

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

- ◆ **The stock market** rose to new highs when a narrow majority of Fed officials reaffirmed projections to cut interest rates three times this year despite firmer-than-anticipated inflation in recent months. **A1**
- ◆ **The S&P 500 closed up** 0.9% to 5224.62, while the Nasdaq and Dow gained 1.3% and 1%, respectively. **B11**
- ◆ **The U.S. granted Intel** up to \$8.5 billion to help fund new chip plants in four states, the largest award yet in an effort to revive American chip-making overseen by the Biden administration. **A2**
- ◆ **Private-equity firm Apollo** made an \$11 billion offer to buy Paramount Global's film and TV studio, according to people familiar with the situation. **B1**
- ◆ **Meta, Microsoft, X and Match** filed a legal petition protesting Apple's app store policies, objecting to how Apple complied with a court ruling ordering it to allow alternative payment methods. **B1**
- ◆ **Trump's supporters** are pushing to hand him a nearly \$3.5 billion windfall by driving up the value of his social-media platform, which is on the cusp of getting approval to list on the stock market. **B1**
- ◆ **Reddit priced its** initial public offering at the high end of its targeted range, a sign that investor enthusiasm for new issues could be returning. **B1**
- ◆ **Boeing's top finance** executive warned that the company's production problems would result in a steep hit to its cash flow this quarter. **B3**
- ◆ **Tencent reported** worse-than-expected results for the fourth quarter as it navigated a slowing economy. **B2**

### World-Wide

- ◆ **The Biden administration** enacted the strictest rules for tailpipe emissions so far, but gave the auto industry more time to comply, recognizing that the transition to electric cars will take longer than hoped. **A1**
- ◆ **Israeli security officials** are quietly developing a plan to distribute aid in the Gaza Strip that could eventually create a Palestinian-led governing authority there, Israeli and Arab officials said, causing a fierce backlash from Hamas and dividing Israel's war cabinet. **A1**
- ◆ **Legal turmoil over** a Texas plan to arrest and deport migrants left state and border residents confused about whether the law would be allowed to take effect. **A3**
- ◆ **Biden's campaign** in February brought in more than \$53 million, leaving it with more than \$155 million on hand at the end of the month, while Trump's operation raised \$39.3 million, with \$74.4 million in the bank. **A4**
- ◆ **House Speaker Mike Johnson** indicated that he wanted to move ahead quickly with legislation to avoid a government shutdown this weekend, ignoring some of his GOP critics. **A4**
- ◆ **Shipping executive** Angela Chao had nearly three times the legal limit of alcohol in her system when she drove a Tesla into a pond and drowned in Texas, a law-enforcement report said. **A3**
- ◆ **A new skin test** can detect an abnormal protein that people with Parkinson's have inside their nerves, allowing doctors to diagnose the disease before symptoms appear. **A7**

**CONTENTS** Markets..... B11  
Arts in Review..... A13 Opinion..... A15-17  
Business News..... B3 Personal Journal A11-12  
Crossword..... A14 Sports..... A14  
Equities..... B6 Technology..... B4  
From Page One..... A10 U.S. News..... A2-7  
Heard on Street..... B12 World News..... A8-9

## Fed Sees Three Rate Cuts in '24

Stocks prices surge after officials affirm policy stance despite hotter inflation data

By NICK TIMIRAO

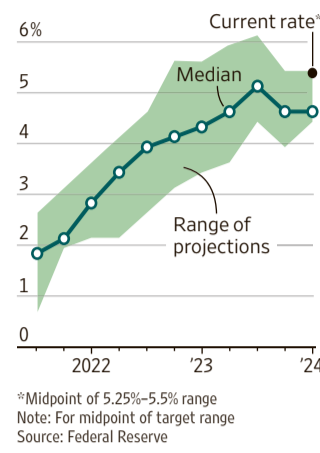
The stock market rose to new highs Wednesday when a narrow majority of Federal Reserve officials reaffirmed projections to cut interest rates three times this year despite firmer-than-anticipated inflation in recent months. While the latest data hadn't given officials the confidence they would need to begin rate

cuts, Chair Jerome Powell said his outlook for inflation to continue declining hadn't changed substantially in recent weeks. The projections released Wednesday were little-changed from December and showed most of his colleagues expect two or three cuts this year. The central bank held steady its benchmark federal-funds rate in a range between 5.25% and 5.5%, a 23-year high. Some investors had braced for the Fed to dial back expectations of rate cuts and cheered the more optimistic scenario laid out by policymakers. The Dow Jones Industrial Average, the S&P 500 and the Nasdaq

Composite all closed at a record high for the first time since November 2021, shortly before the Fed pivoted toward much tighter policy. Expectations that the Fed would cut rates by June rose to around 75% in futures markets later Wednesday, up from closer to 50% earlier this week, according to CME Group. The projections and Powell's comments left a clear impression that the central bank

◆ **James Mackintosh: Economy left some in the dust..... B1**  
◆ **Stocks rally on the Fed rate-cut plan..... B11**

Federal-funds rate target projections for the end of 2024



## 'Don't Look at Me With Your Disturbing Eyes'



**ROMAN SHADE:** Italian Prime Minister Giorgia Meloni hid her face on Wednesday in Parliament after the Green Party's Angelo Bonelli told her, 'Don't look at me with your disturbing eyes,' during an exchange over the war in Gaza.

## Cash Crunch Imperils Hospital Chain

Steward struggles with unpaid bills, postponed surgeries and a bat infestation

By MELANIE EVANS AND JONATHAN WEIL

Last spring, a nurse found a live bat clinging to a curtain in the intensive-care unit of Florida's Rockledge Regional Medical Center. Steward Health Care System, which operates the hospital, brought in a pest-control company, which discovered another 3,000 or so Brazilian free-tailed and evening bats in the building. "That's been a known issue," said retired nurse Vonnay Norbury, who used to see bats in the hospital's stairwell.

The hospital evacuated the floor, and the bat-removal workers came in. Last fall, Rentokil North America sued Steward for \$1.6 million of allegedly unpaid bills, including \$936,320 for the bat removal. Steward, which operates 31 hospitals in eight states, is in a deep cash crunch. At its Florida hospitals, vendors who haven't been paid have stopped delivering artificial knees and other supplies, causing some surgeries to be postponed. Garbage collectors cut off one hospital there over unpaid bills, causing trash to

pile up and state regulators to issue a warning. Traveling nurses left jobs at Steward hospitals after the temporary agency that dispatched them said it hadn't been paid. This isn't a good way to run a hospital company. Suppliers who haven't already cut off Steward routinely demand cash up front. Every Tuesday, the heads of Steward's eight Florida hospitals join a call with Daniel Knell, its top executive in the state, to request the cash and supplies needed to get through another

## Israel Seeks To Foster Alternative To Hamas

Israeli security officials are quietly developing a plan to distribute aid in the Gaza Strip that could eventually create a Palestinian-led governing authority there, Israeli and Arab officials said, causing a fierce backlash from Hamas and creating divisions in Israel's war cabinet.

By Summer Said in Dubai, Dov Lieber in Tel Aviv and Benoit Faucon in Doha, Qatar

A top Israeli defense official has held talks with Egypt, the United Arab Emirates and Jordan to build regional support for an emerging effort to enlist Palestinian leaders and businessmen who have no links to Hamas—a U.S.-designated terrorist organization—in distributing aid, some of the officials said. The aid would enter by land and sea after Israeli inspection and would head to large warehouses in central

### INSIDE



**BUSINESS & FINANCE**  
Trump stands to reap a \$3.5 billion windfall as supporters drive up SPAC's value. **B1**



**PERSONAL JOURNAL**  
New technology and a patchwork of policies are complicating airport security. **A11**

## Purchasing a Home This Spring Becomes Even More Chaotic

By NICOLE FRIEDMAN AND VERONICA DAGHER

Holly Frew's timetable for buying a home just moved up. Frew had been casually looking for a bigger place in Atlanta to live with her 2-year-old daughter for months. Now she feels pressure to buy before July because of the possibility that new rules regarding how real-estate agents get paid could mean she has to pay a buyer's agent a stand-alone fee, raising her upfront costs. "It's confusing and we don't know how it's all going to shake out," said Frew, a single mother who works in communications at Georgia State University and was already grappling with inflated food prices and high daycare costs that made saving for a down payment difficult. Under the current system, the buyer's agent's commission is usually baked into the sale price, allowing the buyer to finance that cost as part of a mortgage. The U.S.'s stressful spring

home-selling season just became even more chaotic, after the National Association of Realtors agreed last week to a settlement of legal claims that the industry conspired to keep agent commissions high. As part of the settlement, NAR agreed to get rid of a longstanding rule that required many home sellers to say how much they would pay a home buyer's agent. Consumer groups had argued that the arrangement effectively prevented buyers from negotiating with agents to save money, and kept commissions in the U.S. higher than most of the world, typically at 5% to 6% of the total sales price. The new rules, which go into effect in mid-July, are prompting buyers and sellers to question whether they should rush to do deals before the changes or wait to

◆ **Housing starts top outlook in February..... B11**

## Love Across Continents: Young Couples Find Unlikely Cupid

Users of Discord app unexpectedly meet romantic partners; chats lead to travel

By SALVADOR RODRIGUEZ

Like many young couples, Katie Kelbe and Ben Croitor play videogames and watch TV shows together, including "Game of Thrones," "Succession" and "The Bear." He lives in Stuttgart, Germany. She lives in Birmingham, Ala. They met by chance

on Discord, an app where Kelbe, 27, bumped into Croitor, 22, on a forum for fans of musician John Mayer. Kelbe and Croitor are part of a crowd of young adults on Discord who are unexpectedly finding partners who live hundreds or thousands of miles away. The app draws 200 million



# U.S. NEWS

## U.S. Awards Intel \$8.5 Billion for Chip Plants

New factories and expansion projects planned as industry races to catch up

By ASA FITCH AND ANNIE LINSKEY

The U.S. government is granting Intel up to \$8.5 billion to help fund new chip plants in four states, the largest award yet in an effort to revive American chip-making overseen by the Biden administration.

The money will go toward new factories and expansion projects in Arizona, New Mexico, Ohio and Oregon, the Commerce Department said. Intel's total investment in U.S. projects in the next five years is expected to exceed \$100 bil-

lion, according to the department, which is overseeing the grants.

The grant money, set aside under 2022's Chips Act, aims to fund a resurgence of U.S. manufacturing to counteract Covid-era supply-chain disruptions and address growing geopolitical tensions with China. Much of the world's chip production has shifted to Asia in recent decades, leaving the U.S. with around 12% of the world's manufacturing in 2020.

The Chips Act is part of President Biden's experiment with industrial policy, where taxpayer funds are used to bolster some companies that the administration views as important for national security. Biden aides have said that they hope the chip-industry investments, if successful, could serve as a template for how to

prod other sectors.

"We can't just design chips, we have to make them in America," said Commerce Secretary Gina Raimondo in a call with reporters Tuesday. "It's an economic security problem. It's a national security problem. And we're going to change that."

She said the Intel investments will put the U.S. on track to producing 20% of the world's leading-edge chips by the end of the decade.

Intel, the largest U.S. chip manufacturer by revenue, is likely to be among the biggest recipients of funds under the program. The company could also draw on up to \$11 billion in government loans and plans to apply for related tax credits.

GlobalFoundries, a contract chip maker based in New York

state, received a \$1.5 billion grant last month. Other major chip makers including Taiwan Semiconductor Manufacturing, Samsung Electronics and Micron Technology have applied for grants for projects each worth tens of billions of dollars, and those awards are expected to be announced soon.

Intel's money is to be distributed in stages according to construction and manufacturing milestones. The grant is also contingent on a round of due diligence.

Though the money will be spread over four states, it was no accident that Biden chose to travel to Arizona to highlight the program. Biden eked out a victory there in 2020, and it is one of a handful of swing states that are up for grabs in the 2024 presidential election. It also is the only

swing state where major Chips Act awards are expected. (TSMC, which is also building a manufacturing facility in Arizona, has also applied for one.)

For Biden, funding the chip industry's expansion has been the cornerstone of a broader push to revitalize U.S. industries and unmesh the country's most critical supply chains from Chinese influence. The president touted the legislation in his State of the Union address earlier this month.

Intel said it expects its projects to create more than 10,000 Intel jobs, plus nearly 20,000 construction jobs.

For Intel, the funding gives additional financial firepower to Chief Executive Pat Gelsinger's expensive turnaround effort. "We think that this is a defining moment for the United States semiconductor

industry and for Intel," Gelsinger said in a call with journalists late Tuesday evening.

But he said he believed that Congress would need to pass additional funds in coming years to continue to bolster the industry, though he declined to give a dollar amount. "It took us three-plus decades to lose this industry. It's not going to come back in three to five years," Gelsinger said.

Gelsinger, who took the reins three years ago, is embarking on a vast expansion of the company's chip-making and opened a new business making chips on contract for outsiders, alongside a multi-year bid to catch up with rivals TSMC and Samsung in making the most cutting-edge chips.

◆ **Heard on the Street: Huawei Spotlights U.S. Limits..... B12**

### U.S. WATCH



DEADLY BLAST: A woman's body was found in the rubble of a duplex after an explosion and fire early Wednesday morning in American Fork, Utah, authorities said.

#### IDAHO Officers Are Shot As Inmate Escapes

Three correctional officers were shot—two by a suspect and one by responding police—during a brazen overnight attack to break a prisoner out of an Idaho hospital, authorities said Wednesday. Police were looking for the

suspected shooter as well as the inmate, described by officials as white supremacist gang member Skylar Meade, who was sentenced to 20 years in prison in 2017 for shooting at a sheriff's sergeant. Meade, 31, and the unidentified suspect fled in a gray four-door sedan.

One officer shot by the suspect was in critical but stable condition, police said, while the

second wounded officer had serious but non-life-threatening injuries. The third injured corrections officer also sustained non-life-threatening injuries when a responding officer—incorrectly believing the shooter was still in the emergency room and seeing an armed person near the entrance—opened fire.

—Associated Press

#### FLORIDA Parks Off-Limits for Homeless to Sleep

Florida's homeless will be banned from sleeping on sidewalks and in parks and other public spaces under a law signed Wednesday by Republican Gov. Ron DeSantis. It also promises the homeless greater access to services for issues

such as substance abuse and mental health problems.

The state Department of Children and Families would oversee local governments that set up designated areas for the homeless to camp for up to a year under the new law, which takes effect Oct. 1.

Those encampments would be created if local homeless shelters reach max-

imum capacity, according to the governor's office. The law requires regional entities to provide necessary behavioral-treatment access as a condition of a county or city creating an encampment. In the legislature's latest session, Florida's homeless population was estimated to be about 30,700 in 2023.

—Associated Press

## Fed Sees Three Rate Cuts in '24

Continued from Page One  
"no longer believes that a recession is necessary to get inflation down," said Diane Swonk, chief economist at KPMG.

The Fed's projections had been the subject of endless speculation on Wall Street because brisk inflation readings for January and February interrupted a streak of cooler reports in the second half of last year. That raised questions over whether inflation will return to the Fed's 2% target as quickly as officials and investors have anticipated. Stubborn inflation would weaken the case for rate cuts.

Powell conceded that inflation had been stickier than anticipated over the last two months and cautioned that policymakers shouldn't be "dismissing data that we don't like."

But he said the latest data "haven't really changed the overall story, which is that of inflation moving down gradually on a sometimes-bumpy road toward 2%." The figures also hadn't given officials the confidence that inflation will settle around their goal, a precondition for cutting rates as long as the economy is growing steadily, he said.

"We don't really know if this is a bump on the road or something more. We'll have to find out," he said. "We're not going to overreact...to these two months of data, nor are

we going to ignore them."

Markets were heartened because Fed officials largely maintained their rate projections while revising up their forecasts modestly for inflation and growth this year.

Only two of 19 officials projected no cuts this year, and two others penciled in just one cut. A majority of them penciled in a modestly slower pace of rate reductions next year, with their benchmark rate settling at just below 4% at the end of 2025 and slightly above 3% after that.

The fed-funds rate influences other borrowing costs in the economy, such as on mortgages, credit cards and business loans. The 30-year fixed-rate mortgage stood at roughly 6.7% last week, down from an October high of 7.8%, according to Freddie Mac.

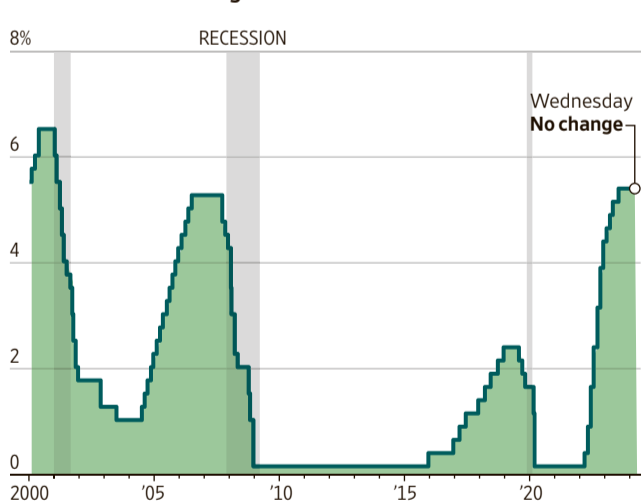
The Fed began raising rates from near zero two years ago and lifted them at the fastest pace in 40 years to combat inflation that also soared to a four-decade high. Officials increased rates most recently in July.

At that time, many economists and some inside the Fed anticipated that the central bank's rate increases to bring inflation down would lead to higher unemployment and a recession. But economic growth has shown surprising resilience even as wage and price increases have slowed thanks to healed supply chains and an influx of workers into the labor force.

Using the Fed's preferred gauge, inflation excluding volatile food and energy prices has fallen to around 2.8% recently, down from 4.8% one year ago.

Since officials last met in January, economic data have done little to resolve a debate

Federal-funds rate target



Note: Midpoint of range since 2008  
Source: Federal Reserve

over whether the Fed should preemptively take back any of the increases it made last year, when many worried inflation might settle above 3%.

Firmer inflation has likely emboldened those who think reductions won't be warranted this year unless the economy slows sharply.

Higher housing prices and stock-market gains are boosting wealth and thus supporting consumption, especially of high-income households. The price of bitcoin has recently surged to records, a sign of exuberant risk-taking.

Other reports, however,

suggest consumer spending has cooled, and hiring surveys have been mixed. The most widely watched measure of employment growth has been solid, but earlier reports have been revised down by historically large margins. Wage growth has continued to slow and unemployment has steadily inched up, from 3.4% last April to 3.9% in February.

Those readings could provide fodder to Fed officials who are concerned about leaving rates at their current level for too long. While markets don't expect the Fed to cut rates at its next meeting, April 30-May 1, Powell sidestepped a question over whether a rate reduction was possible.

He said while officials didn't "see this in the data right now," a significant slowdown in the labor market "could also be a reason for us to begin the process of reducing rates."

Blake Gwinn, an interest-rate strategist at RBC Capital

### CORRECTIONS & AMPLIFICATIONS

Taiwan's defense minister, Chiu Kuo-cheng, didn't name any outlying islands while discussing training with U.S. troops. In some editions Wednesday, a World News article about Taiwan incorrectly said that Chiu pointed out Kinmen is among the outlying islands, an implication that training is taking place there.

Salaries for software developers declined on a year-over-year basis in February for the first time since 2019, according to Indeed. A Technology article on Tuesday about tech-sector jobs and an accompanying chart incorrectly described the data as month-to-month.

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.

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

## U.S. NEWS

## Chao Was Intoxicated In Deadly Accident

By TAWNELL D. HOBBS

Shipping executive Angela Chao had nearly three times the legal limit of alcohol in her system when she drove into a pond and drowned in Texas, according to a law-enforcement report released Wednesday that concluded her death was an “unfortunate accident.”

The chief executive of Foremost Group died Feb. 11 after putting her Tesla in reverse and driving into the pond on her ranch in Johnson City, according to the report by the Blanco County Sheriff's Office. A toxicology test on Chao showed a blood alcohol concentration level of 0.23, the report said. The limit is 0.08 in Texas.

While Chao was over the Texas limit for driving on public roads, her alcohol level at the time of death isn't considered against the law because she was driving on private property, said Chief Deputy Robert Woodring.

Chao, 50 years old, had invited seven girlfriends from her days at Harvard Business School to spend the weekend to celebrate the Lunar New Year at the ranch, The Wall Street Journal reported.

She had left a guesthouse on the property late on Feb. 10 where her friends were staying to drive back to the main house. Instead of walking in the chilly night, she got in her Tesla Model X SUV for the trip to the house.

Within minutes of saying her goodbyes, she called one of her friends and said she had put the car in reverse instead of drive while making a three-point turn. It was a mistake she had made before with the Tesla gearshift, people close to her told the Journal.

The report details the phone conversation between Chao and the friend as she called to say that she had crashed and was in water. “In a calm voice,” Chao told the friend she was unable to get out of the car and that she was going to die. “I love you,” she told the friend before the Tesla went fully underwater, according to the report.

Chao had a 3-year-old son, James, the namesake of her husband Jim Breyer, a billionaire venture capitalist. Her sister Elaine was secretary of labor in the George W. Bush administration and of transportation in the Trump administration. Elaine Chao is married to Senate Minority Leader Mitch McConnell (R., Ky.).

Breyer said in a statement: “I am heartbroken by this terrible tragedy.”

## U.S. Explores Assange Plea Deal

WikiLeaks founder, detained in London, is locked in a battle to avoid extradition

The U.S. Justice Department is considering whether to allow Julian Assange to plead guilty to a reduced charge of mishandling classified information, according to people familiar with the matter, opening up the possibility of a deal that eventually could result in his release from a British jail.

By Aruna Viswanatha  
in Washington and  
Max Colchester in  
London

Assange, the divisive WikiLeaks founder, is fighting a drawn-out legal battle with the British government to avoid being extradited to the U.S. to face trial for publishing thousands of confidential U.S. military records and diplomatic cables around 2010. A U.K. court is considering whether to allow a last-ditch appeal by the 52-year-old.

After U.S. prosecutors

charged him in 2019, U.K. law-enforcement officials apprehended him, and he has been in a London prison ever since.

Justice Department officials and Assange's lawyers have had preliminary discussions in recent months about what a plea deal could look like to end the legal drama, according to people familiar with the matter, a potential softening in a standoff filled with political and legal complexities. The talks come as Assange has spent some five years behind bars. U.S. prosecutors face diminishing prospects that he would serve much more time even if he were convicted stateside.

The discussions remain in flux, and talks could fizzle. Barry Pollack, a lawyer for Assange, said he has been given no indication that the department would take a deal. A Justice Department spokesman declined to comment.

If prosecutors allow Assange to plead to a U.S. charge of mishandling classified documents—something his lawyers have floated as a possibility—it would be a misdemeanor offense. Under such a deal, Assange poten-



Julian Assange in 2019

and hack a military computer in relation to WikiLeaks' releases, which painted a highly critical picture of America's actions in Iraq and Afghanistan. Lawyers for Assange have argued he merely published information given to him, much as a journalist would, and shouldn't face punishment.

An extradition would throw a political hot potato into the lap of the Biden administration. The Justice Department has long struggled with how to proceed against Assange because there are some parallels between his work and that of the press, whose right to publish is generally protected by the First Amendment.

Trump-era Justice Department officials who charged Assange sought to differentiate his work from journalism because they alleged he solicited the classified material and knew its publication would jeopardize lives. The Obama administration also considered charging him but declined because of concerns about how it could affect conventional journalism.

Chelsea Manning, the former U.S. Army intelligence analyst who was convicted of

leaking government secrets to WikiLeaks, served seven years in prison. Legal experts said any possible sentence for Assange likely would be less than what Manning served.

Assange has fought a winding campaign to avoid a U.S. trial. He initially was dogged by allegations of rape in Sweden in 2010. He sought asylum in the Ecuadorean Embassy in London in 2012 and holed up there for years. After being kicked out of the embassy, Assange was promptly jailed in London. A British judge ruled he had a history of evading justice and so should be kept in Belmarsh prison awaiting a decision on his U.S. extradition.

Last month, U.K. judges in the High Court heard claims by Assange that he faced prosecution for his political views, and that extradition would be an attack on his right to free speech—an argument they are expected to rule on soon.

In a filing to the U.K. court, lawyers representing the U.S. said Assange threatened “the strategic and national security interests of the United States and put the safety of individuals at serious risk.”

## Migrant Law Causes Confusion on Texas Border

By ELIZABETH FINDELL  
AND ADOLFO FLORES

EAGLE PASS, Texas—Legal turmoil over a Texas plan to arrest and deport migrants left state and border residents mired in confusion this week over whether the law would be allowed to take effect, a development that could upend more than a century of national immigration policy.

A volley of legal orders regarding the law, known as SB 4, came as the Supreme Court and Fifth Circuit Court of Appeals both chimed in on whether the law should remain stalled as courts weigh whether it is constitutional for states to set their own immigration policies.

An Austin-based federal judge blocked SB 4 last month, calling it an unconstitutional violation of federal powers. A decision on whether to keep it paused is pending from a three-judge appeals court panel who signaled differing opinions during a hearing Wednesday.

The hearing followed days of back-and-forth. A U.S. Supreme Court order blocking the law from taking effect was allowed to expire earlier this week before it was blocked again, minutes later. Another Supreme Court order allowed the law to take effect Tuesday, before the Fifth Circuit Court of Appeals halted it late Tues-



Migrants waited in Ciudad Juárez, Mexico, at the border with the U.S., on Tuesday.

day night.

Neither the appeals court nor the Supreme Court has yet ruled on the constitutionality of the law.

The Texas law makes it a crime to cross into the state illegally between ports of entry and allows state officials to order deportations of violators. The measure was passed

by the Texas Legislature and signed last year by Republican Gov. Greg Abbott. The state's Republican leaders and the Biden administration have been engaged in a protracted standoff over border policy.

The judges didn't indicate when they might take action on whether to continue the pause on the law's enforcement.

Abbott signaled he would keep fighting to implement the law. The Justice Department warned that allowing the law to begin would “throw immigration enforcement into chaos,” and undermine Washington's enforcement powers.

In Eagle Pass, a small border city that has been the recent epicenter of Texas efforts

against illegal immigration, the prospect of the new law has stirred uncertainty and anxiety, police spokesman Humberto Garza said.

No arrests made under the law were immediately reported during the roughly eight-hour period the law was unexpectedly allowed to take effect Tuesday.

## Unmatched benefits and flexibility.

We are so confident in your satisfaction with the Volato Insider Program, our modern jet card, that deposit balances are fully refundable.



No blackout dates



No membership or monthly fees



Top-tier safety ratings



Modern fleet

404.465.3670  
flyvolato.com



Volato

# U.S. NEWS

## Biden Takes Big Lead Over Rival In Campaign Cash

By Jack Gillum and Anthony DeBarros

WASHINGTON—Donald Trump crushed his opponents in nearly every Republican primary this year. But when it comes to the money race, President Biden has a big head start on his predecessor.

In February, Biden's campaign apparatus said it brought in more than \$53 million, leaving it with more than \$155 million on hand at the end of the month. Trump's operation by comparison reported raising \$39.3 million—with \$74.4 million in the bank—across his campaign committee, the Republican National Committee, a supportive super PAC and a leadership PAC, which has been drained by shelling out more than \$53 million in legal-related expenses since early last year.

### \$155M

Cash on hand for Biden at the end of February, compared with \$74M for Trump

As the general election begins in earnest, the new figures underscore how much financial ground the former president has to make up on his presumptive Democratic opponent—money used for pricey TV ads, campaign staff, office space, consulting fees and other expenses.

Trump has retained a slight advantage in polls in battleground states, where thin margins will likely decide who wins the presidency in November. Money also doesn't necessarily equal guaranteed victory; Hillary Clinton bested Trump in the 2016 money race but still lost the White House. And Trump's fundraising is likely to pick up now that he has replaced the leadership at the RNC and formed a joint-fundraising committee.

Nonetheless, Biden's fundraising advantage lays bare the risks that Trump has going into spring and summer, when he will accept his party's nomination at the Republican National Convention. His financial health might also reflect the segment of Republicans who say they will refuse to vote for Trump even if he were the nominee, according to surveys of GOP primary voters by AP VoteCast.

While the Biden team reported adding \$25 million to its total cash holdings in February, Trump's cash—across the campaign account, the RNC and two PACs—increased by \$9.2 million. The former president's February numbers

include transfers from his Trump Save America Joint Fundraising Committee, which won't provide updated figures until it files next month.

Trump's leadership PAC, Save America, spent \$2.2 million more than it took in during February, lowering its cash on hand to \$4.1 million at the end of the month. Among its expenditures during February: \$1.3 million for research, \$1.6 million on payroll and at least \$1 million on data processing, according to new data from the Federal Election Commission.

Biden and Trump have spent nearly identical amounts on advertising so far this year, according to data from AdImpact. From Jan. 1 through March 19, Biden's campaign and his joint fundraising committee had run \$13.2 million in television, radio, satellite and online ads, compared with \$13.3 million for Trump and his top allied committee.

Yet there is one key difference: Biden has been working to target general-election voters all year, while the bulk of the spending associated with Trump was to mobilize primary voters before he became the presumptive nominee. Biden's campaign also launched a six-week, \$30 million ad blitz in swing states shortly after his March 7 State of the Union address.

Other candidates' financial pictures have paled in comparison now that Trump and Biden have enough delegates to win their respective parties' nominations.

Independent candidate Robert F. Kennedy Jr. reported raising \$3.2 million in February, raising his cash on hand at the end of the month to \$5.1 million. About 39% of his contributions came from small-dollar donors who have given \$200 or less during the presidential cycle.

Wednesday's FEC filing by former South Carolina Gov. Nikki Haley showed her campaign committee still raising money at a healthy pace, taking in \$8.6 million in February and ending the month with \$11.5 million in cash. Haley dropped out of the presidential race on March 6 following disappointing results on Super Tuesday.

—John McCormick contributed to this article.



Donald Trump supporters reacted to his arrival at a rally in Greensboro, N.C., earlier this month.

## Trump's Unfounded Claims Put GOP Turnout at Risk

By Mariah Timms

After making years of unfounded claims that the 2020 presidential election was stolen from him, Donald Trump is dialing up warnings that there could be an even bigger theft this time around, a tactic that threatens to complicate Republican turnout efforts.

"Too Big to Rig." That is the phrase Trump began unveiling in recent weeks, including in an appearance in Greensboro, N.C. His campaign also has printed signs with the slogan to hand out to supporters. The idea behind the pitch is this: Trump needs a lead so large that no one can take it away.

"We want a landslide," Trump said at the rally. "We have to win so that it's too big to rig."

The line has garnered applause from the Trump faithful, but it presents messaging challenges for Republicans. Even as the former president says the voting process could be rigged, he is urging GOP supporters to participate in it anyway. Trump also needs to woo moderate and swing voters, yet they could be turned off by his drumbeat of election-fraud claims.

"There is no way to effectively toe this line," said David Becker, director of the nonpartisan Center for Election Innovation and Research, focused on election administration. "When you still want voters to turn out but you're telling them it's rigged—it's no sur-

prise that some of them are on the fence about that."

Democrats and other Trump critics have said the former president's continued claims of election theft are grossly irresponsible and doing lasting damage to the U.S. His unfounded claims four years ago led to two of his four criminal cases and preceded the attack on the U.S. Capitol by a mob of his supporters on Jan. 6, 2021.

"Donald Trump is terrified of facing another humiliating defeat in November, so he is going to spend the next eight months spreading dangerous conspiracies about a rigged election and attempting to undermine our democracy, just like he did in 2020," said Rosemary Boeglin, communications director for the Democratic National Committee.

Trump has paired his remarks with arguments that Republican-controlled states could better secure their elections right away by insisting on single-day, in-person voting, with identification checks. That position is at odds with intensive GOP efforts to encourage supporters to make use of early voting and mail-in ballots, methods that appeal to a growing portion of the electorate.

In the last presidential con-

test, Republicans fell far behind Democrats on those sorts of turnout efforts, in large part because Trump derided alternative voting methods as ripe for fraud.

"If you have mail-in voting, you automatically have fraud," Trump said last month in a town hall hosted by Fox News.

Before 2020, Democratic voters made slightly more use of mail-in ballots than Republicans, but the difference became far more pronounced in the last election, with 60% of Democratic voters choosing to vote by mail while only 32% of Republicans did so, according to a 2021 report from the MIT Election Data and Science Lab.

While a "metric ton" of mail-in voting was driven by states' response to the Covid-19 pandemic, Trump's criticism of the practice "single-handedly drove a pretty radical shift in the mode by which the electorate chose to vote," creating the sharp partisan divide, said Loyola Law School Prof. Justin Levitt.

Experts say mail-in voting is no more susceptible to fraud than other types of voting.

The Republican National Committee is in the middle of a multiyear push aimed at maximizing voting before Election Day by encouraging

GOP supporters to make use of any voting opportunity they like. The initiative includes the use of get-out-the-vote operatives to collect batches of voters' ballots to deliver them to the polls—which Republicans previously derided as "ballot harvesting" when practiced by Democrats. Among those endorsing third-party ballot collection is Lara Trump, the former president's daughter-in-law and new co-chair of the RNC.

Committee officials said they didn't believe Trump's campaign speeches would sink their effort.

"Republicans will fight in every state to turn out the vote and will utilize every legal process to get voters to the polls and chase ballots across the country," said RNC Chairman Michael Whatley.

Taking cues from Trump, Republican-led legislatures in states including Alabama, Florida and North Carolina want to roll back pandemic expansions of voting by mail that led to a record turnout in 2020. Some state legislatures have already shortened the time voters can request or return the ballots; limited the number of ballot drop boxes; or threatened to penalize people who drop off another voter's absentee ballot.

—Alyssa Lukpat and Alex Leary contributed to this article.

◆ Trump's supporters drive up SPAC's value..... B1

### The former president says the voting process could be rigged.

## Johnson Signals Vote This Week on Funding

WASHINGTON—House Speaker Mike Johnson (R., La.) has spent months patiently working to build consensus among House Republicans in a series of bruising fights over government spending.

By Siobhan Hughes, Katy Stech Ferek and Michelle Hackman

He is now acting like he has had enough.

Johnson, elected last October after the ouster of House Speaker Kevin McCarthy (R., Calif.), indicated Wednesday he wanted to move ahead quickly with legislation to avoid a government shutdown this weekend, rejecting demands from some members that they get at least 72 hours to read through a proposal that is expected to run at least 1,000 pages.

He also rejected their call for a short-term measure to buy more time to digest the more than \$1.1 trillion fiscal 2024 spending bill. He had already decided to bring the bill to the floor under procedures that will require large numbers of Democratic votes after dissident Republicans last year derailed his early attempts to pass partisan bills at a simple majority threshold.

"We have to govern," Johnson said. "We have to demonstrate that we can keep this thing together and keep the train on the tracks."

The text of the six remain-



House Speaker Mike Johnson stood up to GOP dissidents.

ing funding bills is expected to be released by early Thursday and the measures need to be approved by Friday by the House and the Senate to avoid a partial government shutdown. Passage would bring to a close months of work to finish funding the full fiscal year, which started in October.

Rep. Chip Roy (R., Texas), who has voted against every spending bill this Congress, criticized Johnson's approach as doing a disservice to his party. "I don't think it's enough," he said after a closed-door GOP conference in which Johnson detailed GOP wins in the spending bill. "I don't think Republicans should be jamming through a bill we have less than 72 hours to read and doesn't do the job on the border."

But his supporters said that his assertiveness was wel-

come. "I've been wanting this out of the speaker since the very beginning," said Rep. Max Miller (R., Ohio), who earlier this year called for punishing rebel conservatives.

In standing up to dissidents in his party, Johnson is acknowledging the reality that they wouldn't have voted for the proposal anyway, even if he had agreed to a delay. Of the 43 House Republicans who penned a letter this week urging a vote against the bill on the grounds that it would fund what they see as damaging border policies, only one—Rep. Tony Gonzales (R., Texas)—has ever voted for a spending bill so far this Congress.

People in Johnson's orbit say that he is merely racing to meet a deadline to avoid a shutdown, not sticking it to holdouts, and that a last-min-

ute attempt by the White House over the weekend to reopen the deal regarding border policy had set him off course.

Johnson's positioning is coming into sharper view as he heads toward completing fiscal 2024 spending in part because this is the last chance for dissidents to trigger across-the-board cuts under a provision in last year's Fiscal Responsibility Act. If the dissidents can drag out the spending fight until April 30, they could activate a tripwire that would trigger a 1% spending cut across much of the 12 bills that fund the government each year. Some Republicans worry about the impact of such a cut on the defense budget.

Johnson used a closed-door meeting with House Republicans to highlight what he cast as GOP wins in the spending bill. According to a person in the room, he highlighted the zeroing out of funding for the United Nations Relief and Works Agency after U.S. intelligence found it was likely that some employees of the agency, which distributes aid to Palestinians, took part in Hamas's Oct. 7 assault on Israel.

