



Why the U.S. Never Caught Mullah Omar

REVIEW

WSJ

THE WALL STREET JOURNAL WEEKEND



Summertime...and The Pasta Is Easy

OFF DUTY

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What's News

World-Wide

FBI agents who searched Trump's Mar-a-Lago home Monday removed 11 sets of classified documents, including some marked as top secret and meant to be only available in special government facilities, according to a search warrant released by a federal court in Florida. **A1**

◆ **Chinese officials** are making plans for Xi to visit Southeast Asia and meet face-to-face with Biden in November, according to people familiar with the preparations. **A1**

◆ **The House passed** a climate and healthcare bill, sending it to Biden's desk, the culmination of a push by Democrats that Republicans cast as harmful government overreach. **A6**

◆ **Ukraine said** it is preparing plans to evacuate civilians from towns around the Russian-controlled Zaporizhzhia nuclear plant. **A8**

◆ **Southern Baptist leaders** said that several of the denomination's major entities are under investigation by the Justice Department. **A4**

◆ **The virus that causes** paralytic polio has been found in New York City sewage samples, according to city and state health departments. **A3**

◆ **NHTSA is losing** its top administrator less than three months after lawmakers confirmed his appointment. **A4**

Business & Finance

◆ **U.S. stocks rose** Friday, with major indexes notching gains for the week as investors cheered signs of a slowdown in inflation. The S&P 500, Nasdaq and Dow posted gains of 1.7%, 2.1% and 1.3%, respectively, in Friday's session. **A1**

◆ **Best Buy and Peloton** are cutting hundreds of jobs in a bid to reduce costs as they align their operations with ongoing changes in consumer-spending habits. **A1**

◆ **YouTube is planning** to launch an online store for streaming video services and has renewed talks with entertainment companies about the platform. **B1**

◆ **Five Chinese state-owned** companies said they intend to delist their American depositary shares from the NYSE, as Beijing and Washington remain at loggerheads over U.S. audit requirements. **B1**

◆ **The U.K. economy** contracted in the second quarter, with gross domestic product falling 0.1%, Britain's statistics agency said. **A9**

◆ **It was more expensive** to buy a U.S. home in June than it has been for any month in more than three decades. **A2**

◆ **Huawei's revenue fell** 5.9% in the first half of the year compared with a year earlier, amid continued pressure from U.S. restrictions. **B10**

OPINION

How Your Retirement Account Got Politicized **A13**

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Assailant Stabs 'Satanic Verses' Author Salman Rushdie



SOMBER SCENE: A still image from video shows a man being escorted away as people tended to Salman Rushdie after the author was attacked Friday at a lecture in Chautauqua, N.Y. Mr. Rushdie, who spent years under police protection after Iranian leaders called for his execution over the 1988 book 'The Satanic Verses,' was on a ventilator Friday evening, his agent said. **A3**

Stocks Stage Another Rally To Cap Fourth Week of Gains

By PAUL VIGNA AND JOE WALLACE

U.S. stocks rose Friday, with major indexes notching gains for the week as investors cheered signs of a slowdown in inflation.

The S&P 500 and the Nasdaq Composite both posted their fourth consecutive week of gains. That marked their longest stretch since a streak that ended in early

November, when both rose for five weeks in a row.

Investors hope a recent deceleration in consumer-price growth will encourage the Federal Reserve to raise interest rates at a slower pace, which in turn could prevent the economy from tipping into a recession. Lower rates tend to boost prices for stocks, bonds and more speculative assets like cryptocurrencies, and stocks

have swooned this year in part because of the Fed's aggressive rate increases.

Though inflation is still near the highest it has been in decades, data Wednesday showed that it had eased, clocking in at 8.5% in July compared with 9.1% in June. Data on Thursday showed that U.S. suppliers raised prices in July at the slowest annual pace since last fall, buoyed by a drop in energy

prices.

On Friday, the S&P 500 climbed 72.88 points, or 1.7%, to 4280.15. The Nasdaq Composite jumped 267.27 points, or 2.1%, to 13047.19.

The Dow Jones Industrial Average rose 424.38 points, or 1.3%, to 33761.05.

The Dow rose 2.9% for the

Please turn to page A2

◆ **Consumer sentiment** improved this month..... **A2**

Best Buy, Peloton Cut Jobs, Slash Costs

By ALEX HARRING AND SARAH NASSAUER

Best Buy Co. and Peloton Interactive Inc. are cutting hundreds of jobs across their operations in a bid to reduce costs, a sign of how companies are working to align their operations with ongoing changes in consumer-spending habits.

Best Buy cut hundreds of jobs in stores over the last week, including some workers who do jobs such as helping people purchase or plan home-entertainment system layouts, according to people familiar with the situation. A few weeks ago the company lowered its sales and profit targets for the year.

Peloton said it would shed about 800 jobs—roughly 13% of its workforce—as part of efforts to reduce its operating footprint and restructure the company. It also plans to raise prices on some of its fitness equipment and scale back its bricks-and-mortar retail ambitions.

"These are hard choices because we are impacting people's lives," said Peloton Chief Executive Barry McCarthy in an email to staff Friday. "These changes are essential if Peloton is ever going to become cash flow positive. Cash is oxygen. Oxygen is life."

The latest job cuts come as the overall U.S. job market remains strong. The unemployment rate dropped to 3.5% last month, a half-century low also seen just before the pandemic in early 2020, according to the

Teens, Alcohol and a Crash: Case Shakes South Carolina

The Murdaugh killings have spawned a showdown over liability law

By VALERIE BAUERLEIN

HAMPTON, S.C.—The saga of disgraced South Carolina lawyer Alex Murdaugh includes five deaths, millions of dollars allegedly absconded from clients and, in July, indictments accusing him of murdering his wife and son, to which he pleaded not guilty.

It also spawned a pair of explosive and potentially groundbreaking lawsuits, with one tentatively set to go to trial this fall.

On one side sits the family of Mallory Beach, a 19-year-old killed in 2019 when a boat driven by Mr. Murdaugh's late son, Paul, crashed into a bridge to Parris Island. On the other sits Greg Parker, a wealthy convenience store magnate whose company Ms. Beach's family sued for

selling alcohol to an underage Paul before the boat crash.

Mr. Parker denies his company's culpability in the boat crash, saying the store clerk who sold the alcohol did nothing wrong because Paul Murdaugh presented a valid ID belonging to his older brother.

Mr. Parker, whose Savannah-based Parker's Kitchen chain has 71 stores in Georgia and South Carolina, is effectively the last defendant standing as others have settled and the Murdaugh family's assets are frozen. Under an unusual feature of South Carolina law, that means he could be held 100% financially responsible for the girl's death, with damages potentially running to tens of millions of dol-

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EXCHANGE



REFASHIONING Victoria's Secret is trying to convince women it can change. **B1**

The President Next Door Ruffles Seoul

Leader moves closer to citizens, too close for some

By HAKYUNG KIM

SEOUL—When South Korea's new leader vowed to relocate the presidential office to Lee In's central Seoul neighborhood, the 35-year-old marketing freelancer felt a tinge of excitement. Local development, he thought, could finally flourish in the sleepy Yongsan district.

Mr. Lee, whose apartment

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Xi Plans Biden Meeting During Trip in the Fall

By KEITH ZHAI

Chinese officials are making plans for Xi Jinping to visit Southeast Asia and meet face-to-face with President Biden in November, according to people familiar with the preparations, in what would mark the Chinese leader's first international trip in nearly three years and his first in-person meeting with Mr. Biden since the American leader's inauguration.

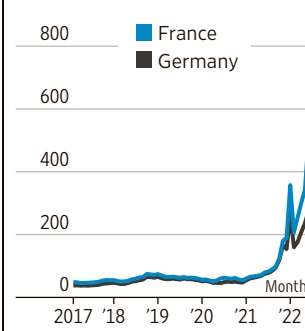
The trip preparations suggest that the 69-year-old Mr. Xi is confident about his fortunes at a twice-a-decade congress set to take place this fall, where he is expected to break with recent precedent and claim a third term as

Energy Woes Plague France

Nuclear-power outages raise risk of winter blackouts. **A9**

Year-ahead power prices in Europe

€1,000 a megawatt-hour



Note: Prices are for periods of peak demand. €1=\$1.03 Source: Argus Media

Communist Party chief. Officials involved in the preparations said the Chinese leader is first expected to conclude the party congress, then likely would attend a summit of leaders from the Group of 20 nations on the Indonesian island of Bali on Nov. 15-16.

From there, Mr. Xi is expected to travel to the Thai capital of Bangkok to attend the Asia-Pacific Economic Cooperation summit two days later, they said.

Part of the preparations, which are still at the early stage and could be changed, is to prepare a possible meeting between Messrs. Xi and Biden on the sidelines of one of the

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U.S. NEWS

THE NUMBERS | By Josh Zumbrun

As Population Nears 8 Billion, Some See Peak



Later this year—any day now really—the global population is projected to cross eight billion people.

The United Nations recently pegged the date as Nov. 15, but we don't know with any exact precision. Since the 1960s, when the global number of people first hit three billion, it has taken a bit over a decade to cross each new billion-person milestone, and so it might seem natural to assume that nine billion humans and then 10 billion are, inexorably, just around the corner. That is exactly what the latest population projections from the U.N. and the U.S. Census Bureau have calculated.

But it's worth considering that the world might never make it to 10 billion, or even nine billion, and that the world's major demographic problems won't stem from the growing masses but from shrinking countries, aging populations and dwindling workforces.

We aren't talking about meteor strikes, alien invasions or apocalyptic scenarios but rather straightforward demographic projections that conclude that birthrates have been falling so rapidly around the

world that we could potentially reach the peak of human population in less than a generation.

The U.N.'s projections are the best known. But an alternate set of projections has been gaining attention, spearheaded by demographer Wolfgang Lutz, under the auspices of the Wittgenstein Center for Demography and Global Human Capital at the University of Vienna.

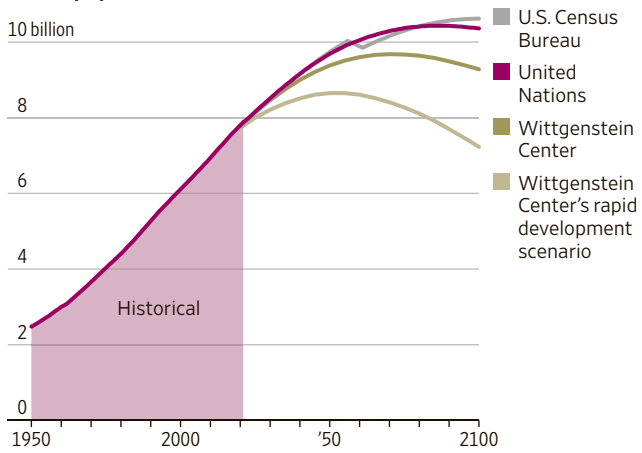
These forecasts project the population peak is closer and lower. A look at the assumptions behind the forecasts shows they are hardly implausible.

"There's two big questions," Mr. Lutz explains, that determine whether his forecasts or the U.N.'s end up closer to the mark. "First, how rapidly fertility will decline in Africa....The other question is China, and countries with very low fertility, if they will recover and how fast they will recover."

The U.N. projects population using historical trends for each country, and calculating how other countries in similar conditions fared in the past.

Lyman Stone, the director of research for the population consulting firm Demographic Intelligence, compares this methodology to technical analysis in stocks.

World population



Note: In 'rapid development,' improved health and education result in smaller families.

The Wittgenstein forecasts, by contrast, look not only at historical patterns but attempt to ask why birthrates rise and fall. A big factor, not formally included in the U.N. models, is education levels. Put simply: As people, especially women, have greater opportunities to pursue education, they have smaller families. (U.N. demographer Vladimira Kantorová said the U.N.'s approach implicitly accounts for development, urbanization, women's education and contraceptive use since it relies on historical data from countries that underwent similar transitions.)

The U.N. projects Africa's

population will grow from 1.3 billion today to 3.9 billion by century's end.

Once education is accounted for, Wittgenstein's baseline scenario projects Africa at 2.9 billion people during that time period. In another scenario from Wittgenstein, which it calls "rapid development," the population of Africa will hit 1.7 billion by century's end.

Wittgenstein's phrase "rapid development" is revealing: This isn't a forecast of doom and decline but one in which health and education improve, with better human well-being, lower mortality, and medium levels of immigration.

This optimism isn't so misplaced, says Danny Dorling, a professor of geography at the University of Oxford. He has written papers and books that have questioned if the U.N.'s forecasts will come to pass.

"In general, health is improving rapidly, education provision is improving dramatically, housing quality is rising," he said.

The other area where the U.N.'s forecasts differ is the question of rebounding fertility.

The U.N. projects that fertility rates between 2022 and 2030 will climb in 50 countries (as well as 14 territories and dependencies). The biggest of these is China.

Ms. Kantorová of the U.N. said predictions of fertility rebounds are based on trends from countries that have experienced a similar pattern.

Could this be too optimistic? China has struggled to reverse the legacy of its one-child policy.

By contrast, Dr. Lutz has proposed the "low-fertility trap hypothesis," in which countries that see fertility drop below 1.5 children per woman have great difficulty rebounding, perhaps because one-child families become an accepted and desired norm for people who grew up that way.

How likely is China to see a sustained rebound when nearby Japan has seen fertility steady at 1.3 or 1.4 children for a generation, or South Korea, which recently slid to just 0.8?

Two years of global pandemic don't seem to be bringing about a baby boom either, notes Dr. Lutz. In fact, the effect has been "quite the opposite, quite significant declines because people got worried. When you're worried about the future you don't have children," he said.

Put it together and the U.N. sees global population topping 10 billion in the late 2050s; Wittgenstein's baseline scenario has a peak of 9.67 billion in 2070, followed by slow decline. Wittgenstein's rapid-development scenario has the global population topping out at 8.7 billion in 2050.

"The reality is reasonable assumptions can lead to very different places," Mr. Stone said.

Policy makers would do well to be humble in assuming endless growth in the human population. It is only one possible future for which the world must be prepared.

"The total population, in the end, is a meaningless number," said Mr. Lutz. "It depends what these people are able to do, what their skills are, whether they have enough to eat."

Consumer Sentiment Improved in August

BY RINA TORCHINSKY

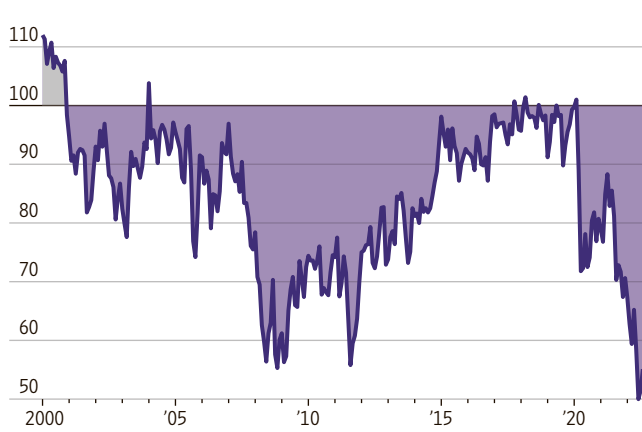
U.S. consumer sentiment rose in early August, continuing its climb from a record low earlier this summer as inflation expectations improved.

The preliminary August estimate of the University of Michigan consumer sentiment index, which surveys consumer attitudes on the state of the economy, rose 3.6 index points to 55.1 from a July reading of 51.5. Consumer sentiment has increased since dropping to 50 in June—the lowest reading on records dating back to 1952.

Future inflation expectations improved but remained elevated, according to the report. The median expected year-ahead inflation rate fell to 5%, the lowest since February. And median long-run inflation expectations held steady at 3%, a rate above inflation ahead of the pandemic.

A significant portion of consumers, near 48%, continue to blame inflation for eroding living standards. Higher-income people, for ex-

University of Michigan Index of Consumer Sentiment



Note: 100=Level of sentiment in 1966; August data is preliminary. Source: University of Michigan

ample, said household finances were down and that they had less to spend on big-ticket items.

U.S. consumer inflation eased slightly to an 8.5% annual pace in July, a modest slowdown driven by a decline in energy prices that was led by a steep decline in gasoline prices.

"The slowdown in inflation is probably constructive for

consumer sentiment," said Aditya Bhawe, U.S. and global economist at Bank of America.

Prices for gasoline and food, compared with other expenses, can have a disproportionate effect on inflation expectations, Mr. Bhawe said. The average price of a gallon of unleaded gasoline in the U.S. this week fell below \$4 in August for the first time since March.

"Lower prices at the pump, combined with potential cresting in annual inflation measures, should allow sentiment to gradually ascend in the months ahead from its record low set in June," Mahir Rasheed, U.S. economist at Oxford Economics, said in an analyst note.

Despite low levels of sentiment, households have continued to spend solidly, a disconnect that Mr. Bhawe said should eventually resolve. "At some point, that's got to resolve and I think the popular view is that eventually spending will slow down in line with sentiment," he said.

Retail sales rose 1% in June, as shoppers weathered higher prices for goods that rose in price, including groceries and furniture. Consumers also spent more at restaurants.

The Commerce Department is set to release July retail sales numbers on Wednesday. "It'll give us a really good view into the trajectory of the consumer going into the third quarter," Mr. Bhawe said.

Home Affordability Is Worst Since '89

BY NICOLE FRIEDMAN

It was more expensive to buy a U.S. home in June than it has been for any month in more than three decades, as record home prices collided with a surge in mortgage rates.

The National Association of Realtors' housing-affordability index, which factors in family incomes, mortgage rates and the sales price for existing single-family homes, fell to 98.5 in June, the association said Friday. That marked the lowest level since June 1989, when the index stood at 98.3.

Existing-home sales have declined for five straight months. Worsening affordability has been a big factor, pricing more buyers out of the market. But even with fewer transactions, prices continue to rise strongly from a year ago because the number of homes for sale remains below historical levels.

The drop in affordability makes it especially hard for first-time buyers to enter the market. First-time buyers typically need to save up for a down payment and can't benefit from selling a previous home.

Conditions have eased a bit in recent weeks. Mortgage rates hit a 13-year high in June but have ticked lower since. Some sidelined buyers re-entered the market in July

and August, according to real-estate agents.

"Thankfully, the worst in affordability could already be over for this cycle," said Lawrence Yun, NAR's chief economist. "Mortgage rates have calmed down in recent weeks, and the consistent wage growth...is narrowing the gap with home-price growth."

Existing-home prices have jumped 46% nationally in the past three years, according to NAR, fueled for much of that period by buyers seeking more space during the pandemic. Still, home buying remained relatively affordable in 2020 and 2021 because mortgage rates dropped to record lows.

Mortgage rates have climbed since the start of the year, rising to 5.22% this week from 3.1% at the end of 2021, according to mortgage-finance company Freddie Mac. Higher borrowing costs are partly due to the Federal Reserve's aggressive efforts to tame inflation by lifting interest rates.

On a national basis, economists expect home-price growth to slow significantly by 2023, and some are forecasting small year-over-year price declines. Yet years of depressed new-home construction following the 2007-09 recession has left the housing market undersupplied, which is likely to prevent steeper price drops, some economists say.

Indexes Log Week Of Gains

Continued from Page One

week. The Nasdaq and the S&P 500 were up more than 3% for the week.

The July inflation data were the first all year not to disappoint the markets, said Oanda analyst Craig Erlam. That plus good earnings reports and hopeful jobs numbers have combined to give equities a burst this summer, he said, despite lingering questions about monetary policy and a possible recession.

"Investors are eternal optimists and will focus on the good and ignore the bad," he said.

Consumers appear to be on the same wavelength as investors. The University of Michigan's preliminary consumer-sentiment index rose to 55.1 in August, up from 51.5 in July. A final reading will be released later this month.

Economists at Bank of America Global Research said in a note that the inflation data make it likely that the Fed will raise its main interest rate by half a percentage point in September, after two consecutive three-quarter-point increases.

Samy Chaar, chief economist at Lombard Odier, said several factors point to slow-

ing inflation, including a fall in shipping rates and decline in global commodity prices. Another risk that had weighed on stocks—the downturn in China's economy—also seems to be improving, Mr. Chaar said.

"The big question here is: Is it morphing into a more fundamental kind of rally?" he said, after the initial pickup in stocks was driven by a rebound from depressed levels.

Mr. Chaar said the risk is that the tight U.S. labor market stops inflation falling below about 3%, which would maintain pressure on the Fed to raise rates higher than many traders expect.

Still, equity markets are down sharply for the year because of the Fed, and many money managers caution it is too soon to say the central bank will ease up in its campaign to quell inflation. Wild cards remain, such as the energy crisis unfolding in Europe, which could boost energy prices globally.

The bond market reflects those concerns more than the equity market. Yields are currently higher on U.S. government bonds that mature in a year or two than they are for longer-dated bonds, like the 10-year Treasury note. This inversion occurs when investors are wary about near-term risks, and often precedes recessions.

The inversion on the one-year and 10-year note earlier in the week hit its deepest point since 2008, according to financial-services firm Tradeweb.

The yield on the benchmark 10-year U.S. Treasury note edged down to 2.848% on Friday from 2.886% on Thursday. The two-year Treasury note edged up to 3.257%.

There doesn't appear to be anything major looming for investors between now and the Federal Reserve's annual

2.9%

Weekly increase for the Dow Jones Industrial Average

conference in Wyoming later this month, Mr. Erlam said. "You may see this turn into a slow burn between now and Jackson Hole," he said.

In corporate equities, shares of Peleton Interactive rose 14%, or \$1.62, to \$13.53 after the company said it plans to cut costs and raise prices.

Toast, which provides a

digital technology platform for restaurants, jumped 8.2%, or \$1.49, to \$19.64 after it boosted its revenue and earnings outlook for the year.

Shares of property-management technology company SmartRent fell 32%, or \$1.79, to \$3.82 after it reported a wider loss for its latest quarter.

Poshmark shares dropped 8.4%, or \$1.08, to \$11.80 after its revenue guidance fell short of analysts' expectations.

Elsewhere in the market, crude-oil prices fell 2.4% to \$92.09 amid a continued drop in the price of retail gas in the U.S. Earlier this week, the nationwide average fell below \$4 a gallon for the first time since March. Crude-oil prices are down 26% from a March high of \$123.70.

Overseas, the Stoxx Europe 600 rose 1.2% for the week.

In Asia, the Nikkei 225 rose 1.3% this week. The Hang Seng slipped 0.1%.

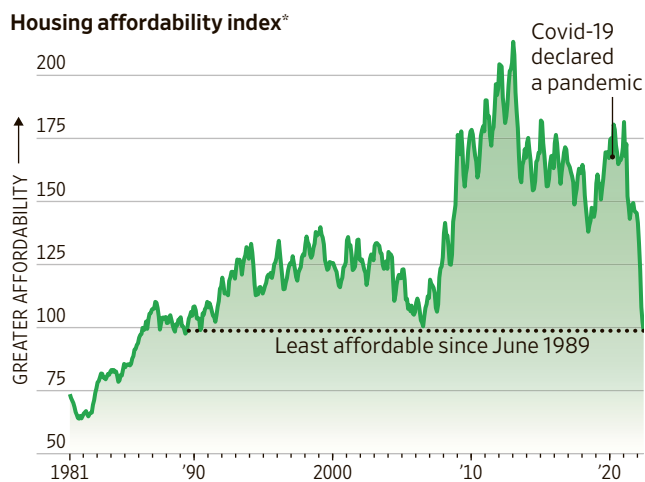
CORRECTIONS & AMPLIFICATIONS

In some editions Friday, the last name of JB Perrette, Warner Bros. Discovery Inc.'s head of streaming, was misspelled as Perette in a Business & Finance article about the fund said Sinovation fell short of its goal; however, there may be subsequent closings and opportunities to reach its goal.

Sinovation Ventures held a

\$200 million first close of its latest fund, which has a fundraising goal of \$500 million. An Aug. 6 headline with a Business & Finance article about the fund said Sinovation fell short of its goal; however, there may be subsequent closings and opportunities to reach its goal.

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



*Assuming 20% down payment and 30-year fixed-rate mortgage for existing median-priced home with median family income. Note: June 2022 is preliminary. Source: National Association of Realtors

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U.S. NEWS

Author Rushdie Stabbed At Lecture

BY GINGER ADAMS OTIS

Salman Rushdie, who spent years under police protection after Iranian leaders called for his execution over the 1988 book "The Satanic Verses," was stabbed Friday while appearing at a lecture series in southwestern New York.

New York State Police said Mr. Rushdie was stabbed at least once in the neck and at least once in the abdomen. The 75-year-old was transported by helicopter to a trauma hospital and taken into surgery, police said.

Mr. Rushdie was on a ventilator Friday evening, with a damaged liver and severed nerves in an arm, his agent, Andrew Wylie, said in an email viewed by The Wall Street Journal. He is also likely to lose an eye.

The bestselling author was about to speak at the Chautauqua Institution in Chautauqua, N.Y., when a man rushed onstage and assaulted him, police said.

A state trooper assigned to the event took the suspect, identified as Hadi Matar, 24, of Fairview, N.J., into custody, police said. There was no response to a phone number linked to Mr. Matar.

Police said a motive for the attack wasn't currently known.

Charles Savenor, a rabbi from New York City, said he was about 75 feet from the stage when the attack occurred. Mr. Rushdie came on stage with fellow speaker Henry Reese, co-founder of the City of Asylum residency program for writers living under threat of persecution, to applause, Rabbi Savenor said.

Their discussion, set to begin at 10:45 a.m., was going to focus on the U.S. as a place of asylum for writers and other artists in exile.

As the two took their seats, a man rushed onto the stage and threw himself at the author, said Rabbi Savenor, who serves as executive director of Civic Spirit, an organization that promotes civic education in faith-based schools.

"He began to pound on Mr. Rushdie...I just saw his arm going up and down," Rabbi Savenor said.

Mr. Rushdie lived for years under the protection of the British secret service after "The Satanic Verses" caused an uproar among some Muslims, who called it blasphemous. Ayatollah Ruhollah Khomeini, the leader of Iran's 1979 revolution, issued a fatwa, or religious edict, in 1989 that called on Muslims to kill Mr. Rushdie. A private Iranian foundation offered a multimillion-dollar bounty to anyone who killed him.

Polio Virus Found in New York Sewage

BY ALLISON PRANG

The virus that causes paralytic polio has been found in New York City sewage samples, according to city and state health departments.

Health officials on Friday said the finding suggests "likely local circulation of the virus," which was recently detected in Rockland and Orange counties, both of which are north of New York City.

"The detection of poliovirus in wastewater samples in New York City is alarming, but not surprising," New York state's health commissioner, Mary T. Bassett, said. "Already, the State Health Department—working with local and federal partners—is responding urgently, continuing case investigation and aggressively assessing spread."

Dr. Bassett and New York City's health commissioner, Ashwin Vasani, encouraged residents to get vaccinated against polio. The statewide polio vaccination rate for children under 2 years old is 79%.

The highly transmissible poliovirus is typically spread when a person comes into contact with another person's infected feces and then touches their mouth. Many people who contract the virus are asymptomatic, according to the U.S. Centers for Disease Control and Prevention. Some develop flulike symptoms.

Poliovirus is what causes



Health officials encourage vaccination. Above, Brooklyn's Newtown Creek Wastewater Treatment Plant

paralytic polio, which can cause permanent paralysis of a person's legs and arms. In some cases, it can lead to death, according to the health departments.

"Polio is entirely preventable and its reappearance should be a call to action for all of us," Dr. Vasani said.

Earlier positive samples from Orange and Rockland

counties were genetically

linked to a confirmed polio case in Rockland County revealed in late July, according to genetic sequencing analyzed by the CDC. The person confirmed to have contracted the poliovirus developed symptoms including weakness and paralysis starting in June. The person, who was unvaccinated against the virus, wasn't

contagious as of July.

The person had a vaccine-derived strain of the virus, said Matthew Pullen, an assistant professor of infectious diseases and international medicine at the University of Minnesota's medical school.

Vaccine-derived poliovirus occurs when a weakened strain in an oral polio vaccine used in some parts of the

world mutates and then infects someone else. The oral polio vaccine is no longer administered in the U.S.

People with these types of cases shed a weakened version of the virus for anywhere from two to eight weeks, Dr. Pullen said. If there is low immunity in the population, the virus can infect more people and keep circulating, he said.

A global effort to eradicate the poliovirus has taken decades and required an expensive public-health campaign. After decades of work, the virus had been wiped out almost everywhere in the world. The Covid-19 pandemic halted efforts.

Traces of the virus have been found recently in a few countries that have long been free of the serious illness. British health authorities this week launched a polio booster vaccination campaign for children in London after the virus was found in the city's wastewater system.

The poliovirus is most common among children. Most people develop flulike symptoms or no symptoms at all, but the virus can infect the brain or spinal cord and cause paralysis and sometimes death.

Detecting the virus in wastewater is, in and of itself, some evidence of community spread, Dr. Pullen said. But, he added, those vaccinated against the poliovirus don't have much about which to worry.

U.S. Feared Attack After Killing Iranian Official

BY IAN TALLEY

WASHINGTON—Longstanding U.S. worries about the threat that Iran and its agents pose on U.S. soil intensified in the hours after the 2020 killing of a prominent Iranian military commander, when the Department of Homeland Security bolstered security at thousands of federal buildings against the possibility of retaliation, according to current and former senior U.S. officials.

That effort, code-named Operation Resilience according to one of the officials, was premised in large part on the concern that Iran would use its proxy Hezbollah to attack the U.S. homeland in response to the killing in a U.S. airstrike in Baghdad. The slain commander, Maj. Gen. Qassem Soleimani, headed Iran's Quds Force, an elite unit responsible for Iran's shadow wars and military expansion.

On Wednesday, the Justice Department charged an Iranian national with plotting to assassinate former U.S. officials, including John Bolton, who served as President Donald Trump's national security adviser, validating long-running concerns among security and

intelligence officials about the risk of domestic attacks by Iran. Former Secretary of State Mike Pompeo was also identified as a target.

Operation Resilience, whose existence hasn't been previously made public, demonstrates that the U.S. government's concerns about potential Iranian attacks against domestic targets are much broader in scope than the targeting of prominent individuals. One of the former senior officials said that, in addition to securing federal buildings, precautionary measures under the operation also included preparation for cyberattacks and ordering other departments such as the Coast Guard and Border Patrol to enhance security.

In charging documents against Shahram Poursafi, the man accused of planning Mr. Bolton's assassination, the Federal Bureau of Investigation cited a top Iranian military official's vow to use proxies to exact revenge upon U.S. homeland targets.

Iranian forces and U.S. allied forces have skirmished in proxy wars that Tehran has been waging for years in the Middle East as it aspires to be-



Maj. Gen. Qassem Soleimani, shown in a 2016 photo

come the regional dominant power. But U.S. national security officials and Western analysts say Iran's ability to direct Hezbollah's operations in the U.S. poses a direct threat to the homeland and influences Washington's diplomatic calculus as it determines how to engage Tehran.

The Lebanon-based group Hezbollah is designated by the U.S. and dozens of other nations as a terrorist organization.

While the alleged conspiracy against Mr. Bolton hasn't

been tied to Hezbollah, U.S. security officials say Iran has used both its own agents and Hezbollah's to plot attacks against U.S. officials, buildings and other terrorist targets.

The FBI said Mr. Poursafi is a member of Iran's sanctioned elite military unit, the Islamic Revolutionary Guard Corps. Mr. Poursafi allegedly planned to have Mr. Bolton assassinated in the parking garage at his Washington office or at his Maryland home.

Mojtaba Babaei, a spokesman for Iran's mission to the United Nations, said allegations against the government and Hezbollah "are baseless and unfounded allegations with no evidence to support them."

Hezbollah and the DHS didn't respond to requests to comment.

