

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

**U.S. consumers** continued opening their wallets last month, shifting savings from falling gasoline prices to purchases of everyday goods as they weathered high inflation and a slowing economy. **A1**

◆ **The U.K.'s annual inflation rate** moved into double digits in July and is set to rise even higher by the end of the year, heaping greater pressure on stretched household budgets and threatening a lengthy economic contraction. **A1**

◆ **Fed officials agreed** at their monetary-policy meeting last month they needed to keep raising rates enough to lower inflation but signaled greater caution with the pace of coming increases. **A2**

◆ **U.S. stocks fell**, with the S&P 500, Nasdaq and Dow retreating 0.7%, 1.3% and 0.5%, respectively. **B11**

◆ **Tencent's growth streak** came to an end after the Chinese social-media and videogame giant posted its first quarterly revenue decline since it went public in 2004. **A1**

◆ **Philip Morris might** have to raise its bid for Swedish Match to gain full ownership of the company after Elliott acquired a stake in the maker of smokeless tobacco. **B1**

◆ **A glut of inventory** sank profit at Target further than it expected, sparking investor concerns about the firm's response to an oversupply problem haunting retailers. **B1**

◆ **Dodge unveiled** a new all-electric concept car aimed at showcasing its replacement for the Challenger and Charger. **B1**

### World-Wide

◆ **Rep. Cheney said** she is contemplating a 2024 presidential bid as part of her stated mission to try to block Trump from ever winning the White House again, a possibility that has both major political parties awaiting her next move. **A1**

◆ **Georgia Gov. Kemp asked** a court to quash a subpoena seeking his testimony before a special grand jury in Atlanta investigating efforts by Trump and his allies to overturn the state's 2020 election results, on the same day Giuliani was compelled to appear before that panel. **A4**

◆ **The CDC will be** restructured to strengthen its response to public-health threats, the agency's director said, acknowledging shortcomings in its fight against the Covid-19 pandemic. **A2**

◆ **A judge ordered** the owners of CVS, Walgreens and Walmart pharmacies to pay \$650 million over 15 years to two Ohio counties after they were found liable for contributing to the opioid crisis. **A3**

◆ **Russia's intelligence** services were hunting for saboteurs in Crimea after an ammunition depot rattled Moscow's grip on the peninsula. **A7**

◆ **The U.S. said** that it and Taiwan will start formal negotiations for a bilateral trade and investment initiative in the fall to deepen ties on a range of issues. **A16**

◆ **Iranian demands** for guarantees from the U.S. have once again stalled efforts to revive the 2015 nuclear agreement. **A16**

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## NASA Takes Another Step in Quest to Return to the Moon



**COUNTDOWN:** NASA's new moon rocket arrived at the launchpad at the Kennedy Space Center in Florida on Wednesday. The space agency is aiming for an Aug. 29 liftoff for an uncrewed lunar test flight, the first of its Artemis program. **A6**

## U.K. Inflation Rate Tops 10%, Leading a Rise Across Europe

By PAUL HANNON

The U.K.'s annual rate of inflation moved into double digits in July and is set to rise even higher by the end of the year, heaping greater pressure on stretched household budgets and threatening a lengthy economic contraction.

That pickup in inflation has been replicated in other parts of Europe, even as consumer prices have started to slow in the U.S.

That is because energy prices have continued to accel-

erate across Europe as Russia withholds supplies of natural gas, with the continent facing a possible crunch this winter.

The U.K.'s Office for National Statistics said on Wednesday that consumer prices were 10.1% higher in July than a year earlier, up from 9.4% in June.

That was the highest rate of inflation in more than four decades and the fastest increase in prices recorded in one of the Group of Seven rich countries since the current surge started in early 2021.

"Inflation figures continue

to paint a worrying picture for consumers and businesses alike, and price pressures are set to build further," said Alpesh Paleja, lead economist at the Confederation of British Industry.

Figures to be released on Thursday by the European Union's statistics agency are expected to show the eurozone's annual rate of inflation rose to 8.9% in July from 8.6% in June.

By contrast, U.S. inflation eased to 8.5% in July from 9.1% in June.

Economists at JPMorgan

see increasing signs that global inflation is set to cool off, with prices of food and many commodities down from recent peaks.

However, they expect disinflation to be evident first in the U.S., with Europe set to lag behind despite some recent easing in the prices of goods leaving factory gates.

"Europe, however, faces ongoing pressure from surging

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◆ Fed signals caution on pace of rate increases..... A2

## Retail Spending Is Steady As Online Picks Up

Declining gasoline prices spur a shift in consumer buying to everyday items

By HARRIET TORRY AND AUSTEN HUFFORD

U.S. consumers continued opening their wallets last month, shifting savings from falling gasoline prices to purchases of everyday goods as they weathered high inflation and a slowing economy.

Overall retail sales—a measure of spending at stores, online and in restaurants—were flat in July compared with the prior month's revised 0.8% increase, the Commerce Department said on Wednesday. But a measure of spending that strips out gasoline and auto sales rose 0.7% last month from June, showing shoppers maintained the ability to spend with much of the spending moving online.

"We've had nine weeks of gas prices falling, the evidence from this is that people saw the drop in gas prices and said 'This is good news, let's go shopping,'" said Ian Shepherdson, chief economist at Pantheon Macroeconomics. He added that consumer spending appears to have got off to a "pretty strong start" in the third quarter.

Federal Reserve minutes released separately on Wednesday from last month's policy meeting said officials agreed they needed to keep raising interest rates enough to slow

Please turn to page A2  
◆ Target's earnings sink as retailer unloads inventory... B1

## Tencent Growth Ends Long Streak

By RAFFAELE HUANG

SINGAPORE—Tencent Holdings Ltd.'s nearly two-decade growth streak came to an end after the Chinese social-media and videogame giant posted its first quarterly revenue decline since it went public in 2004.

Tencent's April-to-June revenue dropped 3% from a year earlier to the equivalent of \$20 billion, the company said Wednesday, as China's slowing economy further dented its online-advertising revenue, while its videogame business continued to struggle from tighter regulations and weaker user spending.

Tencent's contraction, coming after rival Alibaba Group Holding Ltd. made public its first revenue drop for the same quarter, contrasts with a period of inexorable growth for the two leading internet companies in the world's second-biggest economy. Tencent, until the October-to-December 2021 quarter, had consistently posted revenue growth in the double-digit, if not triple-digit, range since it went public, company data showed.

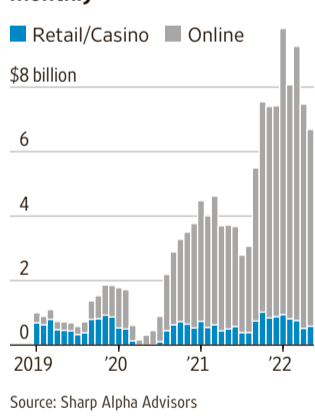
China's economic slowdown has hit the country's tech sector, which was already struggling with a regulatory clampdown over the past year and a half. In the April-to-June quarter, China's economy recorded its weakest growth rate in more than two years, as Beijing's stringent measures to contain Covid-19 outbreaks paralyzed business activities in many cities. Gross domestic product expanded at a 0.4% annual rate.

Tencent's revenue from its bread-and-butter videogame business fell 1% from a year

## Betting Firms Call New Play

Companies rein in spending as they seek profitability. **B2**

Sports betting in the U.S., monthly



Source: Sharp Alpha Advisors

## U.S. Veterans Race to Train Ukrainians as Marines

Recruits learn to fight Russians; 'many have never held a weapon'

By YAROSLAV TROFIMOV

MYKOLAIV, Ukraine—Clad in mismatched fatigues, Ukrainian Marine recruits sprawled on the grass, cocking their assault rifles and aiming at targets. Then, to the surprise of their American instructors, one by one they started squeezing the trigger.

"Cease fire!" yelled Steven Tomberlin, 62, a retired police officer from Colorado overseeing this part of the training. "Until I give the command. You. Do. Not. Do. Anything." When the firing resumed, bullets hit the dirt berm, often far off the mark.

"Most of these people have just been mo-

bilized. They were electricians or tractor drivers yesterday, and many have never held a weapon in their hands," said Sr. Lt. Anton Solohub, a deputy commander of this Ukrainian Marine battalion, as he watched the first day of a crash course provided by a group of mostly American veterans.

"These instructors have promised that they will turn my men into some kind of special force in 10 days," Lt. Solohub mused. "Let's see."

Europe's bloodiest war since 1945 has

Please turn to page A8  
◆ Moscow hunts for saboteurs in blasts..... A7

## Employers Need a Lot More Than Pizza to Bring Back Workers

Workers schedule in-person days based on the quality of the free office chow

By ALEX JANIN

When bosses first tried to lure people back to the office with free food, the doubters said a lukewarm pizza slice or plastic-wrapped bagel could never measure up to the convenience of working from home.

Two lessons for business have since emerged. First, never underestimate the number of workers willing to be bribed. Second, the food had better be good.

Bassel Alesh, a 25-year-old software engineer at ClassPass in New York City, said he preferred working from home on Wednesdays, usually his busiest day, until the office started hosting a midweek lunch.

It has been easy to skip the office commute on pizza day, he said, but not for breakfast burritos stuffed with soft tofu, grilled squash, zucchini and onions. "Last week, they had banh mi, and I was like, 'Oh, I'll definitely go in for that,'" he said.

Mexican food days are can't-miss events for Steph Estremera-Chu, 36, at the Manhattan accounting firm where she works. Mrs. Estremera-Chu piles tortillas high with beef and pork—carne asada and al pastor—corn, salsa, sour cream and guacamole. Sometimes, she takes home leftovers for dinner.

Mrs. Estremera-Chu, an accountant, now comes into the office three times a week, pay-



No, thanks

## Cheney, After Defeat, Mulls Oval Office Bid

By NATALIE ANDREWS AND JOHN MCCORMICK

WASHINGTON—Rep. Liz Cheney said Wednesday she is contemplating a 2024 presidential bid as part of her stated mission to try to block former President Donald Trump from ever winning the White House again, a possibility that has both major political parties awaiting her next move.

"It's something that I'm thinking about," she said Wednesday on NBC.

The three-term incumbent and daughter of a former Republican vice president was defeated in her Wyoming GOP primary Tuesday by Harriet Hageman, a water and natural-resources attorney endorsed by Mr. Trump. Ms. Hageman campaigned on a message that Ms. Cheney had become too critical of Mr. Trump, a fellow Republican, and had ignored the interests of her constituents.

Ms. Cheney said on NBC that

she is focused on moving the Republican Party "back to a place where we're embracing the values and the principles on which it was founded." While keeping Mr. Trump from getting the 2024 GOP presidential nomination is a goal shared by other Republicans, no one has managed to significantly loosen his grip on the party and polls show his base remains animated and loyal to him.

Though Ms. Cheney's chances of winning the GOP presidential nomination would be slim—she just lost a Republican primary in one of the reddest states in the country—some GOP strategists said she could cause headaches for Mr. Trump as his chief antagonist, if he decides to make another presidential run.

"Cheney's laser focus on Trump and ability to com-

Please turn to page A4  
◆ Murkowski and Palin advance in Alaska..... A4



## U.S. NEWS

## Fed Signals Caution on Pace of Increases

By NICK TIMIRAOS

Federal Reserve officials agreed at their monetary-policy meeting last month they needed to keep raising interest rates enough to lower inflation, but signaled greater caution with the pace of coming increases.

The central bank has raised rates this year at its fastest pace since the 1980s. Minutes from the Fed's July 26-27 policy meeting, released Wednesday, showed officials were sensitive to two opposing risks as they weighed how and when to slow those increases.

The first concern, which the minutes described as significant, is that they might need to raise rates more than currently anticipated if price pressures have spread more broadly through the economy. But officials, for the first time, acknowledged they might also raise borrowing costs more

than needed—causing unwarranted economic weakness, because of the delay between when borrowing costs go up and when that is reflected in economic activity.

"Participants judged that, as the stance of monetary policy tightened further, it likely would become appropriate at some point to slow the pace of policy rate increases while assessing the effects of cumulative policy adjustments on economic activity and inflation," the minutes said.

Officials voted to raise their benchmark rate by 0.75 percentage point in July, following an increase of the same size in June. Those were the largest rate increases since 1994. Several officials have indicated since the July meeting that they would support lifting rates by at least a half percentage point at their next meeting in September.

Economic forecasts prepared by the central bank's staff last month projected inflation to decline somewhat more than anticipated in its June projections as a result of a bigger slowdown in economic activity and hiring later this year.

The Fed's rate increase last month lifted its benchmark federal-funds rate to a range between 2.25% and 2.5%, a level last seen in mid-2019. Markets rallied in the hours and days after the meeting because Fed Chairman Jerome Powell hinted at an eventual deceleration of rate increases at a press conference after the meeting.

Mr. Powell then described 0.75-percentage-point rate rises as "unusually large" and appeared to endorse projections made in June that showed rates rising by another percentage point through December, implying a slowdown in the pace of increases later this

year. He also said the effect of rate increases hadn't been fully reflected through the economy, offering another reason to slow the pace of rate increases.

The minutes showed that while officials discussed a potential slowdown in rate increases, some pushed back

was firmly on a path back to 2%," the minutes said, referring to the Fed's inflation target.

Officials saw a "significant risk ... that elevated inflation could become entrenched if the public began to question" the Fed's resolve to raise rates high enough to slow down inflation, the minutes said.

The minutes show officials are looking to move away from raising rates in historically large intervals while being guided almost exclusively by inflation data, which is particularly backward looking, said Bob Miller, a senior portfolio manager at BlackRock. "Staking out some conditionality going forward seems sensible to us given the unprecedented nature of this particular cycle," he said.

The Fed is raising rates to combat inflation by slowing the economy through tighter financial conditions, which

typically curb investment, hiring, and spending. Any easing in financial conditions, if sustained, could work against the central bank's efforts.

A recent market rally risks undoing some of the Fed's work this summer if it results in lower borrowing costs—for example, on 30-year mortgage rates or five-year corporate bonds. Interest rates on the average 30-year fixed mortgage fell to 5.45% last week, down from 5.82% four weeks earlier, the Mortgage Bankers Association reported Wednesday.

Mr. Powell last month indicated officials would be watching financial conditions closely to determine how much farther and faster to raise rates.

Investors and central bankers are watching monthly inflation readings carefully for signs that the Fed will have to raise rates more or less aggressively than anticipated.

## Minutes from the Fed cited risks of raising rates too little or too much.

against the prospect of lowering rates in the short run. Some believed that once the fed-funds rate "had reached a sufficiently restrictive level, it likely would be appropriate to maintain that level for some time to ensure that inflation



Consumer purchases of electronics, a category closely tied to back-to-school spending, rose last month, as did furniture, personal care and home-improvement store sales.

## Retail Spending Is Steady

Continued from Page One the economy and likely would need to hold rates at that level until it was clear inflation was decelerating.

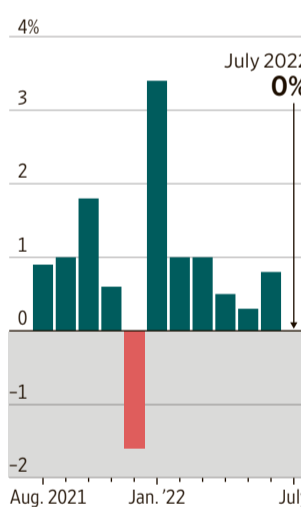
U.S. stocks closed lower after receiving a temporary lift from the Fed minutes and U.S. Treasury yields rose slightly.

Fed officials voted to raise their benchmark rate by 0.75 percentage point in July, after an increase of the same size in June. Those were the largest rate increases since 1994. Several officials indicated since the meeting that they would support lifting rates by at least a half percentage point at their meeting in September.

Officials signaled sensitivity last month to two different risks—that they might not raise rates enough to bring down inflation and that they might raise borrowing costs more than needed, causing unwarranted economic weakness, according to the minutes.

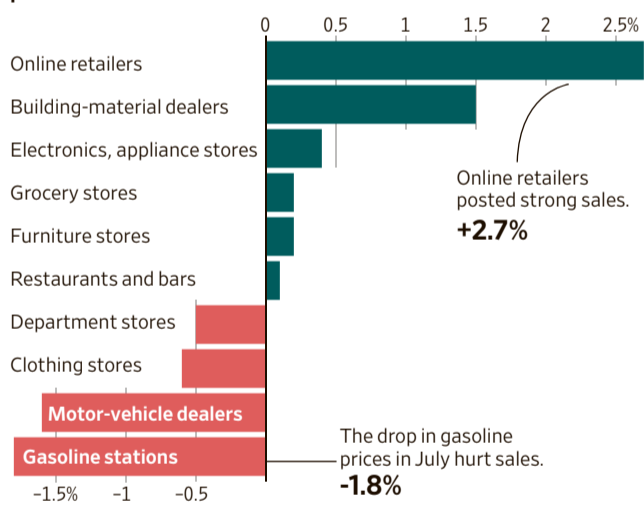
The U.S. economy con-

U.S. retail sales, change from a month earlier



Note: Seasonally adjusted  
Source: Commerce Department

July retail sales for select categories, change from previous month



tracted for two consecutive quarters and recent economic figures offer a mixed picture of its performance at the start of the third quarter. The labor market added 528,000 jobs in July and recovered all the jobs it lost at the start of the pandemic.

Industrial production rose 0.6% in July as manufacturing output picked up after two straight months of contraction, the Fed said Tuesday. But the housing market slowed in recent months, with declines

in sales, new construction and builder sentiment. The Fed is aggressively raising rates to bring down inflation and address imbalances in the economy created by pandemic-related factors such as supply-chain disruptions and shifts in consumer and labor demand.

Shoppers have maintained spending despite the highest annual U.S. inflation in four decades, though they are getting less for their money because of higher prices. The retail sales figures aren't adjusted for inflation.

Spending at gasoline stations, which makes up about one-tenth of retail outlays, fell 1.8% on the month. Vehicle sales, which make up about a fifth of retail outlays, declined 1.6% as inventory shortages lingered.

Consumer purchases of electronics, a category closely tied to back-to-school spending, rose last month, as did furniture, personal care and home-improvement store sales. Spending at nonstore retailers, or online shopping, jumped 2.7% from the prior month.

Gasoline prices fell steadily in July to below \$4 a gallon of unleaded gasoline last week after peaking at more than \$5 a gallon in mid-June. The run-up in gasoline prices started in the spring after Russia invaded Ukraine, a development that shocked world energy markets and took up a bigger

share of consumer spending. "They are getting less goods for what they were spending a year ago," said Phillip Braun, a professor at the Kellogg School of Management.

Amazon.com Inc.'s Prime Day event fell on July 12-13, and the company said customers purchased more than 300 million items during the promotion. Some of the bestselling items were premium beauty products, Apple Watches, diapers and kitchen items, according to the retailer.

Companies, meanwhile, said consumers are continuing to spend, although they remain mindful about rising prices. Walmart Inc. reported Tuesday that higher prices led shoppers to hold back on some purchases, giving priority to lower-margin food items. Best Buy Co. said last week it is cutting jobs to lower costs, due in part to consumers shifting spending as a result of high levels of inflation.

Target Corp. said on Wednesday that its profit last quarter declined further than the retailer anticipated as it worked to unload excess in-

ventory. The company cited a swift reversal of buying behavior, with shoppers cutting spending on discretionary items as inflation pressured their spending and product shipments arrived late. "They still have spending power, but they're increasingly feeling the impact of inflation," Target executive Christina Hennington told analysts. "While the recent reduction in prices at the gas pump have been encouraging, guest confidence in their personal finances continues to wane."

"We're seeing a shift to lower cost options" like private-label goods at grocery stores, said Jonathan Silver, chief executive of Affinity Solutions, a firm that aggregates consumer credit- and debit-card spending.

He noted that spending at discount stores was up 17% year-over-year in July while department store sales were down 2.4%, according to Affinity data.

Rod Poole, a retiree in Hickory, N.C., who works part time as a business and logistics consultant, said high inflation prompted his family to cut back on country-club dining to three times a month from four. They also are buying more bulk- and store-branded products such as nuts, coffee creamer and pasta. And they plan to travel in the fall rather than summer to avoid peak season prices.

"Being mindful about expenses is more at the forefront," Mr. Poole said. "Some travel expenses are just absurd right now."

Peter Stieglmayr, a mental-health counselor in Queens, N.Y., has started regularly making meatless meals for health reasons and because beef prices have increased.

"Even the cheap cuts are \$7, \$8," Mr. Stieglmayr said, referring to beef prices.

Retail sales make up a relatively small slice of overall consumer spending, and the report is largely centered on goods spending.

The Commerce Department is scheduled to release a more complete look at consumer spending at the end of the month that includes services.

—Nick Timiraos contributed to this article.

## CDC Plans Revamp To Improve Response To Threats

By BRIANNA ABBOTT

The Centers for Disease Control and Prevention will be restructured to strengthen its response to public-health threats, the agency's director said, acknowledging shortcomings in its fight against the Covid-19 pandemic.

CDC Director Rochelle Walensky said Wednesday that she intended to improve the agency's communication, timeliness and accountability. The CDC has at times amended its guidance on masking, isolation and other mitigation efforts in ways that spurred confusion or lagged behind the trajectory of the pandemic. The agency has faced new criticism recently for its response to the monkeypox outbreak.

"In our big moment, our performance did not reliably meet expectations," Dr. Walensky said. "I want us all to do better, and it starts with CDC leading the way."

The changes will include elevating the laboratory division to report to the CDC's director and restructuring the communications office, according to a CDC official with knowledge of the plans. Dr. Walensky wants to shift the CDC's culture from highly academic to focus more on preparedness and response, the official said.

The changes follow a review led by James Macrae, an associate administrator at the Health Resources and Services Administration, that included interviews with some 120 staff and others. The review found that the CDC often takes too long to publish data people needed to make decisions and that the agency should be more transparent about what it does and doesn't know, the official said. The agency needs to better translate science into practical and relatable policy, the review found.

"Scientific challenges and the lack of regular, clear communications and consistent methods for sharing information impacted our ability to consistently meet the evolving public health threat," Dr. Walensky said in an email to CDC staff.

The CDC has drawn criticism during the pandemic including for changes to guidance on masking and for recommendations on how long to isolate after testing positive for the virus. Dr. Walensky has also drawn criticism for her communication of some CDC policies. Some public-health experts have defended the CDC's efforts to keep up with an evolving virus in a country with an under-funded public-health infrastructure.

"There needs to be increasing recognition that you have to provide people with credible guidance, even before the best studies have been completed," said Richard Besser, chief executive officer of the Robert Wood Johnson Foundation and a former acting CDC director, who said he was interviewed as part of the review. "The credibility piece really comes down to how you communicate."

## CORRECTIONS &amp; AMPLIFICATIONS

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## U.S. NEWS

# Companies Must Pay Millions In Ohio Drug Case

BY TALAL ANSARI

A federal judge in Ohio has ordered the companies owning CVS, Walgreens and Walmart pharmacies to pay \$650 million over 15 years to two Ohio counties after a jury found them liable for contributing to the opioid epidemic.

The jury's verdict last November, came in a so-called bellwether case that attorneys elsewhere have watched closely. It was the first decision reached among lawsuits targeting pharmacy chains for their alleged role in the opioid crisis.

U.S. Judge Dan Polster issued his order Wednesday after a separate nonjury trial was held to determine the amount the companies must pay.

Judge Polster ruled that the defendants were responsible for a portion of plans created for Lake and Trumbull counties, the plaintiffs in the case, to address problems linked to the opioid epidemic. He ordered the companies to immediately pay two years' worth of those payments into a fund, or \$86.7 million of the total \$650.6 million.

The companies plan to appeal the decision. "Pharmacists fill legal prescriptions written by DEA-licensed doctors who prescribe legal, FDA-approved substances to treat actual patients in need," said Michael DeAngelis, the executive director for corporate communications for CVS Health Corp. "Plaintiffs' attorneys sued Walmart in search of deep pockets," Walmart Inc. said.

Fraser Engerman, a spokesman for Walgreen Co., said: "We never manufactured or marketed opioids nor did we distribute them to the 'pill mills' and internet pharmacies that fueled this crisis."

Attorneys for Lake and Trumbull counties argued that the pharmacies didn't stop pain pills from flooding the northeastern Ohio counties and false prescriptions from being filled. More than 80 million opioid pills were shipped to Trumbull County, with a population of less than 200,000, from 2006 to 2012, government data show. More than 60 million opioid pills were shipped to Lake County, with a population of about 230,000, over that period. The counties argued that the companies created a public nuisance costing them each about \$1 billion.

"Lake County and Trumbull County communities will soon receive the long overdue recovery funds they need to address the effects of the opioid epidemic," the attorneys said in a joint statement.

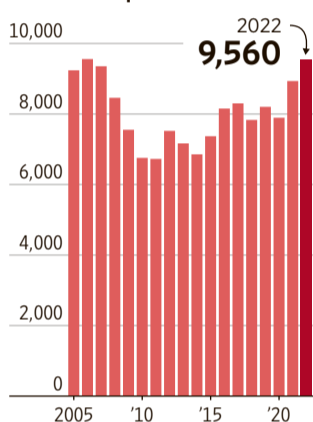
## Federal Officials Are Cracking Down on Weapons Being Smuggled to Haiti



**TIGHTENING CONTROL:** Anthony Salisbury, chief of the Miami Homeland Security Investigations office, said agents are increasing efforts to stop the trafficking of guns and ammunition from Florida to Haiti. At a news conference Wednesday, he displayed seized weapons, noting that agents are seeing higher caliber and volume of guns.

# Traffic Deaths Soar in First Quarter

U.S. motor-vehicle fatalities in the first quarter



Source: National Highway Transportation Safety Administration

BY JOSEPH PISANI

U.S. roads had their deadliest first quarter in 20 years, according to new estimates from the National Highway Traffic Safety Administration.

Traffic deaths have increased in the past two years because of more drivers speeding, driving under the influence or not wearing seat belts during the pandemic. U.S. traffic fatalities reached a 16-year high in 2021, with nearly 43,000 deaths.

"When everyday life came to a halt in March 2020, risky behaviors skyrocketed, and traffic fatalities spiked," said NHTSA administrator Steven

Cliff in a speech Wednesday. "We'd hoped these trends were limited to 2020, but sadly, they aren't."

NHTSA, the country's auto-safety regulator, estimated that 9,560 people died in motor vehicle crashes between January and March, up 7% from the same period the year before. That would make it the deadliest first three months of the year since 2002, NHTSA said.

The auto-safety regulator said the numbers released Wednesday are preliminary and subject to revision in coming months. The report doesn't include information on how the crashes happened, but Dr. Cliff said one-third of traf-

fic deaths typically are caused by drivers impaired by alcohol or other substances.

Jonathan Adkins, the Governors Highway Safety Association's executive director, expects 2022 to be the third consecutive year for traffic deaths to increase. He said he has heard from states that have said deaths continued to be high after the first quarter.

A number of issues are causing the rise in traffic deaths, Mr. Adkins said, including reckless driving and fewer police officers on the road. Seeing a police car gets drivers to slow down, he said.

He noted that roads aren't designed to make it safe for

bicyclists to share the streets with vehicles.

Last year, pedestrian deaths rose 13% from 2020, and bicyclist deaths were up 5%, according to NHTSA.

NHTSA's data include deaths that occurred within 30 days of a crash, and counts people inside or outside the vehicle.

Delaware was the state with the biggest increase of deaths. It more than doubled its traffic deaths to 50 in the first quarter, compared with 19 in the same period the year before, the regulator said Wednesday.

Fatalities fell the most in Rhode Island, dropping 50% to an estimated seven deaths.

# Prosecutor Sues DeSantis Over Suspension

BY JOSEPH DE AVILA

A Florida prosecutor is suing Gov. Ron DeSantis for suspending him from office over his pledges to not prosecute cases related to abortion and gender-transition treatments.

Andrew Warren, a Democrat who served as the top prosecutor for the state's 13th judicial circuit in Hillsborough County, asked a federal court in northern Florida to order Mr. DeSantis to reinstate him as a state attorney. The lawsuit, filed Wednesday, also asks the court to permanently enjoin Mr. De-

Santis, a Republican, from retaliating against Mr. Warren.

Mr. DeSantis suspended Mr. Warren this month for pledges he made to decline prosecuting cases involving violations related to abortion and gender-transition treatments. That suspension amounted to an abuse of power and a violation of his First Amendment rights, Mr. Warren said Wednesday.

