

THE WALL STREET JOURNAL.

What's News

Business & Finance

Exxon has abandoned a multibillion-dollar wager on finding oil in the deep waters off Brazil after a series of disappointing wells left it with nothing to show for more than five years of work, people familiar with the matter said. **A1**

◆ **Ex-Marvel Entertainment** Chairman Perlmutter said that Walt Disney fired him because he pushed Disney too aggressively to cut costs and ran afoul of the creative executives whom Iger wants to empower. **A1**

◆ **FedEx is combining** its Express and Ground delivery units into a single business, changing an operating structure championed by founder Smith and criticized by investors and analysts. **B1**

◆ **U.S. stocks ended** mostly lower, with the S&P 500 and Nasdaq losing 0.2% and 1.1%, respectively. The Dow gained 0.2%. **B11**

◆ **The U.S., Europol** and police in 14 countries seized the infrastructure of a suspected Russian marketplace that claimed access to 80 million stolen banking, social-media and email accounts for sale to hackers. **B4**

◆ **A Delaware judge** said that Fox Corp. Chairman Rupert Murdoch can't avoid testifying in person in a looming defamation trial about false election-fraud claims that aired on Fox News. **B4**

◆ **Bob Lee, the founder** of money-transfer company Cash App and the chief product officer at cryptocurrency firm MobileCoin, was killed in San Francisco on Tuesday, his father said. **A3**

World-Wide

◆ **The state judge** presiding over Trump's prosecution in New York faces a delicate balancing act in allowing the former president to exercise his right to free speech while trying to discourage him from using threatening rhetoric about the case. **A1, A4**

◆ **Pence won't appeal** a judge's ruling compelling him to testify before a grand jury investigating Trump's efforts to stay in power after his 2020 election loss, an adviser to the former vice president said. **A4**

◆ **Blinken said** he had "no doubt" that WSJ reporter Evan Gershkovich, who was arrested by Russian security services last week, was wrongfully detained, but that the process to reach an official determination on his detention was pending. **A1, A7**

◆ **Zelensky visited Poland** as Ukraine continues to press Western allies for military and financial support, with Kyiv gearing up for a counteroffensive against Russian forces. **A7**

◆ **Militants in Gaza** fired rockets and Israel responded with airstrikes following violent clashes at Jerusalem's most sensitive holy site. **A9**

◆ **Maryland's attorney** general released a report alleging that scores of priests and others affiliated with the Archdiocese of Baltimore sexually abused hundreds of children over more than 60 years. **A3**

◆ **Victims of a 2017** mass shooting at a church in Sutherland Springs, Texas, are set to receive \$144.5 million from the government under the terms of a settlement agreement. **A3**

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Defying Beijing, McCarthy Meets With Taiwan's President



BONDS: Speaker of the House Kevin McCarthy greeted Taiwanese President Tsai Ing-wen at the Ronald Reagan Presidential Library in Simi Valley, Calif., Wednesday. Beijing, which considers Taiwan part of Chinese territory, has vowed to retaliate. **A8**

As Trump Faces Legal Woes, Democrats Covet a Rematch

Democrats believe former President Donald Trump, who faced charges Tuesday for his role in paying hush money to a

By Catherine Lucey in Washington and Eliza Collins in Phoenix

porn actress ahead of the 2016 election, is a threat to democracy and shouldn't return to the White House. Many of them also think he is the best possi-

ble opponent for President Biden in 2024.

With protesters and news media assembled in the streets, Mr. Trump reported to a Manhattan courthouse, where he pleaded not guilty to 34 counts related to the hush money and the alleged coverup.

As the scene unfolded, Mr. Biden kept quiet about his predecessor's legal travails. But as he prepares to announce plans to seek another term, Demo-

cratic officials in battleground states said they would like to see a rematch of the 2020 race.

The legal tumult surrounding Mr. Trump is one reason Democrats feel bullish about facing him. Other reasons include that Mr. Biden has defeated Mr. Trump once before, and that the former GOP president motivates Democratic voters to turn out. They also said that pairing 80-year-old Mr. Biden with 76-year-old Mr. Trump would mini-

mize questions about Mr. Biden's age and abilities—much more so than if he faced 44-year-old Florida Gov. Ron DeSantis, a Republican.

"Donald Trump hands down," said Joe Wolf, a senior adviser to Arizona Gov. Katie

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◆ **Trump's rhetoric** poses challenge to judge..... **A4**

◆ **Pence agrees** to order on Jan. 6 testimony..... **A4**

Disney Executive Says He Was Fired Over His Push to Cut Costs

By ROBBIE WHELAN

Isaac "Ike" Perlmutter said Walt Disney Co. fired him as chairman of Marvel Entertainment because he pushed Disney too aggressively to cut costs and ran afoul of the creative executives whom newly returned Chief Executive Robert Iger wants to empower.

In a rare interview, the 80-year-old Mr. Perlmutter spoke to The Wall Street Journal about his dismissal from Disney last week, his relationship with Mr. Iger, and missteps he feels Disney has made in recent years.

Disney is legendary for the

loyalty it engenders in most typical employees. But Mr. Perlmutter was no typical corporate employee, nor did he act like one. If he didn't like what he saw from leadership, he picked up the phone and aired his concerns to powerful allies such as former CEO Bob Chapek and activist investor Nelson Peltz.

When Disney was battling with Florida Gov. Ron DeSantis, Mr. Perlmutter called him, too. "Ron, you're right. Disney doesn't have the right to get involved with politics."

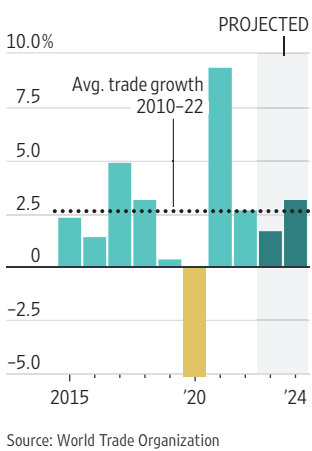
Mr. Perlmutter, who is also one of Disney's largest individual shareholders—he owns ap-

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War, Inflation Hinder Trade

A slowdown in world trade is holding back the pace of economic recovery. **A2**

World merchandise trade volume, annual change



Isolation Is Weapon In Putin's Prison

Lefortovo, where WSJ's Gershkovich is held, was built to make prisoners feel abandoned

At Lefortovo prison, the interrogations start with the clanging of metal. Guards patrolling hundreds of cells at the sprawling facil-

By Drew Hinshaw, Joe Parkinson and Brett Forrest

ity on the outskirts of Moscow bang their keys together to signal that an inmate is being escorted from their cells to an interrogation room, according to former prisoners, their families and their lawyers.

Others snap their fingers in the hallways, where fluorescent lights buzz day and night, a warning there should be no other prisoners in sight and as few personnel as possible.

The interrogation cells are mostly bare except for a wooden table, a few chairs, a gray safe and a wall calendar produced by the Federal Security Service, or FSB, Russia's main domestic intelligence

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◆ **Reporter is wrongfully held,** Blinken says..... **A7**

Chipotle Peppered With Complaints Over Salsa Spiciness

The Wall Street Journal dipped into the debate and sent samples to a lab

By ANDREW RESTUCCIA AND HEATHER HADDON

Derek Osborne likes spicy food, but this was different. A few bites into his chicken burrito, his mouth was overtaken by a wave of heat, dulling his palate for the rest of the meal. The culprit: Chipotle's Tomatillo-Red Chili Salsa.

"Habanero is no problem for me. Jalapeño is no problem," says Mr. Osborne, 30, of Lexington, Ky. "But this was pretty unpleasant. It takes over. You can't taste anything else."

Mr. Osborne is one of a legion of Chipotle fans who have been flummoxed in recent months by the spice level of the chain's salsa. Some customers say the company's

spiciest salsa, a crimson-red blend of chiles that has long enjoyed a cult following among die-hard Chipotle lovers, has become unbearably hot.

Chipotle has inspired fanatic brand loyalty among its regulars, some of whom visit the chain multiple times a week and order the same thing (Burrito bowl with double chicken? Tacos with extra cheese?) every time. So it doesn't take long for customers to notice even subtle changes in the company's offerings.

The salsa has prompted fiery debates and led some longtime Chipotle customers to ponder existential questions. Is the salsa getting spicier or am I just getting older?

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South African Insurers Fight Fires, Fix Roads

By ALEXANDRA WEXLER

JOHANNESBURG—Insurance companies in South Africa are fixing potholes, sponsoring fire brigades and directing traffic in an attempt to lower payouts and lure new clients as the country's government increasingly struggles to provide vital public services.

Corruption, mismanagement and the deepest recession on record amid the coronavirus pandemic have eroded the finances of South Africa's municipalities and state-owned companies that are responsible for repairing infrastructure and providing essential services. With their unusual activities, South African insurers are joining other private companies in taking over public services, such as security, healthcare, education and mail delivery, in a country the World Bank ranks as the most unequal on earth.

Insurance companies said the government's shortcomings have led to higher payouts, and some have decided it is cheaper for them to fill in where the state has fallen short. Analysts and insurance executives said these high-visibility activities also help market their brands and attract new clients.

Discovery Ltd., a \$5.5 billion financial-services company, said its Pothole Patrol—made up of eight repair vehicles and 40 staff—has filled in 150,000 potholes in South Africa's economic capital of Johannesburg since it launched in May 2021. The service, which Discovery runs together with a smaller competitor, Dialdirect Insurance, and has permission from the Johannesburg Roads Agency, has an app that allows anyone to log potholes that need fixing.

"It just makes perfect sense as an insurance company. Sav-

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

The Robots Have Finally Come for My Job



For centuries, new waves of automation have been greeted by predictions of widespread job loss and convulsive disruption. For centuries, the predictions have been wrong.

Could artificial intelligence be different? The weight of history says no. The revolutionary character of ChatGPT begs us to reconsider.

AI has been seeping into our lives for years now, such as completing our sentences in emails and web searches. Yet going from those iterations to “generative AI” such as ChatGPT is like going from dynamic cruise control to full self-driving. ChatGPT can answer questions in ways we thought were the exclusive preserve of humans, more quickly and cheaply.

A handful of experiments point to the astonishing potential of generative AI to replace workers. With ChatGPT, professionals such as grant writers, data analysts and human-resource professionals were able to produce news releases, short reports and emails in 37% less time, 10 minutes less on average, and with superior results, according to a study by Shakked Noy and Whitney Zhang, doctoral students at

the Massachusetts Institute of Technology. In a separate experiment by Microsoft Corp. researcher Sida Peng and three co-authors, programmers using a tool based on a model developed, like ChatGPT, by the startup OpenAI cut the time required to program a web server by more than half.

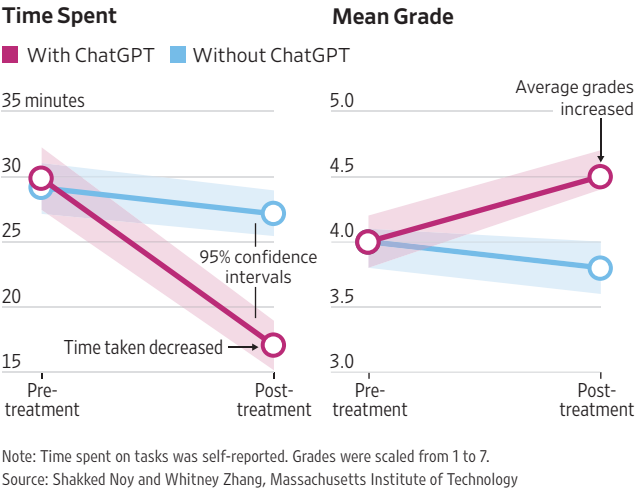
These are game-changers. Goldman Sachs Group Inc. economists conclude generative AI could raise labor-productivity growth by almost 1.5 percentage points a year, a de facto doubling from its current rate.

Automation has been displacing labor continuously for centuries, of course, but historically took its toll on routine, repetitive work. Generative AI by contrast hits well-paid college-educated professionals right in their human capital.

OpenAI and University of Pennsylvania researchers asked a team of humans and a ChatGPT-like model to evaluate which occupations were most exposed to generative AI. Some jobs—such as dishwashers, motorcycle mechanics and short-order cooks—were deemed to have no exposure. The most vulnerable occupations included mathematicians, interpreters and web designers. Among the occupations potentially 100% exposed: journalist.

To paraphrase the adage

Participants performed text-heavy tasks and were graded. Pretreatment, no participants received training on ChatGPT. Posttreatment, one group of participants was trained on, and encouraged to use, ChatGPT.



about recessions and depressions, technological disruption is when your neighbor is automated out of a job; the robot apocalypse is when you are automated out of a job. Professionals, including those who write columns for a living, now know the fear of obsolescence that has stalked blue-collar workers for generations.

Naturally, there are caveats. ChatGPT makes mistakes: It directed me to a nonexistent study while I researched this column. But whether ChatGPT is “right” misses the point.

“What a large language model is trying to do is not to provide correct answers, but pleasing answers,” said Jim Manzi, a partner at Foundry.ai, which develops AI applications for business. “Its job is to anthropomorphize, to give answers people like.”

All AI does this: An algorithm designed to find a photo of a dog is trained on pictures that humans say look like dogs; it isn’t, in an objective sense, “right.”

This is a good reason not to treat anything ChatGPT tells you as objective truth. But the same is true for a lot of what humans say. A le-

gal or medical opinion, a college-course syllabus, or a column in a newspaper aren’t objectively right or wrong, so why shouldn’t an AI come close? And with time, ChatGPT is going to make fewer factual errors. The latest version reportedly scores 150 points higher on the SAT than the previous version. To improve its performance in algebra, some versions come with a special math chatbot plug-in.

True, AI could be dangerous. It might mislead people, spread or amplify divisive or hateful speech or take decisions away from humans. But all innovations come with negatives. In any case, such concerns aren’t likely to slow development when there is so much money to be made and China is racing ahead.

So there are lots of reasons ChatGPT could wipe out more jobs than past innovations. And yet, the preponderance of evidence still points in the other direction.

Predictions of technology’s labor-market impacts are notoriously flawed. Experiments like those involving AI often fail to replicate in the real world. Nearly two decades ago, the advent of international fiber-optic connections led some scholars to estimate a fifth of U.S. jobs, such as radiologist, could be offshored. Nothing

even close to that happened. A decade ago, economists began warning that self-driving trucks would deprive millions of people of good-paying jobs. Today, there are more truck drivers than ever and employers are begging for more.

Often, the tech isn’t good enough or human tasks are too complicated to be replaced. Regulation and inertia get in the way, so the impact unfolds over many years and is harder to pinpoint.

Joshua Gans, an economist specializing in AI at the University of Toronto, said: “Technological changes turn something that was scarce into something that is abundant,” and in the process, “reveal to us what the real value of that stuff is.”

Spreadsheets made math-intensive analysis easy and cheap, and as a result, led to the creation of countless new tasks and occupations. Large language models could similarly lead to an explosion in applications requiring the synthesis of large amounts of information into serviceable prose.

“Like almost all AI, we’ll see slices of labor get replaced by the machine,” said Mr. Manzi. “As more and more slices of human labor get replaced by machine, the humans have to stay ahead of the machine. Thus far in human history, it has always worked out that way.”

U.S. WATCH



FESTOONED: Dutch Ambassador André Haspels, celebrating Dutch Tulip Days, led a tour of his residence Wednesday in Washington, D.C.

U.S. Sets New Rule on Private Medicare Ads

The Biden administration finalized a rule aimed at strengthening oversight of privately run Medicare plans, banning misleading ads and easing paperwork-authorization requirements.

The rule from the Department of Health and Human Services targets private insurers that offer the so-called Medicare Advantage plans, which cover some 30 million seniors and people with disabilities—about half of all people who get the government health insurance.

The final rule goes into effect on June 5, and applies to coverage beginning Jan. 1, 2024.

Under the rule, private health insurers operating the private Medicare plans can’t run adver-

tisements that use the Medicare name or mention the federal government deceptively. Nor can ads run without mentioning a specific plan name.

Among the kinds of advertisements the rule aims to eliminate are those that lawmakers and doctors have said appear to be official communications from federal government agencies.

In addition, the administration’s rule seeks to address criticism from lawmakers and doctors that some Medicare Advantage plans were improperly rejecting valid medical services.

The rule stipulates health insurers can only issue a denial if a healthcare professional with relevant expertise has reviewed the request. It also says an authorized service must stay valid for as long as is medically necessary to prevent disruptions to patients’ care.

—Stephanie Armour

WYOMING
Crash on Snowy Road Sends 11 to Hospital

A bus carrying contract farm workers from Texas to Washington state crashed on a snowy Wyoming road early Wednesday, sending 11 people to a hospital with injuries.

Forty people were on the bus when it crashed on an Interstate 25 service road south of Wheatland, a town about 170 miles north of Denver, said the Wyoming Highway Patrol.

A powerful snowstorm had closed highways throughout eastern and southern Wyoming, and made other routes treacherous. The bus failed to negotiate a curve and drove off the road and overturned, according to the Highway Patrol.

—Associated Press

WASHINGTON, D.C.
Robert F. Kennedy Jr. To Run for President

Anti-vaccine activist Robert F. Kennedy Jr. filed paperwork to run for president as a Democrat in a long-shot bid against President Biden.

Mr. Kennedy, son of former Attorney General Robert F. Kennedy and nephew of former President John F. Kennedy, declared his candidacy by filing a statement with the Federal Election Commission. He joins self-help author and activist Marianne Williamson in a 2024 Democratic field unlikely to include any major challengers to Mr. Biden. A White House spokesman declined to comment. Mr. Biden has repeatedly said he intends to seek a second term, but hasn’t formally announced.

—Sabrina Siddiqui

War, Inflation Curb Trade, WTO Says

BY YUKA HAYASHI
AND JASON DOUGLAS

The war in Ukraine and stubborn inflation around the world are expected to hold back growth in global trade this year, restraining the pace of economic recovery even as the world emerges from the height of the pandemic.

The World Trade Organization said Wednesday the volume of world merchandise trade is expected to expand 1.7% this year, following 2.7% growth in 2022. This year’s forecast falls well below the average annual growth rate of 2.6% since a trade slump after the 2008 financial crisis.

WTO economists forecast global economic growth will slow to 2.4% this year from 3.0% in 2022 and 5.9% in 2021.

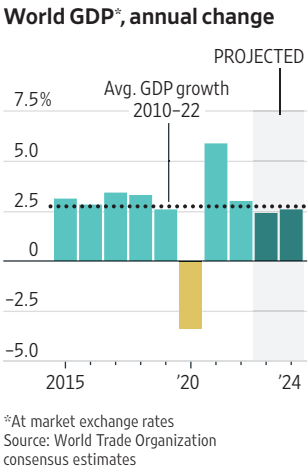
Inflation is a big culprit of sluggish trade growth, WTO economists say. While food and energy prices have declined from their sharply elevated levels following Russia’s invasion of Ukraine in early 2022, they remain higher than before the war, eroding people’s income and demand for imported goods.

That has cooled global commercial activities, particularly in the fourth quarter of 2022. The annual trade growth rate for 2022 fell short of the WTO’s October forecast for 3.5% expansion.

“The stories of trade and inflation were closely linked in 2022,” said Ralph Ossa, WTO chief economist. He noted that, initially, declines in supplies caused by the war in Ukraine increased inflation and reduced trade growth. Later, interest-rate increases by central banks aimed at taming inflation decreased demand for goods and further eroded trade growth.

“This is also the main link I see going forward—trade growth will depend crucially on the path of monetary tight-

GDP growth is expected to fall below its 12-year average in 2023, before improving in 2024.



ening and its effect” on gross domestic product, he said.

The Geneva-based multilateral organization expects global trade growth to pick up speed in 2024 to 3.2%, but warns of substantial risks, including flare-ups in geopolitical tensions and food insecurity. Unforeseen fallout from monetary tightening, financial instability and higher debt levels are other possible threats, WTO economists said.

Still, the WTO’s latest trade-growth forecast for 2023 was higher than its previous estimate of 1% made in October. The group attributed the change to the relaxation of Covid-19 pandemic measures in China, which will likely impact flows of trade in and out of the country. German trade flows, for example, have revived since the start of the year, partly because of China’s reopening.

In the U.S., global trade with the rest of the world weakened in February as both imports and exports shrank and the trade deficit widened, the Commerce Department said Wednesday.

The U.S. trade gap grew 2.7% to \$70.5 billion.

CORRECTIONS & AMPLIFICATIONS

Micron Technology Inc.’s name was given incorrectly as Micron Technologies in a Page One article on Wednesday about a slowdown in merger approvals by China.

A bipartisan group of U.S. senators expressed support for Taiwan’s democracy in a recent meeting with Taiwanese President Tsai Ing-wen. In some editions Wednesday, a World News article incorrectly

said the senators expressed support for independence.

Iberdrola SA will sell Mexican gas-fueled power plants with capacity of 8,436 megawatts. A Business & Finance article about the company in some editions Wednesday incorrectly gave the capacity as 8,463 megawatts.

A chart with a World News article on Tuesday about

China’s property market showed total housing stock by city tier in billions of square meters. The chart was incorrectly labeled as millions of square meters.

A graphic with a Business & Finance article on Wednesday about Signature Bank showed net proceeds of stock sold by the bank’s insiders in millions of dollars. The graphic was incorrectly labeled in billions of dollars.

The price of Brent crude oil rose to \$84.94 at settlement Tuesday. A highlight box on the front of the Business & Finance section in some editions Wednesday incorrectly said \$89.94.

Ryan Lenora Brown’s middle name was misspelled as Leonora in the byline for an Off Duty article on Saturday about Tugela Falls in South Africa.

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U.S. NEWS

Settlement Reached in Massacre By Former Airman

By Elizabeth Findell

Victims of a 2017 mass shooting at a church in Sutherland Springs, Texas, are set to receive \$144.5 million from the government under the terms of a settlement agreement announced Wednesday.

A federal judge in 2021 found that the U.S. Air Force was mostly responsible for the rampage, which killed 26 and injured 22. Officials there failed to add the shooter, a former airman who had been convicted of domestic assault, to a federal database that would have barred him from legally buying the gun he used in the attack.

The proposed settlement would put an end to an appeal of a court order awarding just over \$230 million to some 80 victims' family members and survivors of the attack.

The Justice Department, acting on behalf of the Air Force, filed an appeal of the verdict in January, arguing that the mistake doesn't make the U.S. government mostly responsible for the murders. This week, it said the proposed settlement agreement would settle all claims.

"No words or amount of money can diminish the immense tragedy of the mass shooting in Sutherland Springs," Associate Attorney General Vanita Gupta said in a news release. "Today's announcement brings the litigation to a close, ending a painful chapter for the victims of this unthinkable crime."

The settlement still requires approvals from the court and the U.S. Attorney General's Office to be finalized. Jamal Alsaaffar, the lead trial attorney representing the victims, urged those offices to act quickly to bring closure to families.

"They have gone through so much pain and loss in the most horrific way," Mr. Alsaaffar said. "But despite that, these families fought for justice, endured and won two trials against the Federal Government, and made this country safer as a result."

The Sutherland Springs case represents one of a few recent examples of the U.S. government being found partially liable for a high-profile mass shooting. In 2021, the federal government agreed to payouts of \$127.5 million and \$88 million, respectively, after mass shootings at a high school in Parkland, Fla. and a Black church in Charleston, S.C. Those agreements settled lawsuits arguing that failures by the Federal Bureau of Investigation contributed to the shootings.

Missouri Tornado Kills at Least Five in Latest Deadly Twister to Ravage U.S.



DEVASTATION: A tornado swept across rural Bollinger County, about 50 miles south of St. Louis, early Wednesday, leaving at least five people dead and others injured, authorities said. Uprooted trees and homes were sliced into splinters. Damage was so bad that rescuers sometimes were forced to use chain saws to cut back trees and brush to reach homes. On Sunday, Twisters killed 32 people from Arkansas to Delaware, and more than 25 died in storms in Mississippi and Alabama last week.

Baltimore Archdiocese Long Allowed Abuse of Children, State Report Says

By Scott Calvert and Jon Kamp

BALTIMORE—Scores of priests and other people affiliated with the Archdiocese of Baltimore sexually abused hundreds of children over more than 60 years, and church officials often protected the perpetrators while keeping their crimes a secret, Maryland's attorney general said in a new report.

Wednesday's report from Attorney General Anthony Brown alleges that 156 people—including priests and archdiocese personnel—abused more than 600 youths, causing lasting psychological trauma for survivors.

The release of the long-awaited 456-page report comes shortly after state lawmakers passed new legislation to allow civil lawsuits alleging long-ago child sex abuse—steps that in other states have

led Catholic organizations to seek bankruptcy protection.

Maryland's findings mark the latest effort by officials nationwide to document clerical sexual abuse and systematic efforts by church leaders to hide crimes. In Pennsylvania, a 2018 grand-jury report alleged that Catholic Church officials there covered up the molestation of more than 1,000 children by more than 300 priests over 70 years.

"The incontrovertible history uncovered by this investigation is one of pervasive, pernicious and persistent abuse by priests and other archdiocese personnel," said Mr. Brown, a Democrat. His predecessor, Brian Frosh, launched the state's investigation several years ago.

The archdiocese didn't oppose the release of the partially redacted state report, which Archbishop William Lori has said would be a painful re-

minder of a time when the church didn't protect children. He also said the archdiocese has changed. Cases in the attorney general's report covered alleged abuse stretching from the 1940s through 2002.

"The report details a reprehensible time in the history of this Archdiocese, a time that will not be covered up, ignored or forgotten," the archbishop said Wednesday.

Multiple abusive priests were assigned to some congregations and schools in the archdiocese, which covers Baltimore and nine Maryland counties, the report found. One parish had 11 sexually abusive priests over 40 years, it said, and mistreatment was so rampant that some victims flagged molestation to priests who were themselves abusers.

The archdiocese didn't report to authorities many of the allegations or duly investigate claims, while failing to re-

move abusers or limit their access to children, according to the report.

"Church documents reveal with disturbing clarity that the Archdiocese was more concerned with avoiding scandal and negative publicity than it was with protecting children," the report said.

The victimized youth included boys and girls. One woman said she was repeatedly abused in the 1980s while she was in preschool, the report said.

Most of the alleged abusers and those who allegedly concealed their wrongdoing are now dead and no longer subject to prosecution, the attorney general said. He also said the statute of limitations restrains his ability to prosecute cases stemming from the report—one person was indicted last year—but that his office could act if new evidence or information comes to light. Cur-

rently, child sex abuse victims in Maryland have until their 38th birthday to file a civil suit seeking damages.

Lawmakers in the Democratic-controlled Maryland legislature passed a bill, sending it to Gov. Wes Moore on Wednesday, that would eliminate the civil statute of limitations for sexual abuse of minors and open the door for lawsuits alleging past abuse that are presently barred by time limits. The legislation would cap noneconomic damages for private institutions at \$1.5 million per claim.

Mr. Moore backs the legislation, according to his office.

Maryland would join two dozen states that have passed similar laws in the past two decades enabling victims to bring decades-old civil claims of child sexual abuse otherwise time-barred under a prior statute of limitations, according to Child USA, a nonprofit.

Cash App Founder Is Killed in San Francisco

By Alyssa Lukpat

Bob Lee, the founder of money-transfer company Cash App and the chief product officer at cryptocurrency company MobileCoin Inc., was killed in San Francisco on Tuesday, his father said.

The San Francisco Police Department said a 43-year-old man was stabbed at around 2:35 a.m. on Tuesday, and later died at a hospital. The police said homicide investigators are looking into the stabbing and haven't made any arrests. The department didn't name the man.

Mr. Lee's father, Rick Lee, said in a Facebook post that his son "lost his life on the street in San Francisco." The pair had been living in Miami since October after moving from California, his father said. It couldn't be determined why Mr. Lee was back in San Francisco.

"Bob would give you the shirt off his back," his father said. "He would never look down on anyone and adhered to a strict no-judgment philosophy."

Mr. Lee's father didn't respond to a request for comment.

Brooke Jenkins, San Francisco's district attorney, said in a tweet Wednesday that she extended her condolences to Mr. Lee's family.

"We do not tolerate these horrific acts of violence in San



Bob Lee had been MobileCoin's chief product officer since 2021.

Francisco," she said.

San Francisco has a lower murder rate than many other large cities. However, homicides spiked there during the pandemic and the city has

Mr. Lee built a career as a Silicon Valley executive and angel investor.

long had a high property-crime rate. The city has strict gun laws.

Mr. Lee had been MobileCoin's chief product officer since 2021 and had previously

worked on some of Silicon Valley's most well-known products.

"He was a child of dreams, and whatever he imagined, no matter how crazy, he made real," Joshua Goldbard, MobileCoin's founder and chief executive, said Wednesday.

Mr. Lee built a career as a Silicon Valley executive and angel investor, according to his LinkedIn page.

He said he had invested in companies including SpaceX, run by Elon Musk, and Figma, the collaboration-software business Adobe Inc. agreed to acquire for \$20 billion last year.

Dylan Field, Figma's chief executive, said on Twitter Wednesday, "I first met him in summer 2006—he didn't care that I was only 14 and we talked tech / geeked out about programming."

Mr. Lee worked on mobile products, according to MobileCoin. The company said he helped the World Health Organization design a cellphone app.

"He was made for the world that is being born right now," Mr. Goldbard said.

Mr. Lee created Cash App while he was the first chief technology officer at Square Inc., where he worked from 2010 to 2014, according to his LinkedIn page and Mr. Goldbard. Cash App has since become a popular app for people looking to transfer money, buy

crypto or trade stocks.

Cash App is owned by Block Inc., which Square is now known as. Mr. Lee left Square, which makes mobile credit-card readers, about a year before the company went public.

Before Square, Mr. Lee worked at Alphabet Inc.'s Google, where he helped develop the Android mobile operating system that is used in many smartphones, according to his LinkedIn page and Mr. Goldbard.

Google and Block didn't return requests for comment.

"This may sound impressive, but Bob's real résumé is the hearts and minds he touched in his time on earth," Mr. Goldbard said.

Mr. Lee first joined MobileCoin as an early-stage investor and adviser, Mr. Goldbard said. He later helped the company develop an encrypted mobile wallet.

On Twitter, he used the handle "crazybob."

Mr. Lee's father said on Facebook that the pair had grown close after Mr. Lee's mother died in 2019.

"Life has been an adventure with two bachelors living together, and I'm so happy that we were able to become so close these last years," Mr. Lee's father said.

Mr. Lee is survived by his children and his father, according to Mr. Goldbard and Mr. Lee's father.

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U.S. NEWS

Abortion Issue Sways Voters, Election Shows

Liberal judge's victory in Wisconsin indicates hurdle for Republicans in some swing states

By LAURA KUSISTO
AND SHANNON NAJMAHADI

Liberals on Tuesday gained their strongest hold on Wisconsin's highest court in decades, the latest in a string of electoral victories for Democrats in politically mixed states in which abortion rights have played a central role.

Judge Janet Protasiewicz, a candidate with strong backing from the Democratic Party who openly touted her support for reproductive rights, won the seat in a swing state by 11 percentage points on Tuesday.

Wisconsin Supreme Court candidates are technically non-partisan, but Alan Ball, a Marquette University history professor who tracks the court, said it could now "display a liberal propensity unprecedented in the state's modern era." Academics who follow the court said it has been at least 15 years since liberals held considerable sway on the court and decades since they clearly had

the upper hand.

During the campaign, Wisconsin Democratic leaders cast the race between Judge Protasiewicz and the conservative candidate, Daniel Kelly, as a referendum on abortion rights, comparing it to last summer's vote in Kansas. Voters in a referendum there soundly rejected a proposal to eliminate abortion protections from the state constitution, the first concrete indication since *Roe v. Wade* was overturned last June that the issue could resonate with voters even outside liberal-leaning states.

Since then voters in other conservative-leaning or politically mixed states, including Michigan, Kentucky and Montana, have also dealt defeats to abortion opponents in referendums on the issue. Political analysts credit abortion with delivering Democrats better-than-expected results in the midterms last November.

In Wisconsin, Democrats say abortion helped energize liberal voters to come out and vote for Judge Protasiewicz in an off-year election when turnout is typically low. They also said it helped draw some independent and Republican voters to their side.



Janet Protasiewicz, who won a seat on Wisconsin's highest court on Tuesday, openly touted her support for reproductive rights.