Relations with Iran have remained on edge since 2018, when the Trump administration pulled out of the nuclear accord with Tehran and reimposed crippling economic sanctions. Those tensions remain high despite the Biden administration's efforts to persuade Tehran to rejoin the pact with an offer of easing the pressure campaign. U.S. nego-

tiators say they are closing in on a deal.

Current and former senior security officials say Hezbollah has tapped into Lebanese and Syrian-diaspora criminal networks to become one of the biggest money-laundering, drug-trafficking and arms-trafficking organizations in the Western Hemisphere.

The DHS, along with the Treasury Department, FBI and Drug Enforcement Administration have sought to disrupt and dismantle the networks as a priority. Despite their efforts, Hezbollah's criminal networks are still operational, especially as Iran-friendly governments in South America have facilitated their activities, according to current and former U.S. officials.

"The vast networks Hezbollah runs in Latin America not only pose a threat to U.S. financial integrity because of their central role in money laundering and terror finance, they also serve as logistical support for terror plots," said Emanuele Ottolenghi, a senior fellow at the Foundation for Defense of Democracies.

—Vivian Salama and Michelle Hackman contributed to this article.

Parcours, designed by Sacha Ladic.



\$7,990 instead of \$9,340 until 12/31/22

Parcours. Price includes one 3-seat sofa, as shown, 86.2" L x 30.7" H x 36.2" D, upholstered in Glada fabric. Piping in Lucy fabric and includes lumbar cushions upholstered in Hawaï fabric designed by Jean Paul Gaultier. Base in solid beech with stain finish col. gray. Other dimensions available. Deco cushions optional. Flou Floor lamps, designed by Sophie Langer. Made in Europe. Mariana Rug, designed by Mariana Waismann.

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PARIS

U.S. NEWS

Secret Files Recovered From Trump

Continued from Page One
ment records; and the destruction of records in a federal investigation.

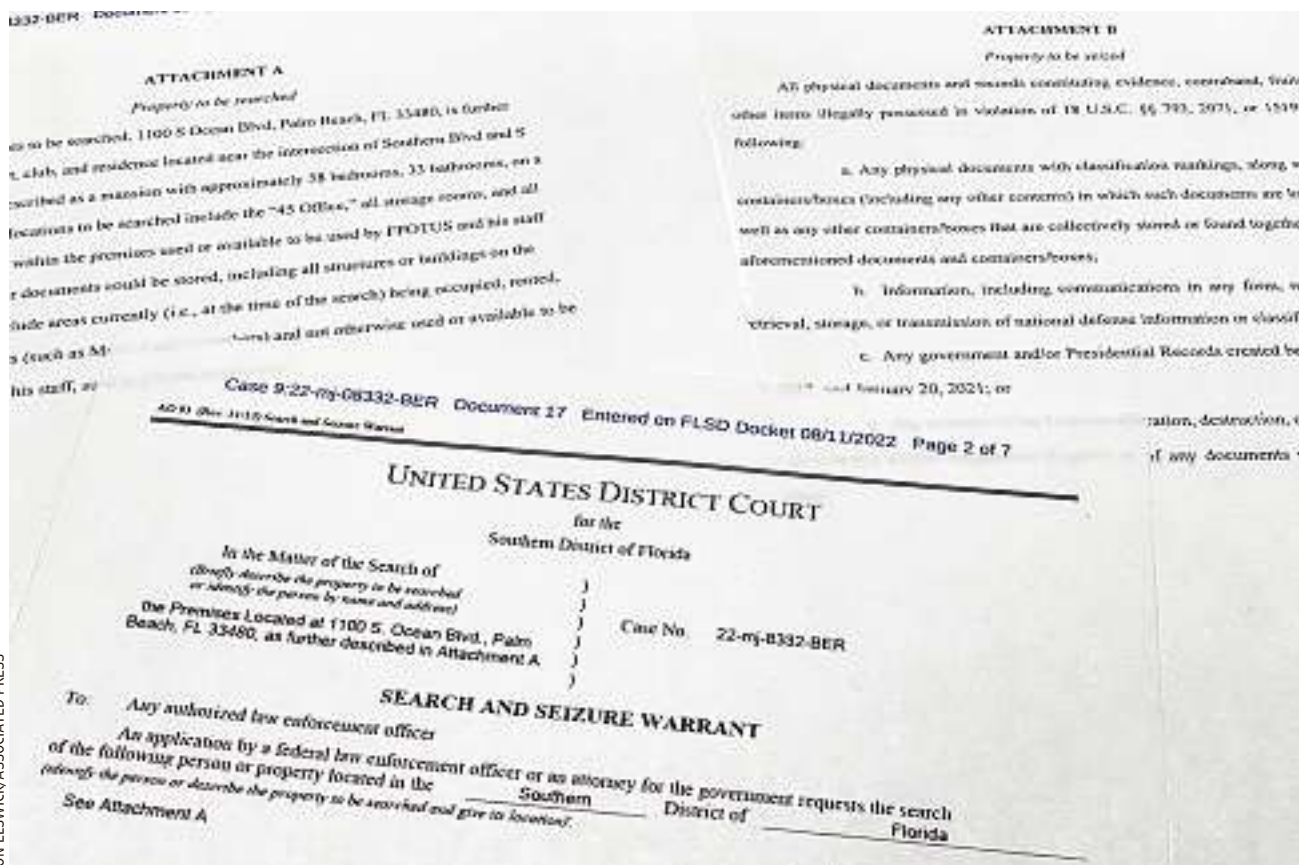
The U.S. government has three main levels of classification. In ascending order, the levels are confidential, secret and top secret. They are designed to reflect how sensitive a document's underlying contents are considered, meaning that a breach of a higher classification level could potentially cause more damage to national security.

The list of items seized includes references to one set of documents marked as "Various classified/TS/SCI documents," an abbreviation that refers to top-secret/sensitive compartmented information. It also says agents collected four sets of top secret documents, three sets of secret documents and three sets of confidential documents. The list didn't provide any more details about the substance of the documents.

Mr. Trump's lawyers argue that the former president used his authority to declassify the material before he left office. While a president has the power to declassify documents, there are federal regulations that lay out a process for doing so.

On Friday afternoon, U.S. Magistrate Judge Bruce Reinhart issued an order making the warrant and inventory list public, after the Justice Department said in a court filing that Mr. Trump's lawyers told federal prosecutors they didn't object to a government request to unseal the information.

The former president and his team don't have the affidavit, which would provide more detail about the FBI's investigation, according to people familiar with the process. An affidavit would explain what evidence, including witnesses, the government had collected and describe why investigators



The U.S. government's unsealed search warrant for former President Trump's Mar-a-Lago estate in Palm Beach, Fla.

believe that a crime may have been committed. Mr. Trump's lawyers have asked for a more specific account of what was removed from Mar-a-Lago.

The disclosure of the warrant and the inventory marks the culmination of an extraordinary week, which began Aug. 5 at 12:12 p.m., when the judge signed off on the warrant to search the former president's home. Three days later, at 6:19 p.m., a lawyer for Mr. Trump, Christina Bobb, signed a receipt for the items the FBI took that day.

To the Justice Department, the search was the result of a monthslong effort to get the classified documents remaining in Mr. Trump's possession after at least two prior attempts. They were at first primarily interested in securing the documents but pursued a criminal investigation as they began to doubt that Mr. Trump's team was being forthright about the documents still in their possession, people familiar with the matter said.

Rep. Markwayne Mullin (R.,

Okla.), who sits on the House Intelligence Committee, said Attorney General Merrick Garland should brief the Intelligence Committee. "It's a high threshold to say it was an immediate national security threat, if it wasn't an immediate national security threat then I think there's a lot of questions that need to be answered," he said.

SCI documents are typically reserved for military, civilians with special clearance and contractor personnel who work in a Sensitive Compartmented Information Facility, or SCIF, including those who are responsible for the security of a SCIF.

As the investigation progressed, someone familiar with the stored papers told investigators there may still be more sensitive documents on the premises beyond what they had already received in January and June, people familiar with the matter have said.

It isn't known when the documents stored at Mar-a-Lago arrived there, during Mr. Trump's presidency or as he

left office in early 2021.

Mr. Stone didn't immediately respond for comment.

The search, while Mr. Trump, a Republican, was in New York, stoked criticism by GOP lawmakers. The showdown began after the National Archives in January retrieved more than a dozen boxes of White House documents from the resort earlier this year, some of which officials deemed classified national-security information.

Mr. Garland and FBI officials deliberated for days about whether to respond to the criticism of the search and how much to say, people familiar with discussions said. The attorney general ultimately decided to let the Justice Department's work speak for itself and directed the agency to request the warrant be unsealed.

Millions of people in the U.S. hold some level of clearance that grants them access to classified documents, though far fewer have access to the highest levels. While intelligence agencies can declassify infor-

mation and release it to the public, the process for doing so is often slow and may require multiple intelligence agencies to sign off.

A sitting president generally has the authority to unilaterally declassify any material of his or her choosing, but such a privilege is rarely used. Mr. Trump at times did disclose classified information during his time in office, including when he tweeted a surveillance satellite image showing damage at an Iranian space facility.

While a president has the power to declassify documents, federal regulations lay out a process for doing so. Those rules must be followed for a declassification to become legally effective, said Dan Meyer, a national-security lawyer at Tully Rinckey in Washington.

Once Mr. Trump left office on Jan. 20, 2021, he became bound by the same rules as other private citizens, Mr. Meyer said.

—Vivian Salama and Dustin Volz contributed to this article.

NHTSA Chief Gets New Job in California

By RYAN FELTON

The nation's top auto-safety regulator is losing its top administrator Steven Cliff, less than three months after lawmakers confirmed his appointment to the job.

In a statement on Friday, Mr. Cliff said he was leaving the National Highway Traffic Safety Administration to rejoin the California Air Resources Board, where he had worked previously and will become its executive officer.

Mr. Cliff, who was confirmed in late May by Congress, was NHTSA's first permanent boss in years and his arrival came at a critical time for the agency, which is grappling with how to better regulate new technologies, such as self-driving cars.

NHTSA said that Mr. Cliff will leave his position in mid-September and the agency's chief counsel, Ann Carlson, will assume his responsibilities in the interim.

Mr. Cliff, in a statement, said that the position at CARB provides him with a unique position to work with California, other states and federal regulators to support the Biden administration's transportation policies.

In his short tenure, Mr. Cliff oversaw the implementation of more stringent fuel-economy requirements for auto makers and NHTSA rolled out new reporting standards for automated and driver-assistance technologies.

In June, NHTSA released data that provided the public with its first detailed look at vehicle crashes involving self-driving cars and other systems that automate certain driving tasks, such as steering and braking. The report drew criticism from auto makers, who said that it could unfairly malign the technology.

U.S. WATCH



Former Trump Organization CFO Allen Weisselberg, center left, will go on trial in October.

NEW YORK

October Trial Is Set For Trump Business

A New York judge on Friday allowed criminal tax-fraud charges against the Trump Organization and its former finance chief to move forward, setting a trial date for late October.

State Supreme Court Justice Juan Merchan denied the defendants' bid to dismiss the indictment, with the exception of one tax-fraud count the Trump Organization had faced. Prosecutors had consented to the dismissal of that charge, conceding that part of the alleged conduct was too old to be part of the case now.

Justice Merchan scheduled jury selection for Oct. 24. The Trump Organization and Allen Weisselberg, the company's longtime chief financial officer, were indicted on tax-fraud charges and other crimes last summer.

Former President Donald Trump wasn't charged in the case. In asking Justice Merchan to dismiss the indictment, Mr. Weisselberg and the company argued that prosecutors had targeted Mr. Trump's business because of his political views. They also argued that a case related to federal-tax allegations didn't belong in state court.

Prosecutors say the case has nothing to do with politics and the charges are proper.

—Corinne Ramey

OHIO

FBI Shooter Served In Navy, Guard

The man who attempted to breach an FBI field office and was killed after a shootout with law enforcement was a U.S. Navy veteran, according to his personnel records.

Ricky Walter Shiffer Jr., the 42-year-old who fired a nail gun at law enforcement at a Federal Bureau of Investigation Cincinnati field office and brandished an AR-15-style rifle on Thursday, had been an enlisted sailor who served aboard the USS Columbia attack submarine, according to the Navy. He also served as an infantryman in the Florida National Guard from 2008 to 2011, according to Guard records. During that time he deployed to Iraq for a year in 2010.

Investigators believe a Truth Social account under his name belonged to him, according to a law-enforcement official. The social-media platform was launched earlier this year by former President Donald Trump.

Soon after FBI agents searched Mr. Trump's Mar-a-Lago home, Mr. Shiffer posted a call for violence to his Truth Social account. "People this is it. I hope a call to arms comes from someone better qualified, but if not, this is your call to arms from me," he said. "They have been conditioning us to accept tyranny and we must respond with force."

—Ben Kesling

JUSTICE DEPARTMENT

Southern Baptist Entities Face Probe

Leaders of the Southern Baptist Convention said Friday that several of the denomination's major entities are under investigation by the U.S. Justice Department after its multiple problems related to clergy sex abuse.

The SBC's Executive Committee has received a subpoena, but no individuals have been subpoenaed at this point, according to the committee's lawyers.

"This is an ongoing investigation and we are not commenting on our discussions with DOJ," they said.

The statement from SBC leaders—including Executive Committee members, seminary presidents and heads of mission organizations—gave few details about the investigation, but indicated it dealt with widespread sexual-abuse problems that have rocked the largest Protestant denomination in the U.S.

Earlier this year, an SBC sex-abuse task force released a blistering 288-page report from outside consultant Guidepost Solutions. The firm's seven-month independent investigation found disturbing details about how denominational leaders mishandled sex abuse claims and mistreated victims.

There was no comment from the Justice Department about the investigation.

—Associated Press



ALL-AMERICAN ARTISTRY WILLIAM MERRITT CHASE

Pioneering artist. Unique medium. American Impressionism. Great American artist William Merritt Chase painted *Young Girl on an Ocean Steamer* in 1883 during a watershed period in American history. Utilizing his favorite medium of pastels, Chase skillfully renders a young girl sitting in the dining room of a steamship, embarking on travel that would have been impossible only decades before. Chase's impact on American art would be difficult to overstate. As the founder of the Chase School in New York, Chase spent much of his career mentoring important American artists from Edward Hopper to Georgia O'Keeffe. This masterpiece has been exhibited widely and serves as a stunning document of its times. Painted in 1883. Signed "Wm. M. Chase" (center right). Paper: 29 3/4" h x 24 1/2" w. Frame: 41 3/4" h x 36 3/4" w. #31-5644



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U.S. NEWS

Democrats Cap Climate, Healthcare Effort

House approves measure in party-line 220-207 vote; GOP complains of overreach

By SIOBHAN HUGHES

WASHINGTON—The House passed a climate and healthcare bill Friday that will soon head to President Biden's desk, the culmination of a yearlong push Democrats hope will motivate their voters in the midterm elections but that Republicans cast as harmful government overreach.

The party-line 220-207 vote comes less than a week after the Senate passed the measure. It imposes new taxes on large, profitable corporations, spends \$87 billion over a decade on new workers and technology at the Internal Revenue Service, caps insulin costs for Medicare recipients, puts Medicare on course to negotiate drug prices and funds hundreds of billions in tax subsidies intended to combat climate change.

"This is a substantive policy achievement," said House Ways and Means Committee Chairman Richard Neal (D., Mass.). He acknowledged there was "perhaps a bigger version," but said "you carve out victories as you can get them."

Republicans said the bill, named the Inflation Reduction Act, would do little to tamp

down price increases. They said the new taxes would ultimately hit ordinary Americans by squeezing companies that could otherwise raise wages or add jobs, just as the economy is slowing.

House Minority Leader Kevin McCarthy (R., Calif.) said the tax increases would hurt businesses, put ordinary Americans under the scrutiny of tax agents, and discourage drugmakers from developing new medicines in the service of giving tax breaks to wealthy buyers of electric vehicles.

"A vote for this bill is a vote to help the well-connected get further and further ahead, while leaving the needs of hard-working American families behind," he said.

Mr. Biden said the measure would lower costs for prescription drugs, healthcare and energy. "Today, the American people won. Special interests lost," he said in a tweet after passage.

The package is the end result of stop-and-go work on the bill that started last year. An initial \$3.5 trillion vision was whittled down to roughly \$2 trillion. That bill, dubbed Build Back Better, passed the House, only to be blocked in the Senate by centrist Sen. Joe Manchin (D., W.Va.). Talks between Mr. Manchin and Senate Majority Leader Chuck Schumer (D., N.Y.) yielded a deal leading to the final package.

While the bill is far smaller



House Speaker Nancy Pelosi presides over the final passage of the Inflation Reduction Act.

than they originally envisioned, House Democrats have largely united behind it, with House Speaker Nancy Pelosi (D., Calif.) and leaders of the progressive and other wings of the party announcing their support.

The bill, before some last-minute changes in the Senate version, was set to raise a total of \$739 billion in revenue over 10 years and spend a total of \$433 billion. The Congressional Budget Office hasn't released a revised score of the package's final language.

Along with a new 15% corporate minimum tax, the bill creates a 1% excise tax on

companies' stock buybacks and sets aside roughly \$300 billion for reducing the deficit.

Mr. Biden said on Twitter that he would sign the bill into law next week, and that he would hold a celebratory event at the White House on Sept. 6. It is the latest in a string of legislation passed by Congress, including a bipartisan law to boost investments in semiconductors and the first significant gun-violence measure in decades.

The bolstered funding for the IRS has been particularly contentious in recent days. Treasury officials say many of

the 87,000 new IRS staffers will replace more than 50,000 employees set to retire over the next decade and serve in a variety of roles, not just tax collection. The Democrats' goal is to crack down on tax avoidance by wealthy taxpayers, with higher expected revenue used to pay down the deficit and fund healthcare and climate programs.

But Republicans have pointed to the IRS funding as overreach by the administration, saying ordinary Americans of all income levels could be subject to intrusive and expensive audits.

On healthcare, the bill's most immediate effects will start next year, when people on Medicare will see their insulin costs capped at \$35 a month, seniors will be eligible to receive certain vaccines free and people who received Affordable Care Act subsidies through the 2021 American Rescue Plan will be able to count on another three years of those benefits. Other consumer-friendly benefits won't start for years, with a \$2,000 cap on out-of-pocket drug costs for Medicare enrollees starting in 2025 and Medicare able to negotiate prices on a narrow set of 10 drugs starting in 2026, potentially expanding to 20 medicines in 2029.

The drug industry said allowing the government to negotiate on price would deter innovation by reducing the money available to develop new and cutting-edge treatments.

On climate, the package includes hundreds of billions of dollars in subsidies for investing in renewable-energy projects and producing energy from renewable sources, and credits to help factories retool to turn out electric vehicles or other products needed in a low-carbon economy. It also includes tax credits to help homeowners upgrade their homes with more energy-efficient products. It gives a \$7,500 tax credit for purchasing electric vehicles, although with conditions that could make it hard to qualify.

Recent Legislation Expands Role Of Government in Private Markets

By JON HILSENRATH

With two bills advanced through Congress in recent weeks, the Biden administration has grown the federal government's imprint on major sectors of the U.S. economy—including semiconductors, energy and health—and further buried the idea once widely held in Washington that private markets should be left alone, without government involvement.

The shift grew out of two decades of economic crises, rising national populism, a deepening economic rivalry with China, and concerns about the long-run effects of climate change.

Adam Smith's invisible hand—popularized by Ronald Reagan in the 1980s and adopted by Bill Clinton in the 1990s—has been replaced by a muscular arm, in which Washington uses tax credits, tax rebates, loans, loan guarantees, regulations, tariffs, spending programs and other tools to nudge a market-driven economy that has proven far more turbulent and uneven than many people expected it to become a quarter-century ago.

Sometimes government intervention is sought when markets break down.

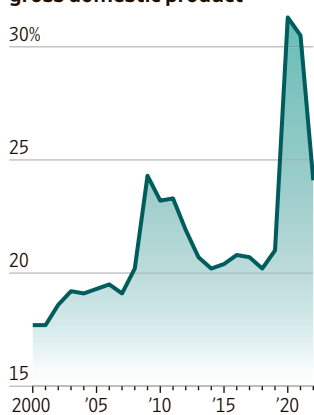
One risk is that efforts to tackle problems such as climate change or the threat of an emboldened China could make the economy less efficient and slow its overall growth rate, leaving households worse off than they might otherwise be in the long run. A related risk: With Washington playing an assertive role in national affairs, lobbying by deep-pocketed businesses and special interests could make the economy less fair and less dynamic.

"We are going to have bad growth," said Douglas Holtz-Eakin, a Republican economist and former director of the Congressional Budget Office. He said the national drift away from unfettered markets has affected both political parties.

The case for small government in the 1980s and 1990s was advanced in academia by Milton Friedman, the Nobel Prize-winning University of Chicago economist professor, taken up by Mr. Reagan and the Republican Party, and eventually embraced by many middle-of-the-road Democrats, including Mr. Clinton, who declared in a 1996 State of the Union address that the era of big government was over.

Three economic crises in the past quarter-century shook views about leaving markets alone—the bursting of a technology bubble in 2000, a housing crisis in 2007 and the Covid-19 shock in 2020.

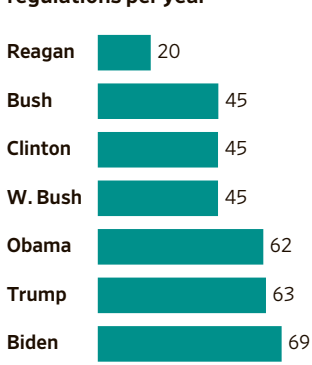
Federal spending as a share of gross domestic product*



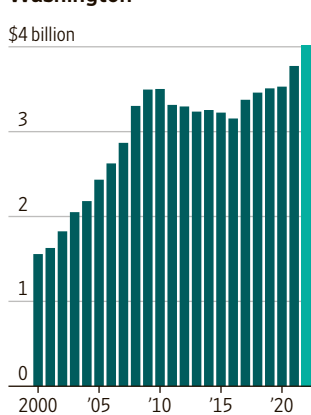
*2022 is based on an estimate. †Defined as those rules that impact at least \$100 million in activity of spending from January through June.

Sources: Office of Management and Budget (spending); George Washington University Regulatory Studies Center (regulations); OpenSecrets (lobbying)

Average number of economically significant* new regulations per year



Lobbying spending in Washington†



†2022 is an annual estimate based on the pace



President Biden signed into law the Chips and Science Act of 2022 during a ceremony at the White House this week.

The government bailed out airlines, car makers, banks and millions of small businesses with loans and emergency funding and increased oversight of banks. In the case of Covid, the Trump administration also funded a pharmaceutical industry race to develop new vaccines.

Without those interventions, the crises might have been worse; they also placed the government in the foreground of U.S. economic affairs.

China's rise led both parties to embrace tariffs and industrial policies. The Chips and Science Act of 2022 directs \$280 billion to high-tech industries. For some Republicans, China's economic threat warranted veering away from old, small-government orthodoxies. "I call on Congress to pass this legislation without further delay," Texas' Republican Gov. Greg Abbott said before passage last month, "so that Texas and the United States can continue to lead in the semiconductor arena while decreasing our dependence on foreign production and ensuring our national security."

While Republicans have embraced tariffs and an active national stance against China, Democrats are embracing the use of the tax code to advance their economic agenda. The new health and climate bill, for example, includes \$161 billion

worth of credits for private-sector investment in non-carbon electricity sources such as solar and wind, \$36 billion in credits for electric cars, and \$37 billion in credits for manufacturing plants that run on green energy sources.

Economists call such credits "tax expenditures," in that they are employed the way federal spending is used to shape economic activity.

These breaks were worth \$729.5 billion in 1996, adjusted for inflation, according to the Government Accountability Office. Last year, they surpassed \$1.4 trillion, and the number of individual breaks had grown from 121 to 165.

President Biden's two new signature programs add \$351 billion in tax expenditures over a decade, according to Kent Smetters, director of the Penn Wharton Budget Model.

"The Biden and Trump era is one of a government that wants to play a much bigger role in what is produced, where it is produced, how it is produced and with what labor it is produced," said Jason Furman, former chair of the White House Council of Economic Advisers under Barack Obama.

The regulatory state has grown as well. The federal government wrote 701 economically significant rules from 1981 through 2000, according to the George Washington University

Regulatory Studies Center. That increased to 1,170 between 2001 and 2021. New rule-writing tumbled in Donald Trump's first year as president to Reagan-era levels, then grew each year after that and hit an annual record in 2020, according to the center.

The public is of two minds about these shifting economic mores. Public trust in the federal government tumbled after the tech bubble burst in 2000, according to Pew Research Center. Yet Wall Street Journal polls found that the share of Americans who believed the government should do more to solve the nation's problems rose from 32% in 1995 to 57% in 2020. Pew found in 2021 that 87% of Americans believed the government should play a role in ensuring clean air and water; 64% said it should ensure health insurance for everyone and 43% said it should provide high-speed internet access.

As Washington's sway has grown, so has the amount of money that the private sector spends to influence decisions.

The sectors that have spent the most are those most heavily touched by government policies, \$10.8 billion between 1998 and June 2022 by the healthcare industry, \$10.2 billion by finance, \$8.4 billion by communications and electronics, and \$6.9 billion by the energy sector, according to OpenSecrets.org, a nonprofit.

In his book, "The Great Reversal: How America Gave Up on Free Markets," New York University economist Thomas Philippon said lobbying and campaign finance were at the root of important U.S. economic problems. They led to regulations that protected big corporations, impeded the growth of startup companies, reduced consumer choice and raised prices, he concluded.

"In the twenty years following my arrival in the U.S. in 1999, most domestic U.S. markets lost their competitive edge," said Mr. Philippon, a Frenchman.

Best Buy, Peloton Slash Costs

Continued from Page One

Labor Department. A handful of major employers are pulling back on hiring or cutting some jobs. Walmart Inc., the country's largest private employer, cut hundreds of corporate jobs earlier this month. Ford Motor Co. is preparing to cut thousands of white-collar workers, while technology giants such as Microsoft Corp. and Facebook parent Meta Platforms Inc. have pulled back on hiring for certain roles.

Some retailers and consumer goods companies benefited from a huge surge in sales during the pandemic as spending shifted away from eating out or traveling in favor of in-home fitness equipment, home office electronics and other items. In addition, government stimulus payments propped up spending last year, helping some consumers splurge. That era has ended.

Inflation is near four-decade highs, consumers are wary about their finances and spending has shifted back to pre-pandemic priorities such as travel. Some companies are feeling the sudden shift, laying off workers, cutting costs and shifting sales strategies.

"The consumer, I would say, is growing increasingly concerned about the future," said Spencer Ware, a managing director at the business advisory firm Riveron. As concerns mount regarding inflation, wages and spending power, "people are taking a pause and being more cautious."

Best Buy and Peloton were among the companies helped by a surge in demand earlier in the pandemic. At the beginning of the health crisis, many people rushed to buy laptops, videogame systems and other tech gadgets to work or entertain themselves at home.

Peloton's business was bolstered by gyms being closed and people rushing to sign up for at-home fitness classes.

Peloton wanted to make the

buzzy pandemic moment permanent. It bought a maker of fitness equipment to help expand the product line and invested in boosting its in-house manufacturing capabilities to avoid supply-chain disruptions that hindered growth.

But the company's star turned as gyms and live fitness classes reopened, consumers balked at buying the equipment and some marketing strategies backfired over the past year. Mr. McCarthy, who took the helm as CEO earlier this year, has been unwinding some prior corporate bets, seeking to hand over manufacturing and other functions back to third-party partners where possible.

Peloton has also been cutting staff to rein in costs and it previously announced an \$800 million restructuring plan. It announced plans to shed about 2,800 workers in February. It had roughly 6,000 employees before the latest announcement, which included eliminating the North American field operations warehouses and cuts within the member-support team.

Mr. McCarthy said the price of its premium stationary bike, called the Bike+, will increase by \$500 to \$2,495, though the original stationary bike will not have a price change. Its treadmill will go up \$800 to \$3,495. While Peloton doesn't plan on closing any retail stores this year, it will provide updates on which locations will be impacted by its shift away from in-person retail in the coming months, the memo said.

The company's stock, which gained 14% in Friday trading, is down roughly 62% this year.

Best Buy, even prior to the pandemic, has seen its future in selling more goods through digital channels and boost efficiency within its bricks-and-mortar spaces.

Best Buy had around 105,000 workers in the U.S. and Canada as of January, down from around 125,000 workers in early 2020, according to financial filings. It had 1,144 stores as of January, down 7% over the same time period.

Shares in Best Buy ended the day 0.2% lower, and is down about 21% for the year, compared with a 10% decline in the S&P 500.



Best Buy cut hundreds of jobs in stores over the past week.

WORLD NEWS

Kyiv Plans Civilian Evacuation in South

Residents near the Zaporizhzhia nuclear plant would be asked to leave to avoid tragedy

By YAROSLAV TROFIMOV

KYIV, Ukraine—Ukraine said it is preparing plans to evacuate civilians from towns around the Russian-controlled Zaporizhzhia nuclear plant in case fighting in the area and Russian restrictions on personnel cause a radiation leak.

“The power plant is not just in enemy hands, but in the hands of untrained specialists who can cause a tragedy,” Ukrainian Interior Minister Denys Monastyrskyi said, adding that the access of Ukrainian personnel has been restricted in some areas. “We have to prepare for all scenarios now.”

The situation at the Zaporizhzhia plant—the largest in Europe, with six reactors—was discussed overnight at the United Nations Security Council, where Russia rejected Western demands to demilitarize the facility. Russia’s envoy to the U.N., Vasily Nebenzya, accused Ukraine of shelling the plant, and said Russian troops, who occupied the area in March, are needed to protect the nuclear installations from “the most monstrous provocations” by Kyiv.

A long-planned inspection trip by the International Atomic Energy Agency to the Zaporizhzhia plant repeatedly has been delayed, and Mr. Nebenzya said it can’t happen as long as the shelling continues. The agency’s chief, Rafael Grossi, told the Security Council that while there is “no immediate threat to nuclear safety as a result of the shelling or other military actions,” that could change.

The nuclear facility is located in the town of Enerhodar, some 30 miles southwest of the city of Zaporizhzhia, which has remained under Ukrainian control.

Ukrainian and Western officials have accused Russia of using the Zaporizhzhia facility as a



Pro-Russian authorities have been pushing to further integrate the partially occupied region of Kherson with Russia. Residents Friday got Russian driver’s licenses and vehicle-registration plates, said the Russian Ministry of Internal Affairs.

Ukrainian officials remain tight-lipped about the details of the Aug. 9 explosions at the Novofedorivka naval-aviation base in Russian-annexed Crimea. Russia’s Ministry of Defense said no planes were damaged in the incident, despite satellite imagery showing the contrary. It said the explosions were caused by an accident.

While Kyiv has stopped short of claiming responsibility for the attack, Ukrainian officials made several statements that hinted at its role in the explosions. The blasts destroyed at least five Su-24 attack aircraft and three Su-30 multirole jets, the British Defense Ministry said Friday. As a result, the Russian Black Sea Fleet’s “naval aviation capability is now significantly degraded,” it said.

Estonia’s Defense Minister Hanno Pevkur, meanwhile, told Finnish newspaper *Iltalehti* that Estonia and Finland plan to integrate their coastal missile defense, which he said would make it possible to close the Gulf of Finland to Russian warships.

Tension between Russia and the Baltic states has been building. Latvia’s parliament on Thursday adopted a statement declaring Russia a state sponsor of terrorism for violence against civilians in Ukraine, and called on European Union countries to suspend the issuance of tourist and entry visas to citizens of Russian and Russian ally Belarus. Moscow has denied targeting civilians in Ukraine.

