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## What's News

### Business & Finance

◆ **Amid strong first-quarter earnings**, companies are stepping up repurchases of their own shares, which is giving a resurgent stock market an extra boost. **A1**

◆ **Norfolk Southern's** shareholders voted against activist investor Ancora's proposal to unseat Alan Shaw as CEO. **B1**

◆ **Warner Bros. Discovery** CEO David Zaslav said the company has the ability to match third-party offers for NBA packages. **B1**

◆ **T-Mobile US and Verizon** are in talks to carve up U.S. Cellular in separate transactions that would give them access to valuable airwaves. **B1**

◆ **Conservative groups** are asking company shareholders to scrutinize LGBTQ-themed marketing and public relations campaigns. **B1**

◆ **Spain's No. 2 lender** by assets, BBVA, launched a hostile, \$12 billion-plus takeover bid for smaller rival Banco de Sabadell. **B3**

◆ **Apollo-backed** music company Concord Chorus said that its \$1.51 billion offer for Hipgnosis Songs is final. **B3**

◆ **BAE Systems confirmed** its forecasts that sales and earnings would continue to grow this year amid escalating geopolitical tensions. **B3**

◆ **Airbnb shares dropped** 6.9% after the home-share company signaled sales this quarter could fall short of consensus estimates. **B3**

◆ **The Dow climbed** 0.9% to log its seventh straight gain, its longest winning streak of the year. The S&P 500 and Nasdaq increased 0.5% and 0.3%, respectively. **B11**

### World-Wide

◆ **Biden's threat** to withhold some weapons deliveries to Israel set up a high-stakes showdown with Prime Minister Netanyahu and raised alarms in Israel about a rupture in relations with its most important international supporter. **A1**

◆ **The U.S. said** it would soon begin using a pier to receive aid for the Gaza Strip but is struggling to set up distribution. **A7**

◆ **More hospitals** and surgery centers are demanding patients pay in advance, distressing patients who must come up with thousands of dollars while struggling with serious conditions. **A1**

◆ **Trump's lawyer sought** to portray porn star Stormy Daniels as a fabulist who speaks to ghosts and a hustler who had made millions off her years-old story of sex with the former president. **A3**

◆ **Colleges including** MIT, Harvard and the University of Pennsylvania are struggling to shut down pro-Palestinian encampments they say aren't permitted. **A3**

◆ **Cornell University** President Martha Pollack said she would resign on June 30. She will be the third female Ivy League leader to depart over the past six months. **A3**

◆ **Nikki Haley** is easing back into public life after dropping out of the Republican presidential race in early March, but has no immediate plans to endorse Trump. **A4**

◆ **FDIC chairman** Martin Gruenberg faces hearings on Capitol Hill next week after a scathing report outlined sexual harassment and other misconduct at the regulator. **A6**

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## Ukraine's Drone Squad Flies Supplies to Front Line



**PACKED IN:** The commander of a team that uses drones to fly desperately needed supplies to Ukrainian troops checks equipment and spare parts. Resupplying the front line has become one of the most vexing problems for Kyiv. **A16**

## Buybacks Are Back, With Meta, Apple Leading Spending Spree

By CHARLEY GRANT

U.S. companies are feeling good about their prospects and spending like they mean it.

The first-quarter earnings season is turning out better than many Wall Street forecasters had expected. At the same time, companies are stepping up repurchases of their own shares, which is giving a resurgent stock market

an extra boost.

S&P 500 companies that have reported first-quarter results as of Monday have disclosed buying back \$181.2 billion of their shares during the period, according to data compiled by Birinyi Associates. That is up 16% from the year-ago quarter.

The pace of purchases has been brisker than usual for nine straight weeks, BofA Securities said in a research note.

Big tech companies are leading the charge: Facebook's parent, Meta Platforms, repurchased \$14.5 billion of its shares in the first quarter, up about \$5 billion from a year earlier. Apple, Netflix and Nvidia are among the other companies that have stepped up buybacks, as well as Wells Fargo, construction-equipment maker Cater-

pillar and tobacco manufacturer Altria Group.

The spending is expected to continue. Apple shares had their best day since 2022 on Friday, after the tech company said it plans to buy back \$110 billion of its own stock. In all, 443 companies have announced a buyback plan this year, up from 378 a year earlier, data from Birinyi show.

*Please turn to page A6*

## U.S. Has Too Many Schools For Too Few Students

Urban districts grapple with plummeting enrollment

By SARA RANDAZZO AND MATT BARNUM

LOS ANGELES—In a huge city awash with tiny schools, few are smaller than the Hilda L. Solis Learning Academy.

The public high school, housed in a former hospital in East Los Angeles, is down to 170 students from the surrounding Latino neighborhoods. On a hallway bulletin board, handwritten hearts display reasons students love the school, including, "how everyone knows each other" and "the fact that school is small."

The school's size, beloved by many families, will also be its demise. Los Angeles Unified School District is closing Solis this summer, citing declining enrollment that has severely limited the school's offerings. Students can take the basic classes needed to graduate but have few options for electives or advanced coursework. The only after-school activities are weightlifting and a Bible club.

"I know financially the district can't afford this, I see how much our enrollment

*Please turn to page A9*

## In Baseball, Sultry Is New Scrappy

Minor leagues go for major raunch to draw fans

By PATRICK COFFEE

The Burlington Sock Puppets. The Rocket City Trash Pandas. The Savannah Bananas and their life-size fruit mascot, Split.

Amateur and semipro baseball teams are often in left field when choosing names, logos and mascots to attract attention and fill seats.

But the one-upmanship reached newly libidinous levels in February, when Danville, Va., celebrated a new team in the local collegiate summer league: the Danville Dairy Daddies.

The name pays homage to southern Virginia's dairy trade, and its mascot, Mc-Creamy, is a hunky, virile bull with a come-hither look, tight jeans and little else.

"We did want an air of sen-

*Please turn to page A9*

## Binance Allegedly Let VIPs Rig Trades

By ANGUS BERWICK AND ELAINE YU

When the U.S. accused Binance last year of maximizing profits over protecting users, the company promised "unceasing efforts to deliver a safe and trusted platform."

This was put to the test soon after when an internal investigation found a top client—a firm run by a Lamborghini-loving crypto trader—was manipulating markets. The result: Binance kept the client and fired its investigator.

The investigator and his colleagues on the company's market-surveillance team were hired from the finance world to clean up Binance's act. The world's largest digital-currency exchange was under the microscope for allegedly failing to prevent the sort of manipulative trading that would get Wall Street traders thrown in jail.

Among the practices the surveillance team found: "VIP" clients—the largest on the exchange—engaged in pump-and-dump schemes and wash trading that were explicitly prohibited in Binance's terms of use, according to former company insiders and company documents. Binance also maintained a fleet of secret internal trading accounts that were used to trade large volumes of certain crypto tokens.

The ex-company insiders

*Please turn to page A2*

## Daniels Questioned on Claims



**ON THE STAND:** Donald Trump's lawyer sought to undermine the credibility of porn star Stormy Daniels, who testified Thursday for her second and last day in the hush-money trial. **A3**

## More Hospitals Demand Payment Before Surgery

By MELANIE EVANS

Heather Miconi has seven weeks to come up with \$2,000 to pay for surgery her daughter needs to breathe more easily.

Merritt Island Surgery Center in Merritt Island, Fla., billed Miconi in advance of the adenoid and tonsil surgery, scheduled to take place next month. If she can't pay before then, the procedure will be put off.

Miconi, whose insurance won't cover the cost because she has a high deductible,

works three jobs and doesn't have savings to cover the cost. She is now appealing to strangers through a GoFundMe campaign for help.

For years, hospitals and surgery centers waited until after performing a procedure to send a bill to the patient. That often left them chasing for payment, repeatedly sending invoices and enlisting debt collectors.

Now, more hospitals and surgery centers are demanding patients pay in advance.

Advance billing helps the

*Please turn to page A5*

## INSIDE



### MANSSION

Dan Snyder couldn't sell his \$35 million home—so he donated it to charity. **M1**



### JASON GAY

The outrageous adventures of basketball's Ant-Man. **A12**



# U.S. NEWS

## U.S. WATCH



GEORGE WALKER IV/ASSOCIATED PRESS

**DESTRUCTION:** Valerie Bernhardt looked through debris at her storm-damaged home on Thursday, in Columbia, Tenn. A wave of storms began crashing over parts of the South this week.

### NEW YORK

#### Weinstein Will Remain in Rikers

Harvey Weinstein will remain locked up in New York as a court works out whether he should stay in a city jail while awaiting retrial or be sent to California to serve his prison sentence for rape there.

The fallen movie mogul didn't consent to California's extradition request during a court hearing Thursday. The 72-year-old will remain behind bars at the Rikers Island jail,

where he was returned to from a city hospital just days ago.

California now needs to produce a warrant signed by the governor within 90 days, Judge Joanne Watters said.

"They are not in a position to extradite Mr. Weinstein because they have not done what they need to do," Diana Fabi Samson, Weinstein's lawyer, said outside court.

Spokespeople for the Los Angeles County District Attorney's Office didn't respond to an email seeking comment.

—Associated Press

### CONNECTICUT

#### Wrong-Way Crash Leaves Four Dead

A driver going the wrong way on Connecticut's Merritt Parkway crashed head-on into a minivan early Thursday, killing all four people in the vehicles, state police said.

Police said an SUV was traveling northbound in the southbound lanes when it crashed into the minivan and burst into flames at about 1:45 a.m. in Stratford.

Police said all three people

in the minivan were killed—men ages 65 and 80 and an 81-year-old woman, all from Easton, Conn. The SUV is registered to a Massachusetts resident and the medical examiner's office was working to identify the driver.

There was a second accident as well. A state trooper responding to the scene hit a vehicle that was stopped in the roadway with its lights off, as its driver tried to help people in the head-on crash. The trooper had minor injuries.

—Associated Press

### CALIFORNIA

#### State Aims to Use Generative AI Tools

California could soon deploy generative artificial intelligence tools to help reduce traffic jams, make roads safer and provide tax guidance, among other things, under agreements announced Thursday.

The state is partnering with five companies to create generative AI tools using technologies developed by tech giants such as Micro-

soft-backed OpenAI and Google-backed Anthropic that would ultimately help the state provide better services to the public, administration officials said.

The five companies will now start a six-month internal trial where the tools are tested and evaluated by state workers. All the tools are considered low risk, meaning they don't interact with confidential data or personal information, an administration spokesperson said.

—Associated Press

## Binance Neglected Trade Abuse

*Continued from Page One*

said the investigator's dismissal in late 2023 showed Binance—in the crosshairs of the Securities and Exchange Commission—neglected evidence of market manipulation and prioritized generating trading fees from large clients over fixing its practices. A boom this year in crypto trading created lucrative trading opportunities for Binance and its high-rolling customers.

A Binance representative said the company rejected any assertion it permitted market manipulation on the exchange and it was prioritizing the improvement of compliance functions. "We have a robust surveillance framework that identifies and takes action against market abuse," the representative said. "We do not favor any individual user, no matter how big, over the safety of the platform."

Decisions to remove users weren't taken lightly and required sufficient evidence that they breached the terms of use, the representative said. A Binance executive said the company dismissed the investigator after a subsequent internal inquiry determined the claims against the client weren't fully substantiated.

In November, Binance pleaded guilty to violating U.S. anti-money-laundering requirements and agreed to pay a \$4.3 billion fine. Its founder, Changpeng Zhao, stepped down and was sentenced last week to four months in jail on a related charge.

In a complaint last June, the

SEC alleged Binance spun a "web of deception" in misleading U.S. investors about its risk controls to prevent manipulative trading. The SEC said Binance, along with its U.S. arm, put its financial interests ahead of users. The SEC declined to comment.

This article is based on interviews with former and current Binance employees, as well as industry players. The Wall Street Journal reviewed key documents and emails.

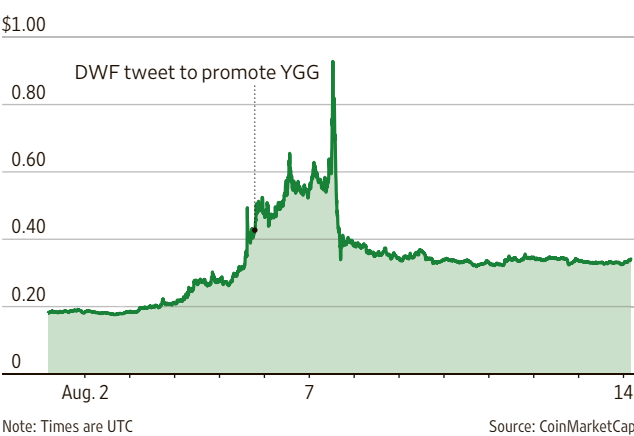
### Growing surveillance

Aware of the SEC investigation in 2022, Binance began growing the market-surveillance team. It hired a dozen investigators from places such as Bank of America and hedge fund Citadel. The team built software tools to track market manipulation and detect wash trading, which is when traders act as buyer and seller in the same transactions to create the illusion of an active market.

The new tech opened investigators' eyes to the potential scale of the problem, particularly among the VIP clients. Top traders—those trading more than \$100 million a month—accounted for two-thirds of Binance's trading volume last year. Investigators recommended booting several hundred users through the first half of 2023 for violating the terms of use.

Their biggest action came last summer when they off-boarded the Tron Foundation, a blockchain company set up by crypto entrepreneur Justin Sun, a friend of Binance founder Zhao. The SEC in March 2023 charged the foundation and Sun with fraudulently manipulating the market for its own token through wash trading. Sun and the foundation, which requested the case's dismissal, didn't respond to requests for comment.

### The YGG token's 2023 boom and bust



Team members observed Binance's internal accounts were trading certain cryptocurrencies. They received no answer when they requested information inside Binance about who controlled them, the former company insiders said. The Commodity Futures Trading Commission, in a March 2023 complaint, warned that Binance wasn't disclosing to clients its own proprietary trading, which it said was run by a "quant desk" and kept "top secret."

### It hired a dozen investigators from places such as Bank of America.

The Binance representative said it doesn't trade for profit or manipulate the market under any circumstances, adding its operations were "under close scrutiny."

Over the past three years, Binance off-boarded nearly 355,000 users with a transaction volume of more than \$2.5 trillion for violations, the representative said.

A new VIP trader began to turn heads at Binance. DWF Labs, a trading-and-investment firm, vaulted into Binance's top "VIP 9" designation, meaning it was making at least \$4 billion in trades a month. Larger trad-

ing volumes on the exchange elevate clients' VIP ranking, giving them discounted trading fees and access to private-relationship managers.

DWF's Russian managing partner, Andrei Grachev, bragged about his riches in October on social media. "Get into the DWF Lambo," he tweeted with a photo of a DWF-branded Lamborghini. Grachev set up DWF in Singapore in 2022, corporate records show, and says he is based in Switzerland.

DWF's role was as a so-called market maker, a type of middleman firm that simultaneously buys and sells assets, usually indifferent to the price of the asset.

In traditional finance, market makers must maintain this price neutrality under the rules of the exchange on which they operate.

Binance didn't require market makers to sign specific agreements that would govern their trading, allowing them largely to trade as they pleased, people familiar with their operations said. The Binance representative said all



JASON REDMOND/GETTY IMAGES

**Founder, Changpeng Zhao**

users must adhere to its general terms of use that prohibit market manipulation.

Instead of price neutrality, DWF offered to use its active trading position to drive up the prices of tokens and create what it called "artificial volume" on exchanges including Binance that would lure in other traders, according to proposals it sent to potential clients in 2022.

In a report prepared that year for one customer, DWF wrote it successfully generated artificial trading volume equal to two-thirds of the client's token and it was working to produce a "believable trading pattern." Other client proposals from last year said teaming up with DWF would lead to "bullish sentiment" for their tokens.

DWF and Grachev didn't respond to requests for comment. After this article was published, DWF said on X that "allegations reported in the press are unfounded and distort the facts." DWF operates with "the highest standards of integrity, transparency, and ethics," it said.

Grachev told a crypto podcast last year that DWF wasn't manipulating markets and questioned whether any trader could. "Maybe it could happen once, right? But again and again, continuously, it's not possible," he said.

price plummeted soon after.

The crypto industry took notice of the volatility, with two market-making firms privately raising concerns about DWF with Binance. One of the market makers complained about DWF's trading to Binance's department that handled VIP clients, which in turn connected the company with the market-surveillance team. Based on this referral, the team began an investigation into DWF that September.

### A probe and a firing

Binance's investigators found DWF manipulated the price of YGG and at least six other tokens and made over \$300 million in wash trades in 2023, concluding these were violations of the terms of use, according to some of the former company insiders.

After Grachev's tweet promoting YGG, DWF sold almost five million of the tokens in two batches near the peak, triggering the collapse, they said. YGG's co-founder, Gabby Dizon, said he wasn't aware of the investigation's findings.

The surveillance team submitted its report recommending DWF's removal later in September. Over the next few days, the head of Binance's VIP client department and her staff questioned the findings and complained to the company's leadership.

Another Binance department, tasked with assessing employees' compliance, launched its own investigation—this time into the market-surveillance team and the evidence it compiled on DWF.

The inquiry determined there was insufficient evidence of DWF engaging in market abuse, the Binance executive said. The wash trades identified by the surveillance team could have been accidental so-called self-trades that might not alone amount to manipulative behavior, it found.

Binance, the executive said, felt the surveillance team's head collaborated too closely on the case with the DWF competitor who made the original complaint.

Company leaders rejected the surveillance team's off-boarding request. A week after the DWF report's submission, they fired the team's head. Binance laid off several more investigators over the following months, which the Binance executive attributed to cost-saving measures. Others quit. The executive said the team is about the same size today.

—Patricia Kowsmann and Caitlin Ostroff contributed to this article.

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## CORRECTIONS & AMPLIFICATIONS

**Former President Trump** carried 69% of West Virginia's votes in 2020, his second-highest share of any state, after Wyoming. A Page One article on Thursday about West Virginia incorrectly said Trump carried 68%, his highest share of any state, which were the results in 2016.

**Overall global subscribers** to Disney+, including its Hotstar service in India, fell slightly to 149.6 million for the

quarter ended Dec. 30, from 150.2 million in the previous quarter. A Feb. 8 Page One article about Disney incorrectly said the service had 150.2 million global subscribers a year earlier.

**The artist** Joan Mitchell painted at least 1,400 works. An article about the Helen Frankenthaler Foundation in April's WSJ Magazine incorrectly said she painted only a few hundred.

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



U.S. NEWS

# Trump Lawyer Grills Daniels on Motives

Cross-examination tries to undermine credibility of the adult-film actress

By **CORINNE RAMEY**  
AND **ERIN MULVANEY**

Donald Trump's lawyer on Thursday sought to portray porn star Stormy Daniels as a fabulist who speaks to ghosts and a hustler who had made millions off her years-old story of sex with the former president.

Susan Necheles rattled off how Daniels had made money: a \$130,000 hush-money payment; a book; #TeamStormy merchandise; and a strip-club tour called "Make America Horny Again," advertised with

a photo of her and Trump.

She noted that Daniels, 45 years old, had written and directed about 150 sex films. "You have a lot of experience in making phony stories about sex appear to be real, right?" Necheles asked.

Daniels said she wouldn't put it that way. But if she had made up the encounter with Trump, she said, it would have been a lot better.

Trump, 77 years old, has denied the encounter. In court, he frowned during Daniels's testimony.

Necheles also pointed jurors to Daniels's work as a medium and self-described paranormal investigator. Daniels has said that while living in a New Orleans house that she thought to be haunted, spirits attacked her boyfriend

and held him underwater.

Daniels told jurors that some indications of paranormal activity at the house were later attributed to a giant opossum.

Thursday was the second and final day on the stand for Daniels. Her testimony was in some ways superfluous to the case; Trump is accused of 34 felony counts of falsifying business records for covering up a payment intended to silence her. Her freewheeling appearance in court could ultimately bolster prosecutors' narrative by illustrating how her story, if public, could have battered his 2016 campaign.

"It paints starkly exactly why Trump didn't want any of this to come out," said Daniel Horwitz, a former Manhattan prosecutor uninvolved in the

case. "Look at this woman. If you are running for president, do you want her out in the public talking about you?"

Former Playboy playmate Karen McDougal, another woman who was paid hush-money before the 2016 election, isn't expected to testify in the case, a defense attorney said Thursday.

Earlier this week, Daniels testified that she met Trump at a 2006 celebrity golf tournament in Lake Tahoe. While the pair had dinner, Trump became increasingly rude, she said, and she took a magazine with his face on the cover and swatted him. "Right on the butt," she told the jury.

Later in his hotel room, Daniels said, she went to the bathroom, where she snooped around a leather toiletry bag

that included Pert Plus, Old Spice and a golden manicure set. When she came out, Trump was lying on the bed in boxers and a T-shirt, she said. She told jurors she stared at the ceiling as the pair briefly had sex.

Thursday's cross examination at times grew contentious, with Daniels accusing Necheles of reaching inaccurate conclusions. The two women clashed over what exactly Daniels meant when she joked on social media about being the best person to flush an "orange turd" down the toilet, referring to Trump.

Necheles said Daniels had claimed she would be instrumental in putting Trump in jail. "You're putting words in my mouth," retorted Daniels.

After the jury left for the

day, Trump's lawyers asked Justice Juan Merchan to modify the gag order to allow the former president to defend himself against Daniels's testimony. They again asked the judge for a mistrial, arguing that details elicited by prosecutors—the appearance of the hotel bathroom, whether Trump wore a condom and if Daniels remembers how her clothes came off—would prejudice the jury.

Merchan denied Trump's bids for a mistrial and to modify the gag order.

**Watch a Video**



Scan this code for a video on key figures in Trump's hush-money trial.

# Harvard, Penn, MIT Still Struggling to Quell Protests

By **JON KAMP**  
AND **SCOTT CALVERT**

CAMBRIDGE, Mass.—Israel supporters hung the nation's blue-and-white flags from a fence encircling a pro-Palestinian encampment at the Massachusetts Institute of Technology, covering protesters' signs. Encampment members responded by making red handprints on the flags.

The tense back-and-forth this week came two days after MIT President Sally Kornbluth told protesters to vacate the campus lawn they have occupied for weeks or face consequences that have since included dozens of suspensions.

Harvard University and the University of Pennsylvania—two other schools long in the public hot seat for their handling of a raucous campus debate over a Middle East conflict—are similarly struggling to shut down encampments they say aren't permitted. A congressional hearing in December thrust leaders of all three elite schools into the spotlight, and two of the presidents lost their jobs amid widespread criticism of their responses.

As of Thursday, none of the three institutions have forcibly evicted these protesters, as happened at Columbia University, the University of California, Los Angeles, and campuses across the U.S., often with mass arrests.

Pennsylvania Gov. Josh Shapiro called Thursday for Penn to clear out the encampment there. "It is past time for the university to act, to address this, to disband the encampment and to restore order and safety on campus," Shapiro, a Democrat, said.

Penn's top official this week said school officials were

speaking with police who urged de-escalation, but he also expressed concern that many protesters were seeking a confrontation with police.

In the meantime, protesters have remained defiant.

"MIT continues to remain complicit in the ongoing genocide waged by the Israeli Ministry of Defense," a protester at MIT said, speaking in front of a student center near the encampment, in a video posted Wednesday by the Coalition Against Apartheid student group there.

On Thursday, MIT said campus police arrested some protesters who had marched to a campus building and were blocking a garage. The school in an alert described the number arrested as fewer than 10. Protesters continued to chant refrains such as "Free Palestine" near the site of the arrests, while state and local police blocked off the street before marching back to the encampment.

Hana Flores, a protester and MIT Ph.D student, criticized the school for the arrests and other punishments. "The MIT Scientists Against Genocide Encampment is 100% focused on achieving our realistic, popular, moral demands and will continue non-violent protest actions until demands are met," she said.

The schools are navigating a volatile environment where students, donors, parents and teachers often have deeply divided views. Some, such as Brown University, have negotiated a peaceful end to encampments. UCLA, by contrast, saw clashes between counterprotesters and protesters.

MIT, Harvard and Penn were steeped in controversy five months ago after their



Protesters made their voices heard outside MIT's Stata Center on Thursday.

## Cornell's President Is Latest in Ivy League to Resign

Martha Pollack, the president of Cornell University for seven years, said Thursday she would resign as of June 30. That will make her the third female Ivy League president to step down in the past six months.

For months Ivy League institutions and many other universities have been the sites of intense and polarizing protests related to the war in Gaza. Pollack said she had decided to step down in December but didn't make the announcement then because there was so much turmoil on campus.

"I understand that there will be lots of speculation about my decision, so let me be as clear as I can: This decision is mine and mine alone," Pollack wrote in a letter to the Cornell community. "After seven fruitful and gratifying years as Cornell's president—and after a career in research

and academia spanning five decades—I'm ready for a new chapter in my life."

Provost Michael I. Kotlikoff will serve as interim president for a two-year term, said Kraig H. Kayser, chair of the Cornell University Board of Trustees.

Pollack's decision follows the resignation of University of Pennsylvania President Liz Magill in December and Harvard University President Claudine Gay in January.

—Douglas Belkin

leaders appeared before a Republican-led House committee and gave equivocal, legalistic answers to questions about where they would draw the line between protected speech and harassment. They drew particular criticism for their response to a question about whether calling for the genocide of Jewish people would violate school policies. The presidents of Penn and Harvard—the latter also pressured by plagiarism allegations—would resign.

A fenced-in encampment on MIT's Kresge Oval established

weeks ago includes signs reading "end the genocide" and "Jews for Palestine." Placed on the lawn just outside the camp are pictures of people taken hostage when Hamas attacked Israel on Oct. 7 and a large collection of Israeli flags.

The pro-Palestinian demonstrators are demanding that MIT cut all research ties with Israel's Defense Ministry. The school said two contracts worth \$265,000 are active and that both involve research available to scientists worldwide.

Kornbluth said she has grown increasingly concerned about the community's safety.

"This situation is inherently highly unstable," she said in a message to students Monday, which said protesters needed to leave the encampment by 2:30 p.m. that day. Many did leave before toppling a fence and reoccupying the space evening, the school said.

Wednesday evening, the encampment at Penn expanded as protesters spilled onto another part of College Green, according to local news reports in Philadelphia. J. Larry Jameson, Penn's interim president, has expressed worry about escalation and potential infiltration by outsiders.

The tents at Harvard are behind locked gates and fences encircling Harvard Yard, the heart of the Cambridge campus. Alan Garber, Harvard's interim president, said earlier this week that students who continue the encampment face "involuntary leave."


"The encampment favors the voices of a few over the rights of many who have experienced disruption in how they learn and work at a critical time of the semester," Garber said.

—Melissa Korn contributed to this article.

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U.S. NEWS



Supporters of Vermont Sen. Bernie Sanders's presidential bid staged a march and walkout during the 2016 Democratic National Convention in Philadelphia.



FROM LEFT: SPENCER PLATT/GETTY IMAGES; WATT ROURKE/ASSOCIATED PRESS

# Democrats Brace for Protests at Convention

Officials plan for potential Gaza war demonstrations at Chicago DNC venues

By **KEN THOMAS**  
AND **JOHN MCCORMICK**

CHICAGO—Democrats are bracing for the prospect of waves of protests seeking to disrupt the party's August convention in Chicago, a spectacle that could damage President Biden's re-election bid and the start of his fall campaign.

An onslaught of unrest on college campuses this spring over the war in Gaza has heightened concerns within the party that the Democratic National Convention could serve as ground zero for activists looking to express dissatisfaction with Biden's handling of the war between Israel and Hamas.

Pro-Palestinian groups have vowed to stage mass demonstrations outside the main convention site, with or without a permit, while Chicago officials are urging them to hold their protests miles away. Though party officials and donors note a cease-fire deal could lower tensions, the potential for large protests could draw parallels to the city's hosting of the 1968 Democratic National Convention.

That event was best remembered for violence that led to a National Guard activation to deal with as many as 10,000 Vietnam War protesters, hundreds of whom were arrested. This August, Democrats expect about 5,000 delegates, raising the possibility that the city could see more protesters than delegates during the week of the event.

Minyon Moore, the Democratic National Convention chair, told reporters during a recent briefing that the party is "very sensitive" to the environment it is entering in Chicago. "We have worked very closely with the U.S. Secret Service, very closely with the mayor's office and Chicago police," she said. "We are trying to create an environment where everyone is welcome."

Biden traveled to Chicago

Wednesday for a fundraiser to benefit his re-election campaign, putting him within a few miles of the United Center, where he is expected to be renominated in August. "I understand there's going to be a convention in Chicago—we're excited to go back to Chicago," he told donors.

Four months before the event, convention officials have held preliminary discussions on ways of melding the virtual elements used in 2020—when the pandemic led the party to largely curtail its convention in Milwaukee—with the in-person proceedings onstage in Chicago. Such an approach, with some speeches or events happening off-site, could help organizers hedge against the risk of large demonstrations around the convention as well as packaging digital content.

### Previous protests

Protests outside the convention aren't new—supporters of Vermont Sen. Bernie Sanders's presidential bid demonstrated outside the 2016 convention in Philadelphia and staged a walkout on the floor, for example. There were also sizable protests at the convention in Los Angeles in 2000.

In some states, people unhappy with Biden's support for Israel have cast votes for "uncommitted" or other similar ballot lines in Democratic primaries. As a result, roughly 30 uncommitted delegates have been pledged at this point to attend the convention and could choose to create havoc on the floor. Organizers note that their numbers are much less than the more than 1,800 Sanders delegates in 2016 and that at this point in 2012, there were 36 uncommitted delegates when President Barack Obama sought re-election.

Jane Kleeb, the chair of the Nebraska Democratic Party, said there was "no question uncommitted or even Biden delegates may feel the need to express their opinions" about the conflict in the Middle East. But she said the DNC was prepared. "I expect protests. I expect even some on the floor actually, but I don't



The 1968 Democratic National Convention in Chicago was marred by violence that led to the activation of the National Guard to deal with protesters against the Vietnam War.

LIBRARY OF CONGRESS/WARREN K. LEFFLER/REUTERS

### Party Seeks to Raise \$90 Million for Event

Democrats are seeking to raise about \$90 million for the convention, \$20 million more than the target for July's Republican convention in Milwaukee. The Chicago convention should have an easier time raising money because it has far more corporate headquarters—and potential donors—in the area than Milwaukee.

A person familiar with the convention fundraising said

some companies that have agreed to donate to the Chicago gathering include McDonald's, United Airlines, Lyft, AT&T, Microsoft and Molson Coors Beverage, as well as Cboe Global Markets and CME Group. Several of the companies either declined to comment or didn't respond to messages seeking comment.

"We have a long history of donating to the nonpar-

tisan, nonprofit convention host committees when a party convention is held in our hometowns, and we're doing so in Milwaukee and Chicago this year," Adam Collins, a Molson Coors spokesman, said.

Fiserv, which is based in Milwaukee, said that it has a "commitment to corporate non-partisanship" and would make equal financial contributions to both conventions.

think it will disrupt the proceedings," Kleeb said. "I mean, we're Democrats. We have strong opinions on issues that impact communities."

A host-committee official familiar with fundraising said no corporate donors have to date withdrawn support from the Democratic convention because of protest-related concerns. Contributions are expected from corporations, organized labor, allied groups and major individual donors.

### Fundraising efforts

"Fundraising has gone very well overall," said host-committee member Bob Reiter, president of the Chicago Fed-

eration of Labor, an umbrella organization for local unions.

The Chicago fundraising effort is led by Michael Sacks, a major Democratic donor who is chief executive of Chicago-based **GCM Grosvenor**, and will be aided by Illinois Gov. J.B. Pritzker, a billionaire heir to the Hyatt hotel fortune and the brother of former U.S. Commerce Secretary Penny Pritzker.

Gov. Pritzker, who is viewed as a potential 2028 presidential candidate, hopes to use the convention to showcase the accomplishments of the state and city—and many Democrats view him as a potential backstop if fundraising lags behind. Pritz-

ker has never said he would help finance the convention if necessary, according to a convention official, although he has activated his own fundraising network for the effort.

Convention officials have sought to raise millions through different sponsorship levels, according to people briefed on the packages. Donors who contribute at the highest level of \$5 million, for example, will have access to two lower-level suites within the United Center, credentials and podium preview tickets inside the arena, along with 40 premium hotel rooms. The campaign arms of House and Senate Democrats, along with Democratic governors, have

## Hospitals Seek Money Up Front

Continued from Page One facilities avoid hounding patients to settle up. Yet it is distressing patients who must come up with thousands of dollars while struggling with serious conditions.

Those who can't have been forced to put off procedures. Some who paid up discovered later they were overcharged, then had to fight for refunds.

Among the procedures that hospitals and surgery centers are seeking prepayments for are knee replacements, CT scans and births.

Merritt Island first provided Miconi an estimate for \$3,000 for treatment for her daughter, Trista Churchwell. It then lowered the estimate to \$2,000 because she had already paid down some of her deductible.

When she got the first estimate, Miconi figured "there's no way" she would be able to afford the procedure. Miconi, who lives with her daughter in Merritt Island, processes medical records, delivers food on

weekends and helps cater meals to make a living.

"I can't even provide for my daughter to get surgery for her to be able to breathe," she recalled feeling.

The surgery would improve her daughter's breathing by reducing obstructions such as adenoids, tonsils and bony nose structures called turbinates.

Merritt Island Surgery Center is jointly owned by physicians and SCA Health, a subsidiary of UnitedHealth's health-services arm Optum.

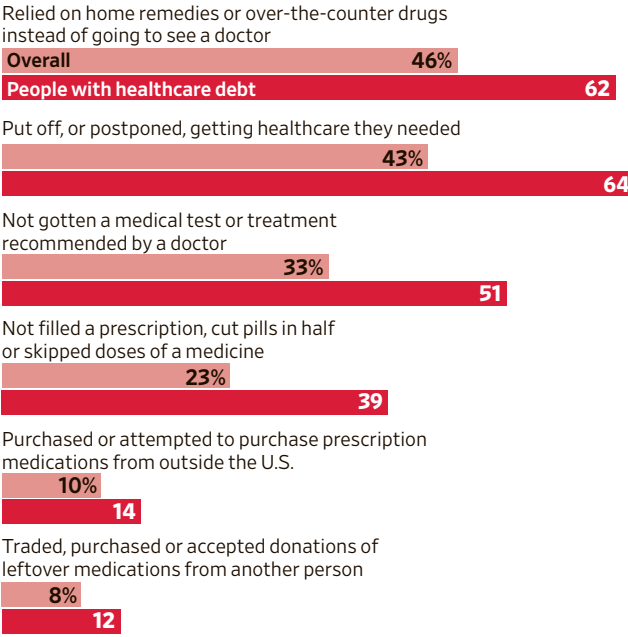
"Before providing care, Merritt Island Surgery Center engages each of our patients individually to ensure they understand their potential out-of-pocket costs and are aware of available no-cost financing options," the center said.