More than 1.8 million voters, or some 39% of Wisconsin's voting age population, cast votes in Tuesday night's election, more than in any spring election going back to at least 2000, according to an unofficial tally provided by Riley Vetterkind, with the Wisconsin Elections Commission.

"That was a common theme that I was hearing at the doors from unlikely individuals. Like it wasn't just women or young people, it was allies who were seeing this impact their wives or their partners or their daughters," said Sarah

Godlewski, the newly appointed state secretary of state who until recently led Women Win Wisconsin, a reproductive-rights group that did canvassing in the race.

Conservatives say they were disappointed that their efforts to paint Judge Protasiewicz as a judicial activist, who would decide cases based on her personal views instead of the constitution, didn't resonate more with voters.

"It's a bit of a shock, the margin especially," said Nate Nelson, the Wisconsin executive director of American Ma-

jority Action, a conservative group that did voter outreach.

The race wasn't just about abortion rights. Another issue at stake was the state's electoral maps, which Judge Protasiewicz called "rigged."

Ads funded by Mr. Kelly's supporters sought to focus the race on crime, criticizing sentences Judge Protasiewicz had doled out to violent offenders as a lower-court judge and saying in one ad she "puts our families at risk."

Mr. Kelly had his own weaknesses as a candidate. He was appointed to fill a vacancy on

the Wisconsin Supreme Court in 2016 but lost an election in 2020 to retain his seat. Since then Mr. Kelly worked as a lawyer for the Republican Party, and Judge Protasiewicz sought to connect him to failed efforts to overturn Joe Biden's victory in the 2020 election.

Wisconsin's Supreme Court is expected to hear a challenge in the coming months to an 1849 law in the state banning most abortions. The law has been dormant for decades, but since the overturning of *Roe v. Wade* last June its status has been unclear.

Trump Rhetoric Poses Challenges For Judge in Hush-Money Case

By CORINNE RAMEY

The state judge presiding over Donald Trump's prosecution in New York faces a delicate balancing act in allowing the former president to exercise his right to free speech while trying to discourage him from using threatening rhetoric about the case.

Both before and after his indictment on 34 felony charges, Mr. Trump has launched rhetorical attacks against State Supreme Court Justice Juan Merchan, Manhattan prosecutors and others connected to the case, which centers on hush money paid to porn star Stormy Daniels before the 2016 election.

In social-media posts, Mr. Trump warned there would be violence if he were charged and said the judge and Manhattan District Attorney Alvin Bragg were biased against him. One post showed a picture of Mr. Trump holding a baseball bat, next to a picture of Mr. Bragg's head.

Prosecutors raised the issue on Tuesday during Mr. Trump's arraignment, saying Mr. Trump's actions were a danger "to our city, to potential jurors and witnesses and to the judicial process."

Justice Merchan, who didn't address Mr. Trump's personal attacks, asked case participants to refrain from conduct "that has the potential to incite violence, create civil unrest, or jeopardize the safety or well-being of any individuals."

He also advised against en-



The ex-president, who was arraigned on 34 felony charges on Tuesday, has lambasted the DA and judge.

gaging "in words or conduct which jeopardizes the rule of law, particularly as it applies to these proceedings in this courtroom."

Shortly after flying home to Florida on Tuesday, Mr. Trump doubled down on his prior remarks, delivering a prime-time speech in which he called Justice Merchan "a Trump-hating judge with a Trump-hating wife and family."

Also on Tuesday, Eric Trump and Donald Trump Jr., both sons of the former president, posted two articles on social media that showed photos of the judge's adult daughter, noting she had been involved in liberal politics. Mr. Trump insulted Mr. Bragg, calling him a criminal who "should be prosecuted or at a

minimum, he should resign."

Representatives for Mr. Trump and his sons didn't respond to requests for comment. A spokesman for the state courts declined to comment. A spokeswoman for Mr. Bragg didn't respond to a request for comment.

Asked on Wednesday about Mr. Trump's comments about Justice Merchan, Trump lawyer Joe Tacopina said he wasn't the former president's public-relations or social-media consultant. "He is someone who is vocal. He speaks his mind," Mr. Tacopina said on NBC's "Today" show. "Sometimes there's no filter. It's direct. But that's him, and that's his methodology."

In Tuesday's proceedings, Justice Merchan said he

wouldn't impose a gag order on Mr. Trump "at this time" even if prosecutors requested one. "Such restraints are the most serious" and the least tolerable under the First Amendment, the judge said. "That does apply doubly to Mr. Trump, because he is a candidate for the presidency of the United States."

Justice Merchan presided over last year's tax-fraud trial of the Trump Organization, which led to the company's conviction.

"This judicial task is particularly difficult in the Trump case because he is running for President—a circumstance for which the trial court here has no clear precedent," said Mark Zauderer, a partner at Ganfer Shore Leeds & Zauderer LLP.

Pence Agrees to Order On Jan. 6 Testimony

By SADIE GURMAN

WASHINGTON—Former Vice President Mike Pence won't appeal a federal judge's ruling compelling him to testify before a grand jury investigating former President Donald Trump's efforts to stay in power after his 2020 election loss, an adviser to Mr. Pence said Wednesday.

The decision clears the way for federal prosecutors to secure testimony they have sought from Mr. Pence as they probe efforts by Mr. Trump and his allies to overturn President Biden's win.

Judge James Boasberg said in a sealed ruling last week that Mr. Pence must testify about conversations he had with Mr. Trump before the Jan. 6, 2021 attack on the U.S. Capitol, rejecting executive privilege claims raised by Mr. Trump.

But the judge also said the former vice president could decline to answer some questions related to his role as president of the Senate during the certification that day of Mr. Biden's victory, *The Wall Street Journal* reported. That was a partial win for Mr. Pence, who fought prosecutors' subpoena on the grounds that the Constitution's Speech or Debate Clause shields him from testifying. The clause generally protects members of Congress from being questioned in court about their legislative acts. In the U.S., the vice president serves as president of the Senate.

Mr. Trump's lawyers can still appeal Judge Boasberg's ruling on their executive-privi-

lege claim. A spokesman for Mr. Trump didn't respond to a request for comment.

Mr. Pence's decision not to appeal represents a potential setback for Mr. Trump, a day after he was charged by Manhattan prosecutors with 34 felony counts of falsifying business records in connection with a hush-money payment to a porn star before the 2016 election, charges to which he has pleaded not guilty.

That state-level case is unrelated to the federal investigation being conducted by the

Prosecutors are probing Mr. Trump's efforts to overturn Mr. Biden's win.

Justice Department's special counsel, Jack Smith. In addition to examining Mr. Trump's efforts to stay in office, Mr. Smith is probing the handling of classified documents at the former president's Mar-a-Lago resort in Florida.

In the days leading up to the attack on the Capitol, Mr. Trump had embraced a fringe theory that the vice president could reject electors from certain states or suspend the counting of votes to turn the matter back to those states. He pressured Mr. Pence to embrace that position.

Mr. Pence saw any effort to interfere with the certification of the Electoral College vote as illegal, a view widely backed by constitutional law scholars.

Democrats Now Covet A Rematch

Continued from Page One
Hobbs, a Democrat, in her 2022 election. "He's combustible, he's undisciplined, he's been beaten before. I think the country is over him."

Polls show Mr. Trump remains the dominant figure in the GOP, even as he faces civil lawsuits and criminal investigations. According to a recent poll from Quinnipiac University, when presented with a list of potential GOP candidates, 47% of Republican and Republican-leaning voters picked Mr. Trump and 33% favored Mr. DeSantis, with no other candidates receiving double-digit support. In a direct matchup, Mr. Trump had 52% and Mr. DeSantis, 42%. Still, Mr. Trump's indictment

injects fresh uncertainty into the 2024 race, marking the first time a former president has faced criminal charges. The case could boost Mr. Trump with his loyal Republican supporters in the primary contest, but could turn off swing voters he would need to defeat Mr. Biden in a general election. Mr. Trump has denied any wrongdoing, and Mr. Biden has declined to comment on the indictment.

Joe Tacopina, a lawyer for Mr. Trump, said on NBC on Wednesday morning that he thought the case wouldn't make it to trial. "It was a little disappointing, a little bit of a relief quite frankly to see that indictment, but we're ready to move," he said.

Manhattan District Attorney Alvin Bragg said on Tuesday that the falsifying business records charges were a mainstay of the office's white-collar prosecutions. "True and accurate business records are important everywhere, to be sure," he said, adding that they were particularly important in Manhattan.



Florida Gov. Ron DeSantis.

A CNN Poll taken after a grand jury voted to indict Mr. Trump showed that 62% of independent voters approved of the indictment—suggesting it could hurt him in a general election—but that among Republicans 79% disapproved.

The Quinnipiac poll, which was taken before reports that a Manhattan grand jury voted to indict Mr. Trump, found 57% of Americans thought Mr. Trump should be disqualified from running again should he face criminal charges, but among Republicans, 75% thought he shouldn't be disqualified.

The poll also showed Mr. Biden would be locked in a close race against either Mr. Trump or Mr. DeSantis. Among registered voters, Mr. Biden had 48%, and Mr. Trump, 46%, in a head-to-head contest. In a separate matchup, Mr. DeSantis had 48%, and Mr. Biden, 46%.

Some Democrats said they worried Mr. DeSantis might be tougher to take on, even as they expressed confidence in Mr. Biden. "I'll stand with this president all day long. But I think DeSantis poses a much bigger threat than Trump does. He's a somewhat cleaner version of the Trump and Trumpism," said Jim Wertz, chair of the Erie County Democrats in Pennsylvania.

Of course, if Mr. Trump wins the GOP nomination, he could actually win back the White House, which gives some Democrats pause.

"Ultimately, it's up to Republicans to determine who they

want," said Kim Gates, chair of the Kent County Democratic Party in Michigan. "If I had a choice, I'd say I'd rather have a sane candidate running who [upholds] the Constitution, doesn't perpetuate the big lie, didn't participate in the insurrection."

Jaime Harrison, chair of the Democratic National Committee, said Mr. Biden could beat either Republican because of their records on entitlement spending, abortion and taxes.

Emma Vaughn, a Republican National Committee spokeswoman, said: "The eventual Republican nominee will beat Biden, full stop."

Democrats said Mr. Trump and his candidates have now lost three national elections in a row. In 2022, candidates endorsed by Mr. Trump lost their statewide races in all of the battleground states except Nevada. Some Democrats sought to boost candidates aligned with Mr. Trump in the primaries, viewing them as easier to defeat. There is no evidence of

Democratic efforts to amplify Mr. Trump in 2024.

Democrats also said Mr. Trump motivates Democratic turnout and contributions. Alan Kessler, a longtime Democratic fundraiser based in Philadelphia, said Mr. Trump was a powerful stimulus when it came to raising money in the 2020 presidential cycle. "Any time Trump opened his mouth, you'd have donors who would say, you know I was going to do X amount, I'm going to double that," he said.

While many Democrats expressed a preference for Mr. Trump, some said they would prefer Mr. DeSantis as their opponent because they can attack his stances on education and LGBT issues. "I'd rather run against DeSantis and get it over with," said Bob Busch of the Isabella County Democrats in Michigan. "There are stark differences that the Democratic Party can say on the social issues."

—Corinne Ramey
contributed to this article.

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U.S. NEWS

In N.C., Flip to GOP Alters Legislature

By JENNIFER CALFAS

A North Carolina lawmaker who was elected as a Democrat in November moved across the aisle, creating a Republican supermajority in the state legislature with the power to override the Democratic governor's vetoes.

State Rep. Tricia Cotham on Wednesday said she was the subject of what amounted to bullying from her Democratic colleagues. She said she now finds the party unrecognizable.

"The party wants to villainize anyone who has free

thought, free judgment," Ms. Cotham said at a news briefing, flanked by North Carolina Republicans.

Her decision could have a significant effect on the power Democrats wield in the state. North Carolina Gov. Roy Cooper, a Democrat, has vetoed legislation brought by the Republican-led state legislature. With supermajorities in both legislative chambers, Republican lawmakers can more easily override his vetoes.

Mr. Cooper said Ms. Cotham's decision was disappointing. Her votes on bills re-

lated to abortion rights, election laws, LGBTQ rights and public schools "will determine the direction of the state we love," he said.

"It's hard to believe she would abandon these long-held principles," Mr. Cooper said. "She should still vote the way she has always said she would vote when these issues arise, regardless of party affiliation."

Ms. Cotham said she would continue to do what she believes is right.

Both chambers of the legislature require three-fifths of present members to override a

veto. At the start of this legislative session, 30 Republicans sat in the 50-member Senate, representing a supermajority. There were 71 Republicans in the 120-member House of Representatives—one member shy of a supermajority. Ms. Cotham's party change raises that number to 72.

Democrats in North Carolina called for Ms. Cotham to resign, saying she betrayed the constituents who elected her as a Democrat. House Democratic leader Robert Reives said Ms. Cotham's decision comes months after she campaigned as

a Democrat in a 60% Democratic district. Ms. Cotham represents District 112 in Mecklenburg County. The county includes the Charlotte metro area.

"I hope that this does not change the platform that Rep. Cotham ran on and how voters in her district expect to be represented," Mr. Reives said Wednesday. "Governor Cooper's veto has prevented a lot of policies that would have taken our state backwards over the past few years."

He added he has never witnessed Democrats in the chamber treat each other in

the ways Ms. Cotham described. "Furthermore, I would never tolerate behavior like that if I did see it," he said.

Republicans lauded the decision. Michael Whatley, chairman of the North Carolina Republican Party, said Ms. Cotham's move shows "the Democratic Party is too radical for North Carolina."

Ms. Cotham declined during her news conference to detail how the new party affiliation would affect her votes on specific issues, including abortion. She didn't respond to a request for further comment.

Perlmutter Says He Was Fired

Continued from Page One

proximately 30 million shares of Disney, according to people close to him, worth about \$3 billion—said he has tried for years to convince Disney to spend less on its Marvel Studios superhero movies, which he believes are too long and too expensive to produce.

"I have no doubt that my termination was based on fundamental differences in business between my thinking and Disney leadership because I care about return on investment," Mr. Perlmutter said.

Disney executives and Marvel Studios leadership, he said, have a singular focus on ticket sales. Marvel superhero movies distributed by Disney have grossed more than \$23 billion globally, making it one of the most successful franchises in Hollywood history.

"All they talk about is box office, box office," Mr. Perlmutter said. "I care about the bottom line. I don't care how big the box office is. Only people in Hollywood talk about box office."

As chairman of Disney's separate Marvel Entertainment, Mr. Perlmutter ran the much smaller comic-book publishing and merchandise-licensing businesses.

A Disney representative said Tuesday that Horacio Gutierrez, Disney's general counsel, called Mr. Perlmutter and told him that his job was being terminated as part of the company's broader effort to cut \$5.5 billion from its content and administrative budgets and eliminate 7,000 jobs.

Mr. Perlmutter said he doesn't remember Mr. Gutierrez giving that rationale for his dismissal.

"It was merely a convenient excuse to get rid of a longtime executive who dared to chal-

lenge the company's way of doing business," he said.

Last summer, Mr. Perlmutter said, he found an ally in his crusade to cut Disney's spending in Mr. Peltz, a well-known corporate raider turned activist investor who in December launched a proxy battle against Disney. The two men, who own mansions near one another in Palm Beach, Fla., had been friends for years and regularly dined together with their wives.

Although not formally involved with Mr. Peltz's campaign, Mr. Perlmutter called Disney directors and lobbied them to add Mr. Peltz to the board. Mr. Perlmutter said he took the step of joining an activist campaign against his own company because Disney executives had proven unresponsive to his suggestions.

"My experience with any major corporation, when they're having problems and they don't have the free cash or whatever it is, usually people like Nelson Peltz know how to put it back on track," Mr. Perlmutter said. "I learned one thing about creative people my whole life: You cannot give them an open credit card....They're doing this for 30 years, why would they change?"

Morton Handel, who served as chairman of Marvel Entertainment before the Disney acquisition and has known Mr. Perlmutter for 45 years, said Messrs. Perlmutter and Peltz share a passion for efficiency.

"Ike's a penny-pincher," Mr. Handel said. "It's irritating to some people, and there are some people who don't believe in that manner of running a business. But in my own experience, I have never come across a more effective manager than Ike Perlmutter."

Mr. Peltz ended his proxy campaign against Disney in February after Mr. Iger announced Disney's cost-cutting plans.

Mr. Perlmutter was also frustrated by the clashes over the past year between Disney and Mr. DeSantis, a Republican. The governor attacked Disney after



Isaac Perlmutter, right, clashed with Disney executives over spending by Marvel Studios, the maker of films such as 'Spider-Man: No Way Home,' and had a rocky relationship with CEO Robert Iger, left.

the company publicly opposed Florida's Parental Rights in Education law, a measure that prohibits classroom instruction on gender identity and sexuality for elementary school students through the third grade.

The governor has sought to strip Disney of the power to influence land-use approvals at Reedy Creek, a special tax district that manages the infrastructure of the land that includes Walt Disney World, in a move that was seen as retaliation for Disney's stance on the education bill.

Mr. Perlmutter said he advised Disney executives, "Don't get involved in politics. You're going to get hurt. It's a no-win situation."

This week, Mr. Iger called Florida's actions against Disney over the past year "anti-business" and "anti-Florida," and said a company has the right to freedom of speech.

Mr. Perlmutter, a former Israeli commando, came to the U.S. in the 1960s penniless and built a fortune investing in troubled assets, including buying Marvel out of bankruptcy in the late 1990s. He sold Marvel to Disney in 2009 for \$4 billion in cash and stock.

As part of the deal, Mr. Perlmutter stayed on to run Marvel Studios, the newly formed production company that was the brainchild of David Maisel, a former talent agent and Disney executive whom Mr. Perl-

mutter hired in 2003 to lead Marvel's efforts to make movies out of its own intellectual property, rather than licensing comic book characters and stories to other studios.

In 2015, Mr. Iger removed Mr. Perlmutter as head of Marvel Studios after a dispute over movie budgets between him and Kevin Feige, Marvel's top film producer, who now serves as chief of the studio.

Mr. Perlmutter described the clash as a disagreement over movie budgets. After leaving the studio, he continued as chairman of Marvel Entertainment.

Mr. Perlmutter said he still received a profit-and-loss statement on every Marvel movie until 2021, when the

studio cut off access. He continued to weigh in on strategic decisions and criticized budgets that he felt were too high.

As recently as October, Mr. Perlmutter had asked Marvel Studios leadership for financial information on "Doctor Strange in the Multiverse of Madness," a 2022 movie that grossed \$956 million globally, according to people familiar with the matter.

At various points, Mr. Perlmutter said, he raised concerns with then-CEO Mr. Chapek about what he viewed as out-of-control spending on Marvel movies. According to Mr. Perlmutter, Mr. Chapek agreed but said he didn't have the ability to change the spending plans because they had already been approved by senior management. Mr. Chapek, who was removed by the board in November, declined to comment through a representative.

"There was no way to force the issue because the creative people at the Walt Disney Company are very powerful," Mr. Perlmutter said.

Despite his objections to Disney's political stances and being connected to top Republican politicians including former President Donald Trump, Mr. Perlmutter has made large charitable donations to causes more typically identified with liberals, such as overhauling the justice system and providing transgender medical care.

In 2017, Mr. Perlmutter and his wife donated \$5 million to NYU Langone Health, a gift that allowed the New York City medical center to recruit one of the nation's top cosmetic plastic surgeons specializing in gender-transition procedures. He said he later called Disney's human resources department and offered to pay any costs of gender-transition surgery that aren't covered by insurance for any Disney employee.

"I called and said, if anyone would like to change their sex, my professor is the number one in the country," Mr. Perlmutter said. "They should call me, and I'll help them to make an appointment."

Exxon Steps Back From Brazil

Continued from Page One

a country that it has promoted for years as a key source of growth.

Exxon hasn't ruled out future projects in Brazil, people familiar with the matter said. Michelle Gray, a spokeswoman for Exxon, said the company is still engaged in Brazil and continues to pursue exploration activity in the country.

"Our initial exploration drilling program in Brazil is now complete," Ms. Gray said. "We continue to work with our co-venturers to analyze the data acquired from the extensive drilling program to assess the potential for future exploration activities in those blocks."

Irving, Texas-based Exxon re-entered Brazil six years ago, with high hopes it could repeat the successes other drillers had in Brazil's offshore geological formations more than a decade ago. Brazil has become one of a dwindling number of places around the world where large oil companies still spend money to search for oil. Despite some companies' recent struggles to find oil there, Brazil is currently the hottest market for offshore drilling rigs, led by government-owned Petrobras.

Exxon executives internally overestimated its chances of drilling successful wells in unproven areas, according to peo-



Workers at a site used by Exxon Mobil in Guyana. The company has found decades worth of oil in that country in recent years.

ple familiar with the matter. Companies have struggled to interpret seismic images used in exploration off Brazil, which is difficult because of thick salt layers lying atop oil and natural gas reserves, and environmental regulations that have limited companies to using substandard equipment, they said.

Exxon has said it plans to spend most of its annual capital budget of up to \$25 billion in the Americas this year, including in Brazil, a focus on the Western Hemisphere that reflects the company's priority

to growing shareholder returns and cutting costly frontier-drilling projects.

Exxon has a minority stake in a separate offshore project in Brazil led by Equinor, called Bacalhau, that is moving forward. The companies authorized the first phase of the project in 2021 and expect it to come online in 2025, pumping some 220,000 barrels a day.

Last year, Exxon sold or proposed to sell assets in Chad, Cameroon, Egypt, Iraq and Nigeria, along with some legacy assets in the U.S. and

Canada, making for its largest number of such sales since 2018, according to FactSet. The company had planned since 2018 to sell at least \$15 billion worth of assets as it pared down its global footprint and focused on its most valuable assets.

In 2021, Exxon drilled two wells in Brazil's Campos and Santos basins. Last year, it drilled a third in the Sergipe-Alagoas basin. None of the wells off Brazil had enough oil to be commercially viable.

The failure stands in con-

trast with its success in Brazil's neighbor, Guyana, where it has found decades worth of oil in recent years. Exxon has six drilling rigs working in Guyana and is expected to pick up more contracts there in coming months, analysts said.

Exxon also deployed a drillship to Angola last year, and that rig is working on a two-year contract, marking Exxon's first exploration efforts in the West African country since 2018, according to drilling-rig tracker RigLogix. The drillship began work a few months

after Exxon drilled the underperforming well in Brazil.

"There was a lot of hope for what Brazil could have been. Exxon doesn't do well" with multiple noncommercial wells, said Schreiner Parker, an analyst at Rystad Energy. He said the company is asking itself, "Do we want to keep throwing good money after bad?"

Those deep-water wells off Brazil cost between an estimated \$100 million and \$150 million, typically, according to energy consultant Wood Mackenzie. Exxon and its partners in the Sergipe-Alagoas region don't have exploratory wells in that region scheduled for 2023, one of the partners, Brazilian oil company Enauta Participacoes SA, said in November.

Other Western oil companies have also struggled to make commercial discoveries in recent years, but Exxon's peers Shell PLC, BP PLC and TotalEnergies SE are continuing to drill in Brazil, said Marcelo de Assis, an analyst at Wood Mackenzie.

Exxon hasn't had active drilling rigs working in Brazil since last year and hasn't put out any tenders for exploratory work, according to RigLogix. The earliest it might be able to add a rig in Brazil in its current acreage is in mid-2024, said Terry Childs, head of RigLogix, which is part of the Westwood Global Energy Group.

Still, Exxon would consider drilling in the equatorial margin off northern Brazil, far from its current leases further south, people familiar with the matter said. For now, Exxon is expected to continue focusing on Guyana and the Permian.

WORLD NEWS

Reporter Wrongfully Held, Blinken Says

U.S. pursues status that would launch a major government effort to win his release

By Vivian Salama

BRUSSELS—Secretary of State Antony Blinken said Wednesday that he has “no doubt” a Wall Street Journal reporter who was arrested by Russian security services last week during a reporting trip and accused of espionage is being wrongfully detained, but that the process to reach an official determination on his detention was pending.

The official designation would rev up the U.S. government’s efforts to win Evan Gershkovich’s release. Supervision of his case would then shift to a State Department section known as the Office of the Special Presidential Envoy for Hostage Affairs, which is focused on negotiating for the release of hostages and other Americans classified as wrongfully detained in foreign countries.

Mr. Blinken told reporters in Brussels, where he was attending a ministerial summit for the North Atlantic Treaty Organization, that on his recent call with his Russian counterpart, Sergei Lavrov, he expressed his views on the unacceptable and wrongful detention of Mr. Ger-

shkovich and demanded that Russia release both Mr. Gershkovich and another American, Paul Whelan, who is being held on similar charges.

“In my own mind, there is no doubt that he is being wrongfully detained by Russia,” Mr. Blinken said.

A proposal to bring Mr. Whelan home has been “on the table” with Russia for months, Mr. Blinken said, adding that he told Mr. Lavrov that Moscow “should move on that.”

According to the State Department’s official guidance, “there is no one pre-determined way to secure the safe release of a person who has been wrongfully detained overseas.” Typically, diplomats, lawyers and, if possible, witnesses weigh the information that is known surrounding the circumstances of the person’s detention and what, if any, evidence the host country has against the person, and make the determination.

It often can take months for a determination to be made and that is hardly ever done before the embassy gets consular access to the detained individual, with few exceptions. The final decision to designate someone as wrongfully detained rests with the secretary of state.

White House press secretary Karine Jean-Pierre said representatives from the U.S. Embassy in Moscow haven’t



WSJ journalist Evan Gershkovich was arrested last week in the Russian provincial city of Yekaterinburg and accused of espionage.

received approval for consular access to Mr. Gershkovich.

She declined to provide a time frame for the administration’s formal wrongful-detainment determination.

Russian Ambassador to the U.S. Anatoly Antonov was summoned to the State Department March 30 in response to Mr. Gershkovich’s detainment, John Kirby, a spokesman for the National Security Council, said Wednesday. Mr. Antonov met with Victoria Nuland, undersecretary of state for political affairs, he said.

Lawyers engaged by the Journal visited Mr. Gershkovich

for the first time on Tuesday, nearly a week after his detention by agents of the Russian Federal Security Service, or FSB. They reported that he was in good health, said Emma Tucker, editor in chief of The Journal.

The White House on Tuesday declined to say whether the U.S. would consider a prisoner swap to secure Mr. Gershkovich’s release.

The “wrongfully detained” designation would start U.S. government agencies developing a strategy to secure Mr. Gershkovich’s release and unlock U.S. government resources to work on the case. It broadens

the State Department’s authority to exert pressure on the host country, monitor intelligence, build diplomatic coalitions, exert media pressure and fight for regular consular access.

The Journal has vehemently denied wrongdoing on the part of Mr. Gershkovich and called for his immediate release. Mr. Gershkovich is accredited to work as a journalist in Russia by the country’s Foreign Ministry.

Mr. Gershkovich was detained on March 29 and accused of espionage while on a reporting trip to the Russian provincial city of Yekaterinburg, about 800 miles east of Moscow. He is the first U.S. journalist to be detained by Russian authorities since 1986, but he is one of several Americans deemed by Washington to be wrongfully held by Russia in recent years.

Last week, Mr. Gershkovich appeared in court in Moscow with a state-appointed defense attorney and was ordered held until May 29.

—Gordon Lubold and Andrew Restuccia contributed to this article.

Watch a Video



Scan this code for a video on Blinken’s efforts to free the WSJ reporter.

Countries Denounce Russian Official’s U.N. Talk

By Yuliya Chernova

A Russian official accused by the International Criminal Court of overseeing the forced deportation of Ukrainian children from Russian-held territory spoke at the United Nations over the protests of more than 50 countries Wednesday.

The remarks by Maria Lvova-Belova, commissioner for children’s rights in Russian President Vladimir Putin’s office, at an informal meeting of the U.N. Security Council, were denounced by the U.S., U.K., Canada, France, Germany and dozens of other countries, which said Russia is abusing its privileges as a permanent member of the U.N. Security Council. The U.S. and U.K. blocked Ms. Lvova-Belova’s remarks from running on the U.N. webcast.

“She should not be afforded a U.N. platform to spread disinformation,” the U.K. mission to the U.N. wrote on Twitter. Referring to the seat of the ICC: “If Maria Lvova-Belova wants to give an account of her actions, she can do so in The Hague.”

The U.S. sent to the meeting political adviser Ngoyi Ngoyi, who afterward said it was outrageous that the subject of an ICC arrest warrant for war crimes against children was permitted to speak.

Last month, the ICC issued arrest warrants for both Ms. Lvova-Belova and Mr. Putin, alleging they were involved in forced deportations of children from Ukraine. The charges carry a potential life sentence.

Ukrainian Prosecutor General Andriy Kostin said in February that more than 16,000 children have been forcibly deported to Russia.

Russia holds the rotating presidency of the U.N. Security Council this month, and its ambassador to the U.N., Vassily Nebenzia, said Moscow would use its platform to counter what he described as Western disinformation about Russia.

Russia isn’t a party to the International Criminal Court. Mr. Nebenzia said Monday that the court’s warrants mean “null, zero, nothing to us,” and that if any countries pull their representatives from Wednesday’s meeting, Russia would do likewise at informal meetings these countries host.

The U.S. also isn’t a party to the ICC. Although Washington has supported some ICC investigations, the Trump administration imposed sanctions blocking the ICC prosecutor from entering the U.S. The Biden administration lifted those restrictions.

On Wednesday, Ms. Lvova-Belova addressed the meeting via video link from Russia. She said the accusations of Russia’s actions toward Ukrainian children are unfounded and that some children were evacuated to Russian territory because they weren’t safe in Ukraine.

Putin Tells Envoy U.S. Is to Blame for War

By Ann M. Simmons

Russian President Vladimir Putin told the new U.S. ambassador to Moscow that Washington was responsible for the war in Ukraine, in comments that underscored the extent to which the relationship between Washington and Moscow has frayed in the past year.

In a televised ceremony Wednesday to accept credentials for new envoys, the Russian leader lambasted the U.S. for pursuing a foreign policy that he said intentionally destabilized the world.

“Relations between Russia and the U.S., which directly determine global security and stability, are experiencing a deep crisis, unfortunately,” he said at the ceremony for 17 new foreign ambassadors in Moscow, including U.S. Ambassador Lynne Tracy. “It stems from fundamentally different approaches toward creating a modern world order.”

The Russian leader said that while he didn’t want to disrupt the “gracious atmosphere” of the event, he couldn’t help but tell her that Washington is to blame for the war in Ukraine.

“The use of the United States in its foreign policy of such tools as support for the so-called color revolutions”—Moscow’s term for the pro-democracy upheavals that occurred in Ukraine in 2014 and elsewhere in subsequent years—“ultimately led to the Ukrainian crisis and additionally made a negative contribution to the degradation of Russian-American relations,” Mr. Putin said.



President Putin criticized Washington during a ceremony to accept diplomatic credentials from newly appointed foreign envoys in Moscow.

Standing behind a podium away from the ambassadors gathered in the Kremlin’s grand St. Alexander’s Hall, Mr. Putin told Ms. Tracy that Moscow has always “advocated building Russian-American relations solely on the principles of equality, respect for each other’s sovereignty and interests, and noninterference in internal affairs.”

None of the ambassadors present was given an opportunity to comment, and Mr. Putin didn’t personally greet them following his remarks, as he normally would, blaming the

continuing “health situation.”

The Russian leader’s comments come as relations between the U.S. and Russia reach their lowest point since the Cold War, weighed down by Moscow’s invasion of Ukraine and the West’s move to impose tough economic sanctions on Russia and arm the Ukrainian military.

Russia’s deputy foreign minister, Sergei Ryabkov, told the state Sputnik radio station Wednesday that relations between Moscow and Washington had passed the Cold War

stage and were now “in a phase of hot conflict.”

Mr. Putin has attempted to justify his order for Russia to invade Ukraine last year by citing what he says is the growing threat that the U.S. and the North Atlantic Treaty Organization pose to Moscow’s own security. He has also talked about the strong cultural and historic ties between Ukrainians and Russians, whom he regards as a single people, and his desire to reassert Russia’s global standing.

But political analysts say he

and many others in Russia were surprised by the ferocity of Ukraine’s resistance to the invasion and the speed with which allies moved to impose sanctions and arm Kyiv.

Mr. Putin also criticized the European Union for what he described as fomenting a geopolitical confrontation with Russia, which had led to “a severe deterioration of relations” between Moscow and European capitals. EU nations have joined the U.S. in imposing sanctions on Russia and have helped supply Kyiv with weapons.