"Ron DeSantis is hoping to overturn the results of a fair election, throwing out the votes of hundreds of thousands of Floridians," said Mr. Warren, who was first elected

in 2016 and was re-elected in 2020. He was one of 20 state attorneys in Florida. "By challenging this illegal abuse of power, we can make sure that no governor can toss out the results of an election because he doesn't like the outcome."

The governor's office didn't respond to a request for comment Wednesday.

Mr. DeSantis has said he suspended Mr. Warren for neglect of duty and incompetence. "State attorneys have a duty to prosecute crimes as defined in Florida law, not to pick and choose which laws to en-

force based on his personal agenda," the governor said earlier this month. "It is my duty to hold Florida's elected officials to the highest standards for the people of Florida."

The lawsuit says the justifications included in Mr. DeSantis's executive order suspending Mr. Warren failed to show that the prosecutor was incompetent or neglected his duty.

Mr. DeSantis signed the order on Aug. 4 and cited joint statements signed by Mr. Warren regarding potential crimes related to abortion and gender-affirming procedures.

After the Supreme Court overturned Roe v. Wade, Mr. Warren signed a statement, along with other prosecutors, regarding the enforcement of state abortion laws. "Enforcing abortion bans runs counter to the obligations and interests we are sworn to uphold," the joint statement said.

Florida passed a law that went into effect in July banning abortions after 15 weeks of pregnancy. The law includes exceptions for medical emergencies or "fatal fetal abnormalities." It doesn't include exceptions for rape or incest.

# FDA Approves Bluebird's Gene Therapy

BY JOSEPH WALKER

The Food and Drug Administration approved a gene therapy from Bluebird Bio Inc. that represents a potential cure for a rare blood disorder at a price of \$2.8 million per patient, making it one of the nation's most expensive drugs.

The FDA on Wednesday cleared the treatment, Zynteglo, for patients who rely on regular blood transfusions because of a genetic disease called beta-thalassemia, which interferes with the production of hemoglobin, a protein in red blood cells that carries oxygen throughout the body.

Bluebird said it would reimburse private and commercial health insurers for up to 80% of the treatment's cost if it stops working up to two years after receiving it. There are about 1,500 beta-thalassemia patients in the U.S. who depend on blood transfusions, according to Bluebird, and an estimated 850 of them are healthy enough to receive Zynteglo.

Million-dollar drug therapies have become more common in recent years with the advent of so-called gene therapies, one-time treatments that seek to correct genetic defects driving rare diseases. Novartis AG in 2019 introduced a gene therapy for infant muscle-wasting disease at a cost of \$2.1 million per treatment, making it the most expensive drug in the U.S. at the time.



Zynteglo is priced at \$2.8 million per patient. Bluebird has struggled to turn its scientific advances into commercial products.

Last year, the FDA approved Rethymic, a treatment for a rare immune disorder made by Enzyvant Therapeutics Inc. that has a list price of about \$2.7 million, according to 46Brooklyn Research, a nonprofit that studies drug price trends.

Bluebird Chief Executive Andrew Obenshain said the company set the drug's price after years of talking to insurers and analyzing the cost of beta-thalassemia under the current standard of care, which is about \$6.4 million over a patient's lifetime. "We've designed this payment model for what U.S. payers want," he said.

Mr. Obenshain said he expects U.S. insurance coverage for Zynteglo to be better than in Europe, where single-payer

health systems largely shunned the treatment because of its list price of 1.6 million euros, despite Bluebird allowing payment over a five-year period and contingent on the drug's effectiveness. Last year, the company said it would start pulling the drug off the market in Europe.

The Institute for Clinical and Economic Review, a nonprofit that works with health insurers and pharmaceutical companies to evaluate drug costs, said in July that Zynteglo would meet traditional cost-effective thresholds at a price of \$2.5 million to \$2.8 million with an 80% payback for patients who had to restart blood transfusions within five years.

Bluebird, a Cambridge, Mass.-based biotech, has

struggled to turn its scientific advances into commercial products. Last year, Bluebird narrowed its focus to rare-disease treatments after spinning off its cancer-drug pipeline into a publicly traded company called Zseventy bio Inc.

Zynteglo is Bluebird's first U.S.-approved product since the split.

Bluebird in April said it would slash spending and cut its workforce so it could survive into the first half of 2023.

Mr. Obenshain said Bluebird has raised capital in recent months, and that the FDA approval also helped shore up the company's financial position.

As part of the approval, Bluebird received from the FDA a Priority Review Voucher, which can be used in the future to have the FDA speed up its drug review process for a future drug approval. The vouchers, which can be sold between companies, were created by Congress to promote drug development for rare diseases.

The FDA said it approved Zynteglo based on studies showing that 89% of patients receiving the treatment had sufficient hemoglobin levels to go at least 12 months without a blood transfusion. There is a potential risk of blood cancer associated with the treatment, but no cases have been recorded in Zynteglo studies, the regulator said.

—Peter Loftus contributed to this article.

## SPRING-SUMMER COLLECTION



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U.S. NEWS

# Kemp Fights Subpoena for Trump Probe

Governor accuses prosecutor of politics as Giuliani appears before grand jury

By ALEXA CORSE

Georgia Gov. Brian Kemp asked a court to quash a subpoena seeking his testimony before a special grand jury in Atlanta investigating efforts by former President Donald Trump and his allies to overturn the state's 2020 election results, on the same day former Trump lawyer Rudy Giuliani was compelled to appear before that panel.

Lawyers for Mr. Kemp, a Republican, accused Fulton County District Attorney Fani Willis, the Democrat who is running the investigation, of slow-walking the probe for political purposes.

"Through delay and artificial deadlines, the DA's Office has

engineered the Governor's interaction with the investigation to reach a crescendo in the middle of an election cycle," lawyers for the governor wrote.

Mr. Kemp's lawyers also argued that Georgia courts don't have the authority to compel a sitting governor to testify about matters involving his official duties.

In the weeks after the November 2020 election, Mr. Trump blasted Mr. Kemp for not intervening to overturn results showing Mr. Trump lost the state to Democrat Joe Biden.

Mr. Kemp certified the state's results, saying at the time that he was following state law.

Mr. Trump this year supported former Sen. David Perdue's primary challenge to Mr. Kemp's re-election bid, but Mr. Kemp won the GOP primary in May.

Ms. Willis has defended her actions, saying in an interview with NBC News last month that her office is doing its due



Rudy Giuliani, former President Donald Trump's onetime personal lawyer, arrives to testify before a grand jury in Atlanta.

diligence on what it considers an important investigation. A spokesman said her office wouldn't comment until they filed a response to the court.

The governor's office has provided roughly 137,000 pages of materials to the district attorney's office, his lawyers said, adding that they had discussed an informal interview or delaying the governor's testimony until after the Novem-

ber 2022 election. But the district attorney's office issued a subpoena to the governor earlier this month, they said.

Sen. Lindsey Graham (R., S.C.) also attempted to quash a subpoena related to the Fulton County election probe, but a federal judge earlier this week ordered the senator to testify.

Also Wednesday, Mr. Giuliani, Mr. Trump's onetime personal lawyer, appeared be-

fore the Georgia grand jury. Mr. Giuliani has been named a target in the probe, his lawyer said earlier this week.

The former New York City mayor has drawn prosecutors' interest, according to court documents, in part because he attended Georgia State Senate hearings in December 2020 where he and several allies shared purported evidence of extensive fraud in that year's

presidential election. The Justice Department under the Trump administration found no evidence of widespread fraud in the 2020 presidential election.

In Georgia, Secretary of State Brad Raffensperger, a Republican, oversaw two statewide recounts, which didn't turn up any problems that could have affected the outcome of the presidential race there.

# Murkowski and Palin Advance in Alaska

By LINDSAY WISE AND ELIZA COLLINS

Sen. Lisa Murkowski of Alaska advanced to the November general election, when she will face Republican Kelly Tshibaka and two other candidates in the state's new ranked-choice voting system, according to the Associated Press.

Ms. Murkowski was one of seven Senate Republicans who voted during his second impeachment trial to convict former President Donald Trump for inciting insurrection at the U.S. Capitol on Jan. 6, 2021. She held a slim lead early Wednesday over Ms. Tshibaka, who has Mr. Trump's endorsement.

Tuesday's primary allows the top four candidates to advance to the general election, regardless of party affiliation. AP hasn't projected the last two spots, but Democrat Patricia Chesbro was a distant third, followed by Republican Buzz Kelley.

Election observers said Ms. Murkowski's relatively strong showing was a good early sign for her, since it appears that she already has consolidated much of the Democratic and independent vote in the state. "Those are the voters who've allowed her to stay alive," said Jacob Rubashkin, an analyst with the nonpartisan publication Inside Elections.

Ms. Tshibaka said that she was on track to defeat Ms. Murkowski in November.

Another Alaska candidate with Mr. Trump's backing, Sarah Palin, the former governor and 2008 vice-presidential hopeful, advanced Tuesday to the general election in the race for the state's only House seat, the AP projected.

Like the Senate race, the House race will be a competition between the top four candidates, using the ranked-choice voting system.

Ms. Palin, Democrat Mary Peltola and Republican Nick Begich will be on the ballot in November. AP hasn't projected the fourth.

The AP has yet to call a separate special House election with the same three candidates. That race will be to finish out the current term of longtime Republican Rep. Don Young, who died March 18. The winner of the special will serve out the remainder of Mr. Young's term.

Mr. Begich, the founder of a software company, comes from a prominent political family in Alaska. Ms. Peltola is a Democratic former state legislator who now serves as executive director of the Kuskokwim River Inter-Tribal Fish Commission, a coalition of tribes working to protect the state's fisheries. She is a native Alaskan.

# Cheney Mulls Oval Office Bid

Continued from page A1

mand media attention means she could be a significant factor in 2024," said GOP consultant Alex Conant, who led communications for Sen. Marco Rubio's 2016 presidential campaign and served as a spokesman in the second Bush White House. "She won't be the nominee, but she'll be a factor, especially if she can qualify for the primary debates. Nobody wanted to challenge Trump in 2015. Now we'll have a candidate doing nothing but constantly challenging him."

Mr. Trump has suggested for months that he is seriously contemplating a third White House campaign, yet that hasn't kept other Republicans from laying the groundwork for their own potential 2024 bids. Florida Gov. Ron DeSantis has shown the most traction so far within the possible GOP field in delivering a real challenge to Mr. Trump.

Hours after her loss, Ms. Cheney filed with the Federal Election Commission to transfer remaining cash from her federal campaign account to a new political-action committee. At the end of July, she had more than \$7 million cash on hand, according to FEC filings. Her leadership PAC is called "The Great Task," a reference to Abraham Lincoln's Gettysburg Address, in which he said the task was to save the union and the tradition of representative democracy in the U.S.

The FEC filing was partly procedural because Ms. Cheney is no longer an active candidate and needed a new entity to accept donations.

Ms. Cheney plans to continue to serve until January 2023, when the new Congress convenes, and as the vice chair of the special House committee investigating events leading up to and during the Jan. 6, 2021, riot at the Capitol and Mr. Trump's role in them. The assault came as Congress was certifying President Joe Biden's victory over the former president.

In the coming weeks, Ms. Cheney is expected to launch a political organization to continue her work, a person familiar with her plans said. She is expected to manage it independently and not partner



Liz Cheney seeks to transfer cash from her federal campaign account to a new political-action committee.

with any outside groups that are also working to block a successful presidential bid by Mr. Trump.

She should have no trouble raising the money to finance her mission, experts said. Ms. Cheney has been a draw for donors from the party's traditional conservative base and she has been boosted by allies of her father, former Vice President Dick Cheney. Former President George W. Bush, a Republican, hosted a fundraiser for her in September.

So many people wanted to attend a March fundraiser for Ms. Cheney headlined by Sen. Mitt Romney (R., Utah) that the organizer, Bobbie Kilberg, a top GOP fundraiser, had to cut off the number of attendees and look into getting a bigger tent than one she used at an event for Virginia Gov. Glenn Youngkin, a Republican who was elected last year.

"I will continue to support her financially to enable her to ensure that Donald Trump is not the next president and to enable her to ensure that there are a number of really good options," Ms. Kilberg said.

Of the total that Ms. Cheney raised this cycle, Ms. Kilberg said more than \$500,000 came from the event she held for her in March. "Will she have trouble raising funds? Absolutely not. She'll have plenty of money."

Republicans who oppose Mr. Trump have created various groups to fund or back outside candidates, including Ms. Cheney's GOP colleague on the Jan. 6 investigative committee. Rep. Adam Kinzinger (R., Ill.), who is retiring from Congress, has recruited Democrats and independents to register as Republicans to defeat

pro-Trump candidates in GOP primaries.

Asked how Ms. Cheney would navigate among those groups, Gunner Ramer, political director for the Republican Accountability PAC, which seeks to defeat Republicans who question the 2020 election results, said he would rather see Ms. Cheney run for the GOP nomination.

"This is about Liz Cheney fighting for the soul of the Republican Party," he said, noting it would be an uphill battle. "We do focus groups with Republican voters all the time and there is still an appetite for Trump to run in 2024, or someone like him in 2024."

If Ms. Cheney runs as a Re-

publican, she would likely face some strong headwinds in Iowa, a state that has shown significant loyalty to Mr. Trump and where the party is expected to start its 2024 nomination race.

Carmine Boal, a GOP activist in Iowa who is a former state representative, expressed skepticism of Ms. Cheney's prospects as a potential GOP presidential candidate in her state. "She would be coolly received here because she's been such an antagonist," she said.

Bob Vander Plaats, president of Family Leader, a Christian conservative group based in Iowa, said Mr. Trump should think soberly about whether he even wants to get

into the 2024 race knowing his presence might be more likely to encourage Ms. Cheney to run as an independent. Mr. Vander Plaats said that could threaten the GOP's prospects the way the businessman Ross Perot did in a 1992 election that ended in victory for Democrat Bill Clinton.

"There is a Ross Perot moment brewing, and if it comes to fruition, Donald Trump will lose the 2024 presidential election," Mr. Vander Plaats said in a statement. "Should Trump choose to run, he will be running uphill against the Democratic nominee and an independent torpedo named Liz Cheney."

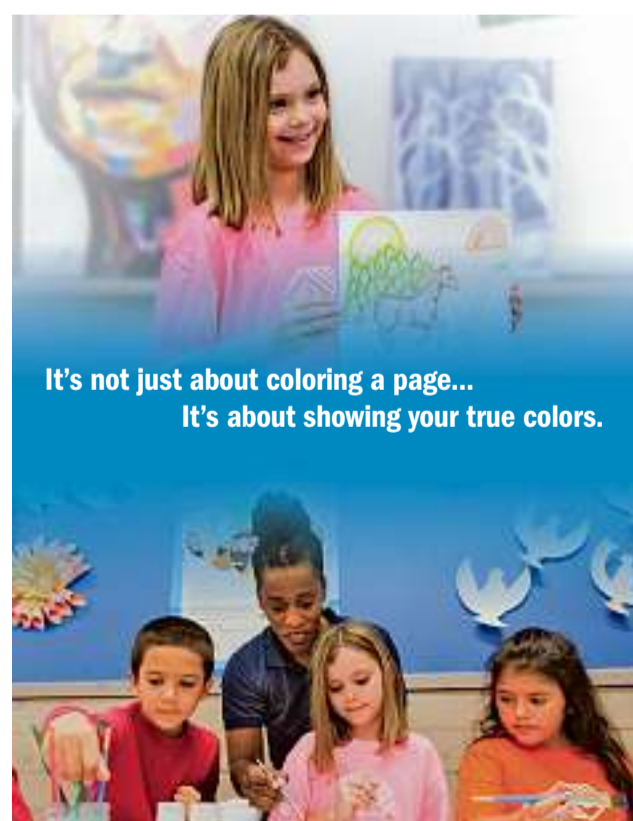
GOP pollster Frank Luntz, who worked on Mr. Perot's campaign as a director of research, said an independent Cheney candidacy would likely take more votes from Mr. Biden than Mr. Trump, assuming they were the Democratic and Republican nominees. "It would hurt Biden more," said Mr. Luntz, noting that many Democrats view her as a hero figure for her challenges to Mr. Trump.

The Republican National Committee played down the significance of a potential Cheney presidential bid. "The Republican National Committee is focused on all of our great Republican nominees who won their primaries and will tackle the issues that matter to their constituents," spokeswoman Emma Vaughn said.

—Siobhan Hughes contributed to this article.

**'She won't be the nominee, but she'll be a factor,' says a GOP consultant.**

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# Pence Condemns Threats Against the FBI

By ALEXA CORSE AND SADIE GURMAN

WASHINGTON—Former Vice President Mike Pence condemned threats against the Federal Bureau of Investigation that officials say have increased since the Aug. 8 search of former President Donald Trump's Mar-a-Lago home.

"We can hold the attorney

general accountable for the decision that he made without attacking rank-and-file law enforcement personnel at the FBI," Mr. Pence said Wednesday at an event in New Hampshire, referring to Attorney General Merrick Garland's approval of the action.

"The Republican Party is the party of law and order," Mr. Pence added. "Our party

stands with the men and women who serve on the thin blue line at the federal and state and local level."

Mr. Pence, whose presence in New Hampshire underscored his consideration of a potential run for the presidency in 2024, said Mr. Garland should give a fuller explanation why the search was necessary.

People familiar with the Jus-

tice Department's approach have said a primary goal was to ensure the security of highly sensitive national-security documents after the Trump team didn't relinquish them and amid concerns that the material's security had been put at risk at Mar-a-Lago.

A Trump spokesman didn't immediately respond to a request for comment Wednesday.



U.S. NEWS

# Sales Surge Expected From Bill's Incentives

Climate law provides tax breaks, rebates to upgrade heating and cooling systems

By KATY STECH FERREK

WASHINGTON—The tax-and-climate bill passed by Congress offers tax breaks and rebates to encourage more Americans to buy energy-efficient heating and cooling systems and other products, which has manufacturers anticipating a sales surge.

The bill, which President Biden signed Tuesday, is the largest investment in energy efficiency in U.S. history, with more than \$21 billion allocated for rebates and federal tax deductions for household energy-saving upgrades over the next 10 years.

"The world is getting hotter—9 of the last 10 years rank among the 10 warmest on record, which drives increased demand for energy-efficient air conditioning," said David Gitlin, chief executive of Carrier Global Corp., a top U.S. manufacturer of air-conditioning systems, in an emailed statement. "Tax credits and incentives encourage consumers to make more climate friendly choices."

Anticipating an increase in sales, Mark Kuntz, chief executive of Mitsubishi Electric Trane HVAC US Inc., which makes high-efficiency heat

pumps, said the company plans to announce the location of a new 2,000-worker factory by the end of the year on expectations of higher sales. "We think it's going to change the mind-set of the U.S. consumer," he said of the bill, called the Inflation Reduction Act. He said the new factory could potentially be located in the U.S.

The most immediate incentive available to consumers is a federal tax credit, which would allow buyers to deduct up to 30% of energy-saving purchases starting Jan. 1. For air conditioners, water heaters, furnaces or boilers, purchasers can deduct \$600 per appliance. It also offers credits for doors, windows and insulation.

The so-called 25C tax credit was first made available by Congress in 2005 but has lapsed several times. The most recent credit, which expired Dec. 31, was far less generous: It typically allowed buyers a one-time deduction of 10% of the cost, up to \$500.

Under the bill, the expanded tax credit would last 10 years, signaling to manufacturers steady demand and breaking them from past cycles of advertising in bursts before incentives expire, said Lowell Ungar, director of federal policy for the American Council for an Energy-Efficient Economy.

Having such generous incentives in place for a longer period could help increase the

presence of efficient products in the standard mix of inventory that contractors have on hand for consumers who are making emergency purchases when their system goes out, Mr. Ungar said. "It's not just about making these products available," he said. "It's about making these products the default so the contractor will say, 'Yeah, I've got this on my truck.'"

Energy-efficiency advocates and trade groups alike say the incentives could nudge consumers who have had plenty of reasons to put off buying new appliances if their existing ones haven't stopped working.

"Anytime you're going to offer rebates and other incentives for the purchase of specific equipment, you're going to increase sales," said Francis Dietz, spokesman for the Air-Conditioning, Heating and Refrigeration Institute.

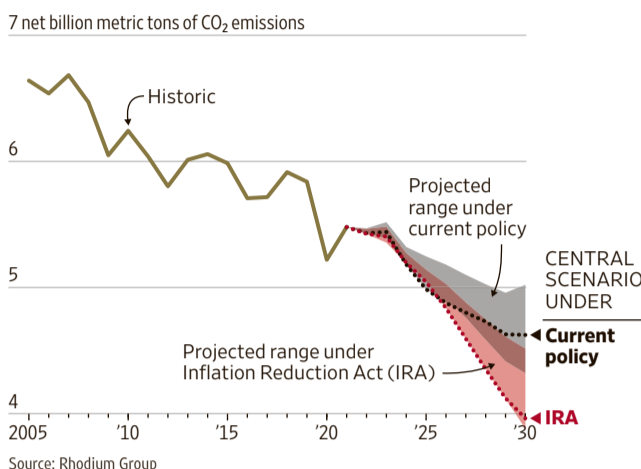
The size of the climate bill's subsidies and tax breaks for high-efficiency household appliances, along with other provisions for home builders, renters and commercial-building operators, dwarf the value of previous federal efforts, including those included in the 2005 Energy Policy Act and 2009 American Recovery and Reinvestment Act.

The Inflation Reduction Act would raise \$739 billion in revenue, spend \$433 billion—of which about \$370 billion is



A more energy-efficient air conditioner is demonstrated in Somerville, Mass.

U.S. greenhouse gas emissions



for energy and climate—and pare the budget deficit by roughly \$300 billion over a decade, according to figures released by Senate Democrats.

The spending and subsidies for energy-efficient systems and appliances are too small to have emerged as a lightning rod for criticism from conser-

vative groups, but are part of a larger spending package that some Republicans worry will overheat the U.S. economy and waste taxpayer money.

The climate measures, if fully implemented, could cut U.S. emissions of methane, carbon dioxide and other planet-warming gases by 37%

to 41% compared with 2005 levels, according to San Francisco-based research group Energy Innovation.

While the biggest reductions would come from renewable-power-generation projects, the consumer incentives, along with tax credits for electric vehicles and rooftop solar panels, give the average person a way to combat climate change.

"We've been talking about climate change, but Americans haven't been given the support to be a part of that solution," said Kara Saul-Rinaldi, president of AnnDyl Policy Group, an environmental and energy lobbying and strategy firm.

The climate bill's provisions will cut the typical U.S. household's energy bill by \$112 a year by 2030, both because of households that install higher-efficiency equipment and buy electric vehicles and because of projected lower energy prices, according to an analysis from Rhodium Group research firm.

U.S. WATCH

PENNSYLVANIA

## Damages Awarded in 'Kids for Cash' Scandal

Two former Pennsylvania judges sentenced to prison for sending children to detention centers in exchange for kickbacks were ordered to pay more than \$200 million in damages.

Mark Ciavarella and Michael Conahan were accused in 2009 of sending hundreds of teenagers to privately run youth detention centers in exchange for kickbacks from the builder of new detention facilities. The scandal came to be known as the "kids for cash" scandal.

According to court records, the former judges orchestrated the shutdown of Luzerne County juvenile facilities in 2002 to set the stage for new private detention centers to be built.

Mr. Ciavarella was convicted in 2011 of money laundering and other counts in connection with the scheme, and was sentenced to 28 years in prison.

Mr. Conahan pleaded guilty in 2010 and was sentenced to 17½ years in prison. He was released six years before his sentence was up because of Covid-19 concerns, the Associated Press reported in June 2020.

U.S. District Judge Christopher Conner awarded the plaintiffs approximately \$106.3 million in compensatory damages and \$100 million in punitive damages.

Messrs. Conahan and Ciavarella didn't immediately return requests for comment.

—Talal Ansari



RABBIT'S FEAT: Meadow donned a creative outfit for the bunny costume contest at the Berrien County Youth Fair in Berrien Springs, Mich., on Wednesday.

DELAWARE

## Oil Firms Lose Round In Climate Lawsuits

A federal appeals court ruled that lawsuits by Delaware and Hoboken, N.J., seeking compensation from oil companies for the impacts of climate change should be decided in state courts, not federal courts.

The decision Wednesday is the latest procedural victory by state and municipal govern-

ments, which have sought to bring climate-liability cases against companies such as Exxon Mobil Corp., Chevron Corp. and Shell PLC under state laws, after similar earlier efforts under federal laws proved unsuccessful.

The lawsuits before the U.S. Court of Appeals for the Third Circuit are among at least two dozen filed by states and cities in recent years, arguing that the oil industry should be on the hook for damages caused by fossil fuels.

Oil companies have denied li-

ability in the cases and have sought to resolve the disputes in federal courts.

—Erin Mulvaney

FLORIDA

## NASA Moon Rocket Moves to Launchpad

NASA's new moon rocket arrived at the launchpad in Cape Canaveral, Fla., on Wednesday ahead of its debut flight in less than two weeks.

The 322-foot rocket emerged from its mammoth hangar late Tuesday night, drawing crowds of Kennedy Space Center workers, many of whom weren't yet born when NASA sent astronauts to the moon a half-century ago.

NASA is aiming for an Aug. 29 liftoff for the lunar test flight. No one will be inside the crew capsule atop the rocket, just three mannequins swarming with sensors to measure radiation and vibration. The capsule will fly around the moon in a distant orbit for a couple of weeks, before heading back for a splashdown in the Pacific. The entire flight should last six weeks.

—Associated Press

NEW YORK CITY

## 9/11 Tribute Museum Closes After 16 Years

A small museum near New York's World Trade Center dedicated to preserving the memory of the Sept. 11 attacks is closing after Wednesday.

The 9/11 Tribute Museum, which opened in 2006, offered tours led by volunteers who had lost a family member or were connected in some other way to the terrorist attacks on Sept. 11, 2001. It was sometimes confused with the larger Sept. 11 museum, which opened in 2014 near the memorial pools that mark where the twin towers stood.

Jennifer Adams, co-founder and CEO of the 9/11 Tribute Museum, said most of the museum's collection of artifacts is being moved to the New York State Museum in Albany.

—Associated Press

# Tencent's Streak of Rises Ends

Continued from Page One earlier. Globally, a boom in videogames has cooled following a period of pandemic-fueled growth, while consumers, facing inflation, have become more cautious on spending. In its home market, the world's biggest videogame developer also continued to grapple with a delay in the government's approval of new titles, as well as a policy introduced last year severely restricting young people's game play time.

In China, approval by regulators is required for games to be able to charge users. After eight months of freezing approvals, government licensing resumed in April. But neither Tencent nor its smaller rival NetEase Inc. has been included in the four batches of ap-

proved titles since then. Online-advertising business contracted for the third straight quarter as many companies in sectors such as internet services, education and finance cut back on advertising spending in the face of regulatory fallout and growing economic uncertainties. Revenue from the segment fell 18% to around \$2.7 billion.

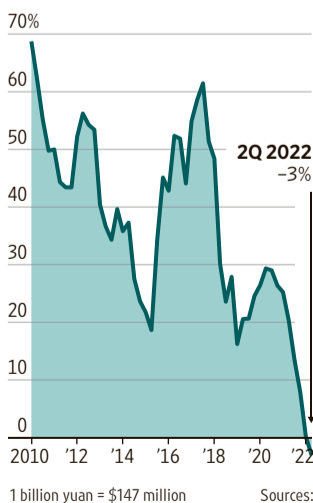
Tencent has exited some noncore businesses and cut back on costs, and it will continue to focus on enhancing business efficiency, said Pony Ma, chairman and chief executive of the company.

As of the end of June, Tencent's head count had dropped by some 5,500 compared with the end of March to around 110,000 employees, the company said—the first quarterly decline since 2014.

By controlling costs and improving efficiency, Tencent can grow again in the coming quarters even if it faces macroeconomic headwinds, said James Mitchell, Tencent's chief strategy officer.

The fintech and business-

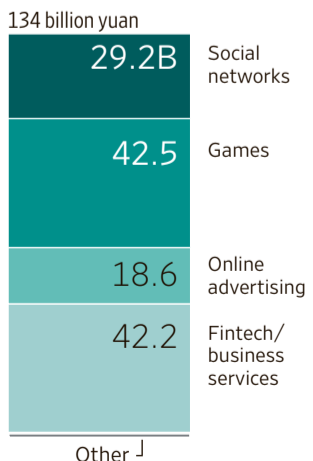
Tencent's quarterly revenue, change from previous year



services segment, which includes its mobile-payment tool WeChat Pay and cloud-computing business, has become Tencent's growth engine, but it also continued to slow in the second quarter. Sales rose 1% from a year earlier as the company cut loss-making contracts.