Federal law requires hospitals to take care of people in an emergency. Hospitals have said they don't turn away patients who need medical care urgently for lack of prepayment.

Some 23% of what patients owe is collected by hospitals before treatment, according to an analysis of first-quarter data this year from 1,850 hospitals by Kodiak Solutions, a healthcare consulting and software company. For the same period in 2022, the figure was 20%.

They are seeking advance

Because of the cost, percentage who say in the past 12 months they, or another family member living in their household, have...



Source: KFF Health Care Debt Survey of 2,375 U.S. adults conducted online and via telephone from Feb. 25 through March 20, 2022. Margin of error +/- 3 pct. pts.

payment for nonemergencies, they said, because chasing unpaid bills is challenging and costly. About half the debt hospitals wrote off last year was owed by patients with insurance, the Kodiak analysis found.

"We need those patients who are able to pay to do so,"

said Leslie Taylor, a spokeswoman for University of Arkansas for Medical Sciences, which owns one general hospital in Arkansas and will—after discussions with doctors—reschedule some procedures until patients can pay.

For patients, the hospitals said, knowing the cost ahead

of service gives them the opportunity to compare shop and avoid getting walloped with a huge bill unexpectedly.

Patients often want to know in advance what their medical care will cost. Congress and regulators in recent years have ordered hospitals to be more transparent on prices, which vary widely, and limit surprise billing.

Still, finding money for treatment is a challenge for many U.S. households. Half of adults said they can't afford to spend more than \$500 on medical care should they be suddenly sick or injured, a survey by health policy nonprofit KFF found. They would need to borrow.

In addition, determining how much a patient will owe can be tricky. The amount patients pay depends on their health plan, the deductible or other out-of-pocket costs and the prices the plan negotiated with a hospital to pay.

Blake Young was overcharged about \$2,500 by CHI Memorial Hospital in Chattanooga, Tenn., ahead of a heart screening late last November.

The hospital initially said he owed about \$3,600 and asked for payment. He paid upfront, using funds stocked away in his health-savings account. When he arrived for the test-

ing, the hospital gave him a new bill, saying he owed less.

Young, 59 years old, an industrial-machinery salesman who lives in Chattanooga, said he didn't get a refund check that the hospital said it mailed in late December. The next month, Young filed a complaint with the Better Business Bureau.

In February, CHI Memorial agreed to reissue the check. In April, the hospital wrote in a letter to Young that it had failed to reissue the check because of a communication error. The hospital also apologized to Young for the delay.

"CHI Memorial is committed to helping patients understand and afford the cost of their healthcare," a spokeswoman said.

The hospital overbilled Young because of an administrative error and issued a refund, she said.

CHI Memorial, which is owned by one of the nation's largest Catholic health systems, CommonSpirit Health, will go ahead with procedures without advance payment, a spokeswoman said.

Young got the hospital's \$2,546 refund check Tuesday. He wanted the money back for future medical bills. "It's not unlimited funds," he said. "They do run out."

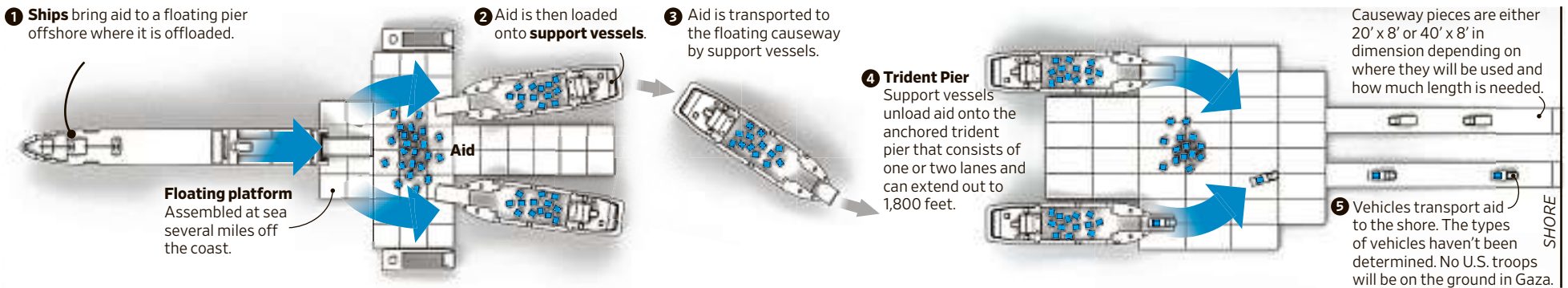
—Sabrina Siddiqui contributed to this article.







# WORLD NEWS



# Logistics Concerns Loom Over Gaza Pier

U.S.-built structure is set to open, but security, distribution plans not sorted out

By NANCY A. YOUSSEF AND JARED MALSIN

The U.S. said it would soon begin using a pier to receive aid for the Gaza Strip but is struggling to set up distribution, marking a test for President Biden's promise to ease a humanitarian crisis in the Palestinian enclave.

The opening of the \$320 million U.S.-built floating pier would mark the first major use of a sea route to deliver assistance to Gaza since the current conflict began. It involves hundreds of troops, several ships and a mission supported by humanitarian groups and several nations, including Israel.

The U.S. hopes to begin using the pier to deliver aid in the coming days, a White House spokesman said Thursday.

The opening of the pier comes at a critical time in the more than 7-month-old conflict. Israel has begun military operations in the southern city of Rafah, threatening the two main aid crossing points. More than a million Gazans are experiencing famine-like conditions, according to a United Nations-backed system that monitors hunger crises worldwide.

But even as the pier is on

the cusp of operation, U.S. officials said key details, including how the aid will be distributed when it reaches the shore, haven't been sorted out.

"There's a lot of moving pieces, literally and metaphorically here that need to come together for this to be effective," said Shejal Pulivarti, deputy spokesperson for the U.S. Agency for International Development, the lead government agency for humanitarian assistance.

The U.S. Defense Department says it will coordinate logistics between the U.S. and Israeli militaries and USAID with the help of the Israeli military in Cyprus—where the aid arrives and is inspected—and a three-star U.S. Army general based at Hatzor Air Base near Ashdod, Israel.

The Israeli military said it is working closely with its U.S. counterparts and is preparing a 67-acre zone in Gaza to receive the aid, but declined to comment on who would be responsible for distributing it.

The U.S. hasn't specified how the aid will be stored, secured, and distributed, but American officials say they plan to work with the U.N. World Food Program. The U.N. agency will join the logistics effort "in the coming days," said Air Force Maj. Gen. Pat Ryder, a Pentagon spokesman.

U.N. officials say they haven't been privy to discussions about how the maritime corri-



U.S. soldiers and sailors assemble a floating pier off the Gaza coast to get aid into the enclave.

dor will function. "If we're going to be expected to receive and unload ships with a bulk of humanitarian assistance, which would of course be welcome, we just want to know how we're expected to do that," said a senior U.N. official.

The officials also have voiced concern that the pier duplicates the work of humanitarian agencies working on the ground in Gaza, and because the U.S. is working with the Israeli military, the project could violate the principle of neutrality in war.

Martin Penner, a spokesman for the World Food Program, said the wider U.N. system will work with the U.S. on the maritime corridor "providing U.N. concerns about neutrality and security are addressed, and land access is also expanded."

The lack of concrete plans for securing and distributing the aid has raised concerns among some in Washington. "It feels like we are throwing a party and we don't know if anyone will show up," a U.S. official said.

The potential risks associ-

ated with the pier are enormous. About 200 aid workers have died in Gaza since the war began in October.

No clear authority exists on the ground to secure the aid distribution, which poses other problems. In February, more than 100 people were killed in an incident when Israeli forces opened fire during a stampede of people rushing to get aid from a convoy.

Hamas, the militant group in Gaza whose deadly Oct. 7 attack on Israel set off the conflict, has said it would treat U.S.

forces operating around the pier as an occupying force—an implicit threat to attack.

The floating pier also faces environmental challenges. The choppy waters in the Mediterranean Sea could damage the pier and make it unsafe for people to be on it, military officials warned. The U.S. military has delayed the pier's installation because of weather.

Even after the pier is up and running, the availability of a steady supply of aid by sea isn't guaranteed. Only about 8,000 pallets worth of aid is in Cyprus, according to current and former U.S. officials familiar with the plan, which is only a few days worth of supplies for the 2.2 million people in Gaza. U.S. officials said it wasn't clear to planners how to provide additional aid.

The pier also has a more limited capacity compared with land crossings, which are a cheaper and more efficient way to provide assistance. The pier would at first allow about 90 trucks of aid a day to enter Gaza, and then expand soon after to 150 trucks daily, officials say. Before the war about 500 trucks entered Gaza daily.

Other worries remain. "Our concern is that the maritime corridor, instead of becoming a forward-looking access point for a future Palestine, a future Gaza," said Bushra Khalidi, a policy lead at Oxfam, "looks like it will become another chokepoint."

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WORLD NEWS



A Palestinian woman in Rafah on Thursday walked down the stairs of a house that was destroyed in an Israeli airstrike.

Warning From U.S. Roils Israel

Continued from Page One said—we will fight with our fingernails.”

Israel’s war and security cabinets were meeting Thursday evening and were expected to discuss Israel’s response to the U.S. decision to withhold munitions, an Israeli official said.

The Biden administration’s stance “is very unfortunate. I think it sends the wrong message to Hamas,” Michael Herzog, Israel’s ambassador to the U.S., said in an online appearance organized by the Carnegie Endowment for International Peace in Washington. “Nobody presented to me or to us a strategy of defeating Hamas without dealing with Rafah. I’ve not seen it.”

Biden’s threat led the Israeli news agenda on Thursday, with

most reporters and analysts conveying alarm over the pause and characterizing it as U.S. frustration with Israel’s management of the war, a sign of deteriorating relations and a warning to Netanyahu. Others, including Netanyahu’s supporters, were angry at the Biden administration for failing to fully support Israel in reaching its war goals and constraining the prime minister’s actions.

“Certainly the defense establishment is horrified by this,” said Chuck Freilich, a former deputy national-security adviser in Israel. “The importance here, at least for the short term, is the political statement. It won’t have a military impact on operations in Gaza. It could if there’s a major outbreak of fighting with Hezbollah.”

Israel has been fighting a slow-burning conflict with Lebanon’s Hezbollah movement

since the war against Hamas in Gaza began in October. It holds in reserve supplies of munitions for a possible full-scale war with Lebanon, but has drawn weapons from those stocks during the war in Gaza, The Wall Street Journal has reported.

Defense Minister Yoav Gallant of Israel implicitly addressed the U.S. as part of a speech he gave on Thursday. “I turn to Israel’s enemies as well as to our best of friends and say, the state of Israel cannot be subdued, not the [Israel Defense Forces], not the defense establishment, and not the State of Israel. We will stand strong.”

“Hamas loves Biden,” Israel’s National Security Minister Itamar Ben Gvir wrote on X, using a heart emoji. Several other members of Netanyahu’s governing coalition responded with anger at Biden.

At the same time, the divi-

sions in Israeli politics and society were reflected in the reactions to the U.S. move. Benny Gantz, a member of the Israeli war cabinet who is also a Netanyahu rival, said: “The United States stood by Israel at its most difficult hour, and the attack on it by ministers is irresponsible and ungrateful, aimed at domestic purposes from political considerations.”

Israeli forces seized control of the Gaza side of the Rafah border crossing with Egypt this week, sparking battles with Palestinian fighters as it pressed forward in the area in what it called a limited operation.

On Thursday, the Israeli military said 50 militants were killed and 10 tunnel shafts discovered in Rafah.

Meanwhile, negotiations continued on Thursday toward a cease-fire that would free Israeli hostages held by Hamas, officials familiar with the talks said. U.S. Central Intelligence Director William Burns has been in the region in recent days to push the negotiations forward after months of gridlock. Negotiators left Cairo and

BOE Holds Key Rate, Signals New Cuts

By PAUL HANNON AND WILL HORNER

LONDON—The Bank of England kept its key interest rate unchanged at a 16-year high, but indicated that it is on course to cut rates over the coming months alongside its European peers, and possibly as early as June.

The U.K.’s central bank on Thursday left its key rate at 5.25% for the sixth straight meeting of its policymakers, in line with what investors and economists had been expecting. But in a fresh sign that a move is getting closer, two of the nine members of its Monetary Policy Committee voted to lower the key rate to 5%.

The next meetings are in June and August. A cut at either meeting would likely see the BOE move before the Federal Reserve, which is now facing the prospect of keeping rates higher for longer. Cutting before the Fed would risk weakening the pound sterling against the U.S. dollar and pushing prices of imported goods and services higher. But waiting too long could delay an economic recovery and lead to job losses.

“A change in Bank rate in June is neither ruled out, nor a fait accompli,” BOE Gov. Andrew Bailey told reporters after the policy decision was announced.

Inflation in the U.K. has fallen steadily over recent months, and the BOE said it likely hit its 2% target in April, though official figures won’t be released until May 22. By contrast, inflation readings from the U.S. have been hotter than expected for a number of months, prompting the Fed to adopt a wait-and-see approach to future policy decisions.

are expected to return to the Egyptian capital by Tuesday. Biden, a Democrat, said in an interview with CNN that aired on Wednesday night in the U.S. that he would refuse to send more bombs and artillery shells to Israel if it proceeds with an operation in Rafah. The warning came after he decided to put on hold the delivery of a shipment of 2,000- and 500-pound bombs, the first time that he has chosen to withhold the supply of the types of weapons that Israel uses in Gaza.

The U.S. has cautioned Israel against a major ground operation in Rafah, and Biden believes it would be a strategic mistake, John Kirby, a spokesman for the National Security Council, said on Thursday. “If they do smash into Rafah, go in and invade in a major way, then he’s going to have to make future decisions,” said Kirby, referring to Biden.

The question now is how Netanyahu responds to Biden’s ultimatum. The Israeli prime minister for months has argued that attacking Rafah and destroying Hamas’s remaining forces there is necessary to quash the militant group.

“Bibi thinks that this is just a yellow card and that the red card will never arrive,” said Amit Segal, a right-wing political commentator on Israel’s Channel 12 news, referring to Netanyahu by his widely used nickname. Netanyahu believes Biden won’t go as far as stopping weapons shipments to Israel because of the weight of conservative and Jewish voters in the U.S. leading up to the presidential election, Segal said.

Israeli and U.S. intelligence officials said destroying Hamas totally is likely out of reach. Western officials and the United Nations have also warned that a large-scale attack on Rafah would result in widespread death and destruction among Palestinian civilians.

The decision to hold back one weapons delivery was a “small warning shot to Israel, yes, but not at all a shift in policy,” a senior U.S. congressional aide said.

—Michael R. Gordon, Carrie Keller-Lynn and Summer Said contributed to this article.

Mexican Bank Is Linked To Alleged Cuellar Bribes

By JOSÉ DE CÓRDOBA AND SANTIAGO PÉREZ

MEXICO CITY—Over three decades, Ricardo Salinas Pliego became one of Mexico’s richest men with a mix of political connections and tough tactics. Now, his bank is at the center of a U.S. federal indictment accusing a Texas congressman of accepting bribes.

U.S. federal prosecutors say a Mexican bank channeled \$238,000 in bribes disguised as consulting fees to Rep. Henry Cuellar (D., Texas) to further the bank’s interests in Washington by influencing U.S. anti-money-laundering legislation, according to an indictment unsealed last Friday in Houston. The lender in question was Salinas Pliego’s Banco Azteca, a U.S. official said.

Salinas Pliego is among the oligarchs who emerged in the 1990s, when Mexico sold off state companies to private investors. He built a retail and broadcasting empire—including Banco Azteca—that focuses on low-income households, and developed a reputation as a combative businessman who isn’t afraid to play rough with creditors, competitors and regulators.

Neither Salinas Pliego nor his bank were charged with any wrongdoing. Luciano Pascoe, a spokesman for Salinas Pliego’s Grupo Salinas, which owns Banco Azteca among other companies, said on Sunday on X that the conglomerate, like many other companies, lobbies “to safeguard the causes in which we believe and will always defend.” Banco Azteca has the highest standards of compliance, he added.

Pascoe declined to comment further on the U.S. indictment. Cuellar, who represents a district on the Texas-Mexico border, said he is innocent. He was released in Houston on Friday along with his wife, Imelda Cuellar, after each paid an unsecured \$100,000 bond. The indictment also charges Cuellar with receiving \$360,000 in bribes from an Azerbaijani



Banco Azteca is a part of Ricardo Salinas Pliego's empire.

state oil company for helping to advance the interests of the government of Azerbaijan.

Salinas Pliego is a controversial figure in Mexico. He is mired in disputes with the Mexican government over billions of dollars in taxes and has skipped debt payments to U.S. bondholders for years. He has used his television network to discredit adversaries, and has waged protracted courtroom battles with authorities and former partners such as General Electric.

Salinas Pliego once dispatched a squad of armed private security guards to seize control of a TV station he claimed to own. His broadcaster, TV Azteca, said at the time that it hadn’t used violence and was “exercising its rights and in full compliance with the law.”

Banco Azteca, Mexico’s 10th-largest bank by assets, struggled with strict U.S. anti-money-laundering regulations, which had made it difficult to develop correspondent-banking relationships with American institutions that facilitate cross-border transactions in dollars, including large amounts of cash. Several U.S. banks had cut ties with Banco Azteca because of risk and compliance concerns linked to those regulations.

Pascoe said on Sunday that the lack of correspondent

banking affects millions of Mexicans who receive dollars from relatives abroad, make a living from tourism, or trade on the U.S.-Mexico border.

According to the indictment, Cuellar agreed—in exchange for monthly payments of thousands of dollars to his wife via shell companies—to advance the interests of Banco Azteca. That included writing language into legislation that favored the bank. In 2016, Cuellar “pressured” a high-ranking U.S. official who supervised banks to take actions that benefited the bank, the indictment said.

The indictment said the bank’s vice chairman helped coordinate the payments and reviewed draft banking legislation Cuellar shared.

Cuellar kept the senior Banco Azteca executive abreast of legislation and other banking matters in Washington, the indictment said. In one email to the bank executive, Cuellar took credit for influencing the U.S. official’s approach to correspondent banks.

In another email, according to the indictment, Cuellar said he had successfully inserted language in a bill to address Banco Azteca’s concerns. “Language added in committee,” he wrote. “Great news,” the bank executive responded.

—Sadie Gurman contributed to this article.

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FROM PAGE ONE

# U.S. Has Too Many Schools

Continued from Page One has dropped,” math teacher Melina Gutierrez said, tears welling in her eyes on a recent day as she looked around her longtime classroom. “But the small school is a great thing for kids.”

Solis’s closure is an omen of what could be coming to more schools in Los Angeles and cities across the country. And it reflects a difficult-to-sustain dynamic: too many schools for too few students.

As birthrates have dipped, families have moved elsewhere, and public school alternatives have grown, many urban districts have hemorrhaged students. That has left officials with the difficult choice of keeping open shrinking schools with resources spread thin or shutting them down, a move that inevitably garners fierce community backlash. How school leaders navigate this challenge could define urban school systems for the next several years.

The pandemic accelerated trends that were already in motion in some cities.

Between the 2019-20 and 2022-23 school year, urban schools lost nearly 850,000 students, or 5.5% of enrollment, according to an analysis of the most recent federal data by the Brookings Institution, done at The Wall Street Journal’s request. During that time, the number of school buildings has remained virtually unchanged—leaving more hollowed-out schools.

Smaller schools can come with real benefits. In the early 2000s, the Bill & Melinda Gates Foundation supported the creation of small high schools—with no more than 600 students—in cities across the country. Research found that these schools helped more students earn a diploma.

But if schools get too small they face a paradoxical problem: Costs per student tend to rise, but programming tends to shrink. With a critical mass of students, a school can afford a richer set of extracurricular activities and classes and employ a greater array of staff, such as a nurse, librarian and art teacher.

“When schools get below a certain size threshold, they start facing these unique challenges that make it hard to deliver a high-quality education,” said Joseph Trawick-Smith, a consultant to school districts with the nonprofit Education Resource Strategies.

## Bitter protests

Closing schools, though, is educationally and politically fraught. Families typically like their local schools and fear disruption to their child’s education. Teachers don’t want to lose their jobs. Community members worry closed schools will sit vacant and be a source of crime and blight.

“Everybody wants to keep their school because our schools are personal,” said Jeanelle Foster, the former board chair of the St. Paul, Minn., district. “They become part of our family, they’re our community.” Foster voted in 2021 to close or merge several schools the district deemed unsustainably small. The closure decision sparked bitter protests. “It was one of the



Math teacher Melina Gutierrez works with student Danny Casas at Hilda L. Solis Learning Academy in Los Angeles.

hardest things I’ve had to do,” Foster said.

San Antonio Independent School District in Texas said in the fall that 15 schools will close next year.

Money is being doled out unevenly because of the fixed costs needed to run a school, regardless of its enrollment. The smallest elementary school in San Antonio costs \$14,041 per student, compared with \$7,109 at the largest one. “The only way to provide all the resources our kids need is by taking money from somewhere else,” Superintendent Jaime Aquino said.

Student mental-health crises aren’t timed to the one day a week a school has a counselor, he said, and teachers struggle to teach multi-grade classrooms necessitated by low enrollment. The district—where enrollment is down 29% from 1998—is pitching the community on the plans with the slogan “rightsizing with heart.”

“We have been preparing for this as if we were going to the battlefield,” Aquino said. He doubts this will be the last round of closures.

In Inglewood, Calif., a largely Black and Latino city just south of Los Angeles, a group of students walked out of classes at Morningside High School in April—despite threats of suspension—to protest the school’s slated closure. They joined alumni and community activists on the sidewalk to rail against the recent announcement that five of the district’s 16 schools will close or relocate by the end of next school year.

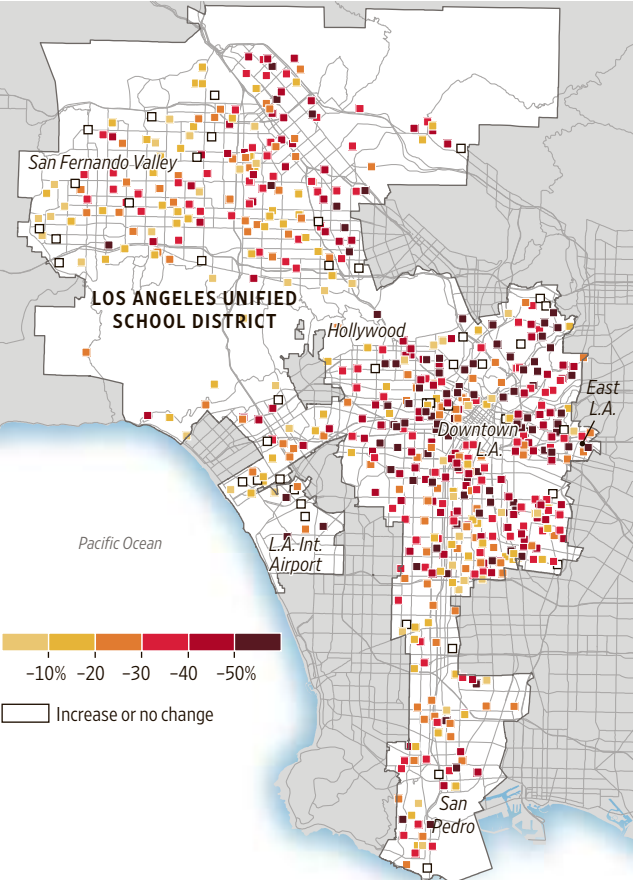
“It’s part of our community, it’s something generations of us have grown up with,” said Evelyn Perez, a Morningside senior, as planes from nearby LAX airport roared overhead. “Passing by and not seeing Morningside...it wouldn’t even feel like Inglewood anymore.”

The school is down to 465 students from highs above 1,600 two decades ago.

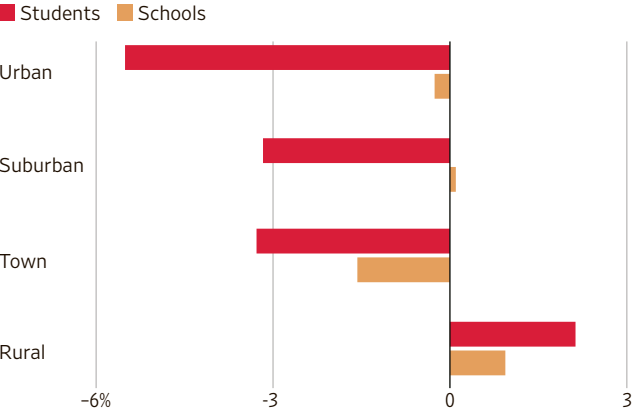
Alumna Carliss Bell, who attended in the 1980s alongside future NFL and WNBA athletes, said students shouldn’t have to travel across the city to the schools that will remain open. “They live right here,” Bell said. “They can walk home if they feel sick or don’t have enough money for lunch.”

The protesters targeted their ire at James Morris, a white educator who was brought in last year as the district’s eighth leader since the state took over Inglewood

## Percentage decrease in enrollment at Los Angeles Unified School District (LAUSD) schools, 2010-22\*



## Percentage change in students and schools in the U.S., 2019-20 to 2022-23 school years



\*For LAUSD-run elementary, middle, and high schools open from 2010 through 2022. Years are for start of academic calendar. Sources: California Department of Education (LAUSD); Brookings Institution (U.S.) Rosie Ettenheim, Taylor Umlauf and Max Rust/THE WALL STREET JOURNAL

schools because of financial mismanagement in 2012.

Three miles away from the protesters that day at the district office, Morris laid out the case for the closures. Each closed elementary school will save around \$500,000, he estimates. Students aren’t well served, he said, at a high school with an empty pool and where marching band uniforms donated by alumni go unused because there’s no band director. “This is about building

something better for kids,” said Morris, pointing to a Los Angeles Times article on the wall from 2000 about Inglewood elementary reading scores far outpacing other economically disadvantaged districts in the state. He said he’s trying to recapture that success and overcome the community’s skepticism.

Race plays a combustible role in these discussions. Schools with more students of color have historically been more likely to be closed, even

ashore in Oregon. The state highway agency decided it would be a fine idea to use explosives to blast the carcass to smithereens and let seagulls take care of the remains.

Instead, “chunks of the animal flew in every direction, and spectators began to scream and run for cover,” reported the Register-Guard.

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The Dairy Daddies were born when Danville entrepreneurs, who had already launched the Otterbots sum-

mer-league collegiate team in 2021, decided to double their fun by creating a second team, leveraging their existing stadium lease.

In 2023, they threw a curveball to Studio Simon, a Louisville design firm specializing in minor and collegiate-league baseball teams.

They sought a complete brand identity based on their vision of a beefy clean-up-hitter who happens to be bovine. At first, “I was thinking about dad jeans. I was thinking, this is a guy with a little bit of a gut,” recalls Studio Simon founder Dan Simon.

Not quite. “They were specific: No, this isn’t that kind of a daddy,” Simon says.

“This is a ‘Who’s your daddy?’ kind of daddy,” Scher says. “Scher says McCreamy ‘is genderless, as most mascots are.’ The bush leaguer is

accounting for other factors like enrollment, according to a recent national study. In 2013, Chicago’s closure of 50 schools drew widespread opposition, and has left lingering resentment. The backlash was credited with nearly toppling then-Mayor Rahm Emanuel in his 2015 re-election bid. A University of Chicago study later found students from closed schools lost ground academically.

Enrollment at Chicago Public Schools dropped from about 400,000 in 2013 to 329,000 this school year. The district, which is currently switching from a mayoral-run system to an elected school board, is under a moratorium on school closures. A spokesperson said the district is evaluating the needs of its hundreds of campuses and provides extra funding to support small schools.

In New York City, the country’s largest school system has seen pre-K to 12th grade enrollment fall from over one million students in 2017 to under 900,000 this school year.

NeQuan McLean, president of a local education council in Bed-Stuy Brooklyn, said the neighborhood is struggling with under-enrolled schools, including an elementary school with 54 students and a middle school with fewer than 100. “We don’t have dance and art and music because we can’t afford it,” he said.

New York City schools chancellor David Banks acknowledges this problem. “We have dozens of schools that are around 100 kids,” he said. “You reach a point where it is so small that essentially you’re doing a disservice to kids.” While the city recently closed or merged a handful of small schools, it hasn’t announced major restructuring plans.

In Los Angeles, home to the nation’s second-largest school system, Superintendent Alberto Carvalho said he has been conveying a “high-level sense of urgency” around small schools. The district is down to 413,800 students across 800 schools, from nearly 750,000 students at its peak in 2003.

“At some point we need to ask communities impacted, would you rather have three very old, significantly under-enrolled schools or one shiny Taj Mahal?” Carvalho said. “You cannot have three beautiful, state-of-the-art schools that are all under-enrolled.”

Sparingly attended campuses would have been incon-

ceivable in Los Angeles a few decades ago. From the 1980s to early 2000s, LAUSD gained national notoriety for overcrowded schools. Some students boarded buses before dawn to head across the 710-square-mile district to schools with space. “It was just dreadful,” said LAUSD school board President Jackie Goldberg, who also served on the board in the 1980s and early ’90s.

A massive building campaign followed. But by the time many of the schools opened a decade or more later, charter schools were gaining popularity and district enrollment was starting to decline. Today, nearly 109,000 students in Los Angeles attend charter schools, which are publicly funded but run independently from the district.

Hilda Solis Learning Academy—launched in 2012 with promises to house up to 600 students—never enrolled even 400. The Los Angeles school board voted to close Solis in March and move a nearby engineering magnet program—which has lacked a permanent home and also suffered from enrollment loss—into the building next school year.

Mary Beltran, the parent of a senior, comes to Solis every morning to volunteer, carefully stapling up new hallway displays and taking photos for the yearbook. She’s seen the number of classes and clubs shrink since her older daughter graduated in 2019. “Solis could have been much more,” she said.

## ‘More connected’

Junior Juan Fausto has had friends leave the school for larger campuses, to join sports teams or Junior ROTC programs. “We don’t have the big events, but the one benefit we do have is we’re more connected with the teachers,” he said. He’s wary of what will happen next year, when students and staff from the magnet school, which has required student uniforms, take over the campus.

Solis’s closure is an exception in Los Angeles. Any consideration of large-scale school closures is at least a year away, Carvalho, the superintendent, said. Instead, the district is trying to attract families by rebranding neighborhood schools around a theme and staffing a hotline to help navigate enrollment. The district has even given LAUSD-themed swag bags to new mothers at some local hospitals.

Enrollment losses slowed this year, Carvalho said, partly due to the expansion of a pre-kindergarten year for 4-year-olds. Los Angeles and other cities, including New York and Chicago, have also seen an influx of migrant students, which has stabilized enrollment in all three cities for the first time in years.

But an enrollment bounce-back appears unlikely. LAUSD’s own budget office projects further enrollment declines of under 3% a year for the next two years and census data shows a dwindling number of young children in Los Angeles County.

Los Angeles school board member Tanya Ortiz Franklin said she wishes the board and district would address the challenge of small schools head-on rather than holding out hope and treating school closures like a third rail. She has tallied 115 schools in the district that have 200 students or fewer. “If we never talk about closing schools, we’re keeping options from the next students who are coming in,” she said.

# Baseball Mascots Get Ballsy

Continued from Page One suality,” says Austin Scher, the Dairy Daddies’ general manager. “We wanted McCreamy to be the ideal. If I play my cards right, that could be my partner, boyfriend, husband, whatever!”

The Daddies’ social-media accounts team with enough double-entendres to make a milkmaid blush, including, “If you build it, they will cream,” accompanied by an image of McCreamy posing among swooning heifers. Coming ballpark promotions include “Teat Tuggin’ Thursday.”

“I am uncomfortable, but I love this team so much,” as one fan put it.

Within 37 hours of the Daddies’ debut, merch orders flooded in from all 50 states and several countries overseas, according to Scher.

Local resident Maureen Belko fielded queries about the Daddies from her out-of-state siblings.

“My family in New Jersey, they’re like, ‘Maureen, can you explain this?’” says Belko. “I’m like, ‘I cannot. But do you want a T-shirt?’”

Earlier this year, the Rancho Cucamonga Quakes, an L.A. Dodgers affiliate, adopted the name Chaquetas. That move came as part of Minor League Baseball’s campaign to attract more Hispanic fans, and heralded Dodgers star Joe Kelly’s decision to wear a mariachi jacket during a White House visit.

Only later, from social media chatter, did the team realize that chaqueta in some quarters is slang for masturbation. After consulting with members of the Hispanic community, the Chaquetas decided to embrace the new identity, according to Executive Vice President and General Manager Grant Riddle.

“You can put anything into the Urban Dictionary and, you know, you might find an NSFW connotation,” he says.

That, of course, means, Not Safe for Work.

The Eugene, Ore. Emeralds, a San Francisco Giants affiliate, tripled merchandise sales to nearly \$1 million last season by rebranding as the Exploding Whales, says General Manager Allan Benavides.

That name is a nod to a notorious 1970s blunder in which a dead, smelly, eight-ton sperm whale washed

ashore in Oregon. The state highway agency decided it would be a fine idea to use explosives to blast the carcass to smithereens and let seagulls take care of the remains.

Instead, “chunks of the animal flew in every direction, and spectators began to scream and run for cover,” reported the Register-Guard.

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Scher says. “Scher says McCreamy ‘is genderless, as most mascots are.’ The bush leaguer is

named after Patrick Dempsey’s “Grey’s Anatomy” character, and the team hopes he—or it—can strike a balance between family-friendly icon and provocateur.

“When we shared ‘field of creams,’ we knew we had to watch the comments,” says Scher. The Daddies recently introduced #DaddiesAfterDark on X, sharing a follower’s “50 Shades of Hay” pun and teasing, “all the dairy daddies be sliding into the DM’s tonight.”

“Everybody believes it to be all in good fun,” says Kenneth Larking, who is the city manager of Danville.

He hopes the team might draw out-of-state visitors who could be seduced by Danville’s charms and soon-to-be-finished Caesar’s Virginia hotel and casino.

He does, however, add, “I think they really push the envelope on trying to stand out.”



ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

When Simians Reign Supreme

Directed by Wes Ball, ‘Kingdom of the Planet of the Apes’ is a substantive sci-fi entertainment

‘APES TOGETHER STRONG’ became a catchphrase after it appeared in the 2011 movie “Rise of the Planet of the Apes,” then a financial rallying cry that helped drive meme-stock bubbles in 2021. The fourth movie in the re-launched “Apes” series, “Kingdom of the Planet of the Apes,” turns the slogan on its head: Now it’s being used by a fascist slave-state. Its dictator might as well add, as Major insisted in “Animal Farm,” “All men are enemies. All animals are comrades.”

The element of gravitas in “Kingdom” amounts to a cerebral dramatic core that sets it apart from other effects-driven fantasy films. It’s also a rarity among blockbusters in that stringing together one spectacle after another isn’t the point. Though it contains wall-to-wall special effects, with its ape characters merging acting with digital technology, the movie is less interested in feeding the audience visual junk food than in its themes: religious schism, the despair that enables a slave mentality, and the precariousness of life itself in a world where labs create viral infection. This ape thriller is an intensely human drama.

Josh Friedman, whose credits include the 2005 “War of the Worlds,” has written an intelligent and sober script for a new direc-



tor in the series, Wes Ball, who previously shepherded the three “Maze Runner” films. They take a big chance in that, after a prologue marking the funeral of Caesar, the ape protagonist of the preceding three features who died at the end of 2017’s “War for the Planet of the Apes,” the story leaps forward “many generations,” as we’re told in a title, with a completely new set of characters.

Humanity is literally and figuratively in tatters, with the few people left wearing rags and reduced to mute, feral beasts scrounging to stay alive. The airborne lab virus released in “Rise of the Planet of the Apes” made apes cognitively gifted while strip-

ping people of speech. Skyscrapers are overgrown by vegetation. As if events of the 2020s hadn’t made the point emphatically enough, the potential destruction lurking in a vial is the black cloud hanging over everything.

In a slow-developing first act, Noa (Owen Teague) is a young chimpanzee living in a peaceful community that calls itself the Eagle Clan due to its custom of raising pet birds. An invading tribe of fierce and cruel bonobos who wear face coverings and are referred to as “Masks”—another concept fraught with real-world implications—kill some of the villagers and take others away as slaves. As Noa goes in search of his missing relatives, he meets a wise and gen-

tle orangutan, Raka (Peter Macon), for whom the departed Caesar has become a combination of Moses and Christ to be honored and emulated. The leader of the vicious bonobos is a follower also—he has assumed the name Proximus Caesar (Kevin Durand)—but has a completely different view of what Caesar represented. As became true of Christ, both conquerors and pacifists swear they are acting in his name.

The series still has not reached the point in the timeline where Charlton Heston arrived in the 1968 original film, but Mr. Ball stages ringing callbacks to “Planet of the Apes,” including near-recreations of some of its early scenes, right down to cues on the

Freya Allan, above; a scene from the film, which was written by Josh Friedman, below left.

soundtrack and apes on horseback rounding up terrified people with nets. After all of these decades of dystopian sci-fi in popular culture, the sensationalist factor has disappeared: The implicit warning of all of the “Apes” movies, that man could blunder into nearly extinguishing his own species, is far from a fringe notion today, and so Mr. Ball adopts a chilling, doom-soaked tone. This is no theme-park ride; jokes and quips are absent and there is no swaggering jocularly, no invincible heroes to say, “We got this.”

Responsibility for humanity’s future, if any, is a burden carried on the thin shoulders of Mae (Freya Allan of Netflix’s “The Witcher”), a scared young woman who hangs around Noa and Raka hoping for scraps of food but turns out to be a counterpoint to the only other person we get to know, a Quisling named Trevathan (William H. Macy), who insists that serving the tyrant Proximus is the only option for survival. Far from dismissing human rule as a failed experiment in the way “Civil War” dismisses America, however, Mr. Friedman’s script leads to a rousing third act that dares to suggest the possibility of hope. Via a superbly crafted conclusion that celebrates both our ingenuity and our culture, the movie argues that we are the best stewards of this planet—the apes, for all of their intelligence, are still living in a pre-modern civilization. The second half, in particular, exemplifies science fiction at its best: thoughtful, exciting, provocative and pointed. It’s fantasy wrapped around ideological substance, making “Kingdom” the best of the franchise films to make it to theaters so far this year.

20TH CENTURY STUDIOS (2)

TELEVISION REVIEW | JOHN ANDERSON

A Dramatic Look At Noble Beasts

A nature film rich in startling imagery, “Living With Leopards” begins very simply, with a tree, perhaps a baobab, silhouetted against a sunrise. A black cutout against an orange sky. All is still, until one branch twitches, shifts and slowly assumes the shape of a leopard. Shortly thereafter, the same cat will drop 20 feet onto an unsuspecting impala. Botswana breakfast, family-style.

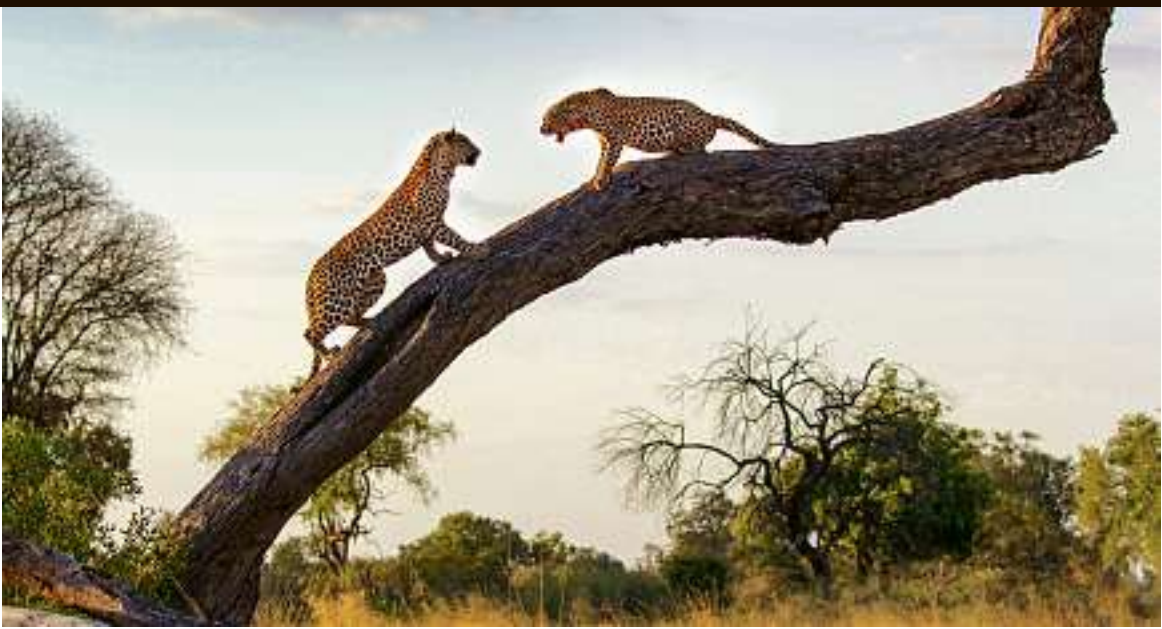
The visuals are dramatic, as is the shift in tone, but why the perilous move? Babies. Having mouths to feed is the only reason a leopard would take such drastic action, says Brad Bestelink, wildlife director of photography and narrator of the film, whose crew spent more than a year following a mother cat and her cubs across a tract of the Okavango Delta of Botswana. It won’t be the last feat of daring we see. Or the last bit of impulsive behavior.

Much of the misbehavior is by Dakunga, one of the two cubs of

Mochima and the spotted Fredo of the brood. His sister is called Kutjira. Dakunga’s education is more fraught than Kutjira’s, but what “Living With Leopards” is about is how cubs learn—and are taught—to survive in a world where everything is dangerous, even other leopards. The photography is extraordinary, though the tidy composition of the film, and the fact that it fast-forwards us into the future six months at a time, suggests that the ratio of shot footage to finished film must have been enormous.

The character of leopards, as the film-makers here agree, seems to place them above the other big cats. The lion may be the king of beasts but is far from noble. The leopard is beautiful, graceful, intelligent, patient—Mr. Bestelink observes that Mochima would hold a pose for an hour waiting for the proper moment to pounce on her prey—and familial, something that may or may not extend to the male of the species:

The film follows a mother leopard and her cubs across Botswana.



When a nomadic mother leopard trespasses onto Mochima’s approximately 12-mile territory, the cubs are immediately imperiled. (A male leopard, we are told, will kill a litter of cubs to force the female into estrus so they can mate.) Mokhanyo, the father of Mochima’s offspring, then battles the intruder, but whether his motivation is paternal affection or self-interest is unclear.

What is evident is that Dakunga is not as smart as his sister, or as attentive to their mother’s instruction. Many nature films attempt to attribute human emotions or reactions to wildlife in an effort to generate dramatic conflict, but Mr. Bestelink and company (Alex Parkinson

▲ A scene from Netflix’s ‘Living With Leopards,’ which is narrated by Brad Bestelink.

is the director) take the tack of letting us observe the obvious: Dakunga tries, for no obvious reason, to incite a porcupine; he stalks a baboon colony only to be forced to flee for his life. In one of the more hair-raising segments, he positions himself, awkwardly, just above the entrance to the lair of a warthog, his target idling cluelessly outside her den while Dakunga tries to keep his balance, until just the right moment. Does that moment arrive, along with—at long last—his

maturity? That would be a spoiler. Despite a soundtrack that doesn’t quite fit—a knockoff of ’70s soul and Africanized pop—“Living With Leopards” is superior nature content, largely because of the evident devotion of its humans. They followed their subjects, clearly grew comfortable with them, and vice versa: One can almost hear Mochima saying, “I’m ready for my closeup,” if she weren’t far too busy correcting Dakunga.

Living With Leopards Friday, Netflix

Mr. Anderson is the Journal’s TV critic.

NETFLIX



ARTS IN REVIEW

*New York*  
If the apocalypse arrives, does it mean there will be no more Daniel Boulud restaurants? Heaven forbid. That ominous question is implicitly raised—although the famous chef is fictional—in Abe Koogler’s deliciously deranged head-scratcher of a play, “Staff Meal,” at Playwrights Horizons.

Mr. Koogler’s absurdist comedy begins in tame territory, with Ben (Greg Keller) and Mina (Susannah Flood) edging toward intimacy after they find themselves seated at adjacent tables in a coffee bar, both tapping away on their matching MacBooks, day after day. First exchanging awkward greetings, moving on to bland questions (“Things good with you?”), they eventually graduate to more frank confidences (“I missed you, is that weird to say?” Mina confesses after a Ben-free day).

But while Mr. Koogler seems to be setting up a mild parody of a rom-com, as the couple discovers—imagine!—that they both had dogs growing up, there are indications that the world being evoked has darker colorations than the bland decor might suggest. When Ben doesn’t show up that day, a mysterious figure, called the Vagrant (Erin Markey, dressed in a pile of raggedy clothing incongruously suggesting very expensive Comme des Garçons of the ‘90s), skulks down from an aisle and attempts to snatch Mina’s laptop.

Even so, when Ben and Mina find themselves at a restaurant, the play seems destined to stay on an even keel as the dialogue maintains a bright comic sheen. When Ben asks if Mina likes to dine out, she says, “No not really, it’s often hard to hear, and the food is often overpriced, and I often feel disappointed, and a big part of me honestly wishes we were just at someone’s house being hosted warmly

**THEATER REVIEW** | CHARLES ISHERWOOD

# A New Play of Piquant Flavors

Abe Koogler’s expectation-upending ‘Staff Meal’ satirizes rom-coms, haute cuisine and theater itself



by someone who was making us all different kinds of food and there was sort of a fire and wine was passed around to the sound of laughter.” (One can relate.)

But things slide into loopiness when Ben details his strange dreams of drowning on a ship that was like the Titanic but wasn’t, and Mina counters with a tale of a past life regression experience that involves having been a rat (or was it just a memory of the movie “Ratatouille”?), and also maybe being Moby-Dick.

**The writer repeatedly and gleefully flouts theatrical conventions.**

And then Ben and Mina, awaiting food, glide into the backstage as the play goes with the Waiter (Hampton Fluker) reciting a mono-

logue about the restaurant’s haunting, maze-like wine cellar, which segues into a recollection of the strange reverence he felt when he saw the chef-owner, Gary Robinson—“a mythic figure in the restaurant industry”—shimmering in the light like a god.

OK. So we have switched tracks, and are now watching a satire of the cultural obsession with restaurants and celebrity chefs. A scene from the Waiter’s first day, in which his co-workers (Jess Barbagallo and Carmen M. Herlihy) rhapsodize over the titular meal, confirms the impression. The exotic dishes—“This must be a new type of duck”—are all green grapes.

Just when we begin to ponder the meaning of the gear-shifting, our inner twitching manifests itself before us as an (apparent) audience member jumps up and demands to know, “What is this play about?” And then takes the stage and, in a funny and oddly moving monologue delivered with wry comic verve by Stephanie Berry, rails about the play’s wayward trajectory: “Do you ever get this feeling with young writers, or early writers, writers who are developing . . . do you ever wonder: When will they develop? We have so many emerging writers, and so many declining writers, and I’m all . . . where are the ones in the middle?”

She then proceeds to hijack the play, telling us her life story—husband died of cancer, early dreams of being a dancer came to nothing, loves the theater, at least until this exasperating play—leaving us even more bewildered at Mr. Koogler’s motives.

This, of course, is the point, if a play as impishly obscure as “Staff Meal” can be said to have one. Mr. Koogler clearly reveres the corkscrewing lunacies of playwrights from Ionesco to Beckett to Christopher Durang. Hopscotching from relationship comedy to spoofing pretentious restaurants to commentary about the contemporary theater—before landing at the apocalypse—he enjoys confounding expectations and flouting theatrical conventions. The sheer murkiness of “Staff Meal” pokes trenchant fun at audiences’ desire to be spoon-fed easily digestible nuggets of meaning, and literal and linear narrative.

The cast, under the admirably sharp focus of the director, Morgan Green, is uniformly excellent, with Mr. Keller and Ms. Flood giving warm, subdued performances as Ben and Mina; Mr. Fluker waxing eloquently philosophical as the talkative Waiter; and Ms. Markey amusingly brash as the strange Vagrant, who

**▲ Susannah Flood and Greg Keller in ‘Staff Meal’ at Playwrights Horizons.**

also confesses to being—well, never mind.

“Staff Meal,” as may be vividly clear by now, could befuddle, confuse and annoy theatergoers looking for a comfortably coherent show. Even at a little more than 90 minutes, the play can feel like a tasting menu with clashing flavors that

outlasts its initial savor. (Mr. Koogler amusingly acknowledges this possibility, with the Waiter saying, “Don’t worry, we’re almost at the end.”) But after a grueling season of mostly bland, bloated or anodyne new Broadway musicals, it also feels like a bracing palate cleanser—strange but fresh and even slightly sweet.

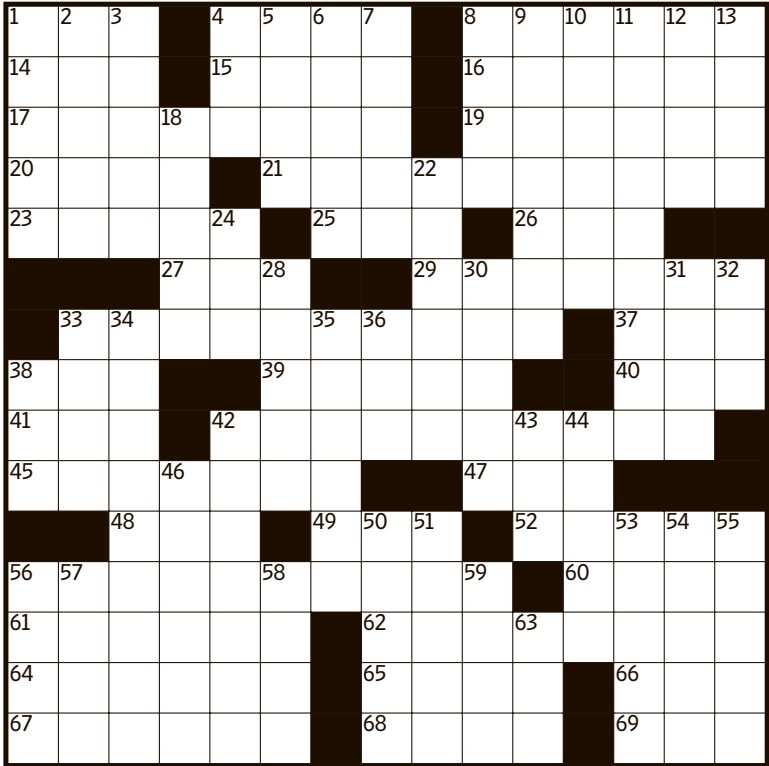
**Staff Meal**  
Playwrights Horizons, 416 W. 42nd St., New York, \$51-\$91, 212-279-4200, closes May 24

*Mr. Isherwood is the Journal’s theater critic.*



CHELSE PARRY (2)

## The WSJ Daily Crossword | Edited by Mike Shenk



- 28 Photo app, familiarly
- 30 Comb components
- 31 Zodiac creature
- 32 CPR expert
- 33 Keystone site
- 34 Make a list of offenders
- 35 Agreed
- 36 Membre de la noblesse
- 38 Cricket need
- 42 Kia SUV
- 43 Cartesian conclusion
- 44 “Iphigénie en Tauride” composer Christoph Willibald
- 46 Crew team
- 50 Paste-up piece
- 51 Bankruptcy filer of 2001
- 53 Limited support?
- 54 MacDowell of “Groundhog Day”
- 55 “Hungaria” composer
- 56 Easy to catch, maybe
- 57 Finish a drive
- 58 Berkshire school
- 59 Blockhead
- 63 Cattle call

## PIECE PROCESS | By Mike Shenk

The answer to this week’s contest crossword is a six-letter word.

### Across

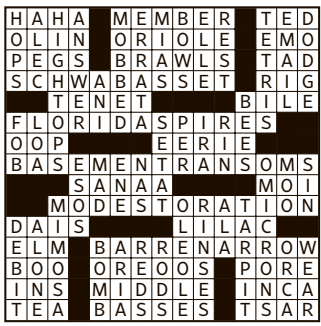
- 1 Short swim
- 4 Language in which “thank you” is “shukriya”
- 8 Gets into fancy duds
- 14 “Midsummer” director Aster
- 15 Smart fighters?
- 16 Without conscious input
- 17 Fort that eventually became Pittsburgh
- 19 Court figures
- 20 School supporter, for short
- 21 Small car dealers
- 23 1950s news series “Now”

- 25 Dark loaf
- 26 Blouse border
- 27 Brest bestie
- 29 Pantry purpose
- 33 Fat-heavy plan
- 37 With 40-Across, male mouser
- 38 Support piece
- 39 Mole, e.g.
- 40 See 37-Across
- 41 “Yikes!”
- 42 Aster family plant with clingy seeds
- 45 2006 Cormac McCarthy novel
- 47 Yankees owner Steinbrenner
- 48 Negating conjunction
- 49 It may make a deposit
- 52 Banksy’s “Girl With Balloon,” e.g.

- 56 Relaxing getaway
- 60 Child’s plea
- 61 Feel regret about
- 62 Some limo renters
- 64 Words before a second reporter’s report
- 65 Caramel candy
- 66 Politico Cheney
- 67 Famed oil producer
- 68 Not fooled by
- 69 Group of pieces
- 1 Pops
- 2 Cocky boast
- 3 Irritation
- 4 Island strings
- 5 Foolhardy
- 6 Blood drive participant

- 7 Words before a package date
- 8 Posh
- 9 Single-issue magazine
- 10 Bring together
- 11 Contest in a dohyo
- 12 The Miners of the NCAA
- 13 Soprano Lily
- 18 Sealskin boat
- 22 Gag, e.g.
- 24 “I don’t want to hear that!”

### Previous Puzzle’s Solution



► Email your answer—in the subject line—to [crosswordcontest@wsj.com](mailto:crosswordcontest@wsj.com) by 11:59 p.m. Eastern Time Sunday, May 12. A solver selected at random will win a WSJ mug. Last week’s winner: James Sorenson, Canton, OH. Complete contest rules at [WSJ.com/Puzzles](https://www.wsj.com/puzzles). (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

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SPORTS

JASON GAY

# The Outrageous Adventures Of Basketball’s Ant-Man

Timberwolves dynamo Anthony Edwards announces himself as a generational superstar as he pushes the defending NBA champion Nuggets to the brink of playoff elimination



As the father of a chatty 11-year-old boy, who is friends with other chatty 11-year-old boys, I am privy to a useful unpaid focus group: Inside the Excitable Brains of Chatty 11-year-old Boys. In recent months, their animated conversations have veered from the pugilistic merits of Godzilla vs. King Kong, obsessions with Pokémon, piranhas and tongue-scorching snack chips, to oenophile-like disquisitions of their preferred pre-adolescent libation, Prime.

Lately, however, their 11-year-old brains have been consumed by another subject:

The Ant-Man, or Ant. As in: Did you see what Ant-Man did last night?

Can you believe that Ant shot/dunk/block?

Dad, give me the phone, I want to show them what Ant-Man did.

And lastly:

Bruh (pause.) ANT.

Like many others, these kids are freaking out about Anthony Edwards, the young star supreme of the Minnesota Timberwolves, an infamously added franchise now holding a 2-0 advantage over the defending champ Denver Nuggets in a best-of-seven NBA Western Conference semifinal resuming Friday night.

It’s the romping of the Wolves. And with due respect to the virtuoso shooting of big man Karl-Anthony Towns, the labor of Naz Reid, Rudy Gobert, Kyle Anderson and Jaden McDaniels, and the preparation of injured, chairbound Minnesota head coach Chris Finch, the signature piece is Edwards—at 22 merely 2x an 11-year-old, and already making a case as the alpha dog of the NBA.

Perhaps you’ve seen Ant-Man in action. You can’t miss him, leaping off the court, and the TV screen, the thrilling, gravity-ridiculing ideal of the airwalking basketball superstar. Maybe you’ve been a Wolves fan for a long time, scarred from decades of desolation, waiting patiently for a savior you worried might never come.

This run surpasses expectations—a former laughingstock, full of swagger, sweeping the Phoenix Suns out of the first round, now embarrassing (at home!) a Denver team led by Nikola Jokic, the freshly-crowned three-time league MVP.

It feels like a moment and arrival. The Ant Era is here.

My 11-year-old focus group adores Edwards because he plays basketball like an 11-year-old would, which is to say: like a videogame. The 6-foot-4 dynamo from Georgia appears guided by a joystick, dominating inside and outside, improving his 3-pointer to go with his decadent handles and those ferocious, elbows-cocked dunks which swallow social media for days. Ant-Man is also a committed, self-assured defender, such a leaper he recently thunked his head on the rim while blocking a shot. (“I ain’t never jumped that high in my life,” he said afterward.)

He is averaging 32.3 points, 6.8 rebounds and 5.8 assists in these



playoffs. Stellar, but it isn’t about the numbers.

It’s his leadership and confidence. Now in his fourth NBA season, Edwards remains one of the youngest players on the roster, but these Wolves are thoroughly under his command. Minnesota grooves when he grooves—and his authority on the court is easy to observe. Ant-Man has been unafraid, for example, to needle his fellow All-Star, Towns, for making mindless fouls. Towns, 6 years older, has taken heed.

“He’s the face of the league,” Towns said recently. “He hates when I say that, but it’s true.”

Young basketball superstars aren’t supposed to figure it out this quickly. There’s usually a period of growth, followed by constructive setbacks—heartbreaks that build the necessary scar tissue to reach the next level. Edwards has experienced defeat, but he’s skipping over most of the frustrating parts of early stardom. He is the understudy to no one. In this series with Jokic, the glorious Serbian playmaker, Ant-Man is carrying himself like the best player on the court—because

he has been.

He’s having fun, too—chatterboxing with the Denver crowd, playfully taunting his childhood idol, Durant, breezily navigating the growing circus around his fame. An upbeat eccentric who named his bulldog Anthony Edwards Jr., Edwards seems unburdened by standard life pressures. During Monday’s Game 2, a camera appeared to catch a smirking Edwards on the bench investigating the source of flatulence.

The Wolves are throttling Denver. That’s the staggering thing here—this isn’t the case of a hot team that got lucky and stole a couple games on the road. Minnesota, which played without new father Gobert in Game 2, is blowing the doors off the titlists, straight from the jump, primarily with defense, limiting the Nuggets to 35 first half points on Tuesday, and 80 overall. Jokic appears uncharacteristically discombobulated; his co-star Jamal Murray is tantruming, earning a \$100,000 fine for tossing a towel and a heating pad toward an official.

Denver will try to come back. I

doubt it can happen, because A) that hungry Minneapolis crowd will be bonkers this weekend, and B) because of Ant, who is flaunting a ruthless edge. “I don’t give a damn if we go up 3-0,” Edwards said after Game 2. “We’re gonna come out punching.”

A word here about the Ant-Man/Michael Jordan comparisons, because they’re happening more and more during this run: enough. There are athletic similarities between Edwards and the Bulls legend but elevating any up-and-comer in that airspace is an absurd disservice. Edwards has begged the public to stop the comparisons, which is either earnest, or a marvelous deployment of the Streisand Effect, or a little of both. The point remains: the whole discussion is silly.

Success in the NBA is measured in rings. Edwards is winning, but he hasn’t really won a thing.

For the longtime Wolves fan, the widening national mania around the team and its star must be hard to process. Minnesota has been a franchise dedicated to skull-numbing chaos—and it’s still a little like that, at least behind the scenes, as longtime owner Glen Taylor recently yanked the team back from a new ownership group led by Alex Rodriguez, after the

latter’s financing proved wobbly. This is a team that failed the superlative prime of its original superstar, Kevin Garnett, and opted to pick Ricky Rubio and Jonny Flynn in the 2009 draft instead of Steph Curry. (Rubio’s defensible at least.)

Ant-Man is taking an eraser to all that. Not long ago, it was easier to get the sports media to talk about bass fishing and ski jumping than the Timberwolves. Today Minnesota is everyone’s darling, from “SportsCenter” to Charles Barkley to this very sports page, which has written oodles more about bike racing and chess. Edwards keeps raising the profile of his underrated teammates, as well as Finch, a coach barricaded to a second-row bench seat after a recent sideline collision tore apart his knee.

They’re not close to done. The Wolves bandwagon keeps filling up and Anthony Edwards is grabbing the opportunity. I know this because I’ve seen it. I also know this because I listen to a gang of 11-year-olds with no regional attachment to Minnesota. These kids love their monster movies, the Pokémon Charizard, flesh-eating fish, spicy chips and sticky gooey energy drinks. And Ant-Man. Honestly I think they love Ant-Man the most.

DAVID SHERMAN/INBA/GETTY IMAGES, RON CHENOV/USA TODAY SPORTS, DAVID ZALUBOVSKI/ASSOCIATED PRESS, MATTHEW STOCKMAN/GETTY IMAGES (3)

## Is This the Greatest Comeback Team in Sports?

By JOSHUA ROBINSON

**REAL MADRID** was trailing by a goal in the dying moments against Bayern Munich on Wednesday night and heading for elimination from the Champions League. The 76,000 fans inside the Estadio Santiago Bernabeu were going wild—and only partially because they feared defeat.

Mostly it’s because they had seen this movie before.

Sure enough, the 14-time European champions scored in the 88th and 91st minutes to turn the game around and stun Bayern Munich, 2-1. Not only did the victory send the club to its sixth Champions League final in 11 years, where it will face Borussia Dortmund. It also cemented Real Madrid’s place as perhaps the greatest comeback team in sports.

“Well, it’s happened again,” Real manager Carlo Ancelotti said. “It’s happened so often. Fans who push us on, a fantastic stadium, players who never stop believing—it’s simply something magical.”

It’s also something that is hard to find comparisons for. In the NFL, Tom Brady was a one-man comeback machine, leading 14 game-winning drives in the postseason alone, including one that brought the New England Patriots’ back from the dead in Super Bowl LI after trailing the Atlanta Falcons 28-3. In baseball, the 2004 Boston Red Sox remain the only team to dig out from a 3-0 series hole to win a playoff series. In the NBA, that kind of turnaround is still unheard of.

But something about the regularity with which Real Madrid pro-



Joselu scored both goals in Real Madrid’s 2-1 victory over Bayern Munich in a Champions League semifinal.

duces miracles sets it apart. It doesn’t depend on any single player, nor is there a clear explanation for it. At times the comebacks seem inevitable as Real’s forwards pound down the door. And at others, they require a huge slice of luck—like when Bayern goalkeeper Manuel Neuer fumbled the ball in front of Joselu for the tying goal on Wednesday.

What they have in common is that no one is ever entirely surprised.

“As soon as we scored one,” Madrid coach Carlo Ancelotti said, “I

absolutely knew we would—and could—go after the winner and actually get it.”

The crazy part is that this doesn’t even rank as Madrid’s wildest Champions League comeback of the past decade. “The one against Manchester City is still bigger,” Real defender Ferland Mendy told French television after the game. “This one is second.”

The mind-bending night Mendy was referring to came two years ago, when Madrid trailed Man City 5-3 on aggregate with less than 30 seconds remaining in the second

leg. Real then scored twice to force extra time before sinking a shell-shocked City to punch its ticket to the final.

But the list of epic comebacks goes on. Like the time Real scored twice after the 80th minute to edge past Chelsea in the second leg of the 2022 quarterfinals. Or the 93rd minute equalizer against Atletico Madrid in the 2014 final, which Real went on to win 4-1—to name just a couple.

The architects of Real Madrid’s success in Europe have historically been some of the greatest soccer

players ever to walk the earth. In the 1950s, the club brought together magicians such as Alfredo di Stefano and Ferenc Puskas during Real’s streak of five consecutive European Cups. At the turn of the century, the so-called *Galacticos* team of Zinedine Zidane, Luis Figo, and Raul added their Champions League trophy to the cabinet. And then came the 2010s, defined by Cristiano Ronaldo.

So the most surprising part of Wednesday’s comeback wasn’t that it took place, but rather who made it happen. Both goals came courtesy of a 34-year-old journeyman named Joselu.

He had been on Real’s books before, as a member of the reserve team from 2009 to 2012. During that time, he was promoted to the main squad for just one appearance. And that’s where his tally seemed set to end. Joselu bounced around teams in Germany, then to the decidedly unglamorous Stoke City in England, before moving on again. All told, he represented eight different clubs between the time he left Madrid in 2012 and the day Real came calling again last June. He had exactly zero club trophies to his name.

Real took him on loan for a season and shuffled him between the starting lineup and the bench. He was the perfect role player—useful in places, though unlikely to make much history in the famous white jersey. That was before Wednesday night. Twice in the space of three minutes, Joselu popped up in the right place, at the right time to turn himself into a hero and prove that Real Madrid’s Champions League DNA was fully present in him too.

“This team simply never gives in,” Joselu said. “Fighting until the final whistle is in our blood.”



OPINION

The Lawfare Implosion of 2024



**POTOMAC WATCH**  
*By Kimberley A. Strassel*

What’s that old saying about the “best-laid plans”? Democrats banked that a massive lawfare campaign against Donald Trump would strengthen their hold on the White House. As that legal assault founders, they’re left holding the bag known as Joe Biden.

In Florida on Tuesday, Judge Aileen Cannon postponed indefinitely the start of special counsel Jack Smith’s classified-documents trial. The judge noted the original date, May 20, is impossible given the messy stack of pretrial motions on her desk. The prosecution is fuming, while the press insinuates—or baldly asserts—that the judge is biased for Mr. Trump, incompetent or both. But it is Mr. Smith and his press gaggle who are living in legal unreality, attempting to rush the process to accommodate a political timeline.

What did they expect? Mr. Smith waited until 2023 to file legally novel charges involving classified documents, a former president, and a complex set of statutes governing presidential records. The pretrial disputes—some sealed for national-security reasons—involve weighty questions about rules governing the admission of classified documents in criminal trials, discovery,

scape and even whether Mr. Smith’s appointment as special counsel was lawful. Judge Cannon notes the court has a “duty to fully and fairly consider” all of these, which she believes will take until at least July. This could push any trial beyond the election.

Mr. Smith’s indictments in the District of Columbia, alleging that Mr. Trump plotted to overturn the 2020 election, have separately gone to the Supreme Court, where the justices are determining whether and when a former president is immune from criminal prosecution for acts while in office. A decision on the legal question is expected in June, whereupon the case will likely return to the lower courts to apply it to the facts. That may also mean no trial before the election.

A Georgia appeals court this week decided it would review whether Fulton County District Attorney Fani Willis can continue leading her rack-teering case against Mr. Trump in light of the conflict presented by her romantic relationship with the former special prosecutor. The trial judge is unlikely to proceed while this major issue is pending, and the appeals process could take up to six months.

Which leaves the lawfare crowd’s last, best hope in Manhattan District Attorney Alvin Bragg’s muddled charges on that Trump 2016 “hush money” deal with adult-film star Stormy Daniels. That case was a mess well before Judge

Juan Merchan allowed Ms. Daniels to provide the jury Kama-Sutra-worthy descriptions of her claimed sexual tryst with Mr. Trump, during which she intimidated several times that the encounter was nonconsensual.

Mr. Trump is charged with falsifying records, not sexual assault, and even the judge acknowledged the jury heard things that “would have been better left unsaid.” He tried to

Will the prosecution of Donald Trump end up putting him back in the White House?

blame the defense for not objecting enough during her testimony, but it’s the judge’s job to keep witnesses on task. Judge Merchan refused a Trump request for a mistrial, but his openness to issuing a “limiting instruction” to the jury—essentially an order to unhear prejudicial testimony—is an acknowledgment that things went off the rails. If Mr. Trump is convicted, it’s also a strong Trump argument for reversal on appeal.

Little, in short, is going as planned. The lawfare strategy from the start: pile on Mr. Trump in a way that ensured Republicans would rally for his nomination, then use legal proceedings to crush his ability to campaign, drain his resources, and make him too

toxic (or isolated in prison) to win a general election. He won the nomination, but the effort against him is flailing, courtesy of an echo chamber of anti-Trump prosecutors and journalists who continue to indulge the fantasy that every court, judge, jury and timeline exists to dance to their partisan fervor.

These own goals are striking. Mr. Smith wouldn’t be facing delays if he’d acknowledged up front the important constitutional question of presidential immunity, or if he’d sought an indictment for obstruction of justice and forgone charging Mr. Trump with improperly handling classified documents, which gets into legally complicated territory. The federal charges might carry more weight with the public had Mr. Bragg refrained from bringing a flimsy case that makes the whole effort look wildly partisan. And Ms. Willis’s romantic escapades have turned her legal overreach into a reality-TV joke.