Zelensky, in Poland, Lobbies For More Support From Allies

By Matthew Luxmoore

KYIV, Ukraine—Ukrainian President Volodymyr Zelensky visited Poland as Kyiv continues to press Western allies for military and financial support, as it gears up for a counteroffensive to try to oust Russian forces occupying swathes of its territory.

Mr. Zelensky’s visit to the Polish capital, Warsaw, on Wednesday is the first foreign trip by the Ukrainian leader announced in advance by Kyiv, after recent trips to the U.S. and several European capitals that were kept secret for security considerations. Poland’s President Andrzej Duda awarded Mr. Zelensky the Order of the White Eagle, the country’s highest civilian award, while the Ukrainian leader, dressed in his familiar military attire, encouraged Polish businesses to invest in the reconstruction of Ukrainian’s devastated infrastructure.

The visit comes amid a flurry

of diplomacy aimed at expediting a possible outcome to the war in Ukraine, which is straining the limits of Western support and creating pressure on Mr. Zelensky to find a swift military solution or come to the negotiating table with Russia.

During a trip to China this week, French President Emmanuel Macron is expected to press Chinese leader Xi Jinping to limit support for Russia in its war against Ukraine, as Western concerns grow over Beijing’s deepening economic and political ties with Moscow.

In Moscow, Russian President Vladimir Putin told the new U.S. ambassador that Washington was responsible for the war in Ukraine and said the U.S. was pursuing a foreign policy that had intentionally destabilized the world.

Mr. Putin made his comments during a credentialing ceremony for new foreign ambassadors, including U.S. Am-

bassador Lynne Tracy, who wasn’t given an opportunity to respond.

The front lines of the war in Ukraine have been largely static for weeks as Russia continues its costly campaign to seize the city of Bakhmut and Kyiv receives heavy weapons promised by the West ahead of its counteroffensive.

Mr. Zelensky, speaking to reporters in Poland on Wednesday, called the battle over Bakhmut “the most difficult situation,” and urged more and faster weapons shipments from Kyiv’s Western partners to help Ukraine push back Russian forces.

Explosions rang out on Wednesday morning in Melitopol, a Russian-occupied city in south Ukraine that Kyiv has its sights on retaking in the military campaign that is expected to begin in earnest this spring or in early summer.

Ivan Fedorov, Melitopol’s exiled mayor, said the blasts



Ukrainian President Volodymyr Zelensky, center, pressed for weaponry on Wednesday in Poland.

occurred in a part of the city where a train depot and a military airstrip are located.

The attacks on Melitopol come two days after an apparent car bomb left Russian-installed official Maksym Zubarev with serious injuries, with Kyiv reporting he had lost an arm and a leg in the blast. Kyiv didn’t claim responsibility for

the attack, but it has stated on several occasions that Ukrainian partisans are working in Russian-occupied areas.

In his video address Tuesday evening, ahead of his visit to Warsaw, Mr. Zelensky praised Finland’s official accession to the North Atlantic Treaty Organization, a historic security-policy shift that was prompted

by Russia’s invasion of Ukraine and that has spurred a furious Kremlin response.

“Russian aggression has proved without doubt that only collective guarantees, only preventive guarantees can be relied on,” he said. “The day will come when security will be guaranteed for our country, too.”

WORLD NEWS

New Zealand Raises Rates by a Half-Point

By JAMES GLYNN

SYDNEY—New Zealand’s central bank announced a further sharp rise in interest rates despite recent indications that activity in the agriculture-rich economy is slowing and could be on the cusp of a recession.

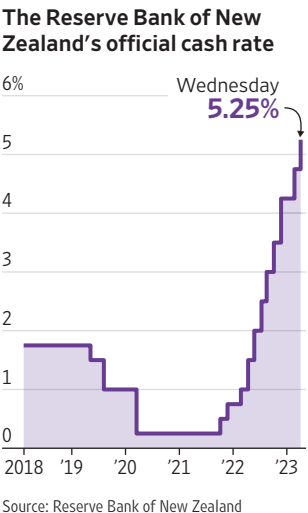
The official cash rate was raised to 5.25%, from 4.75%, the Reserve Bank of New Zealand said after its policy meeting on Wednesday. Economists had expected a smaller increase to 5%.

The RBNZ’s decision illustrates a widening split in the approaches of global central banks as some grow uneasy about the risks to growth from continued tightening of policy.

While the Federal Reserve and the Bank of England raised rates at their most recent policy meetings, the Bank of Canada and the Reserve Bank of Australia have opted to pause so they can digest the impact of previous action on their economies.

Policy makers are also trying to balance efforts to contain inflation with threats to growth from stress in the banking sector, where Credit Suisse and some U.S. financial institutions have needed rescuing.

Philip Lowe, the Reserve



Bank of Australia’s governor, said “significant economic uncertainties at the moment” had been a factor in the decision to hold interest rates steady on Tuesday.

The RBNZ and the Reserve Bank of Australia “continue to choose startlingly different paths in the face of very similar inflation numbers,” said Sharon Zollner, ANZ’s chief economist for New Zealand.

For months, New Zealand’s central bank has said a recession is a price it is willing to pay to get inflation under control.

The consumer-price index increased 7.2% in the 12 months to December, more than economists had expected.

At the same time, the country’s gross domestic product shrank 0.6% in the final quarter of 2022.

The central bank’s campaign to rein in price pressures was made harder by heavy flooding in Auckland, New Zealand’s largest city, in January and then by Cyclone Gabrielle, which wrecked homes, downed power lines and washed away roads several weeks later.

Natural disasters inflict immediate pain on an economy because they disrupt activity, stopping consumers from going to shops and closing businesses for a time. They can also add to near-term inflation.

Cyclone Gabrielle happened during harvest season on the North Island, curbing supply of some fruit and vegetables, along with other commodities.

While efforts to rebuild storm-damaged homes and infrastructure typically deliver a growth kick, it is often felt some time later.

“Demand continues to significantly outpace the economy’s supply capacity, thereby maintaining pressure on annual inflation,” the Reserve Bank of New Zealand said in a statement explaining Wednesday’s decision to raise interest rates.



Palestinians confronted Israeli security forces inside the Al Aqsa mosque compound in Jerusalem early Wednesday.

Israeli Airstrikes Target Gaza After Militants Fire Rockets

By AARON BOXERMAN

JERUSALEM—Militants in Gaza fired rockets and Israel responded with airstrikes following violent clashes at Jerusalem’s most sensitive holy site, raising fears of a wider conflict.

Most of the 16 rockets fired from the Palestinian territory fell in open areas or were shot down by Israeli air defense, Israeli authorities said. One of the rockets struck a factory in the southern city of Sderot, they said, but no casualties were reported. Air-raid sirens rang out in Israeli cities near the Gaza border at around 3 a.m. local time Wednesday, as residents in the area rushed to bomb shelters.

No militant group took responsibility for the rocket fire. In response, the Israeli army said it struck the Gaza Strip early Wednesday, bombing munitions factories and mili-

tary posts belonging to militant group Hamas, which rules the enclave.

The exchange of fire came on the eve of the Jewish festival of Passover and in the midst of the Muslim holy month of Ramadan, sparking concern that the violence could spread amid heightened tensions—especially in Jerusalem. The past two years have seen serious violence between Israelis and Palestinians during Ramadan, including an 11-day battle between Israel and Gaza-based Palestinian militants in 2021.

Tensions rose late Tuesday when hundreds of Palestinians barricaded themselves inside the Al Aqsa mosque compound with stones and fireworks, Israeli police said. A flashpoint for Israeli-Palestinian tensions, the hilltop sanctuary in Jerusalem’s Old City is Islam’s third-holiest site and the holiest for Jews, who revere it as the lo-

cation of two biblical temples.

Israeli police raided the mosque late Tuesday in an attempt to dislodge the Palestinians, who shot fireworks and hurled stones at officers, wounding one, a police spokesman said. Hundreds of Palestinians were detained following the clashes, said Mohammad Mahmoud, a lawyer with a Palestinian legal-aid group in Jerusalem.

In footage circulated on social media, Israeli police could be seen firing sound grenades inside the sanctuary amid exploding fireworks. Another video showed police grappling with Palestinians and hitting them with clubs in the dimly lit mosque. Israeli police didn’t respond to a request to comment.

Both Hamas and Iran-backed militant group Islamic Jihad called for Palestinians across the West Bank and Is-

rael to head to the Al Aqsa Mosque and join the confrontations.

“This is a great crime that our people and their resistance will respond to with all their might,” Hamas’s deputy chief, Salah al-Aroui, said early Wednesday.

Israelis and Palestinians are living through one of the deadliest periods in years.

On Tuesday, a Palestinian stabbed two Israeli soldiers at a junction south of Tel Aviv, leaving one seriously wounded, Israeli authorities said. Israeli police later said they had taken a suspect into custody.

Violence also broke out at several locations between Israeli troops and Palestinians in the occupied West Bank early Wednesday morning. An Israeli soldier was shot during clashes with Palestinians in the town of Beit Ummar near Hebron, the Israeli military said.

Insurers Fill Gaps In Service

Continued from Page One

ing on the claims side and reinvesting it on the preventive side,” said Anton Ossip, chief executive of Discovery’s insurance business. Potholes fixed by the service are marked with the logos of the two insurers and the roads agency in white paint.

Discovery estimated that the Pothole Patrol has saved the car-insurance industry around \$2.2 million in claims over its first 2½ years, but declined to disclose the company’s own savings or the cost of the service.

Pothole Patrol, which focuses on roads that are more frequently traveled, skews toward areas where Discovery’s clients generally travel. “They are paying premiums, ultimately that is funding the initiative,” Mr. Ossip said. “They do deserve some priority in our view.”

A spokeswoman for the roads agency said the initiative frees up the maintenance budget to be spent on other issues.

After a string of devastating house fires in wealthy suburbs of Johannesburg, Discovery in June 2022 also joined with a private fire service, Fire Ops SA, to launch its Fire Force service.

Fire Force employs more than 60 firefighters across seven fire stations in Johannesburg and owns two fire engines—including one now sporting the same shade of blue Discovery uses for its logo and much of its branding—as well as six

smaller high-pressure-pump response vehicles. Discovery said the blue firetruck responded to 172 building fires between Fire Force’s launch through the end of January.

Mr. Ossip said the Discovery-branded truck promotes the insurer’s brand and lowers damages, including to multi-million-dollar homes in some of Johannesburg’s toniest areas. “You need to just save one or two of those a year and it is substantial savings,” he said.

The service helps alleviate a shortage of operational fire engines in Johannesburg, a spread-out city of more than 5.5 million residents, in situations where minutes can make the difference between a blaze limited to a couple of rooms and one that destroys an entire house or spreads to neighboring homes.

Robert Mulaudzi, a spokesman for the City of Johannesburg Emergency Management Services, said the city has about seven operational fire engines across 30 fire stations.

On Feb. 20, the blue Discovery-branded truck was dispatched to a fire in Johannesburg’s leafy Highlands North suburb, where Fire Ops’ Capt. Wade Hugo said his team had the blaze under control about 15 minutes before the city’s fire services arrived.

“The community told us they’d already been trying to get hold of Joburg [Fire Department] for 20 to 30 minutes when we arrived,” he said.

Mr. Mulaudzi said the city’s response times are affected by vehicle shortages.

Fire Ops, which invoices buildings’ owners for fire services, said that while it responds to all calls, it will give

priority to clients, including Discovery policyholders, when simultaneous fires break out. Other insurers usually pick up the bill when the company puts out a fire in a home not insured by Discovery, said De Wet Engelbrecht, Fire Ops’s chief executive.

Some of South Africa’s unusual insurance services go back years. OUTsurance Group Ltd., a \$3 billion financial-services company, first started deploying men and women on motorbikes, known as pointsmen, in 2005. They direct traffic in four municipalities, including Johannesburg and South Africa’s wine capital, Stellenbosch, when traffic lights break down and roads are congested.

“When frustration is on the road, that can lead to poor driving behavior,” said Danie Matthee, chief executive of OUTsurance Insurance.

Municipalities train the staff and they are managed by a third-party company, while OUTsurance pays for all capital and operational expenses.

Those private services don’t offer a panacea, however, to government malfunction. OUTsurance said although it now has 220 pointsmen, it can’t keep up with demand for its services amid rolling power cuts. The outages are caused by frequent breakdowns and lengthy maintenance of South Africa’s aging fleet of coal-fired power stations, which can’t meet demand.

“We have had more requests,” Mr. Matthee said. “But the budget hasn’t grown in line.”

Fire Ops also has to navigate public infrastructure that doesn’t always work, including traffic lights, fire hydrants and municipal water supplies.

The power cuts, which have reached records in recent months, have increased Fire Ops’ response time in Johannesburg to 12 to 15 minutes from between 7 and 9 minutes, Mr. Engelbrecht said.

In September, both Fire Ops and the city’s Fire Department responded to a blaze at Little Forest Centre, a private special-needs school in Johannesburg, but a water shortage meant all fire hydrants were empty, said Kate More, the school’s owner and principal, who isn’t a Discovery policyholder.

Despite Fire Ops sourcing water from a neighbor’s pool, the school burned down.

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Firefighters battled to put out a blaze that caused heavy damage to South Africa’s parliament in Cape Town in January 2022.

FROM PAGE ONE

Inside WSJ Reporter's Prison

Continued from Page One and security agency. A window looks onto an empty courtyard. "You cannot see anybody, and you are completely alone," said Andrei Soldatov, a security analyst and journalist who was questioned several times in Lefortovo before he emigrated to London. "There is not a noise, nothing.... It really makes you crazy."

Last week, The Wall Street Journal's Evan Gershkovich was escorted into Lefortovo, which has held high-profile inmates including Soviet author Alexander Solzhenitsyn, several 1991 coup plotters against Soviet President Mikhail Gorbachev and former U.S. Marine Paul Whelan. The 31-year-old is the first overseas journalist to be charged with espionage by Russia since the Cold War.

To understand what life is like for Mr. Gershkovich, the Journal spoke to former Russian and American prisoners at Lefortovo, lawyers who have regularly visited and historians who have chronicled the facility's grim place in Russian and Soviet lore. They described a sterile facility engineered to keep inmates from ever seeing one another, an isolation that makes Lefortovo hard to endure.

Trevor Reed, a U.S. Marine Corps veteran who spent four days in Lefortovo last year, said it was the most sinister of the six prisons where he was held while serving three years of a nine-year sentence. He was convicted of assaulting a Russian police officer, a charge he denied.

"Why don't I hear anyone? Why don't I see anyone?" he recalls asking himself. "This place was so locked down, I don't even know if I had yelled out that other prisoners could have heard me.... Whenever you move in the prison you'd see no one at all." Mr. Reed was released last April in a prisoner swap for Konstantin Yaroshenko, a Russian pilot convicted in U.S. federal court of drug smuggling.

Mr. Gershkovich's lawyers visited him for the first time on Tuesday, six days after he was detained. "Evan's health is good, and he is grateful for the outpouring of support from around the world," Wall Street Journal Editor in Chief Emma Tucker wrote in an all-staff email on Tuesday.

The Journal denies that Mr. Gershkovich is a spy, and he pleaded not guilty in a recent closed court hearing, according to Russian state news agency TASS. Mr. Gershkovich was in Russia on a journalist visa and carried press accreditation issued by Russia's foreign ministry.

Mr. Gershkovich is likely in "quarantine," former inmates and lawyers said, a procedure that normally lasts two weeks, during which inmates are held alone and tested for hepatitis B and other diseases. Lawyers concerned for his welfare say his status as a high-profile American prisoner could spare him some of the worst conditions and treatment that Russian detainees might face.

Lefortovo has since the late Czarist era held thousands of accused spies, dissidents, writers, rebels, and all manner of political prisoners and hardened criminals.

Widely seen as a symbol of the state's control of the Russian people, the prison today is



Lefortovo, left, is seen as a symbol of the state's control. Ivan Safronov, right, was held for more than two years, during which his wife was not allowed to visit.



a pretrial detention center whose inmates are sometimes held for a year or more. The FSB's investigative department sits in an adjacent bloc, easing its officers' access to inmates.

Officers moving between buildings swipe keycards at thick security doors that remain locked until their faces are cross-checked by colleagues manning cameras in a command center. Nearly every person a prisoner meets, down to custodians delivering food through a hatch in the door, reports to the FSB.

"Lefortovo is the most isolated place to be, and this is the torture," said Marina Litvinenko, wife of the former FSB officer Alexander Litvinenko. He spent 8 months in Lefortovo on a charge of exceeding the authority of his position. After Mr. Litvinenko was released and emigrated to London, he was fatally poisoned by polonium-210, a death that a U.K. inquiry said was probably ordered by Russian President Vladimir Putin. "They wanted him to be broken," Ms. Litvinenko said.

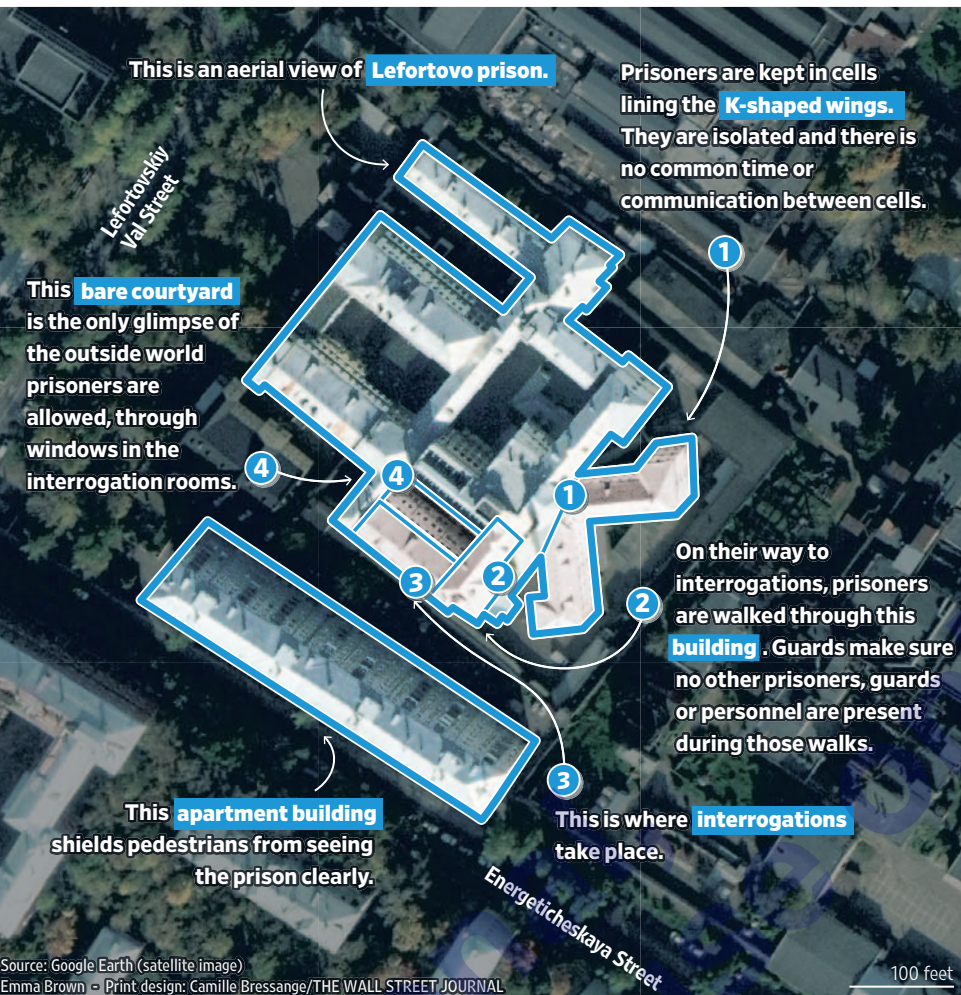
Alexei Melnikov, executive secretary of Moscow's Public Oversight Commission, a state-sponsored prison-monitoring committee, said Lefortovo's facilities have improved since the 1990s. "It's essentially one of the best detention centers in Eastern Europe," said Mr. Melnikov, who described himself as a supporter of Mr. Putin's government. On Sunday, he visited Mr. Gershkovich.

In the prison's roughly 9-by-12-foot cells, a light that shines during the day is made brighter at night. Translucent windows barely a foot long are set above eye level so inmates can only see the Moscow sky, according to recollections from former inmates, family and visitors to the prison. Two steel-framed beds with foam mattress pads lay alongside a stainless steel toilet. The walls are empty save for a wash basin and a flat-screen TV. Every few minutes, a guard peeks in through a circular window on the door.

Mr. Reed said other Russian facilities were so full of graffiti that there was barely space for him to carve "U.S. Marine Corps" and "F- Putin" into a concrete wall, but Lefortovo was "scary clean."

After quarantine, Lefortovo prisoners are often housed in pairs, but have to be careful about how much to share with cellmates, said Ivan Pavlov, a lawyer who has represented dozens of detainees inside the complex, and who now lives in Germany. "It's possible that the person in the cell would be informing for the FSB," he said.

Family and friends are typically prevented from visiting high-profile inmates at the prison and may see the accused only during brief court appearances. Russian journalist Ksenia Mironova said she wasn't allowed to visit her husband, Ivan Safronov, a former aide to the



Source: Google Earth (satellite image)

Emma Brown - Print design: Camille Bressange/THE WALL STREET JOURNAL

head of Russia's space agency. Mr. Safronov spent more than two years at Lefortovo after being charged with treason in 2020. He was convicted and sentenced to 22 years in prison.

Inmates receive a daily hour outside their cell, usually in one of the cell-sized courtyards on the roof, where they walk under a mesh of iron bars. The prisoners aren't handcuffed, but asked to walk with hands crossed behind their backs. Guards, armed with automatic rifles, peer down from a gangway above.

Crime & Punishment

Named after Francois Le Fort, a 17th-century nobleman from Geneva who advised Russian Czar Peter the Great, the complex is so shrouded in secrecy that it is unclear what year it opened, according to a study published by Proekt Media, a Russian investigative-journalism outlet. The Bolsheviks publicized Lefortovo as a model penitentiary, although it soon became the site of Stalinist torture and executions.

Mr. Solzhenitsyn, the dissident author of the prison account "The Gulag Archipelago," wrote of a black-painted cell lighted day and night by a dangling 25-watt bulb. Prisoners who complained would receive a "penalty kick" to the groin by one Col. Sidorov, he wrote. Others would be pushed into a cold and tiny "punishment cell."

To break the monotony, U.S. citizen and embassy worker Alexander Dolgun—arrested during a lunch break shortly before Christmas 1948—would pace the floor to calculate the exact

distance he'd walked and imagine he was traveling the thousands of miles between Moscow and America. Mr. Dolgun, accused of espionage charges he denied, was released in 1956.

In 1986, U.S. News & World Report correspondent Nicholas Daniloff, an American, spent 20 days in Lefortovo on an espionage charge he denied before Moscow swapped him for a Soviet employee of the United Nations in New York, whom the FBI had previously arrested in a sting.

"To my fellow Russian correspondent Evan Gershkovich: Courage," he wrote in a Journal opinion article on Tuesday.

In 1994, with Russia stumbling from decades of Soviet rule into a chaotic new era, the FSB lost its investigative apparatus and control of the detention center. Russia's Interior Ministry took over Lefortovo and filled it with organized-crime figures in addition to po-

litical prisoners, according to a 1997 report in Russian business newspaper Kommersant.

The FSB regained its investigative duties by presidential decree in 1996, according to Kommersant, along with effective control of the prison.

Former Marine Mr. Whelan, who had traveled to Russia to attend a wedding, was held in Lefortovo before being dispatched to a prison colony in 2020 in the Russian region of Mordovia to serve a 16-year term for espionage. Mr. Whelan has denied the charge, and the U.S. considers him wrongfully detained.

Sergei Skripal, a former colonel in Russian military intelligence, was held at Lefortovo until he was convicted in 2006 of passing secrets to Britain's MI6. Four years later, the Kremlin swapped him and three others for a group of Russians accused of working in the U.S. for Russia's Foreign



Former U.S. Marine Paul Whelan was held in Lefortovo before being dispatched to a prison colony in 2020.

Intelligence Service.

In 2018, the U.K. charged two Russian men with poisoning Mr. Skripal, who had moved to the English town of Salisbury, and his daughter with a nerve agent. The U.K. said Russia was likely behind the attack. The pair survived. The Kremlin denied involvement.

Last year, FSB agents arrested Dmitry Kolke, a scientist with stage 4 pancreatic cancer, unplugged his intravenous line, removed him from his deathbed and took him to Lefortovo. He died there, said his family, who denied the charges that he spied for China.

Erast Galumov, a publisher who spent more than three years there on a charge of illegally disposing of printing equipment, told Russian newspaper Moskovsky Komsomolets last month after his release that "Lefortovo creates a feeling that you will never be released again."

Red carpet

Inmates' first steps into Lefortovo take them onto a red carpet "that reminded me of the Stalin years," said Igor Rudnikov, a journalist who spent 10 months in Lefortovo in 2018. Like other high-profile prisoners, he was greeted at the marble-fronted entrance by the prison management. "In Lefortovo, the Soviet Union is in the air, it never died," he said.

New arrivals are taken for processing where they stand in a metal cage and are strip searched before they surrender their belongings. They are woken daily with a 6 a.m. bang on the cell door. They can be called for hours of questioning at any time.

"They ask a lot of bureaucratic questions in a very slow manner.... They seem to be very unsophisticated, but it's a trick," said Mr. Soldatov, the security analyst.

Prisoners aren't allowed to make phone calls or send emails and several inmates said they had to wait months to see a lawyer. They can receive letters, including from non-Russians, who must have access to a Russian credit card and phone number.

The guards, always clean-shaven and in strong physical shape, talk with pride about the facility's importance to the state. A guard escorting Mr. Rudnikov stopped to show him an assembly hall and explained that Lavrentiy Beria, Stalin's longest-serving security chief, used it to interrogate purged military leaders at night.

"They are very proud of the history of this prison," said Mr. Rudnikov, who said he would use one word to describe Lefortovo. "Isolation. It's a frozen place.... The moment you arrive there, you are no longer a person with rights."

—Yuliya Chernova and Kate Vtorygina contributed to this article.

Salsa Spice Sparks Hot Debate

Continued from Page One Did Chipotle change its recipe or is my tongue simply not as resilient as it used to be?

"I thought maybe it was just in my head and it was always that spicy and maybe I was just being a wimp, I guess. I was like, maybe I can't handle hot salsa anymore," says Jordan Strickland, 29, of Davenport, Iowa. Ms. Strickland, a Chipotle regular, has now concluded her taste buds aren't the problem. "I think they should go back to the way it was," she says. "It was spicy enough."

On r/Chipotle, the 50,000-

user-strong Reddit forum for Chipotle fans, questions about the salsa getting spicier have become so common that they've begun to grate on regular users, who say they want to talk about other things.

Others maintain they love the salsa's kick and are afraid Chipotle will change the recipe to appease the spice-averse. Two Chipotle fans pleaded with a Wall Street Journal reporter not to write this article, fearing the attention will pressure the company to side with salsa skeptics. Aficionados' recommendation to those who can't take the heat? Add sour cream and stop complaining.

"It's called hot salsa. If you can't handle it, get the medium," says Jordan Black, 28, of St. Louis Park, Minn., who goes to Chipotle three or four times a week.

"If I could buy it wholesale, I absolutely would," says Audrey O'Brien, 23, of Milwau-

kee, who adds that she hoards the hot salsa for eggs she makes at home. "I would be disappointed if they made it less spicy," she says. "I honestly think I would order less often. It's an integral part of my bowl."

Americans have grown more interested in zippy dishes in recent years, giving chains a reason to spice things up. Mentions of "spicy" on menus have grown 8.5% over the past five years, according to market-research firm Technomic Inc.

Wendy's Co. added ghost pepper ranch to its menus, drawing on one of the hottest peppers around. Burger King rolled out a Ghost Pepper Whopper last Halloween. Dave's Hot Chicken asks customers who order its Carolina Reaper-based spice blend to sign a waiver that lays out the risks of consuming one of the world's hottest peppers.

Chipotle executives say they started picking up chatter from customers last fall remarking on the chain's salsa getting noticeably hotter. The company was originally quite surprised by the feedback, says Nevielle Panthaky, Chipotle's vice president of culinary and menu development, prompting the burrito maker to investigate.

Chipotle sources the chiles used in its four salsas from Mexico, India and other parts of Asia. The company boosted its number and regions of chile producers during the pandemic as supply chains frayed, helping ensure product but making the mix more complex, according to Mr. Panthaky. Bad weather and storms also affect sourcing.

The company's suppliers grade their peppers on what's known as the Scoville scale, which measures spiciness in Scoville Heat Units ranging

from zero to more than 2 million. Chipotle's hot salsa draws on chile de árbol, which range from 15,000 to 30,000 Scoville units. Once the chiles mix with other ingredients in the salsa, the heat is reduced significantly.

The Journal sent samples of Chipotle's hot salsa to a lab in New Mexico that tests the Scoville units of chile peppers, hot sauces and salsas. The results show the spiciness of the salsa varies, which may explain why some customers find it scorching hot and others think it is just right.

The Journal submitted samples from Phoenix, Chicago and Washington, D.C. The samples ranged from 2,730 Scoville units to 3,420 Scoville units, according to Southwest Bio-Labs, which conducted the testing. The higher end of the range is hotter than some well-known hot sauces, which people tend to add in small

amounts rather than by the spoonful, including Cholula, Tapatio and Sriracha.

Chipotle discovered that some of the chiles from regions of India it drew from this season hit the mouth in a more assertive way. "We were like, look it definitely seems to be a little bit on the spicier side," says Mr. Panthaky, who is Indian and loves spicy food.

Chipotle has started more explicitly labeling on its app the options for mild, medium or hot salsa. The chain says it has continued to monitor its chile mix, and has gotten fewer customer rants about spiciness more recently.

Mr. Panthaky says many customers are used to ordering dishes with the salsa slathered inside their burrito or on their bowl before tasting it first. "When you have this small nuanced change, you're like wait a minute, it is hitting me very differently," he says.



Older Workers Are in Demand When Bosses Want Work Ethic

Tired of younger folk arriving late and scrolling social-media feeds, companies recruit seniors



ON THE CLOCK
CALLUM BORCHERS

Kip Conforti is hiring for a part-time position at one of two package shipping stations that he owns in Pennsylvania. He's filled such roles with high school and college students during two decades in business, but this time his top candidate is a man in his 70s.

Mr. Conforti has grown weary of younger employees who, he says, arrive late for shifts, call out of work often and spend more time scrolling social media feeds than chatting with customers. About a year ago, he tried something different—recruiting people who are more likely to carry AARP cards than the latest iPhone.

"The learning curve is a bit longer," he says, "but once they get it, God, it's refreshing. I say, 'This is what we're doing today,' and it gets done. Their shift starts at 9 and they're here at 8:50. It's their work ethic."

Older workers are in demand at a growing number of compa-

nies. Perceptions of generational differences don't always match reality, but three-quarters of people 65 and older said in a Wall Street Journal-NORC survey of Americans' values last month that hard work is very important to them personally. Among 18-to-29-year-olds, 61% said hard work is very important.

‘There’s a willingness from this group to work the opening shift or to close down for the day.’

So much for youthful ambition. People 55 and older are the fastest-growing segment of the workforce, according to federal data. Demographic shifts help explain the trend—people are living longer and having fewer children—and some retirement-age folks have little choice but to work because of inflation and a weak stock market.

But certain businesses are targeting seniors on the premise that age is an asset.

The AARP since 2012 has asked

companies to sign a pledge to give workers over 50 a fair shot in hiring. Commitments rose 122% last year, compared with 2021, the group says. The roster of pledge-takers now features more than 2,500 businesses, including Bank of America Corp., Microsoft Corp. and H&R Block Inc.

"It makes great business sense to hire experienced workers," says Heather Tinsley-Fix, senior adviser for employer engagement at the AARP. "More companies are also recognizing the need to include age in their diversity, equity and inclusion efforts."

KinderCare Learning Centers Inc., which operates more than 1,500 child-care facilities, signed the pledge last August to expand recruiting efforts amid an acute child-care worker shortage. The AARP's pledge program offers access to job boards and career fairs for workers over 50.

Less than a year in, KinderCare hasn't tallied the resulting hires, but the payoff is already clear, says Travis Trautman, the company's senior director of talent acquisition.

