

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\* TUESDAY, FEBRUARY 6, 2024 - VOL. CCLXXXIII NO. 30 WSJ.com ★★★★★ \$5.00

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## What's News

### Business & Finance

◆ **The S&P 500 backed off** its record, falling 0.3%, and bond yields jumped after investors' hopes for a Fed rate cut next month were all but dashed. The Dow and Nasdaq declined 0.7% and 0.2%, respectively, while the yield on the 10-year Treasury note rose to 4.163%. **A1**

◆ **With Novo Nordisk's Wegovy** weight-loss drug in short supply, the company's owner agreed to buy contract manufacturer Catalent for \$16.5 billion, including debt, to boost output. **A1**

◆ **Falling mortgage rates** boosted home shopping in January, luring the first opportunistic buyers back to the market after last year's collapse in house sales. **A2**

◆ **McDonald's and Starbucks** said the Israel-Hamas war has disrupted sales at Middle Eastern locations, and they pushed back against accusations that they have favored one side or the other in the conflict. **B1**

◆ **Brookfield said it raised** \$10 billion for its latest energy-transition fund, giving it firepower for climate projects that only the biggest players can match. **B1**

◆ **Merck struck a deal** to buy Elanco's aqua business in a roughly \$1.3 billion cash deal that expands the drugmaker's animal-health business. **B2**

◆ **CNN overhauled its** morning lineup, the latest in a series of programming changes that come as the network seeks to counter a ratings slump. **B3**

◆ **Yandex, the tech** company often referred to as Russia's Google, is leaving the country by agreeing to sell its domestic assets to a local investor group for \$5.2 billion. **B4**

### World-Wide

◆ **A strike near a U.S. base** in Syria killed six members of a U.S.-allied militia, the group said, despite the U.S. pounding Iran-allied militia sites with airstrikes over the weekend, underscoring the challenge Washington faces in its goal of keeping the conflict in the Middle East contained. **A7**

◆ **Three senators who** spent four intense months shaping a bipartisan deal designed to sharply cut down on illegal border crossings could see the agreement fall apart within days under withering opposition from Senate Republicans ahead of a vote on the bill Wednesday. **A4**

◆ **Republican presidential** candidate Nikki Haley applied for Secret Service protection because of increasing threats she has received as Trump's last major opponent for the 2024 GOP nomination. **A6**

◆ **Torrential rains** hammered Southern California, flooding freeways, triggering mudslides that engulfed hillside homes and forcing authorities to rescue people trapped in raging waters. **A3**

◆ **Dartmouth College** will require SAT or ACT scores beginning with next year's class of applicants, the first Ivy League school to reverse course on pandemic-era test-optional policies. **A3**

◆ **Zelensky is considering** a Ukrainian leadership shuffle aimed at reinvigorating efforts to combat Russia's invasion, potential changes that could test his ability to retain support at home and in the West. **A16**

◆ **China issued a suspended** death sentence to a China-born Australian citizen after convicting him of espionage. **A16**

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## Flood Victims Rescued as Rains Lash California



**RISING LEVELS:** Firefighters rescue a woman Monday from a homeless encampment that became surrounded by floodwater in San Bernardino. The deluge, up to 11 inches in some places, shattered rainfall records across Southern California. **A3**

## Maker of Weight-Loss Drug Sets Deal to Boost Production

By PETER LOFTUS

Novo Nordisk's owner wants to solve the Danish company's weight-loss-drug production woes by buying up one of the world's biggest contract manufacturing firms.

Novo Holdings, which owns a controlling stake in Wegovy maker Novo Nordisk, agreed to buy Somerset, N.J.-based Catalent for \$16.5 billion, including debt. In turn, Novo Holdings will flip three of the most critical Catalent plants to Novo Nordisk for \$11 billion, which will help the drug-

maker boost production of its hot-selling diabetes and obesity medications.

Demand has been off the charts for Novo Nordisk's anti-obesity drug Wegovy and its cousin diabetes drug Ozempic, along with similar drugs from competitor Eli Lilly. The companies haven't been able to keep up despite continuing efforts to boost output.

The deal for Catalent, which provides outsourced manufacturing for many top drug companies, suggests the unusual lengths that Novo is willing to take to shore up its

production and fill spiraling prescriptions that are expected to generate tens of billions of dollars in yearly sales. It is also a fresh sign of just how much the weight-loss-drug market is booming.

"Supply is so critical here," Kasim Kutay, chief executive of Novo Holdings, said. "There are benefits to owning something so critical to your growth and profitability and to have full determination on how you want to scale."

Not every day does a pharmaceutical company seek to solve its manufacturing

shortfalls with an outright purchase of a contract manufacturer. In fact, many pharmaceutical companies have turned to contract manufacturers in recent years, rather than build more of their own plants, to help control their costs and improve margins.

Yet the runaway success of Ozempic and Wegovy—as well as their Lilly competitors—have put a premium on their manufacture.

It also boosted the two stocks, turning Novo Nordisk into Europe's most valuable. *Please turn to page A4*

## Iranian Militia Master Is Walking A Fine Line

By SUNE ENGEL RASMUSSEN

Four years ago, the U.S. launched a drone strike to kill the man who headed up Iran's covert paramilitary operations.

Qassem Soleimani had an almost cultlike following as the Middle East's perhaps most recognizable military commander, and had placed his Quds Force atop a web of regional militias that over two decades had extended Iran military influence across the Arab world.

The man who succeeded him is very different, an unassuming backroom dealer who now faces a difficult new task—using this patchwork of armed groups to expand Iran's footprint without provoking a devastating reprisal from the U.S.

Since taking over the Quds Force, Brig. Gen. Esmail Qaani has quietly worked to consolidate the various militias working under Iran's direction from Baghdad to the Red Sea, where they have created what the U.S. government calls the most volatile situation in the Middle East in decades.

From the Houthi rebel movement in Yemen to Shia paramilitaries in Syria and Iraq, Qaani's militia clients have the potential to inflame a cascading series of conflicts triggered by Hamas's Oct. 7 attack, and draw the U.S. further into the morass by targeting American bases, such as the drone strike that killed three U.S. soldiers in Jordan. *Please turn to page A7*

◆ **Iran-tied groups target** more U.S. bases..... **A7**  
◆ **Israel wants U.N. aid agency** scrapped, but not yet.... **A7**

## King Is Treated for Cancer



**Buckingham Palace** said King Charles III, 75, who acceded to the throne in 2022, has been diagnosed with cancer and will postpone public engagements while he receives treatment. **A16**

## America's Frothy Milk Wars Pit Team Cow Against Team Oat

Dairy producers want to scrub 'milk' from the labels of plant-based alternatives

By KRISTINA PETERSON

What's next in your coffee? Salmon milk? Hot dog milk? The dairy industry is just asking.

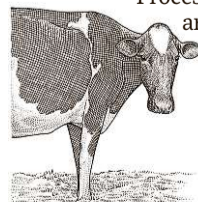
A flood of plant-based milk alternatives—almond, oat, coconut, rice, flax, hemp and soy—has set off an aggressive defense by dairy milk producers, including spoofs to steer consumers away from crops and back to cows. "Wood Milk" is one.

"I saw a tree, and I asked myself, 'Can I drink this?'" says actress Aubrey Plaza in

the mockumentary-style video. "As it turns out, the answer is yes," she says before taking a stomach-turning sip. The video, which collected 5.7 million views, is among several from the Milk Processor Education Program, an industry-funded group known as MilkPep.

Queen Latifah stars in a pro-dairy video offering support for victims of "milk shaming."

"Milk. Most Americans have tried it at least once," the actress says, holding a goblet and gazing sorrowfully. "But recently, dairy deniers all over America are subjecting *Please turn to page A2*



Not cowed.

## How the Funeral Industry and FTC Hide Bad Actors

Names of mortuaries with fair-practices violations are hidden from public

By DOMINIQUE MOSBERGEN

Unethical funeral homes have exploited grieving customers for decades. What consumers don't know is that many of the industry's bad actors have been hidden from the public thanks to a sweetheart deal struck between the Federal Trade Commission and the funeral industry more than 25 years ago.

In that deal, unlike any known to exist between the FTC and any other industry, the names of funeral homes that violate rules requiring price transparency and fair practices aren't made public to

consumers, as long as they complete a virtual remedial program run by the funeral industry's own lobbying group.

The Wall Street Journal found that more than 500 funeral homes participated in the program from 1996 to 2018 for failing to comply with rules against customer exploitation, according to federal documents obtained through Freedom of Information Act requests. Data from 2018 were the most recent provided.

More than 90% of all funeral homes cited for violations participated in the program, the FTC said. The full list, published *Please turn to page A8*

## INSIDE



**JASON GAY** Caitlin Clark, college basketball's biggest star, enters the Steph Curry zone. **A12**



**BUSINESS & FINANCE** Gap names designer Zac Posen as creative director in bid to forge new identity. **B1**



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U.S. NEWS



The storm churned up the Los Angeles River on Monday, a day after about 4.1 inches of rain fell on the city's downtown.

# Southern California Hit Hard As Historic Rains Wreak Havoc

LOS ANGELES—Torrential rains hammered Southern California, flooding freeways, triggering mudslides that engulfed

By Sara Randazzo, Suryatapa Bhattacharya and Jim Carlton

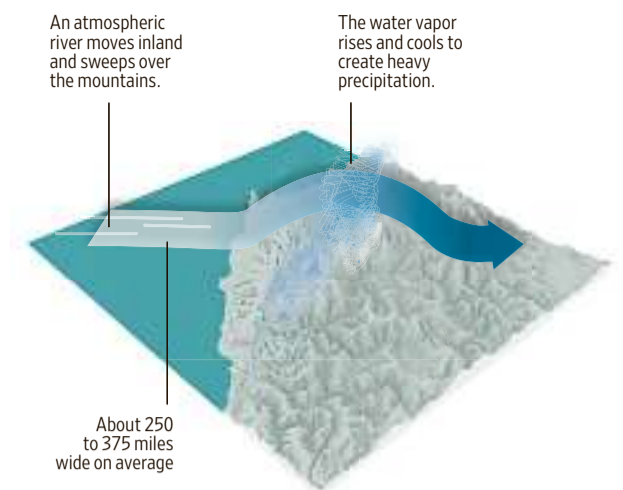
hillside homes and forcing authorities to rescue people trapped in raging waters. The deluge battered communities from Santa Barbara to San Diego, with up to 11 inches of rain falling in some places since Sunday, shattering rainfall records across the region, according to the National Weather Service. About 4.1 inches of rain poured onto downtown Los Angeles on Sunday, breaking the daily record of 2.55 inches of rain set in 1927, according to the NWS. It

was the third wettest day on record for February, with the high of 4.8 inches set in 1913. The storm is known as an atmospheric river, a ribbon of water vapor that moves through the sky. When it hits land, the water vapor rises and cools, turning into rain, according to the National Oceanic and Atmospheric Administration. The Los Angeles Fire Department said evacuations had been enforced in several areas after homes were hit by mudslides and debris flows. The weather service on Monday warned residents in the Hollywood Hills and around the Santa Monica Mountains to avoid traveling as those areas could get hit with life-threatening landslides and flash floods. A total of 120 mudslides were reported across Los Angeles, Fire Chief Kristin Crowley

said in a Monday press update. Her agency reported "significant damage" to about five homes in the Hollywood Hills on Monday. Just downhill, Scott and Deborah Windus on Monday used shovels to clear another small mudslide blocking a drain and threatening to flood the road. "We don't know when it happened," said Deborah, 72. Hillsides remain at high risk of additional mudslides despite a tapering of rain expected through Tuesday, said Ariel Cohen, meteorologist in charge at the National Weather Service office in Los Angeles. Nearby the Studio City mudslide, Fryman Canyon resident Casey Bank used a hose and push broom to clear mud several inches deep from her driveway. "Last night was a bit crazy," Bank said.

Swiftwater rescue crews pulled 16 people out of swollen streams, including a man who jumped in the Los Angeles River on Monday afternoon to save his dog. Crowley the fire chief said the man was pulled out by a helicopter rescue team, which also retrieved his dog. A particularly tense scene unfolded Monday morning along the Los Angeles River near Griffith Park, where search and rescue teams from multiple cities descended on the river to check out unconfirmed reports that a 6-year-old boy had been swept up in waters. A crowd gathered on an overpass near Griffith Park to look down at the raging brown water, which is sometimes nothing more than a trickle going through the cement banks of the river. Search and rescue personnel strung rope across

How an atmospheric river works



Total projected precipitation, Sunday through Friday\*



\*Started Feb. 4, 4 p.m. local time. †Areas with less than one inch of precipitation total not shown. Source: National Oceanic and Atmospheric Administration

the river and waited for any sightings. Others jumped on Jet Skis to explore farther up the river as a helicopter circled overhead. Los Angeles fire officials said the search ended with no one being found.

Watch a Video

Scan this code for a video on the severe rains and wind hitting California.

# Dartmouth Is First Ivy to Reinstate SAT Requirement

By MELISSA KORN

Dartmouth College will require SAT or ACT scores beginning with next year's class of applicants, the first Ivy League school to reverse course on pandemic-era test-optional policies. The New Hampshire school said it was making the move based on new research showing that, at Ivy League and other highly selective schools, standardized test scores help predict first-year college performance—even better than high-school grades do. "I've become less convinced that [test] optional is

working for us at Dartmouth," said Lee Coffin, vice president and dean of admissions and financial aid. "We're reanimating the policy based on evidence." He said there were many times since the school adopted its test-optional policy in 2020 when he wished he had one more data point on a student, "to confirm what we think is a high-achieving profile." Coffin said test scores will be especially useful as Dartmouth receives more applications from high schools that are unknown to the admissions office and schools

where grade inflation is a concern. The research, by faculty from Dartmouth and Brown University and published last month by Harvard University's Opportunity Insights research center, found that test scores predicted variations in first-year college success even among students with similar characteristics and high-school grades. Dartmouth faculty also reviewed anonymized data specifically for that college, issuing a report to Coffin and the school's president endorsing the return to testing. More than a thousand

other colleges also scrapped their test-score requirement in 2020, as testing centers were closed during the public-health crisis and students were unable to take the SAT or ACT. Cornell University was the first Ivy institution to drop its requirement, with its peers all following within two months. In addition to logistical challenges, some schools noted concerns about correlations between test scores and family income. After relaxing their testing policies, high-profile schools were inundated with applications. That led to lower acceptance rates, which in turn

pushed the next class of prospective students to send out even more applications, driving a significant drop in acceptance rates in recent years. Coffin said he isn't concerned if the school starts getting fewer applicants, especially after the recent uptick. In light of the competition for spots at some schools, many applicants and college counselors have remained skeptical of just how optional the tests really are. Dartmouth said on its admissions site last year that applicants wouldn't be judged on whether or not they in-

cluded their SAT or ACT scores. But it also encouraged students to submit their scores if they sat for either test, explaining that testing—alongside the academic record and recommendations—helps the school "better understand your academic preparation." Coffin called that a shift from "test optional" to "test recommended." The Massachusetts Institute of Technology said in 2022 that it would return to requiring test scores. Some other schools, meanwhile, have made their pandemic-era test-optional policies permanent.

# Parents Battle With Schools to Adopt Early Algebra

By SARA RANDAZZO

San Francisco's public-school district set off a years-long fight with parents when it decided to prevent students from taking algebra until high school, an attempt to combat racial inequities in math by waiting until more students were ready.

Parents in favor of letting students start in middle school launched petitions, a ballot measure and a lawsuit, sparring with school officials over questions of equity and privilege. Now, it appears the parents who are pushing for eighth-grade algebra are winning. The San Francisco Unified School District said last week that it would reverse its decade-old policy. When to start students on algebra is contentious because the subject is a gateway to a series of math classes culminating in calculus, which many see as crucial for STEM careers and selective college admissions. Students aspiring to take calculus before graduating have traditionally begun this sequence in eighth grade. "A lot of the attention to eighth-grade algebra is based upon the feeling that that's the point at which the race is won," said Thurston Domina, an education professor at the University of North Carolina. The San Francisco district long argued that the policy of restricting algebra to high school was done to reduce the



Algebra is considered a gateway to a series of math classes ending in calculus, which many see as crucial for STEM careers.

inequities that result from sorting students by math ability at too young an age. Between a quarter and a third of eighth-graders across the U.S. take algebra, federal data show. In most districts, students can choose when to enroll in algebra based on parent or teacher recommendations, a system that tends to result in fewer Black and Latino students on the fast track. Nationally, 48% of Asian students reach calculus before graduation, compared with 22% of white students, 14% of Latino students and 11% of Black students. Some districts try to solve the racial disparities by placing all eighth-graders in algebra. Proponents of that approach argue it is a way to ensure equity across racial and socioeconomic groups. In San Francisco, parents spent years trying to restore

access to middle-school algebra after the district in 2014 concluded that starting students in ninth grade was the optimal way to achieve equity. Over the years the district stood by its decision, pointing to data showing fewer students of all races failed algebra after moving the subject to ninth grade. "We do have a social-justice agenda," Lizzy Hull Barnes, who oversees the San Francisco school district's math department, said on a panel in 2021. She said, "Any time anyone tried to make the case that helping historically underserved children harms privileged children," the district used data to disprove it. Parents who pushed for eighth-grade algebra said it wasn't fair to hold back those ready to advance and that the school district was creating new inequities because wealth-

ier families could pay for students to take accelerated math outside school. Families took issue with the workarounds the district eventually offered to get to calculus, which include taking summer courses, two math classes in one year or a course that compresses Algebra II and precalculus. "When you watch how this policy plays out, it is actually crushing the hopes and dreams of real children in our city, every single year," said Annesa Flentje, a parent of three and a professor at the University of California, San Francisco, who in March 2023 became a plaintiff in a lawsuit seeking to reverse the San Francisco school district's policy. A study by Stanford University researchers released in March 2023 found that San Francisco's policy largely failed in its equity goals, with the proportion of Black and Latino students enrolling in Advanced Placement math courses hardly moving. This school year, the district said it would study ways to reverse course. On Friday, officials posted a proposal that will go before the school board later this month. It lays out a path to return algebra to all middle schools by 2026-27, with pilot programs and online and summer options until then. Superintendent Matt Wayne said the vision is to "increase the number of under-represented students in higher-level math."