In July, China's antitrust

2Q 2022 segment revenue



regulator fined Tencent a combined \$892,000 for failing to properly report 12 past merger deals. Alibaba and ride-hailing giant Didi Global Inc. were also punished for similar violations. Earlier this year, China's cyberspace watchdog also fined Tencent's WeChat for allowing content that it deems illegal to be published on the platform.

Martin Lau, Tencent's president, said that Beijing has been sending more positive signals related to the country's regulatory environment and has been supporting the "well-regulated, healthy and sustainable development" of the internet platform economy.

In recent months, Beijing has said it would continue to look into the internet sector regularly but signaled there wouldn't be regulatory shocks, calling it a normalization of regulatory activities. Such statements have been widely viewed as an easing of the clampdown as officials turn in part to tech giants in hopes of salvaging the slowing economy.

Tencent's net profit plunged 56% to the equivalent of around \$2.8 billion.

Prosus NV, one of Tencent's biggest shareholders, said in June it would gradually unload some Tencent stock to fund a share-buyback program. Tencent has spent \$1.28 billion in buying back its stocks this year. Its shares in Hong Kong opened 4% higher Thursday. They have shed about 29% this year.

# Cuomo Can Keep Book Deal Money

By ALYSSA LUKPAT

Former New York Gov. Andrew Cuomo doesn't have to pay back the money he earned from a \$5.1 million book deal after a New York state judge Tuesday dismissed an earlier order from the state ethics commission.

The book, a memoir published in October 2020 about how Mr. Cuomo handled the Covid-19 pandemic, set off a fresh legal battle for the Democrat in the months after he left office. He had resigned from the governorship in August 2021 amid an impeachment inquiry and allegations of sexual harassment by multiple women.

The New York Joint Commission on Public Ethics ordered Mr. Cuomo in December 2021 to relinquish the money he had earned from writing the book.

Mr. Cuomo sued JCOPE in April, asking the State Supreme Court in Albany to overturn the order because he said the commission had violated his constitutional rights, according to a complaint filed by him and his lawyers.

The ethics watchdog had revoked its approval of his publishing contract last November after a state Assembly committee reported that Mr. Cuomo had required government aides to help him craft his memoir during work hours, a misuse of state funds. JCOPE, which is now disbanded, had approved the book contract on several conditions, including that "no state property, personnel or other resources may be utilized for activities associated with the book."

A spokesman for Mr. Cuomo said at the time that state aides had volunteered their time to work on the book and any use of state resources was incidental.

On Tuesday, Acting Justice Denise Hartman sided with Mr. Cuomo, ruling that JCOPE had violated his due process and that the commission didn't have the authority to impose sanctions on him, according to court records.

Rita Glavin, a lawyer for Mr. Cuomo, said in a statement Wednesday that JCOPE's conduct had wasted taxpayer funds.

A lawyer for the commission didn't immediately return a request for comment Wednesday. JCOPE was recently replaced by a new group, the Commission on Ethics and Lobbying in Government.



## WORLD NEWS

## Moscow Hunts Saboteurs in Crimea Blasts

The apparent erosion in regional security is likely to be of concern to Russian commanders

By ISABEL COLES

DNIPRO, Ukraine—Russia's intelligence services were hunting for saboteurs in Crimea on Wednesday after an explosion at an ammunition depot rattled Moscow's grip on the peninsula.

Tuesday's blasts followed an explosion last week at an air base in Crimea, which was annexed by Moscow in 2014.

A Ukrainian official said saboteurs were behind Tuesday's blasts, which prompted authorities to evacuate more than 3,000 people and suspend trains on a rail line. Moscow also said it was sabotage in its first official acknowledgment of a strike on the peninsula.

Russia's FSB intelligence agency Wednesday said it detained six Russian citizens in Crimea who belonged to a cell that spread what it called terrorist ideology with the support of Ukrainian "emissaries," according to Russian state news agency RIA Novosti. It didn't say the detained suspects were involved in the recent blasts.

The apparent deterioration in security across Crimea is likely to be of concern to Rus-



In this Ukrainian-government photo, a firefighter battles a blaze caused by a Russian missile Wednesday in the Odessa region.

sian commanders, who rely on the peninsula as a rear base for their occupation of a swath of territory along Ukraine's southern coast, said the U.K.'s Ministry of Defense.

Supporters of Ukraine have been active in other areas of the country more recently occupied by Russia, with both

Russians and their Ukrainian collaborators a target. On Wednesday, Russian forces blocked the exit from the city of Melitopol following an explosion near the office of the city's occupation administration, said Melitopol's exiled mayor, Ivan Fedorov. He provided no further details, but told Ukrainian

TV that Russian forces were undressing men who wanted to leave the city and checking their identity, a sign a hunt for suspects was under way.

The explosions in Crimea, however, represent a heavier blow to Russia, exposing vulnerabilities in an area over which Moscow's hold hasn't been ma-

terially contested for years.

Russian officials attributed last week's blast at an air base on the peninsula to an accidental ammunition explosion and claimed no aircraft had been damaged. Satellite images, as well as Ukrainian and Western officials, however, indicated that several warplanes

were destroyed, degrading the naval aviation capability of Russia's Black Sea Fleet.

While Ukrainian officials stopped short of claiming responsibility for last week's explosion at the air base, they pledged to retake the peninsula and hinted at involvement.

The attacks in and around Crimea are seen by analysts as part of a broader effort by Ukraine to dislodge Russian troops from the west bank of the Dnipro River.

"Russian supply lines from Crimea directly support Russian forces in mainland Ukraine including those in western Kherson [region]," said the Institute for the Study of War, a U.S.-based think tank.

Russia also continues to lash out with missile strikes at Ukrainian cities far behind the front lines. Rockets landed in the port city of Odessa in the early hours of Wednesday, according to Serhiy Bratchuk, spokesman for the regional military administration. The missiles were fired from an aircraft, the Ukrainian military's southern command said, damaging a recreation center and injuring four civilians.

Blasts also were heard in several districts of Mykolaiv, according to Mayor Oleksandr Sienkevych. Two missiles struck a university Mr. Sienkevych said he visited days earlier.

## China Will Participate in Russian Military Exercises

By JAMES T. AREDDY  
AND ANN M. SIMMONS

The People's Liberation Army of China said it would join military exercises led by Russia in the latest demonstration of partnership between the two U.S. rivals.

Building on a "no limits" pact their presidents signed this year, the Russian and Chinese militaries will drill side-by-side in the Russian Far East, said China's Ministry of Defense. The exercises will

mark their second joint show of force in the region this year after bombers from each country in May conducted a 13-hour drill close enough to Japan and South Korea that those nations scrambled jet fighters, as President Biden was visiting Tokyo.

Russia's Ministry of Defense didn't respond to a request for comment on the exercises, which Moscow set for Aug. 30 to Sept. 5.

Last month, the Russian ministry said units of its Eastern Military District, near the

borders of China and North Korea, as well as airborne, long-range aviation and military transport-aviation personnel and equipment, would participate in training maneuvers, along with military contingents from other states it didn't name. Reports, including China's Defense Ministry statement, said India, Belarus, Tajikistan, Mongolia and other nations would join. Russia hasn't confirmed the participants.

The Russian invasion of Ukraine in February, and re-

cent Chinese live-fire exercises around Taiwan, have elevated military tensions and put both Moscow and Beijing on the receiving end of criticism from Washington. Rather than formal treaty allies, China and Russia appear aligned primarily over shared interests, including a desire to check global dominance of the U.S., according to analysts.

A Russia specialist at Georgetown University, Angela Stent, said the exercises are likely to be scrutinized for signs of Rus-

sia's fighting capability considering its troubles prosecuting the Ukraine war. "The message will be, we have been criticized and sanctioned by the West but we have a range of other countries that are partners. We are not isolated," she said.

A spokesman for the U.S. State Department noted that most of the countries involved routinely participate in exercises with the U.S. as well. "We don't read anything into their engagements in this activity," Ned Price said.

China has declined to criticize or publicly endorse Russia's Ukraine invasion, which began shortly after Chinese leader Xi Jinping hosted his Russian counterpart, Vladimir Putin, in Beijing and they signed a lengthy joint statement that rejected the U.S.-led global political order. After Beijing practiced a possible military blockade of Taiwan this month in response to a visit to the island by House Speaker Nancy Pelosi, the Kremlin blamed the U.S. for heightening tensions.

Inflation  
Tops 10%  
In U.K.

Continued from Page One  
natural-gas prices that have more than doubled over the past three months," they wrote in a note to clients. "We expect the combined drag of a squeeze on purchasing power and depressed sentiment to tip the region into recession this year."

July is unlikely to mark the peak in U.K. inflation, since household energy costs are set to rise sharply when a cap on prices is lifted in October.

The Bank of England estimated that could send the annual rate of inflation to 13% as the year draws to a close.

The U.K. is suffering a particularly severe surge in prices in part because of its 2016 decision to leave the European Union, which has caused costs for importers to increase, while a weaker pound has also raised the prices of goods and services purchased overseas.

Brexit has also reduced the availability of foreign workers in some lower-paid services industries, such as hospitality, pushing costs and prices higher.

However, the U.K. might not be the only one of Europe's three G-7 members set to face the double-digit inflation that has already hit Spain, Greece and a number of the EU's eastern members.

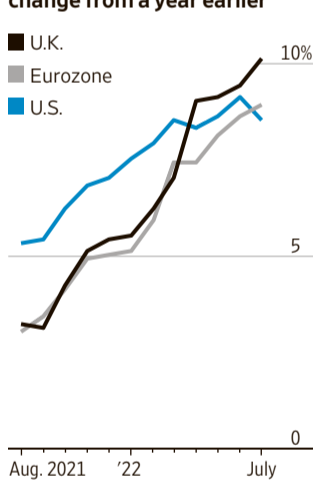
Germany's gas regulator on Monday announced a surcharge on gas prices designed to cover most of the increased costs to home energy suppliers since Russia's invasion of Ukraine.

Economists estimated that will send Germany's annual rate of inflation above 10% from 7.5% in July.

U.K. figures released on Tuesday by the ONS showed wages excluding bonuses were 4.7% higher in the three months through June than a year earlier, a pickup from the 4.4% rate of growth recorded in the three months through May.

Much of the pickup came from the private sector, where

Consumer prices, change from a year earlier



Sources: Bureau of Labor Statistics (U.S.); Office for National Statistics (U.K.); Eurostat (Eurozone)

wages were up 5.9% when bonuses are included.

Many businesses are giving workers one-time payments to help cover surging energy and food costs, as well as standard pay raises.

Labor union Unite on Monday said British Airways had agreed to pay its check-in staff a lump sum equivalent to 5% of their salaries this month, with a regular 5% pay raise to follow in September, and a further 3% increase in January.

"Like most other workers, our members in BA are struggling with the cost-of-living crisis," said Oliver Richardson,

## The central bank estimates the annual rate could hit 13% by year's end.

a Unite official.

The acceleration in wage raises will worry the Bank of England, which wants to avert a self-reinforcing series of wage and price increases of the kind that kept inflation high for many years in the 1970s.

Investors now expect the central bank to raise its key interest rate by a half percentage point when policy makers next meet in mid-September, having this month broken with a quarter-century tradition of only increasing borrowing costs by a quarter point in each step.

"Today's ugly inflation print combined with the stronger earnings read should keep the MPC on track to deliver multiple [half-point] hikes this year," said Sanjay Raja, an economist at Deutsche Bank. "Relative to our base case, risks are tilted to an even more front-loaded and protracted hiking cycle."

Even as it picked up, wage growth fell further behind the rate of inflation, with the result that real wages fell 4.1%, the largest decline since records began in 2001.

That blow to consumer spending threatens to push the economy into an even deeper contraction than the central bank already expects.

The European Central Bank is also seeking to strike a balance between tackling surging inflation and limiting the hit to the eurozone economy from higher energy prices.

It also broke with recent practice by raising its key rate by a half percentage point in July, and many economists expect it to repeat that move in September.

The U.K. government has already made public three packages of support to help households meet higher energy bills without having to cut back on other essentials, but economists expect a fourth package to follow the election of a new prime minister in early September.

The government's response to what has become known as the cost-of-living crisis has been on hold since Prime Minister Boris Johnson was ousted as head of the ruling Conservative Party in early July, and the lengthy process of choosing his successor is due to end on Sept. 5.

"We'll prepare all the options, ready for the incoming prime minister so that they can hit the ground running on what more we can do," said Nadhim Zahawi, the U.K.'s Treasury chief.

The German government and others in Europe are also considering additional support for households that face skyrocketing energy costs.

"We're putting together another relief package," German Chancellor Olaf Scholz wrote in a tweet on Monday. "We don't leave anyone alone with the higher costs."

**HUBLOT**

**HUBLOT**

**BIG BANG UNICO  
SUMMER PURPLE**



## WORLD NEWS

## Training Ukrainians As Marines

Continued from Page One  
chewed through tens of thousands of troops on both sides, annihilating entire brigades. While Ukraine has mobilized several hundred thousand men to replenish the ranks, the biggest problem it faces today is how to train these erstwhile civilians for the brutal combat against a better-armed and more-numerous foe—especially as Kyiv seeks to regain occupied land.

Ukraine's military suffers from a severe shortage of qualified trainers, because experienced combat troops are needed on the front lines. The active-duty soldiers from the U.K., U.S. and Canada who used to conduct training missions here were pulled out in February, and a new training program on British soil can take up only some of the slack.

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### Priority target

The unit Mr. Tomberlin joined calls itself the Mobile Assault Training Group, or MATG. It includes around a dozen Americans, plus a few Britons, Canadians and Israelis, assisted by Ukrainian translators and support staff.

The group's members flew to Ukraine on their own dime, drawn by televised images of destruction, and banded together through informal connections here in Mykolaiv, a southern Ukrainian city that the Russian military failed to capture in March. Mykolaiv remains a dangerous place, subject to daily shelling and rocket barrages.

"I've had a lot of Ukrainian soldiers tell me that this is the most meaningful thing they have done in their lives, and I tell them the same," said one of the MATG trainers, Brian Bentley, 29, a former U.S. Marine who was planning to take a police academy course in Detroit but decided to come to Ukraine instead.

For Russia, these trainers represent a priority target. MATG's leader, Bradley Crawford, who retired from the U.S. Army infantry as a sergeant first class, says his details were found in the phone of a Russian hit-squad member recently captured in Mykolaiv. A Russian missile hit near the house where he was staying, causing him some burns and other minor injuries.

"The Russians, they sure don't like us being here," said the 39-year-old Mr. Crawford, an Iraq war veteran from Ohio. The fierce nature of the war



Ukrainian Marines return from a training mission, above, overseen by foreign volunteers. Learning to fire a rifle is covered early in the course.

branches and leaves from nearby fields, with one of them constructing an impressive wreath of flowers on his head, and concealed themselves in the bushes to practice an ambush on their instructors. One of the trainers, American-born former Israeli paratrooper Taylor Bridges, dutifully fell on the ground once the Ukrainian Marines shouted "pam, pam, pam" to imitate gunfire.

On the walk back, tensions within the platoon appeared. Mitya, a veteran Marine who wore a Soviet-style blue-and-white striped shirt and refused to don a helmet, came up to Mr. Crawford to complain about being bossed around by a newbie lieutenant. Most of Mitya's comrades died in combat on the Mykolaiv front in the past five months, he said, and he had been sent to the battalion after falling out with his previous commander. "All these people giving me orders, where have they been all this time?" he said.

### Final exercise

Lt. Ihor's platoon, meanwhile, practiced operations to seize a building—in this case the battalion's temporary headquarters in a village in the Mykolaiv region.

The Marines picked an avenue of approach and raced up the staircase, with the last man of the team swinging his rifle to protect the rear. At lunch afterward, the lieutenant was happy. "These are guys who have never held weapons in their hands, and by now they've learned how to clear buildings," he said.

For the final exercise on day 10, the two platoons gathered in a forest of pines and wild acacia trees, and set up two field headquarters at opposite ends of the area. One platoon wore green armbands, another blue, and the instructors yellow. The mission of Lt. Maksym's platoon was to prepare an ambush along the dirt road fringed by the forest on one side and a field of chest-high sunflowers on the other. Since not every trooper had been issued a helmet, the two teams agreed not to wear them, to maintain fair play.

"The nature of the war here is that the enemy will have superior firepower and as many or more men than you, but you will nevertheless be tasked to attack them," Mr. Tomberlin prepped the men.

Unwilling to wait for his lieutenant's instructions, Mitya

turns his Ukrainian students into quick learners, he adds. "Time is not on their side," said Mr. Crawford. "In Afghanistan and Iraq, we did have dangers, but here we are sending these guys to full kinetic warfare, not some kind of counter-insurgency."

Ukraine's 36th Marine Brigade, to which the recruits here belong, was deployed in the Azov Sea city of Mariupol when the war began, and was quickly encircled. It has essentially ceased to exist, with roughly a thousand Marines killed, wounded or captured, according to officials in Kyiv, after months of some of the most intense urban combat in recent military history. Created anew, this battalion of several hundred troops and the rest of the 36th brigade are training for a new mission: to reclaim the nearby city of Kherson, the only Ukrainian regional capital that Russia managed to seize since the Feb. 24 invasion.

### Battle-hardened

The battalion commander, Capt. Oleksandr Buntov, and many of his men are originally from Kherson.

"My motivation is ironclad: to liberate my home," Capt. Buntov said. "I know it will be hard, and this is why we are getting prepared—and why we need these instructors to teach here."

Capt. Buntov and the battalion's other senior leaders are battle-hardened officers, but most of their junior commanders are as fresh to the military as the bulk of the recruits. On a recent day, retired U.S. Army Capt. Jim Lee schooled some of the unit's lieutenants in how to plan an urban mission in a city like Kherson, with print-outs of maps and assault plans.

"We are starting with the fundamentals here," said Mr.

Lee, who was studying for a master's degree in Poland and got involved in efforts to help Ukrainian refugees when the war began.

One of the newly baked platoon leaders, Lt. Vitaly, who like most Ukrainian soldiers isn't allowed to disclose his full name, is a 42-year-old prosecutor who, back in college, enrolled in Ukraine's equivalent of ROTC. He went through a 40-day Ukrainian officer course after the war began. "I am learning the military science from scratch. Everything is new," he admitted, taking a cigarette break.

An important part of the training is to teach American infantry tactics to surprise and befuddle the Russians, who expect the Ukrainians to follow the same Soviet doctrine as they do, American instructors say.

In a typical course in the

countryside near Mykolaiv, the foreign instructors train two separate 32-man platoons. The first platoon's leader, Lt. Maksym, 38, was an accountant in the Ukrainian-controlled Donbas. "I am not a military man, actually quite far from it, and I had hoped it wouldn't come to this," he said.

The other leader, Lt. Ihor, 32, a broad-shouldered Odessa merchant marine engineer with a shaved head, seemed more comfortable in his new role. "It's not that different from the ship. It's hot, there's close quarters, you work all the time and there is no time for rest," he joked. Neither man had seen battle.

By day four of the training, the Marines in the two platoons had learned how to handle their weapons and administer first aid. Now they were on to more complicated tasks. Lt. Maksym's men plucked



Steven Tomberlin, a retired police officer from Colorado, left, discusses an exercise with a Ukrainian platoon leader named Ihor.

## FROM PAGE ONE

## Free Office Food Goes Gourmet

Continued from Page One  
ing close attention to staff emails that preview the following day's menu. "You can't waste a good taco," she said.

As of February, more than half of U.S. businesses surveyed by the Society for Human Resource Management said they provided free snacks and beverages to employees. That compared with fewer than a third that offered treats in 2019. Few doubt that the pandemic's work-from-home era laid the table for the new high-rise chow lines.

Leslie Zhang, who works in user-experience design for a large tech firm she preferred not to name because she is fairly new, stays home when pizza and burgers are served at the office, she said. But the shredded pork burrito bowl with *pico de gallo*, black beans, red onion and corn had her in the office four days in a row. Another week, the big draw was toasted flatbread stuffed with paneer and onions.

"Today they have black-bean enchiladas," she said on a recent day. "I might go scope that out."

Ms. Zhang sees the freebies as part of her total compensation package. She came in one day because she ran out of coffee. "But I'm conflicted," she said, "because I know it's a ploy to get people in and spend more hours here."

Silicon Valley tech firms set the bar for well-fed employees. Ali Sabeti, chief executive of San Francisco-based corporate catering firm Zerocater, said he sees more client companies in such industries as advertising, warehousing and financial services are wheeling out the office chuck wagon.

Matt Schmidt, owner of insurance company Diabetes Life Solutions, said he gets maybe eight of his 12 employees to the office in Carnegie, Pa., on days he pays for lunch. Buffalo chicken wraps are a favorite.

"It's something we probably should have started doing a little bit sooner," he said.

Ellis Verdi, president of New York City-based advertising firm DeVito/Verdi, turned to free food only after all else failed. First were the announcements of in-person meetings that didn't allow re-

mote attendance. It only worked on meeting days, and he gave up.

Then came the \$250 Amazon gift cards he gave employees, picked at random among those who showed up at the office. Yet, even that didn't move the needle, he said.

Then he turned back to the old days, when he paid employees with free sandwiches. "They'd work forever and a day for a meatball sub," recalled Mr. Verdi, 66.

Starting in July, he allowed employees to expense lunches for up to roughly \$25 on days they worked in the office. He said the bonus has persuaded roughly 15 to 20 employees out of roughly 85 to work more days in the office.

Vinny Tulley, a creative director at the company, is coming into the office two or three days a week instead of one.

The 2½ hour commute from Long Island to Manhattan feels less painful over a free grilled-chicken salad, said Mr. Tulley, 53.

Younger employees were among the first lured back by food, especially with rising food prices, said Melissa Swift, who advises companies on hiring and managing change for workforce consultant Mercer. Older employees are more likely to show their face if they see it as an opportunity to meet newer, younger colleagues and socialize the way they used to in the workplace, she said.

"A 42-year-old is never going to say, 'I'm coming in for a free slice of pizza,' whereas a 22-year-old would," Ms. Swift said. "But if it means meeting that person who's been this integral part of your team, it's worth it."

rapidly climbed a tree and announced he would be on the lookout for the enemy. "Macaw, there are no bananas up that tree," another Marine jeered. Once Lt. Maksym finally set up an ambush, the first two members of the enemy patrol—including Lt. Ihor—were quickly eliminated.

When the roles changed, Lt. Ihor asked Mr. Tomberlin how creative his men could be. One of his Marines, a bare-chested native of Kherson who had smuggled himself from Russian-occupied territories so that he could join the Ukrainian military, proposed using dummies with uniforms, helmets and a couple of guns to distract the enemy's attention—while hiding the actual ambush inside the sunflower field. "That's a great idea," Mr. Tomberlin nodded.

As they walked through bushes to pick the perfect ambush site, a couple of other Marines, both named Vova, seemed more interested in examining the maturing sunflower pods, picking out and tasting the seeds.

### 'We're farmers'

"It's going to be a great harvest this year," one of them said. Both men had come from the countryside of Ukraine's central Khmelnytskyi region. "Only the farm boys get drafted. Have you seen anyone from the big cities here," the younger Vova complained. "We're farmers, we're not really warriors," he said.

Noticing the disturbed sunflower pods, Mr. Tomberlin didn't hide his anger. "What is this, who has done this? Something like this will give away your position."

All throughout the day, distant thuds of Russian shelling could be heard from Mykolaiv. Then, at dusk, one of the instructors yelled into the radio that he could see two rockets heading in his direction. "Switch off your phones, turn off your lights," Mr. Tomberlin shouted. A concentration of cellphones could be spotted by Russian electronic warfare systems and used for targeting. A Ukrainian air defense battery several miles away fired off three missiles that blasted into the starry sky.

Lt. Ihor had planned a complex maneuver with three sections that were meant to communicate by phone messages. Without the phones, he had to revise the plan.

In the darkness, American instructors strained their eyes, warily scanning the sky for potential Russian drones.

They noticed a bright light just above the tree line. "It's definitely not a star. I can see it moving toward us, slowly," one said. Five minutes later, it wasn't clear whether it had moved. Capt. Lee switched on his smartphone and pointed at the unidentified celestial object with an app.

"It's Saturn!" he exclaimed. Shortly after midnight, Lt. Ihor's platoon maneuvered around a strip of forest and sneaked up on the base of the rival platoon from the rear. Even from the distance of a few dozen yards, his men could be spotted only with night-vision goggles.

"Bang bang bang," the Marines shouted as they threw imaginary grenades into their rivals' command post. "You're dead, you're dead, and you're dead too," Mr. Tomberlin told the surprised victims.

"They've done pretty well, huh," he said. While the tactics could be improved, he added, the men now formed an actual fighting unit.



# PERSONAL JOURNAL.

## Apple Gadgets To Buy or Skip Right Now



**PERSONAL TECHNOLOGY**  
**JOANNA STERN**

Anyone attempting to buy an iPhone right now should receive a mild but meaningful electric shock. How else can I finally condition the world to remember my iPhone No-Buy Rule™? You know, the one that states that when school's out for summer, everyone should stop phone shopping and wait for September's Apple news.

And it's not just the iPhone anymore. In recent years, the fall has been packed with Apple Watch, AirPods and iPad announcements as well. Plus, this year there's even more reason to wait, as inflation hits every part of our budget. Price drops on older Apple gear—which come when the new stuff is announced—might be the real deals.

"I wouldn't be surprised to see more aggressive bundles and discounts on last year's iPhone models from the carriers," Carolina Milanesi, a technology analyst with Creative Strategies, told me.

So right now, put that extra cash toward pricey potatoes (up 13%), put your dying phone on life support, and consult my annual Apple Do/Don't Buy list to plan your future spending:

### iPhone ▶

No. Nope. Nein. Nyet. No iPhone buying right now.\*

*\*Unless it's the new iPhone SE, which was upgraded in March with 5G. It's the last remaining iPhone with a home button.*

Don't expect big changes to the body design of the next iPhone, presumably called the iPhone 14. Do expect some significant screen updates, however.

Reports indicate that Apple has been working to shrink the notch, that little black camera/Face ID area at the top of the screen. The higher-end Pro phones are expected to have always-on displays, which show key information, such as time and date, but dim the rest to save battery. The Pros are also expected to get significantly improved 48-megapixel cameras.

One of the big questions: Will it be bye-bye, iPhone Mini? According to Bloomberg's Mark Gurman,

Apple is expected to drop the little one and instead offer a big 6.7-inch iPhone 14 Max—so a phone the size of an IKEA parking lot but without the Pro features.

An Apple spokesman declined to comment on any and all future Apple products.

OK, you don't care about the new stuff, so why not buy now? In the words of ABBA, "money, money, money." Apple typically drops some prior-year models by around \$100. Plus, carrier trade-in deals have gone bananas over the past few years, with some offering hundreds off if you have an older phone in good condition.

Not that \$100 in savings means you need a new phone: My colleague Nicole Nguyen makes the case to skip the upgrade and tune up the phone you have.

### AirPods

Back in the Before Time, October 2019, Apple released the \$249 AirPods Pro with active noise cancellation. The wireless earbuds are overdue for a significant update. They're expected to have better sound quality and a more compact design—possibly losing their signature sticks entirely.

My colleagues have also reported that future AirPods would get temperature and heart-rate sensors. More likely this time around? An improved charging case with built-in speakers so I can locate them in the Upside Down that's beneath my couch cushions.

Apple will likely discontinue the older AirPods Pro. People who don't need noise cancellation could still choose between the two less expensive standard AirPods options.