"There's a willingness from this group to work the opening shift or to close down for the day, to cover



Laurel McDowell, 69, came out of retirement to rejoin her former firm, ManpowerGroup.

during lunches and breaks or even be on call as needed," he says. "I could go on and on about the value and benefits."

Global staffing agency ManpowerGroup Inc. launched a placement program for what it calls "mature" workers in 2021 after hearing clients' concerns about labor shortages and high turnover, says Laurel McDowell. Ms. McDowell, 69, came out of retirement to rejoin her for-

mer firm and lead the initiative.

Older workers can be good fits for businesses focused on retention, she says. Young professionals don't necessarily job hop more frequently than their predecessors did at the same career stage, but people tend to value stability as they age, she observes.

"We're generally not looking for the next move," Ms. McDowell says of her age cohort. "Frequently you can get us for a very reasonable cost."

Some un-retirees say they draw inspiration from athletes, such as quarterback Tom Brady and Olympic beach volleyball champion Kerri Walsh Jennings, who have made comebacks and excelled long past their purported primes.

Ms. Walsh Jennings, 44, aims to qualify for a sixth Olympics next year, after sitting out the 2020 cycle. She tells me it's natural to question whether you've still "got it," but adds it's important to let performance speak for itself.

"I see these amazing athletes who are significantly younger and very hungry, and I wonder: Can I do this? Am I crazy to even think about it?" she says. "But [last month] I was in Miami competing, and it took me two minutes to be like, no, I got it. I belong here."

While ageism remains a barrier for some graying workers, age discrimination complaints to the Equal Employment Opportunity Commission dropped 45% from 2011 to 2021. That's partly because claims are hard to prove and lawyers are often reluctant to take borderline cases. Johnny C. Taylor Jr., chief executive of the Society for Human Resource Management, says the decline also signals a meaningful reduction in age discrimination.

There is no official measure of discrimination claims on the basis of being too young because federal law protects only workers over 40, but human-resources departments frequently field grievances from millennials and Gen Zers who say they're unfairly passed over because of their generations' reputations for flakiness, Mr. Taylor says.

He adds that young people's approach to work isn't necessarily worse. Plenty are hard-charging, and those who dial down the intensity can improve their health and happiness. While balance may strike some as lazy, others see refreshing groundedness—or well-founded skepticism of the idea that hard work pays off.

Still, old-fashioned grinders appeal to employers.

"With the economy slowing down, companies need fewer people and need the people who are there to be OK with working hard," Mr. Taylor says. "Instead of trying to convince younger generations to be something different, some companies are saying, 'Why don't we just go hire people who are naturally predisposed to work harder?'"

How to Lead Staff in Uncertain Times

By Ray A. Smith

It's a feeling many bosses can relate to right now: Your team is looking for assurance that jobs are safe. If only you had a clue.

Inspiring confidence is a key part of managing people and—many business leaders say—a tricky feat at the moment. A growing drumbeat of layoff announcements have made many employees fearful of a contagion effect.

In a recent survey of 35,000 workers, more than a quarter of those in the U.S. said they feared they would be laid off.

Worldwide, more than one in three did, according to staffing firm Randstad, which conducted the survey.

But many managers know little more than their employees about what lies ahead on jobs. Given the lack of knowledge, leadership coaches and bosses say managers shouldn't offer their team their take on pending job cuts. Instead, be upfront about whatever bad news is coming but make clear that you don't have details.

Tell your staff, "There are changes coming down the pike, but they are still being formed," says Jay Sullivan, former managing partner of communications-coaching firm Exec-Comm LLC.

Whether you manage a company, a department or small team, here are best practices for leading through uncertainty, according to those who have been there.



Reuben Carranza pledged to be upfront about restructuring moves.

Rally the troops

In a survey of 3,400 people published in January by human-resources software firm UKG Inc., nearly 70% said bosses influenced their mental health as much as a spouse or partner.

What managers say matters even more when employees are bracing for layoffs, says Heather E. McGowan, a workplace strategist and co-author of "The Empathy Advantage: Leading the Empowered Workforce." Now's the time to acknowledge the anxiety that workers may have, as well as the value of their work.

Recognize that it may be hard to focus, says Heidi Brooks, a senior lecturer in organizational behavior at the Yale School of Management.



Kim Scott wrote a book about frank communication at work.

Try, "I hope that we can all do our best to support ourselves and each other through a tough time and be as productive and connected as possible," she suggests.

And reassure your team that you're making sure that higher-ups notice their work, says executive coach Alisa Cohn. You want your people to know that you are using every opportunity to ensure they are not just a number, she says.

Admit what you don't know

After a round of layoffs at a software startup she ran a couple of decades ago, Kim Scott recalls telling staff there wouldn't be anymore—only to have to lay off some staff later.

After that, the former Google ex-



CEO Iddo Gino kept staff informed when Rapid's main bank collapsed.

ecutive, who wrote a book about frank communications at work, began sharing status reports on the company's financial status at the weekly all-hands meeting.

"I said, 'I don't know what's going to happen in the future, but what I do know is how much money we have and how much we're spending and how long that'll last,'" she recalls saying.

In the moment

Employee concern isn't limited to just their broad layoffs. Many have also been concerned during the banking system's recent turmoil. In this case, the advice is to be open.

When Silicon Valley Bank collapsed in March, Iddo Gino, chief ex-

ecutive of San-Francisco based Rapid, a marketplace for application programming interfaces, says he spent that weekend keeping staff informed about the company's cash situation and exposure to SVB, Rapid's main bank.

He told staff there was no immediate risk to the company's ability to pay employees or meet other financial commitments.

"I've found that when we aren't transparent—either because we don't share or we share a sugar-coated version—people start getting more worried and assume the worst-case scenario," he says.

Ask and invite questions

Leave plenty of time during meetings or calls for employees to ask questions, and make sure to offer different ways for staff to make queries, including through anonymous channels, says David Lancefield, a London-based executive coach.

Even if there isn't much new information, regular check-ins can help, says Reuben Carranza, who oversees Brooklyn, N.Y., hair-care brands Amika and Eva NYC. He restructured the businesses this year to lower costs and simplify decision-making.

Mr. Carranza pledged at one of the company's staff meetings that, throughout, he would be upfront about the reasons behind every move. He then outlined how he would explore internal and external hires to beef up certain capabilities but noted that some existing roles might change or be cut.

"Leading people through the journey is helping them understand how these choices get made and where we're going," he said.

PERSONAL JOURNAL.

By CORDILIA JAMES

Babies babbling, drills drilling, horns honking. Tech companies are rolling out new noise-reduction tools to filter out cacophony on your calls—but you need to know how to find them. As part of its iOS 16.4 update last week, Apple added its Voice Isolation feature to cellular phone calls, bringing the caller’s voice to the forefront and blocking out ambient noise.

Active noise cancellation has been an option in premium headphones for years, quieting the world around you so it’s easier to hear what’s coming through your earbuds. Background noise reduction is a newer kind of built-in audio processing. It aims to clarify your speaking for the benefit of others. The result? You can take calls in more places, and not have to yell or repeat yourself over the din of your surroundings.

Ideally, you would use both noise cancellation and background noise reduction so everyone can hear better, and some headphones combine the two.

Popular videoconferencing software from Google, Microsoft and Zoom have been getting better at keeping out unwanted noise during video calls, and other Android phone makers such as Samsung do similar reduction for cellular calls. These features are often turned on by default, but even then, learning how to adjust these settings can be a big help when the leaf blower fires up. In some cases you might actually want noise reduction off—if, say, you’re playing music for people, or getting your dog to do tricks.

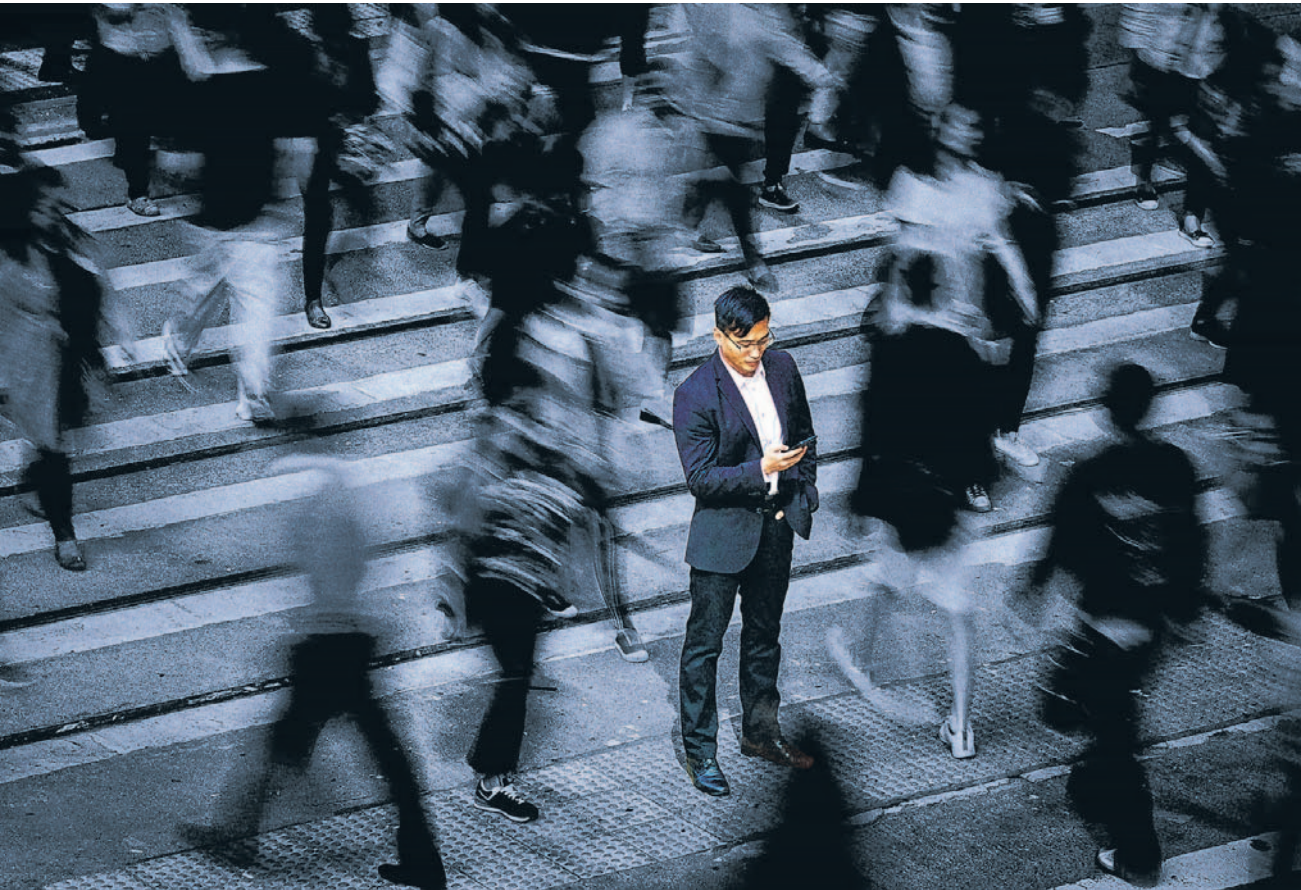
Here’s how you can tune out the distractions no matter what device or app you use.

Clearer phone calls

► **iPhones:** You can turn on Voice Isolation after updating your iPhone to iOS 16.4 and dialing a phone number (even your own). When on the call, swipe down from the top right to access the Control

Block Background Noise From Calls and Meetings

Apple’s Voice Isolation and other tech tools can dim the clamor of barking dogs, crying babies and honking horns around you



Center, tap the button labeled Mic Mode, then select Voice Isolation. Once you turn it on, the feature remains active. To turn it off, repeat the previous steps and select Standard instead.

During our Voice Isolation tests, the prerecorded sound of a baby wailing was reduced to the point where it could hardly be heard at all by the person on the receiving end, especially when the caller was talking.

► **Android phones:** A number of different Android models have similar features, or other ways to reduce background noise. Samsung says that in phones like the Galaxy S23, it uses multiple microphones

You can take calls in more places, and not have to yell or repeat yourself over the din.

to focus on the caller’s voice and reduce background noise. The company also says using Galaxy Buds earphones will automatically enhance voice quality even further. The Google Pixel 7 and 7 Pro have a Clear Calling feature that helps the phone owner hear less background noise coming from the

other person on the line. To turn it on, go to Settings > Sound & vibration > Clear Calling. From there, you can turn the setting on or off.

Better virtual meetings

Noise reduction is often on by default for different meeting apps. Still, there are ways to fine-tune it for your needs.

► **Zoom:** You can adjust how much sound is being suppressed on a Zoom meeting when you’re signed into the desktop app. Click your profile picture and open settings. Then, in the Audio tab, look for Background noise suppression. From there, you can select Low, Medium or High noise reduction,

or keep it at the default automatic setting. Zoom’s mobile app has automatic noise suppression, but you can’t adjust it—you can only turn it on or off. Tap More at the bottom of the screen. Under Settings, tap Meetings > Use Original Audio. Just remember that when you do, people on your call might not hear you well if you’re in a noisy environment.

► **Microsoft Teams:** Like Zoom, the noise reduction setting is set to auto by default. To adjust the feature, go into settings next to your profile picture in the main Teams window. Select Devices, look for Noise suppression then choose Auto, High, Low or Off. On mobile devices, select your profile picture > Settings > Calling, then select an option under Noise suppression.

The high setting works best in open offices, when there’s no conference room to hide in. The low setting can quiet soft yet distracting sounds like the hum of an air conditioner.

► **Google Meet:** Certain Google accounts already have the feature enabled. If not, you can still turn it on.

Before you join a meeting on a computer, click on the three dots at top right to open the More Options menu, then click Settings. Click Audio, turn on Noise cancellation, then join the meeting. During a meeting, the three dots are located at the bottom of the screen.

On mobile, you can toggle this on or off when you’re in a meeting by tapping the three vertical dots at the bottom of the screen, then Settings > Noise cancellation.

► **FaceTime:** Apple’s Voice Isolation feature was originally introduced for devices running iOS 15, iPadOS 15 and macOS Monterey. Besides cellular, it can also be used for calls made over FaceTime and third-party apps such as WhatsApp.

On a Mac, open the FaceTime app and click on the control center icon in the top menu bar. Click Mic Mode > Voice Isolation. On mobile, open the FaceTime app and swipe down from the top right of the screen, then tap Mic Mode > Voice Isolation.

Think You’re Too Young to Need A Colonoscopy? Think Again



YOUR HEALTH SUMATHI REDDY

A few years ago at my annual wellness exam, my doctor brought up the word no 40-something wants to hear: colonoscopy.

“I’m not *that* old,” I scoffed. Turns out, I was.

Medical groups have lowered the recommended starting age for colorectal cancer screenings to 45 from 50, in response to rising colon cancer rates among younger people. But only about 20% of 45- to 49-year-olds are screened for one of the deadliest cancers, according to American Cancer Society data.

“There is still a lack of knowledge about the importance of getting screened, especially within this age

can be taken for a biopsy.

In 2018, the American Cancer Society lowered the recommended starting age for colon cancer screenings to 45 from 50. In 2021, the U.S. Preventive Services Task Force, a panel whose recommendations are followed by insurers and federal health-care programs, followed suit, so colonoscopies for people 45 and older are typically covered by health insurance.

There is an alternative to getting a colonoscopy. When my doctor mentioned this, my interest piqued until I heard what it was: a mail-in stool test, which is exactly what it sounds like.

The medical task force recommends both colonoscopy or stool tests, and doctors say the best test is the one you can get done.

There are two main types of mail-in stool kits. One, a

mail-in kits end up not testing positive for colon cancer after a colonoscopy, says Douglas Corley, a gastroenterologist at Kaiser Permanente in San Francisco and principal investigator for the National Cancer Institute’s colorectal cancer screening consortium. Instead, they

Doctors say the best test for colon cancer is the one you can get done.

might have precancerous polyps that can be removed during the colonoscopy.

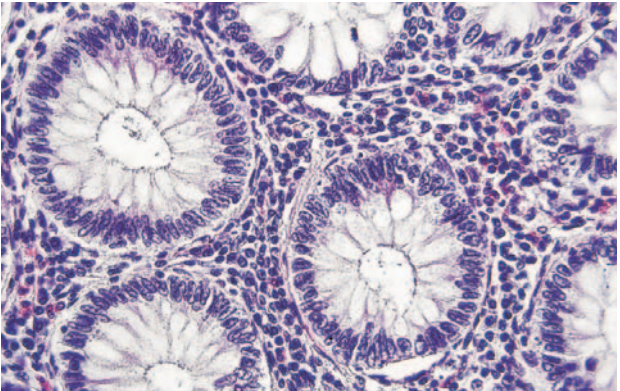
A colonoscopy, unlike a mail-in test, helps prevent potential future cancer by removing polyps, says Anne Mongiu, an assistant professor of colon and rectal surgery at Yale University School of Medicine.

“If I see an ugly-looking polyp that’s small, it may or may not have cancer,” says Dr. Mongiu. “I can take it out entirely. If it’s an early cancer, it removes the cancer. Polyps left untended are like weeds in a garden, after seven to 10 years they can turn into cancer.”

The mail-in stool tests look for cancer that is already there but don’t do as good a job at detecting precancerous polyps, says Dr. Mongiu.

The kits can be a good option for people who aren’t at high risk for developing colon cancer, says Xavier Llor, director of colorectal cancer prevention at Yale University School of Medicine. He recommends a colonoscopy if you have a family history of colon cancer or other risk factors such as Crohn’s disease, inflammatory bowel disease, ulcerative colitis or diabetes.

And the mail-in tests can be more feasible for people who find it difficult to take a day or two off work to prepare for the procedure and undergo it, notes Dr. Fritz.



Colon cancer rates are rising among younger people.

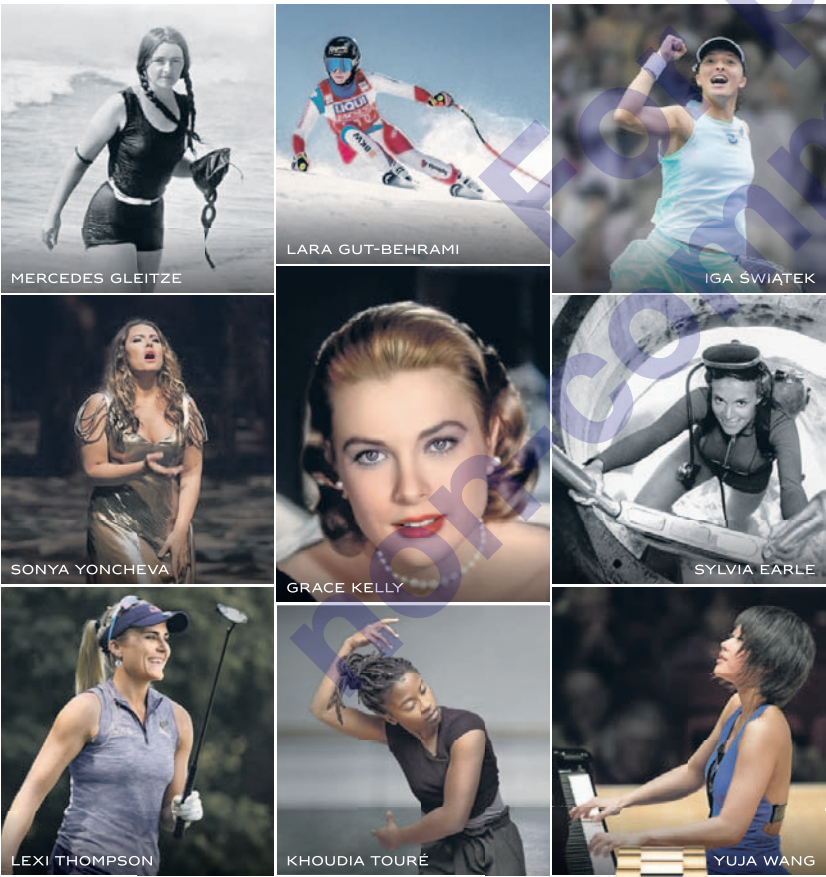
group,” says Cassandra Fritz, a gastroenterologist and assistant professor at Washington University in St. Louis.

A colonoscopy is a time-consuming and rather unpleasant experience. To empty out your colon the day before the procedure, you avoid solid food and drink clear liquids for a certain amount of time, and take a laxative.

The procedure typically involves anesthesia or sedation, with a scope inserted into your rectum so a doctor can look inside your colon. Polyps can be removed with the scope, and tissue samples

fecal immunochemical test, commonly referred to as FIT, detects blood in the stool and needs to be done annually. And there’s Cologuard, a test that detects blood in the stool as well as genetic changes that might signal the presence of a polyp or a cancer. That test is supposed to be conducted every three years. When people get a positive result on either test, they should follow up with a colonoscopy.

A positive result on a mail-in test doesn’t necessarily mean you have cancer. Most who get positive results from



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“CLASSIC”?

“A classic timepiece, designed for a lady.” This is how some may describe our Oyster Perpetual Lady-Datejust. Maybe they’re right. Since the early 20th Century, Rolex has designed and crafted watches suited for all women’s wrists, with the same standard of excellence as for all the models that have built its legend. Always pursuing a higher standard. So, if “classic” means perpetuating tradition while combining elegance and precision, grace and resistance, beauty and performance, it is indeed a classic timepiece, designed for a lady. The Lady-Datejust.

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ARTS IN REVIEW

ART REVIEW

A Personal Trove Made Public

The gift includes Limoges enamels and elegant pastels

By **BARRYMORE LAURENCE SCHERER**

Before the development of public museums as we know them, princes, aristocrats and wealthy spirits of a scholarly bent collected works of art and objects of wonderment, which they displayed in chambers known as “treasure rooms” or “cabinets of curiosities.” Along with preserved animals, fossils, mineral specimens and other scientific rarities, these collections often included works in gold and silver, precious enamels, sacred relics, mechanical automata and related objects. Princely collections like the Habsburg Imperial Treasury in Vienna and Dresden’s Green Vault (*Grünes Gewölbe*), renowned in their day, remain so today.

In more modern times, financier J.P. Morgan assembled a veritable treasure vault housed in his private gallery (now the Morgan Library & Museum). Upon Morgan’s death in 1913, industrialist Henry Clay Frick added numerous works from Morgan’s collections to his own, including superb Renaissance bronzes and exquisite enamels. During recent decades, book publisher Alexis Gregory (1936-2020) assembled a treasure collection that, while not so vast as those of history, rivaled them in quality. The public can now view Gregory’s bequest to the Frick Collection of a remarkable selection from his personal trove (through July 9 at Frick Madison).

Organized by Assistant Curator of Decorative Arts Marie-Laure Buku Pongo (author of the jewel-like exhibition catalog), “The Gregory Gift” features 28 superlative acquisitions that will impart even greater richness to the Frick’s extensive decorative collections. Included are 15 Limoges enamels, two extraordinary clocks, an exceptionally rare 16th-century Saint-Porchaire ewer and two elegant pastels by 18th-century Venetian portraitist Rosalba Carriera. Within Frick Madison’s Brutalist gray galleries, these beautiful and fascinating luxuries stimulate the inquisitive mind as well as the curious eye.

Several of the enamels are polychrome, including a magnificent 1584 “Triptych of the Crucifixion and Sibyls.” Others—which embellish plates, ewers, saltcellars and related vessels—are executed in grisaille, i.e., primarily in gray or blue-gray tones, and constitute an important complement to the Frick’s already rich collection of color enamels. Many depict scenes based on drawings and prints by prominent artists, underscoring the longstanding relationship that existed between the fine and decorative arts.

A diminutive oval medallion



Left: Suzanne de Court’s ‘Oval Medallion, Apollo and the Muses’ (c. 1600)



Left: Rosalba Carriera’s ‘Portrait of a Woman’ (c. 1730)

Below: ‘Triptych of the Crucifixion and Sibyls’ (1584)



enameled in green, blue and maroon depicts Apollo and the Muses on Mount Helicon, their favorite haunt. Created by Suzanne de Court (active around

1600, and the only woman known to have operated a workshop in 16th-century Limoges), it is an adaptation of a c. 1557 engraving by Giorgio Ghisi after a drawing

by Luca Penni (itself indirectly based on Raphael’s “Parnassus” fresco at the Vatican). Two bearded figures wearing poets’ laurel wreaths observe Apollo,

Below: Musical Automaton Rhinoceros Clock (c. 1765-72)



Greco-Roman god of music (among other things), flanked by the winged horse Pegasus and a putto. While plucking a fanciful lute-like instrument, Apollo is accompanied by the nine Muses respectively playing lutes, a viola da gamba, a ram’s horn, a small organ, a tambourine, a triangle and cymbals and singing from a part book—a lively image of Olympian music-making.

Beyond enamels, two objects illustrate the exceptional skill involved in carving exotic materials. A South German ivory hilt, c. 1700, features an exquisitely detailed carving of intertwining game savagely pursued by hounds. Displayed beside the hilt is a 17th-century carved cup of rhinoceros horn possibly by Georg Pfründt, a pre-eminent South German horn

Selections from the bequest of book publisher Alexis Gregory at Frick Madison.

and ivory carver. In an age when fear of poisoning was rife there was a brisk trade in rhinoceros horns and “unicorn horns” (usually narwhal tusks) because they were believed to protect against deadly potions. The rhinoceros cup is carved in high relief with an exotic scene of regal banquetting; the central figure crowned with a feathered headdress is attended by servants fanning him, bringing food and drink and playing music. Emphasizing the non-European nature of the scene, the goblet’s foot is carved with an elephant and rhinoceros hunt.

But the show’s star is the Musical Automaton Rhinoceros Clock, an ebullient Rococo fantasy made by James Cox, one of late 18th-century London’s most celebrated jewelers and goldsmiths. Inspired by the European “rhinomania,” triggered when an Indian rhinoceros—called “Miss Clara”—was imported to Rotterdam by the Dutch East India Company in 1741, Cox fashioned this clock from about 1765-72. Made of gilded cast bronze mounted on a white marble base raised on four lobed, gilt-bronze bun feet, the beautifully modeled rhino is based on Albrecht Dürer’s famous (though zoologically inaccurate) woodcut print from 1515. On its back an elaborately chased pavilion (suggesting an Indian howdah for riding an elephant) sports a jeweled roundel and culminates in a double-face clock and vases of jeweled flowers (the clear and colored stones are paste, the pearls real). When the clock chimes, a separate carillon plays two tunes as the roundel turns. Though this example of 18th-century ingenuity doesn’t run while on display, the Frick has produced a short video of the clock striking. No digital watch can beat such a spring-wound mechanical wonder for sheer, beguiling charm.

The Gregory Gift
Frick Madison, through July 9

Mr. Scherer writes about music and the fine arts for the Journal.

By **MARTIN JOHNSON**

MUSIC REVIEW

A Jazz Sextet’s Outsize Sound



who lean toward the softer side, the music here is lithe, sprawling and at times intensely spiky.

The recording begins with a murmur on “Anticipation,” which starts with tender unisons from Ms. Reid and Mazz Swift underpinned by gentle percussion. But it builds quickly, and within three minutes the saxophone is tangling with the strings while bass and

guitar rumble in the background. If not quite setting the tone for the recording, “Anticipation” does announce the structure. Only one of the six pieces on “The Last Quiet Place” exceeds nine minutes; the solos are short and incisive. There is abundant interplay as the different instruments align in shifting units. The second track, the whimsically named “Grammy Season,” as

challenging music like this is rarely considered for such accolades, starts fitfully with Mr. Seabrook and the leader trading complex sequences over growling lines from Mr. Formanek. Then the strings elbow into the picture, changing the mood into something more stately, which triggers a bit of a musical battle between the bickering factions, with each force upping its side until the strings mesh with the other two musicians as the rhythm section thunders behind.

The title track has a cinematic feel to it, as if it’s about the quest for serenity rather than a place itself. Ms. Laubrock, who plays both tenor and soprano saxophone, leads, with the straight horn offering probing lines ahead of the strings, bass and drums. By contrast, “Delusions” is a complex work full of snarling lines, hiccupping rhythmic figures, chattering percussion and staccato saxophone phrases; about midway through, it grinds to a halt and a more tranquil vibe takes over, as if a resolution had been reached after a turbulent disagreement in the first half. Then, just as suddenly, the skronking guitar figures return and fury builds until the end.

There’s a precision to these pieces that gives them a chamber element, as if they were being per-

formed in an art gallery or performance space rather than a more raucous setting like a nightclub. This changes on the final and longest piece of the program, “Chant II.” It begins with scratchy figures from a combination of the cello, violin and drums and builds intensity quickly and urgently as if rallying a crowd of clubgoers. Messrs. Seabrook and Rainey intertwine ferociously. Then Ms. Laubrock joins in, settling matters for a moment before pizzicato from Mazz Swift and Ms. Reid finishes the tune with a siren-like warning.

Ms. Laubrock has been especially active in recent years, releasing recordings mostly in duo and trio settings and usually of more meditative and austere sounds. She was born in Stadtlöh, West Germany, and moved to London in 1989 and to New York 20 years later. Her approach is unhurried, and it’s easy to hear elements of great players like Anthony Braxton, Steve Lacy, Dave Liebman, Joe Lovano and Mark Turner in her work, but she’s assembled these influences into a voice that is uniquely her own. On her new recording, her compositional mettle is the highlight. Few albums so deftly merge the unusual instrumentation of the ‘60s, the driving force of the ‘70s and the classical influences of ‘80s jazz into a seamless, contemporary whole. It’s easy to imagine young players listening to her music and taking notes.

Mr. Johnson writes about jazz for the Journal.

SPORTS

The Trade That Doomed the Mavericks

Since trading for Kyrie Irving, Dallas has lost 16 of 24 games, and fallen to 11th in the West

By Robert O'Connell

Luka Dončić's posture made his words redundant. He slumped in his chair, hung his head and, with the fingers of his immensely talented right hand, tapped irritated rhythms on the podium.

"Sometimes I don't feel it's me, I'm just being out there," Dončić said. "I used to have fun, smiling on the court."

Dončić's Dallas Mavericks—an all-in NBA playoff aspirant who had traded valuable rotation players and three draft picks for All-Star running mate Kyrie Irving a month and a half earlier—had just lost to the Charlotte Hornets, a 24-51 club whose best player was out with a fracture in his ankle. The loss came with the faintest of silver linings. The Mavericks would get another crack at the Hornets in two days.

They lost that game, too.

Since trading for Irving on Feb. 6, the Mavericks have lost 16 of 24 games, including seven of their last eight, and fallen from fifth place in the Western Conference to 11th. With three games remaining on their schedule, starting with Wednesday's contest against the Sacramento Kings, they sit outside of the qualifying cutoff for the play-in tournament. "It kind of looks like a bit of a clusterf—, to be honest," Irving said after the Mavericks lost to the Philadelphia 76ers last week. "It's not the expectations I don't think any of us had in that locker room."

From one vantage, the Mavericks' implosion is hard to understand: They employ two of the sport's most expressive and explosive one-on-one scorers, both of whom have kept piling up points since Irving's arrival. From another, Dallas' disastrous stretch run is a case study in poor resource allocation—a tidy summary of the gap between what looks important, on a basketball court, and what really is.

A strange thing about the Mavericks' post-trade struggles is that, in many regards, the deal has worked about as well as the team could have hoped. Since he



Kyrie Irving and Luka Dončić have proven capable of coexisting, but their styles make true collaboration difficult.

touched down in Texas, Irving has been individually splendid, averaging 26.7 points per game on 51% shooting, replacing the production Dallas lost when it let ascendant guard Jalen Brunson walk in free agency last summer. He's avoided the controversies that tailed him in Brooklyn; the black tape he stuck to his Nikes after his long-time sponsor dropped him was the most conspicuous reminder of his suspension for sharing a film with antisemitic themes earlier this season.

Nor has Irving's presence dulled Dončić's shine. Since the trade, Dončić has ticked along at a 31-points-per-game clip, albeit while missing several games with heel and thigh injuries. He remains the

second-leading scorer in the NBA.

But if the move for Irving has boosted the Mavericks' pre-existing strengths, it has done so only marginally—while manufacturing a glaring weakness. Irving is a quick but undersized guard, whose acquisition cost Dallas an ace perimeter defender in Dorian Finney-Smith, and Dončić is a clever but slow-footed one. Over their 24 games together, Dallas' offensive rating has received a bump, from 113.5 to 116.4 points per 100 possessions, up from 112.5 pre-trade.

