

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

- ◆ **The tentative labor agreement** between Hollywood studios, streamers and writers opens the door for actors to negotiate their own accord and is raising hopes in the industry that film and TV production will resume before long. **A1**
- ◆ **Amazon said it agreed** to invest up to \$4 billion in artificial-intelligence company Anthropic, the latest big startup investment by tech giants jockeying for an edge in the AI arms race. **B1**
- ◆ **The summer slide** in U.S. government bond prices has intensified since Labor Day. On Monday the 10-year Treasury yield settled at 4.541%, up from 4.438% on Friday. **B2, B11**
- ◆ **U.S. stocks edged higher**, with the S&P 500, Nasdaq and Dow gaining 0.4%, 0.5% and 0.1%, respectively. **B11**
- ◆ **Investors worry that \$100-a-barrel oil** could become the latest in a string of inflationary shocks to challenge the Fed's effort to control price increases, as analysts say that mark could be touched or surpassed later this year. **B1**
- ◆ **Huawei unveiled** its latest tablets, smartwatches and earphones, supported by a Chinese challenger to Bluetooth and Wi-Fi, the global standards in wireless communication. **B4**
- ◆ **Ford is pausing** construction of a \$3.5 billion battery plant in Marshall, Mich., where it had planned to produce lower-cost cells using technology from a Chinese battery maker. **B2**
- ◆ **Deutsche Bank's investment arm** agreed to pay \$25 million in an SEC settlement for overstating how it used environmental, social and governance factors in its funds. **B10**

### World-Wide

- ◆ **Sen. Bob Menendez** of New Jersey said he wouldn't resign from Congress and offered an explanation for the large amounts of cash found in his home, in his first public remarks since he was indicted by federal prosecutors in a sweeping bribery scheme. **A4**
- ◆ **The first U.S.-made M1 Abrams tanks** have arrived in Ukraine to bolster its counteroffensive, President Zelensky said, raising the question of how quickly they can enter the fight against occupying Russian forces. **A7**
- ◆ **Mass production of large and small drones** is crucial to the U.S. Defense Department's plans to check China's ambitions, but the Pentagon faces a challenge in making the aircraft quickly and cheaply. **A2**
- ◆ **Dozens of aging U.S. rail bridges** and tracks have been chosen to receive \$1.4 billion in federal grants for repairs and upgrades, with businesses and rail commuters expected to benefit from the funds as early as next year. **A3**
- ◆ **Saudi Arabia said it would agree** to far greater oversight of its nuclear activities, a step that could help advance negotiations with the U.S. to set up a uranium-enrichment operation in the kingdom. **A16**
- ◆ **Libya's chief prosecutor** said he ordered the detention of eight current and former officials pending his investigation into the collapse of two dams this month that sent a wall of water through the coastal city of Derna, killing thousands of people. **A16**

**CONTENTS**

Markets Digest.....	B7
Arts in Review.....	A11
Opinion.....	A13-15
Banking & Finance B10	Personal Journal A9-10
Business News.....	B3
Sports.....	A12
Crossword.....	A11
Technology.....	B4,6
Heard on Street.....	B12
U.S. News.....	A2-4,6
Markets.....	B11
World News.....	A7,16



## Mr. Buonarroti, I'm Ready for My Close-Up



**STATUESQUE:** Restorer Eleonora Pucci cleans dust off Michelangelo's statue of David in Florence, Italy, on Monday.

## Hollywood Writers' Deal Shifts Spotlight To Actors

Tentative pact gives the union victories on royalties and minimum staffing

By JOE FLINT

The tentative labor agreement between Hollywood studios, streamers and writers opens the door for actors to negotiate their own accord and is raising hopes in the industry that film and TV production will resume before long.

After a nearly five-month strike, the writers came away with several hard-fought victories in the three-year deal, including increased royalties, mandatory staffing for television "writing rooms" and protections regarding the use of artificial intelligence, people familiar with the pact said.

WGA's leadership is aiming to vote as soon as Tuesday on a final deal, if language can be settled.

AI has also figured heavily in the negotiations with the Screen Actors Guild, the performers union that has been on strike since mid-July. It marked the first time both unions went on strike since 1960. Their solidarity put acute pressure on studios.

The WGA said it was suspending picketing pending member approval of the agreement, but encouraged members to join SAG protests.

For consumers, progress in labor negotiations is a step toward resuming work on shows whose schedules have been upended by the strikes, from broadcast hits like "Abbott Elementary" to streaming fare like "Severance" and "Stranger Things."

Please turn to page A4

## Oligarchs' Yachts Are Seized, Then Taxpayers Cover the Bills

FALMOUTH HARBOUR, Antigua and Barbuda—Two dozen armed police and five FBI agents fanned out across the harbor here early one morning last year. They raided the Alfa

By Max Colchester, José de Córdoba and Margherita Stancati

Nero, a 270-foot megayacht believed to be owned by Andrey Grigoryevich Guryev, a Russian phosphates magnate sanctioned by the U.S. for links to President Vladimir Putin.

Ever since, the \$120 million

yacht—nearly the length of a football field and outfitted with an infinity pool that transforms into a dance floor—has sat idle in this sleepy harbor. It's a floating reminder of the West's economic war against Russia and the difficulties in managing and offloading billions in seized Russian assets. It has also become a nightmare for this tiny country of 93,000.

Taxpayers of this cash-strapped nation are currently paying \$28,000 a week to maintain the stationary boat, including the salary of an Italian captain and \$2,000 a day in diesel

to keep its air conditioning running. If it turns off, mold will spread through the vessel within 48 hours, potentially damaging its hardwood interior and the Miro painting on board. A skeleton crew of six—having eaten through the boat's supply of Champagne, lobsters and caviar—toils to ensure the vessel can one day be sailed away. "You take thousand dollar bills, tear them up, and just keep going," said Tom Paterson, the dock master of the marina, making a ripping up motion with his hands. Since Russian tanks rolled

into Ukraine, dozens of governments launched an unprecedented effort to pressure Putin to end the war by going after his well-heeled cronies. The Russian Elites, Proxies, and Oligarchs Task Force, a multinational government group that coordinates on sanctions, reported in March that an estimated \$58 billion of oligarchs' assets, including yachts, mansions and investments, have been frozen or blocked because of their owners' links to the Kremlin.

The initial impulse to make Please turn to page A8

## Office Market Slump Hits Booming Atlanta

By PETER GRANT AND DEBORAH ACOSTA

Atlanta has been one of the Sunbelt's biggest boomtowns, where the population and job market are growing fast. But you would never know that from its slumping office market.

Vacancy rates are soaring and companies are competing to unload space in the sublease market. Office values and rents are falling. Developers are delaying new office projects, while office defaults are mounting.

Atlanta's commercial-property turmoil shows that even Sunbelt cities with thriving economies can't escape the office-sector meltdown. Strong job growth hasn't made up for the city's anemic return-to-office rate, a glut of new office supply in the years leading up to the pandemic and companies shedding space as leases expire.

It offers an ominous warning to other cities that are hoping their office towers will fill up again when more robust economic growth returns.

"In the past, you could take the job numbers and see a one-to-one-relationship to how much office space we're going to add," said Madelyn Shields, associate director of real-estate-data firm CoStar Group. Today, she said, "there's a total disconnect."

Now, the jump in interest rates that began in 2022 is pushing many property owners over the edge. Miami-based Banyan Street Capital gave up six office towers and an underground mall inside Atlanta's downtown Peachtree

Please turn to page A2

### INSIDE



#### JASON GAY

Taylor Swift mania upstages the NFL as football and pop stardom collide. **A12**

## Pay Gap at Detroit's Big Three Outpaces Other Big Companies

By LAUREN WEBER AND THEO FRANCIS

The three chief executives at Detroit's Big Three automakers earned last year about 300 times what a typical employee earned, a wider gap than most large companies nationwide.

United Auto Workers President Shawn Fain has criticized the automakers for the raises given to their CEOs in the past few years, saying wage gains for rank-and-file employees haven't kept pace.

By one measure—the ratio of the CEO's pay to the median worker's—automakers have a

wider pay gap than most large companies. And over the past four years, the gap at the three has widened.

The leaders of Ford Motor, General Motors and Stellantis, all targets of current UAW strikes, received between \$21 million and \$29 million in compensation last year. The median CEO pay package for S&P 500 companies was \$14.5 million last year.

The UAW originally proposed a 40% wage increase for members, which the union said matched the average compensation rise that Detroit automotive executives received over

the past four years.

The average compensation figure cited by the UAW is inflated by the increase of more than 70% by Stellantis CEO Carlos Tavares, who oversees a much larger company today than he did four years ago. Tavares was CEO of Peugeot S.A. in 2019 when the company agreed to merge with Fiat Chrysler, creating what was later renamed Stellantis.

With the three CEOs earning around 300 times what the median or average employee earned in 2022, the automakers are in the top third of about

Please turn to page A2

## Trash Talk Is Extra Rude This Football Season, Thanks to AI

'Brutally honest' ChatGPT bots taunted surprised fantasy-league buffs across U.S.

By SALVADOR RODRIGUEZ

Kishau Rogers, the chief executive of a software firm in Richmond, Va., was roped into playing fantasy football for the first time this year with her office. She embraced the usual rites of passage, including selecting a corny team name—"We Have a Hulk," (a reference to Marvel movies)—and drafting her players.

And crucially, she braced herself for one of the central parts of Fantasy Football, roasting colleagues and getting ribbed at the water cooler over one's team.

Still she was a bit jolted when her drafting skills were mega-dissed—by a robot. "We Have A Hulk's draft

strategy seemed to be centered around defying all logic and common sense," taunted a 180-word takedown she received, written by ChatGPT, and sent by Yahoo Fantasy Football, in a wrap up of the league's draft. "It seems that

We Have A Hulk is in for a season of epic proportions—epic failure, that is."

Artificial intelligence-enabled bots already are taking burger orders at fast-food drive-throughs, writing fortune cookie messages, and fending off telemarketers.

Now they are elbowing into the annual Fantasy Football tradition of smack talk. And it turns out, the bots may be even ruder than people.

Please turn to page A8

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# U.S. NEWS

## Pentagon Faces Drone Production Crunch

Acquiring thousands of uncrewed aircraft proves difficult amid booming demand

By DOUG CAMERON

The Pentagon wants to acquire thousands of drones over the next two years that can fly to their targets, confuse radar, overwhelm enemy defenses, fire missiles and gather intelligence. But making the uncrewed aircraft quickly and cheaply is another matter.

Mass production of large and small drones is crucial to the Pentagon's plan to build big stocks of weapons and ammunition to deter China, which the Defense Department describes as the U.S.'s prime strategic competitor.

U.S. military leaders have lined up to warn of China's ambitions to absorb Taiwan, perhaps in the next few years. The scale of China's own military buildup, including thousands of missiles, jets, ships and drones, can only be challenged by the U.S. making more, and soon, say Pentagon leaders.

The Pentagon has proposed two marquee drone concepts.



Mass production of drones is crucial to the Pentagon's plan to deter China. Above, an Air Force MQ-9 Reaper drone.

The Replicator program championed by Deputy Defense Secretary Kathleen Hicks would produce a huge fleet of air-, land- and sea-based drones that could be deployed by the thousands. These would swarm to ensure some evade defenses to reach their target or relay information, and be cheap enough to use just once.

The Air Force's "collaborative combat aircraft" program would fly much bigger autonomous drones alongside the new

B-21 bomber and the advanced F-35 jet fighter, working as a wingman and adding dots on an enemy's radar screen.

Uncrewed aircraft are much cheaper than the U.S.'s premium jet fighters, and pilots take years to train.

"This is about affordable mass," said Gen. Dale White, head of the fighters and advanced aircraft programs at Wright-Patterson Air Force Base in Ohio.

But the Pentagon's goal

must contend with booming demand in the commercial aerospace market that has left a shortage of skilled labor, raw materials and parts such as advanced electronics and fasteners. The Pentagon wants to buy thousands of cheap drones in as little as 18 months, and as many as 2,000 larger uncrewed jets. By contrast, one of its primary drone suppliers, Shield AI, produced 38 of the aircraft last year.

"The intended volumes and

variants of Replicator aircraft will require production capacity and flexibility not typically found in the defense industrial base," Oliver Wyman, a consulting firm, said in a recent report.

Existing defense programs are already being hit by supply-chain snarls.

To build weapons faster, cheaper and in greater quantities than ever before, the Pentagon is looking beyond the major defense contractors to

smaller firms, often backed by venture capital.

Andrew Hunter, the Air Force's chief weapons buyer, acknowledges the challenge of securing hundreds of the large jet drones in a short period, but said they are being designed for high production, with simpler systems and digital design tools.

"The vendor base is pretty robust today," Hunter said. Contenders include the Valkyrie from Kratos, which got its start making drones for use as shooting targets. Boeing has its Ghost Bat, developed in partnership with Australia.

Just outside Dallas, Shield AI has built a factory to produce small drones that have already been used by the U.S. military. The San Diego-based company was one of the early entrants to the business of making autonomous flying vehicles that rely on artificial intelligence to navigate and complete missions, and one of the best-funded.

Brandon Tseng, co-founder and president, said the company aims to boost output to 100 drones this year, ultimately seeking annual production of 1,000 over the next several years.

## CEO Pay Is An Issue in Auto Talks

Continued from Page One

500 large companies by that measure, according to information compiled from securities filings by data provider MyFlngIQ. Stellantis reports average, not median, worker pay under rules in the Netherlands, where it is based.

CEO pay varies widely by industry, and much of it is tied to stock awards. Technology and media chiefs are often among the highest paid because of such grants.

All three automakers also ranked in the top third in pay ratio among U.S. companies that they listed in their securities filings as peers for compensation benchmarking.

Compared with other employers with big union workforces, the three automakers' pay ratios were higher than at railroads and airlines. Delivery giant United Parcel Service and machinery maker Caterpillar had pay gaps that were comparable to the automakers.

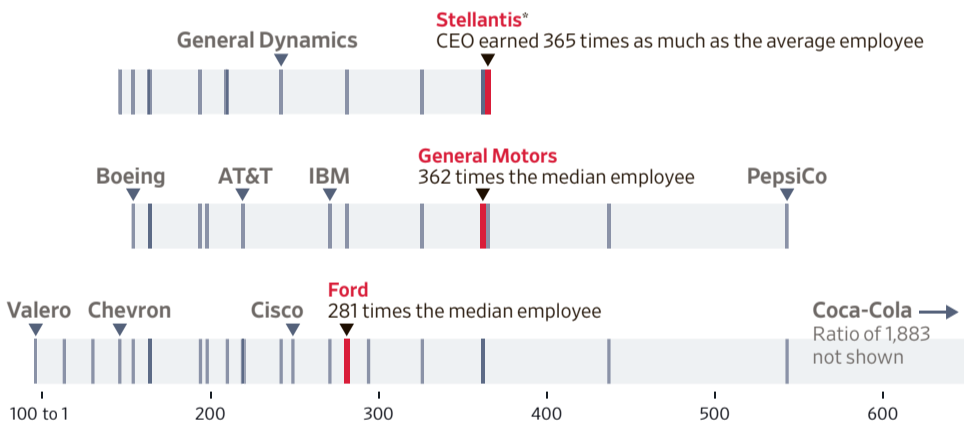
In part, the ratios reflect the size of the three automakers, which each reported revenue of around \$150 billion in their most recent fiscal years, said Robin Ferracone, CEO of Farient Advisors, an executive compensation and governance consulting firm.

"Size matters," she said. "The size of the company is indicative of the scope of the job,



From left: Stellantis's Carlos Tavares, Mary Barra of GM and Ford's Jim Farley. The CEOs received between \$21 million and \$29 million in compensation last year.

Ratio of CEO pay to median worker pay for the Big Three automakers and peer companies they identify for compensation benchmarking, 2022



\*Stellantis reports average, not median, worker pay under rules in the Netherlands, where it is based. Note: Excludes peers that haven't disclosed a figure because they are based outside the U.S. or have yet to report. Sources: the company (Stellantis ratio); MyFlngIQ (all other ratios)

Nate Rattner/THE WALL STREET JOURNAL

so if you have a very large company, those CEOs tend to get paid more." By revenue, the automakers are more than twice as big as the biggest airlines, she noted.

Pay ratios, which were mandated for disclosure by the Securities and Exchange Commission in 2018, are a function of two numbers: a CEO's pay divided by the pay of the me-

dian employee. Both figures are calculated similarly, taking into account not just salary but bonuses, equity awards and more. In industries that primarily

employ highly skilled and well-compensated workers, such as utilities or pharmaceuticals, pay ratios tend to be relatively low. In industries with many low-wage workers, such as retail and fast food, ratios often are correspondingly high.

The UAW has proposed that Ford, GM and Stellantis raise workers' pay by more than 30% over four years. "We're asking for our fair share in this economy," Fain said in a recent television interview.

While strikes continue at three plants, the UAW decided Friday to spare Ford from additional labor stoppages while calling for more strikes at the other two automakers. The move signaled that a tentative agreement could be close between Ford and the union, although the car company said Sunday that negotiations continue and significant gaps remain on key economic issues.

GM and Stellantis also bargained through the weekend and talks continued Monday. In 2022, Ford CEO Jim Farley earned 21% more than his predecessor did in 2019, while GM's Mary Barra earned around 34% more than she did four years ago.

Under the current contract negotiated in 2019, full-time unionized factory workers start off at around \$18 an hour and can earn up to \$32 an hour.

UAW base wages have risen an average of 6% since their last contract in 2019, the union said. In that time, vehicle prices are up almost 23% and overall consumer prices 19%, according to the Labor Department.

After accounting for inflation, auto workers' wages have fallen about 5.4% between 2019

and July 2023, according to an analysis by the Economic Policy Institute, a liberal think tank.

Labor costs for union workers at the three automakers, which include wages and benefits, amount to more than \$60 an hour, exceeding the estimated \$55 average at non-union plants and \$45 at non-union Tesla, according to Barclays analysts.

Ford's Farley earned last year around \$21 million, or 281 times the company's median employee earnings, compared with the multiple of 157 that his predecessor Jim Hackett earned in 2019 when the auto workers signed their last contract. Last year, employee median pay was \$74,691.

At GM, Barra made \$29 million last year. That was 362 times the median employee earnings of \$80,034, and up from a comparable multiple of 203 times in 2019.

At Stellantis, the global parent of Chrysler, Dodge and other brands, Tavares made last year around \$25 million, or 365 times the average employee pay of \$68,712 at current exchange rates.

In 2019, the CEO earned 232 times the pay of the average employee.

Stellantis's CEO compensation is competitively aligned with other CEOs in its peer group, a company spokesperson said, adding that about 90% of Tavares's pay is tied to performance metrics and that the company distributed about €2 billion, the equivalent of \$2.12 billion, to employees in a profit-sharing plan last year.

Ford didn't respond to requests for comment. GM didn't provide a comment.

## Atlanta Hit By Office Downturn

Continued from Page One

Center in a foreclosure auction last year. Starwood Capital Group defaulted on an office-building mortgage that it was unable to refinance, according to loan documents.

"We have been working with the loan servicers to find a solution that best fits the lending group and our investors," a Starwood spokesman said.

Atlanta's office-vacancy rate has increased to 14.7% from 11.5% at the end of 2019, according to CoStar. That is well below the 20% vacancy rate in San Francisco. But CoStar is projecting that forces such as additional company downsizing will push Atlanta office vacancies above the city's record 16% level it hit during the 2008-09 global financial crisis.

Sublease space stands at a record 9.1 million square feet. AT&T, fintech giant NCR and consulting firm McKinsey are among the companies that have shed big blocks of space in the sublease market or have downsized as part of new workplace strategies.

The sublease space is hitting

the Atlanta office market as it simultaneously tries to digest 18.1 million square feet of new space that has been delivered since 2017, when available office space stood at about 320 million square feet, CoStar said.

Atlanta's weakening office market is hammering the city's hotels, particularly lodgings that rely on business travel and conventions. In the past four months, occupancy rates have declined while demand has fallen, according to hotel-data firm STR.

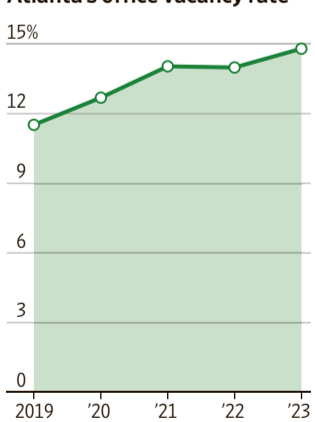
Atlanta business travel is declining because one of its main drivers is visits made to customers or colleagues in their offices.

"If that person is not in that office, why would you still go to that city?" asked Jan Freitag, CoStar's national director for hospitality analytics. "If you're in your kitchen, let's do that on Zoom."

Some hotel owners are giving up. Arden Group defaulted last year on its \$98.2 million mortgage on the Sheraton Atlanta, a convention-oriented property. This year, Ashford Hospitality Trust is handing back the keys to its lender on a portfolio of hotels including the W Atlanta, a luxury hotel near Peachtree Center.

Fast rental growth in Atlanta's apartment sector has also slowed after a wave of new construction. Occupancy rates in August were down 1.2 percent-

Atlanta's office vacancy rate



Note: 2019-22 are for the fourth quarter, 2023 is for the third quarter, as of Sept. 7. Source: CoStar Group

age points compared with a year earlier, according to real-estate-data company Yardi Matrix.

Atlanta's relative affordability, temperate climate and diverse workforce have attracted numerous big employers in recent years, including railroad Norfolk Southern, the U.S. division of Mercedes-Benz and pizza company Papa John's. Visa this year opened a new office in Atlanta that now employs over 450 workers.

Overall, Atlanta added more than 237,000 jobs in the past two years, an 8.4% gain in employment, according to commercial-real-estate-services firm JLL.

But job growth is softening. Microsoft said this year it was pausing the planning process

for a 90-acre project on the west side of Atlanta. Google also is slowing its expansion plans in the city.

High interest rates have also reduced corporate appetite to relocate headquarters, according to brokers. It is a tougher sell if a relocating worker has to sell a home with a low mortgage rate to buy in Atlanta with a new mortgage at higher rates.

"How do you move someone who's paying a mortgage of under 3% and tell them to pay 7.5%?" asked John Shlesinger, a vice chairman in the Atlanta office of CBRE Group.

Atlanta's weak return-to-office is adding to the strain. That rate had been rising steadily. But more recently it has stalled at about 50% to 60% of what the office-use rate was before the pandemic, office brokers said.

The city has the fifth-highest percentage of companies with hybrid work strategies of 25 Sunbelt markets tracked by Scoop Technologies, a software company.

Notoriously bad traffic is a big reason fewer workers are in the office as regularly, said Rob Sadow, chief executive of Scoop. Commuting time has a bigger effect on the adoption of hybrid work than "whether a city is located in the South or the North," he said.

Some developers remain bullish on Atlanta's office demand. This summer, Rockefeller

Group broke ground on a 60-story mixed-use tower that includes about 230,000 square feet of office space and 350 rental apartments.

But other developers are pulling back. Shaul Kuba, co-

founder and principal of CIM Group, said his firm is shifting its focus away from office development and more toward residential and hotel uses in a \$5 billion project under way in Atlanta.

## CORRECTIONS & AMPLIFICATIONS

Dr. Richard Kovacs is a professor at Indiana University School of Medicine in Indianapolis. A Journal Report article on Monday about inflammation and heart attacks incorrectly said Kovacs is a professor at Indiana University, Bloomington.

Ann Marie Uetz is a Detroit-based lawyer at Foley & Lardner. An Exchange article on Saturday incorrectly gave her first name as Ann-Marie, with a hyphen.

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

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## U.S. NEWS

## Shaky Start To Covid-19 Shot Season Amid Shift In Coverage

By BRIANNA ABBOTT  
AND ANNA WILDE MATHEWS

The shift in responsibility for Covid-19 shot distribution from federal agencies to the commercial market is off to a rocky start.

People eager to get updated Covid vaccines are having their appointments canceled or encountering confusion over insurance coverage. **CVS Health** has asked corporate workers to volunteer in pharmacies to ease staffing shortages. **Walgreens** paused online scheduling at some stores because of delayed vaccine deliveries.

Amy Imhoff made an appointment at a CVS near her home in Stratford, Conn., for last week after receiving a text from the company that it had doses available. CVS canceled her appointment, saying there weren't any shots in stock. Imhoff, 39, said she tried again. That appointment was also canceled. CVS cited unforeseen circumstances and encouraged her to reschedule.

"I'm just frustrated because I'm a working person," said Imhoff, a digital content manager.

CVS Chief Pharmacy Officer Prem Shah asked corporate workers to join him in volunteering for shifts at pharmacies during the peak vaccination period over the next six weeks.

"Our store teams could use our support," he wrote in an email on Friday.

Shah was in the Kansas City area Monday to meet CVS staffers after pharmacists at some locations staged a walk-out last week over concerns about understaffing, according to a pharmacist who participated.

A CVS spokeswoman said the company is working to address pharmacy staffers' concerns.

Public-health experts said the setbacks risked discouraging people from getting the shots, as health officials are fighting to get more people vaccinated against a triple threat of respiratory viruses this fall.

"This subgroup of people who really want to get this vaccine, and that may include people who are ill and are older, are not able to easily access it," said Jennifer Kates, who helped lead health-policy group KFF's Covid-19 work.

The federal government is no longer paying for Covid vaccines after the public-health emergency ended in May. Payment for the shots has been taken over by insurance companies. The Centers for Disease Control and Prevention set up a program for the uninsured to get free shots at some health departments, health centers and pharmacies, including CVS and Walgreens.

Most insurers are required to pay for the updated vaccines, which cost more than \$120 without coverage. But some fully cover them only through in-network providers and pharmacies. Other insurers haven't updated their plans yet to cover the shots for people who seek them out, health-policy experts said.

"It's supposed to be immediate," said Sabrina Corlette, co-director of the Center on Health Insurance Reforms at Georgetown University's McCourt School of Public Policy. People should call their insurance companies if they run into problems or are asked to pay, she said.

Insurers in the Alliance of Community Health Plans are working with pharmacies and claims-processing partners to streamline the rollout, said the alliance's chief executive officer, Ceci Connolly. The organization has been meeting daily with the Biden administration, she said.

Just 17% of people in the U.S. got a bivalent booster dose last season. Demand tends to be the heaviest in the first two to three weeks of a Covid-19 vaccine rollout, said Chris Altman, director of immunizations and clinical programs at Rite Aid.

"We try to take advantage of that," Altman said.



Beisys Romero Herrera, 33, from Caracas, Venezuela, and her four children live at a shelter on Manhattan's Upper West Side.

## After Work Permits, Concerns Linger

After months of lobbying the White House, New York officials got their top request granted: work permits for more than 470,000 Venezuelan

By *Michelle Hackman,*  
*Ginger Adams Otis*  
and *Tarini Parti*

migrants. The question now is whether the decision will immediately improve the migration problem in New York and other cities—or exacerbate it.

Under the policy change announced last week, Venezuelans who arrived in the U.S. by July 31 will be eligible for a program known as Temporary Protected Status. It offers them deportation protections and the ability to work legally for at least 18 months.

But TPS might not prove the silver bullet New York was hoping for. Before this latest announcement, other applicants for TPS were waiting an average of 12 months to be granted their status and accompanying work permits, federal data show, raising the prospect of idle months before migrants can take advantage of the latest move. And though Venezuelans make up the largest contingent of migrants heading for New York, only about a quarter of the 60,000 currently in the city's shelter system are Venezuelan, a spokeswoman for Mayor Eric Adams's office confirmed.

Federal and state officials are also worried that the announcement of work permits could itself act as a draw for

migrants to cross the border illegally—and head for New York.

A further surge was Biden administration officials' precise fear when, month after month, they rebuffed requests from Adams, New York Gov. Kathy Hochul and other blue-state Democrats. Behind closed doors, the administration delivered the message: What you are asking for will only make the problem worse.

So the Democrats made their pleas increasingly public. Adams held a campaign-style rally last month where he featured several asylum seekers as speakers and implored the federal government with a chant: "Let them work!"

More than 100 members of Congress signed onto letters urging the move, and financial leaders including J.P. Morgan's Jamie Dimon and Google's Sundar Pichai lobbied the White House.

Hochul paid the White House multiple visits but couldn't secure a commitment. She kept up the pressure: in private meetings with senior White House aides, which the governor has described as "loud," and in a speech from the state capitol criticizing the administration.

"We heard you," Biden ultimately whispered in Hochul's ear ahead of the announcement, according to the governor, when they both attended a reception for the United Nations General Assembly at the Metropolitan Museum of Art. By Thursday, Biden was

touting the decision in a speech at the Congressional Hispanic Caucus Institute to loud cheers.

Critics of both New York and the Biden administration say their singular focus on work permits as a solution has allowed Democrats to skirt the thornier issue of calling for harsher border policies that would slow or even stop the flow of migrants heading to the U.S.

"I don't hear the Democrats saying anything about stopping the flow by securing the border," said Rep. Nicole Malliotakis, a Republican representing Staten Island.

The work-permit news came as a welcome surprise to Beisys Romero Herrera, a 33-year-old Venezuelan woman who arrived in New York with her four boys a little under a year ago. They now live in a hotel-turned-shelter on the Upper West Side of Manhattan.

Romero has been taking the occasional cleaning job and just recently bought an e-bike on credit from a neighbor, which she has been using to make food deliveries around the city, one of her children usually in tow. But the pay, about \$100 a day so far, isn't enough for Romero to move out of the shelter—and in any case most landlords won't rent to her without a work permit.

Since April 2022, New York has received more than 115,000 migrants at its arrivals center in Midtown Manhattan looking for help. This has cost the city \$2 billion so far, the mayor has said, and the federal government has only reimbursed a fraction of that cost. The Biden administration now says it needs Congress to authorize more funds before it can send New York or other cities more money.

That is how local officials became fixated on work permits as a solution. If migrants could immediately find above-the-board work—plugging existing labor shortages in industries such as hospitality—they could move out of city-run shelters, relieving some of the financial strain.

The problem with their initial request, to expedite work permits for all asylum seekers, is that it is against the law. Under the existing process, migrants must first apply for asylum, a time-consuming process that most often requires help from a lawyer or advocate, and then wait an additional six months for a work permit. Advocates estimate that asylum seekers newly arriving in the U.S. should expect to wait a year or longer before they receive work authorization from the federal government.

That is why officials next fo-

cused on TPS as their best hope. When the government designates a country for TPS, meaning conditions are so dangerous there that its citizens can't safely return home, the move automatically offers recipients work permits that can't be challenged in court.

Department of Homeland Security officials have privately assured New York City that they hope to issue work permits to Venezuelans in a matter of weeks rather than months, according to federal and state officials.

Hochul said Monday that 250 National Guard personnel would be assigned full time to helping migrants file paperwork to apply for work authorization. Hundreds of other National Guard members have been staffing migrant hotels and shelters and performing other logistical tasks.

New York officials are lobbying the Biden administration to consider designating other countries for TPS, though no one country would have as much of an impact as Venezuela. They have asked the White House to consider granting migrants humanitarian parole, another quasi-legal status that comes with a work permit.

And they have asked the administration to consider a more concerted resettlement strategy. Instead of allowing migrants to travel wherever they would like, city officials want the White House to actively pick destinations to spread them out across the country.

**Officials are worried that the work permits could draw more migrants.**

## Railroads to Get \$1.4 Billion For Repairs and Upgrades

By ESTHER FUNG

Dozens of aging U.S. rail bridges and tracks have been chosen to receive \$1.4 billion in federal grants for repairs and upgrades, with businesses and rail commuters expected to benefit from these funds as early as next year.

The 70 approved projects, including around 40 that involve bridges, were judged on how they would improve safety, increase capacity of both freight and passenger railroads, and bring economic benefits to the country, officials in the Biden administration said in a briefing.

The Federal Railroad Administration said it received 234 eligible applications with requests totaling \$6.1 billion for the grants. There are more than 70,000 railroad bridges in the U.S. The selected projects span 35 states and the District of Columbia.

"I think across the country it's fair to say that people look at America's rail system and correctly say that it needs improvement," said Transportation Secretary Pete Buttigieg, pointing to derailments on freight lines, protracted blocked crossings and lagging intercity passenger rail.

Part of the problem has to



Amtrak will receive \$178 million in the Gulf Coast region.

do with prior underinvestment in rail infrastructure, he said. The grant program is part of the roughly \$1 trillion infrastructure bill signed by President Biden in 2021.

Disagreements over the use of federal funds for rail infrastructure have persisted. Some senators have argued against government assistance, saying the largest freight railroads have made billions in profits and paid billions in stock buybacks and dividends.

The freight railroads are operated by publicly listed and private companies that own the tracks, bridges and locomotives. The largest railroads have said they invest billions in their infrastructure annually and that they are in compliance with federal safety standards. The railroads say federal subsidies are necessary for repair projects since they provide a public service moving hazardous materials and

other essential goods.

The freight railroads operate the majority of the railroad networks in the U.S., including tracks for passenger service. They have spent an average of more than \$23 billion annually on their networks in recent years, according to the Association of American Railroads.

In the Gulf Coast region, \$178 million will be allocated to Amtrak to help restore passenger rail service between Mobile, Ala., across Mississippi to New Orleans, said White House Infrastructure Coordinator Mitch Landrieu.

In New Jersey, FRA is providing a roughly \$59 million grant to help pay for the replacement of the Point-Not-Point Bridge owned by Conrail. The 124-year-old swing bridge carries around 7,000 freight cars a day on trains operated by CSX and Norfolk Southern, and a replacement is under construction.

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U.S. NEWS

# Menendez Says He Won't Quit the Senate

Democrat makes his first public remarks since his indictment over alleged bribes

By KATY STECH FERREK

WASHINGTON—Sen. Bob Menendez (D., N.J.) said he wouldn't resign from Congress and offered an explanation for the large amounts of cash found in his home, in his first public remarks since he was indicted by federal prosecutors in a sweeping bribery scheme.

"I understand how deeply concerning this can be; however the allegations leveled against me are just that: allegations," he said. "I firmly believe when all the facts are presented not only will I be exonerated but I still will be the New Jersey senior senator."

Many House Democrats have said Menendez should step down, citing the seriousness of the allegations, while three Democratic senators—John Fetterman of Pennsylvania, Peter Welch of Vermont and Sherrod Brown of Ohio—

had joined those calls as of late Monday.

Menendez and his wife, Nadine Menendez, were accused by federal prosecutors Friday of receiving bribes starting in 2018 from several businessmen in exchange for favors, including attempting to help influence the outcome of criminal cases and aiding Egyptian officials in efforts to obtain hundreds of millions of dollars in U.S. aid.

In an appearance Monday before reporters in which he didn't take questions, Menendez offered an explanation for the cash found in his home. Last year, investigators searching his house discovered more than \$480,000 in cash—much of it stuffed into envelopes and hidden in a safe, closets and clothing, including a jacket emblazoned with the Senate logo, according to the indictment.

"For 30 years, I have withdrawn thousands of dollars in cash from my personal savings account which I have kept for emergencies and because of the history of my family facing confiscation in Cuba," he said.



Sen. Bob Menendez says he is the victim of smear campaign.

"This may seem old-fashioned, but these were moneys drawn from my personal savings account based on the income that I have lawfully derived over those 30 years."

Menendez was born in the U.S. in 1954 to Cuban immigrant parents.

Menendez is also accused of passing along sensitive U.S. information and taking other steps to aid the Egyptian government, including its efforts to secure military sales and financing.

He also allegedly pressured an Agriculture Department official to stop opposing a lucrative monopoly Cairo had awarded to a businessman's company to handle the certification of all halal meat exported from the U.S. to Egypt.

Menendez said Monday that his record shows that he has repeatedly held Egypt's government accountable for human-rights abuses, its growing relationship with Russia and the erosion of its judiciary.

Menendez has maintained he is a victim of a smear campaign and suggested that such a campaign has to do with his Hispanic heritage. On Friday he said opponents "simply cannot accept that a first-generation Latino American from humble beginnings could rise to be a U.S. Senator and serve with honor and distinction."

The allegation of an improper investigation has gotten little support among Democrats, and a series of Democratic lawmakers and officials said he should resign. Menendez did agree to step down as chairman of the powerful Foreign Relations Committee after the indictment. He is set Wednesday to make an initial appearance in a federal court in New York.

"As a Latina, there are absolutely ways in which there is systemic bias, but I think what is here in this indictment is quite clear," said Rep. Alexandria Ocasio-Cortez (D., N.Y.) on CBS. His resignation would be in "the best interest to maintain the integrity of the seat," she said.

The charges against Menendez come near the end of his latest six-year term. He is up for re-election next fall. Already, Rep. Andy Kim (D., N.J.) said he is jumping into the Senate race for the Democratic nomination. He posted on social media: "Menendez just had a press conference doubling down on his refusal to resign. Then we have to beat him in the primary election." Kim's House seat isn't considered competitive.

The nonpartisan Cook Political Report said in a report earlier this year that it would be tough for a Republican challenger to win Menendez's seat in a presidential-election year, which is expected to draw Democratic voters to the polls, though Cook said new accusations of wrongdoing could be a wild card.

Jessica Taylor, Cook's U.S. Senate editor, said the indictment invites other ambitious state Democrats to challenge Menendez for a seat that doesn't become available often. She said county-level party officials could steer voters away from Menendez by deprioritizing him on the primary ballot.

U.S. WATCH



RETURN: Members of the Hawaii National Guard checked a car Monday in Lahaina, Hawaii. Some Lahaina residents on Monday made their way back to properties that were devastated by a wildfire that hit the Hawaiian town on Aug. 8.

WASHINGTON  
More Firms Added To Export Blacklist

The Commerce Department on Monday targeted 28 companies from China, Russia and other countries with export restrictions.

The addition to the export blacklist included nine firms implicated in violating existing export controls through a scheme to supply a Russian company with components to build unmanned aerial vehicles for Russia's intelligence agency, the Commerce Department said.

U.S. companies are barred from selling to entities on the blacklist unless exporters secure a license from the U.S. government.

The Commerce Department imposed tough limits on exports of advanced semiconductors and manufacturing equipment a year ago, and is now readying an update to those measures. Monday's new entity list for export controls included 11 companies from China, five each from Russia and Pakistan, and a handful from other nations.

—Yuka Hayashi

OBITUARY  
Actor McCallum, 'U.N.C.L.E.' Star, 90

Actor David McCallum, who became a teen heartthrob in the hit series "The Man From U.N.C.L.E." in the 1960s and was the eccentric medical examiner in the popular "NCIS" 40 years later, has died. He was 90.

McCallum died Monday of natural causes surrounded by family at NewYork-Presbyterian Hospital, CBS said in a statement.

Scottish-born McCallum

had been doing well appearing in such films as "A Night to Remember" (about the Titanic), "The Great Escape" and "The Greatest Story Ever Told" (as Judas). But it was "The Man From U.N.C.L.E." that made the blond actor with the Beatlesque haircut a household name in the mid-'60s.

McCallum's work with "U.N.C.L.E." brought him two Emmy nominations, and he got a third as an educator struggling with alcoholism in a 1969 Hallmark Hall of Fame drama called "Teacher, Teacher."

—Associated Press

WGA Deal Shifts Focus To Actors

Continued from Page One

Daytime talk show "The Drew Barrymore Show" is looking to return next month, according to a person familiar with the matter. ABC said Monday that "Dancing With the Stars" would premiere Tuesday night, as scheduled; there were pickets outside a rehearsal for the show this weekend.

While a tentative agreement is good news for Hollywood and consumers, the strike has already done a lot of damage to the industry. Movie studios began delaying major film releases, networks changed fall prime-time lineups, and entertainment companies put talent deals on hold. Some executives began questioning the viability of the 2023-24 television season and planned theatrical releases early next year if the strike dragged on into October.

Jeremy Zimmer, CEO of talent agency UTA, said in a memo to employees, "The impact to our business and throughout our industry has been severe, and the time to recover may be significant. Yet, standing up for fairness is a critical responsibility in a free society."

The labor fights have exposed deep tensions over the industry's dramatic pivot to streaming, fault lines that could remain after the strikes are over. Many writers, producers and actors said entertainment companies have taken a wrecking ball to the traditional business of movies and TV and replaced it with a system that offers less stability and financial security.

Streaming companies will have to balance wage increases for talent with promises to Wall Street that they will keep their overall content costs

from growing as they try to improve streaming profitability.

Neither side would address the terms of the accord. The Writers Guild of America said it is still finalizing the memorandum of agreement with the Alliance of Motion Picture and Television Producers, a coalition representing movie and TV studios, networks and streamers.

After the WGA leadership votes on a deal, the union will release details on the agreement. Writers have been instructed not to return to work until authorized by the union.

Both sides agreed to terms just after reaching a self-imposed deadline of Sunday evening. The deal comes after five consecutive days of talks that involved Warner Bros. Discovery CEO David Zaslav, Disney CEO Bob Iger, Netflix co-CEO Ted Sarandos and NBCUniversal Studios Group Chairman Donna Langley.

Getting both strikes resolved could salvage at least

some of the 2023-24 television season and the summer movie season. Typically in television it takes at least two months of outlining and writing episodes before production starts.

The WGA went on strike May 2, closing writing rooms industrywide. The strike quickly shut down late-night TV shows and stalled work on scripted television shows and films. Members of the union, which represents 11,500 writers, mobilized to form picket lines outside productions with finished scripts to disrupt those shoots.

In a statement Monday, President Biden applauded the deal. "This agreement, including assurances related to artificial intelligence, did not come easily," Mr. Biden, a Democrat, said. "But its formation is a testament to the power of collective bargaining."

The Los Angeles economy has been severely hurt by the strike: A spate of productions ground to a halt, and thousands of other Hollywood workers dependent on the industry for their livelihoods have been sitting on the sidelines. The Milken Institute, a nonprofit think tank, has projected the hit to California's economy to be in the billions of dollars. Other states feeling the pinch from the shutdown include Georgia and New Mexico.

Among the WGA's demands were a minimum number of writers per television show and guaranteed employment for those writers from conception to postproduction. They also wanted additional residuals from streaming programs and more transparency around how streaming shows fared with viewers.

The use of artificial intelligence and the staffing mandates were particularly difficult areas to find common ground.

In recent weeks, the Alliance gave ground on the staffing issues as well as exploring the idea of changing formulas for streaming residuals that would reward success more than the current model.

In a statement, the Screen Actors Guild-American Federation of Television and Radio Artists applauded the tentative pact.

"SAG-AFTRA congratulates the WGA on reaching a tentative agreement with the AMPTP after 146 days of incredible strength, resiliency and solidarity on the picket lines," it said. "While we look forward to reviewing the WGA and AMPTP's tentative agreement, we remain committed to achieving the necessary terms for our members."

While the WGA talks have been the primary focus of the AMPTP, there have been some talks with the actors guild in the hopes of wrapping up a deal as quickly as possible, people close to the Alliance said.

The labor fights have exposed tensions over the pivot to streaming.

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Scan this code for a video on the tentative deal to end the writers' strike.



# If AI is the Wild West, who's the sheriff?

Is it just us or does it seem like every tech company this side of the Sierra Nevada is blindly rushing to launch the next AI doohickey, thingamabob, and whatchamacallit? Truth is, it's starting to feel a lot like the Wild West 'round here. Making it difficult to know who to trust right now. That's why we're asking ourselves the all-important questions around how AI is being trained, how your company data is being protected, and how it's all being governed. Which is precisely how we're able to ensure that our own AI platform aligns with our #1 value: trust. If you have questions of your own, you'll find us in the cloud at high noon. See you there, partner.



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## U.S. NEWS

# Emails Offer Peek Into Foreign Lobbying

Elliott Broidy's bid to punish Qatar comes out in the open in public court filings

By ARUNA VISWANATHA  
AND C. RYAN BARBER

Elliott Broidy has spent five years trying to punish Qatar, the tiny but wealthy Gulf state he believed hacked into his emails and leaked them during the Trump administration, when he was a prominent Republican fundraiser.

He might have just gotten a break.

