order.

This week Xi is visiting Europe, where, among other things, he will stop in Serbia to mark the 25th anniversary of NATO’s bombing of the Chinese Embassy in Belgrade,

which killed three people and badly rattled China-U.S. relations. The U.S. apologized for the bombing, which it blamed on outdated maps, but China has persistently used the incident as an argument against NATO’s expansion and widening reach.

The Chinese leader is also traveling to Hungary to meet with Prime Minister Viktor Orban, who has forged close economic ties with Beijing and has consistently pushed back against EU initiatives to help Ukraine.

“China is a lifeline” for Russia, said Leon Aron, a senior fellow at the American Enterprise Institute. But while there is “no love for Iran or North Korea,” Putin needs those countries, too, he added.

Putin ‘obviously values the China relationship above all,’ one analyst said.

Kyiv Says It Foiled Plot to Kill Zelensky

By JANE LYTUVYENKO

KYIV, Ukraine—The Ukrainian Security Service said it foiled a Russian plot to assassinate President Volodymyr Zelensky by striking his convoy with missiles and drones, calling it the latest attempt by Moscow to eliminate the Ukrainian leader.

The agency, known as the SBU, said it had detained two senior officers in the country’s Department of State Security, which is responsible for protecting the president. The SBU said they were two of five agents working on the plot under the direction of Russia’s Federal Security Service, the FSB. The agency said the group was also planning to kill SBU Chairman Lt. Gen. Vasyl Maluyuk, and the country’s top military-intelligence officer, Lt. Gen. Kyrylo Budanov.

Maluyuk said the plot was supposed to be a “gift” for Russian President Vladimir Putin ahead of his Tuesday inauguration for another six-year term. A Kremlin spokesman didn’t respond to a request for comment.

“The terrorist attack...was actually a failure of the Russian special services,” Maluyuk said.

The alleged plot comes as outgunned and outnumbered Ukrainian forces are losing ground in the east as they desperately await fresh shipments of weaponry from the U.S. Russia’s army has seized several villages in recent weeks in the eastern Donetsk region and is mounting a frontal assault on the city of Chasiv Yar, which sits on a high point in the area.

The SBU said the plot would have involved strikes on vehicles carrying Zelensky and the other targets. Once Russians received the coordinates, they would send a missile strike. Then, one of the men surveilling the targets would use an FPV drone to attack anyone left alive. Russians would send a second missile strike in a so-called double-tap attack to cover up the presence of the drone and ensure the assassination was fully executed.

The Ukrainian security agency published text messages, photos, an interview with one of the detained men and an intercepted phone call between him and what it called his FSB handler as evidence of the plot. In the call, the alleged FSB handler told the man he would receive at least \$50,000 for the job.

The agency didn’t name the detained Ukrainian men. It said they were colonels in the Department of State Security.

The involvement of senior officers in the alleged plot highlights the persistent problem of collaborators and moles in Ukraine’s security services.

The SBU says that since the war began it has uncovered more than 2,000 people who have committed treason, from providing Moscow with coordinates for military targets to attempting to track the movements of senior officials, including the president.

The alleged assassination plot is one of what Ukrainian officials have said is a string of attempts on Zelensky’s life.

Rising Price of Going Green Roils Consumers

When postal manager José Belloso put his Paris apartment up for sale this year, he was required to have an inspector grade the home for energy efficiency under strict rules designed to fight climate change.

By Stacy Meichtry in Paris, Bertrand Benoit in Berlin and Phred Dvorak in Houston

Belloso’s building was built in the early 1900s from millstone, a porous sedimentary rock that was popular among architects of France’s Belle Époque. His apartment flunked the inspection—and under a regulation that took effect this year, the property was barred from the rental market until costly renovations were made.

Belloso was forced to knock 50,000 euros, \$54,000, off his asking price to find a buyer.

Consumers are starting to pay for the energy transition, and they aren’t happy about it.

Governments that were among the earliest in the world to adopt climate legislation tried to take the sting out of the transition by motivating consumers with subsidies. Now, however, the same capitals are cash-strapped and many are passing the bill to the consumer. Subsidies are being scaled back, taxes tied to carbon

emissions are being phased in, and rules requiring costly renovations are starting to bite.

Many consumers, including those who broadly support the energy transition, are unwilling to pay up. Farmers have laid siege to European capitals over plans to remove diesel-fuel subsidies. Germans have rebelled against requirements to replace polluting gas boilers. Governments lined up climate measures years ago when interest rates were low and energy supplies seemed abundant. Now, governments are facing a new calculus. Wars in Ukraine and Gaza are forcing Western countries to spend more on defense while grappling with higher energy costs and inflation.

The challenge lies in designing climate policy with geopolitical shock absorbers. French President Emmanuel Macron has suggested Europe might require a “regulatory pause” so its economy can absorb the impact of the Ukraine war, and the European Union recently trimmed some of its climate measures.

Delaying the energy transition by as little as five years, however, could lead to an increase in the average global temperature of three degrees Celsius above preindustrial levels, says energy-research



Farmers demand a fairer focus on income in Brussels.

firm Wood Mackenzie. That exceeds the landmark Paris accord’s threshold of 1.5 degrees.

For now, energy-transition fatigue is setting in, falling “on the shoulders of the low- and mid-income-level people in a disproportionate way,” said Fatih Birol, chief of the Paris-based International Energy Agency, which is tasked with keeping governments on track to meet their climate targets.

Europe has in many ways embodied the ethos of a transition free of sacrifice. Underpinning that idea was the flow of relatively cheap Russian natural gas, which the Continent planned to wean itself off as it moved to cleaner sources

of energy. Billions in subsidies the European Union mobilized to fight the Covid-19 pandemic also could be rerouted to green Europe’s economy.

That belief was punctured when Russia invaded Ukraine in early 2022, sending energy prices rocketing, fueling inflation and driving up costs for companies. Germany, the Continent’s economic powerhouse, began to sputter as its energy-hungry manufacturers confronted soaring electricity and gas bills. Then Germany’s constitutional court ruled that Berlin couldn’t tap unused funds left in pandemic-era special-purpose vehicles to fund the transition, forcing

the government to cut spending by about €60 billion.

Scores of incentives designed to encourage lower carbon emissions were suddenly doomed.

France passed climate legislation in 2021 that, as of this year, began barring homes from the rental market if they scored low on energy-efficiency inspections.

Belloso’s apartment wasn’t drafty, so he was surprised when the inspector deemed it a “thermal colander,” an official designation for apartments that don’t retain enough heat. He was docked for having an outdated heating system and windows. What really did him in, however, were the millstone walls.

The only way to insulate his apartment without affecting the building’s historic exterior was to add layers of thick insulation to the interior walls. Belloso, who is 61 years old, estimated the total renovation would cost him €25,000. Moreover, the need for thicker walls would cut into the square-footage of his apartment. He decided to sell the apartment at the reduced price of €220,000.

“They raised the bar too high, all at once,” Belloso said. “And voilà! You plunge everyone into forced sales.”

WORLD WATCH

GERMANY

Trade Rebounds, Industry Orders Slip

German manufacturing orders in March were unexpectedly down 0.4% from February, German statistics office Destatis said Tuesday, suggesting an industrial recovery in Europe’s largest economy might have to wait.

Economists polled by The Wall Street Journal had expected a 0.5% rise.

Germany’s key car industry helped buffer the decline, with orders rising 1.1%. Foreign orders rose 2% but domestic orders declined 3.6%.

Germany’s trade in goods rebounded a little more than expected in March as both exports and imports increased, suggesting renewed demand both at home and abroad. The adjusted-trade surplus was equivalent to \$24 billion, slightly more than the polled economists forecast.

—Ed Frankl and Joshua Kirby

TOGO

Constitution Ends Presidential Vote

President Faure Gnassingbe has signed a new constitution eliminating presidential elections in Togo, his office said late Monday. Parliament will now choose the president. Opponents say this will allow the family to extend its rule. A Gnassingbe, first Eyadema and now his son, has ruled Togo for 57 years.

The election commission announced Saturday that the president’s ruling party won a majority of parliament seats. The election was marked by a crackdown on civic and media freedoms.

The new constitution limits the president to one term. But the political opposition, religious leaders and civil society say it is likely that Gnassingbe, in office for nearly 20 years, would stay in power when his mandate expires.

—Associated Press

CANADA

Drake’s Mansion Is Scene of Shooting

Police are investigating a shooting outside rapper Drake’s mansion in Toronto’s affluent Bridle Path neighborhood on Tuesday that left a security guard hospitalized.

Authorities didn’t say whether Drake was home when the shooting occurred at about 2 a.m., but said that his team was cooperating. Video of the incident has been recovered, said Toronto Police Inspector Paul Krawczyk.

Drake and Kendrick Lamar have been in a rap feud, each dropping diss tracks attacking the other. Asked whether that was a factor in the shooting, Krawczyk said investigators are aware of the feud, but it is too early to discuss motive.

Born Aubrey Drake Graham, Drake has released 13 No. 1 hits and won five Grammy awards.

—Associated Press



ADIEU REDUX: In Dien Bien Phu, Vietnam, on Tuesday, a parade marked the 70th anniversary of the First Indochina War battle that led France to withdraw from its colonies in the region.

FROM PAGE ONE

Financier Hits His Life Goals

Continued from Page One window, the club confirmed the former Goldman Sachs investment banker as the newest member of its squad.

The curious case of a 45-year-old rookie landing in professional European soccer started two years ago when Reum began working with Corey Woolfolk, an ex-pro player turned biotech executive. Woolfolk's own company, Pitchwise Holdings, invests in soccer businesses and he spent months searching for a

team willing to let Reum fulfill his unusual goal—getting on the field himself.

“I kind of wanted to have this experience I maybe could’ve had, or would’ve liked to have had, 20 or 25 years ago,” Reum said.

Woolfolk zeroed in on Turkey, Scandinavia and Portugal, where Reum—who lacks a European passport—might be eligible to play, finding about 10 candidate clubs in all.

“Not all the other teams were so enthusiastic,” Woolfolk said.

Vilaverdense took a chance on Reum—enticed by more than his sports skills. Reum’s deal with the team included a loan, described as in the six figures, to ease the club’s financial pressure, as well as potential future investment and access to Reum’s exten-

sive business and finance network.

Reum spent five figures on a 10-week crash course administered by a team of trainers, coaches and doctors—all to try to make a substitute appearance. Reum, once a “Men’s Fitness” cover model, was already in good shape before his training began.

As an investor in Monarch Athletic Club, he had been using its custom services, including nutrition, sleep, strength, movement and metabolic panels—for about four years. That made his tight timeline for reaching match fitness manageable, according to Dr. Ryan Greene, Monarch’s co-founder. Former Monarch doctor Nati Schnitman, now based in Scottsdale, Ariz, added soccer-oriented strength and conditioning.

Training continued even when Reum suffered groin and hamstring injuries, the latter of which kept him from running for days.

There was no time to waste. Phil Walsh, a former British pro, trained Reum as a forward, a role he believed Reum could manage against younger, high-level players. Jennifer Lopez’s former massage therapist contributed to his training. At home, Reum incorporated cold tubs and body vibration therapy. U.S. Soccer CEO JT Batson offered simpler advice: ‘Stretch.’

Reum scaled back some weekly hours at M13, the venture firm he co-founded with his younger brother, Carter. In one whirlwind weekend last month, Reum trained in L.A. on Saturday, raced to the Coachella music festival in In-

dio, Calif., for the evening, then returned to the soccer field the following afternoon.

Finally, in late April, Reum arrived in the tiny northern town of Vila Verde to join his new team. He was formally introduced last Thursday, getting jersey number 78 (a nod to his birth year). Some local residents recognized him, and he garnered significant attention from the Portuguese media—though that had much to do with his status as Paris Hilton’s brother-in-law.

On Sunday, the moment finally arrived. In the waning minutes of Vilaverdense’s crucial game against Torreense, Reum jogged onto the pitch for his pro debut.

“It hasn’t quite sunk in,” Reum said afterward. “I genuinely felt great out there. I felt like I could do something.”

Unfortunately for Vilaverdense, Reum couldn’t do quite enough. The team’s 1-0 loss confirmed its relegation to the third division next season.

The stadium was mostly empty on Sunday, though a VIP box teemed with Reum’s family and friends.

The public was less enthralled. A Portuguese journalist lumped Reum in with other oddball soccer signings, while others questioned the club’s decision to let him live out his dream.

For his part, Reum plans to stay in Portugal for Vilaverdense’s final two games of the season. He is also discussing how he might stay involved with the club next season and beyond. “It would be nicer to be in St. Tropez,” he said. “But I committed to doing this.”

Big Project Hits a Wall In Desert

Continued from Page One ment dubbed “The Line.” Its champion, Saudi Crown Prince and de facto ruler Mohammed bin Salman, has likened the project to Egypt’s Great Pyramids.

The kingdom in recent months downsized the Line’s first phase, facing the reality of costs at a time the country is spending far more than it is taking in.

Now organizers plan to initially build around 1.5 miles of the structure by 2030, rather than the roughly 10-mile first chunk that had previously been envisioned, multiple people briefed on the plans said.

Still, even that truncated section would be by far the world’s largest building, the equivalent of more than 60 Empire State Buildings of square footage.

Asked in a CNBC interview last month about a Bloomberg report on the scaled-back first phase, Saudi Minister of Economy and Planning Faisal Al Ibrahim signaled the long-term ambitions for the Line remain the same.

“There is no change in scale—it is a long-term project that is modular in design,” he said, adding that “today, the economy in the kingdom is growing faster, but we don’t want to overheat it.”

Outsize stakes

The stakes for Saudi Arabia are as outsize as Mohammed’s ambition. Neom is the ultimate symbol of his plans to transform the kingdom’s economy, reduce its dependence on oil revenue, and make it a magnet for money and talent from around the world. But he risks squandering much of the country’s cash on an unprecedented experiment in city building that could prove too difficult to deliver.

“Mohammed bin Salman is gambling here,” said Madawi al-Rasheed, a visiting fellow at the London School of Economics and a member of a group calling for democratic reform in Saudi Arabia, an absolute monarchy.

“Spending so much money should in theory generate a tangible leap in the Saudi economy,” she said, but much of the cash so far was spent on foreign consultants and architects.

A mountain of challenges lies ahead. More than 100,000 additional construction workers must be housed in a barren corner of the kingdom’s vast desert, two hour’s drive from any sizable city. Neom’s needs for steel, exterior glass and other materials are so massive they may push up global prices and be difficult to source. Planners worry the unique central concept of the Line, a vertical city housed in twin skyscrapers the length of Delaware, could prove to be an unappealing place to live.

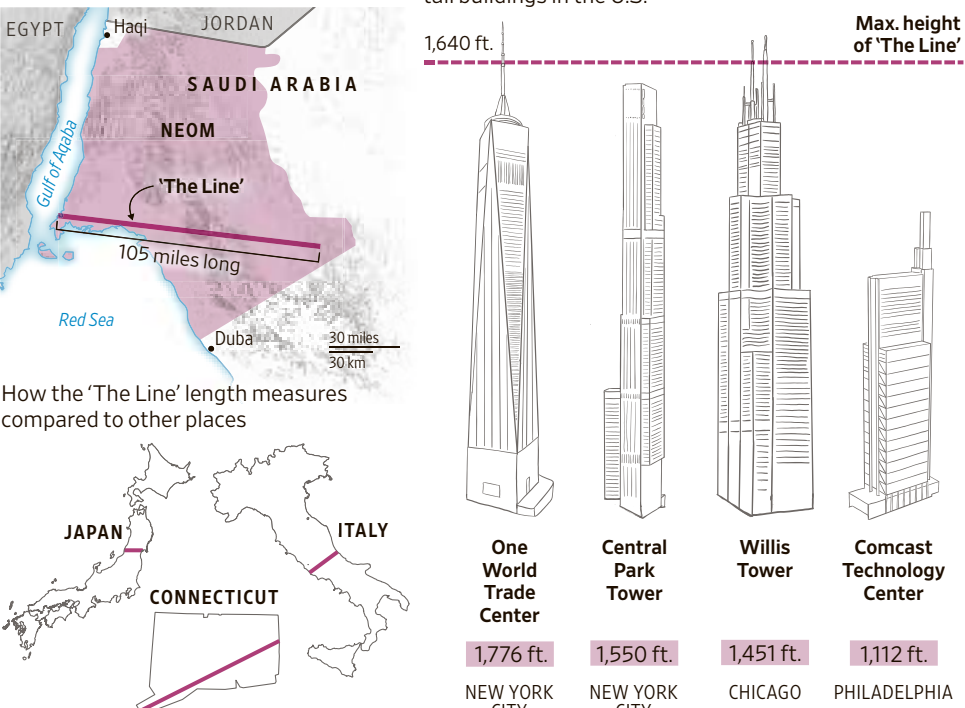
At the same time, the scaled-back plans for the Line put a spotlight on Neom’s enormous bill for what is now poised to be a midsize city. Neom executives now expect fewer than 200,000 residents in the project’s first phase—the population of Knoxville, Tenn.—a current and former employee familiar with the plans said.

Yet Neom is spending on vast infrastructure intended for millions of people, including a giant airport, a high-speed train running through a



A handout picture provided by Saudi Arabia’s Neom in 2022 shows the design plan for The Line.

Size Comparison



Note: The height of Willis Tower doesn't include its antennas. Sources: Council on Tall Buildings and Urban Habitat (building heights); Neom, Google Earth (Line length, other countries comparison)

20-mile mountain tunnel, massive desalination plants and large civic features in the Line such as an opera house, the former executive said.

The price tag keeps rising. The projected cost of a ski resort in the region’s arid mountains has more than doubled over two years to \$38 billion as of October, according to Neom documents reviewed by The Wall Street Journal.

Real estate advisory Knight Frank estimates more than \$237 billion of construction contracts have already been commissioned at Neom.

Even for one of the world’s largest exporters of crude oil, Neom might just be too expensive. Its official cost estimate is \$500 billion, 50% more than the country’s entire federal budget for the year and more than half the value of its sovereign-wealth fund.

Executives working on the project dismiss that number as unrealistically low. The first 1.5 miles of the Line alone is estimated internally to cost more than \$100 billion, two people familiar with the plans said.

If it were fully built, Neom employees expect the true price of the Line would be well in excess of \$2 trillion. Construction costs per square foot are more than double what is standard on other Middle East towers, they said.

This makes it unlikely Neom will attract significant private investment to fund future phases of the Line, they say. It has been funded thus far by the Saudi government.

Neom is the centerpiece of an overhaul of Saudi Arabia’s economy and identity that Mohammed began in 2015

when his father ascended the throne. Then 29 years old, the son of King Salman outmaneuvered potential heirs and rapidly consolidated power.

Hungry for change, Mohammed allowed more Western cultural norms and eliminated restrictions that forbade mixing of sexes, women drivers and cinemas. He also put even tighter limits on speech, crushing dissent over the rapid change.

The plan, Vision 2030, called for an array of new non-oil industries such as entertainment and technology and building mega-sized real-estate developments to help it become a global tourism hub.

Mohammed’s team sought proposals from the world’s top architects for ideas to design Neom. The avant-garde Los

Angeles designer, Morphosis Architects, headed by Pritzker prize winner Thom Mayne, pitched a city that was 100 miles long and 1.2 miles—or two kilometers—wide, with buildings spread across the ground.

The prince had a different idea.

“I told the team, how about if we take that two kilo and we flip it to two towers to the whole line,” he said in a Discovery Channel documentary last year, clapping his hands together vertically like someone closing a book.

The idea of the skyscraper city was born.

Architects got to work designing a pair of parallel towers 650 feet apart, shrouded in a shimmering mirror glass coat that reflects red desert

sand and azure blue sea. At their highest, the towers are slated to rise 1,640 feet above the desert floor, although they will be less tall in spots depending on the terrain they are traversing.

Internal documents from 2021 call for more than seven billion square feet of floor space—29% larger than all of the buildings in New York City put together and the size of more than 2,000 Empire State Buildings. Apartments, offices, schools, police stations, museums and a royal palace would be peppered inside.

Stunning—and costly—architecture is a priority. Mohammed told Neom executives he wants a sense of “zero gravity” with features appearing to defy physics and float, former executives said.

Battling history

A linear city as big as the Line is at odds with how humans have developed cities for millennia: naturally building outward in a circular manner, typically around a core.

“It’s battling against the entire history of the way cities are founded and grow,” said John E. Fernandez, professor in the department of architecture at the Massachusetts Institute of Technology.

Even supporters say it is an experiment that could easily fail in practice.

In a planning document under a heading of “Key Concerns,” an employee said four different times that by fixating on building miles-long skyscrapers, Neom had turned the normal design process inside out. “USE would usually drive DESIGN. We are using DESIGN to drive USE,” the anonymous comment said.

The shape has added to challenges.

In 2020, before Mohammed

unveiled the project, he asked employees to move the Line’s western end a few miles because he preferred the terrain, said people familiar with the request. Designs had to shift slightly across the entire 105 miles, causing months of extra work.

Architects have struggled to find the best ways to mix sunlight and open space in the interior. Internal documents show they wrestled with how to differentiate neighborhoods so as not to create a monolithic block—opting to build distinct half-mile sections with a different look and feel. They worried about drab living conditions at the base of the interior, given that the height of the towers would allow little light down low.

According to planning documents, designers proposed leaving gaps atop the modules to “bend” the structures around the curvature of the earth, which arches about 8 inches per mile.

Bird hazard

Planners fretted over the billions of birds that fly on a migration route—a less-than-ideal location for a 1,600-foot-tall glass mirror.

“It is inevitable that a significant number of birds will perish,” designers wrote, with an illustration of a dead northern flicker.

Seven years after launch, little has been completed other than Neom’s film studios and a sprawling new royal complex that boasts giant palaces, a golf course and at least 10 helipads, satellite images show.

Beyond the Line, Neom has a bevy of superlative-packed projects, all of them complex.

Neom is so big it has its own large-scale construction projects simply to prepare for bigger projects. A port is needed to receive materials, and Neom is spending more than \$5 billion to build housing for construction workers, according to the Middle East business-trade publication MEED, which tracks Neom contracts.

Engineers and administrative workers live in a handful of Neom-built communities with schools, basketball courts, a Burger King, a Starbucks and a Hampton Inn where rooms run above \$400. The first such camp already needs to be partially demolished: After a design change, the Line is now due to run right through the community, where housing is already at capacity, former employees said.

Shifting route

To demonstrate progress to the crown prince, engineers started putting in the foundations for the Line a couple of years ago even before architects had figured out what would go above.

Architects soon decided the first phase should be built somewhere else, leaving the Line’s initial foundations abandoned for now, said people familiar with the matter.

Another question is height. Numerous executives working on Neom have questioned the need for a 1,600-foot-tall building—which carries extra engineering challenges, higher costs and makes evacuation difficult in an emergency.

Renowned British architect Peter Cook, who is involved in the Line, called the project’s height “a bit stupid and unreasonable,” according to comments published in the U.K.-based Architect’s Journal. In a later documentary, Cook, who is overall praiseful of the project, called the Line “puzzling even to those who are involved in designing it.”



Handout photos depict twin 1,640-foot parallel structures with eclectic living spaces.



PERSONAL TECHNOLOGY
JOANNA STERN

Apple Launches iPads In All Prices and Sizes

How to decide on the best device based on price, portability and power

Apple on Tuesday announced new iPads, bringing the number of models up to 3,578.

Fine, six. But still. There are two pricier iPads Pros with bright OLED screens, a thinner design and next-generation chips to enhance onboard AI performance. The iPad Air gets upgraded chips, colors and cameras—and a larger 13-inch option alongside the 11-inch one. Both updated lines will be available May 15.

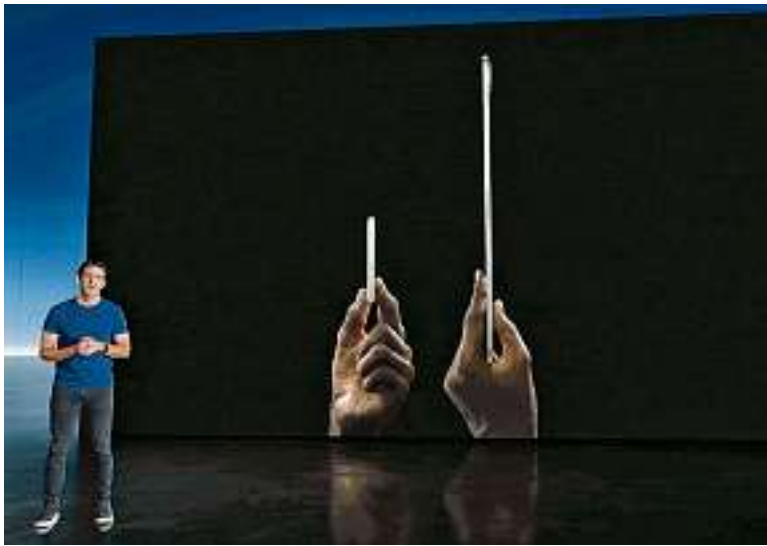
The recently redesigned regular iPad sticks around, for \$100 less, and the Mini is also still there, unchanged.

Oh, and there are now three (!) iPad Pencils: an Apple Pencil Pro for the new Pro and Air, plus the two older options.

Funnily enough, this is Apple actually trying to streamline the options. It pulled a cheap, old-design iPad out of its consumer lineup.

Over the years, when I've asked Apple executives why there are so many models, the answer is always consumer choice. Analysts say the same. "From a market perspective, there's an option for everyone," explained Carolina Milanesi, a technology analyst with Creative Strategies.

That's probably true, especially now, but good luck finding that right option without a Ph.D. in iPads. Luckily, I have one. The



◀ The 13-inch iPad Pro is even thinner than the old iPod Nano music player, according to Apple SVP John Ternus.

are bright and beautiful.

And man, are these tablets thin. The company says that this 13-inch iPad Pro, with a thickness of 5.1mm, is the thinnest Apple product ever. It's even thinner than the old, super tiny iPod Nano.

That Magic Keyboard for the iPad Pro has a function key row and an expanded touchpad. The iPad Pencil Pro has haptic feedback. When I squeezed it, it vibrated and brought up on-screen shortcuts.

All the new Pros are powered by Apple's own M4 chip, which the company says is 4X faster than the previous iPad Pro with M2 and 10X faster than the original iPad Pro. The big sell? AI. AI. AI. In fact, Apple said the term at least seven times in the presentation.

The company said the M4's neural processing unit (aka "NPU") makes it more powerful than any "AI PC today." The question is, what kind of AI tasks will this actually be better at? Apple showed off some video- and photo-editing tricks but I wasn't

trick is understanding each line and remembering that they differ on three Ps: price, portability and power.

iPad Pro, starting at \$999

The iPad Pros are Apple's most powerful and most pricey "tablets," if you can even call them that. At this point, when you pair them with the new \$299-and-up Magic Keyboard, they're full-

fledged laptop replacements.

In fact, Apple raised the price of each size by \$200, so you're now definitely paying laptop prices.

You have your choice of 11- or 13-inch OLED screens. And we're not just talking about any screens. *Ultra Retina XDR. Tandem OLED. Nano-texture glass.* Apple's got lots of marketing terms to describe them. I saw them in person and they really

Consumers Are Still Feeling Sticker Shock

BY RACHEL WOLFE

Surprise fees are widely hated, but they are still sneaking onto the bottom of bills for everything from concert tickets to dinners out.

More companies are unbundling the cost for their goods and services, retail analysts say, tacking on 3% for swiping a credit card or adding a little extra for gas. With Live Nation Entertainment facing scrutiny over its ticketing process, singer Maggie Rogers recently urged her fans to buy tickets to her next show at the box office "like it's 1965" to avoid fees, even showing up at one herself. The Cure's Robert Smith, meanwhile, convinced Live Nation Entertainment subsidiary Ticketmaster to offer some fee refunds.

The upshot is that prices we see, whether on a restaurant menu or flight-booking site, are rarely the ones we end up paying.