According to a person in the meeting, the new funding bill will include an increase in Immigration and Customs Enforcement jail capacity, to pay for 42,000 jail beds from a current funding level of 34,000. It will also pay for 22,000 Border Patrol agents, several thousand above the current total.

**JIM VALVANO**  
LEGENDARY COACH & V FOUNDATION FOUNDER

"WE NEED MONEY FOR RESEARCH. IT MAY NOT SAVE MY LIFE. IT MAY SAVE SOMEONE YOU LOVE."

Today's cancer research is tomorrow's victory. 100% of your donation goes directly to game-changing cancer research. Donate at v.org

**30 FOUNDATION**  
11 consecutive Charity Navigator 4-star ratings, among top 2% of all charities

PAID ADVERTISEMENT

# DISNEY: TOP EXECES' GAIN, SHAREHOLDERS' PAIN.

WHILE **TOP EXECUTIVES HAVE BEEN PAID OVER \$1 BILLION** SINCE 2013



DISNEY'S TOTAL SHAREHOLDER RETURN HAS **UNDERPERFORMED THE MARKET BY -170%**



Source: SEC filings, FactSet. Note: "Top Executives" compensation data represents the cumulative value of Disney's named executive officers reported compensation in its annual proxy statements between FY 2013 and FY 2023. Total Shareholder Return represents Disney's relative performance vs. the Market measured from Disney's FY 2013 ended 09/28/13 through 09/30/23. "Market" represents the S&P 500.

**VOTE FOR CHANGE NOW.**



**ELECT NELSON PELTZ AND JAY RASULO TO RESTORE THE MAGIC**

Withhold on Michael B.G. Froman, Maria Elena Lagomasino, and all three Blackwells Nominees



For more information, visit our website:  
**RestoreTheMagic.com**

Banks and Brokerage Firms, Please Call:  
**(212) 297-0720**

Shareholders and All Others Call Toll-Free:  
**(877) 629-6357**

**RESTORE THE MAGIC**



U.S. NEWS

# AI Brings Vets' Stories To Life at Museum

NEW ORLEANS—Olin Pickens sat in his wheelchair facing a life-size image of himself on a screen, asking it questions about being taken prisoner by German soldiers during World War II. After a pause, his video-recorded twin recalled being given “sauerkraut soup” by his captors before a grueling march.

“That was a Tuesday morning, February the 16th,” Pickens’ onscreen likeness answered. “And so we started marching. We’d walk four hours, then we’d rest 10 minutes.”

Pickens, seen at right, is among 18 veterans of the war and its support effort featured in an interactive exhibit that opened Wednesday at the National WWII Museum in New Orleans. The exhibit uses artificial intelligence to let visitors hold virtual conversations with images of veterans.

Pickens, of Nesbit, Miss., was captured in Tunisia in 1943 as U.S. soldiers from the 805th Tank Destroyer Battalion were overrun by German forces. He returned home af-

ter spending the rest of the war in a prison camp.

“I’m making history, to see myself telling the story of what happened to me over there,” said Pickens, who celebrated his 102nd birthday in December. “I’m so proud that I’m here, that people can see me.”

The Voices From the Front exhibit also allows visitors to the museum ask questions of war-era home-front heroes and supporters of the U.S. war effort. Four years in the making, the project incorporates video-recorded interviews with the veterans or the support effort—each of them having sat for as many as a thousand questions about the war and their personal lives.

“Any of us can ask a question,” said Peter Crean, a retired Army colonel and the museum’s vice president of education. “It will recognize the elements of that question. And then using AI, it will match the elements of that question to the most appropriate of those thousand answers.”

—Associated Press



GERALD HERBERT/ASSOCIATED PRESS

### Watch a Video: The \$130 Billion Plan To Replace the U.S.'s Minuteman Missiles



SENIOR AIRMAN DANIEL BRISANOVIC, AIR FORCE/PAF



America’s Minuteman nuclear missiles were only supposed to last 10 years—now, they’ve defended the U.S. for more than five decades. Scan this code for a video on the logistical challenges of replacing them.

# Scientist Engaged in Misconduct, Probe Finds

By NIDHI SUBBARAMAN

A physicist who shot to fame with claims of the discovery of a room-temperature superconductor engaged in research misconduct, a committee tapped to examine his work has concluded after a monthlong investigation.

Ranga Dias, a physicist at the University of Rochester in New York, has had at least four papers he co-wrote, including three involving superconductivity, retracted in the past 18 months by the journals that published them. A committee of outside experts used by the university “identified data-reliability concerns in

those papers,” a Rochester representative told The Wall Street Journal.

“The committee concluded, in accordance with university policy and federal regulations, that Dias engaged in research misconduct,” the representative said in an email.

Rochester declined to provide the report. Dias didn’t respond to requests for comment.

The work in the papers was funded by the National Science Foundation, the Energy Department, and the Gordon and Betty Moore Foundation, a private organization that funds scientific research.

The Moore foundation dis-

continued its grant late last year, the organization said. Of the \$1.6 million award, about \$285,000 was spent. The university refunded the rest.

The investigation follows three preliminary reviews by the university of one of the studies, published in Nature in 2020 and retracted in 2022 after criticism from other scientists. Those inquiries didn’t find enough evidence to prompt a full investigation.

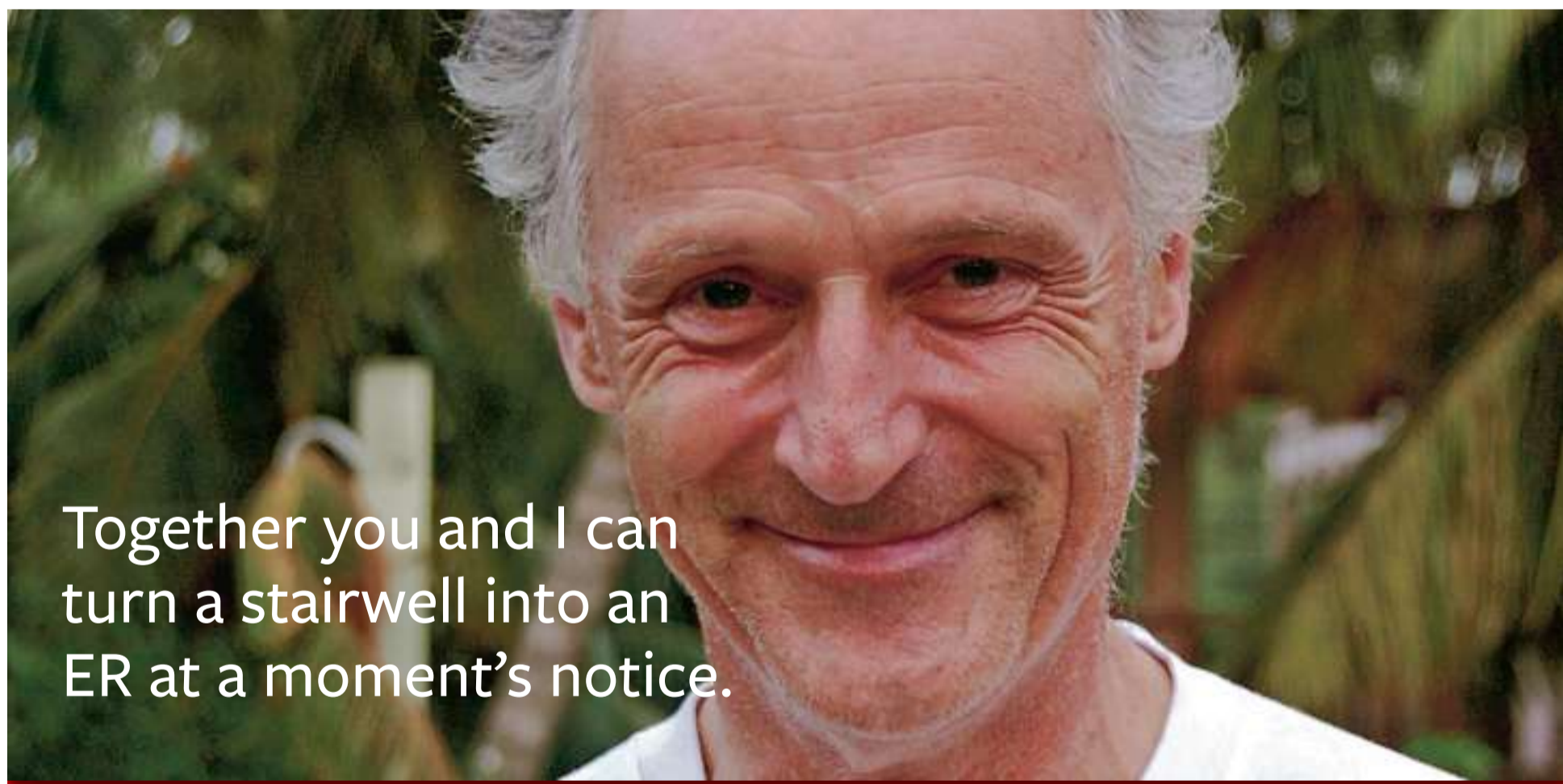
Complaints sent to the university in spring 2023 about additional studies prompted a more thorough review.

Universities typically keep misconduct-investigation proceedings and reports secret.

Federal policies that form the basis of many university practices allow the institutions to limit the disclosure of information. But universities differ in how much they share. Some researchers have argued that university misconduct-investigation reports must be public.

A separate process considers personnel actions following such investigations, the representative said.

According to Rochester’s policies, the university provost reviews misconduct findings and determines disciplinary action. The representative declined to provide details on the status of that review.



Together you and I can turn a stairwell into an ER at a moment’s notice.

Port-au-Prince, Haiti

Dr. Paul McMaster, Doctors Without Borders Surgeon



HAITI 2010 © Julie Remy

Donate today at: [doctorswithoutborders.org](http://doctorswithoutborders.org)



NewYork-  
Presbyterian

# WE TREAT MORE HEART PATIENTS THAN ANY OTHER HOSPITAL IN THE NATION.

At NewYork-Presbyterian, we've built up our experience over decades, with heart surgery procedures that have set the standard for other hospitals. When it comes to the heart, you want experience over everything.

[WWW.NYP.ORG/HEART](http://WWW.NYP.ORG/HEART)

## STAY AMAZING

WITH WORLD-CLASS DOCTORS FROM

 COLUMBIA



Weill Cornell  
Medicine

NewYork-Presbyterian Hospital based on U.S. News & World Report 2023-24 ranking.



**#Dadication**



[fatherhood.gov](http://fatherhood.gov)



## U.S. NEWS

# New Skin Test Can Diagnose Parkinson's

A detectable protein can help doctors rule out diseases with similar symptoms

By BETSY MCKAY

Debi Lucas had a tremor in her arm. Her feet froze when she tried to walk and she fell into her coffee table, busting her lip.

She went to a neurologist who thought she had Parkinson's disease. Doctors normally diagnose the neurodegenerative condition by symptoms. Lucas, 59, had them.

But the neurologist, Dr. Jason Crowell, couldn't be sure. The symptoms might be related to a traumatic brain injury Lucas suffered in a car accident decades earlier, he thought. Or they might be from her medications.

To find an answer, Crowell turned to a new test: a skin biopsy that can detect an abnormal protein people with Parkinson's have inside their nerves. He took samples of skin near her ankle, knee and shoulder and sent them to a lab.

The results confirmed that Lucas has Parkinson's. The diagnosis was scary, but Lucas finally knew what was causing her symptoms. "I was glad to have a name on it," she said.

The test sped her diagnosis, said Crowell, a movement disorders neurologist at the Norton Neuroscience Institute in Louisville, Ky. "It just gives me more confidence," he said.

The skin test is an important part of progress researchers are making against Parkinson's, which is on the rise and a major driver of disability, dementia and death. The test Lucas received, made by CND Life Sciences of Scottsdale, Ariz., is one of a few in use or development to allow doctors to diagnose Parkinson's based on biology rather than symptoms that can take years to appear.

"The skin test basically is a window into the brain," said

Dr. Joseph Jankovic, professor of neurology at Baylor College of Medicine in Houston, where the test is used to diagnose patients and conduct research.

The test accurately detected the abnormal alpha-synuclein protein in 93% of people who had already been diagnosed by their symptoms with Parkinson's, according to a study published Wednesday in the JAMA. It detected the protein at high rates in participants with similar disorders, including dementia with Lewy bodies.

The test can help doctors rule out diseases with similar symptoms that might be treated differently or have different prognoses. Patients with symptoms of Parkinson's are often misdiagnosed, according to data from autopsies, said Dr. Christopher Gibbons, a neurologist at Beth Israel Deaconess Medical Center in Boston and the study's lead author. He is also an adviser to CND Life Sciences. More than 20% of participants in the study had received a wrong diagnosis, he said.

Another test finds the protein in spinal fluid. Researchers are also working on tests using blood, nasal swabs and tears. The goal is to detect the protein in people years before they develop symptoms and treat them with drugs that could slow or stop the disease, said Dr. Todd Levine, chief medical officer of CND Life Sciences. Studies on early detection with the skin test are under way, he said.

"What we're hoping for is within the next few years we'll have some disease-modifying therapies," he said.

The spinal-fluid test can detect alpha-synuclein in people with a sleep behavioral-disorder that is a precursor to Par-



Debi Lucas, above with her husband, got the new test from Dr. Jason Crowell, left. The test identifies an abnormal protein, shown in orange and gold below.



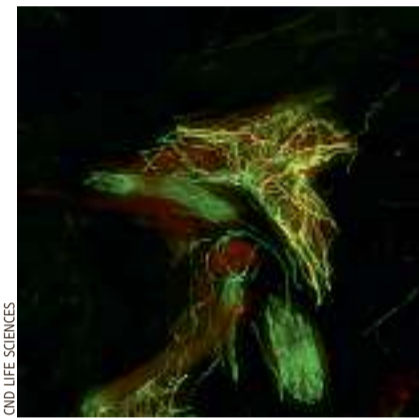
kinson's, said Dr. Russell Lebovitz, chief executive officer of Amprion, the test's maker. "We can give a very clear and very early diagnosis," he said.

The skin test costs just under \$1,500 but is usually covered mostly or all by insurance, Levine said. The spinal-fluid test is \$1,500 if billed to insurance, or \$995 for patients

who pay on their own.

People at risk of Parkinson's could be screened using tests, said Mark Frasier, chief scientific officer at the Michael J. Fox Foundation, which provided early funding and worked with Amprion on the spinal fluid test, and is funding development of others.

"It is a progressive disorder



where brain cells are lost over time," he said. "If you intervene at the earliest possible stage...you're likely to see a more positive outcome."

The tests also help with research, he said.

Parkinson's occurs when cells deep in the brain that produce dopamine, which coordinates movement, become impaired or die. Symptoms include tremors, stiffness, slow movements and problems with

balance. Patients also have non-motor complications such as depression, sleep disorders and pain. The disease usually occurs in older people, more often men. It is on the rise as the population ages, because the risk the body will produce abnormal proteins increases as it gets older.

But young people develop it too. Actor Michael J. Fox was diagnosed at age 29.

There is no cure, but drugs and other treatments help relieve symptoms. Companies are working on treatments that target alpha-synuclein or other ways to slow Parkinson's. The precise role that alpha-synuclein plays in the disease isn't clear.

Not all patients need the test, said Dr. Joy Antonelle de Marcaida, who uses it as medical director of the David & Rhoda Chase Family Movement Disorders Center at Hartford Healthcare. The diagnosis is clear for many from symptoms, she said.

But others have subtler symptoms or other possible explanations, and it can take time to diagnose them. "We used to have to tell them, come back in six months, a year and I'll look again," she said.

Michael Dale learned six months ago that he is in the early stages of Parkinson's. The 77-year-old, who lives in Houston, had balance problems and tremors. A neurologist at Baylor suggested he get the skin test. It was like a ball-point pen pushing into his skin, he said.

Now Dale is doing exercises and monitoring his symptoms. "There's a lot of anxiety about what the future holds," he said.

He's glad to know his diagnosis. "You know what's going on and you can kind of prepare," he said.

## Musk's Neuralink Introduces Its First Brain-Implant Patient

By ROLFE WINKLER AND ALEXA CORSE

Elon Musk's Neuralink introduced the first patient to receive its brain-computer implant, a 29-year-old diving-accident victim who showed during a livestream that he can now move a computer cursor using the device.

In a nine-minute presentation streamed on Musk's X platform Wednesday, Neuralink showed Noland Arbaugh directing the cursor around a screen to play a game of chess. Arbaugh said it feels like "using the force on a cursor," referring to the concept from "Star Wars." He said his surgery went well and he left the hospital after one day.

Moving a computer cursor isn't a big technical leap for brain-computer interfaces. An older brain chip first implanted in a human in 2004 also helped a paralyzed person move a cursor with only their thoughts. But the older chip must be attached to a device on the outside of the brain to transmit data, requiring wires protruding through the skin.

Neuralink's device transmits data wirelessly, and it can be used at home, outside of a laboratory setting.

Another notable feature of Neuralink's presentation was that Arbaugh was multitasking: playing chess while speaking about his experience getting the implant. Prior demonstrations of brain-computer interfaces have required dedicated attention to a particular task.

Arbaugh lost all movement beneath his shoulders after his accident, he said. A webpage seeking charitable donations said the accident occurred in June 2016.

Tom Burks, a pastor at Stone Ridge Church in Yuma, Ariz., said he has known Arbaugh's family for about two decades. He said the family had told a few people at the church about the surgery and had asked them to pray for it to go well. "I've been excited for



The implant recipient, Noland Arbaugh, shown at right with a Neuralink engineer, was paralyzed in a diving accident.

them," Burks said. Burks said he had been keeping Arbaugh's involvement with Neuralink private before it became public Wednesday.

Musk said in January that the first patient received the implant, specifying only that the person was recovering well. Since then, Arbaugh has been learning to use the implant. He described a process of training it to understand how his thoughts translate to moving the cursor. It has become much easier with time and now he can simply look at the screen and the cursor responds, he said.

"It's not perfect, we have run into some issues," said Arbaugh, without detailing them. But he added that the device has already changed his life.

Arbaugh described playing another videogame straight through the night. He said that after eight hours, the Neuralink's battery ran out and had to be recharged before he could continue playing.

Neuralink uses wireless charging to power its device, which combines a quarter-sized chip implanted in the skull with hairlike electrodes inserted into the brain. The

company has shown how a monkey charged its implant by standing beneath a charging coil. One challenge of charging a battery inside the head is ensuring the temperature doesn't rise significantly.

Other companies including Paradromics and Precision Neuroscience are developing brain-computer implants that could offer similar functionality to Neuralink. Neither has placed their implant permanently in a human yet.

A fourth company, Synchro, has already done so. It has developed a stent that goes into a blood vessel on top of the brain that can read neural signals. That requires a less invasive surgery than Neuralink's, but because it is implanted just outside the brain, it may not be able to capture as much neural data.

Musk has said Neuralink's aim is one day to augment perfectly healthy people with its brain implant so the human race can keep up with artificial intelligence. Long before that can happen, Neuralink must show that its implant is safe and effective for people like Arbaugh suffering from debilitating conditions.

## Carmakers Get Time To Comply

Continued from Page One and labor unions, which urged it to delay implementing the toughest restrictions until the market for EVs matures.

"We received what we thought was persuasive information" from the industry groups, a senior administration official said, adding regulators concluded the rule would be "more durable" if the market was given more lead time for EV adoption.

For model year 2032, the EPA stuck to the endpoint it originally proposed, which requires carbon emissions from new vehicles be cut nearly in half from those that went on sale in 2026. That will require EVs to account for the equivalent of two-thirds of new-vehicle sales.

But the EPA said the industry could reach that threshold with a lower penetration of EVs if combined with sales of plug-in hybrids, which the agency expects will play a bigger role in the transition than previously thought.

Plug-in hybrids are capable of traveling solely on electric power for short distances before a gas engine comes on. Hybrid sales have taken off over the past year as more models hit the U.S. market.

The EPA's original proposal last spring, which effectively called for 67% of light-vehicle sales to be EVs by model-year 2032, hadn't factored in plug-in hybrids. An optimal path to that same level of emissions could be 56% of the market being full EVs, along with 13% plug-in hybrids, a senior administration official said.

The new rules will "give drivers more clean-vehicle choices while saving them money," EPA Administrator Michael Regan said.

John Bozzella, president of the Alliance for Automotive Innovation, the industry's top U.S. lobbying group, called the rules a "stretch goal." He said automakers are committed to a transition to EVs, "but pace matters." The more-gradual



The EPA's original proposal effectively called for 67% of light-vehicle sales to be EVs by model-year 2032.

curve of the regulations, Bozzella said, "should give the market and supply chains a chance to catch up."

Environmental groups gave the decision mixed reviews.

"More vehicle pollution will be avoided and more lives saved than would have been under current regulations," said Chelsea Hodgkins, senior policy advocate at Public Citizen, a nonprofit public-advocacy group. "But this rule falls far short of what is needed to protect public health."

Conservative groups criticized the rules as an attack on personal freedoms, claiming it will limit choice. "If this rule survives, Americans should expect the federal government and the EPA to feel even more empowered to attack individual freedom in the name of political causes," said Daren Bakst, a director at the free-market nonprofit Competitive Enterprise Institute.

Significant hurdles remain to broadening EV adoption, which dissuaded some shoppers and resulted in weaker sales than some automakers planned. Surveys indicate many U.S. consumers have a strong interest in EVs, but worry about being able to find charging stations, or charge sessions taking too long. Higher prices on EVs relative to comparable gas-powered vehicles also has been a deterrent.

Thousands of U.S. dealers signed letters to Biden, a Democrat, in an organized campaign to get the administration to back off the emissions targets, saying there wasn't enough consumer interest to support such a big swing to EVs. On

Wednesday, the dealer group said the slower implementation of the rules is helpful but the targets are still too aggressive.

Meanwhile, U.S. and European automakers remain heavily dependent on China and other Asian countries for their EV supply chains. Some battery researchers warn that shortages of key minerals, including lithium, nickel and graphite, could emerge if EV demand accelerates.

Toyota Motor, the world's largest automaker and No. 2 U.S. seller behind General Motors, called the rules "aggressive." "Serious challenges around affordability, charging infrastructure and supply chain will need to be addressed before this mandate is realized," the company said.

Automakers that can't meet the emissions targets can buy credits from those that are in compliance. EV leader Tesla for years has sold credits to traditional carmakers, adding billions of dollars to its bottom line. Under EPA rules, if credits aren't available for purchase, car companies could be forced to reduce sales of gas-powered vehicles.

Even before the EPA proposed the stricter emissions regulations last year, car companies had collectively earmarked hundreds of billions of dollars on a transition to electric cars.

Tighter rules in China and Europe had been pushing them in that direction, and the rise of Tesla, China's BYD and other Chinese electric-car companies motivated traditional car companies to get serious about EVs.

## WORLD NEWS

## Europe's Social Spending Likely Faces Cuts

With a possible U.S. pullback, nations weigh expanding defense industries

By LAURENCE NORMAN

BRUSSELS—European countries are waking up to Russia's danger, but the cost of building robust defenses able to withstand a potential U.S. pullback is so great that it threatens Europe's post-Cold War social model.

With presumptive Republican presidential nominee Donald Trump questioning America's future in the North Atlantic Treaty Organization and Russian forces on the offensive in Ukraine, European leaders are warning of an existential threat to the Continent's security.

War nearby and disputes with the U.S. have exposed gaps in Europe's military capabilities that would take years to plug even if governments make military spending a political priority, which they haven't done for decades.

European Union leaders meeting on Thursday plan to address the bloc's defense vul-

nerabilities and its ambition to expand its defense industry. Painful decisions lie ahead.

Boosting Europe's security would require increasing defense outlays just as many European countries are cutting budgets to cope with high debt levels and weak economic growth. Achieving the military spending that some politicians and experts say is needed would force European members of NATO to start reversing big post-Cold War social spending increases.

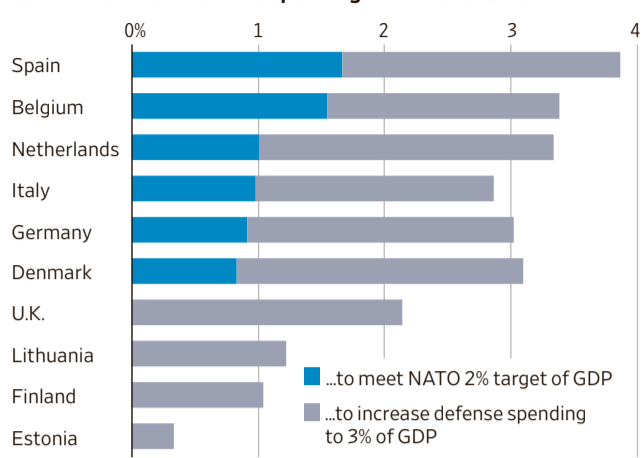
"You have to rearrange the social contract," said Lithuanian Foreign Minister Gabrielius Landsbergis, who has warned that Russia eventually will attack NATO countries if it isn't defeated in Ukraine.

Europe would need at least 20 years to build a European force capable of reversing a Russian invasion of Lithuania and parts of Poland without the U.S., according to a 2019 analysis by the International Institute for Strategic Studies, a think tank.

The cost, IISS said, would be \$359 billion, more than \$420 billion today. Europe's NATO allies are projected to spend \$380 billion on defense this year.

While vast amounts of Rus-

Government non-defense spending that needs to be shifted...



Source: IFO Institute

sian equipment have been destroyed in Ukraine, many European officials say Moscow could rebuild its military within a few years of the war's end. NATO has depleted its own stocks of weapons to arm Ukraine.

Because militaries need years to plan, equip and train forces, European governments face immediate and tough spending trade-offs.

"It comes down to the political will in combination with an ability to explain to the public what it is we really

have to do," said Anna Wieslander, director for Northern Europe at the Atlantic Council, a think tank in Washington. "The closer to Russia you get, the easier it seems to be."

Europe in recent years has started reversing military cuts made after the Soviet Union collapsed in 1991. During the Cold War, many NATO members spent roughly 3% of gross domestic product on defense. Those outlays plunged in following years.

After Russia seized the Cri-

mean Peninsula from Ukraine in 2014, NATO members agreed to lift their spending to 2% of GDP by this year. Many experts believe European defense expenditures must reach 3% of GDP if the U.S. starts to disengage.

The swing would be enormous for some countries.

For Belgium to buy enough ammunition to fight an invasion for a few weeks, it would cost more than \$5 billion, said retired army Lt. Gen. Marc Thys. The kingdom is one of NATO's lowest military spenders, at less than 1.2% of GDP in 2023.

When Thys joined the military in the 1970s, Belgium could deploy 50,000 men to Germany. After Russia's invasion of Ukraine two years ago, Belgium agreed to send 300 troops to Romania. "We had to pull out all the stops," he said.

Most European countries can hit 2% military spending by squeezing other government outlays by less than 1 percentage point, according to a recent study by Germany's Ifo Institute for economic research. But to reach 3% would mean shifting several percentage points of government spending to defense, Ifo said. Britain, has long spent 2% of

GDP on defense but has a target of 2.5%, contingent on economic conditions. To reach 3% of GDP, Britain would need to boost military spending by more than \$40 billion, said Ben Zaranko, senior research economist at the U.K.'s Institute for Fiscal Studies. That is twice what Britain spends on its justice system.

"I think generally, if we want to spend much more on defense and we don't want a bigger state, the government has to start removing state responsibilities," Zaranko said.

Europe's defense cuts since the Cold War generated a peace dividend of about \$2 trillion, according to Ifo.

Ifo calculates that although European NATO countries' military spending has returned to 1991 levels based on 2023 prices, social spending has more than doubled in that time, to consume half of government spending. That includes entitlement plans such as rising pension costs in an aging continent, which are politically hard to adjust. That fiscal pressure has left Europe dependent on Washington for vital military capabilities.

—Daniel Michaels contributed to this article.

## Cuba Tries to Contain Unrest Amid Goods, Power Shortages

By JOSÉ DE CÓRDOBA

Beatriz Johnson, who heads the Communist Party in Santiago de Cuba, climbed onto the roof of a house to calm down hundreds of demonstrators who were demanding electricity and food Sunday evening.

A few tense hours later, food trucks arrived in Santiago, Cuba's second-largest city. Johnson and her aides distributed rice, sugar, milk and soap. After one of the country's hours-long daily blackouts, power in Santiago was turned back on.

"We told Beatriz that if there were more shortages, or any other problem, we would hit the streets again," said Vismarika Amelo, a Santiago resident who received rice, sugar, milk and soap.

Demonstrations like this are rare in Cuba, as was the reaction of authorities, who in the past have sent riot police to quell unrest.

The Communist government has few options to significantly improve living conditions before the oppressively hot summer months, which are when most protests hap-

pen and when electricity demand soars, economists say.

Cuba forbids all but government-approved rallies. In recent years, residents have defied authorities by gathering in small groups, banging pots and shouting slogans against the regime.

Sunday's demonstrations took place in at least five cities. They are the first significant protests since 2021, when widespread protests rocked the island and more than 1,000 people were arrested.

Since then, increased repression and a spiraling economic downturn sparked an emigration wave of more than 500,000 Cubans to the U.S.

"The economic situation is explosive," said Omar Everleny, a Cuban economist. "We have blackouts, and now a problem with food, and there's nothing the government can do in the short term to fix things."

Power generation is running at about one-third of the island's capacity, with no solution in sight for the next six to 12 months, said Jorge Piñón, a Cuba energy expert at the University of Texas. He blames a lack of fuel and the island's

old power plants, which he compares to the 1950s Chevrolets that still rattle around the streets of Havana.

"It's going to be a long, hot, difficult summer," he said.

Cuba's state-run economy is in its worst crisis since the collapse of the Soviet Union in 1991, hurt by cutbacks in oil shipments from Venezuela.

Once the world's largest sugar exporter, Cuba in 2023 produced 350,000 tons, the smallest harvest in its history. In February, officials said the government had no flour and couldn't guarantee the supply of bread until the end of March. For the first time, Cuba went this past month to the United Nations World Food Program to request powdered milk for children.

Economic mismanagement and U.S. sanctions, strengthened by the Trump administration, have added to Cuba's woes. The Covid-19 pandemic dried up tourism and the industry hasn't recovered.

Three years ago, the Communist government bungled a long-promised attempt to overhaul wages, pensions and the financial system. The result



Power generation in Cuba is running at about one-third of the island nation's capacity.

was a burst of inflation that continues to hit the economy. The government's budget gap is projected to grow to 18.5% of economic output this year.

Before Christmas, the government announced an austerity package that included a steep jump in fuel prices. The measures were shelved amid simmering social tension.

Unlike the wave of protests three years ago, demonstrators weren't confronted by riot police or Communist Party militants armed with staves, said Manuel Cuesta

Morúa, a Havana-based political activist. Seven arrests have been reported, he said.

Cuba's state-run telecommunications company curtailed mobile internet service in parts of the island Sunday afternoon as demonstrators took to the streets. It took similar measures to contain the mid-2021 protests.

President Manuel Díaz-Canel acknowledged that Cubans had expressed their dissatisfaction with living conditions. The government would attend to their de-

mands "in an atmosphere of calm," he wrote on X.

Díaz-Canel and senior Cuban officials blamed the U.S. and the trade embargo for the demonstrations. On Monday, Cuba summoned the U.S.'s senior diplomat in Havana to the foreign ministry to protest what it said was the U.S. Embassy's interference in Cuba's domestic affairs.

"The U.S. is not behind the protests in Cuba, and the accusation of that is absurd," said Vedant Patel, a State Department spokesman.

## Israel Seeks Alternatives To Hamas

Continued from Page One

Gaza, where Palestinians would then distribute it, the officials said. When the war is over, the people in charge of aid would assume authority to govern, backed up by security forces funded by wealthy Arab governments, the officials said.

The effort represents some of the first steps Israel has begun taking to fill a power vacuum left by its invasion of the Gaza Strip following Hamas's Oct. 7 attack on Israel. The U.S. and Arab governments have pressured Israel to do more to get humanitarian aid for Gazans and lay out a clear vision for postwar Gaza's administration.

The effort has already hit obstacles and could fall apart. It so far doesn't have the support of Prime Minister Benjamin Netanyahu of Israel, given that some of those involved would be affiliated with Fatah, a rival party to Hamas seen by Netanyahu as supporting terrorism.

"Gaza will be run by those who do not seek to kill Israelis," said a senior Israeli official from the prime minister's office.

Another Israeli official said Hamas's vehement opposition could make the plan unfeasible.

But the chaos reigning across Gaza has frustrated the Biden administration, the Israeli defense establishment and critics inside Netanyahu's emergency government. They



Flour is sorted for distribution to Gaza this month. An Israeli plan would allow Palestinians not affiliated with Hamas steer aid.

have said that the organized distribution of aid is currently impossible and that Hamas can reassert itself within the governance vacuum. A force that can effectively distribute aid in Gaza is needed now, they said, and realistically that force would be connected to the Palestinian Authority, the West Bank-based government, or to Fatah, the authority's ruling party.

Maj. Gen. Ghassan Alian, the head of the Israeli security arm overseeing civilian affairs in occupied territories, sees the aid effort as an important part of Israel's plan to evacu-

ate the city of Rafah, Hamas's last stronghold, before an offensive on the border city. The aid-distribution network would feed 750,000 to a million people in displacement camps that Israel has planned for absorbing Rafah's population, which has swelled as Gazans sought refuge there, the officials said.

One of the officials said Alian's vision is that anti-Hamas Palestinians would form "a local administrative authority" to distribute aid, cutting out the militant group from the process.

The effort has triggered re-

taliatory threats from Hamas. The group has labeled anyone who works with the Israelis as traitors and threatened them with death. Several Palestinian families once thought to be open to the idea have withdrawn in recent days.

"Accepting communication with the occupation forces by heads of families and tribes for work in the Gaza Strip is considered national betrayal, which we will not allow," a Hamas security official said in a public statement on March 10, after Israel's efforts began.

Hamas has played no formal role in distributing aid in

Gaza but views the nascent Israeli plan as a way to create an independent governing structure. "We will strike with an iron hand against anyone who tampers with the internal front in the Gaza Strip and will not permit the imposition of new rules," the Hamas security official said.

Another Hamas official said the group already felt it was being sidelined by the sea bridge backed by the U.S., U.A.E. and other partners to deliver aid to Gaza. The humanitarian corridor was negotiated directly with the municipality of Gaza City without

the group being consulted, the official said. He said Hamas was also nervous about the involvement of Mohammed Dahlan, a former senior member of Fatah who was the head of security in Gaza for the Palestinian Authority before going into exile in the U.A.E.

More broadly, Hamas wants security to be handled by forces that would be apolitical but would operate with the militant group's approval, Husam Badran, a member of Hamas's political bureau, said in a recent interview. He said that security in recent weeks has been handled by volunteer militias in the southern city of Rafah and in the north, with the group's approval, to replace the Hamas-run police after it had been targeted by the Israeli military.

"There was a consensus [between Palestinian groups] to form this security institution," Badran said.

But the Hamas official said any permanent security arrangement should be overseen by a future Palestinian unity cabinet backed by all factions, not foreign entities. "Security would be the responsibility of the government of national accord," he said.

Wealthy Gulf states have said they won't pay for security forces or help rebuild Gaza, as envisioned under the emerging aid plan, unless Israel agrees to a process creating a Palestinian state, an idea Netanyahu has rejected. U.S. Secretary of State Antony Blinken arrived in Jeddah, Saudi Arabia, on Wednesday to discuss postwar planning with the kingdom expected to shoulder a financial burden for rebuilding Gaza.

## WORLD NEWS

## Ireland Leader Unexpectedly Quits Chinese Probe Into Plane Crash Enters Its Third Year

Prime minister's party is struggling in the polls and lagging behind opposition

By DAVID LUHNOW  
AND MAX COLCHESTER

LONDON—Irish Prime Minister Leo Varadkar unexpectedly quit, saying he felt he was no longer the best person for the job and paving the way for a new leader ahead of coming elections.

"My reasons for stepping down are both personal and political," Varadkar, 45 years old, said at a news conference. "I believe this government can be re-elected and my party can gain seats. But after careful consideration and soul searching, I believe a new taoiseach and leader will be better placed to do that," he added, using the Irish word for prime minister.

Varadkar's surprise decision came as his Fine Gael party is struggling in the polls and is lagging behind the opposition nationalist party Sinn Féin ahead of an election expected early next year. He has lately struggled to connect with Irish voters, said Theresa Reidy, a politics professor at University

College Cork. "He lacked that spark and dynamism that defined him," she said.

Varadkar's resignation came just weeks after voters roundly opposed the government's proposal in a referendum to amend the Irish constitution to include families that aren't based on marriage, with nearly 68% voting no. A second proposal to change wording around the central role of women in the home was turned down by 74%.

An abashed prime minister said his government had clearly failed to convince the Irish of the need for the referendum let alone the wording. "That's obviously something we're going to have to reflect on," he said.

Varadkar became Ireland's youngest and first openly gay leader when he became prime minister in 2017 at the age of 38. At the time, there was optimism that his dynamic style would make him a politician who could connect to a sometimes jaded public. He handled Britain's Brexit negotiations deftly and steered Ireland through the Covid-19 pandemic, however he never fulfilled his potential at the polls, said Reidy.