The California businessman became well known in Washington after, as a vice chairman for the Trump 2016 campaign's joint fund with the Republican Party, he helped former President Donald Trump raise more than \$108 million. Then his emails started leaking, leading to embarrassing revelations about his contacts with Trump officials and his work overseas.

In 2018, Broidy sued Qatar and its lobbyists, accusing them of orchestrating the hack because of his public criticism of the country. After years of grinding through the legal process with little momentum, Broidy last month found a potential toehold: One of the lobbyists he sued, Joey Allaham, settled the case and admitted he had known about the hack—and handed over to Broidy his own set of emails Broidy never expected to get.

Those emails are now making their way into public court filings, providing a rare peek inside how an army of Washington's highest paid lawyers worked in the Trump era to manage a spiraling geopolitical crisis on behalf of Qatar and those it employed. The small nation was locked in a tug of war



Elliott Broidy, left, sued lobbyist Joey Allaham, above, who helped orchestrate a lobbying campaign for Qatar.



with hostile neighbors, including Saudi Arabia. The active lawyers include Hunter Biden's lawyer Abbe Lowell and the law firm Covington & Burling, whose partners include President Biden's first White House counsel and his 2020 campaign lawyer.

With the emails from Allaham, Broidy's lawyers are now also alleging that Qatar engaged in a "brazen coverup" that violated U.S. litigation rules. They are seeking a judge's approval for an unusual forensic examination of computers to determine whether the defendants and their lawyers or Qatar's counsel improperly withheld documents they were supposed to have provided to Broidy.

According to a 2021 email, for example, Allaham had intended to admit to the Broidy legal team that he had heard about the hack before the first publication of news reports based on Broidy's leaked emails. Allaham's lawyer, Craig Engle, sent the proposed an-

swers to Qatar's lawyers at Covington & Burling, who responded with displeasure, according to the email.

"Our draft answers caused a great deal of turmoil at Covington. They made all kinds of threats and allegations. Good. They know know [sic] their client has been lying to them or that their coverup won't hold," Engle wrote.

Covington edited the answers, according to a December 2021 draft document, and revised that response to deny Allaham had any direct, personal knowledge of the hack. Allaham then submitted that response to Broidy.

The judge overseeing the case, U.S. District Judge Dabney Friedrich, said last month she had concerns that several of Qatar's representations about some of the documents at issue may be "false or materially misleading."

In a Friday filing, Covington, on behalf of Qatar, described Broidy's allegations as "utterly false," and said it had provided

suggestions to Allaham to avoid speculation and be consistent with his prior affidavits. Qatar itself was dismissed from the lawsuit early on based on its sovereign immunity. Engle's law firm, ArentFox Schiff, filed a separate response in court that said Broidy "cherry-picked communications" between Allaham and his former lawyer in an attempt "to spin a dark tale of deceit and conspiracy."

The judge is expected to rule soon on Broidy's request to examine the computers.

Behind the cache of documents is Allaham, a longtime New York restaurateur who helped orchestrate an unconventional lobbying campaign for Qatar during the Trump administration.

At the time, Qatar was in the throes of a major regional dispute. Persian Gulf neighbors including the United Arab Emirates had, with Trump's support, imposed a blockade on it, alleging Qatar supported terrorism. Allaham, along with a lobbying-

business partner, earned at least \$3 million from Qatar as they tried to win over the friends and associates of Trump.

On the other side of that influence battle was Broidy, whose business had \$200 million in contracts to help the U.A.E. develop its counterterrorism efforts and sponsored conferences in Washington examining whether Qatar was supporting terrorists.

Also embroiled in the dispute was Lowell, who represented a former senior United Nations official whom Broidy accused in a separate lawsuit of working with Qatar on the hack. That lawsuit was dismissed in 2018.

Emails from Lowell and others show efforts to get Qatar to pay the mounting legal bills for the people Broidy sued. They also show the lawyers trying to end the litigation quickly by potentially having Qatar assert diplomatic privileges over some of the documents.

According to emails from 2018, Lowell tried to help ar-

range a deal under which Qatar would cover Allaham's legal bills and potentially make other payments depending on whether Allaham could head off the handover of documents in discovery and win the case.

Lowell laid out a proposal under which Allaham would be indemnified for his work for Qatar and get a bonus payment if Allaham beat the case "in the absence of any substantive discovery by the Broidy Plaintiffs."

Allaham's lawyer, Engle, forwarded the note to a colleague and added: "I am a little concerned about Joey being paid if he is in the winning side of Broidy. If that got out he could be accused of being bribed as a witness."

The proposal was based on a request from Engle for Qatar to take possession of all documents related to Allaham's work for the country, according to a person familiar with the matter. "Attorneys always try to resolve disputes and do so with other parties if possible," Lowell said. Engle didn't respond to requests for comment.

Around the same time, Broidy's problems were mounting. Among the embarrassing emails and other documents apparently hacked from Broidy were some referring to his negotiations to earn tens of millions of dollars if he could get the U.S. Justice Department to drop an investigation into the multibillion-dollar fraud at Malaysian fund IMDB.

But even in 2018, Allaham appeared to be wavering.

That year, he had a meeting with Broidy's then-lawyer Chris Clark and considered telling Broidy what he knew, according to people familiar with the matter.

In a June 2018 email, Lowell urged Allaham to cooperate against Broidy, writing to Allaham's lawyer: "Please ask [Allaham] not to act in anger or emotion. There is nothing lost for him to let me see if there is a pursuit we can do as a common interest. What does he gain throwing himself to the wolves?"

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**Kelly Vives**

Chief Marketing Officer,  
Allspring Global Investments

**In the past two years, what's the biggest lesson you've learned about marketing through economic uncertainty?**

I like to consider what it's like to walk in our clients' shoes. Uncertainty of any kind, particularly economic, drives anxiety, so I want Allspring to be in a position where we are an anchor for clients, providing timely insights and a high level of transparency. It's about building and retaining trust and not shying away during the hard times.

In the past two years, we weren't just marketing during uncertain times, we were also launching a new global brand. People do not want to feel "sold to" in general, and that is exacerbated when surrounded by market instability. Our goal is to provide timely and divergent views that add value for our investors and distribution partners. Managing assets through many economic cycles has given our portfolio managers across the platform a unique perspective, allowing us to share the right content at the right time in the right places.

**What priorities rise to the top for you in your role as CMO during times like this?**

For those who know me, I like to think in threes: 1) Always staying true to our mission to "Elevate Investing to Be Worth More." To me, this means going above and beyond returns. We're

partnering with clients to meet them where they are in their financial journey and we're looking around the corner to offer solutions to challenges they may not even realize lie ahead; 2) Not allowing perfect to be the enemy of the good — a mantra I learned from our CEO Joe Sullivan, which I echo in my personal life as well; and 3) Being fiercely human and leading with empathy for our teams and our clients.

**What does authentic marketing look like for you? And what's one mistake you think brands make during times of instability?**

To me, authentic marketing is not what we say, it's the action behind our words and the experience we provide for clients, employees or anyone who interacts with Allspring. It's important to me that we "walk the talk" by living and breathing our mission and values. It's also about having the conviction to not follow the herd and be willing to walk alone because you believe it's the right thing for clients and the company. This has been even more critical when building a new brand.

I think brands can make a mistake when they push their own agenda and are tone deaf to how their audience may be feeling. Uncertain times can give rise to discouragement, so it's important to be proactive and stay connected with the right messages at the right time.

**Tell us about a milestone that shaped your career path?**

I was running investor relations for UBS' in-house hedge-fund business when I got a call about running the Americas marketing team for the asset management arm. I wasn't sure about the role, so I talked to several mentors inside and outside the firm and the resounding theme was, "worst-case scenario, you find out you hate marketing, but you would have learned something new."

At that point, I went with my gut and took the role. Turns out I learned that I truly love unleashing the creativity in marketing, and had I not taken that stomach-churning leap of faith, I never would have had the incredible opportunity to build a new brand from scratch here at Allspring.

**What are you most proud of in your current role?**

Creating and launching a brand within a nine-month start-to-finish time frame with a remarkable group of passionate people. It took grit, humility and perseverance. The most rewarding part was having the opportunity to bring the organization along with us as we rebranded, and the palpable energy and enthusiasm from employees across the firm was what kept us going. As a mom of three kids, I make the joke that Allspring is like my fourth child. As a team, we helped bring it into the world, named it, are protective of it and get to watch it grow together.

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## WORLD NEWS

## U.S.-Made Abrams Tanks Land in Ukraine

Quick impact is seen as unlikely, as battle conditions could limit use of heavy armor

By IAN LOVETT

The first U.S.-made M1 Abrams tanks have arrived in Ukraine to bolster its counter-offensive, President Volodymyr Zelensky said on Monday. The questions now are how quickly they can enter the fight and how much impact they will have on a shifting battlefield.

Advanced Western-made tanks and other armored vehicles have become a focus in debates between Ukrainian military leaders and their backers in the Pentagon, some of whom have wanted Kyiv to use the equipment more aggressively in battle.

Ukrainian military leaders, who initially attempted to follow the U.S. approach but faced setbacks because of Russian minefields and aerial attacks, have since shifted to a more gradual approach that has drawn criticism from some Western observers.

Still, the Abrams, which are

among the world's most sophisticated, have some technical advantages that could make them more useful to Ukraine than its other Western tanks. Their arrival also offers a morale boost to Ukrainian forces.

"Abrams are already in Ukraine and are preparing to reinforce our brigades," Zelensky wrote on Telegram, adding that he was "thankful to allies for fulfilling the agreements" and he hoped to expand "the geography of supply."

Ukraine recently pierced the main Russian defensive line with armored vehicles, and is pushing to expand the breach. So far, however, the main axis of the counteroffensive, in the southern Zaporizhzhia region, has failed to produce a breakthrough that threatens to cut off the "land bridge" connecting Russia to Crimea.

Though the arrival of the American tanks is welcome, Ukrainian officials acknowledge that, four months into the offensive, the vehicles are unlikely to significantly alter the shape of the war.

U.S. Defense Department officials have repeatedly cautioned that no single weapons



M1 Abrams tanks were transferred to the Polish army at the Szczecin port in late June.

system will change the course of war because of its complexity. With fall rains fast approaching, the ground will soon grow muddy, making it much more difficult for armored vehicles to maneuver through fields.

The first months of the counteroffensive, when Ukraine pressed forward with

German Leopard II tanks and American armed personnel carriers, also showed that Western armored vehicles are prime targets for the Russians. Drones often quickly spot armored vehicles, calling their position in to artillery units and helicopters, which then target them.

Maj. Gen. Kyrylo Budanov,

the head of Ukraine's HUR military intelligence service, recently said in an interview with a military news site that minefields had proved major obstacles for tracked vehicles like tanks. Even minimal damage can disable the wheels and tracks, he said, stranding the vehicles, which then block the path forward.

The heavily armored vehicles were now mainly being used to transport soldiers, he said, but taking little part in fighting. "They should be used in a very tailored way for very specific, well-crafted operations because if they are used at the front line and just in a combined arms fight, they will not live very long on the battlefield," he said of the Abrams tanks.

Ben Barry, a former British tank commander who is now a land-warfare specialist with the International Institute for Strategic Studies in London, said the Abrams will have some impact, and offer many advantages, especially compared with the older Leopard 1 tanks Ukraine was given, though he added that they will also be harder for the Ukrainians to maintain and service.

"The Abrams have phenomenal acceleration compared with other tanks, which makes it harder to hit them," he said. Still, "land forces are going to need the ability to counter enemy drones and to use their own drones at a very low tactical level, right down at company and platoon level."

## Canada Speaker Apologizes for Honoring Alleged Nazi

By PAUL VIEIRA

OTTAWA—The speaker of Canada's legislature issued an apology after he invited and honored a man later identified by Jewish advocacy groups as a former Nazi soldier who sat in the chamber during Ukraine President Volodymyr Zelensky's address last week to Canadian lawmakers.

Following Zelensky's speech on Friday, Speaker of the House Anthony Rota recognized the presence of Yaroslav Hunka, 98 years old, who sat in the Canadian legislature's visitors' gallery. Rota referred

to him as a World War II veteran and "an Ukrainian hero, a Canadian hero." Hunka received two standing ovations from lawmakers; Zelensky, seated next to Prime Minister Justin Trudeau, also stood and clapped.

Jewish advocacy groups would later identify Hunka as a former officer of a Nazi military unit that fought against the Russians. B'nai Brith Canada and the Friends of Simon Wiesenthal Center on Sunday condemned Hunka's presence, Rota's remarks and the standing ovations Hunka received. The unit Hunka belonged to,

the 14th Waffen Grenadier Division, "carried out numerous atrocities against civilians in Ukraine and fought alongside regular Nazi German armed forces," B'nai Brith Canada said.

On Monday, Rota issued an apology. "It was my intention to show that the conflict between Russia and Ukraine is nothing new, and that Ukrainians have unfortunately been subjected to foreign aggression for far too long now," he said, adding Hunka was a constituent from the electoral district Rota represents and expressed an interest to attend

Zelensky's speech.

"I subsequently became aware of more information, which causes me to regret my decision to recognize this individual. I wish to apologize...and I'm deeply sorry that I've offended many with my gesture and my remarks." He added that neither Trudeau's office nor the delegation from Ukraine were aware of his intention to honor Hunka.

Hunka and his family couldn't be reached.

In his remarks delivered in Canada's Parliament, Zelensky thanked Canada for its finan-

cial and military contribution in Ukraine's fight against Russian forces. "It is genocide, what Russian occupiers are doing to Ukraine," Zelensky said.

Later Friday, Zelensky traveled to Toronto, where he met with business executives and attended an evening rally of Ukrainian Canadians.

Ukraine's embassy in Ottawa didn't immediately respond to a request for comment.

"This has been deeply embarrassing for Canada's parliament, for Canada and for the president of Ukraine, who

came here in friendship, because we are a strong ally, and who came here because he trusted Canadians," said Karina Gould, a Liberal government cabinet minister and of Jewish origin, following the apology by Rota, who is also a Liberal. "This was a deeply hurtful moment."

A statement from Trudeau's office, released on Sunday, said the prime minister had no role in inviting Hunka. "The speaker had his own allotment of guest seating at Friday's address, which were determined by the speaker and his office alone."



After three miscarriages, Iryna Stepanyuk is expecting this fall through an in vitro implant.

## Ukrainian Birth Numbers Drop As Lengthy War Splits Families

By ISABEL COLES  
AND ILEVGENIYA SIVORKA

KYIV, Ukraine—Midwife Olena Dorosh has delivered more than 10,000 babies in the three decades since Ukraine declared independence. This year, numbers are way down.

At the maternity hospital where she works in Kyiv, Dorosh is helping to bring forth new life in the throes of a war many Ukrainians see as an attempt to eradicate their independence.

She recently helped deliver a baby whose father—a soldier—had been killed in combat. The mother named the child after her deceased husband, whose comrades came to meet her when she was discharged.

"It's sad," said Dorosh, a warm-mannered blonde in pink scrubs. "If we don't continue giving birth, we're not going to be able to exist as an independent nation."

Across Ukraine, fresh graves and packed morgues attest to the lives cut short by Russia's invasion. Less visible is the toll on babies unborn. The number of births during the first six months of this year was 28% lower than the same period before the war—the sharpest fall since Ukraine gained independence in 1991.

Even before Russia invaded, Ukraine's fertility rate—the

number of babies born per woman—was the lowest in Europe. Ukrainian demographers are forecasting it will become the lowest in the world, accelerating the decline of a population that had shrunk in recent decades. Fewer births mean fewer Ukrainians to rebuild the country and defend it against Russia, which is likely to remain a long-term menace regardless of the war's outcome.

"It's a huge threat," said Oleksandr Gladun, a demographer at the Kyiv-based Ptoukha Institute for Demographic Studies.

The downward trend began following independence, when economic turmoil sent many Ukrainians abroad in search of work, and one child became the norm. Births slumped 12% after Russia annexed Crimea in 2014.

By the time Russian President Vladimir Putin launched a full-blown invasion last year, Ukraine's fertility rate had dropped to about 1.2. For a population to maintain its size, roughly 2.1 children must be born for every woman.

The war triggered an exodus of millions of women and children, while men between the ages of 18 and 60 were banned from leaving. That has physically separated many couples and prompted others to postpone having children.

A big question is how peo-

ple will behave when hostilities end and men are permitted to leave the country again. "Will the women come back, or will the men go and join their wives abroad?" Gladun said. At worst, he said, Ukraine's population could slip under 30 million within the next two decades, from about 43 million on the eve of the war.

Oleksandra Bondar and her husband were planning to have a second child before Russia invaded. "We always wanted to have a big family," said the 35-year-old from Dnipro in eastern Ukraine.

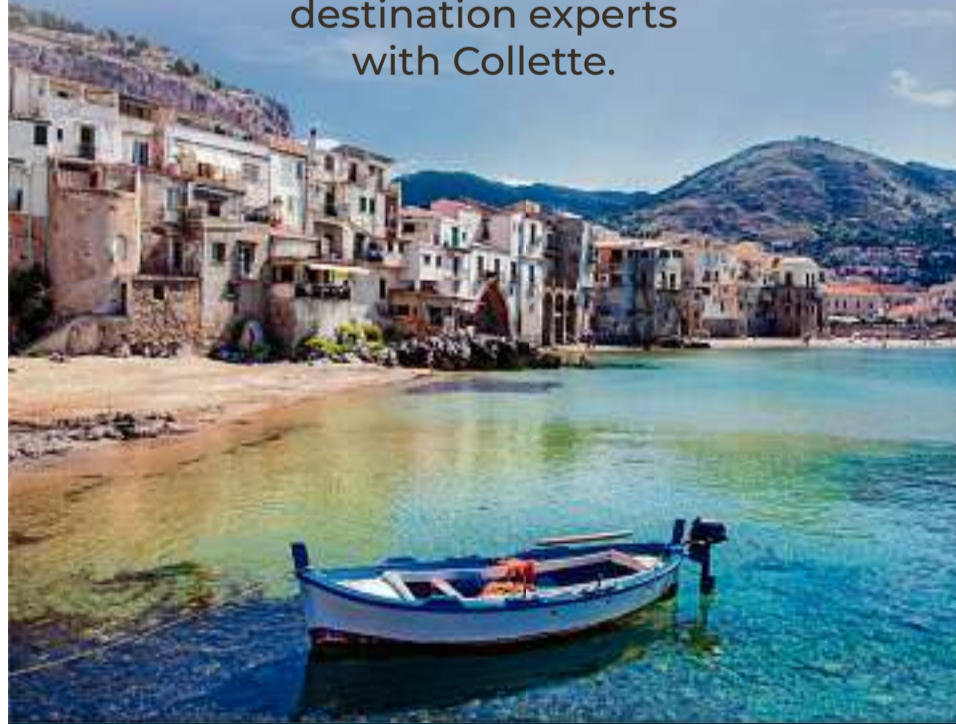
Those plans are on hold. Caring for a newborn is stressful enough without the constant threat of missile strikes, she said—and her husband, who works in the IT sector, could be drafted into this terrible situation," she said.

Some women are going ahead despite the danger and uncertainty. After three miscarriages, Iryna Stepanyuk was preparing to undergo fertility treatment when Russia invaded last year, derailing the procedure. When Russia began striking Ukraine's power grid last fall, she feared her in vitro embryo would perish. But it was implanted successfully this year and she is now due this fall. "We had zero doubts," she said.

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## FROM PAGE ONE

## Taxpayers Pay Upkeep On Yachts

Continued from Page One  
life uncomfortable for Putin's allies by blocking access to their wealth has evolved, as the war has dragged on, into moves to permanently confiscate their assets. Yet freezing an asset doesn't immediately give authorities the right to take ownership and sell it. In many cases that comes only after complicated legal efforts to show those sanctioned people committed crimes, a process that could take months or years.

European countries have launched more than 300 criminal investigations against sanctioned Russians. The U.S. Justice Department has a team of 50 officials building criminal cases it hopes can rake in hundreds of millions of dollars by selling sanctioned Russian assets, which in turn can be handed over to help rebuild Ukraine.

So far, the total from the assets delivered to Ukraine by the U.S. is just \$5.4 million, the U.S. said. The U.K. hasn't turned any frozen assets into funds. Neither has the European Union.

"The costs for Ukraine are huge, and morally I think it is a no-brainer that the party that inflicts that cost and a horrible war should pay," said Anders Ahlmid, who heads the EU's working group on frozen Russian assets. "But that has to be done under the law."

In practical terms, it is often taxpayers who are on the hook for eye-watering bills to maintain a fleet of high-end yachts and mansions while sanctions remain in place.

Efforts to bypass drawn-out legal proceedings in Western courts to sell the assets are coming up short.

Earlier this year, the Antiguan government, arguing the Alfa Nero posed a risk to its harbor in case a hurricane sank it, passed new legislation and seized the ship outright. This summer it tried to sell the Alfa Nero to ex-Google chief executive Eric Schmidt for \$67 million. But a company linked to Guryev launched a last-minute legal fight to block the sale, and Schmidt got cold feet, according to people familiar with the matter. The Antiguan government is now trying to find a new buyer.

### Detective work

There is a long legal path between freezing an asset, which bans the owner from using it, and confiscating the asset, which means the state can take ownership and sell it. Being sanctioned isn't in itself a crime. So the state has to prove the sanctioned person both owns the asset, which is often held by a maze of shell companies, and broke a law, which can justify having it confiscated as proceeds of a crime.

The U.S. is "leaving a lot of money on the table" from the asset seizures, Deputy Attorney General Lisa Monaco testified before Congress in April. DOJ officials have asked Congress to broaden the government's ability to turn over proceeds to Ukraine, including by expanding the range of seized assets they can transfer.

The DOJ has seized two megayachts it says belong to sanctioned Russians and is in the process of trying to confiscate them, according to officials. One is the \$300 million Amadea that U.S. taxpayers paid to have sailed to San Diego from Fiji. The other is the Tango, a \$90



The Alfa Nero docked in Falmouth Harbour in Antigua, where taxpayers have paid \$28,000 a week for the seized yacht's upkeep.

million yacht that U.S. authorities say is owned by Viktor Vekselberg. Vekselberg is accused by the U.S. of tax fraud, money laundering and using fake documents and shell companies to avoid sanctions and hide his ownership of the Tango.

U.S. investigators sometimes spend years building a case strong enough to take before a judge for a seizure warrant. That involves shoe-leather detective work such as poring over bank and property records and also mapping out connections and traveling the globe to talk to witnesses, said David Lim and Michael Khoo, DOJ officials leading Task Force KleptoCapture, which enforces sanctions on Russians.

In Italy, law-enforcement officials have seized at least four yachts and 20 luxury homes, as well as cars, artwork and other items since spring 2022, according to a list of frozen assets reviewed by The Wall Street Journal. The Italian government last year earmarked €13.7 million, or about \$14.8 million, to cover urgent maintenance costs of assets such as yachts and villas. The actual costs are much higher, Italian officials said.

"Our problems are the yachts," said an Italian official. "If the war continues...the running costs could potentially exceed their actual value."

As a rule of thumb, big yachts cost around 10% of their value a year to maintain, said Benjamin Maltby, a lawyer at Keystone Law, which specializes in advising on megayachts. Their hulls need to be regularly scraped and air-conditioning units run nearly round the clock. The crew also needs paying. So does insurance and rent in marinas.

Forcing owners themselves to pay for their upkeep is complicated—the sanctioned parties aren't allowed to use the financial system to transfer funds without special permission from governments, which can take months or years to obtain. Some European countries such as Spain allow the sanctioned owners to move funds to pay their maintenance costs.

Selling a recently sanctioned boat is also hard, Maltby said. Many buyers don't like the idea of a secondhand sanctioned boat for fear it might be reclaimed by its original owners when it enters a different legal jurisdiction.

The Scheherazade, one of the world's biggest and most expensive yachts, was seized by Italy

last year. But the €650 million boat has no publicly identified owner. Italy's financial police have linked the Scheherazade to former Rosneft President Eduard Khudainatov but haven't been able to confirm that he owns it. The anticorruption group of Russian dissident Alexei Navalny has raised the possibility it could even belong to Putin himself.

The 460-foot yacht is moored in the Tuscan port of Marina di Carrara, where it is being refitted, work that began before it was seized. The company that officially owns the boat, registered in the Cayman Islands, is still covering those costs, according to people familiar with the boat's current status. What will happen after the refurbishment is completed is unclear.

Also stuck in Italy is Sailing Yacht A, a €530 million boat with running costs of around €1 million a month. It belongs to Andrey Melnichenko, a Russian coal and fertilizer billionaire. The 469-foot yacht has been stuck in the northern Italian port of Trieste since March 2022, when Melnichenko was sanctioned by the EU. Melnichenko has offered to pay for its upkeep, according to a person familiar with his moves.

The EU is currently negotiating how to make sanctions eva-

sion a crime in all its member states. That could eventually provide a broader basis for confiscating assets.

So far, the most high profile Russian boat confiscation was engineered not by a government but by J.P. Morgan. The U.S. bank successfully appealed to have the yacht Axioma sold at auction to pay off €20.5 million its owner, a sanctioned Russian oligarch, owed to the lender. The vessel fetched \$37.5 million at auction in Gibraltar where it was impounded.

On a recent day in Antigua, the Alfa Nero's black hull floated in a largely empty harbor. Most of the other yachts had left to avoid hurricane season.

In the months after the invasion of Ukraine, the Alfa Nero had shut off its transponder to avoid being tracked but was ultimately located by U.S. officials. Guryev

is the founder of PhosAgro, a leading Russian chemical company, and according to the U.S. government owns the second-largest estate in London after Buckingham Palace. Guryev is also sanctioned in the U.K.

The Office of Foreign Assets Control, an enforcement arm of the U.S. Treasury, said the sanctioned Russian bought the yacht in 2014. Guryev had previously claimed the Alfa Nero wasn't his but that he used it from time to time. The boat is owned

by a company listed in the British Virgin Islands called Flying Dutchman, which in turn is managed by Opus Private, a fiduciary services company based in Guernsey, the island in the English Channel. Opus Private in turn represented a trust of which Guryev's daughter is the beneficial owner, according to court filings in Antigua.

### Legal limbo

The boat, which originally had a crew of 37, found itself in legal limbo. Its owners were barred from using the financial system to pay its bills.

Opus said it had done its utmost to obtain the licenses needed to make payments for the vessel's maintenance and to explain the position to the Antiguan government "to no avail."

The yacht, meanwhile, spewed raw effluent into the harbor after its onboard sewage system broke. It also became uninsurable after the guarantees on fire extinguishers and other safety equipment expired and hurricane season approached. Most of the crew left because they weren't being paid. A group of 26 crew subsequently filed a lawsuit in Antigua, which enforced the sanctions as part of a treaty with the U.S., asking for \$2.2 million for unpaid wages from the boat's unspecified owner, according to their lawyer.

A skeleton crew stayed on board and kept the decks polished while bartering vintage bottles of wine stored in the ship for basic foodstuffs. The going rate: two bottles of wine for one tuna, according to the captain.

In February those remaining crew finally mutinied, writing a letter to the Antiguan government saying, "We can no longer deal with this," said Darwin Telemaque, chief executive officer of the Antigua port authority.

Without these key crew members, no one would know how to keep the ship running or move it in case of a storm, he said. If the megayacht keeled over, it would block Falmouth Harbor, a key financial artery for the island.

So the government decided to pass emergency legislation to seize the vessel, auction it, pay off maintenance

expenses and keep the staff on board, retaining the surplus for the country's treasury. The government of Antigua petitioned the U.S. to allow the boat to be sold, and the U.S. agreed.

The chance to buy a top-class yacht at a knockdown price caused a flurry of interest. Telemaque said he got WhatsApp messages from as far afield as Algeria. Schmidt, the former Google CEO, won the ensuing auction with a \$67 million bid.

A company linked to Guryev's daughter filed a last-minute injunction to block the sale. The appeal was dismissed. The fiduciary company that controls the yacht then filed for a judicial review over the legality of Antigua's sudden change of the law, according to filings. The case is ongoing.

Schmidt refused to take ownership while the legal battle was unresolved and dropped out, according to people familiar with the matter.

Andrea Maccaferri, the acting captain of the Alfa Nero, said he has no idea what will happen next. He compared life on board the stranded boat to a monastery. Lunch is served at noon, dinner at 6 p.m. sharp, cooked by a British chef. The captain said he constantly checks weather reports tracking hurricanes, which he fears could wreck the vessel.

Deidra Cochrane, 28, an office assistant at the marina, said the Alfa Nero is a source of gossip on the bus she takes to work. People don't generally believe the government will be able to sell it, and if it does, they see little benefit accruing to them, she said. "It's a boat that creates a lot of scandal and opinion," she said.

At the Skulduggery bar and restaurant alongside the marina, a table of regulars drank vodka and fretted that Antigua's decision to take on a Putin ally would alienate rich Russian customers who flock to the island in winter. "Don't flick the tiger's balls," warned one.

When he ventures out to St John's, the capital of the two-island nation, Maccaferri never wears the red shirt bearing the logo of the Alfa Nero he wears in the marina, worried that a Russian agent may target him.

Whoever one day sails the Alfa Nero out of port, "I wouldn't be surprised if there is a submarine with a red star waiting for it," he said.

—Sadie Gurman and Laurence Norman contributed to this article.

### It's a floating reminder of the difficulties in offloading seized Russian assets.



Officers stood guard over the Alfa Nero. There is a long legal path between freezing an asset and taking ownership and selling it.

## Bots Beat Humans at Heckling

Continued from Page One

Fall is fantasy football season for millions of friend groups and offices that form leagues where members are known as team managers. Each selects real-life NFL players for their fantasy teams, and each week, the actual performances of these NFL stars determine how many points team managers score. The tallies fuel head-to-head battles within the league, as well as the better, the more cutting the better.

Yahoo Fantasy Football, one of the largest organizers in

the pastime, has for years sent participants AI-generated draft recaps and weekly game updates. But for the 2023 NFL season, that service has been supercharged by ChatGPT, an AI chatbot, developed by OpenAI and launched in November 2022, that's often freakishly adept at mimicking humans.

"They're pretty clever, funny and can be brutally honest," said Ryan Spoon, president of Yahoo Sports.

Yahoo produced more than 2,000 ChatGPT draft recaps a minute in the lead up to the NFL kickoff earlier this month, said Spoon, adding that the technology augments what the humans at Yahoo Sports are able to deliver. "We could not have done this by hand," Spoon said. "Even if we could, and I'm speaking against myself and my team, I'm unsure it would be as clever and

funny at that scale, despite having great people."

ChatGPT has churned out one nastygram after another, blasting fantasy fans for offenses ranging from a "stunning display of draft ineptitude" to crafting a plan so weak that projected points "might as well be measured in unicorn farts," according to many descriptions shared on social media by fans.

The bots betrayed "an impressively sharp mean streak," conceded Michael Gilman, the chief executive officer of Arrakis Therapeutics who is in a fantasy league with colleagues in Waltham, Mass.

Gilman's AI-written draft report excoriated his team, Scarlet Fire, as a "flaming disaster." After much teasing by employees on Slack, Gilman decided to change his team name to Flaming Disaster.

Not everyone is so sanguine

about the cranky robots. "Hey @Yahoosports @YahooFantasy," wrote a user on X, formerly Twitter. "Screw your draft evaluation. I'm gonna go 0-15!" The poster shared early results, insisting he was defying the bots.

Some worry—could human hecklers be sidelined?

Christopher Morton, an IT manager in Portland, Ore., has played fantasy football for 16 years, and normally would write season previews for all the teams and churn out other cheeky commentary.

He's proud of the many insults he's thought up over the years, such as when Morton's team, Bull Moose, faced off against his roommate's team, Trash Pandas.

"Think hiding in a trash can will save you, until you become the metal football you furry rodents," Morton wrote. (Despite the gruff words, the

increase, thanks to ChatGPT.

Unfortunately, a lot of it has been pointed in his direction, said Estime, whose team name is Lannister Always Pay, a nod to the show "Game of Thrones."

"With a draft grade of D and a projected finish of 10th, it seems the Lannisters won't be sitting on the Iron Throne this season," ChatGPT wrote about Estime's team.

That write up has prompted his fantasy teammates to refer to him as Kingless James and Iron Wrong James, Estime said.

After losing his first week of the fantasy football season, Estime said he's now using ChatGPT himself—to come up with some fresh trash talk to use against another member of his league.

"Are you playing fantasy football, or is your team just a fantasy?" ChatGPT wrote for Estime.

# Rescuing Men From Rage Rabbit Holes

The 'manosphere' is full of troubled young men —some groups are trying to pull them out



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

**W**hy are so many young men so angry online?

Men are trailing women in college and in the workplace, fewer of their relationships are leading to marriage and many men feel masculinity is under attack. When young men turn to places like YouTube and X (formerly Twitter) seeking male solidarity, they often find more rage.

"It may look like we have an epidemic of male anger, but under the anger is loneliness and sadness," says Justin Baldoni, a filmmaker and actor behind Man Enough, a podcast about masculinity.

Often the result is depression, and sometimes worse. The suicide rate among men is about four times higher than that of women, according to the Centers for Disease Control and Prevention.

Approximately 65% of men in the U.S. say they're hesitant to seek professional help for stress, anxiety or depression, according to a study this month from Cleveland Clinic. And the respondents who expressed such reluctance were twice as likely as other men to spend several hours a day on social media.

Untreated mental-health issues can also result in violence toward others. In 2014, a 22-year-old male student at the University of California, Santa Barbara, killed seven people after posting a YouTube video in which he vowed to retaliate against "stuck-up blondes" who he claimed would have rejected him. Online, he became a hero to communities of self-described incels, people who are "involuntarily celibate."

In 2018 a Toronto man drove a van through a crowd, killing 10 people after hailing the Santa Barbara killer on Facebook and alluding to an "incel rebellion."

Extreme examples aside, an online culture of anger can damage young men's personal lives and in-

teractions with others. Some people think the problem can be solved with the same online tools that stoke it.

Men's community-building and mental-health organizations—together with a government-funded anti-hate group—are using social-media ads to get through to men by speaking plainly to their frustration. It's a small early effort to tackle a huge issue: The groups want to reach millions of men who have gone down online rabbit holes.

Diverting Hate has nearly \$700,000 in funding from the Department of Homeland Security, which views online hate as a driver of targeted violence and domestic terrorism. The group targets younger men—ages 18 to 34—trying to meet them where they linger, on social platforms where political extremism and sexism are easily found.

"It's easy to radicalize a disen-



franchised, lonely man online. When he feels he has no place, anger helps him feel seen," Baldoni says.

## 'Irritable Female Syndrome'

"Are women giving up on men?" asks one YouTube ad. It directed viewers to a Man Enough podcast about women choosing not to date and having less sex. The group hopes that by listening to the podcast, men will understand the reasons women feel disenfranchised with dating and that it isn't because women hate men.

"Irritable Female Syndrome—Learn the symptoms and remedies" reads a post that Diverting Hate plans to place on X. While crafted to appeal to a man's angry side, it will link to an article explaining the reasons women might be irritated and how to respond with compassion.

Since this summer, Diverting Hate and its partners—men-focused support and suicide-prevention groups including Visible Man, MenAlive and the Man Enough podcast—have been running ads and posts to provide camaraderie over rants.

Diverting Hate's chief, Kaitlyn

▲ People mourn after a Toronto man in 2018 killed 10 people after alluding to an 'incel rebellion.'

Tierney, says she and her co-founders wondered whether men drawn into extremism and violence could have gone down a different path with the right nudge.

"What could they have seen in their social-media feed that would have led to connection with other men in a healthier place?" she asks.

Tierney says the ads and posts so far have had 700,000 impressions, and that 1% of the men who viewed them have clicked on the content—a decent social-media engagement rate. It's likely to be an uphill battle. One X account dedicated to teaching men how to quickly seduce women has nearly 130,000 followers.

## 'Hungry for connection'

The young men following these accounts don't want to hurt people, says Jed Diamond, a psychotherapist and founder of MenAlive, which provides counseling and online classes to help men improve their relationships. "They're hungry for connection but they're getting misled by people on social media who make money on angry, disaffected people."

Tierney and her co-founders, Courtney Cano and Astrid Askenberger, were inspired to start

tracking what they call the "manosphere" when they connected online hatred of women with real-world violence, like the murders at UCSB. They started it as a graduate school research project at the Middlebury Institute of International Studies.

Diverting Hate developed a digital advertising plan and began cataloging accounts focused on incels, on tactics for picking up women, and on the "men going their own way" movement, which promotes the idea that men can live fulfilling lives without women. The 141 accounts they've identified so far have, collectively, more than 28 million followers. Where possible, the organization has begun to target ads around these accounts.

Diverting Hate has a \$60,000 advertising budget for the next 12 months. "It's relatively small," says Tierney, compared with what big brands spend online. "It's a reasonable start given our objectives," she adds.

The group plans to measure its success based on how many people view the YouTube videos of content creators like Man Enough and subscribe to their channels. With its mental-health partners, the group also plans to track sign-ups for retreats and community groups.

While it's been easy to get its message in front of young men online, Tierney says the real challenge will be getting men to join the support groups or to seek therapy. It's still too early to track that.

# In Milan, Designers Have '90s Flashback



**OFF BRAND**  
**RORY SATRAN**

"I DON'T REMEMBER anything!" joked Donatella Versace discussing the 1990s at a preview of her spring runway show in Milan. Of course, she does, which is why next season's collection was built around the year 1995—a time she described as a turning point for both the house of Versace and for fashion at large, when styles became "more minimalist" and "cleaner."

They also became sexier, as the shoulder pads and gaudy prints of the late '80s receded into the rearview mirror in favor of slip dresses and lots of leg.

Fashion's mid-'90s moment—with its strutting supermodels and attention-grabbing style—loomed large in Milan this season. That could be due to a TikTok-fueled grab for a '90s-obsessed Gen-Z market, or just pure nostalgia for that high-water mark of Italian fashion.

In 1995, when Versace pared its pop back, Tom Ford was ushering in

a lucrative and boundary-pushing period at Gucci, hiring collaborators Carine Roitfeld and Mario Testino to create their NSFW campaigns. That same year, Miuccia Prada won the V&A designer of the year award. She had recently launched Miu Miu.

While Ford enjoys his extensive real-estate portfolio these days rather than toiling away in fittings, his influence can be felt at his former workplaces Gucci and Tom Ford. Prada, 74, is still firing on all cylinders as one of the most talented and successful global designers, with the help of co-creative director Raf Simons.

## Prada's tour de force

The magic potion of Prada and Simons, along with outgoing longtime design director Fabio Zambonardi, is their ability to churn out covetable, infinitely purchasable items, while still remaining creatively interesting. Backstage after the show, Simons said, "We thought a lot about history—there were a lot of references from different periods of the brand."

So yes, Prada's '90s period was palpable, in the form of floaty organza and gazar dresses in pale blue, mint and petal-pink that recalled



▲ In Milan, brands including Gucci pulled hemlines way, way up.

Uma Thurman's diaphanous 1995 Oscar dress. But Prada and Simons spun the brand's history in a blender, also throwing in 1913, with a puckered handbag featuring a mythical head clasp originally designed by the brand's co-founder Mario Prada.

"We wanted to focus on the work—the methods and techniques, the value," said Prada. Those feats were impressive, from preppy barn jackets aged through five treatments to silver- and gold-dipped "jewelry" skirts that took up to five days to make.

## Versace's glossy trip down memory lane

The mood board for Versace's spring show was an explosion of

'90s pastel looks from the brand's archives, some of them shot by longtime brand collaborator Richard Avedon on Gianni Versace's muses, like Nadja Auermann and Claudia Schiffer.

Despite Donatella Versace's joke that she remembers nothing, her brand is a testament to living with the past without being swallowed by it.

The collection included a jacket inspired by one originally made for Prince, and a pale checkerboard print first issued in the '90s.

In fact, 68-year-old Versace wore a miniskirt in that print to take her bow, illustrating that sometimes the most convincing case for clothing is proving that you'd wear it yourself.

## Gucci's new era

The stakes could not have been higher for Gucci's new creative director, Sabato De Sarno, who took over from Alessandro Michele earlier this year. De Sarno, 40, inherited Kering's \$10 billion-a-year jewel as well as the hope that he could reverse its recent downturn.

In his first outing, De Sarno appears to be betting on a simplified sensuality, expressed through a procession of bra tops, miniskirts and deep-décolleté tops worn with gold "Marina Chain" necklaces. The shoe collection, a key sales converter under Michele, was dominated by platform horse-bit loafers. De Sarno's show notes said he was inspired by "Getty images of cool people of all ages"—a cryptic yet inclusive message.

## Ford's sense of déjà vu

Peter Hawkins, creative director of Tom Ford, spent 25 years working for Mr. Ford. First at Gucci and then at Tom Ford, Hawkins helped to create the recognizable Ford silhouette of sharp suits for men and women, silky button-ups open to there and Halston-ish slinky gowns.

Although he has professed a responsibility to "move the brand forward," Hawkins' first take on Ford was more of a homage than a reinterpretation. It even included an approximation of the 1997 velvet Gucci suit made iconic by Gwyneth Paltrow and Madonna.

There's no question that '90s Italian fashion in Italy was sexy, fresh and powerful the first time around. But to succeed again it must be reimagined.

## PERSONAL JOURNAL.

# Pension Calculation: Lump Sum vs. Monthly Check?

A reporter crunches the numbers after getting an offer from a former employer



By ANNE TERGESEN

A few weeks ago, my former employer offered me a check for nearly \$44,000. If I take it, I'll have to give up a monthly pension of \$423, scheduled to start at age 65.

Should I grab the \$44,000—or keep the pension?

It is a question more Americans are facing. Employers have good reason to offer lump-sum payments and get the pensions off their books. With interest rates at a 22-year high, it costs companies less to pay out the pension benefits they have promised workers. And the upfront payouts can be smaller than when rates were lower.

Among the 118 mostly large employers with pension plans that benefits consultant Aon surveyed in May and June, 35% said they are somewhat or very likely to offer lump sums to former employees in the next two years, up from 31% in 2022.

Deciding whether to take the money or keep the pension requires doing some math and weighing competing risks. Taking an upfront payment—as more than 40% of workers typically do—raises the odds you'll run out of money in old age. But many workers have pension incomes that lack cost-of-living increases, leaving them vulnerable to inflation.

Compounding the pressure on many receiving these offers are tight deadlines to make decisions: My former employer S&P Global gave me until Oct. 10 to take or leave the \$44,000.

"For most people, a pension lump sum is the largest single check they will ever become eligible to receive over their entire life," said Ian Berger, an IRA consultant who recently declined such

an offer from his former employer. "It's hard to turn it down."

Nearly 20% of companies with pensions give workers about to retire a choice between a monthly income for life or a one-time payment, according to Aon. Hundreds more have made temporary cash-out offers to former employees who have yet to start taking their benefits.

This isn't the first time I've considered swapping my pension for a check. In 2015, S&P Global offered me about \$32,000, which I turned down. At \$44,000, this offer is higher, in part because I'm eight years closer to receiving my pension.

Despite significant reservations, I'm taking the upfront money this time. That doesn't mean you should do the same. Here's what to consider:

## Compounding the pressure are tight deadlines to make decisions.

## Crunch the numbers

The math frequently favors keeping the pension, said Joshua Gotbaum, former director of the U.S. Pension Benefit Guaranty Corp., or PBGC, which insures benefits when companies terminate pension plans and lack the assets to cover promised payments.

To replicate my pension, I asked New York Life how much it would cost me to buy a deferred annuity that will pay me \$423 a month, starting at 65. The answer: \$55,531, which means my payout falls \$11,531 short of what I'd need.

I could instead invest the money. Assuming I were to earn the S&P 500's long-term average annual return of 7.4%, my \$44,000 would appreciate to \$72,500 by the time I turn 65. Using the 4% withdrawal rate that long has been considered a relatively safe level of retirement spending yields an initial monthly withdrawal of \$242. With 3% annual inflation adjustments, that wouldn't grow to \$423 until I am about 84.

## Reasons to keep the pension

Longevity is the main reason I kept my pension in 2015. The longer I expect to live, the more valuable my pension's promise of a lifelong income.