Business owners say fees are needed to cover costs and show customers where their money is going. But retail analysts and advocates like the Consumer Financial Protection Bureau (CFPB) say secondary fees diminish people's ability to shop around. CFPB data also shows fees cause people to pay

more overall because businesses can charge more than what the market will let them get away with in the sticker price. "People don't shop based on fees. They shop based on the price of the product," a CFPB spokesman says.

So widespread is the tactic that President Biden is making a fee crackdown one of his administrative priorities. His administration estimates that Americans pay more than a collective \$90 billion in what

the president has dubbed "junk fees" each year, including those for credit cards, food delivery, bank overdrafts and event tickets.

Congress introduced a bill last April to "limit and eliminate excessive, hidden, and unnecessary fees imposed on consumers," while similar measures have recently passed the New York and Illinois state senates. California, too, added restaurants to the list of industries covered under its existing hidden-fee ban.

Fees, please

Noelle Weaver and Bradley Walker say they now base their hotel and rental car selections upon which-ever companies will give them one flat, upfront price.

"I just want to know what it's going to cost instead of feeling the



bitterness of getting upcharged at every turn," says Walker, a 51-year-old creative director for an ad agency.

Their approach follows a series of off-putting experiences, including a New Orleans hotel they say was more focused on "getting every dollar they can" than on ensuring they would want to return. What they thought would be a \$719, four-night stay became nearly \$1,000 after their receipt shows they paid an additional \$235 in taxes and fees. The hotel also charged \$50 for early check-in.

"They wanted us to pay an up-charge for all the things that are actually free to the hotel," says Walker.

In Charlotte, N.C., Merrilee Bridgeman took issue with what she says a local salon explained to her as a \$5 mandatory hair-washing fee on top of \$40 cuts for her

daughter and \$100 for her own.

"We're choosing to go to a beautiful salon in a nice part of town that serves you tea when you arrive, and then they're going to nickel and dime us over two tablespoons of shampoo?" says Bridgeman, 58, who works in marketing for a bank.

Alexander Chernev, a professor of marketing at Northwestern University's Kellogg School of Management, says that beyond the effect on people's pocketbooks, surprise fees feel unfair.

He recounted mailing a standard letter envelope of tax documents via FedEx a few weeks ago. What he expected to cost about \$10 turned into \$38 after various fees, including \$5.38 for fuel and another \$4 to pick up the envelope from a Northwestern mailroom.

A FedEx spokeswoman says the company lists all of its rates and

fees on its website, and that it uses surcharges to manage fluctuations in fuel prices.

Dining out and in

In Brooklyn, N.Y., event planner James Fairbrother says food-delivery fees are now so high that he can rarely rationalize the convenience.

"The fees wind up being equivalent to half what the actual order will be, to the point where sometimes I cancel the order," says Fairbrother, 33. He cites a delivery from an Italian restaurant where taxes, fees and tip added \$21 to the \$48 food bill.

The National Restaurant Association reported that 16% of restaurants added a surcharge of some kind to customers' bills in 2023, up from 15% in 2022, the first time the association asked the question.

Triple T Hospitality didn't expect much customer pushback when the New Jersey-based company rolled out a 3% cash discount to its chain of restaurants in 2022.

"We felt it was an opportunity to say, 'Yes, our costs are going up, but there is still a way for it to not affect you,'" Chief Financial Officer Christopher Dietz says.

Customers didn't see it that way. "They weren't upset about paying a little more. They were upset about *how* they were paying a little bit more," Dietz says. Almost nobody switched to cash.

Though the restaurants plastered the cash-versus-card difference onto every menu and over the host stands, Dietz says customers were put off when they saw the charge at the bottom of their bill.

The company reversed course after about a year, folding the increased credit-card fees they were facing into menu prices.

◀ Apple's tablet lineup includes the iPad Pro, iPad Air, iPad Mini and a cheaper basic model.

able to compare to older models in my short time with the device.

Unlike Google and Microsoft, Apple has yet to introduce any generative-AI software tools. We expect that at its annual software conference in June. You know, I'd be happy with the iPad just getting the Calculator app!

iPad Air, starting at \$599

I am sure you too have pondered one of the world's greatest mysteries: Who is the iPad Air even for? Apple finally answered that...kinda.

They're for people who want the "advanced features of an iPad Pro at a more affordable price," John Ternus, Apple's senior vice president of hardware engineering, said in Tuesday's presentation.

It makes sense then that the iPad Air now comes in 11- and 13-inch sizes like the Pro, yet starts at \$599. In fact, at \$799, the 13-inch iPad Air might be one of the best options for people who had iPad Pro sticker shock. (The bigger Pro was \$1,099—now it's \$1,299.)

The Air doesn't have those fancy Pro OLED screens, but they're still plenty nice and they're powered by M2 chips.

And hallelujah! Apple finally moved the selfie camera to the longer landscape edge. That is, when you hold the tablet on its side, the camera is centered. (It did the same for the new iPad Pro models, too.)

If you're wondering about battery life, it's unchanged across all the new models.

Basic iPad, starting at \$349

Finally, the biggest news of the day. At least for parents like me who just want an affordable tablet for kids.

The 10th-generation iPad with a 10.9-inch display had been \$449 since its launch in October 2022. Now, it's \$349.

It has a similar styling to the Airm—bright colors, a USB-C port for charging and no old-school home button. No fancy M-chips here—just an old A14 Bionic, but that's more than enough for basic gaming, streaming YouTube, reading emails and more.

The \$329 9th-generation model, which had that home button and a Lightning connector, is only available for the education market. RIP, Lightning.

iPad Mini, starting at \$499

Tim Cook made a super-quick mention of the iPad Mini, last updated in September 2021. Apple only updates Mini models every few years, but given the \$499 starting price, this one is starting to feel outdated.

Minis are best for reading and videos—two of my colleagues will give up their Minis only when you pry them from their dead hands. Since these tablets don't need all the processing power, they should have a price to match.

PERSONAL JOURNAL.

At Met Gala, a Night of Sheer Elegance

Celebrities wore gowns that accentuated the bodice in transgressive and inventive ways—and kept naked dresses away



▲ Kim Kardashian and Doja Cat both grasped their chests on the carpet.



OFF BRAND
RORY SATRAN

A rumor—or a hope—was swirling around on Monday that someone might wear a breast-baring 1997 Dior Couture gown by John Galliano to the Met Gala that night. Although naked dresses are still rampant on the red carpet, and the once-shamed designer Galliano is indeed in the midst of a comeback, that felt far-fetched. “I don’t

think Anna would approve of nipples out,” I chatted to a colleague. After all, the Met Gala’s co-chair, Vogue’s global editorial director Anna Wintour, keeps a famously tight grip on the event. She approves of the decor, tablescapes, flowers, food, guests and their outfits. The event is more than just a party; it’s a fundraiser that rakes in eight-figure sums for the Metropolitan Museum of Art’s Costume Institute. And while the Gala is a celebration of fashion in all of its playful experimentation, it must also uphold the standards of Vogue and the Met. That can be a moving target. While no one dared to wear the

▲ Madonna-style conical bras had a moment, as seen on Kylie Jenner’s white Oscar de la Renta gown.

Moulin Rouge-appropriate Dior topless dress, several guests chose gowns that emphasized the bust area in novel ways. Kim Kardashian’s Maison Margiela by John Galliano ensemble was completed by a fuzzy gray shrug that she clutched at her décolleté with pointy nude-colored nails. Madonna-style conical bras had a moment, as seen on Kylie Jenner’s white Oscar de la Renta gown and Charli XCX’s Marni T-shirt gown. Emily Ratajkowski chose a 2001

Several guests chose gowns that emphasized the bust area in novel ways.

dress from Atelier Versace, which was so sheer it inspired a decency warning on Getty Images. (Turns out I was wrong about Wintour and nipples.) Doja Cat wore a dress by Vetements that resembled a long, white wet T-shirt. Like Kardashian, she grasped her chest on the carpet. “We wanted the underpinnings to be kind of visible,” said Charli XCX of her destroyed T-shirt gown, which was layered over a pointy brassiere. Overall, the looks gave the effect of purposeful provocation, that’s in keeping with our rather breast-obsessed moment in fashion. Following the spring Saint Laurent fashion show, a parade of fully sheer tops caused Vanessa Friedman at the New York Times to plead: “Enough with the boobs.” (Yves Saint Laurent himself made waves with transparent blouses as early as 1966.) But many of the Met Gala’s bodices were more nuanced than straight sheerness. Some looks

hewed to the exhibition’s theme, “Sleeping Beauties: Reawakening Fashion,” and the Gala’s dress code, “The Garden of Time.” Glenn Martens, who designed Kylie Minogue’s sequined gown for Diesel, said, “It’s meant to look as though she’s been sleeping in this dress for hundreds of years. Leaving parts of the fabric dissolved around her body’s contours.” Even some of the quieter, classic dresses played up the bust. The house of Balenciaga, designed by Demna, is on a roll with striking, throwback strapless gowns. First Carey Mulligan made best-dressed lists in an archive-inspired look at this year’s Oscars, and then at the Met, Nicole Kidman wore a similarly dramatic black-and-white gown. Balenciaga sent a press release detailing the bustier’s exquisite, complicated construction. Michelle Yeoh, another Balenciaga spokesperson, wore a bustier ballgown made of sculpted aluminum. Not everyone went with the bust-baring trend. After raising eyebrows in a revealing number at a recent state dinner, journalist and pilot Lauren Sánchez played against type in a strapless-yet-sensible Oscar de la Renta gown. Even restaurateur Keith McNally, who incited ire on Instagram recently by criticizing Sánchez’s look, admitted that she and her partner, Jeff Bezos, looked “like a million dollars.” Sometimes, the most jaw-dropping thing you can do on the red carpet is to cover up.



▲ Nicole Kidman in a dramatic black-and-white Balenciaga gown with a bustier.



▲ Lauren Sánchez in a strapless-yet-sensible Oscar de la Renta gown.



▲ Charli XCX wore a destroyed Marni T-shirt gown, which was layered over a pointy brassiere.



◀ Kylie Minogue in a sequined Diesel gown. ‘It’s meant to look as though she’s been sleeping in this dress for hundreds of years,’ said Glenn Martens, who designed the dress.

GETTY IMAGES (7)

Inflation, Rent Push Gen Z Deeper Into Debt

BY OYIN ADEDOYIN

Young Americans are starting out with more credit-card debt than generations before them. That financial burden can have long-lasting effects. The rising debt load largely reflects a surge in prices for food and shelter at the start of their careers, coupled with a larger percentage of Gen Z who graduated with student loans. The average credit-card balance for 22- to 24-year-olds was \$2,834 in the last quarter of 2023, compared with an average inflation-adjusted balance of \$2,248 in the same period in 2013, according to new data from credit-reporting agency TransUnion. Younger people with higher debt are more delinquent on credit-card payments and need to rely on family for help if they lose their job, say economists and financial advisers. “This is a generation that is feeling financial stress in a more acute way than millennials did a decade ago,” said Charlie Wise, head of

global research at TransUnion. Lindsay Quackenbush was recently working for a publishing company that paid her \$60,000 a year. The money was just enough for the 26-year-old to pay her portion of the rent for the New York City apartment where she and her boyfriend live. Then she was laid off. She is carrying a balance of about \$1,700 across three credit cards and is for the first time not able to pay off her credit cards in full. She is making the minimum payment for now while she hunts for a new job. As for thinking about milestones such as marriage and children, she and her friends have discussed putting anything like that off until they’re in a more financially stable position. “Who knows when that will be?” she said. Rent vs. salary The median annual wage for recent college graduates was \$60,000 in 2023, little changed from \$58,858 in 2020, according to the Federal Reserve of New York. At the same time, rent, which typically takes up at least one-third of the average worker’s monthly paycheck, has soared. The median rent in the U.S. was \$1,987 as of January, a nearly 22% increase over the past four years, according to research from Rent, an online rental marketplace. About one-third of households rent and tenants tend to be either young professionals or lower-income families, said Scott Fulford, a senior economist at the Consumer Financial



Protection Bureau. “Young people always have low wealth on average compared to everybody else,” Fulford said. “The last several years have been particularly complicated because rental inflation has been so high.” When Adriana Cubillo, 26, moved into her one-bedroom apartment in Salt Lake City a little over a year ago, the rent was \$1,000. Since then, it has gone up by \$200. That puts a bigger dent in the nearly \$30,000 annual salary she makes as a customer-service representative for an insurance company.

She pays for groceries, gas and dog food with her three credit cards and currently holds a balance of \$1,500. She pays about \$50 a month toward the cards to satisfy the minimum payments. “When I was younger I was so ready to be an adult and grow up and live on my own but the economy has made it difficult,” she said. Pick a card In 2021, credit companies loosened the qualifications for who could get credit cards and more people opened new accounts. Gen Z mem-

bers opened new credit-card lines at a faster rate than other generations during the pandemic. Nearly 5% of consumers 27 or younger had opened at least one new credit-card account in March 2020, according to data from VantageScore. By March of this year, that figure had dropped to 3%. That trend has resulted in a greater use of credit cards overall: Of those with an open loan or credit line, Gen Z members were more likely to have at least one credit card compared with millennials a decade ago, says TransUnion’s report. The shift may also have been fueled by members of Gen Z who grew up as authorized users on their parents’ credit cards in the hope that, by the time they turn 18, they would be able to borrow money on their own more easily, Wise said. Gen Z members also benefited from rising credit scores during the pandemic. The influx of cash from stimulus checks and fewer opportunities to spend money made it easier for consumers to pay down their debt and stay on top of their bills. As interest rates have climbed over the past two years, those credit scores have taken a hit. The drop was most drastic for millennials with credit scores between 660 and 719, whose scores dropped by 26 points. Gen Z wasn’t far behind. The average credit-score change for Gen Z with credit scores above 720 fell 24 points during that time period, according to Credit Karma.

SAM KELLY/THE WALL STREET JOURNAL, ISTOCK (2)



THE COLOR OF EXCELLENCE

This is our green seal. Since 2015, it is the new mark of our watchmaking excellence. There is nothing to distinguish it from any official seal, yet its inscriptions and color make it unique. Its green hue attests to the superlative standards of both quality and performance to which we hold every single element of any and all of our watches: precision, water-resistance, autonomy, reliability

and durability. For this simple seal bore witness to the epic journey each has undergone in our workshops, from initial sketch to final tests before shipping. Of all the components which compose our watches, this seal is not the hardest to manufacture but it is wholly our own and its value is immense. Because it carries the promise of our unwavering commitment.

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ARTS IN REVIEW



Dua Lipa, above; following 2020's 'Future Nostalgia,' her third studio LP is out now.

In any ranking of the best pop albums of the decade so far, Dua Lipa's second LP, 2020's "Future Nostalgia," is in the conversation. Some of its initial impact had to do with timing. The English singer's record came out in March 2020, right as Covid-19 lockdowns were beginning, and its effortlessly catchy and effervescent dance music was the perfect escape at the moment when we needed it the most. There were other great pop records that year—Lada Gaga's underrated "Chromatica" and Taylor Swift's gear-shift "Folklore"—and plenty since, but none have been quite as joyous and endlessly replayable as Ms. Lipa's offering. And the manner in which it brought classic disco into a contemporary context proved highly influential.

"Future Nostalgia" was in fact so successful—it won a Grammy for Best Pop Vocal Album and is one of the most-played records in the history of streaming—that its promotional cycle seemed to stretch on forever. A remix album followed in 2020 and an expanded edition in 2021, and her tour for the LP didn't kick off until 2022. After all that, the long-awaited follow-up, "Radical Optimism" (Warner), finally arrived last week.

From the opening "End of an Era," this is an album with a different vibe from its predecessor, though there are surface-level similarities. It's a crisp and up-tempo track driven by a 4/4 beat and—new to this record and prominent throughout—a strummed guitar. The groove brings to mind sunshine and open

MUSIC REVIEW | MARK RICHARDSON

Dua Lipa's Highly Polished Dance Pop

The singer's album 'Radical Optimism' has little sense of joyful spontaneity

spaces, as opposed to the clubby fantasy world of "Future Nostalgia," and like most of the tracks here, it's about celebrating life and feeling good.

Among Ms. Lipa's collaborators here are Andrew Wyatt, who has worked with Lorde and Miley Cyrus, and Kevin Parker of the psych-rock band Tame Impala. Both are known for mixing rock textures into dance music, and presumably they had something to do with this album's guitar-driven sound. But this stylistic shift is more a matter of tone than a major genre overhaul—the guitar is purely a rhythm instrument here, and often it gives the music a subtle Latin underpinning. On "Training Season," the cleanly plucked guitar is paired with a beat that has a certain amount of swing but never feels like a command to move, while "These Walls" has a squirming



guitar melody snaking through it that's especially memorable.

This is dance-pop at the highest level of craft, with every instrument sliding in or out of the mix at a moment designed for maximum impact. But there's something a bit overworked about the album, where the high polish

smothers any sense of joy or spontaneity. As the record wears on, the songs begin to seem monochromatic and the unflagging professionalism becomes oppressive. The fifth track, "Whatcha Doing," has a sparkling arrangement but lacks a sense of urgency that would make it stand out.

Given the standing of this album's predecessor, comparisons are inevitable. "Future Nostalgia" had a bit more humor and seemed comfortable with moments of charming awkwardness here and there, such as when Ms. Lipa would half-rap a verse. Here, nothing is left to chance, there's no clumsiness—musically, at least. Some lyrics are a little ungainly, glancing at common phrases or reference points—"Training season's over" or "Catch me or I go Houdini"—signifying nothing in particular. But even these are lacking in personality.

Ms. Lipa stretches herself vocally at points on "Radical Optimism," inhabiting soaring choruses in songs like "Falling Forever" with new gusto. But these attempts at a diva register actually make her sound generic, like just another pop singer. And a couple of songs in the album's middle section, "French Exit" and "Illusion," just aren't memorable, with dull chord progressions and formulaic refrains. On a tightly sequenced record that took so long to make and has so much industry firepower behind it, such a weak stretch is hard to overlook.

"Radical Optimism" isn't terrible, but it suffers from a lack of ambition. It's certainly breezy, always listenable, but ultimately more of a soundtrack for cocktails on the deck of a boat than an immersive score for an unforgettable night. Background music certainly has its place, but it was hard not to expect more after the unifying triumph of "Future Nostalgia." Ms. Lipa once seemed ready to take over the world; now she seems content to become a pleasant part of a party's atmosphere. Still, we should remember that this may be merely the first permutation of these songs. Perhaps after the remixes and guest verses pile up, a more exciting presentation of this collection will emerge.

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

TELEVISION REVIEW | JOHN ANDERSON

'Dark Matter': Parallel Personalities

If Robert Frost had written about Schrödinger's cat taking the wrong road through the woods, we might have arrived at "Dark Matter," a nine-part thriller that bridges the fantastic with fantasy: Imagine the life you might have led. Who doesn't? Now imagine being dragooned into living it, in a parallel universe. And all else aside, are you alive? Or are you dead?

Such are the questions facing one Jason Dessen (Joel Edgerton), a teacher of physics at an undistinguished Chicago college, who years earlier scrapped his ambitious work in quantum mechanics in favor of a low-profile life with wife Daniela (Jennifer Connelly) and their son, Charlie (Oakes Fegley). He seems a genuinely happy man, sincerely pleased for his old friend and ex-colleague Ryan (Jimmi Simpson) when the latter wins the coveted Pavier prize (think Fields Medal in math). Leaving Ryan's party at a local bar, Jason is assaulted, bound and drugged by a masked man who takes his

clothes and his wedding ring. He awakens in a Chicago that looks familiar, but is very far from home.

Created by Blake Crouch and based on his 2016 novel, "Dark Matter" feels almost drearily familiar now in its use of the alternate-reality schema, even if Mr. Crouch's original effort may have pre-dated recent productions like "Constellation" in putting characters in situations where they don't know where they are, or who they are, or who the people around them are. Or vice versa. Watching characters try to prove they aren't crazy has become a lot of work for sci-fi fans. Fortunately for us, and for "Dark Matter," the parallel worlds at hand are orbiting a far more sinister center than one in which people are merely out of place. No spoilers here, save for the disclosure that in some parallel plane of existence, someone has taken the Schrödinger model with the cat and box, and the questions about various existences, blown it up and made it work, creating multi-



Joel Edgerton and Jennifer Connelly in creator Blake Crouch's show on Apple TV+.

ple portals and countless problems.

The very welcome Alice Braga is quite good as psychiatrist Amanda Lucas; Marquita Brooks is convincingly dangerous as a functionary

named Dawn; Dayo Okeniyi is a Jason associate named Leighton Vance—though to elaborate too much about what they do is to give essential things away. What can be disclosed freely is that there is a high level of suspense, tangible tension created by Jason's dilemmas and by the action-thriller aspects of

"Dark Matter," and that the acting is first-rate. I've never been a Joel Edgerton enthusiast, but here he is essentially playing multiple characters who are related, but not, and convincingly so. Likewise Ms. Connelly, and to an even more impressive and affecting degree. She's always been a marvelous actress, and what she does with Daniela's personality—or personalities—suggests how a person might have become this or that under these or those circumstances, how one might have bloomed or not. This gives added emotional depth to a mad story, one that may even suggest to viewers, between biting their nails, roads that could have been taken and, to cite another quotable source, to be careful what they wish for. In "Dark Matter," they just might be whisked into a maelstrom of possibilities.

Dark Matter
Wednesday, Apple TV+

Mr. Anderson is the Journal's TV critic.

By Andrew Beaton
and Rosie Ettenheim

The Knicks are the toast of New York these days. Point guard Jalen Brunson is a local hero, the team just took a 1-0 series lead over the Indiana Pacers, and the city has started to believe that a deep playoff run is possible.

That the Knicks have emerged from decades of misery as a bona fide contender counts as one of the NBA's most unexpected developments. But what really makes this team an out-of-nowhere surprise is how they got there. That's because, in basketball terms, their players genuinely came out of nowhere.

The best teams in the NBA are typically built the same way—they're made up of highly touted high-school prospects who spent brief stints in college before getting selected at the top of the draft.

That's where the Knicks are an outlier. They have constructed an entire team around players who spent the top of the draft watching everyone else get picked. In fact, no team left in the playoffs is getting key contributions from players with a lower average draft selection.

Brunson was overlooked even after winning two NCAA titles at Villanova. As it turns out, NBA teams should have spent a little more time watching the best college team in the country. Donte DiVincenzo and Josh Hart, Brunson's teammates at Villanova, are now starters for the Knicks, too. Both were passed over in the lottery—the portion of the draft reserved for teams that missed the playoffs—and taken in the back-half of the first round.

The weirdest thing about the Knicks' core of players taken late in the draft is their terrible play over the years earned them plenty of early draft picks. Unlike most teams that rebuild around those selections, the Knicks turned around their franchise by getting rid of their high picks.

After finishing with the NBA's worst record in 2019, they landed the No. 3 pick and used it on guard R.J. Barrett. Midway through this season, they shipped Barrett and fellow first-round pick Immanuel Quickley to the Toronto Raptors to acquire forward OG Anunoby, who has turned into their defensive shutdown specialist. That move also freed up playing time for sparkplug Miles McBride, another

The Contender Nobody Saw Coming

The only thing more surprising than the New York Knicks' emergence as a team with championship aspirations is how they assembled the roster that got them there



Left to right: Isaiah Hartenstein, Donte DiVincenzo, Jalen Brunson, Josh Hart and OG Anunoby.

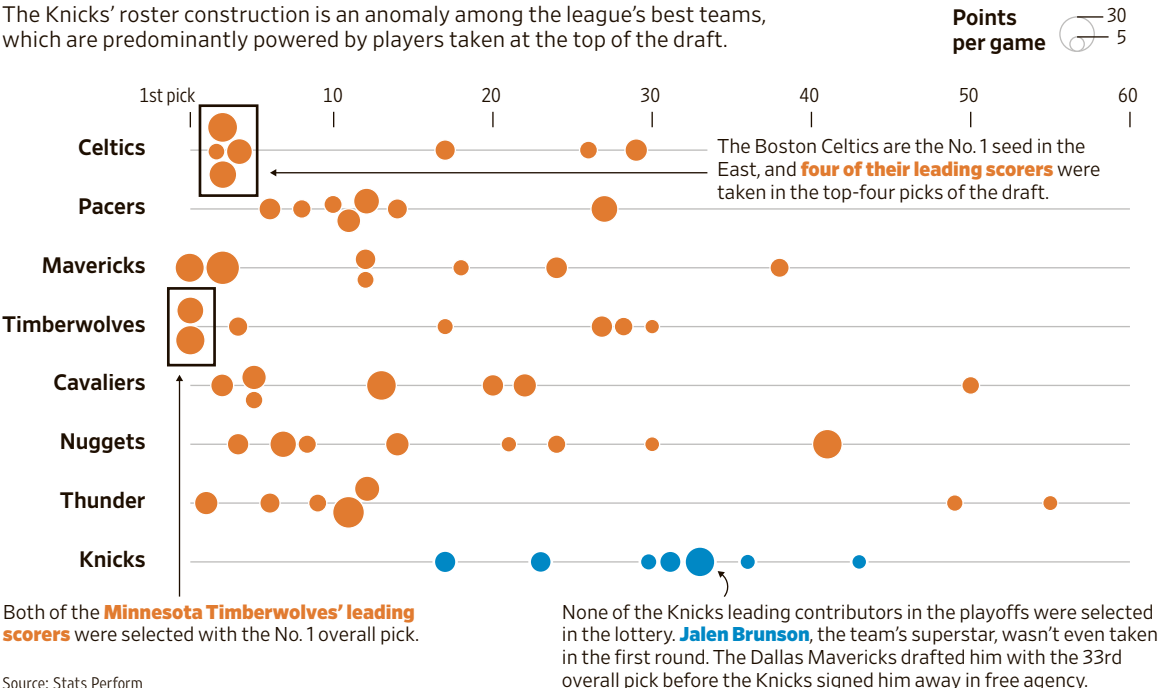
former second rounder.

One year after taking Barrett, the Knicks used the No. eight pick on forward Obi Toppin, who's now lining up against them after he was traded to the Pacers last year.

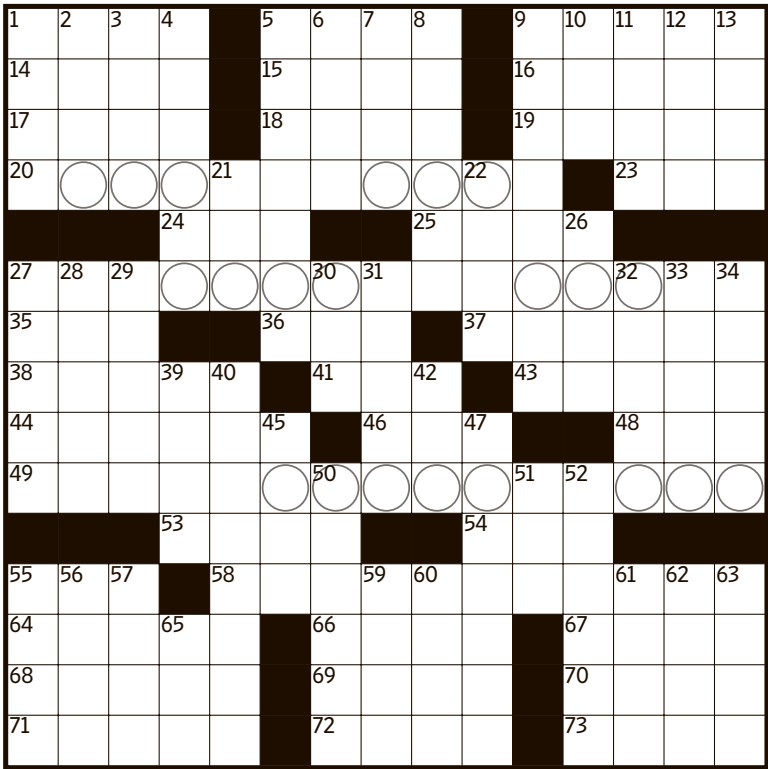
New York's roster isn't totally devoid of blue-chip talent. Forward Julius Randle went seventh to the Lakers in 2014 and was a big free-agent signing by the Knicks five years later. Yet they're making this run without him after a shoulder injury ended his season in January.