His party performed poorly in the 2020 election, coming in



Prime Minister Leo Varadkar said he was stepping down for political and personal reasons.

third place, and today Ireland is governed by a coalition of Fianna Fáil, Fine Gael and the Green Party. The role of prime minister was effectively shared with Micheál Martin, leader of Fianna Fáil. Between 2020 and 2022 Varadkar was deputy prime minister, and then in 2022 he swapped into the lead role. Ever since then his political mojo seemed to sap, said Reidy. "There are some big

achievements there but the big gap is the electoral promise that he pitched," she said.

Ireland's big two traditional parties—Fine Gael and Fianna Fáil—are now having to contend with an emboldened leftist nationalist Sinn Féin, which advocates for reunification of Ireland and the British province of Northern Ireland as well as a bigger role for the state in matters such as hous-

ing. Sinn Féin, which has never held power in its modern incarnation, currently tops the polls with roughly 30% support, and is the largest party in Northern Ireland. Fine Gael and Fianna Fáil are polling at under 20%.

Fine Gael, a party seen as conservative on fiscal issues but liberal on social issues, will elect a new leader in the coming weeks.

## Chinese Probe Into Plane Crash Enters Its Third Year

By CHUN HAN WONG  
AND RACHEL LIANG

SINGAPORE—Two years after a Chinese passenger jet dived into the ground and killed all 132 people aboard, authorities in China said they were still investigating what caused the crash, one of the country's deadliest.

The disclosure by China's civil aviation authority indicated that the probe into the March 21, 2022, crash of China Eastern Airlines Flight 5735 will continue into a third year, without a clear timeline as to when officials might reach a definitive conclusion.

Flight 5735 was cruising at high altitude—flying from the southwestern Chinese city of Kunming bound for Guangzhou in southeastern China—when it began a near-vertical descent and crashed into a mountain at high speed after briefly climbing back. During its nosedive, the jet didn't send any warning signals or establish communications with air-traffic control. In all, 123 passengers and nine crew members died in the crash.

Wednesday's report was provided in accordance with government regulations that require authorities to issue an update on the status of an aviation-incident probe on the anniversary of the crash.

The update didn't mention the data retrieved from the jet's flight data and cockpit voice recorders, known as black boxes, which were recovered and sent to the U.S. for analysis soon after the crash.

Flight data indicated that the crash was caused intentionally through control inputs that put the plane into its fatal nosedive, The Wall Street Journal reported in 2022, citing people familiar with U.S. officials' preliminary assessment of the incident.

Investigators have found that the crew satisfied regulatory requirements in terms of their technical qualifications and health for operating the flight, according to a statement issued Wednesday by the Civil Aviation Administration of China. Investigators found that the Boeing 737-800 jet showed no signs of irregularities in its systems, structures and engines before it took off.

Authorities determined there were no reports of dangerous weather where the crash occurred or along the plane's route, the CAAC statement said. They also found no evidence that the aircraft was carrying dangerous items.

## Persian New Year Is Celebrated With Festivals and Feasts



WELCOMING SPRING: An Afghan street vendor carried balloons to mark Nowruz, the Persian New Year, in Kabul, on Wednesday.

## Vitriol Against China's Richest Man Sparks Concerns

By WENXIN FAN

Chinese nationalists have unleashed a wave of online attacks targeting China's richest man, accusing him of being insufficiently patriotic and hurting his business, a reminder of the risks facing entrepreneurs despite Beijing's efforts to restore confidence among private investors.

Zhong Shanshan, the founder of bottled-drinks giant Nongfu Spring, has been under assault for weeks on Chinese social-media sites from users questioning his loyalty to China. Nongfu Spring's stock price has dropped since the online attacks began. The weekslong assault also led the company to cancel a popular livestreaming promotional campaign.

The trouble for Zhong started with a barrage of criticism alleging that he hadn't shown enough respect to a deceased business rival who was lauded for his patriotism. Many of the attacks have targeted Zhong's son, who carries a U.S. passport. Others have seemed more far-fetched, going after Zhong because of the red caps used on bottles of

Nongfu Spring water, comparing them to the red sun at the center of the Japanese flag and suggesting the similarity points to collusion with a historical enemy of China.

Zhong, who is estimated by Forbes and Bloomberg to be worth \$63 billion, published an essay on the firm's social-media accounts this month denying allegations of disloyalty and warning readers to be wary of online influencers

**The nationalist sentiment could hobble Beijing's bid to revive the economy.**

who care more about clicks than truth. "Do not be misled," he wrote.

Nongfu Spring and Zhong didn't respond to requests for comment.

The harshness of the on-line attacks over seemingly minor transgressions has caught many in the country by surprise. Nationalists recently have taken aim at unlikely targets, including Huawei Technologies, one of the country's most important tech companies, along with a top university and a Nobel laureate.

The cultivation of nationalist sentiment is a pillar of Communist Party rule—and that emphasis has grown as China's economic growth has slowed. Authorities often have

tolerated nationalist attacks on homegrown companies and individuals for perceived disloyalty, as long as they stopped short of criticizing the Communist Party.

But the scale of the assault on Zhong has raised concerns that the torrent of nationalist sentiment could hobble the party's bid to reinvigorate the economy. Private entrepreneurs and investors have been battered by years of heavy regulation, pandemic-related restrictions and the disappearances of well-known executives.

Propaganda officials in Zhejiang jumped to Zhong's defense, accusing his critics of exploiting patriotism to get clicks. Some state-controlled newspapers also warned of the implications for private business.

"If a legitimate entrepreneur could be subject to unwarranted and unbridled online trials, and they have no way to defend themselves, then no entrepreneur can stay out of 'the firing range,'" read a commentary published last week by the Economic Observer, a business-focused newspaper.

The online attacks have continued despite those protests. The fact that government censors have left many of the posts alone has led some to speculate that Beijing was condoning the online assault.



Zhong Shanshan's bottled-water business was hurt after critics questioned his loyalty to China.

"Any power the trolls have comes from those who control censorship," said Shan Wei, a research fellow at the National University of Singapore, who has studied the relationship between China's nationalists online and officials.

Authorities' reluctance to tap the brakes on the attacks risks undermining recent efforts by Premier Li Qiang to reassure entrepreneurs about the party's support for private enterprise.

"It's a strike in the chest

followed by a pat on the back," he said.

Zhong's troubles online started in late February, with the death of Zong Qinghou, the founder of Nongfu Spring's chief competitor, Wahaha. Posts began to appear criticizing Zhong for failing to pay proper tribute to Zong, who once cited national pride while fending off a takeover attempt by Coca-Cola.

The two men, both from the city of Hangzhou, were rivals for most of their careers.

In his essay responding to the initial online attacks, Zhong said he had been on good terms with Zong.

The billionaire's attempt to win over public opinion appeared to only invite more contempt. Some users pointed to a line in Nongfu Spring's 2020 initial public offering prospectus noting Zhong's son is a U.S. citizen, speculating that the company's assets could be transferred to America after the elder Zhong's own death.

## WORLD WATCH



**EYE POPPING:** Judge Iain Campbell checked out the mostly sweet submissions at the Scottish Baker of the Year contest held at the Carnegie Conference Centre in Dunfermline on Wednesday.

### HAITI U.S. Helicopters Americans Out

The U.S. facilitated the departure of American citizens from Haiti's capital, carrying more than a dozen by helicopter to the Dominican Republic as civil unrest escalates.

It was one of a series of helicopter flights planned from Port-au-Prince to the Dominican capital, Santo Domingo, where U.S. government personnel can provide consular service, a State Department spokesman said. At least 30 Americans are expected to be airlifted by the government-chartered helicopter flights daily.

On Sunday, the U.S. facilitated the first departure of Americans, flying more than 30 from Cap-Haïtien in Haiti's north to Miami International Airport.

—Vivian Salama and Kejal Vyas

### SCOTLAND Pilot Sentenced for Showing Up Drunk

A Delta Air Lines pilot was sentenced to 10 months in jail for turning up for a flight more than twice over the aviation alcohol limit.

Lawrence Russell Jr. was caught trying to board a plane with two bottles of Jägermeister in his carry-on bag, one of which was half empty, said court filings. Russell's lawyer called for better education for pilots on the laws of the countries they fly into.

Russell, 63 years old, arrived at Edinburgh International Airport on June 16 about 80 minutes before he was set to fly to New York. He was wearing his pilot's uniform and had a Delta lanyard and crew pass, Sheriff Alison Stirling said during sentencing in Edinburgh.

—Associated Press

### INDONESIA Subianto Formally Declared Winner

Defense Minister Prabowo Subianto was announced the winner of the presidential vote in one of the world's largest democracies, beating two former governors who vowed to contest the result in court over alleged irregularities.

Subianto, who was accused of abuses under the past dictatorship, won 58.6% of the votes. Former Jakarta Gov. Anies Baswedan received 24.9%, and former Central Java Gov. Ganjar Pranowo got 16.5%, said the General Election Commission.

Subianto said he would respect those who didn't vote for him. "The elections are over," he told a news conference. "We must unite and join hands because our challenges as a nation are very big."

—Associated Press

## FROM PAGE ONE

## Hospitals Face Cash Crunch

Continued from Page One

week. Knell said he then asks headquarters to prepay certain vendors. Sometimes, hospitals have to swap equipment and supplies among themselves to fill the gaps.

"We always found the money," said Ronald Bierman, president of Sebastian River Medical Center in Sebastian, Fla. "I don't know if they were doing car washes. I don't know what they were doing."

Steward recently hired restructuring advisers. If it goes bust, it would be one of the biggest bankruptcies of a hospital operator in decades.

Steward announced a plan last month that it said would ensure there wouldn't be any interruption to medical care across its operations. Steward said it is using a \$150 million loan to pay down bills, and that it would sell assets to raise cash. "First and foremost, we want to continue to do the right thing for patients, our staff and our communities," said Dr. Michael Callum, a Steward executive.

Knell, the Florida executive, said he had no record of bats before their discovery last spring. Steward is contesting the bat-removal company's lawsuit.

Steward's shaky finances have focused attention on the role played by Medical Properties Trust, the nation's largest hospital landlord. In 2016, MPT began providing capital to Steward, helping to fuel its rapid growth through acquisitions of other hospital operators. MPT bought the hospital buildings, many from Steward itself, then leased them to Steward, its largest tenant, generating hundreds of millions of dollars of annual revenue. All told, MPT has poured billions of dollars into Steward and the hospitals it operates.

In January, MPT said Steward owed \$50 million in overdue rent. Steward also faced claims for more than \$200 million in unpaid bills of other sorts.

Massachusetts has sent monitors to each of Steward's nine hospitals in that state. Steward said it is working with state officials to ensure its Massachusetts hospitals have necessary staff and supplies. "Steward has no plans to close any hospitals in Massachusetts," said company spokeswoman Josephine Martin.

MPT spokesman Drew Babin said the company's business model gives hospital operators access to capital for expansion, new technology and other improvements, and that resulting rental payments "represent a fraction of a hospital's revenue." He said MPT was "not aware of any hospital closure in our portfolio where the elimination of rental obligations would have changed the outcome."

Steward, a for-profit company, was created in 2010 when private-equity firm Cerberus Capital Management bought a struggling chain of nonprofit Catholic hospitals based in Boston. After MPT got involved, it funded deals that allowed Cerberus to take money out of Steward and eventually to cash out its investment.

Over the years, Steward paid \$2 billion to MPT, mainly for

rent. MPT also began supplying cash to cover Steward's increasingly frequent financial shortfalls.

In Washington, MPT is one of the subjects of a Senate committee's bipartisan investigation into the impact of private-equity ownership on hospitals. The committee has focused on examples unrelated to Steward or Cerberus. MPT's spokesman said the company is cooperating fully with the investigation.

### Repair problems

As Steward labors to preserve cash, not everything is getting fixed right away.

In late 2023, the first two elevators stopped working at Rockledge Regional Medical Center in Florida. Steward's top Florida executive, Knell, said the hospital held off on repairs because the company was tight on cash and patient safety wasn't at risk.

More broke down, eventually leaving Rockledge with five to shuttle workers and patients between floors of the hospital. That's when Knell appealed to Steward for cash. Steward sent the money and Knell paid a local repair company in advance for the work, which now is under way.

Last month, an elevator breakdown at nearby Melbourne Regional Medical Center forced executives to declare a "Code D" to activate its "incident command system." Managers were summoned by overhead speakers to a command center, and nurses prepared to move intensive-care patients to the ground floor from the third so they could be evacuated in an emergency.

The repair company that the hospital had used before wouldn't come because of unpaid bills. Knell secured cash from Steward to hire another company, which quickly fixed the elevators, according to that hospital's president. The company gives priority to spending related to patient care and safety, he said.

Overdue bills delayed other repairs at Melbourne. A vendor wouldn't service devices used in heart monitoring until Steward agreed to a payment plan. Some Steward hospitals in Florida fell behind on supplemental payments to surgeons and emergency-room doctors to be on call.

Aya Healthcare is one of several nurse staffing agencies embroiled in litigation with Steward over unpaid bills. The two companies sued one another, with Aya claiming it was owed more than \$40 million and Steward accusing Aya of price gouging. Each has denied



A billboard for Rockledge Regional Medical Center, a Steward hospital where a pest-control company found about 3,000 bats.

the other's allegations.

In April 2021, Aya pulled nurses out of Steward hospitals. One was Carney Hospital in Dorchester, Mass. Steward struggled to fill vacancies, said someone who works in Carney's emergency room.

Carney's emergency room was short of medical staff on June 2, 2021, the day Gilberto Melendez-Brancaccio arrived. He was confused and paranoid.

Melendez-Brancaccio, 31, suffered from bipolar and schizophrenia. In Carney's emergency room, he tried to escape and grew violent. Medical staffers tried to calm him with antipsychotic and sedative medications, known as chemical restraints, and repeatedly put his arms and legs in physical restraints. All told, he was sedated six times.

The hospital assigned a newly hired medical assistant to watch him. She later told state investigators she didn't recall being trained to monitor such high-risk patients and had never done so before. She also had two other patients to watch.

Hospitals typically assign high-risk patients their own monitors. Carney often didn't, another employee later told safety investigators.

Melendez-Brancaccio's heart rate soared, and his oxygen lev-

els at one point fell to critical levels, according to a subsequent state investigation. That night, a nurse found him unresponsive, according to the investigation. Attempts to resuscitate him failed.

The investigation found that the emergency department had been understaffed with doctors and physician assistants, and had failed to train its staff for patients who needed restraints and close monitoring. Training lapses were a factor in Melendez-Brancaccio's death, the investigation found.

Carney told the Massachusetts Department of Public Health it would hire more emergency department staff, revise its policies for using medication to restrain patients and update employees on changes. State investigators visited the hospital in September 2021 and found it had fixed the problems.

Melendez-Brancaccio's family has sued the hospital for wrongful death. Their law firm, Lubin and Meyer, confirmed he was the unnamed patient described in the state's investigation. Steward declined to comment on the lawsuit.

In a March 7 letter to Steward, Massachusetts Sens. Elizabeth Warren and Edward Markey said Steward's long-term lease obligations to MPT in that state have created debts that are "crippling the hospi-

tals today."

### Private equity

Over the past several years, Steward has engaged in complicated deals involving MPT, private-equity firm Cerberus and Dr. Ralph de la Torre, Steward's chief executive and current majority owner.

MPT put \$1.2 billion into Steward in 2016 when it bought and leased back five of Steward's Massachusetts hospitals, and provided mortgage loans for four others. Several hundred million dollars of the proceeds from those deals went to Cerberus.

When Cerberus exited Steward in 2020, it lent money to a physician group led by de la Torre to buy a 90% stake in the hospital chain. In January 2021, MPT lent Steward another \$335 million, all of which went to repay the group's loan from Cerberus.

Cerberus declined to say how much cash it took out of Steward in total. "When our controlling interest concluded in 2020, Steward was financially healthy with substantial liquidity and in compliance with all its financial covenants," said Michael Sitrick, a spokesman for Cerberus.

That same year, Steward's rent expense was \$385 million, and it recorded a net loss of \$408 million, according to Steward financial data released by MPT. Its liabilities exceeded its assets by \$1.5 billion.

The following year, MPT received an \$11 million cash distribution from Steward based

on its 9.9% ownership stake, implying that payments to Steward's other owners topped \$100 million. Later in 2021, de la Torre bought a \$40 million yacht.

In August 2021, MPT bought five Miami-area hospitals from Tenet Healthcare for \$900 million and leased them to Steward.

At Palmetto General Hospital, one of those acquired in the deal, nurse Chardyne Thomany said her unit has been short-staffed and busier in recent months. She now cares for six patients at a time instead of four. Patients she watches over are often sicker than is typical for her unit.

"You have to prioritize," Thomany said. It distresses her that she can't quickly respond to everyone else. "Nobody wants their parents in a soiled diaper," she said.

Steward said Palmetto General observation nurses may have more than four patients each because of changes in scheduling or numbers of patients, and that it is normal for the sickness of patients to fluctuate.

For MPT, much is riding on how Steward negotiates its financial crisis. Steward accounted for 19% of MPT's assets and 20% of its revenue in last year's fourth quarter. The hospital landlord's shares have declined 82% since peaking in February 2020.

MPT has \$10 billion in debt, with \$1.9 billion due by the end of 2025 and \$3.2 billion due in 2026. To save cash, MPT has cut its quarterly dividend by almost half.

Last month, Steward got some breathing room. It said it secured a \$150 million bridge loan from existing lenders. Steward also said it received forbearance from lenders through April 30.

In Massachusetts, where Steward accounts for about 7% of hospital beds, the company said it is working with the state to find new operators for its hospitals.

In a Feb. 20 letter, Gov. Maura Healey told the Steward CEO she wants the company to leave the state. "The time has come to move past our many months of discussions and begin executing a safe, orderly transition" of Steward's Massachusetts facilities "to new operators as soon as possible," she said.

Hospitals near Steward facilities in the state are preparing for a possible influx of patients.

### Suppliers who haven't already cut off Steward often demand cash up front.



Gilberto Melendez-Brancaccio, above center in 2009, died in 2021 at Carney Hospital, on left.

FROM LEFT: MADDIE MEYER/GETTY IMAGES; CATHERINA BRANCACCIO

# PERSONAL JOURNAL.

© 2024 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Thursday, March 21, 2024 | A11



**CARRY ON**  
DAWN  
GILBERTSON

**A**irport security may be seamless and painless one day. But the process of reaching that goal is creating another headache for travelers. Right now, you never know what you're going to get. Will the TSA officer ask for your ID or ID and boarding pass, and maybe snap a photo for verification? Do you plop your bags on the conveyor belt or should everything go into a bin? Liquids and laptops OK in the carry-on bag even without TSA PreCheck?

It isn't uncommon to have one set of rules on one leg of a trip and another on the return flight, or to even have different experiences at different checkpoints in the same airport. And that doesn't even include new digital ID options for vetted Delta and United fliers and self-service screening being tested in Las Vegas.

I can't count how many times I thought I had it down only to find a new security setup.

But you should know two things: It isn't going to change soon, and there are steps you can take to make it better, like always having your boarding pass and ID ready. (More on that later.)

Matthew Gilligan, who travels weekly, wishes for more consistency across the country.

"I feel like I'm ready for what I need to do, and then when you throw me a curveball at 3:30 in the morning, it's an annoyance," he says.

## Fits and starts

TSA officials say a standardized approach nationwide isn't feasible and likely never will be. Blame the uneven rollout of new technology. The agency is always looking to improve threat detection. With that comes new equipment and procedures, says Christina Peach, a TSA deputy assistant administrator.

But it doesn't have the budget to outfit 431 airports simultaneously, so new equipment arrives in phases. Some airports don't have the space for the latest screening machines.

"I think that it's always going to be a rotation," Peach says.

Take those new machines where the officer pops your license in to verify identity and travel plans, no boarding pass necessary. The agency has called the credential authentication technology (CAT) systems a security game-changer.

Today there are about 2,000 installed in 228 airports, or barely half of airports where TSA oversees security. And fewer than 900 of them are the latest version, with computer tablets that take your photo to match with the ID your present. (You can opt out of the photo.)

That new tech is in every lane of Denver's newest security check-



# Airline Security's Bumpy Ride

New tech and a patchwork of policies and procedures mean complications on TSA lines

point. It also has automated screening lanes, where you place everything, including carry-on bags, in a bigger-than-usual bin. The 17-lane checkpoint also comes with the latest CT bag scanners, which provide 3-D images and allow travelers without TSA PreCheck to keep liquids and laptops in their bags.

Travelers at other Denver checkpoints face a different experience. That leaves a lot of room for the kind of confusion playing out across the country.

## Mixed messages

Chicago consultant Mike Voticky says he encountered a little bit of everything during his trips through security on a recent three-day trip from Chicago to Fort Lauderdale, Fla. He watched plenty of passengers fumble through pockets and purses for their boarding passes and IDs, clogging the line.

He says he wishes the TSA would put a sign at the beginning of each lane outlining the procedures in place: "Please have your



▲ Harry Reid International Airport in Las Vegas is testing a self-service checkpoint.

ID and boarding pass or just your ID or just your mother's picture, or whatever the hell they want."

With 2,411 security lanes at 684 checkpoints, the TSA can't possibly "address every scenario" and keep it updated, spokeswoman Lorie Dankers says. And signs sometimes make things even more confusing.

"A lot of times what ends up happening," Peach says, is that "people from a different lane read

that sign and they're doing the wrong thing."

Allison Tucci, a Home Depot manager from New Jersey who has TSA PreCheck, says she's gotten grief at checkpoints for not doing the right thing at the right time. She finds the hodgepodge of practices confusing and hates jostling for bins with other passengers.

None of that was an issue at Terminal 3 of Harry Reid

International Airport in Las Vegas on Friday. A TSA employee asked if she wanted to try the self-service checkpoint the agency is testing and escorted her to the Innovation Checkpoint. There was no line. A TSA agent checked her ID and she was on her own from there. She put her stuff in a special bin, stepped into a glass enclosure for a body scan and "Have a good flight!" flashed on the screen when she was done. She picked up her stuff and was on her way.

"It was such a piece of cake," she says. "I felt like a rock star."

## TIPS FOR THE BEFUDDLED

► **Be prepared** for any scenario. IDs and boarding passes remain your "golden ticket" through security, the TSA's Dankers says. So have your ID and boarding pass at the ready even if they didn't ask you for them last time. Delta and United's digital identity pilot programs don't require a boarding pass or an ID, and TSA PreCheck members with Clear aren't always asked to show their ID at the checkpoint after showing their boarding pass and verifying their identity at the Clear kiosk.

► **Listen to TSA officer instructions** in each lane, even if it sounds like they're barking orders nonstop like in those Tik Tok videos. Taking your laptops and liquids out of your bag when it isn't required just slows down the process for everyone.

► **Geek out** on the TSA's latest technology so you know the array of options you might encounter.

► **Anxious about** the whole experience or know someone who is? Ask for free screening assistance through the TSA Cares program. You can fill out a form or call 855-787-2227. You must call if your flight is within 72 hours.

# Buyers Face More Chaos This Spring

Continued from Page One

see what takes shape afterward, which remains uncertain.

Buyers are weighing whether purchasing a home after July would give them more room to negotiate a lower commission. Sellers are considering whether the changes could make it more common to pay a lower amount, or nothing, to the buyer's agent.

The coming changes are further complicating the equation for buyers, who are struggling with high home prices and elevated mortgage rates, and sellers, who feel stuck in place because of their current low mortgage costs.

While the inventory of homes for sale is up from a year ago, it is still well below prepandemic levels, meaning some buyers have little to choose from, and hot properties still face bidding wars.

Real-estate agents said they are already fielding calls from buyers and sellers wondering how the settlement could affect their costs this spring, typically the busiest time of year for home sales. Many families prefer to purchase homes in the

spring so they can move houses before the start of a new school year.

"I've had tons of text messages, calls, and I see a lot of agents themselves panicking on social media," said Matt Zahn, a real-estate agent in Fenton, Mich. "We're just bombarded with questions that we don't even know the answers to."

After sales of previously owned homes fell to a 28-year-low in 2023, this spring will be key for the housing market to regain momentum. Rates have come down from their recent highs in the fall, but many buyers are stuck on the sidelines.

Starting in mid-July, home sellers can still choose to cover the cost of the buyer's agent, but many sellers won't be able to include that information when listing the homes in widely used industry databases. Many buyers will also be required to sign agreements with their agents about how much the agent would be paid.

The changes are expected to lead more buyers to directly negotiate prices with their agents, which industry analysts said could reduce the cost of a buyer's agent. But it could also prompt more sellers

to decide not to cover that cost.

Chantal Acacio and Travis Libsack, who are both 28, are hoping to buy a house in Seattle in the fall. One real-estate agent they worked with in the past refused to submit an offer at a home's listing price, saying it was too low. Another agent pressured them to look at homes above their budget.

Acacio and Libsack, who plan to



Real-estate agents say they are fielding phone calls asking how commissions will be affected.

get married this year, now intend to search for a home without an agent and hire a real estate attorney to help them with the paperwork. They are comfortable finding properties and assessing their condition on their own, Acacio said.

"The process of paying someone 3% just to help us see the home and doing that sort of research is frustrating," she said. "I really feel like we get spoken down to."

The settlement could mean more

home sellers experiment with offering a lower commission to a buyer's agent, or no commission at all. While sellers have always been able to choose what commission to offer to a buyer's agent, listing agents have warned sellers that if they offer below the typical commission of 2.5% to 3%, buyer's agents might discourage buyers from viewing that house.

Marije Kruythoff, a real-estate agent with Redfin in Los Angeles, listed a home this past week with an offer of no compensation for the buyer's agent.

The seller had been following the news of the lawsuits regarding real

estate commissions and didn't want to offer to pay an agent that would be negotiating for the buyer, Kruythoff said.

The house had 10 showings over the weekend, she said. When buyers and their agents asked about the commission, she said that they could ask for the buyer's agent's commission to be paid when submitting offers.

"I don't think, necessarily, they won't write the offer because there's no compensation offered," she said. "It will possibly raise more questions."

For most buyers and sellers looking to enter the market this spring, agent commissions are unlikely to be their top deciding factor.

Derek and Shiho Mendez, who are first-time home buyers, had an offer accepted this month for a four-bedroom home in Pflugerville, Texas.

Derek Mendez said he doesn't think their real-estate agent is as motivated as they are to negotiate for big concessions from the sellers because the agent wants the deal to close. He said he would prefer to pay an agent a flat fee and handle the negotiations himself, which he thinks could be easier to do after the settlement goes into effect.

"In a perfect world, we would wait on the purchase, but we just liked this house a lot," he said.

PERSONAL JOURNAL.

# Time of 5% Returns on Cash Gets Short With Cuts in the Air

The landscape is changing after two years of rises as central bank weighs when to trim rates

stronger than expected. For the moment, returns on cash remain high. Sixty percent of all CDs that consumers purchased in February were yielding above 5%, and nearly all stood above 4.5%, according to Curinos. In addition to changing tactics with cash, some investors are also moving money elsewhere. The stock market has lured people in, with the S&P 500 rising 32% over the past year.



Ashlea Jones, a financial adviser at Kansas-based Prime Capital Investment Advisors, said a few of her clients recently moved money back into the stock market after their CDs matured. Dafina Smith, a 45-year-old business owner in Connecticut, bought a three-month CD last year at a 3.75% rate. Then she got a 10-month CD at 5.2%. After that, Smith built a ladder out of a half-dozen six-month Treasury bills. But in February, Smith changed tactics. She slowly began putting the money from maturing cash products back into the stock market. “I enjoyed catching my breath with something really boring and safe,” she said. But keeping up with the varying maturities started to take its toll. “It hit a point where it was a little ridiculous,” she said.

## Changes For savers

When the Fed does cut rates, high-yield savings rates could fall first since they change monthly, followed by Treasury bills and CDs that are bought over periods, financial advisers say.

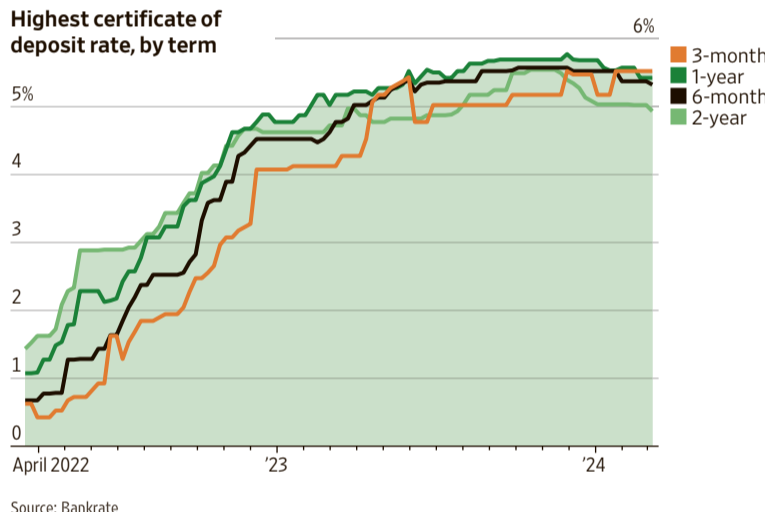
As a result, investors have a new set of considerations.

For example, if interest rates fall this year, someone who buys a one-year CD today at 5% or above might end up gaining more in interest than someone who locks in a higher rate for only six months, Stockton said. (That assumes that the CD isn’t callable. A callable CD can be closed by the issuer before it matures.)

Retirees or future home buyers looking to boost their down payment might find that a two-year CD that returns only 4.5% is still worth it. That is still a predictable stream of income on money they don’t need immediately, said Heather Welsh, senior vice president of wealth planning at Sequoia Financial, based in Ohio.

BY OYIN ADEDOYIN

It’s getting more complicated to hold cash. Certificates of deposit, money-market funds and various other cashlike investments have offered healthy returns, in many cases over 5%, since the Federal Reserve started lifting interest rates two years ago. But the central bank on Wednesday signaled it expects to cut rates three times before the end of the year. Some cashlike investments are staying strong while others have begun to decline in yield. CDs show the shift under way. Last year it was easy to lock in a 5% rate for 12 months or longer.



Now the top rates are shorter-term offers. Three-month CDs pay as much as 5.5% annually. CDs that stretch out two years, however, offer under 5%, down from about 5.5% late last year, according to Bankrate data that tracks the highest rates financial institutions are offering. About 70% of high-rate CDs opened in February lasted less than a year, said Adam Stockton, managing director at the data and

consulting firm Curinos. “Most consumers look at the rate first and the term second,” Stockton said. But the term will be more important, particularly if the central bank cuts rates this year, he said.

### Not all cash is equal

Americans have been focusing more closely on where they stow

their cash since the Fed raised its interest rates starting in early 2022. At the time, stocks and bonds fell sharply. Cash products started offering loftier interest after years of paying next to nothing. When regional banks failed last year, more money poured into money-market funds, which now have a record \$6.5 trillion in assets. The average rate on these funds peaked at 5.2% in December and is



▲ Dafina Smith says keeping up with varying maturities was a challenge.

now 5.14%, according to Crane Data. The Fed could still decide to postpone rate cuts. Though central bankers have penciled in three, they could revise those plans if inflation remains high. Inflation in February was slightly

## A Surprising Matchmaker For Gen Z

Continued from Page One  
 lion monthly users who congregate in online communities, dedicated to hobbies and interests, from astronomy to fantasy football. “I would have never thought that me getting on Discord and joining a John Mayer server of all things...that I would meet somebody,” said Kelbe. “Especially such long distance.” Discord brought them together and now helps keep them tethered. Croitor, who does freelance media work, and Kelbe, a schoolteacher, watch TV together with a feature on the app that allows them to stream the show at the exact same time. They travel together and have met each other’s parents. Kelbe said she never understood long-distance relationships. “I had that judgment of ‘How do you make it work not seeing each other all the time?’” she said. “But once I got into it, I was, like, this makes sense.”



Katie Kelbe visits with Ben Croitor after meeting on a Discord forum for fans of musician John Mayer.

long voice calls together, chatting about random topics as they go about daily routines. “I’ve definitely swept and mopped the floor while talking,” Linn said. Some people, he said, “join the voice call, not necessarily talk but just be on mute and listen to the other people talk while they’re on the bus or at work.” Linn met Kelbe on TikTok and added her to the Discord server dedicated to John Mayer in May 2022. She wasn’t

but after the pandemic lockdowns, Linn turned to Discord. He made a wide circle of friends on forums for topics such as the TV show “Survivor” and the Philadelphia Eagles. Since then, Linn, a financial analyst, of Melbourne, Fla., has made Discord friends from as far away as Linköping, Sweden. He and his pals often have hours-

a real fan of Mayer, but Linn told her, “it’s such a cool server and a really cool community,” Kelbe recalled. He was right, she said. Besides music, people talked about life and current events. Croitor stood out because he was easy to chat with, Kelbe said. After about two months, they were trading their social media links, Kelbe

said, and “talking a whole bunch.” Now, they share the same friends, not unlike a crew that bonded at work or college. Linn took a trip to Europe in summer 2022 to see Discord friends there. “Some of these people I talk to more than my own family,” said Linn, who is planning his return to Amsterdam. He met up with Croitor in Barcelona and went to Croitor’s hometown of Stuttgart and met his family. It wasn’t Derek Fernandez’s looks or personality that caught the eye of his future wife. It was his inimitable fighting style in the videogame Super Smash Bros. Ultimate. “I thought he was cool,” Sophie Fernandez said. “So I messaged him.”

“This dude is cute!”

The 22-year-old lovebirds crossed paths on the Discord server dedicated to the Super Smash Bros videogame, which hosts more than 3,000 people in chat rooms. She messaged Derek in November 2022, and they eventually spoke over the social-media app. “He decided to turn on his camera all of a sudden,” Sophie recalled. “As soon as he turned it on, I was like, ‘Oh, my God, this dude is cute!’” They started meeting in person at videogame conferences. After a year, they got married in Las Vegas. Yet Sophie remains based in the San Francisco Bay Area fin-

ishing a job-certification program and Derek is in Daytona Beach, Fla., where he is in school. Derek often tells people who don’t use Discord that he met Sophie at a videogame conference. “Just so I don’t have to explain the whole thing to them,” he said. “And if they ask where she lives, I just say, a few hours away.” Living apart can be tough. Yet, the couple have voice chats and video calls. They watch TV shows and play videogames together. “Plus, I know the next time I see him will be the last time I leave him,” said Sophie, who plans to move in with her husband by the end of the year. Discord daters said they have found a more authentic experience compared with dating apps. “It’s a more down-to-earth way of getting to know somebody,” said Madi Stollmeyer, 24, a software developer who lives in San Luis Obispo, Calif. She met Rob Quick, 26 of Hillsborough, N.J., in a Discord server run by a mutual friend. They bonded over the videogame Destiny 2. Quick, a video editor, and Stollmeyer try to visit in real life, or IRL as Discord users say, every other month. “Sometimes we’re away from each other for two or three months,” Quick said. “If we didn’t have Discord to close that gap, things might not work out as well as they do.”

### Young adults are clicking with partners who live thousands of miles away.

“If we didn’t have Discord to close that gap, things might not work out as well as they do.”

FROM TOP: RACHEL MENDELSON/THE WALL STREET JOURNAL; ISTOCK (2); BERRECK DAVIS

KATIE KELBE



ROLEX CROWN EMBLEM



PRESIDENT BRACELET



3255 MOVEMENT



FULL DAY DISPLAY

## PRESTIGE AND EXCELLENCE

**Chosen by presidents, world leaders and visionaries.** Launched in 1956, it was the first watch to display the date and day in full. Available exclusively in 18 kt gold or platinum, and in 26 different languages, it continues its legacy as an icon of achievement. **The Day-Date.**

*#Perpetual*



OYSTER PERPETUAL DAY-DATE 40 IN 18 KT WHITE GOLD

OFFICIAL ROLEX JEWELER

**TOURNEAU | BUCHERER** 1888

Madison Ave & 57th  
3 Bryant Park  
Madison Ave & 53rd  
tourneau.com



ROLEX OYSTER PERPETUAL AND DAY-DATE ARE ® TRADEMARKS.