The old hoops chestnut that "defense wins championships" can seem like a vestige of another era,

during a season in which next-gen offenses are scoring more than they ever have. But Pat McFarlane, a quantitative analyst for the Philadelphia Phillies who runs NBA numbers for academic journal articles and his blog Basketball Relativity in his downtime, says that as a scoring-rich environment makes for more impressive box scores, it also flattens the advantage teams gain from them.

"Where the Mavericks are lining up now—historically, it would have been quite impressive," McFarlane said. "But in the context of this year, relative to the rest of the league, it's different." The corollary holds true: The rarer defensive stops get, the more valuable they become. "It's a dangerous game

they're playing with this trade-off," McFarlane said, "and it is a trade-off."

Furthermore, while Irving and Dončić have proven capable of coexisting—giving each other space when they share the floor and propping up the offense when one of them is off it—their ball-dominant styles make true collaboration difficult. The recent loss to the Sixers provided an example. Dončić launched his signature step-back 3-pointers while Irving darted to the rim; the two combined for 47 points and 13 assists.

But just two of those assists—a pair of Dončić-to-Irving pitches—came between them, and the stars often resigned themselves to standing aside while the other went to work. Sixers guard James Harden and center Joel Embiid, meanwhile, worked their synced two-man game again and again; Harden notched five assists to Embiid alone.

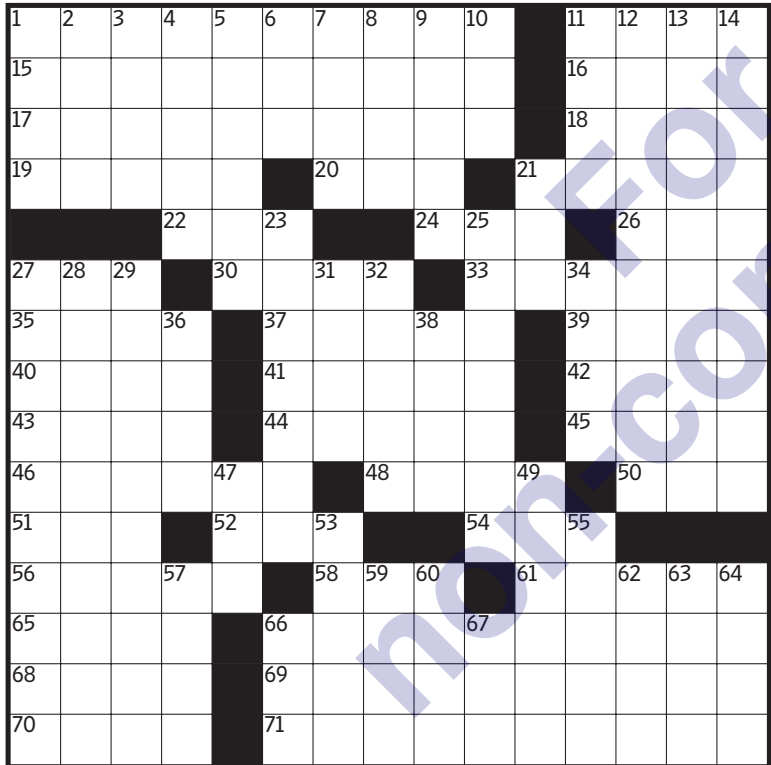
"It's a finite game," McFarlane said, "and two high-usage players can't contribute in tandem as much as they would as a true number one. There are diminishing returns."

An optimist, or a Mavericks fan, might find glimmers of promise at the margins. Dallas has lost an inordinate number of close games since Irving arrived; their nine defeats by five points or fewer since Feb. 8, entering Tuesday's games, were three more than any other team in the league has suffered over that stretch, according to Stats Perform. In a close loss to Phoenix in March, what seemed like a Dončić gimme rolled off the rim in the closing moments. An either-way foul call provided the margin in an overtime loss to Atlanta on Sunday.

On Tuesday, Dončić was asked about reports that Dallas might sit him the rest of the season, favoring draft position over their waning title ambitions. He insisted he would play for as long as the playoffs were a possibility. "There's little chance, we all know that," Dončić said. "But like I said, as long as there's a chance, I'll play."

It is the time of year when slim odds offer a last bit of hope to mostly hopeless teams; FiveThirtyEight still gives Dallas a 8% chance of reaching the postseason. Math isn't likely to rescue the Mavericks, though—it's what got them here.

The WSJ Daily Crossword | Edited by Mike Shenk



MOONLIGHTING | By Karen Steinberg

Across

1 *Person whose work is picking up

11 Stadium name that anagrams to a nearby former stadium name

15 Change of position, e.g.

16 Paltry pencil

17 Leaves in shame, maybe

18 Skater Lipinski

19 Formal mandates

20 Portal since 1995

21 Game in which each player has four pawns

22 ___ Poke (caramel candy brand)

24 Flower power?

26 ___ admin

27 Way to converse digitally, for short

30 Deliberately taunt

33 Placate

35 Hughes poem about racism

37 Jack

39 Esparza with four Tony nominations

40 Hoarse voice

41 True partner?

42 Key pressed with other keys

43 Poison fountainman Michaels

44 Outmoded custom

45 Free of doubt

46 Elusive Highlander

48 Hefty hunk

50 Land south of Mt. Hermon

51 Directors' grps.

52 Tarboosh kin

54 Attack, with "into"

56 Ants' creations

58 Diminutive demon

61 Surprised reactions

65 Militarily fit

66 Newspaper assignment to review plays?

68 A beef might make you do this

69 Extra job, and a hint to what each starred answer is for many (and literally is, in this puzzle)

70 At the very most

71 *Crafty individual

Down

1 Home of the NCAA's Tritons

2 Where Hindu New Year is celebrated with giant ogoh-ogoh statues

3 Prince saved from drowning by Ariel

4 Checks for letters

5 City west of Chicago

6 Reading and the like: Abbr.

7 Prayer leader

8 Swear words?

9 Country music's Sara

10 Man wearing una corona

11 About

12 Celebrity

13 Lyric from Nat King Cole's "Call the Police"

14 *Someone with net income

21 Start for Caps or Cat

23 Symbol of endurance

25 Sonata with a change of title, say

27 *Person whose place you take

28 Examined, as a crystal ball

29 Worries

31 About

32 Flip call

34 Fantasy villains

36 Stops debating

38 Hide

47 Conditions

49 Scenic site traversed by California State Route 1

53 "Not another word!"

55 Brewer Frederick

57 House works

59 Custom versions of video games

60 Subject of stalking

62 Alien-seeking subj.

63 Buds

64 Editorial override

66 Allentown-to-Phila. heading

67 "___ Carter" (Lil Wayne album)

Previous Puzzle's Solution

B	O	R	E	D	O	G	I	T	L	I	M	P
A	R	I	D	A	B	I	D	E	A	R	E	A
D	I	C	E	S	O	R	T	A	W	I	T	S
G	O	O	N	T	H	E	L	A	M	B	S	O
E	L	L	W	E	S	G	U	I	Y	H	O	E
S	E	A	A	I	R	S	O	P	P	E	D	
I	T	S	A	L	L	A	B	L	U	R	B	
A	R	M	S		L	I	L		E	B	A	
R	A	I	L	R	O	A	D	C	A	R	B	
T	I	N	E	A	R		N	A	E	N	A	E
C	S	I		P	C	P	P	I	C	E	L	M
L	E	G		T	H	A	T	S	M	Y	J	A
A	D	A	M		A	L	O	H	A		O	T
S	U	M	O		R	E	G	A	L		S	E
S	P	E	W		D	R	A	W	S		E	N

The Masters Navigates a Tricky Journey Through the LIV Golf Battlefield

By Andrew Beaton and Louise Radnofsky

Augusta, Ga.

FRED RIDLEY, the tight-lipped chairman of Augusta National Golf Club, took his seat on the dais Wednesday flanked by two other green-jacket-wearing members for his annual remarks before the Masters, but this session was supercharged compared with the past. This year, the controversy consuming golf had sped its way down Magnolia Lane and straight into Butler Cabin.

Ridley conspicuously avoided uttering the name of LIV Golf, the Saudi-backed circuit that has driven a wedge in the sport by luring many of the top players away from the PGA Tour. When Ridley obliquely referred to the situation, it wasn't difficult to decipher his disagreements with players joining LIV and his displeasure with the divide that has landed on his doorstep.

Ridley expressed disappointment that players abandoned the PGA Tour platform that was built for them by generations and leapt to another opportunity.

He also said that while other golf luminaries descend on Augusta for this event, LIV commissioner and CEO Greg Norman wasn't invited because Ridley wants to keep the focus on golf.

"The tone has been really

good here this week. I've noticed the players are interacting," Ridley said the morning after the annual dinner for past Masters champions, which now includes six LIV players. "Last night at the champions dinner, I would not have known that anything was going on in the world of professional golf other than the norm."

Golf is at a crossroads, which this weekend puts it on the azalea-lined greens of the world's most famous golf course. Nobody knows how LIV Golf, which has suffered a number of recent legal setbacks, will fare over the long haul. Yet at the same time, the future of the golf establishment, including the PGA Tour and Augusta National, is just as uncertain.

Some of the biggest questions will quite literally play out on the course this week. LIV's structure—in which many players have received lucrative appearance fees to play in small fields without the risk of missing a cut—have sowed doubts about the tour's competitiveness and whether any of the 18 LIV players here will be up for the challenge of a major.

That's also why LIV play-

ers know there's no better opportunity than this tournament for validation.

"For sure I'd love to see one of us guys get up to the top of the leaderboard and really give it a nice shot," said Cameron Smith, who bolted to LIV not long after winning the British Open last year.

Augusta National, on Wednesday, made a subtle change to its qualifying criteria for the 2024 Masters.

Where it previously invited "those qualifying for the previous year's season-ending Tour Championship," it has now amended that to "those qualifying and eligible for the previous year's season-ending Tour Championship."

That change—the addition of "and eligible"—mirrors a tweak made by the United States Golf Association for this year's U.S. Open, which may have the result of boxing LIV player Talor Gooch out of the tournament. Gooch qualified for last year's Tour Championship but was ineligible to play because he was suspended by the PGA Tour after joining LIV. Ridley said the club could continue to make changes to its qualification rules in the future.

18

Number of LIV Golf members playing at the Masters this week, including Phil Mickelson, Dustin Johnson and Cameron Smith



Phil Mickelson and Dustin Johnson during a Masters practice round.

OPINION

The President Can Pardon Trump

By Vivek Ramaswamy

Manhattan District Attorney Alvin Bragg campaigned on investigating Donald Trump, and he convinced a grand jury to deliver an indictment using a dubious legal theory that charges a misdemeanor (falsification of business records) as a felony by tying this to an “intent to commit another crime.” Legal experts and press reports suggest the other crime relates to federal campaign-finance violations and on Tuesday Mr. Bragg claimed that Mr. Trump’s payment to Stormy Daniels “was illegal” and exceeded the federal campaign-contribution cap.

There’s ample case law suggesting a state can’t penalize a defendant for a forgiven federal crime.

This prosecution sets a dangerous precedent that will likely lead to many more politically targeted prosecutions. President Biden can avert this danger and unify the country by issuing a pardon. If he fails to do so and I am elected president, I will pardon Mr. Trump on Jan. 20, 2025. Normally the president has no power to pardon a defendant for criminal charges brought under state law. But this case is different. The New York felony charges appear to rely entirely on claims that Trump

violated federal law. Without the purported federal crimes, the state charges would be misdemeanors and the statute of limitations would have lapsed. That means if the alleged federal crime is pardoned, the state felony charges fall too. Article II, Section 2 of the U.S. Constitution authorizes the president to pardon “all offenses against the United States, except for cases of impeachment.” This grant is broad, and the effect of a presidential pardon is total. As the Supreme Court explained in *Ex Parte Garland* (1866), “a pardon reaches both the punishment prescribed for the offense and the guilt of the offender; and when the pardon is full, it releases the punishment and blots out of existence the guilt, so that in the eye of the law the offender is as innocent as if he had never committed the offense.” The court reiterated that broad view in *Knote v. U.S.* (1877): “A pardon is an act of grace by which an offender is released from the consequences of his offense.” The justices have looked to English common law for guidance on the reach of the president’s pardon power. *Cuddington v. Wilkins* (1615) explained that “the King’s pardon doth not only clear the offense itself, but all the dependencies, penalties, and disabilities incident unto it,” and Matthew Bacon’s treatise explained that at common law the pardon cleansed not only the punishment for the crime but “all the legal disabilities consequent on the crime.” States can’t constitutionally convert federal crimes into state felonies



state’s action was “not in any degree a punishment for the prior crime.” In Mr. Trump’s case, the alleged state crime isn’t “subsequent” to the alleged federal violation but part and parcel of it. The court in *Carlesi* went further: “It is therefore to be conceded that if the act of the state in taking into consideration” the pardoned federal offense “was in any just sense a punishment for such prior crime . . . the act of the state would be void because destroying or circumscribing the effect of the pardon granted under the Constitution and laws of the United States.” If New York’s state charges “take into consideration” a pardoned federal offense as the basis for a felony conviction, that would violate *Carlesi*’s emphatic holding that the state conviction can’t “in any just sense” be a punishment for that offense. If the federal crime is an element of the alleged state crime itself—which it is in Trump’s case—*Carlesi*’s limited exception for sentencing enhancements doesn’t apply. Mr. Trump may try to pardon himself if he is elected, but that would be politically awkward, legally contested and unprecedented. President Nixon’s Justice Department opined that a self-pardon is constitutionally impermissible. Better for Mr. Biden to pardon Mr. Trump now. If he doesn’t, the next president who isn’t Donald Trump should.

Mr. Ramaswamy, a candidate for the 2024 Republican presidential nomination, is a co-founder of Strive Asset Management.

Trump Indictment Accelerates America’s Race to the Bottom

By Mark Penn And Andrew Stein

The demonization of political opponents is entering its next depressing but predictable phase—the use of the most partisan parts of the criminal-justice system to arrest and prosecute political opponents on flimsy charges. Too much of the public, increasingly divorced from bedrock national values, is cheering it on. It’s the logical extension of Donald Trump’s claiming he won the election he lost; of Joe Biden’s branding “MAGA Republicans” a “clear and present danger” to “our democracy”; of right-wing groups planning and executing an assault on the Capitol; of the Russia-collusion hoax; of partisan impeachments; of tech companies censoring political and scientific information to promote ideological and partisan agendas; of retired intelligence officials interfering with the 2020 election by making false claims about the Hunter Biden laptop; of law students shouting down federal judges with the encouragement of university administrators. The routine violation of political norms worsened under the Trump

and Biden administrations but began under President Obama. He personally upbraided the Supreme Court in his 2010 State of the Union address, falsely characterizing its holdings in the *Citizens United* case. His administration weaponized the Internal Revenue Service against grass-roots conservative groups and initiated the Federal Bureau of Investigation’s interference in the 2016 election.

From the IRS scandal to the Jan. 6, 2021, riots, partisans on both sides tear down national norms.

Most voters in last month’s Harvard CAPS/Harris poll endorsed indicting Mr. Trump—51% of all respondents and 80% of Democrats. When asked if such an indictment would be politically motivated, 59% said yes. When asked if any payments to Stormy Daniels were campaign or personal expenses, 67% said they were personal—the opposite of the theory in the New York indictment. Most expect Mr. Trump to be acquitted, which means some respondents’

answers violate the basic principle that prosecutors shouldn’t bring charges that they can’t prove beyond a reasonable doubt. We are here because of an assault on American values, a heightening of partisanship, and an erosion of the two core constitutional principles—free speech and equal justice under the law—without which our democracy is truly in peril. The assault on free speech is unprecedented and goes against the popular will. In one recent CAPS/Harris poll, 70% of respondents said they’d support new laws protecting free expression on social media. Yet college campuses and tech companies have put such rights at the mercy of bureaucrats, online mobs and even physical mobs. Equal protection under the law is also under assault, as big-city prosecutors decline to pursue charges against serious criminals. The District of Columbia’s attorney general, for one, is freeing without prosecution a record 67% of those arrested. The largest criminal investigation in history isn’t to find those responsible for 100,000 deaths a year from fentanyl but to track down every single person who entered the Capitol on Jan. 6, 2021, regardless of

whether they committed any violence. The message: If you are on the political side of those in power, you get released; if you are a dissident, you get prosecuted. Manhattan District Attorney Alvin Bragg has taken the next step with the indictment of Mr. Trump over a private transaction that had no real effect on anything. Who or what is exactly the victim? The business-record keeper of America? If the campaign had paid for it, Mr. Trump might have been subject to fines for using campaign funds for personal expenditures. Meanwhile, Hillary Clinton hired Fusion GPS to manufacture accusations against Mr. Trump and peddle them to the FBI—and her campaign covered up the expenditure as “legal expenses” in direct contravention of federal election laws requiring the clear disclosure of the ultimate beneficiary of such payments. After six years, the Federal Election Commission fined Mrs. Clinton’s campaign and the Democratic National Committee \$113,000 for these civil violations. Don’t expect any indictments to fly even though the dossier set off a pointless \$32 million special-counsel investigation and tied up the country for years until it finally

came out that the whole effort was from the Clinton campaign in the first place. Time and time again, the abandonment of norms has come back to bite those who did it. In 2013 Senate Majority Leader Harry Reid removed the filibuster for federal judges. That set off a chain of events that during the Trump years later allowed the Republicans to cement a far more conservative Supreme Court. The damage from Mr. Bragg’s pursuit of Mr. Trump is done. The fundamental question is how we bring America back from the brink and restore the country to its values. One thing is unfortunately clear: Neither of the leading candidates for president, Mr. Biden or Mr. Trump, can be counted on to do that. They are too caught up in the ends-justify-the-means battle that has led us to this point. Only leadership that is committed to reaching across the aisle can restore national unity.

Mr. Penn was a pollster and adviser to Bill and Hillary Clinton, 1995-2008. He is chairman of the Harris Poll and CEO of Stagwell Inc. Mr. Stein, a Democrat, served as New York City Council president, 1986-94.

Our Bill Is the Best Way to Counter the TikTok Threat

By John Thune And Mark Warner

We recently introduced bipartisan legislation in the Senate that has the best chance of mitigating TikTok’s clear national-security threat to the U.S. Where other bills have obvious constitutional problems and are likely to be struck down in the courts, the Restrict Act crafts a holistic, rules-based process that is narrowly tailored to foreign-adversary companies and is more likely to withstand judicial scrutiny. In the few weeks since we introduced this bipartisan bill, and in the days following TikTok CEO Shou Zi Chew’s testimony before a congressional committee, an intense, well-funded lobbying campaign from the Chinese company has misrepresented our bill in bad faith. It isn’t hard to figure out why: There’s money to be made by allowing TikTok to continue its current operations in the U.S. and not much to be made by protecting American citizens from national-security threats.

So how did we get here, and why do we think the Restrict Act is the best solution to deal with foreign-adversary technology threats? When President Trump tried to ban TikTok by executive order in 2020, his efforts were ultimately struck down in court. The courts ruled that Mr. Trump didn’t have the legal authority to use an executive order based on the International Emergency Economic Powers Act in the service of national security. That 1977 law was written before Congress could imagine the internet or the global digital landscape of the 21st century. Americans might be surprised to learn that our bill gives the force of law to Mr. Trump’s initial executive order in 2019, which served as the basis for his effort to ban TikTok. Our bill is designed to modernize the president’s international economic authorities for the digital era, put significant guardrails on presidential authority, give Congress the authority to overturn certain decisions made by the president, and establish a risk-based process to deal

with foreign-adversary technology. This bill doesn’t target individual users of these platforms. It doesn’t target any individual user of a virtual private network. This bipartisan bill is focused on foreign companies that operate in six specific adversary nations (China, Russia, Iran, Cuba, North Korea and Venezuela). The Commerce secretary would have the ability to expand the list, but Congress would retain the authority to override any potential decision. Perhaps the most blatant misrepresentation pushed by the TikTok lobby is that our bill targets individual domestic users, who could be thrown in jail for up to 20 years for

The Chinese company is spreading false claims in an effort to continue operating with impunity.

accessing TikTok through a VPN. These criminal penalties are targeted at corporations and executives who conspire to evade a mitigation order or ban—not everyday Americans. Such penalties aren’t new—they are the same penalties already included in the International Emergency Economic Powers Act. Mr. Trump’s executive order banning TikTok and the penalties under the Export Control Reform Act—a law signed by President Trump and supported by 87 senators—as well as in other legislative efforts to ban TikTok. We welcome the opportunity to improve or strengthen the Restrict Act. That is the purpose of regular order and the committee process. With matters of this magnitude, it’s important to get it right. But we shouldn’t wait until there are 150 million users of a Chinese spy app before we take action. The four most-downloaded applications in the U.S. last month were all owned by Chinese corporations, and

that trend will likely continue as these applications gain prominence. Our nation is behind the ball, and we continue to play Whac-A-Mole with serious national-security threats. Before TikTok, Congress took action against Huawei and ZTE, which threatened our nation’s telecommunications networks. Before that, it was Russia’s Kaspersky Lab, which threatened the security of government devices. We are failing to meet the security challenges of yesterday, and we are falling behind the security threats of tomorrow. Our nation needs the ability to combat foreign-adversary technology threats. That process isn’t in place, and codifying President Trump’s executive order—supported by President Biden—is a great place to start.

Mr. Thune, a Republican, is a U.S. senator from South Dakota. Mr. Warner, a Democrat, is a U.S. senator from Virginia.

Notable & Quotable: What Is Bragg Thinking?

Thomas Hogan writing for City Journal, April 4:
Manhattan District Attorney Alvin Bragg has indicted former president Donald Trump. . . . On both the political left and right, Bragg has received thoughtful criticism for the legally dubious case, leading many to ask: What is he thinking? But some of the nuances of the actual prosecution and Bragg’s own political ambitions give the answer a surprising logic. . . . Consider that Bragg just might convict Trump. This case is being prosecuted in Manhattan, with jurors drawn from that wealthy and liberal borough. During a prior

presidential campaign, Trump infamously stated, “I could stand in the middle of Fifth Avenue and shoot somebody and I wouldn’t lose voters.” If that’s true, and it might be, it’s because virtually nobody in Manhattan votes for Trump. . . . For Bragg’s own purposes, it doesn’t matter whether he convicts Trump or not. The political ecosystem Bragg occupies contains only two factions: liberal Democrats and uber-progressive Democrats. The rest of the country might have some trouble differentiating between these two tribes, but they are distinct and divided in New York City. One thing both groups agree on, though, is that anything adverse to

Donald Trump is inherently good. Bragg’s voting and donor base will approve of his attempt to prosecute the former president. Nobody should be surprised that Alvin Bragg decided to indict Donald Trump, notwithstanding the technical legal issues, the expiration of the statute of limitations, or the political well-being of the country. Bragg has a betting man’s chance of convicting Trump because he is playing on his home field. Being first to charge is a political trophy that might mean more than the ultimate results. And charging the former president with anything is likely to lead to electoral and fundraising rewards.



SEAMASTER AQUA TERRA
Co-Axial Master Chronometer

RORY MCILROY'S CHOICE

As the champion of four Major tournaments, Rory McIlroy knows exactly what it takes to reach the top. Throughout his career, he has spent every hour dedicated to the sport he loves, mastering the art of precision, power and hard work. That choice has led to a position amongst the world's best golfers, with numerous titles to his name, and a legacy that will live on for generations to come.



BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, April 6, 2023 | B1

S&P 4090.38 ▼ 0.25% S&P FIN ▼ 0.14% S&P IT ▼ 1.19% DJ TRANS ▼ 0.79% WSJ \$IDX ▲ 0.22% 2-YR. TREAS. yield 3.761% NIKKEI (Midday) 27513.68 ▼ 1.08% See more at WSJ.com/Markets

FedEx to Meld Air, Ground Units

Push for efficiency unwinds an operating strategy long touted by founder Fred Smith

By ESTHER FUNG

FedEx Corp. is combining its Express and Ground delivery units into a single business, changing an operating structure championed by founder Fred Smith and criticized by investors and analysts.

The moves are designed to simplify interactions with customers and accelerate cost-cutting efforts, FedEx Chief Executive Officer Raj Subra-

maniam said in an interview. They will also help the parcel-delivery giant adjust to a business model driven by e-commerce instead of one predominantly focused on business-to-business services, he said.

The FedEx chief was among executives who outlined improvement plans at an investor event Wednesday, pledging to increase utilization of trucks and planes by getting rid of surplus equipment and get better at forecasting customer demand.

"There is opportunity to continuously improve the efficiency of our operations," said Mr. Subramaniam, adding,

"Our customers are going to see a difference."

Shares of FedEx rose 1.5% to \$229.93 in trading on Wednesday.

FedEx is grappling with a monthslong downturn in shipping demand and has embarked on a plan to cut billions of dollars in operating expenses in the coming years. As of last May, the company, based in Memphis, Tenn., had 412,770 U.S. employees, or about 75% of its total full- and part-time staff. It expects its U.S. head count to be down by roughly 25,000 by the end of May.

An activist investor, D.E. Shaw, last year pushed FedEx

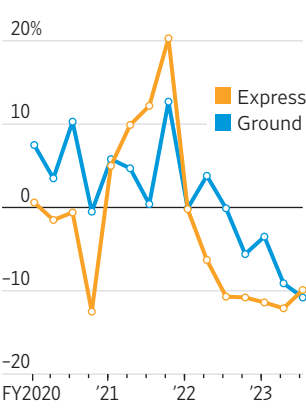
to make changes to its business and got three people added to the company's board.

Mr. Subramaniam said the corporate reorganization has the support of Mr. Smith and the board.

Mr. Smith, who founded the company in 1971 and long served as its CEO, has said that FedEx's model of each business unit operating independently with its own leadership team helped drive the company's success. That meant operating the Express business, which often uses planes and operates as a premium service, and its less

Please turn to page B2

FedEx's average daily package volume, change from a year earlier



Note: Latest fiscal quarter ended Feb. 28
Source: the company

Bayer's New CEO Begins a Cautious Transition

By WILLIAM BOSTON

LEVERKUSEN, Germany—Bill Anderson, the American picked to head Bayer AG, treads softly as he begins a monthslong transition into his role as chief executive officer of the German owner of Monsanto, saying he will take his time before trying to fix the company's most pressing problems.

Mr. Anderson, an athletic 56-year-old hailing from the Gulf Coast of Texas, this week joined the management board of Bayer, the 160-year-old chemical and pharmaceutical company known for inventing aspirin more than a century ago. He starts as CEO in June.

His predecessor, Werner Baumann, departs as the company is embroiled in a web of litigation following an expensive and fraught acquisition of Monsanto that has left Bayer facing unquantifiable liabilities and saddled with debt. These have weighed on its share price and irked investors who began pushing last year for Mr. Baumann to clear the stage.

After arriving in Bayer's provincial headquarters Saturday, Mr. Anderson said he immediately sat down with Mr. Baumann—who will help his successor transition into his new role—and held the first of what will be months of meetings with executives to get to know Bayer and its people.

Speaking to journalists late Tuesday at an informal gathering in Leverkusen, Mr. Anderson said he needed time to get to know the company before offering any remedies for Bayer's woes.

"For the next 60 days I'll be roaming the earth, getting to know Bayer," he said.

Pressed by the reporters on his plans for Monsanto after a tumultuous takeover, Mr. Anderson said the deal itself appeared to be a good strategic fit. "The idea of combining the world's leading business in seeds with the world's leading business in crop science is very compelling," he said. "We take the litigation very seriously. But obviously on day two I don't have the answers."

Bayer, the biggest U.S. cropseed seller, has been working to resolve tens of thousands of unsettled lawsuits alleging that Roundup, the world's most widely used herbicide,

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Studios Turn to Brands For Next Batch of Films



By JOHN JURGENSEN

Famous products are the stars of a new batch of movies rolling off the assembly line to theaters and streaming platforms.

Their titles leverage the brand recognition of their subjects: an addictive videogame from the '80s ("Tetris"), a once-hot smartphone ("BlackBerry"), a spicy line of snacks ("Flamin' Hot") and history's most collectible sneaker ("Air"). These movies aren't documentaries. They're origin stories about the people who brought hit merchandise to market. Their eureka moments, pitch meetings and contract negotiations are the stuff of cinematic drama. Vintage songs and pop-

culture references help deepen the nostalgia.

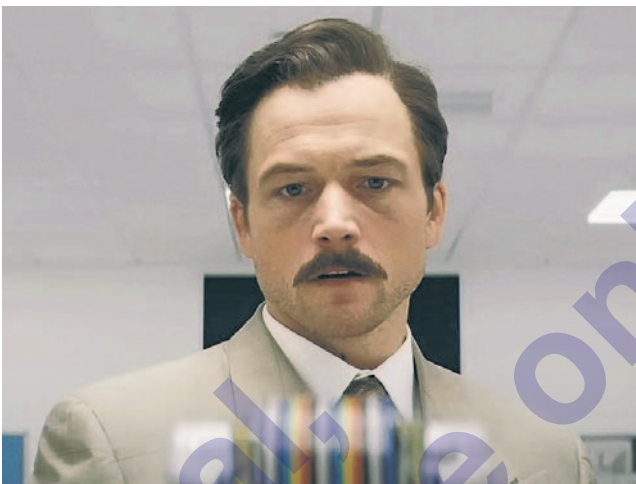
Past movies such as "The Social Network" and "The Big Short" created a template for juicy business stories featuring flawed characters and breezy explanations of market forces. But the new releases also tie into Hollywood's fixation on intellectual property. (Such as Greta Gerwig's buzzy "Barbie" film or "Unfrosted: The Pop-Tart Story," a coming Netflix movie from Jerry Seinfeld) In an industry where everyone is trying to mitigate risk and maximize marketing hooks by building projects around familiar characters and stories, even consumer goods can carry their own movies.

"That's why they're devel-

oping Monopoly and whatever else as a movie for Christ's sake. Whether you think it's a good idea or not, you've noticed it," said "Tetris" producer Matthew Vaughn.

"Tetris" is a global brand, so people will lean in, and once they do, we'll capture them" with the tale behind it, he added. Starring Taron Egerton, the movie plays as a light thriller based on a true story involving a desperate businessman who chases a deal for the puzzle game into communist Russia.

Behind the scenes, these productions have varying levels of involvement from the brand players being dramatized. They sometimes participate as producers ("Tetris"), offer informal



Among the coming titles about iconic consumer goods, 'BlackBerry,' left, will play as a comedy, while 'Tetris,' above and 'Flamin' Hot,' below, focus on the origin stories of the products.



blessings ("Air") or are kept at arm's length ("BlackBerry").

Director Matt Johnson doesn't want his "BlackBerry" to get lumped in with other releases that he calls "hagiographies" of successful merch. While other movies focus on trajectories leading to dazzling product launches, "BlackBerry" explores the forces (beyond simply the iPhone) that doomed

the device. "I'm trying to show the real world to people who are expecting a kind of corporate pablum," Mr. Johnson said.

Here's a lineup of biopics devoted to signature products.

'Tetris'

Released March 31 on Apple TV
Mr. Egerton plays Henk

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INSIDE



TRAVEL

Atlanta retains its title as the busiest airport in the world, as people return to flying. **B2**



AUTOS

The 1500 REV, set to go on sale next year, aims for 500-mile range. **B3**

Insurer, Fund Manager Join To Invest in Junk-Rated Debt

By MATT WIRZ

Insurer Assured Guaranty Ltd. and debt-fund manager Sound Point Capital Management LP have agreed to join forces to better compete in the booming credit-investing market.

The tie-up would create a fund manager with \$47 billion invested primarily in corporate debt with below-investment-grade credit ratings.

The deal is part of a wave of consolidation driven by al-

ternative asset managers and insurers joining forces. They are trying to take advantage of booming demand from pension funds, individuals and other investors who want to put their money into private debt and asset-backed securities, hoping for a better yield than what the beleaguered stock market can provide.

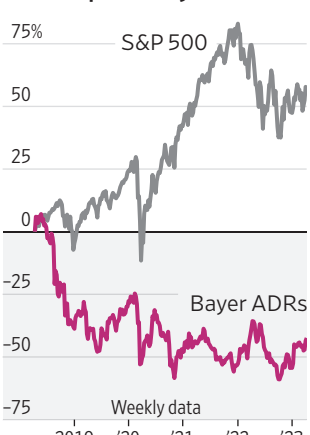
Some of the best-known firms managing alternative assets have already bulked up through acquisitions and new fund offerings.