That put more of an onus on centers Isaiah Hartenstein and Mitchell Robinson, and they have helped the Knicks dominate the boards this postseason. It shouldn't come as a surprise to know they were both taken in the second round.

The Knicks' roster construction is an anomaly among the league's best teams, which are predominantly powered by players taken at the top of the draft.



The WSJ Daily Crossword | Edited by Mike Shenk



- 29 Join an email list, say
- 30 Target of a sports MRI, sometimes
- 31 Flower sticker
- 32 Feared fast-moving snake
- 33 Oven setting
- 34 Fish in the ray family
- 39 James of blues
- 40 Change in a beaker, e.g.
- 42 Island garland
- 45 Worry
- 47 Chicken ____ (ball-shaped fast food offered in the early 2010s)
- 50 Start of a plea from a balcony
- 51 Junior, to senior
- 52 Apply liberally, as makeup
- 55 One in a plot?
- 56 Find out what's in store
- 57 LeBron James has three of these
- 59 Campus figure
- 60 Review with five stars, say
- 61 Baby's cry
- 62 "Quick!"
- 63 Some boomers' children
- 65 Sign of summer

MAKE IT A DOUBLE | By Ryan Mathiason

- Across**
- 1 "Dancing Queen" group
- 5 No ifs, ____ or buts
- 9 Three-time NFL MVP in the 1990s
- 14 Issue, as a rap album
- 15 Charger's connection
- 16 Best-case scenario
- 17 Dime, essentially
- 18 Rain hard
- 19 Orders
- 20 Industrial Revolution facilitator
- 23 Driver's need?
- 24 Mauna ____
- 25 Carmaker based in Turin
- 27 Topping for some desserts
- 35 Workout unit
- 36 Place for srs.
- 37 Set out
- 38 Food processor?
- 41 Texter's chuckle
- 43 Nation crossed when flying from New Zealand to Hawaii
- 44 Paperless party notices
- 46 Dreamy sleep letters
- 48 Part of a comic's act
- 49 Vaughan Williams used it in "The Lark Ascending"
- 53 HP competitor
- 54 Flamboyant accessory
- 55 Request
- 58 Limit at the bar, and a hint to the answers with circles
- 64 Hot dog topping
- 66 Shank or flank
- 67 Freedom from worries
- 68 County fair event
- 69 Gutter site
- 70 Poet Khayyám
- 71 HP competitor
- 72 Small bills
- 73 Bonus benefits of retirement, maybe
- Down**
- 1 Interjects
- 2 Nottingham native
- 3 Maker of QuietComfort headphones
- 4 High-level math course, for short
- 5 Lawyers' filings
- 6 It follows eleven
- 7 Pharmacy item
- 8 Conflict
- 9 Colts, for example
- 10 1969 Vladimir Nabokov novel
- 11 Go on a rant
- 12 Lawn tool
- 13 Otherwise
- 21 Sound from the pasture
- 22 "Awesome!"
- 26 Instrument that dots the i of "Ohio" for Ohio State's marching band
- 27 Move sneakily
- 28 Throw with great effort

Previous Puzzle's Solution



The Hottest New Club In Golf Is a Mini Driver

By Andrew Beaton

SOME OF THE BEST GOLFERS

in the world had a problem. Its name was Camellia, a downhill dogleg left also known as the 10th hole at the Masters.

Marking the start of the back nine at Augusta National, the hole is fraught with danger because players have to turn their tee shot in order to capitalize on the roll from the fairway's steep drop while simultaneously flirting with a line of trees to get the best angle into a difficult green. It's what makes it one of the course's most difficult holes.

Though it's a long par-4, top players routinely felt they had to sacrifice distance for precision because the shape of the tee shot is paramount. So when they made the turn, they holstered their driver and used a 3-wood instead.

That's until they started adding a new weapon to their golf bags, a trendy new club that's suddenly showing up everywhere from major championships to your local muni. It's known as the mini-driver, and it was created to solve exactly the type of challenge posed by Camellia.

"It was originally designed for No. 10," says David Abeles, TaylorMade's CEO. "That was where the requests were coming from."

TaylorMade's BRNR Mini Driver, which has been adopted by superstar Rory McIlroy among others, is at the forefront of a rare innovation in this centuries-old sport. Most of the advances in golf typically revolve around improving products like clubs and balls that already exist. But mini drivers have emerged to fill a gap that had never been addressed before.

The allure of the mini driver is how it fuses the power of a driver with the benefits of a fairway wood,



Rory McIlroy hits a tee shot during the RBC Heritage.

something that appeals to top-10 players and weekend duffers alike. While it doesn't go quite as far as an actual driver, it's still longer than a 3-wood. The head size is also larger than a fairway wood's, making it easier to hit off the tee. And with a higher loft and shorter shaft than a driver, it's a safer bet to find the fairway.

"For an amateur golfer, you can benefit from a shorter shaft, compared to a longer driver that can be more difficult to hit," says Nick Yontz, who manages research and development for Callaway.

When Phil Mickelson, who famously toys around with different clubs to suit different courses, added a mini driver to his bag at the U.S. Open a few years ago he compared it to another club that's hardly ever used in the modern game. "I call it a 2-wood," he said.

Mickelson continued to explain that there were certain holes at Torrey Pines, which hosted the tournament in 2021, where the fairway turns or tightens at a certain distance. As opposed to either his driver or 3-wood, the new club would land him at the right yardage.

Functionally that might sound exactly like a 2-wood, but physically the mini driver is different. That's because it's shaped like a

driver, not a fairway wood. Its face has depth, offering similar launch conditions as a driver—except it's more lofted and, as the name implies, smaller. TaylorMade's Qi10 Driver has a shaft that's 45.75 inches long with a clubhead that's 460 cubic centimeters, the maximum volume allowed by USGA standards. The company's BRNR Mini Driver has a shaft that's 2 inches shorter and a head of 304 cubic centimeters.

The mini driver is booming in popularity because in an era when elite pros are obsessed with hitting the ball as far as possible off the tee, there are still courses where giving up a few yards for precision pays off.

The PGA Tour's RBC Heritage in April, where there was \$20 million in prize money on the line, was the perfect example. Players all along the driving range were experimenting with different mini drivers because it's the exact type of course that demonstrates its value. Harbour Town Golf Links is relatively short with tight fairways, and there are doglegs where players have a better approach to the green if they don't hit too far off the tee.

That's why it made sense for McIlroy, one of the most powerful drivers in the sport, to use a mini driver that week.

"It's a great club," he said. "It's versatile."

OPINION

Trump’s Best Lies Weren’t Trump’s



BUSINESS WORLD
By Holman W. Jenkins, Jr.

In an act of editorial cowardice, the Economist devotes a leading editorial plus an entire special section to the problem of disinformation yet never mentions the Steele dossier and Hunter Biden laptop lie.

Its package is timely for all the reasons I’ve written about: Disinformation is likely to flow in even greater abundance to influence the 2024 vote. But it also botches the most important insight. The anonymous AI-generated disinformation on the web that preoccupies the magazine’s editors is *trivial in effect* next to official disinformation from government sources circulated by mainstream media.

The Economist details a surreptitious Russian plot to blame America for dengue fever in Africa. It ignores a story of open disinformation of gobsnacking continuing influence, which has half of America watching as the other half (and most of our political class) lie about what happened after 2016. If the magazine thinks these voters aren’t drawing conclusions that will shape the 2024 outcome, it needs its medication adjusted.

Let’s step back: Political causes may be good or bad, but few or nonexistent are those campaigns or campaigners who have been unwilling

to lie in their causes.

Eisenhower lied about the U-2 program in one of the best causes ever, keeping a check on Soviet ICBM development.

Sam Harris, the popular podcaster and neuroscientist, exhibited his essential adulthood when he recognized and approved the laptop lie because of the importance he attached to defeating Trump.

Knowing when you lied and why you lied is psychologically healthy. Do I think Leon Panetta, the longtime respected congressman and Obama CIA chief, is of healthy mind? Yes. He and colleagues saw that it would help Joe Biden to associate Hunter’s laptop with Russia and left unspoken between them that it was a lie.

The Economist, in contrast, gives us a blaring, billboard-like exhibition of the psychological disorder known as splitting. See if you recognize the pattern:

Splitting means claims and assertions hostile to Mr. Trump should be repeated and emphasized; any that aren’t should be suppressed.

The Steele dossier should be trumpeted until it stops being useful for discrediting Mr. Trump and starts to discredit his enemies—in which case it should never be mentioned again.

If a statement is true and favorable to Mr. Trump, the only motive for voicing it is pro-Trumpism. (This will create problems for weather reporters if Mr. Trump says it’s raining and it’s actually raining.)

Russian meddling can’t both have happened and have been trivial—because the first part sounds anti-Trump but the second doesn’t. This is unacceptable to the splitting mind.

I know it would be unthinkable at this late date for our media and political elites to come clean. It would amount to abdicating the election to Mr. Trump.

The tangled web of journalistic self-deception is making MAGA great again.

Telling the truth, unfortunately, needed to start long ago before it could change the moment we’ve reached today.

And yet the perverse consequences ought to be beating us over the head. As David Brooks of the New York Times tweeted after Mr. Trump won 11 million more votes in 2020 than he did in 2016: “Our job in the media is to capture reality so that when reality voices itself, like last night, people aren’t surprised. Pretty massive failure.”

In 2015 Donald Trump was a noisy celebrity ranting about illegal immigration. Nine years later, he and his legions have an epic narrative to tell themselves, true in many particulars, about the U.S. government and media thwarting them with lies and fabricated evidence.

Most of all, in bold letters, our current fix should recall the wisdom of the media’s former motto: “Without fear or favor.” Or as Walter Lippmann put it a century ago, “In his professional activity it is no business of [the reporter’s] to care whose ox is gored.”

We tell the truth and let the chips fall because *we don’t know* where the chips will finally land even if we think we do. Moreover, once we allow ourselves to start lying to the public for its own good, inevitably our reasons for doing so become more corrupt and self-seeking over time. Whatever his demerits, the press now paints Mr. Trump in impossibly lurid colors to justify its past behavior. Witness also the “Trump bump” in paid subscriptions and TV ratings. Lying about Mr. Trump works commercially for media owners even as it benefits Mr. Trump too. In fact, nothing has been more profitable, even salvational, for many mainstream media companies than MAGA.

But the ultimate exploiter is Joe Biden, cynically using Mr. Trump’s antichrist image as a lever to shove his unwanted self down his own party’s throat despite age and poor polls.

If Mr. Trump now wins—he would only have to draw a middling hand in November—the recriminations against Mr. Biden deservedly will be scalding and eviscerating. The blame game might wreck the Democratic Party for a generation.

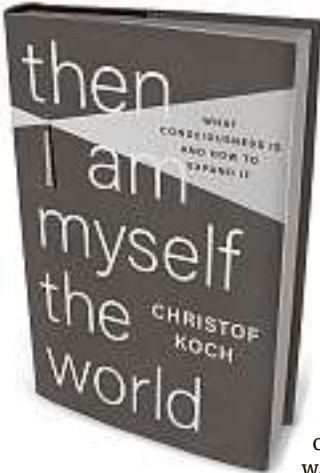
BOOKSHELF | By Matthew Hutson

Thinking Again About Thinking

Then I Am Myself the World

By Christof Koch
Basic, 288 pages, \$19.99

Christof Koch was born in the U.S. and grew up in Holland, Germany, Canada and Morocco. He trained as a physicist before collaborating in neuroscience with Francis Crick, one of the scientists who codiscovered the structure of DNA and shared a Nobel Prize for it. Mr. Koch then went on to become the president of the Allen Institute for Brain Science, where today he remains its “meritorious investigator.” He rock climbs, spins partners around on the dance floor, travels to Brazil for psychedelic ceremonies, and is known for his vibrant clothing and hair. He’s explained neuroscience to the Dalai Lama and joined an amicus brief on fetuses and consciousness that was submitted to the Supreme Court in 2021 as the court considered overturning *Roe v. Wade*. If you wanted



someone to expound on consciousness for you, you could do worse than Mr. Koch, not only because of his intellectual chops but also because of the perspectives he’s gained from his adventures.

Mr. Koch draws on these experiences in “Then I Am Myself the World: What Consciousness Is and How to Expand It.” The brief book spans topics in psychology, neuroscience, philosophy, physics and computer science, with bits of memoir added in. If you want more depth on the

neuroscience of consciousness, you might turn to Anil Seth’s “Being You” (2021) or Stanislas Dehaene’s “Consciousness and the Brain” (2014). If you want more on the philosophy of mind, you might try the work of Daniel Dennett or David Chalmers. And if you want more memoir, there is Mr. Koch’s “Consciousness: Confessions of a Romantic Reductionist” (2012). Some of the material in that last book is revisited here, but this one is a fun introduction to a number of debates.

Mr. Koch covers the variety of conscious experiences we encounter throughout our lives. On top of the ground level of emotions and sensory perceptions sits metaconsciousness, or reflections on our raw experiences. These are persistent; research suggests we spend roughly half our time mind-wandering. Mr. Koch also notes that what we think of as our “stream” of consciousness is not continuous. We’re often oblivious to time’s passing; evidence suggests we might collect experiences as snapshots; and when we sleep we’re not conscious at all.

Consciousness varies not only within people but among them. We humans have “billions of bespoke realities,” Mr. Koch writes. We differ in our abilities to feel pain or conjure visual imagery or empathize with others. Experience is something the brain constructs—as evidenced by visual illusions and phantom limbs—and each brain constructs its experiences differently. Relating to other realities can be hard, but, Mr. Koch writes, “we can achieve insight into our limitations by reading books, watching movies about diverse experiences, speaking to a therapist, listening to our friends, and educating ourselves about our predicament.”

Intuitively, we see consciousness as a different sort of thing from everything else: matter, energy, space-time. That has led to what’s called “Cartesian dualism” and the popular notion that consciousness can exist and act independently of the material brain—that we have a soul and free will.

The idea of a ‘stream of consciousness’ isn’t accurate. We’re often oblivious to time’s passing and seem to collect experiences as snapshots.

There’s no evidence for this, but consciousness is fundamentally unique in that it’s private. Your subjective experience, what it feels like to be you, is not accessible or measurable by anyone else. How such sentience emerges from matter was famously dubbed the “hard problem of consciousness” by Mr. Chalmers. Meanwhile, Mr. Dennett and others have tried to wave away consciousness’s very existence. “Truly astounding,” Mr. Koch writes of those who would be so dismissive. “Gaslighting all of us into believing that our experiences are fake!”

To my mind, the hard problem is insoluble. We can never even be sure of any neural correlates of consciousness, as you can’t correlate something that’s measurable with something that isn’t. You can only find neural correlates of behaviors that we presume require consciousness, like saying, convincingly, “don’t kill me! I’m conscious!” As large-language models like ChatGPT come to exhibit behaviors that seem more convincingly human, such correlates will become more fraught.

The book addresses psychedelic trips and other transformative experiences and opens with an account of Mr. Koch’s losing his sense of self after inhaling the psychedelic 5-MeO-DMT. Studies on MDMA (commonly known as ecstasy), psilocybin and other mind-altering substances have shown that, under proper supervision, they can be powerful therapeutic tools.

On the brain’s biggest transformation—death—and what happens in the brain as we die, Mr. Koch tells us that neural activity can actually spike, but whether that feels like “visions of heaven or hell” or nothing at all we can’t be sure. He then goes on to discuss what might someday happen upon death: uploading minds to computers. He doesn’t think it will work until we make some major advancements in analog or quantum computing; a digital simulation of a rainstorm, he points out, will not get you wet. Similarly, he argues, artificial intelligence on current circuitry can do nothing more than simulate a mind. If transistor-based machines take over life on Earth, Mr. Koch fears “the tragedy that these pale imitations of life will perform a play without an audience.” I’m not sure if that’s the case. I tend to think that if the simulation is close enough, it’s more than a simulation, whatever the substrate—though getting to that point may require a substrate identical to a brain.

Mr. Koch’s book provokes questions (including, sometimes, “huh?”) and counterarguments, but that’s what gives it life. It goes out on some limbs, but never too far before lithely hopping to the next one.

Mr. Hutson is the author of “The 7 Laws of Magical Thinking: How Irrational Beliefs Keep Us Happy, Healthy, and Sane.”



POLITICS & IDEAS
By William A. Galston

The pandemic dealt a blow to school attendance. Many schools stayed closed too long, but even among those that reopened relatively quickly, student absence soared. Even now, years after resuming in-class instruction, most school systems are seeing high levels of student absences.

About 15% of students nationwide in 2019 were chronically absent, meaning they missed 10% or more of the school year, or about 18 days, according to the American Enterprise Institute. Full data aren’t yet available from the 2023-24 school year, but fragmentary statistics from local jurisdictions aren’t encouraging.

Students from poorer families are more likely to be chronically absent from school, but even in the nation’s richest districts, chronic absenteeism was nearly twice as high in 2023 as in 2019. Surprisingly, the length of time a school was closed isn’t a reliable predictor of absenteeism. Chronic absenteeism

in 2023 stood at 28% of students for districts that remained closed the longest, not far ahead of 25% of students for districts that reopened the fastest.

A district’s racial makeup is a better predictor of what percentage of students miss school, but even in majority-white districts, chronic absenteeism rose significantly, from 13% in 2019 to 22% in 2023, compared with 17% to 30% in majority nonwhite districts.

The situation in Washington is especially severe. This past November, the District of Columbia superintendent’s office reported that more than 40% of students were chronically absent during the 2022-23 school year, including a stunning 60% of high-school students. Black students were about 10 times as likely as white students to be chronically truant, making it impossible to narrow the black-white academic achievement gap.

We can argue about the roles that teacher training, curriculum reform, and school discipline can play in improving student outcomes. But surely we can all agree that if students aren’t in school, they aren’t learning. Some are helping hard-pressed parents care for younger siblings, but too many are on the streets with minimal supervision, forming bad habits.

Experts debate the causes

underlying these troubling trends. Possible contributing factors include students remaining home for minor illnesses, rising student aversion to school after pandemic-related learning losses, increased aggression and violence in halls and classrooms, and peer effects, including students’ desire to spend time with their absent friends.

Schools closed, then reopened, but many students still don’t attend regularly.

Something broader happened during the pandemic—a fundamental change of mindset. “Our relationship with school became optional,” Katie Rosanbalm, of Duke University’s Center for Child and Family Policy, told the New York Times. We’ll never know for sure whether this would have happened if we’d kept our schools open, as most European countries did, but it’s hard to believe that closing them didn’t have negative consequences.

Two other factors loom large in the school attendance crisis. One is officials’ failure to enforce the law, including compulsory school attendance. The Washington Post recently reported that the District of

Columbia’s Office of the Deputy Mayor for Education has received 11,624 reports of “educational neglect” by parents and guardians during the past two school years—including failure to ensure that students in their care attend school regularly—but substantiated only 115 of these reports, about 1%. It’s unlikely that the other 99% of reports were without merit. The authorities aren’t doing enough to address chronic absenteeism, which appears to be the case in many jurisdictions around the country.

Getting students back to class ultimately has to start at home. Washington Post columnist Colbert King writes: “The trusted and caring adults who do all they can to make sure children have what they need to be safe, healthy and happy aren’t found in D.C. schools but in dining rooms and kitchens, in backyards or at bedsides. They are called mothers and fathers. Parents. Kinfolk. It’s called family engagement.”

Institutional leaders and authorities must step in when families fail to discharge their social responsibilities. But public action can’t replace what only families, nuclear or extended, can do. It’s on all of us if America’s children aren’t in school getting the education without which they can’t thrive in our 21st-century economy and society.

‘Go Back to Poland!’ Resonates With Me

By Nathan Lewin

“Go back to Poland.” So chanted some of the pro-Hamas protesters at Columbia University in recent weeks. The message, directed at Jewish students, has stuck with me.

I was born in Lodz, Poland, in 1936. In that year my father, a rabbi who also earned a doctorate in law at the University of Lviv, was elected to

In Lodz in 1937, his fellow city councilmen shouted at my father: ‘Go to Palestine!’

the City Council of Lodz. The city had about 700,000 residents and was one-third Jewish. The council was dissolved after several stormy meetings. When elections were again held in 1938, my father was re-elected.

During his first term Isaac Lewin earned a reputation as a vigorous and articulate defender of the Jewish popula-

tion of Lodz. Violent anti-semitism endangered the city’s Jewish residents. Many were murdered on the streets, their deaths unpunished and praised by antisemitic council members of the National Camp party. Three particularly outspoken Jew-haters on the council were named Kowalski, Czernik and Schweidler.

My parents fled Poland in September 1939, after the Nazi army invaded the country and days before its arrival in Lodz. Among the papers my father took with him as we crossed the border into Lithuania in the middle of the night were transcript pages of sessions of the Lodz City Council. A half-century after our arrival in America as refugees, he published English translations in a 1992 volume of essays titled “In Defense of Human Rights.” (He died at 89 in 1995.)

My father spoke at a council session on Jan. 28, 1937, about “terrible things happening on the streets of Lodz”—the latest being the fatal stabbing that day of a 23-year-old Jew. Councilman Kowalski responded to



Isaac Lewin, the author’s father.

news of the killing, “Bravo, bravo,” after which the transcript reports “noise in the hall.” Councilman Czernik then chimed in: “I am ready to kill hundreds of you in one hour.” The transcript recites that the president called: “Order. Order!”

My father continued in a conciliatory vein: “The City Council should appeal to the citizens that peace be restored. The City Council should teach the population the lesson of peace and call upon all inhabitants to live in peace.”

Councilman Schweidler immediately responded: “In Pal-

estine, you can speak of peace!”

“We are proud of Palestine,” my father said, “and you do not have the right to tell us what we should do in Palestine.”

The transcript documents that, pounding his rostrum, Kowalski seconded Schweidler’s directive: “Go to Palestine.”

Is today’s “Go to Poland” truly different from the “Go to Palestine” abusively hurled at my father? Czernik’s sadistic 1937 dream of killing hundreds of Jews in one hour was realized with the Holocaust and repeated with the Oct. 7 massacre. But the sliver of land between the Jordan River and the Mediterranean Sea that my father’s Jew-hating colleagues then called “Palestine” is very different today.

Israel preserves the rights of all residents, whether or not they are Jewish, against vicious assaults. The embattled democracy seeks only—as my father urged—to live in peace.

Mr. Lewin is a Washington lawyer with a Supreme Court practice.

OPINION

REVIEW & OUTLOOK

The Wolves of the FDIC

Audits of government agencies are usually good sleeping pills. Then there’s the 234-page investigation of sexual and other misconduct at the Federal Deposit Insurance Corp. released on Tuesday, that calls to mind “The Wolf of Wall Street.”

The FDIC tapped law firm Cleary Gottlieb Steen & Hamilton last autumn to investigate employee complaints of workplace misconduct. More than 500 individuals, mostly current employees, reported “experiences of sexual harassment, discrimination, and other interpersonal misconduct” to the firm’s hotline. We realize that not all accusations may be true, but 500 is nearly one in 10 FDIC employees.

Complaints included sexual assault, unwelcome sexual advances, unwanted touching and physical contact, discrimination and bullying. The FDIC’s “good ol’ boys” culture “continues to retain many aspects of a decades-old male-dominated ethos” and “fosters an environment in which subtle and not-so-subtle forms” of bias are permitted, the report says.

The report paints a picture of a bygone era when misogyny and locker-room behavior at the office were tolerated. Cultural norms have changed for the better in recent decades, and behavior once accepted in corporate America isn’t any longer. Not so at the FDIC.

According to the report, women in one FDIC field office said “it became routine to hear their supervisor talk about their breasts and legs and his sex life.” One woman reported receiving a picture of an FDIC senior examiner’s private parts. Another said she received text messages from a colleague with “partially naked women engaging in sexual acts.”

Multiple employees reported that one former supervisor was widely “known to pursue and have relationships with junior members of the FDIC staff, including student interns” and that “senior executives with well-known reputations for pursuing romantic relationships with subordinates enjoy long careers without any apparent consequence.”

Misconduct was rarely punished. Of 92 ha-

arrassment complaints that the agency received from 2015 to 2023, none resulted in an employee’s removal or reduction in grade or pay, and only two in suspensions. Many of the accused were “promoted to other executive positions or moved around to different regions or divisions, instead of being subject to any discipline.”

One reason appears to be that union grievance procedures make it difficult to remove misbehaving employees. Disciplinary actions are governed in part by collective-bargaining agreements, and “counseling or warning letters may not be used as evidence for progressive discipline,” the report notes. The firm had to provide unionized employees the right to representation “should they reasonably believe the interview may result in disciplinary action against them.”

The report also rapped FDIC Chairman Martin Gruenberg, who has been at the agency for nearly 20 years and has served as head for 10 of the last 13 years. The report documents incidences in which he reportedly screamed profanities at employees and threw papers against a wall in anger. Mr. Gruenberg denied ever throwing anything during any meeting.

“Leading cultural transformation at an agency that he has led for so long presents unique challenges for Chair Gruenberg, as do the incidents of—and resulting reputation for—losing his temper and expressing anger with staff,” the report says. Mr. Gruenberg apologized to the staff on Tuesday “for any shortcomings on my part.” But after so many years at the helm he can’t escape responsibility for the institution’s culture.

The report will be a revealing test for President Biden, who nominated Mr. Gruenberg as Chair because he could be counted on to advance the left’s regulatory agenda. On Monday the FDIC’s Democratic majority proposed a rule to make bank executives forfeit compensation if they are later determined to have engaged in excessive risk-taking. How about if you preside over the wolves of the FDIC?

JOHN MCKERNAN

Montauk, N.Y.

1968’s Outside Agitators and 2024’s Appeasers

Your May 2 editorial “The ‘Outside Agitators’ on Campus” brings me back to 1968 when as a college student I went with my buddy to Madison Square Garden to protest George Wallace. Up at the front of the demonstration we soon found ourselves being “educated” by out-of-towners who said they had been at the convention in Chicago.

These experienced agitators handed out toy jacks and firecrackers, telling us to toss them under police horses. They gave us nails to stab the animals’ flanks so they’d throw their riders. When the police did arrive, our instructors yelled about having had sex with their daughters and wives and did indeed attack the mounted officers, trying to swarm and isolate them. My buddy and I quickly realized that these guys were professionals who weren’t fooling around. We slipped away. That was our last demonstration.

In the years since, 22 of which I spent in the New York City Fire Department, I witnessed a number of other riots but they were spontaneous affairs. Some were more like street parties that went out of control. It wasn’t until the Occupy movement, Antifa and the Black Lives Matter riots that I recognized my old teachers were back stronger and more organized than ever.

JOHN MCKERNAN

Montauk, N.Y.

When the editorial board lauds the University of Chicago, where I’m a law student, for establishing “lines that are clear from the beginning and then enforcing them,” I can’t agree.

The letter by university President Paul Alivisatos starts out strong, explaining the difference between free

speech and disruptive behavior, while promising no tolerance for the latter. But this firm stance doesn’t survive the length of Mr. Alivisatos’s brief missive. A few lines down, he admits that “we may allow an encampment to remain for a short time despite the obvious violations of policy.”

What’s “a short time”? The protest encampment was allowed to enter its second week. On Friday the university even had to send an emergency alert to avoid the Main Quad because of “reports of physical altercations.” Pro-Israel displays protected under university free-speech rules have been destroyed. Protesters were even defeating in a tent on the quad.

The administration has been meeting with the radicals, and protesters leaked emails that show the school capitulating to some of their demands—though the university said there were “material inaccuracies” in information being shared on social media. Mr. Alivisatos on Friday feebly asked the encampment to disband. The response? Someone projected “F— Paul” onto iconic Levi Hall. Only on Tuesday did the university finally enforce its rules and clear the encampment.

There are schools that have done “the right thing” from the outset, as the editorial notes. Mine isn’t one of them.

JOSHUA BLUSTEIN

Chicago

The student protesters at University of California, Los Angeles made one strategic error. The encampment might still be in place if only they had claimed to be homeless.

MARTIN JOHNSTON

Reno, Nev.