Steve Vernon, a former pension actuary, advises people to keep a pension if they lack enough guaranteed income from other sources, including Social Security, to cover such basic expenses as food and housing.

A pension also makes sense for those who aren't comfortable managing their money or might have difficulty doing so in their later years, Vernon added.

My pension is small enough that in the unlikely event my former employer falls on hard times and turns its pension over to the PBGC, my payment should be fully covered. (The PBGC currently insures up to \$6,750 a month for a 65-year-old.)

## Why I took it

I'm going to take the \$44,000 and roll it into an IRA, where it can grow tax-deferred until I start taking required annual distributions at 75.

Why the change of heart? As retirement approaches, I have a better understanding of our future finances, including other guaranteed sources of income.

Inflation also spooked me. My \$423 monthly check seemed substantial enough back in 2015. But thanks to rising prices, I'd need \$544 to have the same buying power today. Because my pension is frozen at \$423 a month, it is going to buy even less when I'm 65, never mind 85. Having a guaranteed income stream that covers an ever-shrinking share of my future budget doesn't seem that helpful.

I hate to admit it, but my decision is also an emotional one. When I consider what my 2015 lump-sum would have grown to had I invested it in the stock market, it is hard not to feel regret. Since Jan. 1, 2016, the S&P 500 has earned a 12.25% annualized return.

To find out how much I'd need to earn on the money to match the promised pension income, I called Brian Tegtmeier, an adviser in Dublin, Ohio.

He said if I live to 85, I'd need to earn an average of 5.9% a year on my \$44,000 to equal the cumulative income from my pension, assuming I invest my monthly checks and earn the same 5.9% return. If I reach 90, my lump-sum would have to earn 6.6% a year to equal the pension. At 95, the break-even return would be nearly 7%.

Because I'd have to take a lot of investing risk to keep up with the pension, Tegtmeier recommends sticking with the pension.

But I have a high risk tolerance and I figure 6% to 7% isn't an unrealistic average annual return to expect over several decades. So I'm going to invest the money and hope something remains for my sons, who aren't eligible to inherit my \$423 pension.

## ChatGPT Can Now Talk Aloud With You



PERSONAL TECHNOLOGY  
JOANNA STERN

You'll have two reactions to hearing my conversation with the now-vocal ChatGPT:

1) Holy crap! This is the future of communicating with computers that sci-fi writers promised us.

2) I'm building an underground bunker and stockpiling toilet paper and granola bars.

Yes, OpenAI's popular chatbot is speaking up—literally. The company on Monday announced an update to its iOS and Android apps that will allow the artificially intelligent bot to talk out loud in five different voices. I've been doing a lot of talking with ChatGPT over the past few days, and testing another new tool that lets the bot respond to images you show it.

So what's it like? Think Siri or Alexa except...not. The natural voice, the conversational tone and the eloquent answers are almost indistinguishable from a human at times. Remember "Her"? The movie where Joaquin Phoenix falls in love with an AI operating system that's really a faceless Scarlett Johansson? That's the vibe I'm talking about.

"It's not just that typing is tedious," Joanne Jang, a product lead at OpenAI, told me in an interview.

"You can now have two-way conversations."

The new photo-comprehension tool also makes the bot more interactive. You can snap a shot and ask ChatGPT questions about it. Spoiler: It's terrible at Tic-Tac-Toe. The image and voice features will be available over the next few weeks for those who subscribe to ChatGPT Plus for \$20 a month.

In essence, OpenAI is giving its chatbot a mouth and eyes. I've been running both features through tests—a best-friend chat, plumbing repairs, games. It's all very cool and...creepy.

### The mouth

While the system is just reading back a ChatGPT text response, this isn't the robotic, staid text-to-speech systems we've grown up with. There are five available voices and each of them sounds like a real human is talking to you—there's cadence, intonation and personality.

These voices were generated from "just a few seconds of sample speech" provided by professional voice actors, Jang told me.

Those samples are then run through OpenAI's computer models to create text-to-speech voices. Remember my column and video where I used AI tools to clone my voice? It's like that. But better.

OpenAI says it is collaborating with some other organizations, allowing them to develop synthetic voices.

It's working with Spotify on a tool that helps translate podcasters' voices into other languages. Given how easy it could be to clone someone's voice with just seconds of audio, for the safety of the entire in-



### ▲ ChatGPT has five voices available, and each sounds like a real human talking to you.

ternet—and really, the world—the company says it is only available to business partners right now. Could that change in the future? Good luck to us all.

Unlike Siri or Alexa, there's no wake word to summon ChatGPT. In the app's settings menu, enable "Voice conversations" and then tap the headphone icon in the app's upper-right corner. A white circle morphs into a comic-book-style thought bubble as the system listens for your prompt. There's a button to tap to interrupt lengthy responses.

I have been captivated by it all. The natural voice, combined with the advanced answers and the system's knowledge of me, makes it feel like I'm having a real conversation.

When I asked it to pretend to be

my best friend and talk to me, we had a solid five-minute chat about my day at work, video production and the snacks we like. Same when I asked it to explain Pokémon to me like I'm a 6-year-old.

But you're definitely still talking to a machine.

The response time can be extremely slow, and the connection can fail—restarting the app helps. A few times it abruptly cut off the conversation. (I thought only rude humans did that!)

OpenAI says that the issues I encountered were due to an early version of the app I was given to test and that consumers shouldn't experience them.

### The eyes

If voice gives ChatGPT the ability to talk to the world, the new camera feature gives the bot the ability to see it. Instead of describing something in words, you can now tap the

+ button in the iOS, Android and web apps, upload or snap a photo, circle the area you want the AI to focus on and ask a question.

Here were some images I tried:

► **Broken house stuff:** A shot of the leaking hose in my garage with just the prompt "How do I fix this?" quickly returned seven steps, including wrapping the threads on the connection with Teflon tape.

► **Food:** A photo of a moldy strawberry with the question "Can I eat this?" Great advice: No. A photo of bananas, eggs and (non-moldy) strawberries with the question "What can I make with this?" Great advice: Strawberry-banana pancakes.

► **Injuries and health issues:** It quickly recognized a cut on my son's cheek as a "mark or rash" but said "I cannot help with that" and "it's best to consult with a medical professional."

► **Games and puzzles:** A photo of a stalemate in Tic-Tac-Toe? ChatGPT didn't know the game was over. It said to place my X in the (already occupied) bottom center. It said I would win and even added an exclamation mark and confetti emoji. Wrong!

That's what we really have to remember at this moment in the AI revolution. As the lines continue to blur between human and bot interactions, these systems can lack context and depth—and are often wrong.

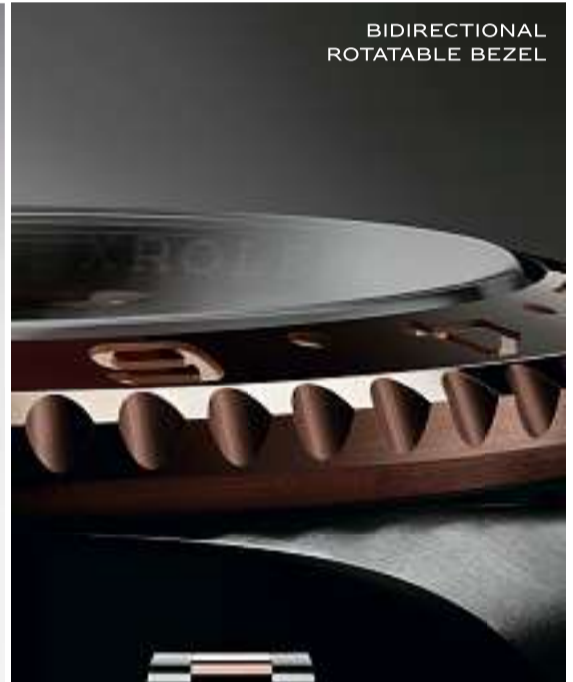
As my new ChatGPT voice friend said to me, "While I sound conversational, remember I'm just processing data. Always use your judgment especially for important matters."



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# ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

## Rap Repetitions

Doja Cat's new album is meant to showcase her talent as a rapper

The two most recent albums by rapper/singer Doja Cat, 2019's "Hot Pink" and 2021's "Planet Her," served as handy summaries of the pop landscape into which they'd arrived. The versatile vocalist at the center of these records, born Amala Dlamini, had been uploading songs to SoundCloud since she was a teenager, and she had an intuitive understanding of the absurdist humor that thrived in social-media spaces. Her 2018 breakthrough song "Mooo!" was a novelty riff on bovine imagery that went viral and introduced Doja Cat as a star for the age of information overload. "Amala," her debut album from that year, was ramshackle and often charming, but her persona wasn't quite formed. With "Hot Pink" and "Planet Her," she ingested pop trends and made them her own. From her featured guests to her producers to her videos, these records embodied their moment with one eye to the future.

But something happened in the time since, and Doja Cat seemingly grew disillusioned with her earlier work and with pop music in general. In May, the now-27-year-old described her previous two LPs as "cash-grabs" and chided her audience for falling for them. She also said that her new record would be a showcase of her skill as a rapper. Her fourth album, "Scarlet" (Kemosabe/RCA), just out, delivers on that promise to an extent, and is in fact a departure from her first three records, though it's also disappointingly uneven.

Though she dismissed her earlier work's commercialism, "Scarlet" kicks off with "Paint the Town Red," a single released in August that has already topped the Hot 100. It's a quirky number that features a sample of Dionne Warwick's "Walk on By" and introduces both the record's color scheme and the vocalist's devilish new persona. Her rapping on the tune is impressive, with hints of Kendrick Lamar's melodic cadence and



the force and control of Nicki Minaj, Doja Cat's greatest influence. It's long been clear that she's a skilled rapper in the nuts-and-bolts sense—her ability to ride a

'Scarlet,' out now, is an intentional departure from Doja Cat's previous pop recordings.

beat, develop fragments of melody. But on "Scarlet," she expands her rapping further, experimenting with a wider range of rhyming styles and rhythmic choices.

The production on "Scarlet" features contributions from more than a dozen beatmakers, and it draws on a wide array of hip-hop styles from the past 25 years, from skittering trap to in-your-

face thwack of late-'90s boom-bap. The second track, "Demons," has the trunk-rattling subsonic bass associated with the trap offshoot drill, as Doja Cat veers from a girly sing-song cadence to a guttural shout. The fourth track, "F\*\*k the Girls (FTG)" is one of the album's best, with a shout-along chorus and production that brings to mind the spaciness and menace that the Neptunes brought to early work by Virginia Beach duo the Clipse.

When in the middle of these

highlights, it's easy to think that "Scarlet" is much better than it is. But it's an album of strong moments that never build on each other. Though the beats are often engaging for a bar or two, far too many are mind-numbingly repetitive with little development, which undercuts the drama Doja Cat conveys with her voice. Tracks like "Gun" and "Balut" are built around a series of simple loops, and after 30 seconds or so, you get the idea and are tempted to skip ahead.

While Doja Cat's rapping is continually thrilling, she doesn't have a great deal to say, especially to those not deeply invested in her day-to-day life. "Agora Hills" is one of a few songs about love and lust, as she warns a new boyfriend about the difficulty of getting involved with her ("Hope you can handle the heat, put your name in the streets / Get used to my fans lookin' at you"). She comes up with a memorable line occasionally—see the come-on "I wanna be the stubborn crust of barnacles upon you" from "Can't Wait"—but her lyrics tend to take a back seat to technique.

And "Scarlet" is far too long. The 17-track version lasts 57 minutes, but given the often monotonous production, it feels at least 20 minutes longer. In one sense, the album is a brave experiment, shaking things up in a way that artists of Doja Cat's stature rarely do. But it's also a deeply frustrating outing, because it's successful in the terms the artist set—she raps a great deal, and does it very well—but falls short as a listening experience.

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

### ARTS CALENDAR

## HAPPENINGS FOR THE WEEK OF SEPTEMBER 26

By WSJ Arts in Review Staff

#### Film

**"The Creator" (Sept. 29)**

AI may already be scary good, but it's much scarier—and more antagonistic—in Gareth Edwards's new film about a war between humanity and AI, and a man tasked with tracking down an entity that may hold the key to turning the tide of battle.

**"Saw X" (Sept. 29)**

I want to play a game. Before you is a series of nine grisly films. Can you make it through all of them and still care what happens in the 10th? Fans of the gory horror franchise about a sadistic puzzlemaster shouldn't have a problem doing so, with this latest installment taking place immediately after the events of the first film.

#### TV

**"The Wonderful Story of Henry Sugar," "The Swan," "The Rat Catcher" and "Poison" (Netflix, Sept. 27, 28, 29 and 30)**

Wes Anderson adapts a quartet of Roald Dahl short stories, which roll out night-by-night. The director attracts his usual complement of high-caliber actors, including Benedict Cumberbatch, Ralph Fiennes, Rupert Friend, Ben Kingsley and Dev Patel.

**"Gen V" (Prime, Sept. 29)**

It's a bird! It's a plane! It's a superhero spinoff! But this isn't the ubiquitous Marvel or DC fare. Instead, the raunchy-satire-cum-streaming-hit "The Boys" expands its universe with a show set at a school for young heroes. Lizze Broadway, Derek Luh, Chance Perdomo, Maddie Phillips and Jaz Sinclair star.

#### Theater

**"Purlie Victorious: A Non-Confederate Romp Through the Cotton Patch" (Music Box Theatre, New York, opens Sept. 27)**

Leslie Odom Jr. stars in the first Broadway revival of

Ossie Davis's comedy, directed by Tony-winner Kenny Leon, about a preacher trying to win back his inheritance and his congregation.

#### Music

**Ed Sheeran, "Autumn Variations" (Sept. 29)**

The English pop superstar is back with his second album of the year, one that draws inspiration from Elgar's "Enigma Variations" and focuses on his interpersonal relationships.

**Molly Burch, "Daydreamer" (Sept. 29)**

The Austin-based singer-songwriter issues a new record that focuses on her life as a teenager and difficul-

most influential and turbulent relationships in art history. This show traces the way the two influenced each other's work and shaped modern art in France through more than 150 works, including Manet's monumental "Olympia," which has made its way from Paris to New York.

**"Claudette Johnson: Presence" (The Courtauld Gallery, London, Sept. 29-Jan. 14, 2024)**

The first monographic exhibition of the figurative artist in London looks at the arc of her career, featuring more than three decades of her art. A linchpin of the Black British Arts Move-



▲ Benedict Cumberbatch in a Roald Dahl adaptation

ties—body image, social awkwardness, self identity—that are at once incredibly personal yet universal.

#### Opera

**"Dead Man Walking" (The Metropolitan Opera, New York, through Oct. 21)**

Based on Sister Helen Prejean's memoir about her experiences working with death-row inmates, Jake Heggie's opera, with a libretto by Terrence McNally, has its Met premiere in a new production by Ivo van Hove.

#### Art

**"Manet/Degas" (The Met Fifth Avenue, New York, through Jan. 7, 2024)**

Masters and rivals, Manet and Degas had one of the

ment, Ms. Johnson works across a variety of mediums, capturing friends and family in portraits that explore the black experience in the U.K.

**Last Call "Song of the Nightingale" (Brookfield Place, New York, through Sept. 30)**

On Site Opera stages the world premiere of a modern fairy tale with music by Lisa Despain and a libretto by Melissa Tien. Adapted from a Hans Christian Andersen story, it tells the tale of an unflinching collector looking to acquire the world's most fantastic objects.

For additional Arts Calendar listings visit [wsj.com](http://wsj.com). Write to [brian.kelly@wsj.com](mailto:brian.kelly@wsj.com).

### The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	13
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- 26 Life sentences?
- 27 Poetry competition
- 28 Pants parts
- 31 Clamor
- 32 Ill-considered
- 33 Massage target
- 34 Vast quantities
- 36 Took a sander to, say
- 37 Marx of Marxism
- 40 Question asked breathlessly
- 41 Program listing?
- 42 Important
- 43 Steamy stuff
- 45 Dodged
- 46 "Spider-Man Pointing," e.g.
- 47 What one of the letters in RBG stands for
- 48 Savory taste
- 49 Flowy shirt
- 50 1990s song, nowadays
- 54 Sampling of the electorate
- 55 Dispatch, as a vampire
- 58 Fuming feeling
- 59 Apprehend

### TREASURE HUNTING | By Laura Effinger-Dean

<b>Across</b>	27 Tell lies about	56 Comic Carvey	7 Held power	45 Dodged
1 Mar. 17 honoree	29 Dory or dinghy	57 Valuable find on "Survivor," and a hint to this puzzle's theme	8 401(k) relative	46 "Spider-Man Pointing," e.g.
6 Composer Satie	30 "Get your hands off me!"	60 Put out	9 Sounds of pebbles falling into water	47 What one of the letters in RBG stands for
10 Employee discount, for one	31 Office hangings, often	61 Spooky-sounding lake	10 Face, from the mound	48 Savory taste
14 Informed	35 In the past	62 Amtrak's speedy train	11 Slender mushroom	49 Flowy shirt
15 Medical breakthrough	36 Revue segments	63 Base for chicken à la king	12 Seth of "Platonic"	50 1990s song, nowadays
16 Privy to	38 Freezer cubes	64 Action singer	13 Shoelace annoyances	54 Sampling of the electorate
17 Currency on which Elizabeth II's image was replaced with local wildlife in 2013	39 Classic 1982 arcade game	65 To a serious degree	18 "I'll treat!"	55 Dispatch, as a vampire
19 Neighbor of Ghana	42 "Tik Tok" singer		23 Iridescent gemstone	58 Fuming feeling
20 LAX postings	44 Heath		25 Fooraraw	59 Apprehend
21 Scot's denial	45 Comes to the forefront	<b>Down</b>		
22 Take home, as profit	47 LeAnn Rimes song on the "Coyote Ugly" soundtrack	1 Not out		
24 Super Bowl champions in 1973 and 1974	51 Talisman	2 Foolish fellow		
	52 Hurried flight	3 Comfortable shirt, typically		
	53 Servers' collections	4 Surfacing		
		5 Coach Lasso		
		6 Tubular treat		

#### Previous Puzzle's Solution

N	A	S	A	L	T	A	L	C	A	S	P	
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M	A	D	U	N	W	E	D	E	A	T	I	N
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► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).

## SPORTS



Taylor Swift attended an NFL game this weekend, because of course she did. It was only a matter of time before our nation's two most powerful entertainment forces collided, and the double-unicorn magic happened Sunday at Arrowhead Stadium in Kansas City, where a suite-nested Swift watched the local Chiefs demolish the sad-sack Chicago Bears, 41-10.

As a middle-aged sportswriter, I am contractually obligated to make a clunky Dad joke here using the title of one of Swift's songs, but I'll do everyone a favor, and resist this, for at least one more paragraph.

You may ask why you're reading about Taylor Swift in a sports column, but come on: would you prefer to read about the Bears? The Wyomissing, Pa. native did not witness NFL competitiveness, not even close.

Instead, a woman who sold out Arrowhead for two nights in July saw the defending Super Bowl champion—perhaps, *hmmm*, The Last Great American Dynasty—crush a franchise that appears to have given up on the sport of football altogether.

(If you could travel back in time to 1985 and tell the performers of the underappreciated hit "The Super Bowl Shuffle"—No. 41 on the Billboard 100—how today's Bears would acquit themselves before a fellow genius of pop music, they never would have stopped crying behind their sunglasses and ROZELLE headbands.)

Swift is perhaps the only star on earth with the fame to overwhelm an NFL Sunday. Her appearance happened at the perfect moment, as that other nexus of football and celebrity—Colorado and Coach Prime—is sliding down the charts after a 42-6 thrashing Saturday by the webbed feet of Oregon.

Only Swift Mania could steal the day on an afternoon the Miami Dolphins scored a staggering 70 points, the allegedly-pitiful Arizona Cardinals smoked the Dallas Cowboys, and Indianapolis kicker Matt Gay (no relation, alas) kicked four field goals of 50 yards-plus to sink Baltimore.

Also please spare a thought for

JASON GAY

## Taylor Swift Mania Upstages NFL Sunday

You are reading about the world's biggest pop star in a sports column. You need to calm down.



Taylor Swift appeared at a Chiefs' game on Sunday with Donna Kelce, mother of Kansas City's Travis Kelce.

Usher, just named the halftime act for the upcoming Super Bowl, now likely on a long walk while kicking an empty aluminum can. The singer barely enjoyed a couple of hours to celebrate the gig of a lifetime...before a total Swiftie eclipse.

(Taylor's never taken the half-time gig, another signal of her clout. She doesn't need the NFL.)

Remember, the NFL is an industry that wakes up every morning believing it is the most important enterprise on earth. Have you heard how solemnly people on TV talk about the NFL? They act like they're talking about the Cuban Missile Crisis! And even they could not resist going goo-goo for the Eras Tour queen. Patrick Mahomes

got asked about her. So did Andy Reid.

Television did its best to cover Swift's appearance, but honestly I found the coverage a tad timid. Howard Cosell would have barged into Taylor's suite with his cigar and yellow blazer, given Swift autographed copies of both his autobiographies, invited her to dinner at the Savoy Grill, and signed her to a two-year contract on "Battle of the Network Stars."

Of course, there was a subplot to Swift's appearance in K.C.—the unconfirmed gossip that she's "dating" the Chiefs's All-Pro tight end, Travis Kelce. It was Kelce who invited Swift to a game, and lightly-sourced rumors of mutual interest have percolated for weeks,

playfully goosed by Kelce's hirsute brother, the Philadelphia Eagles center Jason Kelce.

As if on cue, Swift's suite buddy at Arrowhead was revealed to be Kelce matriarch Donna, which only turbocharged the speculation, as did Swift's very spirited reaction to a Kelce touchdown reception, as well as a video of Swift and Kelce (the latter dressed in what appears to be a denim Matisse tuxedo) leaving the stadium, and jumping into a convertible getaway car, presumably off to crush tape on next week's opponent, the New York Jets. (OK, so they don't need to crush tape.)

Is this real? Are they conspiring on a playful goof for the media? Does it really matter? At the

moment, there is surely a secure room of celebrity headline writers devoted to coming up with a nickname for a Swift-Kelce pairing. Swift C? Trav-Tay? I'm warning you: whatever they come up with, it will be truly awful.

I may not have majored in Taylor Swift in college, but I have at least an amateur's knowledge, and historically, if Swift is dating someone—and especially if she's broken up with someone—she's going to relay info via clever hints in song lyrics and music videos, and not on some Jumbotron in between DraftKings commercials.

As for Kelce, he's got ample charisma, and celebrity of his own. He's hosted "Saturday Night Live" and slid neatly into the retired Rob Gronkowski's parking spot as the Chatty Tight End Pretty Much Everyone Likes. I don't know if he's a deep Swiftie or a passing fan—it's unclear if he's more of a "Fearless" or "Folklore" guy, or would consider changing his uniform number to 13—but he appears open to the in-season attention this will provoke.

Be prepared: we are walking into a watershed moment in the inane life of the Sports Distraction Conversation—i.e., the off-the-field issue allegedly becoming a third rail in an athlete's on-field life. We are only one dropped Kelce TD pass away from a morning sports radio show called something like Scoober & The Gruff asking callers if Taylor Swift is about to ruin Kansas City's hopes for a repeat. We are bracing for a world in which Andy Reid is asked if he'll hold practice when Swift releases "1989 (Taylor's Version)," and Swift writes a revenge anthem mocking Jim Rome—and it's great.

These are volatile, factionalized times in entertainment, and the only two indestructible powers in sports and showbiz are working together. Bring it on, I say. Coach Prime and Colorado are about to face USC. Football needs the juice.

DENNY MEDLEY/USA TODAY SPORTS

## Dolphins Raced to 70 Points With a Team Of Former Track Stars

By Andrew Beaton

### JERRY HILL HAD A PROBLEM

when he coached Tyreek Hill on the Coffee High School track team. His star sprinter burst out the blocks with such force that he literally tore the rubber off the school's track.

"He was just so powerful with that first step," Jerry Hill says.

Tyreek Hill now uses that same speed to blow past NFL defenses as a wide receiver, which the Denver Broncos learned a painful lesson about on Sunday. Hill and the Dolphins raced past them in a historic offensive showing: Miami scored 70 points in a single game.

The 70-20 win put the Dolphins within a couple points of the NFL's regular-season scoring record of 72, and made them the first team to reach 70 in the last 57 years. Miami's 726 yards of offense were the second most ever.

It was a tour de force that makes the undefeated Dolphins unlike any other team in the league, and their explosiveness is hardly a coincidence. That's because Hill, a player known as "cheetah," may not even be the fastest player on his own team. All of quarterback Tua Tagovailoa's top weapons were track stars before they became star NFL players.

"They most definitely have a crazy sprinting prowess with those few kids in Miami," says Lloyd Banks, the high-school track coach of running back Devon Achane, who ran for 203 yards on Sunday.

There isn't another NFL team that could put together a 4x100-meter relay team that is faster than the one assembled by the Dolphins. Hill, Achane, wide receiver Jaylen Waddle and running back Raheem Mostert posted times in high school or college that wouldn't be embarrassing at the Olympics. And they play in an offense that prizes those talents: coach Mike McDaniel's scheme emphasizes getting the ball to players in space and counting on them to beat defenders.

The team is equipped with players who excel at doing just that. The NFL's Next Gen Stats tracks the top speeds that players reach while running

with the ball during games. The five fastest times this season have all been posted by Dolphins: Hill, Mostert and Achane. Hill set the high-water mark on Sunday when he reached 22.07 miles an hour after one of his catches.

Their former coaches say that in a world in which coveted athletes are increasingly funneled into playing only one sport, these players benefit to this day from sticking with track as long as they did. That's because they can see the same sprinting techniques on display whenever they turn on a Dolphins game, and it's not just about pure speed. Events such as the hurdles, they say, teach the body control necessary to navigate defenders.

"One of the advantages to running track is it teaches you those good running mechanics and it translates well on the football field," says Brendan Robinson, who coached Mostert's high-school track team. "If you have good running mechanics, it's gonna be harder to tackle you."



Tyreek Hill is one of several Dolphins who once were sprinters



Raheem Mostert scored four touchdowns against the Broncos during Miami's epic 70-point performance.

Mostert was so keen on running that he went to Purdue because the school allowed him to do both. That's when veteran track coach Lonnie Greene started working with the player he calls the most gifted athlete he's ever had on one of his teams.

Greene, who's now at the University of Kentucky, watched Mostert's football games with one thing in mind. "My interest was hopefully that he didn't get hurt," Greene says. He couldn't afford to lose his fastest runner. In the Big Ten indoor championships, Mostert won the 60 meter and 200 meter events. Outdoors, he won the conference title at 100 meters and 200 meters.

Greene contends that Mostert is the fastest player in the NFL. The only people who might disagree are his own teammates.

Jerry Hill, who teaches engineering at Coffee High School in Georgia, didn't know the first thing about coaching track when he accepted the gig after nobody else would take it. His entire experience consisted of a few instructional DVDs the former coach left him.

But he agreed to the role because Tyreek Hill (no relation) was on the team, and that meant getting the chance to work with one of the fastest high-schoolers in the country at the time—in 2012,

Track & Field News named Hill the boys athlete of the year, an award that has been won by the likes of Olympic medalists Galen Rupp and Noah Lyles. Jerry Hill tried to give his ace runner pointers here and there, but he mainly marveled at his abilities and how he continued to get better.

"There were a few things that I couldn't fix," Jerry Hill says. "In my ignorance, it's probably better I didn't succeed."

Hill is also the highest-profile example of how the Dolphins have gone out of their way to prioritize speed over size. They acquired Hill, who's just 5-foot-10, from the Kansas City Chiefs in a blockbuster deal last year, not long after hiring McDaniel. That same off-season, they signed Mostert, who's the same height as Hill. Then this year, they drafted the 5-foot-9 Achane.

Lloyd Banks, who coached Achane at Marshall High School in Texas, remembers asking Achane to do something he knew he would hate: running in the 4x400-meter relay. Banks had worked with sprinters who loathed stretching out to that longer distance, but he knew he needed Achane to win the state championship in the event.

Achane didn't flinch and insisted that he run the first leg to give the team the lead.

"He wasn't a Ferrari," Banks says. "He was a Tonka truck. I knew I could always depend on him"

Banks also has first-hand knowledge of the speed of another Dolphin: he coached against Waddle in high school.

# 22.07

The miles per hour Tyreek Hill reached after a catch on Sunday

Waddle hit one of the fastest speeds for a ball carrier in all of the NFL last season.

The Broncos learned how nightmarish it can be to keep up with these Dolphins when they routinely whizzed past the Denver defense, even with Waddle sidelined due to an injury. Hill had 157 receiving yards and caught a 54-yard touchdown pass on the game's third play. Achane and Mostert each recorded four touchdowns, with 375 combined rushing and receiving yards between the two of them.

The performance has put the Dolphins on a historic path. No team has recorded more yards through the first three games of a season.

They're now the NFL's must-watch team because they're a blur.

FROM TOP: MEGAN BRIGGS/GETTY IMAGES; CARMEN MANDATO/GETTY IMAGES



## OPINION

## Time for Zombie Reaganomics



**MAIN STREET**  
By William McGurn

When the Republican presidential candidates take the debate stage Wednesday night, their host will be the Ronald Reagan Presidential Library.

The venue is ironic, given that many Republicans now deem Reagan hopelessly *démodé*. But the candidate who asks for a copy of Ronald Reagan's final economic speech of the 1980 campaign might be surprised to find it highly relevant. Far from an Ayn Randian paean to selfishness, it is a powerful explanation of how he planned to right Jimmy Carter's disastrous economy—and how this agenda connected to the dreams and values of everyday Americans.

"What our nation needs," Reagan said, "what the American people want, is a humane economy, one that sees them not as interchangeable parts to whom unemployment is a temporary inconvenience but as individual human beings and members of families with feelings, hopes, and dreams."

He spoke this way on inflation ("Why is it inflationary if you keep more of your earnings and spend them the way you want to, but it isn't inflationary if [the president] takes them and spends them the way he wants to?"). He addressed fears we weren't creating good jobs fast enough ("More and more American

jobs are exported overseas."). And he promised to "defend the integrity of the Social Security system," while rolling back regulations that cost jobs.

Today candidates who speak this way stand accused of "market fundamentalism." Those who share his belief that Americans should keep more of what they work for are assailed as being under the spell of "zombie Reaganism."

But that Oct. 24, 1980, speech makes clear that Reagan's goal was to restore public confidence in upward mobility, which is at the heart of the American Dream. Like Donald Trump in 2016, Reagan believed we had somehow lost what made us tick. All across the land, he said, Americans were asking themselves "how things could go so wrong in a land as blessed as ours."

President Trump's most dynamic prescriptions were pretty much out of the Reagan playbook: tax cuts so that the benefits of work and investment flowed to the worker or investor, and regulatory roll-back to make the economy more productive and a better place to invest. You might say it was Reaganism that gave the Trump economy its oomph.

Both presidents spoke about making America work for the little guy. Reagan quoted the president of the United Auto Workers as admitting that if his union's rank-and-file voted their pocketbooks, they would go for him, much as many went for

Mr. Trump years later. But with this critical difference. Whatever the issue, Reagan usually sought to extend the free market's benefits to more Americans—not to second-guess the market by making imports more expensive as part of some "conservative" industrial policy.

Take Social Security. Reagan was never going to abolish a program so many Americans depended on. But the other half of his pledge to maintain Social Security was to improve it for people where he could.

### Candidates should dust off his Oct. 24, 1980, speech for Wednesday's debate.

Right now GOP candidates all know the Social Security trust fund will become insolvent by 2032, as projected by the Congressional Budget Office, which would trigger across-the-board cuts. Republicans know too that any honest reform they offer will be caricatured as slashing benefits for ordinary citizens.

But as former New Jersey Gov. Chris Christie points out, it is Joe Biden's policy of "hand's off" that really betrays American workers. Surely Reagan's instinct would be to see if introducing private accounts might be part of a better deal. And he would ask opponents who enjoy private retirement accounts themselves why they

think mediocre government returns on investment are good enough for everyone else.

Ditto for trade. Mr. Trump seems to regard trade as a zero-sum proposition, and certainly Reagan made some deals with the devil on tariffs. But never to create an economy where government favored some industries over others. Today he would be telling striking UAW members that though Mr. Biden claims to be their friend, he is killing their jobs with the Green New Deal—by putting the cars they build on the road to extinction.

The politicians, scribes and think-tank experts decrying the failure of capitalism are all bright people. But so were those who gave us the disastrous War on Poverty. Whether it's a Republican who wants the federal government to favor traditional manufacturing or a Democrat who wants to tip the scales for a green economy, the two have in common an immodest confidence that they know how to outsmart the market with no unintended consequences.

To dismiss Reagan's thoughts as the product of a bygone era is like dismissing the Bill of Rights because it was written with a quill pen by a man wearing a powdered wig. A Republican presidential candidate who actually read what the Gipper put forward might discover in his principles a more potent—and persuasive—formula for truly making America great again.

Write to [mcgurn@wsj.com](mailto:mcgurn@wsj.com).

**BOOKSHELF** | By John Bolton

## Israel's Use Of Intelligence

### Target Tehran

By Yonah Jeremy Bob and Ilan Evyatar  
(Simon & Schuster, 368 pages, \$28.99)

On Jan. 31, 2018, Mossad agents pulled off one of history's most daring and effective intelligence raids. Under cover of darkness, they seized, from a supposedly secure Tehran warehouse, critical archives documenting Iran's heavily concealed nuclear-weapons efforts, escaping with a truckload of materials. Locating the archive was a feat; liberating it from the enemy's capital was a triumph.

For months, Israeli and American experts scrutinized the enormous quantity of recovered data, until Benjamin Netanyahu, the Israeli prime minister, decided the time was right to tell the world. He wanted the maximum possible international impact from revealing both the fact of the raid and its payoff. He told Mossad Director Yossi Cohen, "we need not only to convince the world that Iran lied about its nuclear weapons program—we need to show the world." Rarely has an intelligence play been so directly connected to crucial geopolitical objectives, just as Mossad's clandestine diplomacy has rarely been equaled by other Western intelligence agencies.

Yonah Jeremy Bob and Ilan Evyatar's "Target Tehran" opens with "the heist," whose yield is still revealing critical information about Iran's intricately concealed weapons work. The authors then expand to Israel's broader covert war against Iran, waged to preserve the Jewish state from a "nuclear holocaust," as Ariel Sharon once characterized it to George W. Bush. From assassinating key Iranian nuclear and missile scientists and officials, to deploying kinetic cyber weapons to wreak extensive damage throughout Iran's physical facilities, Mossad and Israeli military intelligence have been unremitting in their efforts for over a decade.

In many respects, "Target Tehran" is a mini-biography of Mr. Cohen, Mossad's leader from 2016 to 2021 and a close Netanyahu ally. Mr. Cohen's achievements, both in covert operations and undercover diplomacy, are the stuff of movies. He started as a Mossad case officer, rising to deputy director, and then became Netanyahu's national security adviser before taking over the legendary spy agency.

Eliminating men trying to incinerate one's country isn't for the faint of heart. Mohsen Fakhri-zadeh, "the Robert Oppenheimer of Iran" in Der Spiegel's description, was the most prominent nuclear scientist who expired (in November 2020) courtesy of Mossad. Fakhri-zadeh had worked with Pakistani nuclear proliferator A.Q. Khan, who sold designs for uranium-enrichment facilities and nuclear weapons not just to Iran but also to Libya and North Korea. Indeed, Fakhri-zadeh undoubtedly contributed to joint activities by Tehran and Pyongyang, including building a twin of North Korea's Yongbyon nuclear reactor at Al-Kibar in Syria, destroyed by Israeli bombing in September 2007.

Many Iranian casualties are doubtless still classified, but Messrs. Bob and Evyatar provide extensive examples. Top of the list is Qassem Soleimani, head of the Revolutionary Guard's external arm, the Quds Force, in January 2020. This was an American operation, but one that Israel had been planning for years. Soleimani conceived the "ring of fire" strategy to surround Israel with devastating weapons and destroy the "little Satan"; his death had perhaps even more significance for Israel than for America.

"Target Tehran" is replete with anti-Iran cyber-warfare and sabotage successes. Here, Israel has never been shy, teaching the U.S. critical lessons on dealing with nuclear proliferators by bombing Saddam Hussein's Osirak reactor in 1981. Unfortunately, Washington didn't catch on, and still hasn't, notwithstanding Israel's 2007 refresher course against the Al-Kibar reactor. Israel's repeated acts of sabotage to cripple key Iranian nuclear and missile infrastructure, such as the Natanz uranium-enrichment facilities, make Lawrence of Arabia's "revolt in the desert" against the Turks look tame. Often coordinating with anti-regime Iranians, like members of the Mujahedin-e-Khalq, Israel's destructive work has significantly delayed Iran's effort to build a nuclear weapon.

### Unlike the U.S. and other Western nations, Israel can't afford the luxury of assuming that the Iranian regime has good intentions.

Governments like Israel's, or our own, face a dilemma in deciding what to publicly reveal—or not—about their successful covert operations. Gabi Ashkenazi, Israel's former foreign minister, recently said: "We take actions that are better left unsaid." While the instinct of clandestine operators is to keep everything under wraps, there are often legitimate reasons to announce the results. If the world thinks Mossad agents are 10 feet tall, what is the harm in that, as a deterrent if nothing else? On the other hand, revealing information that could compromise critical sources and methods, or limit future options, is obviously counterproductive. Deciding to reveal classified operations should be strategic.

Messrs. Bob and Evyatar also reveal, basically for the first time, how Mossad's work helped create the environment culminating in the Abraham Accords, formalizing full diplomatic relations between Israel, the United Arab Emirates and other Muslim countries. Relations among their respective intelligence agencies, well below anyone else's radar, produced a mutual confidence impossible to achieve if conducted by diplomats in full public view. Clandestine Mossad successes, such as extracting Iran's nuclear archive, made breakthrough impressions with the Emiratis and Saudis. When the Abraham Accords were announced, innumerable political figures rose to take credit, but the real work was done over many years, much of it in the shadows.

The hermetic secrecy surrounding many of Israel's accomplishments, until they're made public, raises important questions for U.S.-Israel relations in light of our 2024 presidential election. Notwithstanding Donald Trump's previous support for Israel, his irresponsible handling of classified materials before and after his presidency would give any government in Jerusalem pause. If Mr. Trump were re-elected, how much would Israeli leaders be willing to share?

Whatever the result in November 2024, Messrs. Bob and Evyatar make clear that future Israeli governments will do what they need to do against Iran. If only Washington and our presidential candidates would get the point about Iran and back Israel more vigorously, we would be far closer to real Middle East peace and security. The candidates could start by writing their own reviews of "Target Tehran."

Mr. Bolton, a former U.S. ambassador to the United Nations, served as national security adviser from April 2018 to September 2019.

## World Disorder Is Spreading Fast



**GLOBAL VIEW**  
By Walter Russell Mead

The most important fact in world politics is that 19 months after Vladimir Putin challenged the so-called rules-based international order head-on by invading Ukraine, the defense of that order is not going well. The world is less stable today than in February 2022, the enemies of the order hammer away, the institutional foundations of the order look increasingly shaky, and Western leaders don't yet seem to grasp the immensity of the task before them.

This isn't just about the military threats to the international system in such places as Ukraine and the Taiwan Strait. Even as the global geopolitical crisis becomes more acute, the core institutions and initiatives of the American-led world order and the governments that back them are growing progressively weaker and less relevant.

The United Nations was supposed to be the crown jewel of the rules-based order, but lately the power and prestige of this perennial underperformer has sunk to new lows. Among the leaders of the five permanent members of the Security Council, only Joe Biden bothered to show up for the General Assembly last week. Emmanuel Macron was too busy welcoming King Charles III on an entirely ceremonial state visit to Paris. Apparently neither the British

king nor the French president thought the U.N. important enough to affect his plans. U.K. Prime Minister Rishi Sunak blew off a letter from the heads of more than 100 international-development nongovernmental organizations urging him to attend, the first prime minister in a decade to skip the annual meeting.

Mr. Putin and China's Xi Jinping also ditched the U.N. meeting, but they weren't staying at home and washing their hair. Both ostentatiously demonstrated their contempt for Western norms by inviting international pariahs for high-profile visits. Just before the U.N. meeting, North Korea's Kim Jong Un headed to a Russian space-launch site, where Mr. Putin courted him and both leaders bragged about their deepening relations. And during the General Assembly, Mr. Xi welcomed Syria's beleaguered Bashar al-Assad to Hangzhou.

There was a time when people would have cared what the U.N. had to say about international crises ranging from the string of coups across Africa and the Azerbaijan-Armenia conflict to the alleged Indian involvement in the assassination of a Khalistan activist in Canada. Nobody today thinks that the deadlocked Security Council or the farcical General Assembly has a constructive role to play in these matters.

It isn't only the United Nations. Messrs. Xi and Putin also ditched this month's Group of 20 summit in New Delhi. Meantime, China was

busy demonstrating its utter contempt for the World Court ruling against its "Nine-Dash line" territorial claims in the South China Sea. Beijing continues to develop military facilities on Mischief Reef, part of the internationally recognized Exclusive Economic Zone belonging to the Philippines, and increasingly polices its claimed maritime boundaries in defiance of Western protests.

### The Western, rules-based system hasn't been this threatened since the 1930s.

The World Trade Organization is a shadow of its former self. As protectionist sentiment intensifies around the world, the WTO is largely toothless and voiceless. The Doha Round of trade talks collapsed years ago, and there is no prospect of a revival of the free-trade agenda that was an integral element of the rules-based order from the Bretton Woods negotiations during World War II on.

Arms-control and disarmament negotiations, another pillar of the rules-based order, are off the agenda. China has launched a massive nuclear buildup. Russia seems more interested in threatening the use of nuclear weapons in Ukraine than in disarmament. As Iran nears the nuclear threshold, the early signs of a proliferation cascade are visible in the

Middle East. Mr. Kim's trip to Russia signals the final collapse of U.S. attempts to constrain North Korea's nuclear program through U.N. sanctions. South Korea, where a majority of voters favor developing nuclear weapons, is paying attention. The development of hypersonic missiles, cyber attacks and biological weapons persists, with no meaningful attempt to address these problems through multilateral institutions, arms talks or anything else this side of the law of the jungle.

States are imploding and the rule of law is disappearing across large parts of the world. In Latin America, narco-trafficking crime organizations have infiltrated or supplanted weak states. Something similar is happening in the Sahel, with jihadist groups and bandits openly defying the authority of shambolic governments. Russia, China and Iran are happily fishing in these troubled waters, with few signs of effective Western responses to a growing security threat. The ignominious collapse of French power across Africa has been more dramatic, but the palsied incompetence of American responses to the erosion of civil order among our own neighbors is at least equally disgraceful, and equally grave.

Threatened by powerful and relentless adversaries from without, undermined by political decadence and institutional decay from within, the rules-based international order has not been this imperiled since the 1930s.

## 'Happy Days' Is Here Again

By Matthew Hennessey

My 7-year old son is a big fan of the Fonzy. Those words really meant something once. But "Happy Days," the show that introduced the world to Arthur Fonzarelli, aired its last episode nearly 40 years ago. The time has passed when you could do a double thumbs up, say "Aaaaay" and expect a young person to get the reference.

A refresher for Gen Z: "Happy Days" was a half-hour situation comedy on ABC from 1974-84. Created by Garry Marshall, the show was set in Milwaukee and revolved around the middle-class Cunningham family, Howard and Marion and their children Richie and Joanie. Minor characters, Potsie and Ralph Malph, palled around at Arnold's Diner, but the star was the Fonzy.

"Happy Days" was a 1970s phenomenon, but it was set

in the '50s, making it among the earliest expressions of baby-boomer nostalgia. No American generation has been better at memorializing and mythologizing its own life cycle. The fashion and music of the '50s had a profound influence on the '70s. The '60s did the same for the '80s.

### As strange as it seems, my son is obsessed with the Fonzy.

The hodgepodge of these overlapping eras is likely to confuse historians of the future so let me clear something up for posterity: It's impossible to overstate the cultural importance of the Fonzy in his time. He was the biggest thing on TV, which was the biggest thing in America.