### iPads

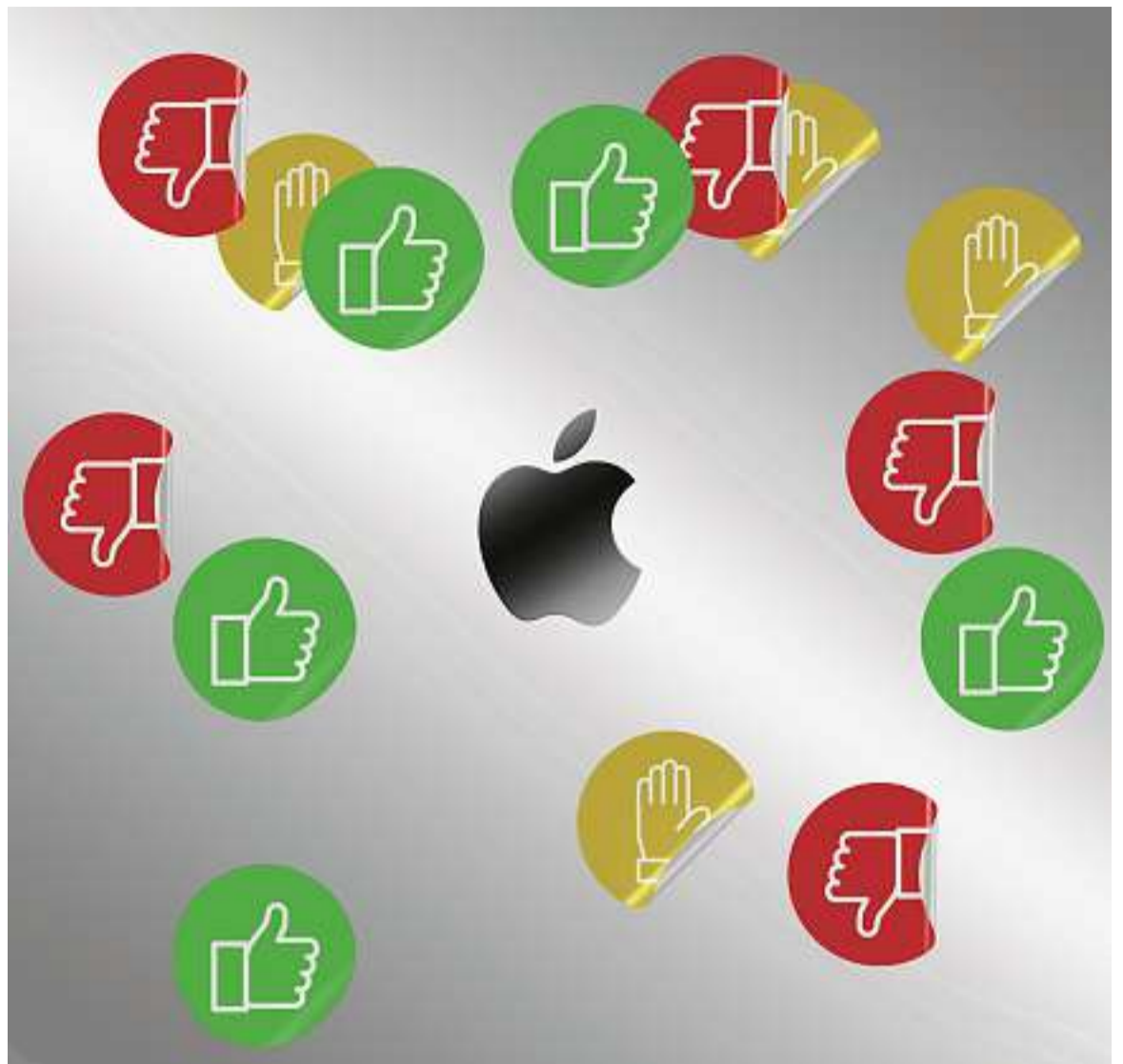
We now come to the four-way iPad intersection.

The \$599 iPad Air gets a green light. It was updated in March with Apple's M1 processor, 5G capabilities and a 12-megapixel camera.

Green light on the iPad Mini. Last upgraded in 2021 with an all-screen design, faster processor and Apple Pencil support, it likely won't get considerably better soon.

But there's a big red light for the most affordable, \$329 10.2-inch iPad. It's likely getting a new design, refreshed processor and a USB-C charging port like its iPad siblings, plus a 5G option.

And another red light for the iPad Pro, which is reportedly get-



ting the new M2 processor and wireless charging.

These iPad updates are expected in October alongside iPadOS 16, which includes an overhaul of the tablet's multitasking controls.

### Apple Watch ▼

The Apple Watch hasn't been significantly updated since dinosaurs roamed the Earth, looking for a place to charge their wrist computers. Sure, the display has gotten bigger and better and the processors faster, but there's now talk of an Apple Watch Pro (from Mr. Gurman, again), which will have a new, more durable design, a bigger screen and, finally, a multiday battery.

In addition to that, the company is expected to add a temperature sensor for the Series 8, and refresh its lower-end Watch SE. (Avoid the cheap Series 3—Apple cut it out of the next WatchOS upgrade.)

Wait for it all—if only to get a better feature-to-price ratio. Apple will likely tweak the lineup as it has in years past, bringing the newer watches to lower price points. And I'll bet you all a bottle of lemon-lime Gatorade (absolutely not the gross blue Glacier Freeze) there will also be some new watch bands, which can make an old watch seem new again.



### iMacs ▲

Looking for a compact all-in-one desktop like the 24-inch iMac? Slow down. The machine was completely redesigned with an M1 processor in April 2021—it's due for an update to the recently introduced M2 chip.

To you big-screen desktop lovers who keep asking where your 27-inch iMac is, I'll tell you the same thing I tell my 5-year-old when he asks why a cloud looks like an elephant holding an ice cream cone: I truly don't know.

Apple discontinued the 27-inch Intel-powered iMac in March. People who wanted a huge desktop setup could replace it with the new Mac Studio and Apple Studio Display, though at around double the cost. (Personally, I'm not a fan of the \$1,599 Studio Display—its webcam has improved since its launch, but you can buy similar monitors for less.) Now there's chatter that Apple is working on a new large-screen iMac Pro, but no estimated time of arrival.

### MacBooks

You're good to go on the all-new

MacBook Air, starting at \$1,199. Released in July, it's a fabulous choice with a MagSafe charger, a bright 13.6-inch screen, thin design and M2 processor. If you're looking to save, the M1 MacBook Air is still a solid choice at \$999—you just won't get that sharp new look. (College students can use Apple's education discount for \$100 off, plus other benefits.)

With the 14- and 16-inch MacBook Pros, proceed with caution. Sure, the chance of Apple changing their design soon is as good as my spotting aliens at my local Target. But power-hungry visual professionals should know these M1 Pro and Max laptops could level up to M2 before the end of the year.

### Apple TV

Look, if you want Netflix, Hulu, even Apple TV+ on your TV, a Roku stick or Amazon Fire stick are simpler, more affordable choices than the \$149-and-up Apple TV. But some like Apple's interface and integration with other Apple gadgets. If that's you, wait. It's been over a year since the Apple TV's last update—a minor processor bump—and there are now reports that Apple is looking into releasing a more affordable version.

As I say every year, if you need something right this moment, try to repair what's broken or find a deal on whatever you can. Don't pay full price for stuff we know is already outdated. And don't make me zap you iPhone buyers, because so help me, I will.

## You Paid for Extra Legroom. Do You Get Anything Else?



**CARRY ON**  
**DAWN GILBERTSON**

Many of us wonder whether we should splurge on one of those cushy economy seats near the front of the plane or in the exit row when we fly. The extra legroom will be the envy of passengers heading back to their ordinary coach seats.

But what does the seat fee buy beyond that seat?

The answer varies widely by airline. On some you get free alcoholic beverages, dedicated overhead bin space and boarding ahead of other economy passengers. On others, you get nothing beyond that breathing room for your knees.

Airlines have become masterful at carving up the formerly one-size-fits-all cabin behind first class. This has given us planes featuring an ever-expanding number of economy seats with more legroom and other potential perks. Budget airlines Spirit, Frontier and Allegiant even have them, as do newcomers Breeze Airways and Avelo Airlines.

The extra-legroom seats, with names like Economy Plus (from

United), Comfort+ (Delta) and Main Cabin Extra (American), have been selling like gangbusters as travel has taken off again, airlines say. Alaska Airlines says the percentage of its extra-legroom seats filled with paying passengers is up 10 percentage points over 2019. And JetBlue says ancillary revenue, which includes fees for its extra-legroom seats, climbed 65% in the second quarter versus the same period in 2019.

The premium seats aren't to be confused with "preferred" seats, which are standard seats airlines charge a fee to reserve because they are deemed to be in desirable sections of the plane.

Delta Air Lines vice president of brand experience Mauricio Parise calls Comfort+ seats, launched in their current form in 2015, "attainable aspirations."

"Ultimately this is an opportunity to give chances for customers

with disposable income and seeking a better experience to offer that to them without going all the way to first class," Mr. Parise says.

Not all passengers pay to sit in the plusher economy seats. Airlines allow free access to elite frequent fliers and some corporate customers. At Delta, nearly half of the passengers sitting in Comfort+ sit there for free, Mr. Parise says.

Delta's Comfort+ seats come with free alcoholic beverages on most flights, dedicated overhead bin space and priority boarding. The airline is even testing out footrests in Comfort+ on some planes.

By contrast, I was surprised my Economy Plus seat on a United Airlines flight from Phoenix to Newark, N.J., in May didn't come with free alcoholic beverages or earlier boarding. United has five boarding groups, and I was in the same group on my return flight, which wasn't in Economy Plus. The only perk included with seat 20C was extra legroom. This upgrade cost an extra \$129 one way. (A United spokeswoman says alcohol was included on transcontinental flights in Economy Plus before the pandemic but hasn't resumed.)

In some cases the price difference between preferred seats and extra-legroom seats is minimal enough to justify spending the extra dollars for extra legroom.

Prices are dynamic and vary widely depending on airline, route, date, time of purchase and other factors. Mr. Parise of Delta

says the premium seats sell out most often on international flights. The amount of extra legroom varies by airline and aircraft, as does the number of extra-legroom seats available on each flight. United says it averages 44 Economy Plus seats per departure, 50% more than some competitors.

I priced extra-legroom seats on every airline for a hypothetical Friday-Sunday trip in mid-September on nonstop flights between 2½ and 3½ hours, except in the case of Hawaiian, whose flights are longer.

JetBlue came in at the low end with fees of \$22 to \$25 each way for a New York to Charleston, S.C., flight. American Airlines wanted \$35 to \$37 for Main Cabin Extra seats on a Friday flight from Dallas to Chicago but the same seats on the return flight jumped to \$64 to \$87. Passengers can buy the extra legroom for one or both legs on most airlines.

Delta, which sells Comfort+ as a type of ticket, not a seat upgrade, was charging an extra \$210 round trip for extra legroom between Atlanta and New York LaGuardia. The price tag to sit in United's Economy Plus seats from Denver to San Francisco ranged from \$76 to \$106 on the outbound and \$72 to \$94 on the return.

Here's the bottom line: Travelers should educate themselves on each flight's perks and the relative costs of seats at the front of coach.

◆ For a breakdown of the added benefits with each airline's extra-legroom seats, go to WSJ.com.

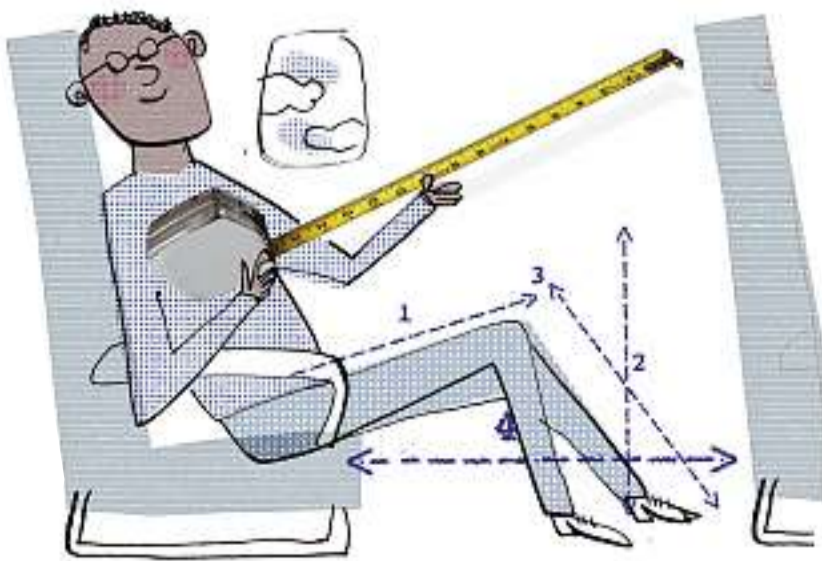


PHOTO ILLUSTRATION BY CHAYA HOWELL/THE WALL STREET JOURNAL. APPLE (4)

ILLUSTRATION BY SERGE BLOCH



## PERSONAL JOURNAL.



**ON THE  
CLOCK  
CALLUM  
BORCHERS**

**I RECENTLY PULLED OFF** something that once seemed impossible: I made an unannounced call to the boss of a major law firm on a Friday afternoon in August...and got him on his office landline.

"Why are you at your desk and not on Cape Cod or a lake in Maine?" I asked when Michael Caccese, chairman of K&L Gates in Boston, picked up.

"We're trying to encourage our associates and other lawyers to come in," he explained. "Someone in my position has to lead by example."

This used to be the time of year when the person in charge was frequently OOO—if not on vacation then certainly not waiting for the weekend to enjoy the summer sun.

In many white-collar industries, such flexibility was one of the perks of seniority in the pre-Covid era. While rank-and-file workers toiled in their cubicles until 5 p.m. on Fridays, executives might tap out a few emails while tanning or make a couple of business calls from the decks of their second homes or boats.

They weren't completely checked out, but they had earned the privilege of mixing work and play. Junior colleagues generally accepted this workplace hegemony.

That was then.

Now, practically everyone who proved their remote productivity in the throes of the pandemic—and, let's face it, also those who didn't—feels entitled to work where they please, especially in warm weather. And many managers believe they can't tell subordinates to come back to the office for in-person collaboration without practicing what they preach.

This dynamic has created some upside-down scenarios this summer: bosses are often tied to a desk while employees log on from their sandy retreats.

Mr. Caccese, whose firm has more than 40 locations around the

# The Boss Is in the Office As Workers Hit the Beach



world, told me the Boston office includes roughly 120 lawyers but that maybe a quarter of them were in the building when I called.

"On Fridays in the summer, it's pretty lonely," he said.

Isolation can be the price a leader pays for trying to coax workers back to the office. Though the economy appears to be weakening a bit and some CEOs are issuing more forceful demands, many bosses can't get away with playing by different rules.

"Scooting off to the Hamptons on Thursday evening, if you're expecting everybody else to be in the office on Friday, will not go well in the environment we're in today," says Jim Link, chief human-resources officer at the Society for Human Resource Management.

He adds that HR chiefs are ad-

**Many realize they can't tell subordinates to come in if they don't practice what they preach.**

vising executives to model the office attendance they expect from subordinates. (Results appear mixed, with the national-average office occupancy rate hovering around 43% this summer, according to estimates by Kastle Systems, which tracks building-access card swipes.)

Parity in out-of-office arrangements represents a dramatic culture shift in certain sectors.

Jerry Maginnis, who led the

Philadelphia office of KPMG until his retirement in 2015, says the summer season traditionally spotlighted the gap between senior and junior accountants.

"Many of the partners had vacation homes," says Mr. Maginnis, whose own getaway is on the Jersey Shore. "It wasn't uncommon for them to take a Monday off, take a Friday off—maybe take a Monday and a Friday off—and historically that perk wasn't available to younger folks. What I'm observing lately is young professionals in their 20s and 30s have really gotten accustomed to not being in the office, and they like it a lot."

Now a board member or adviser to several companies, he says employers are increasingly accommodating, regardless of rank, because the labor market remains tight and

business is still getting done.

Trips that combine business and pleasure are popular this summer, says Sameer Ahuja, president of the sports software company GameChanger. For instance, someone might book a two-week stay near the ocean, vacationing for one week and working remotely during the other.

Allowing such excursions is a key to recruiting and retaining top engineering talent, he says, adding that roughly 60% of his 110-person team is remote, anyway. The staff was half the size and reported daily to a Manhattan office before the pandemic.

Mr. Ahuja, who now works in the New York office two or three days a week, says his people are more productive than ever in a hybrid setup. Still, he notes it is quite a change from the recent past, when most workers would have felt self-conscious or lazy if they Zoomed into a meeting with their toes in the sand.

"They just don't feel that way anymore," he says. "There isn't even a second thought given to, 'Oh, this person's on the beach.'"

Many managers—overtaxed by the past two years—still don't feel like they can take a break, says Liz Fosslien, who heads

communications at Humu, an HR company. She says her firm's work with other businesses indicates bosses are often more susceptible to burnout than the people they lead.

When I placed another out-of-the-blue call last week—I tried a bank in Oklahoma this time—I got senior vice president Cory Christofferson in his office. He told me many co-workers have done remote stints this summer in the cooler air of Colorado, a favorite escape for him, too.

He hasn't gotten away as often as he would like, however. Deals have demanded his attention, and though he knows he could work elsewhere, Mr. Christofferson says he demonstrates his commitment to clients by being in the office.

"I've been tied to the desk most of the summer," he says.

PHOTO ILLUSTRATION BY BEN GILES FOR THE WALL STREET JOURNAL

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## It's All Business on the Job

More employees say they're not forging office friendships

By LINDSAY ELLIS

**IN THE MONTHS** before he left his last job in 2020, Michael Trotter came to dread an end-of-day question from colleagues: Do you want to grab a drink?

"I don't want to put in eight, nine, 10 hours and go out and have a beer—and talk about work for another four hours," says Mr. Trotter, a 53-year-old database administrator in Cupertino, Calif.

Many workers say that forging office friendships has become harder and less of a priority over the past two years, during which millions of working Americans changed jobs or worked from home.

The role of workplace friendships is now getting a big test, as companies seek to rebuild office cultures with many of their employees still remote part of the time. Among nearly 4,000 hybrid workers surveyed by Gallup in June, 17% said they had a "best friend" at work, down from 22% who said they did in 2019. For all workers, including those fully remote or on-site, the share who reported a close work friend slipped less, to 19% from 20%.

Meanwhile, the data suggest the link between having a best work friend and feeling committed to a job has grown stronger over the

past three years—meaning, workers who don't have one are more likely to want to leave. About 15% of people without a best friend at work reported being extremely satisfied at work this year, less than the 23% who said the same in 2019, according to Gallup.

Mr. Trotter says the after-work socializing he used to do on occasion felt draining—and cut deeper into his time with family. In his new,

**17%**

Of workers surveyed had a 'best friend' at work

largely remote position, he says he has no interest in building work friendships. After two years, he says he has met two teammates in person, and only for a few minutes each.

"It makes it a lot easier if, when you're done with work, you're done with work," he says.

The reliance on Zoom calls and other virtual forums at work has made cultivating and keeping up work friendships taxing for many people, said Julianna Pillemer, a professor at New York University's Stern

School of Business who has studied work relationships.

"Friendships at work are this bleeding of worlds," she said. "If you're already feeling like, 'I have no separation between these things,' I can really understand the drive to not spend any more time, even if it's socializing, with co-workers."

Chad Eslinger, a mechanical engineer from the Minneapolis area and a self-described extrovert, says he longs for the earlier days in his career when he and his work friends would get together for karaoke and other social outings. At his current job, he said it seems that co-workers place less of a priority on being social.

"I do actually want to have real friends at work," says Mr. Eslinger, 45, who says he misses work gatherings "that are not about being productive and being robots."

Some employers are trying to help co-workers cultivate bonds. This summer, KPMG brought its 2,800-person intern class to a lake house training facility in Orlando, Fla., complete with social venues, guest rooms and a gym. A spokesperson said the company hopes that the in-person socializing and networking will help many interns ultimately accept full-time job offers from the accounting firm.

PHOTO ILLUSTRATION BY ELENA SCOTTI/THE WALL STREET JOURNAL, ISTOCK



## ARTS IN REVIEW



ART REVIEW

## Outliers as Insiders

By LANCE ESPLUND

**A**rt evolves as we evolve. As our tastes change, art and artists go in and out of fashion. El Greco (1541-1614), whose long-ignored paintings were revived by Modern artists, is a prime example. In 1920, Roger Fry observed that El Greco “is an old master who is not merely modern, but actually appears a good many steps ahead of us, turning back to show us the way.”

Today, perhaps many believe that Fry’s observation could be applied to “self-taught,” “folk” and “outsider” art, on which feverish attention verging on adulation is increasingly lavished. The latest example is the traveling exhibition “Gatecrashers: The Rise of the Self-Taught Artist in America,” curated by Katherine Jentleson (and based on her book by the same title), currently at the Brandywine River Museum of Art.

Ms. Jentleson is the curator of folk and self-taught art (a post gaining traction at U.S. institutions) at Atlanta’s High Museum of Art, where “Gatecrashers” originated. An enlightening, scholarly, time-capsule exhibition comprising more than 60 pictures from the 1800s to the 1960s (but primarily from the 1930s and ’40s), it opens Oct. 16 at the Westmoreland Museum of American Art in Greentown, Pa., after ending its run in



Horace Pippin’s ‘Saying Prayers’ (1943), above; Grandma Moses’s ‘Black Horses’ (1942), top

Chadds Ford on Labor Day.

The terms “self-taught,” “folk” and “outsider” art are interrelating distinctions used sometimes interchangeably. They’re also misnomers: No artist exists in a vacuum. I’m reminded of the old adage about the self-made man: It’s OK to refer to yourself as a “self-taught” artist as long as you acknowledge all the artists who made you that way.

But terms matter. “Outsider” art usually refers to artwork created by outsider (sometimes insane) visionaries eventually celebrated by the insider art world. Whereas “folk” art (though existing outside) generally refers to utilitarian objects (frakturs, weathervanes, portraits, textiles, furniture, toys) that rise to the level of art. These artists may have had formal (i.e., academic) training,

(1860-1934), New York state’s Anna Mary Robertson “Grandma” Moses (1860-1961) and the black Pennsylvanian Horace Pippin (1888-1946)—alongside some two-dozen other self-taught American representational artists who first “crashed the gates” of American museums between World War I and World War II.

“Gatecrashers” succeeds more in the scholarly than the aesthetic

but they usually operate either outside the art world (increasingly difficult in our globalized times) or, knowingly or unknowingly, they challenge mainstream tenets.

America, at Pennsylvania’s Barnes Foundation and elsewhere, has had a long love affair with folk, outsider and self-taught artists. And “Gatecrashers,” acknowledging our increasing fascination with these outliers, hopes to rekindle our interest in this subject’s past.

Organized thematically, it features the paintings of three Americans—the Scottish-born John Kane

realm. Illustrative naïveté and unsophisticated charm predominate here. Unusual is “self-taught” Pippin, who used a red-hot poker alongside his paintbrushes. Pippin, who studied at and whose works were collected by the Barnes Foundation (perhaps, then, America’s most sophisticated place to learn about art), offers the most charged and various pictures. Some of his paintings’ brushstrokes are so thick and tightly wound they suggest yarn weavings. Pippin’s grisaille battle scene “The Ending of the War, Starting Home” (1930-33) includes a wood frame affixed with

**Redefining what it meant to be an artist—and what was American about American art.**

carved bas relief sculptures: bombs, tanks, hand grenades, gas masks. But his masterpiece here is “The Buffalo Hunt” (1933)—a dynamic, icy-cold, black-and-white landscape, a prickly, graphic work reminiscent of Edward Gorey.

Lacking Pippin’s political edge, primitivism and variety, Kane’s more conventional pictures, though sometimes fussy with details, consistently achieve more spatial clarity and light. Kane’s “Hills and Rivers, Steamboat at Sleepy Hollow” (1929) and “Larimer Avenue Bridge” (1932) open convincingly, serenely into the distance. But Grandma Moses headlines. Two vertical oils depicting the Shenandoah Valley feel drenched in moist, sweet light. As does Moses’s “Black Horses” (1942), a delicate patchwork quilt of figures, horses and farm fields. In “Sugaring Off” (1943), bustling village life is etched within a bright field of white snow and light-blue sky. Supporting standouts include Josephine Joy’s “Waterbirds Nesting” (c. 1935-39); Carlos Dyer’s spatially dynamic “Fish Cannery” (1937); Patrick J. Sullivan’s fiery wood-scene “A-Hunting He Would Go” (1940); Patsy Santo’s raging seascape “Untitled (Ogunquit Coast)” (c. 1946); and Jacob Lawrence’s cubist portrait “Untitled (Woman Sewing)” (1964).

“Gatecrashers” reveals as much about our changing present as it does about our evolving relationship with our past. Many of its artists have fallen out of fashion—and none are in the league of El Greco. But, expanding the conversation, they tested and redefined who (because of race, gender, class, pedigree, education) could be an accepted artist—and what was authentically American about American art. Kane and others were recent immigrants coming to terms with their melting-pot identities in a country that would eventually pit the formally trained, radical individualist, the Abstract Expressionist Jackson Pollock, against the self-taught, anti-modernist, naïve painter and farm wife, Grandma Moses—an American contest still in contention.

**Gatecrashers: The Rise of the Self-Taught Artist in America**

Brandywine River Museum of Art, through Sept. 5

Mr. Esplund, the author of “The Art of Looking: How to Read Modern and Contemporary Art” (Basic Books), writes about art for the Journal.

TELEVISION REVIEW | JOHN ANDERSON

## ‘Undeclared War’: Cyberspace Spies

**P**redicting the future has its hazards. In “The Undeclared War,” set in late spring 2024, Boris Johnson has been gone from 10 Downing Street for only a few months; Vladimir Putin, undistracted by Ukraine, has all the time in the world to create havoc on the internet. But we get it: This gripping, troubling, we-hope-it-isn’t-precise espionage series isn’t really about tomorrow.

Set in and around the U.K.’s Government Communications Headquarters, or GCHQ, “The Undeclared War” is about solving problems in cyberspace and solves one of its own problems right off: In a disorienting but fascinating opening sequence that defies time, space and the elements, university student Saara Parvin (Hannah Khalique-Brown) makes her way through what seems to be a course in Safe-Cracking 101, until a door opens into the sky and we realize where we are: in her head, as she tries to pass a test to get her into

a work-study program at GCHQ. She passes, if not as quickly as Gabriel Davies (Alfie Friedman), who in addition to being a math genius is somewhere on the spectrum (and will become a resource for Saara later). But shortly after her apprenticeship starts at Spy Central, it’s Saara who saves Britain from a Russian virus that had threatened to bring the country’s economy to its knees. We follow her cyber adventures courtesy of creative projections: Saara, inspecting a “library” of coding, for example, visits an imagined one, contained in a red British phone box in the middle of the countryside. With so much of what used to be in-the-field espionage happening online—and drama forced to follow—director and head writer Peter Kosminsky (“Wolf Hall”) has found a way to make number-crunching cinematic. (Other writers on the series were Declan Lawn, Adam Patterson and Amelia Spencer.)

It’s also disquieting, as intended.

With a parliamentary election days away, Saara and her new colleagues—including her boss, Danny Patrick, played by a brilliant Simon Pegg, and Kathy Freeman (Maisie Richardson-Sellers), an American on loan from the NSA—are contending with ingenious new ways of undermining the democratic system and sowing seeds of doubt about the legitimacy of election results. While being a thriller first and foremost, and one with a spoiler every min-

ute, “The Undeclared War” is also an indictment of social media as a tool of authoritarian regimes, and of users willing to swallow whatever stories fit their predispositions. Parties in Russia—and the U.K., too—are portrayed as enthusiastically creating both sides of any issue, including a protest, say, and the counter-protest, and then the violence that ensues, making all of it go viral and stoking existing tensions. All to the benefit of a Putin regime por-

trayed as having disruption on its mind and not much else.

Many a show that’s essentially about bureaucracy, systems and politics has been rescued by the personal stories of the characters, whom they love and why and how they get in or out of it. “The Undeclared War” is quite gripping enough when it sticks to the numbers, brinkmanship and sniping at the GCHQ, which can’t seem to make anyone happy—certainly not the prime minister (Adrian Lester) or the cabinet member Richard Marston (an appropriately vile Ed Stoppard) who is the GCHQ’s principal critic.

One eminently digestible sidebar story—which will join the main narrative downstream—involves one of the veteran mathematicians whom the GCHQ keeps tucked away, named John Yeabsley (Mark Ryland, whom Mr. Kominsky directed in “Wolf Hall”), and whom Saara ferrets out during her search for the next elusive piece of coding intended to destroy what’s left of the country’s cyber security. This isn’t an actor’s series, really—aside from Mr. Pegg, the cast is a delivery system for the plotline. But Mr. Ryland brings a bit of the blood to a smartly clinical, cynical, and all-too-believable story.

**The Undeclared War**  
Thursday, Peacock



Hannah Khalique-Brown as Saara Parvin in the new series



SPORTS

LIV Golf's Player Contracts Include Restrictions to Go With the Big Money

What do golfers agree to when they sign on? The deal contains some surprising terms.