Blackstone Inc. has \$259 billion of credit assets under management, and Apollo Global Management Inc. is fast approaching \$400 billion. Smaller firms are under pressure to keep pace in the new marketplace.

Stephen Ketchum, Sound Point's founder and partner, said in an interview that the tie-up with Assured "gives us a seat at the table in any debt restructuring and keeps us on the speed dial of the investment."

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Share and index performance over the past five years



Source: FactSet

CEO Pay Gap Gives New York an Edge

By JOSH MITCHELL AND BEN DUMMETT

As New York vies with London for high-profile listings, one key advantage is often left unsaid.

Companies frequently tout the deep pools of capital, expert analysts and investors, and potentially higher valuations that come with a U.S. stock-market presence.

There is another issue that executives appear less eager to talk about: They can get paid a whole lot more across the At-

lantic, where corporate bosses can easily make triple what their U.K. counterparts earn.

In 2021, the typical S&P 500 chief executive officer made \$14.5 million in total compensation, including salary, bonuses and stock awards, according to Equilar, which tracks compensation data. The median total the same year for those in Britain's FTSE 100 was 3.6 million pounds, or about \$4.5 million, Deloitte UK data show.

"Pay is a factor—one of many—when companies in general think about moving to

the U.S.," said Tessa Bamford, a consultant at Spencer Stuart. She said being able to offer higher compensation gave companies access to a wider pool of talent.

The issue has come to the fore recently as a spate of companies have gravitated toward New York, including ARM Holdings PLC. The British chip designer, listed in London until its 2016 buyout by SoftBank Group Corp., is preparing for a blockbuster New York listing.

British officials are looking

at easing regulations to lure companies and top CEOs to the U.K., amid broader concern that London maintains its standing as a top financial center. A study published March 30 by the City of London Corp. ranked the city and New York joint equal, whereas last year it had given London a slight advantage.

The gulf has widened in recent years. Booming U.S. stock markets, dominated by tech and other growth-focused companies, together with rising

Please turn to page B2

Deposit Outflows Shine Light on Fed-Led Program

By ERIC WALLERSTEIN AND NICK TIMIRAOIS

Banks are under pressure from depositors' embrace of money-market funds, pushing a popular Federal Reserve-sponsored financing program into the spotlight.

Money-market fund assets are increasing at a record clip. Much of that cash is making its way to the Fed's overnight reverse repurchase facility, which borrows from money funds and other firms in ex-

change for securities such as Treasuries and then returns the money the next day.

The program, known on Wall Street as reverse repo, allows financial firms and others to earn interest on large cash balances. But some analysts contend it also is effectively draining funds from the banking system, where it otherwise could be invested or lent out.

As of Wednesday, more than \$2.2 trillion sat in the Fed's reverse repo facility,

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FedEx Set To Revamp Operations

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costly Ground business as separate networks to ensure that time-sensitive packages arrived on time.

A surge in e-commerce shipments in recent years and higher costs associated with delivering packages to homes pushed the company to bring the operations closer together to avoid duplication.

Previously, FedEx has dispatched Express and Ground trucks to move packages in the same neighborhoods, sometimes creating confusion for customers and extra costs for itself.

Customers, for now, have to compare the pricing and dispatch windows for Express and Ground deliveries separately. With one set of business rules to consult, customer support would improve, said FedEx Chief Customer Officer Brie Carere.

The new structure more closely resembles that of FedEx's chief rival, United Parcel Service Inc., which has long run a single network to handle air and ground shipments. Unlike UPS, which has a unionized workforce of employees who make deliveries, FedEx will continue to rely on contractors to make deliveries to customers in addition to its employees.



FedEx is adjusting to a business model driven by e-commerce.

FedEx expects the reorganization to be completed by June 2024 and added that its full transition to an integrated air-ground network will take several years. FedEx Freight, which consolidates small shipments into trailer loads, will continue to operate as a stand-alone company under FedEx.

FedEx Express CEO Richard Smith—Mr. Smith's son—and FedEx Ground CEO John Smith (no relation) will gain additional responsibilities in the new structure. The reorganization will help shift FedEx to "one van, one neighborhood deployment" for parcel deliveries, and "one truck, one service area" for freight, John Smith told investors Wednesday.

Drivers across the Express, Ground and Freight divisions are projected to cover 3.4 billion miles in the year ending in May, or the equivalent of 100 trips to Mars.

"What I'm saying is: we want to make fewer trips to Mars," said Mr. Smith, drawing some laughs.

FedEx added that it will use more of the freight-rail network for goods that need to move across longer distances, citing lower costs when compared with trucks.

For deliveries by air, FedEx plans to change its flight schedules to minimize the number of miles that a package travels. It also plans to make additional reductions to its trans-Pacific routes, and retire a portion of its fleet earlier than previously anticipated.

A range of companies have sought to make changes in their operations in recent months to be more efficient or cut costs, often by reducing employee head count.

Since September, FedEx has sped up changes to its cost structure to adjust to weaker levels of demand. It has reduced flights and parked more planes and equipment, suspended Sunday deliveries in more markets, furloughed drivers and laid off managers.

Shares of FedEx have risen 12.7% in the past 12 months through Wednesday's close. The S&P 500 fell by 8.7% over the same period.

FedEx also said Wednesday it is boosting its annual dividend rate by about 10%, or 44 cents, to \$5.04 a share.

New York CEOs Win Pay Battle

Continued from page B1

corporate profits, have enabled American companies to pay handsomely. London's stock market, dominated by more traditional companies such as banks, drugmakers and miners, hasn't risen nearly as much.

From 2015 through 2021, the median compensation for S&P 500 corporate chiefs rose 34%, while for FTSE 100 CEOs it fell 13%.

"There's always been a gap. The gap is getting bigger," said Mitul Shah, head of the executive-compensation advisory unit at Deloitte.

Financial, regulatory and cultural forces are driving the trans-Atlantic divide, which also applies to other key positions such as chief financial officers and board chairs.

High executive pay doesn't stir the kind of backlash among U.S. investors and the American public that it does in the U.K., said Ms. Bamford of Spencer Stuart. She is a former board member at Fergu-

son PLC, a plumbing- and heating-supply company that last year made New York its primary trading venue instead of London.

Shareholders in British companies have more say on what executives earn. A 2013 U.K. law requires shareholder approval of executive-compensation packages. In the U.S., companies are required only to disclose compensation packages but aren't forced to win a vote, Deloitte says.

The issue is less legal differences than it is about contrasting investor attitudes and corporate-governance standards, lawyers say. That means companies with a sole or main listing in the U.S. can take a different approach on pay even if they don't physically relocate key offices or leaders.

Compensation structures are also different. Chief executives in the two countries earn roughly the same in salaries and bonuses but vastly different sums in stock awards, said Deloitte's Mr. Shah.

Others caution that British business could lose out.

"The concern is that the existing remuneration rules in the U.K. start to cause a talent drain," said Oliver Lazenby, a partner at Freshfields Bruckhaus Deringer LLP, a London-based international law firm.

Outflows Shine Light On Program

Continued from page B1

paying a 4.8% annualized rate. That is well above the rates on offer at most banks.

Some analysts are suggesting the Fed should change the terms of the facility to limit further bank distress. Any policy discussion is potentially complicated by factors including the Fed's effort to raise interest rates to control inflation, and officials have indicated in the past that they prefer to allow market forces to work.

"Every day, firms are handing us over \$2 trillion of liquidity they don't need," Fed Gov. Christopher Waller said in January.

Bank deposits have fallen \$363 billion, to \$17.3 trillion, since the beginning of March, Fed data show. Assets in money-market funds have risen \$304 billion to a record \$5.2 trillion, according to Investment Company Institute data.

More than 40% of money-market fund assets are invested in the reverse repo facility, which the Fed created 10 years ago to lift interest rates with a banking sector that had been flooded with reserves. Roughly \$2 trillion or more has been parked there since mid-2022. Demand exploded in 2021, when the Fed's aggressive stimulus during the

Covid-19 pandemic sent a wave of deposits into the banking system.

Use of the Fed facility hasn't changed significantly in the weeks since the early March failures of Silicon Valley Bank and Signature Bank, but some analysts said banking-sector stresses have made it harder to predict how the central bank's relatively new tools will influence overnight lending markets.

"What's different this time is the money-market funds aren't really as good at recycling money back into the banking system," said William Dudley, who was president of the Federal Reserve Bank of New York from 2009 to 2018.

\$2.2T

Funds in the Fed's reverse repo facility, as of Wednesday

Banks have been unwilling to hold extra reserves at the Fed because of a decision regulators made last decade, Mr. Dudley said. They chose to count those balances toward banks' calculation of a key regulatory buffer known as the supplementary leverage ratio, he said.

Officials temporarily exempted reserves from the leverage ratio for a year from April 2020, as the pandemic put extreme stress on the financial system. Reverse repo demand began rising shortly after the one-year suspension of the rule ended.

The treatment of reserves in the leverage ratio "is a reason why some large banks in particular don't want more reserves," Mr. Dudley said.

To reduce the amount of cash sitting at the Fed each night, central bankers have a few options. One way would be to cut the rate paid to money funds, analysts said.

"To reverse the giant sucking of the overnight reverse repo facility, all the Fed needs to do is lower the interest rate it pays," said Bill Nelson, chief economist at the Bank Policy Institute—a Washington, D.C.-based trade group—and a former Fed staffer.

In June 2021, the Fed raised the overnight reverse repo rate by 0.05 percentage point. With interest rates near zero, money-market funds were struggling to cover their operating costs, putting a vital part of the financial system at risk. The rate also serves as a floor on short-term interest rates.

With rates well above zero, the Fed has the option to push the overnight reverse repo rate back down to the lower end of the federal-funds target range. That would need to coincide with the Fed's raising the rate it pays on bank reserves, Mr. Nelson said—a move that could encourage money funds to lend to banks rather than the Fed. Interest on reserves is currently 4.9%.

Other analysts said it wouldn't be appropriate for the Fed to reduce the interest rate on the reverse repo facility to provide relief to banks that have been slow to raise deposit rates.

BUSINESS & FINANCE

Atlanta Tops List of Busiest Airports

By JOSEPH DE AVILA

Atlanta has retained its title as the busiest airport in the world, as more people return to flying all over the globe.

There were 93.7 million passengers who passed through Hartsfield-Jackson Atlanta International Airport in 2022, a 24% increase from the prior year, according to figures released Wednesday by Airports Council International World, an industry group.

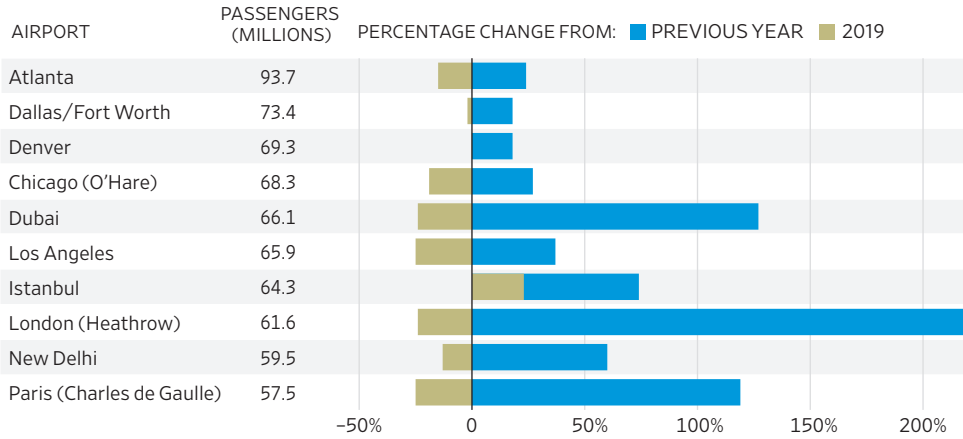
Like most other major airports, Atlanta still hasn't fully bounced back from the pandemic, when air travel slowed sharply after lockdown restrictions were imposed. The number of passengers who passed through Atlanta in 2022 was 15% less than in 2019, according to ACI World.

Atlanta has been the busiest airport for two straight years and three of the past four; in 2020 it was the second-busiest behind Guangzhou Baiyun International Airport in southern China.

The number of global travelers rose to nearly 7 billion in 2022, a 54% increase from the prior year, according to ACI World. But 2022 figures came in about 26% less than 2019.

Dallas Fort Worth International Airport came in second on the busiest airport list with 73.4 million passengers in 2022, according to ACI World. Denver International Airport was third with 69.3

The 10 Busiest Airports in 2022



Source: Airports Council International World

million travelers, and Chicago O'Hare International Airport came in fourth with 68.3 million. The top four didn't change from 2021. The last U.S. airport on the list was Los Angeles International Airport, which came in sixth with 65.9 million passengers.

Five airports in major cities outside the U.S. joined the ranks of the top 10 busiest after missing the list last year. Those cities are Dubai, Istanbul, London, New Delhi and Paris.

"While U.S. airport hubs were able to recover quicker due to their strong domestic market, we are now witnessing global hubs joining upper ranks," said Luis Felipe de Oliveira, director general at ACI World.

The U.S. airline industry is

coming off a bumpy year as it rebounds from the pandemic. Travelers made more than 60,000 complaints from January 2022 to November after waves of flight cancellations and delays disrupted travel, according to U.S. PIRG Education Fund, a public-interest research group, which examined U.S. Department of Transportation data. That was nearly quadruple the number of complaints filed in 2019.

About 181,000 flights were canceled in 2022 by the largest U.S. airlines, according to U.S. PIRG Education Fund. Only 2001, following the 9/11 attacks, and 2020, the start of the pandemic, had more flight cancellations over the past two decades, according to the group.

U.S. airline executives said

they expect air travel demand will be strong in 2023 but business travel will likely lag behind.

International travel is expected to show more gains in 2023 after China, the second-largest aviation market after the U.S., relaxed Covid-19 travel restrictions, Mr. de Oliveira said.

Of the U.S. airports on the list, only Denver has returned to prepandemic levels. Los Angeles fared worst, with 2022 passenger volume falling behind 2019 by 25%.

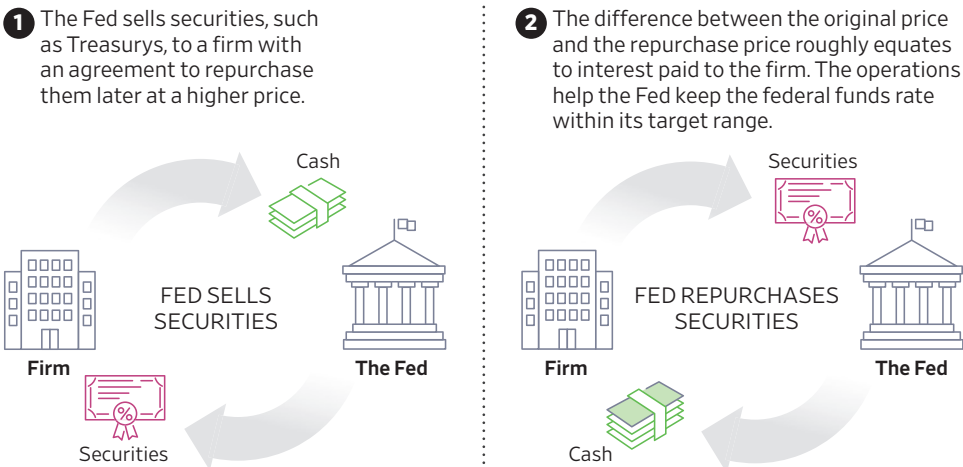
Watch a Video



Scan this code for a video on how a major airport avoids collisions.

Reverse repo explained

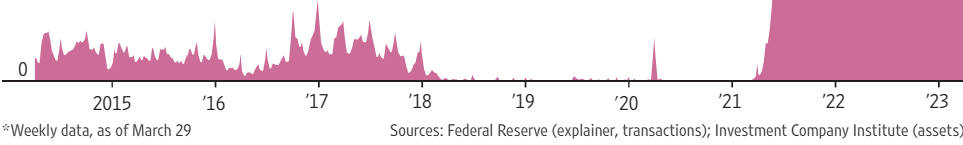
The Federal Reserve's overnight reverse repurchase facility gives lenders such as money-market funds a way to earn interest on excess cash.



Money-market fund assets*



Overnight reverse repurchase transactions at Federal Reserve



*Weekly data, as of March 29

Sources: Federal Reserve (explainer, transactions); Investment Company Institute (assets)

BUSINESS NEWS

Raine Acquires Boutique Bank Code Advisors

By Lauren Thomas

The Raine Group, a merchant bank focused on media, technology and telecommunications deals, agreed to acquire San Francisco boutique investment bank Code Advisors, in a bid to strengthen its footing in Silicon Valley.

Code Advisors co-founder Quincy Smith is set to join Raine's San Francisco office as a partner, while Code co-founder Michael Marquez will become a special adviser helping manage Code's existing investment portfolio while exploring new initiatives within Raine, the companies said.

Terms of the transaction weren't disclosed.

Since its founding in 2009, Raine has carved out a profitable niche advising on some high-profile deals in media, technology and telecommunications. It was most recently the lead adviser to **World Wrestling Entertainment Inc.** on its \$9 billion combination with **Endeavor Group Holdings Inc.**, which owns the Ultimate Fighting Championship. The bank also worked exclusively with Russian billionaire Roman Abramovich to sell Chelsea Football Club to a group led by Los Angeles Dodgers part-owner Todd Boehly for almost £4.3 billion, or \$5.2 billion.

Raine also oversees roughly \$4 billion in growth-equity and venture-capital investments globally, in companies including DraftKings Inc. and SoundCloud Ltd.

Code Advisors, started in 2010, has worked on dozens of M&A transactions in technology and media over the years. The firm also offers capital-raising advisory services. Some of its clients have included Twitter Inc., Spotify Technology SA, and Warner

Bros. Discovery Inc.

"We've staked out what we believe is the highest-growth sector of the economy," said Jeff Sine, a veteran banker who is Raine's co-founder and partner. "There is a lot of value to be extracted from going really deep into these spaces."

It is a rare move for Raine, which typically doesn't hire laterally and has never made an acquisition, said Joe Ravitch, another Raine co-founder and partner, who was previously a partner at Goldman Sachs Group Inc.

"It's very hard for an outsider to come in, especially in the financial-services world, to fit into that culture," Mr. Ravitch said.

Code Advisors is a fit for Raine in part because the two firms had already worked side by side on deals and shared a number of clients, according to Mr. Smith.

Raine has carved out a niche advising media, tech and telecom deals.

That could help them win a greater share of a big but competitive and unpredictable market. "Silicon Valley and technology in particular has always been tough to cover from an investment-banker perspective," Mr. Smith said. "Relationships are everything."

He was previously chief executive officer of CBS Interactive Inc., a unit of **CBS Corp.**, before its merger with Viacom Inc. Mr. Marquez was executive vice president of corporate development at CBS Corp.



Mike Koval, Ram's brand chief, introduced the Ram 1500 REV at the New York International Auto Show on Wednesday.

Ram's New Electric Pickup Widens Range

By Ryan Felton

Ram is raising the bar for its Detroit competitors in the electric-truck race.

The truck brand's coming electric pickup, the Ram 1500 REV, will offer a battery option that aims to deliver 500 miles in range, the company said, more than any other electric pickup on the market today. The range is on par with what **Tesla Inc.** has projected for its coming Cybertruck, an electric vehicle that it intends to bring to market later this year.

The Ram electric pickup, shown off at the New York auto show on Wednesday, is expected to go on sale in late 2024. Ram, owned by **Stellantis NV**, also plans to offer the pickup with a standard 350-mile range battery and introduce a still-undisclosed variant at a later date, giving buyers choices in their switch to the new technology, said Ram brand chief Mike Koval.

Ram has trailed competitors in getting an electric pickup truck to market. Ford Motor Co. released its Light-

ning F-150 last year, and General Motors Co.'s Chevy Silverado EV is expected to go on sale in the fall of this year.

Mr. Koval said Ram isn't trying to rush its customers into this technology, adding that it is more important that it suits their lives first.

"For electrification, being first actually might not be the best," Mr. Koval said, during the truck's unveiling.

Ram didn't release details on pricing for the truck. Auto makers typically offer those closer to the on-sale date.

The battery-range figures on the new Ram 1500 REV still need to be certified by the Environmental Protection Agency.

Few electric models currently on sale offer a 500-mile battery range. Among them is the Lucid Air, a premium sedan and first model for EV startup Lucid Group Inc., which delivers 516 miles of range on a single charge.

By comparison, Ford's F-150 Lightning pickup has battery options that deliver 230 miles and 320 miles of range, depending on the size selected.

The soon-to-arrive Chevy Silverado EV is expected to have a range of more than 400 miles, while Rivian Automotive Inc.'s debut electric-truck model, called the R1T, offers a 350-mile range battery.

The competition for electric pickups has been heating up, with traditional auto makers and newer startups racing to capture customer interest in what has long been a significant battleground in the auto business.

Pickups are among the most profitable offerings for car companies in the U.S., where buyers tend to favor bulkier models that have significant towing and hauling capability.

Range anxiety remains a big barrier for many customers considering a switch to an electric model.

The public-charging infrastructure is lacking and well behind what many industry analysts say is needed to support the influx of new electric models now hitting dealerships.

Auto makers have also faced a number of setbacks in trying to quickly accelerate

production of electric pickups.

GM's factory output of its \$100,000 Hummer electric pickup has been stuck at roughly a dozen vehicles a day for about a year now, and Ford had to pause production of its Lighting EV for five weeks earlier this year after a battery problem led to a vehicle fire and a small recall.

Ram's owner, Stellantis, has said the brand's first electric pickup is crucial to its effort to introduce more battery-powered products across its global lineup.

The brand's pickup-truck models are important profit drivers for the parent company's North American unit and the overall bottom line.

Stellantis, which was formed in January 2021 through the merger of France's PSA Group and Fiat Chrysler Automobiles NV, has said it wants EVs to account for 50% of its U.S. sales by 2030.

Later this year Ram plans to introduce an electric van in the U.S., along with two other battery-powered models from Stellantis's luxury Maserati brand.

Today we welcome
thousands of Signature
clients and employees
to the Flagstar family.
Together we will thrive.

Strength. Stability. Security. For generations Flagstar has been dedicated to the success of our clients, our employees and our communities. Welcome to a new energy in finance.



NPR Criticizes Twitter Labeling

Broadcaster calls designation as state-affiliated disturbing and unacceptable

By ALYSSA LUKPAT

National Public Radio criticized **Twitter** Inc. for labeling its social-media account as “US state-affiliated media,” a designation the independent public broadcaster on Wednesday said was disturbing and unacceptable.

Twitter’s guidelines say the company adds the designation for government-controlled news sources. NPR says on its website that less than 1% of its budget comes from federal grants, including from the government-supported Corporation for Public Broadcasting. Most of NPR’s revenue comes from corporate sponsorships, it says, along with dues and fees paid by its member stations.

NPR said Twitter didn’t communicate the designation. Staffers on Tuesday started noticing the new label on the broadcaster’s account, which has 8.8 million followers.

Media outlets like Russia’s RT network and China’s Xinhua News Agency have the “state-affiliated media” label.

John Lansing, NPR’s president and chief executive, said in a statement Wednesday that the broadcaster provides independent, fact-based journalism.

“We were disturbed to see last night that Twitter has labeled NPR as ‘state-affiliated media,’ a description that, per Twitter’s own guidelines, does not apply to NPR,” Mr. Lansing said. “It is unacceptable for Twitter to label us this way.”

Twitter responded to an emailed request for comment with a poop emoji.

White House press secretary Karine Jean-Pierre told reporters on Wednesday,

“There’s no doubt of the independence of NPR’s journalists.”

“NPR journalists work diligently to hold public officials accountable and inform the American people,” she said. “The hard hitting, independent nature of their coverage speaks for itself.”

NPR says corporate sponsorships provide it with most of its revenue.

Twitter has upended its labeling system for verified accounts since Elon Musk took over the platform in October. The company has said it wants to provide people with more context about certain profiles. President Biden’s profile, for example, is tagged with “United States govern-

ment official.”

The company recently replaced its bird logo online with a dog icon representing the dogecoin cryptocurrency, which Mr. Musk has promoted.

Mr. Musk traded the platform’s universal blue check marks for a multicolor scheme: blue checks for users who pay a monthly fee, gray checks for government accounts and gold checks for verified organizations, including media.

Twitter had said it would start taking away legacy check marks on April 1 for users whose accounts were verified before Mr. Musk took over the platform. Since then, the New York Times appears to be one of the few organizations that has lost its check mark.

The Times, which has 55 million Twitter followers, said Wednesday that it doesn’t plan to pay to get its verified check mark back. Mr. Musk

has frequently criticized the Times and the news media.

Twitter hadn’t labeled Voice of America, a government-funded radio broadcaster, as “US state-affiliated media” by Wednesday afternoon.

Mr. Musk on Wednesday commented on NPR’s new Twitter designation. “Seems accurate,” he wrote in a tweet, alongside a screenshot of Twitter’s definition of state-affiliated media.

NPR is based in Washington, D.C. It has hundreds of member stations around the country that are independent and locally owned broadcasters. The member stations pay for the rights to air flagship NPR programs like “Morning Edition” and “All Things Considered.”

“NPR stands for freedom of speech and holding the powerful accountable,” Mr. Lansing of NPR said.

—Andrew Restuccia contributed to this article.

Judge Says Murdochs Have to Testify

By ERIN MULVANEY

A Delaware judge said Wednesday that **Fox Corp.** Chairman Rupert Murdoch can’t avoid testifying in person in a looming defamation trial about false election-fraud claims that aired on Fox News.

Superior Court Judge Eric Davis said during a pretrial hearing that if plaintiff Dominion Voting Systems issues a trial subpoena for Mr. Murdoch to testify, he “would not quash it.” The same goes for Fox Chief Executive Lachlan Murdoch, Fox chief legal and policy officer Viet Dinh and former U.S. House Speaker Paul Ryan, who sits on the Fox board, Judge Davis said.

“Both parties have made these witnesses very relevant,” he said.

The trial, scheduled to begin April 17, centers on allegations that Fox News and Fox Business defamed Dominion in the wake of the 2020 presidential election by airing false claims by associates of then-President Donald Trump that the company’s voting machines rigged votes in favor of then-candidate President Biden. Dominion is seeking \$1.6 billion in damages.

Dominion has indicated it wants the jury to hear from top executives, including Mr. Murdoch, as it seeks to prove its allegations that they played a role in internal decisions to air the stolen-election claims. A company spokeswoman declined to comment on the judge’s decision.

“Dominion clearly wants to continue generating misleading stories from their friends in the media to distract from their weak case,” a Fox spokesman said. “Demanding witnesses who had nothing to do with the challenged broadcasts is just the latest example of their political crusade in search of a financial windfall.”

Fox News parent Fox Corp. and News Corp., the parent of The Wall Street Journal, share common ownership.

To prove its defamation claims, Dominion will need to persuade a jury that Fox either knowingly reported false information or acted with reckless disregard for the truth. That standard, known as “actual malice,” is a historically high bar to meet.

Dominion alleges that Fox hosts, producers and executives knew the stolen-election claims were false but aired them anyway to avoid losing Trump-supporting viewers to far-right networks. Fox News says it was covering newsworthy allegations made by associates of the president. It also says Dominion didn’t suffer the kind of economic damages it claims.

According to court filings, Mr. Murdoch testified in his deposition that some of his hosts endorsed false election-fraud claims but Fox News itself didn’t.

—Isabella Simonetti contributed to this article.

Ex-CNN Anchor To Join MSNBC In Morning Slot

By ISABELLA SIMONETTI

MSNBC tapped former CNN anchor Ana Cabrera to host its 10 a.m. hour, as the news channel reshapes its daytime lineup to focus on straight-news reporting instead of opinion and analysis.

Ms. Cabrera’s new show, “Ana Cabrera Reports,” will debut April 10, the network said Wednesday, filling what has been an open time slot. Ms. Cabrera previously worked at CNN as an anchor and national correspondent. She left late last year after nearly a decade at the network.

The move is part of MSNBC President Rashida Jones’s strategy to rebuild the daytime lineup, labeled as MSNBC Reports, which includes José Díaz-Balart, Andrea Mitchell, Chris Jansing and Katy Tur.

The 10 a.m. hour Ms. Cabrera is about to take over drew 675,000 viewers in the first quarter, according to

Nielsen data provided by the network. That is more than the 620,000 that CNN drew in the same time slot but less than Fox News’s 1.6 million. In the 25-54 age demographic, MSNBC is underperforming its rivals, averaging 73,000 viewers for the 10 a.m. hour, compared with 108,000 for CNN and 200,000 at Fox News, according to the data.

MSNBC parent NBCUniversal is a unit of **Comcast Corp.** Fox News parent Fox Corp. and Wall Street Journal parent News Corp share common ownership. CNN’s parent company merged with Discovery Inc. to form Warner Bros. Discovery Inc. last year.

Cable news networks’ ratings have dropped from pandemic highs, but have received a boost from the recent indictment of former President Donald Trump by a Manhattan grand jury.

CNN and MSNBC have experienced significant changes to their programming over the



‘Ana Cabrera Reports’ will make its MSNBC debut on April 10, the network said on Wednesday.

past year. CNN recently announced a revamp of its daytime programming lineup, which includes a 9 a.m. to 12 p.m. block anchored by John Berman, Kate Bolduan and Sara Sidner, and a 1 p.m. to 4 p.m. block anchored by Brianna Keilar, Boris Sanchez and Jim Sciutto. The new morning program made its debut this week, while the 1 p.m. to 4 p.m. slot is set to debut this month.

Last May, MSNBC’s star

prime-time anchor, Rachel Maddow, reduced her schedule at the network to one evening a week. MSNBC later appointed the veteran political correspondent Alex Wagner to host its 9 p.m. hour from Tuesday through Friday.

In a four-week period through late March, Ms. Wagner’s show attracted around 1.2 million viewers on average from Tuesday to Friday, according to Nielsen data pro-

vided by the network, fewer than Ms. Maddow’s 2.3 million viewers on Mondays over the same timeframe.

Fox News, meanwhile, brought in more than 2.3 million viewers for its 9 p.m. slot from Tuesday to Friday, and CNN said it brought in 489,000.

On Mondays alone, Fox News drew more than 2.5 million for its 9 p.m. show, while CNN attracted 459,000.

U.S., European Police Shut Hacker Marketplace

By KIM S. NASH

The U.S., Europol and police in 14 countries seized the infrastructure of a suspected Russian marketplace that claimed access to 80 million stolen banking, social-media and email accounts for sale to hackers seeking to break into companies and government offices worldwide, senior Justice Department officials said on Wednesday.

The international action conducted on Tuesday and Wednesday against Genesis Market, one of the largest so-called initial access brokers in

the world, resulted in 119 arrests. They were mainly buyers of identity data compiled for gaining access to computer systems to deploy ransomware, commit fraud and conduct other criminal activity, the officials said.

“Each takedown is yet another blow to the cybercrime ecosystem,” said Lisa Monaco, deputy attorney general.

The dismantling of Genesis Market follows the arrest last month of a man U.S. prosecutors say ran BreachForums, a site for buying and selling stolen data. In April 2022, an in-

ternational law-enforcement coalition shut down Hydra Market, which U.S. and German officials said facilitated ransomware and drug deals.

“This is part of an overarching strategy to put pressure on the adversary,” a senior Federal Bureau of Investigation official said.

The Treasury Department on Wednesday sanctioned Genesis Market, a so-called initial access broker in operation since 2018. Prior U.S. sanctions of cybercriminal groups, cryptocurrency exchanges and digital wallets

have deterred attacks, government officials and cybersecurity companies have said.

Russian officials have denied involvement in cybercrime.

The multinational takedown operation against Genesis Market included more than 400 law-enforcement actions in countries including Australia, Canada, Denmark, Estonia, Finland, France, Germany, Italy, the Netherlands, Poland, Spain, Sweden and the U.K., according to the European Union Agency for Criminal Justice Cooperation, the European legal agency.

The marketplace told

would-be buyers its credentials came from 1.5 million compromised computers and mobile devices. Also for sale were device “fingerprints,” unique identifiers and browser cookies that can skirt anti-fraud tools at many websites.

Genesis Market operators claimed digital fingerprints would be kept up to date as long as the marketplace had access to the hacked computers, “like a subscription,” the FBI official said. That is an advantage against competitors selling stolen credentials alone, the official added.