—Yuliya Chernova contributed to this article.



A crater was left by a Russian missile strike in the Zaporizhzhia region. Below, Ukrainian children say goodbye to relatives before boarding buses in Lviv for their trip to France.

of the international community to this blackmail must be very strong and very quick.”

The front lines in Ukraine have remained largely unchanged since Russia captured the cities of Severodonetsk and Lysychansk six weeks ago. Strengthened by U.S.-supplied Himars missile systems that strike Russian ammunition depots and command centers, Ukraine is readying a counter-offensive to retake the southern city of Kherson and other occupied areas in coming months.

Ukrainian President Volodymyr Zelensky cautioned military and civilian officials against “irresponsible” public discussions about Ukraine’s coming military operations. “The fewer concrete details of our defense plans you talk about, the easier it will be to realize those plans.”

shelter for its artillery and rocket systems that rain fire on Ukrainian positions on the other side of the Dnipro River. Officials in Kyiv say Russia deliberately has shelled parts of the plant to raise diplomatic pressure on

Ukraine to reduce Western weapons supplies and to force a cease-fire on Kremlin terms.

“The aggressor is losing in the battlefield because the powerful work of our armed forces, together with Western

help, is producing results,” said Ruslan Stefanchuk, the speaker of the Ukrainian parliament. “This forces the Russians to resort to hypocritical methods, such as nuclear terrorism and fear-mongering. The reaction

Watch a Video

Scan this code for a video on how Ukraine uses Himars systems to fight Russia.



dog•ged

/ˈdɒɡəd/

adjective

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Cash-Strapped Ukraine Scrapes to Pay Its Soldiers

By MARCUS WALKER

KYIV, Ukraine—Ukraine’s defense against Russia’s invasion gradually is strengthening as its army grows and more Western weapons arrive. Sergii Marchenko’s problem is how to pay for it all.

The Ukrainian finance minister is struggling with a yawning gap between the cost of the war and depressed tax revenues in an economy battered by the invasion. Ukraine’s Western supporters are sending promised financial help slowly.

Ukraine’s central bank is making up the difference, printing money so the government can pay soldiers’ salaries and buy arms and ammunition. That is weakening the national currency, the hryvnia, pushing up inflation and raising fears that fragile finances could undermine Ukraine’s ability to sustain its war effort.

“Every day and night it’s a constant headache,” said Mr. Marchenko, a 41-year-old economist and government veteran picked as finance minister by Ukrainian President Volodymyr Zelensky.

Ukraine was one of Europe’s poorest countries before the war, in terms of per capita income. Several economic crises have set it back, while other Eastern European countries have joined the EU and grown strongly. Ukraine’s aspirations to reorient its economy westward,



Finance Minister Sergii Marchenko is urging Western governments to act faster.

and Russia’s resistance, are among the causes of the conflict.

Ukraine’s economic output plunged after Russia invaded in February, with monthly gross domestic product falling by close to half in March as businesses shut down and millions of people fled the country.

Russia’s strategy for subjugating Ukraine includes suffocating its economy. Russian missiles have destroyed factories, oil refineries and other economic infrastructure. Moscow’s navy has blockaded the Black Sea, choking off Ukrainian exports. A Turkish-brokered deal to allow grain shipments is beginning to offer some relief.

With Ukraine’s defenders slowing Russian forces’ advance, the economy is showing signs of stabilizing at a depressed level. The government expects GDP

for this year to be about 30% lower than last year. But the economy depends on how the military effort fares, just as sustaining the war depends on bolstering Kyiv’s finances.

Lack of money threatens to become Ukraine’s Achilles’ heel. Before the war, the government’s budget was roughly balanced. Now, tax revenues cover only about 40% of government spending. War costs are more than 60% of the budget. Mr. Marchenko has cut nonessential spending to the bone.

The government needs about \$5 billion a month to cover nonmilitary spending. Western governments have promised to support the civilian budget with grants and loans, leaving Kyiv able to use more of its own resources for the war. But Western governments’ total pledges of about \$30 billion for 2022 fall short of Kyiv’s needs. And disbursements are lagging behind promises.

Mr. Marchenko spends much of his time urging Western governments to act faster.

On Wednesday, he got some good news: Ukraine’s international bondholders approved his proposal to freeze debt payments for two years. The bond standstill, together with a similar agreement with official creditors last month, will save Kyiv around \$5.9 billion during the next two years. But that covers only a small part of the financial shortfall.

In Russia, Economy Shrinks

By ANN M. SIMMONS

MOSCOW—Russia’s gross domestic product declined year-over-year by 4% in the second quarter, according to preliminary data published by the country’s federal statistics agency Friday, but marked a much stronger performance than analysts expected.

The decline followed the 3.5% growth in the preceding three months reported earlier by the Russian Federal State

Statistics Service.

The agency noted that the preliminary second-quarter estimates were “based on the operational statistical reporting of large and medium-size enterprises in the nonfinancial sector of the economy.”

The better-than-expected performance comes as six months approach in Russia’s war in Ukraine, which triggered a volley of Western sanctions against Moscow designed to cripple the economy.

“The downturn could have been much deeper but the central bank took immediate measures to prevent a financial crisis from taking hold,” Liam Peach, a senior emerging Europe markets economist at Capital Economics, said in a note. “It also seems that the resilience of Russia’s energy sector cushioned the impact of Western sanctions.”

He said Russia’s third quarter likely would be “another weak quarter.”

WORLD NEWS

Nuclear-Power Stall Risks Winter Blackouts in France

By JOE WALLACE

An unlikely victim is emerging in Europe's energy crisis: France.

For years, the French state has been a cornerstone of the European energy market, thanks to its huge fleet of nuclear reactors. They enabled the country to export cheap power to nearby countries, helping keep electricity prices in check across the region. But France is contending with its worst nuclear outages in decades, putting it at greater risk of blackouts this winter than big neighbors experiencing their own energy headaches. The danger is even higher than in Germany, which is bracing for economic pain as Russia throttles gas supplies to punish European allies of Ukraine.

The shortfalls, which traders expect to last well into 2023, mean France has switched from power exporter to importer. That has exacerbated a continentwide squeeze on energy supplies that has helped push inflation to record rates, threatened the region's industrial base and hit consumers' pocketbooks.

Scorching summer weather has worsened Europe's problems. Water levels have plunged in reservoirs and rivers, making it hard to generate hydropower, transport coal and cool nuclear plants, while reducing the efficiency of gas power plants. Keeping homes, offices and factories cool is creating extra demand for electricity.

"You've got the general impact of every country being affected by gas prices going through the roof, and that is the main thing driving power prices up," said Matthew Jones, lead analyst for European power markets at commodities data firm ICIS. "And then at the same time you've got this situation with French nuclear, which is the worst it has been in 30 years."

Corrosion at a clutch of reactors and extreme weather have knocked a large proportion of Électricité de France SA's nuclear plants offline. The industry is generating power at less than half its potential rate, said Argus Media analyst Justin Colley—a blow for a country that, until recently, got about 70% of its electricity from nuclear energy.

And in the interconnected European power market, France's nuclear travails are everyone's

problem, as the country switches to buying electricity from Spain, the U.K. and elsewhere.

"All the surrounding countries are very tight on their own, and in order to still attract power generation on their side and then to ship it over to France—that is costly," said Andy Sommer, head of fundamental analysis and modeling at Swiss utility Axpo. Thin trading conditions in the French market might be aggravating volatile price movements, he added.

When Europe's electricity markets are tight, the marginal wholesale price of power can be set by generation from comparatively expensive gas or coal plants. With prices for gas, coal and carbon permits all at or close to record highs, those forms of power generation are especially costly.

EDF says its shortfall in France will shrink to a quarter of its total generation capacity in the final three months of this year. Traders aren't buying those forecasts, sending prices for power that will be dispatched at periods of peak demand in France in early 2023 above €1,800, equivalent to about \$1,850, a megawatt-hour. That is more than 14 times the level from a year ago and more than twice the price prevailing in Germany. Year-ahead prices for peak-load power in France stand at over €900 a megawatt-hour, according to Argus, nine times the level they were 12 months ago.

That suggests traders expect the power shortfall to last well into 2023, although market participants say gauging appropriate prices has itself become a challenge.

"Pricing fear is a difficult situation....It's not something you can do with a model and a calculator," said Anders Kring, head of intraday power trading at Danske Commodities, a trading unit of oil-and-gas company Equinor.

Among the concerns the market is trying to process: a potential breakdown in cross-border trading. Norway, a big exporter of power from hydroelectric dams, this week said it would cap those flows if reservoir levels drop too far. Some traders also are pushing back at proposals to change the design of the European Union's power market so the price of low-cost renewable power isn't tied to coal and gas markets.



The Électricité de France power plant in Dampierre-en-Burly.

U.K. Economy Contracts

By WILL HORNER

LONDON—The U.K. economy contracted in the second quarter as households facing soaring inflation cut back on spending and programs to contain the spread of Covid-19 were wound down, presaging tough times ahead for an economy that is expected to enter a lengthy recession.

Britain's statistics agency said Friday that gross domestic product—a broad measure of the goods and services produced in an economy—fell 0.1% in the three months through June. Economists expected a 0.2% decrease in output, following a 0.8% rise in the first quarter.

Consumer spending fell 0.2% while services activity shrank 0.4%, driven largely by a decline in healthcare activities as Covid-19 vaccinations and testing eased.

The figures offer a fresh indication that the British economy is struggling under the weight of soaring gas bills and rising interest rates, and will add to fears after the Bank of England said the U.K. was poised to enter a lengthy recession in the final quarter of the year.

The decline in GDP worsened toward the end of the quarter. Data for June showed it contracted 0.6%, undoing the 0.5% growth of the previous month. The U.K. is unusual among major economies in offering monthly measures of performance. Economists polled by The Wall Street Journal had expected a 1.3% decline in June.

While better than feared, the data will be cold comfort for U.K. households and the two lawmakers vying to take



Services activity in the U.K. declined 0.4% in the second quarter, while consumer spending fell 0.2%.

over from Boris Johnson as prime minister. Mr. Johnson's successor will inherit an economy struggling with multi-decade-high inflation, a tight jobs market and an energy crisis that is expected to deepen.

The Bank of England last week said the U.K. would enter a recession in the final three months of the year and won't exit it until the start of 2024—comparable in length to that during the financial crisis of 2008 but not as deep. Inflation also is expected to accelerate, reaching a peak of around 13% in October. The BOE raised interest rates by 0.5 percentage point last week, the largest increase in more than a quarter-century.

Major central banks are seeking to raise interest rates to squelch surging inflation,

often at the cost of throttling back growth. In the U.S., the Federal Reserve must balance a robust labor market with recent signs that inflation is slowing as it contemplates how much to raise interest rates next month. The European Central Bank is seeking to contain inflation even as the eurozone faces a possible recession this winter.

While the BOE expects the U.K. economy to rebound in the third quarter before entering a recession, Friday's figures could mark the start of an earlier recession, said Ruth Gregory, senior U.K. economist at Capital Economics. She expects the economy will shrink further in the current quarter. A recession is commonly defined as two consecutive quarters of negative growth. "The coming recession will be

shallow by past standards but given the main driver is inflation the pain will be disproportionately felt by households," she said.

The U.K.'s trade deficit also widened to a record level in the second quarter, separate data released Friday showed. The nation's trade deficit including goods and services rose to £27.9 billion, equivalent to \$33.98 billion.

A 5.4% fall in healthcare activities in the quarter played a large part in the quarterly GDP decline as Covid vaccinations and testing eased, said the U.K.'s Office for National Statistics. Celebrations to mark Queen Elizabeth II's Platinum Jubilee in June also resulted in two fewer work days than usual in June but one more in May, skewing the figures, the statistics body said.

WORLD WATCH

KENYA

Slow Tallies in Vote Feed Anxiety

Vote-tallying in Kenya's close presidential election isn't moving fast enough, the electoral commission chair said Friday, while parallel counting by local media stopped or dramatically slowed amid public concerns about censorship or meddling.

Differing tallies by media outlets fed anxiety as longtime opposition leader Raila Odinga, backed by former rival and outgoing President Uhuru Kenyatta in his fifth attempt at the presidency, was in a race with Deputy President William Ruto, who fell out with the president years ago.

Three days after Tuesday's vote, Kenyans wondered whether the presidential election would go to a runoff for the first time.

—Associated Press

POLAND

Chemical Waste Kills Tons of Fish

Poland's prime minister said Friday that "huge amounts of chemical waste" were probably dumped intentionally into the Oder River, which runs along the border with Germany, causing environmental damage so severe it will take the river years to recover.

Tons of dead fish have been seen floating or washed ashore



OFFERING: Devotees burned paper gifts to the departed to mark the Hungry Ghost Festival in Medan, Indonesia, on Friday. During the Taoist and Buddhist holiday, people offer prayers as well as food and drink to appease ancestors' spirits.

on the Oder's banks over the past two weeks but the issue only erupted into a major scandal late this week.

Prime Minister Mateusz Morawiecki, whose government is under pressure for its handling of what appears to be a major environmental catastrophe, vowed that Polish authorities would hold the perpetrators to account. "We will not let this matter go," he said. We will not rest until the guilty are severely punished."

German media have reported that the poison is mercury.

—Associated Press

EASTERN EUROPE

Latvia, Estonia Quit China-Backed Forum

Latvia and Estonia say they have left a Chinese-backed forum aimed at boosting relations with Eastern European countries, in what appears to be a new setback for China's increasingly assertive diplomacy.

The move follows China's boosting of its relations with Russia, whose invasion of Ukraine is seen as a possible first step in a series of moves against countries that were once

part of the Soviet Union. China has refused to criticize Russia and has condemned punishing economic sanctions imposed on Moscow by the West.

The move also comes after Beijing launched economic and diplomatic retaliation against another Baltic state, Lithuania, in retaliation for its expanded ties with the self-governing island democracy of Taiwan, which China claims as its own territory and threatens to annex by force.

China issued no immediate comment on the move by Latvia and Estonia.

—Associated Press

Xi-Biden Meeting Is Planned

Continued from Page One

two summits, the people said.

"China supports Indonesia and Thailand as the hosts of the two conferences, and is willing to work with all parties to promote the conference to achieve positive results," China's Foreign Ministry said in a response to The Wall Street Journal's question on Mr. Xi's potential trip.

The White House declined to comment. A White House official said the two leaders discussed a possible face-to-face meeting during their recent call, and agreed to have their teams follow up to sort out the specifics. The official declined to provide details on the time or location.

The last time Mr. Xi left China was in January 2020, on a state visit to Myanmar, just

days before Chinese health authorities publicly acknowledged the severity of the Covid-19 outbreak in the central Chinese city of Wuhan.

This year, he briefly traveled to Hong Kong to commemorate the July 1 anniversary of the territory's return to Chinese sovereignty 25 years earlier.

Mr. Xi's absence from the global stage has hobbled China's communications with other countries, nearly eliminating opportunities for top-level in-person engagements at a time of increasing global concerns about Beijing's deteriorating relationship with Washington.

A heated Chinese response to House Speaker Nancy Pelosi's recent visit to Taiwan, the self-ruled island that Beijing claims as part of China, has sparked nervous chatter in the region about the possibility of outright conflict between the two powers.

If the Xi-Biden trip happens, Mr. Xi is expected to make state visits to other regional countries and meet with national leaders in per-

son, the people said, part of a broader effort to maintain relations and to rebuild personal connections with them. Such a trip, they added, would help Mr. Xi demonstrate China's focus on Southeast Asia, where the U.S. has made a push to challenge China's influence.

Mr. Xi's self-isolation during the past two years has been driven by concerns about Covid-19, according to people familiar with his thinking.



The news about a phone call between Presidents Biden and Xi Jinping in July was broadcast on a TV at a Hong Kong mall.

His cautious approach toward the virus has left China as the only major world economy still imposing tight restrictions on its people's movements to suppress the spread of Covid infections. Officials have hailed the strategy, described as "dynamic zero-Covid," as a great success personally attributable to Mr. Xi despite considerable costs to the country's economy.

Some Chinese officials and

foreign-policy experts say Mr. Xi's first international trip could signal the beginning of a relaxation of China's pandemic controls to allow the resumption of business trips across international borders at a time when the country's economic growth is slowing.

If Mr. Xi attends the G-20 summit, "it means that large-scale exchanges between China and the world will be resumed," said Wang Huiyao, founder of Beijing based think tank Center for China & Globalization. "The resumption of high-level international exchanges will drive exchanges between the business community, academia and other communities."

China cut isolation times for inbound travelers to seven days of hotel quarantine in June, from 14 days previously.

Mr. Xi also received Joko Widodo, president of Indonesia, in Beijing last month, marking the first time Mr. Xi has met in person with a world leader since Beijing hosted the Winter Olympics in February.

Southeast Asia finds itself

in a delicate diplomatic position as it seeks to balance its heavy reliance on the U.S. for security with many of its countries' longstanding cultural ties and growing economic links with China.

China ranks as the No. 1 trading partner of the Association of Southeast Asian Nations, with billions of dollars of Chinese investment flowing into the region to fund highways, railways, power plants and dams.

To counter China's influence, Mr. Biden in May hosted the leaders of Southeast Asia's nations at the White House, where he announced new U.S. investments of about \$150 million in the region, covering green-energy infrastructure, security and early disease detection.

Secretary of State Antony Blinken, during a meeting with his counterparts from Asean countries in Cambodia last week, said the U.S. is determined to "deepen and strengthen" its partnership with nations in the region.

—Andrew Restuccia contributed to this article.

FROM PAGE ONE

FROM PAGE ONE



Above: Mallory Beach, who was killed after Paul Murdaugh crashed his father's boat into a bridge, right. Below, surveillance camera footage shows a clerk checking Paul Murdaugh's ID.



Case Jolts South Carolina

Continued from Page One

"I've spent 47 years trying to create a company that I'm really, really proud of," Mr. Parker said. He has declared repeatedly that he won't settle the case, because to settle would be "to have Parker's name besmirched."

"That's what's wrong with America now," he said. "People should stand up for what's right. And I'm standing up for the truth."

The wrongful-death suit led to a second lawsuit against Mr. Parker personally, accusing him of inflicting intentional emotional distress on the Beach family, which Mr. Parker denies, with an aggressive defense, including a covert investigation into the boat passengers.

The litigation so far hasn't featured in the lurid headlines associated with the deaths of Maggie and Paul Murdaugh, which took place at the family's hunting estate near Hampton, S.C., in June 2021. But it has become the poster child for tort reform in a lobbying campaign underwritten by Mr. Parker, who has staked much of his reputation and personal fortune on the case. His goal is to change the way financial damages in certain lawsuits in South Carolina are awarded.

The Beach litigation has also had its fantastical twists, with accusations that Mr. Parker's team improperly lied a boat passenger's underage friend with alcohol for information, an effort to have Beach family lawyer Mark Tinsley removed from both cases and an appeal to the state supreme court to claw back from Mr. Tinsley 5,600 pages of formerly private correspondence between Mr. Parker's team and a crisis communications firm.

Mr. Tinsley, a personal-injury lawyer in Allendale, S.C., said he wants to take Mr. Parker "for everything he's got" because the case has become personal. Mr. Tinsley said he is offended by the lengths to which Mr. Parker's team has gone in the continuing investigation, which has made an excruciating situation for the Beaches even worse. "I can prove everything he did and I'm going to, and he's going to write me a big check," Mr. Tinsley said.

Power in county

The boat crash in many ways began the unraveling of the Murdaugh empire. The wrongful-death suit began bringing out financial information that spiraled into an inquiry into Alex Murdaugh's alleged financial wrongdoing.

Mr. Murdaugh was the fourth-generation scion of a family that ran the solicitor, or district attorney's, office for the five-county 14th Judicial Circuit in southeastern South Carolina for nearly a century, while also

running a dominant personal-injury firm.

The South Carolina Law Enforcement Division, known as SLED, has taken over Murdaugh-related investigations, given the family's close working relationship with local law enforcement.

Before he was accused in the double homicide of his wife and son last month, Mr. Murdaugh faced more than 80 felony counts in what prosecutors said was a decade-long scheme to defraud his personal-injury clients of \$8.5 million. He has been jailed since October, weeks after he was charged with insurance fraud in a failed assisted-suicide attempt in a roadside shooting last Labor Day weekend. He has pleaded not guilty to most of the fraud and other counts against him, in addition to the murder charges.

Based on information uncovered in the double-homicide investigation, SLED is looking into two other suspicious deaths: that of Stephen Smith, a 19-year-old classmate of Mr. Murdaugh's older son whose body was found on a country road in 2015; and Gloria Satterfield, the 57-year-old family housekeeper who died after falling down the front steps at the Murdaugh home in 2018.

In the days before the killing of his wife and son on June 7, 2021, Mr. Murdaugh was under immense pressure in the boat-crash wrongful-death case. A judge had scheduled a hearing for June 10 to consider a motion by Mr. Tinsley to compel Mr. Murdaugh to turn over his financial information, which had been requested eight months earlier and was part of the wrangling over Mr. Murdaugh's insurance coverage and ability to pay potential damages.

The state's chief prosecutor last month said the evidence collected while investigating the alleged financial crimes provides "the background and the motive" for the double homicide.

Mr. Parker said it is surreal to be wrapped up in the Murdaugh morass and offensive to be accused in the death of Mallory Beach. "It's an incredible tragedy," he said. "But we're not responsible."

Mr. Tinsley said in court filings that Mr. Parker's company shares responsibility for the crash because the clerk made an obvious mistake when checking the ID Paul Murdaugh handed her when buying the alcohol. The clerk should have noticed that Paul's slight build didn't match up with the height and weight listed on his big brother's ID, said Mr. Tinsley.

"When you stress the speed of the transaction such that the people don't even read the information on the ID, it's apparent what's going to happen," Mr. Tinsley said. He said Mr. Parker knows that state law and store policy on alcohol sales aren't rigorously followed at Parker's Kitchen stores, a claim Mr. Parker denies.

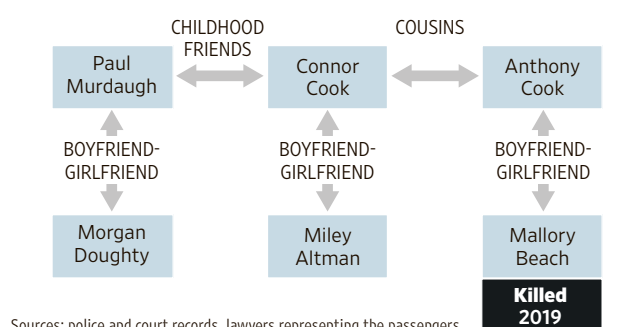
Night of drinking

The fatal boat crash happened in the foggy, early morning hours of Feb. 24, 2019. Paul Murdaugh started the



Crash on a Dark River

The young people spent the evening drinking including at a party and a bar along the water. GPS data show the boat accelerated rapidly and slammed into the pilings of a bridge at 2:20 a.m. Ms. Beach was thrown overboard; her body was recovered a week later.



Sources: police and court records, lawyers representing the passengers

Several passengers later testified that Paul drove the boat except for when Mr. Cook took the wheel while Paul went to the bow to confront Ms. Doughty. She told police he spit on her and slapped her, "screaming, cussing and saying horrible things," according to court documents.

At 2:20 a.m., GPS data show the boat accelerated rapidly and slammed into the pilings of the bridge to Parris Island, which was on the route back to the Murdaugh cabin, investigative reports said. Three of the passengers were thrown into the water, including Ms. Beach, who couldn't be found. Paul, Ms. Doughty and Mr. Cook were taken by ambulances to the hospital.

It took a week to find Ms. Beach's body, which was fished out in the marsh 5 miles north of the bridge.

Paul's blood drawn as part of his care at the hospital showed that his blood-alcohol level was .286, according to hospital records, three times the legal limit in South Carolina. Paul was criminally charged in April 2019, including boating under the influence causing death, but the charges were dropped after his death last June, leaving the wrongful-death suit the key legal proceeding.

Mr. Tinsley filed suit on behalf of Mallory's mother, Renee Beach, on March 29, 2019. The defendants included Alex Murdaugh, who owned the boat; Buster Murdaugh; Randolph Murdaugh III; an elementary school assistant principal and her husband who hosted the oyster roast; the owner of the bar where Paul took shots; and Gregory M. Parker Inc., Mr. Parker's company.

The hosts of the oyster roast, the bar owner and Randolph

reprimanded anyone over the speed they handle transactions and that Ms. Cohen was properly trained.

Ms. Cohen isn't named as a defendant in the Beach wrongful-death suit, though she is named as a defendant in two personal-injury suits brought by other passengers. Her lawyer declined a request for an interview on her behalf.

Alcohol-enforcement authorities haven't cited Ms. Cohen or the company in the sale, Mr. Parker said. An agent with SLED testified that she reviewed the video footage and found that Ms. Cohen "did her due diligence," by asking for the ID and scanning it to verify its validity, according to court records. State law doesn't require checking the height and weight on an ID in alcohol sales.

South Carolina law allows a plaintiff in an alcohol-related case to choose to collect 100% of the damages from a bar, store owner or host if a jury finds that entity the slightest amount at fault. The law, known as a joint-and-several liability law, differs from that in most other states, including Georgia, where a defendant pays a share of damages based on a percentage of fault assigned by a jury.

When asked whether Ms. Capelli bought alcohol for anyone underage, Mr. Klok said, "Not that she knows of." He added, "They had electronic carding at the door. She assumed everyone was an adult."

Mr. Parker said many of the materials sought in Mr. Parker's investigation wouldn't be admissible in court because footage or photos of Paul drinking excessively or underage in other settings wasn't the cause of the boat crash. "There's only one conclusion," he said in an interview. Mr. Parker's side was "collecting it to make [others] look bad in the public arena."

A lawyer for Mr. Parker in the wrongful-death case said he expects the material to be admissible because it establishes a propensity for excessive drinking that the suit also alleges that Mr. Parker's team leaked law-enforcement photos of Ms. Beach's dead body and a confidential video that was part of shared materials in the lawsuit, meant to be used only in the court proceedings, to a documentary filmmaker.

Mr. Tinsley said he created the video and shared it with Mr. Parker's lawyers to demonstrate how he might humanize Ms. Beach to a jury. It included home movies, still photographs and interviews with family members.

The suit alleges that six snip-

pets from the confidential video appeared last November in an online trailer for "Murdaugh Murders: Deadly Dynasty," a documentary by Vicky Ward, who is also named as a defendant in the outrage suit.

Ms. Ward said in court filings that she came into possession of the video before contacting Mr. Tinsley to request an interview with the Beach family last September. She said in a court filing that Mr. Tinsley told her that "whoever provided the video to her violated the mediation rules" and that Mr. Tinsley gave her permission to use the video.

Mr. Tinsley denies that, and said Ms. Ward didn't seek the family's written approval to use their material, which he said was standard practice in documentary production.

In December, she said in a written statement to FITSNews.com, an online outlet covering the Murdaugh saga, that the trailer was for internal use at her production company and was posted in error.

Edward Fennessey, Ms. Ward's media lawyer, declined a request to interview Ms. Ward. In May, a judge denied Ms. Ward's motion to be dismissed from the case. Mr. Fennessey said she looks forward to asserting her journalistic rights to receive and publish information in further filings or at trial.

The completed "Murdaugh Murders" documentary began streaming in June on the Investigation Discovery network, a unit of Warner Bros. Discovery. The documentary didn't include the snippets from the confidential mediation video; it did include a blurred image of Ms. Beach's dead body and several Snapchat videos taken by the passengers on the boat that Mr. Tinsley said law enforcement provided to him and to the Parker's legal team but haven't made public.

Mr. Parker said a large team has been employed on his behalf by his lawyers. The team has included private investigators, investigative journalists, social-media strategists, opposition researchers and crisis managers. At least 18 lawyers have been listed in court filings as representing Mr. Parker or his company.

"We were trying to find out who and what we were up against," Mr. Parker said. Mr. Parker said he didn't personally know or direct the actions of each person working on

his behalf, but he didn't authorize anyone to leak photos of Ms. Beach's body or cause distress to the Beaches. He alleged Mr. Tinsley leaked the mediation video, which Mr. Tinsley denies.

A spokeswoman for Mr. Parker said an investigative firm digging into the Murdaughs on Mr. Parker's behalf hired investigative journalist Gregg Roman and two private investigators, Max Fratoddi and Henry Rosado.

Mr. Roman published a 7,000-word investigation on the Murdaughs on his blog last summer; he also appeared in and co-produced Ms. Ward's documentary. Mr. Parker's spokeswoman said Mr. Roman's contract ended well before the double homicide and no one affiliated with the Parker's team authorized his blog post or participation in the documentary.

Mr. Roman said his written and documentary work were independent of the research he was paid to conduct.

Mr. Fratoddi and Mr. Rosado, who are defendants in the outrage case, said in court filings that they were "engaged to gather information for news purposes" and not part of a conspiracy.

Mr. Parker said his team pieced together details about Alex Murdaugh's family financial holdings, including allegations of questionable property exchanges and suspicions related to the deaths of Mr. Smith, the classmate of Buster Murdaugh, and Ms. Satterfield, the housekeeper, before last summer's double homicide.

Mr. Parker said he hired people he described as investigative journalists because he was shocked at the incestuousness of the South Carolina legal system, including the scope of the Murdaugh family's influence.

"When I look back on this [investigation], do I think 'Oh, gosh, I wish I hadn't done that?'" Mr. Parker said. "Absolutely not. I'm proud of the work we did."

When asked whether he conducted a stealth investigation and what specifically it entailed, Mr. Parker paused. "Here's a better question," he said. "So what? Of course I did. Anybody in my situation would have done exactly the same thing."

As to whether it was appropriate to surveil Paul Murdaugh, the son of a co-defendant in the wrongful-death case, Mr. Parker said he wanted to get pictures of Paul drinking, "which was pretty easy to do." He added: "This life of privilege is part of what should be examined here."

Mr. Parker said the outrage suit is a tactic to pressure him to settle. He recently rejected an offer to settle the wrongful-death case for \$25 million, according to a person familiar with the settlement talks.

The outrage suit is in limbo temporarily as the state supreme court considers a request by Mr. Parker's team to force Mr. Tinsley to return documents the team says are covered by attorney-client privilege. Mr. Parker's lawyers say some 5,600 documents were provided to Mr. Tinsley prematurely by Wesley Donehue, who runs the Push Digital strategy group, and the Laurens Group, a crisis-communications firm.

Mr. Donehue's lawyer, Sandy Senn, who is also a state senator, declined an interview request on behalf of her client, who stopped working with Parker's team in the spring of 2021. "Mr. Parker's lawyers are aggressive, threatening and litigious," Ms. Senn said in an email. "I hope you understand that what is best for my client is to stay away from this...case."

Mr. Parker's lawyers also filed a motion to force Mr. Tinsley to turn over any emails and texts exchanged with Ms. Capelli, the private investigator working for Mr. Parker. The law-

yers submitted as evidence 145 text messages between Mr. Tinsley and Ms. Capelli, arguing that Mr. Tinsley violated the rules of professional conduct by engaging with Ms. Capelli.

Mr. Tinsley said he acted appropriately in his communications with members of Mr. Parker's team, including Ms. Capelli, who he said initiated contact by sending him a Facebook friend request earlier this year. Mr. Klok, Ms. Capelli's lawyer, said Mr. Tinsley was wrong to engage with Ms. Capelli when he knew she was represented by counsel.