By Andrew Beaton

When lawyers for the PGA Tour and LIV Golf players sparred during a high-profile court hearing last week, they carefully sidestepped one of the most critical topics: details of the players' contracts with LIV.

The contracts LIV Golf has used to lure players away from the Tour have remained hidden from public view. The deals for some LIV players were submitted under seal for a hearing last week in which three golfers unsuccessfully sought a restraining order that would have allowed them to play in the FedEx Cup Playoffs despite their suspensions from the PGA Tour.

The mystery could be resolved this week, when a federal court judge is expected to rule on a motion by the Tour to unseal those contracts.

However, The Wall Street Journal has reviewed a draft contract that LIV has offered players. The terms shed new light on both the courtroom battle and the requirements that players agreed to when they signed on with the Saudi-backed upstart. It isn't clear whether such terms are included in all LIV contracts or can be negotiated by individual players.

The contract includes a number of unusual provisions. Players are supposed to wear LIV apparel, even when playing in non-LIV events. They are instructed to refrain from giving interviews without approval. They agree to assist in recruiting other players to LIV, when requested. And they also need approval for most of the logos they wear and branded products, "like coffee mugs," that they use at events.

In addition to the rich prize money offered at the LIV events, the contract has one other surprising provision: the golfers are awarded a \$1 million bonus for winning any of golf's four major championships.

The deal reviewed by The Journal did not include language about the lucrative appearance fees that some players have received, which people familiar with matter said was included as a separate rider specific to those golfers.

"LIV Golf, as a start-up, is proud to offer our golfers competitive contracts," a LIV spokesman said in a statement. "Our future is bright and we continue to be excited by the player and fan response."

LIV, backed by Saudi Arabia's sovereign-wealth fund, has up-



Patrick Reed, above, wore several LIV Golf logos during the British Open. Right, the 4 Aces LIV Golf team.

ended professional golf this year by luring big-name golfers with lavish paydays. The PGA Tour, which did not grant permission to players to participate in the rival series, has suspended the golfers who have bolted, and a number of players who signed on with LIV have resigned their Tour memberships. Phil Mickelson, Dustin Johnson, Bryson DeChambeau and Patrick Reed are among the stars who have signed on.

That has led to a schism in the sport, and it's an increasingly legal one. The Justice Department is investigating the PGA Tour for potential antitrust violations. Then, earlier this month, Mickelson and 10 other LIV players sued the Tour over their suspensions. Three of those golfers, including Talor Gooch, filed for a restraining order that would have allowed them to compete in the playoffs that began last weekend. A judge denied the request in an early courtroom win for the Tour.

The hearing began with the PGA Tour arguing that the contracts should be unsealed, while the lawyer for the LIV players, Rob Walters, said they were highly sensitive and proprietary. Still, some elements of the contracts were alluded to during the hearing in the Northern District of California.

After Walters pointed out the financial windfall available in the FedEx Cup playoffs, the attorney



representing the Tour vaguely juxtaposed that to what Gooch received for just agreeing to join LIV, noting he wanted to pick his words "carefully" because those contracts were sealed.

"In my mind, I was comparing that to what Mr. Gooch received for merely signing a contract," Elliot Peters, the PGA Tour's lawyer, said in the hearing. "And the court knows what that is."

"I do," Judge Beth Labson Freeman responded. During another exchange, Peters argued that if the trio were allowed to participate in the playoffs, it would be unfair to the PGA Tour because it would essentially provide a stage for its competitor to advertise itself. That's when he

noted the players "have an obligation under their LIV contracts [to] wear LIV stuff."

Later, Walters said that was incorrect.

"On that uniform issue, that's just all wrong, okay, they don't show up in their LIV gear," he said. When the judge pressed on whether they would wear LIV gear to the playoffs if she granted the injunction, Walters responded: "Absolutely not."

The players' apparel requirements are noted multiple times throughout the contract reviewed by The Journal. It says during any "League Activity, Team Promotional Activity or any other Covered Golf Activity" the player shall only wear appropriate "Team Ap-

parel" and not display badges or logos without obtaining approval. There is an exception that the player can wear the brand of a third-party supplier of golf equipment on the right side of their hat. The contract also said that during events the player is to "refrain from using or otherwise appearing with or using any product (e.g., any hard goods like a coffee mug) containing a logo without approval."

Later, the contract more specifically indicates that the players are supposed to wear LIV gear at any tournament.

"The Player agrees to wear LIV Golf branding (or other branding supplied by the League Operator) at each Tournament and each other golf tournament you participate in anywhere in the world," it states.

At last month's British Open, where LIV golfers were allowed to participate because it is overseen by the R&A, most did not appear to wear LIV paraphernalia. The exception was Patrick Reed, who wore several LIV Golf logos.

A person familiar with LIV's thinking said the language was aimed toward next season and beyond, when the circuit's teams will be more firmly established, and that players may wear gear promoting their teams like they would any other sponsor.

Another provision requires players to agree to refrain from "providing exclusive interviews or commentaries or entering into any agreements or arrangements involving exclusive interviews" in relation to any "Event or League Activity" without obtaining approval.

Another clause turns the players into LIV's recruiters.

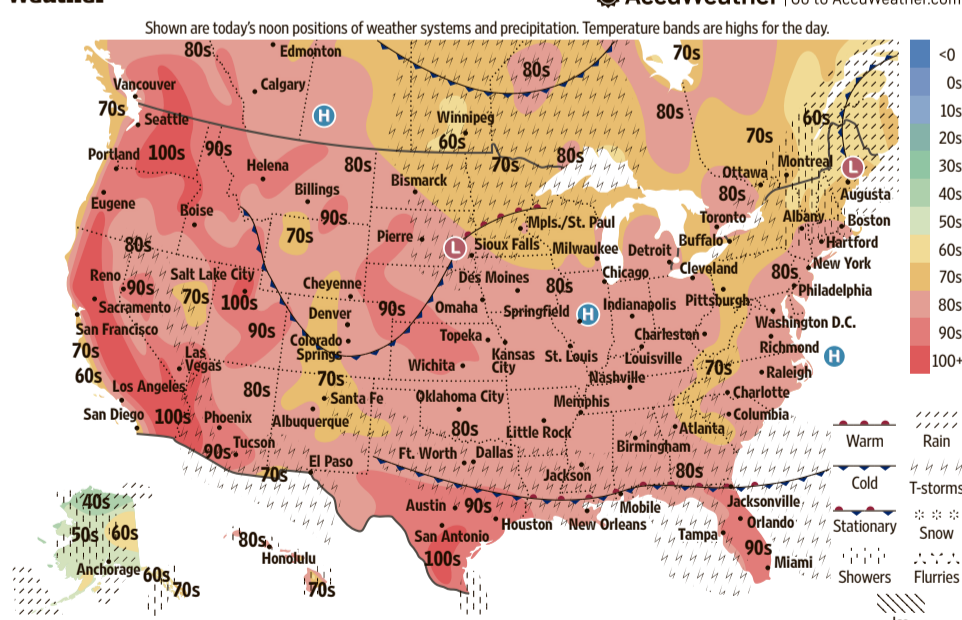
The contract says the player agrees to "where requested, assist the League Operator in seeking to persuade players to enter into multiyear player participation agreements with the League Operator."

Other elements of the contract aren't too dissimilar from player arrangements with the PGA Tour. The deal is structured with the players as independent contractors. They also broadly sign away their media rights from LIV events.

LIV gives players both more and less flexibility in terms of their appearances and schedule. LIV players are permitted to play in non-LIV events, provided that they don't conflict with LIV events, while PGA Tour players have to request a release to compete in conflicting non-Tour events.

But the contract is also more rigid in a way. PGA Tour players have to play in 15 events to be in compliance with the membership organization's rules, yet they can pick and choose among dozens of tournaments spread across the calendar. The LIV contract requires a player to participate in all of its events, which will increase to a total of 14 in 2023.

Weather



Forecasts and graphics provided by AccuWeather, Inc. ©2022

U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists major cities across the US with their respective weather forecasts.

International

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists major international cities with their respective weather forecasts.

Today Tomorrow

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists major international cities with their respective weather forecasts.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbers indicating starting positions for words. The grid is 13 columns wide and 67 rows high.

HIDDEN FIGURES | By Sam Acker

- A list of crossword clues categorized by length (Across and Down). Clues include 'Supplement', 'Shrine of the Bab faith', 'Gadot of "Death on the Nile"', etc.

- A list of crossword clues categorized by length (Down). Clues include 'More than most', 'Rap's City Girls, e.g.', 'Doesn't just include in a load, say', etc.

Previous Puzzle's Solution

A grid showing the solution to the previous crossword puzzle, with words filled in and empty cells for numbers.

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



## OPINION

## Let Voters Decide Trump's Future



**WONDERLAND**  
By Daniel Henninger

The question of whether the U.S. needs a second Trump term has been answered. Thanks to Attorney General Merrick Garland, we're in it—if by a Trump presidency one means investigations of Donald Trump that go on and on.

The first Trump presidency began with the never-ending Russian collusion narrative. Now we have its offspring—the classified-documents narrative.

The new narrative shares the old one's almost daily insinuation that Mr. Trump did something awful. For many, this means hoping God's justice finally rains down on a serial malefactor. For all, a familiar political drug is back in circulation.

Last Thursday Mr. Garland issued a brief, no-questions-allowed statement about the Mar-a-Lago intervention asserting that “where possible” it is the Justice Department's practice to “narrowly scope” any search. This week the department returned to Mr. Trump three passports swept up by the FBI in an obviously unlimited raid.

Since last week, the rationale for the raid has divided into separate explanations.

The first, plausible in theory, was that government national-security specialists believed hypersensitive documents were in a room inside Mr. Trump's Mar-a-Lago residence in Palm Beach, Fla. The search warrant approved by

U.S. Magistrate Judge Bruce Reinhart lists “defense information or classified material.”

The crude rationale here would be: They wanted the documents out of that room and they got them. It was short on etiquette, but case closed. Let the Trump and government lawyers fight over the classification rules.

But speculation then morphed into a second, predictable rationale: The purpose of the search was to collect evidence of the possible criminal culpability of Mr. Trump, or his “allies,” related to the Jan. 6 Capitol invasion or laws on the handling of classified material, such as the Espionage Act.

On Thursday, Judge Reinhart is scheduled to hear requests by news outlets to release at least some of the details in the search warrant's underlying affidavit. The Justice Department opposes the affidavit's release, arguing that “would compromise future investigative steps.”

Meanwhile, the department is suggesting its investigation could run for months. On cue, Reps. Adam Schiff and Carolyn Maloney are demanding that Director of National Intelligence Avril Haines provide them with a “damage assessment.”

In other words, Justice, the FBI and Mr. Schiff are opening the possibility of re-creating the atmosphere of the nearly two-year Mueller investigation. Does anyone believe this won't produce continuous anonymous leaks that will intrude into and distort the November elections and beyond? The answer is yes, one person in the whole country seems to

believe this—Attorney General Garland.

According to Jamie Gorelick, who worked in Bill Clinton's Justice Department, Mr. Garland “appreciates the context in which this is occurring. I don't think he considers politics at all.” Apparently Ms. Gorelick already owns the Brooklyn Bridge.

Mr. Garland shows no appreciation whatsoever of the broader context of these events.

### The U.S. doesn't need a replay of the endless investigations during his presidency.

The U.S. is on edge. At no recent time has its population been more divided or depressed. A Fox News poll reports 75% dissatisfied with the country's direction, hitting 91% among independent voters. Another Trump investigation, with the likelihood of a conviction years off, will make that worse. Imagine if it goes to court next year or in 2024.

The Homeland Security Department this week reported picking up social-media chatter about “civil war.” Metal barricades have been erected around the FBI's headquarters in Washington. That's down the street from the new fence in front of the Supreme Court.

We are at a point where one has to ask: Is this worth it?

It is indisputable that no one is above the law. But there is also the useful notion of prosecutorial discretion, which often is about recogniz-

ing a larger public good.

We are going through a kind of referendum on Donald Trump's future. Resolving that would be better left to voters than to an attorney general already distrusted by about half the population.

In an unusual burst of self-awareness Monday, Mr. Trump told Fox News Digital: “Whatever we can do to help because the temperature has to be brought down in the country. If it isn't, terrible things are going to happen.”

During his tumultuous presidency, Mr. Trump sometimes said his opponents, not least the media, loved him because he fed their political and economic interests. And his own.

Political retribution has become a business model. On its current, indeterminate course, the Mar-a-Lago investigation is pushing the American politics back to obsessing over Mr. Trump and his endless enemies, such as the primary-election defeat of his Inspector Javert, Wyoming Rep. Liz Cheney.

A belief seems to exist in some quarters that the U.S.'s appetite and capacity for political rancor is limitless. It is not. What may be good for Donald Trump's presidential prospects or his cynical adversaries if the Justice Department's Mar-a-Lago investigation smolders indefinitely will not be good for a country already in extremis.

A prudent attorney general would shut this thing down. Keep the super-secret documents, stay out of Melania's closets, give the distressed country a chance to focus on what matters, which isn't this. Write [henninger@wsj.com](mailto:henninger@wsj.com).

**BOOKSHELF** | By Elliot Kaufman

## In Defense Of Policing

### Criminal (In)Justice

By Rafael A. Mangual  
(Center Street, 248 pages, \$29)

When it got ugly—in the streets, the parks and the subways—and New Yorkers had nowhere left to turn, they elected Mayor Rudy Giuliani. He turned to the Manhattan Institute, whose “broken windows” policing philosophy would prove crucial to the city's restoration in the 1990s. But years passed and there arose a new king over Egypt, who knew not Joseph. Police were pulled back, while prosecutors advocated nonprosecution. From 2009 to 2019, arrests dropped more than 25% and imprisonment 17%. These trends accelerated in 2020, and America saw the largest single-year homicide increase in its history. Many cities have since set homicide records or post-'90s highs, accompanied always by an unsettling deterioration in public order.

Into this storm arrives “Criminal (In)Justice” by Rafael Mangual, the Manhattan Institute's head of crime-policy research. He takes up the arguments of criminal-justice

reformers and teases out their weaknesses: the context they leave out, the limits of what they can explain and the costs on the other side of the ledger. The result is a serious challenge to the narrative of mass incarceration and racist, trigger-happy police.

The average person arrested for a shooting in Chicago in two recent years had nearly 12 prior arrests. Yet it remains an article of faith that the U.S. justice system is too punitive, locking up too many for too long. To hear some tell it, every

second guy in prison is there merely for smoking a joint. But it isn't true, Mr. Mangual explains. Around 90% of U.S. prisoners are state prisoners, only 4% of them are locked up for drug possession, and many of those have pled down from other offenses. “The vast majority of American prisoners,” writes Mr. Mangual, “are violent, chronic offenders” who “have received more than one ‘second chance.’”

Just 40% of state felony convictions result in a prison sentence, and the median violent offender serves less than two and a half years. America has far more prisoners per capita than Western Europe not because our justice system is uniquely cruel, he argues, but because we have far more violent crime.

Posed against this harsh reality, progressive reform can look a great deal like escapism. New York's 2020 bail reform, Mr. Mangual writes, prohibited judges from considering in pretrial-release decisions the danger that defendants pose. Some call that a victory for civil liberties, but New Yorkers can attest that treating a smaller jail population as an end in itself has been a disaster for public safety.

Turning to police shootings, Mr. Mangual treats readers to a master class in the rhetoric of reaction: The problem is exaggerated, most solutions won't work and the ones that do would jeopardize more important objectives. Force, he shows, is used in only a tiny percentage of arrests, and deadly force even less so. In 2020 the NYPD responded to 74,378 calls involving weapons yet shot only 12 subjects. That's way down from 145 in 1972—before most of the “militarization” that is now often blamed for police shootings. Defunding the police could stop some shootings, but it would facilitate many others. “One of the most consistent and robust findings in the criminological literature,” writes Mr. Mangual, is that “more policing means less crime.”

This means that reformers err in thinking of racial minorities primarily as victims of strong policing. From 1993 to 1999, during Mr. Giuliani's policing revolution, the gun-related homicide victimization rate for black New Yorkers fell from under 40 per 100,000 to about 10, a stunning improvement. “The people who benefited most,” Mr. Mangual observes, “are precisely the people we're told are singled out by the system for unfair treatment.”

### A crime-policy expert's data-backed report on what works on the street. The upshot? ‘More policing means less crime.’

These days the charge is systemic racism, meaning racially disparate outcomes. It strikes Mr. Mangual as deceptive, however, to sidestep intent. Blacks are more likely to be incarcerated than whites, but shouldn't it matter whether this is due to invidious discrimination or differences in violent crime rates? Mr. Mangual produces “a mountain of evidence,” as he puts it, that police attention and enforcement are allocated so unevenly because serious crime is allocated the same way. Around 4% of a city's street segments will tend to see around half the city's crime.

In the hands of activists, racial disparities in drug arrests, despite similar rates of use, are proof of racism. Mr. Mangual has a subtler explanation: Since criminals tend not to specialize, police use drug enforcement as “a pretextual attack on violent crime.” Given limited resources, focusing enforcement on dangerous areas is a way to catch gang members and other violent criminals more likely to harm others.

“A truly racist cop,” a black police officer once told Mr. Mangual, “isn't the guy constantly getting out of his car, frisking people, and clearing corners to try and prevent s— from happening. A truly racist cop is the guy that says, ‘F— 'em. Let 'em kill each other.’ But the haters [of police] want us to act more like the racist and less like the go-getter. So, what does that say about them?”

Reformers are on trial in “Criminal (In)Justice,” but they also set the agenda. Mr. Mangual disputes their arguments and makes concessions where he can—cash bail, no-knock raids, qualified immunity—the better to parry the progressive thrust. He is highly effective and never wobbly, but he is playing defense, contesting the reformers' story rather than telling his own. It has been that kind of decade. Ironically, as I turned to Mr. Mangual's conclusion, reading in New York's Riverside Park under the afternoon sun, a stranger interrupted and offered to sell me drugs.

The publication of Mr. Mangual's book is well-timed. The results of depolicing and decarceration are already visible on the street, and from San Francisco to Baltimore, voters have noticed. “Criminal (In)Justice” reads as a data-backed note of goodbye and good riddance to our recent period of “political expediency and performative virtue,” of the posturing promise to reap the rewards of leniency without paying any price in crime and disorder. As public animus refocuses from the cop to the criminal, politicians may even come to ask Manhattan Institute scholars how to return cities to their law-abiding citizens, again.

Mr. Kaufman is the letters editor of the Journal.

## The Afghan Debacle Didn't Have to Happen

By Karl Rove

President Biden destroyed the value of America's word, diminished our global influence, and made the world more dangerous when he surrendered in Afghanistan a year ago this week. The Taliban, a jihadist terror movement and avowed enemy of the U.S., could claim to have defeated the world's mightiest nation.

Even if you supported withdrawal in general, it's impossible to dismiss the scenes of chaos at the Kabul airport, American aircraft taking off with frantic Afghans clinging to landing gear, and 13 flag-draped coffins arriving at Dover Air Force Base, American military killed by an ISIS suicide bomber.

Now comes a 121-page report, “A Strategic Failure: Assessing the Administration's Afghanistan Withdrawal,” from Republican members of the House Foreign Affairs Committee. Led by Texas Rep. Michael McCaul, the lawmakers lay out a precise, damning case.

The charges include misleading the American people. Contrary to White House claims, the report says allies and senior U.S. military commanders “supported a continued conditions-based deployment in Afghanistan” of 2,500 American and 6,000 allied troops to advise and undertake selected counterterrorism missions.

But insisting, seemingly

without evidence, that it would actually require “tens of thousands” of additional U.S. troops, Mr. Biden instead executed an unconditional withdrawal. This decision wasn't backed by our military or coalition partners, whom Mr. Biden didn't really consult in advance of his decision.

The Republicans argue that having decided to retreat regardless of conditions on the ground, the Biden administration then didn't properly plan

### A new report shows military commanders and allies disagreed with Biden's full exit.

or prepare for our exit. Team Biden “repeatedly delayed critical action that was necessary to mitigate the likely consequences.”

The administration acted as if none of this mattered. Though Afghanistan quickly fell to the Taliban, Mr. Biden called the chaotic retreat an “extraordinary success.” Even today there are more than 100 Americans—and tens of thousands of Afghans eligible to come to the U.S. including many who supported our troops—stranded in Afghanistan because of this administration's incompetence.

This week, the White House attacked the report in a three-page response by National Security Council spokeswoman

Adrienne Watson, who blamed Donald Trump. The former president negotiated a “flawed deal” with the Taliban. He reduced the number of U.S. troops, leaving the Taliban “in its strongest military position since 2001.” He made “no preparations . . . to begin evacuating our Afghan allies.”

All true, yet this hardly gets Mr. Biden off the hook. If he disagreed with the Trump deal, why didn't he reject it? He jettisoned plenty of other Trump policies. If there were too few American troops in Afghanistan, why not increase them, even modestly? If the structures weren't in place to evacuate Afghan allies, why didn't the administration build them in its seven months in office before the withdrawal?

Ms. Watson also made the Orwellian claim that the U.S. surrender “strengthened our national security” and “restored our credibility on the world stage.” That'd be laughable if it weren't so sad.

In fact, Mr. Biden's Afghan fiasco spirited our allies and encouraged our adversaries. The Chinese can point to the U.S. retreat as evidence to other nations that America is untrustworthy. Seeing Mr. Biden abandon Afghanistan may well have emboldened Vladimir Putin to invade Ukraine. The greatest tragedy is what has happened to the Afghan people as the Taliban's return ended their nation's attempts to protect human rights—especially for women—and ensure a more prosperous future.

## A Thousand Talents Is 999 Too Many

By Paul Dabbar

When I joined the U.S. Department of Energy in 2017, I was briefed about how pervasively the Chinese Communist Party had woven itself into the U.S. government's research and innovation efforts. Traditionally, labs and academic institutions around the world and their researchers work on projects together. And periodically, foreign institutions, including in China, compensate Americans for their efforts. The Communist Party began to use these interactions to recruit people for their technology-appropriation programs.

I should have known. Before I joined the department, I was in the nuclear industry in the private sector, and served on an Energy Department advisory board. Chinese state entities often invited me to attend nuclear conferences and

tour the country—all expenses paid. I always said no, because I was too busy. In retrospect, I certainly am glad I was. The invitations have resumed since I left the government, and my answer is a well-informed no.

### How the Chinese Communist Party steals U.S. technology.

I learned that people working at the Energy Department's National Laboratories had significant engagements with China. Some were paid by one of the many Chinese Communist Party Thousand Talents Plans while concurrently working at sensitive U.S. government labs. These agreements often required technology transfer as well as support for recruiting more members to the TTPs. This was also

happening at other agencies, and it was recently disclosed that these include nongovernment and international institutions such as the Federal Reserve and the Inter-American Development Bank.

The weakness in the Energy Department's compliance rules was that there were no disclosure or conflict-of-interest policies regarding foreign engagement or research and technologies other than those involving strategic weapons. There were no rules about research in quantum computing and artificial intelligence, which will have a large economic impact and defense applications.

During my tenure, the department developed and rolled out four orders to restrict China's recruiting and appropriation of innovation. First, mandate disclosure and develop conflict-of-interest policies for department and

national-lab employees regarding countries of risk (China, Russia, Iran and North Korea), including a ban on TTP membership. Second, develop a “technology risk matrix,” a map detailing which technologies we would collaborate on with those countries, and which we wouldn't. Third, increase oversight on interactions by any program or employee with those countries. Fourth, require that any researcher supported by a department grant (including at U.S. universities) not be a member of a TTP.

A recent report about vanadium battery technology appropriated last year from Energy Department efforts shows there are still significant gaps, but these policies were a good start.

Mr. Dabbar served as undersecretary of energy for science, 2017-21.



## OPINION

## REVIEW &amp; OUTLOOK

## Cheney, Trump and the GOP

Liz Cheney lost her Republican primary in Wyoming Tuesday because she bravely stood up to the stolen-election falsehoods of Donald Trump. Liz Cheney lost the primary because she alienated too many Republicans by making common cause with Democrats like Rep. Adam Schiff.

Both statements can be true, and in our view both explain why Ms. Cheney lost decisively in a conservative state that had elected her three times and sent her father to Congress more times than that.

Mr. Trump targeted Ms. Cheney for defeat as he did the other nine Republicans who voted to impeach him after his disgraceful behavior on Jan. 6, 2021. He now has his revenge, as eight of them have lost or retired from Congress, but Republicans shouldn't be so pleased.

Ms. Cheney is a conservative by any measure and she has the courage of her convictions. A party that can't tolerate Ms. Cheney and others for voting their consciences after the ransacking of the Capitol by a Trump-inspired mob is narrowing its political and moral appeal. She represents a not inconsiderable number of GOP voters who can't abide Mr. Trump.

Yet we don't believe most of the Republicans who voted for Ms. Cheney's opponent were dismissing the riot as a mere political protest or cheering on Mr. Trump. They were rejecting the strategy of the Democrats and the media to tar the entire GOP as rioters and fanatics.

Ms. Cheney associated herself closely with that effort by her leadership role on the House Jan. 6 special committee. She didn't publicly object when the committee leaked text messages of Ginni Thomas to attack her husband, Justice Clarence Thomas. She agreed to subpoena sitting Members of Congress in a gross breach of political norms.

She is also the leading committee voice urging the Justice Department to prosecute Mr. Trump as a criminal for his behavior that day, though the committee still hasn't provided evidence that Mr. Trump had any direct ties to the rioters. You won't persuade many Republican voters by calling their party "very sick,"

### She lost in Wyoming, and the party divisions will haunt in 2024.

as Ms. Cheney did in early August.

GOP voters can hate what happened on Jan. 6 but also dislike the tactics of a committee that excluded Republicans who might have cross-examined witnesses. We warned that Speaker Nancy Pelosi would hurt the credibility of the committee by blocking Minority Leader Kevin McCarthy's appointees, and the public's view of its work has predictably split along party lines. One result has been to cost Ms. Cheney her seat in Congress.

\* \* \*

Ms. Cheney's concession speech suggests her mission in politics now is to prevent Mr. Trump from becoming President again. One option is running for the White House herself. She'd have little chance at the GOP nomination. But her goal may be to prosecute the political case against Mr. Trump in such a way that opens the door to other candidates.

If Mr. Trump is the GOP nominee, Ms. Cheney could attempt a third-party run, though she says she won't change parties. Third parties haven't won since Lincoln and the GOP in 1860, but Ross Perot arguably cost George H.W. Bush the White House in 1992.

All of this points to the problem Republicans continue to have as long as Mr. Trump is the dominant party figure. He is toxic to a majority of voters even as he retains the fervent support of tens of millions. That voter divide cost him reelection in 2020, as enough Republicans in key states voted GOP for Congress but Joe Biden for President. That evidence is clear in the county and Congressional district returns.

This is why Democrats are doing their best to put Mr. Trump front and center in the 2022 campaign—with the Jan. 6 committee extending into the fall, and the continuing civil and criminal investigations in Georgia, New York and Washington, D.C. Democrats may hate Mr. Trump but they also believe he will help them retain power despite their manifest policy and governance failures. Liz Cheney lost in Wyoming, but her revenge may be a divided GOP that loses again in 2024.

## Unseal the Mar-a-Lago Affidavit

Federal Magistrate Judge Bruce Reinhart will hold a hearing Thursday on whether to unseal the affidavit the Federal Bureau of Investigation used to justify last week's search of Donald Trump's Mar-a-Lago home. The public interest is best served if the judge lets Americans see what now only he and federal officials know.

On Friday Judge Reinhart released the warrant for the search after Attorney General Merrick Garland and Mr. Trump urged its release. The public gleaned some general information from the warrant and what was gathered but not enough to conclude if the unprecedented search of a former President's home was justified. The affidavit almost certainly includes more detail about the legal and factual basis for the search.

The rub this time is that the Justice Department wants to keep the affidavit secret lest its release compromise the criminal investigation. But that's what Justice and the FBI always say. Mr. Trump has called for the affidavit's release, so the judge can't claim any risks to the former President's privacy.

## Minneapolis Discriminates by Race

The way to stop discrimination on the basis of race is to stop discriminating on the basis of race," Chief Justice John Roberts famously wrote in 2007. Yet too many institutions continue to discriminate in the name of remedying discrimination. The latest example is Minneapolis Public Schools.

The new Minneapolis teachers collective-bargaining agreement requires that layoffs be based on seniority—also known as "last-in, first-out"—if positions have to be cut for financial reasons. But minority teachers tend to be younger and less experienced than white teachers. So the contract exempts members of an "underrepresented group" from the seniority layoff rule.