Newsom’s Record Is Worse Than You’ve Heard

Jason Riley’s excellent recitation of Gavin Newsom’s failures (“How Gavin Newsom’s Governance Boosts Trump” Upward Mobility, May 1) unfortunately understates the slick and ambitious governor’s mismanagement of California. The state has water and electricity shortages, the product of catering to extreme environmental lobbies. Our housing shortage is the stuff of legend. Meantime, homelessness has increased despite the government throwing tens of billions of dollars at the problem. Our roads are some of the worst in the country though our gasoline tax is one of the steepest. The overall tax burden is

one of the highest in America, too. Business conditions here are likely the worst in the nation, helped along by a trial-lawyer lobby that drives litigation and regulation to extremes. In addition to a massive budget deficit, the state is burdened by hundreds of billions of dollars in unfunded pensions and healthcare for state employees. Worst of all, our schools are political hotbeds that fail to educate but soak up more than \$100 billion a year nonetheless.

JOHN H. COX

Rancho Santa Fe, Calif.

Mr. Cox was the 2018 Republican nominee for governor of California.

No Good Reason to Reform Title Insurance

Steve Adkins’s criticism of the title insurance industry is off base (“Title-Insurance Reform Is Waiting for a Good Lawsuit,” Letters, April 24).

Contrary to Mr. Adkins’s claims, the cost of coverage has decreased by 7.8% nationally since 2004, according to the American Land Title Association. Title companies profit only \$0.08 for every dollar they receive, the association notes.

These businesses invest significant resources upfront to achieve a clean title. They conduct extensive public-record searches prior to closing. The

one-time premium covers the cost of discovering, identifying and correcting past title defects, as well as insuring against any unknown risks not found in the public records, such as fraud or forgery.

State departments of insurance oversee industry practices and rates to ensure they are justified by actuarially supported data.

The title industry has a proven record of helping Americans secure the dream of homeownership, and 90% of the industry is comprised of hardworking small businesses in communities across the country.

These companies protect homeowners. There’s no reason to reform a system that isn’t broken.

TED ROGERS

President, Security Title Guarantee Corporation of Baltimore

Annapolis, Md.

Au Pairs, Once My Family’s Lifeline, Should Be Again

Your April 29 op-ed, “An Au Pair Could Take Care of Grandma,” raises a good idea. I became a single parent of three children, five years old and under, in 1990. The au-pair program was a life saver for our family in many ways. Over the years we hosted nine au pairs from multiple countries. My children grew up with a global perspective that enhanced their lives and careers. Recently, my daughter became a single parent and would like to have an au pair to assist with her children, but she says it isn’t affordable, as it once was.

I am a grandma now and would love to have an au pair if ever needed. Expanding the program would be a win for families.

DEBBIE CREIGH

Winnetka, Ill.

Who Instituted Mob Rule?

Regarding your editorial “America’s New Mob Rule” (May 1): It helps to remember that on Election Day 2020, after a summer of reluctance from the Biden campaign and Democratic Party leaders to condemn riots across the country, many storeowners in New York and other cities boarded up their businesses.

It wasn’t because they feared a riot if Donald Trump lost, but rather if he won.

DAVID W. DETJEN

Creve Coeur, Mo.

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

How Not to Remember the Holocaust

President Biden had the right words for Holocaust Remembrance Day. “‘Never again,’ simply translated for me, means never forget,” he said Tuesday. “Here we are, not 75 years later, but just seven-and-a-half months” since Oct. 7, “and people are already forgetting.” Detailing Hamas’s crimes and responsibility for the war, the president concluded, “I have not forgotten.”

Has he really? On the same day, Politico reported, “The Biden administration is holding up shipments of two types of Boeing-made precision bombs to send a political message to Israel, according to a U.S. official and six other people with knowledge of the deliberations.” The Administration “is essentially taking action through inaction” to deprive Israel of the means to defeat the perpetrators of Oct. 7.

Small Diameter Bombs and Joint Direct Attack Munitions “were ready to be shipped to Israel when word of the hold came down,” Politico writes, adding to Wall Street Journal and Axios reporting. The holdup was political. The Journal reports that stalled weapons deals also include tank ammo and mortar rounds.

Words are cheap. What does it mean for Mr. Biden to say, “We must give hate no safe harbor,” to polite applause for Holocaust Remembrance Day, while insisting that Israel give Hamas safe harbor in Rafah?

The Biden team has been blasting Israel for

not taking a more surgical approach in Gaza. But in denying Israel precision weapons, it makes clear that its goal isn’t to change how Israel fights. It seeks to stop Israel from fighting Hamas.

The sad result may be to force Israel to rely more on unguided bombs that would do more harm to non-combatants. This would be only the latest sign of the confused Biden policy abroad.

The President was right to recognize the “ferocious surge of antisemitism in America and around the world,” and his condemnation of it on campus is important. “Violent attacks, destroying property is not peaceful protest,” he added. “It’s against the law.”

He’s right, and he should name names. National Students for Justice in Palestine (SJP), whose campus chapters lead the encampments, called Oct. 7 “a historic win for the Palestinian resistance.” Columbia’s SJP declared “full solidarity with Palestinian resistance” on Oct. 9, praising the “historic” attack “despite the odds.”

For too many in the West, Holocaust remembrance means feeling sad for the Jews. Israelis, by contrast, emphasize Jewish self-defense against genocidal enemies—precisely what Mr. Biden undermines when he offers words of comfort while holding up the weapons Israel needs to defeat Hamas.

How Putinism Spreads: A Case Study

The citizens of Georgia want to join the European Union, but Russia wants to stop them. Tens of thousands of Georgians gathered in the capital of Tbilisi last week to protest legislation that would silence pro-Western civil society groups. The police responded with tear gas, stun grenades and water cannons earlier this week, but this attempted crackdown drew even more to the streets.

The ruling Georgian Dream party sparked this political crisis by introducing legislation that would target civil-society groups that receive more than 20% of yearly funding from foreign sources. The U.S. Agency for International Development has provided some \$6 billion in aid to Georgia since 1992, while the EU also offers support. The law would impose new disclosure rules and oblige these civic institutions to state they are “pursuing the interests of a foreign power.”

The model is Russia’s foreign agent law, adopted in 2012 as Mr. Putin consolidated power. Russian civic organizations soon faced audits, raids, fines and other harassment that forced many to disband. Georgia’s nonprofits, independent media and civic institutions fear they’ll soon be targeted.

Georgian Dream says the law will improve transparency. But Georgian civil-society groups are already required to disclose extensive details about their finances and operations. Corruption and patronage systems are Soviet-era legacies in Georgia, and support from the U.S. and Europe comes with external transparency requirements to insulate recipients from political pressure.

State Department spokesman Matthew Miller said last month the U.S. is “deeply concerned” about the new law. But the Kremlin is

supportive, which is a giveaway about the law’s purpose. Moscow spreads its influence in Georgia in the shadows and wouldn’t be affected by the new law.

Georgia’s People’s Power party, part of the ruling coalition, introduced similar legislation last year with the support of Georgian Dream. The leaders of People’s Power include prominent opponents of the West. The 2023 effort failed as Georgian nonprofits denounced it as “an onslaught” against “civil society and our democracy” and Georgians protested en masse.

That won’t work this time, warned former Prime Minister Bidzina Ivanishvili, a billionaire who is influential in Georgian Dream. Georgia will hold parliamentary elections in October, and the outcome will influence who becomes president later this year. Under recent reforms, Georgia’s presidency is determined by an electoral college composed of Members of Parliament and local representatives.

In a speech last week, Mr. Ivanishvili said he intends to crack down on his political opponents in the rival United National Movement party. After the elections “the collective” UNM will “get the due punishment it deserves” and “will pay for all the crimes against the Georgian people,” he threatened, according to the Civil.ge, a news website supported by the National Endowment for Democracy.

The Georgian Dream and its allies likely have the votes to pass the foreign-agent legislation and override a veto. But the police response has galvanized protesters. Georgians understand that this is how Putinism spreads, insidiously and in stages, as challengers to the ruling party are stigmatized, prosecuted and harassed as foreign agents.

Pepper ... And Salt

THE WALL STREET JOURNAL



“My comfort zone is some distance away from the brink but close enough to see competitors go over it.”

OPINION

We Need Regime Change in Iran and Russia

By Garry Kasparov

The \$95 billion aid bill for Israel, Ukraine and Taiwan finally passed after months of obstruction by the MAGA coalition in the House and a destructive blame game played by the White House. Amid the bill's essential weapons and money for Ukraine, a critical detail shouldn't be overlooked.

On page 32, a provision requires the Biden administration to present "a strategy regarding United States support for Ukraine against aggression by the Russian Federation" within 45 days of its enactment on April 24.

The free world's strategy should be to isolate both countries politically and economically.

In supporting Ukraine, the U.S. and Europe have failed to establish the most basic element of strategic planning—a clearly defined goal.

Abraham Lincoln, a true strategist, began his 1858 "House Divided" speech: "If we could first know where we are, and whither we are tending, we could then better judge what to do, and how to do it." Where are we today? We are at war, but one side doesn't want to admit it. Whither are we tending? In an impossible two directions at once, yearning for a return to the status quo ante of profitable and corrupt dealings with Russia while giving Ukraine just enough support to prevent a Russian victory that

would spark a crisis in the North Atlantic Treaty Organization.

European leaders like Germany's Chancellor Olaf Scholz act as if they are eager to get back to business as usual with Vladimir Putin's mafia state. They provide defensive weapons to Ukraine but waver when it comes to arms that would help Ukraine strike back, creating a perpetual cycle of civilian deaths.

The Biden administration is still guided by Obama-era aides and failed Obama-era concepts of constraining American power and allies while indulging American enemies. Supporting Ukraine "for as long as it takes" isn't a goal. Supporting Israel while telling it not to root out Hamas terrorists isn't a goal. Supporting Ukraine until it is whole and free is a goal. Promoting long-term peace in Europe and the Middle East by doing everything possible to accelerate the downfall of hostile regimes in Russia and Iran is a goal.

The aid bill also mentions seizing the hundreds of billions in Russian assets held abroad and using the money to defend and rebuild Ukraine. It's a natural course of action, and the Renew Democracy Initiative, which confronts dictatorships and promotes liberty worldwide, has led the way in proving its validity and legality.

Russia's response to this threat is instructive. Mr. Putin's spokesman, Dmitry Peskov, said that if the assets were seized, Russia would retaliate in court. Yes, a threat of litigation from an illegitimate dictatorship that is invading neighbors in Europe, forming partnerships with terrorists from Syria and Iran to Afghanistan, and carrying out election interference across the free world.

That this bluster is taken seriously



proves that we in the West still don't believe we are in a war. This delusion also prohibits the European Union and NATO from imposing sanctions on or expelling Mr. Putin's partners in Hungary and Slovakia and from pursuing Western companies that still do business with Russia. Europe and NATO haven't acted to halt the booming business of being a middleman in Russia's trade, especially in China and Central Asia.

For years, the U.S. has pointed to the size and strength of its military, how easily and decisively it could respond to any threat. But deterrence works only when military might is matched by reputation. If your enemies believe you will use overwhelming force, it forestalls the need to use that force. When a red line is crossed, there is no choice but to respond.

Otherwise, credibility disintegrates and violence becomes more likely.

In 2012 President Obama told Syrian dictator Bashar al-Assad that using chemical weapons in Syria would be a "red line." Mr. Assad did, and he is still there, slaughtering people with impunity. Mr. Biden told Iran it couldn't strike Israel from its own territory. It did.

Likewise, the international institutions the U.S. has long championed have lost credibility. NATO is only a piece of paper unless its leaders have the will to act. The bad guys know that, so they will keep escalating until, inevitably, they overstep. We risk a global catastrophe the likes of which we have never seen, given new technologies in today's interconnected world.

Are you better off than you were

four years ago? For Mr. Putin, Xi Jinping, Ayatollah Ali Khamenei, Nicolás Maduro, Recep Tayyip Erdoğan, Viktor Orbán—nearly every dictator and strongman—the answer is yes. There is still time for the Biden White House to correct course now that the aid bill has passed and the weapons are flowing, but the clock is ticking.

A war can't be won by following the rules set in peacetime. The only way to win this long war is through regime change in Moscow and Tehran. Such change will be brought closer by isolating Russia and Iran politically and economically and by halting their foreign aggression.

The aid bill must be a new beginning, not the end. On a recent trip to Washington, I heard from former top-level defense officials about a growing recognition of what is at stake and a willingness to fight for it. Russia has shifted to a permanent war footing, and China is supporting Mr. Putin's efforts to destabilize the Western world order. The U.S. and Europe must rise to the challenge.

I believe in America and I believe the free world will prevail. Its economic, technological, cultural and military advantages are so great that only self-destructive politics can prevent success. They have already delayed it.

We need goals, a strategy for victory, and bold leadership, starting with the recognition that we are at war and the courage to take political risks to change its course. The future of American democracy—and of the entire free world—depends on it.

Mr. Kasparov is a co-founder of the World Liberty Congress and chairman of the Renew Democracy Initiative.

Why I Ended the University of Chicago Protest Encampment

By Paul Alivisatos

Chicago

As president of the University of Chicago, I ended the encampment that occupied the University's Main Quad for more than a week. The Tuesday morning action resulted in no arrests. Recent months have seen tremendous contention over protests on campuses, including pressure campaigns from every direction. That made this a decision of enormous import for the university.

When the encampment formed on our campus, I said I would uphold the university's principles and resist the forces tearing at the fabric of higher education. I didn't direct immediate action against the encampment. I authorized discussions with the protesters regarding an end to the encampment in response to some of their demands. But when I concluded that the essential goals that animated those demands were incompatible with deep principles of the university, I decided to end the encampment with intervention.

Some universities have chosen to block encampments from forming at all or ended them within an hour or so. We had the means to do so. Imme-

diate intervention is consistent with enforcing reasonable regulations on the time, place and manner of speech, and it has the advantage of minimizing disruption. Yet strict adherence to every policy—the suppression of discord to promote harmony—comes at a cost. Discord is almost required for the truth-seeking function of a university to be genuine.

Protest is a strongly protected form of speech in the University of Chicago culture, enshrined in the Chicago Principles for a reason. In times of discord, protest serves as a mechanism for democratic societies, and places of reason like universities, to find a way back toward dialogue and compromise. This has value even if protests result in disruption or violate the rules—up to a point. When a protest substantially interferes with the learning, research and operations of the university, when it meaningfully diminishes the free-expression rights of others—as happened with this encampment—then it must come to an end, through dialogue or intervention.

Therefore, it was a crucial decision whether to seek a dialogue to resolve a disruptive protest. Some will argue that the moral hazard of even holding such discussions is so

severe that they should never be undertaken at all—that no agreement could possibly be legitimate if it originated from these circumstances. Others will say such dialogue should always be sought. I believe dialogue may be appropriate under certain circumstances, provided that protesters come to it openly with an understanding that the consequences of their policy violations will be reviewed evenhandedly. The same applies to discipline now that the encampment has ended.

Students demanded that we side against Israel, violating the core principle of institutional neutrality.

So I authorized the opening of dialogue with the protesters, even though that extended the number of days the university was disrupted. I won't describe the sequence or the content of those discussions, since we agreed that our exchanges would remain private unless and until we reached a favorable conclusion. During our substantive dialogue, there

were some very difficult moments, but also moments of progress. The student-protester representatives offered analytical arguments and made powerful statements; their faculty representatives and liaisons also made important contributions. I believe that the administration representatives showed respect for their interlocutors and came to the discussions with genuine openness and a willingness to look for ways to make it work.

Why then didn't we reach a resolution? Because at the core of the demands was what I believe is a deep disagreement about a principle, one that can't be papered over with carefully crafted words, creative adjustments to programming, or any other negotiable remedy.

The disagreement revolves around institutional neutrality—a foundational value to the University of Chicago. It is a principle animated by the idea that authority can't establish truth for an entire institution dedicated to truth-seeking; rather, it is the imperative of individuals to seek truth without being limited by authority. Institutional neutrality vests freedom of inquiry and speech directly in faculty and students, where it belongs.

Underpinning the demands was a call for the university to diminish ties with Israel and increase ties with the Palestinians in Gaza. In short, the protesters were determined that the university should take sides in the conflict in Israel and Gaza. Other demands would have led to having political goals guide core aspects of the university's institutional approaches, from how we invest our endowment to when and how I make statements. Faculty members and students are more than free to engage in advocacy on one side or the other. But if the university did so as an institution, it would no longer be much of a university.

As the depth of this philosophical difference became clearer, I decided to end the dialogue. I yielded on some time, place and manner policies and allowed some degree of disruption in favor of protest, regardless of viewpoint; engaged in dialogue with those who were disrupting the university so long as they were prepared to face discipline. But there is no way I would ever compromise on institutional neutrality.

Mr. Alivisatos is president of the University of Chicago.

On Border Control, Joe Biden Is No Earl Warren



UPWARD MOBILITY
By Jason L. Riley

President Biden continues to test the nation's tolerance for chaos on the Mexican border, and it may well cost him a second term. The White House regards illegal immigration as an afterthought, even though poll after poll ranks it as a top priority for voters.

Donald Trump's ability to turn border security into a winning campaign issue was one of several ways he shocked the political press eight years ago. For decades people had vented to pollsters about undocumented immigrants but then allowed some other issue—taxes, abortion, gun control—to decide their votes. Mr. Biden is gambling that voters will return to pre-Trump form, that while they may be annoyed by the migrant situation, other concerns ultimately will determine who they support on

Election Day. He might be right, but I wouldn't take that bet.

Gallup reported last week that for the third consecutive month, voters ranked immigration as "the most important problem facing the U.S.," which was "the longest stretch for this particular issue in 24 years." A new Decision Desk HQ/News Nation survey found that 6 in 10 voters now say that immigration is bad for the country and trust Mr. Trump over Mr. Biden to handle the issue by a 46% to 26% margin.

A Monmouth University poll released in February reported that 53% of Americans want a wall constructed along the southern border. According to pollster Patrick Murray it was the first time that number had surpassed 50%, and support was significantly higher than the 44% who favored building a wall when Mr. Trump was president. Nor is it only Republicans who are complaining. "Illegal immigration has taken center stage as a defining issue this presidential elec-

tion year," Mr. Murray said. "Other Monmouth polling found this to be Biden's weakest policy area, including among his fellow Democrats."

When more than half of the country has come to view immigration as a negative and now want to fortify the Rio Grande, something more than Mr. Biden's re-election prospects is at stake. A Trump victory could turn into a mandate for taking severe measures both to curb illegal migration and dramatically reduce the number of people allowed to come legally. It's happened before.

Prior to joining the Supreme Court in 1954 and becoming the patron saint of judicial activism, Earl Warren was governor of California. On illegal border crossings, he was the Greg Abbott of his day. "The issue of illegal immigration," political scientist Aristide Zolberg wrote, "surged to the political fore as California Governor Earl Warren, President Eisenhower's close political ally, complained that the 'wetback invasion' imposed an unacceptable

welfare burden on his state and demanded federal reimbursement."

The Eisenhower administration responded by launching Operation Wetback in June 1954. Within six weeks, more than a million Mexican nationals in California and Texas had been

Politicians of both parties listened when Americans worried about immigration in the 1920s and 1950s.

rounded up and forcibly deported. In hindsight it wasn't America's finest hour, but the voting public at the time supported the move. In 1956 Eisenhower was re-elected in a landslide and left office four years later with a favorability rating of nearly 60%.

Some three decades earlier, voter sentiment toward legal immigration also had changed, and Congress

passed the Immigration Act of 1924 in response. The law implemented a national-origins quota system aimed at throttling migration from Southern and Eastern Europe. The bill passed both chambers with overwhelming bipartisan support (322-71 in the House and 62-6 in the Senate), and President Calvin Coolidge signed it into law. The quotas remained in place for the next four decades.

Moreover, groups that previously supported higher levels of immigration, or at worst expressed some uncertainty about newcomers, turned sharply against them. "America, the leading Catholic weekly, shifted decisively toward restriction in the course of the Red Scare, and by 1923 was referring to the new immigration as a handicap to Catholicism and to the nation," Zolberg wrote. "African Americans, hitherto ambivalent at best on the subject of immigration, were overwhelmed by fear that [post-World War I] flows would jeopardize their race's hard-earned foothold in northern industry, and shifted decisively to the restrictionist side as well."

In general, the 1920s and 1950s were decades of prosperity in the U.S. Wages were rising, unemployment was low, and the middle class was expanding. None of this prevented the country from turning on immigrants in ways that shock our 21st-century sensibilities. Today, migrant job-seekers flagrantly exploit laws intended to protect refugees from persecution, while the Biden administration throws up its hands. Images on cable news show hordes of people physically forcing their way into our sovereign nation—on their terms rather than ours. We already know how Donald Trump would respond to the current moment. The mystery is why Joe Biden has been so willing to grease the skids.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Notable & Quotable: Science

James Meigs writing in the Spring issue of City Journal:

At the same time, [Scientific American] dramatically ramped up its social-justice coverage. The magazine would soon publish a flurry of articles with titles such as "Modern Mathematics Confronts Its White, Patriarchal Past" and "The Racist Roots of Fighting Obesity." . . . At least those pieces had some connection to scientific topics, though. In 2021, SciAm published an opinion essay, "Why the Term 'JEDI' Is Problematic for Describing Programs That Promote Justice, Eq-

uity, Diversity, and Inclusion." The article's five authors took issue with the effort by some social-justice advocates to create a cute new label while expanding the DEI acronym to include "Justice." The Jedi knights of the Star Wars movies are "inappropriate mascots for social justice," the authors argued, because they are "prone to (white) saviorism and toxically masculine approaches to conflict resolution (violent duels with phallic light sabers, gaslighting by means of 'Jedi mind tricks,' etc.)." What all this had to do with science was anyone's guess.

THE WALL STREET JOURNAL.



#ISTANDWITH
EVAN

It has been 406 days since our friend and colleague Evan Gershkovich was wrongfully detained by Russia during a reporting trip and accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and continue to call for his immediate release.

No journalist should ever be detained for simply doing his job, and the charge against Evan is an outrage. Journalism is not a crime, and any portrayal to the contrary is fiction.

The stakes are high: Without press freedom, there is no free society.

Every day Evan remains detained is a day too long. We will not rest until he's home.

Please continue to share Evan's reporting and the latest updates on his situation by visiting **WSJ.com/Evan**. Use the hashtag **#IStandWithEvan** to help keep his story front and center.



BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Disney's streaming business includes fare such as 'Bluey' and 'Shogun.' The entertainment company is building a streaming-centric future.

Investor's Deal Flattened Hospital Chain

By Jonathan Weil

In the spring of 2020, **Cerberus Capital Management** was faced with a tricky financial situation. It owned a struggling hospital chain that needed \$400 million to dig out of a deep financial hole, but Cerberus wanted to sell rather than invest more.

With the surging Covid-19 pandemic making the financing more urgent, Cerberus convinced the hospital's landlord to put up the cash. The transaction didn't make financial sense and, until recently, was impossible to untangle.

The deal helped shape much of what followed for **Steward Health Care System** over the next four years, culminating this week in the Chapter 11 filing of Steward, one of the biggest hospital bankruptcies in U.S. history. It battered the landlord, **Medical Properties Trust**, which is one of Steward's biggest creditors and has been selling off assets before big debt payments came due.

The 2020 deal paved the way for Cerberus to sell its majority stake in Steward to the hospital chain's chief executive and others and lock in an eventual \$800 million profit. It bought time for the CEO and new majority owner, Dr. Ralph de la Torre, who received a big cash payout himself the next year.

Steward operates 30 hospitals in eight states, after several closures and sales in recent years. *Please turn to page B2*

Disney Posts Loss, Sinking Shares

Media company adds streaming customers; business is closer to profit

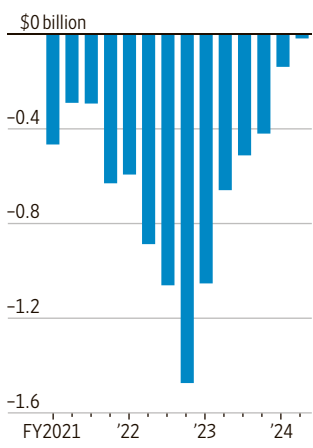
By Robbie Whelan

Walt Disney said it is close to making its streaming business profitable, but its shares fell 9.5% Tuesday after the company reported a loss and projected earnings growth that narrowly missed analysts' expectations.

The media company's streaming unit lost \$18 million in the March quarter, an improvement from a \$659 million loss in the year-earlier quarter. Chief Executive Bob Iger said the company is on track to achieve streaming profitability in the final quarter of the fiscal year that ends in September.

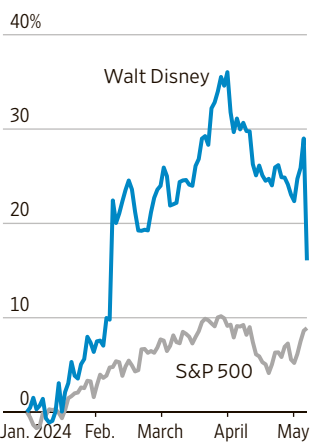
The company's flagship Disney+ streaming service—home

Streaming operating losses, quarterly



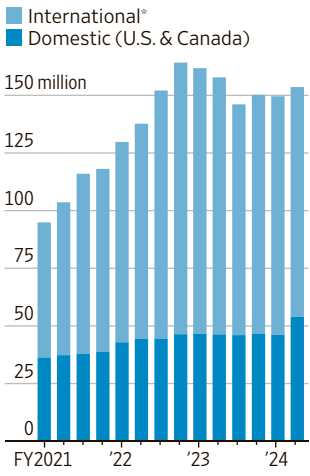
*Includes Hotstar service in India. Note: Latest fiscal quarter ended March 30.

Share-price and index performance, year to date



Disney raised its guidance for full-year adjusted earnings-per-share growth to 25%, below Wall Street expectations of 25.3%. Before Tuesday, Disney stock had risen 29% so far this year.

Disney+ global subscribers



Iger's vision but must still execute several important strategic initiatives, including targeting profit margins and growth more in line with what rival Netflix has produced.

Iger has spent the past year aggressively cutting costs, modernizing ESPN and reinvigorating Disney's studios after box-office stumbles.

As part of that right sizing, Disney merged its Star India operations—which include its TV networks and the Hotstar streaming service—into a new joint venture with Reliance Industries and Viacom18. The company took a roughly \$2 billion charge in the March quarter related to the India deal and to its linear television networks and swung to a loss of \$20 million from net income of \$1.27 billion a year earlier.

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E-Commerce Saves Bricks and Mortar

By Kate King

Store owners once viewed e-commerce as a mounting threat to their survival. Now, more bricks-and-mortar stores are thriving after integrating their properties with the online-shopping experience.

Shoppers browse in person to see, touch or try on items before ordering them online. They are picking up or returning purchases in stores. And retailers are relying on their shops as fulfillment hubs, shipping items ordered online from stockrooms in addition to warehouses. Nearly 42% of e-commerce orders last year involved stores, up from about 27% in 2015, according to GlobalData.

"There was a narrative that as online grew, stores would become less relevant. But it hasn't worked out that way," said Neil

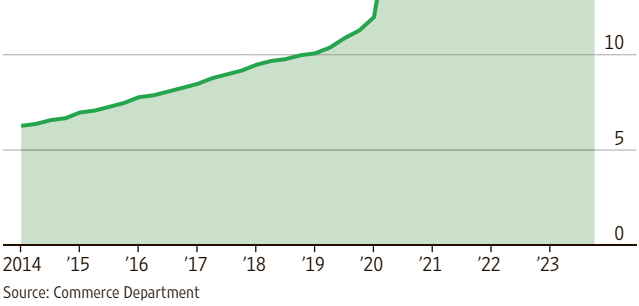
Saunders, managing director at the research firm. "In many ways, the store is still the heart or hub of retail."

It is another example of how online-only retail has its limits, and why stores are making a comeback. After years of overbuilding that led to a sharp contraction, retailers are on track to open more stores than they close in 2024 for the third consecutive year, according to advisory and research firm CoreSight Research.

Many retailers found it too expensive and difficult to attract and retain customers without stores. And using stores as pickup and drop-off points helps lower the labor, packaging and shipping costs involved in online orders.