Henry Winkler, 77, is now a nebbishy character actor with

a reputation as one of the sweetest guys in Hollywood. But in leather jacket and tight jeans he was as cool as they come. The Fonzy was a light caricature of the greaser archetype—slick, tough, a chick magnet. He rode a motorcycle and spoke in an incongruous Brooklynesque (the mid-'70s were the height of the "Italian Stallion" phase of American masculinity). His cartoonish catchphrases—"Whoa!" "Sit on it!"—were ubiquitous.

That was two generations ago. You don't hear much about the Fonzy anymore. But like most parents, my wife and I are always on the hunt for "safe" shows for our kids to watch. Tween programming is as vapid as ever, but these days it comes with a distinct woke overlay. Pronoun preaching and climate propaganda have replaced slapstick and potty humor. None of that works for us. Our solution is to fire up Amazon Prime and turn back the clock.

Billy is obsessed with the Fonzy. He snaps his fingers and poses in front of the mirror. For Halloween he plans to go as his favorite sitcom rebel without a cause.

"Is the Fonzy still alive?" Billy asked my wife recently.

"Yes, but this show is from a long time ago," she said. "The guy who played him is a lot older now. If you saw him, you might not recognize him."

He looked stricken. "You mean the Fonzy isn't cool anymore?"

The answers to such questions aren't always obvious or satisfying. Billy will learn eventually how fickle "cool" can be. It doesn't always translate across the generations. In the meantime, he—and we—can enjoy entertainment in the internet age, where it's always 1976 somewhere.

Mr. Hennessey is the Journal's deputy editorial features editor.

## OPINION

## REVIEW &amp; OUTLOOK

## Political Lawfare May Get ‘Hobbesian’

Stretching the law into a political weapon—lawfare, as it’s known—is increasing in today’s bitter partisanship. The latest example is from the District of Columbia attorney general, and if it proceeds it could lead to what a dozen GOP state attorneys general warn might be “a Hobbesian war of all against all.”

The admonition came in a Sept. 20 letter from a dozen Republican state AGs, led by Tennessee’s Jonathan Skrmetti, to D.C.’s Democratic AG Brian Schwalb. The message is also intended for the Campaign for Accountability and Arabella Advisors, the financial behemoth at the center of the left’s web of political nonprofits. Progressives are upset that conservative Leonard Leo has formed a rival nonprofit network modeled on Arabella.

\* \* \*

The Campaign for Accountability, once affiliated with Arabella, sent complaints to Mr. Schwalb and the Internal Revenue Service earlier this year. It claimed that nonprofits associated with Mr. Leo overpaid for services from his for-profit consulting firms, BH Group and CRC Advisors. This supposedly violates laws against using charities for private benefit.

The Campaign for Accountability admits it doesn’t know what services BH Group or CRC provided, or their value, given that “the entities generally do not publicly market, advertise, or even describe their services,” and that “details” of “the business transactions” aren’t publicly available. The complaint nonetheless demands that authorities “compel” the nonprofits to hand over details.

Mr. Schwalb responded in June with subpoenas. This is remarkable because the D.C. AG lacks jurisdiction. All of Mr. Leo’s affiliated businesses and nonprofits mentioned in the complaint are based outside of D.C., including in Virginia or Texas. Under a longstanding legal principle known as the internal affairs doctrine, matters relating to an entity’s internal workings are governed by the laws of the state of its incorporation and enforced solely by that state’s officials.

The doctrine is part of the U.S. constitutional and federalist structure, ensuring sovereign equality among states, as well as regulatory and enforcement consistency. Yet the Campaign for Accountability bypassed Virginia Republican AG Jason Miyares and sent its complaint to Mr. Schwalb, who once worked for a law firm representing Arabella.

Enter the Republican AGs. They point out to

Mr. Schwalb that “if the internal affairs doctrine wanes, nonprofits across the country could suddenly be subject to the whims of each of the 56 attorneys general.” They note “by way of example” that “we are aware of allegations concerning excess-benefit transactions and the diversion of charitable assets by District nonprofits” that “are engaged in policy and political advocacy, albeit from a different point of view.”

Those “District nonprofits” are tied to Arabella. One is the New Venture Fund, the subject of a lawsuit filed by a former employee who alleges it inappropriately diverted funds and subsidized employees for electioneering and lobbying purposes. A separate lawsuit alleges that an entity of failed crypto firm FTX wired \$8 million to the New Venture Fund, even as the father of FTX founder Sam Bankman-Fried was helping to direct New Venture Fund grants.

Arabella and most of its entities are incorporated in D.C., yet Mr. Schwalb isn’t probing these allegations. New Venture told the Washington Examiner that the former employee’s claims that it inappropriately used funds are “false.” A New Venture spokesperson told the New York Post that grants it made from a project advised by the elder Mr. Bankman went to “carefully vetted charitable organizations addressing environmental challenges and hunger.”

The Republican AGs say that whether to pursue any of this is Mr. Schwalb’s “decision to make.” But they add that “if your investigation of the internal workings of Virginia organizations establishes a new rule, any attorney general could decide to second-guess your exercise of discretion and launch his or her own burdensome investigation and enforcement action against DC organizations.”

They also warn that this wouldn’t be “limited to explicitly political advocacy groups. Once the dam breaks, we and our successors will be under intense pressure to investigate the inner workings of every abortion advocacy group, every immigration advocacy group, every environmental advocacy group.” The result could be “lawfare run amok.”

The AGs conclude by promising to do what it takes “to defend the sovereignty” of Virginia, even as they “sincerely hope that it does not come to that.” Once the dogs of this cross-state lawfare are unleashed, in other words, Mr. Schwalb’s political allies may soon find that they too are targets. They would be wise to stand down.

## Bob Menendez Toughs It Out

New Jersey Sen. Robert Menendez isn’t going away quietly, as he made clear at a Monday media appearance. He said the charges unsealed against him on Friday for bribery, fraud and extortion are “just that, allegations,” and that he will be exonerated.

The Senator is innocent until proven guilty, so why are his fellow Democrats so willing to run him out of office before a trial? The calls for his resignation came fast and furious over the weekend, most notably from New Jersey Gov. Phil Murphy and Members of the Garden State’s Democratic House delegation.

“The alleged facts are so serious that they compromise the ability of Senator Menendez to effectively represent the people of our state. Therefore, I am calling for his immediate resignation,” Mr. Murphy said in a statement.

He’s right the charges are serious, but Mr. Menendez was indicted before on corruption charges and beat the rap. The jury couldn’t agree on a verdict, and the Justice Department later dropped the charges.

Our guess is that this Democratic rush has something to do with electoral politics. The state General Assembly is up for election in November, and Mr. Murphy doesn’t want news of Democratic corruption dominating the campaign.

## Jimmy Lai’s 1,000 Prison Days

Jimmy Lai marks his 1,000th day in Hong Kong’s Stanley Prison on Tuesday, an ignominious anniversary that should remind the world of Mr. Lai’s bravery and China’s disdain for international treaties and the rule of law.

Mr. Lai is the founder and owner of the pro-democracy paper Apple Daily, which the Hong Kong government confiscated without due process. What makes his sacrifice so compelling is that Mr. Lai could have avoided a prison cell by fleeing to one of his homes abroad.

China and its Hong Kong factotums have sought every way possible to target Mr. Lai for daring to advocate for freedom for Hong Kong’s people. The 75-year-old has been convicted for his peaceful participation in three protests, including a vigil to commemorate the Chinese victims of the 1989 crackdown on Tiananmen Square.

He was also convicted on business fraud charges the U.S. State Department has rightly denounced as “spurious.” But his biggest trial, on national-security charges that could carry a life sentence, is scheduled for December. The government has denied Mr. Lai his choice of lawyer in the case.

Everyone in Hong Kong knows he will be found guilty—an example of how Hong Kong is following China’s dictates despite the

Better if Mr. Menendez resigns now.

All the more so because the Senator is up for re-election in 2024, and his party’s hold on the seat could be in jeopardy if he’s the Democratic nominee. Sure enough, New Jersey Rep. Andy Kim announced on the weekend that he’ll challenge Mr. Menendez in the Democratic primary next year.

This is a far cry from the last time Mr. Menendez was indicted when Democrats rallied to his side. Democrats can be ruthless when power is at stake, and now the Senator is expendable.

As Mr. Menendez said, the facts in the indictment are the prosecution’s side of the story, and he deserves a chance to tell his in court. We hope he does better than claiming as he did this weekend that he is being persecuted because some “simply cannot accept that a first-generation Latino American from humble beginnings could rise to be a U.S. Senator.”

Mr. Menendez’s problem isn’t his ethnicity. It’s the gold bars, the cash, and the Mercedes-Benz that prosecutors say was payment in an alleged quid pro quo for using his office to “protect and enrich” three New Jersey businessmen. But he shouldn’t have to resign to make life easier for Democrats. He deserves to be judged by a jury or the voters.

promise Beijing made to Britain of autonomy for 50 years after 1997 in a formal treaty. The real question is how a city that holds political prisoners can purport to be a world financial center.

Mr. Lai is one of what the Hong Kong Democracy Council says have been 1,647 political prisoners since the

start of the 2019 protests. While a financial center depends on the free flow of information and rule of law, in today’s Hong Kong people can be arrested for expressing the wrong opinion. Yuen Ching-ting was a 23-year-old student who in June was charged with posting seditious pro-independence posts on Facebook while studying at her university in Japan.

Sebastian Lai points out the contradictions his father’s case represents. “By sending 500 policemen to raid the biggest newspaper in the city, Hong Kong has made truth criminal,” he told us. “A financial center can’t stand on a foundation of lies and crackdowns on the free flow of information.”

Jimmy Lai risked arrest and prison by staying in Hong Kong, and in so doing he has exposed those lies. The longer he remains behind bars the more powerful his witness becomes. And the more Hong Kong’s reputation for adherence to the rule of law fades into distant memory.

## LETTERS TO THE EDITOR

## Lighthizer’s Claims About Tariffs Are Wrong

Former U.S. Trade Representative Robert Lighthizer doesn’t deny that President Trump’s protectionist policies reduced economic growth by 20% in their first full year of implementation (“In Defense of President Trump’s Trade Policy,” Letters, Sept. 21). Nor does he deny that manufacturing output fell by so much after Mr. Trump’s tariffs took effect that it was 4% lower at the start of the pandemic than when tariffs were announced in 2018.

Instead, Mr. Lighthizer highlights the rise in manufacturing output in 2017 and 2018. This reinforces our point that Mr. Trump’s deregulation and tax cuts stimulated manufacturing. Only when his tariffs were imposed did manufacturing output start to fall (“Trump’s Trade War Was a Loser,” op-ed, Sept. 12).

We never argued that countries are better off running trade deficits. We pointed out only that trade deficits often occur during periods of rapid economic growth and that surpluses occurred during the Great Depression. Trade deficits alone reveal nothing about the level of prosperity.

When a quarter-century of rapid growth was triggered by President Reagan’s policies, foreign capital surged into America to help fund that growth. The same thing happened during Mr. Trump’s presidency. His deregulation and tax cuts fueled economic growth, attracting more foreign capital and causing the trade deficit to rise by 17% before the pandemic.

In Mr. Lighthizer’s telling, the U.S. dominated postwar manufacturing until expanding trade, including Nafta, stole our factories and prosperity. In reality, from the end of World War II until the 1970s, America had a virtual monopoly in heavy manufacturing because the rest of the world’s capital had been destroyed and 50 million of their people had been killed. By the mid-1970s, however, Europe and Japan had reindustrialized and Korea and Taiwan had become major manufacturers. America’s monopoly ended and its share of world exports returned to its prewar level.

Facing foreign competition, U.S. companies mechanized to become more efficient. While employment in manufacturing declined, industrial production is today 154% higher than when America last had a trade surplus (1975) and 54% higher than when Nafta was implemented (1994). Real wages for production and non-supervisory workers are at an all-time high, up by about 33% since the start of Nafta even without including the 25% of compensation now paid as fringe benefits.

PHIL GRAMM  
Helotes, Texas

Mr. Gramm, a fellow at the American Enterprise Institute, was chairman of the Senate Banking Committee.

PROF. DONALD J. BOUDREAU  
George Mason U., Mercatus Center  
Fairfax, Va.

## The ‘Retcon’ and the Fate of American History

The retcon story line, in which historical figures are somehow endowed with our modern sensibilities and judged accordingly, is very popular (“America in the Age of ‘Retcon’” by Lance Morrow, op-ed, Sept. 21). Imagine Abraham Lincoln as a true enemy of slavery in the contemporary sense. Would he have become a community activist, leading mostly peaceful protests? Would he have chained himself to the doors of the Supreme Court over *Dred Scott*? Would he at least have run in 1860 on a pledge to immediately emancipate all slaves?

This exposes Lincoln as lacking in the toughness and commitment of today’s activists and therefore unworthy of our admiration—a few minor practical achievements aside. In this

type of retcon, very few historical figures fare all that well. The only heroes left are that very finest flower of human civilization, our own miserable, virtue-signaling selves.

JOHN NINOMIYA  
Sedona, Ariz.

Mr. Morrow leaves out the most egregious example of retconning in American history: the South’s “War of Northern Aggression.”

SHARON ISABELLE  
Hockessin, Del.

As my neighbor, born in Moscow, explains: In Russia, the future is certain; only the past is unpredictable.

SAMUEL M. SALAMON  
Beachwood, Ohio

## Be Sure to Wear Some Flowers in Your Hair

Of all the problems San Francisco has with theft, the “smash and grab” of Rick Reiff’s satchel left in full view

## Assassination Abroad and The India-Canada Standoff

It is appalling to read Tunku Varadarajan equate India’s actions “with those of Vladimir Putin’s Russia and the ayatollahs’ Iran” in his op-ed “Who Killed Hardeep Singh Nijjar?” (Sept. 21). Does Mr. Varadarajan feel the same about America, which has hunted down Osama bin Laden and many others on foreign soil, and hence proclaim that the U.S. has gone rogue? Why the double standard?

VIJAY HANAGANDI  
Bridgewater, N.J.

Mr. Varadarajan leaves nothing more to say about Justin Trudeau, flaying and dicing the Canadian prime minister in a phrase so terse and vivid that it can’t be bettered: “an opportunistic, lightweight, preachy hand-wringer of a politician.”

JAMES CONNELLY  
Falmouth, Mass.

## Sophisters, Economists &amp; Co.

I applaud Shad White for his bold defense of philistinism (“Jimmy Buffett Didn’t Need a Music Degree,” op-ed, Sept. 19), though perhaps a gentleman with degrees from Oxford and Harvard shouldn’t take such a firm stand against the arts and letters. One hopes that in his time in elite institutions he came across a quote from Edmund Burke: “The Age of Chivalry is gone. That of sophisters, economists, and calculators has succeeded. . . .”

R.M. STANGLER, PH.D.  
Prairie Village, Kan.

## CORRECTION

The Railway Safety Act would require railroads with more than \$1.032 billion in revenue to maintain two-man train crews. It would also ban railroads from setting a maximum length for inspections. The Sept. 22 editorial “A Union Railroad Job” said the bill would require two-man crews for railroads with more than \$40 billion in revenue. The editorial also said the bill would set a minimum length for inspections.

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## Pepper ... And Salt

THE WALL STREET JOURNAL



## OPINION

## The GOP Can't Afford to Indulge Populism

By John C. Danforth

The traditionally conservative and Trumpian populist wings of the GOP have arrived at the same conclusion: They can no longer coexist in the same party.

Mike Pence, a traditionalist, recently said Republican voters must choose between being “the party of conservatism” and following “the siren song of populism unmoored to conservative principles.” “The future of this party,” Mr. Pence said, “belongs to one or the other, not both.”

**Conservatives want to unite the country, while politicians like Trump seek only to stoke grievance.**

Missouri Sen. Josh Hawley, a populist, said much the same last year in the Washington Post: “The old Republican Party is dead,” which is “no reason to mourn.” In Mr. Hawley’s view, Republicans should embrace economic policies that would transform the party into one that represents “America’s working people.” For Mr. Pence, “the GOP must be the party of limited government, free enterprise, fiscal responsibility and traditional values.”

Normally politics is about addition, not subtraction. Voters can dis-

agree on issues while sharing general principles. Messrs. Pence and Hawley contend that the differences in principle between conservatism and populism make them incompatible.

I agree. The Republican Party is and should remain conservative, the opposite of populist.

To understand this incompatibility, let’s compare a key tactic of populism, appeals to “us vs. them” division, with the original purpose of the Republican Party, the preservation of the Union. Populist politicians promote themselves as fighters. They aggressively wage culture wars and stoke grievance. They don’t belong in the party of Abraham Lincoln, who tried desperately to hold the fracturing nation together. A month before the outbreak of the Civil War, he pleaded with his countrymen: “We are not enemies but friends, we must not be enemies.”

For Lincoln, America’s hope was in its people, and the leadership’s responsibility was to evoke the people’s most noble instincts, “the better angels of our nature.” True conservatism places more emphasis on the soul of the nation than on the policies that emanate from Washington. Populist leaders like Donald Trump—who openly flouts the standards of basic human decency and appeals to rage (“I am your retribution”)—evoke our basest instincts.

Committed to Lincoln’s purpose, traditionalists uphold the Constitution, the structure that allows us to



Mike Pence and Josh Hawley



JOSE LUIS MARGANA/ASSOCIATED PRESS; WIN McNAMEE/GETTY IMAGES

address and resolve our political differences in an orderly way. We are in the tradition of Edmund Burke, often called the father of conservatism. Shocked by the terror of the French Revolution, Burke warned Britain that chaos would ensue should the structure of society be overthrown in the name of the people. On Jan. 6, 2021, we saw how an attack on the Constitution could lead to the chaos Burke foretold.

Populists have relentlessly undermined our Constitution. They have falsely asserted that elections are rigged, that President Biden is illegitimate, and that we should ignore

our courts. They have opposed the peaceful transfer of power and encouraged a mob to attack the U.S. Capitol. To this day, they turn Americans against the government, claiming that it is no longer our servant but has been “weaponized” to attack us.

None of this is conservative. All of it is radical.

Populists are now attempting to uproot policies deeply planted in Republican conservatism. We are the party of fiscal discipline, but the national debt rose nearly 40% during Mr. Trump’s presidency. We are the party of limited government, yet

in the name of helping working people, populists support massive intervention in the marketplace through federal controls on prices and interest rates and, as in Disney’s case, using government to punish a corporation for expressing “woke” opinions. In their big-government activism, populists more resemble progressive Democrats than traditional Republicans.

Since the end of World War II, Republicans have stood firm against Russian designs in Europe. Now, populists have injected an isolationist element into the party.

In only seven years populism has become dominant in our party. Why? Because most of us haven’t seen the differences with the clarity of Messrs. Pence and Hawley. We have become used to seeing people describe populist politicians and policies as conservative, as if the two were synonymous. Populists have been able to dismiss anti-Trump Republicans as malcontents or “RI-NOs”—Republicans in name only—when conservatives in fact represent the best of the Republican tradition.

We can’t risk losing that heritage. America has long benefited from a principled conservative party that, when balanced against a responsible progressive party, has created the stability that has held our country together.

*Mr. Danforth, a Republican, served as a U.S. senator from Missouri, 1976-95.*

## The New Moral Order Is Already Crumbling



**FREE EXPRESSION**  
By Gerard Baker

The new moral order our secularist elites have been busy constructing since the end of the Cold War is collapsing around them.

Over the past 30 years, the values of Judeo-Christian belief that had inspired and sustained Western civilization and culture for centuries have been steadily replaced in a moral, cultural and political revolution of the postmodern ascendancy. But the contradictions and implausibilities inherent in this successor creed have been increasingly exposed, and its failure to supply the needs of the people is discrediting it in the popular mind.

This new edifice has been built around three principal pillars: First, the ethical primacy of global obligation over national self-interest, in economic and geopolitical terms, but most directly and consequentially in a rejection of the morality of national borders and an embrace of something like open-door immigration. Second, a quasi-biblical belief in climate catastrophism, in which man’s

essential energy-consuming sinfulness can be expiated only by massive sacrifice of economic progress. Third, a wholesale cultural self-cancellation in which the virtues, values and historic achievements of traditional civilization are rejected and replaced by a cultural hierarchy that inverts old prejudices and obliges the class of white, male heterosexuals to acknowledge their history of exploitation and submit to comprehensive social and economic reparation.

This fall, throughout the West, on three continents, each of these three pillars is crumbling.

In Lampedusa, the Italian island midway between Europe and Africa, and at Eagle Pass, Texas, and elsewhere along the visible and increasingly invisible frontiers that separate the global North from the South, the idea of permissive migration in an economically unequal world is being tested to destruction. Lampedusa was inundated last week with another surge of migrants from Africa, larger than the population of the island itself. In Texas, the influx across the border with Mexico became a torrent.

The demographic tsunami from the global South as the North’s population shrinks is in its early stages, and most people can see clearly what happens when leaders insist on a

moral code that suggests our obligations to indigent foreigners are as great as those to our own citizens. It won’t survive the political backlash now under way in both Europe and America, as even U.S. Democrats and Brussels Eurocrats are slowly starting to grasp.

The second pillar, the moral imperative of self-abasing action to combat climate change, is falling too—most interestingly again in Europe and the U.K., where it has long been the official religion of the secularist priesthood.

**Globalism, climate-change alarmism and cultural self-annihilation have all come under serious challenge.**

Last week, Britain’s notionally Conservative government took a small but symbolically important step in climate apostasy, announcing some sensible tweaks to a program of regulatory decarbonization mandates, such as pushing back by a few years the phasing out of new gasoline-powered cars. The move was precipitated by the high and rising costs to ordinary citizens of these

measures and didn’t actually involve—yet—a formal retreat from the ambitious goal of making the country “carbon neutral” by 2050. But the howls from almost the entire establishment were an encouraging sign that the priesthood knows its days are numbered.

There is an air of surrealism around the climate-change debate in Britain and in much of Europe. The U.K. has dramatically reduced carbon emissions over the past 30 years, thanks in significant part to technological innovation. Its emissions per capita are now down to where they were in the mid-19th century. The British government could mandate tomorrow the elimination of all carbon emissions and a return to agrarian subsistence, and, given the massive and rapidly rising levels of emissions from China, India and elsewhere, it wouldn’t make the slightest difference to the climate.

This realization of the folly and immorality of the moral imperative is gradually seeping through elsewhere in Europe. Other governments are confronting the disastrous consequences of their monomaniacal pursuit of carbon elimination and embracing elements of the modern heresy.

The third pillar—cultural self-annihilation—is also wobbling.

The most interesting evidence of this is an electoral debate under way in Australia. The left-wing government there, eager to impress the world with its moral bona fides, has called for a reform to the constitution designed to redress the grievances of the Aboriginal population. Called the Voice to Parliament, the measures would create a constitutional body that Parliament would be required to consult on all legislative and other matters relating to indigenous peoples.

The referendum that was expected to approve this change takes place next month, but the campaign has run into fierce opposition. The most recent polls suggest Australians will reject the move by a large majority. It seems they—like many of us in the rest of the West—have had enough of leaders’ insistence on dividing us by race and other attributes rather than uniting us around our common national identity.

The pillars are crumbling. The fight will go on. We don’t know what will replace this new moral order. But we can at least hope for a restoration of the traditional values that, ironically, through economic and cultural enrichment and political and civil liberation, permitted the West to indulge in this orgy of self-immolation in the first place.

## China Prepares to Crack Down on ‘Hurt Feelings’

By Benjamin Qiu

Major Chinese media outlets have remained largely silent on Beijing’s recent proposal to ban clothes, other merchandise and behaviors that hurt people’s feelings. But the Chinese people are outraged.

If passed, the legislation—amendments to an existing law—could result in fines up to \$680 or detention for 15 days in police custody for wearing “clothing or bearing symbols in public that are detrimental to the spirit of the Chinese people and hurt the feelings of Chinese people.” The legislation fails to classify what counts as an offense.

Social-media platforms and chat-group discussions are filled with outrage. Commenters have also taken their case to the Public Security Administration Punishment Law’s website, operated by the National People’s Congress. Some of the critiques have been humorous. When the largest coffee chain in China created a new product mixing a latte with Chinese liquor—think of it as Irish coffee with Chinese characteristics—a WeChat satire suggesting it

might violate the new law went viral. Communist Party officials, state media and nationalist fanatics have been using the expression “hurting the feelings of the Chinese people” for decades. Media historians say the expression first publicly appeared in the People’s Daily newspaper in 1959 in reference to a border dispute with India. After China started opening

**The proposed law is Xi Jinping’s latest effort to codify ‘the party’s policies and the people’s will.’**

up to the world in 1978, officials began using the expression when they felt China had been presented in an unfair light or undermined on the world stage. Officials have said the feelings of the Chinese people were hurt after Germany’s Chancellor Angela Merkel met with the Dalai Lama, after people and companies referred to Taiwan as a country, and in relation to a range of other topics from the Nobel Committee to the

North Atlantic Treaty Organization.

Not only is “hurt feelings” protection likely to get codified—Chinese legal scholars predict the amendment will become law within months—but it might even safeguard the feelings of anyone of Chinese ethnicity, regardless of citizenship.

The China Film Administration abruptly canceled the scheduled 2019 release of the movie “Once Upon a Time in Hollywood” over the movie’s depiction of Bruce Lee. Sources told the Hollywood Reporter that the actor’s daughter, Shannon Lee, made a direct appeal to the China Film Administration, asking that it demand changes to her father’s portrayal. Although Ms. Lee was successful, the legal basis was murky. If the new hurt-feelings legislation passes, it will provide a legal ground for similar acts of censorship.

A vague hurt-feelings law suits Xi Jinping’s government; it can appease nationalist snowflakes as well as help China mobilize for war by further cracking down on criticism of the military. Earlier this year, the

Chinese government arrested a comedian and fined his company 14.7 million yuan, or about \$2 million, for making a joke about the People’s Liberation Army.

The proposed law fits neatly against the backdrop of Mr. Xi’s policies that have caused China to churn out a series of arbitrary laws in a hurry. The Foreign State Immunity Law, which will go into effect in January 2024, will deny foreigners sovereign-immunity protection if their commercial activity has a “direct effect within the territory of China.” That presumably would include Taiwan. The Foreign Relations Law, which took effect in July, appears to be little more than a bundle of Mr. Xi’s quotes, but it made clear that the party will take charge of international relations, including “necessary measures” to protect Chinese interests overseas. The Anti-Spy Law, which also became effective in July, dramatically expanded China’s definition of espionage. The Patriotic Education Law and a new security law in Hong Kong are coming next.

Mr. Xi, China’s “chairman of everything,” has clearly embarked on a Napoleonic journey of making a code of law, which includes the hurt-feelings proposal. In his speeches before foreigners, Mr. Xi speaks about the benign traditions in Chinese law, learning from foreign jurisprudence, equal protection and the need for legislative bodies to exchange ideas, as he did in a 2015 speech to the British Parliament.

In his speeches to domestic officials, by contrast, Mr. Xi’s true message becomes clear. The rule of law under his watch, he has said, “reflects the party’s policies and the people’s will.” The Communist Party’s leadership, he said in a 2014 speech to provincial cadres, “is embodied in the fact that the party led the people to create the constitution.”

As to who should interpret the boundaries of the Chinese Constitution—well, don’t ask. You might hurt somebody’s feelings.

*Mr. Qiu is a partner in the law firm Elliott Kwok Levine & Jaroslaw.*

## Loretta Lynn and My Sister-in-Law

By Mike Kerrigan

The Stoic philosopher Seneca said luck is what happens when preparation meets opportunity. My brother Jack was a student of the more forceful Loretta Lynn school of thought: In the long run, you make your own luck.

As an underclassman at the University of Virginia, Jack was invited to a sorority date dash by a beautiful young woman. He headed to the party with a spring in his step. Once there, he learned the same woman had invited two other gents. Such were the rules of engagement for the evening—three guests per sorority sister. This was unfortunate news

to my kid brother, but he didn’t blanch.

Jack sprang into action. Instead of seeking out the woman who had, at most, a one-third crush on him, he identified the other two blokes she’d invited and let each know it wasn’t in his long-term interest to stick around. He didn’t say more because he didn’t have to. A credible threat of force hung in the air along with Jack’s copiously applied aftershave.

In my brother’s mind this wasn’t dirty pool. Had he been so propositioned, he surely would have stood his ground. By this logic, even if the fair maiden ultimately didn’t choose him, Jack was doing her a favor by

thinning the herd. And in the end he was exactly right.

Neither rival knew her well enough to risk a one-way ticket to pound town, so they left quickly. The odds now in his favor, Jack approached Marli. He kept a conspicuous silence about the whereabouts of her other guests.

The conversation went well. Six years later and less than a mile from the Charlottesville bar where they’d met, Jack and Marli wed. They’ve been happily married for 26 years. All because my brother believed in making his own luck.

*Mr. Kerrigan is an attorney in Charlotte, N.C.*

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## WORLD NEWS

## Climate-Fund Plan Poses Wealth of Risks

Rich nations could overwhelm poorer economies with influx of cash

By MATTHEW DALTON

PARIS—A tsunami of cash is headed for developing countries to address climate change—and with it growing worries that the money will overwhelm the poorer economies it is meant to help.

Wealthy nations are preparing a plan to send more than a trillion dollars each year to the developing world by 2030, a flood of foreign investment that would be unprecedented in modern history. Much of it would come from the rich world's big institutional investors: pension funds, insurance companies, asset managers, private-equity firms and others. The goal is to provide financing on a massive scale for renewable-energy projects in developing countries and infrastructure to protect poor nations from rising seas, drought and other impacts of global warming.

But capital flows of that magnitude risk sowing economic instability, economists and global-finance officials say, particularly for smaller, poor countries that lack the financial institutions to channel the money into productive investment. A string of financial cri-

ses in the developing world has shown that foreign investment surging into these countries often leaves a mess. Debts balloon, currencies become overvalued and economies face a painful reckoning when foreign investors get spooked.

"Rather than being a boon, it could end up being a curse," said Eswar Prasad, an economist at Cornell University who is advising the Group of 20 major economies on the subject. "This behooves very careful thought in terms of how the financing is structured."

United Nations climate negotiations are the driving force behind the climate finance plan. The financing offered by wealthy nations persuaded poorer countries to agree to Paris accord targets, even though the U.S., Europe and a handful of other nations are responsible for most of the greenhouse gases in the atmosphere that scientists say are causing the earth to warm.

Leaders gathered this week and last at the United Nations General Assembly are negotiating policies to bring private capital into the developing world for climate projects. The ideas range from boosting the lending capacity of multilateral development institutions such as the World Bank to harnessing the IMF's special currency for green energy.

The leaders of wealthy countries—which have failed to meet previous goals for provid-



Wind turbines operate at a power plant in Gouda, South Africa, that sits near makeshift housing.

ing climate finance—are trying to muster more of it from their government budgets that would be blended with private capital. Drawing in private investors is crucial for the Biden administration, because congressional Republicans are staunchly opposed to spending government funds for climate projects in the developing world.

The plan is gaining political momentum despite a growing body of research that casts doubt on some of the benefits of foreign investment. Prasad and other economists have found that developing econo-

mies that rely heavily on foreign capital haven't grown faster than countries that used domestic capital—and faced more volatility from currency and capital flows. The spectacular growth achieved by China and India over the past three decades was largely fueled by domestic savings, not foreign capital, economists say.

Economies that have relied heavily on foreign investment, particularly borrowing from abroad, are vulnerable to crises when investors flee. The list of financial meltdowns includes Latin American coun-

tries in the 1980s, Asian economies in 1997 and Russia in 1998. The eurozone crisis of the previous decade was preceded by a rush of capital flowing from the currency bloc's core economies to its poorer, southern rim.

"Do we want these capital flows or not?" said Lesetja Kganyago, governor of the South African central bank, during a recent speech at the International Monetary Fund. "Twenty or 30 years ago, the mainstream view was that financial globalization was good....Nowadays, the main-

stream view has shifted."

In the fight against climate change, officials say, developing countries probably have no choice but to rely on foreign capital. Big developing economies must accelerate their plans to shift away from fossil fuels if the world stands a chance of limiting warming in line with the Paris accord; the poorest nations are under pressure to develop without burning more coal, oil and natural gas. Those shifts will require investment in clean energy to grow exponentially in the coming years.

"We're asking a handful of developing countries to go through a green transformation that is faster than anyone has done before and faster than it might be natural for their economies to do," said Avinash Persaud, an economist who is the climate envoy of Barbados. "So they're going to have to import some capital—not all, maybe not even half, but a significant amount."

Persaud said the concerns about foreign investment arise when funding comes in short-term debt or portfolio investments that can quickly leave a country. Persaud and Barbadian Prime Minister Mia Mottley have proposed establishing a fund using money from wealthy governments that would help pay for long-term currency hedges, which are often needed for investments in solar or wind farms that generate revenue for decades.

## Europeans Love Green Policies—Until Bills Come Due

By DAVID LUHNOW  
AND BOJAN PANCEVSKI

LONDON—For years, Europe has been at the forefront of the global drive to curb carbon emissions and slow climate change, pledging to reach net zero emissions by 2050. Overwhelming numbers of Europeans say they like the idea.

Now, however, a small but growing backlash suggests a more complicated truth: Voters may like the idea more than the reality. As the time draws near to take concrete actions and the costs of the transition become more visible, some members of the public and politicians will get cold feet.

Last week, the U.K. said it would delay a planned ban on

the sale of new gasoline-powered cars and vans to 2035 from 2030, and ease plans to force households to scrap their gas-powered boilers for pricier but cleaner heat pumps. It also promised never to impose a carbon tax on meat or aviation, two other sources of emissions.

"The risk here for those of us who care about reaching net zero by 2050 is if we continue down this path, we risk losing the consent of the British people," Prime Minister Rishi Sunak said, arguing that politicians hadn't been honest with working families about the costs.

Germany, run by a coalition that includes the Green Party, also recently watered down its plans to ban new gas heaters

for homes after a backlash from homeowners and opposition politicians. Poland's government, facing October elections, is suing the European Union over some aspects of its climate targets, including a 2035 ban on the sale of new petrol cars.

In the Netherlands, a pro-farmers political party that emerged out of protests against the government's plans to limit nitrogen emissions won the highest share of seats in regional elections earlier this year. The surprise victory cast a spotlight on a movement that has pushed back against European and Dutch environmental policies.

The vast majority of Europeans believe that climate change is an urgent priority,

with 88% saying they back the EU goal of no net carbon emissions by 2050, according to a recent survey by the European Commission, the bloc's executive arm. That is far higher than the 69% of Americans who favor the U.S. taking steps to become carbon neutral by the same date, according to Pew Research.

Europeans are also far less skeptical on climate change overall. In the U.K., for instance, a YouGov poll found only about 10% of the population say climate change isn't happening or is due mostly to nonhuman factors, compared with between a third and half of Americans, according to separate surveys by Pew and the University of Chicago. And Europe is making progress on

cutting back its carbon use: Electricity generated by wind and solar power has now eclipsed fossil fuels for the first time.

But in both the U.S. and Europe, voters can become far more wary when climate policy starts to involve painful trade-offs, especially when it comes to homes or cars. France's yellow vests or *gilets jaunes* protest movement of 2018-19 began when the government tried to raise taxes on diesel and petrol to aid the country's transition to green energy. The government quickly backtracked.

In August, London's mayor sparked an outcry by expanding the city's ultralow emission zone to surrounding suburbs, imposing a daily charge

of 12 pounds and 50 pence, equivalent to about \$15, on the most polluting vehicles. Surveys showed the move was deeply unpopular in the suburbs, where people rely more on their cars than in central London.

Some EU officials have acknowledged the pushback. European Commission President Ursula von der Leyen said in August that the bloc's climate policies remain a high priority. But she added that implementing them would require "an even more intensive dialogue with industry, key stakeholders like forest owners, farmers, as well as citizens."

—Matthew Dalton in Paris  
and Kim MacKraai  
in Brussels  
contributed to this article.

## WORLD WATCH



RISE AND SHINE: Colored lights painted the sky above Fischbeck, Germany, on Monday. Scientists have predicted that the next 18 months will see the highest activity of aurora borealis, or northern lights, in the past 20 years.

### ITALY

#### Mafia Boss Dies Months After Arrest

One of Italy's most notorious mafia bosses, who was arrested this year after three decades on the run, died in a hospital, authorities said.

Matteo Messina Denaro died in L'Aquila, an area in central Italy, officials there said. He had colon cancer that had spread to his liver.

Messina Denaro was a leading figure in the Sicilian mafia in the 1980s and early 1990s, when it unleashed a reign of terror in Italy. He was convicted for his involvement in some of the syndicate's most heinous crimes.

He had been a fugitive from 1993 until January, when police arrested him at a private hospital.

—Alyssa Lukpat

### AZERBAIJAN

#### Armenians Flee Breakaway Region

Ethnic Armenians streamed out of Nagorno-Karabakh on Monday after the Azerbaijani military reclaimed full control of the breakaway region, while Turkish President Recep Tayyip Erdogan visited Azerbaijan in a show of support to his country's ally.

The Azerbaijani military routed Armenian forces last week, forcing the separatist authorities to lay down weapons and start talks on Nagorno-Karabakh's reintegration into Azerbaijan.

A second round of talks between Azerbaijani officials and separatist representatives took place in the town of Khojaly on Monday.

—Associated Press

### LIBYA

#### Eight Questioned Over Dams' Collapse

Libya's chief prosecutor said he ordered the detention of eight current and former officials pending his investigation into the collapse of two dams this month, a disaster that sent a wall of water through the center of a coastal city and left thousands of people dead.

The office of General Prosecutor al-Siddiq al-Sour said prosecutors on Sunday questioned seven former and current officials with the Water Resources Authority and the Dams Management Authority.

Derna Mayor Abdel-Moneim al-Ghaithi, who was fired after the disaster, was also questioned, it said.

—Associated Press

### PAKISTAN

#### Pro-Khan Journalist Free After Capture

A prominent Pakistani television journalist who disappeared more than four months ago after being arrested by police returned home on Monday after being freed, police and his colleagues said.

It is widely believed that Imran Riaz Khan, known for publicly supporting jailed former Prime Minister Imran Khan, was being held by security agencies.

The two men aren't related.

Imran Riaz Khan was arrested at an airport in Sialkot city in Punjab province in May as he tried to leave the country.

—Associated Press

## Saudis Agree to More U.N. Atomic Oversight

By LAURENCE NORMAN

BERLIN—Saudi Arabia said it would agree to far greater oversight of its nuclear activities, a step that could help advance negotiations with the U.S. to set up a uranium enrichment operation in the kingdom as part of a possible Washington-backed normalization agreement between Riyadh and Israel.

Speaking at the United Nations atomic agency's annual General Conference, Saudi Energy Minister Prince Abdulaziz bin Salman said Riyadh would rescind its basic oversight agreement with the Agency and implement a so-called Comprehensive Safeguards Agreement, which gives inspectors much broader powers to inspect nuclear activities.

Abdulaziz said the kingdom was in the process of establishing a safeguards agreement that would follow "best international practices and experiences."

The Saudi move would give the international community much greater reassurance that any nuclear facility Riyadh opens would be operating a purely peaceful program and wasn't engaged in trying to produce nuclear fuel for a bomb.

Last week, The Wall Street Journal reported that Israeli officials are working with the Biden administration on a proposal to set up a U.S.-run uranium-enrichment operation in Saudi Arabia as part of a complex three-way deal to establish official diplomatic relations between the two Middle Eastern countries, U.S. and Israeli officials said.

The International Atomic Energy Agency has been pressing Saudi Arabia to upgrade its oversight agreement

for years as the kingdom has become increasingly open about seeking a civilian nuclear program.

In 2009, Saudi Arabia implemented the so-called Small Quantities Protocol, a 1970s era agreement that the agency uses with countries without active nuclear programs. Under the protocol, Saudi Arabia wasn't obliged to permit inspections from the IAEA and was exempted from a number of reporting requirements on its nuclear activities.

The protocol is automatically voided when a country introduces nuclear material into a facility, a step the Saudis haven't taken.

By upgrading to a comprehensive safeguards agreement, Saudi Arabia would be undertaking to accept IAEA safeguards on all nuclear material in a civilian program within its territory. That means inspectors will be able to extensively monitor Saudi's nuclear facilities.

It could also pave the way for Saudi Arabia to adopt a further oversight arrangement—the Additional Protocol—which allows the IAEA to inspect nonnuclear facilities to ensure no nuclear material is being diverted for an illicit weapons program.

Those are the standards of oversight the U.S. and European countries demanded Iran accept as part of the 2015 nuclear accord.

IAEA Director-General Rafael Grossi welcomed the Saudi decision.

"I look forward to receiving Saudi Arabia's formal communication about its decision," he said. "The IAEA stands ready to provide support in this regard."

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, September 26, 2023 | B1

S&P 4337.44 ▲ 0.40% S&P FIN ▲ 0.15% S&P IT ▲ 0.47% DJTRANS ▲ 0.76% WSJ \$IDX ▲ 0.30% 2-YR. TREAS. yield 5.129% NIKKEI (Midday) 32379.85 ▼ 0.91% See more at WSJ.com/Markets

## Oil's Run to \$100 Tests Fed

As crude continues steady climb, fears rise that soft landing may be in jeopardy

By DAVID UBERTI

A string of inflationary shocks has challenged the Federal Reserve's effort to control price increases. Investors are worried the latest could be \$100-a-barrel oil.

Crude's march closer to that mark has made Americans' commutes more expensive. Truckers who haul food cross-country are charging grocery stores more for diesel. Jet-fuel-reliant airlines are demanding higher fares. And manufacturers of everything from plastic toys to asphalt could face costlier ingredients.

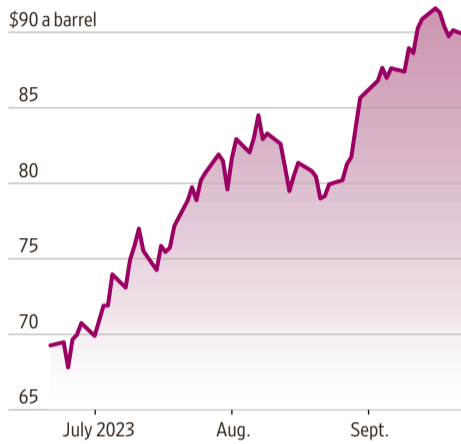
Oil's rise has inspired fresh fears from Washington to Wall Street that energy, which the Fed largely excludes in its policy calculus, could throw off central bankers' attempted soft landing of the fuel-hungry American economy. Some investors and economists have compared the moment to previous periods in which booming oil prices have helped tip the country into recession.

"It makes things harder," said Rob Kaplan, former president of the Federal Reserve Bank of Dallas. "Just because the agencies or analysts or economists will 'x' out oil, the middle-class family doesn't get

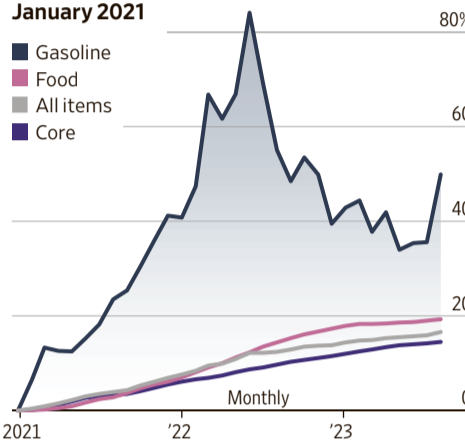
U.S. retail gasoline prices in today's dollars



U.S. crude-oil futures price



Consumer price index, change since January 2021



Note: Core excludes food and energy prices; seasonally adjusted. Sources: Energy Department (gasoline prices); FactSet (futures); Labor Department (CPI)

to 'x' it out."

A gallon of regular gasoline averaged \$3.88 across the U.S. last week, according to federal record keepers, up more than 25% since the start of the year.

An August surge propelled consumer prices higher at their fastest pace in more than a year.