WITHOUT  
YOU  
THERE'S NO  
THEM



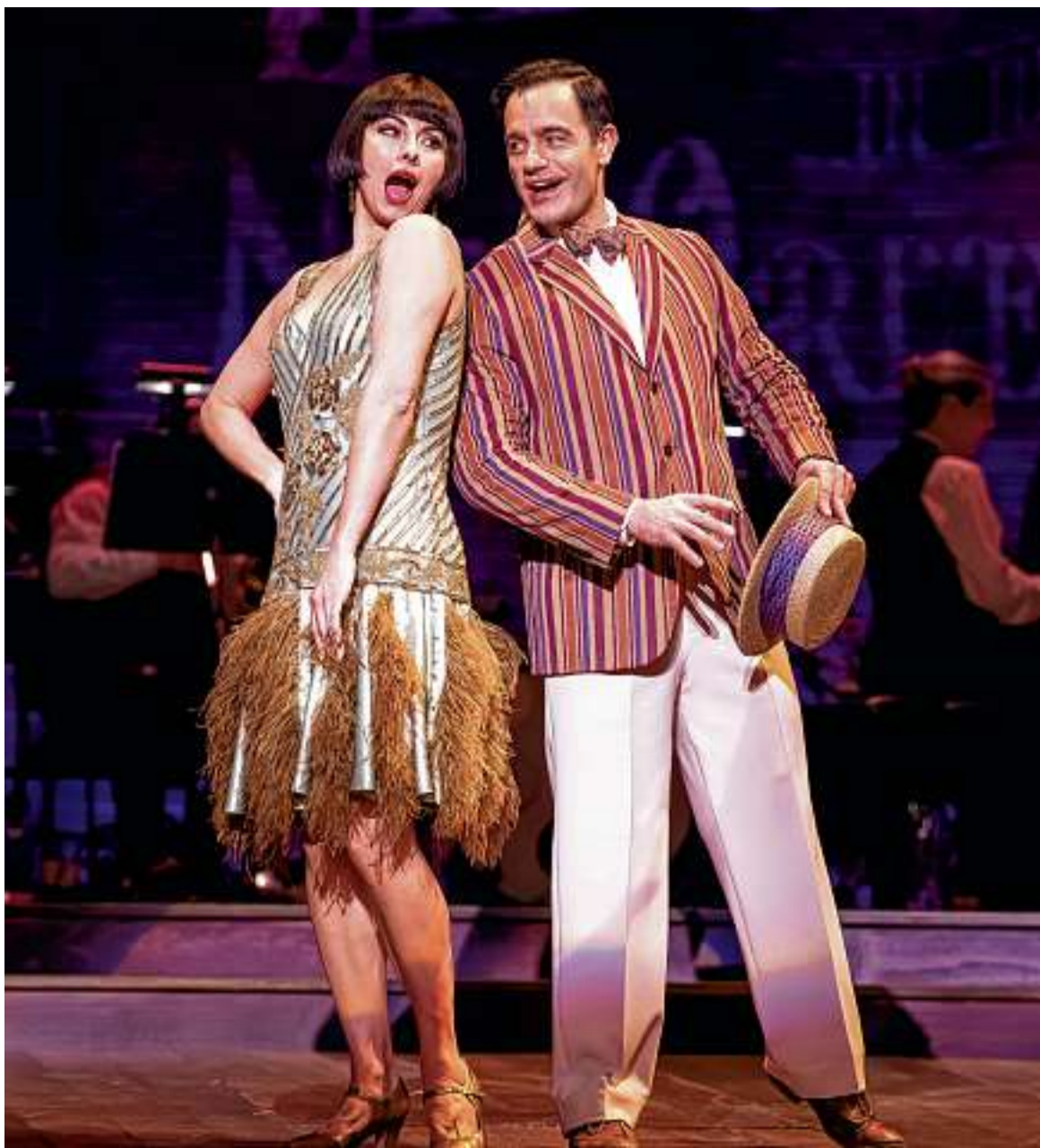
**San Diego Zoo  
Wildlife Alliance**

You play a crucial role in the survival of  
the world's most extraordinary wildlife.  
Scan Code to Become a Friend





## ARTS IN REVIEW



Isabel Leonard and Ramin Karimloo, left, and Edward Nelson, above, in the Washington production.

## OPERA REVIEW

# ‘Songbird’ Sets Offenbach Swinging

‘La Périchole’ gets an adaptation that takes place in New Orleans

By HEIDI WALESON

Washington

**‘SONGBIRD,’** the adaptation of Offenbach’s operetta “La Périchole” now playing at the Washington National Opera, harks back to the days when Covid-19 forced arts groups to find new ways to perform. In 2021, the Glimmerglass Festival in Cooperstown, N.Y.—then helmed by Francesca Zambello, the artistic director of WNO—presented its season as “Glimmerglass on the Grass.” The singers were on an outdoor stage, the orchestra was in the theater, and all the operas were edited

down to an intermission-free 90 minutes. I missed “Songbird” that summer because the performance I was to attend was canceled due to lightning.

Working within Covid-era constraints could produce ingenious creations, and “Songbird” certainly qualifies. The piece, adapted by director Eric Sean Fogel, conductor James Lowe and librettist Kelley Rourke, has been trimmed and set in a speakeasy in Prohibition-era New Orleans instead of 18th-century Peru. Mr. Lowe’s instrumental arrangement replaces the 19th-century Gallic orchestral spice of the original with the

bouncy rhythms and wailing slides of New Orleans jazz, played in Washington by an 11-piece cabaret-style ensemble, including banjo and sousaphone. Ms. Rourke’s snappy new English dialogue deftly relocates and streamlines the story, and her lyrics, a skillful fusion of English and French, nod to the original while—like the musical arrangement—making something completely new.

From the opening brassy salvos of trumpet and trombone, it’s clear we are in a different world from France or Peru. The impoverished performing duo of Songbird (Isabel Leonard) and Piquillo

(Ramin Karimloo) are doing a vaudeville turn at the speakeasy owned by Don Pedro (Jonathan Patton); the villain, Don Andrés (Edward Nelson), here the Mayor of New Orleans instead of the Viceroy of Peru, spots Songbird and wants her. The convoluted plot—which involves finding a husband for Songbird so that Andrés can have her in his household; getting both Songbird and Piquillo drunk; outbursts of masculine jealousy; imprisonment, escape and reconciliation—is about as silly as the original. But the abbreviated book glides easily over the absurdities.

The band, made up of members of the WNO orchestra plus a few guests and led by Mr. Lowe, is onstage in the speakeasy. The playful set and lighting are by James F. Rotondo III and Robert Wierzel, respectively; the colorful period costumes for the flappers, gangsters, and the Krewe members of a splashy Mardi Gras parade are by Marsha LeBoeuf and Timm Burrow. (The Washington production in the Kennedy Center’s Eisenhower Theater is more elaborate than the makeshift outdoor Glimmerglass stage allowed.) Mr. Fogel’s directing keeps up a madcap pace throughout; with the trims in the story, the resulting string of high-energy musical sequences rarely takes a breath.

The performers appear to be having the time of their lives. Ms. Leonard, striking in her Louise Brooks bob and flapper dress, captures the Songbird’s allure, charm and common sense with her throaty, multihued mezzo and winning stage presence. Delightfully off-balance in the “tipsy aria” and down to earth as she tries to get Piquillo to play along with the masquerade in “You men are so annoying / Que les hommes sont

bêtes,” she’s the show’s anchor. Mr. Karimloo, a musical-theater star, has a lighter vocal character than the opera singers; it works, since he’s supposed to be a bit of a wimp, and his Piquillo is lively and appealing, especially in his fits of helpless jealousy. Mr. Nelson has the baritone resonance for the villain’s menace as well as the droolery for his puffed-up ego—he even joined the pianist for a few bars on one of his numbers. A bevy of WNO Young Artists were ebullient in the supporting roles: Teresa Perrotta, Kresley Figueroa and Cecelia McKinley as the speakeasy’s “Three Muses”; and Sahel Salam as Panatellas, Mr. Patton’s eager partner in crime and bad jokes. The big ensemble numbers were effervescent, though Mark Rivet’s primitive sound design made them overly harsh and blaring.

**The production adopts the bouncy rhythms and wailing slides of jazz.**

“Songbird” is its own thing. One could regret the loss of French charm but still revel in the fun and wit of this raucous, all-American replacement, and appreciate how comedy can be translated from one musical medium to another. Several standout musical moments featured the clarinet—in one of them, a can-you-top-this duet with Don Andrés at his most grandiose, David Jones, the clarinetist, played the fanciest riff and then ducked back into the band, miming his terror of repercussions. In the raucous wedding scene—which is reprised for the finale as Songbird and Piquillo’s earlier mock ceremony happens for real—you can hear Offenbach’s cancan embedded in the beat. There’s a hint of it in the staging—not Folies Bergère, but just a little, jolly reminder of where this show began.

Ms. Waleson writes on opera for the Journal and is the author of “Mad Scenes and Exit Arias: The Death of the New York City Opera and the Future of Opera in America” (Metropolitan).

## DANCE REVIEW

# A Company’s Climactic Choreography

By ROBERT GRESKOVIC

New York

To open its spring/summer programming, the Joyce Theater is presenting a two-week run of Hubbard Street Dance Chicago, now in its 46th year and performing a repertoire of two triple bills. The first included two New York premieres and closed on Sunday; the current bill, continuing through March 24, includes one local debut.

The company—since 2021 under the artistic direction of former Hubbard Street dancer Linda-Denise Fisher-Harrell, whose background includes a stellar career as a member of Alvin Ailey American Dance Theater—reveals consistently impressive schooling. Even when the choreography at the Joyce proved unremarkable as dance theater—and, alas, there were more misses than hits—Hubbard Street’s 14 dancers made eye-catching marks all their own.

A clarity of position and a sureness of strength pervade the dancing of these performers. Limber and sharp legwork mated with keenly articulated footwork shone through the choreographic excursions, lending the effectively theatrical works extra depth and keeping those of insignificant impact from falling fully flat.

In one of the two local premieres on the first program, “Dear Frankie” (2023), Hubbard Street delivered a marvelous display of dance and music. Choreographer Rennie Harris, who has coined the term “Street Dance Theater,” shares credit here, with Darrin Ross, for the music mix that pulses and throbs to animate the club-world showcase; Mr. Harris describes “Frankie” in his program

note as an homage to “the godfather of House Music DJ Frankie Knuckles,” as well as to Chicago’s “dance club The Warehouse and its club members,” who were primarily gay black and Latino men.

Costumed in colorful tops and bottoms designed by Imani Sade, enlivened in lively beams and pools of light by James Clotfelter—all befitting the dance-club world—“Frankie” deftly and poetically presents club dancing’s sometimes driven and sly footwork. This is emphasized by the dancers’ white-soled sneakers and enhanced by their artfully athletic leg- and arm-accents—

here, rubbery; there, punchy. Mr. Harris’s theatrically savvy and focused choreography fills the stage to brimming with a celebration of club denizens that climaxed with electric punctuation from a bent-backward Aaron Choate, showered in strobe-light flickers.

“Nevermore,” the first program’s other premiere, choreographed by Thang Dao “in process w/ Hubbard Street Dancers & Craig D. Black, Jr.,” proved as confused and opaque as “Frankie” was lively and lucid, despite Mr. Dao, in his program note, citing inspiration from Edgar Allan Poe’s “The Raven” and a classic

Asian folktale, “The Cowherd and Weavegirl.” The action, set to a musical and voiceover mix by James Lindsay, leaves little for the Hubbard Street dancers to do beyond often unclearly dramatic posturing.

The current week’s bill closes, as did the first, with its strongest work, “return to patience” (2015) by Aszure Barton, Hubbard Street’s current resident artist. On a stage bathed in ice greens and white designed by Nicole Pearce and lighted by her in like tones, Ms. Barton’s “return” feels quiet and contemplative whereas “Frankie” was alive with unleashed

energy and animation.

“Return,” set to Caroline Shaw’s “Gustave Le Grey,” is peopled by 13 sleekly coiffed dancers wearing softly draped, mint-green pajama-like outfits (design by Fritz Masten), initially spaced wing-to-wing in standing poses. Ms. Barton’s choreographic moves, for her identically dressed performers, who wear socks that match their skin tones, are pervasively minimal and subtle, with the odd dancer or dancers separating from the group to move with more pronounced accents and articulated limbs.

The notable schooling of Hubbard Street’s dancers gives Ms. Barton’s dance moves—both those as slight as a listing stance or a pliant step and those as vivid as an expansively raised leg or a partnered position for one dancer carried on another’s shoulder—an artful legibility. The choreographic arrangements of “return” may be gently and softly toned, but its dancers here render them with precision and enforced strength.

The program’s premiere presentation, “Aguas Que Van, Quieren Volver,” a trio choreographed by Rena Butler and set to music composed by Darryl J. Hoffman, using various recorded sources, amounted to a would-be playful back-and-forth among its three dancers that played out as a strung-out suite that kept going without building momentum. The unbecoming black, cut-out costumes, by Hogan McLaughlin, didn’t help, awkwardly flattening the appearance of the dancers’ arms and torsos.

Each of Hubbard Street’s Joyce programs saved its best for last. Both works warrant returning for future seasons when more effective works might lead up to them.

**Hubbard Street Dance Chicago**  
Joyce Theater, through March 24

Mr. Greskovic writes about dance for the Journal.



Cyrie Topete, Abdiel Figueroa, Reyes and Shota Miyoshi in ‘Aguas Que Van, Quieren Volver.’

# SPORTS

## The Upsets to Pick in Your Bracket

Our resident upsetologist is back, and three teams stand out in his NCAA tournament model

By Andrew Beaton

Nobody wants to enter an NCAA tournament pool and choose all the favorites. The problem is that picking underdogs is the quickest way to arrive at the office on Friday morning with a busted bracket already losing to all of your coworkers.

That's where The Wall Street Journal's upsetologist comes in.

John Ezekowitz works in finance by day, but at night he fine-tunes a model that brings sanity to the madness. And it's amazingly successful: His system has called for 38 upsets since 2003, and 26 of them have been correct—a 68.4% hit rate on picking teams that aren't supposed to win.

What makes this feat even more impressive is that Ezekowitz doesn't bother with the easy ones. It's hardly an upset when a No. 9 seed beats a No. 8 or even when a No. 10 ousts a No. 7. Instead, his system recommends the 11, 12, 13 or 14 seeds that will make you look like the office genius when you pick them.

What's behind Ezekowitz's sorcery? He has found that the teams most likely to pull off an upset are the ones that value possessions, so the formula favors teams that limit turnovers and grab offensive rebounds. When their opponents are poor at those same metrics, it's an even stronger indication. He sprinkles in a few other data points such as defensive field goal percentage and strength of schedule, and it spits out the answers you've been looking for from the moment the bracket was released.

This year, the upset machine calls for three notable upsets—and even has a few recommendations for some longer shots. Here are those selections and how they stack up against the win probabilities from college basketball stats guru Ken Pomeroy's model.

### The upsets

No. 11 North Carolina State over No. 6 Texas Tech: Ezekowitz 51%, Pomeroy 37%

No. 11 Oregon over No. 6 South Carolina: Ezekowitz 52%, Pomeroy 46%

The upset model has been burned by N.C. State before, including last year. But the nice thing about computers is that they're numb to human sensitivities that bias our decisions. It says to ride



North Carolina State, led by forward DJ Burns, won five games in five days to win the ACC tournament.

with the Wolfpack again against Texas Tech.

This season's Wolfpack looked like they would miss the NCAA tournament, until they went on a magical run last week, winning five straight games to win the ACC tournament. That streak, which gave them more wins in the Washington Wizards arena this season than the Washington Wizards, featured three over tournament-bound teams, including Duke and No. 1 seed North Carolina. Ezekowitz's system loves that N.C. State is ranked No. 9 nationally in turnover rate on offense and that it's facing an opponent that gives up a load of offensive rebounds. Also on the plus side: watching their 275-pound forward DJ Burns dominate defenders.

Oregon gets the boost of facing South Carolina, which is the lowest-rated No. 6 seed. But the most compelling reason to pick the Ducks is that the model likes them—and it doesn't even factor why they're underseeded. Oregon's star big man

N'Faly Dante missed a chunk of the season through injury. Now he's back and he just led the Ducks to the title in the Pac-12 tournament.

### The dog that's a favorite

No. 11 New Mexico over No. 6 Clemson: Ezekowitz 72%, Pomeroy 55%

Sometimes the seed that the NCAA selection committee assigns to a team can be deceiving, and both Ezekowitz and Pomeroy say New Mexico is likely to beat Clemson.

In fact, so does Las Vegas: the Lobos are two-point favorites to win. But the masses haven't picked up on this opportunity. Only 45.1% of users on Yahoo have picked New Mexico in the game.

There's plenty to like about the Lobos. They're one of the country's least turnover-prone teams. They excel at grabbing offensive rebounds. They also play at a blistering pace, which means whether or not they win, they're a thrill to watch.

### The longshots

No. 12 James Madison over Wisconsin: Ezekowitz 41%, Pomeroy 32%

No. 12 McNeese State over Gonzaga: Ezekowitz 41%, Pomeroy 30%

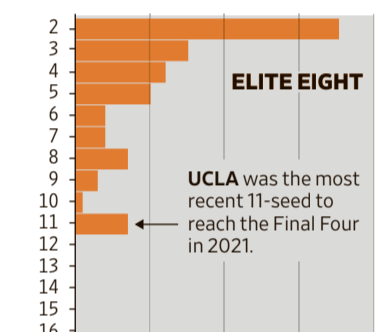
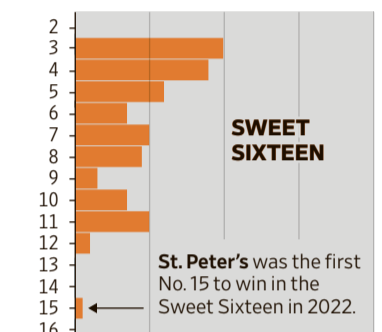
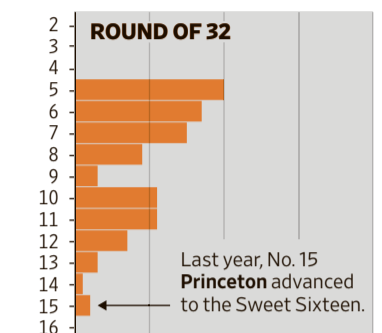
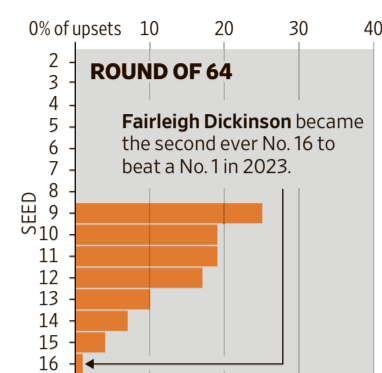
No. 13 Samford over Kansas: Ezekowitz 39%, Pomeroy 27%

These aren't official recommendations that crossed the 50% threshold, but if you're looking for more underdogs, the system gives No. 12 James Madison, No. 12 McNeese State and No. 13 Samford as pretty strong chances.

McNeese State is a particularly interesting case. The Cowboys, who enter the tournament riding an 11-game winning streak, excel at nearly everything the formula prioritizes. But they also got dinged for having one of the weakest schedules around.

That includes several games against non-Division I opponents, including the Mississippi State University for Women, which fields a men's basketball team. McNeese State beat them 92-23.

Seed's percentage of upsets by round, 1985-2023



Source: NCAA Rosie Ettenheim/THE WALL STREET JOURNAL

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

Crossword puzzle grid with 13 columns and 14 rows. Clues are provided on the right side of the grid.

- 27 Satellite broadcasts
28 "For real!"
29 Burly dog breed
30 Time's Man of the Year for 1977
31 63-Across's nat.
32 Unexpected gift
33 Saver, to a fault
34 "My eyes are ageless, \_\_\_" (Don McLean lyric)
35 "Hold your horses!"
36 Fairly good
37 Perfect
38 Jeans line
39 Preschool teacher's directive
40 Should it happen that
41 Via, in adspeak
42 Home of the Blue Devils
43 Toots and the Maytals' music
44 Name on the "Atlas Shrugged" cover
45 Bombay Sapphire, for one
46 Barbecue bit
47 Busy activity
48 Word with dog, lion, cow or otter
49 Fitting location for this clue

### FULL OF HOT AIR | By Karen Steinberg

Word puzzle grid with 13 columns and 14 rows. Clues are provided on the right side of the grid.

- 33 1815 novel set in Highbury
34 "Got it?"
35 Come round
36 Presenter's platform
37 Spanish national hero
38 Combinations of locks?
39 Secretive org.
40 How you might feel after solving this puzzle
41 Speaker of 1971's Address to the Women of America
42 Obvious
43 Wild journey?
44 With 53-Across, weather phenomenon with trapped warmth, and a hint to this puzzle's circled letters
45 See 51-Across
46 Hardly a quick read
57 Arboretum growth
58 Bud's place
59 Capital on the Dnipro River
60 "The Real Housewives of Beverly Hills" star Jayne
61 Idyllic area
62 "Persuasion" heroine
63 Like meab meats
64 It's located between the shoulders
65 Deepfakes, e.g.
66 Its first two letters are the chemical symbol for what it produces
67 B lead-in?
68 Fast track
69 You can "listen to those rails a-thrumming" when it's coming

### Previous Puzzle's Solution

PETA ALIST AVIS
AXES TONTO HANK
CHATTERBOX ANTI
MAMIE DENIS HOD
ALERTS DECKHAND
NED HOS YALLIE
PERHAPS BEND
STARTOFSRING
SUER SETSOUT
APART TON BIN
VERYWELL FLEECE
ARI ALEUT OXLIPI
NINO BINGEWATCH
NOTE OGDEN MULE
AROD WHILE SPEW

## Soccer's Punchline Learns to Punch Its Weight on the Brink of the Euros

By Joshua Robinson

Mondercange, Luxembourg

FEW SOCCER-PLAYING countries have taken more on-field punishment over the past century than the Grand Duchy of Luxembourg.

The country has occasionally gone years without a win. It has never reached a World Cup or European Championship, or really been remotely close. Its record defeat, 9-0, has happened four different times. And yet, there is no question that Luxembourg loves the game. It's just that the game has rarely loved Luxembourg back.

This week could become one of those rare occasions: Luxembourg stands 180 minutes from its first ever trip to a major tournament. In order to qualify for this summer's Euros in Germany, it needs to beat Georgia on Thursday and then the winner of Kazakhstan vs. Greece.

These are hardly formalities for a longtime laughing stock like Luxembourg. Then again, their opponents aren't world-beaters either. And when you're ranked an almost respectable No. 85 and feeling pretty good about it, a do-or-die game in Georgia counts as cause for optimism.

"Today we exist on the soccer map," says Paul Philipp, the president of Luxembourg's soccer federation. "This is not San Marino! This is not Liechtenstein!"

Philipp, 73, has devoted half a century to putting his country on that map—after all, Luxembourg is hard enough to locate as it is. Nestled between Belgium, France, and Germany, it's smaller than Rhode Island, completely landlocked, and has the population of Nashville.



Luxembourg is aiming to qualify for this summer's Euros.

punchline.

"Since when does anyone play football in Luxembourg?" he remembers one manager asking him.

The story of Luxembourg's modest rise to the brink of a major tournament has been two decades in the making, the result of a concerted effort to identify talent among 660,000 residents and stop being a national joke. In 2006, it was tied for 195th in FIFA's world rankings alongside the Cook Islands. Now, flirting with its historic high of 83, it sits ahead of China, a country with 1.4 billion more people.

But Philipp figured there was no reason Luxembourg shouldn't be able to produce decent players. Every country in its neighborhood—France, Germany, Belgium, the Netherlands—seemed to be a soccer giant.

The problem was that the league was weak and clubs had no money for youth development. The only option was to centralize the whole process: The national federation would become a talent factory for the entire country. The idea was to spot kids early, train them consistently, and then hope they could fly the coop to bigger, stronger leagues abroad.

"We can't really afford to miss one," says technical director Manuel Cardoni.

Today, more than half the squad that traveled to Georgia consists of players from the national academy. And the

mere prospect of qualifying for a major tournament has generated conversations Philipp never expected to have. Simply showing up to the group stage would earn the federation a game-changing \$10 million.

Still, there are reality checks. Back in September, the team was coming off a 3-1 victory over Iceland and beginning to feel pretty confident as it boarded a flight to the next match in Portugal.

Then it lost 9-0. Being viewed as target practice was one thing when the team was made up of semi-pros. What really worries Philipp is when top teams wonder aloud why they bother risking injury or embarrassment against the likes of Luxembourg. "They say, 'Why should we play against barbers and taxi drivers?'" he says. "But for us it's absolutely essential to stay in the same playground as the big boys to make progress."

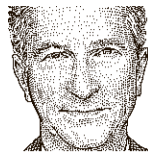
Since then, the team has prided itself on playing a more watchable style. And support has followed: Luxembourg sold out its 9,000-seat stadium for all five home games in Euro qualifying. The team even took 700 fans on the road to Liechtenstein. For Philipp, who remembers decades of embarrassment in empty stadiums, nothing could be more remarkable.

"People come to watch us play now," he says. "Even if we lose."

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

## OPINION

## Biden's Budget: \$7.3 Trillion!!!



WONDER  
LAND  
By Daniel  
Henninger

After three years of this presidency, much of the public is either nodding off or checked out. But there may be a method in Joe Biden's distracting madness. Passing quietly in and out of the news last week was Mr. Biden's proposal that in fiscal 2025 the federal government would spend \$7.3 trillion.

Seven point three trillion?!! Try to wrap your head around such a fantastic number.

Annual federal spending broke the \$4 trillion barrier in the final years of Barack Obama's presidency. In 2020 under Donald Trump, bipartisan spending rocketed to \$6.8 trillion, driven by what were supposed to be one-off outlays for the Covid-19 "emergency."

### Democrats' spending strategy is 90 years old and likely as out of date as their leader.

During the primaries, Nikki Haley repeatedly pointed out Mr. Trump's role in expanding the federal chunk. Her questions about Mr. Trump's spending plans for a second term remain largely unanswered. An implicit question raised by Gov. Haley's complaint is whether most voters care that the federal debt held by the public is more than \$27 trillion, about 98% of gross domestic product, or if mainly what they feel is helplessness. The Biden Democrats are betting the nation is numb to

public spending.

One can argue in hindsight about the need for the pandemic's \$2 trillion injection, but with the release of this \$7 trillion budget, it's clear the political operatives in the Biden administration recognized Covid as a crisis opportunity for the ages. Mr. Biden is pocketing the emergency spending level and hoping to jack it higher permanently. Think \$10 trillion by 2033, the level the Biden budget forecasts. Did his dad tell him to do this?

The budget is being described as a campaign document—in other words, an election-year effort to buy votes. Implicit in this strategy is the Democratic assumption that voters can be bought and are happy to stay bought.

Among the reasons Mr. Biden won't drop out of the race despite doom-laden poll numbers is that he thinks—or so said Sen. Bernie Sanders—that he can be the most progressive president since Franklin D. Roosevelt. That ambition is important to an understanding of his \$7.3 trillion whopper.

FDR's New Deal program dates to 1933. They say times change, but not if you're a Biden Democrat. What Mr. Biden is proposing as the U.S. heads deeper into a century defined by artificial intelligence is policy that is 90 years old. It somehow seems appropriate.

If there is one word associated with FDR's New Deal agenda it is "projects." Everything—housing, airports, hospitals, schools—became a project paid for with federal spending. Back then the thing common to most of the projects was cement. Today, it's



Biden's State of the Union address, March 7.

climate. The 2022 Inflation Reduction Act—accurately described by the progressive Economic Policy Institute as "essentially a climate-change bill"—spends nearly \$400 billion on renewable-energy projects. The new budget proposes tens of billions more "to support clean energy workforce and infrastructure projects across the nation."

Housing is a party perennial, so the Biden budget would spend an astounding \$258 billion to subsidize it.

Despite the vogueish Democratic habit of invoking Roosevelt's memory—how this appeals to younger, history-free voters is anyone's guess—the party's recall of FDR ends in the 1930s.

With war spreading in Europe in 1939, Roosevelt led a big U.S. defense buildup. He repeatedly gave the American public his reasons for the commitment in speeches and statements that are stirring to this day. His 1940 message to Congress for defense appropriations warned of "disturbances abroad, and the need of putting our own house in order in the face of storm signals from across the seas."

The Biden budget proposes to increase defense spending next fiscal year by 1%, a cut after inflation. It would decline

in future years. China has just announced a 7.2% increase in its defense spending.

The Biden Democrats, overwhelmingly dedicated to domestic spending only, have set a low, unbreakable ceiling on budget support for national security. That explains in part why Mr. Biden slow-walked arms support for Ukraine and is now going wobbly on Israel. America's national security is hostage to Mr. Biden's antidefense vote in six swing states.

Since the mid-1970s, a rough political consensus has kept federal spending at about 21% of GDP and taxes at just over 17%. Mr. Biden wants spending to consume 24.8% of GDP and over a decade would "pay for" this increase by pushing taxes to more than 20% of national output. By 2030, the national debt would be bigger than GDP—as in Italy or Greece.

For nearly a century, the Democrats' policy of tax-and-spend has worked for them. But one wonders if, like their leader, this strategy has arrived at a point of exhaustion with the U.S. public. An intriguing side story to this election is figuring out what's on the minds of Gen Z, or younger voters. They are down on Mr. Biden and bleak about their economic prospects. The Biden bet is that promising to push public spending past an incomprehensible \$7 trillion will make them feel better about the president and his party. Overstuffing Uncle Sam, however, may be doing exactly the opposite.

Write [henninger@wsj.com](mailto:henninger@wsj.com).

BOOKSHELF | By Tunku Varadarajan

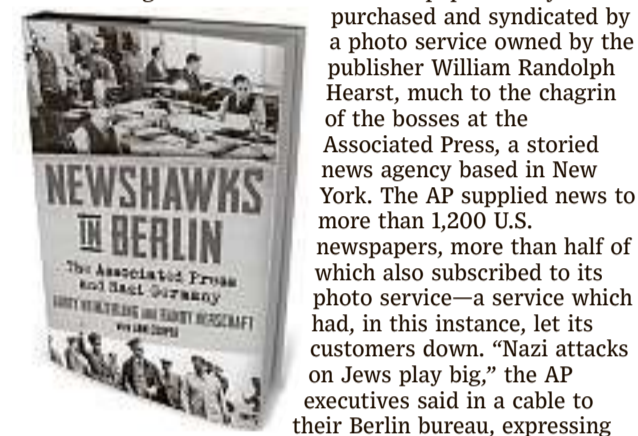
## Propaganda On Deadline

Newshawks in Berlin

By Larry Heinzerling and Randy Herschaft  
Columbia, 400 pages, \$30

On March 10, 1933, weeks after Adolf Hitler became chancellor of Germany, a Jewish lawyer named Michael Siegel went to police headquarters in Munich to lodge a complaint on behalf of a co-religionist whose store had been trashed by storm troopers a day earlier. The cops, now overseen by Hermann Goering, were in no mood to pay heed to an uppity Jew: They took the lawyer to a basement and beat him to a pulp, then marched him down the streets—his pants cut off at the knees—with a placard dangling from his neck. It said: "I will never again complain to the police."

A local photographer captured the lawyer's humiliation, and the images flooded American newspapers. They'd been



purchased and syndicated by a photo service owned by the publisher William Randolph Hearst, much to the chagrin of the bosses at the Associated Press, a storied news agency based in New York. The AP supplied news to more than 1,200 U.S. newspapers, more than half of which also subscribed to its photo service—a service which had, in this instance, let its customers down. "Nazi attacks on Jews play big," the AP executives said in a cable to their Berlin bureau, expressing

consternation that their own team had been "licked" on the photo scoop by Hearst.

As Larry Heinzerling and Randy Herschaft tell us in "Newshawks in Berlin"—a gripping, enraging account of how the AP functioned, often dishonorably, in Nazi Germany—the agency's member newspapers had a circulation of 34 million. The AP was, in wartime, "the single most important news source for most Americans about the Nazi menace."

The remonstrative cable from the AP's HQ had been addressed to Louis Lochner, the Berlin bureau chief, who'd been offered the photos of the lawyer's public shaming but had refused to buy them. Lochner, born in 1887 to German parents in Springfield, Ill., had been appointed to the Berlin bureau in 1924, ascending to the chief's position four years later. He remained fused to that post like a limpet until his expulsion by the Nazi government in early 1942—five months after Hitler declared war on the U.S.—along with the other American journalists still left in Germany.

Asked to explain his rejection of the unquestionably newsy pictures, Lochner, write the authors, "responded with what was to become a common refrain throughout his remaining years" as the AP's man in Germany: "It is more important to remain in the field here . . . than to risk having our whole organization destroyed by publishing a picture to which the regime in power objects." He told his bosses, for good measure, that they should be "darned glad we did NOT send" the pictures, for "we'd today be out of business in Berlin."

Lochner was admitting—unabashedly—that he and his bureau had indulged in self-censorship, a practice that is (write Messrs. Heinzerling and Herschaft) "familiar to journalists who work in authoritarian regimes all over the world." Such regimes impose laws that dictate what can and can't be said or depicted, buttressed by "invisible red lines" that, if crossed, can result in expulsion or worse, including imprisonment—as happened to Evan Gershkovich of this newspaper's Moscow bureau. Evan was imprisoned by Vladimir Putin in 2023 for his rigorously professional (but, to Mr. Putin, unforgivably unflattering) coverage of Russia.

Messrs. Heinzerling and Herschaft—both veteran AP journalists—contend that Lochner and the agency made a "Faustian bargain." Their distaste and disapproval, while expressed with restraint, is palpable throughout the book, as well as in the foreword by Ann Cooper, a professor emerita at the Columbia Journalism School and Heinzerling's widow. (Her husband succumbed to cancer after the first draft was done, and she helped Mr. Herschaft finish and polish the book.)

### Like other thuggish regimes, the Nazis tried to control the news coming out of Germany. The AP bureau in Berlin was eager not to offend.

There is no doubt that Lochner is the villain of the narrative. His wife was German and his father-in-law a judge of Germany's Supreme Military Court; his social ties among the Berlin elite were extensive. It would be no exaggeration to say that he'd gone profoundly native, a view that is supported by his decision to live in Germany in his retirement after the war. Among his many compromises, made to keep the AP bureau open, was a willingness to accede to the law that dictated that no Jew could work in Germany as a journalist.

Lochner's morally questionable resolution of morally urgent questions was enabled and reinforced by Kent Cooper, the AP's general manager in New York. Cooper believed that journalists abroad were "guests" in their countries of assignment whose responsibilities included respecting local laws. This ethically questionable position was also commercially convenient, enabling Cooper to set up—with Lochner's enthusiastic support—a photo agency in Germany called AP GmbH.

This agency had the blessing of the Nazi regime and was staffed exclusively by Germans, many of whom were, concurrently, officers of the Waffen SS. AP GmbH supplied photos of the war—and of German life—to U.S. newspapers, with all images pre-vetted by the German censors. In other words, thanks to the AP, American readers were fed photographs that the Nazis wanted them to see. That, alongside the self-censorship in most news reports, leads us to conclude that the AP was more than a little complicit in hiding the truth of Hitler's universe from the outside world. After all, many, if not most, American news organizations chose to pull out of Germany rather than submit to the Nazis.

As the world around us grows more intolerant and repressive, Louis Lochner and the wartime AP offer a pungent—and pressing—lesson in how not to practice journalism in the shadow of tyrants. The AP's chapter in Hitler's Germany was a nadir in American journalism.

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at NYU Law School's Classical Liberal Institute.

## 2024 Comes Down to Only Seven States

By Karl Rove

America is home to 336 million people across 50 states and the District of Columbia. Yet the 2024 presidential race will be decided by seven states with less than a fifth of the U.S. population. These battlegrounds will get almost all the attention.

How most states will vote is already fairly certain. Political pros expect Donald Trump to take 24 states and 219 electoral votes; Joe Biden can likely count on 20 states and the District of Columbia with 226 electoral votes. (This assumes the same outcome as in 2020 in the two states that award votes by congressional district—Mr. Trump carries Maine's rural Second District and Mr. Biden Nebraska's Omaha-area Second District.)

That leaves seven key states with 93 votes: Arizona, Georgia, Michigan, Nevada, North Carolina, Pennsylvania and Wisconsin. Mr. Trump carried all of them except Nevada in 2016. In 2020, he took North Carolina by 1.34 points; Mr. Biden carried the other six by between 0.23 and 2.78. To prevail, Mr. Biden needs 45 of these states' electoral votes; Mr. Trump, 51. Reaching either threshold will require winning at least three of the states.

Seven is fewer battlegrounds than we've had in recent elections. George W. Bush's campaign in 2000, for which I was the strategist,

fought in 21 battlegrounds and won 14. If Mr. Bush had lost only one state more, Al Gore would have won.

That the 2024 race has so few battlegrounds will have huge consequences for how the election plays out. Each candidate will concentrate his travel, organization and hundreds of millions of dollars in advertising in those seven states. The only reasons for either to go to nonbattleground states will be to raise money, sleep in his own bed, participate in debates (if they happen) or attend events with national impact—such as Ronald Reagan's 1980 kickoff on the New Jersey seashore with the Statue of Liberty as his backdrop.

That there are so few battlegrounds will put more pressure on candidates to focus on issues specific to those seven states. In Michigan, they'll talk about the auto industry; in Pennsylvania, natural-gas production. In Nevada, candidates must explain their view on the Yucca Mountain nuclear-waste facility, while in Arizona, besides the border, water issues will matter.