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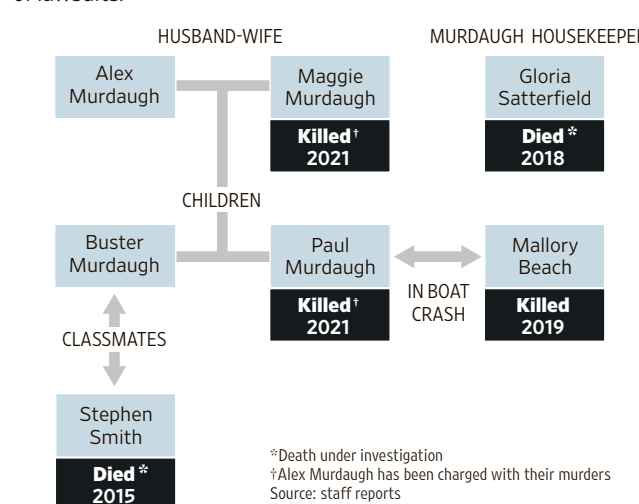
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Murdaugh Saga

The story of disgraced South Carolina lawyer Alex Murdaugh and his family includes five deaths: two that police have called homicides, two under criminal investigation and one the subject of lawsuits.



*Death under investigation; †Alex Murdaugh has been charged with their murders. Source: staff reports

statements and depositions that they tried to persuade he would not be held liable for the crash and the death of Ms. Beach.

In a preview of Mr. Parker's defense in the wrongful-death case, his lead trial lawyer, Panjov "PK" Shere of Raleigh, N.C., said he anticipates asking jurors to apply common sense and consider whether a two-minute transaction at Parker's nine hours before the crash was the fundamental reason for Ms. Beach's death. He will also ask them to consider whether the six-pack of Michelob Ultra Lime light beer, 15-pack of Natural Light beer and 12-pack of White Claw hard seltzer Paul

Layers of connections

Some of the players in the Murdaugh morass have intertwined relationships in South Carolina's close-knit legal community. Mr. Tinsley, 51, is a partner at Gooding & Gooding, a three-lawyer practice in Allendale County, S.C., which is adjacent to Hampton County. He was co-counsel in a 2018 case that netted a \$10.5 million settlement against a methadone clinic, where the lead counsel was Dick Harpootlian, a state senator who is now

Murdaugh purchased was sufficient to make him so grossly intoxicated, even if he drank it all himself, which he didn't, according to depositions.

Mr. Parker said his defense will also assert that the young people on the boat could have done more than he or his employees to prevent the crash, including physically blocking Paul Murdaugh from driving.

Mr. Parker said he is particularly angry by Connor Cook's lawsuit. "He said I'm responsible for the accident? He was buying him glass-fills of Jägermeister [at the bar] before the incident, and I'm responsible?"

Joe McCulloch, Mr. Cook's lawyer, said Mr. Cook and the other passengers said in witness

his longtime witness after the boat crash and went 10 months without insurance before finding a carrier, which offered him less coverage and charged a higher price.

A bill Mr. Parker backed in the legislative session that ended in June didn't get a hearing at the judiciary subcommittee level. In the legislature, 54 of 170 members are lawyers, and a disproportionate number are trial lawyers who oppose changing the law, according to Mr. Mullikin.

State Sen. Luke Rankin, the chair of the judiciary committee and a personal-injury lawyer, said he doesn't anticipate significant movement on the bill, saying it doesn't benefit the public.

"I can prove everything he did and I'm going to, and he's going to write me a big check."

Mark Tinsley, Beach family lawyer, referring to Greg Parker

Alex Murdaugh's lead criminal defense lawyer, Mr. Harpootlian is also a Democratic power broker; his wife, Jamie, is President Biden's ambassador to Slovenia.

Mr. Tinsley has frequently worked alongside the Murdaugh family firm, which changed its name last January to the Parker Law Group—unrelated to Mr. Parker—including with a lawyer from the firm in a record-setting \$30 million jury award against Ford Motor Co.

Mr. Parker's team includes some of the state's best-known lawyers, including Murrell Smith, the speaker of the state House of Representatives, and Deborah Barber, a former federal prosecutor who briefly coled former President Donald

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Mark Tinsley, above, at home in Allendale, S.C., in July, is the Beach family's lawyer. He is squaring off against Greg Parker, below, pictured in a New York hotel in July, who is being sued, along with his company, by the Beach family relating to the death of their daughter.



MARK KAUFMANN FOR THE WALL STREET JOURNAL

OBITUARIES

TOM ALBERG
1940 — 2022

Early Amazon Investor Cultivated Tech Startups

By JAMES R. HAGERTY

At the age of 27, Tom Alberg gave up his job at the prestigious New York law firm of Cravath, Swaine & Moore to return home to Seattle. It might have seemed that he was trading a highflying legal career for a quieter life.

Instead, he was setting himself up for an extraordinarily varied career in which he provided legal counsel to Boeing Co., became one of the first investors in Amazon.com Inc. and a director of that company for 23 years, helped run McCaw Cellular Communications Inc., co-founded a venture-capital firm, and established a vineyard and a winery.

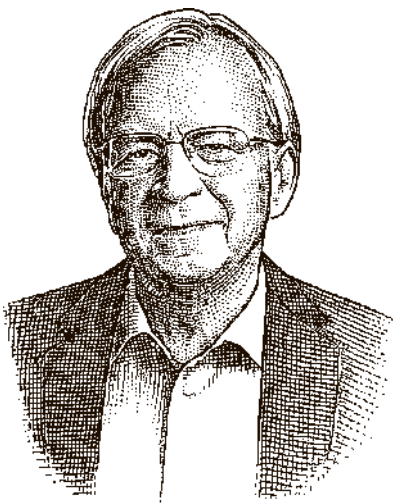
Friends attributed his success partly to optimism, an unassuming style of leadership, a knack for consensus-building and a curiosity about almost everything. A former colleague, Greg Gottesman, recalled walking into his office and expressing surprise that he was reading a quantum-physics textbook. "Oh," Mr. Alberg said, "I want to understand this."

Mr. Alberg died Aug. 5. He was 82 and had suffered a stroke 14 months earlier.

Because of his experience in advising high-tech firms, a friend suggested in 1995 that he meet Jeff Bezos, who was seeking early investors for an online bookstore that would become Amazon.

Mr. Alberg recalled in a 2021 book, "Flywheels," that he was impressed with the entrepreneur and his business plan but wondered what would happen when the Barnes & Noble chain offered books online. Mr. Bezos said he could move faster and that Barnes & Noble might be wary of competing with its own physical stores.

Mr. Alberg was willing to consider investing \$50,000—more than he had ever put into a single company at that point—but waited



to see whether other investors would put their money down. Finally, about eight months after meeting Mr. Bezos, Mr. Alberg became one of the initial investors.

In 1996, he joined Amazon's board. When Amazon went public in 1997, his initial \$50,000 investment was valued at around \$2.7 million. In mid-1999, Forbes reported that Mr. Alberg had "made a \$21 million killing" on Amazon.

Tom Austin Alberg, the grandson of a Swedish immigrant, was born Feb. 12, 1940, and grew up in Seattle. His father invested in agricultural land. Young Tom was good at math and served as class president in high school. At Harvard, he studied international affairs and was a leader in the Young Republicans group.

He earned a law degree from Columbia University in 1965. After joining the Seattle law firm Perkins Coie, he rose to chairman of the executive committee and advised companies including Boeing and numerous high-tech startups. Craig McCaw, chairman of McCaw Cellular, recruited Mr. Alberg, who joined as an executive vice president in 1990.

When AT&T Corp. took over McCaw in the mid-1990s, Mr. Alberg was in the thick of the negotiations and advised McCaw's board.

He then teamed up with William Ruckelshaus, former head of the Environmental Protection Agency, and other partners to form Madrona Venture Group. Madrona's investment hits have included Isilon Systems Inc., a digital storage firm, and collaboration-software provider Smartsheet Inc.

When company founders gushed about the potential size of a market, Mr. Alberg sometimes cut in with a suggestion: "Why don't you describe your service and talk about why someone will pay money for it?"

He converted some of the land acquired by his father to create the Oxbow Farm and Conservation Center on 240 acres along the Snoqualmie River in Carnation, Wash. Oxbow provides educational programs and grows vegetables and native plants. He transformed another family plot into a vineyard near Royal City, Wash., and founded the Novelty Hill Winery in Woodinville, Wash. He treated colleagues to bone-shaking hayrides on a wagon pulled by his tractor.

Mr. Alberg is survived by his wife, Judi Beck, five children and four grandchildren. An earlier marriage, to Mary Alberg, a professor emerita of physics at Seattle University, ended in divorce.

In recent years, one of his priorities was to find solutions for Seattle's problem of homelessness, aggravated by high housing costs associated with an influx of highly paid technology workers. The problem, he wrote, was "not in attracting too many creative people to tech hotspots" but rather "in failing to find ways to apply their creativity and wealth to solving our social problems."

◆ Read in-depth profiles at [WSJ.com/news/types/obituaries](https://www.wsj.com/news/types/obituaries)

STEVEN SCHNALL
1967 — 2022

Banker Defied Trends In Home Financing

After the housing market melted down in 2008, Steven Schnall sensed opportunity.

Access to home financing became so restrictive that immigrants, self-employed workers and small-business owners were finding it tough to get mortgages. Big banks considered lending to outside-the-box borrowers hazardous since doing so had helped fuel the meltdown.

Mr. Schnall, a veteran mortgage banker, chose to specialize in that corner of the market, buying a struggling bank and turning it into a lender known for unconventional home financing. Quontic Bank, based in the New York City borough of Queens, grew into a lender with a reputation for fos-

tering homeownership among the city's immigrant population.

"I said, 'If I'm going to re-engage in the mortgage business, I'd like to solve for some of the problems that a mortgage company has,'" he recalled on a podcast last year. Quontic, which now offers banking services across the country, made nearly \$2 billion in mortgages last year.

Mr. Schnall died on Aug. 2 when a car struck his motorcycle in upstate New York, according to his wife, Sherri Schnall. He was 55.

People close to him described him as brimming with ideas that often went beyond real estate. "He had this inner tenacious fire," said David Dessner, a longtime friend. "He just consumed life."

—Ben Eisen

ROBERT BROCKMAN
1941 — 2022

Software Mogul Fought Tax-Fraud Allegations

When Robert Brockman, one of the richest people in the country, was visiting his company's offices near Dayton, Ohio, he stayed at budget motels and ate frozen dinners in his room, a former employee recalled.

The penny-pinching was integral to Mr. Brockman's success in the automotive business, where he rose from humble roots to control one of the largest U.S. providers of software for car dealerships, Reynolds & Reynolds Co.

Though he had a net worth measured in the billions, few could have guessed it. He didn't appear on Forbes' list of wealthiest Americans until he was indicted in 2020 on federal charges that he had committed the big-

gest individual tax fraud in U.S. history. (His wealth was pegged then at \$4.7 billion, but his wife said in a December 2020 affidavit that a Brockman Bermuda trust had assets of at least \$7.7 billion.)

Prosecutors claimed that Mr. Brockman used a web of offshore structures to conceal more than \$2 billion in income from the Internal Revenue Service. He allegedly used encrypted servers and fishing-related code names to communicate with those said to be running this secret offshore empire, calling himself "Permit," and the IRS "The House."

Mr. Brockman died at age 81 on Aug. 5, his lawyer confirmed, while waiting to stand trial on the allegations, which he has denied.

—Miriam Gottfried

FROM PAGE ONE

President Next Door Ruffles City

Continued from Page One

is steps from the new presidential office, underestimated the drawbacks of becoming

the president's neighbor.

"I can't even open my windows because of the protesters yelling outside," said Mr. Lee, who now wishes the office would go back to the old place a few miles away.

One of Yoon Suk-yeol's first acts after becoming president in May was to move the presidential office and residence out of the incumbent "Blue House" compound, named for its roof tiles' color.

The conservative Mr. Yoon, who eked out a March election victory, had pledged never to set foot inside the Blue House, a mountain-flanked complex used for decades that he likened to an emperor's palace. It was too remote, he said, too detached from ordinary people.

Now he's too close for many South Koreans' comfort. The new office sits in the heart of Seoul at the country's Defense Ministry complex. His new residence lies just outside the complex. The new digs are in the riverside Yongsan neighborhood, where U.S. troops were stationed until a few years ago. The area is packed with homes, alleyway restaurants, government buildings and the Korean War museum.

The neighborhood has turned into a protest zone for people with objections ranging from the presence of a U.S. antimissile system to Legoland Korea over a tiff about building the park above cultural artifacts. Oft-occurring presidential road blockages irk commuters and drivers. With crews still remodeling the residence—formerly the foreign minister's—Mr. Yoon lives at his private home about 5 miles away, requiring him to crisscross Seoul to his office daily.

A spokesman for Mr. Yoon's office said: "The President is engaging in utmost efforts to minimize any inconvenience that the people might face during his commute."

Supporters of the move include Byun Gap-yeong, 70, who operates a small distribution center in Yongsan and said his business hasn't been much affected: "Moving closer to the people and being able to meet and communicate with them is important."

The new venue needed major upgrades to accommodate a head of state. It lacks enough space for the increased police presence, local media reported, prompting some security officers to christen their cramped resting shelter the "Vinegar Room" for its human odors.

Mr. Yoon's spokesman, without directly commenting on the vinegar moniker, said it secured additional space "to improve the working and living conditions for the officers."

Some previous administra-



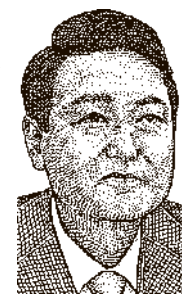
South Korea's leader is moving the presidential office into central Seoul from the 'Blue House,' above.

tions, too, have proposed moving out of the Blue House, including that of the liberal Roh Moo-hyun in the early 2000s. Mr. Yoon's predecessor, Moon Jae-in, said he would move the presidential office to the nearby Gwanghwamun area. But his administration scrapped the plans, saying the alternative location lacked key facilities, among other factors.

The 62-acre Blue House compound is three times the size of the White House grounds in Washington, D.C. The location, which Korean royalty had used as gardens for centuries, became the presidential complex after Korea divided.

Off-limits for decades to all but the elite, the Blue House has become a tourist draw, with more than 1.4 million visitors in recent months, government data show.

Lee Dohyun, a business manager living outside Seoul, strolled the grounds a few days after the Blue House opened to the public. "It felt amazing to see it in person," said Mr. Lee, 32, who initially opposed the move but now approves after his Blue House visit. Still, he added, "Regardless of political orientation, I'm doubtful of whether it was a reasonable and efficient decision."



New neighbor Yoon Suk-yeol

One dilemma is what to name the Blue House's successor. The Yoon administration set up a committee that asked the public for suggestions, offering a roughly \$4,500 cash prize for the winner.

Approximately 30,000 entries flowed in. In June, the committee announced five finalists, including "The People's House," "The People's Government Office," "Bareunnuri" ("Righteous World"), and "Mineum Government Office," (roughly, "Listening to the People"). The top vote-getter was "Itaewon-ro 22," the street address, which critics on social media panned as a knockoff of the U.K.'s 10 Downing Street.

None attracted a public consensus, so the committee concluded its activities without scheduling another meeting. That left the office with the interim name "Yongsan Presidential Office."

"Once we have a new name for the presidential office, we would use it for a long time," said Mr. Yoon's spokesman, so the office "decided to take more time to find a suitable name, rather than choosing hastily from the five candidate names."

Lee Yoon-jin, a 26-year-old sales manager, called the naming snafu "ridiculous." Most

South Koreans opposed the move, he said—in a March poll, 58% disapproved—"but Yoon still forced the move without any consent. It doesn't feel democratic at all."

North Korea seized on how Mr. Yoon's preferred placeholder, "People's House," was in English, not Korean. A Pyongyang-controlled propaganda website proposed: "Why don't you change your name to Joseph Yoon and put a sign in front of the office saying 'White House 2.0?'"

The new office also lacks an official logo to replace the old one depicting the Blue House.

Yoon administration officials have told local media that things would have moved faster if they hadn't minimized costs to save taxpayer dollars. The budget for the move was roughly \$37 million, and Mr. Yoon's spokesman said the office was moving desks, chairs and other furniture from the Blue House to save money.

One person not complaining is Cho Soon-ok, 80, who has staged solo protests, centered on a personal-property dispute, outside the Blue House since this past winter. She relocated her protests following Mr. Yoon's move.

The Blue House required a long uphill walk, she said, and the new site offers better access. And with a nearby subway station, she said, "Bathrooms are also much closer now."

In Memoriam

For more information:
[wsj.com/inmemoriam](https://www.wsj.com/inmemoriam)

Roger G. Ackerman
November 25, 1938



technologies used to create the backbone of the internet. Under his guidance, Corning began to invest more heavily in the booming telecommunications markets, which drove unprecedented growth and stock prices for Corning. After 39 years with the company, Ackerman retired from Corning in June 2001. During his tenure, he transformed a company best known for glass-ceramic cookware into one that is enjoying market-leading positions in some of the hottest areas of technology.

Roger Ackerman was an active volunteer at his beloved Rutgers as well as many other organizations, sharing both his time and expertise. Mr. Ackerman was involved in numerous company boards and civic and industry associations such as President of the Malcolm Baldrige National Quality Award Foundation, Chairman of the Business Council of New York State, Director of the Corning YMCA, Board of Directors Northeast Regional YMCA, member of the Rutgers University Foundation of Overseers, Trustee of Alfred University, and lead Director of Mass. Mutual.

Roger Ackerman loved most of all spending time with his wife of 65 years, Maureen and exploring the world with her. He loved being engaged with all of his family's varied activities, his country, all types of music, reading, athletics, traveling and boating. He was an avid golfer, who collected every new golf gadget or club brought to market. He was a self-taught mariner who had no concerns piloting the notoriously dangerous coastal waters of Maine no matter the conditions. Mr. Ackerman's values of education, hard work, altruism and the love of the Finger Lakes and State of Maine live on in all he inspired.

Calling hours for Mr. Ackerman were held from 6-8 p.m. on Tuesday, August 9, 2022, at Phillips Funeral Home in Corning, NY. A private family service will be held in New Jersey at a later date. In lieu of flowers, please consider donations to the Corning YMCA or Bampa's House located in Corning, NY in Mr. Ackerman's honor.

Kind words or memories may be shared with Mr. Ackerman's family at www.PhillipsFuneralHome.com.

THE WALL STREET JOURNAL
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OPINION

THE WEEKEND INTERVIEW with Vivek Ramaswamy | By James Taranto

How Your Retirement Account Got Politicized

Are you looking to make a political statement as you invest your family nest egg? You have plenty of options, at least if you support fashionable “environmental, social and governance” causes like climate and diversity. If you lean unstylishly to the right, you can buy into niche mutual funds that choose stocks with free-market or religious principles in mind. But what if you want to avoid politics? That’s easier said than done.

The standard advice to retail investors is to buy passively managed index funds, which invest in the stocks of a broad range of companies. That’s an excellent way to balance risk and return, to ride waves of economic growth and offset losses from individual companies that sink beneath them. But Vivek Ramaswamy, a newly minted investment-fund executive, says that politics have quickly come to dominate index funds too. He has an ambitious plan that aims to break its grip.

The problem arises from what’s known as “the separation of ownership from ownership.” When you invest in, say, a BlackRock fund, you own shares in the fund, which in turn owns stocks or other underlying assets. Formal ownership of a company share gives BlackRock a vote in elections for the board of directors and on resolutions governing corporate policy. Multiply that share by hundreds of millions, and it adds up to real clout.

BlackRock and other giant firms use your money to advance ideas you may not agree with, even if you own index funds. An alternative has arrived on the market.

The three biggest fund managers—BlackRock, Vanguard and State Street—manage a combined total of some \$20 trillion in assets. Their holdings of Exxon Mobil Corp., to take a prominent example, totaled more than 890 million shares, or about 21% of the company, as of March 31. When they vote as a bloc, that can easily tip the balance, as it did in 2021 when the big three backed a slate of Exxon Mobil directors put forth by the tiny activist fund manager Engine No. 1, which held fewer than a million shares.

“It was an accident of this investment structure that gave that much voting power to that concentrated group of actors with an unprecedented aggregation of capital,” Mr. Ramaswamy says in a Zoom interview from his home office in Columbus, Ohio. The big fund managers began only a few years ago “to exercise that voting power to advance social and political agendas.”

When you buy an index fund that’s managed in this fashion, you’re promoting ESG objectives whether you want to or not. “The index-fund industry was based on the premise that these asset managers weren’t smart enough to

pick stocks,” Mr. Ramaswamy says. Are we supposed to believe they’re “enlightened enough to know how to design an entire society”?

But never mind society, what about your retirement fund? Engine No. 1 describes its goal as helping companies “transform their businesses to be more sustainable.” Its website proudly features a July 2022 Journal news story with the headline “After Defeating Exxon, Engine No. 1 Works With Oil Giants on Emissions.” If you want to avoid politics, this obviously isn’t the fund manager for you. But neither is any other firm that would join an effort to “defeat” a company in which it has invested your capital.

When a fund manager uses your money “to advance agendas that do not serve the capital owner’s interest,” Mr. Ramaswamy says, “that represents a large-scale fiduciary breach.” But what can you do about it? Litigation is prohibitively expensive, and regulatory solutions are unpromising with an ESG-friendly administration in Washington. Buying stocks directly and voting them yourself is a high-risk investment, not to mention a labor-intensive one, and for a non-billionaire the return in recovered voting power is trivial. Besides, pursuing any of these possible remedies would take you down a political rabbit hole, exactly what you’re trying to avoid.

Enter Mr. Ramaswamy, a 37-year-old wunderkind. He founded a biotech investment firm in 2014, at 28, then left it in 2021 and published two books, “Woke, Inc.: Inside Corporate America’s Social Justice Scam” last August and “Nation of Victims: Identity Politics, the Death of Merit, and the Path Back to Excellence,” forthcoming next month. “I enjoyed writing the books,” he says. “I thought I was going to keep going at it.”

Instead he decided that “problems in our culture, created in the market, . . . needed to be solved through the market,” and Strive Asset Management was born, with Mr. Ramaswamy as executive chairman. Its first offering, the Strive U.S. Energy ETF (ticker symbol DRLL), began trading this week on the New York Stock Exchange, where Mr. Ramaswamy rang the closing bell on Wednesday.

Strive is an activist investment manager. “Our mission,” its website declares, “is to restore the voices of everyday citizens in the American economy by leading companies to focus on excellence over politics.” The firm won’t do this, Mr. Ramaswamy emphasizes, by selecting stocks in accord with “right-wing values” the way ESG funds promote left-wing values.

Instead its first few funds, including DRLL, will be managed passively, and subsequent ones actively, for profit, not politics. As an investment vehicle, DRLL is effectively identical to BlackRock’s iShares U.S. Energy ETF (IYE). It will own shares in the same companies in virtually the same proportions, rebalanced each quarter according to the same rules, and charge the same management fee (0.41%). That means any benefit to shareholders from Strive’s efforts



BARBARA KELLEY

will accrue equally to investors in IYE.

But Strive seeks to beat the big fund managers at their own shareholder-activism game. That presents an obvious difficulty, akin to the challenge of starting a third political party: Even if your views are far more popular than the incumbents’, you’re starting from zero. How do you overcome their massive advantage in money, loyalty and voting power?

The Engine No. 1 saga points to one answer: by using the power to introduce resolutions and board candidates and inducing the big funds to vote your way. Mr. Ramaswamy’s strategy entails heightening ESG’s contradictions by crafting resolutions that “call the bluff of the doublespeak,” by which he means the claim that fund managers are simultaneously “using capital to address shared global challenges like systemic racism and global climate change” and “exclusively looking after the financial interests of their clients.”

Thus, he says Strive might introduce or support a resolution stating: “All current and future investments shall be evaluated exclusively through the lens of financially measurable return on investment.” A “no” vote from an ostensibly apolitical investment fund would amount to a disavowal of its fiduciary duty to its clients. But if the resolution passes, Mr. Ramaswamy says, it would “govern over any other prior shareholder resolution” and thereby direct management to pursue profit regardless of political objectives.

Under such a resolution, Chevron Corp., for instance, could disregard the 2021 shareholder-approved measure directing it to reduce “Scope 3 emissions”—i.e., carbon dioxide produced by others up and down its supply chain. Mr. Ramaswamy sees that policy as especially pernicious, a way for asset managers to “deputize” the company “to also affect the behaviors of smaller players in its supply chains—family-owned businesses, private companies, etc.”—that “otherwise should and would have been insulated from the politicized shareholder demands.”

Another example of the ESG “bluff” is this statement from BlackRock CEO Larry Fink’s 2021

letter to CEOs: “We expect companies . . . to have a talent strategy that allows them to draw on the fullest set of talent possible. As you issue sustainability reports, we ask that your disclosures on talent strategy fully reflect your long-term plans to improve diversity, equity, and inclusion.”

Mr. Ramaswamy suggests this counterresolution: “All hiring at every level, including executive and board hiring, shall be based exclusively on job qualifications, without regard to race, sex, sexual orientation or political belief.” If DEI aims merely “to draw on the fullest set of talent possible,” how could BlackRock justify a vote against directing managers to refrain from illegal or politically based employment discrimination?

“That might sound pretty simple,” Mr. Ramaswamy says. But this March Apple, the world’s biggest company by market capitalization, “over the recommendation of management, adopted a ‘racial equity audit’ shareholder proposal,” which BlackRock supported.

Between annual shareholder meetings, Strive will employ “shareholder engagement”—lobbying managers and directors on behalf of its profit-seeking agenda. “Shareholder engagement means letters, private meetings, public meetings, etc., exercising your voice and delivering that shareholder mandate,” Mr. Ramaswamy says. “As BlackRock, State Street and Vanguard do today, Strive will do in a different way. I will be the chief ambassador for delivering those messages. And the greater capital we have in DRLL, the more weight shareholder engagement will carry with the boards and management teams of U.S. energy companies.”

The firm’s choice of the energy industry for its debut fund is a strategic one. “It is, first of all, probably the sector that has suffered the greatest . . . economic damage inflicted by the ESG movement,” Mr. Ramaswamy says. “Most people who work in the energy industry don’t work there because they think oil and gas is contributing to global catastrophe, but because they think it contributes to global prosperity.”

The Exxon Mobil board changes and the Chevron Scope 3 resolution were both approved over the

opposition of management. Energy executives and lower-level employees alike are “looking for an off-ramp from the shareholder mandates that they can see firsthand have actually destroyed value in their sector,” Mr. Ramaswamy says. “Our corporate engagement effectively opens up the post-ESG mandate for the sector.”

Another advantage: Energy funds have been out of favor with investors, giving Strive an opportunity to grab attention with DRLL. The fund’s BlackRock counterpart, IYE, has only some \$2.5 billion in assets under management, roughly 1/4,000th of the firm’s total. If Strive can exceed that with DRLL, Mr. Ramaswamy says, “that will be the event that I think sends seismic shock waves across the sector,” even though the big funds’ total investment in any given company will still dwarf Strive’s. “Is that achievable?” Mr. Ramaswamy asks. “I can’t comment on that on the record.” But he sounds confident.

Mr. Ramaswamy sees enormous growth potential in energy stocks. “The capital-market investment consensus was there is no oil and gas business after 2030—this line of business disappears,” he says. ESG constraints promise to make that a self-fulfilling prophecy. Meanwhile, low interest rates accelerated a flight of capital from energy and toward technology companies that expect high future returns. When cash is cheap, “the opportunity cost of capital in the present is lower, so you value the future more highly,” Mr. Ramaswamy says. Higher interest rates and an unshackling from ESG could bring “a great reversal of fortunes between the U.S. tech sector and the U.S. energy sector.”

Over the long run, Mr. Ramaswamy aspires to build Strive into a serious competitor to the big funds across a wide range of investments. He thinks that’s possible because the giants will have a hard time disentangling themselves from ESG.

“When you listen to BlackRock and State Street and Vanguard say, ‘This is what our clients want,’ there’s a certain sense in which they’re not wrong,” he says. “Some of their clients, and especially their institutional clients”—he cites the California Public Employees’ Retirement System and its New York counterpart—“are demanding that they behave this way.” (The capital these pension funds manage ultimately belongs to government employees and retirees, another degree of separation of ownership from ownership.)

When the funds’ biggest clients make such demands, it limits the investment menu for everyone, including red-state pension funds as well as retail investors. If Strive offers a viable alternative, Mr. Ramaswamy says, its larger competitors will “have to choose which lunch they’re going to eat, and they’re going to leave another one on the table. The one they’ve left on the table is the one that we’re stepping up to pursue ourselves.”

Mr. Taranto is the Journal’s editorial features editor.

Starbucks Brews Competition, and Opposition, in a Montana Town



CROSS COUNTRY By Tunku Varadarajan

Livingston, Mont.

The Arby’s shut down in the early days of the pandemic because the owners couldn’t find anyone to work there. “They had two people,” says Leslie Feigel, executive director of the Livingston Area Chamber of Commerce, “and those two girls, they held it down the longest they could.”

The restaurant was in a location so prime only a death-dealing global sickness could lay it low. It sat right off Exit 333 at the junction of Interstate 90 and U.S. Route 89. Everyone going to the north entrance of Yellowstone National Park drove by—and often through—that Arby’s. Many also went in search of caffeine to downtown Livingston, where there are a dozen independent coffee shops. On a still summer’s day, Main Street smells of coffee.

The Arby’s site lay shuttered and forgotten until the Livingston Enterprise splashed a scoop on its front page on Feb. 4: “Starbucks Moving Into Old Arby’s Building.” The store, the paper reported, would employ 20. The news sent a shudder through Livingston. Michael Boise, a local sound recordist, was alarmed enough to start a Change.org petition to try

to stop the store from opening. “It’s cultural,” he says, as we sip a hot brew at one of the town’s small cafes. “You’ve come to Livingston to get away from those kinds of things.” There’s a place for Starbucks, he concedes. “I just don’t believe it’s here.” His petition, titled “Keep Starbucks Out of Livingston,” has 3,725 signatures, a number that’s nearly half of the town’s head count. (One of them is mine, done as a test. So it’s conceivable that many of the signatories are out-of-towners.)

The battle is now quixotic or, put another way, performative. As Ms. Feigel of the chamber confirms, there’s no legal way to stop Starbucks: “It’s a private commercial transaction.” When I visit the site, I see men in hard hats. Starbucks is an unstoppable force. “We are proud to have the opportunity to join the Livingston community,” the company said in a statement to a local TV station. “It has a thriving coffee community that allows all types of businesses to exist together and customers will choose the coffee experience that is best for them.”

But Cathy Johnson isn’t buying that—particularly the “exist together” part. She owns Coffee Creek, a winsome little hut that dispenses coffee from two windows to two lines of drive-through customers. She’s located in the parking lot of the town’s supermarket—an Albertsons, part of

America’s second-largest grocery chain—just a hundred yards from the Starbucks-to-be. Yellowstone-bound tourists are her staple in the summers, but she has a loyal year-round clientele. “It’s the tourists that help me make money,” she says, “but it’s the locals that sustain me.”

Some locals are hot about its plan to open a store in Livingston, but cafe owners say they’re confident.

Arby’s wasn’t competition, but Starbucks could kill her business. Yet if she’s feeling downcast, she isn’t showing it. “Starbucks haven’t offered to come in and buy me out yet, but I might consider it if they did,” she says, seemingly in jest. She knows that she couldn’t sell her business to anyone else if her sales plummet: “Who’d buy it?” Longtime customers have sworn to remain faithful to her coffee. Some have even offered to picket Starbucks. She’s told them not to. One of her employees tells me, “We’re going to keep on trucking.”

In truth, the opposition to Starbucks in Livingston comes largely from longtime residents who have watched in some dismay as the town’s demographics have changed

with Covid. People have flocked to the area from California and New York, often snapping up land and houses “sight unseen” (as a resident told me). There are now hundreds of Airbnb options in town, but few affordable rental units. And the tone of the town has changed. Ms. Feigel tells me that Livingston was, before Covid, a “laid-back libertarian place.” The influx from blue states has “brought a different set of values.” She describes how some nouveau Livingstonians are pushing to pave local dirt roads—at notable cost to taxpayers—so they can have bike paths. “If you want that, you can go back to the city,” she says, laughing out loud.