Economists fear rising costs will push Americans to slash spending on restaurants, travel

and other areas, stalling growth in a condition often

Please turn to page B11

◆ Stocks rise as bond yields are highest since 2007. B11

## Amazon to Invest Up to \$4 Billion In AI Startup

Amazon.com said it has agreed to invest up to \$4 billion in artificial-intelligence company Anthropic, the latest big startup investment by tech giants jockeying for an edge in the AI arms race.

By Tom Dotan, Berber Jin and Deepa Seetharaman

Amazon said that, as part of the deal, Anthropic would be using its custom chips to build and deploy its AI software. Amazon also agreed to incorporate Anthropic's technology into products across its business.

People familiar with the deal said Amazon has committed to an initial \$1.25 billion investment in two-year-old Anthropic, a number that could grow to \$4 billion over time depending on certain conditions. As part of the agreement, Anthropic has agreed to spend a certain amount of the capital on Amazon's cloud infrastructure business, Amazon Web Services, one of the people said. The specifics of that arrangement couldn't be learned.

Tech giants and venture capitalists have been investing heavily into AI startups this year, following the breakout

success of the ChatGPT bot, which can produce humanlike writing and computer code. In January, Microsoft invested \$10 billion in the chatbot's maker, OpenAI, taking a 49% stake as part of an extensive partnership.

Alphabet's Google invested more than \$300 million in Anthropic in May. Salesforce has also invested in a series of AI startups, including Anthropic and OpenAI rival Cohere.

Anthropic, founded in 2021, offers an AI assistant called Claude that competes with ChatGPT. Led by siblings Dario Amodei and Daniela Amodei, who both used to work at OpenAI, the company says its technology is safer and more reliable than competitors'.

In taking money from Amazon as well as Google, Anthropic is embracing several cloud-infrastructure companies, which distinguishes it from the exclusive partnership OpenAI has with Microsoft.

Amazon's minority stake in Anthropic is intended to be part of a new fundraising round, at a valuation yet to be determined, one of the people familiar with the situation said.

Anthropic's early backers included crypto entrepreneur Please turn to page B4

## Chinese Merchants Struggle On TikTok

By RAFFAELE HUANG

SINGAPORE—As TikTok pushes to expand its e-commerce business globally, the viral short-video app is turning to a group of sellers for help: Chinese merchants.

TikTok is hoping such vendors will expand its online retail offerings.

However, the app's background as a haven for catchy dances and lip syncs has confounded even experienced sellers, more accustomed to retailing on traditional shopping platforms such as Amazon.com.

Lina Pan, a 46-year-old Chinese merchant based in Chaozhou, southern China, sold soap dispensers and shampoo bottles through a store she set up on TikTok.

She paid \$4,300 for access to a seven-hour prerecorded class, in which the instructor promised to unveil the secrets to "earning millions" on TikTok.

The course led her to post videos dishing out household tips, such as using Coca-Cola to remove stains from toilet bowls and frying pans and nifty ways to slice up pineapples.

The millions didn't materialize.

"Selling on TikTok is just not as easy as I thought it would be," said Pan, who shut her store after five months of trying.

In September, TikTok expanded the e-commerce service TikTok Shop to all of its

Please turn to page B4

## Ford Bid to Sell Like Tesla Falls Short in China

By SELINA CHENG AND RAFFAELE HUANG

After years of sales troubles in China, Ford Motor saw a chance to ride the tide of electrification to arrest its demise.

From around 2020, the automaker followed Tesla's formula of bypassing dealers to sell its cars directly to consumers. It introduced the Mustang Mach-E—an electric SUV that Ford's executives saw as a strong competitor to Tesla's EVs.

Three years later, Ford remains an also-ran in the world's biggest auto market, prompting the company to recalibrate its China strategy again. In August, Ford pulled the plug on its direct-sales business. The Mach-E hasn't fared well, with sales at a few hundred a month this year, far behind the tens of thousands of vehicles unloaded each month by Tesla and many Chinese rivals.

Ford's market share in China was 2% last year, with sales down 61% from 2016 on a wholesale basis.

People familiar with Ford's



Ford's Mustang Mach-E electric vehicle at an auto show in Shanghai, China, in April.

China business point to flawed marketing and sales strategies, such as not giving the Mach-E a Chinese name and underestimating how crowded the EV market would become. They also point to execution

problems, including Ford's slowness in introducing direct-sales stores. The Mach-E didn't have the best features among rival vehicles in a similar price range.

Their EV strategy for

China was the Mach-E. When that didn't work out, they didn't have anything," said Tu Le, founder of consulting firm Sino Auto Insights.

A Ford spokesman said the automaker is developing local-

ized EVs and working with its joint-venture partners to strengthen its EV business. The company is "nimble and decisive enough to pivot to a new plan," he said.

CEO Jim Farley has said he plans to narrow Ford's focus in China to commercial vehicles, shrink spending, become light in assets and use the country as an export hub. At recent auto shows in China, the company emphasized its outdoor vehicles such as the Explorer.

Farley's efforts to reset Ford's China strategy come after earlier failed attempts by his predecessors, who set out aggressive targets that weren't met.

Ford's Mach-E struggles serve as a cautionary tale for foreign companies in China. Chinese brands are offering attractive products quickly, often with cutting-edge technology, while foreign name brands—even iconic ones—no longer guarantee status in the market.

After losing market share to local competitors, Western Please turn to page B2

### INSIDE



#### BUSINESS NEWS

Lego abandons a plan to make its toy bricks from recycled plastic bottles. B3



#### BANKING

Some TD Ameritrade clients complain about the switch to Schwab and its app. B10

## Borrowers Feel Sting of Rate Hikes

By RACHEL LOUISE ENSIGN

Rising interest rates are hitting Americans' finances.

Consumers in the market for loans to buy homes and cars are discovering that, because of the Federal Reserve's rate hikes, their money gets them a lot less than it would have a few years ago. Meanwhile, those with credit cards and other loans that carry rates pegged to broader benchmarks are finding they have gotten much more expensive.

Fed officials signaled last

week that they plan to keep interest rates high for quite a while. For families who don't need to borrow, higher rates might not affect daily life too much. But for those who do, the Fed's aggressive rate increases are really beginning to sting. "The bite is starting now," said Liz Ann Sonders, chief investment strategist at Charles Schwab.

Borrowers shopping for mortgages or auto loans are experiencing sticker shock. New 30-year fixed-rate mortgages today carry rates around 7%, up from 3% two

years ago. That increase can mean a home buyer has to pay hundreds of dollars more a month compared with two years ago. Rates on car loans have also shot higher.

Buying a home or car right now is "completely unaffordable for the typical American household because you're mixing the higher borrowing costs with the high prices," said Mark Zandi, chief economist at Moody's Analytics.

He estimates that the typical American household would need to use 42 weeks of income to pay for a new car. Please turn to page B2

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INDEX TO BUSINESSES

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

<b>A</b>	Entasis Therapeutics.....B3	Procter & Gamble.....B10
Achaogen.....B3	Ford Motor.....A1,B1,B2	Qualcomm.....B4
Alibaba.....B4,B6	Geely.....B2	Revagenix.....B3
Alphabet.....B1,B6	General Motors.....A1,B2	<b>S</b>
Amazon.com.....B1,B2,B6,B10	Huawei Technologies.....B4	SAIC Motor.....B2
Anthropic.....B1	<b>I</b>	Salesforce.....B1
Apple.....B2,B4	Intel.....B3	Sarepta Therapeutics.....B3
AstraZeneca.....B3	Innoviva.....B3	Semiconductor
<b>B</b>	<b>K</b>	Manufacturing
Blue Origin.....B6	Kratos.....A2	International.....B4
Broadcom.....B12	<b>L</b>	Shein.....B4
BYD.....B4	Lego.....B3	SK Hynix.....B4
ByteDance.....B4,B6	<b>M</b>	Spark Capital.....B4
<b>C</b>	Meta Platform.....B10	Starbucks.....B10
Carnival.....B11	Microsoft.....B1,B6,B10	Stellantis.....A1,B2
Charles Schwab.....B10	<b>N</b>	<b>T</b>
Chongqing Changan	Nabriva Therapeutics.....B3	Target.....B10
Automobile.....B2	Nanjing OLO Home	Telefon L.M. Ericsson.....B4
Contemporary Amperex	Furnishing.....B11	Temu.....B4
Technology.....B2	Netflix.....B11	Tesla.....B1
Costco Wholesale.....B11	Nike.....B11	<b>V - X</b>
CVS Health.....A3	NIO.....B2	Volkswagen.....B2
<b>D</b>	Nvidia.....B6	Walgreens.....A3
Deutsche Bank.....B10	<b>O - R</b>	Warner Bros. Discovery.....B11
<b>E - H</b>	OpenAI.....B1	Xi'an Xice Testing
Eastern Pioneer Driving	Oracle.....B6	Technology.....B11
School.....B11		XPeng.....B2

INDEX TO PEOPLE

<b>A</b>	Gropp, Reint.....B3	Rasgon, Stacy.....B12
Amodei, Daniela.....B1	<b>H</b>	Robinson, Ken.....B10
Amodei, Dario.....B1	Ham, Emerson III.....B11	<b>S</b>
Arcuri, Tim.....B12	Heinz, Kenneth.....B12	Sadow, Rob.....A2
<b>B</b>	Holthaus, Bernd.....B3	Sarandos, Ted.....A4
Bankman-Fried, Sam.....B4	<b>I</b>	Schroeder, Ted.....B3
Barra, Mary.....A2	Iger, Bob.....A4	Selipsky, Adam.....B4
Bezos, Jeff.....B6	<b>J</b>	Seymour, Ross.....B12
Boltin, Kate.....B10	Jun, Wang.....B4	Shah, Prem.....A3
Bouchouev, Iliia.....B12	<b>K</b>	Shlesinger, John.....A2
<b>C</b>	Kuba, Shaul.....A2	Smith, Bob.....B6
Carter, Brice.....B10	<b>L</b>	Sonders, Liz Ann.....B1
Catz, Safra.....B6	Langley, Donna.....A4	<b>T</b>
Chambers, Richard.....B2	Le, Tu.....B1	Tavares, Carlos.....A1
Cirz, Ryan.....B3	Limp, Dave.....B6	<b>W</b>
<b>D</b>	Lucio, Antonio.....B10	Wise, Charlie.....B2
Dimon, Jamie.....A3	<b>M</b>	<b>X</b>
Dunn, Shari.....B10	McPherson, Rosalyn.....B10	Xiong, Xu.....B11
<b>F - G</b>	Murti, Arjun.....B12	<b>Y</b>
Fanyi, Yu.....B11	<b>P</b>	Yu, Richard.....B4
Farley, Jim.....A2,B1	Pichai, Sundar.....A3	<b>Z</b>
Ferracane, Robin.....A2	Pickering, Dan.....B12	Zandi, Mark.....B1
Fixler, Desiree.....B10	Pyle, Christina.....B10	Zargahi, Kamran.....B6
Freitag, Jan.....A2	<b>R</b>	Zaslav, David.....A4
Gateley, Thomas.....B11	Rajappa, Subadra.....B2	Zelnick, Brad.....B6
Goodwin, Lauren.....B11		

BUSINESS & FINANCE

# Relentless Climb in Treasury Yields Reverses Rally in Technology Stocks

BY SAM GOLDFARB AND ERIC WALLERSTEIN

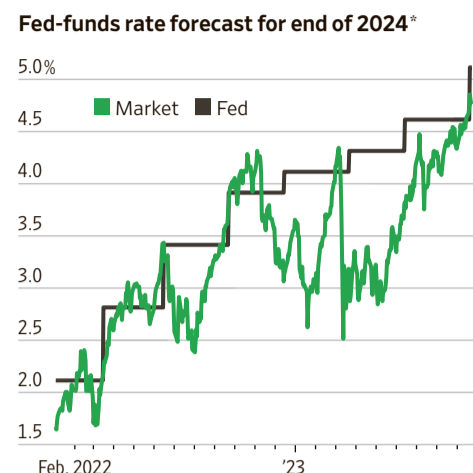
The summer slide in U.S. government-bond prices has intensified since Labor Day, rattling some of the hottest parts of the stock market.

Many investors had hoped for some autumn relief to nearly two years of declines that have repeatedly pushed Treasury yields above Wall Street's expectations. Now, yields on 10-year notes—a key benchmark for borrowing costs on everything from mortgages to corporate loans—have hit 16-year highs above 4.5%. At the same time, yields on shorter-term Treasuries have also jumped, with the two-year yield above 5.1%.

The bond-market ructions have jarred other markets. Surging Treasury yields have punished stocks in a variety of ways, including reducing their appeal relative to bonds and increasing borrowing costs for companies.

Rising yields have hit tech stocks particularly hard, because those companies' future profits are worth less relative to the risk-free returns from holding Treasuries to maturity. Behemoths such as Amazon.com and Apple have slid 4.9% and 6.3% in September, respectively, after logging big gains earlier in the year. The tech-heavy Nasdaq Composite is down 5.4%.

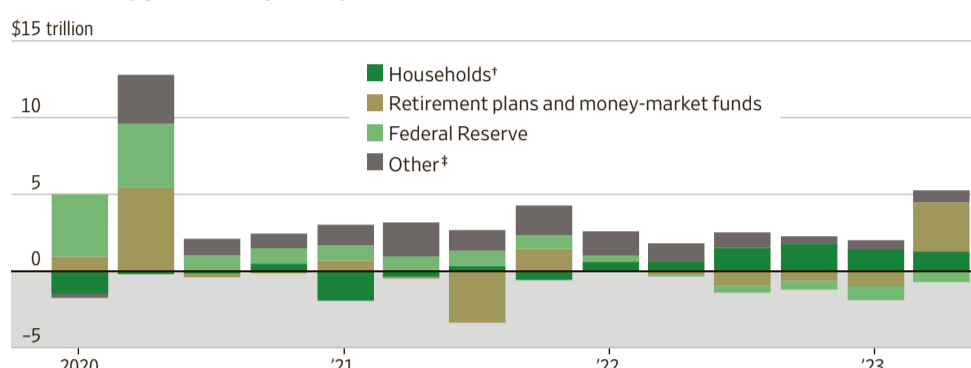
The major force behind the bond market moves: a robust U.S. economy that continues to grow despite the Federal Reserve's fastest interest-rate increases in decades. The result is that some investors are betting that the Fed will leave rates high for years to come, either to keep fighting inflation or because it sees no pressing need to take them much lower.



10-year U.S. Treasury yield, by monthly

Fed-funds rate forecast for end of 2024\*

Net Treasury purchases, quarterly



\*Market forecast based on fed-funds futures contracts. Fed forecast reflects Fed officials' median at meetings with economic projections. †Include hedge funds ‡Includes foreign investors, banks, insurers, and more Sources: Tradeweb ICE Closes (Treasury yield); FactSet (market forecast); Federal Reserve (Fed forecast, Treasury purchases)

Heading into last week's Fed meeting, investors thought that some officials would signal that they anticipated fewer interest-rate cuts next year than they had before. Yet those projections for year-end 2024 rates were even higher than expected, reflecting a broad shift among officials.

"The market is coming around to the fact that for the medium to long term, rates will be higher," said Richard Chambers, global head of repo trading and co-head of short macro trading at Goldman Sachs.

Though the S&P 500 is still up 13% this year, it is down 9% since yields began rising in 2022. Stocks' rally this year was largely halted when the 10-year yield reached 4% at the end of July.

Some analysts also have warned that stock valuations broadly look stretched when measured relative to the yield that investors can get on government bonds.

Others have argued that those valuations will look more reasonable once bond yields start to fall.

But time has passed, and yields have only risen further.

For bond investors, higher yields mean more income going forward. But that has come with a cost, as new bonds issued at higher rates cause prices to fall on older ones offering smaller coupons.

Through Friday, a widely tracked index of investment-grade bonds—comprising mostly Treasuries, government-backed mortgage securities and corporate debt—had lost 0.2% this year, counting interest payments and price changes.

## Ford Plant on Hold as Chinese Deal Is Probed

BY NORA ECKERT AND ANDREW DUEHREN

Ford Motor is pausing construction of a \$3.5 billion battery plant in Marshall, Mich., where it had planned to produce lower-cost cells using technology from a Chinese battery maker.

The U.S. automaker said Monday it was halting work and limiting spending on the factory until it is confident in its ability to operate it competitively. The stoppage is effective immediately, and the company hasn't made any final decisions about its planned investment.

The unusual move comes as Ford has faced months of scrutiny from lawmakers about its work with Chinese battery maker Contemporary Amperex Technology Co. Ltd., or CATL. The plant itself would be owned and operated by Ford.

Several Republican-led committees in the House have opened investigations into the deal and planned project, arguing it would enable Chinese domination of the U.S. auto industry.

Ford is also negotiating a new labor deal with the United Auto Workers union, which many analysts say is likely to result in higher labor costs for the automaker in the U.S. The UAW is now picketing a Ford truck and SUV plant in Michigan, and President Biden is expected Tuesday to visit

Michigan to meet with striking union workers.

"There are a number of considerations, all of which we're evaluating in terms of our competitiveness," a Ford spokesman said.

CATL is one of the world's largest EV-battery manufacturers, and Ford officials had sought to lean on the company's expertise to build battery cells at the factory, using a chemistry that would lower production costs. The Michigan plant was expected to create 2,500 jobs.

At the time the plant was announced, the Dearborn, Mich. carmaker said the plant was instrumental to reaching its lofty EV-sales goals, which included producing 2 million battery-powered cars globally by 2026. It since has backed away from that target, citing the unpredictability of consumer demand.

The lower-cost batteries produced at the plant have been central to Ford's strategy to reduce EV price tags.

In Washington, Ford's planned investment had become a political lightning rod. Central to the criticism is a \$7,500 tax credit the Biden administration is offering to consumers who buy new electric vehicles.

The Biden administration is still crafting the rules for the subsidy, and Ford's deal with CATL has confounded White House officials working on it.

The Mach-E was seen within Ford as an SUV that can compete with Tesla. Ford's market research showed that in China, the Mach-E would be a direct rival to Tesla's Model Y, which is also an SUV, people familiar with the matter said.

Ford looked at Tesla to see how to sell EVs. Tesla established the business model to sell vehicles directly to customers—and many Chinese EV brands followed suit.

Directly selling cars allows automakers to have a closer relationship with customers, obtain more sales-related data and have greater control over pricing. But it can be costly to run direct-sales channels if the car volume is small. GM has been directly selling some of its Buick and Cadillac EVs in China.

In 2020, Ford set up a new EV subsidiary in Nanjing, near Shanghai, which was put in charge of running the automaker's new direct-sales network. It employed a few hundred engineers who focused on EV technology research

## Borrowers Feel Sting Of Rates

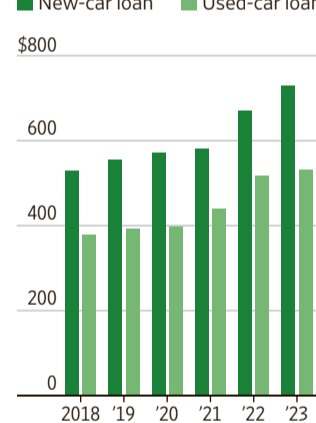
Continued from page B1 come to buy a new car, as of August, up from 33 weeks three years ago. The National Association of Realtors calculates that the typical American family can't afford to buy a median-priced home.

Daniel Waddell started looking for a home in St. Paul, Minn., in January. Mortgage rates kept ticking up during his search. He eventually bought a three-bedroom, one-bathroom home this spring after offering over the asking price. His mortgage rate is about 6.5%.

Waddell and his wife, Payton Waddell, are deferring other purchases because of the \$2,600 monthly mortgage payment. The 25-year-old consultant would like to replace the car he has been driving since the start of college, but he now plans to put off that purchase as long as he can.

Even so, Waddell said he is glad they got the house. Otherwise, he and his wife might have given up. "Rates are obscenely high and it doesn't seem like they're going down

Average monthly car payment, second quarter



Sources: Experian (car payments); The Federal Reserve (household debt payments)

Required household debt service payments as a percent of disposable personal income



The typical credit card carried a 20.7% interest rate in May, up from 14.6% in February 2022, according to the Fed. Americans' collective

credit-card debt just passed the \$1 trillion mark for the first time.

Ryan Gomez started accumulating credit-card debt in 2020 after he lost his job in food production and started community college to become a psychologist. After his rent in Portland, Ore., went up, Gomez used his cards to cover basic expenses and unexpected veterinary bills for his cat. Then rates began rising, sending the interest rate on his primary credit card up to nearly 25%. His minimum monthly payment started going up, and he reached a point where covering that was becoming a struggle.

"The rates are so bad now, you can't dig out of that hole," said Gomez, 38. He eventually worked with a nonprofit to enter into a plan to pay off the \$17,000 balance at a discount.

## EV Plan Falls Short In China

Continued from page B1 carmakers are pivoting. Volkswagen, the biggest foreign carmaker in China, is planning billions of dollars of investments to build a new research and procurement center for EVs and to join with local companies. General Motors, with its joint-venture partner SAIC Motor, has a goal to launch 15 EV models in the country based on a new platform by the end of 2025.

Some brands retreated—Stellantis' Jeep ended its manufacturing operation in China after sales dwindled and it moved to imports only.

In May, Farley said Ford is staying in China, even if it won't serve everyone.

and development, people familiar with the matter said.

In 2021, the Mach-E went on sale with the price tag of 265,000 yuan, which was equivalent to about \$41,000, becoming the first car that Ford sold directly. Also for the first time, Ford started producing its Mustang line in China.

But by then, the electric car market was crowded. The same week as the Mach-E launch, Chinese brands including Geely's Zeekr and XPeng launched EVs of comparable value. Tesla started to produce cars locally and began delivering its Shanghai-made Model Y to Chinese buyers earlier that year.

Among similarly priced cars, Mach-E's driving range is shorter than the basic versions of Tesla's Model Y and XPeng's P7, and it has fewer cameras and radars for driving-assistance features than NIO's ES6.

When the Mach-E was introduced in 2021, Ford had around 20 stores across the country, the carmaker said in

a statement. By early 2023, it said it had 103 stores and test-drive centers. But that was a fraction of the facilities offered by some Chinese rivals.

In the first nine months of 2022, Ford sold about 5,000 Mach-Es, according to the automaker's latest available data. In 2022, more than four million pure electric vehicles were sold in China.

Ford abandoned the Tesla-like approach of selling directly to consumers, recently going back to selling through dealerships. This year, it laid off employees from the EV subsidiary in Nanjing.

In August, Ford's joint venture with Chinese state-owned carmaker Chongqing Changan Automobile took over Mach-E's sales, customer services and its app. Ford will expand the Mach-E's sales channels by leveraging Changan Ford's existing dealer network, a Ford spokesman said.

—Nora Eckert and Yoko Kubota contributed to this article.

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## BUSINESS NEWS

## Lego's Latest Effort to Avoid Oil-Based Plastic Hits a Brick Wall

Lego is scrapping plans to make its bricks from recycled plastic bottles after determining the switch would result in it producing higher carbon emissions.

The toy maker said it hasn't given up on its years-long bid to make its bricks out of something other than petroleum-based plastics. But it said Monday it is giving up on a high-profile effort launched just over two years ago to make the bricks out of recycled polyethylene terephthalate, or PET, plastic bottles.

Lego has tried making pieces from corn, but the bricks were too soft. A wheat-based brick didn't look right. Bricks made from other materials proved too hard to pull apart or lost their grip.

Lego found a one-liter plastic PET bottle could produce around 10 of its classic 2x4-stud bricks. It has been testing bricks made from the material for their quality, durability and "clutch power"—the brick's ability to lock with other bricks.

Lego said it is abandoning the effort because it found the extra steps involved in production would use more energy and manufacturing facilities would require retooling.

"We remain fully committed to making Lego bricks from sustainable materials by 2032," a Lego Group representative said. "Recycled PET is one of hundreds of different sustainable materials we've tested."

The company has been using a bioplastic made from sugar cane for several years to produce smaller, softer pieces such as trees, branches, leaves and accessories for its minifigures. This bioplastic isn't currently suitable for making harder, stronger elements such as its bricks. —Dominic Chopping



## Watch a Video



Scan this code for a video on Lego ditching plans to make oil-free bricks.

## Business Model Is Broken To Develop New Antibiotics

By DOMINIQUE MOSBERGEN

The push for antibiotics to fight fast-evolving superbugs is snagging on a broken business model.

Six startups have won Food and Drug Administration approval for new antibiotics since 2017. All have filed for bankruptcy, been acquired or are shutting down. About 80% of the 300 scientists who worked at the companies have abandoned antibiotic development, according to Kevin Outtersson, executive director of CARB-X, a government-funded group promoting research in the field.

"These companies are supposed to be the winners, but every one of them is an unhappy story," Outtersson said.

The reason, the companies say: They couldn't sell their lifesaving products because the system that produces drugs for cancer and Alzheimer's disease—which counts on companies selling enough of a new treatment or charging a high enough price to reward investors and make a profit—isn't working for antibiotics.

New antibiotics are meant to be used rarely and briefly to defeat the most pernicious infections so bacteria don't develop resistance to them too quickly. Companies have priced them at 100 times as much as the generic antibiotics doctors have prescribed for decades that cost a few dollars per dose. Most have sold poorly.

"Antibiotics are like fire extinguishers. You really want these drugs available but you mostly don't want to use them. That's the paradox," said Dr. John H. Rex, an infectious-disease specialist.

**Most large pharmaceutical companies are not developing antibiotics.**

**Nabriva Therapeutics** terminated its 60 remaining employees this year and is seeking a buyer, four years after the FDA approved its antibiotic Xenleta for pneumonia. Nabriva priced a five-day treatment of Xenleta at more than \$1,000. Generic antibiotics to treat people who develop pneumonia outside of hospitals typically cost under \$100. Fewer than 100 of the 800 hospitals Nabriva approached bought it.

"It was all driven by cost,"

Nabriva's former chief executive officer, Ted Schroeder, said.

New antibiotics should get support similar to treatments for rare diseases, said Ryan Cirz, a co-founder of **Achaogen**, which filed for bankruptcy in 2019 less than a year after the FDA approved its drug Zemdri for complicated urinary tract infections.

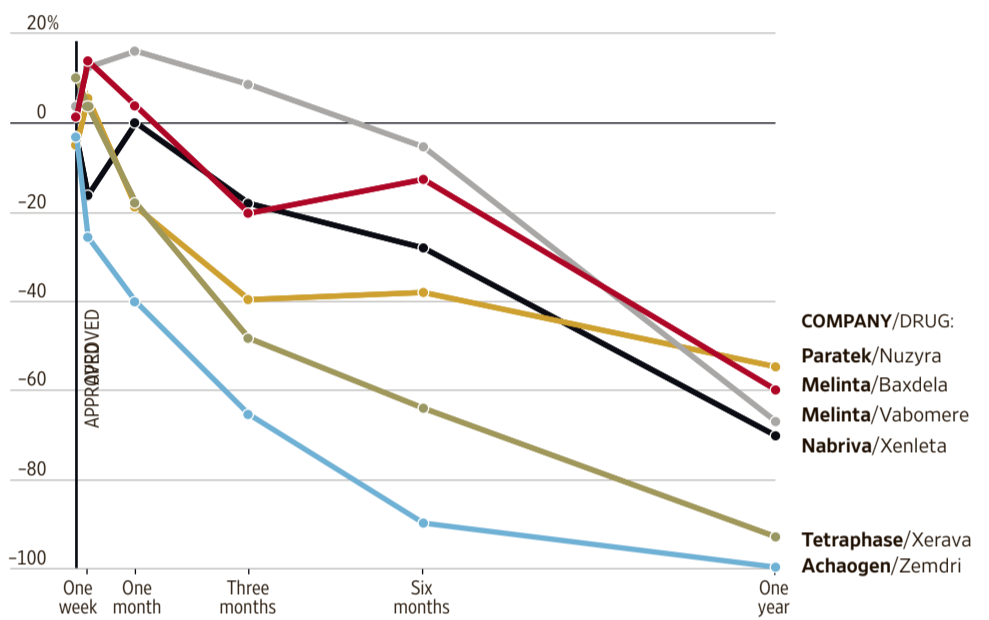
The Orphan Drug Act of 1983 provides subsidies, tax breaks and additional years of market exclusivity to drugmakers that develop treatments for diseases affecting fewer than 200,000 people in the U.S. The legislation has supported work toward a gene therapy for Duchenne muscular dystrophy and treatment for amyotrophic lateral sclerosis. Drugs for rare diseases often cost more than \$100,000 a year. **Sarepta Therapeutics** charges \$3.2 million for the one-time muscular dystrophy treatment, Elevidys.

"People accept it. It's all psychological," said Cirz, who now runs another antibiotic startup, **Revagenix**. "We've just gotten used to really cheap antibiotics for a really long time."

About 13,000 people in the U.S. each year develop a severe type of drug-resistant infection that Achaogen's drug Zemdri was developed to de-

Some companies that received FDA approval for antibiotics between 2017 and 2019 saw their stock prices slide.

## Change in companies' stock prices after FDA approval



Note: Performance on day of FDA approval based on change from the previous day. Performance for other dates based on change since approval date. Sources: Dow Jones Market Data; FactSet

Josh Ulick/THE WALL STREET JOURNAL

feat. Up to half of people hospitalized with such infections die. They are among the more than 35,000 people in the U.S. who die annually from drug-resistant bacterial or fungal infections, a toll that has risen in recent years.

The year Zemdri was approved, Achaogen spent almost \$200 million on manufacturing, marketing and other costs and generated \$800,000 in sales of the drug. Achaogen's stock price fell more than 96% from approval in June 2018 to the end of the first quarter in 2019.

The U.K. in 2019 started a subscription-style model to

pay drugmakers for new antibiotics based on their potential public-health value. U.S. lawmakers have considered similar legislation. Bipartisan bills reintroduced in the House and Senate in April committed \$6 billion to purchase new antibiotics to treat drug-resistant infections. They haven't received a vote.

"It sounds like the intent is to save companies but we're really talking about trying to fix the antibiotic pipeline itself," said Dr. David Hyun, director of the Antibiotic Resistance Project at Pew Charitable Trusts.

Most large pharmaceutical

companies aren't developing antibiotics. Several have closed or divested antibiotic development programs. "There's no profitability," Hyun said.

**Entasis Therapeutics**, an antibiotic developer spun out of **AstraZeneca**, was acquired by holding company **Innoviva** in 2022. Most of the scientists who worked at Entasis are no longer in antibiotic development.

"The loss of this institutional knowledge and experience is the biggest loss for the field," said Alita Miller, former head of biology for Entasis. "You can't just start over with people out of graduate school."

## Intel's Chip-Making Push in Germany Runs Into Bottleneck

By JIMMY VIELKIND

MAGDEBURG, Germany—Intel says it needs 3,000 people to staff the semiconductor factory it plans to build in eastern Germany by the end of the decade. This year, the local apprentice program for chip-making technicians is training two.

The German government trumpeted Intel's planned development as a game changer, backed by federal subsidies totaling 10 billion euros—equivalent to \$10.59 billion—that would help the economy pivot toward new industry. The outlay is part of a European Union effort unveiled this summer to double the continent's share of global chip production to compete with established producers in Asia.

On the ground, however, this and similar projects face hurdles such as a shortage of skilled workers and an at-

times Byzantine bureaucracy. High energy prices are one of the reasons Germany's economy has stagnated since the end of last year and is expected to shrink this year.

The issues raise questions about Europe's capacity to match the Biden administration's manufacturing incentives offered through the Inflation Reduction Act and the \$53 billion Chips Act. For Germany, which derives a bigger part of its gross domestic product from manufacturing than other countries on the continent, expanding semiconductor production is essential to catching up technologically and increasing economic resilience.

To staff its factory in Magdeburg, Intel intends to send local trainees to a factory it operates in Ireland for the final year of their three-year apprenticeship program. Intel and local officials said there was no suitable local alterna-

tive in Magdeburg, a city of 240,000 people that lost a large part of its industrial base after German reunification in the 1990s.

The company's need for cheaper electricity has prompted a national conversation on industrial-power subsidies that has split German Chancellor Olaf Scholz's governing coalition. The required upgrades to schools, housing and transportation infrastructure to accommodate the new workers and their families could cost an additional €1 billion and forever change the character of this former manufacturing town.

Germany's big carmakers had to idle production a few years ago because of a sudden shortage of semiconductors, highlighting the industry's reliance on U.S. and Asian suppliers. Since then, politicians and industry executives have vowed to make manufacturers more resilient by reducing their dependence on foreign suppliers. Berlin is also subsidizing a factory that Taiwan Semiconductor Manufacturing Co. plans to build near Dresden.

The incentives have been controversial. Associations representing Germany's mid-size businesses complained about so much money going to U.S.-based Intel, as did rival chip maker GlobalFoundries.

Economist Reint Gropp said subsidizing factories would only move problems farther down the supply chain. The public spending, he said, doesn't address the region's structural economic weaknesses.

"The labor market is tight, and this is going to make it tighter," said Gropp, president of a research institute in nearby Halle.

Intel has already opened an office and begun a charm offensive in Magdeburg. Company officials have hosted booths at community festivals and held discussions with local government and civic offi-

cial. A branded jersey even set off speculation that the company might sponsor the local soccer club.

Bernd Holthaus, the Intel executive in charge of hiring for the plant, was part of the committee that selected Magdeburg. The company chose the city predominantly because it has roughly 2,700 acres, available, he said, and can be

supplied by road and river.

An initial class of 20 apprentices is to begin a training program next August, with a hope to eventually increase that number 10-fold, according to Stefanie Klemmt, a chamber-of-commerce official who oversees vocational training in Magdeburg. The company had initially planned to start production in 2027.



Magdeburg official Sandra Yvonne Stieger with factory plans.

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## TECHNOLOGY

## Huawei Gadgets Flex China's Tech Muscle

New devices use homegrown wireless standard, skirting opposition from U.S.

By YANG JIE  
AND NEWLEY PURNELL

TOKYO—Huawei, China's rival to Apple in smartphones and the world's leading provider of telecom infrastructure, is out to prove it isn't just surviving Washington's campaign to crush it, but is in the vanguard of Beijing's drive for self-reliance in technology.

After the buzz around Huawei's new high-speed smartphones, which appeared to show that China can swerve around U.S. efforts to block its access to cutting-edge technology, the company on Monday unveiled its latest tablets, smartwatches and earphones—supported by a homegrown challenger to Bluetooth and Wi-Fi, global standards in wireless communication.

Initially dubbed "Green-tooth," it was rebranded "NearLink," a short-range wireless technology the company says combines the best features of both Bluetooth and Wi-Fi—and works with both.

The protocol offers low-power, lightweight connectivity akin to Bluetooth, simultaneously catering to high-speed, large transmission, and high-quality connectivity needs akin to Wi-Fi. NearLink switches between modes based on the situation, Huawei says.

Set against the backdrop of increasing U.S. restrictions, Beijing has doubled down on efforts to achieve self-sufficiency in critical technologies. Chinese Premier Li Qiang visited private firms including Huawei in August, urging them to pursue international excellence and gain a competitive edge in the market through technological and product im-



The U.S. has been trying to cut off China's access to cutting-edge technology. A Huawei store in the Chinese city of Hangzhou.

provements.

Bluetooth and Wi-Fi are both wireless communication technologies, enabling transmission of data between compatible devices.

Developing wireless communications tech requires expertise in multiple disciplines, including signal processing, wireless communication protocols and software development.

Apple has spent several years and billions of dollars trying, so far without success, to make its own wireless chip. The latest iPhone still depends on Qualcomm for that component.

Huawei holds tens of thousands of patents covering essential technologies for data transmission in phones. To ac-

cess high-speed networks, handset manufacturers must obtain licenses from or cross-license with companies such as Qualcomm and Huawei.

From June 2021 to May 2023, Huawei trailed only Qualcomm in the number of wireless communication network technology patents it published, holding more than 8,000 more than third-place Ericsson, according to a recent ranking from IPR Daily, a China-based media outlet focused on intellectual property. Ericsson is the inventor of Bluetooth, which is now overseen by the Bluetooth Special Interest Group, or Bluetooth SIG, the standards organization that licenses the technology to manufacturers.

Huawei had its access to

several major global technology associations restricted following U.S. sanctions. Without full access, the company's devices, including phones, tablets and laptops, could face limitations in using vital features such as Bluetooth and Wi-Fi.

Although it was later reinstated, it decided to develop its own technology, Huawei executive Wang Jun said in a 2021 interview with Chinese media.

Bluetooth SIG declined to comment on issues related to its members' status. The Wi-Fi Alliance said in 2019 that it was complying with the U.S. Commerce Department's order by restricting Huawei's involvement in certain activities, but it didn't revoke its membership.

Huawei says NearLink uses less than half the power of Blu-

etooth, is six times faster, has one-thirtieth the latency or the time it takes for data to travel from one point to another, and supports 10 times the number of devices in a network.

NearLink technology was introduced in December 2021 with a focus on applications for cars. In August, Richard Yu, the head of Huawei's consumer business, announced its integration into the ecosystem of their self-developed operating system for consumer devices.

Yu said on Monday the technology found applications in consumer electronics, electric vehicles, industrial manufacturing and more, providing the interconnectivity for Huawei's homegrown ecosystem.

NearLink may prove vital as Huawei struggles to cope with

the impact of sanctions that made it difficult to source the advanced chips needed to power its devices.

Yu didn't introduce the latest high-speed handsets during Monday's presentation, saying only that the company is working extra hours to meet demand.

U.S. Commerce Secretary Gina Raimondo said at last week's hearing of the House Science, Space and Technology Committee that while she was upset by the announcement of Huawei's new smartphones, the U.S. couldn't find evidence that the company is able to produce devices with advanced chips.

A report from Canadian semiconductor-information platform TechInsights said China's biggest contract chip maker, **Semiconductor Manufacturing International**, made the core chip inside the device, but that it also contained memory components from South Korea's **SK Hynix**.

China's technological rise is intricately tied to its global ambitions, leveraging advancements to expand its geopolitical influence. One example is Beidou, a substitute for the U.S.'s satellite-based Global Positioning System.

China has also set a domestic standard for a new way of designing chips, while global chip giants also formed a coalition to create them.

In September 2020, China formed an alliance for the country's own short-range wireless technologies that now includes more than 300 companies and institutions—mostly domestic—including state-owned telecom carriers and makers of smart devices and cars such as Huawei, Oppo and **BYD**.

Huawei remains the world's largest seller of telecom equipment, according to market-research firm Dell'Oro Group. It commands about one-third of the global market.

## TikTok Is Tough for Merchants

Continued from page B1

150 million users in the U.S., the app's largest market, after testing the service with select users there for months. In August, TikTok, owned by Beijing-based **ByteDance**, started allowing China-based sellers to open storefronts on the app in the U.S. market.

It also has been testing a new business model of selling products on behalf of Chinese vendors, a model similar to Amazon's "Sold by Amazon" program, putting it in competition with popular shopping platforms such as **Shein** and **Temu**.

ByteDance executives bet that online shopping, driven by its powerful algorithm, will become the company's new growth engine, aiming to quadruple global transactions on TikTok to \$20 billion this year from less than \$5 billion last year.

To bridge the cultural divide, TikTok has shared memos with Chinese mer-



Lina Pan tried to sell household products on TikTok but shut her store after five months.

chants explaining customer lifestyles and habits in the U.S. and other markets, as well as offered free classes to help vendors onboard.

Outside the company, a cottage industry of third-party agencies has mushroomed in China, offering to help merchants like Pan start and succeed in selling on the app. TikTok isn't available in China, and Chinese sellers have to use software tools that mask

their IP addresses to access the platform.

Some agencies charge as much as \$20,000 to join learning trips to visit factories in popular Chinese manufacturing hubs and to attend networking sessions for the chance to meet privately with advisers.

Despite China's rich experience as the factory floor of the world, businesses are finding that selling on TikTok isn't as



towels and mops, hired a former saleswoman at Beijing's Silk Street market—a shopping area known for catering to foreign tourists—to sell his products via livestreaming on TikTok. He was impressed by her English-speaking capabilities.

After months of trying, sales from the channel were weak. His saleswoman was too traditional, pitching products like an infomercial, said the businessman from Nantong in eastern China.

"Consumers on TikTok want to be entertained," said Yang. "A K-pop dance may be more likely to keep them in the livestreaming room."

Shoppers in China are accustomed to turning to livestreams for e-commerce, said Liu Yiwei, who runs an agency of 14 lifestyle influencers helping Chinese vendors sell inside the country through **Alibaba Group's** online marketplace Taobao and outside the country through TikTok.

On TikTok, however, his influencers need to tell a joke or drop an interesting nugget about life in China, anything to make the livestream interesting, he said.

"You have to treat them like friends living far away," Liu said.

Cindy Chen, a merchant

straightforward.

Learning to navigate marketing on social media, picking the right products and avoiding cultural faux pas are all part of the challenges faced by Chinese merchants. Some of the vendors also say their margins are being squeezed by TikTok's desire to compete with low-price platforms **Shein** and **Temu** in online retail.

Yang Guang, a maker of

based in Guangxi, southern China, almost missed the chance to ride the recent Barbie-pink mania because of cultural differences.

She listed bubblegum-pink plastic soda cups with a curvilinear "B" for sale on TikTok after the platform encouraged Chinese sellers to promote pink-colored items as the "Barbie" movie, the top-grossing movie in the U.S. so far this year, grew in popularity.

She received dozens of orders in the first week of sales.

The "Barbie" movie was hardly the same runaway success in China, she said. "There's still a difference between what the domestic market demands and what foreigners want."

TikTok has shared memos with Chinese suppliers, educating them on how to capitalize on conventional U.S. shopping holidays. Halloween is billed as "the children's favorite festival," with vendors encouraged to sell pumpkin-themed products, wigs and sweets, according to the documents seen by The Wall Street Journal.

TikTok said it has been educating vendors on users' interests and demands and has guidelines to make sure they are compliant with local regulations.

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## Amazon To Invest In AI Firm

Continued from page B1

Sam Bankman-Fried. In May, it announced it had raised \$450 million from investors including Google, **Spark Capital** and **Salesforce**. Its valuation at the time was \$4 billion, according to people familiar with the matter.

Amazon, which runs the largest cloud-computing business, has been shifting its strategy somewhat in backing AI startups. Previously, the company had preferred to remain neutral among the competing AI startups and focused on providing a wide selection of different AI services on its cloud infrastructure. Last month, Amazon was one of several tech companies that participated in a \$235 million funding round in AI startup



Dario Amodei is one of the leaders of Anthropic, whose AI product, called Claude, competes with ChatGPT.

Hugging Face.

This month, Amazon Web Services Chief Executive Adam Selipsky said its strategy was giving customers who want to build AI features as much flexibility as possible, rather than being hemmed into a single provider.

"We firmly believe there

will not be one model to rule them all," Selipsky said at the time, though he added that Amazon was "open to investments if the right opportunity comes along."

Anthropic has used Amazon's cloud service since 2021. It also uses Google's rival cloud service. As part of the

new deal, AWS will become Anthropic's primary cloud provider for what the companies called "mission critical workloads," and Anthropic plans to run the majority of its workloads on Amazon's cloud.