Democrats faced a critical choice last year: Try to win an election by confronting the real problem of a weak and old president presiding over unpopular far-left policies, or try to rig an outcome by embracing a lawfare stratagem. They chose the latter. Perhaps a court will still convict Mr. Trump of something, although that could play either way with the electorate. Lawfare as politics is a very risky business.

*Write to kim@wsj.com.*

**BOOKSHELF** | By Matthew Rees

A Hunger For Less

**Magic Pill**

By Johann Hari  
*Crown, 320 pages, \$30*

It’s hard not to notice: More than a few celebrities—and millions of regular citizens—are managing to lose weight without taxing their willpower. The reason is Ozempic and other weight-loss drugs, which suppress appetite and make the ordeal of forswearing calories seem needless. Doctors who specialize in hip and knee replacement are getting nervous, as are the sales teams at food companies. Ozempic jokes have been delivered by hosts at the Academy Awards and the Grammys. Oprah Winfrey, who has admitted to using a medication to drop weight, recently hosted a prime-time special on the topic.

Johann Hari isn’t sure whether this dramatic shift—in both consumption habits and cultural norms—is an unambiguously good thing. In “Magic Pill,” he skillfully explores the effectiveness and the risks of Ozempic—as well as Wegovy and Mounjaro—and vividly depicts the food environment that has created a need for them. It’s a sad fact that nutritionally poor diets are a leading cause of death in the United States and throughout the world.

Mr. Hari, a British journalist whose books include “Lost Connections” (2018) and “Stolen Focus” (2022), is not an innocent bystander to his subject. He weaves first-person accounts into his narrative, describing his own gluttonous habits over the years. His childhood diet, he says, was filled

with ultraprocessed foods—and he took pleasure in “stuffing” himself with them. As an adult, he was given a Christmas card by the staff at a KFC outlet, who thanked him for being “our best customer.”

Like countless others, Mr. Hari gained weight during the Covid-19 pandemic and eventually met the technical definition of obesity. (He is 5-foot-8 and weighed just over 200 pounds.) After a doctor prescribed Ozempic, he estimates that his hunger declined by 80%. That’s because Ozempic and other such drugs mimic a gut hormone—glucagon-like peptide-1, better known as GLP-1—that signals satiety after food has been consumed. While GLP-1 functions for a few minutes, the replica version does so for a week. It also reduces the speed with which food leaves the stomach.

One great strength of “Magic Pill” is Mr. Hari’s measured approach. He acknowledges the effectiveness of weight-loss drugs. The most commonly cited studies show users typically shedding between 15% and 20% of their body weight. This is obviously a major reduction that could relatedly reduce a susceptibility to all sorts of diseases and complications connected to obesity. (Structured weight-loss programs deliver, on average, a 3% reduction.) There is also evidence that the medications can reduce a craving for drugs and alcohol and help curtail other self-destructive behavior.

But Mr. Hari also gives a good deal of attention to the downside of all this. He meticulously documents, for example, 12 risks associated with the use of weight-loss drugs, including the erosion of muscle mass, an increased possibility of thyroid cancer and something known as “Ozempic face” (saggy skin). He explores as well the effect of weight-loss drugs on the brain. He notes that when he first started taking Ozempic—users inject themselves with the drug once a week—he was left feeling “listless,” “strangely muted” and “emotionally dulled.”

Ozempic and other weight-loss drugs appear to produce dramatic results, but there are downsides. Moral dilemmas arise as well.

At the moment, the precise likelihood of being afflicted with these varied conditions is unknown. Also unknown are the long-term effects of weight-loss drugs, since studies so far have had a limited duration. The drugs, in their current form, must be taken in perpetuity to remain effective—a challenge, given the cost (more than \$900 a month without insurance coverage) and potential side effects: e.g., nausea, diarrhea and constipation. One study of more than 4,200 patients found that only a third of them were still taking the drugs a year after they began. The reasons for stopping varied.

There are moral dilemmas as well. Mr. Hari writes that when he started taking Ozempic he saw himself as “cheating,” adding: “You should get to weight loss through hard work—diet and exercise. Just being jabbed once a week is too easy.” And the drugs don’t do anything, as he observes, to address the factors that lead to high rates of weight-related disease: “We built a food system that poisons us—and then, to keep us away from the avalanche of bad food, we decided to inject ourselves with a different potential poison.”

Mr. Hari notes that Japan hasn’t fallen into this trap—it has the lowest obesity rate of any advanced economy—and he devotes an illuminating chapter to what the country is doing right. The Japanese focus on the consumption of freshly cooked food and emphasize restraint: They are trained as children to stop eating when 80% full. Healthy lunches are served in schools, where principals eat the same meals as students.

Mr. Hari ultimately concludes that the benefits of weight-loss drugs outweigh the risks, at least for him, but he concedes that “lots of people will face the same choice, and reject the drugs.” There is another decision point, though, one that may require a broad cultural shift in habits and values. As it is, we treat nearly every ailment—food-related and otherwise—with a litany of pills, procedures, injections and medical interventions. Far better to live in such a way that there is no need for a “magic pill” in the first place.

*Mr. Rees is the president of Geonomica, a senior fellow at Dartmouth’s Tuck School of Business and the editor of Food and Health Facts.*

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**HOUSES OF WORSHIP**  
*By Carl R. Trueman*

The United Methodist Church at its General Conference last week voted by large margins to lift its ban on practicing homosexual clergy and to eliminate from its “Social Principles” the statement that homosexuality is incompatible with Christian teaching. The decision is significant for what has long been one of the nation’s biggest religious groups, with more than five million members.

As with every other mainline Protestant denomination in America, there has been a long struggle over the church’s traditional teaching that homosexuality is wrong and that marriage is between a man and a woman. The UMC stood its ground for longer than many other denominations, even reaffirming its position and strengthening the penalties for breaking the rules in 2019. That, however, was also the year the UMC adopted a policy that allowed congregations to leave the denomination with their property. Traditionalists did so in droves, with more than 7,000 American churches departing in the past five years, preparing the way for the progressives’ triumph.

The recent changes weren’t surprising. Liberal Protestantism has always been a religious reflection of the broader culture. In the 1950s that meant supporting the Cold

War, with John Foster Dulles being perhaps the most prominent liberal Protestant in public life. The 1960s, the Vietnam War and the civil-rights movement changed that. Liberal Protestants continued to do what they have always done, adding a pious blessing and an air of divine sanction to the cultural politics of the day, but the politics moved left. As the notion of civil rights fused with the sexual revolution, supporting abortion, homosexuality and then transgenderism became the imperative of divine love.

The feminist art critic Camille Paglia wrote incisively about this dynamic more than 30 years ago in an essay titled “The Joy of Presbyterian Sex.” She reviewed a 1991 Presbyterian Church USA committee report, which she described as calling for “radical change in traditional Christian attitudes toward sexual behavior and which specifically endorses extramarital relationships and homosexuality.” Ms. Paglia, a lesbian and atheist, might have been expected to welcome the proposal (which wasn’t adopted at the time). Instead, she lambasted the group for failing to stand by what the Bible and Christian tradition clearly teach on sex. She added that such Christians, far from being radical, merely operate within the conventional tastes of the dominant culture.

The committee would celebrate “hand-holding gays and lesbians . . . but not, of course,

pederasts, prostitutes, strip-pers, pornographers, or sadomasochists,” Ms. Paglia wrote. “Incest is abhorrent and abhorred,” it flatly declares,” the committee balking at sexuality outside its feminist frame of reference. “I wrote in the margin, ‘No lobbyists, I guess!’ ”

Ms. Paglia’s criticism of the Presbyterians in 1991 applies to the UMC decision today. True, the Methodist church adopted a statement about marriage. It affirms “marriage as a sacred, lifelong covenant

The UMC opts for the secular culture’s take on sex over traditional Christian orthodoxy.

that brings two people of faith (adult man and adult woman of consenting age or two adult persons of consenting age) into a union of one another and into deeper relationship with God and the religious community.” But what does “sacred” mean when divorced from the traditional theological and ethical beliefs that underpin Christianity? The description is nothing more than an aesthetic gloss to conceal what’s transpiring: the reduction of marriage to an emotional bond rather than the mysterious union of a man and woman that would normatively lead to the most sacred and godlike of events, the creation of new life.

My Mom Taught Me Real Men Can Type

By Gregg Opelka

My mother should have been an economist. Then again, as a woman raising nine children on only her husband’s salary, she practically was one. That’s why in the late 1960s she was able to give me a big leg up on the competition.

When I turned 12 in June 1968, my parents surprised me with a special present, a Smith-Corona manual typewriter with its own carrying case. For a kid whose hobby was writing stories and verses, this sleek portable writing machine was a dream gift. Then came part two of my present—mom had enrolled me in a twice-weekly summer typing class at a nearby high school.

On the eve of the first class, I opened the typewriter case to a shock: My mother had covered every key with thick black tape, making the letters invisible. “Mom! What is this?” I asked in disbelief. “You’ll learn where the letters are faster this way,” she in-

sisted. “Your eyes need to be on the page, not the keys.”

Arguing with mom was futile. Before getting married, she’d been a high-school English teacher in Englewood, a rough neighborhood on Chicago’s South Side. She’d handled some of the toughest troublemakers in the city and brooked no opposition.

The Smith-Corona I got when I turned 12 prepared me for a college side gig.

Sure enough, mom was right. Within days, my fingers, amazingly, had become QWERTY experts, flying hither and yon like little digital acrobats. I was the star of my typing class. But my mother’s foresight didn’t end there. A good economist knows the true value of an asset comes from compounding.

Shortly after I entered Lawrence University in the

’70s, my reputation on campus as a speed typist became well-known. As term papers came due, fellow students, almost always panicked young men, offered to pay me to type. Many younger folks don’t realize that before computers, men generally didn’t type unless they were playwrights, journalists or my mother’s son. Many women studied typing in the hopes of becoming high-paid secretaries, but for most men my Smith-Corona was as familiar as a knitting needle. A dollar a page may not sound like a lot to charge, but today’s equivalent would be \$5.50. Ten typed pages an hour bought a lot of Michelob in Appleton, Wis.

After graduating, I moved to Boston in 1980, where I continued my side hustle, starting my own typing service, the Myopic Snail Typing Co. In a smart college town like Boston, irony didn’t go unappreciated; business at the Snail boomed. My timing was serendipitous. IBM had just released its state-of-the-art

Selectric III, the Tesla of writing machines. With its interchangeable elements, you could type in different languages and fonts. I once typed a Harvard doctoral candidate’s 450-page French dissertation that needed all those funny accents and circumflexes. The *pièce de résistance* was the Selectric’s miraculous self-correcting key, which allowed you to fix typos on the fly. With dozens of universities nearby, my market was vast. I earned the \$35-a-month rental fee on the Selectric many times over.

While I studied piano in Cambridge, my typing gig kept bills paid and me fed. Within a few years, the IBM PC would storm the country. Suddenly middle linebackers were learning to type. Schumpeter’s theory of creative destruction meant I’d lost my edge and my second job, but thanks to mom—and a roll of black masking type—I was never a starving artist.

*Mr. Opelka is a musical-theater composer-lyricist.*



OPINION

REVIEW & OUTLOOK

The FTC Smears Scott Sheffield

Americans rightly prize due process under the law, but today’s federal government often wields power in arbitrary and ugly ways. Consider the case of the Federal Trade Commission and Scott Sheffield, the former CEO of Pioneer Natural Resources Co.

The Democratic majority on the FTC last week issued an eight-page complaint accusing Mr. Sheffield of attempting to collude with the Organization of the Petroleum Exporting Countries (OPEC) to increase oil prices. They also approved a consent decree barring Mr. Sheffield from serving on Exxon Mobil’s board following its acquisition of Pioneer.

According to the complaint, Exxon’s acquisition would violate antitrust laws “by giving Mr. Sheffield a larger platform from which to pursue his anticompetitive schemes.” The FTC more or less ordered Exxon to cashier Mr. Sheffield as a condition of merger approval.

\* \* \*

We’ve never heard of such a demand in government merger reviews, and it’s especially troubling given the thin evidence on which the FTC bases its allegations. FTC Chair Lina Khan is smearing Mr. Sheffield, a shale-fracking pioneer, and denying him due process.

The complaint says Mr. Sheffield tried to coordinate output and prices with OPEC and U.S. producers. Private correspondence between Mr. Sheffield and OPEC representatives is redacted from the complaint, but the public statements the FTC cites don’t support its case.

Take the claim that Mr. Sheffield “threatened” other oil producers by telling the Financial Times in autumn 2021 that “everybody’s going to be disciplined, regardless of whether it’s \$75 Brent, \$80 Brent, or \$100 Brent” and “all the shareholders that I’ve talked to said that if anybody goes back to growth, they will punish those companies.”

This wasn’t a threat. Mr. Sheffield was analyzing the oil market, as executives are often asked to do. He has a First Amendment right to express his opinion, and in any case he lacked the power to punish competitors. The context of his remarks is also notable.

At the time, President Biden was demanding that OPEC ramp up production to contain rising gasoline prices. Mr. Sheffield in the same interview criticized Biden officials for trying “to slow down US drilling in any way they can,” including with a moratorium on leasing on federal lands and said that they would “rather import crude oil from OPEC.” All true.

The FTC omitted these remarks, no doubt

because they contradict its collusion conceit. Mr. Sheffield wasn’t trying to suppress U.S. oil production. President Biden was, even as his Administration threatened antitrust action if oil and gas companies didn’t lower prices at the pump.

According to the FTC, Mr. Sheffield also showed “publicly-stated alignment” with OPEC by saying in 2023 that “I’ve followed OPEC closer than almost any CEO in the history of our industry.” So tracking competitors is now collusion?

It’s true that Mr. Sheffield and others lobbied the Railroad Commission of Texas when oil prices plunged early in the pandemic to impose output restrictions on producers in the Permian basin. We criticized that idea at the time in part because it might have propped up weaker producers, ironically at the expense of more efficient ones like Pioneer.

But the quotas were never adopted and wouldn’t have affected global oil prices when Russia and the Saudis were flooding the market. Note, too, that Mr. Sheffield’s misbegotten efforts were intended to bolster the U.S. shale industry so frackers could survive to produce another day—a goal not shared by progressives who were cheering their demise.

The FTC also ignores that Pioneer’s daily production more than doubled between 2019 and 2023, so the company obviously wasn’t colluding with OPEC to cut output. The real collusion against U.S. production is by progressive investors and the climate lobby, which have been abetted by Biden regulators.

Recall the 2021 campaign by progressive hedge fund Engine No. 1 to oust Exxon board members, an effort supported by public pension funds and proxy advisory firms. Progressives have also pushed shareholder resolutions to force oil and gas companies to reduce production, which have been allowed by the Securities and Exchange Commission.

On the publicly available evidence, the FTC’s accusations against Mr. Sheffield lack merit, which may be why Ms. Khan didn’t file a complaint against him. Instead, she maligned him in a consent decree with Exxon, giving him no recourse to contest the charges. Someone also leaked to the press that the FTC plans to refer Mr. Sheffield to the Justice Department for a potential criminal investigation, despite no evidence of illegality.

This case is a nasty smear, and it’s a new low for the Khan FTC. But unchecked regulatory power—amplified and celebrated by a compliant media—invariably becomes abusive.

notes that “since January 2024 the Biden Administration has effectively paused the sale of up to 6,500 Joint Direct Attack Munitions.” These kits offer GPS directions to bombs so they are accurate within approximately 10 feet. They are exactly the precision weapons that reduce civilian casualties in urban warfare. Mr. Biden’s supposed moral stance will make the Israeli operation in Rafah more bloody and costly.

Majority Leader Chuck Schumer will probably try to deny the measure a floor vote. But the House could force Mr. Biden to at least pay some political price for his policy choices. Sen. Graham says he and Sen. Susan Collins of Maine are also looking at ways to push back through the appropriations process.

Mr. Biden’s threat to pull the plug on the main U.S. ally in the Middle East is a watershed moment that will radiate across the world. Other allies will wonder what they’re risking if they cast their lot with the U.S.

“Nations on the fence,” as Minority Leader Mitch McConnell said on the floor Thursday, “will look elsewhere for their own security. And our enemies will be emboldened.” An apt summary of Mr. Biden’s foreign policy.

security officer “remains shaken by her encounter with the occupying protesters (aka privileged kids) who verbally attacked her in a very aggressive and extremely offensive manner.”

The union wants a meeting with Ms. Shafik, as well as access to the security footage from Hamilton Hall and “the names of the occupiers arrested,” since it’s also weighing legal action against them.

College presidents don’t want to inflame the anti-Israel protesters, yet coddling agitators who break the rules carries its own perils. TWU might or might not have a legally meritorious lawsuit, but what if the scuffle in Hamilton Hall had ended with a custodian tumbling down a flight of stairs and cracking his head? Although the workers at Columbia weren’t seriously injured, it isn’t hard to imagine how someone could have been.

Perhaps there’s also some political danger here for Democrats and President Biden. TWU International has endorsed Mr. Biden, but Mr. Samuelsen’s members don’t have to follow his lead on Election Day.

Young voters and union workers are both longtime Democratic constituencies. But the more the left panders to mobs at Ivy League schools where tuition runs well into five figures, the more out of touch it looks to the working man.

LETTERS TO THE EDITOR

Every Life Has to Count in War’s Arithmetic

Regarding Lance Morrow’s op-ed “The Grim Arithmetic of a Just War” (May 3): Those who justify Hamas practice their own arithmetic, one in which some people’s lives count and others do not. Sophomoric college protesters repeat ad nauseam that Israel as the supposed oppressor “possesses a monopoly on violence,” as my own campus’s chapter of Students for Justice in Palestine said on Oct. 9.

If Israel alone can be violent, then, pray tell, did anyone die on Oct. 7? I have yet to see any of these activists recognize that Hamas killed innocent people that day, except when they justify it with the thinnest of euphemisms (like references to “the right of Palestinians to resist this occupation” in that same Oct. 9 statement).

Supporters of Israel grieve the loss of life in Gaza. Reasoned supporters of a Palestinian state also mourn the loss of life on Oct. 7; apologists for Hamas, however, do not. Once some categories of people are excluded from our accounting of the cost of war, we are on a dangerous path.

JOHNNY GALLOWAY  
William & Mary Law School  
Williamsburg, Va.

As a Jewish child in the 1950s, I spent Sunday nights with family at my grandmother’s house watching on a small-screen television World War II newsreels, which included video the Nazis had filmed documenting their operations at Auschwitz and other concentration camps. Images of bulldozers pushing skeletal corpses into mass graves were seared into my mind.

Like Mr. Morrow, I couldn’t believe that what happened then to Jews could ever happen again, but the rapid metastasis of antisemitism on college campuses, and the colleges’ toleration of, if not outright participation in it, has changed my mind.

In the early 1930s, universities in Germany permitted Jewish students and professors to be harassed, intimidated and excluded by Nazi elements on campus. We are seeing nothing

less at Columbia, UCLA and most other campuses today.

MARC E. KASOWITZ  
Kasowitz Benson Torres LLP  
New York

Mr. Morrow writes that pro-Palestinian demonstrators seek everything from the river to the sea returned “to the prelapsarian, pre-1948 never land of all-Palestinian Palestine.” As his sardonic phrasing implies, this presumed past is not only a myth, but the opposite of the truth.

In 1944, Walter Clay Lowdermilk, an international authority on land and water conservation, published a bestselling book, “Palestine: Land of Promise.” He concluded that the centuries of prior desolation there had resulted not from the natural environment, but from human devastation and neglect. The Jews, he wrote, had “demonstrated the finest reclamation of old lands that I have seen in three continents,” and he noted that Arab prosperity and population had increased as Jews drained swamps and began new industries.

It was a postlapsarian time, but it held the promise of a brighter future for both Jews and Arabs. Perhaps the Abraham Accords presage another time of mutual economic benefit, once the near-century of self-defeating wars against Israel finally end.

RICK RICHMAN  
American Jewish University  
Los Angeles

Mr. Morrow’s defense of Israel’s actions is compelling. The more relevant question is whether those actions are effective. Looking at the rise of antisemitism around the world and the decline in support for Israel, a case can be made that Israel has made its citizens and Jewish people around the world less safe.

It is fair to ask what else they could do. That is a difficult question. But making themselves less secure doesn’t seem to be a good choice.

JOHN M. PRIZER JR.  
Maitland, Fla.

The Fed Needs to Change but Stay Independent

In “Trump Allies Draw Up Plans to Blunt Fed’s Independence” (Page One, April 27), it is argued that an incoming Trump administration might want to influence the future course of Fed policy more directly. That isn’t a novel attempt, and many previous administrations have attempted to do the same thing. Actually doing so, and abolishing or reducing the Fed’s independence, would be a fatal mistake. It would relegate the nation’s central bank to be the handmaiden of the Treasury and set the U.S. on an inflationary course imitating Argentina, Venezuela, Zimbabwe and others.

Where the Federal Open Market Committee has fallen short in recent years is by not focusing on the monetary and credit aggregates. One will look in vain to find the word “money” in any of the decisions of the FOMC during the past three years. Further, the Fed refers frequently to its “dual mandate” of price stability and maxi-

mum employment. It doesn’t mention its third congressional mandate, long-term interest rates, a goal that can be achieved best through price stability (i.e., no or zero inflation).

If the Fed wants to avoid further criticism and threats to its independence, it should refocus on the congressional mandate of controlling the growth of the monetary and credit aggregates and the third goal of moderate long-term interest rates.

ROBERT HELLER  
Belvedere, Calif.

Mr. Heller was a member of the Board of Governors of the Federal Reserve System.

So the guy who figured out how to lose money in the casino business wants to play a role in setting interest rates. What’s the worst that could happen?

TIM BAHR  
Charlotte, N.C.

Sasse Can Make a Seminole Cheer on Gators

Thank you to President Ben Sasse of the University of Florida for articulating a clear case for limiting the illegal protest nonsense on many other college campuses (“The Adults Are Still in Charge at the University of Florida,” op-ed, May 4). His good and common sense is probably something he brought from his senator days in Nebraska. As a Florida State Seminole fan, I’m going to say something unusual to him and his like-minded colleagues: Go Gators!

CONNIE O’HANLON  
Oviedo, Fla.

My son graduated from the University of Florida in December 2023 (and took a picture onstage with Mr. Sasse, who was very gracious). I graduated from Columbia University’s School of International and Public Affairs in May 1999. He can proudly wear his alma mater sweatshirt with his yarmulke (Jewish skullcap) but I cannot.

RAPHAEL GROSS  
Boca Raton, Fla.

It is refreshing, indeed, to encounter a university president who is an adult. Is it too much to hope that Mr. Sasse would extend his example to the presidency of the U.S.A.?

NORM GRANHOLM  
McGregor, Texas

The Media and Marjorie

Marjorie Taylor Greene is one of 535 members of Congress (“Who Lost the House GOP Majority?” Review & Outlook, May 1). For House Republicans, she is one of 217 (formerly 222). Yet she consumes all the oxygen in every news cycle because she starts so many fires. In what other line of work would an arsonist be rewarded so richly?

It may be time for the media to cover her in proportion to her representation and stop serving as an accelerant to the flames.

MARK DORNAUER  
Springfield, Va.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Asking for a raise is class war.”

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OPINION

# Anti-Israel Protests and the ‘Signaling’ Problem

By Roland Fryer

The anti-Israel protests on college campuses present a puzzle for observers of academic norms and mores. Today, even relatively minor linguistic infractions, like the failure to use someone’s preferred pronouns, are categorized as abuse at many elite institutions, some of which even define potentially offensive speech as “violence.” One need not even speak to run afoul of campus speech codes; I recently participated in a training in which we were warned of the consequences of remaining silent if we heard someone “misgender” someone else.

## The economic theory that explains the powerlessness and confusion of university administrators.

Definitions of “harmful” speech have become so capacious that one assumes they include antisemitism. In some cases, they surely do: A university wouldn’t take a hands-off approach to a student or faculty member who expressed prejudice against Jews in the manner of Archie Bunker or the Charlottesville marchers. Yet that’s what many of them have done when faced with protesters’ speech that is offensive to Jews, even when it crosses the line into threats, intimidation and harassment.

At a December congressional hearing, the presidents of Harvard, Penn and MIT struggled to answer when Rep. Elise Stefanik (R., N.Y.) asked whether “calling for the genocide of Jews” violates the schools’ “code of conduct or rules regarding

bullying and harassment.” Two of the presidents lost their jobs, but the central question remains unresolved: How could it be that the university is zealous about policing pronouns but blasé about the advocacy of hateful violence?

For someone who prides himself on adherence to fact, reason and rationality, trying to follow the logic of university decision-making over the past five years has been a mind-bending experience. But universities are also political entities, where competing interests vie for influence over the function and purpose of the institution. In the case of the protests, two competing interests have made themselves heard most loudly: students and faculty who are hostile to Israel and alumni donors who see the protests as antisemitic. Caught between them are administrators, who must figure out how to balance these interests without entirely losing the faith of either group.

This dynamic can be explained by economic theory. In the early 1970s, economist Michael Spence introduced the concept of signaling, which has since become one of the foundations of information economics and earned Mr. Spence the 2001 Nobel Memorial Prize in Economics. This seminal concept helps explain how individuals and organizations communicate their attributes or intentions in situations of information asymmetry.

The best-known application is the job market. Employers and potential employees face a situation in which applicants have more information about their productivity than the employer, since the employer can’t directly observe those qualities before hiring. To overcome this asymmetry, job seekers engage in signaling—taking actions that can credibly convey information about their abil-



ities. Such signals include everything from educational credentials to the way the applicant dresses for an interview.

When I encountered Mr. Spence’s model in graduate school, I was mesmerized. My doctoral dissertation extended his work to understand underinvestment in education in some black communities. The basic economics also seem applicable to what’s going on now on college campuses.

The key idea is that the protests present university administrations with a two-audience signaling quandary: Behaviors that appease students may anger alumni, and vice versa. Like a job applicant’s potential productivity, university administrators’ political preferences are hidden from students and alumni, but they may signal them in various ways. They may choose a liberal commencement speaker rather than a conservative one, they may create programs that emphasize “inclusiveness,” and so on. Students and

alumni observe these strategic disclosures of preference, and each group decides whether to accept the decision or agitate against it.

University administrators whose preferences align most closely with their alumni will ignore the students and simply do what they think is best, as the University of Florida’s president did when he banned encampments and declared that the school is “not a daycare.” Those whose views align with the protesting students will do the opposite.

But most top administrators don’t have such strong preferences. They will engage in a high-wire act of trying to appease both students and alumni. If students decide “safety first” is the most important initiative on campus, administrators—even if they disagree—will adopt stances consistent with that and hope the alumni don’t revolt too much. If a few months later students set up encampments and chant anti-Israel slogans, then administrators will also adopt stances

consistent with that and, again, hope the alumni don’t complain too much.

The congressional hearings revealed that this signaling strategy was at work. The three presidents would risk alienating students if they disavowed anti-Israel slogans and alumni if they endorsed them. So they offered lawyered-up equivocations that signaled confusion and weakness.

Economic theory can explain why the situation on so many campuses has spiraled out of control and why no interested party—neither students nor donors nor seemingly anybody else—has anything good to say about how administrators are handling the protests. But economics can’t address the more essential issue at play, which is moral. Elite universities decided years ago that they would adopt a basic principle: Any speech act that attacks, questions or even declines to affirm the self-understood identity of another constitutes harm worthy of punishment.

I may not like that principle, but it’s now a fait accompli. And if you’re going to punish one person who violates it, you have to punish everyone who violates it. To permit attacks on one identity group while prohibiting attacks on others is worse than hypocrisy—it is profoundly immoral. If administrators had the courage of their stated convictions, if they had principles rather than merely gestures meant to signal their status as good liberals, the most egregious antisemitism on campus would have been stopped before it could snowball.

*Mr. Fryer is a professor of economics at Harvard, a founder of Equal Opportunity Ventures and a senior fellow at the Manhattan Institute.*

# Quantitative Tightening Becomes a Trap for the Federal Reserve



**POLITICAL ECONOMICS**  
By Joseph C. Sternberg

As policy-wonk buzzwords go, few are more important these days than “ample.” What that word means, or rather what the Federal Reserve thinks it means, has become a \$74 trillion question hanging over the U.S. economy.

The issue is the Fed’s balance sheet, which currently stands at about that level. The Federal Open Market Committee decided last week to slow the pace at which the balance sheet will shrink. Since June 2022, the central bank has been allowing up to \$60 billion a month in Treasuries to roll off and up to \$35 billion in mortgage-backed securities. That rate will now slow to \$25 billion per month for Treasuries.

This sounds counterintuitive. The Fed is fighting stubborn inflation. Quantitative easing (the purchases of bonds through which the central bank expanded its balance sheet after 2008) marked a prominent effort

to stimulate the economy and inflation. Quantitative tightening to unwind those purchases seemed to be part of the Fed’s plan to combat inflation starting in 2022. Why slow down now?

Because taming inflation isn’t the central bank’s only task (and the Fed isn’t sure QE matters to inflation anyway). The central bank also has changed the way the American financial system operates in significant ways since 2008 and this is limiting the Fed’s ability to shrink its balance sheet.

The problem is the central bank’s liabilities, which necessarily have increased in tandem with its assets. One liability in particular ballooned under QE: bank reserves. These are the deposits commercial banks hold at the Fed to guarantee their liquidity, and they’re huge: \$3.3 trillion as of the most recent count, and that already is down from \$4.3 trillion at the peak, in late 2021.

It wasn’t always this way. Before the 2008 panic, reserve balances were minuscule relative to the size of the economy—in the low tens of billions. Banks instead borrowed from and lent to each other over-

night to manage liquidity.

Regulatory changes since 2008 have pushed banks to hold more reserves, and the Fed further encouraged this stockpiling when it started paying banks interest on reserve balances. Banks now rely primarily on reserve accounts rather than overnight borrowing to satisfy liquidity requirements, and that overnight market has shriveled.

## Now that the central bank has transformed the financial system, novel policies are hard to scrap.

The Fed describes this new system as an ample-reserves regime—there’s that word—but no one can say what “ample” means. The quantity of reserves banks want to hold arises from a complex alchemy of regulation, market forces and managerial preferences. No wonder the central bank’s estimates of likely reserve demand have shifted dramatically over the years, from as little as

\$100 billion in the mid-2010s to \$1 trillion in late 2018 and around \$2.3 trillion now.

This is especially concerning because the Fed has other large liabilities that affect its ability to meet banks’ uncertain reserve demand. Particularly relevant here is the Treasury general account, the federal government’s checking account at the Fed. The TGA has grown considerably since 2008 (before then, Treasury parked most of its cash at private-sector banks) and it’s very volatile. Seasonal tax payments, for instance, rapidly withdraw money from the banking system and cause a decline in bank reserves while pumping up the TGA.

The pinch comes if a change in the TGA or elsewhere on the Fed’s balance sheet causes bank reserves to fall below some minimum level everyone knows exists but no one can identify. This already has happened once. The central bank started its first quantitative tightening in 2017, when bank reserves hovered around \$2.3 trillion, give or take. By September 2019, reserves had fallen to around \$1.5 trillion, still well above what the Fed at the time

thought was ideal. Then a surge in tax payments caused the TGA to swell at the expense of bank reserves—and it turned out banks thought their reserves were too low. Sudden demand for liquidity caused overnight lending rates to skyrocket out of the central bank’s control.

Chairman Jerome Powell is slowing quantitative tightening now because the Fed is anxious to avoid a repeat of that fiasco. Is his caution premature? Perhaps, considering reserves still stand at roughly double their pre-pandemic (and post-September 2019) level. But you can understand the worry.

His bigger dilemma is this: The conceit of many Fed innovations since 2008 has been that novel policies—for which no one voted and that the central bank itself often doesn’t fully understand—could be easily reversed when the time came. Well, the time has come amid the worst inflation spike in 40 years and a new debate about Fed accountability. But the central bank finds itself hemmed in by those “temporary” policies. In this way, the balance sheet is becoming a political problem as much as an economic one.

# The FDIC’s Campaign Against Fintech Companies

By Jeb Hensarling

Congress created the Federal Deposit Insurance Corp. during the Great Depression to protect Americans’ hard-earned money and restore confidence in the financial system. Today the FDIC regulates more than 5,000 banks for safety and soundness, resolves failed banks, and provides standard deposit insurance on individual accounts up to \$250,000. As if that isn’t enough, its current leadership is attempting to expand its authority to target banks that work with financial-technology companies. The FDIC increasingly wants discretion in deciding where and under what circumstances consumers can obtain loans, financial products and other banking services. Arrogating such power to itself disregards the rule of law, innovation and consumer choice.

Financial-technology companies, or fintechs, are at the forefront of innovation in financial services. Consider Opendoor, which offers a new mobile-device platform to buy and sell homes with a cash offer. Whether such fintechs as Opendoor have built a better mousetrap should be a question for the public, not the government. Yet Washington bureaucrats typically don’t welcome innovators, whose companies threaten their power.

This dynamic doubtless obtains with the FDIC. The fintech business model relies on collaboration with enterprising banks. The FDIC’s hostility toward such banks is laid bare by the agency’s enforcement statistics. Since January 2023, according to the Klaros Group, more than 25% of the FDIC’s formal enforcement actions against institutions have targeted banks with fintech partnerships—though they represent a

much smaller percentage of all banks in the U.S.

Earlier this year it forced Lineage Bank of Franklin, Tenn., to terminate all “significant” partnerships with fintechs. The FDIC also determined that New York’s Piermont Bank must get written approval from its board before adding new fintech partners. The message is clear: Any bank that goes into business with a fintech company will face the regulatory gauntlet.

It’s difficult to read these statistics and conclude that the FDIC isn’t trying to bully banks through consent orders and “cease and desist” demands. In doing so, the FDIC is engaged in de facto rulemaking while bypassing the notice and public comment period legally required under the Administrative Procedure Act.

The FDIC’s assault on fintech isn’t confined to enforcement. The agency in April took the unusual step of submitting a friend-of-the-court brief in a case interpreting Colorado state law. Fintech trade groups have sued Colorado over a law, set to take effect in July, that they say would reduce competition by capping interest rates on loans made by state-chartered banks based in the 49 other states. The law would hit banks with fintech partnerships especially hard because it targets products unique to their firms, such as short-term credit and buy-now-pay-later loans.