Ms. Feigel would, “of course,” welcome Starbucks to the Chamber of Commerce if it wants to join as a local business. And her accepting approach to the coffee behemoth has an echo in unlikely quarters. With the exception of Ms. Johnson—whose small business stands to lose the most—the town’s coffee-shop owners seem unfazed, even jaunty. Lindsay Madding, who owns Rx Coffee, says, “We have days here we’re so busy I wish Starbucks was open!” She bought her business on July 1 and is confident she’ll be fine. “Our coffee and food are superior.” Sarah Faye of Faye’s Cafe is dismissive of the stop-Starbucks petition. “It’s not my fight. I think people like to make a fuss

about these things,” she tells me on her break. “I have a 16-year-old daughter who loves Starbucks.” Ms. Faye “wouldn’t mind if she worked there.”

No one is more forthright than James Langteaux, a writer and former producer of Christian TV shows who fled here from Los Angeles in March 2020. He owns Tru North, a thriving café on Main Street. “When I learned about Starbucks,” he tells me, “I panicked at first, thinking, ‘Oh gosh, they’re going to siphon off the tourist trade.’” And then he composed himself. “I said, ‘Just be better than Starbucks.’” To prove his point he offers me a drink “you won’t get there in a million years”: an iced mixture of milk, maple syrup (“subtle sweet, not Starbucks sweet”) and Yellowstone espresso with cold foam and a rim of heavy cream. A bellyful, but delicious.

Mr. Langteaux read Ayn Rand when he was 13. “This is a free-enterprise system,” he says. “I respect the fact that anybody can do anything they want any time in America.” To try to fight Starbucks would be ridiculous. “Because it’s antithetical to who we are as a nation.”

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at Columbia University’s Center on Capitalism and Society.

OPINION

REVIEW & OUTLOOK

The Secrets of Mar-a-Lago

Well, that didn't settle anything. We're referring to Friday's release of the warrant and property list that caused Attorney General Merrick Garland to send FBI agents to search Donald Trump's Florida home. This seems to have been a dispute over classified documents after all, but did that really require an unprecedented and politically polarizing search of a former President's residence?

The documents show that Federal Bureau of Investigation agents carried away 20 boxes of items and memorabilia. They included 11 sets of classified documents, some of which were marked top secret or higher in classification and required special storage and the highest security clearances.

The list of seized documents included no details. But someone leaked to the Washington Post that among the seized items were "classified documents relating to nuclear weapons." That sounds ominous, which may have been the point of the leak, and it fed the revival of perfervid media speculation that Mr. Trump is a foreign agent looking to sell the secrets.

Let's stipulate that mishandling classified documents is bad practice and can be criminal. The FBI had cause to be concerned if it had reason to believe that secrets were improperly taken away or stored in Mar-a-Lago. It wouldn't be the first time Mr. Trump was ill-disciplined about secrets.

But it has been 18 months since Mr. Trump left the White House, so why the sudden urgency that required Monday's full-scale search? If the documents were serious nuclear secrets, you'd think the Justice Department would have demanded their return as soon as that was known. And if such documents are floating around Mar-a-Lago, why tell the world via a leak in the Washington Post?

Mr. Trump claims to have nothing to hide and said "it was all declassified." After Mr. Garland requested on Thursday that the fed-

eral judge who signed off on the warrant publicly release it, Mr. Trump didn't object. When he was Commander in Chief, Mr. Trump had very broad powers of classification, though we can't recall the extent of such power ever having been litigated.

That could make it hard to prove a criminal case against him, though we don't know what other evidence the Justice Department has about Mr. Trump's handling of the documents. Media reports say he was served a subpoena for the documents some weeks ago. Did he resist, and on what grounds?

The warrant also mentions U.S.C. 793, also known as the Espionage Act, which the press is flogging as the big story. But that law has rarely been employed over decades, and it is intended to prosecute individuals who transmit secrets to foreign agents or governments. Charging Mr. Trump under the Espionage Act merely for keeping at his residence classified documents that he claims were declassified would be a gross prosecutorial overreach.

As is his wont, Mr. Trump is also sowing public confusion by saying that perhaps the FBI planted documents to set him up. There's no evidence for this, but the sordid history of the FBI's Russia collusion falsehoods means that many people might believe it.

That's the political reality no matter how many times Mr. Garland chants "no one is above the law." That cliché is obviously true, or should be. But the search of the home of a former President and perhaps future presidential candidate is an inherently political act. It requires overwhelming evidence to persuade the country, not merely 12 jurors. It requires judgment and discretion about what is in the best interests of the nation.

Mr. Garland's FBI search warrant has put a badly divided country on a perilous political course. He will need much more evidence than what is in the warrant, and a much more serious violation of law, to justify a prosecution.

Prosecution under the Espionage Act would be a prosecutorial reach.

The Stabbing of Salman Rushdie

The author Salman Rushdie was supposed to discuss the U.S. as a refuge for exiled writers. As he was about to begin Friday at the Chautauqua Institution in western New York, a man rushed the stage and stabbed Mr. Rushdie in the neck. A 24-year-old, Hadi Matar, is in custody. His motive wasn't clear.

But Mr. Rushdie has spent decades facing precisely this kind of threat. In 1989 the ayatollah of Iran issued a fatwa calling on Muslims to kill Mr. Rushdie for allegedly insulting Islam with his novel "The Satanic Verses." Mr. Rushdie went into hiding for years but had lived more openly in New York in recent years. Perhaps he was beginning to hope that it all had faded into history.

Iranian hardliners celebrated the attack Friday on social media. "This deserves congratulation," one wrote on Twitter, according to the translation by the New York Times. "God willing, we will celebrate Salman Rushdie going to hell soon." Another wrote that the attacker was a

member of "Islam's soldiers without borders." If that's true it would hardly be surprising.

This week federal prosecutors charged Shahram Poursafi, a member of Iran's Revolutionary Guard Corps, with plotting to kill former National Security Adviser John Bolton. Mr. Poursafi provided a U.S. informant with details of Mr. Bolton's schedule that "do not appear to have been publicly available." He also said there was a second target after Mr. Bolton.

Masih Alinejad, a human rights activist who is also a U.S. citizen, wrote in these pages that she was targeted in Brooklyn by an agent of Iran. "This time their objective was to kill you," she says an FBI agent told her. "We detained him with a loaded AK-47."

President Biden, meantime, is still trying to revive President Obama's bad Iran nuclear deal. Even putting aside for a moment the merits of that negotiation, how can the U.S. sit across the table with such a regime and expect it to keep its word?

After Iran's fatwa, this kind of attack was always a threat.

Biden and Twitter Censorship

Social-media platforms have often censored conservatives, and sometimes in tandem with political pressure to do so. Now comes hard evidence that Twitter booted blogger Alex Berenson after White House officials privately complained about him to Twitter employees.

Mr. Berenson has been a vocal critic of government lockdowns, mask mandates and mRNA vaccines. In our view he's been too quick to dismiss the vaccine benefits and overstated their potential risks, which has hurt his credibility. But that's no worse than the powers-that-be who have overstated their benefits and been too quick to dismiss their potential, if small, risks.

Those powers include Twitter's censors and Biden Administration officials who have sought to silence public discussion about Covid vaccines and masks. Last July President Biden publicly blamed social media companies for "killing people" by not removing content that encouraged vaccine hesitancy.

Hours after Mr. Biden's comment, Twitter locked Mr. Berenson's account. The next month Twitter permanently banned Mr. Berenson after he tweeted that mRNA vaccines don't "stop infection. Or transmission. Don't think of it as a vaccine. Think of it—at best—as a therapeutic with a limited window of efficacy and terrible side effect profile that must be dosed IN ADVANCE OF ILLNESS. And we want to mandate it? Insanity?"

Mr. Berenson sued the company for, among other things, removing him in violation of its own stated policies. In settling the lawsuit last month, Twitter acknowledged it erred in banning Mr. Berenson and agreed to restore his account. As part of legal discovery, Twitter was required to produce documents involving him. Now Mr. Berenson is making some public.

On Friday he published conversations from an internal Twitter Slack channel that show White House officials had met with its employees in April 2021 and targeted Mr. Berenson. One em-

ployee noted the meeting overall went "pretty good" but "they had one really tough question about why Alex Berenson hasn't been kicked off from the platform."

"Any high level takeaways from the meeting? Anything we should keep an eye out for?" an employee asked. (Employee names are redacted from the documents).

"Yes, they really wanted to know about Alex Berenson," said another comment. "[White House Covid adviser] Andy Slavitt suggested they had seen data viz that had showed he was the epicenter of disinfo that radiated outwards to the persuadable public."

Twitter didn't ban Mr. Berenson until August, but its employees were clearly under White House pressure to do so. This pressure probably increased over the summer of 2021 as the Delta variant surged and waning vaccine efficacy stymied Mr. Biden's promise to shut down the virus.

Twitter is a private company. But evidence of a direct connection between White House pressure and Twitter censorship bolsters the argument that social-media platforms can be sued as "state actors" for restricting speech in violation of the First Amendment. Courts have been reluctant, and properly so, to allow such lawsuits to proceed without evidence linking specific demands from government officials to censorship.

Mr. Berenson has now shown that White House officials sought to conscript the platform into silencing him, and perhaps others who don't toe the White House line on Covid. Have Biden officials pressured other platforms to censor users who express contrarian views on other topics such as climate change?

The government's response to Covid shows the importance of robust debate, since much of the official wisdom has turned out to be wrong and did great harm. Think lockdowns. A condominium of Big Tech and government is itself a hazard to public health and democracy.

LETTERS TO THE EDITOR

General Motors Responds on Electric Vehicles

Regarding Allysia Finley's "GM Is Government Motors Again" (Life Science, Aug. 10): Our path at GM to an all-electric future is predicated on two beliefs. First, everyone who wants an electric vehicle should be able to buy one. It's why we are transforming our portfolio, converting factories and investing \$110 billion in the U.S. since 2011 as part of a strategy that puts a premium on access and affordability.

Second, U.S. companies must lead this transition. It is the only way that we can control our own fate; to ensure that the cars and jobs of the future are created here, and that the technology critical to our economic and national security is developed here.

The pandemic's shock to the supply chain is a reminder of our vulnerability in sourcing key components, and the consumer experiences the brunt of this weakness. This country lost leadership in semiconductor manufacturing and as a result our economy experienced delays and disruptions that could have been prevented. We should avoid this prospect with respect to

critical components and minerals required for the transportation future.

GM decided to move aggressively into EVs without any assurance that government policies would support the move. It is good for business, the people of GM, customers and America.

Policies supporting EVs are good for America, too. We support proposals that enhance U.S. innovation and the resiliency of North American supply chains. We crafted our portfolio of internal-combustion and electric vehicles to allow for an equitable transition. We are prepared for any legislative environment but support provisions that will allow the transition to accelerate—so we can go bigger, move faster and be globally competitive.

Our mission transcends generations and administrations. New technologies take time to scale and reduce costs, and EVs are no different, but we are determined to ensure that the U.S. auto industry leads the way.

MARY T. BARRA
Chairman and CEO, General Motors
Detroit

Chamber of Commerce Defends Endorsements

Regarding your editorial "The Chamber's House of Horrors" (Aug. 9): The Chamber of Commerce's endorsements are voted on by a committee of members made up of businesses across industries and local chambers around the country. Our process is representative of the business community's urgent desire for meaningful solutions from Washington.

The Chamber's endorsements in the last election cycle included 193 Republican candidates and 30 Democratic candidates, both graded on the same scorecard. The scorecard includes positions on a range of important issues. Many members of Congress earned an endorsement because of their actions working to, among other things, secure passage of USMCA, President Trump's top legislative priority last Congress.

In this Congress, the Chamber has leveraged relationships with members of both parties to help enact a historic infrastructure bill without a tax increase. It also worked to ensure Democrats in Congress rejected President Biden's proposal to raise corporate and personal tax rates, tax capital gains at personal income rates, impose a global minimum tax and raise taxes on pass-through businesses.

The Chamber advocates across more than 300 priorities, delivering results for the U.S. business community. We recently sued the Federal Trade Commission and Securities and Exchange Commission to fight aggressive and overreaching regulation.

MARK ORDAN AND BRACKETT DENNISTON
Chairman and vice chairman
U.S. Chamber of Commerce
Bethesda, Md., and Boston

The High Stakes of America's Taiwan Strategy

Hal Brands and Michael Beckley sound an important alarm in "The Coming War Over Taiwan" (Review, Aug. 6). I would add two ideas drawn from the 1980s to their defensive suggestions. First, U.S. naval forces can interdict a Chinese invasion force from a distance, much as British Adm. Sandy Woodward did by keeping his aircraft carriers well east of the Falklands—out of Argentina's range—in the 1982 war. It made all the difference in that conflict.

Second, adopt a global response to a Chinese attack on Taiwan. This would be a latter-day version of the Reagan-era maritime strategy, announced in 1986, that made clear to Moscow that U.S. and NATO counterattacks would hit at pressure points all around the periphery of the Soviet Union and throughout the world.

JOHN ARQUILLA
Monterey, Calif.

Messrs. Brands and Beckley left out an important variable: U.S. domestic opinion. Misguided and poorly executed wars have yielded distrust of our foreign-policy leadership and a shattering of the consensus that America must play a leadership role in world affairs to protect our interests. The costs associated with containment of China would dwarf those imposed by the recent attempts to isolate Russia. For such policies to remain popular and sustainable, our leaders would have to

resist the temptation to press every political advantage against a president of the opposing party. In other words, the moment would call for congressmen to act as statesmen. I am not optimistic.

MICHAEL A. WOOD
Fort Worth, Texas

Messrs. Brands and Buckley claim that China might start the war by bombing U.S. military installations in Guam and Okinawa. I can't imagine that President Xi Jinping would be reckless enough to attack America directly. I'm sure China realizes that bombing U.S. military installations would start a war between China and the U.S., possibly even World War III.

Mr. Xi may well decide to attack Taiwan. We should sell Taiwan the military equipment it needs to defend itself, but we shouldn't send troops or advisers. A U.S. war with China, the most populous country on earth, could devastate Taiwan and parts of China and the U.S. Is it worth the risk to our country? I don't think so.

RALPH KERR
Leander, Texas

A detente is needed to avoid a conflict, as the U.S. was able to do with the Soviet Union. A war between the U.S. and China will create a global crisis with no winners.

ED HOULIHAN
Ridgewood, N.J.

DEI Is Politics, Not Science

In their letter "Politics and the Future of Medical Education" (Aug. 1), David Skorton and Henri Ford of the Association of American Medical Colleges claim to "pay heed to the latest evidence" by "integrating diversity, equity and inclusion competencies into medical education." But the DEI movement isn't new evidence; it's a political framework for interpreting evidence to explain differences in outcomes.

RICHARD PROVOST
Midlothian, Va.

Pepper ... And Salt

THE WALL STREET JOURNAL



The Failed Domino's Theory

Regarding "Domino's Last Italian Stores Close" (Business News, Aug. 10): What made Domino's Pizza think it could be competitive selling pizzas in Italy? Italy's established pizza businesses have to compete with Italians making pizzas in their ovens at home.

JOHN A. VITERITTI
Laurel, N.Y.

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

SPORTS

By LAINE HIGGINS

Becky Hammon inherited the best offense in the WNBA when she became coach of the Las Vegas Aces this year. The first thing she did was turn it upside down. The reason, she explained, was simple.

"It's just math," she said in an interview. "Three is bigger than two."

Since arriving in Sin City in the offseason, Hammon installed a free-flowing, unselfish, fast-paced offense that turned the Aces into one of the most deadly 3-point shooting teams in the WNBA poised to make another deep play-off run as the top overall seed with one game left to play on Sunday.

Las Vegas's new style is the antithesis of how the franchise played basketball since relocating from San Antonio ahead of the 2018 season. It's also a direct reflection of the woman calling the plays on the sidelines—Hammon, the former WNBA sharpshooter and barrier-breaking NBA assistant coach.

During her 16-year playing career, the latter half spent with the San Antonio Stars, Hammon attempted the second-most 3-point shots in WNBA history. Since retiring in 2014, her mark has been surpassed by veterans Diana Taurasi and Sue Bird, who is playing her final season. Still, pulling up from beyond the arc was a hallmark of her game.

"She was phenomenal when it came to quick release—she was little—but also finishing around the rim amongst the trees," said Katie Smith, associate head coach of the Minnesota Lynx who played against Hammon in the WNBA. "Those experiences of what she put in is obviously something that's going to her team."

Finding space and exploiting it also became a hallmark of her coaching style when she transitioned into an assistant role with the San Antonio Spurs under legendary coach Gregg Popovich. Not only was she the first woman to ever hold such a role full time, she guided the team to an NBA Summer League title in 2015.

The Spurs may not have been known for pushing the league toward freewheeling shooting like the Golden State Warriors. But they did learn first-hand how devastating such a style of basketball could be: the Warriors eliminated San Antonio in the 2017 and 2018 playoffs.

Hammon was not appointed with a mandate of overhauling the team when she became the new Las Vegas head coach in December. Under former coach Bill Laimbeer, a bruising center with the Detroit Pistons during the "Bad Boys" era, Las Vegas tended to play a "very traditional style," Hammon said.

"He played the Triangle offense. Just leave it there," she added, ref-



Las Vegas head coach Becky Hammon, pictured below, has turned the Aces into one of the most deadly 3-point shooting teams in the WNBA.

The Aces Are All In on 3-Pointers

Becky Hammon overhauled the WNBA-leading offense and has the team poised for a playoff run



erencing a scheme popularized in the 1990s by then-Chicago Bulls coach Phil Jackson.

It got the Aces to the WNBA finals as recently as 2020, to the playoff semifinals for three straight seasons and the top points-scoring offense in the league by a wide margin in 2021. Yet the team's frustrating inability to break through and win championships made the locker room receptive to change.

When Hammon arrived, she replaced the Triangle with three core principles: "Pace, space and share." "She wants us to shoot 3s. She

wants us to run and gun," said guard Kelsey Plum at the beginning of the season. "If someone is open, give up the ball, doesn't matter who it is."

It was a system made lethal by the Aces' stockpile of talent. Las Vegas no longer had All Star center Liz Cambage, who became a free agent last winter and signed with Los Angeles, but it did have rangy forward A'ja Wilson and guard Chelsea Gray alongside Plum—all of whom won gold medals for Team USA at the Tokyo Olympics. (Plum won gold in 3x3 basketball.) Once Las Vegas embraced Ham-

mon's style of basketball, they went from the team that attempted the fewest 3-pointers in the WNBA for five straight seasons to the team with the third-most in 2022. It's a change made even more remarkable by the Aces' league-leading 35.9% 3-point percentage. Plum, who was the team's sixth woman under Laimbeer, earned the starting nod and used her increased minutes to nearly double the number of shots she took from behind the arc, to 7.4 per game.

The barrage of long balls didn't stop with Plum: Wilson has attempted 81 shots from 3 this season, after launching all of one in 2021. It's something that might not have happened if Wilson hadn't flown to San Antonio to work out with her new coach shortly after Hammon's promotion.

"We went out to the 3-point line and I thought she shot it very well. I asked her, 'Well why aren't you shooting any 3s?' And it just wasn't part of Bill's system," Hammon said. She later told the forward, "You've got the total green light out there."

About 16% of Wilson's field goal attempts are now 3-pointers, a massive uptick but still the lowest share on the team. This makes sense given how her role in the

Aces' offense also changed in 2022: Without Cambage, the 6-foot-4 Wilson is playing as a slightly undersized center.

By adding the 3-pointer to her arsenal, Wilson became even trickier to guard, Smith said, because defenders can no longer count on her driving to the paint. At the same time, they can't risk leaving her open from deep.

"She's gotten downhill so many times this year for layups because you have to guard her at the three point line. You have to come up and put a hand up," Hammon said.

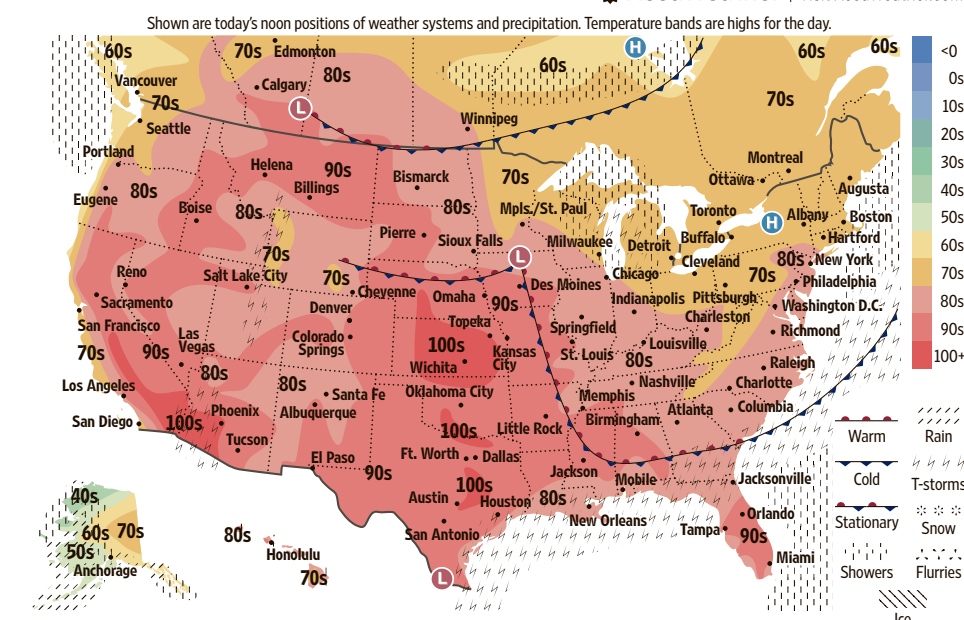
When the Aces get rolling, they are nothing short of historic. In their fifth game of the season, Las Vegas set a franchise record with 16 made 3-pointers. They broke it again 10 days later with 18, also tying the WNBA record. They made 16 again in July against the New York Liberty, a game during which the Aces attempted 33 treys and set a WNBA record with 71 first-half points.

"When they catch fire they have big quarters, big halves. Can they sustain it for the whole game or multiple games? That's the next thing," Smith said.

Las Vegas should get plenty more opportunities to try when it matters most—WNBA playoffs begin Aug. 17.

25-10
The Las Vegas Aces are tied with the defending champion Chicago Sky for the best record in the WNBA

Weather



U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	62	54	r	59	53	r
Atlanta	86	70	s	87	70	c
Austin	97	73	t	96	71	t
Baltimore	84	60	s	81	65	pc
Boise	96	63	s	97	66	s
Boston	76	63	pc	79	66	s
Burlington	74	54	pc	76	58	pc
Charlotte	86	64	s	87	66	pc
Chicago	80	67	pc	75	64	pc
Cleveland	76	58	s	75	63	sh
Dallas	99	79	s	100	79	s
Denver	95	65	s	94	63	t
Detroit	74	61	sh	72	63	sh
Honolulu	88	75	pc	87	76	pc
Houston	91	76	t	92	75	t
Indianapolis	81	64	s	83	65	sh
Kansas City	98	74	s	96	72	pc
Las Vegas	93	80	t	96	80	pc
Little Rock	90	68	s	94	75	s
Los Angeles	93	68	pc	92	67	pc
Miami	90	78	t	89	78	t
Millwaukee	74	64	c	73	63	pc
Minneapolis	80	62	pc	81	65	pc
Nashville	87	67	s	90	72	pc
New Orleans	86	75	t	89	75	t
New York City	80	65	s	81	69	pc
Oklahoma City	97	73	s	99	74	s

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	96	68	s	90	69	s
Orlando	90	74	t	88	75	t
Philadelphia	83	64	s	84	68	pc
Phoenix	100	83	t	99	81	t
Pittsburgh	76	59	s	74	61	sh
Portland, Maine	76	58	c	79	60	pc
Portland, Ore.	80	60	pc	84	60	pc
Sacramento	95	60	s	96	61	s
St. Louis	91	76	s	92	71	pc
Salt Lake City	90	70	t	89	70	t
San Francisco	74	60	s	75	58	pc
Santa Fe	86	58	pc	88	59	t
Seattle	76	58	c	80	59	pc
Sioux Falls	84	63	s	83	67	pc
Wash., D.C.	82	66	s	81	67	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	87	65	s	88	68	pc
Athens	89	74	t	88	72	s
Baghdad	110	83	pc	111	83	pc
Bangkok	91	79	t	94	79	c
Beijing	90	75	t	80	71	sh
Berlin	86	68	pc	80	67	pc
Brussels	88	63	s	90	68	pc
Buenos Aires	65	57	s	68	56	s
Dubai	111	92	pc	106	93	pc
Dublin	77	58	pc	78	59	pc
Edinburgh	78	55	c	77	58	t

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	89	67	s	90	69	pc
Geneva	87	60	s	82	61	t
Havana	89	72	t	89	72	t
Hong Kong	89	82	t	89	82	t
Istanbul	86	71	s	87	72	pc
Jakarta	90	78	t	90	78	t
Jerusalem	84	65	s	84	65	s
Johannesburg	72	49	s	61	36	s
London	95	67	s	93	67	pc
Madrid	85	63	t	92	62	s
Manila	89	78	t	88	78	t
Melbourne	59	48	c	59	48	c
Mexico City	75	58	sh	73	57	t
Milan	84	64	pc	89	68	pc
Moscow	80	60	r	83	61	s
Mumbai	86	80	r	86	80	c
Paris	91	65	s	83	64	t
Rio de Janeiro	75	63	s	77	64	s
Riyadh	110	86	c	109	86	c
Rome	82	64	t	85	67	s
San Juan	89	80	s	89	79	sh
Seoul	81	76	r	84	78	r
Shanghai	101	85	pc	102	84	pc
Singapore	87	79	t	87	78	t
Sydney	65	51	pc	64	50	t
Taipei City	95	82	pc	94	83	t
Tokyo	84	80	r	87	80	t
Toronto	77	61	pc	78	61	c
Vancouver	72	59	pc	73	60	s
Warsaw	79	64	t	81	65	t
Zurich	82	53	s	86	61	pc

Ravens' Preseason Win Streak Hits 21

By ANDREW BEATON

THE 1972 MIAMI DOLPHINS, the 1970s Pittsburgh Steelers and the 21st-century New England Patriots have all gone on runs that will live on forever in the annals of NFL history. The present-day Baltimore Ravens have gone on a run that's perhaps even more improbable.

It's also meaningless. The Ravens beat the Tennessee Titans 23-10 in a pre-season game Thursday night that extended a mind-boggling streak: Baltimore has now won 21 straight exhibition games, dating all the way back to 2016.

It's a curious badge of honor for any team in the modern NFL. That's because the preseason has never felt more pointless.

The NFL's exhibition season was once an anticipated tuneup for the regular season. But a series of evolutions have rendered this part of the calendar increasingly moot. Teams are increasingly conscious about keeping their best players fresh. Players stay in tip-top shape at private training facilities throughout the offseason. The notion of a superstar getting injured in a game worth absolutely nothing is the type of thing that can get a coach fired.

This has never been clearer than over the last several years. It's now completely normal for coaches to



The Ravens' Shemar Bridges, right, celebrates after a touchdown.

keep their most important players sidelined for much, if not all, of the preseason. During the first year of the pandemic, in 2020, the quality of play didn't seem to dip at all when exhibition games were canceled. When the NFL expanded its regular-season schedule to 17 games last year, it reduced the number of preseason games from four to three.

In 2022, it isn't scandalous that Tampa Bay Buccaneers quarterback Tom Brady is taking the next week-plus off for what the team dubbed personal reasons.

Baltimore, under coach John Harbaugh, has been one of the NFL's most consistent teams. It won a Super Bowl after the 2012 season and has made the playoffs in nine of his 14 seasons in charge. The team was in the hunt for a

playoff spot last year before falling short after superstar quarterback Lamar Jackson went down. (The franchise ended the regular season with a streak that it certainly wants to break as quickly as possible: It lost its last six games of 2021.)

But the curious thing about the Ravens' success in August is that it doesn't rely on believing in the importance of preseason snaps more than other teams. Jackson didn't play Thursday night against the Titans. He threw a grand total of four passes in exhibition games last year. Yet even while he played sparingly in the 2021 preseason, Baltimore won its three games by a combined score of 74-20.

The Ravens don't just beat their preseason opponents. They blow them out.



Changing Gear
Your local bike store now has way too many bikes **B4**

EXCHANGE

Roomba Rising
An origin story that shouldn't be swept under the rug **B4**



BUSINESS | FINANCE | TECHNOLOGY | MANAGEMENT

THE WALL STREET JOURNAL.

Saturday/Sunday, August 13 - 14, 2022 | **B1**

DJIA 33761.05 ▲ 424.38 1.3% NASDAQ 13047.19 ▲ 2.1% STOXX 600 440.87 ▲ 0.2% 10-YR. TREAS. ▲ 10/32, yield 2.848% OIL \$92.09 ▼ \$2.25 GOLD \$1,798.60 ▲ \$8.90 EURO \$1.0259 YEN 133.45

REFASHIONING Victoria's Secret

By KHADEEJA SAFDAR

Victoria's Secret spent the last year trying to shift from a brand associated with the male gaze to a company representing female empowerment. Many customers don't know it made any changes at all.

Most shoppers who participated in a study conducted by the lingerie seller in February weren't able to identify Victoria's Secret & Co. as the brand behind recent ads of models wearing its lingerie, according to internal research documents reviewed by The Wall Street Journal. The ads show women with different ethnicities, body types and ages mostly in natural-looking lingerie, including a pregnant Grace Elizabeth and multiracial model Paloma Elsesser.

When asked to pick two images that portrayed the brand, the focus group of roughly 28 women, aged 18 to 40, consistently selected photos of Hailey Bieber, another Victoria's Secret model, in leopard and shiny strap lingerie, the documents show. Once prompted, however, most customers agreed more inclusive marketing was a step in the right direction.

Chief Executive Martin Waters said the focus group was part of a broader effort to keep track of how consumers think about Victoria's Secret. He said he is confident about the company's new direction and wasn't surprised that most people don't associate it with Victoria's Secret yet.

"You don't change a brand's positioning in five minutes or a day or a month or a week," he said. "It takes years."

The research highlights the many challenges facing Victoria's Secret as it tries to reverse decades of marketing built on sex appeal. While it is still the No. 1 lingerie brand by sales in the U.S., falling sales and scandal have slashed the company's valuation and upended its leadership. The man who made it a national brand, Leslie Wexner, stepped down from parent company L Brands in 2020. After a failed deal to sell a controlling stake to a private-equity firm, Victoria's Secret split off from L

After decades marketing sex appeal, the retailer is trying to convince women it can change



Victoria's Secret added mannequins with different body types, above, and a maternity line, below right. Its perfumes include a scent meant to enhance natural smell. Multiracial model Paloma Elsesser anchors the company's ads.

Brands in 2021 as its own public company.

Shares closed Friday at nearly \$41, down about 29% from when it was spun off a year ago. Victoria's Secret sports a market capitalization of roughly \$3.4 billion or roughly half its annual sales. Revenue, including the Pink apparel chain, declined 4.5% in the quarter ended April 30, but the company projected better growth in its fiscal second quarter.

Few brand refreshes are successful, and if they do succeed, they usually take years or decades to yield results, said Ana Andjelic, former chief brand officer at Banana Republic. "It involves a series of strategic, creative, and operational decisions day in and day out," she said.