So will the quality of Democratic and Republican parties in these states. This is a problem for the GOP. The Democratic parties range from good to very good. They'll be generously bankrolled by the Biden campaign and Democratic National Committee. By contrast, the Arizona, Georgia and Ne-

vada Republican parties are in shambles. Michigan's GOP ousted its chairman in January after she bankrupted the party. Her replacement, former congressman and ambassador Pete Hoekstra, can pull it together, but it's unclear how much money the Republican National Committee can give any state party.

### Why the presidential candidates will talk about cars (Michigan) and water (Arizona).

Governors matter as well. They have political operations that recently carried their states and supporters they can mobilize. Georgia and Nevada have Republican governors; the other five states have Democratic ones. North Carolina's governor, Roy Cooper, is leaving office this year. What better way to advance his political career than by putting his state in Mr. Biden's column?

These battlegrounds may be decided by whether Mr. Trump can grab more working-class Democrats and independents than Mr. Biden can flip suburban college-educated Republicans and independents. The proportion of college-educated voters in these states is around the national average. That's a big reason they are so close.

People who don't live in this handful of battlegrounds are fortunate. They'll hear about political happenings from the news, but their televisions won't be saturated with negative ads, their mailboxes stuffed with leaflets, their phones endlessly pinged, or their doorbells rung by campaigners.

A word of advice for families in battlegrounds: Unless you live in Pennsylvania's Amish country, it'll be difficult to escape. Consider turning off the TV between now and election day, or paying for the ad-free options on streaming services. Get your bills online. Don't answer calls from unfamiliar numbers. Invest in speakers to play canine growling when anyone approaches the door.

Each vote everywhere counts, but the 61 million Americans living in the seven battlegrounds will decide who's president. They can take some comfort knowing that as presidents come and go, states fall off the target list while others go on. But for this election—this long, expensive, vicious election—they drew the short straw. It won't be easy but their votes will be crucial, perhaps historic.

Mr. Rove helped organize the political-action committee *American Crossroads* and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

## The SBA and My Fake Covid Potato Farm

By Arthur M. Diamond

More than \$136 billion of Covid disaster loans issued by the U.S. Small Business Administration—about one-third of the total \$400 billion loaned—show signs of being fraudulent, according to the SBA's Office of Inspector General.

Misery sometimes loves company, but I doubt that taxpayers will feel consoled when they learn that they aren't the only victims of the fraud. Last January I started receiving ominous letters from the SBA saying I was overdue on payments for a \$42,200 loan made to the Arthur M.D. Potato Farm under the Covid-19 Economic Injury Disaster Loan program. I wasn't overdue. I never got the loan. I've never even farmed. I spent many hours filling

out forms and making phone calls trying to explain the situation to SBA officials. Two months later they admitted without apology that I wasn't responsible for the loan.

After I shared this story in a retirement talk to faculty members and guests of my economics department, a colleague

### I was a victim of fraud, but I was treated as if I were the guilty one.

told me that he also had received an ominous letter from the SBA, though his was about a Covid *tomato* farm loan.

If SBA officials had spent 30 seconds searching Google for my name and my colleague's name, they easily could have

found the details of our careers. Both of us have spent decades as full-time academics, and neither has done any farming. The same month I received my first overdue-loan notice from the agency, I was teaching my last semester of economics after a 42-year career. As a steward of taxpayers' money, the SBA should have done its due diligence.

Although I made several calls and filled out a requested form last January, I continued to receive threatening letters from the SBA well into the next month. When I complained in a phone call to an SBA staff member in mid-February, she was refreshingly open. She said fraud in the Covid loan program was pervasive in 2020, when a fraudster took out the loan in my name. At that time, she ex-

plained, Congress was applying enormous pressure on the SBA to get money out the door as quickly as possible.

If that's true, then the 2020 Congress is more blameworthy than the SBA. But the agency can't escape all responsibility. At a minimum, it could have made it easier for a victim of fraud to clear his name and stop the ominous letters. Instead, SBA officials treated me as guilty until I jumped through many hoops to prove I was innocent.

The government program, intended to reduce the Covid burden, instead increased burdens on taxpayers and victims of fraud.

Mr. Diamond is author of "Openness to Creative Destruction" and a senior fellow at the American Institute for Economic Research.

## OPINION

## REVIEW &amp; OUTLOOK

## Biden's EV Mandate Blows Its Cover

Biden officials are stressing that the new auto greenhouse gas emissions standards they rolled out on Wednesday aren't an electric-vehicle mandate. But the liberal press and climate lobby don't buy it, and neither should Americans.

The Environmental Protection Agency somewhat eased CO2 emissions requirements through 2030 from its proposal last spring while maintaining essentially the same endpoint for 2032. That means gas-powered cars can make up no more than 30% of auto sales by 2032. Make no mistake: This is a coerced phase-out of gas-powered cars.

Auto makers lauded the Administration for "moderating the pace of EV adoption" in "the next few (very critical) years of the EV transition" while calling its targets "still a stretch." The Administration has taken auto companies hostage, threatening to cause financial carnage across the industry with its EV mandate. CEOs are grateful for the delay in execution.

EVs made up less than 8% of new auto sales last year, and more than half were Teslas. They accounted for less than 4% of General Motors and Ford sales. Foreign luxury auto makers such as BMW (12.5%), Mercedes (11.4%) and Porsche (10%) will have an easier time meeting the Biden mandates because their affluent customers can more easily afford EVs.

The average price of a new EV is roughly \$50,000, and only two cost less than \$40,000 as of December: the Chevy Bolt and Nissan Leaf. Some makers have slashed EV prices to boost sales, but they are also losing money. Ford ran an operating loss of \$4.7 billion on its EV business in 2023, equivalent to \$64,731 per EV sold.

The companies are heavily subsidizing EVs with profits from gas-powered cars. This means middle-class Americans in Fargo are paying more for gas-powered cars so the affluent in Napa Valley can buy cheaper EVs. This cost-shift won't be financially sustainable as the Biden mandate ramps up, and it may not be politically sustainable either.

Most popular gas-powered pickups emit about 430 grams of CO2 per mile. Under EPA's final rule, trucks will have to average 184 g/mile in 2027, 128 g/mile in 2030 and 90 g/mile by 2032. Ergo, the companies will effectively have to produce one to two electric trucks for every gas-powered one in 2027. The ratio will be closer to four to one by 2032.

EPA claims the rule preserves "consumer choice" because hybrids and plug-in hybrids can help meet the standards in the early years.

But auto makers will have no choice but to limit gas-powered, and increase EV, production to meet the mandates. The only "choice" Americans will have in the future is electric.

Stellantis is already reducing deliveries of popular gas-powered cars to states that follow California's EV mandate. If you like your Jeep, better hope it doesn't break down.

The White House claim that the standards will boost jobs, reduce pollution and save consumers tens of billions of dollars in fuel costs is false advertising. EVs require many fewer parts and workers to produce. Major auto makers have cut thousands of jobs in the past couple of years to finance their EV "transitions."

Lower auto profits will also hurt Detroit's workers who receive profit-sharing bonuses. Companies hope to make EVs profitable through increased manufacturing efficiencies, but this will also likely mean fewer jobs. Technological disruption sometimes causes job losses, but the culprit here will be government mandates, not consumer preference.

As for pollution, gas-powered cars emit more particulate matter and NOx from tailpipes than EVs. But battery-powered cars are heavier and cause more wear and tear on roads and tires, which produces more soot. Generating electricity and producing the batteries that power EVs also creates particulate pollution.

A new Panasonic EV battery plant in Kansas that will receive billions of dollars in subsidies from the Inflation Reduction Act is forcing a local utility to keep open a coal plant that was scheduled to close. Congratulations, Mr. President, for increasing coal production.

Not long ago, it was cheaper to fuel up an EV than a gas-powered car. No longer thanks to the government's force-fed renewable transition, which is raising electricity prices. Fueling up a Ford F-Series truck now costs about \$17 per 100 miles on average compared to \$17.75 for an F-150 Lightning with mostly home-charging and \$26.39 with mostly commercial chargers.

Biden officials believe that with enough subsidies, consumers will buy EVs. Beijing thought the same. Yet EVs that Chinese consumers don't want are now sitting on scrap yards and flooding foreign markets.

Donald Trump was right when he pointed out last weekend that President Biden's EV mandate will do great harm to the U.S. auto industry. But the Biden White House is determined to remake the industry, no matter the damage.

## The EPA's new tailpipe emissions rule is a plan to eliminate gas cars.

## Powell seems unworried by accelerating prices in January and February.

## Gov. Abbott's law is back on hold, after cries of judicial abdication.

## 'Are They More Than Bumps?'

That's the question Jerome Powell asked Wednesday about the acceleration in inflation in January and February, and investors clearly think the Federal Reserve Chairman's answer will be "no." They bid up asset prices nearly across the board as Mr. Powell suggested that the latest monthly price-increase figures "haven't really changed the overall story" of inflation's march down to the Fed's 2% target.

That message also came through in the "dot plots" of projections by the Fed board of governors and regional bank presidents about the future path of the economy, job growth and interest rates. It's full speed ahead on three interest-rate cuts this year, and there was more for the

monetary doves to like. Mr. Powell said the Fed will start to slow down the monthly reduction in its bond portfolio "fairly soon." All of this reinforced the market's expectation of easier monetary conditions that has fueled the recent rally in stocks, Bitcoin, gold, copper and other commodities.

Mr. Powell showed no less determination to reach the Fed's 2% inflation target, though the Fed players did project that core inflation is going to be higher at 2.6% this year than the 2.4% they projected in December. So inflation will be higher than previously expected, but monetary easing will continue as expected. We'll see how that apparent contradiction holds up in the coming months.

Emergency appeals to the Justices are inevitable if political actors are determined, as they are these days, to push the bounds of their legal authority. Critics of the High Court, joined at times by the liberal Justices, have castigated quick action on what they ominously call the Court's "shadow docket."

Yet in the case of S.B.4, the liberal Justices want to bring on the shadow docket, pronto. "The Court gives a green light to a law that will upend the longstanding federal-state balance of power and sow chaos," says an over-egged dissent by Justice Sonia Sotomayor, which was joined by Justice Ketanji Brown Jackson. Justice Elena Kagan dissented in more muted terms, though she wanted to jump over the Fifth Circuit too.

But Justice Barrett didn't say that S.B.4 is constitutional or should take effect, only that acting now would be premature. "The Fifth Circuit should be the first mover," she writes. She says it "can presumably do so promptly," and if it fails to act with dispatch, the Biden Administration "may return to this Court." The Fifth Circuit took the hint. By Tuesday evening it had blocked S.B.4 again, while scheduling oral argument for Wednesday on a longer stay pending appeal.

In other words, this was another Supreme Court controversy full of sound and fury, signifying nothing about how the Justices might eventually rule. What it does show—which critics of the High Court won't credit—is that the conservative Justices aren't hell-bent on blowing past guardrails to reach their legal conclusions. They care about legal procedure. The Justices eager to reach a rapid legal and policy result here are the three liberals.

## LETTERS TO THE EDITOR

## What Would Ronald Reagan Do in 2024?

I remember John Lehman as Navy secretary, and I thought he did a good job. I think I see his point about Ronald Reagan ("Reagan Would Never Vote For Trump," op-ed, March 18), but I have to respectfully disagree and add this caveat: Reagan would never vote for Donald Trump—unless the only other viable opponent were President Biden, with Kamala Harris in the wings and Barack Obama's foreign-policy JV team running the show.

A vote for a No Labels candidate is a wasted vote, presenting yet another opportunity for the Democrats to stay in power. You must have power to change policy—all Republicans need to learn that.

JAMES H. CLEMENT JR.  
Dallas

I would like to thank Secretary Lehman for articulating so well what many Republicans, particularly those who remember Reagan well, are thinking today. I remember Reagan's 11th Commandment in his treatment of fellow Republicans, and I remember how civil he was when debating Democrats. Reagan had the gift of being able to deal with people with whom he didn't agree. There is a reason he took 49 states in the 1984 presidential election: He knew how to bring people together. His love of American values and greatness permeated all of his thinking.

As for Mr. Trump, he has been a great divider. It is also worth noting that he has changed his party affiliation five times, telling Wolf Blitzer in 2004 that "in many cases, I probably identify more as a Democrat." So what gives him the right to call someone a RINO (Republican in Name Only) when he hasn't been a lifelong

Republican like I have, and when he has deviated from many tried-and-true Republican policies like free trade and standing up to dictators?

DOUGLAS LEMPEREUR  
Boca Raton, Fla.

I submit that Reagan would have voted for Mr. Trump. Mr. Lehman references Reagan's 11th Commandment, "Thou shalt not speak ill of another Republican." But also attributed to Reagan is this quote: "The person who agrees with you 80% of the time is a friend and an ally—not a 20% traitor."

Folks can debate the percentage split, but for conservatives or Republicans, a vote for anyone not a Republican is still a vote against 80% of your interests. Party trumps person. In our two-party system, it's as simple as that, or most of your interests will not be advanced. I believe that Reagan would have pulled the lever for Mr. Trump, especially when thinking about the consequences of a Harris, er, another Biden term.

JEFF WAKELEE  
Highlands Ranch, Colo.

I agree with everything in Mr. Lehman's article, with one exception. Gen. Jim Mattis was not right when he described Mr. Trump as "the first president in my lifetime who does not try to unite the American people—does not even pretend to try. Instead, he tries to divide us." Barack Obama was the first such president (he pretended to try only as a candidate), Mr. Trump was the second and Mr. Biden is the third. I hope whoever is president come 2029 brings an end to this dispiriting trend.

TOM JONES  
New Albany, Ind.

## The Gender Pay Gap Is . . . an Opportunity?

Anne York insists that much of the gender pay gap is caused by economically unjustified discrimination, insufficient employment opportunities for women and lack of information ("Don't Dismiss the Gender Pay Gap So Easily," Letters, March 18). If she's correct, Prof. York has identified a golden opportunity for profit.

She can start a business and, by paying underpaid women a bit more than they currently earn, attract teams of productive workers at wages that would yield her a handsome profit as she raises women's earnings. She would also demonstrate to other entrepreneurs the value of hiring underpaid women and simultaneously bankrupt the knuckle-dragging employers who, stubbornly refusing to pay women what their labor is worth, would be unable to adequately staff their firms.

Ms. York might protest, confessing to have no business skills. No problem. Now that she's revealed in the pages of America's premier business publication the reality of an economically unjustified pay gap, the profit-hungry readers of your pages will surely leap to take advantage of this outstanding profit opportunity.

PROF. DONALD J. BOUDREAUX  
George Mason University, Mercatus  
Fairfax, Va.

Phil Gramm and John Early have their logic backward in "The 'Gender Pay Gap' Is a Myth That Won't Go Away" (op-ed, March 9). It isn't that women are drawn to occupations that

draw women pay less.

Messrs. Gramm and Early's argument that the gender pay gap is "the natural economic result of choices men and women make including how much or how little to work and which occupations to enter" defies decades of rigorous pay-equity research that controls for hours worked. They also ignore occupational gender segregation, a well-studied phenomenon in which a decline in relative earnings (and prestige) occurs after a large number of women enter a field or occupation. Think of public-school teachers in this country during the latter half of the 20th century.

In my own profession of medicine, an \$8,000 decline in average pay occurs with every 10% increase in the number of women in a specialty. Strong evidence shows that specialties that boast the greatest percentages of men command the highest compensation and that leadership roles where men are overrepresented carry grander titles (vice dean versus assistant dean) and earn higher salaries than those where women predominate.

Solving this problem will require multifaceted solutions ranging from the relatively simple work of encouragement to the seriously complex: As a society, we should value the work women do as much as we value that done by men.

PROF. AMY S. GOTTLIEB, M.D.  
Keck School of Medicine of USC  
Los Angeles

## Will Democrats Protect the Supreme Court?

In "The Price of Anti-Trump Lawfare" (Wonder Land, March 14), Daniel Henninger warns of the court-packing threat to respect for the rule of law. One indication of the seriousness of that threat is that not a single Democrat in this Congress, not even those who claim to oppose court packing, has so far supported the proposed "Keep Nine" amendment to make sure court packing never happens.

The amendment, introduced in 2020 by a Democrat and a Republican, has since been backed by more than 200 members of Congress. It simply states: "The Supreme Court of the United States shall be composed of nine Justices." It would end the

power of Congress to manipulate the size of the court.

Democrats who truly fear a Trump dictatorship ought to consider supporting a measure to preserve an independent Supreme Court. That support would also protect them from Republican attacks on the court-packing issue. The lack of Democratic support for Keep Nine could lead one to wonder if Democrats care even more about preserving their power to pack the court than they do about defeating former President Donald Trump.

ROMAN BUHLER  
McLean, Va.

## Law and Order Comes First?

In "Giving Up on Haiti Isn't a U.S. Option" (Americas, March 18), Mary Anastasia O'Grady writes, "Haitians may want democracy. But law and order has to come first." But a few weeks ago, Ms. O'Grady took Salvadoran President Nayib Bukele to task for doing exactly that for El Salvador. I hope she continues to have this change of heart for the good people of both Haiti and El Salvador.

JON BANKS  
Pacific Palisades, Calif.

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

## Pepper ... And Salt

THE WALL STREET JOURNAL



"My lawyer is going to have a field day with these."

## OPINION

## Schumer Has Crossed a Red Line Over Israel

By Joe Lieberman

Senate Majority Leader Chuck Schumer last Thursday crossed a political red line that had never before been breached by a leader of his stature and never should be again. In a speech on the Senate floor, he told the people of Israel—one of our closest allies, a true democracy that is at war with an enemy that hates America as well as the Jews—that they should vote their prime minister out of office because “he has lost his way.”

How does Mr. Schumer think Benjamin Netanyahu lost his way? “By allowing his political survival to take precedence over the best interests of Israel,” he said. I don’t know what Mr. Schumer was trying to accomplish. But if you study polling in the U.S. and Israel, on Mr. Netanyahu personally and on the broader question of how the Israelis are conducting the war in Gaza, it looks as if Mr. Schumer’s statement will have a more significant effect on political opinions in the U.S. than in Israel.

**His speech last week is evidence that his party is catering to those who are hostile to the Jewish state.**

Growing numbers of American voters, including a majority of Democrats, and an organized bloc of leftist senators and representatives, oppose Israel’s war policy in Gaza. In Israel, although Mr. Netanyahu’s personal support has dropped, his policy of fighting in Gaza until Hamas is destroyed has the support of an overwhelming majority. Israelis don’t want the atrocities of Oct. 7 ever to be repeated.

While Mr. Schumer’s statement undoubtedly pleased American critics of Israel, for the Israelis it was meaningless, gratuitous and offensive.

Mr. Schumer ended his argument by lecturing our Israeli friends that if Mr. Netanyahu and his coalition remain in power, “then the U.S. will have no choice but to play a more active role in shaping Israel’s policy by using our leverage to change the present course.” This is a shocking statement that treats Israel differently from other American allies by threatening to intervene in their domestic democratic politics. In making American support for Israel conditional, Mr. Schumer harms Israel’s credibility among its allies and enemies alike.

Mr. Schumer’s statement will have every other democratic ally of the U.S. worrying that America may try to bully our way into its domestic politics. That will diminish our allies’ loyalty to us. Without dependable allies, we will have a much harder time protecting America’s security, prosperity and freedom.

Mr. Schumer has a record of supporting Israel. That makes his equivocation a particularly troubling and disappointing sign that the Democratic Party is catering to members and voters who are hostile to the Jewish state. For most of my public service, Israel enjoyed strong support from Democrats and Republicans alike. If anything, Democrats were the more pro-Israel party. Now Republicans are. That partisan divide isn’t good for Israel, which does best with broad bipartisan support in Washington, or for America, which needs strong alliances.

I enjoyed working with Mr. Schumer during our years in the Senate together. He is an excellent legislative leader and became a personal friend. But in this case, I believe he has made a grievous mistake. I hope he can find a way to say so and then lead his fellow Democrats to support Israel—and the shared values and interests of our two great democracies.

*Mr. Lieberman, a Democrat and independent, served as a U.S. senator from Connecticut, 1989-2013.*

By Dave Yost

Duty and urgency mark the boundaries of broad presidential immunity from criminal prosecution. Special counsel Jack Smith has sought to erase a line of custom, and Donald Trump won’t be the last president to face criminal prosecution as a political weapon. Like Goethe’s sorcerer’s apprentice, Mr. Smith has summoned spirits he can’t contain. It falls to the Supreme Court to set things right. Ohio, along with Alaska and Wyoming, has filed a brief setting out how such a test of duty and urgency could work.

The court recognized in *Nixon v. Fitzgerald* (1982) that a president shouldn’t be hobbled and hectoring into timidity by the threat of civil liability for actions in office. The justices held that a president is immune from damage suits for such acts. Mr. Smith has asserted that civil liability should be the end of it—that immunity from criminal liability is simply a bridge too far.

But the principles underlying civil immunity apply with even greater force to criminal liability. If a presidency could be emasculated by constant worry about civil liability after leaving office, which carries at most financial loss, wouldn’t the worry of criminal liability and prison be worse?

Mr. Smith doesn’t address this inconvenient question. He is content to swat away the civil law precedents by citing the democratic proverb that “no one is above the law.” He has a point: As Lord Acton observed, “There is no worse heresy than that the office sanctifies the holder of it.” But the American presidency can’t function properly under constant threat of political prosecution.

If there is presidential immunity



President Trump in the Oval Office on Jan. 6, 2021.

from criminal law yet no one is above the law, we must have a way to think about the boundaries of that immunity. It can’t extend to the horizon, but neither is it a mere fig leaf. There are too many possibilities for a bright-line test, but there are at least two stakes marking the boundary: duty and urgency.

**The Supreme Court needs to set a standard that respects the presidency as well as the rule of law.**

The executive duties in Article II are broad. They include the duty to “take care that the laws be faithfully executed.” When considering whether immunity should shield an act, the first boundary stake is how closely the act is tied to the duties of the president.

President Grant was once ar-

rested for racing in the streets of Washington, when police received complaints that his charging horses had endangered people on the street. There’s no nexus between street racing and the president’s official duties. It is believed that Grant didn’t appear in court and forfeited his bond as a fine, apparently with no claim to immunity.

On the other hand, Andrew Jackson’s actions leading to the Trail of Tears were closely tied to the duties of office. He wasn’t prosecuted. Nor did Franklin D. Roosevelt face prosecution for his order incarcerating Japanese-Americans during World War II, though the acts would be kidnapping and false imprisonment if undertaken by anyone else.

The closer the actions to the core of executive power, the stronger the case for immunity. The most fabulist lawfare practitioner would struggle to conjure a foreign-affairs hypothetical in which a president would lose immunity. On the other hand, conspiring to obtain the confidential tax infor-

mation of the president’s political enemies and launch audits against them wouldn’t be a stretch.

But a simple nexus with duty is insufficient as a test. Just as a rule of civil or criminal immunity for official acts could create a too-timid executive, blanket immunity for acts within the “outer perimeter” of presidential duties—the civil standard in *Nixon v. Fitzgerald*—might create a too-emboldened executive.

Our proposed second boundary stake is the urgency of the circumstances that led to the action. A presidential appointment is unquestionably a core executive power. Yet there will seldom be an objective urgency to its execution. There are myriad circumstances when time is of the essence, when the moment for deliberation and counsel is short and the nation requires fearless and decisive action. “Run it by legal” is the kiss of death to any quick action, in the private sector or in government.

Only the twin nexus of executive duty and urgency of circumstance will properly measure the extent of executive immunity in a given case. This will be a fact-intensive determination, and a remand to the trial court for further fact-finding under cross-examination will be necessary.

But the Supreme Court must do more than simply remand. A line of normal behavior has been breached in Mr. Smith’s prosecution, a “first” about which he brags in his brief. Just as impeachment has devolved into a mundane and repetitive political sport, we are probably in for more political prosecutions. The justices should give clear guidance about how to measure executive immunity to the courts constitutionally condemned to hear such cases.

*Mr. Yost, a Republican, is Ohio’s attorney general.*

## America’s Strategic Posture Is Slouching

By Jon Kyl

Thinking about war is unpleasant, and preparing for it is expensive. It isn’t surprising that many policymakers prefer to spend their time and energy hoping for peace. But there’s a cruel paradox: If we’re negligent in anticipating and preparing for military threats, we will be less capable of conducting successful diplomacy, achieving disarmament agreements and harvesting economic fruit. Ignoring the potential for war increases its chances of happening, as well as the danger of our defeat.

With these thoughts in mind, the Commission on the Strategic Posture of the United States took on its congressionally mandated task of assessing how well the U.S. is positioned to deal with military threats over the coming decades. The commission is composed of 12 experts appointed by bipartisan congressional leadership in 2022. Brookings Institution fellow Madelyn R. Crendon was its chairwoman, and I was its vice chairman.

Together we submitted a unanimous report to Congress in October 2023 with 131 findings and 81 recommendations for how the U.S. can enhance its ability to deter war with China and Russia. Congress would do well to consider our conclusions dur-

ing the next several weeks as it prepares to write the 2024 National Defense Authorization Act and following appropriations bills.

The U.S. is facing a historically unique global threat environment. Washington is on the cusp of having two nuclear peer adversaries—in Beijing and Moscow—each with ambitions to disrupt the international status quo, by force if necessary. We didn’t expect this and thus are unprepared to respond to it.

Two developments drove the commission’s assessment of our nation’s strategic posture. First, after the collapse of the Soviet Union, the U.S. allowed its nuclear force to atrophy. At the time we considered Russia to be a competitor, not an adversary, and China a less serious challenge.

Second is the rapid modernization of Russia’s nuclear forces and China’s military breakout. Beijing intends to create a nuclear triad—land-, sea- and air-based nuclear delivery systems—that it hopes will match that of Russia and the U.S. by 2035.

Washington has struggled to modernize its nuclear forces in response to the Russian threat. Worse, the commission found, we have barely begun to develop plans to deal with the new Chinese threat. That is unacceptable, as Russia continues to maul Ukraine and China contemplates an

invasion of Taiwan. The U.S. must urgently modernize our strategic deterrent to deal with both threats.

This means being able to produce more nuclear weapons if necessary and more “delivery vehicles”—missiles, bombers and submarines—than currently planned. This isn’t, as some critics have claimed, a call for a new “arms race.” The commission simply acknowledged that Russia and China

**We’ve let our nuclear force atrophy while Moscow and Beijing have expanded theirs and gone on offense.**

have already embarked on an unprecedented military buildup, which, if unaddressed, will neutralize the strategic deterrent to prevent nuclear war on which the U.S. has relied since the end of World War II.

Rebuilding our capacity won’t be easy. The U.S. no longer has the advantage of an unrivaled industrial base. We lack a workforce skilled in critical areas, from shipbuilders to nuclear scientists. Supply-chain deficiencies have placed great stress on delivery schedules of new weapons.

While the commission didn’t at-

tempt to calculate the costs of its recommendations, defense spending will obviously have to increase. Every recent defense secretary and Joint Chiefs chairman has said that the U.S. strategic deterrent, underpinned by our nuclear force, is the military’s first priority. As such, the U.S. can afford to fund our recommended modernization. The nuclear-force component is only a sliver of our overall defense budget—or, as the Congressional Budget Office noted, some 7.5% of the total 10-year cost of the president’s 2023 defense budget submission. The U.S. can muster additional spending, especially if the president and congressional leadership take the case to the American people—another recommendation of our report.

The U.S. government’s first responsibility is to protect the American people—particularly from nuclear annihilation. To do so, Washington needs conventional and nuclear forces strong enough that no adversary would ever be tempted to attack. As the commission concluded: “The challenges are unmistakable; the problems are urgent; the steps are needed now.”

*Mr. Kyl is vice chairman of the Strategic Posture Commission. A Republican, he served as a U.S. senator from Arizona, 1995-2013 and 2018.*

## Patent Lawsuits Are a National-Security Threat

By Joseph Matal

Third parties are increasingly funding patent litigation in the U.S. in exchange for some of the proceeds. This practice was nearly nonexistent as recently as 2010 but now appears to account for about 30% of the country’s infringement lawsuits. The government doesn’t know who pays for or controls these suits. That could allow foreign adversaries to profit from our legal system and threaten U.S. national security.

In 2019 VLSI Technology alleged that some of the tech in Intel’s microprocessors infringed on its patents. In at least two lawsuits VLSI has been awarded some \$3 billion in damages, some since reversed and remanded. Thanks to what’s known

as the NHK-Fintiv rule—under which the U.S. Patent and Trademark Office refuses petitions for review if the relevant patents and parties are already involved in litigation—the agency hasn’t taken up Intel’s challenges.

When OpenSky, another party, challenged the same patents in 2021, the office’s review confirmed what Intel alleged: VLSI’s patents were invalid because they claimed features of semiconductor design that were obvious.

The VLSI litigation has done serious harm to Intel and to the U.S. The proceedings have distracted the company and its engineers, and the company could still pay billions for some highly questionable patents—money that Intel could invest in building chip fabs and designing the next generation of microprocessors.

It’s difficult to overstate how important computer chips are to the nation’s economy and security. Washington is granting Intel several billion dollars to expand domestic production of military-purpose computer chips. Intel is the nation’s only designer and maker of leading-edge microprocessors. Fast and reliable semiconductors are critical to the amplifiers and signal-processing parts of radars used in air defenses, to the targeting and guidance systems of missiles, and to the secure networks that allow military forces to communicate. An enemy that can produce faster microprocessors than the U.S. would have a tremendous battlefield advantage.

If a foreign adversary wanted to weaken the U.S., it could hardly do

better than wage the type of legal warfare that VLSI has brought against Intel. As former Attorney General Michael Mukasey has noted in these pages, this practice is a direct threat to America’s security.

What is VLSI and are foreign governments involved in its campaign against Intel? We don’t know. VLSI Technologies Inc., a semiconductor manufacturer in the 1980s and ’90s, has been defunct for more than two decades. The current VLSI makes no products and has no relation to the old VLSI. It appears to have appropriated the name to obscure itself, a common tactic among nonpracticing patent-litigation entities.

VLSI’s parent company is Fortress Investment Group, a hedge fund owned in large part by interests in Abu Dhabi. The group is also a member of the International Legal Finance Association, an organization that lobbies against litigation-finance disclosure. VLSI has resisted revealing the identities of the investors in its litigation against Intel. When Colm F. Connolly, chief judge of the U.S. District Court for Delaware, ordered VLSI to disclose who was funding its litigation in August 2022, the company agreed to dismiss its case with prejudice. (Fortress didn’t respond to a request for comment.)

This was an extraordinary act. VLSI had pursued its lawsuit against Intel for several years. Nearly 1,000 filings had been entered in the case, and the company must have spent millions on the proceedings. Yet it seemingly preferred to walk away, pledging never to sue Intel or its

customers on the patents.

VLSI has continued to sue Intel on other patents in other jurisdictions, particularly where courts don’t require disclosure of third-party funding. The company has also revealed that its investors include “sovereign wealth funds”—i.e., foreign governments. China, for example, operates such a sovereign wealth fund, the China Investment Corp. Beijing also files patent lawsuits in the U.S. through entities such as PurpleVine IP, which doesn’t disclose in court who controls it unless it’s forced to.

It’s reasonably likely that foreign powers are funding the VLSI litigation. That wouldn’t be surprising; some of our foreign adversaries are already engaged in widespread industrial espionage and technology expropriation against U.S. companies. What’s troubling is that we would allow this to happen without requiring sufficient disclosure.

Americans are a trusting people, who allow broad access to our judicial system. Yet as Judge D. Michael Fisher of the Third U.S. Circuit Court of Appeals wrote in 2011: “One of the essential qualities of a Court of Justice is that its proceedings should be public.” This means, as another judge wrote, that “the people have a right to know who is using their courts.”

With hundreds of patent lawsuits filed every year that receive financing from third parties, it’s past time for the U.S. to require disclosure of third-party litigation funding.

*Mr. Matal, a patent lawyer, served as acting director of the U.S. Patent and Trademark Office, 2017-18.*

### THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Lachlan Murdoch  
Executive Chairman, News Corp

Rupert Murdoch  
Chairman Emeritus, News Corp

Emma Tucker  
Editor in Chief

Liz Harris, Managing Editor  
Charles Forelle, Deputy Editor in Chief  
Elena Cherney, Senior Editor; David Crow, Executive Editor; Chip Cummins, NewsWire; Andrew Dowell, Asia; Taneth Evans, Associate Editor; Brent Jones, Culture, Training & Outreach; Alex Martin, Print & Writing; Michael W. Miller, Features & Weekends; Prabha Natarajan, Professional Products; Bruce Orwall, Enterprise; Philana Patterson, Audio; Amanda Wills, Video

Paul A. Gigot  
Editor of the Editorial Page

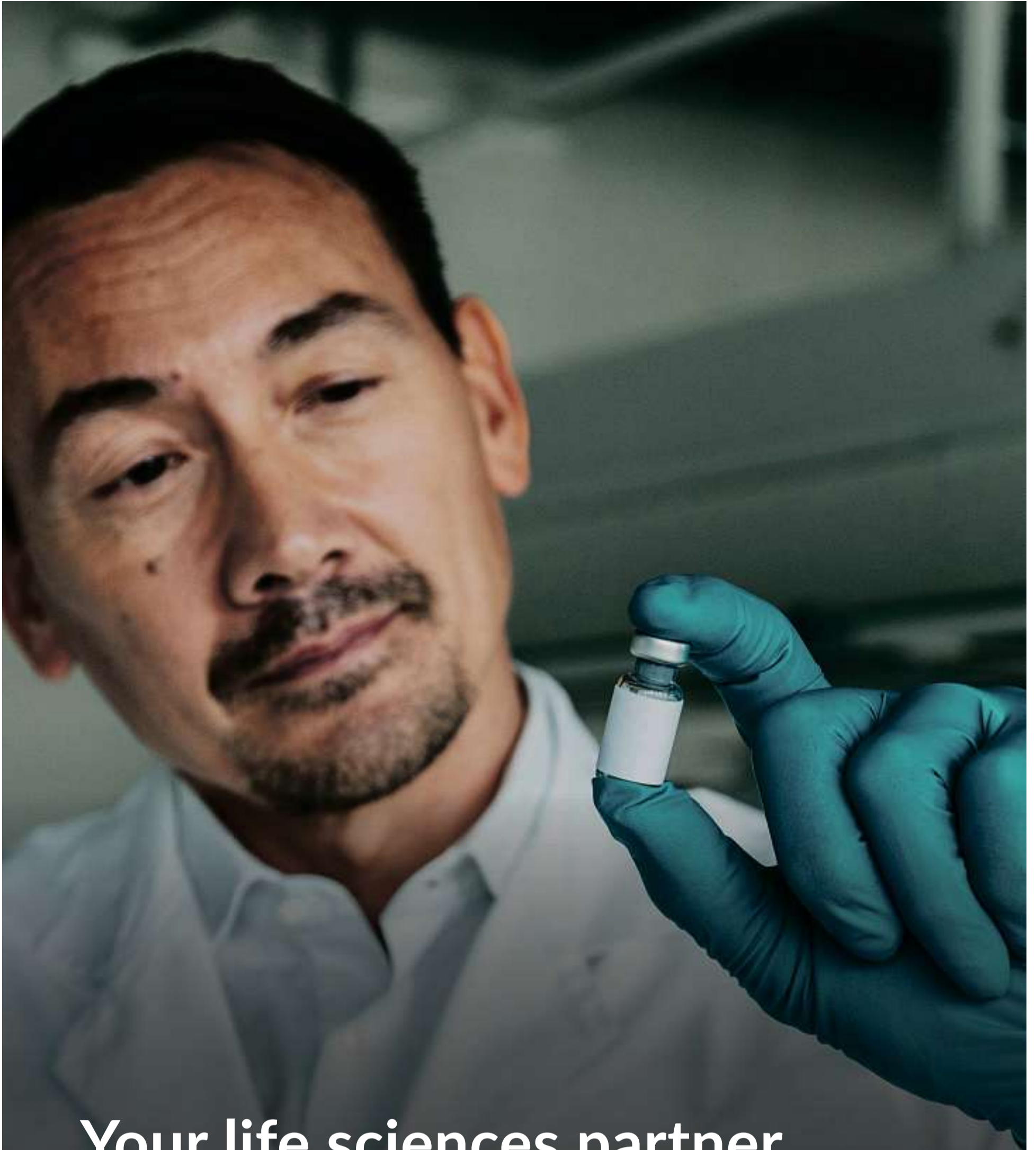
Gerard Baker, Editor at Large

Robert Thomson  
Chief Executive Officer, News Corp

Almar Latour  
Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:  
Daniel Bernard, Chief Experience Officer;  
Mae M. Cheng, EVP, General Manager, Leadership;  
David Cho, Barron’s Editor in Chief; Jason P. Conti, General Counsel, Chief Compliance Officer;  
Dianne DeSevo, Chief People Officer; Jared DiPalma, Chief Financial Officer; Frank Filippo, Chief Transformation Officer; Artem Fishman, Chief Technology Officer; David Martin, Chief Revenue Officer, Business Intelligence; Dan Shar, EVP, General Manager, Wealth & Investing; Ashok Sinha, SVP, Head of Communications; Josh Stinchcomb, EVP & Chief Revenue Officer, WSJ | Barron’s Group; Sherry Weiss, Chief Marketing Officer

EDITORIAL AND CORPORATE HEADQUARTERS:  
1211 Avenue of the Americas, New York, N.Y., 10036  
Telephone 1-800-DOWJONES



# Your life sciences partner.

Ontario's diversified health care sector is home to world-renowned research centres and cutting-edge advancements. Powered by a collaborative spirit and deep talent pool, Ontario is delivering the health care innovations of tomorrow.