Leading the anti-fintech charge is FDIC Chairman Martin Gruenberg, who hasn’t tried to conceal his contempt for the industry. In a recent speech, he referred to fintech firms as “shadow banks” while claiming that nonbank lenders fueled the 2008 financial crisis.

The agency’s actions are déjà vu. During Mr. Gruenberg’s stint leading the agency during the Obama administration, the FDIC joined the Justice Department in a program called Operation Choke Point. The agencies’ goal was to deny banking services to businesses they deemed undesirable, such as payday lenders, gun manufacturers and independent ATM operators. Congress never authorized such action, meaning that unelected and unaccountable bureaucrats effectively put their thumbs on the scale to say with whom banks could—and couldn’t—do business.

## With no authorization from Congress, the bank regulator tries to suppress these innovative firms.

After significant pushback, the FDIC and Justice Department claimed to have abandoned the program in August 2017. Considering the damage it did to their institutional reputations, one would think the FDIC wouldn’t try a similar scheme again. If only.

Mr. Gruenberg hasn’t enjoyed smooth sailing since returning to his post. The Journal revealed in a series of articles last fall that the agency has a toxic workplace, with widespread allegations of harassment, discrimination and other offenses. Members of the House Financial Services Committee in November launched an inquiry to evaluate the claims. On Tuesday an audit from the law firm Cleary Gottlieb Steen & Hamilton, commis-

sioned by the FDIC, revealed that more than 500 people—mostly current employees—had reported “experiences of sexual harassment, discrimination, and other interpersonal misconduct” to the firm’s hotline.

It isn’t implausible that Mr. Gruenberg might be seeking to distract from the agency’s scandals by announcing a slew of enforcement actions that please the far-left elements of the Democratic Party. He could use some allies in Congress. Sen. Sherrod Brown (D., Ohio), chairman of the Banking Committee, has been one of the loudest critics of fintechs, accusing the companies of putting “people’s hard-earned money at risk” by acting like banks without offering the same level of “consumer protections and safeguards.”

Regardless of the motivation, the FDIC’s assault on fintechs is part of an alarming trend from the Biden administration. Whether it be the Federal Communication Commission’s imposing net neutrality on broadband providers, the Consumer Financial Protection Bureau’s imposing price caps on bank fees, or the Federal Trade Commission’s banning almost every noncompete agreement in America, government agencies are granting themselves sweeping discretionary powers in constitutionally dubious ways. In so doing, they threaten the rule of law, suppress economic growth and limit consumer choice. That should worry all Americans.

*Mr. Hensarling, a former chairman of the House Financial Services Committee (2013-19), is an advisory council member to Americans for Prosperity and an economics fellow at the Cato Institute.*

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WORLD NEWS

Drone Squad Keeps Ukraine Front Supplied

Soldiers who once only flew attack missions now fly in water, food, ammo

By IAN LOVETT  
AND NIKITA NIKOLAIENKO

NEAR IVANIVSKE, Ukraine—For 48 hours, as the soldiers fought to hold a trench on Ukraine’s eastern front, their stores of water were dwindling. Now, they had only a few sips left. The roads to resupply them were effectively cut off by attack drones. The Russians were just 200 yards away. “How much water do you have?” their commanders asked on the radio. A soldier called Grinch answered, “Enough for another day.” It was the answer he always gave, as long as he still had at least a couple drops. “We’ll send more,” one of the commanders said. The question was how. Resupplying the front has become one of the most vexing problems in Ukraine. Explosive attack drones make it all but impossible for vehicles to bring in men and materiel. In recent weeks, Ukraine has begun ferrying supplies using large drones. The Wall Street Journal accompanied a four-man team from the Achilles drone battalion on a mission. It began one recent Saturday afternoon when six zinc ammunition boxes, covered in bubble wrap and sealed with tape, were delivered to the team about 10 miles from the front. Each was marked with the position it was destined for. Until two months ago, the team just ran attack missions using large drones known as

Vampires, because they strike at night. But increasingly, their work is resupply. “Every time infantry go in by foot, it’s very dangerous...there’s shelling, mortars,” said the team’s commander, who goes by the call sign Azimuth. “This is an easier way to supply them.” Easier, but not without risks. First, the team had to make it to a bunker, several miles from the front line, crossing a field where drones and artillery sometimes struck. At dusk, the men crowded into an armored vehicle—Azimuth; Maloy, the engineer; Frodo, the pilot; and Borsuk, a trainee pilot. At first, the mood was light. The men insisted on stopping to get coffee at a roadside stand, and ribbed each other at every opportunity—especially 32-year-old Borsuk, the newest addition to the team. They passed the carcass of another armored vehicle. Electronic jammers—to disrupt communication between attack drones and their pilots—hisssed on the roof, melding with the trance music playing in the vehicle. “Can you change the music?” Maloy, 25, said. “It sounds like we’re heading off to die.” The driver switched to Ukrainian pop. Built into a hillside, the bunker was tight—about 15 feet long, with plywood benches and a table of empty ammo boxes. It smelled of pine. Azimuth was soon on the radio with his commanders, who had spotted a Russian foxhole just 200 yards from Ukrainian trenches. “Go f—them up,” a commander said. Resupplying could wait.



Ukrainian forces use Vampire drones, operated from a tablet, to carry supplies to troops near the front line with Russia.

Frodo, the 34-year-old pilot, grabbed a controller and set up a tablet with a feed from the drone’s night-vision camera. The Russians try to down the Vampires in a variety of ways—jammers cut communications, while smaller attack drones fly into the Vampires or dangle chains into their rotors. Azimuth said they lose a drone every two days or so. This time, the sky was clear. After 15 minutes, the drone reached the Russian foxhole. Frodo hovered it over the target. First, he dropped a bottle of water, testing the wind. Satisfied, he dropped the antitank mine. An explosion lit up the tablet’s screen. “If someone was in there, they’re f—ing dead now,” a voice on the radio said. The team in the bunker didn’t react. Only once they got the drone back did they allow themselves a small celebration—fist bumps all around. Then the resupply runs began. They have flown in medicine, food, bullets, power banks, cigarettes, antenna parts and once a fire extinguisher. Azimuth asked what the troops needed this time. “Water,” the commander said. Outside, Maloy attached one of the packages to the drone. As he worked, machine-gun fire rattled over the hill, then a massive explosion lit up the horizon. He paid no attention, grabbing a couple of small blue glow sticks and taping them onto the package. “They help the guys find the parcels,” he said. “Before that, about 30% of them were never found.” A few minutes later, the drone lifted into the air again. As it approached the Ukrainian trench, Azimuth watched the live feed on the tablet and saw a figure emerge from a shattered tree line, waving. On the radio, Azimuth warned the guys to take cover, then the drone dropped the box. Grinch, 29, stepped out of

the foxhole to get the parcel. “It’s hard to overstate the impact of delivering packages this way,” he said in an interview several days later. Before the drone resupply missions, he said, he had to hike the last couple of miles to the trenches carrying nine liters of water. On Saturday night, Grinch said, the parcel contained water, energy bars, canned food and tea. The water is essential, he said. But he hardly touches the food. Instead, he takes pills to constipate himself before heading to the front, and eats jerky while there. “By comparison, it’s easy to pee in a bottle,” Grinch said. After the Vampire returned, the team had five more packages to deliver. Though the bunker was relatively safe, there were regular reminders of the dangers around. Once, a series of explosions over the hill shook the bunker. At another point, Azimuth stopped midsentence: He heard a buzzing and worried it could be a Russian attack drone. “It’s a Mavic,” Maloy said—a Ukrainian surveillance drone. At one point, they heard over the radio that Russians had hit some Ukrainian trenches. Troops were calling for casualty evacuations. With vehicles unable to reach the front, wounded soldiers can languish for days before colleagues are able to carry them out. Sometimes, drones drop off painkillers and antibiotics. “Sometimes it works. Sometimes people die,” Azimuth said. “You hear it in real time. After those nights, you feel so bad.” During the shift, the team conducted three strikes and delivered five packages. Compared with the guys in the trenches, Azimuth said, he effectively has an office job—he can stop for coffee on the way in and leave at the end of the night. As the sun came up, he radioed for a ride out: “Please bring us a taxi,” he said.



Russian President Vladimir Putin, center, marks Victory Day—the 79th anniversary of defeating Nazi Germany in World War II.

Putin Uses Parade to Lambaste West

By ANN M. SIMMONS  
AND JOANNA SUGDEN

Russia’s annual Victory Day was conceived as a solemn commemoration of sacrifices made for the motherland. Increasingly, Vladimir Putin is using it to promote his political agenda, browbeat the West and justify his invasion of Ukraine. On Thursday in Moscow’s Red Square, the Russian president acknowledged that his country is “going through a difficult, transitional period,” as he accused the West of inciting a global conflict, and said Russia is ready to confront any threat. This was Putin’s 21st Victory Day speech, an address he typically has used to unite his nation around its most revered collective memory: vanquishing Hitler’s Germany. In the past he has lionized Russia’s inviolability, attributing it to the solidarity of its people. But in nearly a quarter of a century since his first May 9 speech, the tone of his rhetoric has taken a subtle if definite

turn. Increasingly confrontational, the language has hardened as relations with the West have soured. An analysis of the text of his addresses since 2000 shows that he only began to mention the “West” in 2022 and has included it every year since. “Revanchism, mockery of history, the desire to justify the current followers of the Nazis are part of the general policy of Western elites to incite more and more regional conflicts,” Putin said Thursday. He often uses unfounded claims about the leadership in Kyiv being under Nazi control, to support his Ukraine invasion. The Nazis and Nazism, once featured in his speeches only for their historical relevance, increasingly have appeared in reference to current events. Putin now uses the historical touchstone for millions of Russians to draw parallels between World War II and the conflict in Ukraine. “We will not let anyone threaten us. Our strategic forces are always on combat

alert,” Putin said, echoing remarks he made earlier this week when he ordered the country’s military to test its readiness to use tactical nuclear weapons. The Kremlin said the move was a response to recent comments by Western officials that European powers could do more to help Ukraine. In at least one past speech, Putin has praised the joint efforts of the Soviet Union and the West in defeating Nazi Germany. “We have never divided Victory into ours and others,” Putin told Red Square in 2005, when George W. Bush and his wife, Laura, sat behind the Kremlin leader during the commemoration of the 60th anniversary of Victory Day. “We will always remember the help of our allies: the United States of America, Great Britain, France, other states of the anti-Hitler coalition, German and Italian antifascists.” Foreign dignitaries invited to the parade included former President Barack Obama and several European leaders. But

almost all Western leaders have boycotted Russia’s Victory Day parade since 2015, the year after Russia annexed Ukraine’s Crimean Peninsula. On Thursday, Putin accused the West of distorting the truth about the role of the U.S.S.R. during WWII. “The first three long, difficult years of the Great Patriotic War, the Soviet Union and all the republics of the former Soviet Union fought the Nazis almost one on one, while almost all of Europe worked for the military power of the Wehrmacht,” Putin said Thursday. The Russian leader also appears less wedded to referring to peace, with no references to peace or peaceful in the past two years. In 2020, Putin stressed the importance of being “able to defend the values of peace, humanism and justice.” Compared with the years leading up to Russia’s invasion of Ukraine, Thursday’s ceremony was subdued, largely devoid of the typical extravagant display of military hardware.

WORLD WATCH

CHINA  
Exports to EU, U.S. Fell Through April

China’s exports to the European Union and the U.S. dropped in the four months through April compared with a year earlier, even as China’s exports overall rose 1.5%. The pickup was driven by a healthy bump in exports to Asia and the developing world, according to data from China’s General Administration of Customs on Thursday. The shifting pattern of Chinese trade highlights the attraction for poorer countries of cheap Chinese machinery, smartphones and cars. It also flows from tensions between Beijing and the U.S.-led West, which are pushing Chinese firms to seek ways around U.S. import tariffs by moving production to countries such as Vietnam and Mexico. In Europe’s case, the decrease also reflects the sluggishness of the region’s economy after the twin shocks of the pandemic and Russia’s 2022 invasion of Ukraine. —Jason Douglas

ARGENTINA  
Labor Unions Hold General Strike

Argentina’s biggest trade unions mounted one of their fiercest challenges to the libertarian government of President Javier Milei, staging a mass general strike on Thursday that led to the cancellation of hundreds of flights and halted key bus, rail and subway lines. Main avenues and streets, as well as major transportation terminals were left eerily empty. The 24-hour strike against Milei’s austerity measures and deregulation push threatened to bring the nation of 46 million to a standstill as banks, businesses and state agencies closed in protest. Most teachers couldn’t make it to school, and parents kept their children home. Trash collectors walked off the job—as did healthcare workers, except for those in emergency rooms. The government said transport-service disruptions would prevent some 6.6 million people from making it to work. —Associated Press

YEMEN  
Houthi Claim Two Gulf Attacks

Houthi rebels on Thursday claimed responsibility for two missile attacks in the Gulf of Aden on two Panama-flagged container ships early Tuesday that caused no damage. Meanwhile, an adviser to Iran’s supreme leader again threatened that Tehran could build a nuclear weapon if it chose to pursue atomic armaments. The comments by Yemeni military spokesman Brig. Gen. Yahya Saree and former Iranian Foreign Minister Kamal Kharrazi come as the allies of Hamas continue to pressure Israel over its war on the militant group in the Gaza Strip. Saree claimed attacks on the MSC Diego and MSC Gina. The Joint Maritime Information Center, a U.S.-led coalition of nations operating in the Mideast said the vessels were “likely targeted due to perceived Israeli affiliation.” —Associated Press

SUDAN  
Rights Group Alleges Atrocities

A leading rights group said on Thursday that attacks by Sudanese paramilitary forces and their allied militias, which killed thousands in the western region of Darfur last year, constituted a campaign of ethnic cleansing against the area’s non-Arab population. The paramilitary Rapid Support Forces, which has been fighting Sudan’s military for more than a year, allied with armed militias to carry out attacks against the ethnic Masaliit and other non-Arab groups in El Geneina, the capital city of West Darfur state, said Human Rights Watch. Sudan has been rocked by violence since mid-April 2023, when tensions between the military and the rival paramilitary erupted into open fighting. Clashes quickly spread to other parts of the country, and Darfur was engulfed in brutal attacks on African civilians, especially the Masaliit tribe. —Associated Press



# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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S&P 5214.08 ▲ 0.51% S&P FIN ▲ 0.69% S&P IT ▼ 0.25% DJTRANS ▲ 0.59% WSJ \$IDX ▼ 0.23% 2-YR. TREAS. yield 4.805% NIKKEI (Midday) 38311.63 ▲ 0.62% See more at WSJ.com/Markets

## Norfolk Southern Chief Saves Job

Shareholders reject an activist investor's proposal to remove the railroad's CEO

By Esther Fung

Norfolk Southern's embattled chief can keep his job.

The freight railroad's shareholders on Thursday voted against an activist investor's proposal to unseat Alan Shaw as CEO. The investor, **Ancora Holdings**, scored a partial victory as shareholders voted to replace three members of the company's 13-person board.

Ancora has criticized Norfolk's operational and financial performance as well as its handling of the train derailment last year that resulted in the release of toxic chemicals in a small Ohio town. Ancora was pushing for seven seats on the board and demanding the replacement of both Shaw

and Norfolk's chief operating officer.

Norfolk COO John Orr also will remain in his role.

Shareholder-advisory firms supported changes to the company's board but were split on its management. Glass Lewis supported replacing Shaw with Jim Barber, a former chief operating officer at United Parcel Service. Institutional Shareholder Services said Norfolk's operational performance doesn't suggest an overhaul in leadership is immediately required but supported five dissident board candidates.

"There is a clear case for change," ISS said before the vote. Ancora nominees William Clyburn Jr., Sameh Fahmy and Gilbert Lamphere were voted to the board.

"We are not done fighting," the president of Ancora subsidiary Ancora Alternatives, Jim Chadwick, said during the Norfolk Southern shareholder meeting, adding that Ancora



Norfolk CEO Alan Shaw said change in operations is needed.

intends to hold the company accountable for further derailments or continued financial underperformance.

Norfolk and Ancora have different positions on how to implement precision scheduled railroading, or PSR, a strategy to boost profits by running trains more effi-

ciently and reducing costs. Ancora is pushing for a more conventional application of PSR with a stated goal of reducing the operating ratio—the percentage of revenue consumed by operating costs—to 57%, while Norfolk prefers a structure with higher staffing levels to pre-

vent service disruptions when demand picks up.

Federal regulators, the Surface Transportation Board and the Federal Railroad Administration have warned of increased scrutiny of Norfolk if operating changes result in safety incidents and shipping delays increase. "This is a proxy fight about the future of the rail industry," Shaw said before Thursday's vote.

Earlier this month, STB Chairman Martin Oberman said that while it isn't his position to recommend how shareholders should vote, it is his responsibility to call out threats to the national rail network, and that Ancora's campaign should cause serious concerns to all rail stakeholders.

Shaw said that while Norfolk has made improvements in safety, it has fallen short in delivering productivity and efficiency. He said change in operations is needed, including

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## Warner Bros. Discovery Hopes to Keep NBA

By Joe Flint

Warner Bros. Discovery Chief Executive David Zaslav said the company has the ability to match third-party offers for NBA packages that could keep the league on its TNT cable network and Max streaming service.

Both **Comcast's** NBCUniversal and **Amazon.com's** Prime Video streaming service are aggressively pursuing National Basketball Association rights, challenging the parent of TNT, which has carried NBA games for almost four decades.

Speaking to analysts Thursday morning to discuss the company's quarterly results, Zaslav said Warner Bros. Discovery is in continuing conversations with the league now and is "hopeful we will be able to reach an agreement that makes sense for both sides."

TNT will face a significant increase in rights fees if it succeeds in keeping a package of NBA regular and postseason games. The Wall Street Journal previously reported that Comcast's NBCUniversal is prepared to pay an average fee of about \$2.5 billion to carry NBA games on its NBC broadcast network and Peacock streaming service.

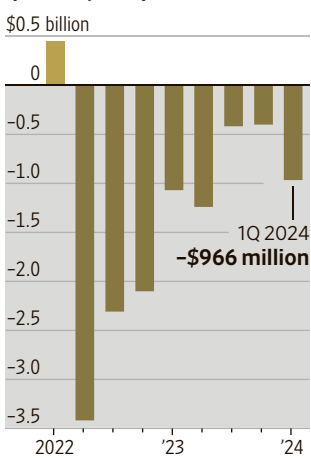
That is more than double TNT's current average fee of \$1.2 billion a season.

In addition, Amazon's Prime Video streaming platform has the outline of a deal for a new package of games that the league is creating.

**Walt Disney's** ESPN is near a deal that would keep the NBA on its cable channel as well as sister broadcast network ABC at an average fee of about \$2.6 billion annually, people familiar with the matter have said, up from roughly

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### Warner Bros. Discovery quarterly net profit/loss



Source: the company

## Stock Bets Tied to Weight Drugs Prove Tricky

By Caitlin McCabe

Krispy Kreme faced a looming threat: the growing popularity of buzzy weight-loss drugs.

For months, short sellers had piled on bearish wagers on the theory that Krispy Kreme customers using drugs such as Ozempic would lose their appetite for treats. The company's shares tumbled.

As it turns out, picking losers from the weight-loss drug revolution isn't so easy.

In late March, Krispy Kreme announced a nationwide partnership with **McDonald's** that, starting this year, would allow the burger chain to begin selling doughnuts around the U.S.

Krispy Kreme shares surged 39%—the best one-day performance in the stock's recent history.

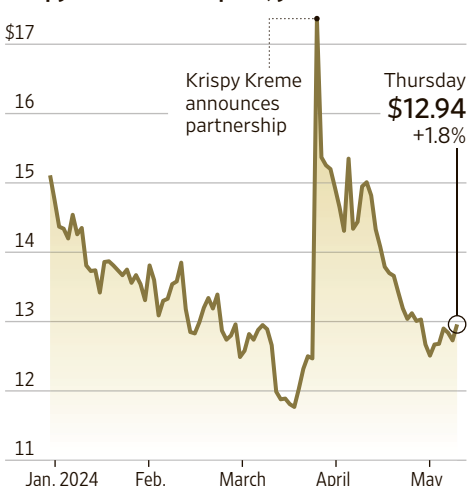
It was a classic short squeeze: Hedge funds that borrowed and sold Krispy Kreme stock to bet against it had to furiously buy the shares back.

The episode cost short sellers a total of about \$65 million in one session, turning what had been a winning bet for the year into a losing one, according to Ithor Dusaniwsky, managing director of data and analytics group S3 Partners.

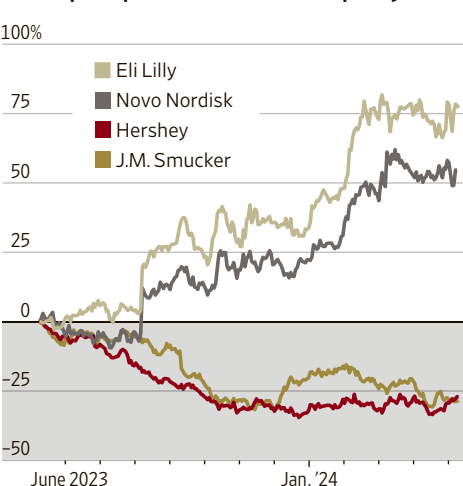
"It went from being a very profitable trade to being a very bad trade in one day," he said. "Virtually all of short sellers' profits were wiped out."

Since drugs such as Mounjaro, Wegovy and Ozempic became sensations last year, Wall Street has rushed to work out just how disruptive

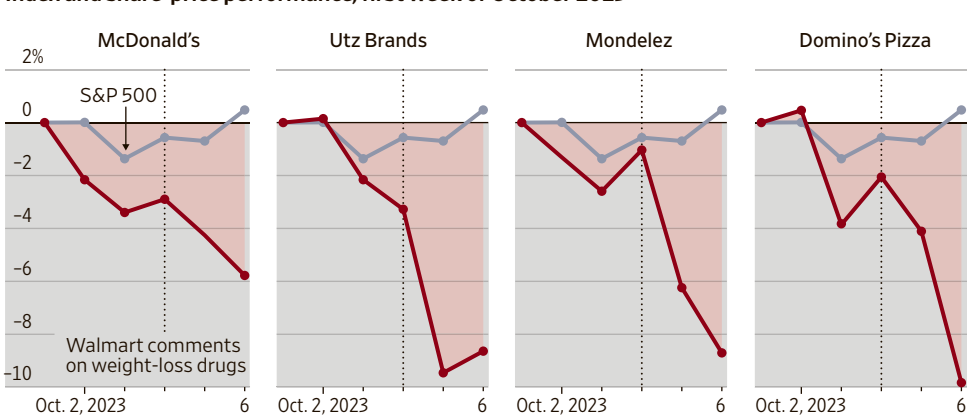
### Krispy Kreme's share price, year to date



### Share-price performance over the past year



### Index and share-price performance, first week of October 2023



Source: FactSet

the drugs, called GLP-1s, might be.

No longer are hedge funds and asset managers interested in just plowing money into **Novo Nordisk** and **Eli Lilly**, the leading makers of the therapies. Instead, they are eager to pinpoint the companies that could flop or flourish

as waistlines shrink and consumers' habits change.

There has been no shortage of ideas. Analysts forecast that upheaval could spread through a range of industries, affecting snack companies, fast-food restaurants and medical-device stocks. Even airlines could be affected, a team at

Jefferies predicted, calculating how much carriers could save on fuel by transporting lighter passengers.

Kidney-dialysis stock **DaVita** crashed 17% in one day after a trial showed Ozempic could slow kidney disease.

Companies including **Utz Brands** and Oreo maker **Mon-**

**delez International** sold off sharply after a **Walmart** executive said buyers of weight-loss drugs at its pharmacies were starting to purchase less food.

But in the months since then, investors have realized the effects aren't straightforward—and could take years to play out. All three stocks bounced in the months that followed; DaVita has gained nearly 90% from last year's low.

Another factor that has made picking losers even harder is the surging U.S. stock market. The S&P 500 has gained more than 9% in its best start to a year since 2021, thanks to strong corporate earnings and hopes of interest-rate cuts. The rising tide has lifted both weaker and stronger companies, adding to the risks of taking short positions.

"This is going to be a twisting, winding road," said George Michelakis, founder of Gladstone Management, a London-based hedge-fund firm. "This is a five-, seven-, 10-year story that's in the early innings."

Gladstone is among the investors whose wager against Krispy Kreme was upended this year. The holding was a small position that averaged less than 0.5% of its assets and had "no material impact on performance," Gladstone said.

The question confronting investors: How do you trade a trend that could take years, if not decades, to play out?

JPMorgan Chase estimates 30 million Americans could be

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## T-Mobile, Verizon in Talks to Split Up Rival

By Drew Fitzgerald and Lauren Thomas

**T-Mobile US** and **Verizon Communications** are in discussions to carve up **U.S. Cellular**, one of the country's last major regional wireless carriers, in separate transactions that would give both buyers access to valuable airwaves.

T-Mobile is closing in on a deal to buy a chunk of the regional carrier for more than \$2 billion, taking over some operations and wireless spectrum licenses, according to people familiar with the matter.

The T-Mobile deal could be reached as soon as later this month, while discussions with Verizon on a separate transaction are expected to take longer or might not result in an agreement, the people said.

The split-sale structure is designed to convince antitrust authorities who will review the deal that the tie-up won't hurt competition. U.S. authorities review wireless mergers

market by market.

Verizon is the biggest U.S. cellphone carrier by subscribers and T-Mobile became the second-largest soon after it bought rival Sprint. T-Mobile gained more customers this month after it completed its purchase of Mint Mobile, an upstart brand.

U.S. Cellular offers wireless service to more than four million mostly rural customers across 21 states from Oregon to North Carolina. It also owns more than 4,000 cellular towers that weren't part of the latest sale talks. The company has a market value of about \$3 billion.

Members of the Chicago-based Carlson family control **Telephone & Data Systems**, which in turn owns 80% of U.S. Cellular. TDS last year put the wireless company's operations on the block as it struggled with competition from national rivals and cable-broadband providers.

The rising value of wireless

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## Shareholder Activists Pressure Brands on LGBTQ Marketing

By Patrick Coffee

Conservative groups are increasingly asking company shareholders to scrutinize LGBTQ-themed marketing and public-relations campaigns, hoping to open another avenue of pressure on businesses' social positions.

**Target**, **Mondelez** and **Dell** are among companies expected to hold votes on such shareholder proposals soon, while others have already done so this year.

Still, getting a vote isn't the same as winning it. **Levi Strauss** shareholders, for example, last month overwhelmingly voted "no" on a proposal that the clothing company create a committee to determine whether "public and politically divisive positions," including its work with LGBTQ organization Human Rights Campaign, had affected its financial sustainability.

And companies including **Walmart** and **Verizon** have argued successfully to the Securi-



Retailer Best Buy recently headed off an investor proposal.

ties and Exchange Commission in recent weeks that they don't need to hold votes on the proposals at all.

However, the propositions are becoming both more numerous and better constructed. And they are drawing energy from the recent backlash to corporate diversity, equity and inclusion initiatives, often invoking the damaging boycott of

Bud Light last year over a collaboration with a transgender social-media personality. **Best Buy** recently wound up making assurances to the authors of one shareholder proposal to head it off.

"The argument isn't new, but the tactics are new and they're amping them up," said Sarah Kate Ellis, president and

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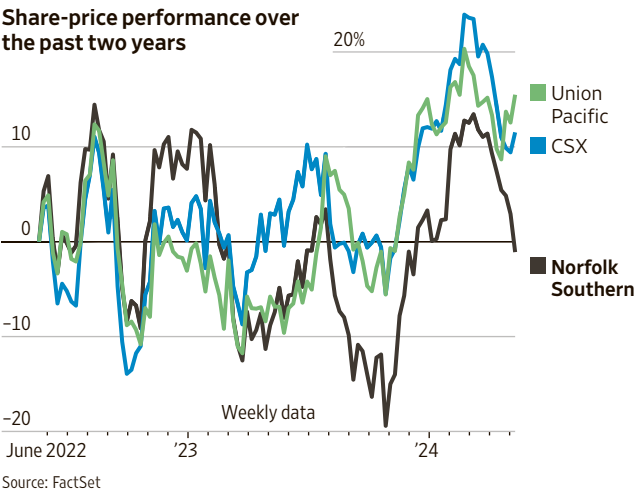
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Railroad CEO Gets To Keep Job

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redesigning the network and the yards to reduce congestion.

“We have repeatedly stated a desire to settle for minority change of the board and an orderly CEO transition, which appears inevitable at this point given fading confidence in Mr. Shaw,” Ancora said in a statement Monday.

New proxy voting rules now allow shareholders to vote for a mix of company and dissident nominees, a change from the previous rules that compelled shareholders to vote for one side’s entire slate of candidates.

Institutional Shareholder Services raised concerns about Norfolk’s decision last

month to replace its chief operating officer with Orr, the former chief transformation officer for **Canadian Pacific Kansas City**. To hire Orr and to address his noncompete agreement, Norfolk paid the rival freight railroad \$25 million in cash and provided other considerations related to the Meridian Speedway, a rail line between Louisiana and Mississippi that the companies jointly operate.

In late April, two of the three largest railroad unions reversed course to say they support dissident board candidates as well as a CEO change in the proxy battle.

Leaders at the Brotherhood of Maintenance of Way Employees and the Brotherhood of Locomotive Engineers and Trainmen, which combined represent 41% of the union workforce at Norfolk, said Ancora has made commitments to improve working conditions for their members. The remaining 11 railroad unions have voiced their support for Shaw.

Network Hopes to Keep NBA

Continued from page B1

\$1.5 billion a year now.

Both Disney and Warner will be paying more for fewer games as the NBA is taking some games away from its television partners to create a package for a new streaming partner.

For Warner, the NBA rights are a double-edged sword. An expensive deal to keep the sport would likely put great pressure on the company to cut costs elsewhere in a media empire that includes the Warner Bros. TV and movie studios, the streaming service Max and the cable networks HBO and CNN, as well as TNT and TBS.

Losing the NBA, though, would make it challenging to maintain the high subscriber fees TNT commands from pay-TV distributors to carry the channel. Even if TNT were to end up with the package Amazon is seeking, it would likely face pushback from distributors who pay about \$3 a month per subscriber, the Journal previously reported.

TNT and Warner executives are confident that even without the NBA, its roster of sports including the NCAA March Madness college-basketball tournament, the National Hockey League and NASCAR would continue to give it leverage to charge a premium



to carry the network, company executives have said.

Results for the quarter were lackluster. The company said it had a net loss of \$966 million and total revenue was down 6.9% to \$9.96 billion. Free cash flow increased to \$390 million, a \$1.3 billion improvement from the same quarter a year earlier.

Warner Bros. Discovery shares closed up 3% Thursday. Results were adversely affected by the disappointing performance of the new videogame “Suicide Squad: Kill the Justice League.” Advertising at the company’s cable networks continued to face strong headwinds and declined 11%.

Revenue at the TV studio fell significantly as a result of last year’s actor and writer

strikes, which have led to a slowdown in production.

The company said revenue at its direct-to-consumer unit was essentially flat at \$2.46 billion. The company launched Max in Latin America and a European rollout is starting this year.

On the call, Zaslav spoke enthusiastically about the company’s just-announced partnership with Disney to bundle their entertainment streaming services into one offering to sell to consumers. The bundle of Disney+ and Hulu with Warner’s Max is expected to be launched this summer.

“There is more strength together,” Zaslav said.

No price details have been announced, but it is expected to be cheaper than the present

stand-alone prices. Currently, Disney+ and Hulu with ads are sold together for \$9.99 a month. Max with ads is also sold at \$9.99 a month. The ad-free services are more expensive.

“It will be priced very attractively for the consumer,” said JB Perrette, CEO and president of global streaming and games.

Zaslav also touted the company’s use of artificial intelligence to both boost content creativity as well as lead to greater efficiencies.

“We intend to take full advantage to enhance the products we deliver to consumers and greater efficiencies at the company,” Zaslav said. But great storytelling can “only be found in people, not systems,” he added.

Weight-Loss Bets Aren’t Easy

Continued from page B1

using GLP-1s by 2030, either for weight loss or to treat diabetes. But before then, barriers remain: Insurance coverage can be spotty, and out-of-pocket buyers can pay nearly \$1,000 or more a month.

GLP-1 supply shortages also have weighed on usage.

Bryant VanCronkhite, a senior portfolio manager at asset manager Allspring Global Investments, scooped up shares of knee-replacement and hip-replacement specialist **Zimmer Biomet** after its shares plunged in the second half of last year. Analysts and investors initially predicted weight-loss drugs would weigh on companies such as Zimmer, as healthier consumers put less stress on hip and knee joints.

VanCronkhite saw it differently. As more people lose weight, he said, a greater number might instead qualify for replacement surgeries. Severely overweight patients are often barred from such procedures because of the potential for complications.

The shares have since recovered 18% from last year’s low.

“It’s a very classic market reaction path, where we tend to overreact in the short run and underreact in the long run,” said VanCronkhite.

Gladstone, which oversees more than \$2 billion in assets,



Krispy Kreme was subject of a classic short squeeze.

remains firm that the effect of the weight-loss drugs on consumers—and on share prices—will be profound.

The firm has bet on GLP-1s since early last year, when the drugs started exploding in popularity. Today, weight-loss-related bets are one of its largest trading strategies.

Gladstone analysts dug into consumer surveys and calorie

models to try to determine which companies might emerge as surprising winners—and which would be the hardest hit.

The firm settled on a small basket of names. It

plowed millions of dollars into Novo Nordisk and briefly held shares of Eli Lilly. It focused its short positions on three companies: Krispy Kreme, **Hershey** and **J.M. Smucker**.

Gladstone picked companies it believed would contend with a number of major is-

sues. The firm predicted Hershey, for example, would be hit by the sharp rise in cocoa prices, while J.M. Smucker would struggle with the price it paid to acquire Twinkies maker Hostess Brands. Krispy Kreme, meanwhile, was confronting higher costs and a substantial debt load.

On the whole, it has been an approach that has yielded

gains: Gladstone’s GLP-1 strategy generated approximately one-fifth of the firm’s 13% gain after fees and expenses last year, according to a person familiar with the situation. This

year through March, the strategy returned approximately 2%; the firm’s flagship fund has risen a net 11.8%, the person said.

Gladstone also wanted to target companies it believed had relatively narrow options, with little room to adapt.

“What’s certainly not true is that McDonald’s and Pepsi and all these categories are going to disappear,” Michelakis said, noting that McDonald’s can alter its menu and PepsiCo can push into zero-calorie alternatives. “It’s about finding the weakest links.”