School districts ought to hire and fire based on job qualifications and performance, which would prevent an unintended disparate impact on minorities. But unions oppose personnel decisions based on merit because this could undermine labor solidarity. Minneapolis is instead discriminating by race.

The teachers union contract appears to violate the Constitution, and in particular the Supreme Court's *Wygant v. Jackson Board of Education* (1986) precedent. In that case a five Justice majority said a school district's race-based layoffs violated the Constitution's equal protection clause.

But the Justices split on whether and when racial bias could be used in personnel decisions. Four Justices in the majority held that remedying past discrimination by the school district could constitute a compelling government interest that justifies racial bias if the district were to provide concrete evidence of its past discrimination.

The Minneapolis teachers contract appears to lean on this plurality opinion. It states that the exception to the senior layoff rule is in-

### The new teachers contract favors some groups in layoffs.

tended to "remedy the continuing effects of past discrimination" and that "past discrimination by the district disproportionately impacted the hiring of underrepresented teachers." If the district is sued, it will have to substantiate this claim.

It may also be hoping to dodge strict scrutiny legal review by not explicitly referring to racial classifications. The undefined term "underrepresented" could be interpreted to include low-income teachers. But what matters is how the rule is applied.

As one example, the March 2021 Covid spending bill established a program to forgive loans for "socially disadvantaged" farmers. The Department of Agriculture interpreted this to include only individuals "who are one or more of the following: Black/African American, American Indian, Alaskan native, Hispanic/Latino, Asian, or Pacific Islander." Federal courts blocked the program.

Most Justices in *Wygant* seemed to consider racial bias to be less invidious in hiring than firing decisions. But in either case, similarly situated individuals are denied equal opportunity and protection under the law. When institutions favor certain racial groups, they discriminate against individuals of other groups.

This is certainly true in university admissions. The Court's *Grutter* (2003) decision held that creating a more diverse student body is a compelling government interest that justifies racial preferences that don't "unduly harm nonminority applicants" (our emphasis).

The Court this autumn will have a chance to revisit *Grutter's* faulty logic in challenges to the "race-conscious" admissions at Harvard and the University of North Carolina. The Minneapolis teachers contract underscores why the Justices need to state clearly that racial preferences are always constitutionally forbidden.

## LETTERS TO THE EDITOR

## Trump Deserves Equal Application of the Law

In "But Her Emails? A Defense of 'Whataboutism'" (op-ed, Aug. 15), Alan Dershowitz is right that equal treatment under the law is key. But using "whataboutism" as an excuse and defense against even investigating the matter of potentially illegal and improper handling of highly sensitive government material is not. So far, this is an issue of how to secure the handing over of evidence requested through legitimate and proper legal due process, not about guilt. Let's all calm down and see what is revealed in the evidence, and then we can worry about equal application of the law.

RICH SCHNEIDER  
Boston

Mr. Dershowitz is right in asking why Attorney General Merrick Garland didn't seek to enforce the subpoena the Justice Department had issued rather than seek a search warrant. The avenue he chose to obtain the allegedly highly classified documents was far from the "standard practice" of pursuing "less intrusive alternatives to a search."

Here is an answer to Mr. Dershowitz's question: A request for judicial enforcement of the subpoena would not only have required Mr. Garland to present an affirmative case for seizure of all the papers, but also might have been rejected by an unsympathetic trial judge. The U.S. District Court for

the Southern District of Florida includes five judges appointed by former President Donald Trump. An appeal would come before the Court of Appeals for the 11th Circuit, which has six Trump appointees and only three active judges appointed by Democrats.

By making the extreme allegation that the documents could be evidence of crimes under the Espionage Act and other criminal laws, Mr. Garland was able to seize documents unilaterally. This was an abuse of the unique authority given to prosecutors by American law to preserve evidence needed for a criminal prosecution.

NATHAN LEWIN  
Potomac, Md.

Mr. Lewin has argued 28 cases before the Supreme Court.

In his statement about the search of Mar-a-Lago, Mr. Garland appeared the very image of rectitude. He said everything correctly, appropriately and prudently. But I'm still left with a case of whataboutism. What has happened to Mr. Trump is far different from the kid-glove treatment of former Secretary of State Hillary Clinton and national security adviser Sandy Berger. Unequal application of the law is un-American. Party-specific inequalities are rank and, like bone-dry tinder in a sharply split citizenry, sow discord that may not easily be contained.

PAUL BLOUSTEIN  
Cincinnati

## Indiana AG Responds on Abortion-Doctor Case

Regarding John Tinder and Susan Brooks's op-ed "Abortion Laws Demand Fair Enforcement" (Aug. 11): As Indiana's attorney general, one of my responsibilities is to hold practitioners accountable to the standards of practice in their professions, as well as to federal and state laws.

After a doctor reported her patient's circumstances, involving abortion and rape, to the media, my office undertook a review of that act in response to public concern. Since the doctor's comments to the media about her patient made international news, the disclosure of such private information—which is protected by state and federal law—is a matter of

substantial public interest.

The indication of a review or investigation doesn't imply guilt or innocence. The media and others need to stop rushing to judgment and keep an open mind, relying on my and my office's promise to get all the facts. These situations are always more complex than the media makes them out to be. Likewise, just because commentators and "know betters" haven't seen evidence doesn't mean it doesn't exist. All should withhold judgment on the situation until the process is complete. I certainly have done that.

TODD ROKITA  
Attorney General of Indiana  
Indianapolis

## What the Criticisms of Stock Buybacks Miss

The critics of stock buybacks have it both right and wrong ("The Virtues of Stock Buybacks" by Jesse Fried and Charles Wang, op-ed, Aug. 10). Stock buybacks are an efficient way to return capital to shareholders. Too much cash, unused on a company's balance sheet, tends to burn a hole in a chief executive's pocket, resulting in unwise investments and poorly thought out mergers and acquisitions. It is also true, however, that if you give CEOs an incentive to maximize earnings per share and then give them an easy tool to do it, they will use that tool, probably to excess.

The solution is to change the structure of incentive plans to adjust earnings per share, or EPS, for share buybacks. It can't be that difficult to

do, and then buyback decisions will be made in the interest of shareholders, not management's bonus plan.

JONATHAN KING  
New York

What do Democrats think investors will do with the money they get from stock buybacks? Do they expect that the beneficiaries will bury it in the ground, preserve it in a deep freezer or put it in a sock? In the sane world, the recipients of stock-buyback money will reinvest it or buy something, both of which are known to boost the economy. Recipients might even buy an electric car and get a \$7,500 tax credit.

The 1% stock-buyback-transfer tax is a foot in the door to a tax on all corporate share transfers. From 1% it will mushroom to 10%, 20% or even 30% to feed the maw of greedy government.

GERALD HOLLAND  
Springhill, La.

## We Have Both Too Much Superego and Not Enough

Andrew Hartz worries we have entered a phase of "hypermorality" in which the Freudian superego scolds us for most everything we do ("Freud Explains Cancel Culture," op-ed, Aug. 8). It may be true that our standards for collective activity are more socially constrained than those of decades past (no plastics, minimize your carbon footprint and all that).

On the level of individual violence, however, it seems too many people have no operative superego at all. From local civic fisticuffs to mass school shootings, most of us have an internal voice that says stop. That's the real superego, the voice instilled so deeply and early that we don't even consciously invoke it. But too many today don't hear that voice. They're all self-esteem and ego, with no scolding superego.

ROBIN CARPENTER  
Lebanon, N.H.

## No Such Moral Equivalence

Is it possible that some academics fall victim to confirmation bias, the proclivity to consider only those pieces of information that bolster one's own settled views? It is. In his review of "The War of Nerves" (Books, Aug. 13), Stephen Budiansky selects extracts from my book to suggest, improbably, that it propounds a claim of moral equivalence between the two sides in the Cold War. It doesn't.

MARTIN SIXSMITH  
London

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

## Pepper ... And Salt

THE WALL STREET JOURNAL



"And with that, life gets more complicated."



## OPINION

## Twitter Becomes a Tool of Government Censors

By Vivek Ramaswamy  
And Jed Rubenfeld

Alex Berenson is back on Twitter after being banned for nearly a year over Covid-19 “misinformation.” Last week the former New York Times reporter settled his lawsuit against the social-media company, which admitted error and restored his account. “The First Amendment does not apply to private companies like Twitter,” Mr. Berenson wrote last week on Substack. But because the Biden administration brought pressure to bear on Twitter, he believes he has a case that his constitutional rights were violated. He’s right.

In January 2021 we argued on these pages that tech companies should be treated as state actors under existing legal doctrines when they censor constitutionally protected speech in response to governmental threats and inducements. The

## Alex Berenson was kicked off at the White House’s urging. That’s a violation of the First Amendment.

Biden administration appears to have taken our warning calls as a how-to guide for effectuating political censorship through the private sector. And it’s worse than we feared.

Facts that Mr. Berenson unearthed through the discovery process confirm that the administration has been secretly asking social-media companies to shut down the accounts of specific prominent critics of administration policy.

On July 16, 2021, a reporter asked President Biden: “On Covid misinformation, what’s your message to platforms like Facebook.” Mr. Biden replied: “They’re killing people.” (The president later said he meant users were killing people.) Later that day,

Twitter locked Mr. Berenson’s account, and on Aug. 28 it banned him permanently.

Last Friday Mr. Berenson published conversations from an internal Twitter Slack channel. Referring to an April 2021 meeting with White House officials, one Twitter employee noted that the meeting overall was “pretty good,” but added that the White House “had one really tough question about why Alex Berenson hasn’t been kicked off from the platform.”

Another employee asked: “Any high level takeaways from the meeting? Anything we should keep an eye out for?”

The first employee responded: “Yes, they really wanted to know about Alex Berenson.” The employee wrote that Andy Slavitt, then a senior White House Covid adviser, “suggested they had seen data viz that had showed he was the epicenter of disinfo that radiated outwards to the persuadable public.” (“Viz” probably stands for “visualization” and “disinfo” for “disinformation.”)

Mr. Berenson wasn’t the only target. At a July 15, 2021, White House press briefing with Surgeon General Vivek Murthy, press secretary Jen Psaki said: “We’re flagging problematic posts for Facebook that spread disinformation. . . . There’s about 12 people who are producing 65% of antivaccine misinformation on social media platforms.” This was a reference to the so-called “Disinformation Dozen,” 12 named individuals identified in a report by the U.K.-based Center for Countering Digital Hate—a report that Facebook disputed even as it said it had taken action against its targets. Ms. Psaki went on to say of the 12 that “all of them remain active on Facebook, despite some even being banned on other platforms, including . . . ones that Facebook owns.” That might have been a reference to Robert F. Kennedy Jr., a long-time critic of vaccination, who had been deplatformed by Facebook-owned Instagram.



DAVID GOTHARD

At the same briefing, Dr. Murthy called on social-media companies to purge more Covid posts: “We’re asking them to consistently take action against misinformation superspreaders on their platforms.” At a briefing the next day, again possibly referring to Mr. Kennedy, Ms. Psaki said that if you post misinformation, “you shouldn’t be banned from one platform and not others.”

Recent Freedom of Information Act disclosures show that a week later, on July 23, 2021, Nick Clegg—a former U.K. deputy prime minister and now Facebook parent Meta’s president for global affairs—emailed Dr. Murthy to thank him for meeting with Facebook and to report on “the steps we took just this past week” to “further address the ‘disinfo dozen’: we removed 17 additional Pages, Groups, and Instagram accounts tied to the ‘disinfo dozen’ . . . resulting in every member . . . having had at least one such entity removed.” He added that Facebook was “continuing to make 4 other Pages and Profiles, which have not yet met their removal thresholds, more difficult to find on our platform.”

This goes even beyond what was happening when we wrote the week before Mr. Biden’s inauguration. At

that time, lawmakers had repeatedly threatened tech companies with catastrophic consequences if they didn’t more aggressively censor speech the government disfavors. Congress had immunized these companies from liability if they remove “objectionable” but “constitutionally protected” content, to quote Section 230 of the Communications Decency Act of 1996.

In response to these and other inducements and threats, social-media companies were already suppressing speech about Covid that was well within the bounds of legitimate debate and sometimes proved accurate. Facebook had banned anyone from saying that Covid might have originated in a lab in Wuhan, China, or that the Covid vaccines didn’t prevent infection.

When the government exploits these legislative inducements to target specific critics for censorship, it has crossed a constitutional Rubicon. Targeting, punishing and silencing dissenters is the paradigmatic First Amendment violation. The Biden administration is using Big Tech as its private censorship arm, and that violates what the Supreme Court, in *Norwood v. Harrison* (1973), called an “axiomatic”

principle: The government “may not induce, encourage or promote private persons to accomplish what it is constitutionally forbidden to accomplish.”

The administration’s behind-the-scenes use of social-media companies to evade the First Amendment seems to be continuing unabated. In April this year Ms. Psaki, who was still the White House press secretary, said: “We engage regularly with all social media platforms about steps that can be taken . . . and I’m sure that will continue. But there are also reforms we think Congress could take and we would support taking, including reforming Section 230 [and] enacting antitrust reforms.” The unexplained pivot to “antitrust reform” here is telling:

Censor the “problematic” posts and people we identify, Ms. Psaki implies, or we may break you up under the antitrust laws.

This shouldn’t be a partisan issue. If in November 2020 President Trump and Republican lawmakers had used threats and private communications with tech companies to remove what they considered “misinformation” about election results, Democrats would have instantly and rightly identified a threat to democracy.

Democracy depends on free and open debate. If government officials continue to deputize private companies to stifle dissenters, it’s high time for federal courts to deliver them a reminder: If it’s state action in disguise, the Constitution applies.

*Mr. Ramaswamy is executive chairman of Strive Asset Management and author of “Woke, Inc.: Inside Corporate America’s Social Justice Scam” and “Nation of Victims: Identity Politics, the Death of Merit, and the Path Back to Excellence,” forthcoming in September. Mr. Rubenfeld is a professor at Yale Law School and a First Amendment lawyer. His clients include Robert F. Kennedy Jr.*

## The American Academy of Pediatrics’ Dubious Transgender Science

By Julia Mason  
And Leor Sapir

A spate of headlines this month declared that America’s surge in transgender identification wasn’t being caused by a social contagion. These articles were prompted by a new study by Jack Turban and colleagues in *Pediatrics*, flagship journal of the American Academy of Pediatrics. The study claimed that social influence isn’t the reason that as many as 9% of America’s youth now call themselves transgender. Thus, Dr. Turban argues, efforts in conservative states to regulate on-demand puberty blockers, cross-sex hormones and surgery must be resisted.

Yet Dr. Turban’s study is deeply flawed and likely couldn’t have survived a reasonable peer-review process. The swift response from the scientific community made both points clear—with even those who support hormones and surgery for gender-dysphoric youth noting that Dr. Turban’s shoddy science undermined their cause.

Nevertheless, the media have promoted his work as a refutation of the claim that the wildfire spread of transgender identity is an example of social contagion—a phenomenon in which members of a group (mostly young

and female) mutually influence one another’s emotions and behavior.

The Turban study rejects the social-contagion theory on the grounds that more biological boys than girls identified as trans in 2017 and 2019, according to data collected from 19 states by the Centers for Disease Control and Prevention’s Youth Risk Behavior Survey. But the researchers who helped design the CDC questionnaire explicitly warned that youths who identify as transgender may list their sex as their gender identity, making it impossible to discern who is male-to-female or female-to-male (a limitation Dr. Turban has acknowledged in the past).

In this latest study, he cites three sources suggesting that respondents interpret “sex” as “sex assigned at birth”—even though none of those studies says anything of the sort. To use a flawed sex statistic in an attempt to set aside the well-documented phenomenon of gender-dysphoric female teens’ flooding clinics is so amateurish that one can’t help but suspect bad faith.

The AAP has been giving Dr. Turban a platform for years, despite the mistakes that plague his research. *Pediatrics* published his highly flawed 2020 study alleging that puberty blockers reduce suicide in teens. The

journal even chose the article as its “Best of 2020” despite receiving rebuttals that pointed out the rate of attempted suicide was twice as high among the puberty-blocked group and Dr. Turban hadn’t controlled for the possibility that better mental-health outcomes might be the result of factors other than hormonal intervention.

## As other countries turn away from hormones and surgery, the AAP won’t even allow a debate.

In his correspondence with physicians who asked how such a study could be named best of the year, Lewis First, editor in chief of *Pediatrics*, said that award is based on “website views and article downloads,” not “editorial choices.” In response to a rebuttal from one of us (Julia Mason), who warned that the AAP was encouraging the misleading idea that sex can literally be changed, a reviewer said that her statement shouldn’t be published as it could be “offensive to the pediatric readership of the journal.” *Pediatrics* seems to be

basing its editing choices on political calculation and the sensibilities of trans-identified teens. One wonders how many pediatricians who rely on the journal for professional guidance are aware of these criteria.

The AAP has ignored the evidence that has led Sweden, Finland and most recently the U.K. to place severe restrictions on medical transition for minors. The largest pediatric gender clinic in the world, the U.K.’s Gender Identity Development Service, was ordered to shut down in July after an independent review expressed concerns about clinicians rushing minors to medical transition. Medical societies in France, Belgium and Australia have also sounded the alarm. The U.S. is an outlier on pediatric gender medicine.

A major reason for this is the capture of institutions such as the AAP. Last year a resolution was submitted to the AAP’s annual leadership forum to inform the academy’s 67,000 members about the growing international skepticism of pediatric gender transition. It asked for a thoughtful update to the current practice of affirmation on demand.

Even though the resolution was in the top five of interest based on votes by members cast online, the AAP’s leadership voted it down. In their

newsletter, they decried the resolution as transphobic and noted that only 57 members out of 67,000 had endorsed it. The following year, however, when only 53 members backed a resolution that supported affirmative intervention, the AAP allowed the motion to go through, saying that the previous year’s measure was “soundly defeated” while this year’s received “broad support.” When members submitted another resolution to conduct a review of the evidence, the AAP enforced for the first time a rule that shut down member comments, effectively burying it.

The AAP has stifled debate on how best to treat youth in distress over their bodies, shut down efforts by critics to present better scientific approaches at conferences, used technicalities to suppress resolutions to bring it into line with better-informed European countries, and put its thumb on the scale at *Pediatrics* in favor of a shoddy but politically correct research agenda. Its preference for fashionable political positions over evidence-based medicine is a disservice to member physicians, parents and children.

*Dr. Mason is a pediatrician. Mr. Sapir is a fellow at the Manhattan Institute.*

## If You Like the IRS, You’ll Love the Global Revenue Service

By Aharon Friedman

As the Internal Revenue Service prepares to spend its \$80 billion gift, Treasury Secretary Janet Yellen is working on global tax rules that would require a global revenue service. The overwhelmingly complex plan, which includes the global minimum tax, amounts to a new global tax code.

Imagine if California and other left-wing states conspired to require every state to impose high taxes. States attracting companies with low tax rates make it harder for other states to increase taxes and spending.

Under the conspiracy, if, say, Florida, refused to comply, the other states would tax companies on their income earned in Florida to make up the difference. Fortunately, the Supreme Court would strike down such a scheme because the U.S. Constitution forbids a state to tax income earned elsewhere.

But foreign governments and the Organization for Economic Cooperation and Development are working to enact exactly such a regime to increase taxes around the world to fund the left’s priorities. If Congress doesn’t comply, other countries would punish the U.S. by taxing

American companies on income earned in the U.S. to make up the difference.

The Biden administration is encouraging other countries to adopt the global tax code and to tax American companies in violation of our existing treaties. Congress agreed to include in the Orwellian Inflation Reduction Act only a tiny fraction of President Biden’s proposed tax increases on Americans—and so Treasury is asking other countries to do so instead.

The global tax code isn’t one tax but a web of several complicated regimes that would increase taxes and also effectively transfer some American tax revenue to other countries. It isn’t clear how these different taxes are supposed to interact or which country has the right to tax which income under which tax regime. In theory, only one country would have the right to tax any specific income but, inevitably, many countries will claim the right to tax the same income. The only practical way to administer and enforce a global tax code is with a global revenue service with the power to make binding rules.

Republican lawmakers have assailed the Biden administration for negotiating a bad deal and trampling on U.S. sovereignty. They haven’t said what they would do if other countries unilaterally implement the global tax code against American

companies. Ms. Yellen and OECD officials say that Republicans will have no choice but to go along. “To the extent that the Republican side is going to be looking to business and trying to protect business interests, my guess is that businesses are going to be saying to members of Congress, ‘Please approve this,’” Ms. Yellen said.

## Janet Yellen urges other countries to tax U.S. companies in violation of the Constitution.

If Congress refuses to capitulate, foreign countries would use the Global Tax Code to tax American companies on income that could instead be taxed by the U.S. Therefore, many tax specialists say the U.S. should surrender rather than leave tax revenue on the table for other countries.

Tax experts are studying the nuances of the new regimes to see whether details can be improved, but many have lost sight of the forest for the trees. The overriding consideration should be sovereignty and the Constitution. Should we protect the Constitution, under which only Congress has the power to tax (subject to the president’s veto), or

should we give foreign governments and bureaucrats the power to tax the American people on income earned in the U.S. on the grounds that America’s taxes are too low?

From a pragmatic standpoint, capitulating to other countries violating our tax treaties may bring tax peace for a short time, but will soon lead them to violate the new deal in order to seize more taxes from Americans and the U.S. Treasury.

Foreign countries, many of which have lower business taxes than the U.S., are free to increase their own taxes. But we shouldn’t let them increase America’s taxes if Congress won’t.

Americans generally dislike our Internal Revenue Code and Internal Revenue Service, but imagine a new global revenue code and global revenue service. There is no global supreme court to prevent foreign countries from taxing American companies in violation of our treaties. Congress and the next president should reject the global tax code and fight back with all available economic and diplomatic means against countries taxing Americans under the scheme.

*Mr. Friedman was senior tax counsel for the House Ways and Means Committee (2007-20) and senior adviser to the assistant Treasury secretary for tax policy (2020-21).*

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## WORLD NEWS

## Severe Heat Wave Takes a Toll on China



Dried-up rivers, scorching heat and power rationing in parts of China are disrupting factories and threatening crop yields, adding to the country's economic strains and echoing struggles with extreme weather around the world.

Parts of China are suffering their worst heat wave in six decades, with temperatures as high as 110 degrees Fahrenheit in many parts of the country's central and southwestern regions, said state weather services, which predict that high temperatures in the south may last another two weeks.

The heat has coincided with a

lack of rain, down 40% in July from a year earlier (and the lowest since 1961), and with water levels in the upper stretches of the Yangtze River—a crucial source of hydropower, transport and water for crops—at the lowest level since recordings began, according to data published on Monday by China's Ministry of Water Resources. Soaring temperatures have driven up air-conditioning demand, overloading the electricity grid.

On Monday, the southwestern Chinese province of Sichuan, heavily reliant on hydropower, ordered many factories in 19 cities to shut or scale back produc-

tion for six days to give priority to electricity supplies for homes, according to a notice seen by The Wall Street Journal and referenced in company filings.

The cuts are hitting a number of global manufacturers. Apple Inc. device maker Foxconn Technology Group had to partially cease production at a plant. A spokesman said the impact currently isn't significant.

Toyota Motor Corp. and Volkswagen AG both said their plants in Sichuan had temporarily suspended operations. VW said it expected a slight delay on deliveries.

—Sha Hua and Yang Jie

## U.S., Taiwan Set Talks For New Trade Accord

By YUKA HAYASHI

WASHINGTON—The U.S. said Wednesday that it and Taiwan will start formal negotiations for a bilateral trade and investment initiative in the fall to deepen ties on a range of issues including technology and agriculture.

The new pact will also address ways to respond to “distortive practices of state-owned enterprises and nonmarket policies and practices,” the U.S. Trade Representative's Office said, in a referendum to China's policies without naming the country.

Details of the initiative follow the initial announcement of the plan in June and come as tensions between the U.S. and China over Taiwan flare following a visit to the self-governed island by House Speaker Nancy Pelosi in early August and a subsequent delegation led by Sen. Ed Markey (D., Mass.) last weekend.

The congressional visits, designed to show support for Taiwan and democracy, have prompted harsh responses from Beijing, pushing the U.S. and China to their most strained relations in many years.

The Taiwan pact will

“deepen our trade and investment relationship, advance mutual trade priorities based on shared values, and promote innovation and inclusive economic growth for our workers and businesses,” said Deputy U.S. Trade Representative Sarah Bianchi.

“We plan to pursue an ambitious schedule for achieving high-standard commitments and meaningful outcomes covering the 11 trade areas in the negotiating mandate that will help build a fairer, more prosperous and resilient 21st century economy.”

The Chinese embassy in Washington didn't respond to a request for comment.

China has opposed U.S. efforts to strengthen ties with Taiwan, saying the U.S. is moving away from its long-standing policy that recognizes the People's Republic of China as the country's only legitimate government.

“China firmly opposes all forms of official interactions in any name or form between Taiwan and countries having diplomatic ties with China,” a Chinese embassy spokesman said when plans to strengthen U.S.-Taiwan economic ties were announced in June.

The U.S. has insisted there is no change in its policy toward China and Taiwan.

The bilateral negotiations will take place under the auspices of the American Institute in Taiwan, the de facto U.S. embassy in Taipei, and the Taipei Economic Cultural Representative Office in the U.S.

Even though the U.S. has robust economic relations with Taiwan, it hasn't had formal diplomatic relations with the island since 1979.

The areas to be covered by the new agreement include trade facilitation, regulatory practices, anticorruption standards, and enhancing trade between small and medium enterprises. The two sides also plan to discuss removing discriminatory trade barriers and imposing rigorous labor and environmental standards, as well as digital and agricultural trade matters.

The U.S. has been moving to expand economic engagements in Asia-Pacific to counter China's influence. In May, the U.S. and over a dozen countries launched negotiations to form a new platform called the Indo-Pacific Economic Framework to deepen trade ties. Taiwan wasn't included.

## Tehran Balks at Draft Text Of Deal

By LAURENCE NORMAN

BERLIN—Iranian demands for guarantees from the U.S. have once again stalled efforts to revive a 2015 nuclear pact, leaving Washington and European capitals unsure if a deal is possible.

Tehran on Monday sent a response to the European Union, which chairs the nuclear talks, neither accepting nor rejecting an EU draft text of a deal but raising several issues Iran wanted incorporated into the agreement.

The EU had said its draft was the “final text” of a possible deal when it sent it out, saying negotiations were over.

Central to Iran's response, the Iranian negotiating team has said, are assurances it seeks that Western companies investing in Iran would be protected if the U.S. withdrew from the pact again as it did under former President Donald Trump.

Iran has also floated mechanisms in the agreement that would allow Tehran to quickly increase its nuclear work if Washington quit the deal.

“What is important for Iran is that there are assurances that if the United States suddenly leaves the deal again...it comes at a price,” an adviser to Iran's negotiating team, Seyed Mohammad Marandi, told the British Broadcasting Corp. on Tuesday.

European officials have said since Iran sent its response on Monday evening that the Iranian position could be the basis of some compromise, but an agreement depended on Tehran being flexible.

A senior European official on Wednesday said Tehran and Washington need to give a yes or no on the draft text, dismissing the idea of reconvening talks between the parties.

Two Western officials said they didn't expect any announcement of a deal imminently, although it remains possible in the coming days.

The issue of guarantees has come up repeatedly during the 16 months of negotiations among Iran, the U.S. and the other parties to try to revive the 2015 nuclear deal, which lifted most international sanctions on Tehran in exchange for tight but temporary restrictions on Iran's nuclear program.

The talks, mainly in Vienna, are seeking to agree on the steps Iran and the U.S. would take to return into compliance with the nuclear deal. After the U.S. quit the deal in 2018, Iran has greatly expanded its nuclear activities.

State Department spokesman Ned Price declined to comment on the details of the negotiations on Wednesday.

## Cartel-Led Violence Tests Mexican President

By JUAN MONTES

MEXICO CITY—Guns from some of Mexico's most violent drug cartels rampaged through several cities, burning cars and buses and firing on troops, leaving residents homebound and businesses closed this past weekend in Tijuana, one of the country's largest cities.

The outburst of violence in at least four states over several days last week reinforced how powerful organized-crime groups that control swaths of the country continue to challenge Mexican President Andrés Manuel López Obrador's strategy to address what he says are the economic roots of the problem.