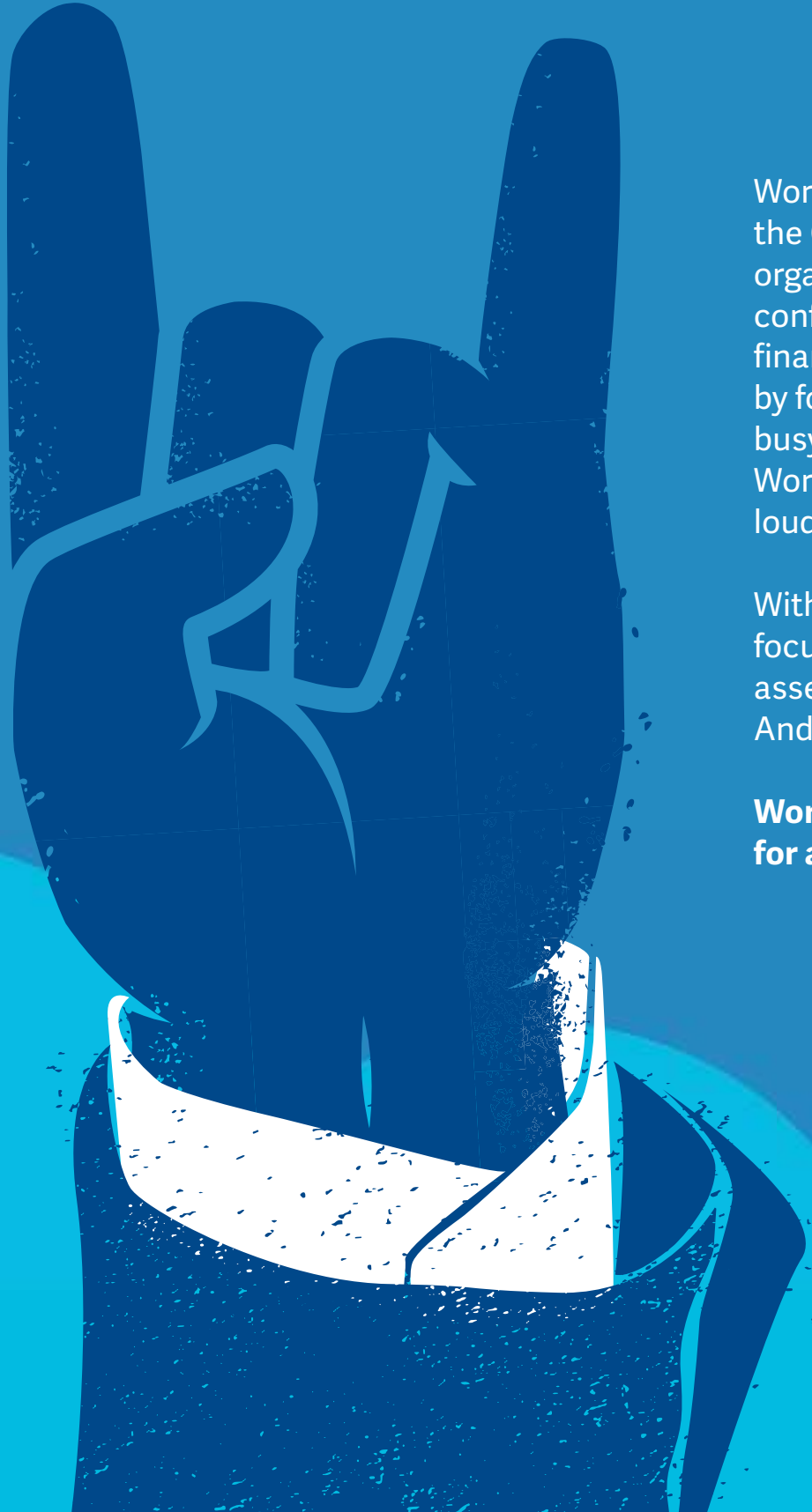
Large language models, the algorithms that power chatbots such as ChatGPT and Claude, require huge amounts of capital to build and train, and startups spend that money largely on cloud-computing costs. Of the billions of dollars that OpenAI has raised from Microsoft, much of it has been spent on the tech giant's AI business Azure.

Despite the excitement and investment in AI, it still makes up only a fraction of the revenue flowing into cloud-computing businesses. In its latest earnings call, Microsoft projected that, of the 26% quarterly revenue growth it expected in its Azure business, 2 percentage points would come from its AI business.

—Laura Cooper and Corrie Driebusch contributed to this article.



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## TECHNOLOGY

## Oracle Pitches Cloud as Alternative

Company races to catch up in the sector with claims that rivals dispute

By Belle Lin

A decade into its cloud-computing shift, **Oracle** has a message for those who know it primarily as a database heavyweight with hardball sales tactics: We're cheaper than the competition.

Racing to catch up with today's cloud leaders, the company in recent years has invested in building out smaller data centers, betting that its lighter hardware footprint and cloud engineering translate into cost savings and scalability—and that lower prices will attract customers who are scrutinizing their IT spending in today's uncertain economic environment.

"Because of the way we built our cloud, it's so much cheaper," Oracle Chief Executive Safra Catz said in an interview. Catz also said Oracle's cloud is faster and more secure.

The pitch is the 46-year-old Austin-based company's latest attempt at reinvention to keep pace with today's pay-as-you-go, multicloud technology landscape. It has aimed to adopt a more open ethos, and distance itself from a reputation for hard-nosed sales. This includes partnering with rivals like **Microsoft** and chip makers like **Nvidia**, and ferrying customers' data into cloud infrastructure, the lower-level platform that powers software and applications. And according to Oracle, doing it for cheap.

"We are so compellingly cheap, but our cost of goods sold are so stunningly optimized, that they are profitable," Catz said. "We've been in just the start of this, and luckily, the market, it continues to expand."

"Oracle's strategy is very explicit in that they intend to



CEO Safra Catz touts the company's cloud as not only less costly, but faster and more secure.

capture share at the infrastructure layer by being very competitive on price performance," said Deutsche Bank analyst Brad Zelnick. "They are pricing raw infrastructure at a discount to the market leaders, full stop."

Oracle said that based on data from 2020, it is 61% cheaper than **Amazon Web Services** for core computing services, and 38% cheaper than Google Cloud for the same services. Based on one customer's recent projections over a five-year period, Oracle claims that customer would pay more than double for similar services on AWS, Microsoft Azure and Google Cloud.

Cost is a contentious subject for cloud competitors: Each asserts that its services are cheaper than the next, and offers steep discounts for marquee customers.

"Oracle is again making misleading claims about AWS based on flawed and outdated information," an AWS representative said, and cited its innovation in custom processors that provide up to 40% savings compared with similar technologies.

A Microsoft representative

said the company believes its cloud "continues to be priced very competitively," and Google said its customers have chosen its cloud and database products for its open ecosystem and support for many data types. Both companies declined to comment on more specific pricing comparisons.

Catz, the two-decade company veteran named sole chief executive four years ago, said Oracle's critics who say it hasn't moved quickly enough to shed old ways of doing business thought the same of Microsoft when it was pivoting its business to the cloud.

"There was a period when people thought Microsoft would be gone, and they repositioned themselves entirely," she said. "People did not quite realize that it was possible for us to do the exact same thing."

Oracle's cloud infrastructure revenue rose 66% in the most recent quarter, slowing from 76% in the previous quarter. It reported total cloud infrastructure revenue of about \$1.5 billion last week, but its stock tumbled as investors soured on slower cloud sales growth.

Amazon and Microsoft also

experienced slower cloud growth rates in recent years. The two companies plus **Alphabet's** Google Cloud and China's **Alibaba** are the top players in what market research and consulting firm Gartner estimated was a \$120.3 billion global market in 2022.

Analysts peg Oracle's cloud business at about 2% of total cloud revenue.

TikTok, one of its highest-profile cloud customers, chose Oracle partly because it was most cost-effective, Catz said. The video app is owned by China-based company **ByteDance**, which said last year that all of its U.S. user data is routed through Oracle's cloud as it negotiates with regulators over security concerns. Catz declined to comment on ByteDance's relationship with the U.S. government. Oracle has been part of talks to help ByteDance avoid a U.S. ban by acting as a security reviewer.

Kamran Zargahi, **Uber's** senior director of technology strategy, said in February that the ride-sharing company chose Oracle and Google after an 11-month review of providers based on price and techni-

cal capability. "Competition between hyperscalers has really benefited [customers] with better price performance," he said.

Oracle credits the design of the current version of its cloud, launched in 2018 and built by engineers hired from cloud rivals and others, for being faster and cheaper. Analysts say it was engineered for faster networking speeds by eliminating processing overhead, and customizable hardware options allow customers to reduce their unused capacity.

But Oracle's technical strengths aren't necessarily sustainable. Companies with established competitive advantages have a strong brand, a large base of existing customers, and an ecosystem of partners—those will define Oracle, Deutsche Bank's Zelnick said.

Oracle last week announced a deepening of its four-year-old partnership with Microsoft, making it easier for customers to use its databases in Microsoft data centers. For customers like Jake Fritz, chief information officer of St. Louis-based industrial-technology company Emerson Electric, which uses both Oracle and Microsoft's clouds, the expectation is that the two companies will "keep each other honest," he said.

Meanwhile, Oracle is shoring up its computing horsepower with smaller data centers in many more locations, Catz said. The company has spent big to keep its data center advantage, with capital expenditures hitting a record \$2.4 billion in last November's quarter.

Analysts predict the next wave of demand for computing will come from training and powering generative AI models—presenting a lucrative opportunity for cloud providers.

Oracle's cloud and flagship database software, considered "up-the-stack" because they sit on top of a cloud platform, also face tough competition from younger database startups and software vendors.

## Blue Origin Names New CEO

By Micah Maidenberg

**Blue Origin**, the space company backed by Jeff Bezos, hired a new chief executive as it pushes to start flying to orbit and catch up with SpaceX.

Dave Limp, a longtime executive at Amazon.com, will join Blue Origin as CEO in early December, according to an email Bezos sent to staff Monday. He will take over for the company's current top leader, Bob Smith, who will leave in early January.

Blue Origin was founded by Bezos almost 25 years ago, but it fell behind Elon Musk's SpaceX in terms of launching missions into orbit. While the company has stood up several divisions, it hasn't yet conducted an orbital mission.

Its slower, more methodical style in developing rockets has frustrated some former employees and, at times, generated questions from industry officials about its pace. Next year, the company is looking to blast off New Glenn, designed to be a powerful orbital vehicle, for the first time.

"Dave has an outstanding sense of urgency, brings energy to everything, and helps teams move very fast," Bezos said in the email.

Limp worked on a number of well-known consumer products at Amazon, including the tech giant's Kindle reader and its Alexa device, according to Blue Origin. He also managed Project Kuiper, the low-Earth-orbit satellite network that would compete with SpaceX's Starlink fleet. CNBC earlier reported Limp would take over as CEO at Blue Origin.

In an interview this summer, Smith defended Blue Origin's approach to New Glenn. The company has faced technical challenges with New Glenn that have delayed its inaugural launch. Such hurdles are common during rocket developments.

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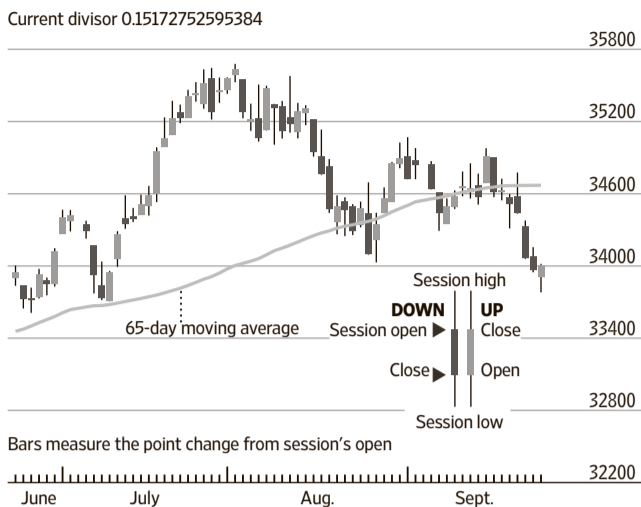
# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

**34006.88** ▲43.04, or 0.13%  
 High, low, open and close for each trading day of the past three months.

Last Year ago  
 Trailing P/E ratio 24.62 17.23  
 P/E estimate \* 18.63 15.77  
 Dividend yield 2.12 2.43  
 All-time high 36799.65, 01/04/22

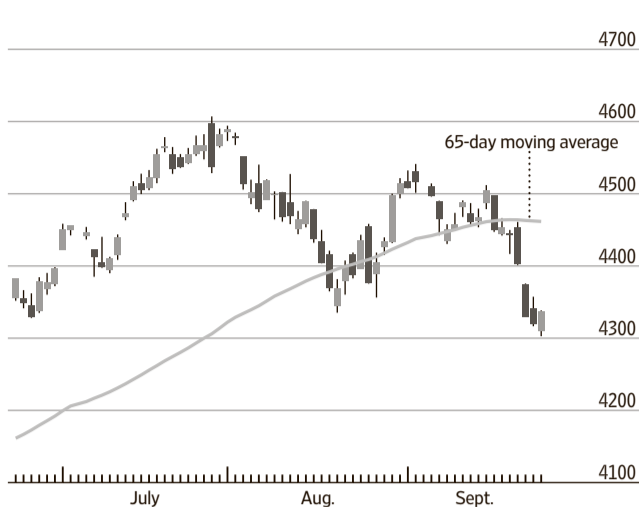


Current divisor 0.15172752595384

### S&P 500 Index

**4337.44** ▲17.38, or 0.40%  
 High, low, open and close for each trading day of the past three months.

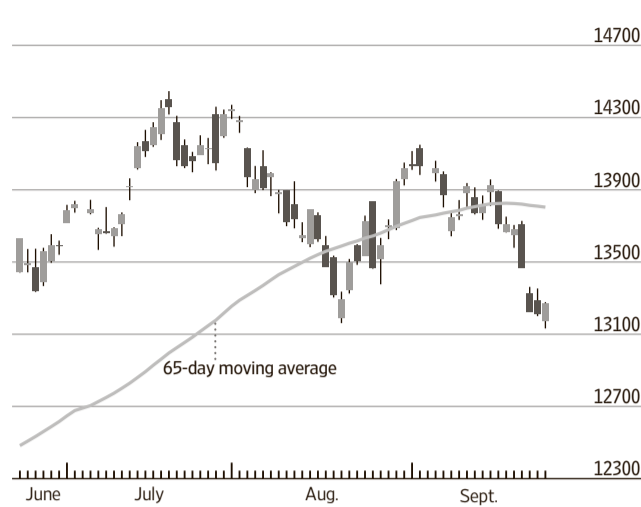
Last Year ago  
 Trailing P/E ratio \* 21.67 18.09  
 P/E estimate \* 19.86 16.42  
 Dividend yield \* 1.58 1.79  
 All-time high 4796.56, 01/03/22



### Nasdaq Composite Index

**13271.32** ▲59.51, or 0.45%  
 High, low, open and close for each trading day of the past three months.

Last Year ago  
 Trailing P/E ratio \* 29.75 23.10  
 P/E estimate \* 26.75 20.92  
 Dividend yield \* 0.87 0.99  
 All-time high: 16057.44, 11/19/21



## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	YTD	% chg 3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	34017.53	33780.67	<b>34006.88</b>	43.04	0.13	35630.68	28725.51	16.2	2.6	7.8
Transportation Avg	15166.58	14937.04	<b>15101.42</b>	113.50	0.76	16695.32	11999.40	25.9	12.8	10.2
Utility Average	870.16	862.03	<b>869.60</b>	-1.67	-0.19	1002.11	838.99	-8.8	-10.1	2.5
Total Stock Market	43199.56	42845.33	<b>43189.09</b>	169.52	0.39	45969.67	36056.21	17.8	12.1	8.7
Barron's 400	962.68	951.05	<b>962.57</b>	8.28	0.87	1036.97	825.73	16.6	4.6	11.3
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	13277.83	13132.00	<b>13271.32</b>	59.51	0.45	14358.02	10213.29	22.8	26.8	6.7
Nasdaq-100	14771.12	14615.45	<b>14768.90</b>	67.80	0.46	15841.35	10679.34	31.2	35.0	9.8
<b>S&amp;P</b>										
500 Index	4338.51	4302.70	<b>4337.44</b>	17.38	0.40	4588.96	3577.03	18.7	13.0	9.6
MidCap 400	2513.93	2485.54	<b>2509.96</b>	14.45	0.58	2728.44	2203.53	13.9	3.3	11.4
SmallCap 600	1154.38	1140.33	<b>1151.65</b>	5.20	0.45	1315.82	1064.45	8.2	-0.5	11.3
<b>Other Indexes</b>										
Russell 2000	1788.03	1766.54	<b>1784.24</b>	7.74	0.44	2003.18	1655.88	7.8	1.3	6.6
NYSE Composite	15597.65	15491.23	<b>15593.73</b>	24.22	0.16	16427.29	13472.18	14.8	2.7	7.7
Value Line	541.81	536.84	<b>540.94</b>	1.27	0.24	606.49	491.56	9.5	0.9	6.3
NYSE Arca Biotech	5012.89	4973.83	<b>5001.11</b>	-10.50	-0.21	5644.50	4390.11	13.9	-5.3	-1.9
NYSE Arca Pharma	900.07	891.37	<b>899.98</b>	3.36	0.37	925.61	737.84	22.0	3.7	11.2
KBW Bank	78.94	77.86	<b>78.91</b>	0.41	0.52	115.10	71.96	-18.7	-21.8	3.5
PHLX <sup>S</sup> Gold/Silver	114.01	112.28	<b>113.41</b>	-1.17	-1.02	144.37	91.40	24.1	-6.2	-6.8
PHLX <sup>S</sup> Oil Service	95.15	93.06	<b>94.90</b>	1.57	1.69	98.76	56.08	69.2	13.2	50.1
PHLX <sup>S</sup> Semiconductor	3390.52	3337.35	<b>3389.46</b>	24.17	0.72	3861.63	2162.32	42.8	33.9	15.9
Cboe Volatility	18.41	16.79	<b>16.90</b>	-0.30	-1.74	33.63	12.82	-47.6	-22.0	-13.8

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index  
 §Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Oneok Inc	OKE	22,096.2	66.35	-0.19	-0.29	66.56	66.35
SPDR S&P 500 ETF Trust	SPY	8,495.9	432.59	0.36	0.08	433.49	429.58
Finl Select Sector SPDR	XLF	5,023.3	33.79	0.05	0.15	33.81	33.59
Energy Transfer	ET	3,680.3	13.99	-0.02	-0.14	14.02	13.88
iShares MSCI Brazil ETF	EWZ	3,224.7	31.00	...	unch.	31.09	31.00
XPeng ADR	XPEV	3,147.4	16.78	0.09	0.54	16.80	16.44
iSh MSCI Emerging Mkts	EEM	2,660.2	38.31	0.01	0.03	38.40	38.28
Microsoft	MSFT	2,195.9	317.80	0.26	0.08	317.85	304.18

### Percentage gainers...

Company	Symbol	Last	Net chg	% chg	52-Week High	52-Week Low	% chg
Xenia Hotels & Resorts	XHR	554.2	12.25	0.60	5.15	12.25	11.65
Neogen	NEOG	89.8	20.09	0.63	3.24	20.09	19.38
Howmet Aerospace	HWM	58.2	47.75	1.45	3.13	47.75	46.30
Bio-Techne	TECH	102.1	70.49	2.06	3.01	70.49	68.43
Gerdau ADR	GGB	57.0	4.99	0.12	2.46	4.99	4.86

### ...And losers

Company	Symbol	Last	Net chg	% chg	52-Week High	52-Week Low	% chg
Omega Therapeutics	OMGA	130.4	2.85	-0.15	-5.00	3.85	2.85
8X8	EGHT	528.9	2.40	-0.10	-4.00	2.50	2.40
Coty CIA	COTY	219.5	11.37	-0.42	-3.56	11.79	11.09
Vaccitech ADR	VACC	548.8	3.05	-0.11	-3.48	3.30	2.97
Clarivate	CLVT	64.0	6.97	-0.21	-2.92	7.18	6.97

## Trading Diary

### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	786,190,122	9,814,171
Adv. volume*	436,401,452	6,355,574
Decl. volume*	343,958,998	3,337,781
Issues traded	2,998	320
Advances	1,394	119
Declines	1,507	183
Unchanged	97	18
New highs	25	9
New lows	249	32
Closing Arms <sup>†</sup>	0.85	0.34
Block trades <sup>†</sup>	3,778	107
	Nasdaq	NYSE Arca
Total volume*	4,100,297,868	263,544,091
Adv. volume*	2,393,470,077	103,374,887
Decl. volume*	1,658,852,165	159,664,278
Issues traded	4,467	1,789
Advances	2,000	862
Declines	2,276	911
Unchanged	191	16
New highs	45	16
New lows	427	114
Closing Arms <sup>†</sup>	0.61	1.58
Block trades <sup>†</sup>	30,921	1,418

\*Primary market NYSE/NYSE Amer/NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

## International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>662.62</b>	-0.52	-0.08	9.5
	MSCI ACWI ex-USA	291.30	-2.55	-0.87	3.6
	MSCI World	2879.79	-0.06	-0.002	10.6
	MSCI Emerging Markets	957.41	-6.83	-0.71	0.1
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>1643.63</b>	5.91	0.36	12.8
Canada	S&P/TSX Comp	19800.61	20.64	0.10	2.1
Latin Amer.	MSCI EM Latin America	2307.90	-31.27	-1.34	8.4
Brazil	BOVESPA	115924.61	-84.03	-0.07	5.6
Chile	S&P IPSA	3262.46	-26.19	-0.80	2.8
Mexico	S&P/BMV IPC	51367.46	-310.02	-0.60	6.0
<b>EMEA</b>	<b>STOXX Europe 600</b>	<b>450.44</b>	-2.82	-0.62	6.0
Eurozone	Euro STOXX	440.84	-4.14	-0.93	7.5
Belgium	Bel-20	3580.79	-54.01	-1.49	-3.3
Denmark	OMX Copenhagen 20	2111.27	-17.82	-0.84	15.0
France	CAC 40	7123.88	-60.94	-0.85	10.0
Germany	DAX	15405.49	-151.80	-0.98	10.6
Israel	Tel Aviv	1860.38	...	Closed	3.5
Italy	FTSE MIB	28382.19	-193.71	-0.68	19.7
Netherlands	AEX	726.64	-3.45	-0.47	5.5
Norway	Oslo Bors All-Share	1486.44	-16.77	-1.12	9.1
South Africa	FTSE/JSE All-Share	73398.78	...	Closed	0.5
Spain	IBEX 35	9386.00	-115.98	-1.22	14.1
Sweden	OMX Stockholm	796.36	-4.31	-0.54	1.9
Switzerland	Swiss Market	11014.26	-0.50	-0.005	2.7
Turkey	BIST 100	8304.83	265.65	3.30	5.0
U.K.	FTSE 100	7623.99	-59.92	-0.78	2.3
U.K.	FTSE 250	18415.31	-191.53	-1.03	-2.3
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>159.17</b>	-0.90	-0.56	2.2
Australia	S&P/ASX 200	7076.50	7.66	0.11	0.5
China	Shanghai Composite	3115.61	-16.82	-0.54	0.9
Hong Kong	Hang Seng	17729.29	-328.16	-1.82	-10.4
India	S&P BSE Sensex	66023.69	14.53	0.02	8.5
Japan	NIKKEI 225	32678.62	276.21	0.85	25.2
Singapore	Straits Times	3215.40	10.58	0.33	-1.1
South Korea	KOSPI	2495.76	-12.37	-0.49	11.6
Taiwan	TAIEX	16452.23	107.75	0.66	16.4
Thailand	SET	1507.36	-15.23	-1.00	-9.7

Sources: FactSet; Dow Jones Market Data

## Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Digital Media Solutions	DMS	2.74	0.61	28.64	31.35	1.97	-90.3
Neuraxis	NRXS	4.16	0.81	24.21	6.93	3.19	...
Amer Coastal Insurance	ACIC	8.98	1.54	20.70	9.22	0.29	1182.9
Jet.AI	JTAI	3.07	0.45	16.95	17.50	2.38	-69.4
Bluejay Diagnostics	BIDX	5.30	0.72	15.72	18.91	2.90	-67.5
Alpha Teknova	TKNO	2.31	0.31	15.50	6.48	1.62	-37.4
BioVie	BIVI	3.25	0.43	15.25	14.38	2.11	43.8
MDB Capital Holdings	MDBH	11.95	1.44	13.70	21.67	10.15	...
Rayonier Advanced Mats	RYAM	3.19	0.37	13.12	9.84	2.75	-10.4
Glimpse Group	VRAR	3.27	0.37	12.76	6.90	2.47	-43.0
ContextLogic	WISH	4.74	0.53	12.59	32.10	4.09	-81.9
LifeMD	LFMD	4.83	0.53	12.33	5.45	1.14	151.6
Check-Cap	CHEK	4.45	0.48	12.09	6.54	1.22	-22.7
Sea ADR	SE	40.20	4.24	11.79	88.84	34.87	-25.5
China Green Agriculture	CGA	2.40	0.25	11.63	6.98	1.61	-62.5

## Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Avalo Therapeutics	AVTX	361,592	977.0</				



BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Nasdaq Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE).

Footnotes:

1-New 52-week high. 2-New 52-week low. 3-Indicates loss in the most recent four quarters. 4-Indicates loss in the most recent quarter. 5-Does not meet continued listing standards. 6-Temporary exemption from Nasdaq requirements. 7-NYSE bankruptcy. 8-Trading halted on primary market. 9-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table of stock prices for Monday, September 25, 2023. Columns include Stock, Sym, Close, Chg, Net, and various other metrics. Includes sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table of stock prices for Monday, September 25, 2023. Columns include Stock, Sym, Close, Chg, Net, and various other metrics. Includes sub-sections G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table of Exchange-Traded Portfolios (ETFs) for Monday, September 25, 2023. Columns include ETF, Symbol, Closing Price, Chg, YTD, and various other metrics.

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New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. %CHG-Daily percentage change from the previous trading session.

Table of New Highs and Lows for Monday, September 25, 2023. Columns include Stock, Sym, Hi/Lo, Chg, and various other metrics.

Table of New Highs and Lows for Monday, September 25, 2023. Columns include Stock, Sym, Hi/Lo, Chg, and various other metrics.

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Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e-E-X distribution. F-Previous day's quotation. G-Footnotes x and s apply. H-Footnotes x and s apply. K-Reallocated by Lipper, using updated data. p-Distribution stocks apply. 12b-1-R Redemption charge may apply. a-Stock split or dividend. F-Footnotes p and r apply. W-Footnote s and apply. X-E-Dividend. Z-Footnote x and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper, data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table of Mutual Funds for Monday, September 25, 2023. Columns include Fund, NAV, Chg, %Ret, and various other metrics.

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BANKING & FINANCE

Deutsche Bank Unit to Pay in SEC Settlement

Investing arm was accused of too-rosy ESG claims, lapses on laundering rules

By MENGQI SUN

Deutsche Bank's investment arm agreed to pay \$25 million for overstating how it used environmental, social and governance factors in its funds...

the Securities and Exchange Commission that it failed to comply with anti-money-laundering rules for its mutual funds.

The SEC charged DWS Investment Management Americas, a New York-based investment adviser subsidiary of Deutsche Bank...

DWS Investment Management didn't admit or deny the charges, but it agreed to two separate cease-and-desist orders related to the anti-money-laundering violations...

A whistleblower at DWS raised questions about its ESG claims in 2021, saying DWS had struggled to define and implement an ESG strategy...

DWS, a global investment firm with \$165 billion in assets, had said in an annual report: "As a firm, we have placed ESG at the heart of everything that we do."

firms, was chasing a flood of investor cash going to ESG funds.

The SEC alleged that DWS made materially misleading statements about its controls in incorporating ESG factors into its research and investment recommendations...

A DWS spokesperson said the firm has already taken steps to address the weaknesses in its processes and

procedures identified in the SEC ESG order.

The SEC has rarely taken enforcement action against fund firms for their ESG marketing and for anti-money-laundering controls.

The SEC alleged that DWS failed to adopt and implement policies and procedures for its

mutual funds to prevent money laundering and terrorism financing, in breach of Bank Secrecy Act and related Financial Crimes Enforcement Network regulations.

It agreed to pay about \$6 million to settle the charges.

A DWS spokesman said it is "committed to maintaining a robust risk management framework" and that the firm has taken steps to improve its anti-money-laundering processes for its U.S. mutual fund business since 2020.

A spokesman for Deutsche Bank declined to comment further.



Brice Carter and Lee Thomas have different views on the shift.



Some Schwab Clients Regret Switch From TD Ameritrade App

By HANNAH MIAO

Millions of investors who had accounts at TD Ameritrade became Charles Schwab customers this month.

Many individuals and registered investment advisers who were switched over following Schwab's acquisition of TD Ameritrade say they miss their old accounts.

It's just amazing how bad it is, the new app," said Scott Henderson, 62, a Portland, Ore., resident who owns an internet marketing firm and had a retirement account with TD Ameritrade.

The complaints are the latest challenge in what has been a trying year for Schwab, the largest publicly traded U.S. brokerage.

Customer complaints aren't surprising following such a large transition, and Schwab called the conversion "a tremendous success."

Schwab has been converting customers in waves, and plans to transition remaining TD Ameritrade accounts in November and the first half of 2024.

Spokeswoman Mayura Hooper said Schwab is listening to clients and plans to roll out new enhancements to its adviser platform and mobile app in coming weeks and months.

It won't be a moment too soon for some former TD Ameritrade customers. Lee Thomas, a 28-year-old in Katy, Texas, who works in the insurance industry, said TD Ameritrade had been his favorite investing app, and that he misses its features.

"It's an adjustment process for sure," said Thomas, who also uses E\*Trade and doesn't plan to move his investments out of Schwab.

Earlier this year, Schwab came under scrutiny from shareholders over deposit outflows in its banking business after a string of regional bank failures.

Shares of Schwab are down 34% in 2023. The company says client cash leaving the bank has largely stayed at Schwab.

Schwab said asset flows were temporarily hit by departing TD Ameritrade customers, but attrition was "measurably better" than it expected.

Clients from TD Ameritrade pulled a net \$23.2 billion of assets in August, the company reported. All other Schwab customers added a net \$28.1 billion, bringing net new assets overall to \$4.9 billion for the month, compared with \$43.3 billion a year earlier.

Brice Carter, chief investment officer at Financial Strategies Group in Michigan, said the conversion has been better than he anticipated.

After the Supreme Court in June found it unconstitutional to consider race in university

Marketers Maintain Diversity Focus Despite Outside Pressures, Lawsuits

By PATRICK COFFEY

Many companies are reinforcing their commitment to diversity, equity and inclusion practices, calling them critical to their businesses, despite high-profile lawsuits from conservative groups and scrutiny of DEI policies following the U.S. Supreme Court's decision to strike down affirmative action in college admissions.

Major marketers including Procter & Gamble and Microsoft will continue to invest more money with diverse suppliers such as Black-owned and operated media companies and marketing firms, respectively, the companies say.

Oregon-based Tillamook in late 2022 hired Ibtom Consulting Chief Executive Shari Dunn as a freelance consultant to advise it on the selection of an ad agency and the marketing strategy it later developed with that agency as it looks to expand beyond its core West Coast fan base, said Kate Boltin, vice president of marketing.

"We cannot do that without being welcoming and inclusive and open to anyone that enjoys eating dairy," she said.

Many marketers see their DEI practices as essential for selling their products and services to consumers from a variety of backgrounds and perspectives.

Brands for years have considered race-based data—such as the ethnic makeup of a company's workforce or its ownership—when selecting the contractors that will help develop their marketing campaigns and the media platforms where they buy ads.

The trend intensified following the 2020 murder of George Floyd, and most requests for information that brands send to potential contractors, such as ad agencies, now require such diversity "scorecards," experts say.

But some brands have pulled back on related work in light of macroeconomic headwinds, the backlash this year to Bud Light's and Target's efforts to reach diverse consumer groups, and legal challenges, experts say.

After the Supreme Court in June found it unconstitutional to consider race in university



Tillamook County Creamery Association hired a consultant to help it pick an ad agency.

admissions, opponents of some DEI practices have increased the pressure on companies to reverse course.

Thirteen Republican state attorneys general in July sent letters to the chief executives of Fortune 100 companies, advising them to "immediately cease any unlawful race-based quotas or preferences" in employment and contracting.

The office of Kansas Attorney General Kris Kobach, one of the letter's signatories, is now assessing whether companies with operations in that state continue to use race-based preferences, according to a spokeswoman.

Amazon.com and Starbucks face lawsuits against their efforts to diversify their pool of contractors. The suits charge that the efforts violate civil-rights laws originally designed to protect Black Americans from discrimination.

The letters and lawsuits hint at a battle over the legality of such private-sector practices that will likely end in another Supreme Court case, said Gary Kibel, partner at ad industry law firm Davis & Gilbert.

They have had a chilling effect on DEI practices for some marketers.

"There are some advertisers who are looking at the Supreme Court decision, unfortunately, as a potential opportunity to step away from what they have done," said Lisette Arsuaga, co-founder of the Alliance for Inclusive and Multicultural Marketing, a division of trade group Association of National Advertisers.

A Microsoft spokeswoman declined to comment but referred to a June report stating the company had achieved some of its racial-equality initiatives, which include a pledge to increase spending with Black-owned contractors by \$500 million.

Procter & Gamble doesn't provide specific data regarding its investments with Black-owned media companies, but in 2022 the company said it doubled related spending over the previous two years. "It's a proven way to effectively reach Black consumers," said a spokesman.

Brands hire external DEI services when they believe their internal resources aren't sufficient to meet their goals, said Ken Robinson, co-founder of search consulting firm Ark Advisors, which oversaw the Tillamook review.

Diversity is only one consideration among many in choosing an ad agency, executives said.

Tillamook weighed several DEI factors in its recent agency review, including the makeup of the competing agencies' workforces, the diversity of their suppliers and whether their ads included diverse casts and directors. The organization also focused on the agencies' alignment with its own DEI values as well as the overall quality of their work, said Boltin, the vice president of marketing.

"We didn't want this to be a tick-the-box exercise, like, 'Do you meet a certain quota?'" she said.

Macroeconomic uncertainties that led to slowdowns in ad spending have forced marketers to make a business case for their DEI investments in recent months.

A number of corporate diversity leaders left their jobs this year as a result of these

trends. One ad executive recently cited declines in client revenue as a reason for laying off his agency's head of DEI, according to a person familiar with the matter.

"We've worked hard to be seen as a business function, so we're going to kind of suffer the same impacts in a downward business climate," said Christena Pyle, chief equity officer at ad holding company Dentsu Americas, of diversity executives.

Rosalyn McPherson, president and chief executive of ROZ Group, a Philadelphia-area consulting firm that specializes in such work, said rising anti-DEI sentiment hasn't affected her business.

Visit Philadelphia, the city's official tourism agency, hired the firm in 2022 for help in choosing a new ad agency.

Visit Philadelphia later worked with members of local Hispanic and Latino communities to develop themes for this month's Hispanic Heritage Month campaign, which include the variety of ethnic identities within the Hispanic population, said Chief Marketing Officer Neil Frauenglass.

"I find it almost irresponsible to not work with a DEI consultant when you are in a pitch or when you are developing work," said Frauenglass. "The consultants widened our view."

Marketers that pull back on DEI work risk losing market share by failing to account for "the fundamental, tectonic shifts that are happening in the composition of our society," said Antonio Lucio, founder of consulting firm 5S Diversity and former CMO of Meta Platforms.

"This is not about what the Supreme Court is saying; this is a major business imperative," he said.

New Highs and Lows

Table with columns for Stock, 52-Wk % High/Low, and various stock tickers and their performance metrics.

MARKETS

Stocks, Treasury Yields March Higher

Energy sector of S&P 500 is top performer with oil prices up 7.4% this month

By CHARLEY GRANT

Bond yields continued upward, with the yield on the benchmark 10-year Treasury settling at the highest level since 2007.

Stock markets edged higher after major indexes had their worst weekly performance since March. The S&P 500 rose 0.4%, while the tech-heavy Nasdaq Composite gained 0.5%. The blue-chip Dow Jones Industrial Average rose 0.1%, or 43 points.

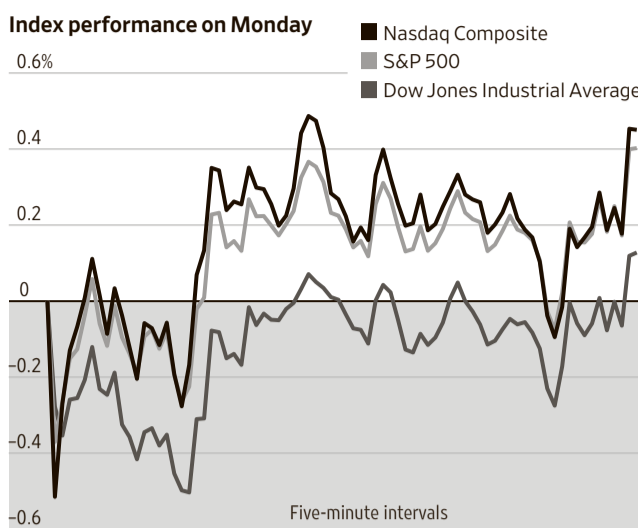
The 10-year Treasury yield

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with columns for 13-Week and 26-Week Treasury auctions, including applications, accepted bids, and auction prices.

Both issues are dated Sept. 28, 2023. The 13-week bills mature on Dec. 28, 2023; the 26-week bills mature on March 28, 2024.



Source: FactSet

settled at 4.541%, up from 4.438% on Friday. The yield has risen and prices have declined in 15 of the past 20 weeks, according to Dow Jones Market Data.

Investors watch movements in the 10-year carefully because the yield is a benchmark for household and borrowing costs. Higher yields on safe assets like government bonds make riskier assets like stocks look less attractive.

"With rates getting to the level they are, you've got to think it's going to impact the economy, and I think the mar-

ket is coming around to that point of view," said Emerson Ham III, senior partner at Sound View Wealth Advisors.

"The good news out there in the marketplace is you can get decent yields on fixed income," he said, adding that he finds municipal and corporate bonds to be attractive investments at current prices.

The Federal Reserve opted to hold interest rates steady at the central bank's policy meeting last week. But officials also signaled they expect to keep rates higher further into 2024, a prospect which



Costco is slated to report earnings this week. One of its stores in Novato, Calif.

has rattled investors.

"Investor narratives have shifted quickly to a wall of worry," said Lauren Goodwin, economist and director of portfolio strategy at New York Life Investments. "From my perspective, the biggest risk is inflation firming."

Economists fear that rising oil prices and the possibility of sustained higher borrowing costs will push Americans to trim spending on dining out, travel and other discretionary categories.

Brent Crude futures settled at \$93.29 a barrel, up slightly.

Oil prices have risen 7.4% so far this month.

Energy stocks advanced 1.3%, Monday's best-performing sector within the S&P 500.

Warner Bros Discovery fell 4% after Hollywood writers, studios and streamers said they reached a tentative agreement to end a months-long strike. Netflix shares advanced 1.3%.

Data out later this week could offer clues about how higher rates are affecting economic activity. An updated reading for second-quarter gross domestic product is due

Thursday.

Consumer-spending data and a reading from the Federal Reserve's preferred inflation gauge are expected Friday. Retailers Nike and Costco as well as cruise-line operator Carnival are among the companies slated to report earnings this week.

Overseas, Europe's Stoxx 600 fell 0.2%. At midday Tuesday, Japan's Nikkei 225 was down 0.9%, South Korea's KOSPI was down 1.2% and Hong Kong's Hang Seng Index was down 0.6%. S&P 500 futures fell 0.4%.

China Restricts Insider Stock Sales In Attempt to Arrest Market Slump

By REBECCA FENG

Chinese regulators have taken a novel approach to prop up the country's faltering stock market by banning many companies' biggest shareholders from selling.

The country's \$11 trillion domestic stock market has slumped this year after a post-Covid rally, hurt by a weak economy, an outflow of foreign money and a rising sense of nervousness among small investors. The CSI 300 index of the country's largest listed companies is down 4.1% in the year to date following losses in the previous two calendar years.

Authorities in China have taken several steps to boost the market recently, including cutting a tax on stock trading and slowing the pace of new listings to help balance supply and demand.

The country's securities regulator also has curbed share sales from controlling shareholders of listed companies that haven't paid dividends in the past three years, or whose shares are trading below their IPO prices or net asset values.

The new rules effectively placed share-sale restrictions on about half of the 5,000-plus companies that trade in Shanghai or Shenzhen, ac-

ording to Wind, a provider of financial data.

Major shareholders of all listed companies were also encouraged to maintain their ownership stakes or lock up their shares for longer periods.

Shareholders of more than 200 companies sprang into action by canceling plans to trim stakes, making public promises not to reduce their holdings further and extending lockup periods for their shares. Dozens of other companies proposed buybacks that could help support their share prices.

Authorities are swiftly cracking down on rule breakers. Xu Xiong, the chairman and controlling shareholder of Shanghai-listed Eastern Pioneer Driving School, sold about \$3 million worth of shares on Aug. 28, a day after the curbs were put into place, according to a regulatory filing.

The shares were trading well below their IPO price. On Sept. 15, the Beijing-based company said it had bought back the shares that Xu sold, adding that it was notified by Xu's family members that

Shanghai police had issued an arrest order for him for suspected stock-market manipulation. Xu couldn't be reached for comment. Eastern Pioneer didn't respond to a request for comment.

In early September, a couple that owned 7.1% of a Shanghai-listed furniture maker unloaded almost all of their shares—without timely disclosure—over two days when the company's stock traded near a multiyear high. The shares sold were worth about \$49 million in total.

China's securities regulator fined Yu Fanyi, a director of Nanjing OLO Home Furnishing, and his wife the equivalent of \$4.5 million on Sept. 15, a large sum compared with previous penalties for similar cases in China. The pair was ordered to forfeit an additional \$2.3 million in what the regulator said were illegal trading profits. Nanjing OLO didn't respond to a request for comment.

A third company, Xi'an Xice Testing Technology, issued an apology last week after three of its controlling

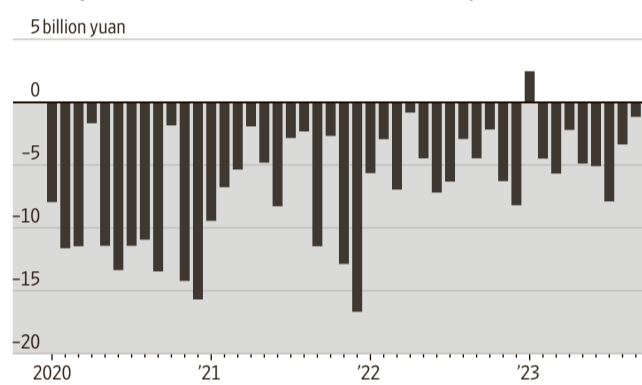
shareholders collectively sold about a 1% stake in late August and early September when its shares were trading below their IPO price.

A regional branch of the securities regulator swiftly reprimanded the company and ordered it to correct its actions and submit a written rectification report. The Shenzhen-listed company said the ownership reduction wasn't intentional and was the result of an error, adding that it had repurchased the shares by last Friday.

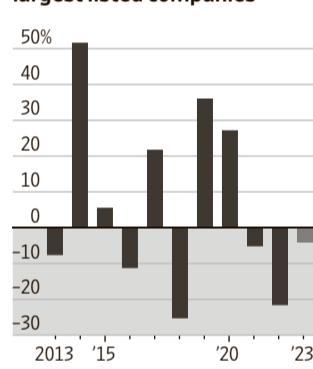
Corporate insiders in China have been net sellers of shares of their own companies for years. In 2020, officers and directors at more than 1,200 companies net sold the equivalent of \$17 billion worth of stock, the highest total on record, according to Wind. So far this year, company insiders have sold a net \$4.4 billion worth of shares.

Chinese stock benchmarks are slightly above where they were before the new rules on controlling shareholder sales were rolled out. On Sept. 20, a state-owned media outlet, Securities Daily, said "all parties in the market have responded positively" so far. The article also said regulators responded to rule violators with "a thunderous blow and punished them severely," showing the

Net share sales and purchases by directors and officers of companies listed in mainland China, monthly

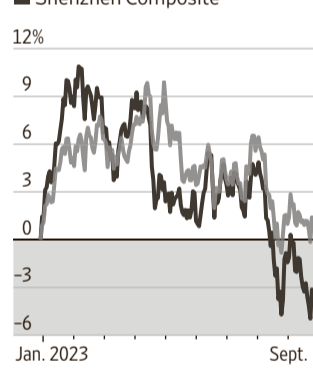


Performance of the CSI 300 index, which tracks China's largest listed companies\*



\*Chart shows calendar year price returns †Through Sept. 25 Note: 10 billion yuan=\$1.37 billion Sources: Wind (net share sales and purchases, CSI 300 index); FactSet (index performance)

Index performance



Shareholders of more than 200 companies canceled plans to trim stakes.