Krispy Kreme’s tie-up with McDonald’s showed it had more room to fight back than it appeared. Even so, the effects have been relatively short-lived. The stock has fallen 25% since the nationwide partnership was unveiled. And many investors are still betting against the shares. About 16% of Krispy Kreme’s free float, or stock available for trading, has been sold short, according to S3 Partners—roughly triple the average for U.S. stocks.

At Gladstone, the firm has closed its short bet against the doughnut maker. Some of its other positions have performed well: Novo Nordisk, the largest position at the hedge fund, has jumped 27% in the year to date. J.M. Smucker has fallen 10%, extending last year’s 20% drop. Short sellers profit from stock declines.

But pitfalls remain: The firm recently added a small short position against Dutch healthcare-equipment maker **Royal Philips**, wagering that weight-loss drugs will help reduce the severity of sleep apnea.

What Gladstone couldn’t expect is that Royal Philips surged 29% in one day in late April after the company agreed to settle litigation linked to its breathing devices for less than originally expected.

Listen to a Podcast: What to Watch For In the Google Antitrust Verdict

The Justice Department’s antitrust trial against Google wrapped up last week. Scan this code for a podcast on what the looming verdict might mean for Google’s search engine and related advertising business.

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BUSINESS NEWS

BBVA Goes Hostile in Pursuit of Sabadell

Stock offer of more than \$12 billion faces opposition from Spanish government

By Patricia Kowsmann and Elena Vardon

**BBVA**, Spain's second-largest lender by assets, launched a hostile, \$12 billion-plus takeover bid for smaller rival **Banco de Sabadell**, signaling a potential resurgence of deal-making in Europe's long-moribund banking sector.

The move, however, immediately triggered criticism from Spain's economy minister, highlighting the formidable political obstacles that often stand in the way of large tie-ups between banks.

The hostile bid comes days after Sabadell's board rejected an all-stock offer from BBVA, or Banco Bilbao Vizcaya Argentaria. It underscores BBVA's continued hunger for the smaller bank, which it first tried to acquire four years ago.

Aside from **UBS's** rescue takeover of Credit Suisse,



Sabadell's board said BBVA's offer undervalued the bank.

deals among European banks have been rare in recent years, as the sector has contended with the fallout from economic crises, negative interest rates, the Covid-19 pandemic and the war in Ukraine.

But higher rates have made lending more profitable, boosting earnings and allowing banks to shore up capital. Despite the checkered history of mergers and acquisitions involving banks, some investors

are hoping for a pickup in European financial M&A that would let the industry's bigger players cut costs and attain greater scale.

Andrea Orcel, chief executive of Italy's **UniCredit**, said earlier this week that his bank is interested in acquisitions, but only if they make sense for shareholders.

Bank CEOs have long warned that doing deals in Europe is tricky. Cross-border

mergers are sensitive because one country must agree to give up one of its national banks. BBVA's approach shows domestic consolidation also poses its challenges.

Economy Minister Carlos Cuerdo said Thursday that the offer brings uncertainty to financial markets and could overly concentrate Spanish banking in the hands of few lenders, hurting customers and employees.

"We are right now, both in form and substance, rejecting this operation as a consequence of the potential negative effects it could have," Cuerdo said.

BBVA Chairman Carlos Torres Vila said the deal requires the go-ahead from Cuerdo's ministry. However, he said he is confident the government will eventually understand the value of Spain's having a bigger bank that can lend more, pay higher taxes and attract employees.

BBVA says a successful deal would create a banking group with assets in excess of €1 trillion—about \$1.08 trillion—and more than 100 million

customers globally. That compares with rival Banco Santander's €1.8 trillion and 165 million customers as of March. Both banks are based in Spain, but have large presences in Latin America.

Torres Vila said BBVA wants to become the eurozone's largest bank by market capitalization, a position now held by France's **BNP Paribas**.

Any deal must also navigate Spain's complex regional politics. BBVA said a combined group would have dual headquarters—one in Barcelona and the other in Madrid, where BBVA is based. Barcelona is the capital of the restive Catalonia region, which is Sabadell's heartland.

But Torres Vila failed to convince Sabadell's board, which said the offer undervalued the bank. BBVA said it couldn't raise the offer, and instead decided to take it directly to shareholders.

Because the deal is tied to BBVA's share price, its value has fluctuated since it was unveiled. Based on BBVA's stock price in late April, when its offer was first publicized, it

worked out to €2.26, equivalent to \$2.43, per Sabadell share. That implies a total value of €12.3 billion, equivalent to \$13.2 billion, according to BBVA. As of Wednesday's close, however, the prospective acquirer's share price was about 6% lower, pushing down the bid's value by the same amount.

Sabadell shares ended Thursday's trading in Madrid at €1.857, up 3.2%, while BBVA finished at €9.60, down 6.7%.

Sabadell has a diverse shareholder base, without big investors who can play a decisive role in determining the deal's success or failure. Its top investors are mostly institutional fund managers, though businessman David Martínez Guzmán, who sits on Sabadell's board, held a 3.5% stake as of December.

BBVA will have to secure just over half of Sabadell's shares to succeed.

The bank tried to buy Sabadell in 2020, but the deal fell through over pricing. BBVA has been flush with cash since selling its U.S. operations that same year.

BAE Backs Outlook as Defense Spending Is High

By Mauro Orru

**BAE Systems** confirmed its forecasts that sales and earnings would continue to grow this year as governments rush to secure military hardware amid geopolitical tensions.

The U.K. arms maker said on Thursday that its performance so far this year was in line with expectations, with military spending remaining high in its key markets.

Chief Executive Charles Woodburn said the group expected sales growth, margin expansion and cash generation in the coming years.

BAE Systems makes combat vehicles, ammunition, missile launchers and artillery systems, including the M777 howitzer that Ukraine has employed widely in its fight against Russia. The group also provides cybersecurity services, electronic warfare and night vision systems, surveillance and reconnaissance sensors.

The group is forecasting a 10% to 12% increase in sales this year from the £25.28 billion, equivalent to \$31.59 billion, it reported for 2023, while free cash flow should exceed £1.3 billion.

Like many of its European rivals, BAE has witnessed sustained growth since the outset of the Russia-Ukraine war.

The company's share price surged to £13.82 from roughly £6.00 in the days prior to Russia's invasion of Ukraine, giving it a market value of nearly



The arms maker said its performance so far this year was in line with expectations. Shell casings at its factory in England.

£41.94 billion, according to FactSet.

Members of the North Atlantic Treaty Organization are turning to arms manufacturers to replenish their stockpiles after diverting military equipment to Ukraine.

In March, BAE Systems received two U.S. Army contracts: one valued at \$754 million to produce armored

multipurpose vehicles, and another of up to \$318 million for technical and support services for M109 Self-Propelled Howitzers.

In April, the U.K. Ministry of Defence awarded BAE a contract to maintain and repair L119 Light Guns that it had donated to Ukraine.

The U.S. recently passed a long-delayed foreign-aid pack-

age sending ammunition and military equipment to Ukraine, while the U.K. committed 2.5% of gross domestic product to defense by the end of the decade, moves that BAE said should build order momentum.

Underlying earnings before interest and taxes—the group's preferred measure of profitability—are expected to

grow 11% to 13% from last year's £2.68 billion. Underlying earnings per share, another closely watched metric by analysts and investors, are projected to rise 6% to 8% from 63.2 pence.

BAE expects capital expenditure to rise this year, with a focus on maritime, munitions and combat vehicle production capacity.

Airbnb's Growth Forecast Disappoints

By Ben Glickman

**Airbnb** shares dropped after the home-share company signaled sales this quarter could fall short of consensus estimates.

The pullback came even though the company posted higher quarterly profit, as travelers continued to book stays around major events.

Shares declined nearly 7% in Thursday's trading.

Profit totaled \$264 million in the first quarter, up from \$117 million a year earlier. Airbnb earned 41 cents a share, up from 18 cents in the year-ago period. Analysts polled by FactSet had expected 23 cents.

Revenue rose 18% to \$2.14 billion. That beat the \$2.06 billion forecast by analysts and company guidance.

Gross bookings climbed 12% to \$22.9 billion, driven primarily by a 9.5% increase in nights and experiences booked.

Airbnb expects revenue of \$2.68 billion to \$2.74 billion this quarter, representing growth of 8% to 10%. The consensus forecast was for \$2.74 billion.

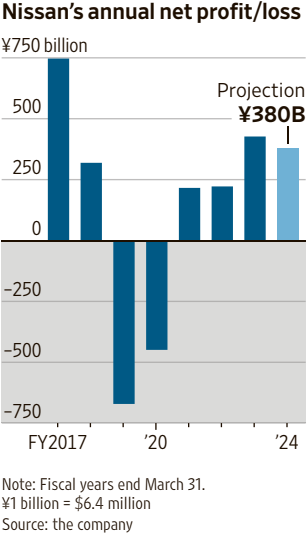
The company expects faster revenue growth in the third quarter.



The carmaker says it plans to start selling 30 new models, including 16 that are electrified.

Nissan Expects Drop in Annual Profit

By Kosaku Narioka



**Nissan Motor** projected a drop in fiscal-year net profit, citing heightened competition and high inflation, after it posted lower quarterly net profit.

The Japanese carmaker said Thursday that net profit declined 5.2% from a year earlier to ¥101.3 billion, equivalent to \$651.3 million, for the three months ended March. That beat the estimate of ¥70.69 billion in a poll of analysts by data provider FactSet.

Fourth-quarter revenue increased 13% to ¥3.514 trillion.

For the year that began in April, Nissan projected global

sales to rise 7.5% to 3.7 million units. It expects revenue to increase 7.2% to ¥13.6 trillion but net profit to drop 11% to ¥380 billion.

In March, Nissan said it intended to start selling 30 new models, including 16 electrified models, as part of efforts to accelerate its transition to electric vehicles and boost total car sales by 1 million units within three years. Nissan has been reshaping its global strategy after the restructuring of its alliance with **Renault** and **Mitsubishi Motors** unveiled in February 2023. Nissan and **Honda Motor** said in March they would study ways to collaborate on EVs.

Blackstone Near Hipgnosis Deal As Rival Declines to Raise Bid

By Ian Walker

**Apollo Global Management**-backed music company **Concord Chorus** said that its \$1.51 billion offer for **Hipgnosis Songs Fund** is final and won't be increased, potentially ending a bid battle for the home to the catalog of artists such as Neil Young, Shakira and Red Hot Chili Peppers.

Hipgnosis had agreed to the \$1.25-a-share offer from Concord on April 25, but withdrew its recommendation four days later after agreeing to a higher deal from **Blackstone**.

On April 29 Hipgnosis agreed to a \$1.57 billion—or \$1.30 a share—takeover by Blackstone.

Shares on Thursday were down 2.6 pence, or 2.5%, at 102.00 pence. They are currently up 42.5% over the year to date.

"Since we started our strategic review, we have been clearly focused on looking at all the options to deliver shareholder value. We are delighted that, following competitive interests in acquiring Hipgnosis, our investors now have a chance to immediately realize their holding at an increased premium," Chairman Robert Naylor said at the time



Hipgnosis owns the rights to songs by Shakira and other stars.

of the Blackstone offer.

Hipgnosis appointed advisers on Nov. 23 to conduct due diligence on its assets, and asked its investment adviser to propose alternative terms for its future arrangements.

The decision followed shareholders' rejection of a plan to sell 29 music catalogs to Hipgnosis Songs Capital and continuation of Hipgnosis

as a closed-end investment company. It said on March 4 that the company wouldn't restart paying dividends after an independent report estimated that the value of the company's assets was lower than previous calculations.

The company's portfolio was most recently valued at \$1.95 billion, down from \$2.62 billion at Sept. 30.



TECHNOLOGY

French AI Startup Takes On Silicon Valley

Mistral AI is close to raising roughly \$600 million, nearly tripling its valuation

Mistral AI is nearing a deal to raise funds at a \$6 billion valuation—nearly tripling its level from six months ago and

By Berber Jin, Sam Schechner and Tom Dotan

giving the French startup added fuel to challenge Silicon Valley giants in the artificial-intelligence race.

Existing backers General Catalyst and Lightspeed Venture Partners are expected to be among the biggest investors

in the new funding round, in which Mistral is set to raise around \$600 million, according to people familiar with the situation.

The new round would indicate continued fervor among some investors for startups they think can compete in the battle to build and profit from AI tools that can generate everything from fluent writing to working computer code and summarizing blocks of text. It comes as there are also emerging signs of wariness, with some generative-AI startups recently struggling to raise new money to pay for the investments in chips and electricity needed for the technology.

Among the questions newcomers like Mistral face is whether they will be able to compete against the many bil-

lions of dollars that the tech giants, as well as Sam Altman's OpenAI, have already committed to advancing the technology.

Paris-based Mistral was founded a year ago by local researchers for Google and Meta Platforms and valued at over \$2 billion in December—which itself was a more-than-sevenfold increase from a valuation the prior summer.

Mistral's 31-year-old chief executive, Arthur Mensch, says his company aims to outflank Silicon Valley leaders such as Microsoft-backed OpenAI and Google in the AI race by developing and commercializing lower-cost AI tools for businesses that can perform nearly as well as OpenAI's ChatGPT.

Mistral is also, along with Meta Platforms, one of the big-

gest supporters of open-source generative AI tools, giving away powerful versions of generative AI software for other companies to use and repurpose free of charge. Mistral's goal is to seed an ecosystem of users for its tools. Mistral put out its latest open-source model last month.

The company is also relatively lean, with roughly 60 employees, compared with the teams of hundreds that built AI models at Meta and OpenAI. Although Mistral is still small compared with rivals, investors have been impressed by the company's efficiency and ability to build competitive technology.

As of December, Mistral had raised just over \$500 million from investors, while also committing to sell small stakes to companies involved in AI, in-

cluding chip maker Nvidia and business-software companies Microsoft and Salesforce. Microsoft also has a deal to distribute Mistral's AI tools to users of its Azure cloud-computing platform. Some Mistral models are also available on the cloud platforms operated by Google and Amazon.com.

While Mistral is a French company, some of the biggest investors in the new fundraising round are American.

Mensch, the Mistral CEO, has said the company aims to show a successful company can grow in France. French President Emmanuel Macron has cited Mistral as a point of national pride and says development of homegrown AI is a step toward European strategic independence.

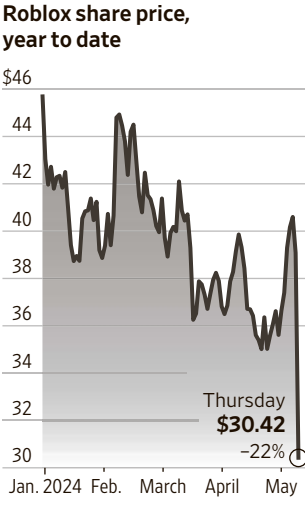


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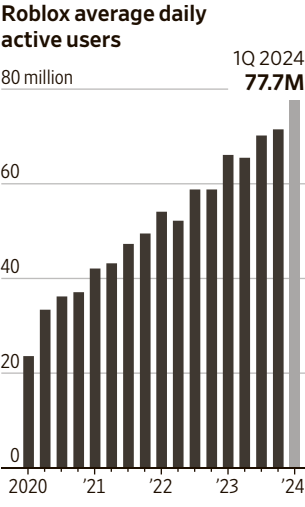
CEO Arthur Mensch says Mistral aims to outflank Silicon Valley leaders in the AI race.



The videogame company said its revenue grew by 22% to \$801.3 million in the first quarter.



Sources: FactSet (share price); the company (users)



Apple Says iPad Ad Falls Short of Standards

By Aaron Tilley

Apple has apologized for an advertisement that depicts an array of creative tools being crushed and reveals a new iPad in their place, saying it fell short of the company's standards.

The company doesn't plan to run the ad on TV.

The ad, which Chief Executive Tim Cook posted on X after Apple unveiled new iPads Tuesday, depicts a studio filled with musical instruments, a record player, cans of paint with vibrant colors and other items being physically crushed by what appears to be a giant compressor.

When the compressor lifts, an ultrathin iPad is all that remains in place of the tools.

Tor Myhren, Apple's vice president of marketing communications, said in a statement sent to Ad Age: "Creativity is in our DNA at Apple, and it's incredibly important to us to design products that empower creatives all over the world. Our goal is to always celebrate the myriad of ways users express themselves and bring their ideas to life through iPad. We missed the mark with this video, and we're sorry."

A company spokeswoman confirmed the veracity of the statement made to Ad Age but declined to provide it to The Wall Street Journal. Cook didn't delete his original post or say anything publicly about the company's apology.

While the ad with the title "Crush!" emphasizes the thinness of the iPad, a point Apple executives highlighted when they unveiled the device, some critics saw it as an ominous symbol of the company's power, the rise of artificial intelligence and its potential to replace human creativity.

Apple has long been seen as one of the most creative and dominant corporate advertisers, launching numerous campaigns that are among the most widely admired in the industry and in popular culture. Co-founder Steve Jobs was personally involved in many of the company's most successful campaigns, including "Think Different," which launched after Jobs's return to the company.

Some people drew a contrast between the iPad ad and Apple's 1984 Super Bowl spot, which introduced the Macintosh personal computer. That ad shows a dystopian world in which a giant screen featuring a Big Brother-like figure is smashed by a hammer thrown by a colorful track athlete.

Apple announced new iPads on Tuesday, with the pro version featuring the new M4 chip that the company said enhances artificial-intelligence capabilities. The company also said that the new 13-inch iPad Pro is the company's thinnest product ever with a thickness of 5.1 millimeters.

Revenue for Apple's tablet business has declined nine out of the past 10 fiscal quarters. Apple's broader business has also seen growth slow.

Roblox's Outlook for the Quarter Disappoints

By Sarah E. Needleman

Roblox issued a softer outlook for the current quarter than analysts expected and lowered its guidance for the full year, sending shares of the videogame company down 22% Thursday.

The company said it lowered its full-year bookings guidance to between \$4 billion and \$4.1 billion, from a prior range of \$4.14 billion to \$4.28 billion. Roblox cited a tough comparison with 2023, when its platform launched on Sony Group's PlayStation consoles.

For the current quarter, Roblox projected bookings in

the range of \$870 million to \$900 million. Analysts polled by FactSet were expecting \$929 million in bookings. Roblox also said it expects a quarterly net loss of \$265 million to \$267 million.

Roblox provided guidance for the first time earlier this year when delivering results for the December-ended quarter. The company went public via a direct listing in 2021.

On a conference call with analysts, Roblox said first-quarter growth was lower than expected and that it wants to be transparent and conservative with its outlook. "That is why we made the very difficult

internal decision to adjust our bookings guidance," Chief Executive Dave Baszucki said.

Roblox said first-quarter revenue grew by 22% to \$801.3 million, while bookings rose 19% to \$923.8 million, above and in line, respectively, with what analysts polled by FactSet were expecting. Roblox had targeted 20% bookings growth for the quarter. The company's net loss of \$270.6 million was about the same as a year ago. Analysts were expecting a wider loss of \$326 million.

Wedbush Securities analyst Michael Pachter described investors' reaction to the results as "a bit severe" since the com-

pany's bookings growth came in only slightly below guidance. "But the implication is that they are struggling," he said.

Roblox said the current quarter got off to a rocky start but rebounded in recent weeks. Still, "it sounds like they're not 100% sure this rebound will sustain," said Benchmark analyst Mike Hickey. "The good news is that the current-year profitability guide was unchanged and longer-term growth was reaffirmed."

Roblox said that it generated more free cash flow in the quarter than in all of 2023, with this measure more than doubling to \$191.1 million.

Brands Are Pressured On LGBTQ

Continued from page B1 chief executive of LGBTQ rights group GLAAD. Many brands have recently approached GLAAD seeking advice on how to respond to these proposals, Ellis said.

National Center for Public Policy Research, a conservative think tank that owns shares in a range of companies, has nearly doubled the number of proposals it files each year to around 60 in 2022 and 2023 from about 30 in 2021, according to Scott Shepard, the group's general counsel and director of its Free Enterprise Project, which writes the proposals.

"Our goal is to get companies to return to their fiduciary duties, which is to say, not to put the partisan policy preferences of executives or of the executives of the giant investment houses first," Shepard said.

A new twist

Shareholders have long proposed measures advocating a range of social causes, including liberal priorities on climate emissions, plastic waste and racial justice. The results are rarely binding, but just holding a vote can spotlight company practices and create pressure to change.

Many of the conservative activist groups' recent proposals have critiqued corporate diversity and sustainability efforts. These groups are driven, in part, by a belief that liberal interests have historically dominated shareholder activism, they said.

The proposals that target companies' work with LGBTQ



CHRISTOPHER DILLIS/REUTERS

Mondelez faces a shareholder proposal focusing on marketing campaigns that tie its cookie brand Oreo to LGBTQ advocacy group PFLAG. Mondelez's Chicago headquarters.

groups, and related messaging efforts, call those activities partisan and divisive, particularly when they touch on transgender issues.

National Center for Public Policy Research, or NCPPR, late last year submitted a proposal asking electronics retailer Best Buy to assess whether it was hurting its business through partnerships with and donations to various LGBTQ advocacy groups, such as Human Rights Campaign, that the proposal said advocate teaching "radical gender theory" to minors.

"Why are Best Buy shareholders funding the efforts to spread an ideology seeking to mutilate the reproductive organs of children before they finish puberty?" the proposal asked.

Such proposals are pushed by fringe actors and use "inflammatory, offensive and straight-up inaccurate rhetoric," said Shawmie Hawkins, senior director of HRC's Workplace Equality Program.

Best Buy persuaded NCPPR to withdraw its proposal after the retailer's legal counsel assured the group that it would screen future donations by its employee affinity groups to ensure they wouldn't support the causes that NCPPR "identified as concerning." The exchange was reported earlier by NBC.

Best Buy hasn't changed its policy regarding LGBTQ advocacy groups, according to a spokeswoman. The company itself donates almost exclusively to one group in any given area, such as Human Rights Campaign in the case of LGBTQ issues, she said. Best Buy will continue to grant its employee affinity groups discretion in allocating their own donations, she added.

The retailer may not have put the matter entirely behind it, however. The Office of New York State Comptroller Thomas DiNapoli wrote Best Buy in April expressing concern that its response to the shareholder proposal could be seen as a departure from its "stated commitment to policies and practices that promote inclusivity and support for the LGBTQ+ community."

The comptroller's office serves as trustee of the New York State Common Retirement Fund, which invests in Best Buy.

The comptroller's office and the retailer are discussing the matter, according to their spokespeople.

Beyond filing proposals more frequently, these shareholder groups have also learned to narrow initiatives to better meet SEC guidelines and head off companies' arguments that their practices are standard

business operations, or that the proposals' claims are misleading, said attorney Sanford Lewis, who has for decades represented shareholder groups including investment firms, pension funds and nonprofit organizations such as the Sierra Club Foundation.

"The conservative groups have gotten significantly better this year at navigating those rules," Lewis said.

"They're probably not going to get huge support for these things, but it gives them a platform in the media, essentially, and forces the company to debate the issue," he added.

Bud Light's specter

Mondelez is set to hold a vote this month on a proposal from the National Legal and Policy Center, or NLPC, a conservative organization that describes its mission as promoting ethics in public life, asking the snack-food company to evaluate the risks and consequences of its associations with "external organizations."

The proposal focuses on marketing campaigns tying the Mondelez cookie brand Oreo to LGBTQ advocacy group PFLAG and lists positions from that organization that it considers "militant," including opposition to laws that would prohibit medical treatments for trans-

gender individuals under the age of 18.

"It is critical the Board of Mondelez International focus on its own vulnerabilities before they become a liability," the proposal reads.

Mondelez maintains careful protections against all risks, including those related to its marketing campaigns and affiliations with outside groups, according to a spokeswoman. The company recommends that shareholders vote against the proposal, she said.

PFLAG said companies that engage with the organization "do so to ensure LGBTQ+ employees and their families are affirmed and valued."

NLPC ramped up its focus on shareholder proposals in late 2021, filing roughly two dozen annually in response to what it considered left-wing activity in the corporate world, said Paul Chesser, director of NLPC's Corporate Integrity Project. The Bud Light boycott was the "crowning blow" of a broader reaction against such corporate activities, he added.

"We said to Mondelez, look, you know, it's only by good fortune that you're not Bud Light," Chesser said.

None of the companies that have received proposals from NLPC has agreed to change their approaches to social-justice marketing or partnerships, but simply forcing them to listen is worth it, Chesser said. Attracting attention on social media might be the most-important measure of success for these campaigns, he said.

"We're doing it to make a point and also to, you know, raise the pain threshold for these companies who have embraced all this, this political agenda," Chesser said.

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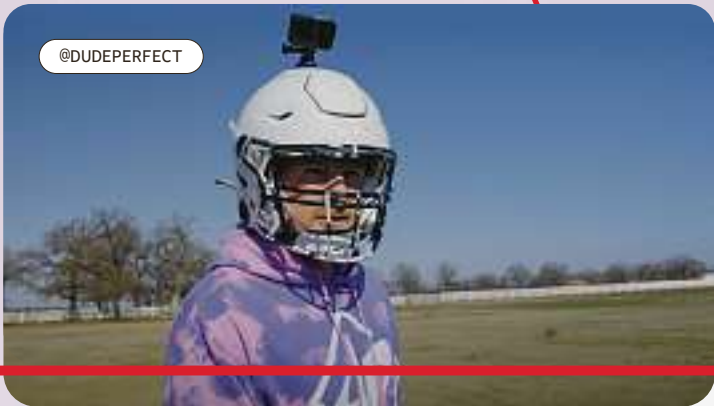
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@O2MUSIC

This is the most watched streaming platform on TV, according to Nielsen.\*

But this is not your usual platform.

This is where gameday fans become 24/7 fans. Where you can find Billie's music, plus every fan cover and live show. And where a small town kid can capture the world's attention.

This is where 60 million storytellers go to have a voice.

And billions of people get to dive deep in everything they love, in all the ways they want to watch it.

There's only one  YouTube

\* Source: Nielsen Streaming Platform Ratings, US, Mar 2023 – Mar 2024.







COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures						
	Contract					
	Open	High	Low	Settle	Chg	Open interest
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.						
May	4.5590	4.6165	4.5385	<b>4.6075</b>	0.0455	3,543
July	4.5415	4.6035	4.5185	<b>4.5850</b>	0.0425	184,698
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.						
May	2310.70	2339.50	2310.70	<b>2332.10</b>	18.50	32
June	2316.50	2354.20	2312.90	<b>2340.30</b>	18.00	325,959
July	2331.80	2361.50	2330.30	<b>2350.90</b>	18.10	166
Aug	2338.30	2376.20	2335.90	<b>2362.70</b>	17.90	148,898
Oct	2360.00	2398.40	2358.60	<b>2385.10</b>	17.80	14,117
Dec	2382.90	2421.00	2381.40	<b>2407.90</b>	17.70	28,364
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.						
May	973.50	973.50	972.50	<b>970.40</b>	15.00	6
June	957.50	979.00	947.00	<b>971.30</b>	15.00	20,714
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.						
May	973.80	973.80	973.80	<b>984.70</b>	6.10	8
July	986.20	997.70	982.00	<b>990.80</b>	6.20	65,605
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.						
May	27.605	28.200	27.600	<b>28.132</b>	0.771	253
July	27.560	28.580	27.515	<b>28.365</b>	0.764	132,305
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
June	79.23	79.80	78.91	<b>79.26</b>	0.27	278,140
July	78.79	79.32	78.46	<b>78.80</b>	0.24	295,053
Aug	78.28	78.77	77.96	<b>78.31</b>	0.24	167,881
Sept	77.66	78.16	77.40	<b>77.76</b>	0.23	127,639
Dec	76.01	76.42	75.80	<b>76.17</b>	0.25	186,043
Dec'25	71.22	71.53	71.05	<b>71.38</b>	0.17	18,643
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
May	2.4851	2.5102	2.4705	<b>2.4776</b>	.0015	88,914
July	2.4885	2.5211	2.4834	<b>2.4907</b>	.0028	54,866
<b>Gasoline-NY ROBO (NYM)</b> -42,000 gal.; \$ per gal.						
June	2.5426	2.5655	2.5300	<b>2.5418</b>	.0100	110,578
July	2.5220	2.5406	2.5108	<b>2.5218</b>	.0123	91,784
<b>Natural Gas (NYM)</b> -10,000 MMBtu.; \$ per MMBtu.						
June	2.186	2.316	2.153	<b>2.301</b>	.114	209,520
July	2.470	2.561	2.438	<b>2.537</b>	.063	273,618
Aug	2.560	2.648	2.539	<b>2.619</b>	.044	106,517
Sept	2.561	2.638	2.537	<b>2.606</b>	.032	167,089
Oct	2.640	2.707	2.613	<b>2.674</b>	.022	126,743
Jan'25	3.773	3.789	3.737	<b>3.745</b>	-.040	85,538

Agriculture Futures						
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.						
May	447.25	447.50	441.00	<b>442.60</b>	-2.60	1,222
July	458.50	462.00	454.25	<b>456.40</b>	-2.00	670,427
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.						
May	396.00	396.00	395.75	<b>395.00</b>	-1.25	13
July	392.50	402.25	389.50	<b>401.60</b>	4.25	3,045
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.						
May	1216.50	1218.00	1192.50	<b>1192.60</b>	-20.00	175
July	1227.75	1236.75	1206.25	<b>1208.50</b>	-19.25	359,838
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.						
May	376.00	376.00	367.60	<b>368.00</b>	-6.80	424
July	378.50	382.00	372.50	<b>372.90</b>	-5.60	237,550
<b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.						
May	42.67	42.72	42.36	<b>42.01</b>	-1.14	841
July	43.79	43.88	42.53	<b>42.64</b>	-1.15	266,021
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.						
May	18.41	18.41	18.41	<b>18.69</b>	.37	93
July	18.43	19.00	18.43	<b>18.80</b>	.36	5,263
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.						
May	624.25	624.25	620.50	<b>619.75</b>	3.75	39

	Open	High	Low	Settle	Chg	Open interest
July	633.00	647.50	631.50	<b>637.50</b>	3.50	198,123
<b>Wheat (KC)</b> -5,000 bu.; cents per bu.						
May	675.00	675.00	675.00	<b>675.75</b>	17.50	6
July	648.50	665.00	646.50	<b>651.75</b>	3.25	119,155
<b>Cattle-Feeder (CME)</b> -50,000 lbs.; cents per lb.						
May	240.475	241.500	238.425	<b>238.650</b>	-1.550	5,696
Aug	252.425	254.050	250.850	<b>251.050</b>	-1.350	22,353
<b>Cattle-Live (CME)</b> -40,000 lbs.; cents per lb.						
June	176.750	177.950	175.375	<b>175.950</b>	-.525	83,128
Aug	174.550	175.475	173.150	<b>173.725</b>	-.500	85,285
<b>Hogs-Lean (CME)</b> -40,000 lbs.; cents per lb.						
May	92.350	92.650	91.825	<b>91.975</b>	-.550	3,308
June	98.800	99.300	97.475	<b>97.725</b>	-1.000	67,717
<b>Lumber (CME)</b> -27,500 bd. ft.; \$ per 1,000 bd. ft.						
May	502.50	502.50	494.50	<b>495.50</b>	-4.50	839
July	540.50	542.00	533.50	<b>535.50</b>	-4.00	8,175
<b>Milk (CME)</b> -200,000 lbs.; cents per lb.						
May	18.59	18.78	18.59	<b>18.64</b>	.04	4,283
July	20.26	20.70	20.05	<b>20.36</b>	.18	4,933
<b>Cocoa (ICE-US)</b> -10 metric tons; \$ per ton.						
May	9,678	9,678	9,678	<b>9,678</b>	61	1
July	8,630	8,942	8,381	<b>8,695</b>	61	47,970
<b>Coffee (ICE-US)</b> -37,500 lbs.; cents per lb.						
May	202.30	205.40	202.30	<b>203.70</b>	3.45	261
July	198.85	201.90	198.00	<b>201.45</b>	3.90	104,339
<b>Sugar-World (ICE-US)</b> -112,000 lbs.; cents per lb.						
July	19.60	19.87	19.40	<b>19.58</b>	-.02	357,495
Oct	19.64	19.88	19.43	<b>19.60</b>	-.03	191,208
<b>Sugar-Domestic (ICE-US)</b> -112,000 lbs.; cents per lb.						
July	38.00	38.00	38.00	<b>38.00</b>	-.01	1,558
Nov	37.50	37.50	37.50	<b>37.50</b>	-.50	1,802
<b>Cotton (ICE-US)</b> -50,000 lbs.; cents per lb.						
July	80.23	80.23	77.78	<b>78.60</b>	-1.46	106,166
Dec	77.73	77.75	75.99	<b>76.46</b>	-1.24	81,273
<b>Orange Juice (ICE-US)</b> -15,000 lbs.; cents per lb.						
May	402.95	402.95	402.95	<b>402.95</b>	10.00	21
July	374.90	383.00	374.15	<b>383.00</b>	10.00	7,126

Interest Rate Futures						
<b>Ultra Treasury Bonds (CBT)</b> - \$100,000; pts 32nds of 100%						
June	122-180	123-110	121-260	<b>123-100</b>	17.0	1,641,132
Sept	122-130	123-110	121-300	<b>123-120</b>	17.0	148
<b>Treasury Bonds (CBT)</b> - \$100,000; pts 32nds of 100%						
June	116-080	116-260	115-240	<b>116-240</b>	13.0	1,595,496
Sept	116-110	116-280	115-260	<b>116-270</b>	13.0	6,648
<b>Treasury Notes (CBT)</b> - \$100,000; pts 32nds of 100%						
June	108-260	109-035	108-195	<b>109-030</b>	8.5	4,376,121
Sept	109-010	109-115	108-285	<b>109-110</b>	8.5	31,514
<b>5 Yr. Treasury Notes (CBT)</b> - \$100,000; pts 32nds of 100%						
June	105-207	105-267	105-175	<b>105-267</b>	6.0	6,069,226
Sept	105-295	106-062	105-287	<b>106-062</b>	6.2	18,144
<b>2 Yr. Treasury Notes (CBT)</b> - \$200,000; pts 32nds of 100%						
June	101-221	101-244	101-210	<b>101-241</b>	2.1	4,062,828
Sept	102-009	102-030	101-319	<b>102-031</b>	2.5	7,372
<b>30 Day Federal Funds (CBT)</b> - \$5,000,000; 100 - daily avg.						
May	94.6725	94.6725	94.6700	<b>94.6700</b>	424,812	
July	94.7000	94.7000	94.6950	<b>94.6950</b>	341,750	
<b>Three-Month SOFR (CME)</b> - \$1,000,000; 100 - daily avg.						
March	94.6525	94.6550	94.6525	<b>94.6550</b>	.0025	911,794
Dec	95.1200	95.1590	95.1050	<b>95.1500</b>	.0350	1,205,007

Currency Futures						
<b>Japanese Yen (CME)</b> -¥12,500,000; \$ per 100¥						
May	.6431	.6447	.6414	<b>.6435</b>	.0004	3,154
June	.6467	.6483	.6449	<b>.6470</b>	.0004	293,405
<b>Canadian Dollar (CME)</b> -CAD 100,000; \$ per CAD						
May	.7287	.7313	.7280	<b>.7313</b>	.0030	273

	Open	High	Low	Settle	Chg	Open interest
June	.7292	.7318	.7284	<b>.7317</b>	.0030	212,238
<b>British Pound (CME)</b> -£62,500; \$ per £						
May	1.2491	1.2526	1.2447	<b>1.2524</b>	.0028	1,474
June	1.2495	1.2530	1.2449	<b>1.2526</b>	.0028	214,142
<b>Swiss Franc (CME)</b> -CHF 125,000; \$ per CHF						
June	1.1062	1.1090	1.1038	<b>1.1086</b>	.0027	92,490
Sept	1.1170	1.1204	1.1154	<b>1.1202</b>	.0027	478
<b>Australian Dollar (CME)</b> -AUD 100,000; \$ per AUD						
May	.6583	.6622	.6567	<b>.6619</b>	.0042	615
June	.6590	.6629	.6574	<b>.6627</b>	.0042	202,593
<b>Mexican Peso (CME)</b> -MXN 500,000; \$ per MXN						
May	.05892	.05950	.05892	<b>.05923</b>	.00011	8
June	.05880	.05927	.05858	<b>.05893</b>	.00013	246,667
<b>Euro (CME)</b> -€125,000; \$ per €						
May	1.0749	1.0785	1.0726	<b>1.0783</b>	.0035	2,234
June	1.0768	1.0802	1.0741	<b>1.0799</b>	.0035	638,878

Index Futures						
<b>Mini DJ Industrial Average (CBT)</b> - \$5 x index						
June	39198	39592	39086	<b>39536</b>	341	9







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Sergio lost his leg and his hearing while serving our country overseas. Now back home, he was ready to start a new chapter in his life. But when he found the perfect apartment, the landlord refused to make a reasonable accommodation to allow his service dog in a “no pets” building. Then Sergio learned that the Fair Housing Act protects people with disabilities. He contacted HUD and filed a complaint. Today, Sergio is feeling right at home.