Simply changing the advertising won't yield results, she said. "These brands are built on an industry structure that doesn't exist

'It will be broader than just the look of lingerie. It will be about women's journeys through life.'

anymore."

Another brand that tried such a shift was Abercrombie & Fitch & Co., which was part of the L Brands empire before it became a public company in the late 1990s. After its longtime CEO Mike Jeffries stepped down in 2014, it dropped its shirtless male models and sexualized marketing aimed at teens in favor of diverse models and a more sophisticated aesthetic targeting people in their 20s and 30s.

Executives at Old Navy also ran a major campaign last year to offer inclusive sizing for all its apparel; it frustrated customers who said they couldn't find their sizes.

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YouTube Planning Store for A la Carte Streaming

By JESSICA TOONKEL AND SARAH KROUSE

YouTube is planning to launch an online store for streaming-video services and has renewed talks with entertainment companies about participating in the platform, according to people close to the recent discussions.

The company hopes the new platform, which it is referring to internally as a "channel store" and which has been in the works for at least 18 months, could be available as early as this fall, some of the people said.

YouTube currently allows subscribers to YouTube TV, its \$64.99-a-month online package of cable channels, to add on a subscription to services such as HBO Max. The new marketplace would allow consumers to choose streaming services a la carte through the main YouTube app.

YouTube, which is owned by Alphabet Inc., will be joining the likes of Amazon.com Inc., Roku Inc. and Apple Inc., which all have their own hubs to sell streaming-video services. With an array of apps now available, these tech giants are trying to position themselves as the go-to place for consumers to get access to all of their favorite movies and shows. Selling multiple services through a single app can make life easier for consumers.

Typically, companies with streaming hubs get a share of revenue from purchases within their marketplaces. YouTube is discussing splitting subscription revenue with streaming partners, although the terms may vary widely for each partner, according to people familiar with the situation. YouTube declined to comment.

For streaming-video services, which are facing greater competition and slowing growth in the U.S., the YouTube store offers another avenue to get in front of potential customers. Companies are exploring a variety of new marketing and distribution strategies to boost sign-ups.

NBCUniversal's Peacock has had discussions with potential partners about adding their streaming services to its app, according to people

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Five Chinese Firms Plan To Delist From NYSE

By CLARENCE LEONG

Five Chinese state-owned companies said they intend to delist their American depository shares from the New York Stock Exchange, as financial regulators in Beijing and Washington remain at loggerheads over U.S. audit requirements.

In separate filings to Hong Kong's stock exchange Friday, PetroChina Co., China Petroleum & Chemical Corp., Aluminum Corp. of China Ltd., China Life Insurance Co., and Sinopec Shanghai Petrochemical Co. said they have notified the NYSE that they plan to voluntarily delist their American depository shares.

The companies pointed to limited trading volumes of their U.S. securities, and the administrative burden and costs of maintaining their New York listings. They said they would apply later this month to delist, and the last day of trading of their shares on U.S. exchanges would be in early September.

The China Securities Regulatory Commission said Friday that it is aware of the situation. "These companies have strictly abided by U.S. capital market rules and regulatory requirements since their listing in the United States, and the delisting decision was made out of their own business considerations," it said.

The regulator added the companies are listed in multiple venues. Following the voluntary delisting, there would be only three national-level Chinese state-owned enterprises listed on American bourses.

More than 250 U.S.-listed Chinese companies are facing the prospect of being booted off American stock exchanges if regulators in Washington

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Apple vs. Facebook: What Made a Rivalry

The tech giants discussed working together and charging a subscription fee for Facebook

By SALVADOR RODRIGUEZ

An ongoing dispute over privacy between Apple Inc. and Facebook is roiling the digital economy, leading companies to shift billions in ad spending as users continue to limit the data available to advertisers.

The feud took off last year, when Apple rolled out iOS 14.5, a version of its mobile operating system that made it easier than ever for iPhone and iPad users to opt out of letting apps like Facebook track their activity on their devices.

The two companies weren't always at odds. In fact, they were almost business partners.

In the years before the change, Apple suggested a series of possible arrangements that would earn the iPhone maker a slice of Facebook's revenue, according to people who either participated in the meetings or were briefed about them. As one

person recalled: Apple officials said they wanted to "build businesses together."

One idea that was discussed: creating a subscription-based version of Facebook that would be free of ads, according to people familiar with the discussions. Because Apple collects a cut of subscription revenue for apps in its App Store, that product could have generated significant revenue for the Cupertino, Calif., giant.

The companies also haggled over whether Apple was entitled to a piece of Facebook's sales from so-called boosted posts, said people familiar with the matter. A boost allows a user to pay to increase the number of people that see a post on Facebook or Instagram. Facebook, which considers boosted ads, has always contended that boosts are a form of advertising, in part because

Please turn to page B2



MARTIN ELFMAN

THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

TYSON FOODS INC.

TSN
8.4%

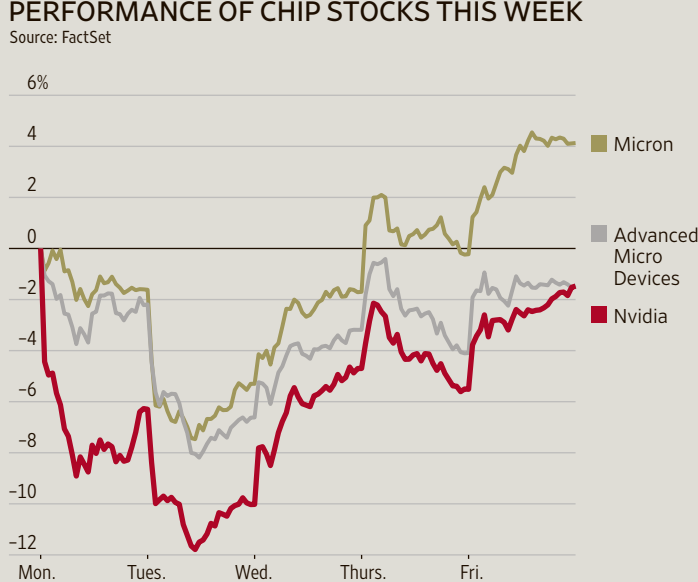
Rising costs are pecking at Tyson's profits. The meat-processing giant said raising chicken prices helped keep sales higher in its recent quarter, but any profit growth was wiped out by higher costs for wages, animal feed and transportation. Tyson's chicken challenges range from hatching enough chicks to short-handed processing lines in its plants. The company paid more for grain to feed its chickens and wages to keep plants staffed, and Tyson has sometimes bought chicken from rival processors to meet orders. Tyson shares **fell 8.4% Monday**.

TESLA INC.

TSLA
3.9%

Billionaire Elon Musk now has a few extra bucks in the bank. In recent days, Mr. Musk sold nearly \$7 billion of Tesla stock amid uncertainty over the fate of his \$44 billion deal to buy Twitter Inc. Mr. Musk suggested that the stock sales were aimed at avoiding a fire sale if he is forced to complete the transaction—in which case he could be on the hook for more than \$33 billion in equity financing. Since Twitter accepted Mr. Musk's acquisition offer in April, he has tried to walk away from the deal, resulting in a lawsuit that heads to court in October. Tesla shares **rose 3.9% Wednesday**.

PERFORMANCE OF CHIP STOCKS THIS WEEK



NVIDIA CORP.

NVDA
6.3%

A computer-chip surge is losing its charge. Semiconductor maker Nvidia on Monday warned that its fiscal second-quarter sales would fall well short of expectations amid a steep drop in gaming revenue. A day later, Micron Technology Inc. also issued a revenue warning. Chip companies face softening demand in consumer electronics after the pandemic fueled sales of laptops and other devices. Nvidia shares **dropped 6.3% Monday**.

SWEETGREEN INC.

SG
8%

Sweetgreen's rally from the worst of the pandemic hasn't been so sweet. The salad restaurant chain on Tuesday cut its fiscal 2022 outlook as its sales were hurt by an uneven Covid-related recovery in its urban locations and a slow return to offices. The company also said it was taking measures to manage operating expenses. The day before, Sweetgreen said it cut 5% of employees at its support center and reduced its real-estate footprint. Its suburban stores are doing better than those in cities, the company said. Sweetgreen shares sank in early trading but **ended 8% higher Wednesday**.

WALT DISNEY CO.

DIS
4.7%

There is new light in the Magic Kingdom. Disney posted a better-than-expected jump in quarterly revenue, fueled by record results at its theme-park division as tourism and travel surge back to life. Disney's theme parks haven't been running at full capacity since they reopened in 2021 after Covid-related closures, but a new online reservations system and ride-reservation apps helped the company generate more revenue per visitor. Its Disney+ streaming video platform also added more new subscribers than projected during the period. Disney shares **gained 4.7% Thursday**.

UNITED AIRLINES HOLDINGS INC.

UAL
2.4%

Flying taxis are closer to taking off. United has paid a \$10 million deposit for 100 of the electric aircraft being developed by Archer Aviation Inc., after last year investing in the startup. The development is a sign that the airline is growing more confident in the emerging technology, and other airlines have also announced investments in flying-taxi startups and preliminary orders. United Airlines Ventures president Michael Leskinen said that a trip from Manhattan to a New York airport might cost in the range of \$110 to \$120. United shares **rose 2.4% Wednesday**.

RIVIAN AUTOMOTIVE INC.

RIVN
0.1%

Rivian is revving up after a bumpy start. The electric-vehicle maker on Thursday said that its net loss in its second quarter nearly tripled to \$1.7 billion, putting more pressure on the startup to conserve cash and fill customer orders quickly. Rivian started manufacturing vehicles for the first time late last year, and during the first half of 2022 the company struggled with parts-related problems that slowed its production. It is under pressure to prove it can rapidly increase its production rate and deliver vehicles to waiting consumers. Rivian shares **lost 0.1% Friday**.
—Francesca Fontana

Apple and Facebook Face Off Over Privacy

Continued from page B1 they are often used by small businesses to reach a bigger audience, said one of the people.

Apple, which doesn't take a cut of advertising from developers, argued that Facebook boosts should be considered in-app purchases, according to a person familiar with the matter. Apple's standard terms would entitle it to take a 30% share of those sales.

Apple and Facebook, which has since changed its name to Meta Platforms Inc., didn't reach agreements on any of the proposals to work more closely together.

Around the same time, Facebook was considering making its own privacy-related changes. Chief Executive Mark Zuckerberg chose to delay significant changes to its data practices to keep its advertising business humming, the person said, an approach internally dubbed a "rear-guard" strategy.

The negotiations between the two companies, and Facebook's internal discussions about privacy, haven't been previously reported. They provide fresh insight into the origins of the contentious rivalry that is changing the kind of advertising consumers see online and putting billions of dollars in ad spending up for grabs.

Among U.S. iPhone and iPad users, 37% have opted into allowing companies to track them on their devices, according to research firm Insider Intelligence. With so few users opting in, the ramifications of Apple's changes to its mobile operating system have been felt broadly across the digital advertising ecosystem. Among U.S. and U.K. mobile advertisers, 59% have shifted advertising budgets from iOS to Android, Google's mobile operating system, according to a June survey by Tenjin and Growth FullStack, which develop tools used by mobile advertisers. The privacy shift has resulted in \$17.8 billion in lost revenue among Facebook, Twitter, Snap and YouTube so far in 2022, according to an estimate by Lotame, a data-management company.

Facebook, in particular, is scrambling to patch its ad-tracking systems, after Apple's moves were the primary cause of a sharp business slump that has shaved approximately \$600 billion from the company's market value in less than a year. Last month, a little more than a year after these changes, Facebook's parent company, Meta, reported its first year-over-year decline in quarterly revenue since it went public in 2012.

In prominent advertising campaigns and public statements from their top executives, the two tech giants have staked out rival positions, with Apple focused on user privacy while Meta highlights the benefits of personalized online advertising.

The discussions between the two companies, mostly between the years 2016 and 2018, represented efforts to find common ground in a period before their positions hardened.

"Every day, we meet and collabo-



Meta Platforms Chief Executive Mark Zuckerberg, above, chose to delay significant changes to the company's own data-privacy practices to protect its ad business, an approach internally dubbed a 'rear-guard' strategy.

rate with developers of all sizes to make suggestions, address concerns, and help them continue to grow their businesses," said an Apple spokesman, who added that the rules for app developers like Facebook are "applied equally to all developers because we think that fair enforcement results in the best user experience."

A Meta spokesman said the company has "made significant changes over the past five years to protect people's data while also allowing businesses of all sizes to grow." He continued: "The decisions we make aren't dictated by another company, but by our commitment to the people using our products and our belief that privacy and personalization are not at odds."

Apple and Facebook for years enjoyed a unique symbiosis: Apple controlled the App Store, the gate-

way to harvest data on users and deliver personalized ads.

Apple says its commitment to privacy is a core company principle that predated its rift with Facebook. An Apple spokeswoman said there is no connection between any discussions of partnerships and the ad-tracking changes that were later implemented.

Apple has discussed similar business models with many developers, according to a person familiar with the conversations. The discussions with Facebook came as Apple was shifting its focus away from hardware sales and toward software.

After Apple in 2016 saw its first ever year-over-year decline in iPhone revenue, CEO Tim Cook began putting more attention on the company's digital-services business. Revenue from Apple's hardware business declined nearly 1% during its most recent quarter, compared with a year earlier. Meanwhile, revenue for the company's smaller services business, which includes the App Store and its own advertising operation, rose 12%.

An important part of Apple's services revenue came from a partnership with Alphabet Inc.'s Google, which wasn't publicly known until it was cited in a 2020 antitrust lawsuit against Google by the Justice Department.

Under the arrangement, Google pays Apple billions of dollars annually to be the default search engine in the Safari web browser. Apple hasn't been accused of wrongdoing and Google has said it pays to promote its services just as many businesses do.

Some Facebook executives worried about Apple's sway over their business, in part due to public comments by Mr. Cook that were critical of businesses that depended on collecting data about their users. Facebook's use of user data was also increasingly out of step with privacy concerns in Europe, and public stumbles prompted a wave of scrutiny from lawmakers and regulators in the U.S. and Europe.

That summer of 2018, Apple rolled out changes to its Safari desktop and mobile web browser that hindered Facebook's web business, eliminating its ability to track users without their permission as they visited different websites. The next big target for Apple: Apps doing the

same kind of tracking.

At Facebook's Menlo Park headquarters, Mr. Zuckerberg and his executives were already considering changes to their business, including the once-unthinkable move to stop using data collected by other companies to target ads to users, according to people familiar with the discussions.

The Facebook executives who internally proposed ending the collection of third-party data argued that by ceasing its reliance on such data, the social-media giant could also reduce the company's dependence on Apple and Google's mobile operating systems.

Mr. Zuckerberg opted instead to leave the bulk of its data-collection practices in place. The company shut down an ad-targeting option that relied on information collected by data brokers shortly after the Cambridge Analytica data-privacy scandal was reported in March 2018, but otherwise Facebook continued to rely on third-party data to target users with personalized ads.

There were a number of reasons for rebuffing the proactive approach, according to some of the people familiar with the discussions. Some in the internal Facebook meetings believed the public would never accept Facebook as a leader in consumer-data privacy. Others worried that if Facebook gave up some of its data collection, there would be no end in sight for what practices the public would call on the company to also shut off. Some believed the hit to revenue would simply be too great.

When Apple announced its changes in June 2020, it sent shock waves through the advertising industry and was hailed as a victory by advocates of data privacy. The company implemented the changes the following April.

Soon thereafter, Facebook revisited the idea of a subscription version of its flagship app, said a person familiar with the discussions. A subscription-based service would have presented numerous challenges, including whether a person who uses multiple social-media accounts would have an ad-free experience for all of their accounts. Ultimately, the company decided against the idea so as to not undermine its advertising business.

—Tim Higgins and Suzanne Vranica contributed to this article.

Five Chinese Entities to Exit NYSE

Continued from page B1 and Beijing can't reach an agreement that would allow U.S. regulators to inspect the audit papers of Chinese companies.

The Holding Foreign Companies Accountable Act of 2020, which came into effect last year, would see the U.S. ban trading of securities of companies whose auditors can't be inspected by U.S. accounting regulators for three consecutive years.

The Securities and Exchange Commission has identified more than 150 companies as noncompliant, following the releases of their most recent annual reports, including e-commerce giants Alibaba Group Holding Ltd. and JD.com Inc.

The five Chinese state-owned companies are on the SEC's list of noncompliant companies.

Regulators have been trying to work out a framework that would let the U.S. Public Company Accounting Oversight Board travel to China and gain access to companies' audit papers in the country. Chinese authorities have cited national-security concerns for restricting such access.

One possible workaround for China would be to voluntarily delist a subset of companies that authorities consider to have sensitive information—including state-owned enterprises—while allowing other U.S.-listed Chinese companies to comply with the U.S. law, the Journal previously reported.

SEC Chairman Gary Gensler recently expressed doubt that an agreement could be reached that would prevent the mass delistings of Chinese companies.

Some U.S.-listed Chinese companies have added, or plan to apply for, primary listings in Hong Kong. Doing so would enable their shares to continue to trade in the Asian financial hub if the companies are delisted in the U.S.

PetroChina, one of China's largest oil and gas producers, has been listed in Hong Kong since 2000, and its shares also trade in Shanghai. It said that as of Aug. 9, its outstanding American depositary shares represented about 3.93% of its total Hong Kong-listed shares and 0.45% of the total share capital. It said holders of its ADS can exchange the securities for their underlying shares, which can be traded in Hong Kong.

Performance of ADRs over the past year



BUSINESS NEWS

DoorDash Delivers Facebook Purchases

BY SALVADOR RODRIGUEZ AND PREETIKA RANA

Drivers for DoorDash Inc. are delivering items that consumers purchase from Facebook Marketplace as part of a new partnership between the delivery app and Meta Platforms Inc.

The deal is an attempt to get more people, especially younger ones, to use Meta-owned Facebook, according to a person familiar with the plan. For DoorDash, the partnership boosts its ambition to expand into delivering more than food.

Facebook and DoorDash confirmed they tested the service in several U.S. cities in recent months. They said the partnership is in the early stages and declined to share terms of the agreement.

The service lets Facebook users purchase and receive items from Marketplace without leaving their homes. It can deliver items that fit in a car trunk and are up to 15 miles away, people familiar with the plan said. Deliveries would be made within 48 hours.

Marketplace is a feature within Facebook that lets people sell new and used goods to one another.

Facebook has struggled to add younger users, who now prefer rival TikTok. Marketplace has been one of the few Facebook features popular among young people, said a person familiar with the plans. Facebook takes a small cut of sales processed through Mar-

DoorDash's deal marks its first foray into ferrying goods between consumers.

ketplace to cover the cost of payment processing and to cover purchase protection for buyers.

Over the past two years, Meta has increased its efforts to expand e-commerce on its social-media apps because it would help it sell ads. The company lost ad revenue over the past year after Apple Inc. changed its privacy policy for iPhones and iPads. The changes, made in April 2021, made it easier for people to stop apps from tracking their devices. That tracking data helped Meta measure the effectiveness of advertisements.

Increased use of Facebook Marketplace would help Meta better measure the effectiveness of ads, and reclaim some of the data it lost after Apple changed its policy, as commerce channels provide more-detailed data for advertising.

Meta added DoorDash's chief executive, Tony Xu, to its board of directors in January.

The pandemic served as an unexpected boon for DoorDash, the nation's largest food-delivery service. The app expanded to delivering items including toothpaste to Tyleenol, as spending on delivery surged. It also doubled down on logistics partnerships with retailers including Sephora and JCPenney.

Now DoorDash and rival Uber Eats are trying to build logistics businesses that sell speed and convenience, rather than just food. The delivery companies say powering next-hour delivery for consumers and businesses—which includes delivering everything from drugstore staples and alcohol to clothes and cosmetics on demand—is the prize that could sustain their growth.

DoorDash's deal with Meta marks its first foray into ferrying goods between consumers. The companies had been discussing a partnership since at least 2021, according to one of the people familiar with Meta's plans.

DoorDash approached Facebook about a partnership in part to create more work for its drivers, especially when drivers aren't busy delivering lunch and dinner, this person said.

In a statement, DoorDash said it continuously explores and tests new innovations that focus on providing convenience.

Europe Air Hassles to Drag Into Fall

BY BENJAMIN KATZ AND SARA RUBERG

LONDON—Airlines are preparing for this summer's travel disruption in Europe to continue into fall, with some of the region's biggest airports extending caps on passenger numbers as they struggle to keep up with the rapid recovery in air travel.

Major hubs including London Heathrow, Frankfurt Airport and Amsterdam Schiphol have all recently said that capacity restrictions will last until at least October as they battle to recruit more staff.

Airports across Europe imposed limits on the number of passengers and flights that could pass through their facilities this summer after, at times, becoming overwhelmed by a stronger-than-expected rebound in demand. After two years of pandemic-related travel restrictions, passengers returning to the skies have been greeted with long lines at security, a scourge of lost baggage and regular flight delays or cancellations.

For airlines, the longer-lasting restrictions are a further frustration as they try to retool their operations. The passenger caps have already prompted carriers to cancel more flights and halt some bookings—setbacks that are now set to blight the normally busy school breaks in the fall.

While European airlines are posting their first profits since the pandemic, the chaos at airports, delays and cancellations are leading to hefty compensation and operational charges, and have led many carriers to scale down their flying plans.

Airports, though, say the caps—unprecedented in their scale—are helping.

"Passengers are seeing better, more reliable journeys since the introduction of the demand cap," Heathrow Chief Executive John Holland-Kaye said Thursday as the airport reported 6.3 million passengers moved through its termi-



Some 6.3 million passengers moved through Heathrow in July, a fourfold rise from a year earlier.

nals in July, a more than fourfold rise on the same period last year.

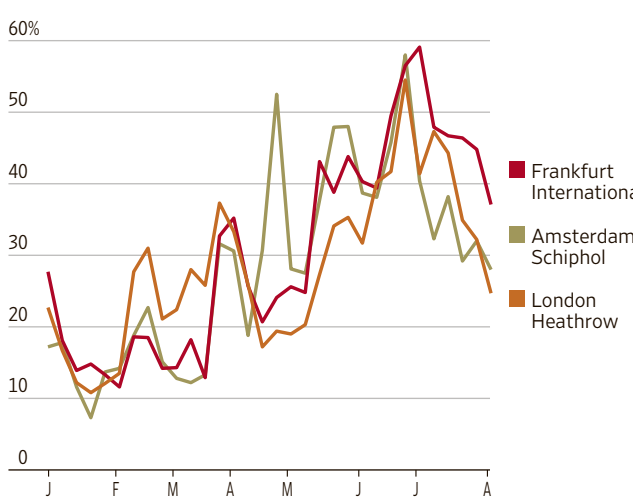
In the first week of August, 24.7% of flights departing Heathrow arrived at their destination later than planned, according to data from FlightAware. That is down from a peak of 54.5% of flights delayed in the week ending June 26, and the best performance since early May.

Similar improvements have been recorded at both Schiphol and Frankfurt, FlightAware data show.

Heathrow has told airlines to prepare for the daily cap on departing passengers to run through late October, with the restrictions set to remain in place until enough staff are hired to prevent congestion. The current restrictions, which were due to lift on Sept. 11, limit passenger numbers to 100,000 a day—4,000 fewer than airlines had planned to fly into Europe's biggest hub in August and September.

Airports and ground handlers have been rapidly trying to bring in thousands of new staff, but efforts have been held back by long wait times for background security checks and a tight labor mar-

Share of flights that arrived late to their destination by departing airport



Source: FlightAware

ket. Fraport AG, the owner of Frankfurt Airport, has hired temporary workers at higher wages, increased salaries for some staff and offered bonuses for crew willing to take on extra shifts.

British Airways, which counts Heathrow as its primary hub, temporarily stopped selling tickets this month on all European and domestic routes to meet the requirement. It is set to continue re-

stricting sales on select flights, including on international routes, until the passenger cap is lifted.

Luis Gallego, the CEO of British Airways' parent company, International Consolidated Airlines Group SA, told analysts on an earnings call late last month that he is looking to the end of the year for a demonstrable improvement in disruption levels.

Mr. Gallego said that while

on-time performance was showing some improvement, the airline was still struggling under the strain of the higher passenger numbers. "We still have days where we cannot cope with the volume," he said.

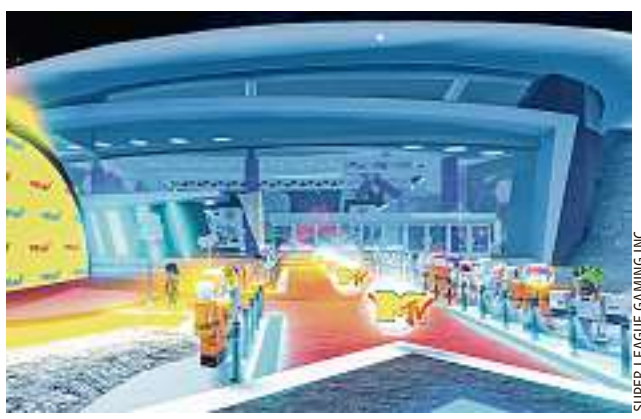
In Germany, Frankfurt Airport also plans to extend its cap on flight movements through October, at 90 an hour down from about 104 in 2019. It is also exploring with regulators and airlines whether similar restrictions will be required into the winter flying season from November, a spokesman said.

Deutsche Lufthansa AG, which counts Frankfurt as its biggest hub airport, has shed thousands of flights in several waves to ease pressure at the airport, which it said had been hit particularly hard by shortages in ground handling crews, in part because of higher sickness rates. The airline has previously welcomed capacity cuts to manage congestion.

Amsterdam Schiphol said it was extending passenger curbs through October. As the seasons shift, travelers typically bring more luggage, carrying warmer clothing or hiking equipment, which the airport said will contribute to longer lines through security and check-in.

In response, KLM Royal Dutch Airlines is limiting ticket sales for flights departing from Amsterdam for the next two months but said it doesn't expect to cancel any additional flights. "These measures are necessary to keep the situation at Schiphol under control for customers," the airline said.

Air France-KLM Group CEO Ben Smith said last month he expects the industry's battle with labor shortages, congestion and supply-chain constraints to be a long-term struggle. "The booming demand took many by surprise," Mr. Smith said. "But the reality is that some of these disruptions will continue to surface for many years."



The VMA Experience will include games and rewards for users.

MTV Music Awards To Dive Into Metaverse Using Roblox Platform

BY ANN-MARIE ALCANTARA

The MTV Video Music Awards is opening a virtual experience on the Roblox Corp. gaming platform.

The temporary installation is a companion to a new category that MTV has added to the awards show this year to recognize the best musical performance in the metaverse.

The metaverse is a term used to describe virtual worlds in which people can use digital avatars to work, shop and play. Brands including Wendy's Co., Chipotle Mexican Grill and Forever21 have experimented with various digital worlds as they try to understand the marketing potential of the metaverse, creating restaurants, stores and experiences for users to visit and play inside. Musical acts including BTS, Charli XCX and Travis Scott have also staged concerts on virtual platforms such as Fortnite, Minecraft and Roblox.

MTV, which is part of Paramount Global, created the VMA Experience on Roblox to reach younger viewers and to learn about the platform, executives said. Roblox is a popular gaming platform for children. MTV Entertainment Studios has previously created a metaverse experience on Minecraft.

"One of the most exciting things about it is that it brings the VMA experience to people wherever they are in the world," said Amy Campbell, chief marketing officer of Paramount Media Networks and

MTV Entertainment Studios.

The VMA Experience will include three games, starting with one on Aug. 12 and adding a new one each Friday until the award show on Aug. 28. Players can stock up on chances to vote for the best metaverse performance by collecting MTV-logo tokens throughout the experience and by playing the games.

MTV's VMA Experience was created with Super League Gaming Inc., a game publisher that has previously designed games for MTV and other Paramount properties.

"This is for that slightly older Roblox gamer who's starting to identify heavily with music, and is really about to enter that entry point of becoming an MTV viewer," said Ann Hand, chief executive and chair of Super League Gaming.

Super League and MTV will promote the Roblox experience using social media, influencers who will share their gameplay and other Roblox games via virtual billboards that can transport the user to the VMA experience.

MTV's push into the metaverse with an award-show category and Roblox experience will encourage the music industry to create more virtual experiences, some metaverse specialists say.

"The fact that music is going fluidly into this space now means that culture will follow fairly closely behind," said Lewis Smithingham, senior vice president of innovation at Media.Monks, a marketing services company owned by S4Capital.

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EXCHANGE

Too Many Bikes That Can't Be Peddled

By ALEX HARRING

ElliptiGo Inc. Chief Executive Bryan Pate didn't have enough of his outdoor elliptical bikes to sell when demand surged in 2020. Today he has a San Diego warehouse packed with too many bicycles that not enough people want.

"We were like a surfer who did not catch the wave," said Mr. Pate, whose bikes start at roughly \$1,500. "It's an all-hands-on-deck battle to break even for the next 18 months."

Many retailers that had too little to offer during the early stages of the pandemic now have too much of everything—from bikes and furniture to clothing and barbecue grills. They amassed the extra inventory because they expected sustained demand and supply-chain problems. What they didn't expect is that customers would shift their spending to concerts, restaurants and travel, or that rising inflation would eat away at household budgets.

The resulting pileup of unsold goods forced many big national chains such as Walmart Inc. and Target Corp. to mark down merchandise this year, warning that profits would suffer. Luxury furniture retailer RH and grill maker Weber Inc. pulled their sales forecasts earlier this summer, saying demand had plunged for luxury furniture and outdoor grills. Mattress maker Sleep Number Corp. also began offering additional promotions this year after sales slowed.

The same problems are now roiling the bicycle industry, which experienced a surge in demand during 2020 as consumers confined to their homes sought exercise or escape.

Stationary-bike maker Peloton Interactive Inc., believing that this demand would remain elevated for years, spent hundreds of millions moving its production of stationary bikes in house to avoid overseas supply logjams. But when consumers emerged from lockdowns, they lost interest. Peloton, left with a glut of unsold bikes, scrapped its manufacturing plans. Sales are cooling at smaller cy-

Dealers swamped by demand in 2020 are now stuck with excess inventory



ElliptiGo's Beth Visscher, left, hopes to cancel bike orders placed with factories for future years. 'It's tough to swallow that now we have the product and less demand for it.'

bikes in stock, more than double what he would prefer; sales for 2022 are expected to be lower than 2019; and some customers are willing to walk out the door over a bike's color.

"We have a hundred black ones and no red ones," Mr. McCorkell said. "And they only want the red ones."

Some bicycle retailers have gone as far as exchanging products among themselves in an

attempt to level out supply between stores, said Heather Mason, president of the National Bike Dealers Association, a trade group for specialty bicycle retailers.

Not all bikes are hard to peddle now, however. Bikes that enthusiasts go for—which typically cost more than \$1,500—still have wait times, as do supplies of certain parts such as gears and brakes, according to retailers and McKinsey & Co. partner Alexander Thiel.

cling businesses, too. Revenue at U.S. bicycle retailers declined by 7% in January through June versus last year, according to market research group NPD, compared with jumps of 46% and 4% during the same periods in 2020 and 2021.

At Bicycle Habitat in New York City, lines formed down the block for whatever was available on a given day in the early stages of the pandemic, said owner Charlie McCorkell. Now he has roughly 2,000

One retailer that didn't have enough high-end models for sale recently was Massachusetts chain Landry's Bicycles, which had difficulty meeting demand for mountain bikes in the run-up to a high-profile Pan Mass Challenge charity ride earlier this month, said James Ray, who manages business and e-commerce for Landry's.

Landry's, he said, is now focusing on getting more of these top-choice bikes instead of purchasing "anything that we could bring in to help satisfy the needs."