Run-Up In Oil Price Spurs Fear

Continued from page B1 known as stagflation. Elevated energy costs could also tighten labor markets by pushing those with low pay or multiple jobs to think twice about long commutes to work.

But the extent of such consequences is far from clear, creating fresh uncertainties for investors who are trying to game out the impact of future interest rates in their bets on stocks, bonds and commodities.

American businesses and consumers are less sensitive to oil-price shocks than they were decades ago, economists say, with efficiency gains slimming down fuel costs' share of overall spending. Gasoline today is also cheaper in inflation-adjusted terms than it was in previous moments of peril. Gasoline prices in today's dollars peaked at \$5.71 a gallon in June 2008, according to the Energy Information Administration. Inflation-adjusted prices were similarly higher than to-



Truckers who haul food cross-country are charging grocery stores more for diesel. A Chevron station in San Francisco.

day's levels as the U.S. grappled with hard-to-shake inflation between 1979 and 1981.

Economists omit such volatile energy prices from preferred inflation metrics that tend to focus on service costs and labor markets. Oil prices can rise because of new de-

mand, such as the Chinese economic boom of the 2000s, or fall based on supply shocks, such as the Arab oil embargo and Iranian revolution in the 1970s, blurring the signals they send about the U.S. economy.

Even so, the summertime jump in prices caught the eye

of central bankers as they watched core inflation moderate and prepared to pause rate increases.

Fed Chair Jerome Powell called the surge in energy costs a "significant thing" at a press conference last Wednesday, saying it "can affect consumer

spending. It certainly can affect consumer sentiment." "It really comes down to how persistent, how sustained, these energy prices are," he added.

That outlook is largely beyond the power of U.S. monetary policy. This month, Saudi Arabia and Russia propelled a

jump in crude prices by extending supply cuts through year-end, virtually ensuring that record fuel demand would outstrip worldwide production.

Benchmark Brent crude, the global pricing standard, has since touched \$95 a barrel and closed Monday at \$93.29 a barrel. On Wall Street, even the most bearish analysts now say oil could touch or surpass the \$100 mark later this year, but few expect prices to jump much higher in part due to record oil output from the U.S.

"The fact that the shale revolution was so successful will keep a lid on real prices," said Nikolai Roussanov, a professor of finance at the Wharton School of the University of Pennsylvania.

So far, consumer spending, an engine of the U.S. economy, has remained resilient amid higher borrowing costs and fuel prices. Retail sales excluding gasoline rose 0.2% in August from the previous month, according to the Commerce Department.

Some economists warn that higher prices will add to the economic toll alongside the resumption of student-loan payments and wind-down of pandemic-era savings. Should Americans work less or ask for higher wages to compensate for filling up their tanks, labor markets could also remain stubbornly tight.

# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Broadcom's AI Won't Be Easy to Chip Away

Wall Street doubts Google will pull its business, but stock's big run has made the manufacturer more sensitive to market fears

**Broadcom** has firmly gotten in on the action of artificial-intelligence chips. But the company is also learning that volatility is the price of entry.

The chip maker first made clear to investors in early March that need for generative AI capabilities was driving up demand for its networking chips used in data centers. That was nearly three months before **Nvidia** issued its own blowout sales forecast that turned it into the first chip maker with a market value exceeding \$1 trillion. Broadcom isn't at that valuation level, but its stock price has surged 38% since those fiscal first-quarter results in March and 22% since Nvidia's report in late May—with both performances well exceeding the **PHLX Semiconductor Index's** performance over that time.

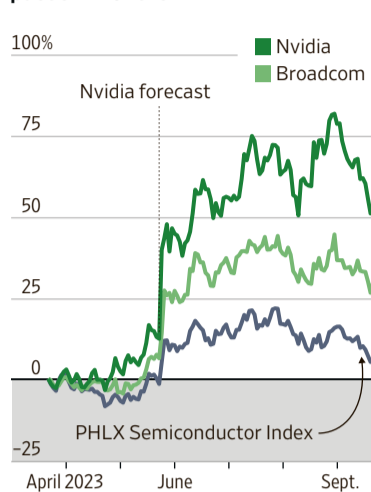
But this run has also made Broadcom more vulnerable to perceived weak points in the armor. The company's fiscal third-quarter report late last month sent the stock down more than 5% after projected revenue for the fiscal

fourth quarter was merely in line with Wall Street's forecasts—following 12 consecutive quarters of beating analysts' targets, according to FactSet. Then came a report last week by The Information that said **Google** was planning to ditch Broadcom as a supplier for custom data-center chips called tensor processing units, or TPUs, because of frustration with Broadcom's high prices. That report knocked nearly 3% off Broadcom's share price the next day.

The stock clawed back those losses on Friday, after several analysts cast serious doubt on the idea that Google could easily pull its business from the chip maker. Google for its part said that “we see no change in our engagement” with Broadcom, even though it noted that it is talking with “multiple other suppliers for the long term.”

Stacy Rasgon of Bernstein estimates Broadcom's “compute off-load” business, which primarily serves Google, will generate about \$3 billion in revenue for Broadcom's fiscal year ending in Octo-

Share-price and index performance, past six months



Source: FactSet

ber, which would represent a gain of about 50% from the prior year. Such growth is an important offset to other areas of Broadcom's business that are feeling the weight of the chip downturn. Analysts expect the company's total

semiconductor revenue to rise only 9% this year.

Broadcom is indeed known for driving a hard bargain on prices; Rasgon estimates the Google business commands gross margins in the 75% range. But that still doesn't make it easy to replace. Tim Arcuri of UBS noted Friday that the TPU chips Broadcom supplies Google include proprietary technology involving packaging, memory, connectivity and optics “that is very sticky and hard for Google to replicate internally.”

Analysts agree that Google could bring in other chip vendors for facets of its TPU needs. And its substantial resources could drive Google to bring more of its chip design work in-house; parent company **Alphabet's** net cash balance of nearly \$136 billion is the highest in tech and even more than twice that of **Apple's**.

But the iPhone maker's recent stumbles in developing its own modem chip stand as a good reminder that even the deepest-pocketed technology giants can't easily pull off their own designs of

complex chip products.

Broadcom has a strong history of retaining business that it wants to keep—even when customers push back on prices.

The company once seemed to float the idea of selling its radio-frequency-chip business that mainly supplies Apple, its largest customer. But the two locked in a new supply deal earlier this year, just months after reports that Apple was considering bringing that work in-house.

“Overall, we have little doubt that with each generation of products, somewhat intense price negotiations occur between [Broadcom] and its heavily concentrated customer base,” Ross Seymore of Deutsche Bank wrote in a note Friday.

He added, however, that Broadcom “has succeeded in maintaining these relationships, and we would expect that conclusion to be the most probable outcome in this instance as well.”

Investors shouldn't count Broadcom out of Google just yet. —Dan Gallagher

## LTCM Crisis Took One Bailout. We Should Be So Lucky Next Time.

This is third of a three-part *Heard on the Street* series on the 25th anniversary of Long-Term Capital Management's collapse.

Twenty-five years ago, the impending collapse of Long-Term Capital Management was so worrying to Wall Street that 14 of the biggest firms collectively coughed up billions of their own cash to rescue it.

At the time, the gathering of leading investment bankers at the behest of the Federal Reserve felt like an extraordinary intervention. But looking back a quarter-century, and in light of all that followed, the resolution of the LTCM crisis now seems quaint: All it took was rescuing one firm.

Of course, Wall Street has never been in the charity business. What pried open the wallets of **Goldman Sachs**, **J.P. Morgan**, **Merrill Lynch**,

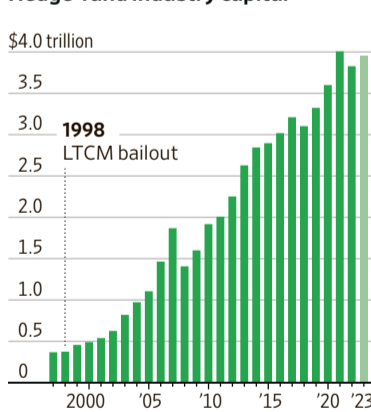
**UBS** and others was fear about the fallout its collapse could bring. There was the direct exposure, as LTCM borrowed from Wall Street to leverage its bets, as well as the indirect risk of what might happen to the market in a fire sale.

With the enormous growth of the size of banks since then, and changes to how markets operate in the wake of subsequent crises, the collapse of one hedge fund may on its own be far less likely to cause such a singular crisis. Yet hedge funds collectively still have the power to unnerve the markets and regulators. And that is a much tougher problem to tackle.

One remarkable thing about LTCM was its scale relative to Wall Street. At the end of 1997, LTCM had \$129 billion in assets, including what it used leverage to purchase, according to the U.S. Treasury at the time. Investment bank **J.P. Morgan** back then had roughly \$260 billion in total assets. Today, diversified banking giant **JPMorgan Chase** has almost \$3.9 trillion in total assets.

Hedge funds have changed, too. LTCM was making “convergence” arbitrage bets in the prices of various instruments. Today's large hedge-fund firms are often more like investment institutions, with many so-called pods of traders and analysts using different strategies. “The emphasis on multi-strategy is something that has really evolved in the last 10 years, and is a stark contrast to LTCM,” says Kenneth Heinz, president of

Hedge-fund industry capital



Note: 2023 is as of second quarter. Source: HFR



The collapse of Archegos, headed by Bill Hwang, got different responses than those to LTCM a quarter-century ago.

HFR, a hedge-fund data and analysis provider.

Yet diversification within individual firms hasn't necessarily resulted in diversification across hedge funds, in what are sometimes called “crowded trades.” The overall growth of hedge funds—whose capital has grown to nearly \$4 trillion today, from less than \$400 billion in 1998, according to HFR—means that the collective trading among them can be extremely significant.

“My worry today wouldn't be just an LTCM in isolation, but also many funds that adopt similar strategies and see correlated failures,” says Jeremy Kress, an assistant professor at the University of Michigan's Ross School of Business.

The International Monetary Fund, in a recent review of vulnerabilities among nonbank financial intermediaries, noted some measures showing that portfolios of

investment funds have become more similar to each other over the past two years compared with previous years, “raising the threat of correlated liquidity shocks.”

Consider the very different responses to the recent collapse of one fund, versus the unwinding of a strategy across many. The fallout from the collapse of **Archegos Capital Management** cost Wall Street billions. But it didn't merit the intervention of the Federal Reserve. And even troubled **Credit Suisse** was able to absorb its \$5.5 billion loss, though it was severely weakened by it.

Yet when hedge funds as a group sold government bonds during the Covid-19 panic in March 2020, it was part of a major systemic problem that forced the Federal Reserve into action by buying Treasuries. Hedge funds “materially contributed to the Treasury market disruption during this period,” according to the Financial

Stability Oversight Council. More recently, the return of a major Treasury trade among hedge funds has drawn warnings from global financial authorities.

Monitoring of private funds has expanded since the 2008 global financial crisis, with many hedge funds having to file regular reports. The Fed, for example, tracks leverage across hedge funds in its financial-stability reports. But there are also some key gaps: Archegos was a family office, and not subject to the same requirements of hedge funds investing for clients. It also made use of a kind of derivative bet on stocks that wasn't subject to some reporting rules.

There are proposals to fix these blind spots, as well to revise how the Treasury market functions. But they are still making their way through Washington. If only things were so simple as getting bankers together in a room.

—Telis Demos

## Oil at \$100 Is Too High, Even for Energy Companies

Rising oil prices are, generally speaking, wonderful for companies that pump it out of the ground. But only up to a point.

Crude near \$100 a barrel might be an unattractive price for everyone involved. After spending most of this year below the \$90-a-barrel mark, the global benchmark Brent price edged above that threshold in early September after Saudi Arabia and Russia said they would extend voluntary oil production cuts through the end of the year. Now even some bearish analysts are forecasting that it could hit triple digits, at least briefly.

While shares of oil and gas producers mostly moved in lockstep with the price of oil over the past year, that relationship has tellingly broken down. Since Sept. 8, when Brent crude closed above \$90 a barrel, oil prices rose another 2.6%, while an index of oil producers declined 5.3%. The index's pullback could be a natural breather after heady growth since 2021, but there is good reason for energy investors to think less is more.

One reason for caution is high prices' impact on demand. Generally speaking, oil prices above \$100 a barrel tend to be motorists' pain point, spurring some to drive less. In June and July 2022, when Brent crude prices averaged roughly \$110 a barrel, gasoline demand in the U.S.—the biggest consumer of oil—fell 4.1% compared with a year earlier when prices had a \$70 handle. The year-over-year gap in gasoline demand narrowed in the following months as oil prices fell.

And Americans might soon have new reasons to feel frugal. In August, American households making \$50,000 to \$100,000 a year had about 50% more in their savings and checking accounts than pandemic levels, down from an excess of nearly 100%, according to the Bank of America Institute. Their wallets are at risk of even more erosion when student-loan repayments are set to resume next month—to the tune of \$100 billion a month by some estimates.

The risk of a pullback in fuel consumption is especially high in

developing countries. While oil prices and the value of the U.S. dollar often move in opposite directions, they have been rising in tandem recently, notes Iliia Bouchouev, managing partner at Pentathlon Investments. That places extra pressure on countries such as China and India that must buy dollar-denominated oil.

“It causes a double whammy, where oil price appreciation is amplified by U.S. dollar strength and local currency weakness,” he said.

In dollar terms, Brent crude prices have moved up about 7.4% year to date. In Chinese yuan terms, they are up 13%. While the price cap on Russian oil helps cushion that impact, China and India source oil from other countries, too.

Moreover, crossing a psychologically significant price is likely to elicit government responses that

are unfavorable to energy companies. Record oil company earnings last year prompted the European Union to impose a windfall profits tax on fossil fuel companies. President Biden threatened to do the same in the U.S. And the longer high prices persist, the bigger the

**7.4%**  
Year-to-date increase in Brent crude-oil prices in dollar terms

government response is likely to be. The U.S. passed its fuel economy standards in 1975 after the oil-price shocks of the early 1970s, for example. What is the sweet spot then? Dan Pickering, chief investment officer at Pickering Energy Partners, estimates oil at \$75 to \$90 a barrel is the price at which producers make acceptable returns and where demand is “right on the edge of being cramped.” The futures curve certainly reflects that expectation: Oil contracts for October 2024 delivery, for example, are changing

hands below \$84 a barrel today.

There are other reasons to think oil won't stay above \$100 a barrel for long. Saudi Arabia, which holds some 3.3 million barrels a day of spare capacity, according to the International Energy Agency, has a strong incentive to bring more oil to market if it sees signs of the commodity's price crimping the global economy. That doesn't mean oil will stop flirting with \$100 a barrel, though. Given signs of a slowdown in U.S. shale production and the diminished spare capacity across oil-producing countries, oil is likely to “regularly go up to \$100 a barrel and also regularly pull back,” says Arjun Murti, partner at energy investment firm Veriten.

It is possible for oil to stay above \$100 a barrel for a long period if some kind of physical disruption or unforeseen geopolitical twist presents itself. But that is a scenario that no one should be wishing for—not even the big oil companies. —Jinjo Lee



A special report by *Barron's* magazine, a Dow Jones publication

# BARRON'S

WEALTH &amp; ASSET MANAGEMENT GROUP

SEPTEMBER 26, 2023

## TOP 100 INDEPENDENT ADVISORS

See this year's lists of top RIA firms (**page S4**) and top individual independent advisors (**page S6**).



TOP 100 INDEPENDENT ADVISORS 2023

# A New Level of Sophistication

With a full range of investment and planning services at their fingertips, top independent financial advisors are managing more of America's wealth. Here's how they do it.

BY STEVE GARMHAUSEN

ILLUSTRATIONS BY MELANIE LAMBRICK

Not that long ago, the typical independent financial advisory firm looked like a newly hatched guppy compared with leviathan wealth management franchises at companies like Morgan Stanley, Merrill Lynch, UBS, and Wells Fargo.

Those days are over. Independent registered investment advisor, or RIA, firms are increasingly managing billions rather than millions of dollars of clients' wealth, and many boast service menus on par with the marquee Wall Street brokerage firms. "This mom-and-pop industry has morphed into a powerhouse," says J. Fielding Miller, CEO of Captrust, based in Raleigh, N.C., which manages \$115.9 billion in assets on a discretionary basis and \$598.6 billion on a nondiscretionary basis.

From the start of 2017 to the start of 2022, retail-focused independent RIAs' assets under management doubled, growing from \$2.4 trillion to \$4.8 trillion, according to research firm Cerulli Associates. At the start of last year, 128 of the industry's 13,127 firms managed at least \$5 billion of client assets, up from 59 five years earlier, Cerulli reports.

That kind of scale has made it feasible for independent firms to expand beyond their core offerings of retirement planning and investment management: Many now offer tax planning and preparation, insurance consulting, estate planning, trust services, alternative investments, and even consulting services for business owners.

The increasing depth and breadth of independent advisory firms is enabling clients to have great swaths of their financial lives overseen by one team. "They realize that the decisions they make with their investments are interrelated to every other part of their broader financial picture," says Sarah Moore, president of Donaldson Capital Management, an advisory firm in Evansville, Ind., with \$2.3 billion in assets under management.

**Barron's lists.** The two rankings in this special report highlight the best independent advisors and independent firms in the business. Our Top 100 RIA Firms ranking, now in its eighth year, is based on both qualitative and quantitative criteria, including the assets a firm manages and the revenue those assets generate, its regulatory record, staffing levels and diversity, technology spending, and succession planning. Our Top 100 Independent Advisors ranking uses a similar set of quantitative criteria. Qualitative

factors include the advisors' experience, advanced degrees and industry designations, the composition of their teams, and, of course, their compliance records.

There's a new name at the top of this year's ranking: Charles Zhang, whose Zhang Financial, in Portage, Mich., scored a perfect 100 in our ranking calculations. Zhang, who manages \$5.5 billion for clients averaging \$3 million of investment assets, rose from the second spot in last year's ranking.

Last year's top advisor, Spuds Powell, of Los Angeles-based Kayne Anderson Rudnick Investment Management, sits at No. 5 this year. Cincinnati-based Valerie Newell, of Mariner Wealth Advisors, is the top woman in our ranking, at No. 3. Among advisors making big leaps from last year are Seattle-based Erik Morgan of Freestone Capital Management, who rose to No. 4 from No. 12; Cresset's David Karp, in Chicago, who jumped to No. 6 from No. 15; and David Wright, of Sierra Investment Management in Santa Monica, Calif., who bounded 24 spots to No. 15. Seventeen of this year's Top 100 advisors weren't ranked last year.

**An evolving industry.** The RIA industry is still developing, and it remains to be seen how the typical sizes of the businesses will change. In the meantime, we're helping

readers navigate the landscape of ranked firms by grouping them according to median account size. In general, it's best to work with an advisory firm where your investment assets are similar to the typical client's: If you're too small, the advisors may overlook you, and if you're too big, they may just be learning how to serve you properly.

The typical advisor in our Top 100 is a 32-year veteran of the industry. It's a lucrative business: Our average team manages \$5 billion and pulls in annual revenue of nearly \$23 million; both numbers have risen sharply over the past few years. Clients appear to feel that they're getting their money's worth, as the group lost just 3% of its clients last year. The Top 100 advisors belong to large teams: Thirty-three people—including customer service associates, marketing specialists, and others—is the average. The typical team is led by four partners.

Many of the big independent firms got that way in part by acquiring smaller ones. Last year, 264 mergers and acquisitions took place across the industry; 63 more followed in this year's first quarter, and another 57 in the second quarter, according to the DeVoe & Co. RIA Deal Book.

Continued on the following page

TOP 100 INDEPENDENT ADVISORS 2023

Continued from the previous page

“Aggregator” firms like CI Financial and Hightower are offering their partner firms help with M&A, marketing, technology, and compliance. In some cases, they’re also buying up accounting and estate-planning companies in order to provide those services to clients of their partner firms.

There’s a seemingly endless supply of independent-RIA acquisition targets, thanks to a steady stream of new-business launches. And those launches are made possible by an ecosystem of third-party service providers that has grown up alongside independent firms over the past quarter-century.

Founding an independent RIA practice used to be a major feat. Advisors from big Wall Street firms and others attempting to strike out on their own couldn’t focus only on planning and investing for clients: They had to find real estate, buy technology, handle regulatory compliance, manage employees, and much more. Virtually all of those functions can now be outsourced. “It’s still a very challenging business, but it’s very easy to surround yourself with the technology and people to back you up,” says Kevin Myeroff, principal and senior strategic advisor at Sequoia Financial Group, a \$15.5 billion advisory firm based in Akron, Ohio.

Today, giant firms like Charles Schwab and Fidelity Investments offer independent advisors everything from asset custody to investment-trading platforms to back-office operations and even business coaching. Dynasty Financial Partners is a large “platform” company that essentially rents access to its end-to-end suites of services. Some RIA firms, like Mariner Wealth Advisors, employ advisors but also offer an independent affiliation channel.

Other companies, including Orion Advisor Solutions and Envestnet, provide support services such as portfolio management, performance reporting, and compliance support. More narrowly focused providers include Nitrogen, which offers portfolio analysis, and CAIS, which provides advisors with access to alternative investments like private equity and hedge funds, as well as structured notes.

“You can get excellent off-the-shelf services from vendors with virtually no capital required,” says Miller of Captrust. “With the proliferation of excellent services that are available to our industry, we don’t really have any competitive disadvantage

versus more well-heeled financial organizations.”

Hiring good talent has long been another challenge for many independent firms. But the Covid pandemic effectively expanded the talent pool by proving that remote working arrangements can be effective. “We’ve now hired advisors all over the country,” says Moore. “Our talent pool isn’t limited to just Indiana—we can hire and train best-in-class people wherever they might be.”

Sequoia’s Myeroff says that industry consolidation is just in its fifth inning or so, but that it has already helped create a landscape of big, broad firms that are attractive to the nation’s wealthiest households. “I think we have the scale to reassure the highest-net-worth clients that we are on top of things,” he says. “That we do have the specialists here, we do have negotiating power here, we do have the resources here.”

**The virtues of independence.**

Independent RIAs also argue that they are free of many of the conflicts of interest that they say can occur at big brokerages. And they argue that as private businesses—publicly traded RIAs remain rare—they have an advantage over the Wall Street firms that must continually answer to investors. “We don’t have shareholders who expect a dividend from us and are looking for their stock price to grow every year,” says Moore. “So we get to control the reinvestment in our business, and anytime we do that, it’s to provide our clients with better, more sophisticated services.”

Captrust has certainly reinvested in its business. In recent years, for instance, it has acquired six firms that do tax work, and it is in the process of combining those teams into a national practice for advanced tax planning. “We bought the capabilities, and now we’re investing in pulling all that together in a more cohesive fashion,” says Miller.

The tax practice is just part of a broad array of client services at Captrust. They include “pretransaction consulting” for clients who are preparing to sell their businesses. “If we’re in there six months before a sale, we can add a tremendous amount of value in terms of their own estate, save a lot in taxes, and mitigate risk,” says Miller. Another service scans the “dark net” for clients’ personal information and notifies them if it turns up. That’s on top of core services like planning and investing, of course.

The big independent firms have gained their scale in different ways. Overland Park,

Kan.-based Creative Planning, for example, is now one of the busiest acquirers in the business—although it developed its service array, and grew into a multibillion-dollar firm, before its acquisition era began. In late August, it agreed to buy a \$29 billion advisory business from Goldman Sachs. CEO Peter Mallouk said the deal gives his business even more scale to “negotiate access to the very best investments that exist at the best pricing possible and to offer specialized advice as needed.” (See Q&A, page S9.)

Donaldson has grown “organically,” focusing on adding new clients and deepening its relationship with existing ones. “The majority of our clients have the majority of their assets with us,” says Moore. “The bigger share of wallet is an indicator of ongoing trust and commitment and loyalty.”

side, it picks outside managers. It also outsources lending, trust and estate advice, and tax work. “We don’t do any of that in-house,” says President and CEO Jonathan Foster. “We’ve always tried to find best of breed and try to match that up for the client.”

As more independent firms have scaled up, they have increasingly targeted very wealthy clients. But smaller investors still have good options, says Myeroff. From robo-advisors to middle-class-oriented firms like Facet Wealth, they can find the kind of basic advice that’s usually needed, at reasonable prices. Doing it yourself is always an option, and some individuals are cut out for it, says Myeroff. “But investing is such an emotional thing, and with the 24-hour news cycle sensationalizing both the ups and the downs of the market, it has

“With the proliferation of excellent services that are available to our industry, we don’t really have any competitive disadvantage versus more well-heeled financial organizations.”

**J. Fielding Miller, CEO of Captrust**

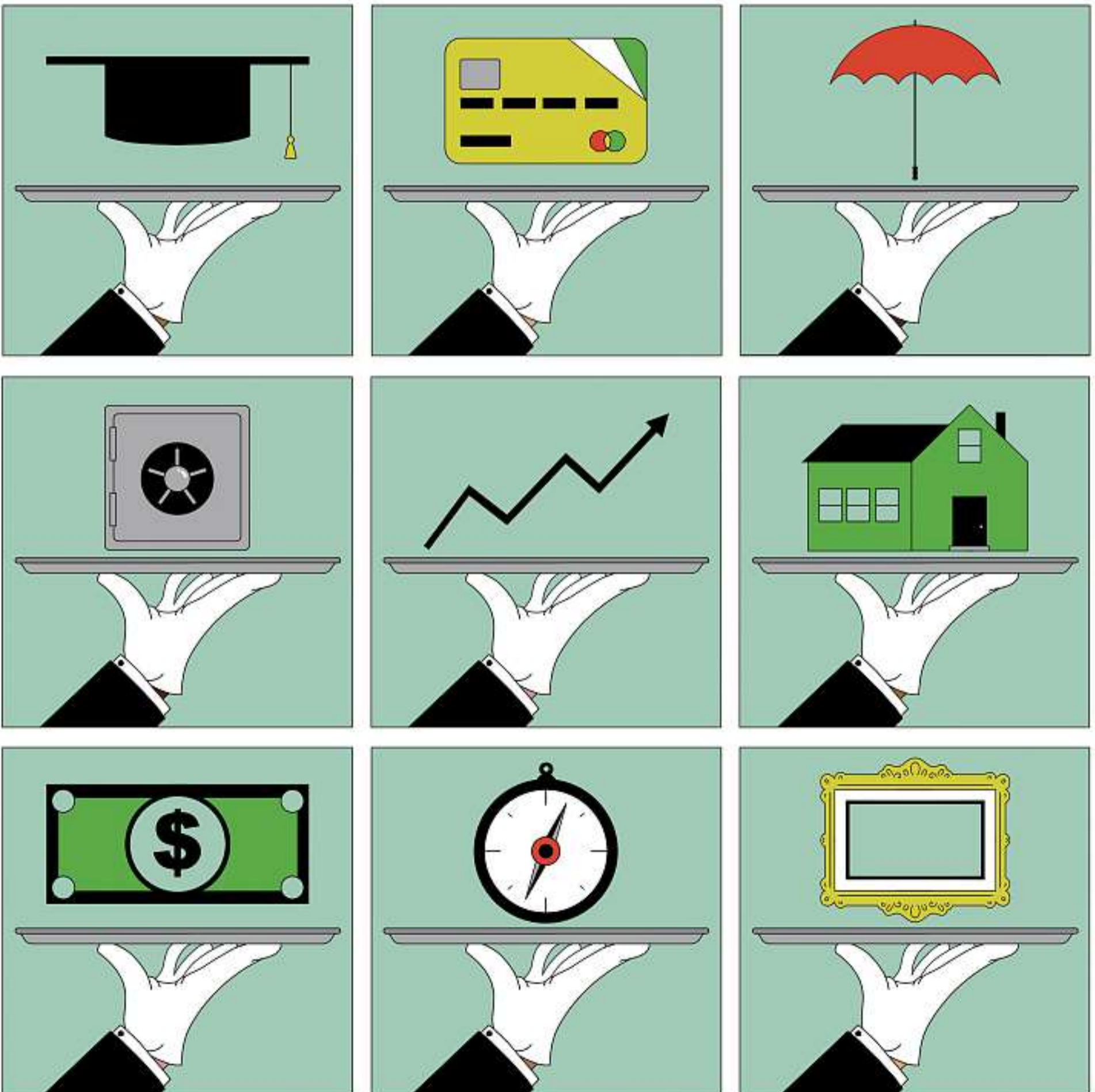
Integrated Partners, a \$7.5 billion-asset advisory firm based in Waltham, Mass., has been notably creative in adding services and driving growth. It has developed partnerships with 177 certified public accountant firms, with which it shares business and coordinates to serve clients’ needs. Last year, seeing a need among clients for family office services, the firm hired a high-ranking executive from Bank of New York Mellon to build that business. “If you’re a smaller organization, are you going to be able to attract that kind of talent?” asks Rob Sandrew, chief growth officer at Integrated. “I think it’s one of those situations where scale begets scale.”

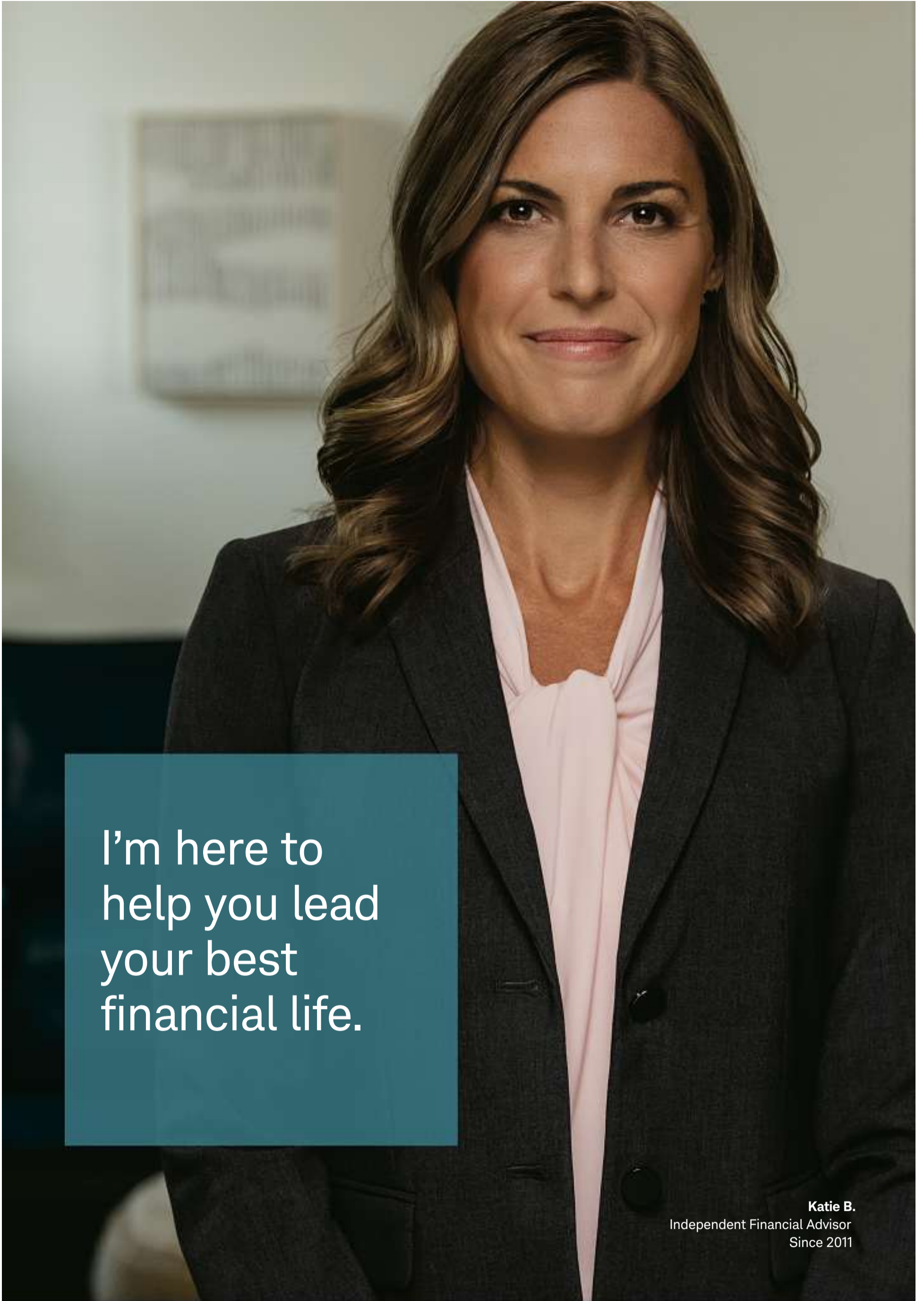
Many independent firms prefer to work largely with outside partners rather than build internal services. Angeles Wealth Management, a \$1.2 billion firm based in Los Angeles, is an example. On the investment

really become hard for the average person to work their way through those periods,” he says. “That’s where the value of the financial advisor comes in.”

As far as they’ve come, independent advisory firms are still dwarfed by their Wall Street rivals. The biggest indie firms, including \$242 billion Edelman Financial Engines and \$155.3 billion Creative Planning, are dwarfed by Morgan Stanley’s wealth management unit, which recently reported assets of \$4.9 trillion.

Moreover, no independent firm has a broadly recognizable brand name. But the race is on to change that. While a national independent RIA brand might be a ways off, there’s no question that independent advisor firms have come a long way. They are now serious competitors in the race to manage America’s money. ■





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## TOP 100 INDEPENDENT ADVISORS 2023

## Top 100 RIA Firms 2023

Our eighth annual ranking of independent advisory companies is based on assets managed by the firms, technology spending, staff diversity, succession planning, and other metrics. For more on the methodology, go to [barrons.com/advisorranks](https://barrons.com/advisorranks).

RANK		FIRM	LOCATION	TOP EXECUTIVES	CLIENTS	ADVISORS	OFFICES	STATES
2023	'22							
1	1	● <b>Edelman Financial Engines</b>	Santa Clara, Calif.	Jay Shah, Suzanne van Staveren, Kelly O'Donnell	1,300,000	421	144	38
2	2	● <b>Hightower</b>	Chicago	Bob Oros, Scott Holsopple, Dan Watanapongse	46,156	344	124	35
3	3	● <b>Creative Planning</b>	Overland Park, Kan.	Peter Mallouk, Lee Richardson, Jonathan Knapp	67,338	541	87	32
4	5	● <b>Mariner Wealth Advisors</b>	Overland Park, Kan.	Marty Bicknell, Cheryl Bicknell, Todd Cassler	79,767	625	89	34
5	6	● <b>Wealth Enhancement Advisory Services</b>	Plymouth, Minn.	Jeff Dekko, Jim Cahn, Kelly Windorski	50,761	412	99	24
6	7	● <b>CIBC Private Wealth</b>	Atlanta	John S. "Jack" Markwalter Jr., Bruce D. Katz, Diana K. Vasquez	9,442	121	21	17
7	4	● <b>Captrust</b>	Raleigh, N.C.	J. Fielding Miller, Ben Goldstein, Wilson Hoyle	23,586	591	88	33
8	9	● <b>Private Advisor Group</b>	Morristown, N.J.	Frank Smith, Patrick Sullivan, John Hyland	45,822	776	397	41
9	12	● <b>Cresset</b>	Chicago	Avy Stein, Eric Becker, Liz Nesvold	2,900	123	21	13
10	8	● <b>Mercer Advisors</b>	Denver	Dave Welling, Daniel Gourvitch, Michael Henry	25,539	252	82	31
11	10	● <b>Cerity Partners</b>	New York	Kurt Miscinski, Claire O'Keefe, Kevin Hilden	21,476	356	33	15
12	13	● <b>Carson Group</b>	Omaha, Neb.	Ron Carson, Burt White, Teri Shepherd	46,868	354	250	41
13	29	● <b>NewEdge Capital Group</b>	Pittsburgh	Rob Sechan, John Straus Sr., Alex Goss	11,700	175	35	35
14	11	● <b>Moneta</b>	St. Louis	Eric Kittner, Keith Bowles, Aoifinn Devitt	7,164	160	5	5
15	16	● <b>Beacon Pointe Advisors</b>	Newport Beach, Calif.	Shannon Eusey, Matt Cooper, Commie Stevens	15,014	168	48	20
16	15	● <b>Buckingham Strategic Wealth</b>	Clayton, Mo.	Adam Birenbaum, Justin Ferri, Wendy Hartman	14,468	255	52	26
17	14	● <b>Silvercrest Asset Management Group</b>	New York	Richard R. Hough III, David J. Campbell, Scott Gerard	845	28	7	6
18	19	● <b>Wealthspire Advisors</b>	New York	Michael LaMena, Eric Sontag, Howard Sontag	8,033	106	21	12
19	32	● <b>Steward Partners Investment Advisory</b>	New York	Jim Gold, Hy Saporta, Greg Banasz	14,805	203	51	22
20	31	● <b>Allworth Financial</b>	Folsom, Calif.	Pat McClain, Scott Hanson, Pete Engelken	22,512	134	34	18
21	18	● <b>The Colony Group</b>	Boston	Michael Nathanson, Ron Rubin, Gina Bradley	5,530	87	21	10
22	22	● <b>IEQ Capital</b>	Foster City, Calif.	Robert Skinner, Alan Zafran, Eric Harrison	1,212	22	4	2
23	24	● <b>EP Wealth Advisors</b>	Torrance, Calif.	Ryan Parker, Patrick Goshtigian, Christopher Toumajian	12,646	105	32	12
24	21	● <b>BBR Partners</b>	New York	Brett Barth, Evan Roth, Mike Anson	181	33	6	6
25	34	● <b>Signature Estate &amp; Investment Advisors</b>	Los Angeles	Brian D. Holmes, Mark Copeland, Gary Liska	11,075	54	15	11
26	17	● <b>Pathstone</b>	Englewood, N.J.	Matthew Fleissig, Kelly Maregni, Steve Braverman	1,623	134	17	14
27	26	● <b>MAI Capital Management</b>	Cleveland	Rick Buoncore, Jim Kacic, Lesa Evans	7,376	133	23	14
28	20	● <b>Plante Moran Financial Advisors</b>	Southfield, Mich.	John Lesser, Kevin Benson, David Stahl	3,497	102	13	4
29	30	● <b>Stratos Wealth Partners</b>	Beachwood, Ohio	Jeff Concepcion, Kathryn Loutitt, Nancy Andrefsky	22,164	289	115	24
30	25	● <b>AITi Tiedemann Global</b>	New York	Michael Tiedemann, Craig Smith, Brooke Connell	420	51	10	1
31	33	● <b>Savant Wealth Management</b>	Rockford, Ill.	Brent Brodeski, Robert Morrison, Kevin Hrdlicka	12,827	179	33	13
32	28	● <b>1919 Investment Counsel</b>	Baltimore	Harry O'Mealia, Peggy Pasquarella, Brian Gallagher	1,852	45	9	8
33	36	● <b>Lido Advisors</b>	Los Angeles	Jason Ozur, Ken Stern, Greg Kushner	5,664	93	32	18
34	27	● <b>Aspiriant</b>	Los Angeles	Rob Francais, Doug Hendrickson, Lynne Born	2,200	73	11	7
35	41	● <b>Homrich Berg</b>	Atlanta	Andy Berg, Thomas Carroll, Bill Bolen	3,600	86	8	4
36	38	● <b>Johnson Investment Counsel</b>	Cincinnati	Jason O. Jackman, Bret H. Parrish, Fred A. Brink	5,296	29	6	2
37	39	● <b>Summit Trail Advisors</b>	New York	Jack B. Petersen, David Romhilt, John McGuinness	525	22	7	7
38	37	● <b>Evercore Wealth Management</b>	New York	Chris Zander, Jeff Maurer, John Apruzzese	725	48	5	4
39	42	● <b>GW &amp; Wade</b>	Wellesley, Mass.	Roger W. Wade, Timothy Pinch	3,583	20	4	3
40	40	● <b>Chevy Chase Trust</b>	Bethesda, Md.	Jeff Whitaker, Amy Raskin, Lynn Panagos	1,079	39	2	2
41	48	● <b>Sequoia Financial Group</b>	Akron, Ohio	Thomas Hought, Annie McCauley, Joseph Glick	6,717	88	10	9
42	52	● <b>Churchill Management Group</b>	Los Angeles	Fred A. Fern, Randy C. Conner, Eileen A. Holmes	6,605	38	53	33
43	62	● <b>Adviser Investments*</b>	Newton, Mass.	Mario Ramos, Steve Gaven, Jill O'Connell	5,465	33	9	6
44	35	● <b>Baker Street Advisors</b>	San Francisco	Jeff Colin, Chris Wilkens, Wendy Umphrey	456	9	1	1
45	43	● <b>Choreo</b>	Minneapolis	Larry Miles, Greg Dowler, David English	6,032	71	33	17
46	46	● <b>Williams Jones Wealth Management</b>	New York	William P. Jones Jr., John Eager, Barbara A. Tarmy	1,347	13	2	2
47	49	● <b>The Mather Group</b>	Chicago	Jeffrey L. Pierce, Ryan Wickert, Kristen Oziemkowski	4,275	51	16	10
48	47	● <b>Mesirow Financial Investment Management</b>	Chicago	Natalie A. Brown, Richard S. Price, Brian D. Price	4,953	44	20	13
49	N	● <b>Gresham Partners</b>	Chicago	Ted Neild, David Salsburg, Nicole Perkins	174	13	1	1
50	53	● <b>CLA Wealth Advisors</b>	Minneapolis	Clayton Bland, Brian Buffie	6,131	99	38	18
51	50	● <b>Evoke Advisors</b>	Los Angeles	Jane Eagle, Dan Kelso	789	21	2	1
52	60	● <b>Summit Financial</b>	Parsippany, N.J.	Stan Gregor, Steve Weinman, Michael Bremer	6,000	64	22	9
53	73	● <b>Connectus Wealth Advisers</b>	Hunt Valley, Md.	Molly Bennard, John Stelley, Amy DeTolla	5,288	34	4	4
54	55	● <b>Douglas C. Lane &amp; Associates</b>	New York	Sarat Sethi, Ned Dewees	1,266	14	3	3
55	N	● <b>Ballentine Partners</b>	Waltham, Mass.	Drew McMorrow, Jeff Potter, Coventry Edwards-Pitt	313	70	4	3
56	45	● <b>Bahl &amp; Gaynor</b>	Cincinnati	Robert S. Groenke, Charles A. Pettengill, Vere Gaynor	868	23	1	1
57	63	● <b>RMB Capital</b>	Chicago	Richard M. Burrige, Donald A. Bechter, Jeffrey Burney	2,486	29	9	7
58	58	● <b>Welch &amp; Forbes</b>	Boston	Kurt Walter, Benjamin Williams Jr., Adrienne Silbermann	807	11	1	1
59	57	● <b>Coldstream Wealth Management</b>	Bellevue, Wash.	Natalie Straub, Anne Marie Stonich, Matt Sonnen	2,583	32	6	4
60	88	● <b>Valeo Financial Advisors</b>	Carmel, Ind.	John Wortman, Justin Padgett, Greg Fulk	2,000	112	4	4
61	79	● <b>Snowden Lane Partners</b>	New York	Robert J. Mooney, Greg Franks, Lyle LaMothe	6,217	76	13	9
62	N	● <b>Merit Financial Advisors</b>	Alpharetta, Ga.	Rick Kent, Kay Lynn Mayhue, Chrissy Lee	14,551	73	40	16
63	80	● <b>Wealthcare</b>	Richmond, Va.	Matthew Regan, Justin DuBrueler, Ronald Madey	9,290	170	36	27
64	78	● <b>Prime Capital Investment Advisors</b>	Overland Park, Kan.	Glenn Spencer, Scott Colangelo, Tim Hakes	10,000	157	62	27
65	64	● <b>Forum Financial Management</b>	Lombard, Ill.	Jonathan Rogers, Nirav Batavia	5,159	88	50	13
66	N	● <b>Pure Financial Advisors</b>	San Diego	Joseph Anderson, Alan Clopine, Jason Carver	4,372	43	7	4
67	59	● <b>SignatureFD</b>	Atlanta	Heather Fortner, Doug Liptak, Tony Welch	1,741	30	2	2
68	56	● <b>Bartlett Wealth Management</b>	Cincinnati	James Hagerty, Holly Mazzocca, Chadwick Kolde	2,165	31	3	3
69	66	● <b>Modera Wealth Management</b>	Westwood, N.J.	Tom Orecchio, Harli Palme, George Padula	4,720	75	16	8
70	69	● <b>myCIO Wealth Partners</b>	Philadelphia	David E. Lees, James Biles, Paul Bracaglia	903	15	1	1
71	N	● <b>Integrated Partners</b>	Waltham, Mass.	Paul Saganey, Andree Mohr, Robert Sandrew	32,723	205	80	25

N=not ranked; \*Adviser Investments and Ropes Wealth Advisors have combined as of July 2023.