Big-box retailers started building up their store-fulfillment. *Please turn to page B6*

Estimated U.S. retail e-commerce sales as a percentage of total retail sales, quarterly



Source: Commerce Department



Molten silver at a smelter in Sydney. Demand from makers of solar PV panels is forecast to increase by almost 170% by 2030.

As Solar Panels Boom, So Does Silver

By Christian Moess Laursen

A booming solar-power industry is driving a surge in the demand for silver, which is needed in large quantities to make photovoltaic panels.

Silver is integral to the production of solar photovoltaic—or solar PV—panels because of its high electrical conductivity, thermal efficiency and optical reflectivity, and mining companies aim to boost output as prices for the metal have

climbed to decade highs.

Global investment in solar PV manufacturing more than doubled last year to around \$80 billion, accounting for around 40% of global investment in clean-technology manufacturing, according to a report Monday from the International Energy Agency. China more than doubled its investment in solar-photovoltaic manufacturing between 2022 and 2023.

Last year, global renewable

capacity increased 50%—the fastest growth rate in three decades—to nearly 510 gigawatts, of which three-quarters came from solar photovoltaic energy, the agency said in a report in January.

Demand for silver from the makers of solar PV panels, particularly in China, is forecast to increase by almost 170% by 2030 to roughly 273 million ounces—or about one-fifth of total silver demand—based on current trend projections, according to investment manager Sprott, which specializes in precious metals.

"Industrial demand is soaring, driven by photovoltaic and other electrification end uses, while supply is flat to declining," said Mitchell J. Krebs, chief executive of Chicago-based Coeur Mining.

Spot prices for solar PV panels fell almost 50% last year, according to the IEA, largely because Chinese supply-based on current trend projections.

Please turn to page B2

Tesla's 'Fireman' Deployed to China as Sales Slow

By Raffaele Huang

SINGAPORE—When Elon Musk made a surprise visit last month to Beijing, the **Tesla** chief executive brought along a trusted lieutenant: Tom Zhu, the company's former China head who had skyrocketed through the ranks as a turnaround guru.

Now, Zhu—one of just three senior executives including Musk currently named on Tesla's website—is getting deployed from Tesla's Texas head-

quarters back to China at a vulnerable time for the world's most-valuable automaker, according to a person familiar with the matter.

Zhu, who was born in China and educated in the U.S. and New Zealand, had last year been promoted to Tesla's global leadership team in Austin, Texas, where he shouldered some CEO duties as Musk split his time elsewhere. Zhu is credited with turning Tesla's Shanghai factory into one of the company's standout performers.

Some employees refer to Zhu internally as the "fireman" due to his ability to troubleshoot issues and hit high targets.

Zhu's move comes as the carmaker is trying to fix its struggling business in the world's biggest electric-vehicle market. China is expected to play an essential role as Musk seeks to reignite Tesla's sagging growth globally.

In China, where many carmakers including Tesla's rival **BYD** are fighting fiercely for share in the highly competitive

EV market, overall sales of electric cars grew 15% in the first quarter from a year ago. Tesla's sales slipped 4%.

Tesla and Zhu didn't reply to requests for comment. EV industry news website Electrek previously reported Zhu's new role.

Zhu joined Tesla in 2014 and *Please turn to page B4*

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Disney Swings To Loss

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Companywide revenue rose about 1% to \$22.08 billion in the March quarter but fell slightly short of the average analyst estimate on FactSet.

Disney bought the India business in 2019 as part of its \$71.3 billion acquisition of most of 21st Century Fox's global entertainment assets. It was considered a crown jewel of the deal, largely because of several key packages of cricket rights that Star held. When the company lost some of those rights, customers canceled.

The impairment indicates that the India business is today valued at about \$2 billion less than when Disney first purchased it, Disney Chief Financial Officer Hugh Johnston said.

Disney last month triumphed over activist investors Nelson Peltz, who unsuccessfully sought a board seat and pushed for budget cuts and other measures, and Blackwells Capital.

Corporate expenses jumped \$112 million for the quarter to \$391 million, as a result of costs related to its proxy battle—one of the most expensive shareholder fights ever—and annual meeting, as well as higher compensation and other cost inflation.

Iger's total compensation doubled in fiscal 2023 from the previous year to \$31.6 million.

The number of domestic Disney+ subscribers rose to 54 million in the March quarter from 46.1 million at the end of December.

Overall global subscribers to Disney+, including its Hotstar service in India, increased to 153.6 million in the March quarter from 149.6 million at the end of December.

Disney is working to increase and deepen customer engagement with its streaming offerings, including by limiting

password sharing, improving its recommendation engine and integrating a new Hulu tile into Disney+. Iger said that the company will add an ESPN tile to Disney+ before the end of the year.

"We've got a lot of levers that give us strong reasons to believe that there's good growth in front of us," Johnston said Tuesday on a call with analysts.

A crackdown on improper password sharing for Disney+ will begin next month in select markets, Iger said, and will roll out across the globe in September.

"Obviously we're heartened by the results Netflix has delivered" in cracking down on password sharing, Iger said on the call.

The company's streaming business includes Disney+, ESPN+ and a majority stake in Hulu, home to fare such as

"Shōgun" and "The Bear." It is also working to create a stand-alone direct-to-consumer offering of its flagship ESPN TV channel and is joining with Fox and Warner Bros. Discovery on a new sports-streaming service that offers all of their live-sports programming.

Disney's sports segment was hit during the quarter by increased programming and production costs related to the timing of College Football playoffs as well as lower affiliate revenue from cord-cutting. Sports revenue rose 2% to the quarter, while operating income in the business fell 2% to \$778 million.

Iger said that April was a particularly strong month for ESPN viewership and that sports generally are driving higher engagement with streaming subscribers.

"I see sports continuing, ba-

\$18M

Walt Disney Co.'s loss on its streaming business in the first quarter

Deal Dug A Hole for Hospitals

Continued from page B1

cent years. It faced a mountain of lawsuits by vendors over unpaid bills, including a pest-control company hired to remove about 3,000 bats last year at one of Steward's Florida hospitals. It claimed Steward owed \$1.6 million, including \$936,320 for the bat removal.

The deal set MPT down the path of aiding its largest tenant with one financial-support package after another until finally Steward hit a wall.

MPT's shares are down 81% since peaking in February 2020. Last year MPT cut its quarterly dividend by almost half. Over the years, Steward paid \$2 billion to MPT, mainly for rent. MPT has poured billions of dollars into Steward and its real estate. So far this year, MPT has disclosed \$97.5 million of new loans to Steward and \$714 million of write-downs related to Steward.

It was only in recent weeks, as congressional inquiries unearthed new revelations about Steward's finances, that the details and overarching purpose of the 2020 deal became known.

Cerberus in spring 2020 effectively had MPT over a barrel. MPT, a real-estate investment trust based in Birmingham, Ala., had bet its



Steward's bankruptcy is one of the largest ever for a hospital owner. St. Anne's Hospital, one of its facilities, in Boston.

future on Steward, which then accounted for about 30% of its revenue. MPT had put more than \$4 billion into Steward—about 25% of its total assets at the time—on its way to soon topping \$5 billion. Those assets mainly were the hospital buildings that MPT leased to Steward, but also included loans and a 9.9% ownership stake.

The \$400 million cash infusion that Steward needed came in two parts, according to Cerberus and Steward. The first deal in May 2020 involved the creation of a joint venture between MPT and Steward executives to invest in overseas hospitals.

MPT lent \$205 million to the joint venture. Steward sold its international unit, which contained a handful of hospitals, to the venture for \$200 million. The price didn't make sense because Steward had valued the assets of the international unit at just \$27 million.

The second half of the capital infusion came two months later. Steward had been paying off a \$750 million mortgage from MPT for two Utah hospitals. MPT forgave the mortgage and paid Steward an additional \$200 million for the hospitals. The valuation was several times what MPT had paid for other hospital properties.

MPT disclosed each transaction individually in its financial filings. However, there was no way to tell from the disclosures that the two deals were linked or that they were designed to inject capital into Steward and put the hospital operator on firmer financial footing.

Drew Babin, a spokesman for MPT, didn't respond to requests for comment.

The \$400 million deal came to light in a Feb. 26 letter by Cerberus, responding to questions by the Massachusetts congressional delegation ahead of a hearing on Steward's financial struggles.

"The transaction facilitated the infusion of \$400 million of fresh capital into Steward," Cerberus said in its letter, calling the deal a "recapitalization transaction with MPT and its affiliates."

After the hearing, Cerberus released a statement with another revelation. Cerberus wouldn't have sold Steward to de la Torre's group without the capital infusion. MPT hadn't disclosed this. Steward, in a press release announcing the ownership change, previously had referred to a "recapitalization transaction" but hadn't disclosed the terms or that MPT was a participant.

Cerberus has said that Steward "was financially healthy with substantial liquidity" at the time the investor ceased owning the hospital company. The implication was that Steward fell on hard times only afterward. But Steward's numbers show it was in a deep financial hole months before the \$400 million infusion, and shortly afterward, too.

Steward's year-end 2019 balance sheet showed liabilities exceeded assets by \$1.2 billion. At the end of 2020, the deficit was \$1.5 billion, and total cash was \$407 million, slightly more than the infusion from MPT. Steward's 2020 rent expense was \$385 million, and it had a \$408 million net loss, according to Steward financial data disclosed by MPT.

Steward spokeswoman Josephine Martin confirmed the recapitalization's terms, although Steward and Cerberus disagreed about some of the circumstances.

BUSINESS & FINANCE



Soaring solar installations in China, such as these panels going on a Haian roof, are expected to keep fueling silver demand.

Solar Power Is Driving Silver Price

Continued from page B1

ply flooded the market.

Last year, the country commissioned as much solar photovoltaic as did the entire world in 2022, according to the IEA. China is expected to double its manufacturing capacity again by the end of 2024, maintaining a global market share of 80% to 95% and adding significantly to the glut, the agency said.

"China's soaring installations are expected to continue being a key driver for demand growth," Coeur Mining's Krebs said. The Chicago-based miner hopes to capitalize on the increasing demand. It recently completed a large expansion

of a mine in Nevada, set to become the largest source of domestically produced silver in the U.S., the CEO said.

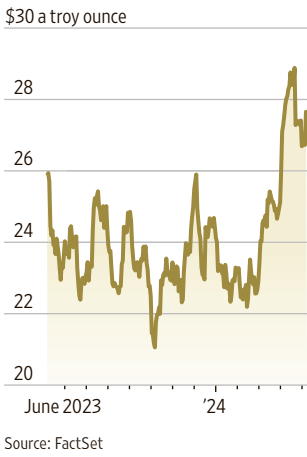
Hochschild Mining, based in London, is also looking to expand its silver operations. Later this year, it hopes to secure permits for a project in southern Peru, scheduled to start production in 2027, adding 50 million ounces, predominantly silver, to its annual output.

"Given the underlying industrial demand dynamics and existing supply constraints, we may be seeing the start of a silver bull market," Chief Executive Eduardo Landin said.

The boom in demand has contributed to skyrocketing silver prices in recent months. Last month, it hit \$28.84 an ounce, the highest closing price in more than a decade. It currently sits at around \$27.50.

This has bolstered the share prices of silver miners. Since the price of the commodity started climbing in

Silver futures, continous contract



late February, London-listed **Fresnillo** has jumped 21%, regaining some of a sharp drop that started early last year. Hochschild Mining has soared 65%, while Coeur Mining has doubled.

If the price of silver continues to rise, panel makers could be forced to raise their

own prices in the latter part of the year, said Hamlet Tunnyan, chief executive of France-based solar-panel maker **Recom Technologies**.

"However, higher module prices will not affect the demand for them, as we are currently experiencing relatively low price levels," he said.

Paul Wong, a Spratt market strategist, believes silver could see a rise similar to that of gold, which hit eight straight sessions of record-highs in April, he said in a recent report. Despite lagging behind gold's popularity with central banks and sovereign institutions, silver hasn't broken its correlation with the yellow metal, he said.

"Similar to how gold bullion has soared due to a new wave of major purchasers among central banks and sovereign entities, silver has and will likely see even more substantial buying from the photovoltaic industry," Wong said.

sically, to shine in a world where there's just considerably more choice," Iger said. "Live matters."

Sports are coveted assets for streaming services and cable companies alike vying for customers. Disney, a major TV partner to the National Basketball Association, is in the midst of a high-stakes battle for a new rights package. Iger said he is optimistic that Disney will end up with a long-term NBA deal that is in the company's best interest.

Excluding sports, Disney's streaming business earned a profit of \$47 million for the quarter.

The company forecast a loss for its entertainment direct-to-consumer business in the third quarter in large part because of the cost of cricket rights for Disney+ Hotstar.

Disney's traditional TV business continues to suffer from declining viewership and was hurt in the quarter by a decline in advertising revenue. It also brought in lower affiliate revenue as a result of its new deal with Charter Communica-

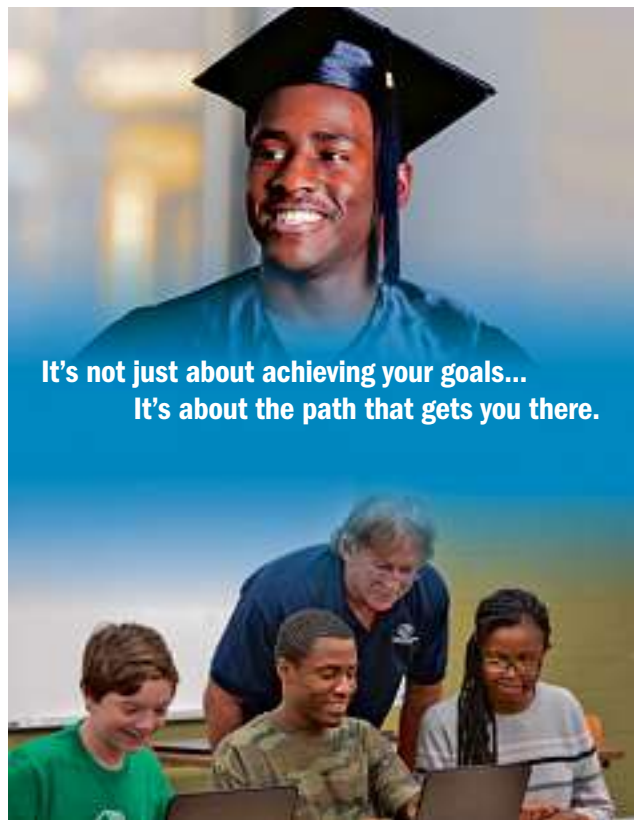
tions, which includes the cable company dropping eight of Disney's cable networks. In return, Disney will get paid for its Disney+ service, which Charter offers to a majority of its customers.

Iger said he has been working with the studio to reduce output and focus more on quality, particularly within its Marvel projects. He highlighted coming releases, including "Kingdom of the Planet of the Apes" this weekend and "Deadpool & Wolverine" in July.

The experiences division, which includes theme parks, cruises, videogames and consumer products, was a bright spot for the quarter.

Revenue increased 10% from a year earlier to \$8.39 billion, while operating income rose 12% to \$2.29 billion, partly the result of higher average ticket prices.

Income rose at Florida's Walt Disney World and the cruise segment but fell at Disneyland Resort in California, where costs rose because of inflation, Disney said.



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BUSINESS NEWS

In Deal by Rivals, Uber Eats Joins Instacart’s App

By PREETIKA RANA

Rivals **Uber Technologies** and **Instacart** have struck an unlikely partnership that will allow customers to order Uber Eats restaurant food via the Instacart app.

The companies said the deal would bring more customers to Uber Eats and a new revenue source for Instacart, which will receive a fee from Uber for every order.

The partnership is an attempt to counter a common foe. DoorDash leads in the U.S. restaurant-delivery market, ahead of Uber Eats. Instacart has been working to defend its leading position in the grocery-delivery sector against DoorDash, which started making inroads during the pandemic. Uber Eats also competes with Instacart in grocery delivery, though it is a smaller player.

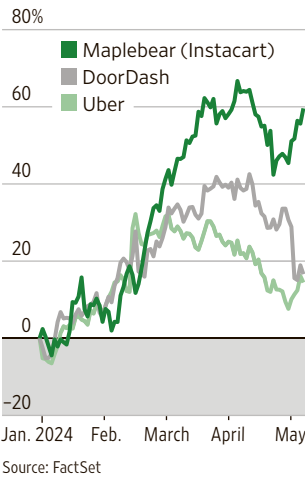
In the three months through March, DoorDash posted record revenue but a bigger-than-expected loss. Uber and Instacart, now both profitable, are scheduled to announce their results for the quarter on Wednesday.

Instacart shares rose 2.7% Tuesday, while DoorDash fell 1.7% and Uber fell 1.5%. For the year, Instacart is up 60% as the tech-heavy Nasdaq Composite Index has risen 8.8%, while Uber is up 14% and DoorDash up 17%.

Covid-19 lockdowns were a boon for delivery apps, accelerating their adoption and accustoming customers to having restaurant food and groceries delivered at the touch of a button. Now the industry is looking for ways to keep up growth.

In the coming weeks, Instacart will introduce a restaurants tab to its app that will let customers place Uber Eats or-

Share-price performance, year to date



ders without leaving the app. That will give Instacart’s customers more reasons to keep using its platform, pushing up order frequencies and totals, while giving Uber access to Instacart’s customer base in the suburbs, an area DoorDash has typically commanded.

The companies said they wouldn’t share drivers. Instacart will continue to fulfill grocery orders, while restaurant orders will be handled by Uber Eats even if they are received through the Instacart app.

Before going public in 2023, Instacart approached both DoorDash and Uber about deals, including a partnership, but no agreement followed.

While some analysts have speculated about an Uber-Instacart merger, an Instacart spokeswoman said the new deal isn’t a precursor to one.

“We are focused on our path as an independent company,” she said.

All three apps have other partnerships, such as with credit-card companies, but they rarely go as far as embedding others in their apps.

Reddit Loss Widens, but Shares Soar

By JAMES ROGERS

Reddit reported its first results as a public company Tuesday, with the social-media platform reporting better-than-expected revenue and a narrower-than-expected loss for the first quarter.

The company reported a first-quarter loss of \$575.1 million, or \$8.19 a share, after a loss of \$60.9 million, or \$1.05 a share, in the prior year’s first quarter. Analysts surveyed by

FactSet had expected a loss of \$8.75 a share. First-quarter revenue was \$243 million, up from \$163.7 million in the prior year’s first quarter, and well above the FactSet estimate of \$214 million.

Reddit shares surged 15% in extended trading after ending Tuesday’s session at \$49.40, up 2.3%.

For the second quarter, Reddit expects revenue between \$240 million and \$255 million, above FactSet analysts’ estimate

of \$227.5 million. Reddit also expects second-quarter adjusted earnings before interest, taxes, depreciation and amortization of between \$0 and \$15 million.

In the first quarter, daily active unique visitors were 82.7 million, up from 60.3 million in the prior year’s quarter.

“The business fired on all cylinders,” Reddit Chief Financial Officer Drew Voller told MarketWatch. The CFO pointed to the company’s 48% year-over-year revenue growth, its

37% year-over-year growth in daily active unique users and sequential growth of 9.6 million daily active unique users.

Reddit’s lack of profitability on an annual basis came under scrutiny in the run-up to the company’s IPO this year. During the first quarter, Reddit’s adjusted Ebitda was \$10 million, compared with a loss of \$50.2 million in the same period last year. The company also generated positive free cash flow of \$29.2 million.

BP Will Cut Costs After Profit Misses Forecast



BP plans to cut at least \$2 billion in costs after profit was hit by lower oil and gas prices and a U.S. refinery outage.

The London-based oil-and-gas giant said Tuesday that underlying replacement-cost profit—a metric similar to net income its U.S. peers report—was \$2.72 billion, a marked decline from \$4.96 billion in the same quarter last year. This missed a forecast of \$2.87 billion, according to a company-compiled estimate from 24 analysts.

The result was driven by lower prices for oil and gas sold, the impacts of the outage at the Whiting refinery in Indiana—the company’s big-

gest refinery and the biggest in the U.S. Midwest—and significantly weaker fuels margin. Stronger oil trading and higher realized refining margins only partially offset this.

BP announced it would cut at least \$2 billion in costs across the business by the end of 2026 compared with 2023. The reduction would be around 10% of what it calls its controllable cost base, which was around \$22.6 billion last year. BP’s reported costs were around \$42 billion.

The cuts follow the company’s recent plan to simplify its structure and cut the executive leadership team to reduce duplication and complexity in

management reporting lines.

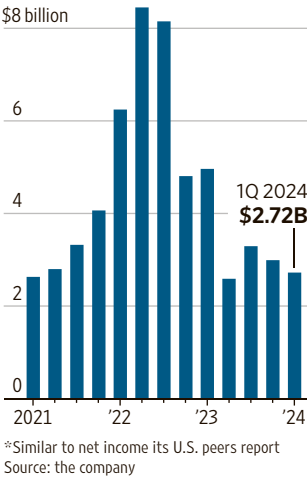
Net debt widened to \$24.0 billion from \$20.9 billion at the end of the fourth quarter.

The company produced 7.6% more hydrocarbons with 1.46 million barrels of oil-equivalent barrels a day, while gas and low-carbon energy output fell 5.7% to 914,000 BOE a day through the quarter.

BP’s replacement-cost before interest and tax—another closely watched metric—fell to \$4.82 billion from \$13.23 billion a year prior, missing the \$5.83 billion forecast by consensus.

Shares fell 1.3% to close at 503.70 pence in London.

BP’s underlying replacement-cost profit, quarterly*



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Amazon Accelerates Cloud Infrastructure

AWS plans to spend \$9 billion to expand in Singapore as part of a global spree

By Sherry Qin and Ben Otto

Amazon.com will spend \$9 billion to expand its cloud services in Singapore, coming as global tech companies are boosting their data-center footprints in Asia amid a boom in demand for artificial-intelligence computing. Amazon Web Services, the U.S. tech giant's cloud-computing arm, on Tuesday said it would make the investment through 2028 to meet rising demand for cloud technology and services in the Southeast

Asian city-state, adding to about \$8.5 billion the Seattle-based company has already spent in recent years on cloud infrastructure in Singapore. AWS, which provides computing, storage and other services from its data centers around the world, has been accelerating cloud-infrastructure spending globally, coming as Chief Executive Andy Jassy has reoriented the company to focus on AI innovations and to catch up with Microsoft, Google and others in the space. Since the start of 2024, AWS has unveiled plans to invest \$15 billion in Japan and more than \$5 billion each in Mexico and Saudi Arabia in the coming years. Last year, AWS said it

planned to spend almost \$13 billion by 2030 to expand its data-center infrastructure in India, the world's most populous nation. AWS is Amazon's most profitable unit, with first-quarter results showing the segment's bottom line rose 17% from a year earlier to \$25 billion. Amazon said the quarter's capital expenditure of \$14 billion would be the low point for the year as it ramps up spending on AWS infrastructure and generative AI investment. The planned new outlay in Singapore, a regional hub for global companies that have operations across Asia, comes as one of Amazon's biggest rivals in cloud computing is boosting investment in South-



AWS is Amazon's most-profitable unit, with first-quarter results showing the segment's bottom line rose 17% from a year earlier to \$25 billion.

east Asia, similarly to meet exploding demand for computational power to create and use AI systems. Microsoft last week said during Chief Executive Satya Nadella's visit to the region that it would invest almost

\$4 billion into cloud-computing and AI infrastructure in Malaysia and Indonesia, and build its first data center in Thailand, to help back its fast-growing Azure business. The region also recently hosted Apple Chief Executive

Tim Cook, who in April announced a \$250 million expansion of the company's Singapore offices, and Nvidia Chief Executive Jensen Huang, who late last year visited Singapore, Malaysia and Vietnam.

Palantir Dives as U.S. Commercial-Sales Growth Cools

By Heather Somerville

Palantir Technologies shares fell sharply on Tuesday, despite the data-analytics company reporting stronger-than-expected revenue in its commercial business, propelled by the AI boom. Shares of Palantir retreated more than 15%, notching their worst day in nearly two years. The shares have tripled over

the past 12 months, and climbed around 8% in regular trading Monday. Some analysts and shareholders have worried about slowing momentum at Palantir, as revenue growth from U.S. government contracts has shown signs of cooling. Additionally, some European governments have been reluctant to do business with Palantir. The stock likely fell be-

cause U.S. commercial-revenue growth sharply decelerated in the latest quarter to 40%, from 70% in the prior quarter, according to William Blair analyst Louie DiPalma. U.S. government revenue growth is trailing far behind the company's commercial growth, Palantir said on Monday, but the private-sector thirst for AI products helped Palantir broadly beat analyst

expectations. According to data firm Procure.FYI, the total dollar amount of U.S. government orders promised to Palantir in the first quarter was nearly 40% less than the year prior, and about 60% less than in 2022. Palantir's profit rose to \$106 million in the three months through March, beating the previous quarter's \$93 million. The company expects to turn a

profit each quarter this year. Sales rose 21% from a year earlier to \$634 million, beating expectations. Growth has cooled since its 2020 initial public offering, when the company's revenue was rising more than 50% annually. Commercial revenue of \$299 million topped Wall Street estimates of \$292 million. Palantir raised its pro-

jection for U.S. commercial business growth to at least 45%, from 40% for 2024. Government revenue totaled \$335 million, up 16% from a year earlier and above analysts' expectations. The company raised its guidance for full-year revenue to between \$2.68 billion and \$2.69 billion. Wall Street has projected revenue of \$2.67 billion for the year.

NTSB Seeks More Information on Autopilot Recall Remedies



A federal regulator wants Tesla to send more information regarding its Autopilot system tied to a December recall of more than two million vehicles, after crashes kept occurring after the recall. The government last month opened an investigation into the adequacy of the recall, which was deployed through a software update and involved nearly all vehicles Tesla had sold in the U.S. The regulator said it had discovered 20 crashes that occurred after the December recall.

The National Highway Traffic Safety Administration, or NHTSA, in a letter dated Monday, asked Tesla to explain the process and rationale for many of its recall remedies. The agency's requests included an accounting of miles driven per week using the driver-assistance system and how many times drivers have been warned to put their hands on the wheel. It also asked for details on how often Tesla vehicles have given drivers "strikes" for inattention or temporarily sus-

pended their use of Autopilot. NHTSA, the auto industry's top regulator, said Tesla must send its reply by July 1. Failing to respond could subject Tesla to civil penalties of as much as \$27,168 for a violation per day, with a maximum fine of \$135.8 million. Tesla didn't respond to a request for comment. The automaker's shares dropped almost 4% Tuesday. The stock has fallen roughly 28% this year. NHTSA has been investigating Tesla's driver-assistance

technology for nearly three years. In April, it said it had identified 467 crashes involving Autopilot, including ones that killed drivers. Tesla issued the December recall to address a previous NHTSA investigation into whether the Autopilot program contained a defect that created an unreasonable risk to vehicle safety. It said it had installed new safeguards to prevent driver misuse. Since the update, regulators have received an unusually high number of complaints about changes to the controls. Some drivers say warnings have become excessive and are triggered when performing routine tasks. Several other agencies have opened investigations into Autopilot, including the Justice Department and the Securities and Exchange Commission. They are examining whether Tesla misled customers and investors with marketing that overstated the technology's capabilities, giving drivers a false impression of what it can realistically do. —Tali Arbel

Tesla's Sales in China Fall As Rivals Log Gains

By Jiahui Huang

Tesla's sales in China dropped in April, while its Chinese rivals reported higher sales as the country's electric-vehicle market rebounded from a slow start this year. The U.S. EV maker sold 62,167 China-made cars in April, down 18% compared with a year earlier, preliminary data from the China Passenger Car Association showed Tuesday. Tesla's sales were down 30% from March. The CPCA estimated that total sales of electric passenger cars in China rose 33% from a year earlier to about 800,000 units in April, or 2% lower than March. The industry association said it thinks the Beijing Auto Show and the government's trade-in program will further boost car sales in May. Tesla retained its position as China's second-largest seller of EVs in April after BYD, which sold more than 300,000 units, rising 49% from a year ago and 3.45% from March. Warren Buffett-backed BYD overtook Tesla as the world's top seller of EVs in the final quarter of 2023. Changan Automobile and Geely Auto ranked third and fourth with 51,682 vehicles and 51,428 vehicles sold in China, respectively. Li Auto sold 25,787 units in April while Huawei-backed Seres sold 25,496 units. Xiaomi joined the ranks for the first time after launching its first EV in March, recording 7,058 sold units.