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U.S. NEWS

Border Deal Faces Defeat as GOP Balks

Mounting opposition to bipartisan plan also puts at risk aid for Ukraine and Israel

By LINDSAY WISE AND SIOBHAN HUGHES

WASHINGTON—Three senators spent four months shaping a bipartisan deal designed to sharply cut down on illegal crossings at the U.S. border, demanded by Republican lawmakers as a condition for funding Ukraine in its war against Russia. It could take just days to fall apart.

With an initial Senate vote set for Wednesday, the deal crafted by Kyrsten Sinema (I., Ariz.), Chris Murphy (D., Conn.) and James Lankford (R., Okla.), faced intense opposition from Republicans on Monday who said the border provisions weren't tough enough, likely sinking its prospects for passage.

A collapse of the deal would set back efforts to secure the border and could force lawmakers to find an alternative way to pass the foreign-aid provisions included in the package. The \$118 billion proposal includes funding for bolstering immigration enforcement as well as about \$60 billion related to Ukraine and \$14.1 billion for Israel's security.

The bill's travails show the sensitive politics of the immigration debate. The measure was released Sunday evening, and by late Monday, some 22 Republicans including GOP campaign chief Sen. Steve

Daines of Montana had publicly said that they would vote against taking up the legislation, according to a Wall Street Journal tally. At least one other Republican, Sen. John Cornyn (R., Texas), was leaning against, while others were undecided.

That left Republican leaders perilously close to missing their stated target of picking up the support of a majority of the Senate Republican conference or walking away, leaving the next steps in doubt.

"I think the proposal is dead," said Sen. Roger Wicker (R., Miss.), expressing hope that the Senate would drop the border deal and pass the rest of the bill without it. Sen. Joni Ernst (R., Iowa), a top ally of Senate Minority Leader Mitch McConnell (R., Ky.), said that "the members that have come out and said no—I think it's hard to overcome that."

Republican senators met privately Monday night. Afterward, Lankford said he didn't expect the bill to overcome the planned procedural vote Wednesday, due to GOP opposition, and said Republicans want to make substantive changes. Lankford called it "a work in progress," adding he was "not willing to do a funeral on it."

McConnell, an advocate of more funding for Ukraine, had blessed the bipartisan talks and gave a speech Monday defending the deal on the Senate floor. But with GOP support cratering, he told senators in the meeting that he would recommend voting against the procedural motion to advance



The deal was shaped by, from left, Sens. James Lankford, Kyrsten Sinema and Chris Murphy

Bipartisan Visit in 2023 Planted Seeds for Talks

The seeds for the Senate's bipartisan border deal were planted in Arizona and Texas a little more than a year ago, when Sens. Murphy, Sinema and Lankford were part of a bipartisan group who took a congressional trip to see the border first hand.

What was unusual about the January 2023 border

trip, recalled Sinema, was that senators got to see the border from others' perspectives as well as their own. Typically lawmakers travel to the border with colleagues from their own side of the aisle.

The visit forced senators out of their partisan corners, Sinema said. "You cannot solve problems like

this if you stay in your comfort zone."

Months after the trip, Republicans made tens of billions of dollars in additional Ukraine aid conditional on immigration policy changes, and the three senators found themselves tasked with trying to reach a compromise. They worked nearly without pause for four months.

it on Wednesday, two people familiar with the GOP leader's remarks said. McConnell's office didn't respond to a request for comment.

Democrats have a 51-49 majority in the Senate and the bill will need 60 votes to advance.

Any deal was always going to be a tough sell, after decades of no progress on immigration law. This round was made more difficult by election-year posturing and former President Donald Trump's stiff

opposition. Even if the measure managed to pass the Democratic-led Senate—no sure thing—it would face outright hostility in the GOP-led House.

A statement from House Speaker Mike Johnson (R., La.) and other party leaders called the Senate bill "riddled with loopholes" and said "any consideration of this Senate bill in its current form is a waste of time."

Johnson has aligned himself with Trump, who began cam-

paigning against the border deal long before most of the details were released. "This bill is a great gift to the Democrats, and a Death Wish for The Republican Party," Trump said on social media Monday.

Democrats say Trump and allied Republicans—who last year insisted on border talks as a condition for backing separate provisions providing funding for Ukraine and Israel—are cynically blocking the bill in order to deny a political win for

President Biden, a Democrat, headed into the election.

"Just gobsmacked," said Sen. Brian Schatz (D., Hawaii) on social media. "I've never seen anything like it. [Republicans] literally demanded specific policy, got it, and then killed it."

The deal would establish a new process at the border to deliver fast case resolutions and swift deportations for migrants who don't qualify for asylum. It also would set a higher bar for asylum claims and establish new limits on the number of immigrants claiming asylum. The bill also would fund border barrier construction and restrict the use of an immigration power known as humanitarian parole, a temporary legal status that the government has been using to allow migrants to enter the country legally and work.

The bill's authors had no illusions about the uphill climb facing any deal.

"You have to be prepared for backlash from both sides of the political spectrum if you're going to find a meeting ground in the middle," Murphy said.

Lankford said some Republicans have rejected the bill on partial or misleading information, and he took to cable television on Monday morning to sell the details. He emphasized the mechanisms that would shut down asylum claims for weeks at a time once they hit 5,000 a day. He thinks fellow Republicans will come to regret it if they don't pass the bill.

—Katy Stech Ferek and Michelle Hackman contributed to this article.

U.S. WATCH



PICTURE OF COURAGE: Three days after Sept. 11, 2001, New York City firefighter Bob Beckwith stood with President George W. Bush as he spoke to responders at Ground Zero. Bush said Monday: 'When the terrorists attacked, Bob suited back up and, like so many brave first responders, raced toward the danger to save and search for others.' Beckwith died Sunday at age 91.

OBITUARY

Firefighter Captured in Iconic 9/11 Image

Bob Beckwith, a retired New York City firefighter who became part of an iconic image of American unity after the Sept. 11, 2001, terrorist attacks, has died. He was 91.

Beckwith died Sunday night in hospice care after dealing with cancer in recent years, his wife, Barbara Beckwith, said Monday.

The Long Island resident stood atop a smashed fire truck in the World Trade Center rubble as President George W. Bush delivered a speech to responders after hijackers crashed airplanes into the Twin Towers of the old World Trade Center, killing 2,753 people. The moment became an enduring image of resilience following the deadliest terrorist attack on American soil.

Bush, who remained in contact with the family over the years, was among those who called Monday morning to send condolences, his wife said.

Barbara Beckwith said her husband helped the president get up on the truck and was about to let himself down when Bush intervened. "The president said to him, 'Where are you going?'" she recounted. "You're going to be right here with me."

—Associated Press

PENNSYLVANIA

Cyberattack Targets State Courts Agency

A weekend cyberattack on the website of Pennsylvania's state courts agency disabled some online systems but didn't appear to compromise any data and didn't stop the courts from opening Monday, officials said.

Various county court clerks said their offices were operating smoothly, despite the disruptions to some online portals and services.

The federal government's lead cybersecurity agency, the U.S. Department of Homeland Security and the F.B.I. were investigating the attack on the Administrative Office of Pennsylvania Courts, state Supreme Court Chief Justice Debra Todd said.

Todd called it a "denial of service" cyberattack, using the federal government's description for when attackers "flood the targeted host or network with traffic until the target can't respond or simply crashes."

The attack comes a few months after Kansas' judicial branch was the victim of what it called a "sophisticated cyberattack," from which it took months and millions of dollars to recover. That attack was blamed on a Russia-based group.

—Associated Press

Drugmaker Sets \$16.5 Billion Deal

Continued from Page One company, surpassing \$500 billion last week, and giving its holding company the wherewithal to buy Catalent.

The acquisition will give Novo direct control of plants that could ease some of the production bottlenecks.

The weight-loss drugs, and their diabetes cousins, have emerged as one of the hottest

segments of the pharmaceutical industry.

Novo's weekly injections and similar drugs from Lilly are in high demand because they can help people with obesity shed much more weight than older medicines, and to keep it off.

Average weekly U.S. prescriptions for Wegovy this year are up 148% from a year earlier, while Ozempic is up 43%, according to JPMorgan Chase. Prescriptions for these and other drugs in the category, known as GLP-1s, are averaging more than one million a week.

Many people have turned to a gray market of custom-made, or compounded, medicines because they can't get supplies from their local pharmacy. The Food and Drug Administration has warned that it can't verify the safety of these compounded versions.

Novo Nordisk and Lilly are spending billions of dollars to expand existing factories, build new ones and form external partnerships in a bid to boost output. In recent months, Novo Nordisk outlined plans to invest more than \$6 billion to increase capacity.

Last month, the company began gradually increasing supplies of lower-dose strengths that are typically given to new patients, having reduced supply in the U.S. since May to safeguard access for current patients.

Catalent is one of the largest providers of outsourced manufacturing for the pharmaceutical industry, with more than 50 global sites and \$4.3 billion in sales last year. It played a big role in manufacturing Covid-19 vaccines during the pandemic.

Yet its performance had suffered recently. In 2021, Catalent temporarily stopped deliveries and manufacturing at its Belgium plant after FDA inspections found faulty air filters and damaged equipment, contributing to early shortages of Wegovy.

A declining share price led activist shareholder Elliott Investment Management last year to amass a stake and to push for Catalent to explore strategic alternatives, including a sale, leading to the Novo transaction. Elliott said it supports the Novo Holdings purchase.

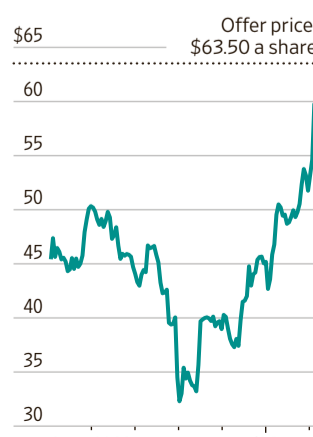
The three sites that will be sold to Novo Nordisk—in Italy,

Brussels and Bloomington, Ind.—together employ 3,000 people and specialize in sterile filling of medicines into syringes and injection devices. They have existing manufacturing collaborations with Novo Nordisk.

Novo Holdings will pay \$63.50 a share in cash for Catalent, a premium of 16.5% to Catalent's closing price on Friday and a 47.5% premium to the 60-day volume-weighted average price as of Friday.

The Novo Holdings pur-

Catalent's share price, past six months

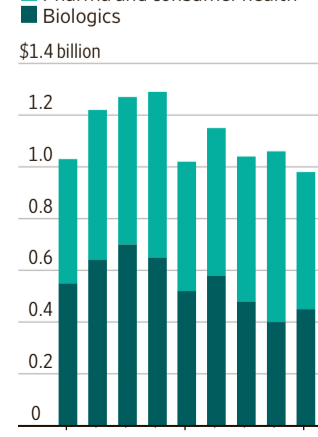


Latest fiscal quarter ended Sept. 30

chase of Catalent is projected to close toward the end of 2024, after which the three Catalent sites would be sold to Novo Nordisk. Novo Nordisk expects the three Catalent sites to help increase the company's filling capacity starting in 2026.

Catalent shares rose 9.7% to \$59.82 on Monday. Novo Nordisk's American depositary receipts rose 4% to \$118.26. After the closing of the merger, Catalent shares will no longer trade on the New York Stock

Quarterly revenue\*



Sources: FactSet (share price); S&P Capital IQ (revenue)

Advertisement for John Christian jewelry, featuring a 'Pink Gold' necklace and 'I Love U Necklace' for \$490.

Exchange, and it will become a private company.

The Catalent deal is an outgrowth of an unusual and complicated ownership structure for Novo Nordisk. A non-profit foundation, the Novo Nordisk Foundation, has voting control of the drugmaker's shares through its investment arm, Novo Holdings.

The dividends flowing back to Novo Holdings and the foundation—which is now among the world's largest because of Novo Nordisk's stock—have enabled more charitable grants, investments and acquisitions in recent years.

One area of focus for Novo Holdings' investments has been companies that provide services to the pharmaceutical industry, Novo Holdings CEO Kutay said.

"The acquisition complements the significant investments we are already doing in active pharmaceutical ingredients facilities, and the sites will provide strategic flexibility to our existing supply network," said Novo Nordisk CEO Lars Fruergaard Jørgensen.

—Dominic Chopping and Chris Wack contributed to this article.

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U.S. NEWS

# DeSantis Backer Faces Own Fight Now Haley Seeks Protection Amid Rise In Threats

Rep. Good eventually came back to Trump as he runs against a '100% MAGA' rival

By Kristina Peterson

RICE, Va.—Many Republican politicians don't survive crossing Donald Trump. Rep. Bob Good, who initially backed Ron DeSantis for president in 2024, is giving it his best shot.

At a late January campaign event, the Virginia Republican posed for pictures in front of a banner emblazoned "Farmers for Trump." Signs posted on beams urged locals to vote for both Good and Trump, whom the lawmaker called "the best president of my lifetime." In the finale of his speech, Good whipped out a red Trump baseball hat, donning it as supporters cheered.

Less than a week earlier, Good still had been supporting DeSantis's presidential bid, only switching his backing to Trump the day that the Florida governor dropped out following a distant second-place finish in Iowa.

"He's not in the race anymore," Good said of DeSantis in an interview at his campaign kickoff. "I wholeheartedly endorse President Trump, as I said I would," referring to a previous pledge to support Trump if he was the eventual nominee.

The lawmaker faces state Sen. John McGuire in the June 18 GOP primary. McGuire, a self-declared "100% MAGA Congressman," went to Iowa to campaign for Trump, while criticizing Good as his "Never Trump opponent." Fundraising numbers suggest the candidates are competitive: Federal filings show Good with about \$270,000 in cash on hand at the end of last year and McGuire with about \$205,000.

Trump has a long record of using his deep influence with Republican voters to take revenge on lawmakers over perceived disloyalty. Headed into this year's elections, Good is



Rep. Bob Good (R., Va) supported Ron DeSantis's presidential bid right up until it came to an end.

ment was in response to what he called an attack from Good on Trump. Since "it was in my backyard, a response was required," LaCivita said in a text message.

As chairman of the House Freedom Caucus, Good has frustrated some members with his faction's tactics. Earlier this year he helped take down a procedural vote as a protest against a short-term spending bill backed by new Speaker Mike Johnson (R., La.) that was designed to avert a government shutdown.

Good has said the Freedom Caucus exists in part to challenge GOP leaders when they err. "The party is a tool to save the country, the party is not an end in and of itself," Good said at his campaign kickoff. "The way to expand the [GOP House] majority is to be bold and courageous and strong and uncompromising and unapologetic so you'll be inspired to knock the doors and make the phone calls."

Good also noted that the Freedom Caucus was so closely allied with Trump during his presidency that he tapped one of its previous chairmen, former Rep. Mark Meadows (R., N.C.) to be his chief of staff.

Good's decision to initially back DeSantis drew mixed reviews in the lawmaker's district.

Tony Reeves, a Baptist minister, backs Good for Congress and said he had also earlier thought DeSantis might have momentum. "Months ago I kind of felt like that was a good move. I was kind of thinking DeSantis might be the man," he said. Of Good, he said: "I like what he stands for. He's a very conservative guy."

Costa Constantino, a retiree and Goochland County resident who is backing McGuire, didn't like Good's effort to oust Kevin McCarthy as speaker and said he had some concerns about Good's foreign-policy stances and his original decision not to endorse Trump. "I didn't think DeSantis was going anywhere. That was a mistake," said Constantino.

## Hard-Line Tactics Bring Further Complications

Rep. Bob Good faces other intraparty complications in his bid for a third term.

He was one of the eight Republican dissidents who engineered the ouster of then-House Speaker Kevin McCarthy last year—something some GOP lawmakers are still steamed about.

And he is now chairman of the Freedom Caucus, a group of hard-line conservatives who often make life difficult for party leaders.