On Friday, gang members blocked roads and set some 20 vehicles on fire in the border cities of Tijuana, across from San Diego, Calif., and Mexicali, leaving one person injured, authorities said. The day before, gang members killed 10 people in Ciudad Juárez, across from El Paso, Texas, eight of them civilians, following a brawl between quarreling gangs at a prison.

“It wasn't just the confrontation between two groups, but they started firing at civilians, innocent people, that's what's most regrettable about this matter,” Mr. López Obrador said last week.

Earlier in the week, gang members set fire to dozens of vehicles and businesses, and took part in shootouts with security forces in Jalisco and Guanajuato states, in western and central Mexico. Some 25 Oxxo stores, part of the country's largest convenience-store chain, were burned in Guanajuato. No one died in the fires.



Federal forces arrived in Tijuana on Tuesday to reinforce a security operation aimed at curbing violence.

The violence is a testament to the growing activity of more than 200 criminal groups operating in Mexico, where the homicide rate has tripled in the past 15 years, some analysts say. A U.S. general last year estimated that criminal gangs control around a third of Mexico's territory.

The number of homicides fell 3% to 35,600 in 2021 from the previous year, or 28 per 100,000 people, according to government statistics, but numbers remain near highs. There have been 42 mass killings—meaning five or more people killed in one incident—in the first half of this year, compared with 62 in all of 2021, according to an estimate by the Reforma newspaper, including the

public execution of 17 people in western Michoacán state at the hands of a rival gang.

The rampage shows Mr. López Obrador, a leftist nationalist who came to power in 2018 promising to pacify the country, is failing to tame out-of-control crime, said Josué González, a security consultant and former director of criminal policy at Mexico's public-security ministry.

Mr. López Obrador took office promising to focus more on the economic roots of crime than in confronting criminal gangs—a strategy he popularly named “hugs, not bullets.”

“There is no clear strategy against the criminal groups. That government inaction, that passivity, has sent crimi-

nals the message that there won't be consequences,” Mr. González said. “It's the law of the strongest.”

Mr. López Obrador's spokesman, Jesús Ramírez, denied Mexico's government is acting passively on organized crime. He said homicides are down, and that most of the violence is concentrated in 50 municipalities in six of Mexico's 32 states. He said the government has arrested more than 140 leaders of drug cartels.

The president said on Monday that his security policy is working, and said right-wing opponents and conservative press had created an atmosphere of uncertainty and fear with sensationalist coverage. Some 400,000 Mexicans

have been killed, and more than 85,000 disappeared, since gang violence exploded beginning in 2007 after former President Felipe Calderón deployed the armed forces against drug gangs.

Mr. López Obrador, who initially objected to the use of the military against the gangs, increased the army's role once in office. By the end of 2021, he had deployed 90,000 soldiers, who mostly work patrolling hot spots, up from 55,000 in 2018, according to Mexico's army.

“The militarization strategy has been a total failure,” said Stephen Woodman, senior public-security analyst at Advanced Intelligence Solutions, a local research firm. He said the army, which lacks investigative capacities, is ineffective in the face of a complex array of criminal groups.

Mr. Ramírez, the president's spokesman, said the deployment of the army has been effective in reducing criminality across the country.

In Tijuana, where thousands of Americans live and commute to San Diego, the U.S. Consulate late on Friday ordered U.S. government personnel “to shelter in place until further notice” amid the swirling violence. The alert was lifted on Sunday.

The mayor of Tijuana, who belongs to Mr. López Obrador's Morena party, in a video posted on Friday urged cartels “to settle debts with those who didn't pay what they owe, not with families and hardworking citizens.” She later said she was referring to debts among criminal groups, not to extortion fees.

## WORLD WATCH

## AFGHANISTAN

## Casualties Reported In Mosque Explosion

A large explosion in the Afghan capital killed or injured at least 27 people Wednesday, coming in the week that the Taliban celebrated the first anniversary of their takeover of the country.

The bombing of a mosque during evening prayers in northern Kabul killed its imam, a pro-Taliban religious cleric, Mawlawi Amir Mohammad Kabul, according to government media.

There was no immediate casualty figure given by the Taliban authorities, or claim of responsibility for the attack by any group. The Emergency Hospital in Kabul said that it had received 27 victims from the explosion, including three dead.

Five children were among the casualties, it said. The Taliban, which swept across Afghanistan in summer 2021, entering the capital on Aug. 15, have established a strong grip on the country. However, they face patchy armed resistance.

—Esmatullah Kohsar

## UNITED KINGDOM

## Contaminated-Blood Patients Get Funds

The United Kingdom will pay thousands of people who were infected with hepatitis C or HIV through contaminated blood about \$120,000 each, the government said Wednesday.

The payments follow recommendations from a yearslong inquiry examining the tainted blood scandal in the U.K. in the 1970s and 1980s.

Thousands of people with hemophilia and other blood disorders were infected with HIV and hepatitis C through blood treatments from the National Health Service. At least 2,400 people died, according to a 2017 estimate from the government.

The U.K. government estimates the payments will amount to about £400 million, or \$484 million. Those in England will likely receive compensation by the end of October, the government said. The payments will go to people who were infected and the partners of people who died, the government said.

—Jennifer Calfas

## NORTH KOREA

## Pyongyang Fires Two Cruise Missiles

North Korea fired two cruise missiles on Wednesday morning, returning to weapons activity for the first time in two months after having recently declared victory over its Covid-19 outbreak.

The missiles were launched from South Pyongan province, South Korea's military said, without specifying the flight distance, altitude or the precise launch time. North Korea hadn't conducted a weapons test since June 5, when it fired eight short-range ballistic missiles.

Cruise missiles aren't covered by United Nations Security Council resolutions that restrict Pyongyang's weapons activity. Cruise missiles generally fly at lower altitudes and travel shorter distances compared with ballistic missiles, which U.N. resolutions bar the country from launching.

North Korea's latest missile launch comes as the U.S. and South Korea prepare for their biggest combined military training in four years.

—Dasl Yoon

## MIDEAST

## Israel and Turkey Restore Relations

Israel and Turkey said Wednesday they had agreed to restore full diplomatic ties by reappointing ambassadors to Ankara and Tel Aviv, after a four-year hiatus, in the latest demonstration of warming relations between the former rivals.

Turkey recalled its ambassador to Israel in 2018 amid a deadly Israeli crackdown on demonstrators at the Israel-Gaza border protesting the U.S. decision to move its embassy to Jerusalem from Tel Aviv. Israel said the demonstrations threatened its security and withdrew its ambassador from Ankara.

The move comes after a year of improving relations between the two sides, including a visit by Israeli President Isaac Herzog to Ankara in March, followed by trips by their foreign ministers to both countries. It also comes amid a broad effort by Turkish President Recep Tayyip Erdogan to normalize relations with a range of former rivals across the Middle East.

—Dov Lieber

## GERMANY

## Abbas Criticized for Holocaust Remarks

The German government summoned the Palestinian representative in Berlin in protest over a comment by Palestinian President Mahmoud Abbas on Tuesday accusing Israel of committing 50 Holocausts since it was founded.

German Chancellor Olaf Scholz stood alongside Mr. Abbas as the president made the comment, and later faced criticism for not immediately pushing back. Mr. Scholz said on Wednesday that he was “disgusted by the outrageous remarks.”

Mr. Abbas rowed back his remarks on Wednesday, saying he doesn't deny the Holocaust ordered by German Nazis that killed six million Jews during World War II, and was referring to “crimes and massacres” carried out by Israelis since the 1948 war between Israel and the Palestinians.

Mr. Scholz arranged a call with Israel's Prime Minister Yair Lapid to personally explain the incident, the government spokesman said.

—Bojan Pancevski



# BUSINESS & FINANCE

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## Elliott to Play Role in Big Tobacco Deal

By BEN DUMMETT

Philip Morris International Inc. might have to raise its \$16 billion friendly bid for Swedish Match AB to gain full ownership of the smokeless-tobacco maker, in what could prove to be the latest instance of a hedge-fund trade linked to Elliott Management Corp.

The U.S.-based tobacco company wants Swedish Match to gain an edge over rivals Altria Group Inc. and British American Tobacco PLC in

the race to dominate smoke-free tobacco products. Swedish Match's Zyn nicotine-pouch brand is the U.S. market leader.

Philip Morris's offer expires in October and is conditional on the cigarette maker's gaining more than 90% of Swedish Match's Stockholm-listed shares.

Once it reaches that threshold, under Swedish law Philip Morris could squeeze out any residual shareholders by paying them the same price as

other investors and then fully folding the business into its own.

But since the companies announced their deal in May, Elliott has acquired an undisclosed stake in Swedish Match, according to people familiar with the matter.

The intentions of the Florida-based hedge-fund firm, which oversaw almost \$56 billion in assets as of the end of June, couldn't be learned. It has had previous success, however, taking advantage of

merger rules in Europe governing squeeze-outs and similar situations, by building stakes in target companies and pushing for higher takeover prices.

"It's crystal clear that Elliott is trying to get a better price from Philip Morris," said Massimo Stabilini, a hedge-fund manager at London-based Sinclair Capital. Mr. Stabilini said he started buying Swedish Match's shares after the deal's announcement, taking advantage of the stock

initially trading below the offer price.

Swedish Match's stock is now trading slightly above Philip Morris's offer of 106 Swedish kronor a share, equivalent to about \$10, a sign that the market expects a higher bid to emerge.

Sweden's minimum squeeze-out threshold of 90% is in line with other European countries but high compared, for example, with just over 50% in Delaware. That difference makes it easier for invest-

ors to acquire enough Swedish Match stock to block a deal on the current terms.

In another recent takeover, British buyout firm Triton lifted its bid for Clinigen Group PLC, a pharmaceutical-services company, by almost 5%. That \$1.6 billion deal, which was structured differently, required approval from 75% of investors. Elliott, which had owned Clinigen stock for months, had built a stake of 14% by the time Triton raised its offer.

Please turn to page B11

## Activity in SPACs Reaches Lowest Level in Five Years As Boom Fades Quickly

By AZIZ SUNDERJI AND AMRITH RAMKUMAR

SPACs were one of the hottest investments on Wall Street early last year, booming alongside cryptocurrencies, meme stocks and other speculative trades as an easy way for buzzy startups to raise money and go public.

Fast-forward 18 months and much of the air is out of the bubble.

Shares of companies that went public this way have tanked. Some of the firms have already been acquired by other companies. Some startups that previously agreed to go public by combining with special-purpose acquisition companies are calling off deals and electing to raise money privately.

Rising interest rates this year have made it a more challenging market for speculative investments, while regulators have eyed new requirements for SPACs.

Those who set up SPACs stand to lose a lot of money if they can't find deals.

There are still a few SPAC deals being done, but they are few and far between.

The chart shows how fast SPACs burst onto the scene as a hot investment and endeavor for celebrities then quickly faded. It shows the money raised by each U.S. IPO and each SPAC since the start of 2020, as tracked by Dealogic.

July was the first month in five years that no new SPACs raised money. A few have come to market so far in August, but still at a fraction of last year's record pace.

Some high-profile SPACs, such as those that later merged with Nikola Corp. and Virgin Galactic Holdings Inc., don't appear because the blank-check companies involved went public before 2020.

Many of these SPACs have yet to identify a merger target, as indicated by those in pale green.

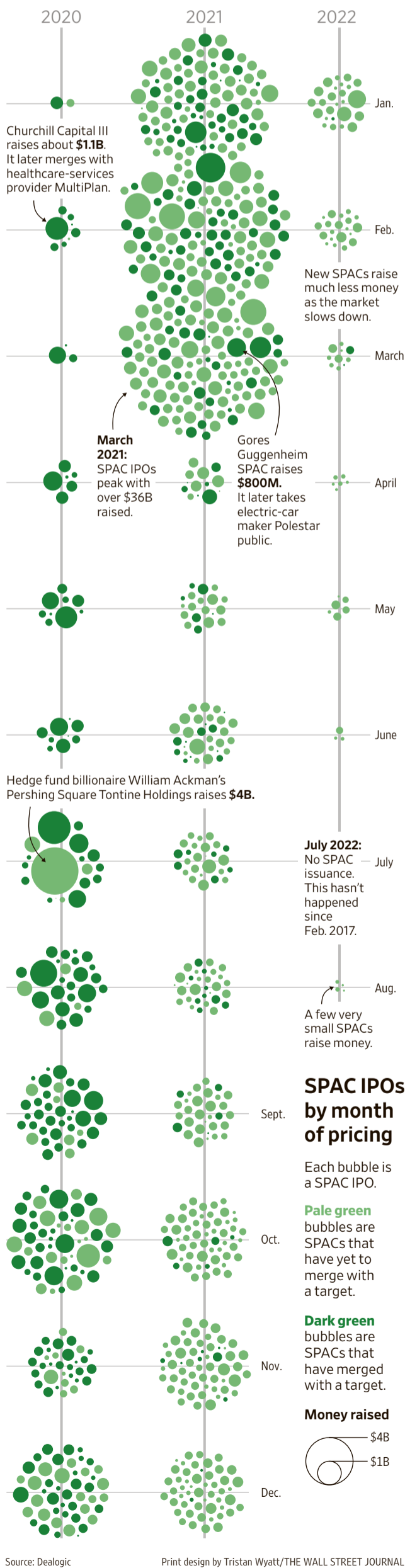
A SPAC is a shell company that raises money from investors with the sole purpose of merging with a private company to take it public.

After a deal is announced and approved by regulators, the company replaces the SPAC in the stock market.

Because SPAC investors don't know what kind of deal the blank-check company will do, the creators typically have about two years to find a deal or they must return the money to investors and forfeit the millions they spent to set up the SPAC. Investors also get the option to withdraw their money before the deal goes through.

With many on Wall Street vacationing during the dog days of summer, investors are waiting to see whether the stock market's recent recovery and the new energy and climate spending package will inject new life into the SPAC market later this year.

For SPAC creators, the clock is ticking.



## Target's Earnings Plummet As Retailer Unloads Inventory

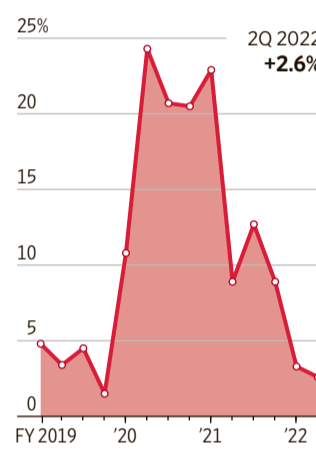
By SARAH NASSAUER

A glut of inventory sank profit at Target Corp. further than it expected, sparking investor concerns about the company's response to an oversupply problem haunting retailers from Walmart Inc. to the parent of T.J. Maxx.

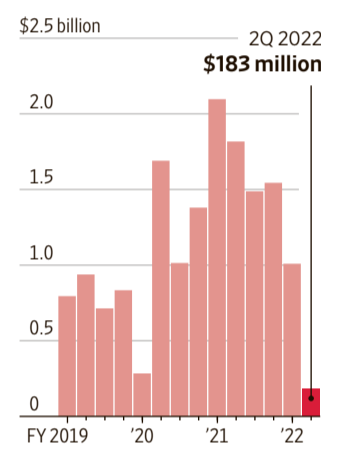
Target's net earnings fell 90% and its operating margin declined to 1.2% in the quarter ended July 30, the company said in its quarterly earnings report Wednesday. The report, which came after the company forecast in June that operating margin would shrink to roughly 2%, provided a new tally of the rising cost of the retailer's effort to swiftly unload unwanted products.

Like many other retailers, Target didn't expect the sharp reversal in buying behavior that has taken place in recent months as shoppers, squeezed by inflation, shifted more spending to travel and cut back on patio furniture, small elec-

Target's same-store sales, change from previous year



Quarterly net profit



tronics and other items that were in high demand for much of the Covid-19 pandemic. Target took a more aggressive approach than some of its competitors, slashing prices and canceling orders to clear out the glut as quickly as possible. On Wednesday, executives

spent much of an extended call with analysts answering questions about Target's shrinking margins and strategy for dealing with its inventory problem.

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## Dodge Unveils Electric Muscle Cars

By RYAN FELTON

Dodge has built a loyal following of muscle-car enthusiasts with models, such as the Challenger and Charger, whose loud, powerful engines have long been the main appeal.

Now, it is betting those buyers will embrace a new kind of muscle: one that runs exclusively on battery power.

On Wednesday evening, Dodge unveiled a new all-electric concept car aimed at showcasing its replacement for the Challenger and Charger, which will be discontinued at the end of 2023.

The move signals a new direction for the 122-year-old brand, known for producing high-horsepower cars used for drag racing and supercharged V8 engines with names such as Hellcat and Demon. The forthcoming EV, expected to go on sale in 2024, will be the brand's first fully electric model.

Tim Kuniskis, Dodge's chief executive, said as the car company moves to electrify its global lineup, it will have to acclimate some longtime customers to the benefits of EVs. "We can't wake up in 2024 and tell everybody, 'Hey, great news. We went electric,'" Mr. Kuniskis said.

In a nod to the brand's racing heritage, Dodge is calling the EV concept car the Charger Daytona SRT, after the vehicle that first broke 200 miles per hour on a Nascar track in 1970. The brand also has outfitted the concept car with a synthetic exhaust tone that is meant to emulate the thunderous roar of its gas-engine muscle cars.

Please turn to page B4

## Amazon Searches For Film Executive

By ERICH SCHWARTZEL AND JESSICA TOONKEL

Amazon.com Inc. is searching for a senior movie-studio executive to help lead its growing entertainment division, turning to rivals for a chance to poach an experienced Hollywood player.

Amazon Studios has held conversations with several Hollywood leaders about the role, including Netflix Inc.'s film head, Scott Stuber, one of the streamer's most powerful and visible executives, according to people familiar with the matter.

It is unclear if the talks are ongoing. Mr. Stuber is one of several candidates who have talked to Amazon about the role, the people said. The company also held discussions with former Paramount Pictures executive Emma Watts about a position, the people said.

That Mr. Stuber and others were willing to have such conversations reflects power shifts under way in Hollywood and vulnerabilities at the industry's dominant streaming service. At Netflix, where Mr. Stuber helped cement the

company's status as the streaming industry's dominant player, he oversees a division that has produced dozens of movies, including Martin Scorsese's mob drama "The Irishman" and the big-budget action release "The Gray Man."

Netflix has of late signaled a retrenchment, as rivals like Walt Disney Co. spend heavily to surpass it in subscriber numbers and content offerings. Netflix's global rise has slowed, leading it to cut spending and scale back operations. At Amazon, executives have spent billions of dollars this past year hoping to augment its Prime service, using A-list stars to lure subscribers.

For two consecutive quarters, Netflix has lost subscribers as it confronts increased competition and inflation pressures consumer spending. The subscriber attrition led its stock to drop nearly 60% this year. Netflix is looking for new sources of revenue to compensate, including launching an ad-supported tier of its service.

Some Netflix executives have resisted widely releasing more movies in theaters. Mr. Stuber helped cement the

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# Sports-Bet Firms Curtail Marketing

By KATHERINE SAYRE

Sports-betting companies are revisiting their game plans.

Gambling operators have been pouring hundreds of millions of dollars into the pursuit of new customers as more states have adopted online sports betting. Now, those companies are under pressure to rein in spending because they have said they plan to turn a profit next year.

The college football and National Football League seasons—a prime time to advertise and entice more people to gamble—will be a balancing act on the path to profitability for companies such as **FanDuel Group**, **DraftKings Inc.** and **BetMGM**, the market leaders. Other competitors also are scrutinizing their bottom lines.

Sports betting has exploded across the U.S. after a Supreme Court ruling in 2018 cleared the way for states to establish sports wagering. Sports betting has been legalized in 36 states and the District of Columbia. Nationwide, sports betting generated about \$3 billion in the first half of 2022, up about 66% from the first half of last year, according to the American Gaming Association.

Most sports-betting companies haven't posted profits since they launched. FanDuel reported a profit for the first time in the most recent quarter but forecast a loss for the year. Other sports-betting operators reported losses for their most recent quarters and projected losses for this year.

Industry executives, including at FanDuel and DraftKings, said marketing costs, such as advertising or customer bonuses, have gone down in states where sports betting has been established for months or years.

In those regions, they say, their companies will focus on their existing customers and offer fewer and less-expensive promotions.

But if new states join the market—as Kansas and Ohio are expected to—companies are anticipated to spend on new ads and promotional offers to establish a foothold, potentially putting profit goals at risk.

The biggest possible entrant is California, where voters will decide on a ballot measure in November on whether to legalize online sports betting. An advertising spending frenzy in the state could derail several operators'

goals of being profitable in 2023, executives said.

In New York, where online sports betting launched in January, customer promotions included offers as high as \$3,000 in free bets.

"I think what we're seeing is, everyone is looking around going 'Hang on, it's gone too far,'" BetMGM Chief Executive Adam Greenblatt said. "We need to make money. The market, frankly, is expecting us and others to make money."

**MGM Resorts International** and **Entain PLC**, equal partners in BetMGM, have said the companies plan to invest \$450 million combined into the online-gambling venture this year. That would bring the total investment to \$1.1 billion since BetMGM launched in 2018.

Mr. Greenblatt said the company is spending less in promotions overall, but not all of its customers will notice the rollback. He said the company is using data to identify which customers will be the most valuable for offering bonuses.

"We've become a lot smarter, a lot more fussy and deliberate, about who gets

# 36

Number of states that permit sports betting

what," he said.

DraftKings's share price at its peak was about \$72 in March 2021 and has since slumped to around \$21. American depository shares of **Flutter Entertainment PLC**, which includes FanDuel and U.K. betting brands, were trading at \$118 in March 2021 and are now around \$65. **Caesars Entertainment** shares have gone from about \$90 to about \$52 over that period.

Still, the NFL and college football seasons this fall are the biggest opportunities for online sports-betting operators to acquire new customers. The TV ads and some of the freebies that became ubiquitous last year will still be around for kickoff, company executives said.

Overall, companies are expected to spend \$1.8 billion on online gambling advertising this year—including \$300 million in New York alone—up from \$1 billion last year, according to media consulting firm BIA Advisory Services.

## BUSINESS & FINANCE

# Lowe's Same-Store Sales Fall For Second Straight Quarter

Retailer suffers as customers cut back, a day after rival Home Depot posts increase

By DEAN SEAL

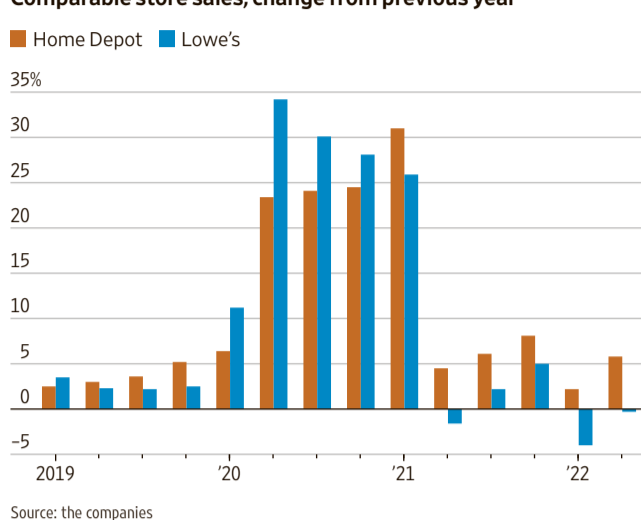
**Lowe's Cos.** reported declining sales for the second quarter in a row amid flagging demand from its nonprofessional customer base, as homeowners cut back on discretionary purchases.

The home-improvement retailer, based in Mooresville, N.C., also said Wednesday that it has plans to dole out \$55 million in incremental bonuses to its front-line workers to help mitigate the pinch they are feeling from rising prices. Lowe's said same-store sales, which strips out effects of store openings and closings, fell 0.3% in the second-quarter. In the U.S., the figure increased slightly.

The unexpected sales drop comes a day after top rival **Home Depot Inc.** posted a 5.8% increase in same-store sales, as it raised prices across its stores to offset a drop in customer transactions.

Lowe's said its results

Comparable store sales, change from previous year



Source: the companies

lagged behind because of its higher share from the do-it-yourself cohort, which makes up 75% of its customer base. Professionals, such as contractors and electricians, tend to spend more per trip.

Lowe's said sales rose 13% to its professional customers. Home Depot has a more even split between the two subsets, and professionals are driving sharp increases in large purchases.

Home Depot said it logged an 11.6% increase in transac-

tions that were over \$1,000.

Lowe's said that its rising sales to professional customers suggest that consumers' appetite for major home-improvement projects remains elevated even as the pandemic retreats and high inflation damps consumer spending. Home Depot executives said elevated home values are still prompting homeowners to shell out for renovations.

Lowe's Chief Executive Marvin Ellison said the company was able to improve margins

and effectively manage inventory during the quarter.

Other retailers are struggling with excess inventory levels that are requiring steep discounts and order cancellations.

**Target Corp.** on Wednesday reported that its profit fell further than expected as it worked through a glut of product.

For the period ended July 29, Lowe's reported a profit of \$2.99 billion, or \$4.67 a share, down from \$3.02 billion, or \$4.25 a share, a year ago.

Analysts had expected earnings of \$4.58 a share, according to FactSet.

Overall sales came in at \$274.8 billion, down slightly from the same period a year ago and below analyst expectations of \$28.12 billion. Lowe's sales dropped during the first quarter as well, after cooler weather delayed home projects.

The company reiterated its full-year financial outlook, noting that it expects to hit the lower end of its sales forecast but the upper end of its earnings outlook.

Lowe's shares edged up 0.6%, or \$1.25, to \$215.37 on Wednesday.

# Target's Earnings Plummet

Continued from page B1

Target Chief Executive Brian Cornell said on a separate call with reporters that the company didn't want to deal with excess inventory for years, potentially degrading the customer and worker experience.

"Today the vast majority of the financial impact of these inventory actions is now behind us," he said. In the current quarter, the company expects a roughly \$200 million impact from its effort to reduce inventory, Chief Financial Officer Michael Fiddelke said on a conference call Wednesday. The company expects operating margin to rise to 6% in the second half of the year.

Target shares fell 2.7% to \$175.34 on Wednesday.

T.J. Maxx parent **TJX Cos.** said Wednesday that inventory rose 39% in the most recent quarter, while sales fell 1.9%. The company said it is comfortable with its inventory levels and that lower gasoline prices could boost consumer spending for its goods.

Large retail chains including Walmart and Home Depot Inc. have reported higher sales for the most recent quarter, driven by consumers' willingness to absorb price increases. The results so far indicate Americans continue to spend even as they shift purchases away from nonfood items to offset the effects of inflation.

Overall retail sales—a measure of spending at stores, online and in restaurants—were flat in July as gasoline prices fell, compared with an increase of 0.8% in June, the Commerce Department said Wednesday. Stripping out gasoline and auto sales, retail sales rose 0.7% in July.

Walmart, like Target, has discounted goods to pare excess inventory. Those efforts ate into last quarter's profit and will continue in the current quarter, executives said Tuesday.

Target executives said traffic gains and the overall spending strength among its core shoppers show that the retailer can put the inventory issues behind it. The retailer believes it is gaining market share by unit sales in all major categories, executives said. Target shoppers are buying fewer discretionary items as prices rise, but "we've got a guest that is still out shopping," Mr. Cornell said.

Target's inventory challenge rippled through its business over the past quarter, executives said on a call with analysts Wednesday. In June, inventory in Target's warehouse network peaked at more than 90% of capacity, before dropping to below 80% by the end of the period, Chief Operating

Officer John Mulligan said. The company aims to keep capacity at or below 85% to reduce cost and operational difficulties, he said.

To dispose of the excess inventory Target offered discounts, canceled orders and adjusted how it ordered products for the second half of the year, favoring items such as food that shoppers are now buying more of, executives said on the call. Target used store space typically reserved for seasonal goods to highlight deals, stopped selling outdoor products earlier than usual and brought in back-to-school items ahead of schedule. The com-

pany canceled \$1.5 billion in fall discretionary product orders, executives said.

The company continues to import goods earlier than it did before the pandemic to make sure seasonal merchandise arrives on time but believes supply-chain snarls have peaked, Mr. Mulligan said. Target's inventory rose nearly 10% in the second quarter to \$15.3 billion as the retailer prepares for fall and holiday shopping, he said.

Target's net earnings were \$183 million, compared with \$1.8 billion a year earlier.

The company's revenue rose, boosted by strong sales of food-and-beverage, beauty and

household items as well as more shopper visits. Comparable sales, those from stores and digital channels operating at least 12 months, rose 2.6% in the quarter. Shopper traffic increased 2.7%, and shoppers spent slightly more for fewer items per transaction.