Learn more at [InvestOntario.ca/YourInnovationPartner](https://InvestOntario.ca/YourInnovationPartner)

*Ontario*

Your innovation partner



Paid for by the Government of Ontario



# BUSINESS & FINANCE

© 2024 Dow Jones & Company. All Rights Reserved. THE WALL STREET JOURNAL. Thursday, March 21, 2024 | B1

S&P 5224.62 ▲ 0.89% S&P FIN ▲ 1.24% S&P IT ▲ 1.15% DJTRANS ▲ 1.80% WSJ \$IDX ▼ 0.29% 2-YR. TREAS. yield 4.604% NIKKEI (Midday) 40670.27 ▲ 1.67% See more at WSJ.com/Markets

## Paramount Studio Gets \$11 Billion Bid

### Offer from Apollo comes as parent weighs a Skydance merger overture

By JESSICA TOONKEL

Private-equity firm **Apollo Global Management** has made an \$11 billion offer to buy **Paramount Global's** film and TV studio, according to people familiar with the situation. The bid comes as an independent committee of the company's directors is reviewing another offer from **Skydance Media** to merge with all of Paramount, which also owns CBS, Nickelodeon and a number of other cable networks. Paramount's studio has long been an acquisition tar-

get. **Netflix** was among a number of companies that expressed interest over the past few years in buying the studio, which is behind such movies as "Top Gun: Maverick" and "A Quiet Place," according to other people familiar with the situation. Apollo could join with other companies to finance a deal. But Paramount Global's controlling shareholder, Shari Redstone, and other board members have resisted selling the studio, which they consider the crown jewel of the company. Redstone, who is open to selling Paramount in its entirety, would have to agree to breaking up the company and allowing a sale of the studio to proceed. Apollo's offer is more than the entire market capitaliza-

tion of Paramount Global, which is currently around \$7.7 billion. While the studio business is attractive, given its vast library and the demand for fresh programming in the streaming industry, Paramount's TV networks are declining as the cable business contracts. Bloomberg and Axios earlier reported on Apollo's interest in Paramount. Meanwhile, Skydance Media, the production company run by David Ellison, has made an offer to buy Paramount parent **National**

**Amusements** and merge Skydance into Paramount. Redstone controls National Amusements, which owns almost 80% of the voting shares of Paramount. The details of that offer couldn't be learned. Ellison is the son of billionaire Larry Ellison, the co-founder of Oracle, who is expected to help fund any deal. In evaluating the offers, Paramount's directors have to determine whether the deal would be good for all shareholders, not just its controlling shareholder, National Amusements.

### Several companies have shown interest in the studio over the past few years.

It has been months since news of the Skydance interest in National Amusements first surfaced late last year. So far this year, Paramount's stock has dropped more than 15% and closed Wednesday at \$12.51 per share, up 12%. Paramount also has had discussions with **Warner Bros. Discovery** about a merger, and has discussed a streaming partnership or joint venture with **Comcast**, The Wall Street Journal reported last month. The daughter of media mogul Sumner Redstone, Shari Redstone reunited the family's media empire by merging Viacom and CBS in 2019, later renaming the resulting company Paramount Global. —*Miriam Gottfried and Laura Cooper contributed to this article.*

## New Apple App Store Policies Face Legal Pushback

By AARON TILLEY AND BRADLEY OLSON

**Meta Platforms, Microsoft, X, Spotify and Match Group** filed legal petitions protesting **Apple's** app store policies, objecting to how the tech giant has complied with a federal court ruling that ordered Apple to allow alternative payment methods. The five companies, which have some of the most popular apps on the app store, join "Fortnite" maker **Epic Games** in protesting Apple's plan to charge a commission for payments made outside the app store. The briefing underscores the extent to which Apple's rivals and other technology players intend to continue fighting to force the iPhone maker to loosen its tight controls over third-party software. Apple charges a commission of up to 30% for purchases in the app store for services or one-time fees, a rate that developers say is too high. Apple has defended its right to charge the fees and said it invests in privacy and security measures that protect users. Please turn to page B10

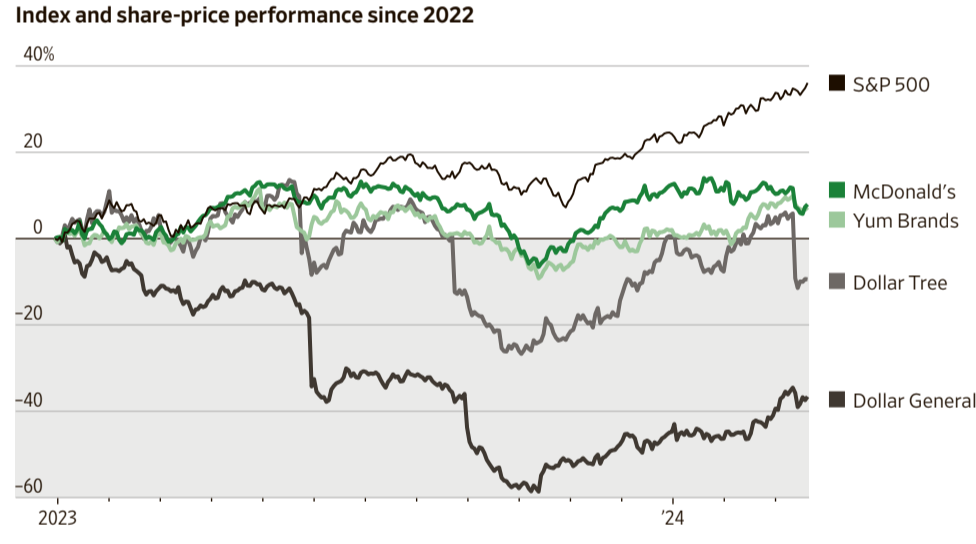
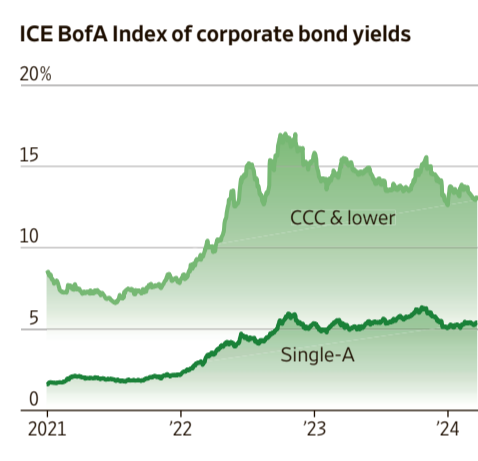
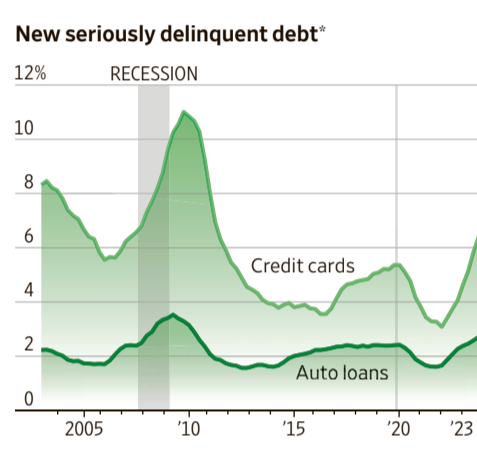


STREETWISE | By James Mackintosh

## American Dream Left Some in the Dust

Much of America's two-speed economy is powering ahead, but it's left a trail of destruction behind it. The laggards are starting to get into serious trouble, with the worst-hit, low-income consumers held back by powerful forces: higher interest rates, inflation and the depletion of pandemic-era support. This is terrible news for those left behind, and bad for investors in the companies that sell to them. It's hitting companies that are laggards, indebted and caught out by changes in the economy. Here's why:

**Higher rates hit selectively.** Those who borrowed or refinanced at pandemic-era near-zero rates—companies and homeowners with both sense and a solid credit score—haven't been hit by the highest rates in four decades. Who has been hit hard: Borrowers who didn't qualify for long-term fixed-rate loans and people who want to borrow now. Borrowers with lower credit scores take loans that are more expensive and often don't have fixed rates. Credit-card rates soared as the Fed tightened, from a postpandemic low of 16% to almost 23% for borrowers who don't pay in full each month. The same goes for firms. Low-rated junk-bond issuers



continued to issue short-dated bonds in 2021 while sturdier investment-grade companies locked in low rates for, on average, the longest this century. Since then, yields on CCC bonds, which are close to default, doubled to 13%. According to Moody's, junk-rated borrowers were much more likely to be downgraded further last year, a sign of their difficulties, than were investment-grade borrowers. Heavily indebted firms typically have to roll over debt frequently—which has

become much more expensive. For relatively healthy businesses, higher debt costs hit profit margins. For those struggling, such as office-building owners facing a work-from-home slump, it can be the final straw. Anyone who wants to buy a house or a car faces a double whammy of higher prices and far-higher rates. Few are even bothering to apply for a mortgage, with applications for loans to buy a home in the past year at their lowest since 1995. Those who achieved the American dream are fine, but it's getting further away for those reaching for it. **Inflation hurt low-income households more.** The cost of food, energy and rent rose far more than other items after the start of the pandemic, and made up a bigger share of consumption for the poor. Inflation experienced by the poorest fifth of society was 1.6 percentage points higher than for the richest fifth from March 2020 to June 2023, according to the latest data from the Bureau of Labor Statistics. Against that, jobs have been plentiful and wages for low-end jobs have risen faster than for top jobs. Until the past year, low-end wages rose fast enough to more than offset the higher inflation, according to figures from the Federal Reserve Please turn to page B11

## Trump's Supporters Drive Up SPAC Value

By AMRITH RAMKUMAR

Donald Trump's supporters are pushing to hand him a nearly \$3.5 billion windfall by driving up the value of his social-media platform, which is on the cusp of getting approval to list on the stock market. The windfall would come from Truth Social, the social-media platform he launched in 2021. After a twisted path that included tens of millions of dollars in losses and insider-trading convictions, the shell company taking Truth Social public became the market's latest meme stock. Trump's supporters banded together to push up the stock, valuing Truth Social at a staggering \$6 billion. Truth Social could go public as soon as next week, but the deal still needs to be approved by shareholders. Even if that happens, Trump must hold his Please turn to page B5



Nikola CEO Steve Girsky cites a shortage of pressurized fuel tanks and electric batteries.

## Nikola Hits Supply Roadblocks In Rollout of Hydrogen Trucks

By PAUL BERGER

Supply-chain shortages are slowing the rollout of **Nikola's** hydrogen-powered big rigs. Steve Girsky, Nikola's chief executive, says a shortage of pressurized fuel tanks and electric batteries is delaying production of the newest zero-emission technology for trucks. The hangups are hitting as

demand for zero-emission big rigs grows, especially in California, where new emissions regulations and generous grants are making the Class 8, heavy-duty trucks more attractive. "Right now, California has got tailwinds," Girsky said. "We could have sold a lot more than 35 trucks in the fourth quarter if we didn't have supply-chain issues. I

think we could sell a lot more than 30 to 35 in the first quarter if we didn't have supply-chain issues." Nikola is leading a pack of truck makers, including Kenworth and **Hyundai Motor**, developing hydrogen fuel-cell big rigs. The clean-energy trucks refuel faster than battery-electric trucks and can travel two or three times as fast. Please turn to page B2

## Reddit Prices Its IPO At Top of Its Range

By CORRIE DRIEBUSCH

Reddit priced its initial public offering at the high end of its targeted range, a sign that investor enthusiasm could be returning for new issues. Reddit, set to debut Thursday under the ticker "RDDT," priced its shares at \$34 a piece Wednesday, people familiar with the matter said. That would give the social-media company a valuation of around \$6.4 billion. That is at the top of where Reddit expected to be valued in the offering, but below the \$10 billion valuation it reached in 2021. The warm reception for Reddit and technology company **Astera Labs**, which had a successful IPO Wednesday, suggest the beleaguered IPO market of the past two-plus years could be turning a corner. Astera's shares closed up more than 70%. Astera—which makes semiconductor-based connectivity solutions that companies use to build cloud and artificial intelligence infrastructures—had priced its IPO on Tuesday \$2 above its targeted price range. Reddit placed a chunk of its

IPO in the hands of its most prolific users and reserved a portion for individual investors, an unusual move that could make the stock more volatile. The company set a relatively conservative price range for the offering, in part because it was cognizant that its loyal users would be buying the stock at the IPO price, people familiar with the matter said. Many of Reddit's users are bearish on the stock's prospects, though it remains to be seen how much those outspoken users could influence the stock's price, if at all. Redditors on the company's WallStreetBets message board and other subreddits, communities within Reddit focused on specific topics, have posted in recent weeks that they plan to avoid buying Reddit's stock and may even bet against it by way of shorting the company. Reddit is set to trade on the New York Stock Exchange. While a strong pricing doesn't guarantee Reddit's stock will trade well, it is typically an encouraging sign. Morgan Stanley won the lead role on the offerings of both Reddit and Astera.

## INSIDE



**BUSINESS NEWS**  
Boeing executive warns production woes will dent cash flow. **B3**



**HEARD ON THE STREET**  
Gucci's new look falls flat, pressuring its parent. **B12**

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>	General Mills.....B12	Nvidia.....B4,B12
Adobe.....B12	General Motors.....A7	<b>P</b>
Advanced Micro Devices.....B12	<b>H</b>	Pacific Dental Services....B4
Amazon.com.....B12	HomeStreet.....B11	Paramount Global.....B1,B11
Ancora.....B3	Huawei Technologies.....B12	Principal Financial.....B4
Apollo Global Management.....B1	Hudson Bay Capital.....B11	Progress Software.....B4
Apple.....B1,B12	Hyundai Motor.....B5	Prudential.....B3
Astera Labs.....B1	Hyve Managed Hosting.....B5	<b>R</b>
<b>B</b>	<b>I</b>	Reverence Capital Partners.....B11
Banc of California.....B11	IMC Logistics.....B2	<b>S</b>
Boeing.....A9,B3	Intel.....A2	Skydance Media.....B1
Broadcom.....B5	<b>J</b>	SolarWinds.....B4
<b>C</b>	JPMorgan Chase.....B4	Stone Point Capital.....B11
Canadian Pacific Kansas City.....B3	<b>K</b>	Super Micro.....B11
Centerbridge Partners.....B11	Kering.....B12	<b>T</b>
Change Healthcare.....B4	<b>L</b>	Tencent.....B2
China Eastern Airlines.....A9	Liberty Strategic Capital.....B11	Toyota Motor.....A7
Chipotle Mexican Grill.....B11	Lonza.....B3	TPG.....B11
Comcast.....B1	<b>M</b>	<b>U</b>
<b>D</b>	Match.....B1	Unilever.....B2
Digital World Acquisition.....B5	McDonald's.....B11	<b>V</b>
<b>E</b>	Meta Platforms.....B1,B12	Voya Financial.....B4
Epic Games.....B1	Micron Technology.....A2,B12	<b>W</b>
<b>F - G</b>	Microsoft.....B1,B12	Warburg Pincus.....B11
FirstSun Capital Bancorp.....B11	<b>N</b>	Warner Bros. Discovery.....B1
FlameNetworks.....B5	National Amusements.....B1	Wellington Management.....B11
	Netflix.....B1	<b>Y</b>
	New York Community Bank.....B11	Yum Brands.....B11
	Nikola.....B1	
	Norfolk Southern.....B3	

INDEX TO PEOPLE

<b>A</b>	Gillis, Jim.....B2	<b>O</b>
Adams, Nicholas.....B11	Girsky, Steve.....B1	Opet, Pat.....B4
Anderson, Meg.....B4	Gwinn, Blake.....A2	Orr, John.....B3
Arcuri, Tim.....B12	<b>H</b>	<b>P</b>
Arya, Vivek.....B12	Harmening, Jeff.....B12	Platt, Charles.....B2
<b>B</b>	Huang, Jensen.....B12	<b>R</b>
Berlinski, Milton.....B11	Hughes, Stacy.....B4	Redstone, Shari.....B1
Brown, Mike.....B11	<b>J</b>	<b>S</b>
<b>C</b>	Jope, Alan.....B2	Sarno, Sabato de.....B12
Carmody, Chris.....B4	<b>K</b>	Schumacher, Hein.....B2
<b>D</b>	Klymochko, Julian.....B5	Stockton, Adam.....A12
Davis, Joseph.....A2	Knutzen, Erik.....B11	Swonk, Diane.....A2
Duncan, Paul.....B3	<b>L</b>	<b>T</b>
<b>E</b>	Lau, Martin.....B2	Tan, Hock.....B5
Ellison, David.....B1	<b>M</b>	<b>W - Z</b>
Ellison, Larry.....B1	McMillan, Brad.....B11	Wadhvani, Anil.....B3
<b>G</b>	Mnuchin, Steven.....B11	West, Brian.....B3
Gelsinger, Pat.....A2	Moore, Joseph.....B12	Zilberman, Dan.....B11
George, Nemi.....B4	Musk, Elon.....A7	

Nikola Hits Roadblocks On Supplies

Continued from page B1

far between refueling, but they also are far more expensive to buy than diesel big rigs.

Girsky said that because the technology is so new, suppliers are hitting snarls as they shift from prototypes to full commercial production.

Nikola began delivering its first hydrogen-powered trucks at the end of last year and expects to deliver up to 350 of the big rigs this year.

Company executives said it cost about \$679,000 per vehicle to build the trucks in the fourth quarter, in part because supplier delays meant parts had to be flown in from Europe. They said the average selling price of \$351,000 per vehicle in the same period was dragged down because of legacy deals.

Nikola officials say they expect selling prices will rise this year and per-truck production costs will fall as parts deliveries improve, allowing the truck maker to use cheaper ocean shipping.

Girsky said the rigs are in highest demand in California, where regulators have introduced some of the toughest rules against diesel-fueled trucks in the country. He said sales in other parts of the country are slower because of a lack of a hydrogen-refueling infrastructure.

Nikola is opening its own hydrogen refueling stations to support demand for its trucks, but for now it is limiting the stations to California. It opened its first refueling sta-

tion in Ontario, Calif., in February and expects eight more stations to open in the state by the end of June.

Girsky said the fueling stations are also running into supply-chain delays as the makers of a new generation of mobile fuelers "face teething pains also."

A shortage of places to refuel and recharge zero-emission trucks is a major hurdle for carriers investing in the vehicles. The Biden administration is trying to guide and speed up investments in the infrastructure and recently launched a strategy laying out where and when refueling stations will be needed over the next 15 years.

The availability and cost of fuel is also a major impediment for hydrogen trucks. The Biden administration is awarding \$7 billion in grants for seven regional hubs to boost production and lower the cost of clean hydrogen, which is currently several times more expensive than diesel.

Jim Gillis, president of the Pacific region for Collierville, Tenn.-based carrier **IMC Logistics**, received his first 10 hydrogen-powered Nikola trucks in February and expects to take 10 more before the end of March.

Gillis said he is pleased with the quick refueling time and long range of the trucks but has concerns that if grants and subsidies recede and costs go up, "are you really building something that is long-term worthwhile?"

Others in the trucking industry share the concern that investing in any one technology, such as hydrogen or battery-electric, could prove a costly mistake if a particular technology or company falls out of favor or goes out of business.

BUSINESS & FINANCE

Tencent's Results Disappoint

By TRACY QU

Tencent reported worse-than-expected results in the fourth quarter as the Chinese technology giant navigated a slowing economy.

The videogame and social-media company on Wednesday said its fourth-quarter net profit slumped 75% to 27.025 billion yuan, or \$3.75 billion, attributing the decline to a 106.6 billion yuan gain from the disposal of its stake in Chinese food-delivery giant Meituan a year earlier.

The Shenzhen-based company said revenue for the period rose 7.1% to 155.2 billion yuan.

Both measures missed the expectations of analysts polled by FactSet.

The results come as Beijing strikes a positive tone on the country's tech industry. Chinese Premier Li Qiang in March called artificial intelligence an important engine for "new pro-

ductive forces," state media reported.

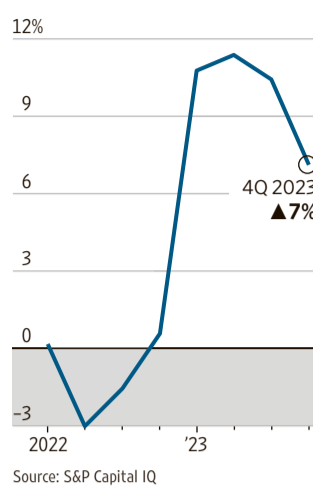
Tencent said revenue from its bread-and-butter game and social-network business, which accounted for 45% of the top line, fell 2% to 69.08 billion yuan for the fourth quarter. Domestic game sales declined 3% to 27 billion yuan, while international game sales increased 1% to 13.9 billion yuan.

At a briefing after the results, Tencent President Martin Lau acknowledged that revenue from the domestic game business has been soft in 2023, saying that monetization stagnated for its two major games, "Peacekeeper Elite" and "Honor of Kings."

But the company expects an improvement from the second quarter, he said. Blockbuster title "Dungeon & Fighter Mobile" will also be launched then.

The improved outlook is the latest sign that things are looking up for the videogame maker. Beijing has softened its

Tencent's quarterly revenue, change from a year earlier



Source: S&P Capital IQ

and its Korean partner Nexon. The moves are being seen as part of efforts to reverse a prolonged decline in the country's stock markets and support a slowing economy.

Tencent's shares have yet to fully recover to where they were in late December, when they plunged 12% in a single day—shedding about \$46 billion in market value—after China's videogame regulator proposed measures to limit the time and money people spend on computer and smartphone games.

Shares closed on Wednesday at 288.80 Hong Kong dollars each, or US\$36.91, compared with around HK\$310 in late 2023.

The company said it would issue a final dividend of HK\$3.40 a share for 2023, up from HK\$2.40 in 2022. It also intends to at least double the size of share buybacks to over HK\$100 billion this year from HK\$49 billion in 2023.

stance on the videogame sector in recent months, with gaming approvals appearing to be back on track.

Chinese regulators in February approved a new batch of imported titles, including the DnF Mobile game from Tencent

Arizona Law Firms Attract Investors

By ERIN MULVANEY

Arizona launched a program to expand access to legal services for people who can't afford or find lawyers. Three years later, the program is catching Wall Street's eye.

In most states, the owners of law firms need to be attorneys. But the Arizona Supreme Court lifted that barrier, and since 2021, nonlawyers can apply to open firms, known as Alternative Business Structures, to provide legal services in the state.

Hedge funds, private-equity groups and other investors are exploring Arizona's unusual opportunity to have an equity stake in law firms.

"Every other business is allowed to take growth capital to pay their expenses," said Ted Farrell, who runs Litigation Funding Advisers, which consults in the legal finance market. "The question is, how much smart money wants to get in bed with lawyers?"

It turns out, plenty. As much as 40% of the legal businesses approved as Alternative Business Structures are backed by private equity or hedge funds, according to an estimate by a program com-

mittee member.

Charles Platt, chief executive of Cartiga, an investment firm that funds civil litigation, said he created an Arizona business to make the process of partnering with law firms more efficient. His firm works with lawyers around the country. "We thought, 'Is there some way to enhance and measure the value of what a lawyer delivers in what we think is an overly long process?'" Platt said. "Having nonlawyer ownership would advance the ability to get to the bottom of the question."

Arizona's nascent program is potentially the tip of the spear, testing what would be a paradigm shift in how to structure law firms. The program thrust the state into the center of debate both about how to expand access to legal services and about who profits off the legal ecosystem.

The idea behind Arizona's program is to bring in capital to make it possible for legal

businesses to open that otherwise wouldn't be able to. Many states have been looking to unconventional solutions to address the dearth of lawyers available to help people with critical services such as evictions, divorces and immigration law. It is common for people to represent themselves in court.

Critics of nonlawyer ownership of law firms raise ethics concerns and fears that the businesses would give priority to profit over the interests of clients. Efforts failed in California and Florida to create similar plans. Only Utah and Washington, D.C., allow comparable structures.

The Arizona Supreme Court has approved 70 applications, and there are at least 40 more applications in the queue. A special committee and court staff review the applications before sending them to the state supreme court for final approval.

So far, a handful of the new

firms help with immigration, family law or social-justice issues, which the program's proponents hope will help people who can't afford traditional legal fees.

Other new Arizona firms range from technology platforms that generate court documents for cheap to traditional business law outfits that help perform general legal work. Others provide services in niche areas, such as bounty hunting, while some handle tax services or estate planning. There is one that focuses, in part, on legal issues in the metaverse.

About one-third of the new firms specialize in personal-injury claims and mass tort litigation, which is where investors have turned their attention, making Arizona's fledgling program a potential runway for litigation financiers.

"The most surprising thing—in our naiveté—were the numbers of either marketing companies or private equity from out of state that were interested in investing in law firms," said Lynda Shely, an Arizona attorney who sits on the committee that oversees the program.

Ben & Jerry's to Retain Mission After Sale

By SAABIRA CHAUDHURI

When **Unilever** won a bidding war for Ben & Jerry's in 2000, its ownership of the progressive purveyor of whimsically named ice creams was seen as a coup. Now it plans to unload the brand, putting an end to one of the corporate world's more unusual and torturous partnerships.

The consumer-goods giant said Tuesday it would hive off and likely publicly list its ice-cream business, the world's largest with annual sales of \$8.6 billion and other leading brands including Magnum, Breyer's and Klondike. Unilever is open to a sale if it gets an offer it deems acceptable.

The move will relieve Unilever of what has been a weak-performing division in recent years. It will also rid Unilever of a brand that has taken its parent company on a number of unwelcome detours into the culture wars in recent years.

For Ben & Jerry's, the divorce from Unilever comes when Americans are already buying less ice cream over rising concerns about sugar and obesity, and more competition from other desserts. The tough economic environment and the growing popularity of weight-loss drugs, which have hit demand for some high-calorie foods, are also concerns.

Those factors, the large size of the company's overall ice-cream business and the cost and complication of needing to operate a sprawling chilled-logistics network will likely limit appetite among would-be bidders for the business, analysts say.

Any buyer, or a new stand-alone entity spun off to Unilever's shareholders, would also need to abide by the unusual acquisition agreement the company struck back in 2000. That allowed the ice-cream brand to have an independent board



The brand stopped sales in Jewish settlements in the West Bank in 2021, stirring protest.

that retained decision-making about its social mission.

Under the deal, Ben & Jerry's owner can't fire its independent board. That agreement stands even in the event of a sale, according to Jeff Furman, who as the brand's treasurer had to approve the deal in 2000, and served on Ben & Jerry's independent board for nearly 40 years until 2018.

Ben & Jerry's said it remained committed to its mission—focused on product quality, profitability and improving society—"regardless of any new ownership structure."

For many years the relationship between Unilever and Ben & Jerry's was largely positive, even when the parent company didn't agree with the brand's stances.

Relations were cordial as recently as 2019, when then Unilever Chief Executive Alan Jope visited the ice-cream brand's base in Vermont, meeting with founders Ben Cohen and Jerry Greenfield. At conferences, Jope highlighted Ben & Jerry's

as an example of what he wanted many of Unilever's products to be—a brand that had purpose as its core.

Beneath the surface, though, tensions were bubbling. Ben & Jerry's had become increasingly vocal after Donald Trump's election as president.

In 2018, Ben & Jerry's launched Pecan Resist, a rebranding of its New York Super Fudge Chunk chocolate ice cream. The flavor supported those "fighting against President Trump's regressive agenda," the brand said at the time. The brand's foray into U.S. politics made for uncomfortable watching back at Unilever's London headquarters, with Jope reluctant for brands to dive into issues he saw as being divisive.

That was particularly the case in 2021, when Ben & Jerry's halted sales of its products in Jewish settlements in the Israeli-occupied West Bank and contested East Jerusalem, saying selling there was inconsistent with its values.

The backlash was swift and savage. Israel's prime minister denounced the move, many consumers reacted furiously on social media and some pension funds sold Unilever holdings.

Unilever found a way through by striking a deal to sell Ben & Jerry's business in Israel, which allowed sales of the ice-cream brand to continue.

In response, Ben & Jerry's—in a move virtually unheard of in the corporate world—sued its parent company, alleging Unilever had violated the acquisition agreement that gave the brand full control over its social mission. The two sides eventually settled but tensions have continued.

Friction with Ben & Jerry's wasn't the driving strategic factor in Unilever's decision to spin off its ice-cream business, according to a person familiar with the matter. Under CEO Hein Schumacher, who took over in 2023, Unilever has been working to drive higher sales growth by focusing on fewer categories and brands.

Listen to a Podcast: Why Women Are Leaving Goldman Sachs



Scan this code for a podcast on why senior female executives at Goldman Sachs, such as Stephanie Cohen, above, have been heading for the door despite the Wall Street giant's promise to promote women.





## BUSINESS NEWS

# Production Woes Hit Boeing's Cash

By SHARON TERLEP

Boeing's top finance executive warned investors that the company's production problems would result in a steep hit to its cash flow this quarter.

At an investor conference, Brian West said the company would take a hit of between \$4 billion and \$4.5 billion for the current quarter, larger than it previously forecast.

Analysts had expected the company to have roughly \$1 billion in negative cash flow for the first quarter, according to FactSet.

They forecast about \$5 billion in positive cash flow for 2024.

West also noted an acquisition of Spirit AeroSystems would be funded with cash and debt access on hand rather than an equity raise.

Boeing shares closed up more than 3% Wednesday. Analysts had been awaiting specifics on the cash hit, which was widely expected.

Boeing has been producing and delivering far fewer aircraft since a midair accident on a Jan. 5 Alaska Airlines flight, as it weeds out quality problems and faces regulatory scrutiny.

The slowdown means the company's operations are burning cash.

Analysts expect the com-



Boeing has been producing and delivering far fewer aircraft since a midair accident on a Jan. 5 Alaska Airlines flight.

pany to deliver roughly 15 737s a month for the next few months, down from the more than 40 a month being delivered at the end of 2023.

West said the company would ramp up production

later in the year.

He said Boeing was taking more measures to reduce so-called traveled work, where problems with parts or aircraft are moved along its production lines and addressed

later. That effort will also slow production.

He added that the company would need more time to meet its annual free cash flow target of about \$10 billion.

The company envisions

reaching its target on that closely watched metric by 2025 or 2026.

"We believe that the actions that we're taking right now better position us for that long term," West said.

# Prudential PLC Sees Progress in Meeting Goals

By SHERRY QIN

Prudential PLC reported higher adjusted operating profit for 2023 and said it has seen progress in achieving its 2027 growth goals.

The insurance-and-investment business said on Wednesday that its 2023 IFRS-adjusted operating profit was \$2.89 billion, up

from \$2.72 billion in 2022, thanks to lower central costs and higher earnings from Eastspring, its asset-management business.

Prudential's new-business profit increased 45% to \$3.125 billion, which the company attributed to its shift of focus to Asian and African markets.

Hong Kong contributed

45% of Prudential's new-business profit, benefiting from the lifting of Covid-19 pandemic restrictions in China and Hong Kong in early 2023.

The insurance company expects sustained growth in Hong Kong because of continued domestic and mainland Chinese demand.

Last year, Prudential set out two new objectives for

2027 after Chief Executive Anil Wadhvani joined the company in February 2023.

Prudential is targeting a compound annual growth rate of 15% to 20% for new-business profit over 2022-2027.

Meanwhile, it is also aiming for a double-digit compound annual growth for its in-force insurance and asset-

management business.

Prudential said it has seen "early signs of progress" across the business in meeting those targets.

"We are increasingly confident in achieving our 2027 financial and strategic objectives" after a strong year and continued sales growth in the first two months of 2024, Wadhvani said.

# Industry Veteran Hired to Replace Norfolk Southern Operations Chief

By DEAN SEAL

Norfolk Southern has hired John Orr, the chief transformation officer of Canadian Pacific Kansas City, to replace its chief operating officer as a fight for control of the company heats up.

The railroad operator said Wednesday that Paul Duncan has stepped down as operations chief to pursue other opportunities. Duncan was appointed to the role at the beginning of last year, about a month before a toxic Norfolk Southern train derailment in Ohio that rattled the railroad industry.

Norfolk Southern called Orr a four-decade veteran in the industry who was key in turning around Canadian Pacific Kansas City's operations in Mexico and drove significant improvements in Canadian National Railway's performance.

The move comes as Norfolk Southern battles Ancora Holdings' efforts to oust Norfolk's board and C-suite. The activist investor has said it launched the proxy fight because the railroad has inefficient operations and failed to meet financial targets.

Norfolk Southern sent a letter to shareholders on Wednesday, urging them to vote for its slate of director nominees and



The move comes as the railroad operator battles an activist.

saying Ancora's proposed overhaul would destroy the company's long-term value.

The railroad nodded to Orr's recruitment as a sign that the company's current leaders are steering it in the right direction.

In order to hire Orr, Norfolk Southern paid Canadian Pacific Kansas City a one-time \$25 million fee to waive his noncompetition agreement.

Norfolk Southern also has agreed to certain operational and commercial considerations related to the Meridian Speedway and the Meridian Terminal that will create new value for Canadian Pacific Kansas City's proposed Meridian &

Bigbee Railroad acquisition.

On top of that, Norfolk Southern has agreed to limited no-hire and nonsolicitation restrictions for a short list of other Canadian Pacific Kansas City employees.

Orr will remain subject to his nonsolicitation restrictions. He was appointed chief transformation officer of Canadian Pacific Kansas City about a year ago and served as executive vice president of operations for Kansas City Southern for two years before that.

Canadian Pacific Kansas City said it doesn't intend to appoint a new chief transformation officer.

*This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below), and the provisions herein are subject in their entirety to the provisions of the Offer (as defined below). The Offer is made solely by the offer document referred to herein. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any state or country in which the making of the Offer or the acceptance thereof would not be in compliance with the securities or other laws of such state or country.*



## Notice regarding a public delisting acquisition offer to the shareholders of Telefónica Deutschland Holding AG

Telefónica Local Services GmbH ("Bidder"), a wholly-owned subsidiary of Telefónica, S.A., is making an offer to acquire all non-par value registered shares in Telefónica Deutschland Holding AG (each a "Share") not yet held by the Bidder for a cash consideration of €2.35 per Share pursuant to an offer document approved by the German Federal Financial Supervisory Authority on the date hereof (the "Offer").

The acceptance period for the Offer commences today and expires on April 18, 2024 (inclusive), unless extended by law.

While the Bidder has published a non-binding English convenience translation of the offer document, the German version is the only binding offer document. Both versions, which include the terms of the Offer as well as other information, are available, free of charge, at <https://www.td-offer.com>. Copies of the offer document are also available through the Offer's settlement agent, BNP Paribas S.A. (Niederlassung Deutschland, Senckenberganlage 19, 60325 Frankfurt, Federal Republic of Germany; fax +49 (0)69 - 1520 5277; email [frankfurt.gct.operations@bnpparibas.com](mailto:frankfurt.gct.operations@bnpparibas.com)).  
Ismaning, March 20, 2024

Telefónica Local Services GmbH

## Listen to a Podcast: How Two Binance Employees Ended Up Detained in Nigeria



Two Binance employees, Tigran Gambaryan and Nadeem Anjarwalla, are being held by Nigerian authorities in a guarded house. According to their families, they haven't been charged with any crimes. Scan this code for a podcast with WSJ's Caitlin Ostroff on how the two men ended up there and why crypto is being blamed for the country's currency collapse.

TECHNOLOGY

# Cyber Chiefs Take Aim at Supply Chains

Security executives beef up oversight of suppliers in wake of extensive attacks

By JAMES RUNDLE

Companies are ramping up oversight of suppliers after major supply-chain cyberattacks have affected thousands of businesses and breached data on millions of customers.

Previously content with periodic questionnaires about supplier controls, corporate security chiefs are demanding stricter contractual terms around when and how their suppliers must notify them that they have experienced a cyberattack. Many now require third-party providers to adhere more closely to best practices from the U.S. Commerce Department's National Institute of Standards and Technology, and others.

"The way in which third-party dependencies are managed is probably insufficient for today's market, given the threat outlook and the sophistication of the actors that are engaged in either social engineering tactics or in ransomware operations," said Pat Opet, global chief information security officer at banking giant JPMorgan Chase.

High-profile breaches show how quickly a hack of one widely used software tool or service provider can spread. After Change Healthcare, a medical-technology company that operates the largest U.S. clearinghouse for insurance billing and payment, shut down its services following a cyberattack on Feb. 21, the outage threw the healthcare sector into crisis. Many medical providers, which have been unable to bill their insurance providers, haven't been able to collect revenue for weeks. Some have furloughed staff and considered closing.



The University of Pittsburgh Medical Center holds would-be vendors to a protocol that incorporates federal security standards.