If you believe you’ve experienced housing discrimination, please contact **[hud.gov/fairhousing](https://www.hud.gov/fairhousing)** or call **1-800-669-9777**



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MARKETS

# Dow Notches Longest Win Streak of Year

All three stock indexes neared records, reversing April's declines

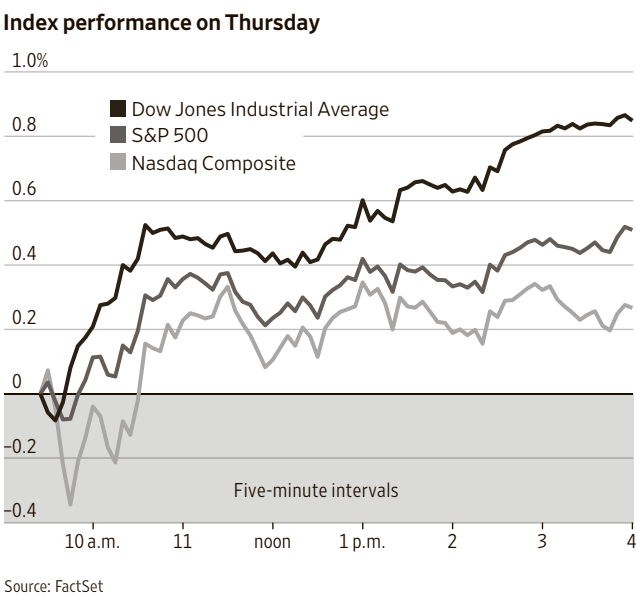
By DAVID UBERTI

The Dow Jones Industrial Average logged its longest winning streak of the year, the latest sign that investors' pull-back in April was a blip. The Dow rose 0.9%, or 331 points, en route to its seventh straight day in the green. Gains logged by **Caterpillar**, **Home Depot** and **Amgen** more than offset **Salesforce's** slip to push the blue-chip index higher.

The S&P 500 ticked 0.5% higher, meanwhile, and the tech-heavy Nasdaq Composite inched upward by 0.3%.

All three stock indexes have risen by at least 3.5% so far in May, reversing April's declines and nearing record highs, as Wall Street has grown more confident that the Federal Reserve will begin cutting rates this year.

That renewed optimism stems from healthy corporate profits and cooler economic data, including a Thursday Labor Department report that 231,000 Americans applied for



unemployment benefits last week. It was the highest number of initial weekly jobless claims since August.

Investors' more-optimistic inflation outlook has taken pressure off the bond market in recent days, weighing down yields. On Thursday, those declines continued after a Treasury auction showed adequate demand for long-term debt issued to help fund the U.S. government. Benchmark 10-year Treasury yields settled slightly lower at 4.448%.

Across the pond, the Bank of

England on Thursday kept its key interest rate unchanged but indicated that it is on course to cut rates over the coming months. Switzerland and Sweden have already eased monetary policy, indicating that central bankers elsewhere in Europe might move before the Fed.

Interest-rate futures markets are pricing in a roughly 50% chance that the U.S. central bank will cut rates at its September meeting, according to CME Group.

Wall Street's reinvigorated



Shares of Caterpillar increased 2.1% on Thursday.

hopes for cuts have helped stocks resume their ascent from earlier this year. But the uncertainty has nevertheless pushed more traders toward lower-risk bets such as structured notes, which combine multiple securities to limit potential losses, said Jason Barsema, co-founder of Halo Investing.

"With interest rates higher and likely higher for longer—whatever that means—people are creeping into equity markets," he said. "You're seeing a lot more caution."

On Thursday, shares of companies spanning real estate and utilities led the S&P 500 higher. Energy giants such as **Exxon Mobil** and **Chevron** also advanced, fueled by an uptick in oil prices. Benchmark U.S. crude futures gained 0.3% to \$79.26 a barrel.

In other commodities markets, Comex gold gained \$18.50, or 0.8%, to \$2,332.10 a troy ounce. Comex copper for May delivery gained 4.55 cents, or 1%, to \$4.6075 a pound.

Bitcoin rose \$294.16, or 0.5%, to \$62,455.92.

Overseas, the Stoxx Europe 600 rose 0.2% to a record 516.77. At midday Friday, Japan's Nikkei 225 was up 0.6% and Hong Kong's Hang Seng Index was up 1.2%. S&P 500 futures were up slightly.

—Joe Wallace and Ben Glickman contributed to this article

## AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

### FOUR-WEEK BILLS

Applications	\$234,456,149,700
Accepted bids	\$80,237,952,100
* noncompetitively	\$6,130,049,700
* foreign noncompetitively	\$0
Auction price (rate)	99.590111 (5.270%)
Coupon equivalent	5.365%
Bids at clearing yield accepted	59.88%
Cusip number	912797KE6

The bills, dated May 14, 2024, mature on June 11, 2024.

### EIGHT-WEEK BILLS

Applications	\$238,653,127,600
Accepted bids	\$80,237,100,400
* noncompetitively	\$1,640,115,300
* foreign noncompetitively	\$0
Auction price (rate)	99.179444 (5.275%)
Coupon equivalent	5.393%
Bids at clearing yield accepted	1.12%
Cusip number	912797KN6

The bills, dated May 14, 2024, mature on July 9, 2024.

### 30-YEAR BONDS

Applications	\$63,360,051,000
Accepted bids	\$28,142,249,900
* noncompetitively	\$29,455,800
* foreign noncompetitively	\$0
Auction price (rate)	99.838820 (4.635%)
Interest rate	4.625%
Bids at clearing yield accepted	9.00%
Cusip number	912810UA4

The bonds, dated May 15, 2024, mature on May 15, 2054.

## Country Garden Misses \$9.1 Million In Bond Payments

By JIAHUI HUANG

**Country Garden Holdings** said a state guarantor could come to its aid after the troubled developer missed deadlines for bond payments, presenting a key test for a government entity in dealing with a continuing debt crisis in China's property sector.

Heavily indebted Country Garden said Thursday that it couldn't pay interest on two government-guaranteed bonds due May 9, but that it would try to make the payments—which total the equivalent of about \$9.1 million—by Monday, within the grace period.

If it can't, then state-owned China Bond Insurance, guarantor of the bonds, will "fulfill its credit-enhancement responsibilities," the company said.

Country Garden cited

"continuous volatility of the industry" and a weaker-than-expected recovery in sales for making it hard to allocate funds toward interest payments.

The missed payments offer a test for China Bond Insurance, a state-owned entity that some market watchers have hoped would step in to aid developers struggling with a liquidity crunch.

"This is the first time that bonds backed by China Bond Insurance face potential default, so there is no precedence," Morningstar analyst Jeff Zhang said.

He added that China Bond Insurance's credit-enhancement responsibilities likely mainly pertain to adding collateral such as land bank and properties or introducing another third-party to provide joint guarantees, rather than directly helping Country Gar-



A Country Garden residential project in Beijing. The developer cited weaker-than-expected sales for its missed payments.

den repay its interest.

Country Garden, once one of China's largest property developers, has been among a host of titans pushed to the brink by a multiyear down-

turn in the country's sprawling real-estate industry.

The Foshan-based company had more than \$15 billion of international bonds and loans outstanding at the

end of June 2023, according to its public disclosures. It defaulted on a dollar bond last October, and missed a local bond payment in March.

Trading in shares of Country Garden was halted in late March in Hong Kong, where the company is awaiting a hearing on a liquidation petition.

## Barclays Is Pressured on Financing for Fracking

By CLAIRE BROWN

A group of shareholders called on **Barclays** to pull back its support for fracking in North America and expand its climate commitments.

The 24 investors, which represent \$1.24 trillion in assets under management, planned to ask the bank at its annual general meeting Thursday to expand its restrictions on financing for fracking and "close a loophole" in its climate commitment that allows the bank's financing of fossil-fuel companies to continue. The group includes the Church of England Pensions Board, Rathbones Group and La Française Asset Management, among others.

ShareAction, the investing-focused nonprofit that organized the action, planned to also submit a petition signed by 3,500 members of the public and testimonials from residents of New Freeport, Pa., where Barclays fracking client EQT Corp. has operations.

"We're hoping that they're going to engage with us and discuss what's practical and possible in terms of actually committing to close the loopholes" said Jake Kroeger, spokesperson for ShareAction.

Shareholder proposals on environmental issues have been on the rise in recent years, but overall support has been muted.

Last year, 630 proposals related to environmental, so-



Some European banks have announced commitments to pull back on financing for fossil fuels.

cial and governance issues were filed in the U.S. as of August, according to a report by the Sustainable Investments Institute. Almost nine-tenths of those were pro-ESG, with more than half put to vote, but average support was around 22%. This was down from a high point of 33% in 2021.

Meanwhile, the number of anti-ESG proposals more than doubled from two years prior, with far less support.

Several European banks

have recently announced commitments to pull back on financing for fossil fuels. In some cases, U.S. banks have stepped in to fill the void.

In February, Barclays announced an updated climate policy in which it pledged to stop directly financing new oil and gas projects, among other commitments. In response to the new plan, ShareAction withdrew a proposed shareholder resolution calling for the bank to assess potential risks to shareholder

and customer interests posed by its fossil-fuel financing.

ShareAction wasn't satisfied with Barclays's new plan, however. In April, the nonprofit released an analysis that found the new policy contained two "loopholes." First, while Barclays committed to restricting financing for fracking in the U.K. and Europe, it didn't extend the policy to the U.S., where some of its fracking clients are based. And second, the bank's restrictions on working with

companies that focus exclusively on fossil-fuel extraction don't apply to projects it considers short term, a category that includes many fracking projects.

This week's shareholder demands are aimed at tweaking the bank's existing commitments to encompass more fracking operations.

"We thank ShareAction for their ongoing engagement on our climate strategy and for recognizing the progress we have made in 'setting a sector-leading commitment' in our updated oil and gas policies," a spokesperson for Barclays said.

"We have a target to deliver \$1 trillion of Sustainable and Transition Finance by 2030 and last year mobilized \$67.8 billion. We recognize the importance of meeting current energy needs, while financing the scaling of the clean energy system of tomorrow to ensure energy is secure, affordable and reliable."

The International Energy Agency's Net Zero Emissions 2050 Scenario recognizes that reserves with shorter lead times—such as shale oil and gas—remain an important part of near-term energy supply," the spokesperson said.

In a statement on its website, the bank said its new energy policy is focused on restricting long-term fossil-fuel expansion, whereas fracking projects can start production soon after an investment decision is made.

## Telecoms Talk Split Of Rival

Continued from page B1

licenses is a driving force behind the deal. U.S. Cellular's spectrum portfolio touches 30 states and covers about 51 million people, according to regulatory filings.

American companies have spent more than \$100 billion in recent years to secure airwaves to carry high-speed fifth-generation, or 5G, signals and are hunting for more. But the Federal Communications Commission has lacked the legal authority to auction new spectrum for more than a year. The drought has driven up the price of spectrum licenses at companies that already hold them.

The U.S. wireless business also has matured: Carriers have sold a smartphone subscription to most adults and many children, which leaves less room for expansion as the country's population growth slows. AT&T and Verizon have meanwhile retreated from expensive bets on the media business to focus on their core cellphone and home-internet customers.

A once-crowded field of small, midsize and nationwide cellphone carriers is now split among Verizon, T-Mobile and AT&T, leaving few players left to take over. As one of the last pieces left on the board, U.S. Cellular has long been an attractive takeover target.



# HEARD<sub>ON THE</sub> STREET

FINANCIAL ANALYSIS & COMMENTARY

## U.S. Listings Can't Fix All for Shell, Total

European energy companies are getting more serious about shifting their stocks stateside in search of higher valuations

Fossil-fuel-bashing investors are a handy scapegoat for anyone looking to explain why Europe's oil giants suffer from low valuations. But relocating to the U.S. won't necessarily fix the problem. European oil bosses are talking openly about moving their stock-market listings to the U.S. **Shell** Chief Executive Wael Sawan hinted to investors on the company's latest earnings call that he may consider relisting in New York if his two-year turnaround plan hasn't narrowed the valuation gap with U.S. peers by the end of 2025. Patrick Pouyanné, who leads **TotalEnergies**—Europe's second-most-valuable energy player after Shell—has been asked by the company's board to look into moving the listing to America and to report back by September. **BP** sounded cooler on its own earnings call this week and isn't actively considering a new home.

At issue is the oil-and-gas industry's stubborn trans-Atlantic valuation gap. On average, shares of Europe's oil giants trade at a 45% discount to their American peers as a multiple of projected cash flows. Lavishing shareholders with money in recent years hasn't improved things much—the discount is still roughly where it was in early 2021. BP, Shell and TotalEnergies have pledged to distribute a hefty 11% of their current market value on average through dividends and share buybacks in 2024. Low valuations are a big disadvantage for Europe's top energy companies, especially when it comes to mergers and acquisitions. Paying for U.S. assets using shares, as **Exxon Mobil** did for Pioneer, is off the table while valuations are so out of whack. There are a few reasons why Europe's oil names are stuck in the bargain bin. Stocks in the region trade generally at lower multiples than in the U.S. But the discount for the energy majors is deeper than for the overall markets. Local shareholders and policymakers are considered less friendly to the fossil-fuel industry. "I don't think European investors support the idea that oil-and-gas companies should grow anymore,"

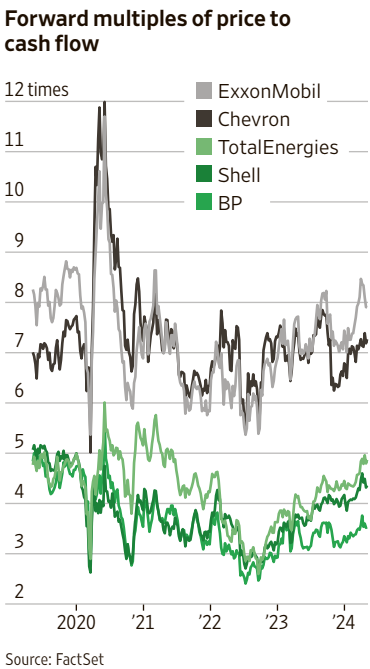


Shell and other European oil majors tend to trade at lower valuations than their U.S. peers, but that isn't a result of listing location alone.

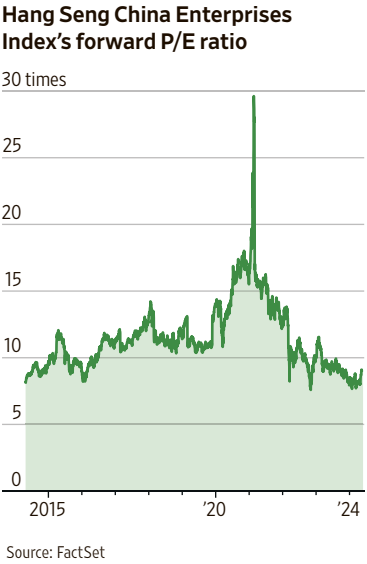
says Alastair Syme, an analyst at Citi. The risk of a fresh round of divestments by European investors makes a U.S. listing tempting. Next year, France will ban funds operating under the ISR "socially responsible" label from owning shares in oil-and-gas companies that plan to grow their production. The label is voluntary but could affect TotalEnergies, which wants to increase its fossil-fuel output by 2% to 3% a year through 2028. But there are other problems a U.S. listing wouldn't fix. Investors seem to have more faith that distributions at Exxon Mobil and **Chevron** are sustainable. That is partly because Shell and BP cut their dividends in 2020 to save cash when the pandemic hit, while their American peers didn't. The European companies' climate pledges also restrict them

from boosting output, which will make it hard to fund distributions by selling fossil fuels in higher quantities. Between now and 2030, America's major oil companies are expected to increase upstream production by 6% a year compared with just 0.2% for the Europeans, according to Bernstein estimates. Lower exposure to shale oil is another factor. Shell sold its shale assets to ConocoPhillips in 2021, while BP has a midsize shale business called BPX Energy. The American majors benefit from shale's favorable taxation in the U.S. and have much greater scale. As new shale assets start producing quickly, Exxon Mobil and Chevron can respond to high energy prices by boosting supply and funnel more profits back to shareholders. BP and Shell might get more credit if they lift the veil on their trading activities. They are the

biggest energy traders in the world and buy and sell in higher volumes than specialist commodity houses such as Vitol or Trafigura. According to Irene Himona, a managing director at Bernstein, trading has generated up to 25% of Shell's and BP's earnings in certain years. Because the profits can be volatile and commercial sensitivities limit what the companies like to say about the business, there is a "secrecy discount" for a big chunk of the Europeans' earnings, says Himona. Europe's greater urgency about weaning itself off fossil fuels probably does play a role in how its local oil companies are valued. But part of the valuation gap also boils down to different business models. Decamping to friendlier U.S. territory won't automatically grant Europe's energy giants an American-size price tag. —Carol Ryan



## Chinese Stocks Rebound, but Rally's Basis Is Still Weak



Chinese stocks were the stand-out performers in the past month. The trillion-dollar question: Are they back for real this time? The MSCI China index, which includes both domestically traded stocks and Chinese companies listed in Hong Kong and the U.S., has gained 10% since the end of March, outperforming other major indexes. The rally has brought Chinese stocks into bull-market territory: They have rebounded more than 20% from their January lows. That is a stark turnaround after three straight years of losses. But investors have been burned by false starts before: The MSCI China index had surged 57% over three months starting in October 2022 on Covid reopening hopes, only to have most of those gains

fizzle out as China's postpandemic recovery turned out to be anemic. There are certainly some fundamental factors underpinning the rally: China's macroeconomic data last quarter has come out ahead of expectations, especially driven by a pickup in manufacturing. And while the housing market is still in the doldrums, Beijing recently signaled that it will come up with new plans to deal with the glut of unsold apartments. Additionally, after losing more than half of their value over three years, Chinese stocks look cheap. The Hang Seng China Enterprises index, a gauge of Chinese companies listed in Hong Kong, trades at just 8.9 times forward earnings even after the recent rally, compared with a 10-year average of

11.3 times, according to FactSet. Companies such as internet giants Alibaba and Tencent have stepped up their buybacks, which helped support their stocks. Chinese stocks also have benefited from turmoil elsewhere. The prospect of interest rates staying higher for longer in the U.S. rattled some of the market's overcrowded trades—like chip stocks—this past month. Money that has flown out of China into other markets dipped back. Institutional investors are still underweight in China relative to their benchmarks, but they have been increasing exposure to the country. For example, Asia ex-Japan funds and emerging-market funds have reduced their underweight positions in China by 0.8 to

1 percentage point this past month, according to Morgan Stanley. But corporate profits remain weak. The housing slump still weighs on domestic demand while falling producer prices are squeezing manufacturers' margins. Analysts have cut their consensus earnings-per-share estimates for this year by 7% for stocks in the MSCI China index, according to Goldman Sachs, though some sectors, like internet companies, have gotten earnings upgrades. The cheap valuations and the momentum of fund flows probably could keep the Chinese market going for a while. But a recovery in earnings growth will be needed for a more-sustainable rally. —Jacky Wong

## Robinhood's 'Gold' Offerings Are Panning Out

**Robinhood Markets** just reported its best quarter as a public company, both in terms of revenue and net income. Many might latch onto a surge in crypto trading but that isn't what should really grab investors' attention. Yes, crypto transaction revenue was \$126 million for the quarter, nearly triple what it was in the fourth quarter. The launch of bitcoin exchange-traded funds and the digital currency's nearly 70% price jump in the first quarter evidently drew in a lot of everyday traders. But as we have seen before, crypto booms can go bust in a hurry. And the threat of a potential Securities and Exchange Commission suit related to the crypto business is also looming, with wholly uncertain implications. So a great quarter in crypto probably isn't worth as much as it may

seem for Robinhood's stock price in the longer term. What should stand out is the surge in paying customers and money coming into Robinhood. Robinhood added some half a million Gold subscribers, who pay \$5 a month or \$50 a year, from last year's first quarter to this year, with that number rising to almost 1.7 million. About 260,000 came in the first quarter of 2024 alone. Robinhood also added \$11.2 billion in net deposits in the first quarter, more than double the typical inflow in recent quarters. (Crypto is mostly a wash when it comes to deposits, as people who deposited money to play that market then invested it in an asset that doesn't sit on Robinhood's balance sheet.) To be sure, at least some of these depositors and subscribers



hood's 3% match offer on individual retirement account transfers or rollovers for Gold subscribers expired at the end of April. Some people might move on to the next big offer elsewhere. But to keep their IRA matches, and to earn 3% cash back on its new credit card, customers will need to remain Gold subscribers for a while. And the typical inertia of many people when it comes to moving accounts would suggest that they might just stick around. Robinhood told analysts on Wednesday that 75% of the first-quarter net deposits were from people who had been customers already for over a year. And only 20% of first-quarter net deposits went into retirement, with the rest going to brokerage and cash. This gives Robinhood some runway for the conversion of cov-

eted affluent investors into long-term wealth-management customers, which will probably best support its share price and valuation. Of course, buying customers can be a road to nowhere. So profitability—Robinhood earned a record \$157 million in net income in the quarter—must be minded, too. Robinhood told analysts that it expects even a customer earning that 3% transfer match will turn profitable in between two and three years; the payback on a 1% match, which is ongoing, is a little under a year. The company also says Gold subscribers generate average revenue per user that is multiples of other customers. The bet is that people who might come for the crypto will stay for the Gold. —Telis Demos





**\$22.5 Million**  
Patriots owner  
Robert Kraft sells  
NYC apartment.  
**M2**

# MANSION

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HOMES | MARKETS | PEOPLE | REDOS | SALES

THE WALL STREET JOURNAL.

Friday, May 10, 2024 | **M1**



## Charity Starts at Home

Former Washington Commanders owner  
Dan Snyder and his wife, Tanya Snyder,  
donated their Maryland home to charity  
after trying to sell it for years



**MOST RECENT  
LIST PRICE**  
**\$34.9  
MILLION**  
30,000 sq. ft., 13.5 acres,  
wine cellar, library,  
frontage on  
Potomac River

By KATHERINE CLARKE

**F**ormer Washington Commanders owner Dan Snyder had quietly sought a buyer for his Potomac, Md., home for years before listing it for \$49 million in February 2023, then slashing the price to \$34.9 million a few months later. In March, it was abruptly taken off the market.

Snyder hadn't found a buyer. He and his wife, Tanya Snyder, had donated the house to charity.

Now the American Cancer Society, the recipient of the gift, the largest in its more than 110-year history, is relisting the home for sale, according to Kael Reicin, the charity's chief finance and strategy officer. ACS will be listing it for \$34.9 million, the same as the Snyders' last listing price, he said. A representative for Snyder didn't respond to requests for comment.

The former NFL team owner's donation is a particularly high-profile example of an unusual form of charitable giving, according to tax and philanthropy

*Please turn to page M6*



The Snyder property is unusual for the area in terms of its scale and grandeur. It was publicly listed about a year ago for \$49 million before the home was given a major price cut.



## The Spanish Beach Town Luring American Buyers

Sitges is known for its laid-back atmosphere, easy access to Barcelona and pricey 19th-century villas

By J.S. MARCUS

**IN THEIR POSTPANDEMIC** search for a European second home, Florida's Martin and Patricia Tantow had a lot of boxes to tick.

The couple, who confined their search to the mainland Mediterranean coast, wanted sea views, walkable beach and town access,

and a unit that was easy to renovate—or, as they call it, a “livable fixer-upper.”

They found what they were looking for in Sitges, a Spanish resort town that had been under the radar for U.S. buyers and vacationers.

Sitges, with around 30,000 year-round

*Please turn to page M8*



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PRIVATE PROPERTIES

# ‘Done’ With New York, Fox News Star Sean Hannity Lists Long Island Estate

Just a few months after announcing his move from New York to Florida, Fox News star Sean Hannity is putting his sprawling Long Island estate on the market for \$13.75 million.

In January, Hannity said he would now be taping both his radio show, “The Sean Hannity Show,” and his TV program, “Hannity,” from studios in West Palm Beach.

“We are now beginning our first broadcast from my new home and that is in the free state of Florida,” the host said on his iHeartRadio show. “I am out. I am done. I’m finished.”

Hannity declined to comment via a Fox spokesperson. Fox News parent Fox Corp. and News

Corp, the parent of The Wall Street Journal, share common ownership.

A limited liability company linked to Hannity purchased the waterfront property for \$8.5 million in 2008, property records show. The nearly 6-acre property is located on Centre Island, a small island roughly 40 miles east of Midtown Manhattan. The area has drawn celebrities including Billy Joel, who listed his home there for \$49 million last year.

That property has since been taken off the market while Joel completes some work on the home, according to the former listing agent, Bonnie Williamson of Daniel Gale Sotheby’s International Realty.



FOR SALE  
**\$13.75 MILLION**  
11,000 sq. ft,  
7 bedrooms



The house overlooks Oyster Bay.

Hannity’s approximately 11,000-square-foot, seven-bedroom estate has a roughly 80-foot private dock on Oyster Bay, according to the listing.

The gated grounds contain a swimming pool, a tennis court, a par-3 golf course and a separate putting green.

The house has a classic

stone-and-shingle facade. Inside, the formal living and dining rooms have views of the bay, while a bar has deep-blue cabinetry.

Hannity purchased a \$5.3

million condo in Palm Beach in 2021, property records show. On his show, the host has said that his values align more with politicians in Florida.

“Finally, for the first time that I can think of in my adult life, I actually have representatives in the state that I’m living in that share my values,” he said on the radio show.

Palm Beach, where former President Donald Trump’s Mar-a-Lago compound is a hub for political gatherings and fundraisers, has long been home to some of the Republican party’s wealthiest donors. Fox News anchor Bret Baier recently relocated there from Washington, D.C., while the Palm Beach home of the late conservative commentator Rush Limbaugh sold last year for \$155 million.

Shawn and Zachary Elliott of Nest Seekers International have the listing.

—Katherine Clarke

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## Robert Kraft Scores With Plaza Hotel Condo Sale

New England Patriots owner Robert Kraft has sold his longtime apartment at New York’s iconic Plaza hotel for \$22.5 million. The off-market deal comes shortly after Kraft purchased a new Manhattan spread at 220 Central Park South on nearby Billionaires’ Row.

Kraft purchased the Plaza apartment for \$14.74 million in 2007, when a portion of the iconic hotel was being converted into a condominium, according to property records.



SOLD  
**\$22.5 MILLION**

Kraft didn’t respond to a request for comment. The identity of the buyer couldn’t be determined. Details of the Plaza unit are sparse, since it wasn’t publicly listed for sale. Located on the corner of Fifth

Avenue and 59th Street, the French Renaissance-inspired Plaza dates to the early 1900s.

In the book “The Plaza: The Secret Life of America’s Most Famous Hotel”

by Julie Satow, Kraft recalled touring the building when it was still under construction. He had a “nostalgic connection” to the hotel, Satow wrote.

Kraft drew on his players’ jersey numbers to help him determine which unit to acquire, according to the book.

“They said I could have any apartment I wanted, so I was thinking I would do the 12th [floor] because that’s Brady,” he told Satow, referring to former quarterback Tom Brady. However, once he decided



Purchase price in 2007: \$14.74 million

to buy two units and combine them, there was only one available floor—11.

“So I went from Brady to Edelman,” he said, referencing former wide receiver Julian Edelman.

Less than a month ago, an entity tied to Kraft purchased two units at 220 Central Park South for a combined \$34 million, property records show. The newer building has drawn big-name buyers including the entertainer Sting and hedge funders Ken Griffin

and Dan Och.

Kraft bought the Patriots in 1994 after amassing wealth as head of the Kraft Group, a privately held business that includes manufacturing, real-estate and sports assets. His homes include a penthouse in Palm Beach, Fla., which he bought for \$23.75 million in 2022. In 2021, he purchased a property in the Hamptons for \$43 million. He also owns a home in Chestnut Hill, Mass., records show.

—Katherine Clarke

FROM TOP: JOSH GOETZ; ROY ROCHLIN/GETTY IMAGES (HANNITY); NINA WESTERVELT FOR THE WALL STREET JOURNAL; FRAZER HARRISON/GETTY IMAGES (KRAFT)



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PRIVATE PROPERTIES



Sale price: \$13.1 million

Paradise Valley Sees a Spate of Major Deals, Even as Boom Slows

**UPDATE** Even as pandemic-induced demand wanes, the affluent enclave of Paradise Valley, Ariz., has seen a recent spate of high-priced deals.

In April, the Teets family sold the town's largest parcel of undeveloped residential land—27 acres—for \$42 million, according to listing agent Joan Levinson of Realty One Group. Also last month, the town posted two home sales that rank among its most expensive ever: A Spanish Revival-style house sold for \$14 million, while an approximately 8,500-square-foot home fetched \$13.1 million.

Levinson said another home in town, which is still under construction, is slated to close for approximately \$16 million later this spring.

The town's priciest home sale to date was the 2023 sale of a roughly 5-acre property for \$23.5 million, according to Levinson, who represented the seller.

During the pandemic, Paradise Valley saw an unprecedented amount of demand. But over the past year and a half, local brokers said that demand has slowed due in part to uncertainty about the economy and sticker shock over high prices, factors that are impacting a number of luxury markets around the country.

The Spanish Revival that sold for \$14 million had been on the market for



Sale price: \$42 million

over a year, according to Andrew Beardsley of Silverleaf Realty, who had the listing with colleague Caroline Van Arsdale. The property was at one point priced at \$19.95 million, but was most recently asking \$14.95 million, he said. Still, the sale price was more than double the \$5.5 million his clients paid for

the home in 2020. Cheryl Anderson of Russ Lyon Sotheby's International Realty, who represented the buyers, declined to identify her clients, but said the nearly \$20 million asking price was out of their price range.

As in neighboring Phoenix, tempered demand for Paradise Valley homes has

given some home buyers more leverage, allowing them to wait on the sidelines for inflated prices to come down.

The \$13.1 million deal involved a spec house sold by Tim McCormac of Temac Development. The house, on roughly an acre, first hit the market preconstruction in 2021 for \$10.1 million, according to listing agent Joe Bushong of Russ Lyon Sotheby's International Realty. With a gym, home theater and yoga room, it went on and off the market during the construction process, at one point asking \$14 million.

McCormac purchased the property in November 2020 for around \$1.8 million, then demolished the existing home on it. He said the price was increased during construction because the house was larger and had more amenities than originally expected.

Prices for undeveloped land in Paradise Valley have also skyrocketed in recent years.

The Teets family, who bought their land in 1996 for just \$6 million, put it on the market for \$55 million in 2022.

Levinson said she has been fielding offers from interested buyers since the land hit the market, many of them developers.

The Teetses live across the street. The property was originally zoned for one house per acre, but the Teetses put a deed restriction in place requiring any future developed parcel to be 1.8 acres or more.

"My family was thrilled to find a buyer who agreed to limit the number of lots and preserve the large-lot quality of life that is Paradise Valley," said the Teetses' daughter, Heidi Teets.

She and Levinson declined to comment on the identity of the buyer.