"Bob Good and a few other people blew up this House without a plan to put it back together again, and that's grossly irresponsible," said Rep. Derrick Van

Orden (R., Wis.). "And he doesn't belong here because of that."

Other colleagues have rallied behind Good, who was first elected in 2020.

"He's got a very constitutionally based conservative record, and I look at that above all things," said Rep. Cory Mills (R., Fla.).

one of several conservative politicians who may need to find their way back into the good graces of Trump now that he is the clear front-runner for the presidential nomination.

GOP Reps. Chip Roy of Texas and Thomas Massie of Kentucky also backed DeSantis, while Republican Rep. Ralph Norman of South Carolina still supports Nikki Haley—Trump's last remaining rival.

Norman didn't respond to a request for comment. Massie said through a spokesperson he plans to support the eventual Republican nominee. Roy

said he has no need to patch things up with Trump. "That's the sort of kiss-the-ring mode, and like I don't do that. He knows that, he respects that," Roy said on Fox News. "I think we'll be just fine."

Trump is currently demanding loyalty from the party. He has threatened that anyone who makes a contribution to Haley's campaign will be "permanently barred" from his political orbit, as he moves to stamp out support for her ahead of the GOP race in South Carolina later this month and Super Tuesday in March.

Trump, who carried Good's congressional district west of Richmond with 53% of the vote in 2020, hasn't yet made an endorsement in the primary. McGuire said he has spoken with Trump recently, while Good declined to say whether he had spoken with the former president.

It is clear some Trump allies aren't pleased with Good. "Bob Good won't be electable when we get done with him," Trump senior adviser Chris LaCivita, who is from Good's district, told the Cardinal News in Virginia. He later said his com-

By John McCormick

AIKEN, S.C. — Republican presidential candidate Nikki Haley has applied for Secret Service protection because of increasing threats she has received as Donald Trump's last major opponent for the 2024 GOP nomination.

Haley confirmed the application for protection in an interview on Monday with The Wall Street Journal. "We've had multiple issues," the former South Carolina governor and United Nations ambassador said after a campaign event here. "It's not going to stop me from doing what I need to do."

A request has been submitted to federal officials, and her campaign is thinking about how more-intense security would affect her campaign schedule and travels. Her work at the U.N. involving Iran could also be a factor.

Her campaign didn't respond to a query seeking additional details about the threats she has received.

Late last week in Columbia, S.C., a woman was tackled by a member of Haley's private security detail when she tried to rush the stage. There have also been protesters in recent days at her events upset about her support for Ukraine and Israel.

On a separate question, Haley said she didn't necessarily agree with Trump's suggestion in a weekend Fox News interview that Ronna McDaniel should be replaced as the head of the Republican National Committee. McDaniel has said Haley should get out of the race so the GOP can unify around Trump. "I will let the party decide who should stay or who should go," Haley said. "What I do know is that we don't do coronations in America and asking me to leave the race was wrong."

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## WORLD NEWS

## Iran-Tied Groups Target More U.S. Bases

American forces plan to continue airstrikes, even as they fail to stop Mideast militias

By **BENOIT FAUCON**

A strike near a U.S. base in Syria killed six members of a U.S.-allied militia on Monday, the group said, despite the U.S. pounding Iran-allied militia sites with airstrikes over the weekend, underscoring the challenge Washington faces in its goal of keeping the conflict in the Middle East contained.

A U.S. military official confirmed that there were fatalities from an attack on the al-Omar oil field, part of a complex that includes a U.S. base and is jointly controlled with the American military. The official declined to comment further.

The Syrian Democratic Forces, a U.S.-allied Kurdish militia, said six of its fighters had died in a drone strike on al-Omar. The Islamic Resistance in Iraq, an umbrella of Iran-backed armed groups, claimed responsibility for the attack, and the SDF threatened to retaliate.

Iran-aligned militias in Iraq and Syria have carried out



Houthi tribesmen in Yemen gather to show defiance after U.S. and U.K. airstrikes on Sunday.

more than 165 attacks on American bases with rockets, missiles, drones or mortars in recent months, the U.S. said, seeking to put pressure on Washington over its support for Israel and trying to force the American military to leave.

Tensions with Iran-backed groups escalated with the deaths of three U.S. service members in a Jan. 28 drone

strike by an Iraqi militia on an American base in Jordan.

In response, Washington carried out 85 airstrikes on Tehran-backed militias in Syria and Iraq on Friday. Over the weekend, U.S. and U.K. forces launched dozens of strikes on Houthi rebel sites in Yemen, where the Iran-backed group has launched attacks on commercial and U.S. naval vessels. The U.S. on Monday

launched what it called a self-defense strike against two Houthi drone boats carrying explosives in Houthi-controlled areas of Yemen, military officials said.

The Houthis said they were undeterred, and that they would continue to launch attacks until Israel ends its war with Hamas in the Gaza Strip.

“The United States will continue working with regional

partners to address threats to U.S. forces in Iraq and Syria, as well as Houthi threats to freedom of navigation in the Red Sea,” Defense Secretary Lloyd Austin wrote on the social-media platform X.

Secretary of State Antony Blinken traveled to the Middle East this week as part of a continuing U.S. effort to try to bring an end to the war in Gaza and roll back Tehran’s influence while avoiding a direct confrontation with Iran.

In a meeting on Monday with Saudi Crown Prince Mohammed bin Salman in Riyadh, Blinken discussed ways to end the war and end Houthi attacks against commercial shipping, the State Department said.

U.S. Special Envoy for Yemen Tim Lenderking is also traveling to the region this week, where U.S. officials said he is expected to try to exert pressure on the Houthis to halt their attacks in the Red Sea and advance peace talks aimed at ending the war in Yemen.

Some Middle East experts question whether the U.S. can contain the various militias that make up Iran’s so-called axis of resistance, which spans several countries across the Middle East, while Israel continues its war against Hamas.

“All these militias have to do is keep hitting the U.S. every day with something in order to demonstrate they aren’t deterred and tie the tempo of attacks to the Gaza conflict,” said Andrew Tabler, a former Middle East director at the White House’s National Security Council. The financial cost alone could keep the U.S. from hitting Iran-backed militias daily, he said.

Attacks from Yemen’s Houthis and the military response by a U.S.-led coalition are forcing an increased number of vessels to renounce crossings through the Red Sea.

National security adviser Jake Sullivan, speaking Sunday on NBC’s “Meet the Press,” wouldn’t rule out strikes on Iranian territory itself, saying it would “not be wise” for him to discuss what targets the U.S. might consider. So far, the U.S. and Iran have sought to avoid direct confrontation.

The U.S. publicized the retaliatory strikes in Iraq and Syria in advance, giving the Iranians ample time to move their troops out of the area, and no Iranian forces were killed, Iranian officials said.

—Gordon Lubold and Dion Nissenbaum contributed to this article.

## Israel Wants U.N. Aid Agency Scrapped, but Not Yet

By **CARRIE KELLER-LYNN** AND **VIVIAN SALAMA**

TEL AVIV—Israel is quietly pushing the U.S. and United Nations to allow a controversial U.N. agency that had some of its staff linked to the Oct. 7 attacks on Israel to continue playing a leading role in providing humanitarian aid to Gaza, but wants the agency overhauled or scrapped after the war, Israeli and U.S. officials said.

An Israeli delegation traveled to the U.S. last week to meet

with top Biden administration officials as well as United Nations chief António Guterres to discuss the future of the U.N. Relief and Works Agency, or Unrwa, which has been thrown into crisis since Israel alleged at least a dozen of its staff were involved in the attacks on Israel that sparked the war.

The Israeli delegation, which included top military officials, told American and U.N. officials that they wanted Unrwa to continue providing critical humanitarian aid in

Gaza in the short term, while also ensuring a thorough investigation into the 12 agency staff members with alleged ties to Hamas’s attack. But beyond the war, they said Israel wants Unrwa either deeply overhauled or abolished.

U.S. officials said they broadly agreed with Israel that the agency needed overhauls, and that for now there was no alternative to getting aid into Gaza, U.S. officials familiar with the meetings said.

More than 10 countries, in-

cluding the U.S. and other major donors like Germany, have suspended aid to the agency, which looks after millions of Palestinian refugees, pending an investigation launched by the U.N. into Israel’s allegations that several staffers were involved in the Oct. 7 attacks. Israeli intelligence documents have also alleged that some 10% of the agency’s staff have an affiliation with Hamas, the Palestinian militant group considered a terrorist organization by the U.S.

and the European Union.

The U.N. on Monday said it had appointed an independent review group to assess whether the agency had complied with the U.N.’s mandate for neutrality and if not, suggest steps to remedy the situation. The review will be led by Catherine Colonna, the former minister of foreign affairs of France, and include three research organizations: the Raoul Wallenberg Institute in Sweden, the Chr. Michelsen Institute in Norway, and the

Danish Institute for Human Rights. The review will issue an interim report in March and a final report in late April, the U.N. said.

Unrwa, which is staffed overwhelmingly by Palestinians, has taken a leading role in delivering aid during the war in Gaza. The U.N. and some aid agencies have warned the aid cutoff could make a dire humanitarian situation far worse and could start to hit the agency’s operations over the coming month.

## Militia Master Has Tough Task

Continued from Page One

more than a week ago. When the U.S. responded with strikes on Iran-backed militias across Syria and Iraq over the weekend, it was a message directed squarely at Qaani: Back off.

What Qaani decides to do next and whether the militias Iran has built up and support will follow his lead is perhaps the greatest source of uncertainty across the region.

The U.S.’s killing of Soleimani was a specific attempt to dislocate the chain of command running from Tehran to its armed allies operating from Syria and Iraq to Yemen, Lebanon and the Palestinian territories. But it didn’t degrade their ability to upend the region; it just made them more freewheeling, disrupting shipping in the Red Sea, attacking Israel and posing a growing threat to U.S. forces.

“If the aim was to diminish Iran’s control of these groups, the United States achieved that. That’s where the problem comes from,” said Hamidreza Azizi, visiting fellow and expert on Iran’s regional policies at the German Institute for International and Security Affairs, or SWP.

Indeed, the Quds Force commander has spent weeks since Hamas’s attack on Israel shuttling between the militias to tell them to make sure their attacks against Israel and U.S. bases aren’t so severe that they end up triggering a broader regional war, a Western security official, a senior Lebanese official and an adviser to Iran’s Islamic Revolutionary Guard Corps said.

U.S. Secretary of State Antony Blinken warned last week that “we’ve not seen a situation as dangerous as the one we’re facing now across the region since at least 1973, and arguably even before that,” referring to the year of the Yom Kippur War.

Soleimani had been instrumental in arming and training Iran’s alliance of nonstate actors. He was arguably the region’s most recognizable commander, with a public image cultivated by the Iranian lead-



Esmail Qaani has worked to consolidate the Iran-linked militias.

ership as evidence of the country’s growing influence in the Middle East.

“Soleimani was thought about as a once-in-a-lifetime figure, a generational player. They don’t come down the pike so often,” said Ray Takeyh, an expert on Iran’s Revolutionary Guard with the Council on Foreign Relations, a U.S. think tank. “Qaani is a more understated figure.”

Born in the late 1950s, Qaani has revealed few biographical details to the public. A bureaucrat, he spent much of his career overseeing Iran’s interests in Afghanistan and spoke little to no Arabic. Unlike other senior figures in Tehran, he doesn’t appear to have played an active role in the 1979 Islamic Revolution, joining the IRGC, formed to defend the new rulers, in 1980.

He befriended Soleimani in the early 1980s on the southern front during Iran’s war with Iraq, and later said the fighting forged a deep friendship between them.

“We are all war kids,” he said in a 2015 interview, cited by Ali Alfoneh, an expert on the IRGC. “Those who become friends at times of hardship have deeper and more lasting relations than those who become friends just because they are neighborhood friends.”

In the 1990s, following the war, Qaani rose in the ranks and as deputy chief of the Guard’s ground forces turned his attention to Afghanistan, where he fought drug smugglers and later supported the anti-Taliban Northern Alliance, which worked with the U.S. to topple the Taliban in 2001. When Soleimani mobilized tens of thousands of fighters to defend the Syrian govern-

ment against Islamic State forces during the war there, Qaani helped recruit Afghan Shiites to join their ranks.

As the wars in Iraq and Syria waned, the role of Iran’s militia network changed. Many became part of the political fabric—in Lebanon, where Hezbollah is both a political party and viewed as a deterrent against attacks from Israel, and in Yemen, where the Houthis have captured the capital and are viewed as the de facto government.

In Iraq, the militias integrated deeper into the country’s political and security system, gaining power to influence national politics, while remaining outside state control.

Receiving funding and arms from Iran, the groups all operated within an overall framework established by Tehran, but with the autonomy to pursue their own domestic agendas. The groups’ growing self-sufficiency relieved Tehran of some of the economic burden of financing them, but also lessened its ability to restrain them.

This is a problem for Iran. Whereas Soleimani used his charisma to mobilize what he called “the axis of resistance,” Qaani has sought to tie Iran’s disparate allies closer together at an operational level, Takeyh said. “And that requires more of a backroom conversation than a cult of personality like Soleimani,” he said.

With the Middle East on the brink of what could be a broader conflict, Qaani and other Iranian officials are working to ensure that their militias don’t provoke further attacks.

The question now is whether the militias will listen.

—Costas Paris contributed to this article.

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## FROM PAGE ONE

# Mortuaries, FTC Hide Bad Actors

Continued from Page One  
lished for the first time, can be viewed on WSJ.com.

Details of how the program came to be also haven't been previously reported. The National Funeral Directors Association, the lobbying group, devised the program itself and proposed it to the FTC in 1995, winning approval for a system that shields its industry from scrutiny by consumers.

The deal between the FTC and the NFDA has allowed unfair or deceptive practices to flourish in the \$20 billion a year industry, according to funeral directors, consumer advocates and academics.

The benefits of the program have also been questioned from the top of the FTC. In 2020, Rohit Chopra, an FTC commissioner at the time, wrote in a public statement that given the rate of noncompliance with transparency rules, he wanted to review the agency's enforcement strategy. He called the secrecy of the NFDA program "a privilege that no other industry under FTC jurisdiction enjoys." Chopra now heads the Federal Reserve's Consumer Financial Protection Bureau.

Thomas Schoenberger didn't know the funeral home he called after his father died in May 2022 had violated the fair-practices regulations and had participated in the remedial program.

He said he told Gorsline Runciman Funeral Homes in East Lansing, Mich., that he wanted the simplest of funerals for his "no-frills dude" of a dad, who died at 80 from complications of Parkinson's.

Gorsline is owned by Service Corporation International, the biggest funeral-home operator in the U.S. Gorsline was cited for failing to disclose prices to customers in 2017, the FTC said, and participated in the NFDA program, the records show.

Schoenberger didn't initially ask about prices. He said Gorsline emailed him prices for its caskets and burial vaults but not other services. He said he declined a viewing, chose minimal services and picked an inexpensive casket and vault. Based on those choices, he expected to pay about \$8,000.

Days after making the arrangements but before the funeral, Gorsline told Schoenberger over the phone that the bill was closer to \$17,000, he said. It included about \$300 for a tent, chairs and an artificial turf carpet he hadn't asked for. He was charged a \$900 cemetery fee, which Schoenberger said baffled him since he was paying the cemetery separately for the burial plot and the opening and closing of the grave.

Schoenberger asked Gorsline to explain a "basic services" fee of \$4,355. "They couldn't answer," he said.

He asked to remove some items. His final bill before sales tax, reviewed by the Journal, was \$14,473.42.

"It's a money grab from people who are distressed," he said. "It's a racket."

Service Corporation International said employees who assist families at Gorsline and other locations are trained to follow regulations on price transparency and fair practices. The NFDA program has boosted training and accountability in the industry, said Vern Pixley, a senior managing director at SCI.

"Our results and reviews show that we do a good job at caring for families," Pixley said. He declined to address Schoenberger's experience specifically.

## The Funeral Rule

The FTC defended the arrangement with the NFDA. Lois Greisman, associate director of the FTC's marketing-practices division, said the program was a cost-effective way to encourage funeral homes to obey price-disclosure rules. "While I appreciate it's not the level of transparency we would typically like to see, to the extent it made compliance more efficient and happen more quickly, it is a significant benefit to consumers," Greisman said.

The FTC requires funeral homes to be transparent about pricing and forbids them from forcing people to make purchases of services they don't want or need—regulations that went into effect in 1984 in the Funeral Rule. Most funeral homes found violating the Funeral Rule have been given the



Diane Achord is a funeral director in Centralia, Wash. She said her company is transparent about its pricing. Thomas Schoenberger, right, said the initial bill for his father's funeral included items he didn't ask for and fees he didn't understand. Jerrika Schwandt, below left, with her grandfather in 2018.



option since 1996 to participate in the NFDA program.

Funeral homes flout the Funeral Rule by withholding prices from customers, misrepresenting crematory and cemetery requirements, and requiring people to pay for caskets or embalming services they don't want or need.