The strategy at ElliptiGo, the company that makes an outdoor elliptical bicycle propelled by the same motion as an indoor elliptical machine, is to discount the bikes that it has. It is trying to work through a year's worth of inventory.

In May everything was on sale at ElliptiGo's storefront in Solana Beach, Calif., a month Mr. Pate said the company typically doesn't need discounts to sell bicycles. It also held a sale for one week in July and is planning another for

September.

Even models with electric motors, a new product line for ElliptiGo, will be marked down. "They're basically going to come out of the gate on sale," Mr. Pate said.

The 14-year-old company is in this position because of decisions made in 2020. Skyrocketing demand in the first few months of the pandemic convinced Mr. Pate to increase the number of bikes he ordered from manufacturers in Asia by a third. Facing warnings that lead times were getting longer for components that manufacturers needed to assemble the company's bikes, he placed similarly high orders for 2021 and 2022 in mid 2020, much earlier than he normally would. He even had to buy a small number of components for delivery in 2023 and 2024.

"The decisions were made a long time ago under very different circumstances," Mr. Pate said. "And the world is not the way it was back then."

The boon he planned for never arrived. Mr. Pate said he watched customers flock to competitors while his bikes sat either unfinished or stuck in Taiwan due to supply-chain snarls. And now that he has enough bikes, ElliptiGo's 2022 sales are expected to be below 2019 levels, Mr. Pate said.

"We were paddling, we got a little momentum, but then the wave went past us," he said. "We never surfed it. And the reason we didn't surf it is because we didn't have product."

Unlike some bicycle dealers, ElliptiGo sells its own brand of bicycles and sets production levels. The company is trying to cancel orders for future years, said Beth Visscher, the company's vice president of operations. If it can't, she said, the hope is that those components can either sit with suppliers until there is a need for them or be resold to competitors.

Mrs. Visscher is considering having components ElliptiGo can't cancel brought to the U.S. and sold to customers as replacement parts. If it receives too many tires, for example, it could remind past customers via email that replacements are available in the store.

At ElliptiGo's current production and sales rates, some of those parts won't be used in new bikes until 2024, she said.

"It's tough to swallow that now we have the product and less demand for it," Mrs. Visscher said. "The challenge is just changing."



The first robot that many human beings welcomed into their homes was a peculiar creature born 20 years ago with a funny name. It didn't

look the way we imagined robots, and it didn't perform the tasks we envisioned outsourcing to robots. We pictured self-driving cars. We got a self-driving vacuum cleaner.

But this robot that became more popular than anyone could have predicted was more powerful than it looked and far more influential than you might suspect.

What began as a \$10,000 prototype found its way into the middle of a \$1.7 billion corporate acquisition last week when Amazon struck a deal for iRobot—which is better known as the company that makes the Roomba.

A tech giant isn't spending billions of dollars simply to buy a cool vacuum. Amazon also wanted the Roomba because it's a robot that uses cameras, sensors, artificial intelligence and machine learning to Hoover incredible amounts of data. Amazon says it has been "very good stewards of peoples' data across all of our businesses" and that it isn't acquiring iRobot to gather intelligence from inside customers' homes. But you don't have to be paranoid about surveillance or skeptical of tech power to shudder at the possibility of a spy roaming your house and mapping out a blueprint to sell you more stuff.

Robots provide the most value to people by doing things we don't want to do. Like tidying up.

It's always been hard to guess where the Roomba is headed next, but it's worth figuring out how it got here, because there was nothing inevitable about its path to success.

Robots do some things better than we can do them and others we can't do at all. But robots provide the most value to people by doing things we don't want to do.



How a \$10,000 prototype gave rise to the vacuum at the center of a \$1.7 billion acquisition

The Roomba taught the humans who brought it to life that robots had to be affordable, they had to be technologically possible and they had to be capable of tasks people like Joe Jones would rather avoid. Mr. Jones began work as a researcher at the Massachusetts Institute of Technology's Artificial Intelligence Laboratory in 1982, two decades before he would help create the biggest hit in consumer robotics, and he was blown away by the pioneering research of the brilliant minds around him.

"I predicted to all my friends that in three to five years, robots were going to be everywhere doing all kinds of things," he said. "Five years later, robots weren't anywhere doing anything."

He found the experience of making a terrible prediction oddly inspiring. As he thought about why he'd been so wrong, he realized how he could one day be right.

"I decided that roboticists were loving robots to death," he said. "They were making them emissaries of the future instead of making them products."

He decided to make a robot that could help with a problem in his own life: a messy apartment. When the MIT lab held a robotics talent show called the AI Olympics, Mr. Jones turned some Lego pieces, masking tape and a bottle brush into his potential solution. He created the Neanderthal of Roombas.

This primitive ancestor wasn't robust enough to clean his apartment, but Mr. Jones felt his rug warrior could be a viable product with the right development.

But not long after he formulated the idea, his lab ran out of money. He was laid off. He moved to a robotics startup, proposed the concept of the Roomba and got fired within days. It would take another decade for Mr. Jones to fulfill his vision.

By then, he was working for iRobot, a tiny startup founded by three fellow members of the AI Lab in 1990, when people in the business were preoccupied with government and industrial uses like traveling in space, helping the military fight wars and more futuristic, less realistic applications of technology.

They paid more attention to the robots than their consumers. Mr. Jones was busy with one of those projects, a large-scale cleaning robot for department stores, when the focus of robotics changed forever.

He received an email in 1999 from a colleague named Paul Sandin, who had been in the shower when he was struck by inspiration: They should make a robotic floor sweeper for the home. He was unknowingly pitching Mr. Jones his own idea. Now the timing was right.

The company initially gave them a \$10,000 budget and two weeks to come up with a prototype. So they set about building a robot.

What the field of robotics learned when the Roomba finally came to market was a simple but radical lesson for people so obsessed with the future they often forget about the present.

"Consumers bought it because they wanted their floor cleaned, not because they cared about robotics," said Matthew Johnson-Roberson, director of the Robotics Institute at Carnegie Mellon University, who isn't connected to the Roomba. "These devices were not toys. They had a very specific purpose."

The specific purposes of other robots include defusing bombs in war zones and exploring other planets in outer space. But sometimes we just need them to squeeze between chair legs, sneak under the edge of kitchen cabinets and sweep a rug.

The people at iRobot once liked to say they made robots for missions that were "dull, dirty or dangerous." The dangerous jobs preserve lives. The dull and dirty work



A Roomba predecessor made with Lego, tape and a bottle brush.

changes them.

The Roomba showed that humans were willing to spend money on robots that saved time. The people at iRobot thought it would be amazing back then if they could sell 15,000 robots that would handle annoying domestic chores. They have since sold 40 million. The days of iRobot earning more from contracts than products ended as soon as the Roomba came along. The company's annual revenue from consumer robotics went from less than \$10 million in 2001, the year before the Roomba's birth, to more than \$1.5 billion last year. "Our success depends nearly entirely on our consumer robots," it wrote in the most recent annual report.

But even robots can be doomed by human error, and the Roomba narrowly averted one. After the project was developed by a small team of engineers under the code name DustPuppy, they were tasked with giving the consumer product a formal name, and they briefly considered naming their robotic baby CyberSuck. "The mind boggles," iRobot co-founder and former president Helen Greiner groaned at the repellent name. Hiring a branding firm to come up with something better proved to be another wise investment.

This robot hit the market in time for the 2002 holidays, and Roombas were so beloved that even cats liked them. But by 2004, sales were lagging and the Roomba worked its way out of trouble by serendipity: Pepsi began running a 30-second advertising campaign in which a generic robot vacuum chases a can of soda and devours comedian Dave Chappelle's pants. Roomba sales immediately surged. It was the best money iRobot never spent. "Without the Pepsi commercial," Mr. Jones said, "Roomba might have died." Robots have to get lucky, too.

The Roomba has become much smarter since then. So have the people who made it.

These days, Mr. Jones and Ms. Greiner are busy applying the lessons of innovation they learned to the Roomba's younger, outdoorsy cousin, a gardening device called the Tertill. It's a robot that does something else they don't want to do: weeding.

EXCHANGE



Why make your bed when you can make your bed go away?

AMY LOMBARD FOR THE WALL STREET JOURNAL (3)



Our homes are, as comedian George Carlin put it, mostly just a place for our stuff. But what if, asks a new generation of startups, all that stuff could just...disappear?

Inventors, architects and designers all over the world have lately converged on ways to do just that. Their technology can make parts of apartments and homes, and all their contents, slide out of view at the touch of a button. Former researchers at the Massachusetts Institute of Technology, ex-Apple and Tesla engineers toiling in San Francisco and a design and architectural firm in Spain are among those devising what can only be described as robotic furniture. And it's already rolling off the factory floor and into our homes.

These systems include beds that float into the ceiling to reveal couches, and artificial-intelligence enabled cameras to track where your belongings are stored.

For now, most of these playthings are for the rich, with some of these installations costing \$40,000 for a single room. But the goal of many of the people involved is to make this technology ubiquitous. Some of these home systems can cost as little as \$5,000 apiece and are already installed in apartments with rents as low as \$1,000 a month, in places like Durham, N.C., and Buffalo, N.Y.

Modern-day Murphy beds

It's probably not a coincidence that this technology is breaking into the mainstream at a time that is not unlike the early 1900s, when America also faced housing problems. That era inspired William Murphy, who was living in cramped quarters in San Francisco, to invent the bed that shares his name and tucks away into a cabinet or wall.

The Murphy bed allowed a small apartment's main living area to double as both bedroom and living room. It became a cultural touchstone in its time because there was a genuine need for more versatile furniture in small spaces.

Now again, as people spend

more time at home, inventors are becoming creative about solving problems of cost and space.

For decades, America hasn't built enough housing to keep up with demand. And despite the pandemic's flight to suburbs and small towns, demand for housing in America's cities has continued to grow, with rents all over the country setting records.

Americans are working anywhere but where they used to, and more often than not, at home. Office occupancy rates remain below 50% in much of the country.

So what's a city-dwelling, part-

What was once a bedroom can, in under a minute, become a living room or home office.

time-working-from-home, cash-strapped millennial to do? The most obvious answers—find a tinier space or take in more roommates—are made more challenging by the rise of remote work, and everything that comes with it.

This is where a company like Boston- and New York City-based Ori comes in. Ori Chief Executive Hasier Larrea began exploring the concept of living bigger with less back in 2011 as a researcher at MIT's City Science group. In 2015 he started Ori, and today the company's motorized, moving furniture systems are in about 500 apartments in more than 30 U.S. cities,

KEYWORDS | CHRISTOPHER MIMS

For Rent: A 327-Square-Foot Apartment With 5 Rooms

Urban living is getting more cramped and more expensive, but technology that allows small spaces to serve multiple purposes could help

he says, with thousands more scheduled to be installed in the next two years. Its technology could eventually become more widespread thanks to a partnership with furniture behemoth IKEA in 2019. An IKEA spokesman confirmed the two companies are still working together on what has proved to be a "complex project."

Cities where Ori's robotic furniture has already taken root go beyond the usual suspects of New York, Los Angeles, or San Francisco, in part because apartments in desirable urban neighborhoods have become relatively expensive in a growing number of U.S. cities.

Take, for instance, Fort Worth, Texas. In a 54-unit building called CoHo, in a neighborhood close to a medical campus and dense with bars and restaurants, 43 of the units are equipped with "Ori Pocket Studios." Each of these is basically a giant piece of furniture that can glide to and fro on a small track installed along a wall. It includes an entertainment center and shelves on one side, and reveals additional storage and a bed on the other. It responds to touch, voice, and an app. It can be moved manually, too, should power fail.

These systems attempt to overcome shortcomings of prior efforts at hidden furniture through their design, and not just through automation, says Matt Bischoff, investment director at Watermark Equity Group, the company that built CoHo. For instance, unlike a Murphy bed, Ori's beds don't need tidying up before being stowed away. "If somebody's coming over, you

can just push a button and you're hiding your messy bedroom or closet," says 31-year-old Kasi Bailey, who moved into a studio in the CoHo building in late July. Her one concern about the apartment was that the technology would have problems, being so new, but so far she hasn't had any issues, she adds.

All that comes with an average rent of \$1,100 a month, compared with the typical \$1,450 a month for a studio in the area, says Mr. Bischoff. There's a simple reason for that: CoHo apartments average 335 square feet, whereas other studios in the area are around 600 square feet. By making better use of that smaller space, renters save, but Watermark also makes more per square foot on rent, adds Mr. Bischoff.

The smaller size of these apartments hasn't been a deterrent to renters. The entire building, save two apartments, was fully leased within a month of finishing construction, a process that would normally take up to six months, says Mr. Bischoff.

Ori's systems start at \$5,000 for a "pocket closet" that expands in about 10 seconds from something the size of a large dresser into a space the size of a walk-in closet. Its "cloud bed," which rises to the ceiling to reveal living space beneath, costs about \$10,000.

'Give me my watch'

If Ori is the IKEA of robotic furniture, then Bumblebee Spaces is its more-exclusive, luxury cousin. It is staffed almost entirely by ex-Apple and Tesla employees, and its desks, beds and storage options all reside in the ceiling of a living space. Ashton Kutcher and Mila Kunis are both investors in the company and have installed its systems in their home.

The company is focused not just on making rooms that clear themselves of clutter so you can do yoga, but also on creating software that catalogs everything you own.

Under the phrase: "Bumblebee, give me my watch," and a box will descend from the ceiling with your watch nestled within. It's all thanks to cameras and artificial intelligence trained to catalog hundreds of household objects, says Sankarshan Murthy, CEO of Bumblebee. Basically, you don't have to remember where you put any of your stuff, he adds.

Bumblebee's system, with over 100 now installed, requires a support structure and power system as well as sufficient ceiling height. Just adding this structure and a disappearing drawer starts at about \$12,000, while a fully

tricked-out room can cost as much as \$40,000.

Moving walls

Madrid-based Beyome is gearing up to manufacture, at scale, the maximalist version of the transforming home. That system, dreamed up by architectural design firm (and partner company) Enorme Studio, requires a complete retrofit of a home. The result is entire walls that move, with built-in beds, tables, and the like. Imagine waking up in the morning, for example, and transforming two private bedrooms into a family room, or into a dining room plus a study, or a bedroom, dining room and study.

This approach was born of long experience with clients, says Rocío Pina, director of Enorme. In Spain about a third of all apartments and homes are less than 650 square feet, and are often shared by roommates or whole families. For these kinds of tenants, merely maximizing the use of space isn't enough. Privacy is key too, and merely shifting furniture about within a room doesn't grant that—only actual walls with proper doors.

That's why Enorme opted for the extra expense and complexity involved in making whole walls move. The company has rolled out a handful of prototype units in Madrid, and has contracts to expand elsewhere.

Outfitting a home with the Enorme system is comparable to the cost of fully refitting and refurbishing an apartment in Spain—or about 1,000 euros per square meter, says Iñigo Moreno, CEO of Beyome.

These companies are the latest to test the field of "architectural robotics," a term invented by Cornell professor Keith Evan Green. While Mr. Green is enthusiastic about the commercialization of the discipline he helped pioneer, he warns that the success of these startups is hardly a foregone conclusion. History is littered with companies that tried to make robots accessible to everyday users, from Rethink Robotics' attempts to bring programmable "cobots" into small businesses to Jibo, which tried to bring a "social" robot into the home.

But should Ori, Bumblebee, Enorme and their future competitors succeed, Dr. Green's research suggests it could spur broader changes in home design. Once people accept that where they live can gain new capabilities, not unlike adding functions to a smartphone via a new app, they could be more willing to invite other kinds of digital enhancements into their homes, such as robots intended to allow the elderly to stay in their homes longer.

Techno-utopianism aside, it's worth remembering the Murphy bed never really took off. Today it's known mostly as a punchline in cartoons and a classic Charlie Chaplin scene. True to our founding principles, as soon as Americans can afford more space, they go for it. Today the median new home in America is 2½ times as large as at the turn of the previous century, when Mr. Murphy came up with his bed.



In an Ori model apartment in New York, a wall can be moved to reveal a workspace.

EXCHANGE

Victoria's Secret Tries To Remake An Empire

Continued from page B1

Victoria's Secret got its start in 1977, founded by businessman Roy Raymond. Mr. Raymond set out to design stores where men could buy lingerie for women. Mr. Wexner purchased what was then six stores and a catalog in 1982 and added it to a retail empire that already included brands like The Limited and Express, opening hundreds of stores in malls across America.

He added an annual fashion show, featuring Tyra Banks, Stephanie Seymour and other supermodels that Victoria's Secret referred to as "Angels." The strategy led to years of sales growth, turning Victoria's Secret into one of the world's most popular brands.

In recent years, women embraced more natural looks such as bralettes, and competitors turned to branding featuring images of everyday women without airbrushing. Sales at Victoria's Secret began to slide, and the company cycled through a number of CEOs to address the problems.

Criticism of the brand's marketing intensified in 2019, as did scrutiny of Mr. Wexner's former association with Jeffrey Epstein. Epstein, who was indicted that year on federal sex-trafficking charges, was Mr. Wexner's money manager for more than two decades. Mr. Wexner has said he wasn't aware of Mr. Epstein's alleged criminal behavior. Mr. Wexner stepped down as CEO, left the L Brands board and sold most of his shares. Mr. Wexner declined to comment.

Mr. Waters got the Victoria's Secret CEO job in November 2020. The longtime retail executive had joined L Brands in 2008 as head of the international division. He said he had raised concerns before becoming CEO about the suggestive pictures Victoria's Secret used to



The Victoria's Secret 2022 summer catalog, above, at the company's offices in New York City. Martin Waters, right, joined in 2008 and became CEO in 2020. 'We have to take accountability for our past.'

company swapped out the Angels for a group called the VS Collective that included Ms. Elsesser as well as other famous women such as soccer star Megan Rapinoe and Indian actress Priyanka Chopra Jonas. The women in the group, which included Ms. Bieber and other supermodels, were to advise the brand, appear in ads and promote Victoria's Secret on social media.

Mr. Waters said he had a brief moment of doubt when he re-

ceived hundreds of letters last year from people who said they were no longer shopping at Victoria's Secret due to the marketing changes. In some cases, the letters were offensive and mailed to his home address. But employees discovered most were from people who had never shopped at the brand. "These were typically men who were obsessed with the old Victoria's Secret," he said. "We were happy to say goodbye to them."

Since then, he said, he doubled down on the strategy. Employees took down some of the provocative

images of supermodels from stores and added images of natural-looking women and mannequins with different body types. Maternity became a new category. Shapewear entered the conversation. The company launched a new perfume meant to enhance a person's natural smell.

"The idea is that we support women on their journey, not tell them what their journey should be, not define for them what sexy should be, but listen to them," Mr. Waters said.

It is a crowded marketplace where many other apparel brands, from Lululemon to Aerie, have already embraced such messaging for women. Victoria's Secret's pivot also comes years after the launch of several lingerie upstarts such as Rihanna's Savage X Fenty and ThirdLove that promote a more realistic body image and emphasize confidence and inclusivity in their marketing.

Some shoppers say that they can't ever see Victoria's Secret as anything other than what it has represented for decades. Sarah Pretorius, a 33-year-old public-relations professional near the Kansas City area, said she hasn't noticed much change in Victoria's Secret's marketing.

"Between their marketing campaigns over the span of years and their annual fashion shows," Ms. Pretorius said, "there is very little chance that I will ever think of Victoria's Secret as anything other than a brand that showcases a very narrow and unrealistic depiction of women's bodies."

The research conducted under Mr. Waters confirmed that customers wanted a different approach. The company found that female consumers had changed their view of what they consider sexy, once used as Victoria's Secret's filter for all its decisions.

Unlike five or 10 years ago, sexy is now an internal feeling and a personal choice rather than a concept that applies to appearance and how women are viewed by others, according to the documents reviewed by the Journal.

When Victoria's Secret asked consumers about a more recent campaign called "Love Cloud"—which featured nontraditional models such as a woman with Down Syndrome—nearly 60% said they approved of the message. That campaign wasn't included in the ads shown to the focus group in February, and the company said it has helped with brand awareness.

Victoria's Secret hasn't turned entirely away from provocative marketing and its former Angels. Victoria's Secret still works with Ms. Elizabeth and other former Angels, and there are recent ads of models in a "Very Sexy" collection of lingerie posing on floral sofas and leopard print pillows.

The company said it has kept some supermodels because it wanted to add diversity, not exclude people. The act of having focus groups in and of itself is a sign that the company has changed, Mr. Waters said.

Another sign of change is a decision by Victoria's Secret to lease and build out an open-office space in New York City, meant to encourage openness and debate among



employees. Mr. Waters said the company also recently appointed women to top leadership roles at Victoria's Secret and Pink, changed salaries for a small number of employees to ensure pay equity and took stances on social issues.

When a draft Supreme Court decision overturning Roe v. Wade leaked, he sent around a memo requesting employees share their views on abortion. The company took a public stance to oppose the Supreme Court ruling and pay for employee travel to receive abortions.

Mr. Waters said executives have upended the old Victoria's Secret by making operational changes too. The company has closed stores, started selling on Amazon.com Inc. and added some outside swimwear and loungewear brands to its website. It also does more personalized marketing by recommending products to people based on their demographics and

shopping history. One tool the company has yet to revive is the fashion show. In 2019, the company canceled the televised spectacle that paired supermodels in its skimpy lingerie with musicians and celebrities after declining television ratings and criticism over its marketing.

Mr. Waters said Victoria's Secret plans to work with a streaming service to showcase a new, multiday global fashion event next year.

"It will be very inclusive," he said. "It will be broader than just the look of lingerie. It will be about women's journeys through life."

Mr. Waters said he most regrets the last three or four years the brand lost to make such changes. It became obvious that consumer perceptions had changed, he said. "We are where we are," he said. "We have to take accountability for our past."



A display at the New York City flagship Victoria's Secret store.

'There is very little chance that I will ever think of Victoria's Secret as anything other than a brand that showcases a very narrow and unrealistic depiction of women's bodies.'

showcase its products in U.S. stores as well as the inclusiveness of its fashion shows.

After becoming CEO, he said, he held a companywide meeting to hit the reset button at the end of 2020 and told employees Victoria's Secret needed to change. "The reality was that the company was broken," he said. "The marketing of the company was inappropriate. It didn't need a little tweak. It needed a complete revolution."

Last summer, Victoria's Secret created a new executive team and board of directors in which all but one member was a woman. The

received hundreds of letters last year from people who said they were no longer shopping at Victoria's Secret due to the marketing changes. In some cases, the letters were offensive and mailed to his home address. But employees discovered most were from people who had never shopped at the brand. "These were typically men who were obsessed with the old Victoria's Secret," he said. "We were happy to say goodbye to them."

Since then, he said, he doubled down on the strategy. Employees took down some of the provocative

The Evolution of Victoria's Secret

The retailer became the largest lingerie seller in the U.S. before declaring its marketing out of touch and in need of a makeover



■ **1982:** Leslie Wexner adds Victoria's Secret to a retail empire that includes The Limited

■ **1993:** Introduced the 'Miracle Bra' push-up which quickly became a bestseller

■ **1997:** 'Angels' concept introduced after Tyra Banks and other supermodels appear in an underwear ad

■ **2001:** The TV broadcast of a fashion show featuring the brand's 'Angels' draws more than 12 million viewers ▲

■ **2003:** Pink, a new apparel line, is rolled out to 50 Victoria's Secret stores

■ **2019:** Fashion show gets canceled amid rising scrutiny of the brand

■ **2020:** Mr. Wexner steps down as CEO of Victoria's Secret parent company

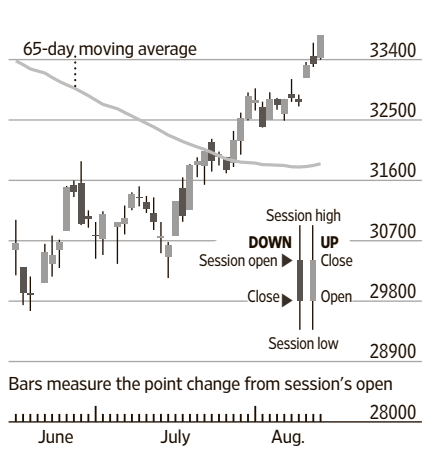


TIMOTHY A. CLARY/AGENCE FRANCE PRESSE/GETTY IMAGES; ARNALDO MAGNANI/GETTY IMAGES; TY WRIGHT FOR THE WALL STREET JOURNAL; ROBERT ALEXANDER/GETTY IMAGES; ADRIENNE GRUNWALD FOR THE WALL STREET JOURNAL (2); VICTORIA'S SECRET & CO.

MARKETS DIGEST

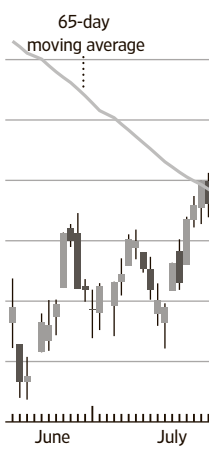
Dow Jones Industrial Average

33761.05
▲ 424.38
or 1.27%
All-time high
36799.65, 01/04/22



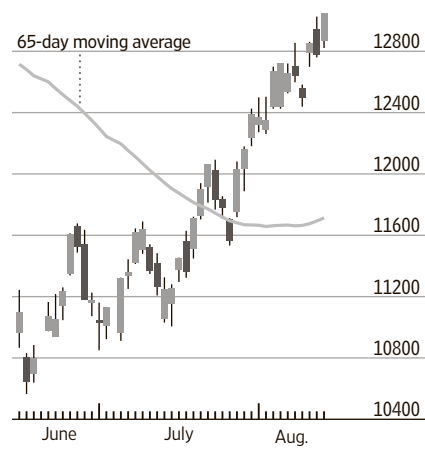
S&P 500 Index

4280.15
▲ 72.88
or 1.73%
All-time high
4796.56, 01/03/22



Nasdaq Composite Index

13047.19
▲ 267.27
or 2.09%
All-time high:
16057.44, 11/19/21



Weekly P/E data based on as-reported earnings from Biriny Associates Inc. † Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	YTD	3-yr. ann.
Dow Jones										
Industrial Average	33767.09	33398.32	33761.05	424.38	1.27	36799.65	29888.78	-4.9	-7.1	9.2
Transportation Avg	15151.19	15020.47	15146.70	74.16	0.49	17039.38	12868.60	1.5	-8.1	14.7
Utility Average	1041.83	1029.55	1041.56	15.91	1.55	1071.75	869.74	11.0	6.2	8.1
Total Stock Market	43210.55	42603.58	43209.34	742.75	1.75	48929.18	36759.60	-6.6	-11.2	13.5
Barron's 400	994.13	980.32	994.13	13.82	1.41	1127.20	852.16	-4.0	-10.1	15.0
Nasdaq Stock Market										
Nasdaq Composite	13047.19	12821.22	13047.19	267.27	2.09	16057.44	10646.10	-12.0	-16.6	18.4
Nasdaq-100	13565.87	13341.65	13565.87	273.88	2.06	16573.34	11127.57	-10.4	-16.9	21.5
S&P										
S&P 500 Index	4280.47	4219.78	4280.15	72.88	1.73	4796.56	3666.77	-4.2	-10.2	14.1
MidCap 400	2615.01	2580.77	2615.01	39.33	1.53	2910.70	2200.75	-4.3	-8.0	11.8
SmallCap 600	1287.80	1267.06	1287.80	23.33	1.84	1466.02	1087.48	-4.6	-8.1	11.8
Other Indexes										
Russell 2000	2016.62	1978.67	2016.62	41.36	2.09	2442.74	1649.84	-9.3	-10.2	10.5
NYSE Composite	15805.77	15602.93	15804.38	201.45	1.29	17353.76	14097.05	-6.3	-7.9	7.9
Value Line	596.74	586.97	596.74	9.77	1.66	696.40	510.18	-10.3	-11.2	5.8
NYSE Arca Biotech	5055.83	4986.64	5051.63	39.45	0.79	6019.57	4208.43	-13.0	-8.5	3.7
NYSE Arca Pharma	806.23	795.03	805.39	8.97	1.13	887.27	732.23	1.4	-2.6	11.6
KBW Bank	114.88	113.23	114.86	1.46	1.28	147.56	98.36	-11.6	-13.1	7.5
PHLX [®] Gold/Silver	111.82	109.76	111.62	2.19	2.00	167.76	100.65	-17.5	-15.7	5.6
PHLX [®] Oil Service	69.49	67.36	69.47	1.22	1.79	88.37	48.31	30.9	31.8	2.2
PHLX [®] Semiconductor	3072.32	2992.49	3067.84	89.14	2.99	4039.51	2458.46	-8.0	-22.3	28.5
Cboe Volatility	20.35	19.12	19.53	-0.67	-3.32	36.45	15.01	26.4	13.4	-2.5

[®]Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	752,856,320	11,604,595
Adv. volume*	658,799,199	7,010,242
Decl. volume*	87,883,075	4,185,436
Issues traded	3,346	284
Advances	2,580	181
Declines	617	100
Unchanged	149	3
New highs	56	2
New lows	24	3
Closing Arms*	0.66	1.10
Block trades*	3,838	151
	Nasdaq	NYSE Arca
Total volume*	4,761,851,834	195,705,343
Adv. volume*	3,709,840,887	160,988,220
Decl. volume*	1,011,527,474	34,368,312
Issues traded	4,832	1,739
Advances	3,364	1,545
Declines	1,214	185
Unchanged	254	9
New highs	96	19
New lows	60	5
Closing Arms*	0.76	2.29
Block trades*	29,820	918

* Primary market NYSE, NYSE American NYSE Arca only.
† (TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand, above 1 indicates selling pressure.

Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

Index	Currency, vs. U.S. dollar	Commodity, traded in U.S.*	Exchange-traded fund
Nymex ULSD			9.39%
Nymex natural gas			8.73
S&P 500 Energy			7.14
Nymex RBOB gasoline			6.67
BOVESPA Index			5.91
S&P 500 Financials			5.45
S&P 500 Materials			5.14
Russell 2000			4.93
Corn			4.83
S&P/BMV IPC			4.56
Bloomberg Commodity Index			4.54
S&P 500 Communication Svcs			4.48
S&P MidCap 400			4.42
Comex silver			4.33
S&P 500 Real Estate			4.10
S&P SmallCap 600			3.91
Wheat			3.90
Dow Jones Transportation Average			3.74
S&P 500 Industrials			3.74
South African rand			3.49
Comex copper			3.46
Nymex crude			3.46
Soybeans			3.38
S&P 500			3.26
S&P 500 Consumer Discr			3.24
Nasdaq Composite			3.08
S&P 500 Utilities			3.06
Australian dollar			3.05
Mexico peso			2.92
Dow Jones Industrial Average			2.92
S&P/TSX Comp			2.85
IBEX 35			2.85
Nasdaq-100			2.71
S&P 500 Information Tech			2.44
Norwegian krone			2.36
Swiss franc			2.18
iShJPMUSEmGbd			1.92
S&P BSE Sensex			1.84
FTSE MIB			1.70
S&P 500 Health Care			1.64
DAX			1.63
Shanghai Composite			1.55
Indonesian rupiah			1.53
KOSPI Composite			1.49
Euro STOXX			1.49
Comex gold			1.45
NIKKEI 225			1.32
CAC-40			1.26
Canada dollar			1.25
S&P 500 Consumer Staples			1.20
STOXX Europe 600			1.18
Japanese yen			1.17
iShiBoxx\$HYCp			1.15
iShiBoxx\$InvGrdCp			1.08
FTSE 100			0.82
Lean hogs			0.74
Euro area euro			0.74
UK pound			0.57
VangdTotalBd			0.39
Chinese yuan			0.29
iSh TIPS Bond			0.28
S&P/ASX 200			0.24
iShNatIMuniBd			0.19
South Korean won			0.10
iSh 1-3 Treasury			0.08
iSh 7-10 Treasury			0.08
Indian rupee			0.02
Hang Seng			-0.13
VangdTotIntlBd			-0.20
iSh 20+ Treasury			-0.79
WSJ Dollar Index			-1.05
Russian ruble			-2.77

* Continuous front-month contracts

Sources: FactSet (indexes, bond ETFs, commodities), Tullett Prebon (currencies).