In May 2023, hackers exploited a vulnerability in Progress Software's MoveIt file-transfer tool, resulting in the compromise of more than 2,600 companies, government agencies and other organizations.

Other recent significant supply-chain attacks include the compromise of software developed by SolarWinds, disclosed in late 2020, and a breach of technology services provider Kaseya in June 2021.

"Every organization should be looking where their sensitive data is, if third and fourth parties have access to that data, and if those organizations have a good data classification policy," said Stacy Hughes, CISO at investment management firm Voya Financial.

Some companies are creat-

ing strict guidelines for their suppliers to follow around data and cybersecurity. JPMorgan, for instance, has a detailed process by which it expects suppliers to inform it of attacks, including impact assessments on the bank and its data. The company expects its suppliers to follow a specific sequence of steps when they suffer a cyberattack, and its incident-response plans.

New rules from regulators in the state of New York oblige financial institutions to exercise oversight on their third-party suppliers, given the potential for attacks on one supplier to spread quickly to customers. Cybersecurity rules from the Securities and Exchange Commission, which went into effect in December, require companies to disclose how they keep an eye on their

providers. Stock-exchange operator Nasdaq said in its latest regulatory filing that it regularly reviews its suppliers' compliance with industry security standards such as the Service Organization Control Type 2 framework, or SOC2, developed by the American Institute of Certified Public Accountants to govern how client data is stored. Chip maker Nvidia also assesses its suppliers' compliance with best-practice controls, and physical security requirements, it said.

For CISOs who want to hold suppliers more accountable, strict contract provisions can be hard to win.

A company may have its own template ready but so do suppliers, said Meg Anderson, CISO at insurance and invest-

ment management firm Principal Financial.

"While we might start out with, 'We want to be notified within 48 hours,' for example, they may strike that and say that's too soon," Anderson said.

Nemi George, CISO at Pacific Dental Services, said the best time to request data-breach requirements is at the start of a partnership. "If you don't get these things in early, chances are you're not going to get them," he said.

At the University of Pittsburgh Medical Center, CISO Chris Carmody holds prospective vendors to protocols including Hitrust, a framework that incorporates federal security standards. If doctors or nurses want to use a product from a company that isn't Hitrust-certified, Carmody ne-

gotiates a timetable for it to get the credential.

"We push hard on vendors to demonstrate to us that they take cybersecurity seriously," he said.

Under the federal Health Insurance Portability and Accountability Act, the business partners of healthcare organizations must disclose data breaches to the care provider "without unreasonable delay" or within 60 days. UPMC requests notification as soon as possible. The medical center can potentially head off disruptions to patient care and Carmody's team can help the partner recover, he said.

"Even if they have an inkling of something going on, we want to be informed," he said.

JPMorgan goes further, applying the same threat intelligence that it uses for its own defense to its critical suppliers, and informs them if it becomes aware they are at risk.

"That gives us more transparency in where we think risk is growing and an opportunity to hopefully tip off or prevent attacks before they start," Opet said.

Cybersecurity agencies such as the U.S. Cybersecurity and Infrastructure Security Agency and the U.K.'s National Cyber Security Centre run similar programs, in which they scan for compromise indicators and inform companies if they are at risk of attack. But few private companies have the resources for such a program.

"That's hard to scale, and hard for many organizations to do, but has been beneficial to us in general," Opet said.

—Catherine Stupp and Kim S. Nash contributed to this article.



## EVERY TIME THERE'S A GLITCH OUT HERE, YOUR BOTTOM LINE FEELS IT TOO

Make every user experience exceptional with the data to see what matters most.

Every bad user experience is bad for business. Only NETSCOUT delivers the comprehensive, essential data it takes to get clear insights into every user experience and pinpoint issues faster. Insights that make every interaction safer, faster, and flawless – from the edge to the cloud at enterprise scale – and keep your organization unstoppable.

Better visibility makes better user experiences [netscout.com/betterdata](https://www.netscout.com/betterdata)



Mission Critical Apps | DDoS Protection  
Network Detection & Response | 5G Service Assurance

**NETSCOUT**  
Guardians of the Connected World

BUSINESS & FINANCE

# Broadcom Faces Flap Over VMware Changes

Europe trade group urges regulators to review price rise and business-model shift

By ISABELLE BOUSQUETTE

A Europe-based trade group Tuesday asked regulators to intervene in pricing and business model changes made by **Broadcom** to VMware, a cloud-computing and virtualization company it acquired late last year.

Members of the group, known as Cloud Infrastructure Service Providers of Europe, or CISPE, said that changes taking place this month within the Broadcom VMware partnership program mean that companies that license and then resell VMware software will need to eat higher costs internally or pass them onto customers.

VMware partners attribute higher prices to a combination of factors including VMware moving from perpetual licenses to a subscription model and changing the way it calculates

billing. Broadcom said the changes will result in better value for customers in the long term.

CISPE in a release wrote that as a market leader in the cloud virtualization sector, Broadcom's VMware should be regarded as a "gatekeeper" under the terms of the European Union's Digital Markets Act, adding: "Its actions should be seen as those of a dominant player as it forces 'take it or leave it' terms on customers." Francisco Mingorance, secretary general of CISPE, said he was calling on both European and national regulatory bodies to institute a freeze on the termination of existing contracts.

Those partners who want to walk away say they need at least a year to make that happen; moving away from VMware can be incredibly costly and require years of time as well as specialized, in-demand talent.

"It's a very big mess," said Mingorance about the changes. "They hold the knife." CISPE members include cloud giant

Amazon Web Services, which declined to comment for this article, as well as smaller service providers such as U.K.-based **Hyve Managed Hosting** and Italy-based **FlameNetworks**.

Founded in 1998, VMware is a pioneer of virtualization, a critical building block for what would become cloud computing, in which hardware, such as a physical server, can be swapped out for software. Broadcom's \$69 billion acquisition of the company was completed in November, followed by a flurry of changes.

Broadcom has made its name in part by acquiring tech companies, then cutting costs and leveraging the company's growing pricing power.

"We overhauled our software portfolio, our go-to-market approach and the overall organizational structure. We've changed how and through whom we will sell our software, said Broadcom CEO Hock Tan in a March 14 blog post. "And we've completed the software business-model transition that began to accelerate in 2019,



Some relationships were terminated while others have to sign new contracts by month-end.

from selling perpetual software to subscription licensing only—the industry standard."

Broadcom declined to comment on CISPE's release beyond sharing the blog post.

The overhaul has drawn the attention of chief information officers.

"Of course, we recognize that this level of change has understandably created some unease among our customers and partners," Tan wrote, adding that the moves come with the goals of innovating faster, meeting customers' needs effectively

and making it easier to do business with the company, as well as aid in profitability and market opportunity.

Among the changes were an overhaul of VMware's partner network. Some partner relationships were terminated while others were invited to remain, with a deadline of the end of this month to sign new contracts.

Hyve was invited to continue. Director and co-founder Jake Madders says he is concerned about the new minimum spend required by the new contract—

higher than the previous minimum spend—and new billing structure. Madders said he doesn't have time to approach customers about the new costs before locking into the new contract.

He said that he would have to pass on the higher costs to Hyve's customers or in some cases eat those costs internally. The risk of raising costs with customers is that they might opt to move away from buying VMware, leaving Hyve stuck with the minimum spend anyway.

## Supporters Drive Up SPAC Value

Continued from page B1

shares for six months. Truth Social was created by Trump when he was bounced from the major social-media platforms. Since the presidential candidate was reinstated by Facebook and X, formerly known as Twitter, Truth Social has instead become a potential huge paycheck.

Truth Social's parent is set to go public by combining with a special-purpose acquisition

company, or SPAC. Its shareholders, nearly all Trump supporters, are expected to approve the merger Friday morning. Trump's company could replace the shell company in the stock market as soon as Monday. The new ticker would be DJT, Trump's initials.

If the deal goes through, Trump's \$3.5 billion windfall could ease his financial pressure and boost his political campaign.

The deal is as stunning as it is unusual. Truth Social was created by Trump after he was bounced off other social-media platforms. The platform has failed to catch on with users and its financial performance has been dismal. The platform has logged about \$5 million in

sales since its launch three years ago and burned through the roughly \$40 million it raised from convertible notes.

That hasn't mattered as long as shares of **Digital World Acquisition**, the SPAC aiming to merge with Truth Social, are soaring. The stock rose 18% to nearly \$43 Wednesday, implying a valuation of roughly \$6 billion for Truth Social. Trump would own about 60% of the public company.

"There seems to be an unwritten agreement between tens of thousands of traders

that the more political momentum Trump has, the more the stock should trade higher," said Julian Klymochko, who manages a SPAC-focused fund at Accelerate Financial Technologies.

"It's more of a political statement and a quasi betting tool on the election."

The potential windfall comes at a crucial time for Trump. On Monday, Trump faces a deadline to obtain a bond

to guarantee payment of a \$454 million civil-fraud judgment against him. His campaign is lagging behind President Biden's in cash, weighed

down in part by Trump's legal bills.

The outcome of the vote and Trump's ultimate payoff are still uncertain. Friday's vote could still be postponed, though it is in the financial interest of everyone involved to approve the deal. The company has previously struggled to get the army of individual investors to vote on other decisions that were in their interest.

Trump would have to hold the shares for six months before selling, meaning he can't touch the cash until the end of September. He could request a waiver to sell his stake or borrow against it, regulatory filings show. It is unclear whether insurers that would back the bond would accept these shares.

Over the six months, Truth Social could continue to struggle. Though the company could get several hundred million dollars from the deal, it has failed to become a competitor to bigger platforms. Trump has been reinstated on both X—formerly known as Twitter—and Facebook.

The expectation that Trump would dump his shares as soon as possible could also tank the stock price.

Also called a blank-check firm, a SPAC like Digital World is a shell company that raises money and trades publicly with the sole intent of merging with a private firm to take it public.

Such deals exploded in 2020 and 2021 as alternatives to traditional initial public offerings for buzzy startups.

**The potential \$3.5 billion would come at a crucial time for Trump.**

The Principled Achievement Award is presented annually to an individual who demonstrates a passion to make a difference in the world through their leadership. The recipient embraces the tenets of the William & Mary Honor Code, serves as a role model for principled leadership, promotes diversity of thought, and demonstrates ethical, compassionate behavior. The 2024 recipient is Sean McDermott, Head Coach of the Buffalo Bills.

 **William & Mary**  
Raymond A. Mason School of Business

mason.wm.edu

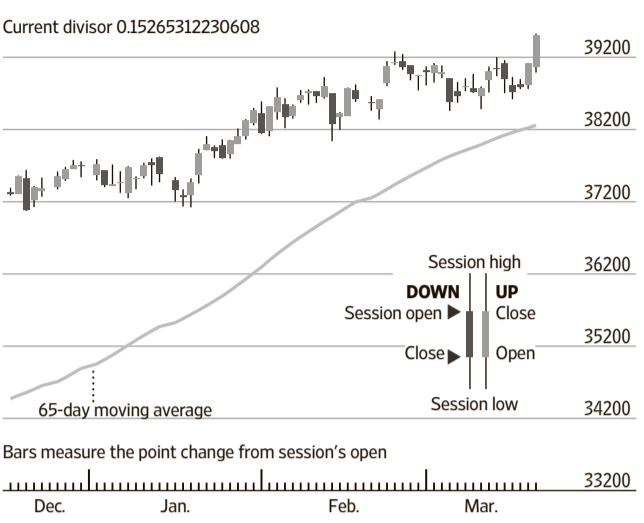
# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

**39512.13** ▲401.37, or 1.03%  
High, low, open and close for each trading day of the past three months.

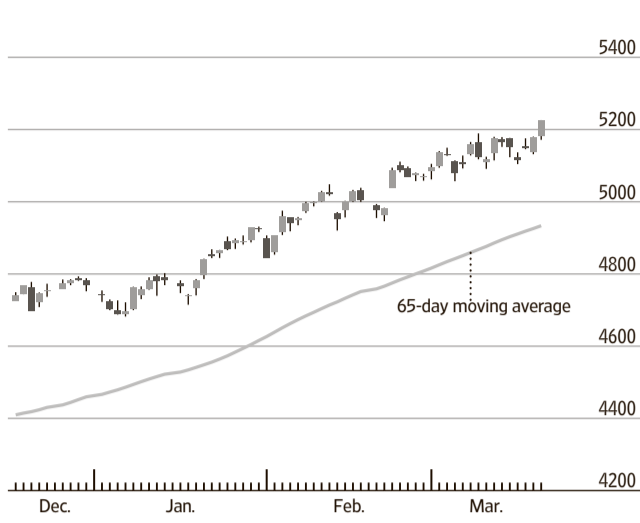
Last Year ago  
Trailing P/E ratio 27.49 21.27  
P/E estimate \* 18.76 17.04  
Dividend yield 1.82 2.19  
All-time high 39512.13, 03/20/24



### S&P 500 Index

**5224.62** ▲46.11, or 0.89%  
High, low, open and close for each trading day of the past three months.

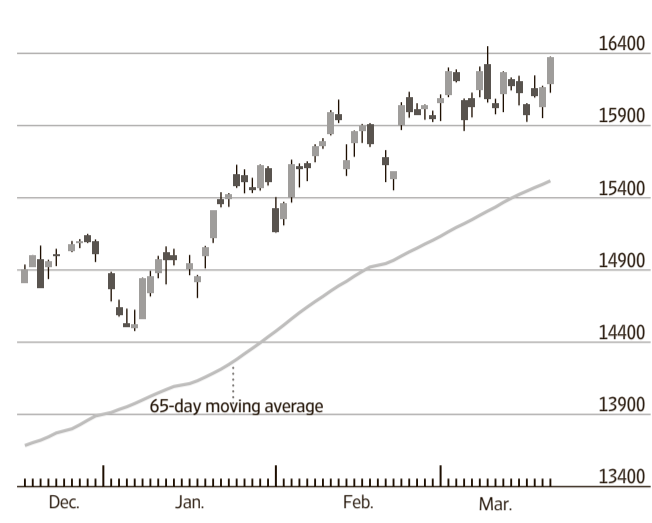
Last Year ago  
Trailing P/E ratio \* 23.83 17.62  
P/E estimate \* 21.35 17.93  
Dividend yield \* 1.44 1.73  
All-time high 5224.62, 03/20/24



### Nasdaq Composite Index

**16369.41** ▲202.62, or 1.25%  
High, low, open and close for each trading day of the past three months.

Last Year ago  
Trailing P/E ratio \*\* 30.65 25.37  
P/E estimate \*\* 28.65 24.72  
Dividend yield \*\* 0.82 0.89  
All-time high: 16369.41, 03/20/24



### 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	39529.13	38988.65	<b>39512.13</b>	401.37	<b>1.03</b>	39512.13	32030.11	<b>23.4</b>	4.8	<b>6.6</b>
Transportation Avg	15829.28	15480.34	<b>15820.31</b>	280.38	<b>1.80</b>	16695.32	13444.01	<b>15.4</b>	-0.5	<b>3.7</b>
Utility Average	863.13	853.29	<b>858.72</b>	-0.92	<b>-0.11</b>	975.39	783.08	<b>-3.6</b>	-2.6	<b>0.4</b>
Total Stock Market	52052.02	51448.95	<b>52020.46</b>	517.95	<b>1.01</b>	52020.46	39381.56	<b>32.1</b>	8.9	<b>8.0</b>
Barron's 400	1151.54	1132.90	<b>1149.56</b>	14.78	<b>1.30</b>	1149.56	881.58	<b>27.3</b>	7.2	<b>6.1</b>
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	16377.44	16127.48	<b>16369.41</b>	202.62	<b>1.25</b>	16369.41	11669.96	<b>40.3</b>	9.0	<b>7.4</b>
Nasdaq-100	18249.12	18003.24	<b>18240.11</b>	207.91	<b>1.15</b>	18302.91	12567.15	<b>45.1</b>	8.4	<b>12.3</b>
<b>S&amp;P</b>										
500 Index	5226.19	5171.55	<b>5224.62</b>	46.11	<b>0.89</b>	5224.62	3936.97	<b>32.7</b>	9.5	<b>10.1</b>
MidCap 400	2985.87	2935.02	<b>2979.59</b>	39.92	<b>1.36</b>	2979.59	2326.82	<b>24.3</b>	7.1	<b>4.5</b>
SmallCap 600	1318.56	1286.52	<b>1312.59</b>	21.33	<b>1.65</b>	1339.63	1068.80	<b>15.4</b>	-0.4	<b>-1.1</b>
<b>Other Indexes</b>										
Russell 2000	2081.33	2028.56	<b>2074.88</b>	39.17	<b>1.92</b>	2084.74	1636.94	<b>20.1</b>	2.4	<b>-3.2</b>
NYSE Composite	18143.08	17938.32	<b>18130.08</b>	154.29	<b>0.86</b>	18130.08	14675.78	<b>23.0</b>	7.6	<b>5.2</b>
Value Line	605.00	594.49	<b>603.72</b>	8.15	<b>1.37</b>	603.72	498.09	<b>13.1</b>	1.7	<b>-2.3</b>
NYSE Arca Biotech	5255.66	5188.78	<b>5252.52</b>	3.09	<b>0.06</b>	5511.46	4544.40	<b>3.5</b>	-3.1	<b>-2.0</b>
NYSE Arca Pharma	1012.95	1004.06	<b>1011.27</b>	-1.67	<b>-0.17</b>	1029.37	804.86	<b>25.6</b>	11.1	<b>13.6</b>
KBW Bank	101.30	98.16	<b>101.08</b>	2.35	<b>2.38</b>	101.08	71.71	<b>27.2</b>	5.3	<b>-5.9</b>
PHLX <sup>S</sup> Gold/Silver	122.41	116.51	<b>121.32</b>	4.49	<b>3.85</b>	144.37	102.94	<b>-1.6</b>	-3.5	<b>-5.0</b>
PHLX <sup>S</sup> Oil Service	90.31	88.54	<b>89.83</b>	0.40	<b>0.44</b>	98.76	69.29	<b>20.0</b>	7.1	<b>16.8</b>
PHLX <sup>S</sup> Semiconductor	4798.34	4682.49	<b>4788.18</b>	75.37	<b>1.60</b>	5165.83	2906.29	<b>54.9</b>	14.7	<b>16.7</b>
Cboe Volatility	14.17	13.01	<b>13.04</b>	-0.78	<b>-5.64</b>	22.61	12.07	<b>-41.4</b>	4.7	<b>-14.6</b>

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
Micron Technology	MU	9,366.9	110.70	14.45	<b>15.01</b>	111.85	78.03
SPDR S&P 500 ETF Trust	SPY	7,101.2	520.86	0.38	<b>0.07</b>	521.40	436.90
Direxion Dly Semi 3 Bear	SOXS	6,392.4	3.31	-0.15	<b>-4.34</b>	3.48	3.30
Snap	SNAP	6,194.9	11.23	0.03	<b>0.27</b>	11.25	11.15
Chewy Cl A	CHWY	6,046.0	17.36	-0.38	<b>-2.14</b>	19.95	17.14
Comcast Cl A	CMCSA	5,986.6	43.02	-0.08	<b>-0.19</b>	43.29	42.85
Altria Group	MO	5,265.0	44.70	-0.09	<b>-0.20</b>	44.79	44.65
Ford Motor	F	4,452.9	12.85	-0.05	<b>-0.39</b>	12.92	12.82

#### Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Micron Technology	MU	9,366.9	110.70	14.45	<b>15.01</b>	111.85	78.03
Guess	GES	288.1	28.50	2.55	<b>9.83</b>	29.30	25.00
Western Digital	WDC	657.4	63.70	2.98	<b>4.91</b>	64.10	60.68
Direxion Dly SCOND 3 BL	SOXL	3,332.9	45.27	1.87	<b>4.31</b>	45.45	43.27
Outfront Media	OUT	273.4	16.78	0.63	<b>3.90</b>	16.78	15.83

#### ...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Five Below	FIVE	323.0	182.00	-26.97	<b>-12.91</b>	209.35	176.01
Steelcase	SCS	161.0	11.92	-1.13	<b>-8.66</b>	13.41	11.75
Winnebago Industries	WGO	50.3	60.76	-4.71	<b>-7.19</b>	66.92	60.76
EchoStar	SATS	215.7	13.15	-0.69	<b>-4.99</b>	13.86	13.15
Pitney Bowes	PBI	146.6	4.02	-0.21	<b>-4.96</b>	4.27	4.02

### Trading Diary

#### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	949,302,174	14,271,607
Adv. volume*	781,404,140	8,824,969
Decl. volume*	160,855,300	5,432,044
Issues traded	2,911	304
Advances	2,207	204
Declines	630	90
Unchanged	74	10
New highs	292	9
New lows	32	7
Closing Arms*	0.71	1.21
Block trades*	4,846	168

\*Primary market; NYSE, NYSE American, NYSE Arca only. (TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

### International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>778.06</b>	4.74	<b>0.61</b>	7.0
	MSCI ACWI ex-USA	<b>326.33</b>	0.23	<b>0.07</b>	3.1
	MSCI World	<b>3414.89</b>	21.52	<b>0.63</b>	7.8
	MSCI Emerging Markets	<b>1032.12</b>	4.34	<b>0.42</b>	0.8
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>1974.90</b>	18.31	<b>0.94</b>	8.9
Canada	S&P/TSX Comp	<b>22045.71</b>	185.13	<b>0.85</b>	5.2
Latin Amer.	MSCI EM Latin America	<b>2530.83</b>	45.37	<b>1.83</b>	-5.0
Brazil	Bovespa	<b>129124.83</b>	1595.98	<b>1.25</b>	-3.8
Chile	S&P IPSA	<b>3628.34</b>	47.10	<b>1.32</b>	4.6
Mexico	S&P/BMV IPC	<b>56618.01</b>	1069.94	<b>1.93</b>	-1.3
<b>EMEA</b>	<b>STOXX Europe 600</b>	<b>505.21</b>	-0.02	<b>-0.004</b>	5.5
Eurozone	Euro STOXX	<b>510.92</b>	-0.27	<b>-0.05</b>	7.8
Belgium	Bel-20	<b>3685.41</b>	4.27	<b>0.12</b>	-0.6
Denmark	OMX Copenhagen 20	<b>2703.66</b>	15.96	<b>0.59</b>	18.4
France	CAC 40	<b>8161.41</b>	-39.64	<b>-0.48</b>	8.2
Germany	DAX	<b>18015.13</b>	27.64	<b>0.15</b>	7.5
Israel	Tel Aviv	<b>1962.38</b>	23.87	<b>1.23</b>	5.2
Italy	FTSE MIB	<b>34293.29</b>	30.93	<b>0.09</b>	13.0
Netherlands	AEX	<b>860.54</b>	-0.15	<b>-0.02</b>	9.4
Norway	Oslo Bors All-Share	<b>1512.46</b>	-0.09	<b>-0.01</b>	-0.5
South Africa	FTSE/JSE All-Share	<b>72419.70</b>	551.63	<b>0.77</b>	-5.8
Spain	IBEX 35	<b>10752.50</b>	51.10	<b>0.48</b>	6.4
Sweden	OMX Stockholm	<b>951.42</b>	-0.17	<b>-0.02</b>	5.4
Switzerland	Swiss Market	<b>11618.63</b>	40.83	<b>0.35</b>	4.3
Turkey	BIST 100	<b>89515.12</b>	25.24	<b>0.28</b>	19.9
U.K.	FTSE 100	<b>7737.38</b>	-0.92	<b>-0.01</b>	0.1
U.K.	FTSE 250	<b>19484.40</b>	51.59	<b>0.27</b>	-1.0
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>174.92</b>	-0.18	<b>-0.11</b>	3.3
Australia	S&P/ASX 200	<b>7695.80</b>	-7.43	<b>-0.10</b>	1.4
China	Shanghai Composite	<b>3079.69</b>	16.93	<b>0.55</b>	3.5
Hong Kong	Hang Seng	<b>16543.07</b>	13.59	<b>0.08</b>	-3.0
India	S&P BSE Sensex	<b>72101.69</b>	89.64	<b>0.12</b>	-0.2
Japan	NIKKEI 225	<b>40003.60</b>	...	<b>Closed</b>	19.5
Singapore	Straits Times	<b>3177.48</b>	3.93	<b>0.12</b>	-1.9
South Korea	KOSPI	<b>2690.14</b>	33.97	<b>1.28</b>	1.3
Taiwan	TAIEX	<b>19784.45</b>	-72.75	<b>-0.37</b>	10.3
Thailand	SET	<b>1373.18</b>	-9.28	<b>-0.67</b>	-3.0

Sources: FactSet; Dow Jones Market Data

### Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Astera Labs	ALAB	62.03	26.03	<b>72.31</b>	63.50	36.00	...
Cazoo Group	CZOO	3.49	1.36	<b>63.85</b>	295.00	2.11	<b>-98.2</b>
Treasure Global	TGL	6.05	1.67	<b>38.13</b>	168.00	3.11	<b>-93.5</b>
SCWorx	WORX	3.89	1.05	<b>36.97</b>	14.40	1.14	<b>-19.0</b>
Taysha Gene Therapies	TSHA	2.96	0.71	<b>31.56</b>	3.89	5.00	<b>30.6</b>
Swvl Holdings	SWVL	10.95	2.46	<b>28.98</b>	11.86	0.62	<b>844.0</b>
vTV Therapeutics Cl A	VTVT	26.67	5.77	<b>27.61</b>	39.60	7.38	<b>-13.7</b>
Centrex	CETX	4.49	0.96	<b>27.20</b>	11.45	2.91	<b>-47.7</b>
Critical Metals	CRML	13.03	2.73	<b>26.50</b>	22.50	5.32	<b>25.4</b>
Iris Energy	IREN	5.67	1.18	<b>26.28</b>	9.69	2.61	<b>92.9</b>
Edgio	EGIO	8.80	1.82	<b>26.07</b>	44.00	6.67	<b>-70.5</b>
Lifeway Foods	LWAY	13.58	2.69	<b>24.70</b>	17.33	5.61	<b>-109.6</b>
Annovis Bio	ANVS	11.10	2.18	<b>24.44</b>	23.89	5.42	<b>-30.1</b>
TCTM Kids IT Educ ADR	TCTM	2.56	0.50	<b>24.43</b>	6.20	0.75	<b>-31.6</b>
GrShr 2x Long COIN Daily	CONL	72.75	13.80	<b>23.41</b>	82.88	5.37	<b>471.9</b>

### Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Fisker	FSR	<b>235,964</b>	233.2	0.13	<b>0.08</b>	7.22	0.12
Jaguar Health	JAGX	<b>196,989</b>	576.2	0.08	<b>15.97</b>	1.27	0.05
BYND Cannabis Ent's	BCAN	<b>175,139</b>	2225.0	0.02	<b>2.50</b>	3.85	0.02
ProSh UltraPro Shrt QQQ	SQQQ	<b>163,223</b>	25.8	10.43	<b>-3.48</b>	34.32	10.28
Direxion Dly Semi 3 Bear	SOXS	<b>131,385</b>	-0.3	3.46	<b>-5.21</b>	23.22	2.76
SMX (Security Matters)	SMX	<b>97,276</b>	2431.1	0.18	<b>26.13</b>	74.80	0.12
SoundHound AI	SOUN	<b>89,379</b>	76.5	7.93	<b>-4.80</b>	10.25	1.49
Oblong	OBLG	<b>87,128</b>	7394.1	0.16	<b>19.78</b>	3.94	0.11
Tesla	TSLA	<b>82,905</b>	-22.4	175.66	<b>2.53</b>	299.29	152.37
Advanced Micro Devices	AMD	<b>80,479</b>	6.6	179.73	<b>-0.93</b>	227.30	81.02

\* Volumes of 100,000 shares or more are rounded to the nearest thousand

Scan this code

Get real-time U.S. stock quotes and track most-active stocks, new highs/lows, mutual funds and ETFs.

All are available free at [WSJMarkets.com](https://www.wsj.com/markets)

### Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Paltalk	PALT	2.78	-1.62	<b>-36.</b>			

THE WALL STREET JOURNAL.

## CMO Network

# The Decision Makers Driving Today's Most Influential Brands

A network of marketing visionaries connecting to discuss the industry's biggest trends and plan a path forward.

---

Martha Boudreau, AARP	Emily Ketchen, Lenovo
Melissa Brotz, Abbott	Melissa Selcher, LinkedIn
Mark D. Palmenter, Acadia Healthcare	Kartikeya Bhandari, Livspace
Kim Salem-Jackson, Akamai Technologies	Amie Stankiste, London Stock Exchange Group PLC.
Kelly Vives, Allspring Global Investments	Gabrielle Wesley, Mars Wrigley
Ran Avrahamy, AppsFlyer	Jennifer Halloran, MassMutual Financial
Joe Cohen, AXIS	Tracy Francis, McKinsey & Company
Erika Serow, Bain & Company	Takeshi Numoto, Microsoft
Jeff Jarrett, Bayer Consumer Health	Norman S. Guadagno, Mimecast
Natalie Sunderland, BNY Mellon	Kate Cronin, Moderna
Jim Mollica, Bose	Gregory Hall, Moneygram International
Roddy Young, Boston Children's Hospital	Cristina Bondolowski, MSCI
Lauren Beckstedt, Brunswick Corporation	Brian Buckley, Nasdaq Inc.
Rod Manley, Burberry	Pam Piligian, Navy Federal Credit Union
Jonathan Bottomley, Calvin Klein, Inc.	Chandra Rangan, Neo4j
Zach Kitschke, Canva	Tom Raimondi, Jr., NETSCOUT
Vineet Mehra, Chime	Maureen Bromwell, Northern Trust
Rebecca Smith, Ciena	Lynn Teo, Northwestern Mutual
City National Bank	Vito Mabrucco, NTT Corporation
Eileen Diskin, Comcast Business	Mandy Dhaliwal, Nutanix
Kevin Iaquinto, Coupa	Heather Rim, Optiv
Ken M. Kraft, Cox Automotive, Inc.	Unnikrishnan KP, Palo Alto Networks
Mark Lawson, Cox Communications	Mustafa Shamseldin, PepsiCo
Brendan McCarthy, Criteo	Remi Kent, Progressive Insurance
Jason McClelland, DataStax	Teresa Barreira, Publicis Sapient
Carolyn Dawkins, David Yurman	Don McGuire, Qualcomm Inc.
Suzanne Kounkel, Deloitte	Joanna Sabato, Ronald McDonald House Charities (RMHC)
Sherry Weiss, Dow Jones	Pam Erickson, RTX
Jackie Cooper, Edelman	Asmaa Quorrich, Saudi Tourism Authority
Kyle Weber, Elevance Health	Andrew Warden, Semrush
Monica Kumar, Extreme Networks	Samantha Maltin, Sesame Workshop
John Rudaizky, EY	John C. Zeigler, Sinclair Broadcast Group
Nikhil Behl, Fair Isaac Corporation (FICO)	Madhukar Kumar, SingleStore
Ellyn Raftery, FIS	Kyle Christensen, Splash Inc.
Al Girardi, GEP	Ryan J. Linder, Stagwell Global
Craig Greiwe, GoDigital Media Group	Michael Bopp, Synchrony Financial
Lorraine Twohill, Google	David Fineman, T. Rowe Price
Jill R. Wilson, Gray, Inc.	Taylor Montgomery, Taco Bell
Joy Jarrett, Guidehouse	Abhinav Kumar, Tata Consultancy Services
Hitachi Vantara	Marc Pritchard, The Procter & Gamble Co.
Angela Zepeda, Hyundai Motor America	Ian Colley, The Trade Desk
Jonathan Adashek, IBM	Micky L. Onvural, TIAA
Rae Logsdon, ICSC	Michael Mendenhall, TriNet Group Inc.
Jessica Jensen, Indeed	Betül Susamis Unaran, Unilabs
Sumit Virmani, Infosys	Julian B. Jacobs, UTA
Khurram Malik, Integral Ad Science	Kevin Warren, UPS
Andrew J. Ploszay, IQVIA	Eric H. Jagher, UScellular
Christie Raymond, Kohl's	Iris Meijer, Verizon Business
Carol Schuster, Lafayette 148	Frank Boulben, Verizon Consumer Group
Melissa Duenas, Leidos	Jieun W. Choe, Viz.ai

---

THE WALL STREET JOURNAL.





# Apple Faces Protest Over App Store

Continued from page B1

Apple in January announced plans to allow developers to process purchases outside of its app store, but the company drew sharp criticism from software makers when it said it would

charge a 27% commission in such cases. The new policy came after the U.S. Supreme Court declined to hear appeals of a 2021 ruling that ordered Apple to allow software makers to direct users to alternate ways to pay for services or apps outside the app store.

In a joint amicus briefing filed Wednesday, Meta, Microsoft, X and Match Group argue that Apple's response essentially leaves in place the existing rule governing how software makers steer users to alternative options. It also says that it places new restrictions on app developers.

"The Apple Plan comports with neither the letter nor the spirit of this Court's mandate," the filing says. In a separate filing, Spotify wrote that "Apple's conduct shows that it has no intention of complying with this Court's directive."

Earlier this month, Epic filed a petition in the Northern California District Court asking U.S. District Judge Yvonne Gonzalez Rogers, who oversaw the 2021 case, to enforce her decision. Judge Rogers has previously said she would be watching how Apple complies with her order and

could decide at some point to amend her ruling.

The ruling said Apple couldn't prevent developers from including buttons or links to alternate payment methods. The amicus briefing says Apple only allows them one option for an external link that is still tightly controlled. "The provision of even the most basic information about alternatives remains forbidden under the Apple plan," the briefing says.

If a developer wanted to say, for example, that a customer "can buy this feature at a 30%

discount on our website," it can't do so, the briefing says.

In the joint filing, Meta argues that it should be able to steer users to alternate methods to pay for "boosted posts," a kind of advertising in which users on Facebook or Instagram can amplify the reach of their content. Apple began requiring a 30% commission for such posts purchased on Apple devices in 2022, and Meta also has sought to steer users to alternate options.

Microsoft said it is limited in its ability to offer subscriptions and discounts under Apple's new

policy. X called Apple's 27% commission a tax on purchases and said it eliminates any incentive to include an external link. Match Group said in the filing that Apple's plan will impact thousands of developers and millions of users and will impede the court's effort to improve price competition in digital transactions.

Apple has said it fully complied with the court order and has implemented a system that gives developers the option to inform customers—inside and outside of apps—of alternate purchasing methods.

## New Highs and Lows

Table with columns: Stock, 52-Wk % High/Low, and 52-Wk % Change. Lists various stocks like Cummins, Ford, and Boeing with their performance metrics.

Table with columns: Stock, 52-Wk % High/Low, and 52-Wk % Change. Lists various stocks like Jefferies, Kasperk, and Kirby with their performance metrics.

Table with columns: Stock, 52-Wk % High/Low, and 52-Wk % Change. Lists various stocks like Vistra, Vontier, and WEX with their performance metrics.

## ADVERTISEMENT

# The Marketplace

Contact: 800-366-3975 or WSJ.com/classifieds

### CLASS ACTION

## Notice of Class Action Settlement

If you transacted in Euroyen-Based Derivatives<sup>1</sup> from January 1, 2006 through June 30, 2011, inclusive, then your rights will be affected and you may be entitled to a benefit. This Notice is only a summary of the Settlement and is subject to the terms of the Settlement Agreement<sup>2</sup> and other relevant documents (available as set forth below).

The purpose of this Notice is to inform you of your rights in connection with a proposed settlement with Defendant Societe Generale ("SoGen") in the action titled *Fund Liquidation Holdings LLC, et al. v. UBS AG, et al.*, Case No. 15-cv-5844 (GBD) (S.D.N.Y.) (the "Action").

The Settlement has been proposed to resolve this class action lawsuit with SoGen concerning the alleged manipulation of the London Interbank Offered Rate for Japanese Yen ("Yen-LIBOR") and the Euroyen Tokyo Interbank Offered Rate ("Euroyen TIBOR") from January 1, 2006 through June 30, 2011, inclusive.

If you timely submitted a Proof of Claim and Release pursuant to any of the Prior Class Notices in this matter (defined below), then you do not have to submit a new Proof of Claim and Release to participate in this Settlement with SoGen. The Prior Class Notices are: (i) the June 22, 2016 Notice ("2016 Notice") related to \$58 million in settlements with Defendants R.P. Martin Holdings Limited, Martin Brokers (UK) Ltd., Citigroup Inc., Citibank, N.A., Citibank Japan Ltd., Citigroup Global Markets Japan Inc., HSBC Holdings plc, and HSBC Bank plc; (ii) the August 3, 2017 Notice, amended September 14, 2017 (the "2017 Notice") related to \$148 million in settlements with Defendants Deutsche Bank AG, DB Group Services (UK) Ltd., JPMorgan Chase & Co., JPMorgan Chase Bank, National Association, and J.P. Morgan Securities plc; (iii) the March 8, 2018 Notice ("2018 Notice") related to the \$30 million settlement with The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Trust and Banking Corporation; (iv) the September 11, 2019 Notice (the "2019 Notice") related to \$71 million in settlements with Mizuho Bank, Ltd., Mizuho Corporate Bank, Ltd., Mizuho Trust & Banking Co., Ltd., The Norinchukin Bank, Sumitomo Mitsui Banking Corporation, The Bank of Yokohama, Ltd., Shiniki Central Bank, The Shoko Chukin Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd., and Resona Bank, Ltd.; or (v) the October 5, 2022 Notice (the "2022 Notice") related to \$22.5 million in settlements with Barclays Bank PLC, Barclays Capital Inc., Barclays PLC, New International Limited (f/k/a ICAP plc), ICAP Europe Limited, TP ICAP plc (f/k/a Tullent) Prebon plc and n/k/a TP ICAP Finance plc).