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Top Jet Enterprises, Ltd. vs. Sino Jet Holding Ltd., Skyblueocean Ltd. and Jet Midwest Group, LLC, USDC Western District of Missouri Western Division Case No. 4:20-cv-00532-FJG

NOTICE OF SALE OF ASSETS

The assets of Skyblueocean Ltd. are hereby offered for sale with a bid deadline of April 10, 2023 at 5:00 PM P.D.T. The assets consist of a 50% shareholder interest in Sino Jet Holding Ltd., a Cayman Islands company. The value of these shares is unknown. If you wish to receive additional information, please contact Deborah Burger at dburger@stapletoninc.com.

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New Bayer CEO Starts Slowly

Continued from page B1

caused cancer in homeowners, landscapers and farmers. It has set aside about \$16 billion for settlements, Bayer has said.

Monsanto developed Roundup as well as genetically engineered crops designed to withstand the herbicide. Bayer lost the first trial over Roundup’s alleged cancer risk in August 2018. It has more recently won six consecutive trial victories. Bayer maintains Roundup is safe to use and is still popular with commercial farmers who have largely been undeterred by the litigation.

Mr. Anderson gave some hints of where his priorities will be, suggesting he was unlikely to focus on such blockbuster deals such as the Monsanto acquisition, saying: “That’s not my space.”

Instead, Mr. Anderson spoke mostly about the kind of transformation projects he led at past companies such as



Roche Holding AG, his most recent job, where he was CEO of its pharmaceutical division and prior to that, CEO of Genentech Inc.

At Roche, he said, he was able to shift \$3 billion into research and development, which helped finance breakthroughs in medicines, one of the main reasons why Bayer’s board reached out to him to succeed Mr. Baumann.

“It’s easy to spend money on R&D. It’s another to chan-

nel that into breakthroughs,” Mr. Anderson said.

Some investors have complained that Bayer’s diverse businesses have little in common and have pushed for breaking up the company. Mr. Anderson didn’t elaborate but said there were equally strong voices arguing to keep the company intact. “Some of the most successful businesses have diverse products,” he said. “I’m going to consider everything, but I come here in

part because these are three very good businesses.”

Before arriving in Leverkusen, Mr. Anderson spent months engaging with the company’s board of directors.

It isn’t clear how Mr. Anderson wants to rev up Bayer’s innovation engines, but he said that during the past few months of discussions, the board hadn’t drawn any red lines to hem him in. “They have given me tremendous latitude to deliver on the vision,” he said.

HEINRY ROMERO/REUTERS

BUSINESS & FINANCE

Conagra Profit Jumps on Higher Prices

Packaged-food maker raises year's guidance again, citing growth across all segments

By Dia Gill

Conagra Brands Inc. raised its guidance for the second consecutive quarter as the food manufacturer posted a nearly 60% profit increase.

For the quarter ended Feb. 26, the Chicago-based maker of Slim Jim meat sticks, Reddipwip and Marie Callender frozen meals reported a net income of \$341.7 million, up from \$218.4 million in the same quarter a year prior. Analysts surveyed by FactSet expected net income of \$303 million.

Earnings per share increased 54% to 71 cents from 46 cents year over year.

Third-quarter sales rose to



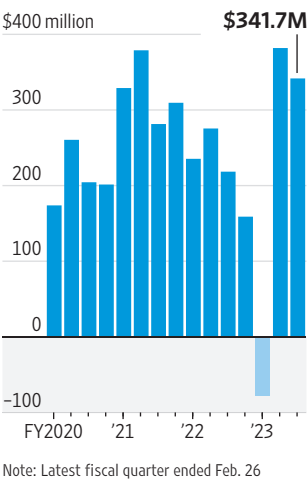
The company expects the popularity of frozen foods to grow.

\$3.09 billion, compared with \$2.9 billion in the year-ago period. Revenue topped analyst expectations of \$3.1 billion.

Conagra attributed its results to inflation-driven price

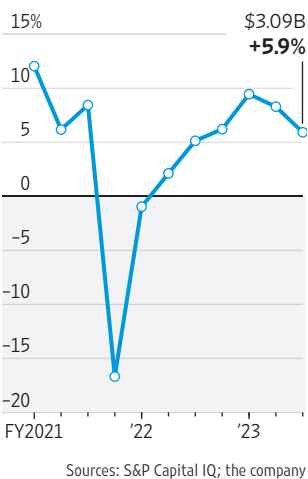
increases despite more supply-chain disruptions than anticipated. The company raised its adjusted earnings per share guidance for the full year to between \$2.70 and \$2.75, an

Conagra's quarterly net profit/loss



Note: Latest fiscal quarter ended Feb. 26

Quarterly revenue, change from a year earlier



Sources: S&P Capital IQ; the company

nolly said at a February food-industry conference that he expects the popularity of frozen foods to grow as consumers eat out less in response to inflation pressures. "The success of frozen is not a pandemic-only phenomenon," Mr. Connolly said. "It's still ridiculously cheap, compared to what [consumers] are going to buy away from home."

Conagra's third-quarter results follow reports from General Mills Inc. and McCormick & Co. Inc. that packaged foods have withstood inflationary headwinds and are benefiting from aggressive price increases. Conagra earlier this year said it expects food inflation to moderate, but it could still continue raising prices.

Shares of Conagra rose 1.8% to \$38.27 on Wednesday.

◆ Heard on the Street: Margins help food companies..... B12

EU Sustainability Rules To Hit Companies Globally

By Dieter Holger

Thousands of American, Canadian and British companies will have to step up their sustainability reporting under European Union rules set to take effect starting in the next few years, in a regulatory effort to boost visibility on everything from companies' greenhouse-gas emissions to gender pay differences.

The Corporate Sustainability Reporting Directive, or CSRD, will likely require at least 10,000 companies outside the EU to make and independently verify a number of sustainability disclosures, and about a third of those are in the U.S., according to estimates by financial data firm Refinitiv provided to The Wall Street Journal.

EU officials have estimated more than 50,000 European companies will have to report, but haven't said how many non-EU businesses they expect to be covered by the rules.

The rules will apply to businesses based outside the EU including:

- Companies that have listed securities, such as stocks or bonds, on a regulated market in the European Union
- Companies that have annual EU revenue of more than €150 million, or about \$163

million, and an EU branch with net revenue of more than €40 million

- Companies with an EU subsidiary that is a large company, defined as meeting at least two of these three criteria: more than 250 EU-based employees, a balance sheet above €20 million or local revenue of more than €40 million

The data from Refinitiv, part of London Stock Exchange Group PLC, indicate there are nearly 10,400 foreign companies that have an EU stock listing and more than 100 companies that aren't listed in the EU but have more than €150 million in local revenue. Of the total number of companies Refinitiv has identified, 31% are American, 13% are Canadian and 11% are British.

The estimates exclude foreign companies subject to the reporting requirements due to other conditions, such as having an EU bond listing. Additional non-EU companies will likely be bound by the rules, said Refinitiv's director of sustainable finance, Elena Philipova.

The CSRD's first batch of standards is expected to be published in June, but Ms. Philipova, who was part of a recent EU experts group on sustainable finance, said she doesn't expect the rules to be

much different from those in a draft released in November.

However, they might be trimmed back as part of an initiative European Commission President Ursula von der Leyen announced in March to simplify and reduce reporting requirements across the bloc.

The draft includes 82 annual disclosure requirements, each of which can involve separate metrics and explanations. The rules include disclosures on greenhouse-gas emissions and plans aligned with the 2015 Paris agreement to reduce those emissions, as well as things like pollution entering waterways and gender pay differences. Depending on industry-specific standards that are still being developed, companies will have to report different types of data. Companies will also need to have a third party audit their data.

The European requirements will likely be more demanding than frameworks being developed by the U.S. Securities and Exchange Commission and the International Sustainability Standards Board. Unlike those two sets of standards, the latest EU draft requires companies to include information important from a sustainability perspective, even if it is financially immaterial.

Foreign companies with EU listings will need to start reporting these disclosures in 2025 if they have more than 500 employees in the EU. The rules go into effect in 2026 for other large non-EU companies with EU listings and in 2027 for small and midsize enterprises with EU listings. Foreign companies not listed in the EU but subject under other criteria have until 2029 to make disclosures.

Businesses based in the EU that reported under the bloc's previous sustainability rules must follow the new requirements from 2025.



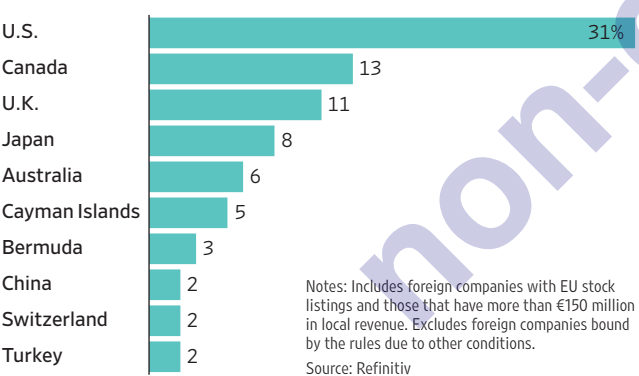
European Commission President Ursula von der Leyen in Brussels last month

"EU companies already have experience of mandatory ESG disclosure requirements," said Donato Calace, senior vice president of accounts and innovation at analytics firm

Datamaran, referring to the abbreviation for environmental, social and governance. "The vast majority of U.S. companies don't have this experience and still see ESG as a

communication and PR exercise, rather than regulatory disclosure, so this process will be a steeper learning curve for them and a more difficult task."

Percentage of non-EU companies expected to be subject to the EU's sustainability reporting rules, broken down by home country



Notes: Includes foreign companies with EU stock listings and those that have more than €150 million in local revenue. Excludes foreign companies bound by the rules due to other conditions.
Source: Refinitiv

Earley to Oversee Disney+, Hulu

By Joe Flint

Walt Disney Co. has named Joe Earley president of its direct-to-consumer unit for entertainment content, a role that gives him oversight of the Disney+ and Hulu streaming services, the company said Wednesday.

Mr. Earley is currently president of Hulu, a post he has held since January 2022 and will keep until a successor is named. Before heading Hulu, Mr. Earley was involved in the development and launch of Disney+ as head of its marketing and operations.

Michael Paull, who had overseen Disney's streaming operations since 2017, is leaving, the company said. Mr. Paull didn't respond to a request for comment.

The realignment comes as Disney's streaming operations are under scrutiny from Chief Executive Officer Robert Iger, who has expressed concern about how much is spent on content.

"We have to better rationalize our costs," Mr. Iger said at a Morgan Stanley conference last month. He is

looking at raising the price that Disney charges for Disney+, even at the risk of turning off customers. "Obviously we have to attract more subs, but I think one of the key things we have to figure out is a pricing strategy that makes sense," he said.

Hulu's future is up in the air. Disney owns two-thirds of the platform, with Comcast Corp. owning the rest. Under the terms of their partnership, either party has the right to force a sale of Hulu to its partner early next year.

Some Wall Street analysts have questioned whether Hulu fits long term for Disney. Mr. Iger has said the company is studying its options.

"The environment is very, very tricky right now, and before we make any big decisions about our level of investment, our commitment to that business, we want to understand where it could go," Mr. Iger said last month.

Mr. Paull's departure had been expected after Mr. Iger returned as chief executive late last year and restructured the company's stream-

ing businesses, a move that took away some of the autonomy Mr. Paull previously had under Mr. Iger's predecessor, Bob Chapek. Mr. Paull had played a key role in Disney's entry into streaming.

Mr. Earley, in his role as head of direct-to-consumer for Disney Entertainment, will focus on expanding the reach of the Disney+ and Hulu platforms and work closely with the programming teams that make content for the two services as well as the marketing and technology for the platforms, the company said.

He will report to Alan Bergman and Dana Walden, co-chairmen of Disney Entertainment.

Before joining Disney in 2019, Mr. Earley spent the bulk of his career at Fox Broadcasting, rising from publicity and talent management to chief operating officer for the Fox Television Group.

While there, he worked closely with Ms. Walden, who was a senior Fox executive before joining Disney after it acquired the bulk of Fox's entertainment assets in 2019.

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BUSINESS NEWS

Studios
Turn to
Brands

Continued from page B1
Rogers, a salesman who stakes everything on the puzzle game invented by Alexey Pajitnov, a Russian software brain played by Nikita Efremov.
To nab the licensing rights, Henk runs a gauntlet of scheming competitors and communist bureaucrats. Looming world events, including the collapse of the Soviet Union and the release of Nintendo's handheld Game Boy, form the backdrop to the drama.

Mr. Vaughn, the producer, has made multiple movies with Mr. Egerton, such as the "Kingsman" spy movies.

He added "Tetris" to the list, he said, because of its stranger-than-fiction story and surprising characters, including Robert Maxwell, the late, disgraced British media baron (and father of felon Ghislaine Maxwell), who was also in the hunt for the videogame.

To streamline some drier details (e.g., arcade rights versus console rights) the filmmakers used animated explainers that mimic the blocky graphics and 8-bit music of old videogames.

The movie was shot on a modest budget with Glasgow doubling as Moscow. Mr. Vaughn financed the film with producing partners including billionaire Len Blavatnik, then found a buyer that seemed like the perfect fit: an entertainment company first known for computers. "Tetris" on the Apple platform? That ain't going to get old," the producer said.

Flashback song: "The Final Countdown" by Europe

Wonk factor: An action scene involving a fax getting sent through the Iron Curtain.

Does someone slam a phone? Yes, into pieces.

Product testimonial: "It's poetry, art and math all working in magical synchronicity. It's...the perfect game."



telecom exec gets taught how to type with his thumbs.
Does someone slam a phone? Yes, but it's a landline.
Product testimonial: "They call 'em 'crackberries.'"

'Flamin' Hot'
On Hulu and Disney+ on June 9

The history of a snack is the packaging for a bootstrap story about a Mexican-American family man who goes from janitor to executive at Frito-Lay. Jesse Garcia plays Richard Montañez, who inspired the movie with his account of developing spicy snacks to appeal to the growing Latino market. This involves a cold call to PepsiCo CEO Roger Enrico, played by Tony Shalhoub.

In a 2021 article, the Los Angeles Times reported that Mr. Montañez had falsely taken credit for the creation of Flamin' Hot Cheetos. PepsiCo said in a follow-up statement, "we attribute the launch and success of Flamin' Hot Cheetos and other products to several people who worked at PepsiCo, including Richard Montañez."

Producer DeVon Franklin, who specializes in aspirational movies (and starred in current hit "Jesus Revolution"), said the project offered an enticing recipe to its backers, including Searchlight Pictures and Hulu, both divisions of Disney. "It's the I.P. of Flamin' Hot as a brand, and the specificity of Richard's tenacity and his vision. The combination of those two things got us from pitch all the way to production." The movie, the directorial debut of Eva Longoria, recently won the audience award at the South By Southwest film festival.

Flashback song: "Mexican Power" by Proper Dos

Wonk factor: A speech to the Frito-Lay suits about Hispanic consumers: "They're looking for themselves on those shelves!"

Does someone slam a phone? Yes, followed by, "Montañez!"

Product testimonial: "Why don't I make my own spicy slurry?...You can slather it on everything: Doritos, Fritos popcorn, Cheetos. And the best part, sir, it's 100% Mexican approved."

'Air'

In theaters April 5

This underdog sports story goes back to a time in the mid-1980s when Nike had no juice in the NBA. Matt Damon plays Sonny Vaccaro, a hoops obsessive in the company's struggling basketball division, who goes all in on a gambit to sign rookie Michael Jordan to an endorsement deal.

Nike colleagues played by Jason Bateman, Chris Tucker and Ben Affleck (who directed the movie and stars as Nike co-founder Phil Knight) form the team around Mr. Damon's character. To land Jordan he pursues the ascendant star's parents, played by real-life couple Viola Davis and Julius Tennon. The stakes around that strategy lead to a climactic setting—a conference room—where the Nike team presents a prototype for the Air Jordan sneaker and a message that is prophetic in hindsight. "You're going to win championships," Sonny says. "It's an American story, and that's why Americans are going to love it."

Flashback song: "Money For Nothing" by Dire Straits

Wonk factor: Nike rivals



Adidas and Converse competing for the Jordans in dueling pitch meetings.

Does someone slam a phone? Yes, Jordan's agent, after a rant that contributes to the movie's R-rating.

Product testimonial: "The requirements are: Speak as an individual, market to a mass audience and be the most beautiful shoe known to mankind."

'BlackBerry'

In theaters May 12

Much of the movie plays as a comedy, but not because of the

punchline status that the BlackBerry acquired after the iPhone obliterated its market share. There's a madcap tone to the clash of personalities inside Canadian startup Research In Motion, whose founders pitch "a pager, a cellphone and an email machine all in one thing." Jay Baruchel ("How To Train Your Dragon") plays inventor Mike Lazaridis, myopically focused on tech perfection. Glenn Howerton ("It's Always Sunny in Philadelphia") plays alpha screamer Jim Balsillie, who takes over as battle-ready CEO.

The rise: RIM's race to squeeze data onto cellular net-

Tom Egerton, above right, plays Hank Rogers in 'Tetris.' Jesse Garcia, left, in a scene from 'Flamin' Hot.'

works and the BlackBerry catching on as an early '00s status symbol. The fall: sketchy bookkeeping, executive hubris and the 2007 arrival of a touch-screen device from Cupertino, Calif.

Mr. Johnson, the director, co-wrote the film and plays RIM co-founder Doug Fregin as a free-spirit geek who bristles at the company's corporate turn. The filmmakers didn't seek participation from former RIM executives, and covered their budget with public funding. "This film was made for peanuts by the Canadian government, so we have no dog in the fight," Mr. Johnson said. The indie picture is getting released in the U.S. through IFC Films.

Audiences in RIM's native land may view "BlackBerry" as a tragic tale, he added. "That is where our country is, in my opinion, in a state of perpetual mourning. It's like when your team loses. We were within one point of winning."

Flashback song: "Hello Operator," by the White Stripes
Wonk factor: A skeptical

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The Wall Street Journal CEO Council will convene in London on the evening of May 23 and the full day May 24.

This summit comes as geopolitical relations remain fraught between China and the U.S. In addition, the Inflation Reduction Act has left Europe scrambling to respond with its own green subsidies, and the war in Ukraine continues to reset global energy markets. Meanwhile, the economic outlook remains cloudy, with slowing growth and weaker corporate profits offset by a robust labor market and moderating inflation.

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MARKETS DIGEST

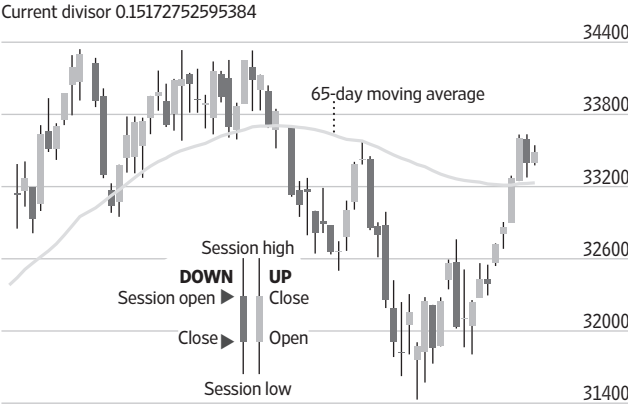
EQUITIES

Dow Jones Industrial Average

33482.72 ▲80.34, or 0.24%

High, low, open and close for each trading day of the past three months.

Last	22.25	Year ago	19.17
Trailing P/E ratio	17.35		18.16
P/E estimate *	2.10		2.04
Dividend yield	36799.65		01/04/22
All-time high			



Current divisor 0.15172752595384

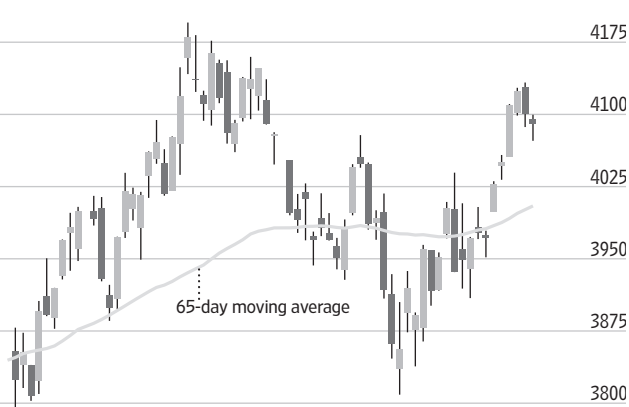
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

S&P 500 Index

4090.38 ▼10.22, or 0.25%

High, low, open and close for each trading day of the past three months.

Last	18.06	Year ago	25.57
Trailing P/E ratio *	18.15		20.11
P/E estimate *	1.70		1.38
Dividend yield	4796.56		01/03/22
All-time high			

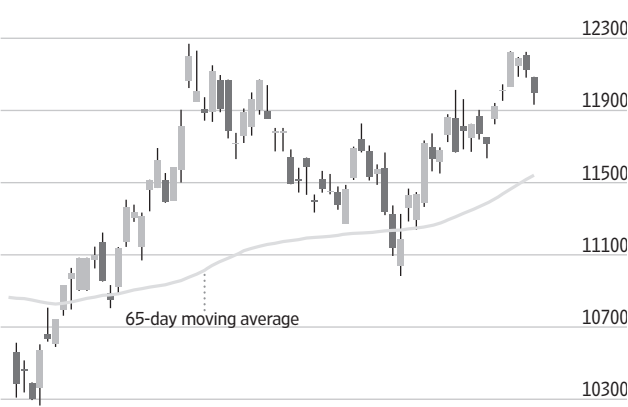


Nasdaq Composite Index

11996.86 ▼129.47, or 1.07%

High, low, open and close for each trading day of the past three months.

Last	26.15	Year ago	33.50
Trailing P/E ratio *	25.37		26.00
P/E estimate *	0.85		0.70
Dividend yield	16057.44		11/19/20
All-time high			



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	33543.84	33376.27	33482.72	80.34	0.24	35160.79	28725.51	-2.9	1.0
Transportation Avg	14061.63	13820.55	13914.49	-111.48	-0.79	15640.70	11999.40	-4.5	3.9
Utility Average	966.44	943.71	963.46	24.62	2.62	1071.75	838.99	-10.0	-0.4
Total Stock Market	40911.65	40608.53	40795.44	-158.73	-0.39	45374.78	36056.21	-9.8	5.9
Barron's 400	920.82	906.32	912.76	-8.07	-0.88	1023.82	825.73	-7.5	-0.8

Nasdaq Stock Market									
Nasdaq Composite	12086.75	11931.85	11996.86	-129.47	-1.07	13897.30	10213.29	-13.6	14.6
Nasdaq-100	13065.28	12894.44	12967.20	-132.87	-1.01	14531.81	10679.34	-10.6	18.5

S&P									
500 Index	4099.69	4072.56	4090.38	-10.22	-0.25	4500.21	3577.03	-8.7	6.5
MidCap 400	2461.26	2435.11	2451.54	-16.65	-0.67	2726.61	2200.75	-6.6	0.9
SmallCap 600	1154.90	1143.35	1149.81	-9.54	-0.82	1315.82	1064.45	-10.3	-0.7

Other Indexes									
Russell 2000	1764.22	1742.78	1752.13	-17.52	-0.99	2038.19	1649.84	-13.1	-0.5
NYSE Composite	15419.65	15304.06	15368.26	-5.85	-0.04	16761.35	13472.18	-7.3	1.2
Value Line	551.27	544.45	547.19	-4.08	-0.74	634.20	491.56	-12.2	2.0
NYSE Arca Biotech	5330.73	5286.40	5321.81	29.47	0.56	5644.50	4208.43	1.5	0.8
NYSE Arca Pharma	868.48	851.26	866.96	15.69	1.84	887.27	737.84	0.3	-0.1
KBW Bank	79.90	78.56	79.58	-0.40	-0.50	121.20	78.06	-33.5	-21.1
PHLX ^S Gold/Silver	139.82	136.39	138.20	0.17	0.13	167.76	91.40	-12.5	14.4
PHLX ^S Oil Service	81.55	79.82	80.99	-0.23	-0.29	93.94	56.08	-2.5	-3.4
PHLX ^S Semiconductor	3111.80	3055.40	3085.97	-56.53	-1.80	3230.86	2162.32	-3.4	21.9
Cboe Volatility	20.08	19.00	19.08	0.08	0.42	34.75	17.87	-13.7	-12.0

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
iSh MSCI Emerging Mkts	EEM	5,956.1	39.21	-0.02	-0.05	39.24	39.12
SPDR S&P 500 ETF Trust	SPY	5,527.1	407.36	-0.24	-0.06	407.74	407.34
Finl Select Sector SPDR	XLFX	4,506.6	31.82	-0.05	-0.16	31.89	31.79
Southwestern Energy	SWN	3,818.0	5.13	0.01	0.20	5.14	5.11
AT&T	T	2,680.8	19.89	0.01	0.05	19.95	19.81
Keurig Dr Pepper	KDP	2,375.6	35.70	0.30	0.85	35.70	35.25
iShares Russell 2000 ETF	IWM	2,365.8	173.42	-0.21	-0.12	173.79	173.10
SPDR Bloomberg HY Bd	JNK	2,215.6	91.40	-0.05	-0.05	91.80	91.35

Percentage gainers...

Company	Symbol	Last	Net chg	% chg	High	Low
Planet Labs PBC	PL	94.7	3.86	0.20	5.46	4.00
Purple Innovation	PRPL	372.2	2.46	0.11	4.68	2.46
Atlas Energy Solutions	AESE	103.8	18.07	0.76	4.39	18.07
Eagle Bulk Shipping	EGLE	59.7	44.93	1.51	3.48	44.93
Roivant Sciences	ROIV	98.5	7.36	0.25	3.45	7.40

...And losers

Company	Symbol	Last	Net chg	% chg	High	Low
Nuburu	BURU	106.4	4.05	-0.22	-5.15	4.29
SLM Corp	SLM	131.0	12.45	-0.61	-4.67	13.06
Southwest Airlines	LUV	67.3	30.12	-1.46	-4.62	31.80
Extreme Networks	EXTR	148.3	18.15	-0.87	-4.57	19.39
Nutanix CI A	NTNX	213.3	24.37	-0.93	-3.68	25.30

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	906,170,947	10,349,511
Adv. volume*	353,135,392	3,381,853
Decl. volume*	542,679,121	6,520,566
Issues traded	3,100	317
Advances	1,125	103
Declines	1,872	190
Unchanged	103	24
New highs	27	3
New lows	51	8
Closing Arms ¹	1.04	0.71
Block trades*	4,211	124

Nasdaq NYSE Arca

Total volume* 4,378,598,260 312,707,570

Adv. volume* 1,334,404,295 103,453,688

Decl. volume* 3,000,298,259 205,326,195

Issues traded 4,635 1,731

Advances 1,463 603

Declines 2,961 1,112

Unchanged 211 16

New highs 53 23

New lows 272 15

Closing Arms¹ 1.11 0.81

Block trades* 28,296 1,541

*Primary market NYSE, NYSE American NYSE Arca only.

¹(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An

Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	645.06	-2.61	-0.40	6.6
	MSCI ACWI ex-USA	299.51	-1.57	-0.52	6.5
	MSCI World	2784.05	-12.73	-0.46	7.0
	MSCI Emerging Markets	987.85	0.23	0.02	3.3

Americas	MSCI AC Americas	1551.10	-5.59	-0.36	6.4
Canada	S&P/TSX Comp	20159.55	-116.21	-0.57	4.0
Latin Amer.	MSCI EM Latin America	2164.87	-22.83	-1.04	1.7
Brazil	BOVESPA	100977.85	-891.60	-0.88	-8.0
Chile	S&P IPSA	3108.84	4.88	0.16	-2.0
Mexico	S&P/BMV IPC	53498.39	-677.62	-1.25	10.4

EMEA	STOXX Europe 600	456.59	-0.75	-0.16	7.5
Eurozone	Euro STOXX	454.39	-2.10	-0.46	10.8
Belgium	Bel-20	3769.75	5.83	0.15	1.9
Denmark	OMX Copenhagen 20	1988.05	-10.13	-0.51	8.3
France	CAC 40	7316.30	-28.66	-0.39	13.0
Germany	DAX	15520.17	-83.30	-0.53	11.5
Israel	Tel Aviv	1741.91	...	Closed	-3.1
Italy	FTSE MIB	26867.39	-159.17	-0.59	13.3
Netherlands	AEX	755.76	-2.60	-0.34	9.7
Norway	Oslo Bors All-Share	1358.82	-6.05	-0.44	-0.3
South Africa	FTSE/JSE All-Share	76656.42	-802.16	-1.04	4.9
Spain	IBEX 35	9254.60	71.40	0.78	12.5
Sweden	OMX Stockholm	826.35	-16.47	-1.95	5.7
Switzerland	Swiss Market	11115.40	41.92	0.38	3.6
Turkey	BIST 100	4919.87	-64.24	-1.29	-10.7
U.K.	FTSE 100	7662.94	28.42	0.37	2.8
U.K.	FTSE 250	18601.42	-213.62	-1.14	-1.3

Asia-Pacific	MSCI AC Asia Pacific	162.40	-0.53	-0.32	4.3
Australia	S&P/ASX 200	7237.20	1.18	0.02	2.8
China	Shanghai Composite	3312.56	...	Closed	7.2
Hong Kong	Hang Seng	20274.59	...	Closed	2.5
India	S&P BSE Sensex	59689.31	582.87	0.99	-1.9
Japan	NIKKEI 225	27813.26	-474.16	-1.68	6.6
Singapore	Straits Times	3318.87	7.75	0.23	2.1
South Korea	KOSPI	2495.21	14.70	0.59	11.6
Taiwan	TAIEX	15868.06	...	Closed	12.2
Thailand	SET	1571.13	-22.92	-1.44	-5.8

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week Low	% chg
Liminal BioSciences	LMNL	6.72	3.10	85.64	9.70	3.10	-29.3
InfraRx	IFRX	6.10	2.33	61.80	7.25	0.78	244.6
Nuburu	BURU	4.27	1.55	56.99	14.00	2.55	-56.9
Siclex Holding	SCLX	12.40	4.48	56.57	16.90	2.87	21.9
Eloxx Pharmaceuticals	ELOX	4.21	0.96	29.35	23.20	1.70	-81.2
CBL International	BANL	9.83	1.66	20.32	10.99	4.17	...
Omega Therapeutics	OMGA	7.19	1.18	19.63	11.98	1.98	17.5
MorphoSys ADR	MOR	4.59	0.64	16.20	7.26	3.17	-35.2
Multi Ways Holdings	MWG	6.48	0.83	14.69	16.33	3.00	...
Lavoro	LVRO	6.16	0.74	13.65	15.82	5.24	-36.6
Windtree Therapeutics	WINT	5.18	0.56	12.12	71.50	4.28	-90.6
NaaS Technology ADR	NAAS	11.32	1.21	11.97	22.45	2.75	178.8
RumbleON CI B	RMBL	6.58	0.68	11.43	31.67	5.45	-78.8
ADS-TEC Energy	ADSE	2.60	0.24	10.17	8.71	2.35	-66.8
Team	TISI	5.67	0.52	10.10	30.70	4.90	-79.2

Most Active Stocks

Company	Symbol	Volume (000)	%chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Mullen Automotive	MULN	237,562	-5.4	0.10	-3.90	2.85	0.09
Tesla	TSLA	133,234	-23.3	185.52	-3.67	364.07	101.81
ProShares UltraPro QQQ	TQQQ	128,422	-30.3	26.89	-3.20	55.37	16.10
ProSh UltraPro Shrt QQQ	SQQQ	117,878	-14.9	30.84	3.25	69.55	29.18
Virgin Orbit	VORB	111,340	1493.2	0.20	34.23	7.08	0.12
Bed Bath Beyond	BBBY	99,726	26.2	0.34	-4.75	30.00	0.32
InflaRx	IFRX	93,839	27605.7	6.10	61.80	7.25	0.78
Jowell Global	JWEL	91,155	102530.2	0.42	146.47	3.64	0.17
Direction Dly SCOND 3 BL	SOXL	86,023	-2.8	15.92	-5.18	32.10	6.21
ProSh Ult Bbg Nat Gas	BOIL	71,266	22.6	3.43	4.89	140.50	3.24