CONTINUED ▶

BARRON'S SPECIAL REPORT

Top 100 RIA Firms 2023

MEDIAN ACCOUNT SIZE KEY: ● Under \$500K ● \$500K-\$999K ● \$1 mil-\$10 mil ● Over \$10 mil

RANK 2023 '22	FIRM	LOCATION	TOP EXECUTIVES	CLIENTS	ADVISORS	OFFICES	STATES
72	N ● Choate Investment Advisors	Boston	Lanny Thorndike, Tamer Alamuddin, Erin Kerr	383	5	1	1
73	75 ● Ferguson Wellman Capital Management	Portland, Ore.	Steve Holwerda, George Hosfield, Ralph Cole	969	21	2	2
74	77 ● Parallel Advisors	San Francisco	C.J. Rendic, Diane Gabianelli, Jake Schutt	3,483	46	7	7
75	61 ● Wetherby Asset Management	San Francisco	Kristen Bauer, Deb Wetherby, John Mell	603	28	4	3
76	82 ● HBKS Wealth Advisors	Erie, Pa.	Christopher M. Allegretti, Scott Cross, Brian Sommers	6,980	47	13	4
77	51 ● Mason Investment Advisory Services	Reston, Va.	Scott George, Chris Schreiner, Will Thorpe	816	21	1	1
78	70 ● Caprock	Boise, Idaho	William Gilbert Jr., Greg Brown, Jefferson Jewell	307	25	7	6
79	N ● One Capital Management	Westlake Village, Calif.	Patrick Bowen, Steven Cowley, Dan Stridsberg	2,600	15	4	2
80	89 ● Mission Wealth Management	Santa Barbara, Calif.	Matthew Adams, Dannell Stuart, Brad Stark	2,729	63	33	16
81	99 ● CV Advisors	Aventura, Fla.	Elliot Dornbusch, Alex Mann, Matthew J. Storm	112	7	1	1
82	N ● Congress Wealth Management	Boston	Paul Lonergan, Ken Zannoni, Rich Villiotte	2,234	21	6	6
83	67 ● Ropes Wealth Advisors*	Boston	Michelle A. Knight, Kristin D. Fazio, Joseph E. Powers	1,363	9	1	1
84	81 ● Bradley, Foster & Sargent	Hartford, Conn.	Galan G. Daukas, Robert H. Bradley, Thomas D. Sargent	1,691	17	5	4
85	N ● Retirement Planners of America	Plano, Texas	Ken Moraif, Julia Stuart, Bill Frye	6,525	32	14	4
86	85 ● Cary Street Partners	Richmond, Va.	Joseph Schmuckler, Walter Bayne, Thomas Tullidge	5,007	57	17	6
87	97 ● Capital Advisors	Tulsa, Okla.	Keith Goddard, Andy Brown, Jamie Wilson	2,749	27	11	7
88	N ● Empirical Wealth Management	Seattle	Kenneth Smith, Michael Kelly, Ethan Broga	1,921	21	13	6
89	72 ● WE Family Offices	Miami	Mel Lagomasino, Santiago Ulloa, Michael Zeuner	106	14	2	2
90	74 ● Kovitz Investment Group	Chicago	Mitch Kovitz, Ted Rupp, Rob Contreras	2,396	39	4	3
91	N ● Simon Quick Advisors	Morristown, N.J.	Christopher B. Moore, Joseph A. Belfatto, Leslie C. Quick III	677	18	6	5
92	92 ● Linscomb & Williams	Houston	Phillip P. Hamman, G. Walter Christopherson, Ryan L. Patterson	1,855	21	5	3
93	93 ● Crestwood Advisors Group	Boston	Michael A. Eckton, Leah R. Sciabarrasi, John W. Morris	865	24	3	2
94	N ● First Foundation Advisors	Irvine, Calif.	John Hakopian, Rick Keller, Andrew Chan	1,677	14	4	4
95	N ● Waverly Advisors	Birmingham, Ala.	Joshua L. Reidinger, Justin T. Russell, Justin Snell	3,052	33	10	4
96	N ● F.L.Putnam Investment Management	Wellesley, Mass.	R. Thomas Manning Jr., Ellen Flaherty, Chris Parker	1,866	39	7	6
97	N ● Advance Capital Management	Southfield, Mich.	Joseph Theisen, Christopher Kostiz, Jennifer Hall	6,935	26	8	4
98	N ● Exencial Wealth Advisors	Oklahoma City	John Burns, Caleb Dillard, Tim Courtney	2,975	30	13	7
99	N ● Bailard	Foster City, Calif.	Sonya Mughal, Michael Faust	915	24	2	1
100	86 ● Joel Isaacson & Co.	New York	David Peltz, Joel Isaacson, Stanley Altmark	1,258	17	1	1

N=not ranked

**INFLATION**  
VOLATILITY

UNCERTAINTY  
RECESSION

**RISK**  
**COMPLEXITY**  
RISING RATES

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## TOP 100 INDEPENDENT ADVISORS 2023

## Top 100 Independent Advisors 2023

The 17th edition of our Top 100 ranking of independent financial advisors is based on quantitative and qualitative measures, including advisors' assets under management, their revenue, their regulatory records, and more. For more on the methodology, go to [barrons.com/advisorranks](https://barrons.com/advisorranks).

**1. Charles C. Zhang**  
**Zhang Financial**  
 Portage, Mich.

2022 Rank: 2  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$5,456  
 Typical Account (mil): \$3  
 Typical Net Worth (mil): \$5

**2. Richard Saperstein**  
**Treasury Partners**  
 New York

2022 Rank: 3  
 Client Types: HNW, UHNW, Institutional  
 Team Assets (mil): \$19,943  
 Typical Account (mil): \$25  
 Typical Net Worth (mil): \$30

**3. Valerie Newell**  
**Mariner Wealth**  
**Advisors**  
 Cincinnati

2022 Rank: 4  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$5,140  
 Typical Account (mil): \$3  
 Typical Net Worth (mil): \$7.5

**4. Erik Morgan**  
**Freestone Capital**  
**Management**  
 Seattle

2022 Rank: 12  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$8,755  
 Typical Account (mil): \$4.5  
 Typical Net Worth (mil): \$6

**5. Spuds Powell**  
**Kayne Anderson**  
**Rudnick Investment**  
**Management**  
 Los Angeles

2022 Rank: 1  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$53,462  
 Typical Account (mil): \$13  
 Typical Net Worth (mil): \$25

**6. David Karp**  
**Cresset**  
 Reston, Va.

2022 Rank: 15  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$36,897  
 Typical Account (mil): \$30  
 Typical Net Worth (mil): \$45

**7. Randall Linde**  
**Ameriprise Financial**  
 Renton, Wash.

2022 Rank: 5  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$5,159  
 Typical Account (mil): \$1.4  
 Typical Net Worth (mil): \$3

**8. Richard Joyner**  
**Tolleson Wealth**  
**Management**  
 Dallas

2022 Rank: 6  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$7,900  
 Typical Account (mil): \$45  
 Typical Net Worth (mil): \$90

**9. Jon Jones**  
**Brighton Jones**  
 Seattle

2022 Rank: 14  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$11,419  
 Typical Account (mil): \$3.6  
 Typical Net Worth (mil): \$5

**10. Charles Brighton**  
**Brighton Jones**  
 Seattle

2022 Rank: 16  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$11,419  
 Typical Account (mil): \$3.6  
 Typical Net Worth (mil): \$5

**11. Frank Marzano**  
**GM Advisory Group**  
 Melville, N.Y.

2022 Rank: 19  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$6,135  
 Typical Account (mil): \$20  
 Typical Net Worth (mil): \$30

**12. Edward Cronin**  
**Manchester Capital**  
**Management**  
 Montecito, Calif.

2022 Rank: 8  
 Client Types: HNW, UHNW, Foundations  
 Team Assets (mil): \$3,752  
 Typical Account (mil): \$25  
 Typical Net Worth (mil): \$60

**13. David Kudla**  
**Mainstay Capital**  
**Management**  
 Grand Blanc, Mich.

2022 Rank: 17  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$3,608  
 Typical Account (mil): \$2  
 Typical Net Worth (mil): \$5

**14. Phil Scott**  
**First Republic**  
**Investment**  
**Management**  
 Bellevue, Wash.

2022 Rank: 13  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$2,636  
 Typical Account (mil): \$10  
 Typical Net Worth (mil): \$50

**15. David C. Wright**  
**Sierra Investment**  
**Management**  
 Santa Monica, Calif.

2022 Rank: 39  
 Client Type: Individuals  
 Team Assets (mil): \$10,121  
 Typical Account (mil): \$1.8  
 Typical Net Worth (mil): \$3.5

**16. Jonathan Kuttin**  
**Ameriprise Financial**  
 Hauppauge, N.Y.

2022 Rank: 28  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$11,881  
 Typical Account (mil): \$1.3  
 Typical Net Worth (mil): \$5.5

**17. Glenn Degenaaers**  
**First Republic**  
**Investment**  
**Management**  
 New York

2022 Rank: 29  
 Client Type: UHNW  
 Team Assets (mil): \$5,611  
 Typical Account (mil): \$35  
 Typical Net Worth (mil): \$75

**18. Matthew Babrick**  
**First Republic**  
**Investment**  
**Management**  
 Los Angeles

2022 Rank: 25  
 Client Types: UHNW, Foundations, Endowments  
 Team Assets (mil): \$6,347  
 Typical Account (mil): \$55  
 Typical Net Worth (mil): \$90

**19. Jeffrey Fratarcangeli**  
**Fratarcangeli**  
**Wealth Management**  
 Bloomfield Hills, Mich.

2022 Rank: 20  
 Client Types: HNW, UHNW, Institutional  
 Team Assets (mil): \$3,128  
 Typical Account (mil): \$8  
 Typical Net Worth (mil): \$25

**20. Grant Rawdin**  
**Wescott Financial**  
**Advisory Group**  
 Philadelphia

2022 Rank: 22  
 Client Types: Individuals, HNW, UHNW, Foundations,  
 Institutional  
 Team Assets (mil): \$3,492  
 Typical Account (mil): \$7.5  
 Typical Net Worth (mil): \$20

**21. Thomas Salvino**  
**Performance Wealth**  
 Hinsdale, Ill.

2022 Rank: 24  
 Client Types: Individuals, HNW, UHNW, Foundations  
 Team Assets (mil): \$2,600  
 Typical Account (mil): \$10  
 Typical Net Worth (mil): \$10

**22. David Hou**  
**Evoke Advisors**  
 Los Angeles

2022 Rank: 30  
 Client Types: HNW, UHNW, Foundations  
 Team Assets (mil): \$4,003  
 Typical Account (mil): \$30  
 Typical Net Worth (mil): \$50

**23. David Mabie**  
**Chicago Capital**  
 Chicago

2022 Rank: 26  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$2,958  
 Typical Account (mil): \$5  
 Typical Net Worth (mil): \$10

**24. Thomas Bartholomew**  
**Bartholomew &**  
**Company**  
 Worcester, Mass.

2022 Rank: 38  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$4,264  
 Typical Account (mil): \$4  
 Typical Net Worth (mil): \$10

**25. Dagny Maidman**  
**First Republic**  
**Investment**  
**Management**  
 Jackson, Wyo.

2022 Rank: 35  
 Client Types: HNW, UHNW, Foundations  
 Team Assets (mil): \$4,503  
 Typical Account (mil): \$25  
 Typical Net Worth (mil): \$100

**26. Stephan Cassaday**  
**Cassaday & Company**  
 McLean, Va.

2022 Rank: 23  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$4,858  
 Typical Account (mil): \$1.5  
 Typical Net Worth (mil): \$2

**27. Susan Kaplan**  
**Kaplan Financial**  
**Services**  
 Newton, Mass.

2022 Rank: 32  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$2,650  
 Typical Account (mil): \$4  
 Typical Net Worth (mil): \$10

**28. Robert Balentine**  
 Balentine  
 Atlanta

2022 Rank: 10  
 Client Types: HNW, UHNW, Foundations, Institutional  
 Team Assets (mil): \$6,826  
 Typical Account (mil): \$25.7  
 Typical Net Worth (mil): \$30

**29. Randy Carver**  
**Carver Financial**  
**Services**  
 Mentor, Ohio

2022 Rank: 44  
 Client Types: Individuals, HNW  
 Team Assets (mil): \$2,306  
 Typical Account (mil): \$1.1  
 Typical Net Worth (mil): \$1.8

**30. Brenna Saunders**  
**Creative Planning**  
 Overland Park, Kan.

2022 Rank: 36  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$3,018  
 Typical Account (mil): \$31.4  
 Typical Net Worth (mil): \$100

**31. Salvatore Tiano**  
**First Republic**  
**Investment**  
**Management**  
 Jupiter, Fla.

2022 Rank: 37  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$3,291  
 Typical Account (mil): \$15  
 Typical Net Worth (mil): \$40

**32. Steven Hefter**  
**HLM Capital**  
**Management Group**  
 Highland Park, Ill.

2022 Rank: 21  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$2,659  
 Typical Account (mil): \$12  
 Typical Net Worth (mil): \$30

**33. Kevin Grimes**  
**Grimes & Company**  
 Westborough, Mass.

2022 Rank: N  
 Client Types: Individuals, HNW  
 Team Assets (mil): \$4,543  
 Typical Account (mil): \$4  
 Typical Net Worth (mil): \$6.9

**34. Kimberlee Orth**  
**Ameriprise Financial**  
 Wilmington, Del.

2022 Rank: 42  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$2,664  
 Typical Account (mil): \$7.8  
 Typical Net Worth (mil): \$18.6

**35. Daniel Wilson**  
**Ameriprise Financial**  
 Auburndale, Mass.

2022 Rank: 43  
 Client Types: Individuals, HNW  
 Team Assets (mil): \$4,949  
 Typical Account (mil): \$1  
 Typical Net Worth (mil): \$5

**36. Andrew Vahab**  
**First Republic**  
**Investment**  
**Management**  
 Boca Raton, Fla.

2022 Rank: 98  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$3,980  
 Typical Account (mil): \$12.5  
 Typical Net Worth (mil): \$30

**37. Jason Babb**  
**First Republic**  
**Investment**  
**Management**  
 New York

2022 Rank: 49  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$5,611  
 Typical Account (mil): \$10  
 Typical Net Worth (mil): \$20

**38. Laila Pence**  
**Pence Wealth**  
**Management**  
 Newport Beach, Calif.

2022 Rank: 41  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$2,782  
 Typical Account (mil): \$2.5  
 Typical Net Worth (mil): \$5

**39. Gerard Klingman**  
**Klingman & Associates**  
 New York

2022 Rank: 50  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$3,748  
 Typical Account (mil): \$10  
 Typical Net Worth (mil): \$15

**40. Ryan Swartz**  
**Creative Planning**  
 Omaha, Neb.

2022 Rank: 40  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$3,418  
 Typical Account (mil): \$4  
 Typical Net Worth (mil): \$15

**41. Hugh Beecher**  
**First Republic**  
**Investment**  
**Management**  
 San Francisco

2022 Rank: 84  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$5,016  
 Typical Account (mil): \$20  
 Typical Net Worth (mil): \$40

**42. Joseph Jacques**  
**Jacques Financial**  
 Rockville, Md.

2022 Rank: 58  
 Client Types: Individuals, HNW  
 Team Assets (mil): \$1,706  
 Typical Account (mil): \$1.3  
 Typical Net Worth (mil): \$3

**43. Jim Berliner**  
**Westmount Asset**  
**Management**  
 Los Angeles

2022 Rank: 52  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$5,082  
 Typical Account (mil): \$5  
 Typical Net Worth (mil): \$12

**44. Rick Gordon**  
**First Republic**  
**Investment**  
**Management**  
 San Francisco

2022 Rank: 77  
 Client Types: HNW, UHNW, Foundations  
 Team Assets (mil): \$5,016  
 Typical Account (mil): \$20  
 Typical Net Worth (mil): \$45

**45. Richard S. Brown**  
**JNBA Financial**  
**Advisors**  
 Bloomington, Minn.

2022 Rank: 51  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$2,090  
 Typical Account (mil): \$1.5  
 Typical Net Worth (mil): \$3

**46. Alex Shahidi**  
**Evoke Advisors**  
 Los Angeles

2022 Rank: 47  
 Client Types: HNW, UHNW, Foundations, Institutional  
 Team Assets (mil): \$14,083  
 Typical Account (mil): \$20  
 Typical Net Worth (mil): \$25

**47. Jessica Culpepper**  
**Creative Planning**  
 Overland Park, Kan.

2022 Rank: 66  
 Client Type: UHNW  
 Team Assets (mil): \$2,800  
 Typical Account (mil): \$35.5  
 Typical Net Worth (mil): \$80

**48. James B. Stack**  
**Stack Financial**  
**Management**  
 Whitefish, Mont.

2022 Rank: 60  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$1,795  
 Typical Account (mil): \$2.1  
 Typical Net Worth (mil): \$5

**49. Michael Moeller**  
**Moeller Investment**  
**Group**  
 Chesterfield, Mo.

2022 Rank: 56  
 Client Types: Individuals, HNW, UHNW, Institutional  
 Team Assets (mil): \$2,539  
 Typical Account (mil): \$3  
 Typical Net Worth (mil): \$5

**50. Trevor Wilde**  
**Wilde Wealth**  
**Management Group**  
 Scottsdale, Ariz.

2022 Rank: N  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$2,790  
 Typical Account (mil): \$2  
 Typical Net Worth (mil): \$3

**51. Paul West**  
**Carson Wealth**  
 Omaha, Neb.

2022 Rank: 57  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$5,957  
 Typical Account (mil): \$6.1  
 Typical Net Worth (mil): \$35

**52. Jay Beebe**  
**Creative Planning**  
 Overland Park, Kan.

2022 Rank: 82  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$1,863  
 Typical Account (mil): \$4.1  
 Typical Net Worth (mil): \$12

**53. Charlie Maxwell**  
**Cresset**  
 Scottsdale, Ariz.

2022 Rank: N  
 Client Types: Individuals, HNW, UHNW, Foundations  
 Team Assets (mil): \$36,897  
 Typical Account (mil): \$25  
 Typical Net Worth (mil): \$50

**54. Sam Schoner**  
**First Republic**  
**Investment**  
**Management**  
 San Francisco

2022 Rank: 62  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$3,719  
 Typical Account (mil): \$8  
 Typical Net Worth (mil): \$15

**55. Stephen Thomas**  
**Linden Thomas &**  
**Company**  
 Charlotte, N.C.

2022 Rank: 69  
 Client Types: Individuals, HNW, UHNW, Foundations, Institutional  
 Team Assets (mil): \$2,504  
 Typical Account (mil): \$3.5  
 Typical Net Worth (mil): \$5

**56. Andrew Jugan**  
**Ameriprise Financial**  
 Pittsburgh

2022 Rank: N  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$5,626  
 Typical Account (mil): \$1.3  
 Typical Net Worth (mil): \$3

**57. Andy Schwartz**  
**Bleakley Financial**  
**Group**  
 Fairfield, N.J.

2022 Rank: 53  
 Client Types: Individuals, HNW, UHNW, Institutional  
 Team Assets (mil): \$1,851  
 Typical Account (mil): \$5  
 Typical Net Worth (mil): \$10

**58. Patti Brennan**  
**Key Financial**  
 West Chester, Pa.

2022 Rank: 79  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$1,897  
 Typical Account (mil): \$2  
 Typical Net Worth (mil): \$3

**59. Charles S. Bean III**  
**Heritage Financial**  
**Services**  
 Westwood, Mass.

2022 Rank: 67  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$2,407  
 Typical Account (mil): \$2.5  
 Typical Net Worth (mil): \$4

**60. Molly Rothove**  
**Creative Planning**  
 Overland Park, Kan.

2022 Rank: 55  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$2,579  
 Typical Account (mil): \$29  
 Typical Net Worth (mil): \$50

**61. Scott Tiras**  
**Ameriprise Financial**  
 Houston

2022 Rank: 68  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$2,296  
 Typical Account (mil): \$4  
 Typical Net Worth (mil): \$7

**62. Timothy Sutton**  
**Creative Planning**  
 Overland Park, Kan.

2022 Rank: 72  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$1,577  
 Typical Account (mil): \$2.6  
 Typical Net Worth (mil): \$15

**63. Dane Burkholder**  
**Ameriprise Financial**  
 Lancaster, Pa.

2022 Rank: 70  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$3,702  
 Typical Account (mil): \$0.8  
 Typical Net Worth (mil): \$3.5

**64. Van Percy**  
**Van Percy's Wealth**  
**Services Team |**  
**Raymond James**  
 Midland, Texas

2022 Rank: 76  
 Client Types: Individuals, HNW, UHNW  
 Team Assets (mil): \$2,126  
 Typical Account (mil): \$2.5  
 Typical Net Worth (mil): \$10

**65. Matthew Somberg**  
**Gottfried & Somberg**  
**Wealth Management**  
 Glastonbury, Conn.

2022 Rank: 64  
 Client Types: Individuals, HNW, UHNW, Foundations, Endowments, Institutional  
 Team Assets (mil): \$1,850  
 Typical Account (mil): \$3  
 Typical Net Worth (mil): \$6

**66. Tony Smith**  
**Stonegate Investment**  
**Group**  
 Birmingham, Ala.

2022 Rank: N  
 Client Types: HNW, UHNW, Foundations, Institutional  
 Team Assets (mil): \$4,524  
 Typical Account (mil): \$2  
 Typical Net Worth (mil): \$50

**67. Michael Chasnoff**  
**Truepoint Wealth**  
**Counsel**  
 Cincinnati

2022 Rank: 71  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$4,605  
 Typical Account (mil): \$5  
 Typical Net Worth (mil): \$7

**68. Robert Fragasso**  
**Fragasso Financial**  
**Advisors**  
 Pittsburgh

2022 Rank: 74  
 Client Types: Individuals, HNW, UHNW, Institutional  
 Team Assets (mil): \$2,152  
 Typical Account (mil): \$1  
 Typical Net Worth (mil): \$2

**69. Jordan Waxman**  
**Nucleus Advisors**  
 New York

2022 Rank: 65  
 Client Types: HNW, UHNW, Institutional  
 Team Assets (mil): \$2,700  
 Typical Account (mil): \$25  
 Typical Net Worth (mil): \$50

**70. Jeffrey Grinspoon**  
**VWG Wealth**  
**Management |**  
**Hightower**  
 Vienna, Va.

2022 Rank: 73  
 Client Types: HNW, UHNW  
 Team Assets (mil): \$1,910  
 Typical Account (mil): \$5  
 Typical Net Worth (mil): \$7

**71. Ken Steeves**  
**Creative Planning**  
 Orange, Conn.

2022 Rank: 61

## BARRON'S SPECIAL REPORT

## Top 100 Independent Advisors 2023

**73. Duncan Rolph**  
**Miracle Mile Advisors**  
**Los Angeles**

2022 Rank: 86  
Client Types: HNW, UHNW  
Team Assets (mil): \$4,810  
Typical Account (mil): \$5.5  
Typical Net Worth (mil): \$15

**74. Wally Obermeyer**  
**Obermeyer Wood**  
**Investment Counsel**  
**Aspen, Colo.**

2022 Rank: 63  
Client Types: HNW, UHNW  
Team Assets (mil): \$2,200  
Typical Account (mil): \$5  
Typical Net Worth (mil): \$20

**75. Mark Schulten**  
**TSG Wealth**  
**Management**  
**Long Beach, Calif.**

2022 Rank: 48  
Client Types: Individuals,  
HNW, UHNW, Foundations,  
Endowments, Institutional  
Team Assets (mil): \$8,444  
Typical Account (mil): \$3  
Typical Net Worth (mil): \$7

**76. Michael Hines**  
**Consolidated Planning**  
**Corporation**  
**Atlanta**

2022 Rank: N  
Client Types: Individuals,  
HNW, UHNW  
Team Assets (mil): \$1,406  
Typical Account (mil): \$3  
Typical Net Worth (mil): \$4.5

**77. Wen Nottebohm**  
**Cresset**  
**Atlanta**

2022 Rank: N  
Client Type: UHNW  
Team Assets (mil): \$6,650  
Typical Account (mil): \$20  
Typical Net Worth (mil): \$50

**78. Lewis Altfest**  
**Altfest Personal**  
**Wealth Management**  
**New York**

2022 Rank: 75  
Client Types: Individuals,  
HNW, UHNW  
Team Assets (mil): \$1,573  
Typical Account (mil): \$2  
Typical Net Worth (mil): \$5

**79. Darrell Pennington**  
**Ameriprise Financial**  
**Houston**

2022 Rank: 90  
Client Types: Individuals,  
HNW  
Team Assets (mil): \$1,485  
Typical Account (mil): \$1.5  
Typical Net Worth (mil): \$2.5

**80. Charla McIntyre**  
**Fields**  
**Ameriprise Financial**  
**Hurst, Texas**

2022 Rank: N  
Client Types: Individuals,  
HNW, UHNW  
Team Assets (mil): \$2,157  
Typical Account (mil): \$1.5  
Typical Net Worth (mil): \$3

**81. Steven Soja**  
**First Republic**  
**Investment**  
**Management**  
**San Francisco**

2022 Rank: N  
Client Types: HNW, UHNW,  
Foundations  
Team Assets (mil): \$1,835  
Typical Account (mil): \$10  
Typical Net Worth (mil): \$15

**82. E. Geoffrey Sella**  
**SPC Financial**  
**Rockville, Md.**

2022 Rank: 81  
Client Types: Individuals,  
HNW  
Team Assets (mil): \$1,237  
Typical Account (mil): \$0.9  
Typical Net Worth (mil): \$1.5

**83. Malcolm Makin**  
**Professional**  
**Planning Group**  
**Westerly, R.I.**

2022 Rank: 80  
Client Types: Individuals,  
HNW  
Team Assets (mil): \$1,643  
Typical Account (mil): \$1.5  
Typical Net Worth (mil): \$3

**84. Matthew Young**  
**Richard C. Young & Co.**  
**Newport, R.I.**

2022 Rank: 83  
Client Types: Individuals,  
HNW  
Team Assets (mil): \$1,382  
Typical Account (mil): \$1.8  
Typical Net Worth (mil): \$5

**85. Patrick Fruzzetti**  
**Rose Advisors |**  
**Hightower**  
**New York**

2022 Rank: 89  
Client Types: HNW, UHNW  
Team Assets (mil): \$1,398  
Typical Account (mil): \$7  
Typical Net Worth (mil): \$25

**86. Matthew Dillig**  
**The Dillig Bowen**  
**Group | Hightower**  
**Northbrook, Ill.**

2022 Rank: 85  
Client Types: HNW, UHNW,  
Foundations  
Team Assets (mil): \$1,950  
Typical Account (mil): \$35  
Typical Net Worth (mil): \$50

**87. Joel Bird**  
**Ameriprise Financial**  
**Bismarck, N.D.**

2022 Rank: N  
Client Types: Individuals,  
HNW  
Team Assets (mil): \$6,876  
Typical Account (mil): \$1  
Typical Net Worth (mil): \$1.6

**88. Christopher**  
**DeMonte**  
**Cresset**  
**Chicago**

2022 Rank: N  
Client Types: Individuals,  
HNW, UHNW  
Team Assets (mil): \$2,720  
Typical Account (mil): \$20  
Typical Net Worth (mil): \$50

**89. Colin Higgins**  
**Sumitry**  
**Foster City, Calif.**

2022 Rank: 87  
Client Types: Individuals,  
HNW  
Team Assets (mil): \$1,921  
Typical Account (mil): \$1.6  
Typical Net Worth (mil): \$10

**90. Catherine Evans**  
**First Republic**  
**Investment**  
**Management**  
**San Francisco**

2022 Rank: N  
Client Types: HNW, UHNW,  
Endowments  
Team Assets (mil): \$2,174  
Typical Account (mil): \$10  
Typical Net Worth (mil): \$25

**91. Randy Garcia**  
**The Investment**  
**Counsel Company**  
**Las Vegas**

2022 Rank: 92  
Client Types: HNW, UHNW,  
Institutional  
Team Assets (mil): \$1,735  
Typical Account (mil): \$4.9  
Typical Net Worth (mil): \$12

**92. Michael Henley**  
**Brandywine Oak**  
**Private Wealth**  
**Kennett Square, Pa.**

2022 Rank: 99  
Client Types: HNW, UHNW  
Team Assets (mil): \$1,565  
Typical Account (mil): \$4.3  
Typical Net Worth (mil): \$5.5

**93. Steven Check**  
**Check Capital**  
**Management**  
**Costa Mesa, Calif.**

2022 Rank: 34  
Client Types: Individuals,  
HNW, UHNW  
Team Assets (mil): \$1,634  
Typical Account (mil): \$1.4  
Typical Net Worth (mil): \$3.5

**94. Nancy Daoud**  
**Ameriprise Financial**  
**Oxford, Conn.**

2022 Rank: N  
Client Types: Individuals,  
HNW, UHNW  
Team Assets (mil): \$1,827  
Typical Account (mil): \$1.8  
Typical Net Worth (mil): \$6

**95. Christopher Hall**  
**Hall Financial Advisors**  
**Parkersburg, W. Va.**

2022 Rank: N  
Client Types: Individuals,  
HNW, UHNW, Institutional  
Team Assets (mil): \$1,304  
Typical Account (mil): \$1  
Typical Net Worth (mil): \$1.5

**96. Thomas Meyer**  
**Meyer Capital Group**  
**Marlton, N.J.**

2022 Rank: 95  
Client Types: Individuals,  
HNW, UHNW  
Team Assets (mil): \$1,585  
Typical Account (mil): \$3  
Typical Net Worth (mil): \$5

**97. Charlie Kelley**  
**Compass Capital**  
**Management**  
**Minneapolis**

2022 Rank: 96  
Client Types: HNW, UHNW,  
Foundations, Institutional  
Team Assets (mil): \$1,911  
Typical Account (mil): \$5  
Typical Net Worth (mil): \$10

**98. Michael Bonevento**  
**ICG next | LPL Financial**  
**Wall, N.J.**

2022 Rank: N  
Client Types: Individuals,  
HNW, UHNW  
Team Assets (mil): \$1,752  
Typical Account (mil): \$3.5  
Typical Net Worth (mil): \$10

**99. Michelle Young**  
**Ameriprise Financial**  
**Edina, Minn.**

2022 Rank: N  
Client Types: HNW, UHNW  
Team Assets (mil): \$1,475  
Typical Account (mil): \$1.8  
Typical Net Worth (mil): \$3

**100. Geri Eisenman Pell**  
**Ameriprise Financial**  
**Rye Brook, N.Y.**

2022 Rank: N  
Client Types: HNW, UHNW  
Team Assets (mil): \$1,534  
Typical Account (mil): \$2.3  
Typical Net Worth (mil): \$6.9

N=not ranked HNW=high net worth UHNW=ultrahigh net worth

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## TOP 100 INDEPENDENT ADVISORS 2023

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# Kurt Miscinski And Claire O'Keefe

Cerity Partners

BY ANDREW WELSCH

PHOTOGRAPH BY LAWRENCE AGYEI

**C**erity Partners CEO and founder Kurt Miscinski says his firm has found a steady stream of new clients through its workplace benefits business, which provides executive financial counseling and other services.

"Every wealth management firm likes to meet a client who just sold something and has a liquidity event and needs help managing it," Miscinski says. "But more often than not, most people have paper wealth before they have real wealth. They still need financial advice and planning help."

*Barron's* spoke with Miscinski and Claire O'Keefe, Cerity's head of partner development, about how the firm, ranked 11th among *Barron's* Top 100 RIAs, approaches wealth management, attracts new employees, and plans to expand outside the U.S.

## What is your approach to serving clients?

**Kurt Miscinski:** We pride ourselves on being a full-service wealth management firm. Very similar to a full-service law firm or accounting firm, we have practices within the firm. We have an estate-planning practice, a tax-planning practice. We have nearly 100 CPAs on staff. We have great depth on the investment side, managing more than \$75 billion on behalf of clients. We are increasingly helping our clients gain access to private markets. That's something that they are demanding. The number of public companies has been on the decline, while the number of private companies has been on the rise.

## Your firm has grown significantly since its launch in 2010. What do you attribute that to?

**Miscinski:** A couple of things. One was our vision to be a global investment firm. That's attractive to advisors who want to be part of an enduring partnership. Second, we can address all aspects of a client's well-being. Third, we are not a loose confederation of colleagues; we are a partnership. Every partner at the firm owns equity in the firm. Finally, most of the wealth management industry is "eat what you kill": Advisors have to go out and get the next client. As a firm, we have developed the capabilities to attract clients to the firm and deliver that to our exceptional financial advisors.

**Claire O'Keefe:** One of the things that has been attractive to professionals coming to join us, whether college graduates or someone at another company, is the ability to gain equity.



There's an ability not just to purchase equity, but also to earn equity. There's meritocracy across everything that we do, and any partner of our firm can become a larger shareholder.

## What do you say to prospective clients who ask why they should work with an independent advisor firm instead of a big bank or brokerage firm?

**Miscinski:** We're independent. We have no products to sell. We have complete and full-service wealth management. We offer it as a fee for service. We don't take payments from outside parties that could create a conflict of interest with our advice. And we only serve our clients as a fiduciary.

**O'Keefe:** For business owners and executives of companies, the fact that we are a partnership is something they understand, and that is appealing to them.

## Where are you seeing the most growth within Cerity Partners?

**Miscinski:** The workplace [business] is the most significant. That's where wealth is created, and where we have specialized knowledge and expertise around retirement and benefit planning. Companies retain us to provide services to their eligible executives. That includes helping them make decisions around how they're receiving compensation, which would be incentive equity like incentive stock options, nonqualified stock options, performance stock units, restricted stock units, stock appreciation rights. There's a variety of nonqualified retirement plans that they may be participants in. How should they think about that and factor it into their financial plan and their taxes?

We help clients with tax preparation, too. Since we're so intimately knowledgeable of all the drivers of their tax complexity, we're

in the best position to help them with the tax preparation.

## What's next for Cerity Partners?

**Miscinski:** Expansion outside the U.S. The companies we serve are often multinational, and they'll ask us if we can provide our services to their executives in Europe and Asia.

## You provide some cross-border planning services to clients now, correct?

**Miscinski:** Yes. We have a few hundred clients that need that. They're either U.S. citizens who are becoming expats, or foreign nationals being sent to the U.S. to work in a subsidiary. We have colleagues with deep expertise in tax planning, and there are a lot of tax implications in cross-border planning.

Thanks, Kurt and Claire. ■



TOP 100 INDEPENDENT ADVISORS 2023

# Michael Moriarty and Michèle Walthert

Wealthspire Advisors

BY AMEY STONE

PHOTOGRAPH BY PHILIP VUKELICH

**W**ealthspire Advisors wants to give its financial advisors a lot of support so they can focus on working with clients. To that end, the New York-based registered investment advisor firm last year promoted Michèle Walthert to a new role as head of advisor success.

"We try to provide advisors with tools that allow them to spend more time with clients and be their unique selves," says Walthert, who is based in Potomac, Md., and still advises clients.

Michael Moriarty, Wealthspire's chief investment officer, says he was drawn to the firm because of its high standards for client care. As fiduciaries, he says the RIA channel

"is the least conflicted wealth management channel, and clients are wising up to that."

The two Wealthspire leaders spoke to *Barron's* about investing strategies, their careers, and how the firm, a subsidiary of insurer NFP, has climbed to the 18th spot on *Barron's* RIA ranking.

## *Barron's*: Wealthspire Advisors, formed through a merger of two independent firms in 2019, is a relatively new name in wealth management. What makes it stand out?

**Michèle Walthert:** The focus of the firm is for advisors to have ample time to spend with clients, which is what they're good at and what they enjoy doing. We have a lot of



## BARRON'S SPECIAL REPORT

tools and processes in place to allow them to do that. Plus, we really have a culture of cooperation. In this industry, it's possible for advisors to feel like they are competing, but in our firm we emphasize working together and being on the same team. The No. 1 factor when we look for firms to merge with or acquire, is fitting in with our culture of cooperation.

**Michael Moriarty:** We also want advisors who welcome the opportunity to tap into a level of expertise that they perhaps don't have themselves. Michèle mentioned M&A. We are attracted to firms that see the benefit of access to our centralized trust and estate team, the marketing team, and the investment team, which I run.

#### What's ahead for markets this year?

**Moriarty:** Equity valuations are fine. They aren't wildly expensive or cheap. We think about investing as part of a financial plan, and one of the key inputs into a plan is capital market assumptions. What is interesting now is that fixed-income capital market assumptions are suggesting higher long-term returns than U.S. equities. That means you don't need to take on a lot of risk to achieve

returns in the 7%, 8%, or 9% range. Those are numbers normally associated with equities. To us, that is a sea change, and we're encouraging clients to revisit fixed income and its role in a portfolio.

#### Are investors underallocated to fixed income?

**Moriarty:** Given the shape of the yield curve, where rates on the short end are higher than the long end, some clients are overemphasizing short-term bonds at the expense of that core, intermediate, high-grade, fixed-income piece.

#### What other mistakes do you see investors making now?

**Walther:** We focus a lot on making sure clients have the right long-term asset allocation, given their risk profile, but we're also really cognizant of asset location. I think one of the mistakes that investors without advisors often make is there. They have retirement accounts, they have taxable accounts, and they're just adding investments in all of those accounts without really thinking about the tax implications.

**Moriarty:** It's not just our advisors who

focus on taxes. We also have expertise on the investment team. We are big municipal bond allocators and big users of tax-loss harvesting strategies, where we use tools like direct indexing.

#### Direct indexing is an example of a tool that few independent advisors could offer until recently. Do you think Wealthspire can match the offerings of much larger firms?

**Moriarty:** I don't get on my soapbox often, but I get on it for this topic. I feel very strongly that, as a \$20 billion RIA based in New York City with our collective Rolodexes, we have better access to a broad range of investments on better terms than any other wealth channel. When I say that, people's eyebrows are sometimes raised, but as a fee-only RIA, we negotiate on behalf of our clients, and we don't get paid by the asset manager, whereas in other channels it may be typical to see some kind of compensation sharing. That can present a conflict of interest.

Also, some of the larger firms, given their size, have to really only work with the largest asset managers. At a firm like Wealthspire, we have the access and flexibility to go with smaller, niche managers.

#### Do you offer a lot of alternative investments?

**Moriarty:** Many clients don't need daily liquidity in their investments, and they can benefit from what's known as an illiquidity premium in private equity, private credit, and interval funds. They deserve a place in many client portfolios. They aren't for everyone, but it's part of the conversation.

**Walther:** What we select on the investment side really comes back to the financial plan, which is our road map for clients. The portfolio is the engine behind the plan.

#### Michèle, tell me more about your job as head of advisor success, a role created last year.

**Walther:** The creation of my role was an extension of what I mentioned earlier, that Wealthspire is for advisors, by advisors. This role allows me to have conversations with our advisors and really find ways to support them. I'm able to bring a perspective from somebody who has been in the trenches and who is still in the trenches.

Thanks, Michael and Michèle. ■



TOP 100 INDEPENDENT ADVISORS 2023

## Peter Mallouk and Jessica Culpepper

### Creative Planning

BY STEVE GARMHAUSEN

PHOTOGRAPH BY CHASE CASTOR

**A** growing number of financial-advice firms have been adding services like tax and insurance consulting to their traditional core of investing and financial planning. But Peter Mallouk, the president and CEO of Overland Park, Kan.-based Creative Planning, says his business has been providing a broad range of services for nearly 25 years. "I think that's why we've grown very quickly

organically," says Mallouk, whose firm manages \$155.3 billion for 67,338 clients. "Clients know it's in our DNA; it isn't a marketing schtick."

In a recent interview, Mallouk and Jessica Culpepper, a Creative Planning partner and wealth manager who is 47th in our Top 100 Independent Advisors ranking this year, explained why the firm recently agreed to buy a large rival business. They also revealed why, at the same time, they continue to obsess

over the rate at which they're attracting new clients. Finally, they weighed in on the best private investments.

#### You recently agreed to buy Goldman Sachs' \$29 billion-asset Personal Financial Management business. How does that fit into your strategic plans?

**Mallouk:** We are on a mission to build a firm where we sit on the same side of the table as our

client but have the scale to negotiate access to the very best investments that exist, at the best pricing possible, and to offer specialized advice as needed. Scale helps us ensure we can deliver on all those objectives for our clients.

#### Are services like estate planning and alternative investments available to all tiers of clients?

**Culpepper:** Our comprehensive advice is available to all clients; it doesn't matter if they're worth \$1 billion or \$500,000. Alternative investments are regulated, so you usually need a net worth over \$1 million to access those. Advanced estate-tax planning tools and strategies are available to all clients regardless of size, but they generally only make sense for clients who have net worths of maybe \$12 million to \$25 million or more.

#### What is the Creative Planning approach to investing?

**Culpepper:** Generally, we believe in a globally diversified portfolio across countries and across asset classes and asset sizes. We want to make sure we're never at the mercy of the market and have to sell a stock when it's down. So, we make sure that we have three to seven years of liquid investments in a conservative bucket to satisfy clients' needs in a down market. The rest of the portfolio will be heavily equity-based, in order to outpace inflation over the long term and achieve the client's goals. We include alternative investments where it makes sense for qualified clients.

#### Which sort of alternative investments do you favor?

**Mallouk:** If you're in the right private-lending fund, I feel good about the next couple of years. If you're looking at decades, I think the best-performing alternative investment is going to be private equity. Today, the market is softening. Interest rates are high and capital is drying up a little bit, so it's not on fire like it was 18 months ago. But if I had to pick one for the long run, it'd be private equity.

#### The Fed's rate-hiking cycle threw a wrench into the markets. How did you play it in client portfolios?

**Mallouk:** I think we felt really good about it because we lean very heavily toward our clients being owners. We have more exposure generally to equities, private equity, real estate, things like that, than I think most firms would. And in an inflationary environment, obviously those things do really well. We'd been overweight all of those things, because when the market pulled back during Covid, we sold bonds and bought more of those asset classes. And then, of course, those things took off, so they became a disproportionate amount of the portfolio.

#### What's the importance of organic growth, in your view?

**Mallouk:** It's important to me when I'm asking the question, how are we doing? Anybody with money can go buy a firm. There are reasons to do acquisitions, and we do a lot of them. We're probably the top three or four in the industry in that. But organic growth tells you whether your clients are getting what they want from you. Are you keeping your promises to your clients? Do they like your service? Do they like you enough to actually tell other people about it?

We probably get more assets coming in from client referrals than anyone else on the Barron's 100 [ranking of RIA firms]. That tells me that all this effort we're putting into all of these things that we're doing—the process, the people, the services, the investment strategy—that it's working. The first people to tell us it's not working aren't going to be competitors; it's going to be our clients. We would know by whether they're referring or not.

#### What's a key piece of technology that you implemented recently?

**Culpepper:** Our planning software is something that we created because there wasn't a resource in the market that we felt fit our clients' needs best. It allows us to interact with our clients and show them all of our projections and data intake and analysis.

Thanks, Peter and Jessica. ■

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