The FTC, an independent federal agency that is meant to protect the public from deceptive or unfair business practices, uses "secret shoppers" to visit funeral homes to test interactions with customers. The shoppers inspected an average of 115 homes a year from 2007 to 2018.

Greisman said the secret shopper investigations, lawsuits and the NFDA program had improved compliance.

According to FTC announcements, the Journal found that 11% of the 239 funeral homes that secret shoppers visited in 1996 were violating the rule. In 2018, the most recent year for which the FTC made the in-person secret shopper data public, 19% of the 90 funeral homes inspected were violating the rule.

At the end of January, the FTC said it had carried out a phone-only secret shopper sweep in 2023. It said 39 out of more than 250 homes contacted failed to provide accurate or complete pricing information.

Greisman said consumer surveys, separate from the secret shopper data, indicated compliance had increased significantly from below 40% in 1987-88.

The NFDA said the program benefited the FTC and funeral homes. Prior to the program, the FTC could only send warning letters or take legal action against Funeral Rule violators. The lawsuits were expensive and time-consuming for everyone, said Christopher Farmer, NFDA's general counsel. He said the burden on small, independent funeral homes could put them out of business.

Of the hundreds of funeral homes to complete the program, three were subsequently cited by the FTC for additional Funeral Rule violations, Farmer said. "This clearly demonstrates that the educational component of the [program] works very well," he said.

Violators pay the NFDA up to \$1,900 to attend the program. Workers take virtual training courses and are tested on their understanding of the requirements, the NFDA said.

Funeral homes also make a payment of 0.8% of their average annual sales in lieu of a civil penalty to the federal or state governments.

By entering the program, funeral homes avoid litigation and fines up to \$51,744 per violation.

"It's essentially a hush-money system," said Victoria Haneman, a law professor at Creighton University who studies the funeral industry. "I can't fathom a system that is less protective of consumers." She also called the Funeral Rule "toothless."

## Lack of prices online

For consumers, finding price information is hard. The Funeral Rule requires businesses to provide a detailed price list to customers who appear in person, and they must also provide prices accurately over the phone, but only if customers ask for them and are specific in their questions.

An FTC survey published in 2022 found that around 60% of funeral homes don't post any prices online. Many won't mail or email prices to customers, according to funeral consumer advocates including the Funeral Consumers Alliance.

The FTC has said it is reviewing changes to the Funeral Rule including a mandate that funeral homes post prices online. It hasn't disclosed potential changes to the NFDA program.

In 2012, Seaver-Brown Funeral Service in Marion, Va., charged Courtney Stewart, former president of the Funeral



Consumers Alliance of the Virginia Blue Ridge, about \$5,000 for a basic cremation for her mother. She later learned that Seaver-Brown's owners operated a

lower-cost cremation company in town that used the same crematory and charged about \$1,000 for an identical service. When she asked about it, she was told that she hadn't specifically asked for a "direct cremation," the industry term for the service, she said.

"If you don't know what to ask, you won't receive the benefit of the Funeral Rule," she said. Blake Frazier, whose family acquired the company in 2021 after the former owner died, said he remembers hearing about Stewart's story and being troubled by it.

Frazier joined the funeral home as an apprentice funeral director in 2014. He said Frazier's Seaver-Brown Funeral Service and Crematory, as the business is now known, is committed to price transparency.

The funeral home charges about \$2,600 for a "full service" direct cremation, which includes help with legal matters related to wills and estates. Its cremation company offers a lower-cost option for about \$1,400. The funeral home lists both costs on its price list, Frazier said.

"I want families to come back. If they think I've taken advantage of them when they're vulnerable, they're not going to come back to us," he said.

When Jerrika Schwandt's grandfather died at home in 2019 in Montello, a village deep in the Nevada desert, she said first-responders called a funeral home without the family's knowledge. A representative from Burns Funeral Home, located about 100 miles from Montello, showed up a few hours later. She said he didn't give her a price list and instead wrote down prices on a sheet of paper and verbally listed the funeral home's services.

Schwandt said there was no easy way for her to compare prices. "It didn't feel like I had a choice," she said.

Burns is the closest funeral home in Nevada to Montello and first-responders often call the business, said owner Jason Muth. He said Burns doesn't post its prices online because a detailed price list like the one the FTC requires, which is lengthy and contains industry jargon, would confuse customers. "Even if we were to put the itemized price list on the internet, it's one of the most confusing papers required by the government," Muth said.

## Aggressive sales

The funeral industry is known for its aggressive sales tactics, including using guilt to upsell families into more expensive caskets, or pitching mourners at graveside services to make advance arrangements for their own funerals.

In the late 1980s, the FTC began suing and publishing the names of funeral homes that broke the Funeral Rule. Funeral homes withheld prices from customers, embalmed bodies without consent and charged people for caskets they never received, FTC probes found.

"Compliance rates were abysmally low," said Eileen Harrington, a longtime FTC official who left the agency in 2012. Between 1987 and 1995, the FTC filed complaints against more than 50 funeral homes.

In 1995, the NFDA made a proposal to Harrington, then associate director of the FTC's marketing-practices division. The group offered to run a program for funeral homes found to be breaking the rule. It would spare them from lawsuits while increasing compliance with the rule, the NFDA said.

"I view very positively your proposal," Harrington wrote in October 1995 to NFDA's attorneys, in a letter obtained by the Journal. The FTC approved it in January 1996.

In a recent interview, Harrington, who is retired, questioned the NFDA program and the Funeral Rule's benefits. She said that when the NFDA deal was enacted the FTC considered it a pilot program. "If it's not improving compliance, why did it continue?" she said.

"The agency believed [the

Funeral Rule] was going to create competition and that was going to benefit consumers," she said. "It didn't. And I don't think it ever has."

In 2018, Commissioner Chopra internally asked why the names of offending funeral homes weren't published, according to a person familiar with the matter and an email in the federal documents obtained by the Journal.

The question was described in the email, written by Craig Tregillus of the FTC to Scott Gilligan, the NFDA general counsel at the time. "It's possible that we may end up under some internal pressure to rethink that issue," wrote Tregillus, the FTC's Funeral Rule coordinator for about a decade before he retired in 2018.

Gilligan responded that the NFDA might abandon the program if the FTC changed its terms. "Obviously, one of the benefits...for the funeral home is to avoid disclosure of its name," Gilligan wrote.

No changes took place.

Tregillus told the Journal there wasn't internal pressure to drop the program while he was at the FTC. Gilligan, who retired in 2021, referred a request for comment to the NFDA.

Farmer, the current general counsel for NFDA, said naming offenders wouldn't improve compliance. He said that most funeral homes in the program didn't violate the rule intentionally and that secret shoppers interpret the rule inconsistently. "In nearly every case, it was simply a case of employee carelessness or confusion," Farmer said.

## 'Foxes' in henhouse

Kevin Combest, whose funeral home participated in the NFDA program, said he and his wife had recently opened Combest Family Funeral Homes & Crematory in Lubbock, Texas, when FTC inspectors visited in 2010. The program helped them understand the rule's requirements, he said. "That was really the only training on the rule we had, other than us on our own trying to do the right thing," Combest said. He said the business now makes sure to give price lists to all customers.

Some funeral homes that completed the NFDA program said the system for catching violators was arbitrary and focused on minor infractions that don't protect customers. Some said they felt entrapped by the FTC or said their inclusion doesn't reflect how they operated their businesses.

Funeral consumer advocates said it is inappropriate for the industry to police itself and that the arrangement undermines public trust. "It's like foxes guarding the henhouse," said Lee Webster, a longtime advocate for funeral-industry reform and director of the nonprofit New Hampshire Funeral Resources, Education & Advocacy.

Diane Achord, a funeral director, embalmer and manager for SCI in Washington state from 2007 to 2021, said managers taught new employees to withhold prices from customers without flouting the Funeral Rule outright.

She said SCI employees were trained to be vague when discussing prices over the phone so customers would come in for tours, when funeral directors could build their sales pitch.

She said that as a manager for SCI's Mills & Mills Funeral Home & Memorial Park in Tumwater, Wash., she saw customers who didn't buy packages charged higher basic services fees—which the Funeral Rule says isn't allowed.

SCI fired Achord in 2021. She said in a complaint to the Equal Employment Opportunity Commission that SCI retaliated against her for filing sexual-harassment complaints against a supervisor. The EEOC declined to comment, saying complaints are confidential.

SCI said the commission had dismissed Achord's claim but declined to comment on her termination. The company said it rigorously trained employees across its businesses and served families compassionately.

Achord started her own funeral home in Centralia, Wash., in November 2021. She said she lists her prices online so customers can make their own choices without feeling pressured. "When you are grieving, you are exhausted," she said. "We shouldn't abuse people in that moment of their lives."



Courtney Stewart at her mother's memorial service in 2012.

CLOCKWISE FROM TOP: GRANT HINDSLEY FOR WSJ; SARAH RICE FOR WSJ; JERRIKA SCHWANDT

SCOTT JAMISON



By DALVIN BROWN

You glance at Facebook for the first time in a while and you have a surge of dopamine. There are 11 notifications suggesting that people are talking about you. Then you open the app. You were feeling special; now you are just annoyed.

A new type of notification is showing up on your phone's lock screen and home screen, and within your social-media apps. It nudges you to view new posts or prompts to engage with trending topics, using language like "a friend posted a story," "a group posted two links" or "people are reacting" to some viral post.

It is made to look like a personalized and urgent interaction. It isn't.

Social-media companies are embracing this new type of push because people are posting and interacting less publicly on social media. They are also pushing more overall. While the number of notifications on any given app fluctuates over time, they have risen on nearly every major social-media app since July 2023, according to data from the app-analytics firm Measure Protocol.

Instagram saw the sharpest increase, with users getting 12 more notifications in January compared with the previous July. Snapchat, X and Facebook also increased.

Social-media marketers, psychologists and academics say the platforms' pushes will likely lead to more interaction from users. But they say these companies are taking a risk by nudging with these types of alerts.

"When it works, they will get your attention, even if it's unwanted," said Pamela Rutledge, director of the independent Media Psychology Research Center. "They can also create ill will."

Spokespeople for LinkedIn, Snap and Meta Platforms, the parent company of Instagram and Facebook, all said they focus on user-centered experiences and provide controls to allow people to turn off unwanted alerts. X didn't respond to a request for comment.

### From personal to generic notifications

The shift in strategy is partly because developers are treating alerts and notification pages more like news feeds, say social-media experts.

"Even when you don't post, there is always a notification waiting to be read," said Neal Schaffer, founder of the digital-marketing consulting firm PDCA Social.

"Apps are gamifying notifications to promote algorithmic content." This recalibration of what is notification-worthy also serves as



## How to Stop Useless Alerts From Flooding Your Phone

Social-networking apps have increased notifications you get, even if you aren't very active

a revitalizing spark for accounts that might otherwise become dormant. Users who aren't inclined to check their accounts might be swayed by mounting notifications.

"It plants the seed," said Jay Baer, founder of the digital-marketing consulting firm Convince and Convert. "Even if you're not acting on every notification, they're subtly whispering to you."

Deleting apps or disabling their push notifications will reduce the noise. But if it is a platform you care about, there is more you can do to tailor a decluttered but productive experience.

### What you can do

Companies expect users to keep their default settings rather than actively opt out. Assuming you want to keep the app on your phone, you can streamline your notifications so you only get pinged when friends really do reach out.

Here are the tweaks to make:

► **Facebook:** To turn off notifications from a specific account, find a post from that account and click the three dots next to it. Select "Turn off these notifications" or related prompts.

A pop up should tell you that you will no longer see those notifications. Turning off notifications from one person or group won't keep you from getting them from another. Sifting through might take time. You can also turn off categories of notifications by going to Settings > Notifications.

► **Instagram:** Navigate to Settings and Privacy, then Notifications, where you can customize the types of notifications you receive, like live videos and recently uploaded reels.

Also, if you don't want notifications whenever someone you fol-

low posts their first story on Instagram, or similar alerts, look for "Posts, stories and comments" in the notifications section and turn off "First posts and stories."

► **LinkedIn:** To manage your LinkedIn notifications, click the three dots on a post and choose "Turn off this notification type" or "Turn off updates from your network." This allows you to stop receiving specific notifications—such as job changes or work anniversaries—from your connections.

You can also go to Settings > Notifications to edit specific alert types.

► **X:** If certain X notifications are too distracting, go to Settings > Notifications > Filters > Muted notifications. Here you can silence notifications from people you don't follow, people who don't follow you and other types of accounts.

► **Snapchat:** Go to Settings, then Notifications, where you can turn off the types of notifications that don't interest you. Scroll to the bottom and turn off transactional messages and promotional messages so Snap won't text you that your friends have added to their stories.

Why is it on us to make these changes? The companies leveraging them are facing growing competition for our attention and are trying to push back.

"Brands and apps are trying to maintain engagement and preserve income streams by expanding the notifications they send, until you turn them off," Rutledge said.

And some of these alerts might actually work.

How else are you supposed to know that your favorite cousin just posted pictures of her new puppy?

## The Breakout Stars of Awards Season: Lip Readers

By LANE FLORSHEIM

It was only a matter of time before the lip readers weighed in.

Cameras had caught Selena Gomez chatting with Taylor Swift and Keleigh Sperry at the Golden Globes. Hovering over her two seated friends, Gomez leaned closer and shook her head emphatically. Swift opened her mouth in apparent shock. No audio was recorded, but fans were left wondering—what's the gossip?

Jeremy Freeman offered one interpretation. A forensic lip reader

based in North London, he believed that the trio was talking about Timothée Chalamet and Kylie Jenner, who were also at the show. In his reading, which he shared with Page Six, Gomez seemed to be saying, "He didn't want a picture with me. He said no."

Then, he said, a dismayed Sperry appeared to ask, "Timothée?" Amateur lip readers had come to the same conclusion in videos and tweets posted to social media.

While nothing was said publicly, an imagined celebrity feud was born. This year, readers of celebrity lips are more popular than ever, introducing a dynamic where possible quotes and exchanges between celebrities are reported and then sometimes denied. (Gomez later disputed the claims, commenting, "I told Taylor about two of my friends who hooked up," on E! News's Instagram post.)

Many of these theories spread on TikTok, where lip readers on the platform are summoned to interpret what celebrities are saying in videos. The phenomenon has gotten so

big that it was mentioned in Trevor Noah's opening monologue at the Feb. 4 Grammy Awards and parodied on "Saturday Night Live" on Jan. 20. Jacob Elordi and Bowen Yang played clueless "professional lip readers," at one point interpreting Chalamet to be speaking French to Jenner, and saying, "It's crazy that [your mom] was married to Kanye." "Wait, do you think Kim is my mom?" Jenner supposedly replied.

"We've always had the kind of iconic tabloid-based body-language experts," said Lindsey Weber, who co-hosts the pop culture and celebrity-news podcast "Who? Weekly." "Lip reading is the next generation of that."

TikTokers like Nina Dellinger, who calls herself Lip Reading Girl on the platform, and Jackie Gonzalez, who posts a "Deaf Girl Reads" series, have seen an influx of interest in their

pages this year. Dellinger has over 1.3 million followers and Gonzalez's videos of celebrities often rack up millions of views.

Dellinger's videos include Swift allegedly saying to Ice Spice, "Oh, I am excited about it," about Olivia Rodrigo's performance at last year's VMAs, and former "Gossip Girl" star Kelly Rutherford at a

► **Emily Blunt and Selena Gomez posed together with their hands over their mouths after both celebrities were featured in viral videos claiming to read their lips.**



fashion show potentially asking Jenner how old her daughter was. But now and then, a juicy theory emerges.

After analyzing a clip of husband-and-wife actors John Krasinski and Emily Blunt on the Globes red carpet, some amateur lip readers suggested that Krasinski told Blunt, "I can't wait to divorce."

In Dellinger's TikTok of the ex-

► **When cameras caught Selena Gomez, Taylor Swift and Keleigh Sperry last month, lip readers offered takes on what the gossip was about.**

change, she believes Blunt is saying, "It's chilly here, right?" and Krasinski replies, "Can't wait 'til we're in doors." She thinks some of her on-line lip-reading cohort will post sensational interpretations for views, rather than with convictions of accuracy—which, of course, can vary. According to the National Deaf Children's Society in the U.K., the process is 30 to 40% accurate.

"Lip reading is more of an art than a science," said Dellinger, who started making videos of her reads at the beginning of the pandemic.

But it is often taken seriously. In the United Kingdom, for instance, it is admissible in court under certain circumstances. Freeman became a professional in 2008 after respond-

ing to a call from an academic institution in London that was looking for lip readers in the legal realm. He also works as a lip reader for tracheotomy patients and others who have lost their speaking abilities. And he takes media requests related to sports, politics, the royals and other celebrities.

"I treat every lip reading I get exactly the same," he said. "If I were to get something about Taylor Swift, I would treat it like a murder case."

Forensic lip readers, according to Freeman's website, are trained to look at homophones, mouth shapes that make the same sound. Freeman, who was born deaf, stands by the interpretation of the Gomez-Swift-Sperry exchange for one key reason: the distinctive lip patterns demanded by the word "Timothée." "I could not find any other words that match," he said. "The only other that could match is a shampoo called Timotei. Have you heard of that shampoo?"