Passenger EV car sales in China during April	
BYD	312,048
Tesla	62,167
Changan	51,682
Geely	51,428
Li Auto	25,787
Seres	25,496

Source: China Passenger Car Association

'Fireman' Is Deployed To China


Continued from page B1
nine months later started taking leadership roles for the company's China operations. He threaded a needle with Chinese officials and helped Tesla build up its Shanghai plant. Staff in China describe Zhu as a workaholic and said he gives feedback instantly. When Shanghai went through Covid

lockdowns in early 2022, Zhu was sleeping at the factory there with Tesla workers and suppliers to keep the operation running. Zhu also has shepherded important projects including the Cybertruck and helped ramp up capacity and smooth manufacturing processes at Tesla's plants in Austin and Fremont, Calif. Last month, Zhu and Musk met Chinese Premier Li Qiang and other top government officials. The two won Beijing's blessings on launching in the country its "Full Self-Driving" software feature, The Wall Street Journal has reported. On Wednesday, state-run newspaper China Daily said

that Beijing hasn't fully approved the widespread use of Tesla's FSD service, without offering further details. Meanwhile, Beijing would allow Tesla to test its Robotaxi on Chinese streets and hopes Tesla can set an example for the industry, the report also said. Tesla is set to implement its new partnership with Chinese tech company Baidu to deploy its FSD features that build on Baidu's mapping and navigation func-

tions. Musk is seeking to expand the use of the technology, an anchor to rekindle Tesla's growth. Zhu has shepherded key projects including the Cybertruck. The practice wouldn't undermine China's national security. Tesla's losing ground in China has been unsettling for

investors. Many local competitors already offer similar but lower-cost autopilot features as well as multiple car models and have deeply cut prices, eating into Tesla's market share. Meanwhile, Tesla is largely stuck with two aging vehicles—the locally produced Model 3 and the Model Y. Tesla is cutting more than 10% of its global workforce. Over the past few weeks, the company has lost several senior executives including Drew Baglino, the head of powertrain and energy engineering, and Rohan Patel, who oversaw policy and business development. It also axed almost its entire Supercharger team.



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THE PROPERTY REPORT

Office Turmoil Comes for Trump Building

Wall Street tower lost tenants and has a big mortgage bill coming due next year

By Peter Grant

Donald Trump's prized Manhattan office tower at 40 Wall St. is getting swept up by the worst storm to hit the office market since the 2008 global financial crisis.

His investment in the landmark 63-story tower, less than a block away from the New York Stock Exchange, has long been considered one of his shrewdest deals. Trump paid less than \$5 million for a long-term lease on the tower in 1995, when New York's commercial-property market was struggling. Within a few years, the property soared many times in value as the market rebounded. It is possibly his most valuable single piece of property.

But like thousands of other U.S. office buildings, 40 Wall is under duress because of weakening demand. The tower's vacancy rate has risen to 21%, compared with about 5% in 2015. Drugstore chain Duane Reade, one of 40 Wall's largest tenants, recently vacated its office and retail space in the building, leaving 23,000 square feet empty on the ground floor.

Bigger reckoning

Trump faces a bigger reckoning for the building next year, when its \$120.5 million mortgage matures in July. He may well have to refinance it at considerably more than what he is paying now. If the mortgage were refinanced today, real-estate finance analysts say, the rate would likely be above 7%. That would be roughly double the 3.7% rate Trump pays today.

Bond-ratings firms have taken notice. Fitch Ratings last month downgraded four tranches of a commercial-mortgage-backed-securities issue that includes the debt on 40 Wall. The firm expressed concern about the building's declining performance at a time that it will likely face higher debt service.

The downgrade "incorporates a higher probability of default" of 40 Wall, Fitch said.

Trump Organization executives have said 40 Wall isn't in financial peril, noting it is current on its mortgage payments. "It's a great building," the former president said in a deposition last year for the



The art deco skyscraper with French gothic features, center, has had a colorful history since it was developed in the 1920s.

civil-fraud lawsuit brought against him by New York Attorney General Letitia James. Comparing the building to the Mona Lisa, Trump said the tower's value is enhanced because "there are people that would do anything" to own it.

Trump maintained in the deposition that 40 Wall was worth more than \$530 million. He added that because of the smaller sizes of its floors, it would be a good candidate to convert into apartments.

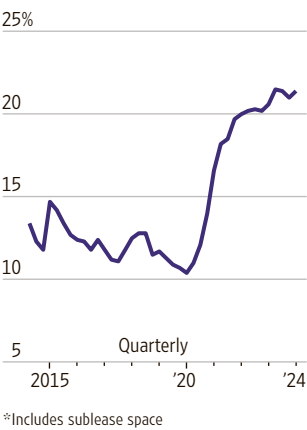
But there is little Trump can do to stem the mounting distress in the U.S. office market, which has been intensifying as more companies accept hybrid work and reduce their demand for office space.

New heights

The office meltdown is reaching new heights as defaults and other signs of distress reach historic levels. With vacancy rates at records and hundreds of millions of dollars worth of debt coming due in the coming years, the prospect of significant losses is sending tremors throughout the financial system.

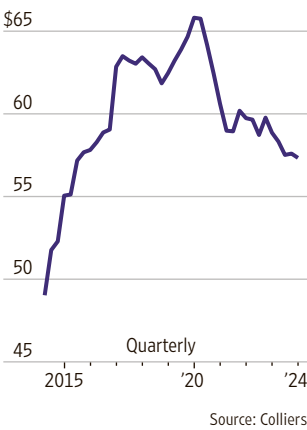
A slowdown in New York's financial district doesn't bode well. The downtown Manhattan availability rate—which includes vacancy and space

Downtown NYC office availability rate*



*Includes sublease space

Downtown NYC asking office rent per square foot*



Source: Colliers

coming on the market in the next 12 months—increased to 21.3% in the first quarter, compared with 10.3% in early 2020, according to Colliers. Average asking rents have fallen to about \$57 a square foot from more than \$65.

Even Trump acknowledged in his deposition last year that the New York market has "unfortunately gone to hell."

The 40 Wall St. building faces challenges because of the Trump brand, too. The former president's popularity is low in New York and some tenants might not want to locate in one of his properties for fear of alienating employees or customers.

"Some people don't want to deal with the [Trump] baggage," said Michael Thom, a partner at Obermayer, a law firm with a large real-estate practice. "At a time like this, when the office market is struggling, it doesn't help."

The art deco skyscraper with French gothic features has had a colorful history since it was developed in the late 1920s. At the time, both 40 Wall and the Chrysler Building were under construction and vying to be the world's tallest building. The Chrysler Building won that competition—after it hoisted a 185-foot spire that the owners kept hidden inside until the

last moment.

In the 1980s, 40 Wall made headlines again when a congressional investigation revealed it was one of four Manhattan properties that were secretly acquired by then Philippines President Ferdinand Marcos. After Marcos was deposed and he lost his rights to the properties, numerous New York developers battled over who would take them over.

Trump purchased the ground lease to 40 Wall, which lets him control the property for more than a century, as he was emerging from his own financial crisis of the early 1990s. He was forced to sell major assets such as New York's Plaza Hotel and put some casinos into bankruptcy proceedings. His success at attracting a large number of tenants to 40 Wall provided an enormous boost as he rebuilt his real-estate empire.

But the magnitude of the property's success remains unclear. In her lawsuit, Attorney General James alleged that 40 Wall St. was among the properties that Trump fraudulently overvalued in an effort to obtain larger mortgages than he would have been able to get with more accurate valuations.

New York Judge Arthur Engoron agreed. In his rulings he

cited evidence of numerous inaccuracies and manipulations involving 40 Wall's income and value by the Trump Organization to obtain the debt that is on the building.

Trump faces a \$454 million judgment against him in the lawsuit as well as an order that he be barred for three years from running any business in New York, including the one that owns 40 Wall. For now, he continues to operate the building as he appeals the verdict.

Girl Scouts tenant

The building is home to scores of companies, mostly small firms in finance or professional services taking less than 10,000 square feet. Tenants include Country-Wide Insurance and the Girl Scouts of Greater New York.

The New York Girl Scouts organization signed a lease in 2014, before Trump articulated many of his controversial views and policies. Now, the group's chief executive says she isn't happy about being associated with Trump, whose name is on the building in big gold letters, and his "disruptive" news conferences held in the lobby after nearby court appearances.

"There's a lot of disalignment between what we stand for and the brand on the building," said Meridith Maskara, CEO of the New York branch.

The value of 40 Wall is critical to Trump's ability to refinance its \$120 million in debt next year. In an interview Monday, Eric Trump, a Trump Organization executive vice president and son of the former president, said replacing the tower today would cost many, many multiples of that amount. "Just about any real-estate developer in New York would love to be in the position we're in," he said.

But some commercial property appraisers rely more on the income of properties when determining a value. Using this approach, they say 40 Wall is worth between \$120 million and \$200 million, depending on whether a bullish or bearish multiple is applied to its annual operating income of about \$12.8 million.

The few lenders willing to make office loans today typically require that a building's value be roughly double the amount of the loan. "We are seeing office loans that are performing much better than 40 Wall having trouble getting refinanced," said Melissa Che, a Fitch senior director.



Walmart fulfills more than half of its online orders in stores, and Target nearly all its sales from its network of roughly 2,000 locations, according to the companies.

Online Shopping Saves Stores

Continued from page B1

ment operations and infrastructure for in-store pickups and returns before the pandemic after realizing that returns were higher for items bought online and that digital sales were less profitable.

Kohl's now fulfills more than a third of its online orders in stores, Walmart more than half, and **Target** nearly all its sales from its network of roughly 2,000 locations, according to the companies.

Pandemic push

The pandemic sped up the integration of online and in-store shopping, as mandated closures and infection concerns forced retailers to offer curbside and pickup services, Saunders said. Now, many customers expect these options, which often allow them to avoid shipping fees and get their sunblock and dish soap sooner than waiting for delivery.

Karen Dolan, a 64-year-old resident of Redding, Conn., recently ordered three dresses online from Macy's, and plans to go in person to the department store to return two of them. "When you go to stores, no one has your size, so it gets very frustrating," Dolan said. "You tend to order online and try-on at home."

Dolan said she prefers returning items directly to stores because it is more convenient than returning them through

the mail, which requires packaging them back up and sometimes paying shipping fees. She likes to browse in the store after making her return, to see if something she was eyeing online has gone on sale and because she enjoys shopping in person. "I definitely like to feel it, touch it, look at it," she said.

E-commerce's growth and impact on the retail landscape shouldn't be understated. Online sales accounted for 15.4% of total retail sales last year, up from 14.7% in 2022 and 6% in 2014, according to the U.S. Department of Commerce.

And as online shopping expanded, in-store shopping went through upheaval in the mid-2010s. Hundreds of retailers declared bankruptcy. Competition from online shopping was a factor in retailer distress, along with debt-laden balance sheets and an oversupply of retail real estate.

The integration of online and physical shopping isn't without hiccups. The return of items bought online in store can artificially depress locations' total sales, making it difficult for landlords who track retailers' performance to set rent rates or collect percentage-of-rent proceeds, said Josh Dinstein, senior vice president, acquisitions, at Continental Realty, which owns retail real estate across the U.S.

And not all types of retailers figured out how to make services like in-store pickup profitable. Grocery stores, which operate on thin margins, are struggling to make money on fulfilling online orders, which

are labor-intensive and require setting aside significant space in the store for the refrigeration of items awaiting pickup.

"I don't think it's as profitable as everyone thought it could have been," said Josh Suffin, president of real-estate services for RetailStat.

Easy pickup

Still, more national retailers are integrating their digital and in-store shopping experiences. Abercrombie & Fitch Co. started investing heavily in technology to do this about a decade ago. It designs locations to make it quick and easy for shoppers to retrieve items bought online, installing locked cabinets by the checkout area to hold merchandise for pickup.

"The customer demands this seamless omnichannel experience where the stores and the digital business are connected," said Scott Lipesky, chief financial and operating officer.

By the end of 2023, Abercrombie & Fitch's business was 45% digital across its four brands. The rise of e-commerce sparked changes to the company's portfolio. Over the past several years, the retailer has been closing its biggest stores in major cities worldwide and opening smaller-format stores in the same markets.

"The flagship went from being a giant store to a cellphone and the screen," Lipesky said.

But, he added, stores are still necessary and the company plans to open more locations than it closes this year.

15.4%
Percentage of total retail sales accounted for by online sales in 2023

BUSINESS & FINANCE

Retiring CIO Looks Back on Career

Departing Calstrs investing chief says asset class's growth came with negatives

By CHRIS CUMMING

Decades of investing in private equity have taught Christopher Ailman the limits of trying to outsmart the market. Ailman, the chief investment officer of the California State Teachers' Retirement System, says investing in buyout funds is like "trying to hit a moving bull's-eye, where you won't know if you hit it until three years later."

The long odds of making perfect bets year after year dictate a patient approach to the asset class, he said. "Keep your eyes on the horizon, keep it balanced, and know that you can't time the market," Ailman said.

After nearly a quarter-century as CIO of the nation's second-largest state pension fund, which manages \$336 billion for California's educators and their families, Ailman, 65 years old, plans to retire on June 30, though he will help the pension transition to a new CIO through the end of the year. Calstrs hopes to announce Ailman's successor before he steps down, a pension spokesman said.

Trendsetter

Through his years at Calstrs, Ailman has been at the forefront of trends that have reshaped the way pension funds invest, including a turn toward private markets and emphasizing climate change and social issues.

"Private equity has been a key part of my success," Ailman said. He has overseen a gradual uptick in Calstrs's allocation to private equity over the years, from about 4% when he landed the CIO role in 2000 to the current 14% target.

The private-equity portfolio has returned 13.4% annually since its inception. That performance helped put Calstrs on a path toward fully-funded status at a time when many pensions



The nation's second-largest state pension fund manages \$336 billion for California's educators and their families.

are seeing their finances erode. The Calstrs pension is projected to have assets equal to its obligations by 2046.

But Ailman plays down his own role in shifting Calstrs toward private markets and notes that the asset class has flaws in addition to great benefits.

Calstrs was just one of many U.S. pension funds to embrace private markets over the decades Ailman was investment chief, he recognizes. Between 2006 and 2020, state pension funds increased their allocations to alternative assets by an average of 23%, while reducing their exposure to fixed-income and public equities, according to a report issued by the Chartered Alternative Investment Analyst Association based on analysis by consulting firm Cliffwater.

"My strategy was not uncommon," Ailman said. "Where I thought I was being clever, I was really just going with the crowd."

He does acknowledge a few good calls investing in private equity, however. Calstrs under Ailman steered larger commitments toward its most trusted buyout managers, concentrat-

ing the portfolio with the best performers rather than spreading it more thinly across more managers. The concentrated approach has proven more successful and has become nearly standard practice for large pension managers.

Ailman helped lead the effort to more actively manage investments in-house, making it an early adopter of a strategy many pensions now follow. Calstrs's "collaborative model" of investing has saved the fund about \$274 million on average every year since it was put in place in 2017.

Mixed feelings

Still, Ailman has mixed feelings about the massive growth in the private-equity industry since 2000—when the entire industry "could fit into the ballroom at the Plaza Hotel," he said—to now, when there are nearly 20,000 funds in the U.S.

That growth, he noted, hasn't dented private equity's famously high fees, and he wonders if the industry warrants such rich compensation.

"Private equity was always the single most expensive as-



Christopher Ailman plans to remain active in the industry.

set class, and it remains so. Normally when there's more competition you see fees compress," Ailman said.

Private-markets expenses, however, have stayed the same or, as with venture capital, even risen over the years, he said. Meanwhile, the pre-

mium that private funds earn over public equities has narrowed over the past two decades.

Despite the cost, private equity has proven itself for Calstrs. "Net of the high cost, we have made a lot of money," Ailman said. "Will that remain true in the future? I think we will always have to ask ourselves."

Ailman plans to remain active in the industry after he retires, possibly in a role related to climate change, which has been one of his biggest areas of focus during his career.

Ailman bristles when social and environmental issues are treated as peripheral to purely financial goals. Over a long-enough time period, he says, matters like climate change and labor relations are "absolutely financial issues."

"We're not traders, we're investors," he said. "I want America to think long term."

Aramco Earnings Fall With Oil Sales

By CHRISTIAN MOESS LAURSEN

First-quarter profit at Saudi Arabia's national oil company missed analysts' forecasts following a lower volume of crude oil sold and weaker refining and chemicals margins.

Saudi Arabian Oil Co., known as Aramco, said Tuesday that its net profit fell to \$27.27 billion in the quarter from \$31.88 billion a year earlier, missing the \$27.79 billion expected by nine analysts in a poll provided by Visible Alpha.

The decline came despite an increase in crude-oil prices as well as lower taxes and zakat—an Islamic finance term meaning almsgiving, Aramco said.

Oil prices have traded higher during the quarter, with Brent crude, the international oil benchmark, rising 14% amid fading hopes of a cease-fire in Gaza alongside fears of the war spilling over into a broader regional conflict. West Texas Intermediate, the U.S. oil gauge, rose 17% in the quarter.

Aramco "made significant progress on expanding our gas business and growing our globally integrated downstream value chain," President and Chief Executive Amin H. Nasser said about the quarter.

Cash flow from operations—a closely watched metric measuring the cash a company generates from normal business operations—declined to \$33.59 billion from \$39.64 billion, missing a forecast of \$33.94 billion, due to lower earnings and a higher working capital. Meanwhile, earnings before interest, taxes and zakat were \$54.67 billion, down from \$59.08 billion.

UniCredit Raises Its Outlook As Profit Exceeds Expectations

By ELENA VARDON

UniCredit lifted its 2024 guidance as it reported better-than-expected profit for the first quarter of the year.

The Italian bank on Tuesday reported a net profit of €2.56 billion, or about \$2.75 billion, for the first three months of 2024, up from €2.06 billion in the same period a year before.

Revenue climbed 7.4% year-over-year to €6.37 billion,

with net interest income—the difference between what lenders earn from loans and pay for deposits—rising 8.5% and fees and trading revenue up 3.3% and 20.4%, respectively.

Analysts on average expected UniCredit to report a net profit of €2.13 billion on revenue of €5.94 billion, according to consensus estimates provided by the lender.

UniCredit upgraded its net-profit guidance for the year

to be over €8.5 billion, from "broadly in line with 2023" previously, and in line with consensus' €8.51 billion estimate.

The group also raised its distribution outlook and expects 2024 to be in line with 2023 for which it paid €8.6 billion—or 100% of its net profit—out to shareholders. The lender reiterated that it would boost shareholder distributions to €10 billion for the calendar year.

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BUSINESS RE SRVC

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Please take notice that Jones Lang LaSalle Americas, Inc. ("JLL"), on behalf of BREF V Series B LLC, a Delaware limited liability company (the "Secured Party"), offers for sale at public auction on June 6, 2024 at 11:00 AM (New York time) conducted both via Zoom (or a similar online platform) and in-person at the offices of Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, New York, 10006, in connection with a Uniform Commercial Code sale, 100% of the limited liability company membership interests (the "Interests") in 1375 BROADWAY PROPERTY INVESTORS V, LLC, a Delaware limited liability company (the "Mortgage Borrower"), which is the sole owner of the property located at 1375 Broadway, New York, New York, 10018. The Interests are owned by 1375 BROADWAY MEZZ V, LLC, a Delaware limited liability company (the "Mezzanine Borrower"), having its principal place of business at 430 Park Avenue, 12th Floor, New York, NY, 10022.

The Secured Party, as administrative agent and lender, made a loan (the "Mezzanine Loan") to the Mezzanine Borrower. In connection with the Mezzanine Loan, the Mezzanine Borrower has granted to the Secured Party a first priority lien on the Interests pursuant to that certain Pledge and Security Agreement, dated as of July 10, 2020, made by Mezzanine Borrower in favor of the Secured Party. The Secured Party is offering the Interests for sale in connection with the foreclosure on the pledge of such Interests. The Mezzanine Loan is subordinate to a mortgage loan and other obligations and liabilities of the Mortgage Borrower or otherwise affecting the property (the "Mortgage Loan"). BREF V Series B LLC may, prior to the sale described herein, assign all of its right, title and interest in and to the Mezzanine Loan to an affiliate of BREF V Series B LLC, and in the case of such assignment the assignee shall be considered the "Secured Party" for all purposes hereunder.

The sale of the Interests will be subject to all applicable third party consents and regulatory approvals, if any, as well as the terms of sale prepared by the Secured Party (the "Terms of Sale"). Without limitation to the foregoing, please take notice that there are specific requirements for any potential successful bidder in connection with obtaining information and bidding on the Interests, including, but not limited to, (1) execution of a confidentiality agreement, (2) that each bidder must comply with the restrictions applicable to the sale of the Interests under the Intercreditor Agreement dated as of July 10, 2020 by and between the Secured Party and the holder of the Mortgage Loan (as the same may be amended, restated or modified from time to time, the "Intercreditor Agreement"), including that such bidder is a "Qualified Transferee" (as defined in the Intercreditor Agreement) and (3) that each bidder must deliver such documents and pay such amounts as required by the Intercreditor Agreement and the applicable governing documents relating to the Interests.

The Interests are being offered as a single lot, "as-is, where-is", with no express or implied warranties, representations, statements or conditions of any kind made by the Secured Party or any person acting for or on behalf of the Secured Party, without any recourse whatsoever to the Secured Party or any other person acting for or on behalf of the Secured Party and each bidder must make its own inquiry regarding the Interests. The winning bidder shall be responsible for the payment of all transfer taxes, stamp duties and similar taxes incurred in connection with the purchase of the Interests.

The Secured Party reserves the right to credit bid, set a minimum reserve price, reject all bids (including without limitation any bid that it deems to have been made by a bidder that is unable to satisfy the requirements imposed by the Secured Party upon prospective bidders in connection with the sale or to whom in the Secured Party's sole judgment a sale may not lawfully be made), terminate or adjourn the sale to another time, without further notice, and to sell the Interests at a subsequent sale, and to impose any other commercially reasonable conditions upon the sale of the Interests as Secured Party may deem proper. The Secured Party further reserves the right to restrict prospective bidders to those who will represent that they are purchasing the Interests for their own account for investment not with a view to the distribution or resale of such Interests, to verify that each certificate for the Interests to be sold bears a legend substantially to the effect that such interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be disposed of in violation of the provisions of the Securities Act and to impose such other limitations or conditions in connection with the sale of the Interests as the Secured Party deems necessary or advisable in order to comply with the Securities Act or any other applicable law.

All bids (other than credit bids of the Secured Party) must be for cash, and the successful bidder must be prepared to deliver immediately available good funds as required by the Terms of Sale and otherwise comply with the bidding requirements and the Terms of Sale. Further information concerning the Interests, the requirements for obtaining information and bidding on the Interests and the Terms of Sale can be found at <http://www.1375BroadwayUCCSale.com> or by contacting JLL using the contact information below.

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COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures					
	Open	High	Low	Settle	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.					
May	4.6300	4.6370	4.5935	4.6255	-0.0090 4,000
July	4.6095	4.6450	4.5670	4.6055	-0.0095 186,095
Gold (CMX)-100 troy oz.; \$ per troy oz.					
May	2324.30	2324.30	2324.30	2315.20	-6.40 33
June	2334.80	2338.70	2318.20	2324.20	-7.00 378,005
July	2344.80	2346.10	2329.40	2334.80	-6.80 162
Aug	2356.20	2360.90	2340.50	2346.60	-6.80 106,830
Oct	2380.00	2381.40	2363.30	2369.10	-6.80 12,647
Dec	2403.40	2406.00	2385.90	2391.80	-6.70 24,255
Palladium (NYM) - 50 troy oz.; \$ per troy oz.					
May	973.50	973.50	972.50	978.80	-3.50 6
June	985.50	991.50	972.00	979.70	-3.50 21,678
Platinum (NYM)-50 troy oz.; \$ per troy oz.					
May	960.20	960.70	960.00	981.40	22.10 39
July	967.00	992.80	961.10	988.40	23.50 65,983
Silver (CMX)-5,000 troy oz.; \$ per troy oz.					
May	27.300	27.445	27.280	27.303	-0.006 631
July	27.715	27.770	27.590	27.754	-0.070 133,998
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.					
June	78.72	79.17	77.55	78.38	-0.10 332,805
July	78.39	78.80	77.29	78.06	-0.08 265,336
Aug	77.97	78.38	76.96	77.68	-0.06 172,211
Sept	77.59	77.88	76.56	77.24	-0.03 134,223
Dec	76.07	76.39	75.20	75.84	... 191,037
Dec'25	71.48	71.66	70.84	71.32	... 199,737
NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.					
June	2.4678	2.4814	2.4270	2.4656	.0042 94,476
July	2.4800	2.4948	2.4413	2.4790	.0051 50,276
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.					
June	2.5867	2.5950	2.5283	2.5434	-.0448 125,048
July	2.5600	2.5650	2.5031	2.5183	-.0381 85,715
Natural Gas (NYM)-10,000 MMBtu.; \$ per MMBtu.					
June	2.206	2.230	2.142	2.207	.012 235,929
July	2.476	2.493	2.423	2.471	.008 271,199
Aug	2.572	2.596	2.532	2.573	.003 110,503
Sept	2.580	2.605	2.542	2.578	.002 160,096
Oct	2.670	2.689	2.633	2.661	-.006 122,843
Jan'25	3.820	3.847	3.796	3.822	-.011 86,891

Agriculture Futures					
Corn (CBT)-5,000 bu.; cents per bu.					
May	457.00	459.50	453.75	453.60	-3.25 2,361
July	468.50	472.00	466.00	467.00	-2.00 690,098
Oats (CBT)-5,000 bu.; cents per bu.					
May	410.00	396.75	393.00	397.00	1.75 22
July	397.00	400.00	389.00	399.40	2.40 2,816
Soybeans (CBT)-5,000 bu.; cents per bu.					
May	1234.50	1240.50	1230.00	1232.25	-2.50 193
July	1247.00	1256.50	1240.25	1246.50	-2.25 378,455
Soybean Meal (CBT)-100 tons; \$ per ton.					
May	381.70	381.00	377.60	377.40	-3.80 387
July	386.50	390.00	382.10	383.20	-4.40 247,316
Soybean Oil (CBT)-60,000 lbs.; cents per lb.					
May	43.50	43.88	43.50	43.85	.68 959
July	43.99	44.76	43.72	44.50	.66 275,332

Cash Prices | wsj.com/market-data/commodities

Tuesday, May 7, 2024

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Tuesday	Tuesday	Tuesday
Energy			
Copper,Cornex spot	4.6255	Wheat,No.2 soft red,St.Louis-u	6.2775
Iron Ore, 62% Fe CFR China-s	*120.2	Wheat - Hard - KC (USDA) \$ per bu-u	6.9800
Steel,HRC USA, FOB Midwest Mill-s	*820.0	Wheat,No.1soft white,Portld,OR-u	6.1500
Battery/EV metals			
BMI Lithium Carbonate, EXW China, ~99.2%-v/w	140570	Beef,carcass equiv. index	283.95
BMI Lithium Hydroxide, EXW China, ~56.5%-v/w	13575	choice 1-3,600-900 lbs.-u	276.24
BMI Cobalt sulphate, EXW China, >20.5%-v/m	4250	select 1-3,600-900 lbs.-u	276.24
BMI Nickel Sulphate, EXW China, >22%-v/m	4168	Broilers, National comp wtd. avg.-u/w	1.3253
BMI Flake Graphite, FOB China, 100 Mesh, 94-95%-v/m	485	Butter, AA Chicago-d	3.0225
Fibers and Textiles			
Burlap,10-oz,40-inch NY yd-n,w	0.8025	Cheddar cheese,bbl,Chicago-d	188.00
Cotton,11/16 std lw-mdMphs-u	0.7325	Coffee,Brazilian,Comp-y	1.1877
Cotlook 'A' Index-t	*n.a.	Milk,Nonfat dry,Chicago lb.-d	111.50
Hides,hvy native steers piece fob-u	*n.a.	Coffee,Brazilian,Comp-y	1.9596
Wool,64s,staple,Terr del-u,w	n.a.	Coffee,Colombian, NY-y	2.2013
Grains and Feeds			
Bran,wheat middlings, KC-u,w	75	Eggs,large white,Chicago-u	1.5650
Corn,No. 2 yellow,Cent IL-bp-u	4.3900	Flour,hard winter KC-p	18.75
Corn gluten feed,Midwest-u,w	93.1	Hams,17-20 lbs,Mid-US fob-u	n.a.
Corn gluten meal,Midwest-u,w	403.6	Hogs,Iowa-So. Minnesota-u	89.79
Cottonseed meal-u,w	330	Pork bellies,12-14 lb MidUS-u	1.3624
Hominy feed,Cent IL-u,w	118	Steers,Tex.-Okla. Choice-u	n.a.
Meat-bonemeal,50% pro MnpIs-u	320	Steers,feeder,Okla. City-u,w	297.00
Oats,No.2 milling,MnpIs-u	4.3950	Fats and Oils	
Rice, Long Grain Milled, No. 2 AR-u,w	36.25	Degummed corn oil, crude wtd. avg.-u,w	n.a.
Sorghum,(Milo) No.2 Gulf-u	n.a.	Grease,choice white,Chicago-h	0.3900
Soybean Meal,Cent IL,rail,ton48%-u	383.35	Lard, Chicago-u	n.a.
Soybeans,No.1 yllw IL-lb-bp-u	12.1400	Soybean oil,crude,Cent IL-u,w	0.4183
Wheat, Spring14%-pro MnpIs-u	8.9400	Tallow,bleach,Chicago-h	0.4275
		Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sealand Publishing; R=S&L Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 3/6

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

May 7, 2024

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation			
	March index	Chg From (%)	
	level	Feb. '24	March '23
U.S. consumer price index			
All items	312.332	0.65	3.5
Core	317.088	0.53	3.8
International rates			
	Latest	Week ago	-52-Week-High Low
Prime rates			
U.S.	8.50	8.50	8.50 8.25
Canada	7.20	7.20	7.20 6.70
Japan	1.475	1.475	1.475 1.475
Policy Rates			
Euro zone	4.50	4.50	4.50 3.50
Switzerland	2.00	2.00	2.25 2.00
Britain	5.25	5.25	5.25 4.25
Australia	4.35	4.35	4.35 3.85
Overnight repurchase			
U.S.	5.36	5.38	5.48 4.85
U.S. government rates			
Discount			
	5.50	5.50	5.50 5.25
Federal funds			
	Effective rate	5.3300	5.3300 5.3500 5.0800
High	5.6500	5.6500	5.6500 5.4000
Low	5.3100	5.3100	5.3300 5.0500
Bid	5.3300	5.3300	5.3300 5.0600
Offer	5.3500	5.3500	5.3700 5.0800
Treasury bill auction			
4 weeks	5.275	5.275	5.840 5.010
13 weeks	5.250	5.250	5.345 5.060
26 weeks	5.155	5.165	5.350 4.890
Secondary market			
Fannie Mae			
30-year mortgage yields			
30 days	6.572	6.733	7.495 5.749
60 days	6.587	6.751	7.554 5.748
Notes on data:			
U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective July 27, 2023. Other prime rates aren't directly comparable; lending practices vary widely by location. Discount rate is effective July 27, 2023. Secured Overnight Financing Rate is as of May 6, 2024. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET.			
Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.			