—Libertina Brandt



Sale price: \$14 million

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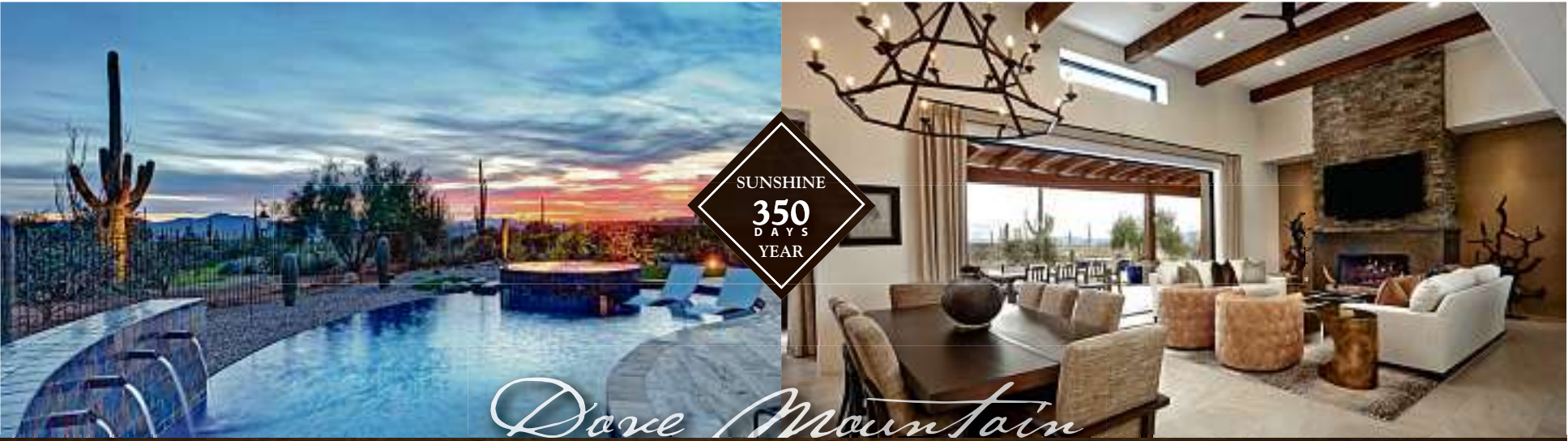
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PRIVATE PROPERTIES



rooms and vanities,” Roseff said; some of Starr’s key changes involved opening up parts of the house that were compartmentalized.

Skulls can be seen in rugs and wallpaper throughout the home. In the primary bathroom, there is a skull-shaped mosaic on the shower floor, and Roseff found a jeweler to engrave skulls into the shower fixtures, too. “A lot of people think skulls are creepy, but he sees it as a joyous sign of life,” Roseff said “When a fetus is forming, the skull is the first thing formed. At the end of life...the skull is what remains.”

Off the foyer is Starr’s home office, which has a 2,200-bottle wine room. The fifth floor, which has large skylights and a roof deck, was mostly a living space for the children, with its own media center and kitchen. Finally, Starr’s house has six parking spaces, a rarity in a neighborhood where spots can fetch \$250,000 to \$500,000, Montero said.

Since he and his family moved to the suburbs of Boston a few years ago, Starr now uses the house only occasionally as a pied-à-terre, Montero said. He said the home’s distinctive style—and skulls—won’t hurt marketing efforts.

“In a price range like this, whoever is going to buy the home will probably customize it any way they want,” he said.

—E.B. Solomont

A Historic Boston Townhouse With Bold Interiors

Behind wrought-iron gates on Commonwealth Avenue in Boston’s Back Bay, the stately limestone mansion is an imposing relic from the late 1800s, when it was built on this tree-lined street. A peek through the front window, however, reveals a neon sign proclaiming “Love is the Answer,” hinting at the cacophony of bold color, lush textures and skull-inspired decor inside.

Owned by venture-capital investor Kevin Starr, the house and its adjacent twin are known locally as the Commonwealth Sisters, standing out for their limestone facades amid a sea of red-brick townhouses. Starr is now listing the house, having moved to the suburbs of Boston with his wife, Nichole Starr, and their family. The asking price is \$29.9 million, said listing agent William Montero of Gibson Sotheby’s International Realty, who said it is one of the priciest listings in Boston, and the city’s priciest listing for a single-family home.

A co-founder of Third Rock Ventures, a biotech-focused venture fund with offices in Boston and San Francisco, Starr bought the house for \$11.6 million in

2015, property records show. Working with designer Eric Roseff, who is known for his bold use of color and textures, Starr spent about a year on a multimillion-dollar renovation that supercharged the home’s color palette while retaining original detail—and adding plenty of skulls, an important symbol to Starr, Montero said.

Starr declined to comment for this article. Spanning about 10,600 square feet over five floors, the house has six bedrooms, including a full-floor primary suite. There are five fireplaces, an elevator and a roof deck.

The house is a reflection of Starr’s bold personality, according to Roseff, who has worked with Starr on several of his homes. “His vibe from the beginning was the feel of a boutique hotel,” he said. “He likes a little bit of Miami thrown in, a little bit of Vegas thrown in.”

After passing through three sets of wrought-iron gates, visitors enter a voluminous foyer with checked quartz floors and wood paneling covered with black lacquer paint. Vivid cobalt, indigo



The primary suite has a skull mosaic in the shower.

and orange carpeting covers the staircase leading to the second floor, where the open kitchen has a black-and-white stone island.

The adjacent living room is the show stopper: With blue walls, couches and rugs, it has an illuminated bar, banquette seating and arched windows overlooking a tree-lined pedestrian mall. “We wanted it to have a real lounge-y vibe—like a 1970s coke-den vibe,” said Roseff, who described the room as having a “perpetual mood” to it. “It’s intoxicating, it’s inviting, it’s sexy.” A round portion of the ceiling, set off with detailed crown molding, is covered with Christian Lacroix’s “Butterfly Parade” wallpaper.

The primary suite encompasses the entire third floor, and can be closed off from the central staircase with frosted-glass pocket doors. In the bathroom, a soaking tub fills from the ceiling and the shower has music and a lighting

system. A glass wall of the bathroom has a view of Starr’s closet, where Starr kept his extensive sneaker collection.

The primary suite was previously “a little maze of dressing



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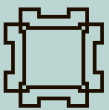




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# The Kitchen After the Flood

A home disaster was just what these owners needed to make a big change

By VAISHNAVI NAYEL TALAWADEKAR

For Yanir and Erica Ram, a renovation of the kitchen in their San Diego, Calif., home wasn't in the cards. Then a flood damaged much of their kitchen in the winter of 2022, and their plans changed. "After some thought, we decided to take the opportunity to not just repair but also redesign the space," says Erica.

The couple, both investors, envisioned a kitchen with a light and airy atmosphere with natural elements that complemented the bones of their adobe-style home, constructed in 2007 for \$3 million. A mutual friend introduced them to Stephanie Hamilton of Blythe Interiors.

For the homeowners, it was important to keep the kitchen modern and organic, but also sophisticated, warm, bright and inviting. "We sought to create a California Modern style," Hamilton says. To achieve this, she clad the counters with natural stone, picked oak for the cabinetry, and specified white-oak planks for the floor.

With a new kitchen came new appliances. "This was our opportunity to install state-of-the-art pieces that would last us at least another 15, 20 years," says Erica. New acquisitions included a 48-inch Wolf range, microwave drawers, a ZIP faucet with sparkling water on tap, a refrigerator wall housing two 30-inch Sub-Zero columns with freezer drawers, a Miele coffee machine, a steam oven, and a 24-inch wine fridge column. The kitchen now fulfills multiple roles: It is a spot for intimate gatherings, bursting-at-the-seams birthday parties, and everything in between.

Here are some of the elements of this \$500,000 kitchen.



Cost: \$500,000

1. After careful consideration and hours of searching, Hamilton found the stone for the countertops and backsplash—white Bianca Lasa Covelano marble sealed with Azercare, a treatment that protects natural stones against etching and staining. The backsplash slabs were book matched behind the range and pot filler for a seamless look. // **Price:** \$36,000

2. Flat-panel white and oak cabinets, custom-

made by DeLauder Woodworking, nod to the marble backsplash and hardwood floor. To achieve a pared-back feel, Hamilton used sleek shaker doors along the upper row. // **Price:** \$85,000

3. The owners selected and custom-designed the Urban Electric pendants above the working island. The lights straddle form and function, haloing the counter below. // **Price:** \$8,000

4. The water damage had left the floor beyond repair. Hamilton partnered with Akovash Hardwood to create custom hardwood flooring to match the wood floors in other parts of the home. // **Price:** \$33,000 including installation

5. The hood was recentered to better serve the new kitchen layout. It consists of an insert liner and a custom oak panel. "It does a great job of marrying the space between the base cabinets and beams," says Hamilton. // **Price:** \$2,000

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MANSION

Charitable Home

Continued from page M1  
experts. While it is relatively common for wealthy homeowners to leave art or real estate to charities, foundations or universities in the event of their death, or to donate a portion of the proceeds of a major sale, it is more unusual to see high-net-worth individuals directly transfer title to a major single-family property as a donation while they are still alive. (Homes that have mortgages or are otherwise encumbered are also sometimes donated, but it makes the process much more complicated.)

In recent years, the tax strategy has made headlines thanks to major property donations by Snyder and other household names. In 2022, billionaire philanthropist MacKenzie Scott, the ex-wife of Amazon founder Jeff Bezos, donated two mansions in Beverly Hills, Calif., valued at a combined \$55 million, to the California Community Foundation, which provides grants to nonprofits in Los Angeles that support causes such as affordable housing and art.

In 2017, former Texas Rangers pitcher Cole Hamels and his then-wife, Heidi Hamels, donated a large home in Missouri, which had been listed for \$9.75 million, to a nonprofit camp for children with special needs and chronic illnesses. Neither Scott nor Hamels responded to requests for comment.

Donating a home rather than donating the proceeds of the sale of a home comes with sizable tax benefits. If



Dan Snyder's home, if it sold for its asking price, would have set a local record.

the homeowner has held title to the property for more than a year before the donation, they can deduct the fair market value of the property from their taxable income following the transfer of the property, according to David H. Kirk, a national tax partner at Ernst & Young. While the tax deduction for the charitable donation of a home is limited to 30% of a taxpayer's adjusted gross income, the unused deduction can be carried forward for an additional five years. A home donation can also be made within a year of purchasing the home, but in that case the deduction would be limited to the lesser of the fair market value or the original purchase price.

The fair market value is typically determined by a third-party appraiser, who attributes a value to the house based on factors such as comparable sales in the local market. The IRS requires that such an appraisal be conducted no



more than 60 days before the donation and could challenge the amount if the charity ultimately sells the property for a significantly lower sum. The appraised value used by the Snyders in their donation was not available.

Wealthy individuals often choose to make such a donation in a year where they are expecting a particularly large tax bill, Kirk said. Unlike when a homeowner sells their home and donates the proceeds, the direct donation of the house never triggers capital-gains

tax, even though the owner indirectly realizes a partial benefit from any gain in value.

The Snyders tried for years to sell their Potomac home before donating it.

The roughly 30,000-square-foot limestone residence on the more than 13.5-acre Potomac River estate has been compared to an 18th-century French chateau. Tucked behind gates up a half-mile avenue of trees, it features marble, mahogany, intricate moldings and imported stone, according to the new listing

agent for the American Cancer Society, Cara Pearlman of Compass. It has two solariums, a large double-height drawing room, a formal dining room, a wine cellar, a library and a restaurant-grade kitchen for entertaining. Snyder bought the riverfront lot from the estate of Jordan's King Hussein and Queen Noor and built the home on it, completing construction around 2004. He had limestone shipped from France for the facade.

Snyder is the founder of Snyder Communications, a marketing company that sold for more than \$2 billion in 2000. He sold the Commanders in 2023 to a group led by private-equity

billionaire Josh Harris following an NFL-led investigation into Snyder and the team, related to sexual misconduct claims.

Local agents said the property is an outlier in the area for its vast scale and luxurious finishes and that the Snyders continued to

struggle to find a buyer when they listed it last year. Daniel Heider of TTR Sotheby's International, who wasn't involved with listing the home, said he brought a potential buyer there last fall. He described the house, which had been advertised privately for some time before formally hitting the market, as "stunning" but said the pricing had been "aggressive from the outset."

The record price paid for a home in Potomac is \$20 million; that record was set in 2011 when Ted and Lynn Leonsis bought Marwood, a 1926 chateau-style mansion where President John F. Kennedy's family once lived, Heider said.

Heider noted that the Snyder property was ultra-customized and had been designed for a family with a large staff, the kind of family who doesn't "interact with a kitchen, per se," he said.

"There's no denying that the capital invested in the house could have reached the level of \$49 million, but that doesn't make that a saleable price for the market today," Heider said. "There's not a lot of folks in Washington who had their hands in the air to pay almost \$50 million."

The biggest hurdle for



In 2022, MacKenzie Scott donated two homes to the California Community Foundation.



FROM TOP: DBECK & VEE (2); JOHN MCCONNELL/GETTY IMAGES; EAGLEVIEW (2); GEORGE PIMENTEL/WIREIMAGE/GETTY IMAGES

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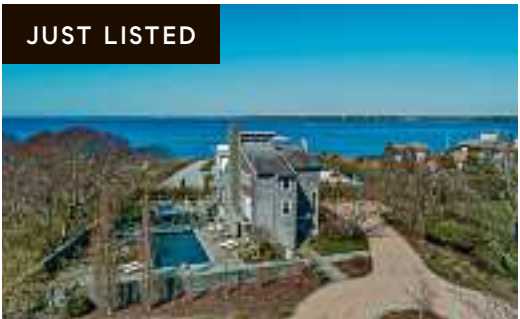
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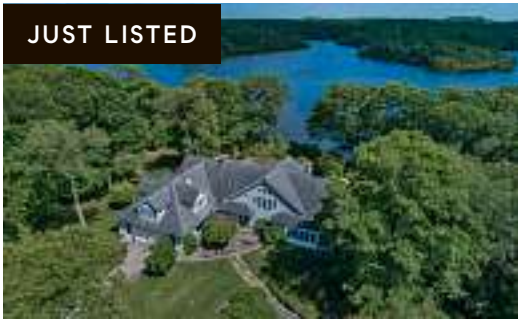
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MANSION



**\$9.75  
MILLION**

One-time list price  
of Hamels's  
home

homeowners looking to make such major property donations may be finding a charity to accept their donation, Kirk said.

For charities and non-profit organizations, financing the maintenance, taxes and utilities can be a challenge on very large properties. While charities and nonprofits can apply for waivers on some taxes, there is still a major expense associated with maintenance. "It is a lot easier to donate cash or stock than it is a house," Kirk said. "The carrying charges on large houses can create a burden on the charities themselves."

Reicin said ACS investigated the Snyder property's operational and maintenance costs before accepting the donation. He said the charity may consider using it for marketing events before its sale.

"You don't want to turn down such a significant gift, but by the same token, you could get saddled with a gift that you can't afford," said Randy Fox, an adviser on philanthropic giving.

Miguel A. Santana, president and chief executive of



Cole Hamels donated his Missouri home, above, in 2017.

CCF, said his organization strives to move property donations off their books as quickly as possible to minimize expenses and expedite putting the proceeds of a sale to use. In the case of the MacKenzie Scott donation, one of the homes Scott donated has already

been sold by CCF, records show. Record producer Mike Caren purchased the roughly 12,000-square-foot property in November 2022 for \$37 million, records show. Bezos and Scott purchased it for \$24.45 million in 2007. Santana said Scott directed that the proceeds should go to causes that give priority to affordable housing and immigrants.

Pearlman, the new listing agent for the former Snyder property alongside Han Peruzzi, said she hopes prospective buyers will be drawn in by the idea that their money will go to a good cause. "You can't say that about many acquisitions," she said. "For someone that's been curious about the property, maybe they'll feel that now they'll have a bigger impact."



Ted and Lynn Leonsis set a Potomac record when they purchased Marwood, former home of President Kennedy.

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View Listings



MANSION

Spanish Beach Town

Continued from page M1

residents, is known for its sandy beaches, 19th-century villas, 21st-century mansions, quaint historic center and thriving residential real-estate market. Only a 25-minute drive from Barcelona’s international airport, the community is one of three select resorts that compete for the title of mainland Spain’s most expensive.

Home prices in Sitges average \$457 per square foot, up 7.3% in the past year and 21% in the past five years, according to Idealista, a Spanish real-estate website. Jesús Encinar, CEO and chairman of Idealista, says that Cadaqués, up the Catalan coast from Sitges and near France, is now at the top, with average prices in March reaching \$575 per square foot. Málaga in the south of Spain is now at \$458 per square foot, edging past Sitges.

Of the three, Sitges is the most convenient for trans-Atlantic air connections—and, local homeowners say, year-round charm. Smaller and less glitzy than Marbella, Sitges has temperate winters and hot summers, and it’s bigger and more accessible than remote, whitewashed Cadaqués, where life dies down in the chillier offseason.

The Tantows paid 1.3 million euros (the equivalent of about \$1.39 million) in July 2023 for a compact 2,300-square-foot Sitges home on a steep 1/5th-acre lot, offering prized southern exposures and expansive sea views. They plan to split their time between their primary Sarasota, Fla., home and Spain, where they can work remotely.

Able to live in the 1990s property while wrapping up the renovation, the couple has spent about \$270,000 on refurbishments, and they plan to spend around \$50,000 more on the four-bedroom home before they’re done.

“We painted inside and outside, and we opened things up a bit by breaking down some walls,” says Patricia, a marketing executive at an IT company.

Other structural improvements included new solar panels, energy-efficient doors and windows, and insulation upgrades. They also decided to convert a lower-level gym into a home office and gaming area.

The couple, both 50, view the investment as a vacation home for now and a potential retirement home later.

Patricia still seems a bit surprised at where they ended up.

“My dream was to buy in the south of France,” she recalls. “But then I came to Sitges and there was something special here. It’s very cute, but very diverse as well—you feel like you belong here. So I changed my mind about France and said, ‘Let’s try to make



The renovated Sitges vacation home of Martin and Patricia Tantow, with daughters, Milena, left, and Yasmina



this happen.’ ”

Long popular with the LGBTQ community, Sitges traditionally attracts second-home buyers from Northern Europe, as well as elsewhere in Spain. Now the number of American buyers is rising, says the Tantows’ agency, Lucas Fox, where in-house sales to Ameri-

cans doubled in 2023 compared with the year before. The rise of remote work and LGBTQ word-of-mouth are each helping to fuel interest, says the agency.

American visitors to the town are also increasing. Marina Norwell, of Oliver’s Travels, the U.K.-based villa-rental specialists, says

inquiries from the U.S. quadrupled in 2023 from the year before.

Norwell says a top choice for villa-minded Americans is a 10-bedroom country house with a saltwater swimming pool, about 15 minutes from the center of Sitges, with a high-season weekly rate of about \$18,500. Norwell says it’s popular with larger groups.

Sitges is something of a paradox, say residents. Known for its freewheeling nightlife in high season, it becomes a quieter, family-friendly community the rest of the year. The Tantows, who relocated during the pandemic from San Francisco to Florida, said they have no qualms about letting their two children, 9 and 11, explore on their own—something they couldn’t imagine back in San Francisco.

A desirable setting to raise children was also on the minds of full-

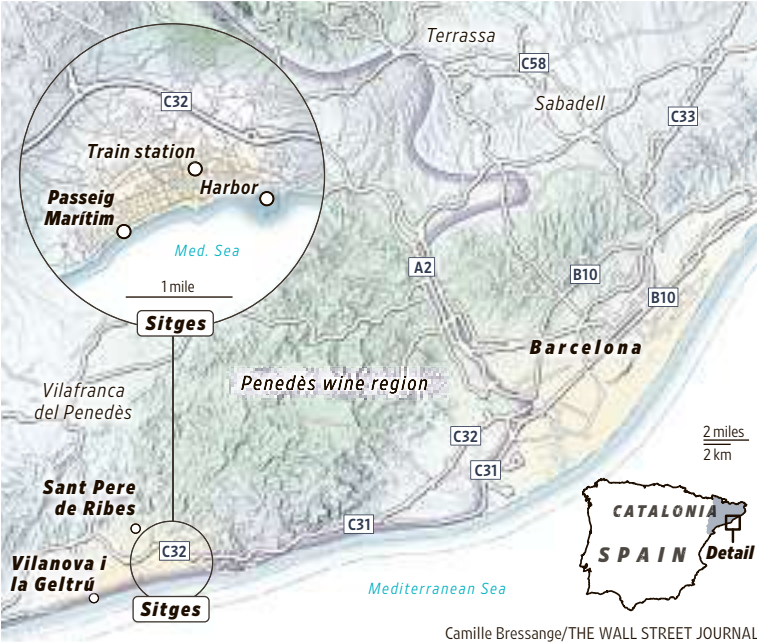
time Dutch residents Ben Aquina and his wife, Carmen Aquina. The couple moved to Sitges in 2015 from the Netherlands to give their two sons, then 12 and 13, an international experience, he says.

The family rented for two years “to make sure that everything would go well with the kids,” says Ben, a 63-year-old retired businessman. Then he and his wife, now 57, paid about \$2.8 million in 2017 for a 7,000-square-foot, four-bedroom house on a ½-acre lot in a gated community near the city’s premier golf course, Club de Golf Terramar.

They spent more than \$3 million on a gut renovation of the three-level property, originally built in 2004, adding everything from a new kitchen and upstairs terrace to a new outdoor pool.

“We love Sitges,” says Ben. “Life is so nice; the climate is perfect.”

Now that their sons are attending universities in Amsterdam and Rotterdam, the couple has listed the home for \$5.79 million, with Rachel Haslam of Lucas Fox handling the sale. They plan to downsize locally to an apartment and spend more time back in Holland.



Camille Bressange/THE WALL STREET JOURNAL



Mary Anne Gibbons, center right, and Michael Healy, center left, rented a villa with her brother, Tommy Gibbons, and his girlfriend Barbara Hoffman.

FROM TOP: ANTHONY PEREZ FOR THE WALL STREET JOURNAL (6); GIBBONS FAMILY

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MANSION



Ben and Carmen Aquina are selling their four-bedroom, 7,000-square-foot Sitges home for \$5.79 million. They spent more than \$3 million on a gut renovation of the three-level property, adding a new kitchen and pool.



nell. New owners may never resell for that price, he adds, “but some people just love these properties.” Carbonell says the highest square-foot prices can now be found on Passeig Maritim, the palm-lined boulevard bordering the beach. In 2023, Lucas Fox sold a 1,930-square-foot contemporary apartment on the boulevard’s continuation, Passeig de la Ribera, for \$1.6 million, or \$831 per square foot, far exceeding the resort’s average. Both the Tantows and the Aquinas were drawn to the community’s proximity to Barcelona. “Sitges wouldn’t be Sitges without Barcelona,” says venture capitalist Martin Tantow, who added that the family relies on di-

At their current asking price, the Aquinas would just about break even, but many Sitges lovers are willing to take a loss, says Jordi Carbonell, sales director for Barcelona’s surrounding areas at Engel & Völkers Spain. Catalonia led the way in the industrialization of Spain in the 19th century, and Sitges became a spot for Catalan magnates to

build lavish summer villas, often in a style associated with architect Antoni Gaudí up the coast in Barcelona. Still expensive to buy, and often very expensive to modernize, they typically need a new kitchen and new air-conditioning system, and even a new roof, requiring a total investment of almost \$10 million to \$11 million, says Carbo-



ing a 15-minute drive away to nearby communities Sant Pere de Ribes, closer to the vineyards, and Vilanova i la Geltrú, a small city down the coast, where “you can spend €450,000 on a home but still enjoy Sitges on the weekends,” he says. Mary Anne Gibbons and Michael Healy, a couple in their early 70s from Washington, D.C., recently capped off an Iberian holiday with a first-time visit to Sitges, opting for an Oliver’s Travels villa near Sant Pere de Ribes, where they paid around \$1,400 in total for four nights in a three-bedroom renovated stone house. Intending to use the setting as a base for discovering Barcelona, Gibbons says they opted most days to hang out in Sitges instead. “It’s a really cute town with a very relaxed atmosphere,” says the attorney, who enjoyed the seafront promenade and quaint shops and cafes. “Very chill.”

rect flights from Miami and California. But they also use it as a getaway to the nearby Penedès wine region, home to Catalonia’s sparkling Cava wines. Carbonell says Sitges-bound buyers who want more land often head up to Penedès, where luxury properties can come with stables and tennis courts. Meanwhile, budget-minded international buyers who want access to Sitges but more space for their euro are increasingly head-

ing a 15-minute drive away to nearby communities Sant Pere de Ribes, closer to the vineyards, and Vilanova i la Geltrú, a small city down the coast, where “you can spend €450,000 on a home but still enjoy Sitges on the weekends,” he says. Mary Anne Gibbons and Michael Healy, a couple in their early 70s from Washington, D.C., recently capped off an Iberian holiday with a first-time visit to Sitges, opting for an Oliver’s Travels villa near Sant Pere de Ribes, where they paid around \$1,400 in total for four nights in a three-bedroom renovated stone house. Intending to use the setting as a base for discovering Barcelona, Gibbons says they opted most days to hang out in Sitges instead. “It’s a really cute town with a very relaxed atmosphere,” says the attorney, who enjoyed the seafront promenade and quaint shops and cafes. “Very chill.”



This 1,930-square-foot unit overlooking the waterfront sold last year for \$1.6 million.

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PRIVATE PROPERTIES



An Ex-Marvel CEO Made a ‘Bad Habit’ of Restoring Old Homes

“I’m a child of the midcentury,” says Eric Ellenbogen, 67, a former chief executive officer of Marvel Enterprises. “I don’t think that I’ve ever grown out of the era.”

Ellenbogen, who was CEO and president of the comic-book publisher in the late 1990s, has bought and sold several Midcentury Modern homes over the years. His latest restoration project is a low-slung 1960s home in Palm Springs, Calif., designed by architect William F. Cody. Known as the James Logan Abernathy residence, the nearly 5,000-square-foot home is considered Cody’s greatest remaining residential “masterwork,” and was designated a historic landmark by Palm Springs in 2012, Ellenbogen said.

Ellenbogen purchased the

FOR SALE  
**\$12.9 MILLION**  
5,000 sq. ft.,  
5 bedrooms

house in 2006 for \$3.5 million and completed an extensive renovation over three years, he said. He primarily splits his time between New York and Wyoming and spends only a few months a year at home, he said. He is putting it on the market for \$12.9 million.

Comprising a series of glassy pavilions, the five-bedroom home has a thin roofline that appears to float, one of Cody’s signature features. The living spaces, including a 26-foot-high pavilion, are arranged in the shape of a pinwheel, fanning out into the garden. Outside, a nearly continuous pergola surrounds most of the house, connecting the outer pavilions to the center.

The house was built in 1962 with entertaining in mind; it originally had just one bedroom, but



included vast living spaces and a formal dining room, as well as a fur vault and an art studio.

Ellenbogen’s other projects have included restoring a Los Angeles home designed by modernist

architect Carl Maston. He also bought, renovated and sold a Palm Springs house once owned by Frank Sinatra.

“I’ve just had this bad habit of doing architectural restorations,”

says Ellenbogen. He’s always been a fan of style of the midcentury era and still owns some of his parents’ original Eames chairs, he said.

For the Cody restoration, Ellenbogen enlisted the help of the architect’s daughter, Catherine Cody. He also mined the Cody archives in San Luis Obispo, Calif., for original drawings of the house, and petitioned Palm Springs authorities to give the property a historic designation.

Perhaps the most significant alteration he made was to the paving in the home’s rear yard, where the original terrazzo had been replaced with a material known locally as “coolcrete,” said Ellenbogen, describing the material as “hideous.” It was stripped off and replaced with terrazzo, helping the interior and exterior blend more seamlessly, he said.

He also repurposed some of the living spaces as bedrooms, bringing the total to five, and added a new modern kitchen. He turned a formal dining room into a home office, while the art studio is now a guest suite.

Ellenbogen also added an outdoor pavilion with a fireplace and a mural by the ceramic sculptor Stan Bitters.

Ellenbogen declined to specify how much he spent on the restoration, but said he put “every bit of the sale price” into the project, driven by his desire to protect the architecture.

“I don’t do this for money,” he said. “Usually when you do these things, you lose money. But without protection, people can just tear these houses down, and they shouldn’t be able to.”

Patrick Jordan of Bennion Deville Homes/Luxury Portfolio International has the listing with colleague Stewart Smith. Buying a property like this is akin to purchasing art, he said, since the price per square foot is much higher than a typical home’s.

For his next project, Ellenbogen said, he is taking a break from Midcentury Modern. This time, he has purchased a 1930s home at the nearby Smoke Tree Ranch, a community of historic cottages. He declined to say how much he paid.

—Katherine Clarke

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Steve Rooney Buys  
Montana Ranch

**UPDATE** After more than 100 years in the same family, a Montana cattle ranch has sold for more than \$50 million. The deal is one of the priciest to close in the state in recent years.

Steve Rooney, a longtime ranch owner who made his money in the oil and gas pipeline industry, bought the roughly 30,000-acre ranch from the Doggett family, which started assembling the ranch in the early 1900s.

Jock and Jamie Doggett put the Meagher County ranch on the market less than a year ago for \$58.75 million.

Rooney, who hails from Chipewewa Falls, Wis., said he plans to continue running the property as a cattle operation, raising and selling Angus bulls. Some of the roughly 1,800 head of cattle on

the ranch will be sent back to Wisconsin to a meat-processing plant operated by his son, he said. He also plans to build another house on the property for his family, he said.

Rooney sold his company, Precision Pipeline, to infrastructure company MasTec in 2009 and now consults in the industry.

Rooney, who sold the famed Diamond Tail Ranch in Colorado for \$46.9 million earlier this year, said he has always had a passion for agriculture. In addition to ranches, he has owned dairy and elk farms and a soybean operation in Wisconsin. He spends about six to eight weeks a year ranching, between the summers in Wisconsin and the winters in Jupiter, Fla., he said.

“I’ve always been intrigued by the Western lifestyle,” he said. “I



The property is about 30,000 acres.

SWAN LAND COMPANY

like to ride my horse and work the cattle. I like to help with the hay. I’m working on some irrigation ditches right now. I’m a hands-on kind of guy.”

His newly purchased ranch is located between the Little and Big Belt Mountain ranges, about 30 minutes’ drive from White Sulphur Springs and about two hours from Bozeman. The property was featured in Ivan Doig’s 1978 mem-

oir “This House of Sky.” The ranch includes three residences. There is the Yellow House, which is 2,400 square feet with four bedrooms; the White House, a roughly 2,300-square-foot, four-bedroom house dating to 1917; and Mom’s House, a four-bedroom, roughly 2,700-square-foot home built in 1959. A creek runs through the ranch for over 7.5 miles and there are

two reservoirs. The Doggetts couldn’t be reached for comment. Rooney was represented by Ryan Flair of Hall and Hall, while Mike Swan and Tim Anderson of Swan Land Company represented the Doggetts.

—Katherine Clarke

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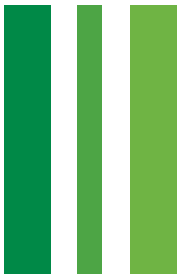
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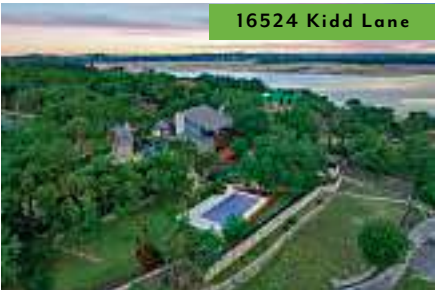
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When I was 12, my talent agent sent me on summer stock, Broadway and national tour auditions. After four years, I outgrew many of these roles and looked forward to my first summer at sleep-away camp.

Three weeks before I was supposed to leave, in 1997, my manager called. HBO was looking for a 16-year-old girl who looked Italian for a TV series.

I read for a scene in which a daughter argues with her mother about going on a ski trip. I had lots of experience arguing with my mom, and I had a thick Long Island accent, but I wasn't prepared for what came next.

My family lived in Bayside, Queens, until I was 4. Then we moved to a two-story, four-bedroom redbrick and white home in suburban Jericho on Long Island.

My dad, Steve, was an accountant at a stationery company, and he started an amateur baseball league that has since become the world's largest.

My mom, Connie, a homemaker, came to the U.S. from Cuba in 1961 during Operation Peter Pan, a secret emigration of 14,000 unaccompanied Cuban kids.

By the time I expressed interest in performing, my older brothers, Brian and Adam, were 15 and 18, so my mom had time to help me pursue it. I started with dance classes and local theater. I had never landed TV or film work, so there was zero expectation on my

JAMIE'S ZEN

**Favorite home spot?** My backyard. It has the space and quiet I'd dreamed about.

**Backyard Zen?** Sitting outside in the morning with my coffee and every night before I go to bed, I feel so much gratitude.

**Vs. L.A.?** During the pandemic in L.A., everyone was home and you could hear families arguing. It was stressful.

**‘Sopranos’ keepsake?** A lithograph of the show's characters, signed by everyone in the cast.

**Dream role?** I would love to play a family matriarch.

part ahead of my HBO audition.

By the time I arrived home, they'd left me a phone message asking me to return the next day to read for David Chase, the series creator and writer. This time, it was a scene with my character's father. They told me the series was called "The Sopranos."

After two more auditions and an HBO screen test, the part of Meadow Soprano was mine.

Between the pilot and shooting the first season, I developed exercise bulimia. Exercise became an obsession, and seeing my weight



Jamie-Lynn Sigler in 2023. Below, with Edie Falco, Robert Iler and James Gandolfini in ‘The Sopranos.’ Right, with her brother, Brian, in 1986.



drop meant I had control.

About two months before shooting the second episode, my mom saved me. She took me to a psychiatrist and a nutritionist. I gained 7 pounds, but I was still 30 pounds lighter than in the pilot.

Production asked my mom what was going on. They were ready to recast me. She fought my battle and assured them I was getting better.

When we started to shoot the second season, I couldn't balance it all. I deferred after my first semester at NYU and then left.

In 2001, during season 4, my legs became numb and tingly. I was diagnosed with multiple sclerosis. I wasn't overly symptomatic at first, so I didn't talk about it.

By season 5, I was getting a divorce and my MS started to manifest. No one on set knew, but my work suffered. James Gandolfini pulled me aside.

I confided in him, and he sent me to his personal acting coach, Susan Aston. She got me focused on the work and back into Meadow's head. But I struggled through the end of the series.

Today, I live in Austin, Texas, with my husband, Cutter, and our two boys. We moved here from L.A. during the pandemic. We face a golf course with trees and a huge open sky.

The other day, I was alone with my sons at the baseball field. I was feeling the MS. After I cooked dinner and showered, my 10-year-



old said, "Mom, you're doing a really good job with this MS thing. I see how hard you're working, and I promise it's going to pay off." I nearly burst into tears. That's the heart he came into this world with. I'm very grateful for it.

—As told to Marc Myers

Jamie-Lynn Sigler, 42, is an actress best known for her role as Meadow Soprano on HBO's "The Sopranos." She currently co-hosts "Messy," a podcast with actress Christina Applegate about their friendship and multiple sclerosis.

CLOCKWISE: ALLIE LEPSON + JESSE NICCLARY; JAMIE-LYNN SIGLER (FAMILY PHOTO); HBO/EVERETT COLLECTION

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