THE WALL STREET JOURNAL

Methodology

Performance reflects price change (except DAX, Bovespa, and Tel Aviv 35, which reflect total returns). Commodities are represented by the continuous front-month futures contract. Bond exchange-traded fund performance may diverge from that of their underlying index. Bond categories are represented by the following ETFs: U.S. Bonds Total Market; Vanguard Total Bond Market; 1-3 Yr. Treasury; iShares 1-3 Year Treasury; U.S. 7-10 Yr Treasury; iShares 7-10 Year Treasury; 20+ Yr U.S. Treasury; iShares 20+ Year Treasury; Treasury Inflation-Protected Securities (TIPS); iShares TIPS; Investment Grade Corporate Bonds; iShares iBoxx \$ Investment Grade Corporate; High Yield Corporate Bonds; iShares iBoxx \$ High Yield Corporate; Municipal Bonds; iShares National Muni; International Bonds; Vanguard Total International; Emerging Market Bonds; iShares J.P. Morgan USD Emerging Markets.



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International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	657.57	6.86	1.05	-12.9
	MSCI ACWI ex-USA	290.33	-0.25	-0.09	-15.7
	MSCI World	2834.51	32.28	1.15	-12.3
	MSCI Emerging Markets	1016.83	2.54	0.25	-17.5
Americas	MSCI AC Americas	1631.73	26.84	1.67	-10.7
Canada	S&P/TSX Comp	20179.81	187.93	0.94	-4.9
Latin Amer.	MSCI EM Latin America	2259.19	8.88	0.39	6.1
Brazil	BOVESPA	112764.26	3046.32	2.78	7.6
Chile	S&P IPSA	3324.62	42.52	1.30	18.5
Mexico	S&P/BMV IPC	48853.37	392.82	0.81	-8.3
EMEA	STOXX Europe 600	440.87	0.71	0.16	-9.6
Eurozone	Euro STOXX	417.11	1.48	0.36	-12.9
Belgium	Bel-20	3844.21	4.25	0.11	-10.8
Denmark	OMX Copenhagen 20	1724.17	-41.27	-2.34	-7.5
France	CAC 40	6553.86	9.19	0.14	-8.4
Germany	DAX	13795.85	101.34	0.74	-13.2
Israel	Tel Aviv	2042.21	...	Closed	2.3
Italy	FTSE MIB	22970.73	112.55	0.49	-16.0
Netherlands	AEX	725.76	-0.03	-0.004	-9.0
Russia	RTS Index	1116.32	10.03	0.91	-30.0
South Africa	FTSE/JSE All-Share	70731.32	-533.45	-0.75	-4.0
Spain	IBEX 35	8400.40	20.40	0.24	-3.6
Sweden	OMX Stockholm	822.38	3.91	0.48	-20.7
Switzerland	Swiss Market	11128.24	-26.34	-0.24	-13.6
Turkey	BIST 100	2864.25	-4.19	-0.15	54.2
U.K.	FTSE 100	7500.89	34.98	0.47	1.6
U.K.	FTSE 250	20338.96	93.53	0.46	-13.4
Asia-Pacific	MSCI AC Asia Pacific	163.08	0.80	0.49	-15.6
Australia	S&P/ASX 200	7032.50	-38.45	-0.54	-5.5
China	Shanghai Composite	3276.89	-4.78	-0.15	-10.0
Hong Kong	Hang Seng	20175.62	93.19	0.46	-13.8
India	S&P BSE Sensex	59462.78	130.18	0.22	2.1
Japan	NIKKEI 225	28546.98	727.65	2.62	-0.9
Singapore	Straits Times	3269.27	-32.68	-0.99	4.7
South Korea	KOSPI	2527.94	4.16	0.16	-15.1
Taiwan	TAIEX	15288.97	91.12	0.60	-16.1
Thailand	SET	1622.26	...	Closed	-2.1

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company

MARKET DATA

Futures Contracts

Metal & Petroleum Futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest.

Soybean Oil (CBT) and other agricultural futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest.

Currency Futures table with columns for Country, Contract, Open, High, Low, Settle, Chg, and Open interest.

Index Futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest.

Currency Futures table with columns for Country, Contract, Open, High, Low, Settle, Chg, and Open interest.

Index Futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest.

Agriculture Futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest.

Interest Rate Futures table with columns for Contract, Open, High, Low, Settle, Chg, and Open interest.

Exchange-Traded Portfolios

Largest 100 exchange-traded funds, latest session

Friday, August 12, 2022

ETF table with columns for Symbol, Closing Price, Chg, and YTD (%).

Borrowing Benchmarks | WSJ.com/bonds

Money Rates August 12, 2022

Key annual interest rates paid to borrow or lend money in U.S. and international markets.

Inflation table with columns for July index, June '22, and July '21.

U.S. consumer price index table with columns for All items and Core.

International rates table with columns for Latest, Week ago, and -52-Week High/Low.

Prime rates table with columns for U.S., Canada, and Japan.

Policy Rates table with columns for Euro zone.

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index.

Table showing DJIA component stock performance with columns for Pct chg, Stock price, Point chg, and \$1,000 Invested.

Bonds | wsj.com/market-data/bonds/benchmarks

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds.

Table showing global government bond yields and spreads with columns for Country, Maturity, Yield, and Spread.

Corporate Debt

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

Investment-grade spreads that tightened the most...

Table showing investment-grade bond spreads with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

...And spreads that widened the most

Table showing widening investment-grade bond spreads with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Spread.

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

Table showing high-yield bond price increases with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Price.

...And with the biggest price decreases

Table showing high-yield bond price decreases with columns for Issuer, Symbol, Coupon, Yield, Maturity, and Price.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for 2-spread.

Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess

Dividend Changes

Table showing dividend changes with columns for Company, Symbol, Amount, Payable/Record, and Frq.

New Highs and Lows

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

Table showing new highs and lows with columns for Stock, 52-Wk High/Low, and Chg.

Table showing new highs and lows with columns for Stock, 52-Wk High/Low, and Chg.

Table showing new highs and lows with columns for Stock, 52-Wk High/Low, and Chg.

Table showing new highs and lows with columns for Stock, 52-Wk High/Low, and Chg.

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more from their previous closing price was \$2 or higher.

Footnotes: +New 52-week high. -New 52-week low. dd-Indicates loss in the most recent 4-quarter period. FD-First day of trading. Stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Friday, August 12, 2022

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

DEF

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

OPQ

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

RST

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

UVW

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

52-Week Yld Net

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

GHI

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

JKL

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

MNO

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

PQR

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

STU

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

52-Week Yld Net

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

VWX

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

YZA

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

BCD

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

EFG

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

HIJ

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

52-Week Yld Net

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

KLM

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

NOP

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

QRS

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WXY

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

52-Week Yld Net

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

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Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

BCD

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

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Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

KLM

Table with columns: YTD %Chg, 52-Week HI, 52-Week LO, Stock, Yld, Net, and % Last. Includes entries for ABB, AECOM, AEM, AEP, AIG, etc.

Mutual Funds

Table with columns: Fund, YTD %Chg, Net YTD %Chg, and % Last. Includes entries for Vanguard, Fidelity, etc.

Mutual Funds

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BUSINESS & FINANCE

CFOs Weigh In on Disclosure Proposals

By JENNIFER WILLIAMS-ALVAREZ

Two proposed rules on sustainability- and climate-related disclosures drew responses from more than a hundred companies, weighing in on the benefits of a global baseline for disclosures and the drawbacks of revealing information that could put a company at a competitive disadvantage.

The International Sustainability Standards Board, which sets climate-disclosure rules, is considering two proposals that would require companies to disclose sustainability- and climate-related risks. Together, the proposals drew more than 1,300 comments, including from chief financial officers at Caterpillar Inc., Intel Corp., Levi Strauss & Co. and Verizon Communications Inc.

One letter—signed by more than 80 CFOs—stressed that

the ISSB should focus on aligning its standards with existing and developing reporting standards, and that the board should also quickly move to sustainability topics other than climate, such as social issues.

Some executives raised questions on how the ISSB's rules would interact with the Securities and Exchange Commission's proposal to require companies to report on greenhouse-gas emissions and climate risks. Tobacco company Philip Morris International Inc., for one, expressed concern on the threshold for inclusion of information in the ISSB's proposals. Limited to climate-related data, the SEC's proposal is likely narrower than the broader sustainability issues the ISSB is looking at, Philip Morris CFO Emmanuel Babeau said.

"If information responding

to ISSB requirements is meant to be included in regulated filings or linked from regulated filings, the definition of the threshold for inclusion (significant risks and opportunities) is confusing and likely at odds with the SEC standard for inclusion," he said in a July 29

1,300

comments that came in on sustainability and climate rules

letter. This means it may not be feasible for companies listed in the U.S. to include the disclosures in financial filings, Mr. Babeau noted in the comment, which was co-signed by the company's chief sustain-

ability officer, Jennifer Motles. Even where such disclosures aren't prohibited, he added, litigation fears could lead companies to exclude them from financial filings.

The SEC's rule proposal, however, was less gently received during its comment period, which ended in June and drew roughly 3,400 letters. Companies skewered the proposal, saying it would be costly to follow and lacked clarity on the threshold for disclosure.

Last week, ISSB Chair Emmanuel Faber said the board is actively considering the actions of the SEC and others. A working group including the ISSB and authorities from five jurisdictions—the U.S., China, Japan, the European Union and the U.K.—is meeting regularly to coordinate and understand disclosure expectations from each, he said.

"We cannot have the goal of a global baseline where companies and investors can use comparable information and reliable information without looking at what very important jurisdictions are doing," Mr. Faber said. This includes the SEC, he added.

The SEC didn't respond to a request to comment.

Mr. Faber said the ISSB board will review at a September meeting the feedback provided during the comment period, which closed July 29. He expects the new rules to be issued early next year, giving companies more time to implement the requirements, he said. Previously, the rules had been expected by year-end.

One of the ISSB proposals would require companies to disclose significant climate-related risks, such as floods and other extreme weather events.

The other requires companies to share information on sustainability risks more broadly, and the processes in place to manage them.

The ISSB's proposals aim to set a baseline on disclosures as companies grapple with varying frameworks, standards and regulatory disclosure requirements from around the world. More companies are using multiple frameworks, with 80% of them doing so in 2020 compared with 68% in 2019, according to research firm Audit Analytics.

"We're trying to have as close to one single version of the truth," said Caterpillar CFO Andrew Bonfield, referring to efforts for a baseline standard. "Because ultimately, we're providing this information to investors. And if you don't have comparability, it's very hard."

Huawei's Sales And Profitability Decline Further

By NEWLEY PURNELL

Revenue at China's Huawei Technologies Co. fell 5.9% in the first half of the year compared with a year earlier, as U.S. restrictions continued to pressure its business.

The Shenzhen-based telecommunications giant reported revenue of 301.6 billion yuan, equivalent to about \$44.7 billion. It has been falling since 2020 as Western restrictions on its access to chips hamper sales of its core products.

The company was also less profitable than a year earlier, reporting a net profit margin of 5%, down by nearly half from the year-earlier 9.8%.

A company spokeswoman

attributed the lower profitability to the decline in revenue and increased investments in new business segments. The company said the first-half results were in line with its forecasts.

Although it is privately held, Huawei reports a handful of unaudited financial figures throughout the year, including revenue and profit margin. It releases a more detailed audited annual report each spring.

Revenue at Huawei's consumer business, selling devices such as smartphones, fell 25% from the first half of last year.

At the fast-growing enterprise-business unit, though, it rose 28%. The unit sells prod-



A spokesman for the telecommunications giant attributed the lower profitability to the decline in revenue and increased investments.

ucts such as software and cloud services to governments and businesses, and doesn't depend as heavily on foreign

chips and other components.

While Huawei's device business was heavily affected, its information and communica-

tions-technology infrastruc-

ture business maintained steady growth, said Ken Hu, one of the company's rotating

chairmen.

Revenue from the company's telecom-infrastructure business increased 4.2%.

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PUBLIC NOTICES

NOTICE: Mallinckrodt Opioid Personal Injury Trust

The MNK PI Trust was established June 16, 2022. The Trust will accept paper claims beginning August 1, 2022, and the portal for online electronic claim submission is anticipated to be available on August 15, 2022.

More information on the types of claims, the evidence needed for a valid claim, and how to file a claim is located on the Trust website mnkpitrust.com.

The Trust can be contacted via phone at 855-637-5538 or email at mnkpitrust@mnkpitrust.com.

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Winfrey's Company Sues Podcast Creators

By ALYSSA LUKPAT

Oprah Winfrey's production company is suing the creators of the podcast "Oprahdemics," saying the show uses her name without a license.

Attorneys for the company, Harpo Inc., said the podcast, which dissects old episodes of "The Oprah Winfrey Show," would confuse the public into thinking Harpo had approved it, federal court records show. They also allege the show infringes on trademarks connected to Ms. Winfrey's name

and her signature "O" logo.

Harpo filed the lawsuit against the podcast's hosts and its production company, Roulette Productions, this past week in federal court in New York's Southern District.

The podcast, billed as an "unauthorized study of The Queen of Talk," is hosted by Kellie Carter Jackson and Leah Wright Rigueur, two historians and self-described "Oprah obsessives," who examine Ms. Winfrey's cultural impact.

Ms. Carter Jackson and Ms. Rigueur didn't return requests

for comment Friday.

Jody Avirgan, the owner of Roulette Productions, said the "Oprahdemics" hosts were coming from a place of deep admiration for Ms. Winfrey. "Roulette Productions produces 'Oprahdemics' and has been engaged with the team at Harpo for some time," he said. "We hope to resolve it."

Attorneys for Harpo and representatives for Ms. Winfrey didn't return requests for comment Friday. The hosts launched the podcast in March, releasing more than 12 episodes.

YouTube Plans Store For Services

Continued from page B1

familiar with the discussions. Peacock declined to comment.

Walmart is contemplating adding streaming services as a new perk to its membership program. Netflix Inc. and other streaming services have agreed to be part of Verizon's new Plus Play subscription manager, which lets customers sign up for and manage their streaming services through the connectivity company's interface.

"They are making their services available in as many places as possible, so that they have as big a shot as possible of getting people," said Bill Rouhana, chief executive of Chicken Soup for the Soul Entertainment Inc., which owns a large stable of free, ad-supported streaming channels.

There are trade-offs to consider for streaming services: partnering with other companies means having less potential revenue and less control over customers' data.

Still, more streaming services are looking to bundle because it creates a better experience for consumers and they are less likely to cancel subscriptions, said Jeffrey Hirsch, president and chief executive of Starz, which has bundled its streaming offering with Walt Disney Co. in Latin America

and Canal+ in France. "Simplicity is always a great thing for the consumer," he said.

YouTube in 2020 was discussing launching an online streaming video store, the Information previously reported. Now, the idea appears to be gaining traction with entertainment companies hungry for new audiences. YouTube has pitched the scale and diversity of its global audience as a reason why streaming services should join the effort, the people close to the discussions said. YouTube has more than two billion monthly logged-in users, according to Google.

The pitch is that the new YouTube channel store would offer great marketing for streaming services because

2B

YouTube's number of monthly logged-in users

consumers could watch trailers of shows or movies free on YouTube and then easily pay to subscribe to the service.

WarnerMedia—the company now known as Warner Bros. Discovery—last year pulled its HBO Max streaming service off Amazon Prime Video Channels because its CEO at the time, Jason Kilar, didn't want to share data or give Amazon a direct relationship with its customers. At the time, 4.5 million of HBO Max's 70 million subscribers came

from Amazon Channels, according to a person familiar with the situation. Now, Warner Bros. Discovery is negotiating to get HBO Max back on Amazon Prime Video Channels, the person said.

Beyond making their services available in stores like Amazon's and the one YouTube is building, streaming companies are exploring ways to package their own services. Disney offers a bundle of its Disney+, Hulu and ESPN+ services at a lower price than what customers would pay for each separately. Such arrangements typically help keep customers longer, according to some industry analysts.

Paramount+ in the next few weeks plans to start offering its Showtime streaming service as a tab within its platform, according to two people familiar with the discussions. Down the line the company is discussing adding its other streaming service, BET+, the people said.

All three major wireless carriers have for years offered free streaming services with some of their long-term cell-service plans. AT&T Inc., which was HBO's parent company until April, for years offered HBO free to some of its cable and wireless customers. The arrangement briefly ended this year after AT&T merged media assets with Discovery Inc., but the companies have since rekindled the relationship.

T-Mobile offers free Netflix to some of its customers and Verizon offers six months of Disney+ to customers on some of its wireless plans.

MARKETS

Hedge Funds Speculate on the Yen

BY JULIA-AMBERA VERLAINE

Hedge funds and asset managers are speculating on the yen, intensifying swings in a currency usually known as a refuge during troubled times.

The yen surged Wednesday, with the dollar losing more than 2% at one point against the Japanese currency after new data showed U.S. inflation easing. The dollar lost 1.15% against the yen this week.

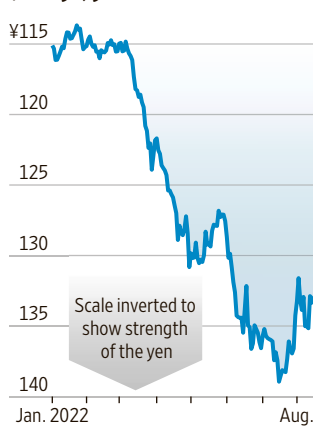
The gain in the yen followed what was already a significant rally during the last two weeks of July. Salespeople on Wall Street trading desks said the move stemmed from hedge funds cashing out on bets that paid out if the yen weakened to a certain level.

The gains were a turnaround from earlier this year, when the yen depreciated to its weakest point in more than two decades. A soaring dollar, a struggling global economy and worldwide inflation pushed it down.

The yen is the world's third-most-traded currency after the dollar and euro, making it an important piece of financial markets. Investors have typically bought it as a haven when financial markets fall apart. Even when an earthquake and tsunami roiled Japan in March 2011, the yen rocketed.

The recent swings are the

How many Japanese yen \$1 buys, year to date



Source: Tullett Prebon

latest example of how the Federal Reserve's interest-rate increases are causing tumult in markets around the world. Currency markets were placid for years after the 2008 financial crisis, but over the past year they have sprung back to life.

The exaggerated moves basically amount to a bet on which central banks will deal with inflation fastest and most aggressively. After 2008, central banks across the world slashed interest rates to zero to support the global economy. Now they are lifting interest rates at different paces, making currencies a hot trade again.

In general, investors have rewarded countries whose central banks appear most

willing to fight inflation. That is one reason the U.S. dollar has soared this year, as the Fed has aggressively raised interest rates. Wednesday's inflation report, though, complicates the Fed's decision on how much to raise interest rates next month. A half-point rate increase in September is on the table, but a 0.75-point rise remains possible.

The Bank of Japan, on the other hand, has stressed that it will continue its easy-money policy. At a news conference in July, Bank of Japan Governor Haruhiko Kuroda said it would be unreasonable to tighten borrowing conditions to shore up the currency. He also pushed back against the widely circulated argument that the gap between U.S. and Japanese interest rates is the main driver behind the yen's weakness against the dollar.

"The U.K. and South Korea, where there is no huge interest-rate gap, have also seen their currencies fall significantly," Mr. Kuroda said.

A shift in underlying dynamics over the past few decades has made the yen more susceptible to speculation. James Malcolm, head of foreign-exchange strategy at UBS, said the yen used to play a bigger role in global trade.

"Japanese banks that used to be big players are now modest players, and there is much

more high-frequency trading activity," Mr. Malcolm said.

He and others said automated trading had inflated the yen's moves. Once a trade becomes popular, some algorithms pile in, exaggerating a currency's moves up or down.

The yen has been one of the worst-performing currencies in developed markets this year, making it appealing to investors looking to bet on the dollar rally losing steam.

Jeff Yarmouth, head of foreign-exchange options in the Americas at UBS, said gauges used in the derivatives market indicate that investors are closing positions that paid out when the dollar rapidly climbed to more than two-decade highs against the yen.

"We have seen unwinds," Mr. Yarmouth said. He added that derivatives trades betting on a much weaker dollar aren't on clients' radar yet.

Though the dollar is still up significantly for the year, it has been unable to break new highs since mid-July, largely drifting as investors gather more data on the outlook of the U.S. economy and consumer prices. The WSJ Dollar Index, which measures the dollar against a basket of 16 currencies, is up about 8.7% so far this year. In July, it was at times up more than 11%.

—Megumi Fujikawa contributed to this article.

PE Firms' Fundraising Gets Tougher

Market volatility and higher interest rates temper expectations but optimism reigns

BY MARIA ARMENTAL

Private-equity firms are anticipating a tougher fundraising slog as market volatility hits both their own balance sheets and those of their institutional investors.

In recent earnings calls, some of the largest private-equity firms remained bullish about deal-making opportunities in the current environment even as market upheaval and rising rates drove down the value of their holdings.

Publicly traded fund managers posted significant hits to their bottom lines in the most recent three-month period, and at least four of the largest firms—Apollo Global Management Inc., Blackstone Inc., KKR & Co. and TPG Inc.—booked losses for the June quarter. For Apollo, it was the second consecutive quarterly loss.

However, the value of the private-equity firms' investments declined by far less than the more than 16% decline over that period for the S&P 500 stock index, which also reported its worst first-half performance in more than five decades. And firm executives said that, by and large, portfolio companies' operational performance remains strong.

Still, the battered stock values created imbalances for institutional investors' portfolios, in what's known as the denominator effect, which many fear will hinder the flow of new capital to illiquid assets such as private equity.

Caspar Callierström, deputy chief executive of European buyout giant EQT AB, for one, acknowledged in the firm's most recent earnings call that some clients, particularly in the U.S., had already reached their private-equity target allocation.

"As a result, new fund initiatives will take longer to raise in this market, and we expect existing clients to represent a large share of our ongoing fundraises," he said.

Mr. Callierström said the firm had raised about two-thirds toward its 10th buyout fund, which targets at least €20 billion, the equivalent of \$20.60 billion, with a final close expected in 2023.

TPG Chief Executive Jon Winkelried said the private-equity firm accelerated the timing of first closes on its large flagship fund, closing on a combined \$10.6 billion for its ninth flagship private-equity fund and its second health-care-focused fund, and on \$1.6 billion for its third impact-investment fund. The firm targets a combined \$18.5 billion for the first two and \$3 billion for the impact-investment fund, Mr. Winkelried said during an earnings call.

"On balance, similar to peers, TPG acknowledged on-

going extensions in fundraising timelines that have been prevalent across the industry in recent quarters," JPMorgan Chase & Co. analysts Kenneth B. Worthington and Michael Cho wrote in a note about the firm's second-quarter performance.

Meanwhile, GCM Grosvenor Inc. CEO Michael Sacks warned that its latest private-equity secondaries fund, which is already about 30% larger than its predecessor, may miss its original goal because of the timing of fundraising. He expects the alternative-assets manager to wrap up fundraising efforts for the offering in late 2022. Other specialized funds, he said, will continue to raise

\$80B

Apollo's fundraising target for this year

capital into 2023 and remain on track. GCM, he said, stepped up fundraising in the second quarter, adding about \$2.1 billion in new capital.

Apollo raised \$36 billion in the quarter, ahead of expectations, and raised about \$13 billion more in the current quarter for its 10th flagship fund, BMO Capital Markets analysts Rufus Hone and James Fotheringham said, adding that the firm is on track to exceed its fundraising target of at least \$80 billion across strategies this year.

Although some institutional investors face allocation limits and pressure from the denominator effect, StepStone Group Inc. CEO Scott Hart said that some of the investment and advisory firm's other clients are starting to build a private-markets portfolio, increasing allocation or accelerating the pace of deployment.

"For every conversation we're having about the denominator effect, we seem to be having another one about launching a new private-markets program or accelerating deployment into a private-markets program," he said in a conference call with analysts to discuss the firm's June quarter performance. "And that certainly gives us some level of confidence."

Chris Smyth, Ernst & Young LLP Americas private-equity leader, pointed to the firms' performance records through prior economic up-and-downs and the more than \$1 trillion in so-called dry powder, or money raised but not yet invested, as reasons for optimism.

"One of the things PE has shown is that they are resilient," Mr. Smyth said. "They bring this focus and speed to action to make sure that they continue to drive differential returns."

—Ted Bunker, Chris Cumming and Luis Garcia contributed to this story.

CTG Duty Free Slims Down Its IPO

BY JING YANG

China Tourism Group Duty Free Corp. is planning to raise around \$2 billion from a Hong Kong initial public offering, returning to the market after pulling a deal at the end of last year.

The targeted deal size is a big drop from the amount the company previously planned to raise but looks set to be the largest IPO in Hong Kong this year.

The state-controlled travel retailer, which is already listed in Shanghai, is seeking to raise \$1.88 billion to \$2.17 billion, according to deal terms seen by The Wall Street Journal. That is down from the \$7 billion to \$10 billion stock offering it was eyeing last year, before it abandoned the plan in December.

The size reduction is a reflection of the tough market environment. Hong Kong's benchmark Hang Seng Index is down 14% this year and earlier touched a five-year low in March. IPOs in the Asian financial hub have raised \$4.93 billion so far in 2022, down sharply from \$34.79 billion in the same period last year, according to Dealogic.

That led CTG Duty Free to choose an offering size that better reflected market demand, according to people familiar with the matter. The company is still aiming to pull off Hong Kong's biggest listing in 2022—beating the \$1.7 billion raised by Chinese lithium producer Tianqi Lithium Corp. last month.

Terms of the Hong Kong offering imply a market capitalization of about \$57 billion for the company.

CTG Duty Free, which was established in 1984, operates 193 stores that are mostly situated in airports, cruise ships



CTG Duty Free has a big operation in Sanya, a seaside resort city locked down this month for Covid.

and city downtown areas.

The company reported a 26% decline in profit for the first half of 2022 to the equivalent of \$583.8 million, partly a result of China's strict approach to containing Covid-19. That approach has led to prolonged lockdowns in Shanghai and other cities this year. Revenue for the period fell 22% to the equivalent of \$4.1 billion.

A recent Covid-19 outbreak in Sanya, a seaside resort city on Hainan island where CTG Duty Free has a big operation, led to a lockdown there this month. CTG Duty Free's Shanghai-listed shares have fallen 11% this year.

CTG Duty Free, which is majority-owned by state-run China Tourism Group, is offering 102.8 million shares at 143.50 to 165.50 Hong Kong dollars apiece, equivalent to a price range of \$18.29 to \$21.10, the deal terms show. The company will use nearly half of the

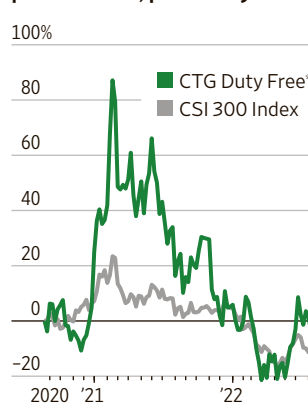
proceeds to support its domestic operations in China, according to the deal terms.

The company has secured nine cornerstone investors that have committed to buying a total of \$795 million of shares in the IPO and hold them for at least six months. Seven are Chinese state-owned enterprises. Amorepacific Group, a South Korean beauty company, plans to invest \$100 million, while U.S. investment firm Oaktree Capital Management LP intends to buy \$40 million worth of shares.

The listing also includes a green-shoe option, allowing banks managing the offering to sell new shares if there is heavy demand. That could push up the size of the deal to just below \$2.5 billion.

Investment banks started taking orders from investors on Friday, and the deal has already been covered, according to a person familiar with the mat-

Share-price and index performance, past two years



*Shanghai-listed shares

Source: FactSet

ter. The company expects to price the IPO on Aug. 18, and the shares would start trading in Hong Kong a week after that, the deal terms show. China International Capital Corp. and UBS Group AG are joint sponsors of the offering.

Tornado Cash Sanctions Irk Others in the Crypto Industry

BY MENGQI SUN

The Treasury Department's decision to crack down on cryptocurrency platform Tornado Cash for allegedly being used to launder stolen funds—and the subsequent freezing of millions of dollars in assets by one of the largest U.S. stablecoins in compliance with the order—has prompted concerns of excessive government pressure from many crypto participants, particularly those in the decentralized finance sector.

Citing these U.S. sanctions against Tornado Cash, Dutch authorities Friday said they had arrested a suspected developer of Tornado Cash in Amsterdam on Wednesday, alleging the 29-year-old man is involved in concealing criminal transactions and facilitating money laundering through Tornado Cash. The Dutch authorities didn't disclose the

suspect's identity and said they aren't ruling out more arrests.

The U.S. action Monday against Tornado Cash, a platform based on open-source, self-running software protocols, is unprecedented, crypto industry participants add, as the U.S. has previously only sanctioned wallet addresses and centralized services.

The U.S. accused Tornado Cash, a so-called mixer platform that enables users to exchange cryptocurrencies with relative anonymity, of laundering billions of dollars in virtual currency, including \$455 million allegedly stolen by North Korean hackers. The Treasury Department also identified and blacklisted dozens of wallet addresses associated with Tornado Cash. The sanctions block all property held by the platform under U.S. jurisdiction and bar U.S. companies and individuals from transact-

ing business with it.

Crypto industry analysts say the sanctioning of protocols—essentially computer code—has become a key policy issue for the industry, which is increasingly concerned about the impact of broadening government intervention on the potential growth of crypto and the additional burden of compliance in a sector that sells itself on its privacy and decentralization.

"It's a new development in crypto and will have deep implications down the line," said Miller Whitehouse-Levine, policy director at research and advocacy group DeFi Education Fund. "The industry's impression is that the U.S. government is pivoting from focusing on punishing bad actors to policing the protocols now."

As a result of Monday's U.S. action against Tornado Cash, a

total of roughly \$424.28 million in digital assets were blocked from transacting as of Wednesday, according to data from blockchain analytics provider TRM Labs Inc.

Tornado Cash co-founder Roman Semenov didn't respond to requests to comment.

Circle Internet Financial Ltd., the crypto-focused firm that manages USD Coin, the second-largest stablecoin by global market capitalization, on Tuesday said it has blacklisted some Tornado Cash wallet addresses and restricted the movement of USDC funds in the blacklisted addresses, in compliance with the sanctions requirements.

Stablecoins, such as USDC, which look to peg their value to an external asset or benchmark, underpin the DeFi ecosystem, as most transactions are priced in dollars.

Crypto observers said that

even though it was appropriate for Circle to comply with the sanctions requirements, they are concerned with the downstream effects of the need to comply with such legal obligations.

Circle Chief Executive Jeremy Allaire said on Twitter

\$424M

Amount of digital assets were blocked from transacting

that while his company is complying with the sanctions, "the regulatory intervention in this case crossed a major threshold in the history of the internet, and the history of open blockchain finance, with a major government obliging parties to

outing block or limit the functioning of open-source software on the internet."

DeFi protocols, an umbrella term for financial services offered on public blockchains, are made possible by smart contracts, which can automatically move crypto around based on rules enshrined in computer code. They have allowed crypto enthusiasts to replicate most functions of Wall Street without the assistance of Wall Street.

Enforcing the sanctions could also be difficult. People have been sending small amounts of Ethereum through a Tornado Cash smart contract to several celebrities, said DeFi Education Fund's Mr. Whitehouse-Levine, presumably to prove that it is difficult to shut down an open-source software.

—Vicky Huang contributed to this article.