Exchange-Traded Portfolios | wsj.com/market-data/mutualfunds-etfs

Largest 100 exchange-traded funds. Preliminary close data as of 4:30 p.m. ET				
Tuesday, May 7, 2024				
ETF	Symbol	Closing Price	Chg YTD (%)	YTD (%)
CommSwSPDR	XLC	81.39	0.11	12.0
CnsmrDiscSel	XLV	178.52	-0.72	-0.2
DimenUSCoreEq2	DFAC	31.38	0.10	7.4
EnSelSectorSPDR	XLE	93.21	-0.10	11.2
FinSelSectorSPDR	XLFI	41.21	0.21	0.34
GrayscaleBitConn	GBTC	56.11	-0.23	62.1
HealthCrSelSect	XLV	142.57	0.83	4.5
IndSelSectorSPDR	XLI	124.35	0.27	9.1
InvsNasd100	QQQM	181.19	...	7.5
InvsQQQ	QQQ	440.32	0.02	7.5
InvsSP500EOW	RSP	164.50	0.28	4.2
ISHCareDivGrowth	DGRD	57.01	0.35	5.9
ISHCareMSCIEAFE	IEFA	74.05	0.22	5.3
ISHCareMSCIEM	IEMG	53.12	-0.62	5.0
ISHCareMSCITotInt	IVUS	68.21	-0.10	5.1
ISHCareSP500	IIVS	519.86	0.13	8.8
ISHCareS&P MC	IJH	59.52	0.34	7.4
ISHCareS&P SC	USR	108.62	0.33	0.3
ISHCareS&PTotUSD	ITOT	113.81	0.11	-8.2
ISHCareS&PTotUSDB	IUSB	44.94	0.18	8.5
ISHCareUSAggBd	AGAL	96.46	0.21	-2.8
ISHEdgeMSCMinUSA	USMV	82.12	0.64	5.2
ISHEdgeMSCUSAQua	QUAL	161.86	0.32	10.0
ISHGoldTr	IAU	43.76	-0.43	12.1
ISHiBox\$IGCpBd	LDO	106.75	0.05	-3.5
ISHMBS	MBW	91.01	0.45	-3.3
ISHMSCIACWI	ACWI	109.44	0.03	7.5
ISHMSCI EAFE	EFA	79.67	0.26	5.7
ISHMSCI EM	EMM	42.27	-0.56	5.1
ISHNatMunBd	MUB	107.09	0.27	-1.2
ISHL-SVIGCpBd	IGSB	51.01	-0.04	-0.5
ISHL-3YTreasBd	SHY	81.30	0.01	-0.9
ETF				
ETF	Symbol	Closing Price	Chg YTD (%)	YTD (%)
ISHRussMC	IWR	81.77	0.06	5.2
ISHRuss1000	IWB	284.27	0.03	8.4
ISHRuss1000Gwr	IWF	335.67	-0.05	10.7
ISHS&P1000Val	IWD	174.87	0.23	5.8
ISHRuss2000	IWM	204.97	0.22	2.1
ISHS&P500Gwr	IWM	84.48	-0.06	12.5
ISHS&P500Value	IWE	181.96	0.31	4.6
ISHSelDiv	DVY	122.44	0.41	4.5
ISh7-10YTreasBd	IEF	92.78	0.26	-3.7
ISHSht5TreasBd	SHV	110.13	0.01	...
ISHSht5Bond	TIP	105.96	-0.02	-1.4
ISH20+YTreasBd	TLT	90.74	0.61	-8.2
ISHUSTreasuryBd	GOVT	22.39	0.20	-2.8
ISHO-3MTreasBd	SGOV	100.38	...	0.1
JPM EquPrem	JEPI	56.65	0.50	3.0
JPM USShlcm	JPST	50.29	0.02	0.1
PacerUSCashCons	COWZ	55.12	-0.05	6.0
ProSRHltPrQQQ	TQQQ	98.46	...	15.5
SPDRBtg1-3MTB	BIL	91.49	0.01	0.1
SPDRDJIA Tr	DIA	388.74	0.07	3.1
SPDRGLD Tr	GLD	214.21	-0.46	12.1
SPDRVIXEAWUS	SPRV	35.75	0.14	5.1
SPDRSP500Value	SPVL	48.80	0.35	4.7
SPDRPHS&P500	SPYG	73.20	-0.04	12.5
SPDRSP500Growth	SPY	517.14	0.11	8.8
SPDRS&P500	SCHF	60.89	0.15	5.2
SchwabIntEquity	SCHB	38.25	0.17	8.2
SchwabUS BrdMkt	SCHD	78.25	0.15	2.8
SchwabUS Div	SCHX	61.34	0.08	8.8
SchwabUSLC	SCHG	92.70	-0.04	11.7
SchwabUSLC Gwr	MDY	544.68	0.35	7.4
SPDR S&P MidCap	SDY	129.88	0.53	3.9

	Contract					Open	
	Open	High	hilo	Low	Settle	Chg	interest
Currency Futures							
Japanese Yen (CME) -¥12,500,000; \$ per 100¥							
May	.6503	.6505		.6469	.6468	-.0036	2,891
June	.6543	.6543		.6503	.6503	-.0037	296,573
Canadian Dollar (CME) -CAD 100,000; \$ per CAD							
May	.7310	.7321		.7279	.7282	-.0040	668
June	.7323	.7325		.7282	.7287	-.0040	201,545
British Pound (CME) -£62,500; \$ per £							
May	1.2558	1.2570		1.2502	1.2508	-.0062	1,458
June	1.2569	1.2573		1.2504	1.2510	-.0062	220,297
Swiss Franc (CME) -CHF 125,000; \$ per CHF							
June	1.1089	1.1091		1.1047	1.1049	-.0042	95,065
Sept	1.1201	1.1205		1.1166	1.1165	-.0042	469
Australian Dollar (CME) -AUD 100,000; \$ per AUD							
May	.6635	.6645		.6589	.6595	-.0034	681
June	.6634	.6652		.6596	.6602	-.0034	215,029
Mexican Peso (CME) -MXN 500,000; \$ per MXN							
May	.05907	.05934		.05900	.05902	-.00016	10
June	.05886	.05901		.05865	.05870	-.00016	245,588
Euro (CME) -€125,000; \$ per €							
May	1.0769	1.0790		1.0751	1.0750	-.0025	2,395
June	1.0787	1.0806		1.0766	1.0774	-.0022	641,280

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, FINRA, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
-N=New 52-week high; -N=New 52-week low; **dd**=Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET the previous day and changes in the official closing prices from 4 p.m. ET the previous day.

Tuesday, May 7, 2024											
		Net	Stock		Sym Close	Net	Stock		Sym Close	Net	
Stock		Sym Close	Chg			Chg					
A B C											
AECom	ACM	93.14	-3.15	BentleySystems	BSY	54.93	1.39	Copart	CPRT	55.93	0.19
AES	AES	18.84	-0.04	Berkley	WRB	78.55	-0.16	CoreMain	CNM	59.63	0.12
Aflac	AFL	84.68	-0.05	BerkHathway B	BRKH	406.14	1.22	CorebridgeFin	CRBG	30.04	0.82
AGCO	AGCO	117.08	1.61	BerkHathway A	BRKA	6112582463.01	1.22	Corning	GLW	33.42	-0.02
Ansys	ANSS	325.04	3.45	BestBuy	BBY	73.06	-1.34	Corpay	CPAY	304.72	2.12
APA	APA	30.26	0.34	Bio-Techne	TECH	77.46	0.40	Corteva	CTVA	57.52	0.16
ASE Tech	ASX	10.39	-0.10	Bio-RadLab A	BIO	279.91	-2.50	CoStar	CSGP	92.46	1.16
ASML	ASML	908.22	-8.70	Bio-RadLab B	BIO	279.91	-2.50	Costco	COST	771.31	14.86
AT&T	T	17.08	0.09	Biogen	BIIB	219.02	-2.06	CoterraEnergy	CTRA	28.46	-0.27
AbbottLabs	ABT	106.17	0.53	BioMarinPharm	BMNR	82.58	0.48	Coty	COTY	11.10	-0.40
AbbVie	ABBV	162.55	-0.18	BioNtech	BTNX	90.88	-2.47	Coupage	CPNG	23.65	0.31
Accenture	ACN	310.66	4.60	Birkenstock	BIRK	44.74	-0.16	Crane	CR	145.23	0.62
AcuityBrands	AYI	260.60	1.46	BlackRock	BLK	78.92	0.28	Credicorp	BAP	169.78	0.04
Adobe	ADBE	492.27	-1.32	Blackstone	BX	121.50	0.29	Crocs	CROX	138.49	9.86
AdvDrainageSys	WMS	168.13	-1.36	Block	SB	71.60	-1.93	CrownStrike	CRWD	51.55	-5.26
AdvMicroDevices	AMD	154.43	-1.35	BlueOwlCapital	OWL	18.12	-0.27	CrownCastle	CCI	96.15	0.23
Aegion	AEG	6.50	0.03	Boeing	BA	176.71	-1.64	Crown Holdings	CKH	83.84	0.57
AerCap	ACR	87.44	-0.85	Booking	BKNG	360.51	7.00	CubeSmart	CUBE	42.27	0.42
AffirmHdgs	AFRM	34.90	-1.12	BoozAllen	BAH	151.40	-1.48	Cummins	CM	286.91	3.32
AgriCoEngines	AEM	65.88	-0.25	BorgWarner	BWA	36.80	0.14	Curtiss-Wright	CW	276.59	2.90

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Tuesday, May 7, 2024											
52-Wk %			52-Wk %			52-Wk %			52-Wk %		
Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg	Stock	Sym	Hi/Lo	Chg
Highs											
ADMA Biologics	ADMA	6.97	0.2	CorebridgeFin	CRBG	30.04	2.8	LincolnNatPdB	LQPD	28.85	1.3
AG Mortgage	MITT	6.91	0.3	CorbAmAirports	CAAP	18.20	0.9	M&T Bank	MTB	150.26	-0.8
AGNC InvPfdF	AGNP	23.97	-0.1	BancoBkV	BK	22.54	2.7	MetaFintSts29	MFST	25.36	0.0
AI Transportation	AITR	10.32	...	BGC	8.83	0.2	Costamare	CMRE	12.69	1.1	
Alk Oncology	ALXO	17.83	11.3	BMI	19.61	0.5	Coupage	CPMG	23.77	1.3	
AP Acq A	APCA	11.46	...	BSAR	11.64	-0.2	Crane	CR	146.52	0.4	
AXIS Capital	AXIS	69.11	3.2	BancoMac	MAC	20.19	2.3	GenM	CEGM	20.19	2.3
AddusHomeCare	ADUS	105.53	6.8	BAND	25.02	-9.2	EDCPacAcqIA	DPIS	11.31	1.1	
AdalemGibEduc	ATGE	63.94	...	BKDY	10.69	2.2	Dave	DAVE	63.50	12.4	
Aegion	AEIG	6.56	0.9	BHE	39.40	2.8	Deluxe	DLX	22.65	0.9	
AffiliatedTst54	AFST	25.84	-0.1	BIO	19.42	-0.1	DescartesSystems	DSK	97.60	0.2	
AlkamTech	ALTK	27.94	2.3	BOOZAllen	BAH	15.42	-1.0	DieboldNixdorf	DNB	40.19	3.7
AlphaStarAcn	ALSA	12.00	0.5	BOWIN	10.61	0.2	DiscoBank	DESP	13.59	-3.3	
Amazon.com	AMZN	189.94	...	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AmbricPhar	AMBC	34.99	...	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AIG	AIG	80.76	0.4	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
Amphenol	APH	126.66	-0.1	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AnalogDevices	ADI	205.77	0.1	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AnikaTherap	ANIK	28.64	1.9	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AntaresResources	ARTS	34.99	...	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
ApptimREIT	APRT	38.70	0.2	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
ApogeeEnt	APOG	65.23	0.4	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
Artgroup	ARTG	150.38	0.3	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
ArchCapital	ARCH	98.54	1.1	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
Arcosea	ARCS	89.17	1.0	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AresCapital	ARES	21.04	-0.4	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AresMgmt	ARCS	140.35	0.8	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
Argan	ARG	65.70	2.0	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
ArisWater	ARIS	15.77	3.9	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
ArloTech	ARLO	13.97	3.3	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
Artivion	ARTV	25.51	12.8	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AspenAerogels	ASPN	27.09	1.9	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AssociatedBanc	ASBT	22.48	...	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AutoAlliPdB	AUTP	24.50	2.0	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AveryDensison	AVD	22.56	0.2	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
Avent	AVNT	47.87	4.2	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	
AvalaCoating	AVCT	36.22	2.0	BRK	58.09	-1.0	Donsdon	DCI	75.98	0.5	

Biggest 1,000 Stocks WSJ.com/stocks																																							
Continued From Page B10			Net Chg			Net Chg			Net Chg			Net Chg			Net Chg			Net Chg			Net Chg																		
Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg																
Schlumberger	SLB	48.17	0.21	Snap-On	SNA	276.86	2.27	SumitomoMits	SMFG	11.54	-0.07	TPG	TPG	45.00	-0.15	TexasPacLand	TPL	569.72	-1.72	TylerTech	TYL	481.38	5.36	VICI Prop	VICI	29.55	0.50	W.P.Carey	WPC	57.77	0.14	Williams-Sonoma	WSM	301.62	-6.67				
Schwab	CSHW	75.54	-1.32	Snowflake	SNOW	149.09	-4.59	SunComms	SUN	116.50	0.84	T.RowePrice	TROW	111.25	-0.76	TexasRoadhouse	TXRH	166.07	-1.67	Tyson Foods	TSN	58.89	0.39	Vail Resorts	MTN	19.49	-0.42	W.P.	WPP	51.69	0.49	Willing Towers	WTT	254.86	1.79				
Sea	SE	65.16	-0.97	SNOOQIMCH	SNO	48.01	0.05	SunLifeFinancial	SLF	52.84	-0.31	TaiwanSemi	TSM	141.11	-1.72	Textron	TXH	87.49	0.59	UBS Group	UBS	59.54	1.94	Vale	VALE	12.69	0.10	Wabtec	WAB	164.59	1.57	Wingstop	WING	397.84	2.00				
Seagate	STX	89.51	-0.34	SolentTech	SOFI	7.06	-0.10	SunocoEnergy	SUN	35.94	0.06	TakeTwoSoftware	TWMO	148.33	-0.01	ThermoFisher	TMO	572.87	-0.68	UDR	UDR	38.97	0.08	ValeroEnergy	VLO	156.67	-1.53	WalgreensBoots	WBA	17.35	0.09	Wipac	WIT	5.49	0.02				
Sempra	SRE	73.99	1.28	Solventum	SOLV	65.56	0.87	Sunoco	SUN	55.95	0.35	TakedaPharm	TAK	13.28	-0.08	ThomsonReuters	TRI	166.93	-0.14	U-Haul	UHAL	38.25	0.35	VeevaSystems	VEEV	205.31	2.17	Walmart	WMT	60.62	0.75	WoodsideEnergy	WDS	18.24	0.09				
ServiceInt	SCI	67.97	1.12	Sony	SONY	81.65	-3.19	SuperMicroComp	SMCI	819.29	-11.06	Tapestry	TPR	38.99	-0.49	3M	MMM	95.54	-1.05	U-Haul N	UHALN	65.28	-0.27	Ventas	VTR	47.13	0.08	WarnerBrosA	WBD	7.77	-0.19	Woodward	WWD	176.45	3.30				
ServiceNow	NOW	713.33	-13.23	Southern	SO	116.57	1.48	Suzano	SZ	10.39	-1.36	Target	TGT	160.41	2.06	Toast	TOST	23.73	0.17	US Foods	USFD	52.10	-0.65	Veratlo	VTLO	97.27	0.28	WasteConnections	WCN	35.09	-0.36	WorriFin	WFI	31.49	-0.45				
SharkNinja	SN	66.93	0.95	SoCopper	SCCO	71.95	1.74	SynchronyFinl	SYF	45.27	-0.37	TechResource	TRC	112.83	0.03	TollBros	TOL	126.41	-1.35	UWMW	UWMW	7.13	0.05	VeriSign	VRN	169.56	0.65	WasteMgmt	WM	210.50	-0.06	Workday	WDAY	246.43	-0.48				
Shel	SHEL	72.97	0.19	SouthwesternAir	LUN	27.00	-0.42	Synopsis	SNPS	549.61	4.07	TechResources	TECK	50.34	0.45	Tor	BLD	89.08	0.17	Uber	UBER	70.43	-1.08	Verizon	VZ	247.00	5.14	WasteMgmt	WM	210.50	-0.06	WynnResorts	WYNN	97.23	-0.64				
ShinFin	SHF	318.75	3.76	Southeastern	SE	7.38	0.04	Sysco	SY	75.81	0.33	Teladelta	TEF	201.52	0.56	Toro	TTD	39.60	-20.97	Upath	PATH	20.02	0.17	Versant	VRSK	24.00	5.14	Waters	WAT	62.06	0.20	XPO	XPO	110.33	-0.40				
ShinFin	SHF	318.75	3.76	Spotify	SPOT	298.05	-1.43	T U V				Teladelta	TEF	201.52	0.56	Tor	TTD	39.60	-20.97	Upath	PATH	20.02	0.17	Versant	VRSK	24.00	5.14	Waters	WAT	62.06	0.20	XPO	XPO	110.33	-0.40				
Shoofy	SHO	77.05	-0.32	SproutsFarmers	SFT	74.77	-0.23	TAL Education	TAL	12.80	-0.34	Teladelta	TEF	201.52	0.56	Toro	TTD	39.60	-20.97	Upath	PATH	20.02	0.17	Versant	VRSK	24.00	5.14	Waters	WAT	62.06	0.20	XPO	XPO	110.33	-0.40				
Shoofy	SHO	77.05	-0.32	Stanley	STN	84.43	-0.92	TC Energy	TRP	37.50	-0.12	Teladelta	TEF	201.52	0.56	Toro	TTD	39.60	-20.97	Upath	PATH	20.02	0.17	Versant	VRSK	24.00	5.14	Waters	WAT	62.06	0.20	XPO	XPO	110.33	-0.40				
SimpsonProperty	SPG	147.95	3.51	Starbucks	SBUX	72.50	-0.40	TD Synnex	SNX	120.17	1.53	Teladelta	TEF	201.52	0.56	Toro	TTD	39.60	-20.97	Upath	PATH	20.02	0.17	Versant	VRSK	24.00	5.14	Waters	WAT	62.06	0.20	XPO	XPO	110.33	-0.40				
SimpsonFin	SF	180.05	-1.58	StateStreet	ST	75.35	0.24	TE Connectivity	TEL	143.24	1.02	TempurSealy	TPX	52.07	1.94	Teladelta	TEF	201.52	0.56	Toro	TTD	39.60	-20.97	Upath	PATH	20.02	0.17	Versant	VRSK	24.00	5.14	Waters	WAT	62.06	0.20	XPO	XPO	110.33	-0.40
SiriusXM	SIRI	3.13	-0.05	SteelDynamics	STLD	132.71	0.11	Telus	TU	16.43	-0.03	Tenaris	TS	34.11	0.03	TransDigm	TDG	310.40	8.77	UnitedHealth	UHS	61.42	-7.44	Vista	VST	81.74	-3.59	WestPharm	WST	368.35	1.81	ZTO Express	ZTO	20.35	-0.85				
Skechers	SKX	66.40	-0.39	Stellaris	STLA	21.78	-0.16	Terium	TX	40.44	0.13	TencentMusic	TME	13.34	-0.23	TransUnion	TRU	78.59	-1.15	US Bancorp	USB	41.58	-0.24	Vodafone	VOF	8.49	-0.15	WesternDigital	WDC	71.49	-1.11	ZebraTech	ZBRA	317.87	2.08				
Skysworks	SWKS	92.56	0.78	Stellantis	STLA	21.78	-0.16	Ternium	TX	40.44	0.13	TeretHealthcare	THC	124.07	1.71	Travelers	TRV	216.97	1.06	UnitedHealth	UHS	61.42	-7.44	Voafinancial	VOYA	73.76	0.93	WesternMidstrm	WES	35.64	...	Zillow C	Z	43.12	1.40				
SmithAOS	AOS	85.22	0.07	Stevanato	STVN	27.64	0.97	ITF Intl	ITFI	14.42	0.20	TetaneTech	TET	121.09	-0.86	Trex	TREX	92.51	-0.86	UnitedHealth	UHS	266.22	5.71	VulcanMatts	VMC	263.35	1.74	Westlake	WLK	156.45	3.15	Zillow A	ZG	42.32	1.32				
Smith&Nephew	SNN	24.93	0.18	STiFinancial	SF	82.79	-0.41	TIM	TIMB	17.14	-1.11	Tesla	TSLA	177.81	-6.95	Trimble	TRMB	57.00	0.80	UnitedHealth	UHS	25.32	-0.17	WestRock	WRK	51.62	0.22	ZimmerBiomet	ZBH	121.43	0.87								
Smucker	SJM	112.94	0.17	STMicroelec	STM	40.69	0.38	TJX	TJX	79.72	0.47	Tetatech	TSLT	212.88	-0.76	Tricom	TFC	52.70	-1.17	UnitedHealth	UHS	25.32	-0.17	Weyerhaeuser	WY	30.85	-0.23	Zoetis	ZTS	168.45	2.50								
Snap	SNAP	17.14	0.30	STMicroelec	STM	40.69	0.38	TKO	TKO	98.80	-0.29	TevaPharm	TEVA	13.95	-0.11	TwistoFinl	TWFO	39.11	-0.31	UniversalHealthB	UHS	16.90	0.35	Williams	WPM	53.85	0.08	ZoomVideo	ZM	62.14	0.32								
				STMicroelec	STM	332.14	6.64	T-MobileUS	TMUS	162.19	-0.18	Tex Instruments	TXI	182.67	2.30	Twisto	TWFO	63.37	0.06	UnumGroup	UNH	52.67	0.29	Wheaton	WPM	39.11	0.05	Zoetis	ZTS	168.45	-1.25								

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MARKETS

S&P Edges Higher to Extend Rally

Walt Disney's stock slides after the media giant reports a quarterly loss

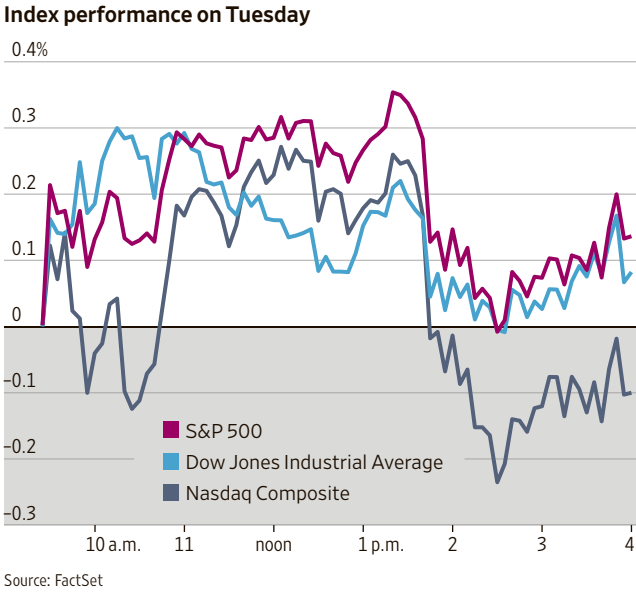
By VICKY GE HUANG

The S&P 500 eked out a gain, building on its recent rally as another round of earnings rolled in.

The broad-based index added 0.1%, bringing its advance for the year to 8.8%. The blue-chip Dow Jones Industrial Average rose 0.2%, logging its fifth straight day of gains. The tech-heavy Nasdaq slipped 0.1%.

After pulling back in April, stocks have staged a comeback more recently on renewed hopes for interest-rate cuts this year. Corporate earnings results for the first quarter so far had also given investors some reason for optimism.

Tuesday's results weren't as rosy. **Walt Disney's** shares dropped 9.5% after the media giant reported a quarterly loss and issued an earnings outlook



that fell shy of Wall Street expectations.

“The valuation overall of stocks doesn't give you a whole lot of room if you're going to have some question mark about what your future is going to look like,” said Steve Wyett, chief investment strategist at BOK Financial.

But Wyett said stocks can continue to build on their gains

this year as long as it looks like inflation will continue to ease and that the Federal Reserve will cut interest rates.