Celebrities have started to acknowledge the trend, which can turn an innocuous exchange into something more salacious. After Chalamet and Gomez denied the feud and sources close to Blunt and Krasinski called divorce rumors "funny and ridiculous," Gomez and Blunt posed together, both of the women's hands covering their mouths.

Like Dellinger, Gonzalez, who grew up deaf and read lips in her classrooms, said that having context helped with lip reading's accuracy.

Gonzalez, an illustrator and small-business owner in San Antonio, says confirmation bias may play a role in the most viral celebrity lip-reading clips.

"People see what they want to see, right?" Gonzalez says. "So they see a quick clip and want to believe it's some juicy gossip. But a lot of times, it's not."



## PERSONAL JOURNAL.

# Marijuana Impairs Driving For Longer Than You Think

Weed's effects are different than alcohol's; it's harder to know when it's safe to take the wheel



**YOUR HEALTH**  
**SUMATHI REDDY**

**Y**ou may think you're OK to drive an hour or two after you get high on marijuana. Researchers and doctors say you're not.

Pot affects you differently than alcohol, can linger in your system for longer, and it can be harder to figure out when it's safe to drive. Research from the University of California, San Diego, and elsewhere suggests you should wait at least four hours before getting behind the wheel after smoking one joint. Wait even longer—at least six to eight hours—after ingesting a cannabis edible.

Marijuana is now legal for recreational use in roughly two dozen states, and many people are contemplating when they can drive safely.

The evidence shows that mak-

ing the wrong decision can have dire consequences.

The percentage of motor-vehicle crash fatalities involving cannabis rose to 21.5% in 2018 from 9% in 2000, according to a 2021 study in the American Journal of Public Health.

"It's a big concern," says Jane Metrik, a professor of behavioral and social sciences at the Center for Alcohol and Addiction Studies at Brown University School of Public Health. "There's more people on the roads driving after they used cannabis or as they're smoking or vaping."

State laws vary.

Twelve states have zero tolerance laws where any amount of THC—the main psychoactive substance in cannabis—is illegal. Other states set a THC limit of anywhere from 2 to 5 nanograms per milliliter of blood.

### Traffic accidents

THC impairs driving in numerous ways, researchers say, and differently than alcohol.

People who are high tend to

drive more slowly. The drug affects your ability to maintain position in a lane, reaction time, following distance and overall judgment, says Metrik.

It also reduces your ability to maintain divided attention, which is doing multiple things at the same time, like shifting attention from the dashboard to the road.

In Ontario, Canada, emergency department visits that resulted from cannabis-involved traffic injuries, nearly half of the people were admitted to the hospital and 30% were admitted to the intensive care unit, according to research published last year in JAMA Network Open.

A study published in 2022 in the journal JAMA Psychiatry asked nearly 200 cannabis users to either smoke THC or a placebo, and then compared their driving in a simulator. Roughly 45% to 50% of people in the THC group

were classified as driving impaired compared with the placebo group, according to the research.

Researchers also asked smokers whether they thought they were OK to drive.

Thirty minutes after smoking, about half of the people were hesitant. After 90 minutes, they said the effects appeared to be wearing off and were more inclined to drive.

But their driving performance in the simulator was just as bad after 30 minutes as it was after 90, says Tom Marcotte, co-director of the Center for Medicinal Cannabis Research at the University of California, San Diego, who was lead researcher on the trial.

"Even people who are very conscientious and say, 'I'm not going to drive, I'm too stoned,' start to believe it's wearing off," says Marcotte. "At least in our analyses, they're still having issues."

**THC is more unpredictable than alcohol and some other drugs.**

## MY RIDE | BY A.J. BAIME

# With This '65 Volvo, Who Needs an SUV?

Bob Stein, 84, a retired math professor living in Jersey City, N.J., on his 1965 Volvo 210, as told to A.J. Baime.

**V**olvos were rare in the United States in the early 1960s. It was a Swedish brand, and most people had never heard of it. At that time, you didn't see many foreign cars of any kind. The most common was, of course, the Volkswagen Beetle. But I had a couple friends who drove Volvos.

I bought my first in 1961, then sold it in Venezuela, where I'd gone to teach for a year, in 1965. When I returned, a dealer I'd used in Connecticut imported a Volvo 210 for me. I bought it for \$2,300 plus an extra \$100 for the roof rack and radio. I named the car "Jakob," after an early Volvo built in the 1920s.

The Volvo 210 was called a Duett, because it could be a work

truck and a family car, like an early sport utility vehicle. Volvo invented the three-point seatbelt, which this car had in the front seats, with none in the back.

I have taken this Volvo on adventures for nearly 60 years, and for much of that time, it was my daily driver. I went to graduate school at Dartmouth in the frozen north. The car worked great in the snow. I was in a chorus, and a cellist had a Duett like mine; he could fit his cello in the back. I drove the Volvo to Montreal for Expo 67, a World's Fair, and to climb Mount Katahdin in Maine. When I took a job in California, I drove it across the country.

I taught at Cal State, San Bernardino, for nearly 40 years, and my wife, Roni, and I lived in the mountains. I commuted from about 5,000 feet of elevation into town every day. It took 20 minutes to get down the mountain, longer if there was snow.



One of the students was a balloon flier. I could fit the balloon, all folded up, the wicker basket and the fuel canisters in the Volvo, and still fit him and two passengers. One time, in 1968, he wanted to set a personal altitude record, and we used the Volvo as a chase vehicle. I have a photo of the car from inside the balloon, as the Volvo raced

down a farm road in pursuit.

We used the Volvo to collect firewood in the San Bernardino National Forest. I drove my wife down the mountain to the hospital to give birth and, after, I made a bed for her in the back and drove her and our newborn son, Joey, back into the mountains, without a car seat, of course. Today that would be illegal,

▲ Bob Stein with his 1965 Volvo 210 'Duett'—a Swedish vehicle that helped trailblaze the SUV era.

but in 1972, it worked just fine. We eventually had two children—Joey and Lucy. I improvised seatbelts in the back using mountain-climbing equipment to tie down car seats.

Later, we moved to Portland, Ore., where I had the Volvo extensively restored, and then to Jersey City to be close to our grandkids. Meanwhile, Volvos are no longer rare in the U.S. But this specific model has become even rarer. [The first Volvos were imported into the U.S. in 1955; by the 1970s, the U.S. was Volvo's biggest market.]

These days, my wife and I drive a Tesla, but we use the Volvo for short trips, and our whole family loves the car as much as I do. One of the reasons it has lasted is its mechanical simplicity. Under the hood, there are four spark plugs, a fuel line, a carburetor, four cylinders and not much else. Not many things in life are that simple anymore.



ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

A Singer Finds Solace In Soul

Brittany Howard drops a personal solo album

Singer-songwriter Brittany Howard works slowly and deliberately. Since her roots-rock band Alabama Shakes released its debut album, "Boys & Girls," in 2012, she's followed with another collection of material every few years. The second record from the group, "Sound & Color," arrived in 2015 (as did a quickie garage-rock album from a side project, Thunderbitch), and then she put out her highly personal and more musically varied solo LP, "Jaime," in 2019. You get the sense that she takes her time not because she's seeking perfection—her first solo offering was jagged and imprecise, a grab-bag of sounds and styles from soul to folk to hip-hop—but rather because she needs the time and space to sink deeply into the work.

Ms. Howard's second solo album, "What Now" (Island), is out Friday, and arrives right on time by her schedule—almost four and a half years after its predecessor. A lot happened in Ms. Howard's life in that period—her planned solo tour was aborted because of Covid-19, she divorced her wife, and she moved from New Mexico back to Nashville. "Jaime" was a personal record drawn from her own history—it was named for her sister, who died young, and episodes from Ms. Howard's childhood inspired some songs. But "What Now" offers a glimpse at the singer's current state of mind, wounded from the splintered relationship and seeking spiritual solace.

As on her last solo effort, Ms. Howard serves as producer. She recorded again with engineer Shawn Everett (Big Thief, Adele, the Killers), who gets a co-producer credit this time. While she seemed to try a bit of everything genre-wise on "Jaime," Ms. Howard opts for a more forceful and consistent approach on "What Now," with many tracks steeped in swirling psychedelic soul. Alabama Shakes was consciously retro, with each instrument evoking the aura of a roots-rock hit from the past. Ms. Howard's solo work draws just as much from music history, but she bends the aesthetic qualities of her inspiration to realize a more personal vision.

The opening "Earth Sign" begins with the chime and drone of the kind of prayer bowls used in meditation—a recurring motif on the record—and quickly builds to an immense wall of sound powered by the snap of drums, a quaking bass and, above all, Ms. Howard's layered voice. The song celebrates a wish for human connection—"Out there / There's

Ms. Howard, of Alabama Shakes, deploys a psychedelic sound on the LP.

a love waiting for me," she sings with hope and yearning. But the intensity of her desire, as conveyed through her harmonized wails, makes this hypothetical lover sound very far away.

Though Ms. Howard apparently has a new partner now, most of these songs are light on domestic bliss. In this world, nothing is settled or easy, and it requires work to reach even a moment of peace. On "I Don't," she takes stock of the troubled people around her, singing in her upper range on the



melody as her backing vocals, pitched up to a chirp in the style Kanye West popularized in his productions many years ago, join in on the chorus. It's a loose and gorgeous exhale of a song, sounding like a dreamed version of some half-forgotten hit from the Stylistics in the early '70s.

Ms. Howard favors grit in her productions, and her arrangements sound as if they are fastened with baling wire—noises and rhythms lashed together in a moment of furious creation. The title track finds a fuzz guitar harmonizing with Ms. Howard, evoking the blurred tone of Ernie Isley from the Isley Brothers, and the in-the-pocket groove of Nate Smith, the jazz-trained drummer who plays on most of the record, has a forceful metallic thwack.

The album is heavy on such high-energy numbers, but a few af-

▲ On her second solo offering, out Friday, she grapples with heartbreak and healing.

flecting ballads are sprinkled in. The first half of "To Be Still" features Ms. Howard singing while accompanying herself on a lightly strummed electric guitar, with the prayer bowls vibrating in the background. It's another plea for connection—"I daydream to be a flower in your garden," she sings—and halfway through a delicately funky beat carries her point home. The ninth track, "Samson," is so spare and quiet you can hear the tone in the room she recorded in, almost as if the space is breathing, and a pinched trumpet and electric piano contribute to the late-night jazzy ambiance. The following cut, "Patience," adds an appealing touch of '80s R&B elegance to the mix.

Ms. Howard likes to experiment and is unafraid to risk failure, so unsurprisingly, not every gesture lands perfectly. "Prove It to You," for example, is powered by a 4/4 house beat but it's a little too blocky for the dancefloor. The penultimate track, "Power to Undo," is a better stylistic detour, sounding like a Prince song from his imperial era, complete with spindly guitar and explosions of wordless vocals that amplify the psychedelic quotient. Ms. Howard's work with Alabama Shakes may be an easier sell commercially, but her solo music stands above it artistically. She's taking her time, and this gloriously scuffed-up, odd and ultimately moving record was worth the wait.

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

ARTS CALENDAR

HAPPENINGS FOR THE WEEK OF FEBRUARY 6

By WSJ Arts in Review Staff

Film "Perfect Days" (Feb. 7) The iconic German director Wim Wenders returns with a film, nominated for Best International Feature at the Oscars, that follows a toilet cleaner in Tokyo played by Kōji Yakusho ("Memoirs of a Geisha").

"Lisa Frankenstein" (Feb. 9) A teenage goth resurrects the corpse of a man from the Victorian era in the hopes of finding true love. Zelda Williams makes her feature directorial debut in this twist on Mary Shelley's classic

haunts the characters in Andrew Cumming's horror film.

TV "The Silent Service Season One—The Battle of Tokyo Bay" (Prime Video, Feb. 9) This eight-parter, adapted from a Japanese manga series, follows a crew aboard a rogue nuclear submarine and repurposes and augments footage from a film of the same title.

"Suncoast" (Hulu, Feb. 9) Laura Chinn draws on her own life in this story of a teenager coping with her brother's fatal illness. Woody Harrelson, Nico Parker and

a cast that features Renata Friedman, Haskell King, Christine Lahti, John Lavelle and Hadi Tabbal.

Music Kanye West & Ty Dolla \$ign, "Vultures Vol. 1" (Feb. 9) After much speculation and repeated delays, the highly anticipated album from the ultra-famous rappers seems finally to be getting released; it includes a bevy of guest spots from such major names as Freddie Gibbs, Playboi Carti, Future, Kodak Black and Leon Bridges.

Art "Giants: Art From the Dean Collection of Swizz Beatz and Alicia Keys" (Brooklyn Museum, Feb. 10-July 7) The titular subjects of the show aren't just successful musicians, but also voracious collectors of modern and contemporary art, especially focusing on black creators. Works by Gordon Parks, Jean-Michel Basquiat, Lorna Simpson, Kehinde Wiley and others show the breadth and depth of the couple's collecting habits.

"The Anxious Eye: German Expressionism and Its Legacy" (National Gallery of Art, Washington, Feb. 11-May 27) More than 70 works across a variety of media help visitors examine the impact of Otto Dix, Käthe Kollwitz, Ernst Ludwig Kirchner and Egon Schiele a century after their creative peaks.

Last Call "How to Dance in Ohio" (Belasco Theatre, New York, through Feb. 11) A superb cast of young autistic actors portrays autistic teenagers in the lead-up to a spring formal in this exuberant, sentimental Broadway show. Our critic praised "the bright bloom of the performances" and director Sammii Cannold, who "makes a confident Broadway debut."

For additional Arts Calendar listings visit wsj.com. Write to brian.kelly@wsj.com.



▲ Nico Parker in Laura Chinn's new movie, 'Suncoast'

written by Diablo Cody and starring Kathryn Newton and Cole Sprouse.

"The Monk and the Gun" (Feb. 9) This Bhutanese drama, directed by Pawo Choyning Dorji ("Lunana: A Yak in the Classroom") and set on the cusp of that country's democratic transition, follows an armed monk preparing for societal change and an American weapons collector searching for one of the monk's rifles.

Laura Linney star in the film that our critic called "a funny, sad, tender and intensely specific cinematic memoir."

"Tracker" (CBS, Feb. 11) Based on Jeffery Deaver's novel "The Never Game," this show follows a survivalist played by Justin Hartley who puts his skills to use solving mysteries.

Theater "Russian Troll Farm" (Vineyard Theatre, New York, Feb. 8-25) Sarah Gancher's play dives behind the scenes of St. Petersburg's Internet Research Agency, where employees work to disseminate misinformation and manipulate social media. Darko Tresnjak directs

"Out of Darkness" (Feb. 9) There were plenty of things to be scared of 45,000 years ago, but something more nefarious than sabertooth tigers or territorial Neanderthals

The WSJ Daily Crossword | Edited by Mike Shenk

A grid for a crossword puzzle with numbers 1 through 67. Some squares are filled with black blocks.

- 28 Biz bigwig
29 Sandwich source
32 Find hilarious, perhaps
33 Tattoo medium
34 Multiple choice options, often
35 Agreement
36 Port on a Great Lake
38 Letters after upsilons
39 Stop
40 "No More Victims" org.
44 Imported show like "Alchemy of Souls" or "Squid Game"
45 San Diego team
46 One of the Stark sisters on "Game of Thrones"

NOW THAT'S DEDICATION | By Zachary David Levy

- Across
1 Makeup of some Buddha statues
5 FWIW part
8 River through Indiana
14 Noncommittal response to "Will you attend?"
15 "My word!"
16 Slangy "Precisely!"
17 "This one goes out to all the traffic cops listening..."
19 Mouth features, of sorts
20 Medication-approving org.
21 Bulb measures
23 Triathlon vehicle
24 "This one goes out to all the sanitation workers..."
27 Mythological figure on the Sicilian flag
30 Labor Dept. branch
31 Former flames
32 Third-largest land animal
34 Fruit beverage ending
37 "This one goes out to all the switchboard operators..."
41 Chem. or bio.
42 Atlanta team
43 Palm with purple berries
44 Turn off, as lights
45 Ping pong need
47 "This one goes out to all the crazy alchemists..."
52 Constantly
53 Late
54 Project
57 Sparks setting

- 11 When the witches in "Macbeth" say "Double, double toil and trouble"
12 What's being risked
13 Fool, in Canadian parlance
18 Poetic contraction
22 Spots for skiers
24 Poetic inspiration
25 "Sunday Night Baseball" ainer
26 Clown role in Chinese opera
27 New York team
47 Polite fellows
48 Plainly shown
49 Crowbar, essentially
50 Commerce pact replaced by USMCA
51 R2-D2, for one
54 Average fellows
55 Overturn
56 End-of-week cry
58 "\_\_\_ need to spell it out?"
59 Murals and mobiles
61 Place that might get you into hot water

Previous Puzzle's Solution
S O L A L A S K A W H I P
O R E M A D L I B W A C O
W I N D O W S I L L E D I T
H O N E S C L A P A C T
A L O E P O K E R T A B L E
T E N D R I L R E A D I E R
N A A N E T S Y
T R A F F I C C L A N E
T H E O N C O S
W I S T F U L T S H I R T S
O P T I C N E R V E H A H A
T S K C A S A I O T A S
I T I S B L I N D S P O T S
M E T H L E S I O N U S E
E R S E E Y E L E I T T O S

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













# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, February 6, 2024 | B1

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## War Hits McDonald's, Starbucks

At burger chain, weakness in Middle East is offset by higher U.S. sales

By HEATHER HADDON

The Israel-Hamas war is drawing in some of the world's biggest restaurant companies, despite executives' efforts to keep their brands above the fray.