Futures Contracts

Metal & Petroleum Futures							Contract							Open interest						
							Open	High	hilo	Low	Settle	Chg								
Copper-High (CMX) -25,000 lbs;\$ per lb.							Open	High	hilo	Low	Settle	Chg		Open interest						
April	3,979.0	3,996.5																		
May	3,974.0	3,996.0																		
Gold (CMX) -5,000 troy oz;\$ per troy oz.																				
April	2022.10	2033.80	▲	2013.60	2020.90	-1.30														
May	2030.00	2040.10	▲	2018.30	2026.80	-2.60														
June	2038.20	2049.20	▲	2026.10	2035.60	-2.60														
Aug	2056.30	2067.10	▲	2044.50	2053.60	-2.60														
Oct	2075.20	2082.80	▲	2062.40	2071.00	-3.10														
Dec	2092.40	2101.00	▲	2079.20	2087.50	-3.90														
Palladium (NYM) -50 troy oz;\$ per troy oz.																				
April					1422.00	-30.40														
June	1462.50	1475.00		1414.50	1425.30	-30.40														
Platinum (NYM) -50 troy oz;\$ per troy oz.																				
April	1016.80	1023.20		996.00	997.50	-21.20														
July	1029.70	1036.90		1000.90	1007.40	-21.60														
Silver (CMX) -5,000 troy oz;\$ per troy oz.																				
April	25.115	25.145	▲	24.790	24.963	-0.059														
May	25.175	25.295	▲	24.785	25.037	-0.064														
Crude Oil, Light Sweet (NYM) -1,000 bbls;\$ per bbl.																				
May	81.01	81.24		79.72	80.61	-0.10														
June	81.01	81.25		79.75	80.63	-0.09														
July	80.69	80.94		79.50	80.36	-0.07														
Aug	80.10	80.40		78.98	79.82	-0.07														
Sept	79.29	79.69		78.30	79.14	-0.07														
Dec	77.23	77.50		76.20	77.01	-0.03														
NY Harbor ULSD (NYM) -42,000 gal;\$ per gal.																				
May	2.6900	2.7399		2.6561	2.7310	-0.643														
June	2.6388	2.6780		2.6097	2.6717	-0.480														
Gasoline-NY RBOB (NYM) -42,000 gal;\$ per gal.																				
May	2.7586	2.8246		2.7395	2.8201	-0.830														
June	2.7032	2.7547		2.6919	2.7505	-0.581														

Contract							Open interest						
Open	High	hilo	Low	Settle	Chg								
Natural Gas (NYM) -10,000 MMBtu;\$ per MMBtu.													
May	2.096	2.197		2.065	2.155	.049							
June	2.332	2.421		2.300	2.381	.037							
July	2.585	2.667	▼	2.550	2.624	.027							
Sept	2.600	2.696		2.582	2.655	.029							
Oct	2.688	2.783	▼	2.670	2.739	.025							
Jan'24	3.795	3.868	▼	3.767	3.812	-0.003							

Agriculture Futures							Contract							Open interest						
							Open	High	hilo	Low	Settle	Chg								
Corn (CBT) -5,000 bu; cents per bu.																				
May	653.75	660.00		646.50	652.75	-1.00														
July	628.50	631.25		621.00	627.50	-5.50														
Oats (CBT) -5,000 bu; cents per bu.																				
May	349.25	348.75		338.00	338.00	-3.00														
July	330.25	346.50		332.50	332.75	-7.50														
Soybeans (CBT) -5,000 bu; cents per bu.																				
May	1517.50	1527.00		1506.50	1511.00	-6.50														
July	1483.25	1491.00		1471.00	1477.75	-5.00														
Soybean Meal (CBT) -100 tons;\$ per ton.																				
May	457.40	458.10		450.10	450.60	-6.80														
July	453.20	453.50		446.20	446.80	-6.30														
Soybean Oil (CBT) -60,000 lbs; cents per lb.																				
May	55.81	56.30		55.10	55.22	-52														
July	55.97	56.43		55.34	55.44	-46														
Rough Rice (CBT) -2,000 cwt;\$ per cwt.																				
May	16.77	16.90		16.71	16.83	.04														
Sept	15.49	15.49	▼	15.15	15.38	-11														
Wheat (CBT) -5,000 bu; cents per bu.																				
May	693.00	693.25		675.00	682.00	-9.50														
July	705.00	705.25		688.00	694.75	-9.25														
Wheat (KC) -5,000 bu; cents per bu.																				
May	870.50	874.50		853.00	861.50	-11.00														
July	857.00	857.00		837.25	843.00	-14.75														
Cattle-Feeder (CME) -50,000 lbs; cents per lb.																				
April	198.225	198.725		197.625	197.825	-125														

	Contract					Open interest
	Open	High	hilo	Low	Settle	Chg
May	202.500	203.300		201.825	202.100	-.175
Cattle-Live (CME) -40,000 lbs; cents per lb.						
April	167.750	168.775		167.525	168.400	.800
June	160.250	161.075		160.100	160.300	.075
Hogs-Lean (CME) -40,000 lbs; cents per lb.						
April	71.975	74.300	▼	71.975	73.400	1.175
June	89.125	89.350	▼	87.400	88.375	-1.200
Lumber (CME) -110,000 bd ft, \$ per 1,000 bd ft.						
May	379.50	391.20		375.60	384.00	6.90
Milk (CME) -200,000 lbs; cents per lb.						
April	18.77	18.95		18.62	18.67	.03
May	18.20	18.33		17.94	18.06	-1.10
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
May	2,921	2,922		2,886	2,903	-11
July	2,885	2,890		2,860	2,877	-5
Coffee (ICE-US) -37,500 lbs; cents per lb.						
May	175.20	181.50		175.20	180.15	5.30
July	174.35	180.15		174.30	179.00	5.05
Sugar-World (ICE-US) -112,000 lbs; cents per lb.						
May	22.48	23.01	▲	22.41	22.95	.48
July	22.07	22.56	▲	22.01	22.55	.48
Sugar-Domestic (ICE-US) -112,000 lbs; cents per lb.						
May	38.11	39.25		38.00	38.01	-.15
March'24	38.41	38.85	▲	38.40	38.74	.43
Cotton (ICE-US) -50,000 lbs; cents per lb.						
May	81.00	81.97		80.51	81.07	.02
July	80.76	82.20		80.76	81.29	-.09
Orange Juice (ICE-US) -15,000 lbs; cents per lb.						
May	276.45	286.20	▲	275.60	282.20	5.50
July	263.50	270.00	▲	263.05	269.05	5.30

MARKETS

Stocks Mostly Fall on Slowdown Fears

Johnson & Johnson is among top performers on the day, as MarketAxess drops

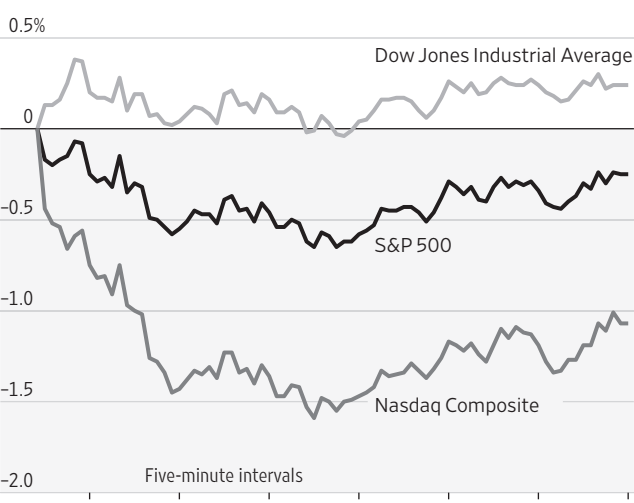
By JACK PITCHER AND CHELSEY DULANEY

Stocks mostly fell as investors focused on fresh signs of a slowing U.S. economy. The S&P 500 dropped for a second day, closing down 10.22 points, or 0.2%, at 4090.38. The tech-heavy Nasdaq Composite dropped 129.47 points, or 1.1%, to 11996.86. The Dow Jones Industrial Average was the outlier, inching up 80.34 points, or 0.2%, to 33482.m 72.

Data this week suggest the labor market is weakening. A report Wednesday from payroll-processing firm ADP suggested nonfarm private-sector employment rose by 145,000 in March, down from a 261,000 gain in February and below economists' expectations. That came a day after a Labor Department report showed job openings fell to the lowest level since 2021 in February, a sign that demand for workers is beginning to slow.

Marija Veitmane, head of equity research at State Street, said investors have shifted their attention away from March's banking turmoil

Index performance Wednesday



Source: FactSet

and back to the risk of a recession that could drag down consumer spending and corporate profits.

"I'm in the camp that bad news is bad news," said Ms. Veitmane. "This week, we're getting this realization that we're avoiding a banking crisis but economic fears are still there. We're going from financial crisis to cyclical slowdown."

Treasury yields dropped again, with the yield on the 10-year note falling to 3.285% from 3.335% a day earlier.

"Recession risks have increased," Mark Haefele, chief investment officer at UBS Global Wealth Management, wrote in a note to clients. "As

the slowdown of the U.S. economy becomes more apparent, we think investors should prepare for a peak in interest rates by considering opportunities in bonds."

Economically sensitive sectors of the S&P 500, including industrials, materials and real estate, have underperformed since bank stress came to the forefront in early March. All are down more than 4% over the last month. Some traders appear to be betting that a slowdown in regional bank lending to smaller businesses will reverberate through the economy, ultimately curbing growth and hitting economically sensitive sectors hardest. The utilities sector, typi-



Johnson & Johnson shares rose 4.5% after offering to settle talc-related litigation.

cally considered a haven, was the best performer Wednesday, adding 2.6%.

Traders will get another look at the health of the U.S. economy on Friday with the release of the widely watched payrolls report. U.S. equity markets will be closed, however, in observance of Good Friday.

Some are welcoming weaker job numbers as a sign the Federal Reserve's fight against inflation is making progress. A hot labor market and rising wages have been a major contributor to inflation.

Tuesday's job openings figures suggest that "labor supply and demand are moving into better balance," said Art

Hogan, chief market strategist at B Riley Wealth Management.

Among individual stocks, Johnson & Johnson was one of the S&P 500's best performers, finishing the day up \$7.12, or 4.5%, at \$165.61 after the company proposed one of the biggest product-liability settlements ever for its talc-containing powders.

Electronic-bond trading platform MarketAxess was the worst performer in the broad-based index, plunging \$54.55, or 14%, to \$337.74 a share after announcing first-quarter trading volume statistics.

Oil wavered, slightly adding to highs reached Monday after a Saudi-led group of pro-

ducers vowed to cut output. Brent crude rose 0.1%.

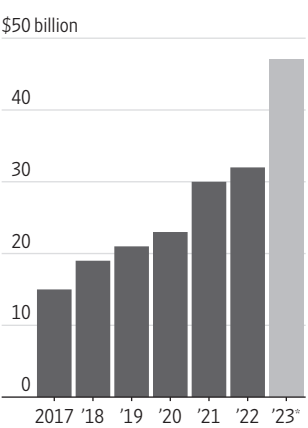
Overseas, the pan-European Stoxx 600 fell 0.2%. Early Thursday, Japan's Nikkei 225 was down 1.1% and South Korea's Kospi was down 0.7%. S&P 500 futures fell 0.2%.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

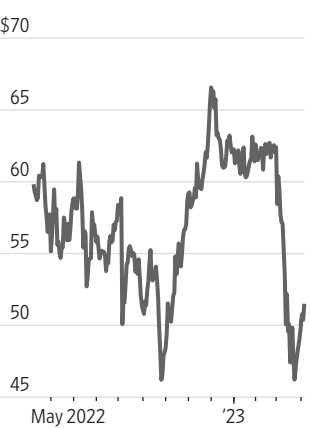
17-WEEK BILLS	
Applications	\$101,901,415,300
Accepted bids	\$36,754,769,800
* noncompetitively	\$778,506,100
* foreign noncompetitively	\$0
Auction price (rate)	98.4286% (4.750%)
Coupon equivalent	4.90%
Bids at clearing yield accepted	43.89%
Cusip number	912797GF8
The bills, dated April 11, 2023, mature on Aug. 8, 2023.	

Sound Point assets under management



*Estimate includes Assured Guaranty Assets
Sources: the company (assets); FactSet (share price)

Assured Guaranty's share price



Insurer, Manager Join Forces

Continued from page B1
ment banks for first looks at interesting opportunities."

"Scale in the credit space is more important now than it has ever been," Mr. Ketchum said.

Mr. Ketchum, a former investment banker who started Sound Point in 2008, will be the combined firm's chief investment officer and controlling shareholder if the deal goes through.

The companies said they expect the deal to close in the third quarter of 2023, subject to the receipt of certain consents and regulatory approval. Much of Assured's investment personnel are expected to join Sound Point in New York and London.

Sound Point would take over about \$15 billion of investments controlled by Assured's investment arm, according to the firms. Assured, which committed to invest \$1 billion in funds operated by Sound Point, would receive a 30% stake in the combined business.

Money managers have been replacing banks as lenders to corporations, real-estate developers and consumers since regulators restricted banks'

risk taking after the 2008 financial crisis. The process accelerated in recent years as firms such as Apollo and KKR & Co. acquired insurers, gaining access to larger pools of money to invest. Apollo also negotiated last fall the purchase of a business from Credit Suisse Group AG that arranges corporate and mortgage-backed debt deals.

Sound Point would become the fifth-largest manager of collateralized loan obligations, or CLOs, in the world, Sound Point and Assured said. CLO funds own about 60% of the roughly \$1.5 trillion market for loans made to companies with junk credit ratings.

Assured, which primarily insures municipal bonds, first waded into credit investing in 2019 when it bought BlueMountain Capital, a firm once famous for betting against a JPMorgan Chase & Co. trader nicknamed the "London whale." Sound Point had bid on the BlueMountain assets at the time and has remained in dialogue with Assured since then, Mr. Ketchum said.

Assured's investment business now mostly manages CLOs while Sound Point manages \$21 billion of CLOs and about \$11 billion of other debt investment products.

Their transaction follows Investcorp's similar agreement in December to purchase CLO manager Marble Point Credit Management LLC and Carlyle Group Inc.'s acquisition last year of CLO manager CBAM Partners.

S&P 500 Sectors Diverge as Tech Leads, Cyclical Shares Lag Behind

By JACK PITCHER

Investors are wagering that a general slowdown and tighter lending conditions stemming from the turmoil in the banking sector will force the Federal Reserve to loosen monetary policy sooner than expected.

Since the abrupt collapse of Silicon Valley Bank, investors have thrown out the playbook they used last year when they dumped riskier, rate-sensitive technology companies in favor of investments that generated immediate cash for the holder.

Instead, they have piled back into the big tech behemoths that propelled the market's advance in the years after the 2008 financial crisis. They have shunned stocks that are typically considered cyclical, or sensitive to the performance of the economy. The materials, real estate and industrials segments of the S&P 500 have all dropped at least 4% over the past month.

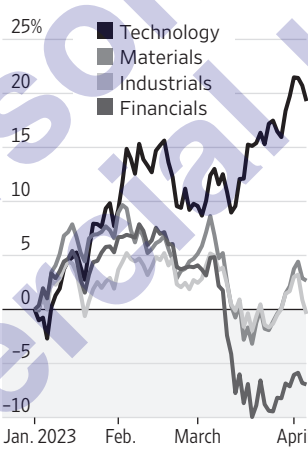
The S&P 500 has been relatively resilient in the wake of the bank crisis, rising 1.1% over the past month, but there has been more action underneath the market's surface.

Dispersion in the index, a measure of how spread out individual stock returns are, rose to 31% at the end of March from 23% a month earlier, according to S&P Global. March's reading is above the 75th percentile historically. The higher the dispersion percentage, the more likely stock returns are to differ.

"Tighter lending standards are going to create winners and losers," said Sean Sun, a portfolio manager at Thornburg Investment Management. "Technology companies don't need credit to grow. Cyclical and some other industries do."

Deposits flooded out of small and midsize banks last month. Because banks need deposits to make loans, lend-

S&P 500 sector performance



Sources: FactSet (performance); Tradeweb ICE Closes (Treasury)

ing is expected to shrink as well. Banks are also expected to build larger cash buffers and take fewer risks with future loans while they work to regain investor confidence. That may leave some companies without access to the credit they need to expand their operations.

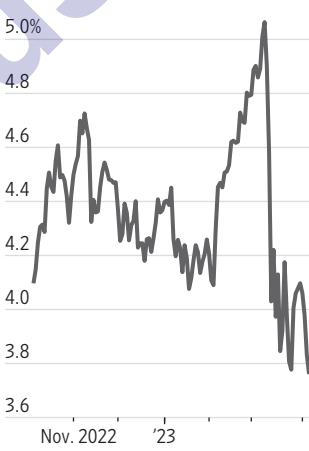
In turn, Fed officials have acknowledged that the stress in the banking system could end their rate-rise campaign sooner than expected just weeks ago.

Both factors are expected to be a boon for big tech companies: They have more cash on their balance sheets than those in other industries, so they aren't reliant on credit. They thrive in lower rate environments when investors are willing to pay more for shares of companies that they expect to churn out outsize profits in the future.

Apple Inc. shares have climbed 26% in 2023 and 8% in the past month. Microsoft Corp. has advanced 19% and 12%, respectively, over those periods. Both companies have tens of billions in cash already on hand.

Despite tumbling last year, tech stocks are still trading at elevated levels, leaving them vulnerable in the event of a potential recession. The tech

U.S. two-year Treasury note



sector is trading at roughly 24.7 times its expected earnings over the next 12 months, and the communication-services sector trades at about 16.6 times earnings. In comparison, the S&P 500's multiple is about 18.3.

The information-technology and communication-services sectors of the S&P 500—both of which house big tech stocks—have risen more than 6% over the past month. The

Banking stress could end the Fed's rate increases sooner than expected.

tech-focused Nasdaq 100 Index is trading near its highest level since August and recently exited a bear market, climbing more than 20% from its December low.

Despite tumbling last year, tech stocks are still trading at elevated levels, leaving them vulnerable in the event of a potential recession. The tech sector is trading at roughly 24.5 times its expected earnings over the next 12 months, and the communication-services sector trades at about

16.6 times earnings. In comparison, the S&P 500's multiple is about 18.2.

"The market is already expressing a view on what this shift from monetary tightening to credit tightening will mean," Dominic Wilson, Goldman Sachs Group Inc.'s chief markets economist, wrote in a note to clients last week. It would be a "growth hit from credit constraints that will be big enough for the Fed to shift monetary policy substantially, but highly concentrated in areas dependent on credit, especially from smaller banks."

The companies comprising the S&P 500 have many sources of financing and little direct exposure to regional bank lending. Still, any slowdown in lending to smaller companies is likely to reverberate through the economy and be felt by the largest firms in cyclical industries.

As such, shares of smaller companies have fared worse than their larger counterparts. The S&P 600, an index of small-cap stocks with market values between \$750 million and \$4 billion, has dropped 8.5% in the past month. The midcap version of the index has fallen 6.6%.

Bond markets have rapidly repriced as well, with traders now betting that the Fed is close to finished with its rate-hiking cycle. The two-year Treasury yield, which is particularly sensitive to short-term rate expectations, peaked above 5% on March 8 and has since fallen to 3.761%. Traders in interest-rate futures are currently pricing in a 54% chance that the Fed will leave its policy rate unchanged at its next meeting in May, according to CME Group.

Although tighter lending standards are difficult to quantify in the short run, Wall Street is quickly adjusting forecasts for the Fed's terminal policy rate and overall economic growth to account for the impact.

KKR's Envision Healthcare Is in Talks With Some Lenders

By ALEXANDER SAEEDY

KKR & Co.'s Envision Healthcare Corp. is in negotiations with some of its creditors after missing a March deadline to report its quarterly financials, according to people familiar with the matter.

The Nashville, Tenn.-based physician-staffing company missed the March 31 deadline to report its fourth-quarter financials, triggering a technical default under the company's

loans that it has 10 business days to cure, the people said.

Envision, one of KKR's biggest healthcare investments, has signed nondisclosure agreements with a subset of its first-lien lenders represented by law firm Gibson Dunn & Crutcher LLP, the people said.

Gibson Dunn & Crutcher didn't respond to a request to comment.

KKR, which bought Envision for \$6 billion in 2018, declined to comment.

Envision also declined to comment. The company contracts with hospitals to provide them with an array of medical professionals, and has struggled since the Covid-19 pandemic started and patients tried to avoid going to the hospital for nonemergency care.

Representatives of Envision's law firm Kirkland & Ellis LLP didn't respond to requests for comment, and financial adviser PJT Partners Inc. also declined to comment.

The company's most recent earnings report, for the quarter ended Sept. 30, showed revenue dropped 13% year-over-year to \$1.6 billion, the people familiar said.

Some of Envision's bonds and loans are currently trading as low as 15 cents on the dollar, according to market data provider Solve, a sign that investors aren't expecting to get paid back in full.

Envision's move to sign nondisclosure agreements with lenders opens a path to

another round of debt fundraising for the healthcare company, people familiar with the matter said.

In May, Envision moved an estimated \$2.5 billion in collateral backed by its AmSurg business away from many of its existing lenders as part of a \$2.6 billion recapitalization involving asset managers Centerbridge Partners LP and Angelo Gordon & Co.

Lenders that were excluded from last year's deal organized with Kasowitz Benson & Tor-

res LLP to assess their legal rights.

However, Envision was able to pick off some of that group's members by offering them participation rights and better terms for a subsequent refinancing that didn't initially include all lenders, the people said.

Other distressed businesses have engaged in similar asset-shifting maneuvers in recent years to increase their borrowing capacity, often at some creditors' expense.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

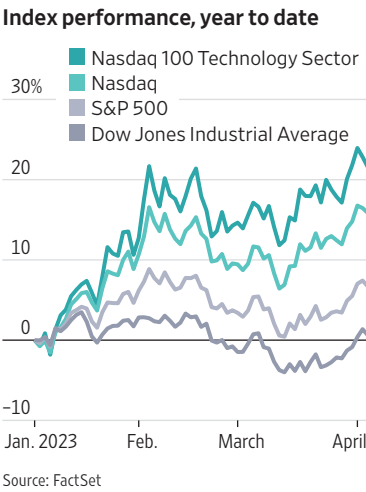
Tech’s Year of Efficiency Priced In

Relief at layoffs and hopes for a second-half recovery may be overheating stocks

Tech investors may be counting their pink slips before they are sent.

Many tech companies have spent the first part of the year laying off workers by the thousands, or at least announcing plans to do so. Announced job cuts among major tech companies during the first quarter totaled 219,569 positions, according to tech job tracker site TrueUp. That follows announced cuts totaling 115,860 jobs during the fourth quarter, when Twitter and Facebook-parent **Meta Platforms** kicked off the layoff wave.

Not coincidentally, tech stocks also came roaring back to life during the quarter following a historic selloff. The Nasdaq-100 Technology Sector Index surged nearly 24% in the first quarter after losing 40% of its value in 2022—the worst annual performance since the global financial crisis in 2008, according to FactSet. **Salesforce**, **Spotify** and **Roku** have been among the major gainers reducing their workforces. Those three stocks jumped between 50% and 70% during the first quarter. But the biggest companies had an outsize impact. Shares of **Apple**, **Microsoft**, **Amazon.com**, **Nvidia**, Meta and Google-parent **Alphabet**



averaged a 42% jump in the first quarter. Those six companies comprise 23% of the S&P 500's total market value.

The upsurge in tech stocks likely has a variety of drivers—including investor flight from the financial sector during last month's banking panic. But momentum was strong for the tech sector well ahead of that, as investors broadly cheered the industry's newfound sense of financial discipline following a surge in postpandemic hiring and expansion costs.

Yet those cuts probably won't be of much help in the coming first-quarter earnings season. Take Facebook's parent, which is expected to show its fourth consecutive quarter of year-over-year advertising revenue declines. The social-network giant has leaned in hardest on the cost-cut story, having announced plans to cut loose a total of 21,000 employees since November. But unfriending nearly a quarter of its workforce isn't going to boost the bottom line soon. The midpoint of Meta's current projected range of total expenses for this year is nearly 2% higher than last year's outlay. The Reality Labs division that is pursuing the company's metaverse dream is still expected to generate nearly \$4 billion in operating losses in the first quarter alone.

Yet, Meta's share price has surged 78% since the start of the year. But even less extreme upswings by other big techs stand out. Microsoft, Amazon and Alphabet have jumped between 19% and 24% this year—while the S&P 500 has risen around 7%. All three announced major layoffs in January totaling 40,000 workers, and Amazon followed up with plans announced last month to cut an addi-

tional 9,000 jobs. All three are also expected to show anemic revenue growth rates for the March quarter relative to their recent histories, while Microsoft and Google are also projected to show flat operating margins for the full calendar year compared with 2022.

Tech investors aren't just counting on job cuts to boost the bottom line. Analysts are also widely projecting a strong rebound in business in the second half of this year—still a risky assumption given uncertainty about the slowing economy and the ultimate direction of interest rates. Projected revenue growth rates for Apple, Microsoft, Amazon, Nvidia and the parent companies of Google and Facebook for the second half of this year are nearly 12 percentage points higher than the average growth projections for the first half, according to FactSet data.

"I think it's clear investors have already begun to shift their attention to topline growth and there is a moderate expectation that most tech companies will see a meaningful reacceleration" in the second half, Bernstein analyst Mark Schilinsky wrote. "It better come or watch out below," he added.

—Dan Gallagher

Internet users in India vs. key global economies in 2022



Source: Redseer Strategy Consultants

India Asserts Itself Globally

India wants to have a seat at the table vetting overseas mergers and acquisitions as the country asserts itself on the global tech stage. If the country's internet population is anything to go by, it is about time.

Earlier this week, India authorized its antitrust regulator to parse global deals by approving amendments to the competition law, which includes a requirement for companies with substantial business operations in the South Asian nation to seek antitrust permissions for all deals exceeding 20 billion Indian rupees, the equivalent of \$244 million, in transaction value. Until now, the Competition Commission of India examined deals based on companies' asset size and turnover.

The latest move follows a series of developments over the past year that might have gotten Google, Meta and Amazon worried about their future in the country. The giant tech firms now face heightened scrutiny if they try to expand their presence there through acquisitions. According to Anisha Chand, an antitrust lawyer with Indian firm Khaitan & Co, the intention of the amendments is to fill the perceived enforcement gap and stop key deals from falling through the cracks. She cited several landmark deals, including Facebook's acquisition of WhatsApp and Microsoft's buyout of LinkedIn, that weren't vetted by the CCI despite India being one of their largest markets in terms of user base.

Amid rising hostility with big U.S. tech firms, especially with WhatsApp's refusal to weaken encryption and its privacy policy, Facebook's deal to purchase the app would have been prolonged and probably a losing battle in India if it were to happen now. American investors and investment bankers who once concerned themselves only with U.S. or perhaps European regulatory hurdles to deal making now have another country's views to weigh.

The new act will allow the watchdog to have a say on technology deals where traditional metrics such as asset size don't apply. Such measures have become archaic in the digital deal making space where deal value is often calculated based on competitive threat or likelihood of the firm dominating the market going forward. The change is in line with amendments made in Germany and Austria which now follow the deal-value threshold. The U.S. has followed the practice for a while now. China too has been closely reviewing deals amid rising tensions with the U.S. In 2018, Qualcomm abandoned a \$44 billion bid for Dutch chip maker NXP Semiconductors after Chinese regulators failed to approve it. It is only getting tougher.

India's importance in the global technological landscape is likely to increase in the coming years. According to Redseer Strategy Consultants, at 780 million, India is home to the second-largest internet user base in the world—more than twice the entire U.S. population. It estimates that by 2030, the count will reach one billion, almost mirroring China's number today. An average Indian also spends about 7.3 hours a day on their smartphone, which is one of the highest times in the world.

The freshly amended law will mean India's booming tech economy becomes one of the most hotly contested battlegrounds, with the government acting as a strict referee.

—Megha Mandavia

Walmart Pushes Supply-Chain Strategy

Walmart is going all in on its supply chain.

The retailer, in its two-day investment community meeting that concluded Wednesday, reiterated its target to increase sales by about 4% annually over the next three to five years and to expand operating income by more than that. Chief Financial Officer John Rainey said on Wednesday that the company sees a path for operating-income growth to be markedly higher than revenue growth. The bullish message seems to have gotten through to investors: Walmart shares gained about 1.7% after the company's presentation.

Walmart has outlined several different levers it can pull to get there, including selling more categories of higher-margin general merchandise. But what will truly move the needle is its investment in supply chain and technology, which Walmart thinks will reduce costs and result in better delivery speed and accuracy. Ultimately, the goal seems to be to retain and expand its e-commerce customer base, which is central to increasing higher-margin profit streams such as advertising.

Walmart is certainly putting its money where its mouth is: While the retailer increased its capital expenditures on U.S. stores by 72% last year compared with 2017, it more than doubled its spending on supply chain and technology. Its overall capital expenditures have increased as a result to 2.8% of its total revenue last year and are expected to stay elevated over the next few years. Between 2017 and 2021, Walmart devoted 2% of revenue to capital expenditures, on average.



The retailer doubled its spending on supply chain and technology since 2017. A Walmart fulfillment center

The mention of heavy supply-chain investments could be triggering to investors familiar with Amazon's overbuilt fulfillment network, but Walmart's plans seem focused more on improving how it uses its existing assets. Walmart's built-in advantage is that it already has a vast network of stores that are within 10 miles of 90% of American households. It is cheaper to set aside floor space for e-commerce fulfillment than to build a completely new fulfillment center. In such stores, Walmart has already seen faster picking speeds on online orders and higher weekend

store traffic because the sales floor is less crowded with employees.

Eventually, though, Walmart plans to automate most of that picking. It has set a goal of servicing 65% of its stores through automation in three years and moving 55% of fulfillment-center volume through automated facilities. Unit-cost averages could improve by about 20% as a result, the company figures. Because these are improvements behind the scenes, Walmart might need to provide more data going forward such as regular updates on average delivery times and picking speed to help investors

appreciate its progress.

Ultimately, Walmart will have to prove that it can lift its returns back to what they were before it began investing heavily in e-commerce. In the past five-years, its return on invested capital was 9.1% on average—a far cry from the 13% to 15% that Walmart experienced before e-commerce became a significant part of its business.

Walmart's future is looking more tech-driven than ever. Its numbers will have to live up to expectations that come with that word.

—Jinjo Lee

Conagra Margins Are Good Sign for Food Companies

Conagra Brands posted lukewarm results on Wednesday that should nonetheless be reassuring to investors in it and other packaged-food companies.

The maker of Marie Callender's pies and Orville Redenbacher's popcorn said that organic sales in its fiscal third quarter rose 6.1% from a year earlier. That was a significant slowdown from 8.6% in the second quarter and a tad less than the 6.3% growth that analysts had penciled in, according to consensus estimates from Visible Alpha.

In a note, JPMorgan analyst Ken Goldman wrote that the slight miss was disappointing as it comes "at a time when this is rare in the industry."

But the bigger story for Conagra and the broader food sector is probably the recovery in margins, as price increases have finally caught up with inflation in the cost of inputs. In Conagra's quarter, adjusted gross margins were up more than 4 percentage points from a year earlier to 28.1%. This margin inflection began last quarter, but



The company makes Orville Redenbacher's popcorn and Marie Callender's pies.

its continuation is a hopeful sign that the profit recovery is here to stay.

The company also tweaked its guidance for the full fiscal year, implying slightly weaker sales growth but stronger profitability. It now expects organic sales to grow by

7% to 7.5%, compared with the 7% to 8% it forecast last quarter. But it also expects adjusted earnings per share of \$2.70 to \$2.75 for the fiscal year, up from its prior guidance of \$2.60 to \$2.70.

Investors seemed pleased enough with this: Shares rose 1.8%

Wednesday. And 6% sales growth is actually quite good for a food company—especially by prepandemic standards. Conagra said its total retail sales in the quarter were up nearly 25% from three years earlier.

There is also reason for optimism on Conagra's long-term sales outlook based on its strong record under its current management of innovating and keeping its brands relevant to consumer tastes. For instance, the company is rolling out new products such as no-sugar-added frozen apple pies and crustless, low-carb frozen pizzas. It is also introducing canned, Wendy's-branded chili, which will hit store shelves nationally in May.

Conagra remains one of the cheaper food stocks in the market. It is currently trading at 13.7 times forward earnings according to FactSet, compared with 17.8 times for Campbell Soup and 19.5 times for General Mills. A very slight sales miss shouldn't distract investors from that value proposition.

—Aaron Back