Hopes for rate cuts in 2024 had dimmed in recent weeks after a string of data showing inflation has proved stickier than expected. But the latest jobs report on Friday showed hiring slowed sharply last month, helping ease fears of an

overheating economy.

Futures traders are pricing in a roughly 90% chance that the Fed will cut rates by the end of the year, according to CME Group data.

To some, the central bank's campaign to tame price pressures still has ways to go. Neel Kashkari, president of the Federal Reserve Bank of Minneapolis, said Tuesday the most likely scenario is for the Fed is to hold rates where they are and “sit here for an extended period of time.”

“If disinflation starts to come again and inflation starts to tick back down or we saw some marked weakening in the labor market, then that might lead us to cut back on interest rates,” he said in an interview at the Milken Institute Global Conference.

The benchmark 10-year Treasury yield edged lower, settling at 4.460%.

In other earnings, shares of **Celsius** fell 1.8% after the energy-drink company's first-quarter sales missed analyst expectations.

Palantir Technologies tumbled more than 15%. The data-analytics company late Monday

reported stronger-than-expected revenue but a sharp slowdown in growth for its U.S. commercial business.

Tesla declined 2.9% after a federal regulator asked the electric-vehicle maker for more information regarding its Autopilot system tied to a December recall.

Among the companies still due to report this week are Uber on Wednesday and Warner Bros. Discovery on Thursday.

Overseas, the Stoxx Europe 600 rose 1.1%. At midday Wednesday, Japan's Nikkei 225 was down 1.4% and Hong Kong's Hang Seng Index was up 0.4%. S&P 500 futures were down slightly.

AUCTION RESULTS	
Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.	
THREE-YEAR NOTES	
Applications	\$159,930,388,000
Accepted bids	\$65,290,209,800
“noncompetitively	\$299,235,900
“foreign noncompetitively	\$5,000,000
Auction price (rate)	99.708904 (4.605%)
Interest rate	4.500%
Bids at clearing yield accepted	87.59%
Cusip number	11282CXR1
The notes, dated May 15, 2024, mature on May 15, 2027.	

Startup Wiz Gets \$1 Billion On Path To IPO

By STEVEN ROSENBUSH

Wiz said on Tuesday that it raised \$1 billion in a deal valuing the rapidly growing cloud security startup at \$12 billion.

Wiz said the funding round, which brings the company's total funding to \$1.9 billion, was led by Andreessen Horowitz, Lightspeed Venture Partners and Thrive Capital.

Greylock Partners, Wellington Management and existing investors Cyberstarts, Greenoaks, Index Ventures, Salesforce Ventures, Sequoia Capital and former Starbucks chief executive Howard Schultz also participated.

Co-founder and Chief Executive Assaf Rappaport said that Wiz expects 2024 to be a year of consolidation in cybersecurity and the company would use the round to fund acquisitions as well as for product and talent development.

Last month, Wiz said it acquired Gem Security, a cloud detection and response company.

The company signed a letter of intent to acquire cybersecurity startup Lacework about a month ago, but after a period of due diligence it is reconsidering the value of its offer, according to a person familiar with the matter.

Wiz said it hit \$100 million in annual recurring revenue after 18 months, and achieved \$350 million in annual recurring revenue in 2023.

The company has the wherewithal to go public at a time when the window for initial public offerings remains closed to most startups.

“Regarding a potential IPO, we are not rushing into it—we have previously indicated that we would move ahead once we reach \$1 billion ARR. For now, we intend to continue innovating and providing maximum value to our customers,” Rappaport said.

Wiz said it has hundreds of organizations worldwide using its technology and is working with more than 40 of the Fortune 100 companies.

Zeekr to Stop Taking Orders for U.S. Shares

Electric-vehicle manufacturer Zeekr Intelligent Technology Holdings plans to stop taking orders for its U.S. offering of over \$300 million earlier than expected, people familiar with the process said.

The company, which is backed by Geely Automotive, will close its books a day earlier this Wednesday, one of the people said, adding that shares will likely begin trading on the New York Stock Exchange from May 10.

The early book closure reflects a rare instance of high demand for shares of a Chinese company amid still-tense U.S.-China relations. Several Chinese companies have been

delisted from U.S. stock exchanges, and Beijing has tightened rules for overseas listings.

Zeekr, which is targeting a valuation of \$5.12 billion, is selling 175 million American Depositary Shares, representing 175 million common shares, for between \$18 and \$21 in its initial public offering. At the top end of the range, the company would raise about \$367.5 million.

According to a regulatory filing to the Securities and Exchange Commission, Zeekr had \$7.28 billion in overall revenue in 2023, about 62% higher from the year before.

—Jiahui Huang



In Memoriam

For more information: wsj.com/inmemoriam

Thomas Lee Phillips



LAKE FOREST, CALIF. - Thomas Lee Phillips of Newport Coast, California, died peacefully at his home on Thursday, April 18, 2024, surrounded by his four children and his loving caregivers. He had fought a courageous battle with Parkinson's Disease for over a decade.

Tom was born in Camden, New Jersey on December 25, 1941 to parents Helen Hutchinson Phillips and Jules Ludin Phillips. He lived most of his adult life in Montgomery County, Maryland before moving to northern Virginia in 1998 and then Orange County, California in 2010.

He earned a B.A. in political science from Dartmouth College and a M.A. in journalism from The American University. He also served in the U.S. Army and was employed with two large national advertising agencies and a Washington, D.C. publishing firm.

In January 1974, Tom started Phillips Publishing (which later became Phillips International, Inc.) with his wife Jan in the garage of their home in Chevy Chase, Maryland with a \$1,000 investment. After launching two newsletters with three employees, the company grew into one of the most important print publishing firms over the next three decades. The firm published newsletters, magazines, and directories - and later online information services - for consumer and business-to-business marketplaces. The wide range of industries included health, personal investing, telecommunications, banking, aerospace, and energy. A very successful subsidiary of the company also marketed several doctor-formulated lines of nutritional supplements to the health newsletter subscribers. He sold the final Phillips subsidiary in January 2007.

Tom was also Founder and Chairman of Eagle Publishing, Inc., which he started in 1993. Eagle Publishing was a leading source of books and periodicals that included Regnery Publishing, a politically conservative book publisher founded in 1947, and Human Events, a leading conservative newspaper. He sold this company in 2014 to Salem Media Group.

Tom founded The Phillips Foundation, a non-profit organization which sponsored programs for print journalists and the Ronald Reagan Leaders Scholarship Program.

It was later merged into The Fund for America Studies.

He was a founding member of the Newsletters Publishers Association and served as its president. In 1989, Tom was named Newsletter Publishers Association "Publisher of the Year" and in 1994 he was elected as the first member of the Newsletter Publishers Hall of Fame.

Tom served on the Board of Directors of Young America's Foundation, chaired the Board of Governors of the National Journalism Center, and was a member of the Reagan Ranch Board of Governors. He was a member of the Board of Trustees of the Fund for American Studies and Chairman of the Board of Visitors for the Institute on Political Journalism. He served for many years on the Board of Junior Achievement of the National Capital Area and on the Board of the Boy Scouts of America National Capital Area Council.

A generous man, Tom was extremely proud to be part of the purchase of the Reagan Ranch, President Ronald Reagan's Western White House in Santa Barbara, by Young America's Foundation. He worked closely with The Fund for American Studies, which fosters programs that teach the principles of limited government, free-market economics, and honorable leadership to students and young professionals in America and around the world. He often hosted events and political fundraisers at his homes on the east coast and Orange County and loved to throw a good party.

Tom took his entire company to Disney World in Florida in September 1993 in recognition of the 20th anniversary of the company. It was a 3-day, 2-night stay and included all employees and their families. A second trip, a Disney cruise, followed ten years later in September 2003 to celebrate the 30th anniversary of the company (which was officially founded on 1/1/1974). Again, the trip included all Phillips Publishing employees, their families, board members and some vendors of the company who had been with the firm for many years. Tom considered his employees like family and wanted to make sure they knew how appreciated and valued they were.

Tom enjoyed collecting art (mainly American Impressionist) and traveling - and loved all forms of chocolate, blueberry pie, and lemon bars. His favorite flower was the rose. When he lived in both Maryland and Virginia, he had beautiful rose gardens. He would bring a pair of these roses to his business office and hand them out to his new employees, making sure he personally thanked them for joining the team.

Tom Phillips is survived by Karen (Christopher) Broussard and Mark Thomas Phillips, children from his first marriage; and Reagan Thomas Phillips and Parker James Phillips, sons from his second marriage. He is also survived by five grandchildren, a sister Katherine (Dorsey) Hunt, a niece and a nephew, an uncle and a cousin.

In lieu of flowers, Mr. Phillips asked to please consider making a contribution to "UCI - Neurology" <https://secure.giveucj.edu/give-to-uci-neurology/> and select "Parkinson's Disease Research" in memory of Thomas L. Phillips.

UBS Swings to Net Profit, Beating Analyst Estimates

By ADRIÀ CALATAYUD

UBS Group beat expectations with a return to net profit for the first quarter after posting losses for the prior two quarters, and said its integration of Credit Suisse is on track.

Nearly a year after the Swiss banking giant completed its rescue takeover of Credit Suisse under the auspices of Swiss authorities, UBS is contending with a toughening regulatory environment in its home market and with the challenges of absorbing its former rival.

The drag on UBS's performance from Credit Suisse, however, was less severe than anticipated by analysts last quarter and the bank signaled the full-year hit from noncore and legacy assets it acquired as part of the deal would be smaller than previously forecast. Moreover, the group continued to attract funds from wealthy clients.

Lower expenses related to the Credit Suisse takeover, coupled with cost savings and exits from noncore assets, helped UBS make a net profit of \$1.755 billion for the quarter. This beat analysts' expectations of \$602 million, according to consensus estimates provided by the bank.

The result marked UBS's return to profitability after reporting net losses for the previous two quarters and compared with a net profit of \$1.03 billion for the same period last year.

U.S.-listed shares of UBS rose 7% in Tuesday's trading.

Investors have been worried of late about a potential hit to UBS from Switzerland's proposal last month to significantly lift the capital levels the bank is required to keep. The Swiss cabinet's proposal didn't specify how much extra capital UBS would need, but analysts have said the new rules could constrain UBS's ability to return capital to shareholders.

UBS said it will only be able

to fully assess the impact of the proposals once details of their implementation emerge, given the broad range of possible outcomes.

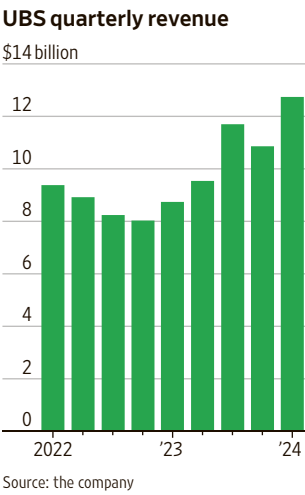
“It is too soon to jump to conclusions,” UBS Chief Executive Sergio Ermotti said during a call with analysts. “I remain hopeful for a proportionate outcome.”

UBS's common equity Tier 1 capital ratio—a key measure of financial strength—stood at 14.8% as of March 31, up from 14.4% three months earlier and exceeding consensus expectations.

The bank's capital position was bolstered by balance-sheet reductions in noncore and legacy assets. UBS said it reduced the unit's risk-weighted assets by \$16 billion in the quarter.

Credit Suisse integration costs came to \$1.02 billion for the quarter, the bank said. This represented a significant decline from \$1.75 billion and \$2 billion in the two preceding quarters. UBS achieved gross cost savings of about \$1 billion in the latest quarter, it said.

UBS expects integration-related expenses of around \$1.3 billion in the second quarter



for a total of about \$3.5 billion until the end of 2024, while the pace of cost savings is forecast to slow down in coming quarters. In February, UBS said it expected integration-cost bills to keep arriving until 2026.

The group expects to complete a merger of the two banks' key operating units, UBS AG and Credit Suisse AG, by the end of May.

UBS said the mergers of its significant legal entities will pave the way for further cost savings and other benefits and allow it to start to move clients from old Credit Suisse platforms on to UBS systems in the second half.

Credit Suisse's wealth-management, bank and asset management franchises have now returned to profitability, Ermotti said.

Meanwhile, UBS booked \$27 billion in net new assets into its key global wealth-management business in the first quarter, up from \$20 billion the prior quarter, it said. Invested assets in the unit crossed the \$4 trillion mark, UBS said.

Group revenue for the quarter was \$12.74 billion, up from \$8.74 billion a year before.

On an underlying basis, UBS's pretax profit rose to \$2.62 billion from \$1.57 billion.

Analysts expected revenue to be \$11.95 billion, integration-related expenses at \$1.12 billion and underlying pretax profit at \$1.51 billion, according to the bank-compiled consensus.

The bank said it expects a decline in net interest income—the difference between what it earns and pays on interest rates—in its global wealth-management business in the low-to-mid-single-digit-percentage range in the second quarter, with a drop of low-to-mid single digits in net interest income in its personal-and-corporate-banking unit.

KKR Set To Acquire Australian Businesses

By ALICE URIBE

SYDNEY—**Perpetual** has agreed to sell its corporate trust and wealth-management businesses to buyout firm **KKR** in a deal valued at around 2.18 billion Australian dollars, the equivalent of \$1.44 billion.

The Australian financial company said Wednesday that it had concluded a strategic review, which would see it become a stand-alone, global, multiboutique, asset-management business, with the sale of the separated corporate trust and wealth-management divisions to unlock value for shareholders.

Under the deal, an affiliate of KKR would acquire 100% of the two businesses for a cash consideration of A\$2.18 billion. This represents a valuation of 16.3 times its last 12 months' earnings before interest and tax, said Perpetual.

The deal is expected to be completed in February 2025, subject to the satisfaction of customary conditions, said Perpetual. Its chief executive, Rob Adams, will retire following a period of orderly transition upon the completion of the deal.

The plan is subject to a vote by Perpetual shareholders. The board has unanimously recommended that shareholders vote in favor of the deal, subject to there being no superior proposal and an independent expert concluding that the plan is in the best interests of Perpetual shareholders.

THE WALL STREET JOURNAL.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Kellogg's Cereal Unit Snaps Back

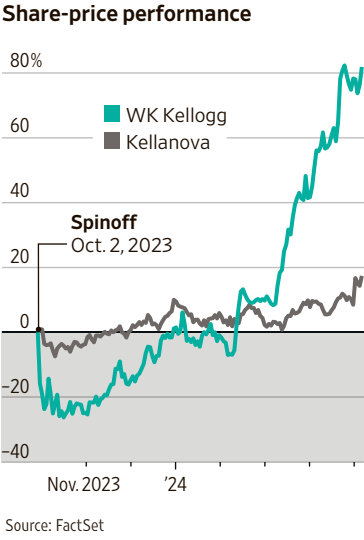
The spun-off company no longer looks cheap, though, having rallied since its separation from the maker of Pop-Tarts and Pringles

Two quarters after Kellogg spun off its cereal business to focus on snacks, shares of the unloved cereal unit are vastly outperforming both the market and its former stablemate. But the recovery might have already run its course.

WK Kellogg, the North American cereal business, is up nearly 75% from where it closed on its first day of trading as an independent company on Oct. 2. **Kellanova**, the renamed company that sells products such as Pop-Tarts and Pringles, as well as cereals internationally, has risen around 16% over the same period, lagging behind the S&P 500.

This fits with a common pattern seen in past spinoffs: Shareholders often dispense with what is perceived as the less-attractive firm's shares upon receiving them, creating an opportunity for value-minded investors to swoop in and take advantage.

That said, recent quarterly results from the two companies have served to remind everyone why Kellanova was favored in the first place. Last week, the snack company said it increased organic



sales, which strip out currency and merger impacts, by 5.4% from a year earlier in the first quarter. That was faster than analysts expected, and suggested possible upside to its guidance of approximately 3% growth for the full year.

WK Kellogg reported on Tuesday morning and said adjusted sales fell 0.8% from a year earlier.



The maker of Froot Loops and other breakfast cereals now trades at a multiple of 15.6 times forward earnings, higher than rival General Mills.

It reiterated its strategy of targeting flat sales while expanding margins by investing in better supply-chain infrastructure. Pricing and sales mix accounted for

6.3 percentage points of sales growth while underlying volumes fell 7%. In an investor presentation, it acknowledged that it has continued to lose cereal market

share in the U.S.

For the full year, WK Kellogg sees adjusted sales ranging from down 1% to up 1%, and growth of 3% to 5% in adjusted earnings before interest, taxes, depreciation and amortization.

That might have been enough to get investors excited at the stock's lows weeks after the spin, when it was trading at just 6.5 times forward earnings, according to FactSet. But after its rally, it is now valued at a multiple of 15.6 times. That is actually higher than **General Mills** at 15 times, despite that company's much stronger long-term record in both innovation and execution.

At 16.5 times forward earnings, Kellanova is trading at a discount to snacking rivals such as **Mondelez** and Frito-Lay owner **PepsiCo**, which fetch 19.6 and 21.1 times, respectively. That discount could be justified by their status as established global giants.

In other words, whatever value opportunity was presented by the spin has already been traded away. Like cereal in milk, it had to be spooned up quickly. —Aaron Back

Disney's Kingdom Loses Some Post-Covid Magic

It is a good thing for **Walt Disney** that tourists don't operate on Nelson Peltz's timeline.

Disney delivered a mixed fiscal second-quarter report Tuesday morning, barely a month after defeating a proxy challenge from the famed investor activist who had sharply criticized the company's performance of late. The results themselves contained several positive points, including a surprising and first-ever operating profit from the entertainment portion of the company's streaming segment and a pickup in revenue growth at the domestic ESPN business.

But Disney also said in its earnings release that operating income for its Experiences segment, which consists mainly of theme parks, will be flat in the June quarter. That disappointed analysts who had projected a 12% year-over-year gain in operating income for that segment, according to consensus forecasts from FactSet. In the company's conference call, Disney Chief Financial Officer Hugh Johnston noted that "some normalization of post-Covid demand" was a factor in the forecast.

Disney's shares sank nearly 10% Tuesday. The outlook on parks raises worries about slowing demand in a business that Disney badly needs to keep strong. Cord-cutting has shrunk the company's cable-TV empire, while its theatrical-movie business is facing an array of challenges ranging from the lingering effects of last year's crippling Hollywood strikes to the weakening of its high-profile Marvel and "Star Wars" franchises. The transition to streaming also has been costly, with the direct-to-consumer segment racking up more than \$1 billion in trailing 12-month operating losses, notwithstanding the latest quarter's surprise earnings.

Theme parks are thus now a key source of stable revenue. They also make an outside contribution to Disney's bottom line. The segment benefited greatly from a spike in demand starting in late 2021 as Covid-era travel restric-



The media giant predicted flat operating income in the June quarter for its segment that consists mainly of theme parks, disappointing analysts.

tions eased and consumers were flush with extra spending funds. Combined revenue from domestic and international theme parks accounted for 52% of the company's total operating profit over the 12-month period ended with the March quarter despite bringing in only one-third of the company's revenue in that time.

So naturally concerns about theme parks tend to weigh heavily on Disney's investors. The stock's drop on Tuesday is shaping up to be the worst single-day loss since November 2022, when a disastrous earnings report sparked a selloff of more than 13% and ultimately cost then-CEO Bob Chapek his job.

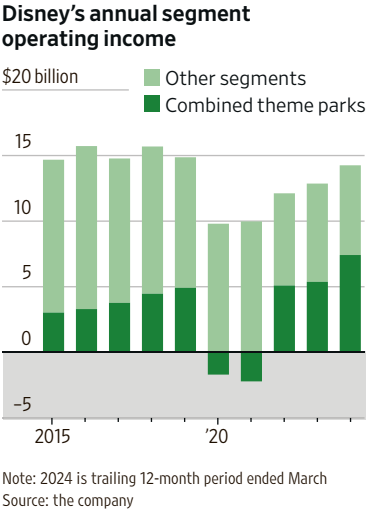
Disappointing theme-park earnings played a role in that report as well: Operating earnings for the parks segment fell 27% short of Wall Street's targets back then. Returning Chief Executive Bob Iger noted in his first earnings call three months later that "I'm very, very bullish about our parks, and not just because of the Covid recovery." The company later announced plans for \$60 billion in capital expenditures on parks, cruise lines and resorts over the next decade. The investment will be timely; Universal is opening a major new theme park near Disney's flagship property in Florida next year.

Iger said Tuesday that one-time

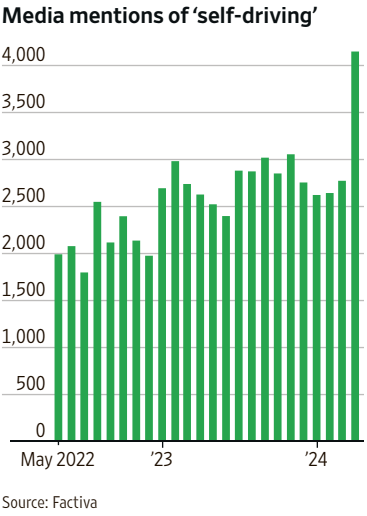
costs such as pre-opening expenses for its new Disney Treasure and Adventure cruise ships are the biggest factor weighing on near-term earnings for the parks segment, with bookings showing "healthy growth in the business." But Disney's stock came into Tuesday's report rather hot, with a year-to-date gain of 29% that was well ahead of any of its peers, including **Netflix**. The stock's strong performance helped the company beat back Peltz's criticisms but it also left little room for error in the latest results.

The Magic Kingdom will need to show it can keep the treasure flowing in.

—Dan Gallagher



Tesla Faces Strong Self-Driving Rivals in China



Elon Musk's recent surprise trip to China paid off handsomely.

Beijing's tentative backing for Tesla's "Full Self-Driving" technology kicked off the sharpest one-day percentage gain the stock had seen in more than three years. But it may not necessarily be a smooth ride from here on out.

Tesla will partner with Chinese search giant **Baidu** on mapping and navigation. That company operates Waymo-like robotaxi services in more than 10 cities, including Beijing and Shanghai, and had provided more than five million rides cumulatively as of January. It supplied driver-assistance systems to automakers and has partnered with Chinese carmaker **Geely** on an

electric-vehicle brand called JiYue.

The prospect of autonomous driving has been one of the reasons Tesla's shares fetch such a premium to other automakers. Introducing it in a big market like China is certainly moving in the right direction. The availability of FSD also would help Tesla sell cars against a plethora of rivals in China launching newer and cheaper models. Another big plus is that Tesla could tap in to the data from potentially millions of trips to improve its technology, though it is unclear whether it could use it outside of the country.

Newer and more-premium car models in China typically have some type of driver-assistance sys-

tems, which may include functions like automatic lane changing and self-steering. All these systems, including FSD, are still so-called Level 2 autonomous systems that require human supervision and have technical issues to fix. As in the U.S., fully autonomous vehicles face regulatory hurdles to ensure safety.

It will only be possible to compare Tesla's FSD with competing systems in China once on the road, since they have been operating in different countries, but it faces formidable competition. One potential rival is Huawei, the Chinese tech company that has faced U.S. sanctions in recent years. It isn't selling its own cars, but Huawei has been

working with automakers on design and engineering. The company also supplies software and hardware for autonomous driving.

XPeng is among the Chinese EV makers that have been putting resources into developing self-driving systems. It has a system similar to FSD called XNGP that helps drivers navigate both highways and city streets. The company partnered with **Volkswagen** last year to develop EVs under the German carmaker's badge for the local market.

In much the same way that Chinese EV makers have given Tesla a run for its money in the past few years, the race to self-driving will feature intense competition.

—Jacky Wong

Special Advertising Feature



How Effective Finance Teams Can Drive Growth

AI and other emerging technologies are helping finance leaders drive increased strategic value

Matt Stirrup

Executive Vice President,
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Oracle

In many successful enterprises, finance teams work closely with other business leaders to overcome challenges—whether around talent shortages or artificial intelligence implementation. In this interview, Matt Stirrup, Oracle’s executive vice president of global business finance, discusses the evolution of the chief financial officer’s role, the rise of AI and how the company’s financial team is making use of new technologies.

How has the role of the CFO evolved in recent years?

CFOs and finance teams have always been some of the busiest in any organization. Along with core functions like accounting, reporting and managing risk and strategic partnerships, they’re also responsible for assessing capital allocation, scenario planning, forecasting and much more. Advances in technology and integrated cloud systems now help CFOs meet these responsibilities more quickly and confidently by making data more actionable across the enterprise. New technology can automate many repetitive tasks, freeing up resources for planning and analysis. And that work is made easier with powerful, tailored tools supported by naturally smart AI, which help finance leaders propel data-driven decision-making throughout the enterprise.

What are some of the challenges finance executives are facing today, and how do you see finance leaders addressing some of these challenges?

An omnipresent challenge finance leaders face is growing revenue while also expanding margins. This requires running businesses more effectively and leveraging technology like AI to find growth opportunities and spot inefficiencies. Examples include managing capital spending in times of high interest rates, finding ways to streamline operations, and improving supply chains and customer experience.

There is also increasing demand for real-time data and analysis, both internally and from customers. At Oracle, we’ve focused on shortening our quarterly close by using automation to reduce transactional work, freeing up more time for planning, analytics and collaboration with business leaders to drive the organization forward. As we get faster, stakeholders demand even more rapid insights.

Additionally, business leaders want to consume data in diverse, customized ways. With data visualization and analytics, technology now allows finance to deliver timely information and insights tailored to each leader’s preferences so they can best react.

Finally, with new efficiencies realized through AI, finance staff members can focus on supporting stakeholders and developing skills to better understand the business, while spending less time building the data science behind business analysis.

How is AI transforming the role of the finance team? How are you using it to become more efficient?

At Oracle, we’re utilizing AI to help reduce task time, improve customer and employee experiences and enhance data accuracy—all creating business value. We’ve long used traditional AI for multiscenario modeling to forecast different outcomes based on a range of assumptions. Our enterprise performance management (EPM) cloud leverages pattern detection to uncover trends and anomalies, speeding insight.

Generative AI is newer for finance teams, assisting with summarization of insights and narration of findings. Use cases include drafting management commentary and financial reporting, and creating journal entry explanations and reconciliation notes. It’s help-

ing to create meaningful narratives from data and analysis. And we’re now seeing finance teams blending traditional artificial intelligence with generative AI.

Through pattern recognition, artificial intelligence can help us achieve insights that were difficult in the past. Each company’s data is their competitive advantage. Companies can train AI models on their data, and combine it with public data to provide tailored, unique insights they’ve never had before. Connecting enterprise data sets becomes increasingly powerful for understanding the business while finding growth and efficiency opportunities.

How is AI helping you deal with labor and skill shortages?

As artificial intelligence transforms finance, Oracle’s approach to addressing shortfalls has two main aspects. First is aggressively automating processes to remove manual transactional work. Second is reskilling existing staff to interact with AI tools efficiently. This means building data science and analytical capabilities that capitalize on the technology.

Looking forward, we see artificial intelligence not only advancing automation of repetitive tasks but also assisting with more value-added activities. Finance staff augmented by AI tools can focus their time on the most complex analysis and strategic decision-making. The combination of workforce skills and artificial intelligence will propel greater financial insights and impact.

What do you see as the biggest risks as AI is deployed more broadly? How can finance teams help mitigate those risks?

The finance function plays a critical role in helping ensure proper security, controls and appropriate use of artificial intelligence tools. At Oracle, we embed AI within enterprise applications used by finance, automatically building in security and limiting scope to specific intended uses. As these applications and tools continue proliferating, finance needs to monitor their use to confirm that their insights are validated and actionable.

The ability to validate AI-generated answers is a critical new skill, and that’s a significant change from using a spreadsheet for analysis and understanding all the inputs. There is a huge opportunity, but we must carefully implement governance and make sure the staff grasps AI science to help ensure it delivers validated and actionable insights to help drive key strategic decisions.

As businesses are under pressure to grow revenues while expanding margins, it’s clear that finance teams will be a driving force in that effort. The world runs on data, and organizations that can quickly learn from and execute on it—through the right planning and analytical tools, cloud technologies and the efficient application of AI—will be the ultimate winners.

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