McDonald's and Starbucks said the war has disrupted sales at Middle Eastern locations, and they have pushed back against online accusations that the companies have favored one side or the other in the conflict.

"It's a human tragedy, what's going on, and I think that that does weigh on brands like ours," McDonald's Chief Executive Chris Kempczinski said Monday on an investor call. Price increases and menu promotions helped boost U.S. sales over the last quarter of 2023, executives said, but the conflict in the Middle East continues to weigh on McDonald's international business.

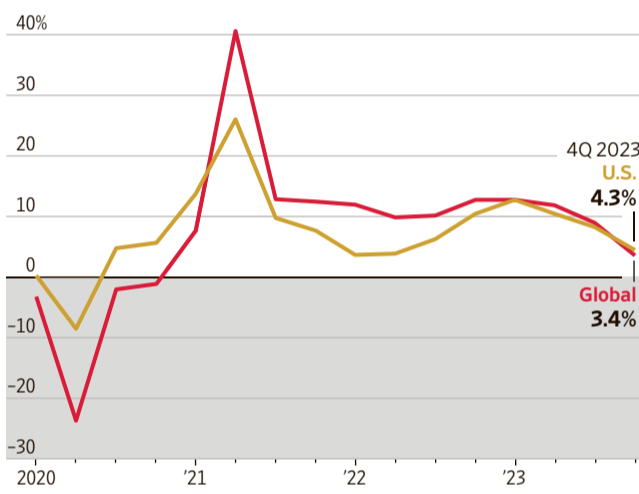
Hamas's Oct. 7 attack and Israel's subsequent military campaign in Gaza have divided public opinion in the U.S. and elsewhere, spilling over into college campuses, local governments and school-board meetings. U.S. companies have strove to avoid appearances of taking sides in the conflict but nevertheless have found themselves open to attack from both camps, largely through social-media posts.

In October, McDonald's Israel business run by a local franchisee said on social media that it was providing free meals to Israeli soldiers. Other McDonald's franchisees Please turn to page B2



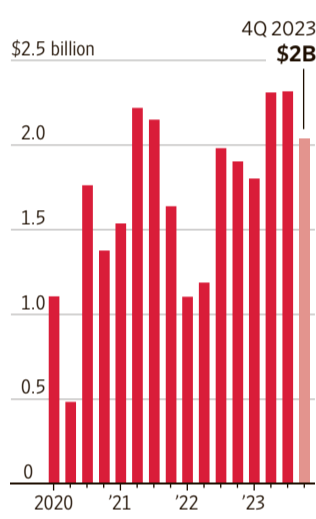
Around 10% of McDonald's international restaurants run by licensees are located in the Middle East. A Dubai site.

McDonald's comparable store sales, change from a year earlier

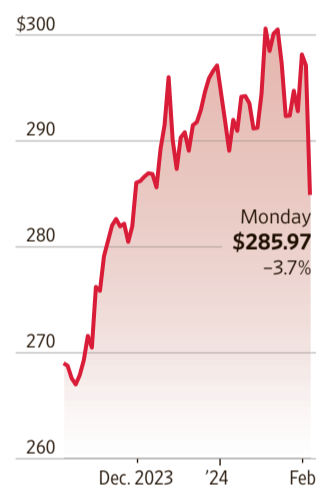


Sources: the company (sales); S&P Capital IQ (net profit); FactSet (share price)

Quarterly net profit



Share price, past three months



## Gap Taps Designer Posen as Creative Director

By SUZANNE KAPNER AND SABELA OJEA

Gap wants to forge a new identity for its brands. It is turning to a star designer for help.

The San Francisco company on Monday said that it named Zac Posen as its creative director and also chief creative officer of its Old Navy brand.

The American fashion designer will be joining the executive leadership team as a creative partner to recently appointed Chief Executive Richard Dickson. In addition to designing his own line, Posen has partnered with Target and David's Bridal on collections over the years.

The hiring of Posen follows other outside additions to the Gap corporate team. In January, the company added former Los Angeles Clippers finance chief Eric Chan as chief business and strategy officer and former Mattel executive Amy Thompson as chief people officer.

Dickson, who is best known for reviving Barbie during his long tenure at Mattel, took the reins of Gap in July and has been trying to reignite its creative culture after years of sluggish sales.

Liza Amlani, principal of Retail Strategy Group, said Posen could help redefine what the Gap and Old Navy brands stand for. "When you walk into Gap or Old Navy today, there is way too much product," she said. "No one wants to shop like that."

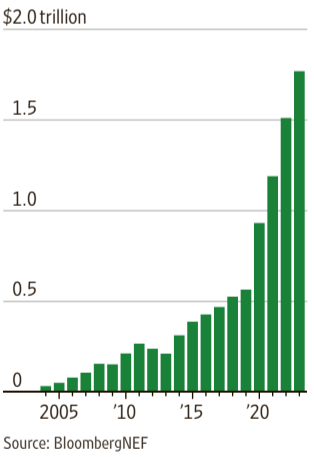
The retailer, whose brands include Banana Republic and Athleta, has tried in the past to rejuvenate its brands by poaching Seventh Avenue talent. In 2007, it hired Patrick Robinson as executive vice president of design for its Gap brand. The Parsons School of Design graduate had previously worked for Perry Ellis, Anne Klein and Paco Rabanne in Paris. Robinson left the company four years later after lackluster results.

The difference this time around is that Gap's leadership is more receptive to new thinking, according to Neil Saunders, managing director of research firm GlobalData. "The problem in the past is that the designers had no real say in strategy," Saunders said. "This time, Posen has a better chance of being able to work some magic."

The 43-year-old Posen attended London's Central Saint Martins college of art and design. Please turn to page B2

## Firm Keeps Raising Giant Climate Funds

Annual global energy transition investment



Source: BloombergNEF

By AMRITH RAMKUMAR

The biggest clean-energy investor in private markets is widening its lead, tapping into rising demand for wind and solar power and a push by big companies to cut emissions.

Infrastructure investing giant Brookfield Asset Management said it hopes to raise more than \$25 billion for two new private funds investing in clean energy. The firm said Monday it has taken in \$10 billion for its latest energy transition fund and will continue fundraising for it. Brookfield expects to raise billions more in an emerging-markets-

focused fund.

The latest cash infusion gives Brookfield firepower for climate projects that only the largest investment firms and energy producers such as BlackRock and NextEra Energy can match. It also shows investor confidence in the sector, despite the permitting, construction and cost challenges facing many clean-energy developers.

Across all its funds, Brookfield said it has deployed over \$100 billion in renewable-power and energy-transition investments. That figure has surged in the past few years. Demand for renewable en-

ergy continues to climb, with cities and companies looking for cleaner ways to power everything from data centers to manufacturing plants. The growth is being supercharged by tighter climate regulations, along with generous government incentives in the U.S. and other major economies.

"The demand, particularly from corporates for green power, is simply overwhelming," Connor Teskey, the head of Brookfield's renewable power and transition business, said.

Total global investment in the energy transition hit about \$1.8 trillion last year, a

17% increase from 2022, according to BloombergNEF. That was still far short of the \$4.8 trillion the data provider estimates is needed annually from 2024 to 2030 to meet the world's climate targets.

Brookfield hopes to fill some of the gap. Its new fund will invest in a range of projects, starting with a wind-farm operator in the U.K. and a partnership with a solar developer in India.

The firm's first energy transition fund a few years ago raised \$15 billion. That fund's investments include U.S. renewable developers, Please turn to page B11



China-based companies have rushed to build U.S. plants since the subsidies were introduced.

## China's Solar Titans Clean Up On U.S. Green-Energy Cash

By PHRED DVORAK

For years, the U.S. erected higher and higher barriers to Chinese solar panels, arguing that was the best way to protect domestic suppliers.

Now China's solar giants are building factories in the U.S.

During the past year, the world's biggest solar companies, all of which do the bulk

of their manufacturing in China, have quietly launched plans to set up or expand panel factories from Ohio to Texas—part of a rush to build in the U.S. since the Inflation Reduction Act introduced generous subsidies in 2022.

China-based companies are behind nearly a quarter of the roughly 80 gigawatts in new solar-panel capacity an-

nounced since that legislation, according to an analysis by The Wall Street Journal. That positions them to be big beneficiaries of U.S. subsidies—as much as \$1.4 billion a year collectively if the factories announced so far are built, according to Journal calculations.

Many of those plants are huge by U.S. standards, and Please turn to page B11

## Google, Yahoo Target Bulk Email Marketing

By KATIE DEIGHTON

Google and Yahoo are lowering the hammer on indiscriminate email marketing by introducing new requirements for bulk senders.

Their new rules don't mean consumers should expect to immediately glimpse the bottom of their inboxes again, however. If anything, they could encourage marketers to prize emails more than before, marketing executives say.

Brands hope the changes will mean that more recipients pay attention to their messages, because they won't be so hidden among unsolicited junk mail and phishing scams. The new rules, which took effect this month, also could make it less common for emails from legitimate senders to be tagged as spam, as users are offered an easier way to unsubscribe.

The changes from Gmail and Yahoo Mail, two of the largest email-service providers in the world, require bulk email senders to authenticate their own email addresses, include code with their emails that lets recipients unsub-

scribe with one click and keep their spam complaint rate below an average of one per 1,000 emails. The email providers could punish offenders by delivering less of their emails to users' main inboxes until they get back in line.

"The email domain has become a bit of a mess, and if the channel is a bit messy, that's an issue," said Karim Meghji, chief product officer at Code.org, a nonprofit that provides computer-science education in schools and communicates with stakeholders by email. "I would like a cleaner inbox for teachers, admins and parents because our message will come through clearer."

Google, a unit of Alphabet, said it defines bulk email senders as those that send more than 5,000 emails a day. Yahoo, 90% owned by Apollo Global Management, declined to share its definition.

The companies previously encouraged authentication and easy unsubscribes, but without the threat of sanctions. They already punished emailers with high spam rates Please turn to page B4

## INSIDE



MEDIA

CNN is overhauling its morning lineup, the latest in a series of moves at network. B3



HEARD ON THE STREET

Meta figures out sales approach to the metaverse. 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.

Index of company names and page numbers under various letter categories (A, B, C-E, G, H, I, J, K, L, M-N, T, U, W, Y).

INDEX TO PEOPLE

Index of names and page numbers under various letter categories (A, B, C, D, F, G, H).

BUSINESS & FINANCE

Merck to Buy Elanco's Aqua Arm for \$1.3 Billion



Merck & Co. has struck a deal to buy Elanco Animal Health's aqua business in a roughly \$1.3 billion cash deal that expands the drugmaker's animal-health business.

Johnson & Johnson Is Accused of Mismanaging Staff Drug Benefits

A Johnson & Johnson employee has accused the company of mismanaging its workers' prescription-drug benefits, a new tack in efforts to hold employers accountable for high medicine costs.

Cano Health Files for Chapter 11 to Cut Debt

Cano Health has filed for bankruptcy with a restructuring deal that would help the physician group and medical-center operator reduce debt and solicit potential offers.

Estée Lauder To Lay Off Up to 5% Of Staff

Estée Lauder shares jumped Monday after the cosmetics giant said it would lay off up to 5% of its workers, moving to boost profit after several weak quarters.

Mideast War Hits Restaurants

Continued from page B1 in the Middle East said they would donate to relief efforts in Gaza. Those moves drew angry criticism online, with some critics pushing boycotts of McDonald's.

McDonald's said global same-store sales rose 3.4% in the fourth quarter.

Starbucks since then has sought to clarify its position, saying it disagrees with the union's views and that it condemns acts of terrorism and violence.



Zac Posen in 2016. He previously partnered with Target and David's Bridal on fashion lines.

Gap Hires Creative Director

Continued from page B1 sign, before opening his own atelier in 2001. Posen, who grew up in New York City, became a

favorite of celebrities, making red carpet gowns for Kate Winslet, Glenn Close and Reese Witherspoon among others.

## BUSINESS NEWS

# CNN Shakes Up Morning Lineup

Network continues its programming changes as it fights a slump in ratings

By ISABELLA SIMONETTI

CNN is overhauling its morning lineup, the latest in a series of recent programming changes that come as the network is seeking to counter a ratings slump.

"CNN News Central" will move to the 7 a.m.-10 a.m. slot from its current 9 a.m.-noon. Kasie Hunt will anchor the 5 a.m.-7 a.m. slot, making her the new host of "CNN This Morning."

"CNN This Morning" previously ran in a different time slot and was hosted by Phil Mattingly and Poppy Harlow, a duo that had been in place for just half a year.

"These changes mean that we will no longer produce morning programming in New York and will be disbanding the team that currently produces CNN This Morning in that city," Chief Executive Mark Thompson wrote in a memo to employees on Monday.

Thompson in his memo said the network is talking with both Harlow and Mattingly "about new roles at CNN."

The new iteration of "CNN This Morning" will be produced in Atlanta, CNN's historic home—marking a reversal of sorts for the network, which had moved an ever-growing share of its operations to New



CNN's new morning schedule will include Kasie Hunt as the anchor for the 5 a.m.-7 a.m. slot.

York over the years.

Thompson said the schedule changes opened up two hours for new programming. The two new shows created as a result of the overhaul will also be produced out of Atlanta, the memo said.

Jim Acosta will anchor "CNN Newsroom" at 10 a.m., and a new 11 a.m. show, "The Bulletin with Pamela Brown," will launch in the spring, the memo said.

"CNN This Morning," the

brainchild of Chris Licht—Thompson's predecessor, who left last year after a short tenure running the network—had been repeatedly changed since the program made its debut in the fall of 2022.

Two of Harlow's original co-hosts, Don Lemon and Kaitlan Collins, left last year.

Collins became anchor of CNN's 9 p.m. hour, and Lemon was ousted after drawing criticism for saying on "CNN This Morning" that Republican pres-

idential candidate Nikki Haley isn't in her prime.

The latest shuffle comes a few months after Thompson took over as CNN's chief executive in October.

Thompson, who previously ran the *New York Times* and the BBC, had a clear message for staff when he joined the network: CNN was nowhere near ready for the future and needed to step up its digital game.

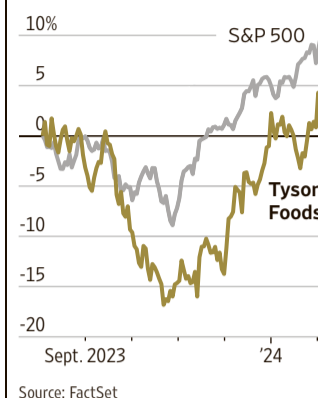
Last month, Thompson an-

nounced he was combining all of the network's newsgathering operations into one unit that will serve its TV, streaming and digital platforms, while creating a division tasked with exploring growth opportunities.

In an interview with *The Wall Street Journal* at the time, Thompson said he was also looking to monetize CNN's offerings, potentially through subscriptions, and wanted to find a better way to show video news on phones.

# Tyson Gets A Boost From Its Chicken Business

Share-price and index performance, past six months



Source: FactSet

By PATRICK THOMAS

Tyson Foods' shares rose on Monday on its report that its chicken business improved, though a shrinking supply of cattle is pressuring profit margins.

The largest U.S. meatpacker said profitability in its chicken division, which accounts for one-fifth of the U.S. supply, got better in its most recent quarter, along with its pork business. Tyson stock closed at \$57.50, up 2%.

Chicken processors are benefiting from falling livestock feed costs and consumers flocking to chicken as beef prices rise. Operational improvements, such as cost-cutting at plants and improved productivity on chicken farms, helped results. "We're cautiously optimistic about chicken," said Chief Financial Officer John R. Tyson on a call with analysts.

For its 2024 fiscal year, Tyson raised its forecast slightly for its chicken and pork businesses as it banks on consumers shopping for cheaper meats. The company expects strong results from its prepared-foods business.

Tyson spent much of 2023 cutting costs. The company closed eight plants and laid off thousands of workers.

Over the three months ended Dec. 30, net income fell 66% from the prior-year period to \$107 million, lower than analysts expected, according to FactSet. On an adjusted basis, Tyson earned 69 cents a share, outpacing analysts' expectations.

Quarterly sales grew slightly to \$13.32 billion. Operating income from Tyson's chicken business in the quarter rose to \$177 million from \$69 million a year earlier, better than analysts anticipated.