The United States District Court for the Southern District of New York (500 Pearl St., New York, NY 10007-1312) authorized this Notice. Before any money is paid, the Court will hold a Fairness Hearing to decide whether to approve the Settlement.

**Who Is Included?** You are a member of the "Settlement Class" if you purchased, sold, held, traded, or otherwise had any interest in Euroyen-Based Derivatives at any time from January 1, 2006 through June 30, 2011, inclusive. Excluded from the Settlement Class are (i) the Defendants and any parent, subsidiary, affiliate or agent of any Defendant or any co-conspirator whether or not named as a Defendant; and (ii) the United States Government.

Contact your brokerage firm to see if you purchased, sold, held, traded, or otherwise had any interest in Euroyen-Based Derivatives. If you are not sure you are included, you can get more information, including the Settlement Agreement, Mailed Notice, Plan of Allocation, Proof of Claim and Release, and other important documents, at [www.EuroyenSettlement.com](http://www.EuroyenSettlement.com) ("Settlement Website") or by calling toll free 1-866-217-4453.

**What Is This Litigation About?** Representative Plaintiffs allege that each Defendant, from January 1, 2006 through June 30, 2011, inclusive, manipulated or aided and abetted the manipulation of Yen-LIBOR, Euroyen TIBOR, and the prices of Euroyen-Based Derivatives. Defendants allegedly did so by using several means of manipulation. For example, panel banks that made the daily Yen-LIBOR and/or Euroyen TIBOR submissions to the British Bankers' Association and Japanese Bankers Association respectively (collectively, "Contributor Bank Defendants"), such as SoGen, allegedly falsely reported their cost of borrowing in order to financially benefit their Euroyen-Based Derivatives positions. Contributor Bank Defendants also allegedly requested that other Contributor Bank Defendants make false Yen-LIBOR and Euroyen TIBOR submissions on their behalf to benefit their Euroyen-Based Derivatives positions.

Representative Plaintiffs further allege that inter-dealer brokers, intermediaries between buyers and sellers in the money markets and derivatives markets (the "Broker Defendants"), had knowledge of, and provided substantial assistance to, the Contributor Bank Defendants' foregoing alleged manipulations of Euroyen-Based Derivatives. For example, Contributor Bank Defendants allegedly used the Broker Defendants to manipulate Yen-LIBOR, Euroyen TIBOR, and the prices of Euroyen-Based Derivatives by disseminating false "Suggested LIBORS", publishing false market rates on broker screens, and publishing false bids and offers into the market.

Representative Plaintiffs have asserted legal claims under various theories, including federal antitrust law, the Racketeering Influenced and Corrupt Organizations Act, and common law.

SoGen has consistently and vigorously denied Representative Plaintiffs' allegations. SoGen entered into the Settlement Agreement with Representative Plaintiffs, despite believing that it is not liable for the claims asserted against it, and without admitting liability, to avoid the further expense, inconvenience, and distraction of burdensome and protracted litigation, thereby putting this controversy to rest and avoiding the risks inherent in complex litigation.

**What Does the Settlement Provide?** Under the Settlement, SoGen agreed to pay \$35,000,000 into the Settlement Fund. If the Court approves the Settlement, potential members of the Settlement Class who qualify and have sent or will send valid Proof of Claim and Release forms may receive a share of the Settlement Fund after they are reduced by the payment of certain expenses. The Settlement Agreement, available at the Settlement Website, describes the details about the proposed Settlement. The exact amount each qualifying Settling Class Member will receive from the Settlement Fund cannot be calculated until (1) the Court approves the Settlement; (2) certain amounts identified in the full Settlement Agreement are deducted from the Settlement Fund; and (3) the number of participating Class Members and the amount of their claims are determined. In addition, each Settling Class Member's share of the Settlement Fund will vary depending on the information the Settling Class Member provides on the Proof of Claim and Release form.

The number of claimants who send in claims varies widely from case to case. If less than 100% of the Settlement Class sends in a Proof of Claim and Release form, you could get more money.

Under the Settlement, members of the Settlement Class will release SoGen from all claims relating to conduct alleged or which could have been alleged in the Action or which could have been alleged concerning any Euroyen-Based Derivatives. The full terms of the release can be found in the Mailed Notice or the Settlement Agreement available at [www.EuroyenSettlement.com](http://www.EuroyenSettlement.com) or by calling 1-866-217-4453.

**How Do You Ask For a Payment?** If you are a member of the Settlement Class, you may seek to participate in the Settlement by submitting a Proof of Claim and Release to the Settlement Administrator at the address provided on the Settlement Website postmarked no later than August 2, 2024. You may obtain a Proof of Claim and Release on the Settlement Website or by calling the toll-free number referenced above. If you are a member of the Settlement Class but do not timely file a Proof of Claim and Release, you will still be bound by the release set forth in the Settlement Agreement if the Court enters an order approving the Settlement Agreement.

Any member of the Settlement Class that previously submitted a Proof of Claim and Release in connection with the 2016 Notice, 2017 Notice, 2018 Notice, 2019 Notice, or 2022 Notice does not have to submit a new Proof of Claim and Release to participate in this Settlement with SoGen and will be subject to and bound by the release set forth in the Settlement Agreement with SoGen, unless such member submits a timely and valid request for exclusion, explained below.

**What Are Your Other Options?** All requests to be excluded from the Settlement must be made in accordance with the instructions set forth in the Settlement Notice and must be postmarked to the Settlement Administrator no later than May 20, 2024. The Settlement Notice, available at the Settlement Website, explains how to exclude yourself or object. All requests for exclusion must comply with the requirements set forth in the Settlement Notice to be honored. If you exclude yourself from the Settlement Class, you will not be bound by the Settlement Agreement and can independently pursue claims that are your own expense. However, if you exclude yourself, you will not be eligible to share in the Net Settlement Fund or otherwise participate in the Settlement.

The Court will hold a Fairness Hearing in this case on June 18, 2024, to consider whether to approve the Settlement and a request by the lawyers representing all members of the Settlement Class (Lowey Dannenberg, P.C.) for an award of attorneys' fees of no more than twenty percent (20%), or \$7,000,000, of the Settlement Fund for investigating the facts, litigating the case, and negotiating the settlement and an award to replenish the litigation fund created to reimburse their costs and expenses in the amount of no more than \$500,000. The lawyers for the Settlement Class may also seek additional reimbursement of fees, costs, and expenses in connection with services provided after the Fairness Hearing. Representative Plaintiffs may also seek an award from the Settlement Fund as reimbursement for their own expenses and compensation for their time devoted to this litigation, not to exceed \$350,000. These payments will also be deducted from the Settlement Fund before any distributions are made to the Settlement Class.

You may ask to appear at the Fairness Hearing, but you do not have to. For more information, call toll-free 1-866-217-4453 or visit the website [www.EuroyenSettlement.com](http://www.EuroyenSettlement.com).

### BANKRUPTCIES

#### IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

Chapter 11 Case No. 23-10831 (MFV) (Jointly Administered)

#### NOTICE OF EFFECTIVE DATE AND ENTRY OF ORDER (I) CONFIRMING THE THIRD MODIFIED FIRST AMENDED JOINT CHAPTER 11 PLAN OF LORSTOWN MOTORS CORP. AND ITS AFFILIATED DEBTORS AND (II) GRANTING RELATED RELIEF

PLEASE TAKE NOTICE that on March 6, 2024, Lorstown Motors Corp. ("Lorstown") and its affiliated debtors in the above-captioned Chapter 11 case (collectively, the "Debtors") filed the Third Modified First Amended Joint Chapter 11 Plan of Lorstown Motors Corp. and its Affiliated Debtors (Docket No. 1066) (together with the plan supplement, all schedules, and exhibits thereto, and as may be modified, amended, or supplemented from time to time) the "Plan").

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Plan was held by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on March 5, 2024.

PLEASE TAKE FURTHER NOTICE that on March 6, 2024, the Bankruptcy Court entered the Order (i) Confirming Third Modified First Amended Joint Chapter 11 Plan of Lorstown Motors Corp. and its Affiliated Debtors and (ii) Granting Related Relief (Docket No. 1069) (the "Confirmation Order").

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Confirmation Order, the Debtors hereby provide notice of entry of the Confirmation Order.

PLEASE TAKE FURTHER NOTICE that, the Effective Date of the Plan will occur on March 14, 2024.

PLEASE TAKE FURTHER NOTICE that, pursuant to Article 1.1.A of the Plan and paragraph 83 of the Confirmation Order, the Administrative Claims Bar Date is April 15, 2024. Except as otherwise provided in Article 1.1.A of the Plan or the Bar Date Order, and except with respect to Administrative Claims that are the subject of a Fee Claims, requests for payment of Allowed Administrative Claims must be filed with the Bankruptcy Court and served on the Post-Effective Date Debtors, the Claims and Noticing Agent, and the U.S. Trustee within thirty (30) days from the date of service of this notice of the Effective Date. Such proof of Administrative Claim must include at a minimum: (i) the name of the applicable Debtor that is purported to be liable for the Administrative Claim and if the Administrative Claim is asserted against more than one Debtor, the exact amount asserted to be owed by each such Debtor; (ii) the name of the Holder of the Administrative Claim; (iii) the asserted amount of the Administrative Claim; (iv) the basis of the Administrative Claim; and (v) the documentation submitted for the Administrative Claim. FAILURE TO FILE AND SERVE SUCH PROOF OF ADMINISTRATIVE CLAIM TIMELY AND PROPERLY SHALL RESULT IN SUCH CLAIM BEING FOREVER BARRED AND DISCHARGED. IF FOR ANY REASON ANY SUCH ADMINISTRATIVE CLAIM IS INCAPABLE OF BEING FOREVER BARRED AND DISCHARGED, THE HOLDER OF SUCH CLAIM SHALL IN NO EVENT HAVE RECOURSE TO ANY PROPERTY TO BE DISTRIBUTED PURSUANT TO THE PLAN.

### COMMERCIAL REAL ESTATE

#### NOTICE OF SECURED PARTY PUBLIC AUCTION OF 100% OF THE LIMITED LIABILITY COMPANY INTERESTS IN FPG CLOUNDAVE, LP, LLC AND 99.5% OF THE LIMITED PARTNER INTERESTS IN FPG CLOUNDAVE, LP

PLEASE TAKE NOTICE that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, ACF US-ML, LLC, a Delaware limited liability company (together with its successors and assigns, individually and/or collectively, the "Collateral") may require "Secured Party", will sell (i) 99.5% of the limited partnership interests held by FPG CLOUNDAVE MEZZ, LLC, a Delaware limited liability company ("Collateral"), and (ii) 100% of the limited partnership ("LP Borrower") and (iii) 100% of the limited liability company interests held by Debtor, in and to FPG CLOUNDAVE, LP, LLC, a Delaware limited liability company ("SP Borrower"). The interests in the LP Borrower and the LP Borrower are being referred to herein as the "Collateral", to the highest qualified bidder at a public sale. The public sale will take place beginning at 10:00 a.m. Eastern Daylight Time (New York) on April 22, 2024, both in person and remotely from the offices of Paul Hastings LLP, 200 Park Avenue, New York, New York 10166, with access afforded in person and remotely via Zoom or other web-based video conferencing and, if necessary, by telephone. The Collateral will be sold as a single lot, and will not be divided or sold in any lesser amounts. The public sale of the Collateral shall be subject to the further terms and conditions set forth in the "Terms of Public Sale" (including without limitation terms and conditions with respect to the availability of additional information, bidding requirements, deposit amounts, bidding procedures, and the manner of sale of the public sale), which are available online at [www.TheCollonadeDallasUSCSale.com](http://www.TheCollonadeDallasUSCSale.com) and by contacting Jones Lang LaSalle Americas, Inc., 330 Madison Avenue, New York, New York 10017, Attn: Brett Rosenberg, Tel: (212) 512-5926, email: Brett.Rosenberg@jll.com. Interested parties who do not contact the Secured Party and qualify prior to the public sale will not be permitted to enter a bid or participate at the public sale either in person or remotely. PAUL HASTINGS LLP, Attorneys for Secured Party, Attn: Eric R. Allendorf, Esq., 200 Park Avenue, New York, New York 10166, Tel: (212) 318-6833, Fax: (212) 303-7083, E-mail: ericallendorf@paulhastings.com

### THE WALL STREET JOURNAL

## THE MARKETPLACE

ADVERTISE TODAY

(800) 366-3975

For more information visit [wsj.com/classifieds](http://wsj.com/classifieds)



<sup>1</sup> "Euroyen-Based Derivatives" means (i) a Euroyen TIBOR futures contract on the Chicago Mercantile Exchange ("CME"); (ii) a Euroyen TIBOR futures contract on the Tokyo Financial Exchange, Inc. ("TFX"), Singapore Exchange ("SGX"), or London International Financial Futures and Options Exchange ("LIFFE") entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (iii) a Japanese Yen currency futures contract on the CME; (iv) a Yen-LIBOR and/or Euroyen TIBOR-based interest rate swap entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (v) an option on a Yen-LIBOR and/or Euroyen TIBOR-based interest rate swap ("swaption") entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (vi) a Japanese Yen currency forward agreement entered into by a U.S. Person, or by a Person from or through a location within the U.S.; and/or (vii) a Yen-LIBOR and/or Euroyen TIBOR-based forward rate agreement entered into by a U.S. Person, or by a Person from or through a location within the U.S.

<sup>2</sup> The "Settlement Agreement" means the Stipulation and Agreement of Settlement with Societe Generale entered into on February 16, 2024.



## MARKETS

# Stocks Rally on Fed Rate-Cut Plan

All three leading indexes finish at records for first time since November 2021

By CAITLIN OSTROFF

All three major stock indexes closed at records after Federal Reserve officials largely sustained their outlook for delivering interest-rate cuts this year.

Investors went into Wednesday afternoon on edge, worried that firmer-than-anticipated inflation could cause

the central bank to dial back its signaling about

how many rate cuts were likely in 2024. Instead, most officials penciled in three cuts this year in new projections, the same as in December. The Fed left interest rates unchanged, as expected.

The benchmark S&P 500 finished the day up 0.9% to 5224.62, with nine of its 11 sectors rising. The Dow Jones Industrial Average added 401.37 points, or 1%, to 39512.13, while the tech-heavy Nasdaq Composite closed 1.3% higher to 16369.41.

The last time all three indexes closed at a record on the same day was Nov. 8, 2021, according to Dow Jones Market Data.

"Part of it is relief that there's no disruption," said Brad McMillan, chief investment officer for Commonwealth Financial Network. "There is some validation by the Fed that the economy is strong enough that they don't need to cut."

Despite the Fed's projection for three rate cuts this year, McMillan said he doesn't ex-



Shares of fast-food restaurant Chipotle rose 3.5% on Wednesday after the burrito maker announced a 50-for-1 stock split.

pect the central bank will cut interest rates as long as employment remains steady and inflation is above the 2% target.

In bond markets, the yield on the benchmark 10-year Treasury note fell to 4.271% after the Fed's decision from 4.296% Tuesday. Yields and prices move inversely.

Erik Knutzen, Neuberger Berman's multiasset chief investment officer, said he is focusing his investments on the long term, expecting that interest rates will come down in the coming two or three years.

Knutzen said he is neutral on stocks and prefers Treasuries maturing in 10 years or fewer. He expects more fac-

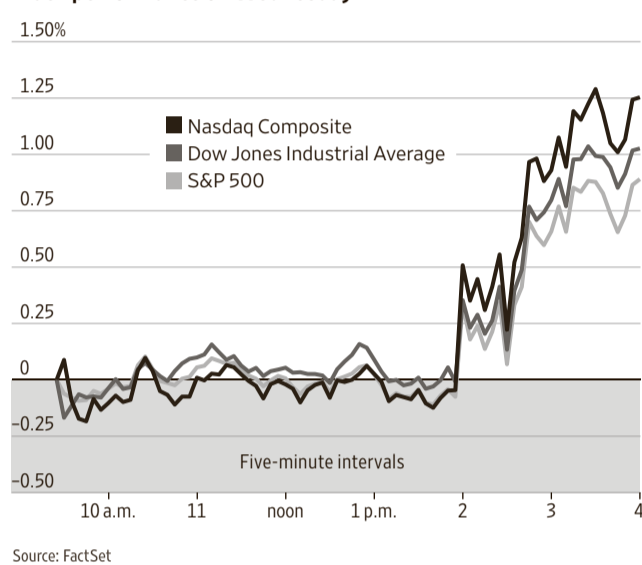
tors to shift markets this year than in the recent past, creating more volatility and making short-term moves more difficult to predict.

**Chipotle** rose 3.5% after the burrito maker announced a 50-for-1 stock split. **Super Micro** slipped 1.6% after completing a share offering.

**Paramount Global** jumped 12% after private-equity firm Apollo Global Management made an \$11 billion offer to buy the entertainment company's film and TV studio.

Overseas, the Stoxx Europe 600 closed flat. At midday Thursday, Japan's Nikkei 225 was up 1.7% and Hong Kong's Hang Seng Index was up 2.4%. S&P 500 futures were up 0.3%.

## Index performance on Wednesday



## Some Are Missing Out On Dream

Continued from page B1

Bank of Atlanta. But in the past year, wage rises have been similar for all income levels. Inflation by income group isn't available, but is also likely to be mixed, with energy prices down and rent up faster than other prices.

The combination of higher prices and higher rates has been toxic for many low-end consumers—

especially the young. The share of borrowers younger than 30 missing three monthly credit-card or auto-loan payments reached the highest last year since the 2008-09 financial crisis, according to Federal Reserve Bank of New York data. A detailed study the New York Fed did of auto loans showed the steepest rise in borrowers missing payments occurred in low-income regions.

**Pandemic savings have run down.** The Federal Reserve concluded at the end of last year that "excess" savings accumulated during the pandemic have been run down, and depending on the method used have either run

out altogether or are close to it. Low-income consumers spent their excess-cash cushion earlier, according to other studies, which helps explain why they are struggling more with debt.

For investors this shows up in the share prices of companies whose customers are stuck in the slow lane. Dollar stores, **McDonald's** and **KFC** owner **Yum Brands** were all underperforming the S&P 500 even before warnings from several of them during the past two weeks about the troubles of low-income consumers.

Lenders and suppliers to the slow parts of the economy have suffered too. Regional banks tend to lend more against office build-

ings, and their shares have been hit hard. **New York Community Bank's** problems were exacerbated by high rates. Suppliers to and developers of wind farms, which are often leveraged 20:1, have had a rocky time too.

The longer rates stay high, the more they will hurt. Even solid companies will have to refinance at the new rates eventually, while more homeowners with low-rate mortgages will face the difficult choice between keeping the low rate and paying a higher rate to move for work or family reasons.

Still, the troubles of those stuck in the slow lane aren't holding the economy back significantly.

Investors need to think about this group when choosing stocks, but overall consumption is driven by better-off consumers and companies. For now, that's enough to prevent the problems from putting the brakes on the wider market.

## AUCTION RESULTS

Here are the results of Wednesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

17-WEEK BILLS	
Applications	\$163,958,475,000
Accepted bids	\$60,068,120,000
"noncompetitively"	\$584,502,800
"foreign noncompetitively"	\$100,000,000
Auction price (rate)	98.276153 (5.215%)
Coupon equivalent	5.380%
Bids at clearing yield accepted	69.63%
Cusip number	912797K09
The bills, dated March 26, 2024, mature on July 23, 2024.	

# Private-Equity Firms Step In to Back Troubled Banks

By CHRIS CUMMING

Private-equity firms have invested billions to prop up lenders hurt by the turmoil in regional banking, hoping to improve on a mixed record of backing troubled institutions during prior banking crises.

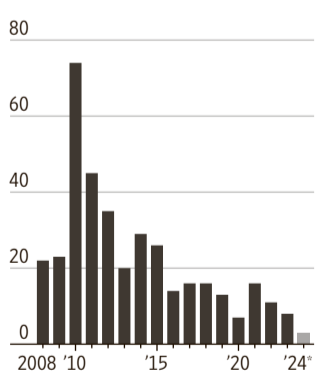
The banking turbulence set in motion by Silicon Valley Bank's failure opened a rare chance to invest in a sector that is often a difficult fit for buyout firms, fund managers say. Private equity has invested in at least 11 commercial banks in the U.S. since the start of last year, according to data provider PitchBook.

"There has been an increase in idiosyncratic deals where banks will take over institutions that have good bones, but issues that need to be addressed," said Nicholas Adams, senior managing director and portfolio manager on the finance team at **Wellington Management**. In January, Boston-based Wellington backed **FirstSun Capital Bancorp** to help finance its merger with **HomeStreet**, whose shares had plunged in the regional banking crisis.

While the number of recent bank deals is low by the standards of the deal-happy private-equity industry, buyout firms have helped rescue several high-profile lenders.

This month, a group of firms including former Treasury Secretary Steven Mnuchin's **Liberty Strategic Capital**, **Reverence Capital Partners** and **Hudson Bay Capital** led the more than \$1 billion rescue of **New York Community Bank**.

## Number of private-equity investment deals in U.S. commercial banks



Deals in 2023 include the sale of TIAA Bank to a group of private-equity firms including **Reverence Capital**, **Warburg Pincus**, **Stone Point Capital** and **Sixth Street**. Upon completion of the sale in August, TIAA was rebranded as **EverBank**. **Warburg** and **Centerbridge Partners** also backed **Banc of California** in its deal to rescue **PacWest Bancorp**.

The regional-banking crisis scared off some strategic investors, leaving a window open for private equity, said Milton Berlinski, co-founder and managing partner of **Reverence**. There are "moments in the cycle of stress or volatility when incremental capital is needed, and the strategics are not willing to play."

U.S. banks have never been a favored quarry of private equity. Federal rules prohibit private-equity firms from owning more than 24.9% of a bank—a major hurdle for asset manag-



Steven Mnuchin's Liberty Strategic Capital participated in the \$1 billion-plus rescue of NYCB.

ers which generally like to have full control of the companies they buy. Banking also requires extensive technical skill and usually has relatively low profit margins, so it strikes against it from private equity's point of view.

Banking "is not a sector for tourists. It is highly regulated and highly cyclical," said Dan Zilberman, managing director and co-head of financial services for **Warburg**. "During the great financial crisis, the tourists did not do great."

Indeed, the postcrisis period remains a painful lesson on how bank deals can go wrong. Between 2008 and 2011, private equity invested in more than 160 bank deals, according to PitchBook.

Some of those deals worked

out, while others ranged from mediocre to disastrous, investors and analysts say. The private-equity-backed rescues of **IndyMac** and **BankUnited** yielded strong returns and spurred other firms to go shopping for banks. Others, like **TPG's** 2008 investment of \$1.35 billion in **Washington Mutual** shortly before its collapse, showed the dangers of betting on troubled institutions.

"Most people stay away from the [banking] sector because they haven't lived through the cycles, they don't have the regulatory or sector expertise, and they don't know how to achieve what they want," Berlinski said.

The challenge is finding banks whose value is depressed enough for them to be bought

inexpensively, but not so distressed they go bust. Private equity's relatively high-return targets also are a barrier to investment. Firms generally seek to generate at least a 20% profit on their deals, while the banking industry typically posts profit margins of around 13% to 15%.

"If you're buying into a bank that's reasonably healthy and looking for 20% [returns], that's hard," said Mike Brown, an analyst at research firm **Keefe, Bruyette & Woods**. The banking tremors of the past year have "created interesting opportunities for private equity to consider banks, a space that wasn't traditionally the most attractive spot to deploy capital," he added.

The scale of private-equity

# Housing Starts Top Economist Outlook In February

By HARDIKA SINGH

A measure of U.S. homebuilding rose more than economists expected in February, signaling that January's declines may have just been a blip.

Any growth in supply is welcome news in today's tight housing market, but new houses are only a small part of the picture, so there is only so much they can do to help, especially with mortgage rates still high. And February's housing starts gains may be largely attributable to improved weather conditions compared with January, when cold temperatures dragged on economic activity.

Still, hopes of lower interest rates this year and rising confidence among home builders in recent months could signal some relief ahead for home buyers priced out of the market, and that could help Federal Reserve officials who are fighting inflation—a big chunk of which has been fueled by shelter costs.

Housing starts rose 10.7% in February to a seasonally adjusted annual rate of 1.52 million, the Commerce Department said on Tuesday. That is higher than economists' expectations of a gain of 7.4% to 1.43 million. The January starts were revised to a decline of 12.3% from a drop of 14.8%.

Residential permits, which can be a bellwether for future home construction, rose 1.9% to a 1.52 million annual rate, jumping above economists' predictions of 1.49 million.

On Monday, a measure of U.S. home-builder confidence rose in March to its highest level since July 2023, gaining for the fourth month in a row, and entering positive territory for the first time since last summer, according to the National Association of Home Builders.

A sustained increase in housing starts would help ease the extremely tight housing supply, which has driven prices up rapidly over the past few years. But as new homes are just a small piece of the puzzle, any real loosening in the housing market will require a big drop in mortgage rates, which are still near their highest level in years.

investment has so far been modest, and far below that of the last financial crisis. Investors are skeptical the post-SVB straits will yield much more in the way of private-equity deals unless conditions deteriorate.

The banking sector appears to be stabilizing after last year's upheaval. The KBW Nasdaq Bank Index, which tracks bank stocks, has recovered to less than 10% below its peak prior to SVB's collapse.

While commercial-real-estate losses have been painful, so far they haven't caused a wider deterioration in banks' health. Higher interest rates have hurt bank profits and upended their investment portfolios, but the situation hardly resembles the broad maelstrom of 2007 to 2009.

"In the great financial crisis, you had material asset-quality issues. You're not seeing that today—people are still making their payments," said Berlinski. He expects **Reverence Capital** to stand pat for the time being with its investments in **New York Community** and **EverBank**, though the firm will keep a lookout for opportunities in the banking sector.

**Warburg's Zilberman** expects to keep seeing one-off deals, but not a full-blown meltdown. "I don't believe we have a distressed sector on our hands," he said. "I don't think commercial real estate will blow up, but I think there will be idiosyncratic situations like SVB and NYCB. There will be banks that run into trouble, and when that happens private equity will certainly have opportunities."

# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Huawei Spotlights Limits of U.S. Power

Washington severely damaged China's telecom champion, but the company's return to growth may be a sign of things to come

**Huawei**, China's telecom and mobile-technology champion, is a poster child for the country's high-tech ambitions—and a symbol of Washington's determination to cut them down to size.

Its surprising resilience, with important caveats, in the face of U.S. sanctions says a lot about how the tech war is likely to unfold in the years ahead.

America's stranglehold on key upstream technologies gives it enormous power to damage China's national champions, and dramatically raise the cost of China's technological advancement. But as long as Beijing is willing to subsidize its domestic chip industry at essentially any cost, and buyers in large parts of the world—especially China, developing countries and Russia—remain avid buyers of Chinese wares, it will be hard to halt that progress entirely.

Creating a truly bifurcated

global technology ecosystem also entails other risks—namely that local Chinese competitors start to succeed further up the value chain.

U.S. sanctions, which limited Huawei's ability to source components for its phones and other gadgets, have indeed been devastating. Revenue at Huawei's consumer division, mainly smartphones, more than halved between 2020 and 2022. That is partly because it sold its budget Honor brand to save the business from sanctions. But its sales overseas and in the premium segment also have plummeted.

That hasn't been enough to deliver a knockout punch, however. Huawei said in December that it expects revenue for 2023 to grow around 9% to about 700 billion yuan, equivalent to \$97 billion. That would be about 21% lower than the peak in 2020, but is impressive for a company that just

three years ago seemed to be facing a death sentence.

The launch of Huawei's premium Mate 60 Pro smartphone last year caught Washington by surprise. The phone is made using chip technology comparable to the so-called 7-nanometer process, thought to be impossible given current sanctions. A breakthrough by China's semiconductor industry appears to be the reason, although it isn't clear how economic the process is or how easy it will be to scale.

Nonetheless, the phone is a smash hit in China. Despite a weak start to the year, Huawei's smartphone unit sales in China grew 64% year over year in the first six weeks of 2024, according to Counterpoint Research. That likely came at the expense of **Apple**, whose sales dropped 24%. Apple was the No. 1 player in China last year, with around 18% of the market, according to Counterpoint.

Huawei's telecom-equipment business has withstood sanctions much better. Revenue there dropped 6% between 2020 and 2022. Huawei's share of the global telecom-equipment market was 30% in 2023, according to research firm Dell'Oro.

That is roughly stable over the past few years, partly because the component volumes needed for making equipment such as base stations is much smaller than for shipping hundreds of millions of smartphones. So it is easier for the company to work around supply issues by using stockpiled components or turning to Chinese suppliers. For the West, swapping out network gear takes much longer than just buying a new smartphone. And China and other developing countries are sticking with Huawei.

Washington seems likely to respond with new restrictions on component sales to some Chinese

component suppliers. That may succeed in slowing down further advances and would ensure that Huawei, and China's advanced chip-making industry more broadly, continue to face an uphill battle. But the further down the technological ladder sanctions extend, the more difficult they are to enforce—as the West has discovered with Russia since 2022.

Even so, Huawei—and China—face real limits. Huawei's phones may struggle to regain market share outside China without access to Google's Android operating system.

And while Washington may not succeed in knocking Huawei—and China's chip industry—completely out of the game, it could force China to spend vast sums over long periods to create second-best solutions. Reinventing the wheel will be extremely costly and time-consuming.

—Jacky Wong



Gucci show at Milan's Fashion Week in February. Sober designs arrived in the brand's stores that month.

## Gucci's New Look Falls Flat, Pressuring Its Parent

Gucci's revamped image was unveiled less than six months ago and already looks a bit frayed.

Shares of the luxury brand's Paris-listed owner **Kering** dropped 12% on Wednesday, after the company warned that Gucci's first-quarter sales would be 20% lower than the same period of 2023. This is much worse than the 4% decline that analysts were expecting for the Italian brand. Citi estimates the sharp slowdown at Gucci will reduce Kering's operating profit by 15% in 2024. Signs that demand has been weak in Asia dragged down other luxury stocks, although the problem seems specific to Gucci.

The Italian brand began an overhaul last year after shoppers tired of Gucci's trendy designs. Between 2016 and 2021, the label's

loud, maximalist collections were a hit with luxury customers, but lost steam.

More sober designs by its latest creative director, Sabato de Sarno, arrived in stores in February. Although it will take time to fully replace Gucci's old collections—de Sarno's designs are only about 5% of what is available in Gucci boutiques based on UBS estimates—shoppers' initial response seems lukewarm. Weak demand in China doesn't bode well considering Gucci relies on Chinese shoppers for more than one-third of its sales.

Revamping the Italian label was always going to be risky. Gucci generated half of Kering's total sales in 2023 and 70% of its operating profit. But Kering needed to do something. The company's share price has halved in value

since its peak in autumn 2021, making it one of the luxury industry's worst-performing stocks in recent years.

It may be that Gucci's new designs will be a slower burn than the brand's last major overhaul in 2015. Back then, sales took off within six months of former designer Alessandro Michele's first fashion shows.

Kering's stock looks cheap compared with rivals, changing hands at 15 times estimated earnings. But the company will need to spend heavily on advertising and store refurbishments to generate buzz about the new Gucci collections, which could lower profit margins. Until there are signs that shoppers like what they see, luxury investors should shop elsewhere.

—Carol Ryan

## Nvidia Competes Mostly With Itself—And AI Fatigue

**Nvidia** has a very big crowd to please these days. The company has managed to pull it off this time.

The chip maker that is now the world's third-most-valuable company unveiled its latest artificial-intelligence systems during the kickoff of its annual developers conference on Monday.

The event, known as GTC, had been held virtually since 2020, when Nvidia was generating about \$11 billion in annual revenue mostly from the sale of graphics processors for videogaming PCs.

Nvidia's business mushroomed nearly sixfold since then, thanks to booming demand for the company's data-center chips used to power generative AI services such as ChatGPT.

That rapid ascent has given the company and Chief Executive Officer Jensen Huang rock-star status, with more than 11,000 people filling a sports arena in Silicon Valley on Monday to catch Huang's keynote address.

The event included the first official details of the company's Blackwell B100 systems, which will succeed its popular H100 systems that have become the workhorse of generative AI workloads. Even those chips are still catching up with demand.

The B100 chips offer a significant performance boost over the H100 family, especially for inferencing, which is when AI models use the data they are trained on to start generating answers. This has been an area where Nvidia has some perceived vulnerability to competition.

But the strong performance specs of the B100 were in line with some early hints from the company, and Nvidia had already surprised investors last month when it disclosed during its fiscal fourth-quarter earnings call that about 40% of its AI revenue was coming from chips used in inferencing work.

At a conference earlier this month, Morgan Stanley analyst Joseph Moore described his reaction to that disclosure thusly: "I just about fell out of my chair."

That left little room for Nvidia to spring any big surprises this week. Nvidia's share price slipped a little after Monday's keynote, though it has picked up about 2% since.

The company's stock has been caught up in a recent selloff that has taken the entire chip sector down a peg after a major AI-driven run.

Nvidia's shares are still more than 2% below their record high from March 7. The PHLX Semiconductor Index is down 7% over the same period.

Investors needn't worry about Nvidia's competitive position. Analysts agree that the B100 systems will maintain the company's strong lead in AI computing, even with rivals such as **Advanced Micro Devices** poised to pick up

some sales.

Tim Arcuri of UBS said Nvidia's new chips "will reassert its undisputed technical lead in performance," while Vivek Arya of BofA Securities said the B100—and other new developments unveiled at the conference—"continues to fundamentally widen Nvidia's competitive moat" in a note to clients.

The bigger risk for Nvidia—or at least to the incredible sales momentum it has been enjoying of late—is if the generative AI services being propagated by companies such as **Microsoft**, **Google**, **Amazon.com**, **Meta Platforms** and **Adobe** see tepid demand from consumers and business customers.

Adobe's first-quarter report last week fell flat with investors as the results and accompanying forecast showed little uplift from the company's new Firefly service.

The Wall Street Journal reported last month that early corporate testers of Microsoft's Copilot are mixed on whether the new AI tools are worth their premium price.

Such a trend could ultimately cool the billions that those companies are currently dropping on Nvidia's chips. But even that doesn't seem in the cards this year based on the capital-spending forecasts in the latest round of earnings reports.

It is out of Nvidia's hands. What Nvidia can do is keep its strong technical edge that also allows the company to maintain the pricing power that has driven its operating-profit margins to record high rates.

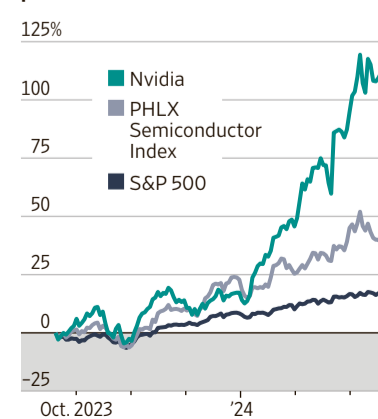
That in turn has made its stock's valuation cheaper than many of its chip peers that aren't seeing the same sort of artificial-intelligence sales boom.

Nvidia's shares closed Wednesday about 36 times forward earnings—below nine others on the PHLX index and about 35% below its multiple a year ago, according to FactSet data.

With its latest chips likely to drive another strong year ahead, even a \$2 trillion Nvidia isn't such a stretch.

—Dan Gallagher

Share-price and index performance, past six months



Source: FactSet

## General Mills' Pet-Food Sales Beat Estimates

**General Mills** shares traded higher on Wednesday after its pet-food sales came in better than expected.

The company said its overall organic sales, which strip out currency movements and merger impacts, fell 1% from a year earlier in its third quarter ended Feb. 25.

Pet-food organic sales were down 3%, but that was better than the prior quarter's decline of 4% as consumers traded down from General Mills' premium brands. It was much better than analyst expectations, which called for an 11% drop, according to Visible Alpha.

The company said sales improved for its Blue Buffalo Life Protection Formula but remained weak for the more premium Blue Buffalo Wilderness line. On a conference call, Chief Executive Jeff Harmening said the company adjusted its price points on some



Organic sales in the category fell 3%, far better than analysts' 11% forecast.

high-end wet food. He said it plans more investment in the Wilderness line, adding "we need to get back to advertising Wilderness with a message that will resonate with consumers."

General Mills shares closed up 1.2% on Wednesday, but are still down about 15% over the past year. Investors might need to see a return to growth before getting excited again.

—Aaron Back