Tyson's beef division, its largest in terms of revenue, posted a \$206 million operating loss, after a \$166 million profit a year ago. A shortage of cattle in the U.S. is making purchasing livestock more expensive for meatpackers.

# Caterpillar Profit Tops Analysts' Forecasts



Shares hit a record \$321.40.

By DEAN SEAL

Caterpillar on Monday reported a fourth-quarter profit that topped expectations, sending its shares up 2% to a record \$321.40.

Higher prices helped boost profit margins and offset a drop in sales volume at the construction-equipment company, as dealers reduced inventories.

Caterpillar's construction equipment sales in North America rose 4% in the quarter, with government-funded infrastructure projects helping drive demand.

The company said in-

creased spending on computer data centers is boosting demand for its power-generating engines.

Chief Executive Officer Jim Umpleby told analysts that the supply-chain constraints that held down production in recent years have eased, but added "our manufacturing operations are not running as efficiently as I would like."

Sales rose 3% to \$17.07 billion, in line with the estimates of analysts polled by FactSet.

Earnings jumped to \$2.68 billion, or \$5.28 a share, from \$1.45 billion, or \$2.79 a share, a year ago.

Last year, the company booked a \$925 million goodwill impairment charge in its railroad business.

Per-share adjusted earnings, which strip out one-time items, of \$5.23 topped analyst projections by 47 cents.

The Irving, Texas, company's operating-profit margin increased to 18.4% in the fourth quarter from 10.1% a year earlier.

# Bowlero Rises on Sales



The bowling-chain operator reported a rebound in same-store sales and initiated a dividend.

By WILL FEUER

Shares of Bowlero jumped after the bowling-chain operator reported positive same-store sales for its fiscal second quarter and initiated a quarterly dividend.

The stock climbed 16% to close at \$13.43 on Monday. Through

Friday's close, the stock was down more than 19% over the past 12 months.

On Monday, the company said same-store revenue rose 0.2%, reversing a couple of quarters of declines last year that stoked concerns around the health of consumer spending.

Chief Executive Officer Tom Shannon said the strong events business and Bowlero's deci-

sion to bring back midweek promotions lifted sales.

Overall revenue rose almost 12% to \$305.7 million, topping analysts' expectations. Bowlero also raised its estimate for how much it plans to invest back into the business in the current fiscal year, mostly via acquisitions of other bowling alleys.

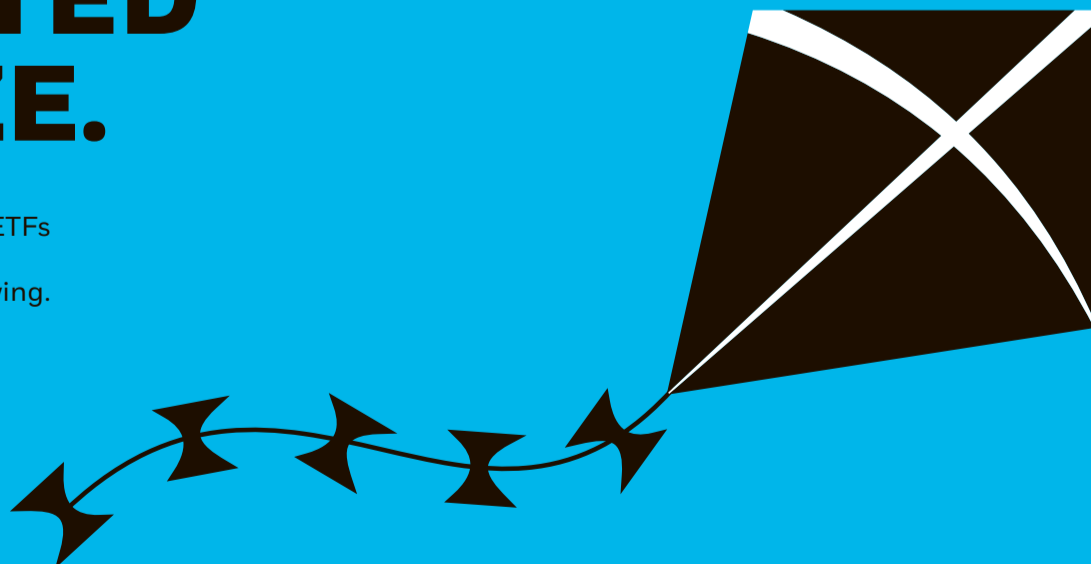
The company also said its board approved the initiation of a quarterly dividend of 5.5 cents a share.

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## BUSINESS &amp; FINANCE

## Investcorp Takes Stake in Banner Ridge

Firm, with \$7.3 billion in assets, specializes in special-situations and distressed funds

By ROD JAMES

Investcorp has acquired a stake in Banner Ridge Partners, one of only a few firms that actively acquires second-hand stakes in distressed, special-situations and credit funds.

The Bahrain-based investment manager has taken a passive, minority share in New York-based Banner Ridge, which has accrued \$7.3 billion

in assets in the five years since it was founded, according to Investcorp.

The stake sale comes just a few weeks after Banner Ridge rounded up \$2.15 billion for its newest and so far largest main secondary fund. The firm also manages two funds of funds focused on new commitments to distressed and special-situations funds as well as co-investments alongside such funds.

Banner Ridge's management, strategy and operations will remain unchanged, with proceeds from the stake sale all going into developing the business, Investcorp said.

The continuing effects of



Anthony Cusano.

the Covid-19 pandemic on company balance sheets and potential recession risk are

likely to drive investment opportunities in the distressed and special-situations markets, said Anthony Maniscalco, managing partner of Investcorp's strategic-capital group. The group acquires stakes in other alternative-investment managers and has backed at least 11 investments since its formation, according to Investcorp's website.

Banner Ridge's rapid pace of growth, strong performance and independence have also made it an attractive target, Maniscalco added. Many fund managers are unwilling to approve the sale of stakes in their vehicles to secondary investors whose wider busi-

nesses also offer competing products, which Banner Ridge doesn't, he said.

Distressed and special-situations funds typically acquire credit or equity positions in underperforming businesses and those facing bankruptcy or restructuring.

Special-situations funds raised \$19.3 billion in the fourth quarter of 2023, according to Preqin, tops among the different private-credit strategies that the data provider tracks.

Private credit, including distressed and special-situations funds, accounted for just 4% of total secondary transaction volumes in 2023, accord-

ing to a recent report from investment bank and secondary-market broker Greenhill. The report noted that distressed and special-situations funds tend to price at larger discounts to their underlying asset values than do direct lending funds, due to their inherent risk levels.

Anthony Cusano and C.J. Driessen founded Banner Ridge in 2019 after working together on secondary deals at alternative asset manager Siguler Guff. Banner Ridge can make investments in funds and co-invest directly alongside other managers in addition to making secondary investments.

## U.S. Companies Tweak Diversity Plans Amid Pushback

By RICHARD VANDERFORD

Corporate America's diversity initiatives are here to stay, but they are being adjusted in response to lawsuits and intense scrutiny.

Businesses are trying to fashion programs that foster inclusion without running afoul of the law and potentially bringing costly consequences, according to lawyers and corporate advisers working on such policies. That means some are abandoning the most legally risky and potentially discriminatory practices, such as numerical targets that can be seen as "quotas" or the use of unconscious bias training that casts blame.

A less-divisive approach is in at many organizations.

After George Floyd's murder in 2020, U.S. businesses from sneaker company Nike to Wells Fargo bank rolled out diversity, equity and inclusion initiatives as the country took a hard look at racial inequality. But legal pressure following last year's Supreme Court decision to strike down affirmative action in college admissions has led

to, if not a retreat from DEI programs, a rethink in how to best approach them.

The programs themselves don't seem to be disappearing. Chief human resource officers don't plan to scale back diversity initiatives, according to 194 executives who participated in a survey released in December by the Conference Board, a nonprofit business research organization.

Still, the tone has shifted, said Diana Scott, leader of the Conference Board's U.S. Human Capital Center.

"Many companies felt pressure to jump on the bandwagon, and I think the pendulum swung way, way, far in one direction," Scott said. "Some companies are quietly pulling back from quotas and things that could be perceived as discriminatory."

The U.S. Supreme Court's decision last year in the case challenging affirmative action at Harvard University didn't directly touch on employment law, but led some businesses to reconsider their practices.

Shareholder activists, politicians, conservative groups and

employees all have repeatedly challenged what they say are illegal practices that some of the country's most influential corporations have used in the pursuit of diversifying their workforces.

At a hearing in Miami last week, an appeals court heard arguments on the legality of a program, operated by the philanthropic arm of venture fund Fearless Fund, that awards grants to businesses owned by Black women. The U.S. Court of Appeals for the 11th Circuit voted to block the fund from picking new grant winners while it considers the appeal.

In a ruling last month, a federal judge refused to throw out a case challenging diversity training at Pennsylvania State University that a professor said vilified white people, though the judge dismissed some claims.

Aggrieved white employees are increasingly bringing lawsuits over what some term "reverse discrimination," and in some cases winning damages in tens of millions of dollars.

A federal jury, for example, last year awarded more than



A Supreme Court ruling on affirmative action at Harvard University led some companies to reconsider their practices.

\$25 million to a white former Starbucks regional manager who oversaw a Philadelphia store where two Black men were arrested in 2018, finding that her subsequent firing was a result of racial discrimination.

Starbucks said it remains committed to "creating a culture of warmth and belonging,

where everyone is welcome." It has set goals of achieving "racial and ethnic diversity" of at least 30% at the corporate level and at least 40% in manufacturing and store roles by 2025.

Starbucks declined to comment on what changes it made to its human resources policies, if any, following the lawsuit.

Fixed numerical targets,

sometimes seen as quotas, have drawn particular attention in the new environment, and lawyers say they can potentially open a company up to legal action. A group of Republican attorneys general last year warned businesses against the use of racial quotas and preferences.

A group headed by Stephen Miller, a former senior adviser to former President Trump, also has sued and lodged official challenges targeting dozens of businesses. In the past few months, America First Legal has filed federal complaints over alleged quotas at Nike that it says discriminate against white men, alleged anti-white racial quotas at toy makers Hasbro and Mattel, and allegedly discriminatory practices at American Airlines, Southwest Airlines and United Airlines.

United said it maintains the highest standards for pilot hiring, training and safety, and that it provides no exceptions. American and Mattel declined to comment. The other companies didn't respond to requests to comment.

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**2024 British Silver Britannia:** One of The Royal Mint's flagship coins, this 2024 issue carries the portrait of King Charles III for only the second year ever. Struck in 99.9% fine silver at The Royal Mint.

**2024 China Silver Panda:** China Silver Pandas have been collectors favorites since their introduction in 1983—noted for their heart-warming one-year-only designs highlighting the maturing of Panda cubs. Struck in 99.9% fine silver at the China Mint.

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# WSJ

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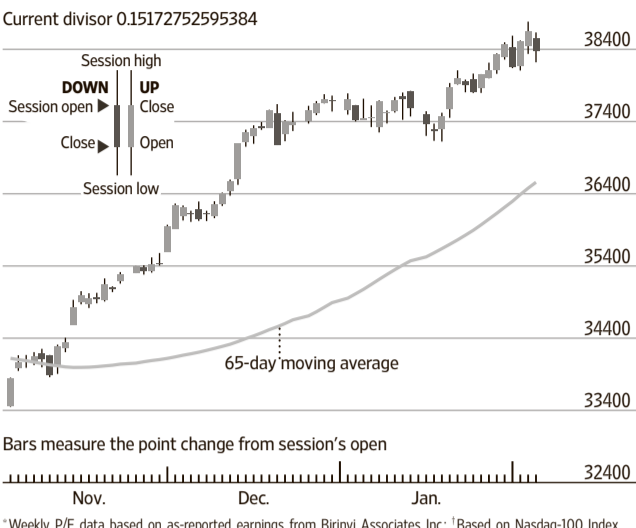
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MARKETS DIGEST

EQUITIES

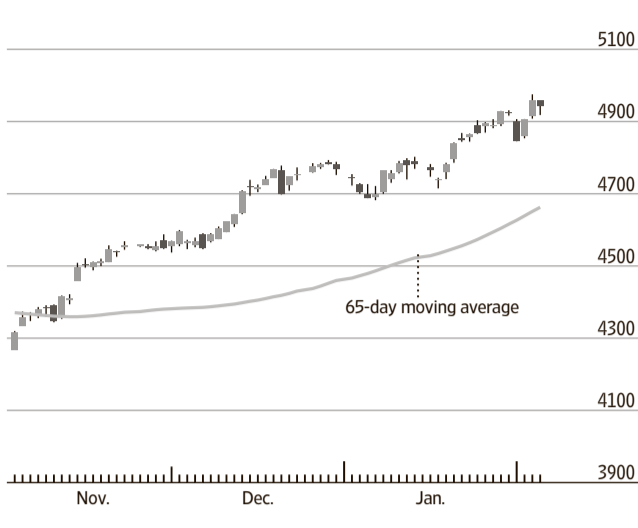
Dow Jones Industrial Average

38380.12 ▼274.30, or 0.71%
High, low, open and close for each trading day of the past three months.



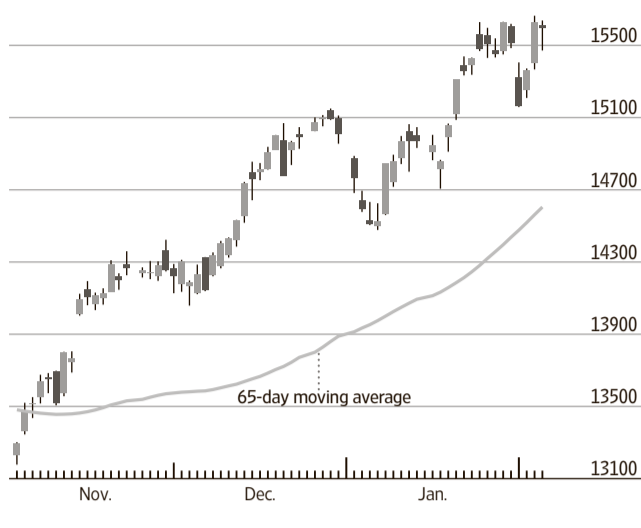
S&P 500 Index

4942.81 ▼15.80, or 0.32%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

15597.68 ▼31.28, or 0.20%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, and 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

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...

Most-active issues in late trading

Table listing companies like Palantir Technologies, CVS Health, and Invs Natl AMT-Fr Muni with their trading details in the late trading session.

Percentage gainers...

Table listing companies like Palantir Technologies, Coherent, and Analog Devices with their percentage gains.

And losers

Table listing companies like Symbolic, FMC, and Rambus with their percentage losses.

Trading Diary

Volume, Advancers, Decliners

Table showing market volume, number of advancers and decliners, and issues traded for NYSE and NYSE Arca.

International Stock Indexes

Table listing international stock indexes by region/country, including MSCI ACWI, Euro STOXX, and various regional indices.

Percentage Gainers...

Table listing companies like 4D Molecular Therap, MorphoSys ADR, and Chenghe Acquisition CI A with their percentage gains.

Most Active Stocks

Table listing companies like Phunware, ProSh UltraPro Shrt QQQ, and Palantir Technologies with their trading volumes and price changes.

Percentage Losers

Table listing companies like Bit Origin, Intelligent Bio Solutions, and Solidion Technology with their percentage losses.

Volume Movers

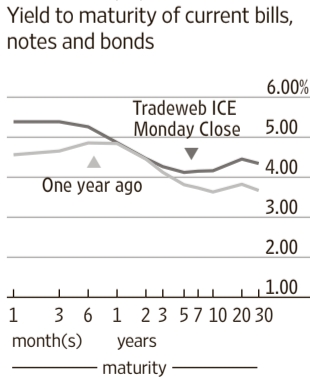
Table listing companies like Genprex, Chenghe Acquisition CI A, and Invs DW Engy Mntm with their trading volumes.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table showing U.S. consumer rates for various products like Federal-funds target rate, Prime rate, SOFR, and Money market.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for various bond indices like U.S. Treasury, Aggregate, and High-Yield.

CURRENCIES & COMMODITIES

Currencies

Table showing U.S.-dollar foreign-exchange rates for various countries and currencies.

Commodities

Table showing prices and changes for various commodities like Oil, Natural Gas, and Gold.

COMMODITIES

Futures Contracts

Metal & Petroleum Futures table with columns for commodity, contract type, and price movements.

Wheat, Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Cocoa, Coffee, Sugar-World, Sugar-Domestic, Milk, Orange Juice, Cotton, Ultra Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 2 Yr. Treasury Notes, 30 Day Federal Funds, Three-Month SOFR, Japanese Yen, Canadian Dollar, British Pound, and other commodity prices.

Agriculture Futures table listing prices for Corn, Oats, Soybeans, Soybean Meal, Soybean Oil, and various wheat contracts.

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange...

Cash Prices table showing commodity prices and their changes from Monday, February 5, 2024.

Borrowing Benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Money Rates table including Inflation, U.S. consumer price index, International rates, Prime rates, U.S. government rates, and Discount rates.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities.

Key Interest Rates table showing Federal funds, Commercial paper, Nonfinancial, Financial, Discount window primary credit, Treasury yields, and TIPS.

Notes on data: Federal funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades; Commercial paper rates are discounted offer rates...

Index Futures table listing prices for Mini DJ Industrial Average, U.S. Corporate Indexes, and High Yield Bonds.

Index Futures table listing prices for Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, and U.S. Dollar Index.

Bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Bond benchmarks table showing returns and yields for Broad Market, Mortgage-Backed, U.S. Corporate Indexes, High Yield Bonds, and Global Government bonds.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Global Government Bonds table showing yields and spreads for various countries like Australia, France, Germany, Italy, Japan, Spain, and U.K.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Corporate Debt table showing investment-grade spreads for issuers like Georgia-Pacific, Bank of America, Lloyds Banking, Wells Fargo, JPMorgan Chase, Westpac Banking, Oracle, and Sumitomo Mitsui Financial.

...And spreads that widened the most

Corporate Debt table showing widening spreads for issuers like Boeing, Morgan Stanley, Virginia Electric & Power, Hasbro, Mercedes-Benz Finance North America, Sumitomo Mitsui Financial, Ally Financial, and Bank of Nova Scotia.

High-yield issues with the biggest price increases...

High-yield issues table showing price increases for Sealed Air, Seagate HDD Cayman, ZF North America Capital, Rakuten, United Airlines Holdings, and other high-yield issuers.

...And with the biggest price decreases

High-yield issues table showing price decreases for United States Cellular, Occidental Petroleum, Bausch Health, Hat Holdings I, Telecom Italia Capital, Hughes Satellite Systems, Navient, and Bath & Body Works.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt; change in spread shown is for 2-spread. Note: Data are for the most active issue of bonds with maturities of two years or more



BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Table of stock prices and changes for the first 100 largest companies, including symbols, names, and price movements.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, February 5, 2024. Table of stock prices and changes for the next 100 largest companies.

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NEW HIGHS AND LOWS

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

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DIVIDEND CHANGES

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EXCHANGE-TRADED PORTFOLIOS

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MUTUAL FUNDS

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BANKING & FINANCE

Chinese Banker Handed Suspended Death Sentence

By CAO LI AND REBECCA FENG

The former president of one of China's biggest privately run banks has been sentenced to death by a Chinese court. The sentence has been suspended for two years.

Tian Huiyu, 58 years old, was for nine years the head of China Merchants Bank, and had previously worked at some of the country's largest financial institutions.

During the course of his career, he took bribes worth over \$29 million, abused his power, traded on undisclosed information from which he gained over \$40 million and committed other crimes, according to a statement from a Chinese court.

He committed the offenses while working at China Merchants Bank, Bank of Shanghai, China Construction Bank

and bad-debt manager China Cinda Asset Management, said the Changde Municipal Intermediate People's Court in the southern Hunan province. The court said Tian was given a two-year reprieve because he confessed to taking bribes, insider trading and leaking inside information.

He also repented and returned the money he gained illegally, the court added. China Merchants Bank, based in Shenzhen, is one of China's largest banks. It had \$1.53 trillion of assets at the end of 2023, according to its preliminary financial statement for the year. It provides

retail and corporate-banking services, and is one of the biggest credit-card issuers in mainland China. The bank more than doubled its assets during Tian's time at the helm, which lasted from May 2013 to April 2022. It also boosted its consumer-lending activities and wealth-management businesses. After Tian was removed from his position in 2022, then-Chief Financial Officer Wang Liang took over his position. Death sentences are rarely imposed upon executives in China's finance industry, and most suspended death sen-

tences result in life imprisonment. Lai Xiaomin, former chairman of one of China's biggest state-owned bad debt managers, was the last senior executive in the sector to be given a death sentence. He was sentenced in January 2021 and executed in the same month.

At the time, a local court in the northern city of Tianjin said Lai took bribes totaling \$249 million, a record amount. The court characterized him as "lawless and extremely greedy."

His actions endangered the nation's financial security and financial stability, the court said. Cai Esheng, a former vice chairman of China's banking regulator, was handed a suspended death sentence last December for taking bribes and abusing his power.

Tian repented and returned the money he gained illegally, the court said.



RTX expects to take up to a \$3.5 billion hit to profit.

RTX Investigated on Recall Of Pratt & Whitney Engines

By BEN GLICKMAN

RTX is under investigation by U.S. regulators related to its recall of hundreds of Pratt & Whitney engines.

The defense contractor and aerospace company said in its annual report that it had received subpoenas from the Securities and Exchange Commission related to its handling of the engine problems. RTX in July said that it

would need to conduct accelerated inspections and ground planes as a result of an issue related to the powdered metal used to make certain parts.

The company has said it will cost up to \$7 billion to repair the engines and compensate airlines affected. RTX also expects to take up to a \$3.5 billion hit to profit in the next several years.

The company said it is cooperating with the SEC and responding to the subpoenas.

New Highs and Lows

Table with columns for Stock, 52-Wk % Change, and % Change. It lists various stocks and their performance metrics over the last 52 weeks.



WSJ Exclusive The Money and Drugs That Tie Elon Musk to Some Tesla Directors

Board members have repayed hundreds of millions from stock awards and separate investments, even as some have done drugs with Musk. Explore the exclusive report.

READ NOW



MARKETS

# Post Unlocks China Investors' Ire

Social-media photo from U.S. Embassy draws complaints about stock market

By REBECCA FENG AND WEILUN SOON

It started with giraffes. When the U.S. Embassy in China posted a photo of the world's tallest animals on a Chinese social-media platform last week, it was making a point about animal conservation. But the post quickly became an outlet for the frustration of China's army of mom-and-pop stock investors.

It offered a glimpse into the feelings of China's individual investors, who are usually subject to strict social-media controls.

China's stock market is entering its fourth straight year of declines, and many individual investors in the country have shifted to safer assets or increased their exposure to overseas stocks.

"The performance of the stock market reflects that of the economy," said one comment from Hunan province, according to the location display on Weibo, one of China's largest social-media platforms. The commenter specifically addressed the U.S. Embassy: "I believe your economy is the one that is stable and improving."

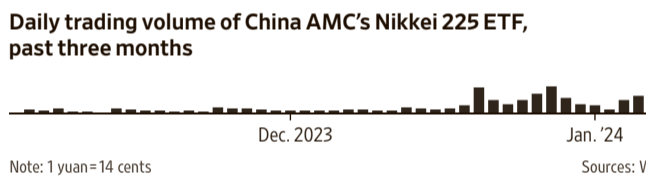
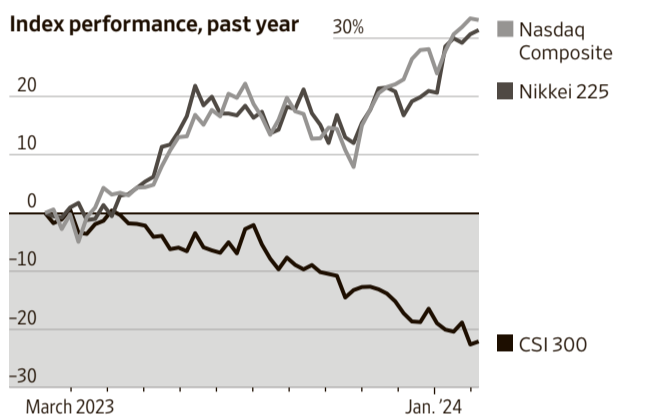
"Even giraffes get protection, I'm so envious," said another comment from a user in Beijing.

Thousands of comments about China's stock market and its economy were posted on Weibo after the embassy shared the image on Friday. The comments were a mix of critical, sarcastic and patriotic—including many that simply said "I love China" or "Long live the Chinese people."

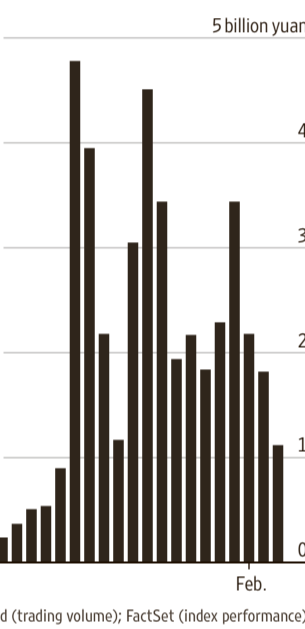
China is increasingly censoring critical comments about the economy, which is struggling to return to health more than a year after Beijing ended its zero-Covid policies. Articles in media outlets and academic journals that are deemed critical of the economy have disappeared this year. China's Ministry of State Security claims false narra-



A Weibo post from the U.S. Embassy in China made a point about conservation with a photo of giraffes. The post soon became an outlet for the frustration of China's individual investors.



tives about the economy are being spread to "strategically contain and suppress China." After Weibo started deleting comments on the U.S. Embassy's account, investors



shifted to a post made by the Indian Embassy in China. India's stock market has surged over the past two years, attracting many of the same foreign portfolio man-

ag-ers that have pulled their money out of China. The MSCI India Index rose 19.6% last year, compared with a 13.3% decline in the MSCI China Index.

goals that call for different approaches to China's manufacturers, says Timothy Brightbill, a trade lawyer for Wiley Rein. The Inflation Reduction Act is building up a U.S. solar supply chain and reversing the trend of Chinese control of production, an administration official says, adding that the U.S. has procedures to ensure foreign investments don't trigger national-security concerns.

Manufacturing jobs outsourced to China during previous administrations are "coming to America," says White House spokesman Michael Kukukawa. Trina first looked into manufacturing in the U.S. several years ago, after the U.S. slapped more duties on panels made in China, says Zhu, a naturalized U.S. citizen who has lived in the U.S. for 30 years. It decided the cost of production was too high.

Instead, Trina and other manufacturers moved factories out of China and adjusted supply chains to keep selling to the U.S. as regulations changed. In 2022, the U.S. started enforcing a law against forced labor that effectively halted the import of solar panels that used high-grade silicon from China's Xinjiang region. Trina started buying from U.S. and

European suppliers. Last year Trina started producing silicon wafers in Vietnam to meet tightened standards. After the Inflation Reduction Act was passed, Trina decided to finally make the move to the U.S. The cost of production is higher even with incentives, Zhu says, but Trina didn't want to lose footing in an important market, he says.

Trina, like other Chinese solar giants here, is working to show good intentions. It is trying to bring suppliers to the U.S., and Zhu says he is "pretty sure" Trina will build a U.S. factory that makes solar cells, panels' building blocks. Zhu knows there is pushback from U.S. politicians. But, he says "we're not politicians. We just do the business."

# Stimulus Doesn't Brake Shanghai Stock Fall

By SHERRY QIN

Chinese shares extended declines on Monday despite a series of stimulus measures and the securities regulator's latest pledge to shore up the market.

The U.S. Federal Reserve's careful stance on rate cuts, China's persistent property woes and overall tepid investor sentiment all cloud the Chinese equity market.

The Shanghai Composite Index fell 1% to 2702.18 after touching a low of 2635.09. The Shenzhen Composite Index fell as much as 6.7% before paring losses to trade 1.1% lower at 7964.71.

The markets rebounded early Tuesday. The Shanghai benchmark was up 1% and the Shenzhen measure was up 3.2%. Hong Kong's Hang Seng Index was up 2.1%.

The stronger-than-expected U.S. jobs report for January "pushed down expectations of the first Fed rate cut in March to May," which triggered a resurgence of dollar strength and dragged down Asian indexes, Oanda senior market analyst Kelvin Wong said.

A slightly weaker Caixin services purchasing managers index, a private gauge of China's services activity, also contributed to the weakness in Chinese shares in the session, Wong said.

Property shares were among the top losers in the mainland on Monday. China Vanke declined 3.3% in Shenzhen and Greenland Holdings was 5.9% lower in Shanghai.

Chinese developers' January contracted sales data were quite weak, said Shujin Chen, head of China financial and property research at Jefferies. Meanwhile, home prices will likely decline faster this year than previous years, Chen said.

After China Evergrande's liquidation order last week, buyers may become more selective and stick to state-owned names with reputable brands and guaranteed project delivery, said Jeff Zhang, equity analyst at Morningstar. "Therefore, it remains difficult for debt-laden builders to turn around their muted growth."

The declines came despite regulators' latest vow to stabilize the market after Shanghai's benchmark index suffered its worst week since 2018.

The China Securities Regulatory Commission said Sunday that it will prevent abnormal market fluctuations, guide more medium- and long-term funds into the market and crack down on illegal trading, according to a statement. The regulators didn't specify what measures they will implement.

China should set up a stock-stabilization fund "as soon as possible" to boost investor confidence, Liu Yuhui of the Chinese Academy of Social Sciences, a state research institute, told state media 21st Century Business Herald in a recent interview. The size of the stabilization fund should be 2 trillion yuan to 3 trillion yuan in the short term, with a goal of ramping up to 10 trillion yuan (\$1.4 trillion) in the long term, Liu said.

While there has been talk about a stabilization fund, China hasn't announced any concrete plans besides some piecemeal support for the economy and markets.

# Subsidies Lure Solar Companies

Continued from page B1

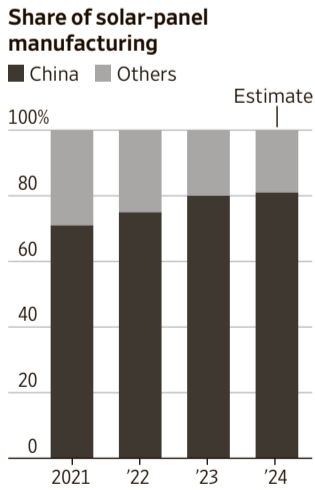
they are going up fast. At least four backed by giant Chinese manufacturers are slated to come online this year, with enough capacity when complete to supply more than half of the record 33 gigawatts of panels the U.S. is estimated to have installed last year.

The rush of Chinese interest is a mixed blessing for the U.S., struggling to build a domestic solar supply chain.

Industry trackers estimate that more than 80% of global solar production takes place inside China, while much of the rest is in Southeast Asia and funded or contracted by large China-based makers. Such manufacturers have the know-how, suppliers and deep pockets needed to set up plants in the U.S. quickly—a boon for local economies and the U.S.'s ambitious clean-energy goals. But the U.S. subsidies were also supposed to lessen the country's dependence on China

in clean energy. Among the big-name manufacturers setting up now is Xi'an-based Longi Green Energy Technology, which has a joint venture in Ohio with Chicago-based renewables developer Invenery that expects to start making panels in the next few weeks.

China's Trina Solar, which supply-chain tracker Clean Energy Associates says is the world's biggest solar-panel maker, said in September that it is investing \$200 million in a factory near Dallas that will be able to produce five gigawatts of solar panels a year.



Source: Clean Energy Associates

"We definitely don't want to miss the wave," says Steven Zhu, president of Trina's U.S. unit.

Some homegrown U.S. manufacturers accept the development. Chinese rivals have been so nimble and their panels so much cheaper that trying to fend them off with tariffs alone hasn't had lasting success.

"As long as they're playing by the rules, I have no problems with competing with other domestic manufacturers," says Mamun Rashid, chief executive of Auxin Solar, who for years has said Chinese manufacturers have unfair advantages and sidestep duties.

But an increasingly vocal group of China hawks say that letting Chinese solar and battery manufacturers take government subsidies could undermine efforts to build a domestic supply chain and threaten U.S. energy security.

Rep. Carol Miller (R., W.Va.) and Sen. Marco Rubio (R., Fla.) introduced a bill in December to effectively prevent Chinese companies from getting such subsidies.

The Biden administration is in a bind because it is simultaneously trying to fight climate change, expand domestic production and recapture solar-technology leadership—three

# Climate Funds Sought

Continued from page B1

carbon-capture startups and a deal to buy nuclear-power services provider Westinghouse Electric. The new fund is on track to be larger.

Brookfield also uses its energy-transition funds to buy fossil-fuel projects and says that responsible ownership of them is needed to reduce their emissions over time. It recently led a consortium that

tried to buy Origin Energy, one of Australia's largest power companies, for \$11 billion and take it private. Shareholders rejected the deal, nearly two years after investors in Australia's AGL Energy rejected a bid from Brookfield and Australian billionaire Mike Cannon-Brookes.

Teskey said Brookfield will consider similar deals despite the setbacks. The firm will also consider putting money from the new fund into industrial companies that need to cut emissions, such as manufacturers, steelmakers and cement producers. Environmentalists say such investments can be an excuse for big firms to keep putting money into polluting sectors.

Brookfield's energy transition funds are co-led by Teskey and Mark Carney, the former head of central banks in the U.K. and Canada and the point person on climate finance for the United Nations. At the U.N. summit last year, the United Arab Emirates said it was putting \$2 billion into Brookfield's new energy-transition fund and as much as \$1 billion into the emerging-markets fund.

Teskey also heads Brookfield's publicly traded renewables unit. That unit puts money into the transition funds, as well as the firm's infrastructure investment funds.

"What we bring is scale," he said.



Brookfield seeks more than \$25 billion for two new private funds investing in clean energy.