Home Depot said Tuesday that its sales rose, in part because of higher prices. Walmart said its sales rose, also helped by higher prices.

Target revenue rose 3.5% to \$26 billion. It maintained previous estimates for the full year of revenue growth in the low- to mid-single-digit percentage range.

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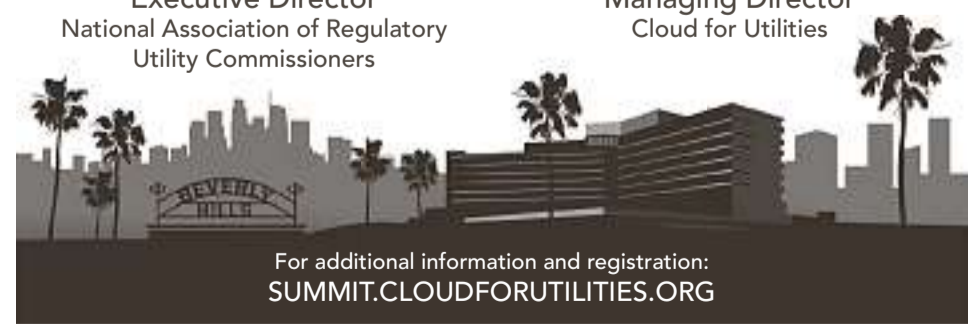
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## BUSINESS NEWS

# Germany's Uniper Posts 1st-Half Loss

By GEORGI KANTCHEV

BERLIN—Hit hard by falling Russian natural-gas deliveries, German energy giant **Uniper SE** reported a net loss of more than \$12.6 billion for the first half of the year, deepening the turmoil at one of the first corporate victims of Europe's energy crisis.

Uniper, Germany's largest importer of Russian gas, has been forced to buy gas on the market where prices are near records after Moscow slashed deliveries to Germany from June. The German government in July agreed on a 15-billion-euro rescue package, equivalent to \$15.24 billion, for Uniper and decided to take a 30% stake in the company.

"Uniper has for months been playing a crucial role in stabilizing Germany's gas supply—at the cost of billions in losses resulting from the sharp drop in gas deliveries from Russia," Chief Executive Klaus-Dieter Maubach said.

The company said it couldn't issue an earnings forecast for the year because of the volatile environment,

but it expects to record negative earnings as a result of the dwindling Russian supplies. The company said it hopes to "leave the loss zone beginning in 2024."

Uniper's shares shed 12% on Wednesday.

The company used to import over half of the gas it resells from Russia, making it more dependent on Moscow's supplies than many of its peers with a more diversified supplier base.

Russia has capped deliveries to Germany via the key Nord Stream pipeline at 20% of its maximum capacity. Moscow blamed technical problems for the shortfall—an explanation German and European officials have dismissed, describing the throttling as an economic attack.

If Moscow cuts supplies further, Europe could struggle to fill its gas reserves or will empty them faster than in past winters, weakening an economy already grappling with surging inflation. Before the Ukraine war, the European Union got around 40% of its gas imports from Russia.

Uniper, which generates electricity across Europe and trades gas around the world, was facing difficulties before Russia's invasion of Ukraine. In January, it was forced to borrow around €10 billion from its parent company, Finnish utility Fortum Oyj, and the German state-owned KfW bank, after soaring gas prices hit profit.

As part of last month's rescue package, the government will provide further capital of up to €7.7 billion against issuance of mandatory convertible instruments. KfW bank will boost its existing credit facility for Uniper to €9 billion, from €2 billion.

"This will prevent a chain reaction that would do much more damage," Mr. Maubach said on Wednesday. "Our top priority now is to swiftly implement the stabilization package."

Uniper said it expects to approve the package at an extraordinary general meeting this fall.

An additional source of support for Uniper and other utilities comes from a new gas



Uniper is Germany's largest importer of Russian gas. Above, a storage facility in Bierwang, Germany

levy that lets utilities pass on most of the costs from more expensive gas purchases to customers. The levy will last from October till the spring of 2024, the German government said on Monday.

"The alternative would have been the collapse of the German energy market, and with it large parts of the European energy market," economy minister Robert Habeck said on Monday.

For an average family of four, the gas levy will add an extra annual cost of at least €480. Berlin said the government would take measures to shield vulnerable households from the price increases.

## Santos Approves \$2.6 Billion Project

SYDNEY—One of Australia's largest energy companies said it would proceed with the \$2.6-billion development of a large oil field in Alaska, illustrating how the Ukraine war is providing impetus to alternative sources of supply to Russian crude.

**Santos Ltd.**, which has a market value of more than \$16 billion, said the first phase of the Pikka oil project on Alaska's North Slope would add an esti-

ated 80,000 barrels per day of crude oil to the market after it starts up in 2026.

Crude from the Pikka development would be transported using existing infrastructure on the North Slope, including the Kuparuk pipeline and the Trans-Alaska Pipeline System, Santos said.

"Global oil and gas markets are seeing increased volatility and countries are looking to diversify their supply sources away from Russia," said Kevin Gallagher, Santos's chief executive.

—David Winning

# Moderna Names New CFO After Prior Hire Left Abruptly

By JENNIFER WILLIAMS-ALVAREZ

**Moderna Inc.** named a new finance chief, roughly three months after the Covid-19 vaccine maker's previous hire for the role departed abruptly because of an internal investigation under way at a prior employer.

The Cambridge, Mass.-based biotechnology company on Wednesday said James Mock will start as its chief financial officer, effective Sept. 6, and David Meline, who has been filling in as CFO, will retire on the same day. Mr. Meline, who had served as CFO

since 2020 and was called back in May, will remain at the company as a consultant to help with the transition, Moderna said.

Mr. Mock has led since 2018 the finances of PerkinElmer Inc., a scientific instruments maker headquartered in Waltham, Mass. Before that, he held various finance roles at General Electric Co. over the course of nearly two decades, including vice president of corporate audit staff and CFO of a GE Aviation division, according to his LinkedIn profile.

Moderna didn't make Messrs. Meline and Mock

available for interviews. Mr. Mock didn't respond to a request to comment.

Mr. Mock joins Moderna after the company in May said then-CFO Jorge Gomez was leaving after just a day on the job. Mr. Gomez was recruited from dental-supplies maker Dentsply Sirona Inc. to take over for Mr. Meline, who was planning to retire. The day after Mr. Gomez joined Moderna, Charlotte, N.C.-based Dentsply disclosed an investigation into financial reporting matters. Moderna said at the time that it hadn't been previously informed of the investi-

gation.

Dentsply on Monday disclosed that it remains out of compliance with Nasdaq Stock Market listing rules because it hasn't yet filed its first- and second-quarter reports. The company, which has said it is unable to file quarterly reports while the probe is under way, said it is working to finalize its financial statements and has asked Nasdaq for more time to file the reports, which could give Dentsply until Nov. 7.

This month, Moderna reported that revenue grew in its most recent quarter as profits plummeted. Net revenue rose

9% in the second quarter from the prior year period, to \$4.7 billion, the company said. Profit skidded 21% to \$2.2 billion because of charges tied to expired Covid-19 vaccine doses and changed purchase commitments.

At the end of July, Moderna signed a \$1.74 billion contract with the federal government to provide 66 million doses of the company's updated vaccine, which is meant to better target Omicron subvariants.

In his new role, Mr. Mock will receive an annual base salary of \$750,000 as well as a yearly cash bonus with a tar-

get value of 90% of his annual pay, Moderna said in a regulatory filing. He will be eligible to receive a one-time signing bonus of \$1 million and a new-hire equity award valued at \$6 million, the filing said.

Some analysts saw Mr. Mock's appointment as a positive. "It's great to have a new CFO in place who can help hit earnings numbers, financial guidance and make sure that Moderna is hitting consensus numbers and wisely spending the cash," said Michael Yee, a managing director at financial services firm Jefferies Financial Group Inc.

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## TECHNOLOGY

## Amazon Tests TikTok-Style Portal

App feature would let users share a photo and video stream of products to sell

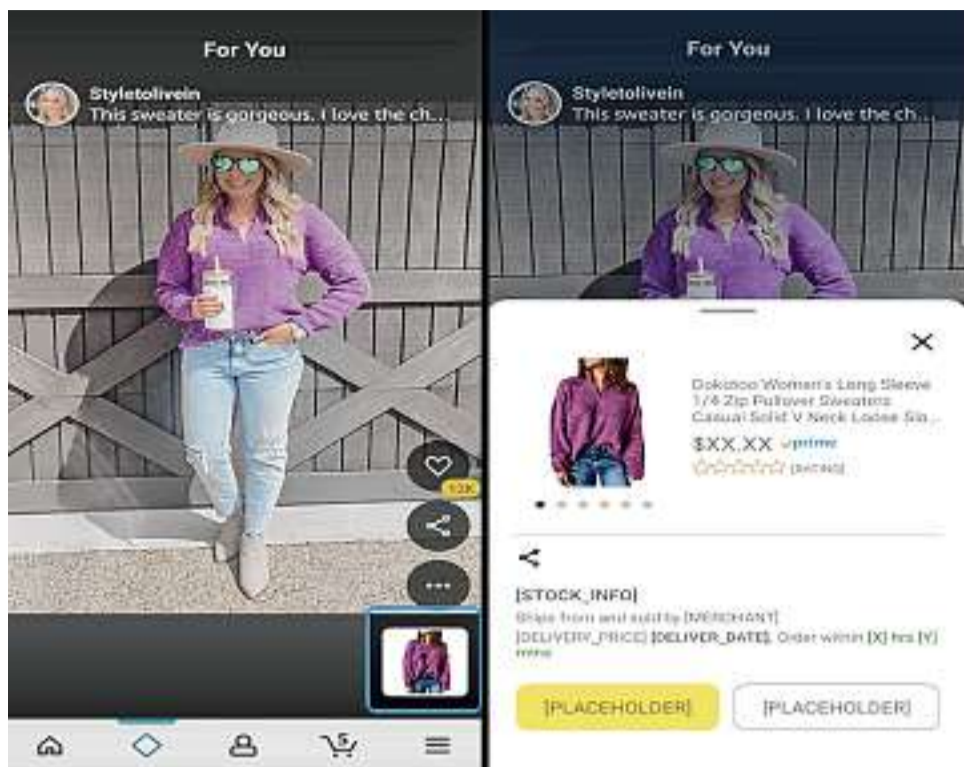
BY SEBASTIAN HERRERA

Even Amazon.com Inc. wants to be a little like TikTok.

Amazon is testing a feature in its app that would show users a TikTok-style photo and video feed of products for shoppers to share with other users. The test is currently visible to a small number of Amazon employees, according to a person familiar with it.

Amazon joins other major technology companies such as Meta Platforms Inc. and Google parent Alphabet Inc. that have attempted to bump up engagement through short videos and an endless stream of content.

The portal, being tested under the internal name Inspire, appears as a diamond widget on the home page of Amazon's app, according to Israeli-based artificial intelligence firm Watchful Technologies Ltd., which has tracked the feature's use. The widget brings shoppers to a feed that shows a stream of images and videos of products, with shoppers able to like, share and ultimately purchase items. While most of the feed now appears as still pictures, Watchful researchers said the portal also



The feature, named Inspire, could be the latest turn by a tech company toward short video.

features video content.

An Amazon spokeswoman said the company is "constantly testing new features to help make customers' lives a little easier." Amazon often experiments with new products and services for employees before releasing them publicly. It is possible the company may alter the Inspire feature significantly before launching it to the public or not release it at all.

Amazon is the latest tech giant to try to capitalize on the sharp rise and popularity of TikTok, owned by Chinese company ByteDance Ltd.

TikTok—which made its name with lighthearted videos of people dancing, but has grown to include large segments of groups discussing everything from books to international crises—was the most downloaded app of 2021. Roughly 67% of teenagers be-

tween the ages of 13 and 17 use the app, according to a recent survey by the Pew Research Center, and TikTok's top content producers can make millions each year. Charli D'Amelio, for example, who started posting videos of herself dancing on TikTok in 2019, made \$17.5 million last year, according to Forbes.

Amazon's Inspire "could become the kind of really sticky social media way to browse,"

Watchful researcher Daniel Buchuk said. "It's a way of adopting a new social experience on the app."

Meta and Google have launched similar in-app features that closely resemble TikTok's format. Meta in February launched its short-video product, Reels, for all global Facebook users after earlier introducing the feature in 2020. The company has competed with TikTok for young users, and company executives have pegged its future to video content, saying video now accounts for more than half the time users spend on Facebook and Instagram.

Google has also poured resources into short-form video. YouTube ranks as the most popular platform among U.S. teens, and more than 1.5 billion logged-in users watch YouTube Shorts a month, Google said in June. Shorts allow users to post videos of up to 60 seconds and are now prominently featured on YouTube's main page on its website and app.

Amazon, too, has dabbled in social-media-like services.

The retailer posts live videos from creators on its website, who promote items available for purchase. It has attempted to court elite social-media users to its influencer program, which allows creators to build personalized pages on Amazon and earn money when followers make purchases through customized links.

## Movie Executive Is Sought

Continued from page B1

Stuber has argued to associates that more theatrical film debuts could help the company increase revenue, said people familiar with the matter.

A leadership vacuum at Amazon formed this spring with the departures of Mike De Luca and Pam Abdy, MGM executives now at Warner Bros. Discovery.

The head of Amazon Studios, Jennifer Salke, and Senior Vice President Mike Hopkins are overseeing the search, according to people familiar with the matter.

Among his conversations with Amazon, Mr. Stuber has

met with Jeff Blackburn, Amazon's senior vice president of global media and entertainment, the people said. The company plans to hire an executive in the next couple of months, one of the people said.

In March, Amazon closed a \$6.5 billion acquisition of the MGM movie and television studio, giving Amazon an expansion of its film library offerings and access to franchises like "Rocky" and James Bond, which it can mine for reboots and remakes.

Yet to be determined is how MGM will integrate into Amazon's operations. One scenario under consideration is to release most theatrical films under the MGM banner, while other features are released under the Amazon Studios brands, people familiar with the matter said.

The company is also discussing rebranding MGM's Epix premium cable channel



Scott Stuber is among the candidates who have talked to Amazon.

under the MGM studio umbrella, the people said.

Amazon has invested significantly in its film operations, to scattered success. It saw the movies as a main draw to hook customers on its Prime shipping service.

In its earlier days, Amazon Studios was known for art-

house fare like Spike Lee's "Chi-Raq" and "Manchester by the Sea," an intense drama that won two Academy Awards. Well-regarded Amazon releases such as "The Sound of Metal" and "One Night in Miami..." have also received critical acclaim but often fail to reach broader audi-

ences. Its television arm has had more success, with hits such as "The Marvelous Mrs. Maisel" and "The Terminal List."

More recently, Amazon has expanded into programming designed to have broader appeal. When Covid-19 closed movie theaters around the world, Amazon bought and distributed would-be theatrical releases on its streaming service, such as "The Tomorrow War," a big-budget science-fiction movie starring Chris Pratt.

This fall, its releases include the adaptation of the popular horror novel "My Best Friend's Exorcism" and "My Policeman," a drama starring heartthrob Harry Styles. Its television division is producing a new "Lord of the Rings" series with a season-one budget that has exceeded \$400 million.

—Robbie Whelan contributed to this article.



The Dodge Charger Daytona SRT on display Wednesday night in Pontiac, Mich. Dodge's parent, Stellantis, plans to spend \$35 billion on its EV transition.

## Dodge Unveils Muscle EV

Continued from page B1

Like other car companies, Dodge parent Stellantis NV has laid out ambitious plans to add more electric vehicles to its showrooms. It plans to spend \$35 billion in the coming years on its EV transition, an investment that it says is being driven in part by tougher environmental regulations in the U.S., Europe and China.

By 2030, Stellantis wants to convert half of its U.S. sales to battery-powered models. That will include the debut of an all-electric Jeep SUV next year and a battery-powered version of its full-size Ram pickup in 2024. Alfa Romeo, a luxury vehicle maker, plans to go all-

electric by 2027, followed by the Chrysler brand in 2028.

Still, for Dodge and other makers of sports cars, the transition to EVs is a trickier challenge. That is because the allure of their models mostly resides in the power and performance of the engine. Some, like the Chrysler-developed Hemi engine, have become recognized names in themselves.

At the same time, the popularity of gas-guzzling models like the Challenger and Charger are dragging down Stellantis's average fuel-economy rating, which has long lagged behind competitors. That has resulted in the car maker having to pay fines for failing to meet certain environmental regulatory requirements.

In July, Stellantis said in a regulatory filing that it had set aside \$685.5 million in anticipation of penalties for falling short of fuel-economy standards in the U.S.

"The transition to electric is going to be important, and I don't know that we will still

have those same buyers," said John Morrill, who owns a dealership in Massachusetts that sells the Dodge, Jeep, Ram and Chrysler brands.

He said muscle cars attract a very specific kind of old-school customer and getting the shift to electric right will be critical because the brand's lineup is already narrow. Dodge currently sells only three models.

The Challenger and Charger accounted for nearly 62% of the brand's U.S. sales in 2021. The third model is the Durango SUV.

Dodge's move is the latest in a broader shift under way in the muscle-car market, a category defined by large, growling engines and vehicles that make their presence known as much with sound as speed.

Auto makers mostly withdrew from this niche category during the 2008-09 recession, leaving only a handful of muscle-car models on the market today, said Tyson Jominy, an analyst with research firm J.D.

Power. Consumer tastes have also shifted, away from big-engine sports cars and more toward SUVs that have greater utility, he said.

"Muscle cars are not able to adapt to people's changing lifestyles," Mr. Jominy added.

U.S. sales of the Chevy Camaro, a rival muscle-car model, have tumbled nearly 70% in the past five years to just below 22,000 in 2021, according to industry research firm Wards Intelligence. Ford Mustang sales in the U.S. are down roughly 50% during the same period, the firm's data show.

The Challenger and Charger have fared better, with U.S. sales holding steady before the pandemic and slipping 15% between 2019 and 2021, the result of a broader inventory shortage in the car business.

Stellantis Chief Executive Carlos Tavares has said that Dodge is being prepared for full electrification. In addition to the EV concept, Dodge showed off a new compact

## Google Cleared of Defaming Via Link

BY MIKE CHERNEY

SYDNEY—Australia's highest court ruled that Alphabet Inc.'s Google isn't liable for defamatory content that can be accessed via a hyperlink in its search results, a win for Google in a jurisdiction that has at times taken a hard line against tech platforms.

The case involved a lawyer, George Defteros, who alleged that a Google search of his name returned a hyperlink to and a snippet of a newspaper article that was defamatory. Lower courts found that the article implied Mr. Defteros had become a friend of criminal elements, and that Google could be considered a publisher of the article because the search result was crucial to communicating its contents to end users, court documents said.

Google was ordered to pay damages of 40,000 Australian dollars, equivalent to \$28,100.

Google appealed. On Wednesday the High Court of Australia ruled that it isn't a publisher of the defamatory material and can't be liable for it. Google merely facilitated access, a summary of the judgment said. "A hyperlink is content-neutral," a court opinion said. "A search result is fundamentally a reference to something, somewhere else."

Google and a lawyer for Mr. Defteros didn't reply to a request for comment.

Several earlier Australian court rulings found social-media and news organizations liable for content on their platforms. In June, a lower-court judge ordered Google to pay about \$515,000 over videos posted on its YouTube platform that were found to be defamatory. Last year, the high court ruled that newspapers and television stations are liable for users' comments on articles the papers and stations post on Meta Platforms Inc.'s Facebook—a decision some experts said could hinder media companies' ability to promote public-interest journalism.

On Wednesday, the court likened Google's role in the Defteros case to that of a person who provides directions to a store that sells newspapers. That person could hardly be said to have helped communicate defamatory content, the court said.

## Musk Calls Tweet About Team a Joke

BY ROBERT WALL

Elon Musk said on Twitter he was buying English soccer team Manchester United only to say hours later it was a joke, the latest example of the Tesla Inc. chief executive's using the platform to drop confusing statements about his intentions.

Mr. Musk's initial tweet on Tuesday came as a reply to a post he had made five minutes earlier about politics, in which he said: "To be clear, I support the left half of the Republican Party and the right half of the Democratic Party!" He then tweeted: "Also, I'm buying Manchester United ur welcome."

In a tweet about 4½ hours later, responding to a follower asking if he was serious, Mr. Musk said: "No, this is a long-running joke on Twitter. I'm not buying any sports teams."

Mr. Musk didn't respond to a request for comment.

Shares in Manchester United Ltd., the soccer team's New York Stock Exchange-listed parent, weren't trading at the time of Mr. Musk's initial tweet Tuesday. In premarket trading Wednesday, they surged as high as \$14.89 a share, a gain of more than 16% from Tuesday's close. At that point Mr. Musk had said his tweet about buying the club was a joke. The stock ended up 7% in New York trading on Wednesday.

The world's wealthiest person and one of Twitter's most prominent users, with more than 100 million followers, Mr. Musk has used the platform before to drop big pronouncements—some serious, many of them not.



## BUSINESS NEWS

# Space Sector Seeks Security Rules

Germany offers model for standards to protect satellites and address vulnerabilities

By CATHERINE STUPP

Germany's security guidance for satellites would be a good model for cyber standards for the space industry

**CYBERSECURITY** and introduces commercial software, according to European satellite experts and the German government.

The German agency that recently put out the guidance, the Federal Office for Information Security, is seeking to make it the basis for European or international cybersecurity standards related to the space industry. Space missions often involve vendors and expertise from various countries, making common standards crucial, according to space researchers and satellite companies.

"In Europe we need sort of a consensus for many countries," said Frank Schubert, head of cyber programs in Germany for Airbus SE's defense and space unit, which contributed to the guidelines. The document lays out minimum cyber measures to help satellite companies ensure their supply chains address specific vulnerabilities, and businesses would benefit from having common terms they can refer to with partners and suppliers in other countries, he said.

The German guidelines list measures to protect satellites during different phases, such as when they are being transported and tested, and when they are in orbit.

The vulnerability of satellites was illustrated by a cyber-attack on satellite-communications company Viasat Inc. on Feb. 24, the day Russia invaded Ukraine. The attack brought down internet connections for thousands of Europeans and remote-monitoring systems for German wind farms.

The attackers targeted mo-



A SpaceX rocket carrying Starlink satellites launched last week from NASA's Kennedy Space Center in Florida.

demands and other equipment in Ukraine that were serviced by a Viasat satellite, the company said at the time. In March, the U.S. Cybersecurity and Infrastructure Security Agency circulated a warning about threats to satellites. In May, the U.S., U.K. and European Union blamed Russia for the Viasat incident. Russia has consistently denied launching cyberattacks.

Elon Musk, founder of Space Exploration Technologies Corp., tweeted in May that SpaceX's Starlink satellites had so far resisted Russian hacking attempts, "but they're ramping up their efforts."

Government space agencies from countries including the U.S., Japan, China, Canada, Germany, and Italy discuss cybersecurity through the nonprofit Consultative Committee for Space Data Systems. Another member of the group is the European Space Agency, which falls outside the EU system and includes non-EU countries such as Switzerland and Norway.

The committee discussed how to protect satellites that

might stay in orbit for 10 years or so, should post-quantum computers emerge that can break today's level of encryption, said Daniel Fischer, head of applications and robotics in the European Space Agency's data-systems unit.

The European agency is researching potential post-quantum encryption technologies, he said, and is monitoring an international competition held by the U.S. National Institute of Standards and Technology that is aimed at identifying secure cryptographic algorithms. "It's still a crystal ball, but we have intelligent guesses," he said.

Satellites provide internet connectivity, media broadcasts, scientific data and navigation services, among other things. The global space economy is valued at an estimated \$469 billion, driven mostly by commercial-space services, products and infrastructure, according to a report published last month by the Space Foundation, a Colorado nonprofit.

"No one nation can do this on their own because every-

thing is super interconnected when you go to space," said Erin Miller, executive director of the Space Information Sharing and Analysis Center, another nonprofit in Colorado. The group facilitates information exchange about cyber threats among its members, which include companies based around the world.

Cyber threats are evolving as the satellite industry becomes more commercial, with companies sending satellites into space for shorter periods and using components that are cheaper than they were in the past.

Issuing system upgrades and applying security patches to satellites already in orbit is a particular risk, said Stefan Langhammer, head of the information and cybersecurity unit at OHB SE's OHB Digital Connect GmbH, a German satellite maker, which contributed to the German guidelines.

Companies need guidance on patching, upgrading and changing features after a satellite is launched, Mr. Langhammer said. Issuing system

and security upgrades comes with risks, especially for satellites that remain in orbit for several years. "We can't make mistakes. If the update doesn't work then we can't send anybody to the satellite and press the reset button," he said.

In the coming years, experts expect more commercial technology to become available, potentially using more off-the-shelf internet-connected components. That raises the risks of cyberattacks, because hackers could potentially launch ransomware attacks that could affect a large group of satellites that work together as a system, said Brandon Bailey, a senior cybersecurity project manager at the California-based nonprofit Aerospace Corp.

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## Ad Tech Offers New Options to Consumers

By KATIE DEIGHTON

Consumers have a new ask: They want more control over the type of advertisements they are shown online. More technology companies are preparing to give it to them.

ByteDance Ltd.'s TikTok and the company behind YourAdChoices—the clickable icon that gives users information about why they are being shown certain ads—are planning to follow Meta Platforms Inc., Alphabet Inc.'s Google and others in introducing settings that let users opt out of ads from certain categories.

The moves attempt to address a power disparity between marketing companies and consumers online. Marketers, digital platforms and ad tech companies have for years had the ability to target individuals based on their algorithmically-assumed interests—but consumers, for the most part, haven't been given the tools to ask them to stop.

That has frustrated web users, especially those who have personal reasons for not wanting to see certain ads, such as teetotalers who don't want to see alcohol ads.

Some platforms are preparing to hand users more control. TikTok in June began letting users filter their feeds to keep out videos tagged with specific words and hashtags, and over the next few months plans to test expanding this filter to ads as well.

YourAdChoices, whose button also lets users opt out of marketing based on their tracked online activities, is testing a setting that will eventually let users limit certain categories of ads on most websites, according to Lou Mastria, executive director of the Digital Advertising Alliance, the nonprofit organization behind YourAdChoices.

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## BUSINESS NEWS



The port of Rotterdam in the Netherlands, Europe's largest, is struggling with a shortage of truck drivers, among other problems.

## Port Congestion Throws Doubt Onto Holiday-Season Shipping

By COSTAS PARIS

Port congestion continues to haunt global trade, spreading fresh fears among exporters and importers over whether massive amounts of cargo will be delivered on time for the year-end shopping season.

Supply chains never fully recovered from the pandemic shock when goods transported by sea were delayed and shipping prices soared. Now freight rates are falling, but cargo is still delayed at choked European and American ports.

"Ships are still a gamble not worth taking," said Abbie Durkin, the owner of Palmer & Purchase, a women's clothing and accessories boutique with stores in New York. "We are flying in our entire winter collection to make sure it arrives before Christmas."

In Europe, ports are backed up because dockworkers are on strike or on vacation as ships queue up, and there is an acute shortage of truck drivers. In the U.S., a shortage of rail capacity and warehouse space means boxes remain in

ports for too long.

Port congestion in Europe has been on the rise since May. Rotterdam, the Dutch port that is the continent's largest, is struggling with a shortage of truck drivers and many containers that were destined for Russia but are stuck at the harbor under sanctions.

In Hamburg, Germany's biggest port, a series of work stoppages earlier this summer left scores of boxes uncollected, and workers have threatened to strike again in the fall.

In the U.K., some 1,900 dockworkers at Felixstowe, the country's biggest port, plan to strike Aug. 21-29 in what brokers said could result in two-week delays for cargo deliveries across much of Northern Europe.

Further delays to move cargo could mean shipments don't arrive by Christmas, according to cargo brokers and shipping executives.

"Europe is a big issue," said Soren Skou, chief executive of Danish boxship giant A.P. Moller-Maersk A/S. "Custom-

ers are not picking up their boxes, and there is a big shortage of truck drivers."

Brokers say more than 15% of truck drivers across Europe were from Russia or Ukraine before Russia's attack in February. A fraction of those truckers were replaced by others from different countries like Bulgaria and Romania.

Figures from Danish maritime data provider Sea-Intelligence show that in June, 9.3% of all containers were stuck on ships or terminals, nearly five times higher than the monthly average from the prior decade.

Concerns over possible strikes in the ports of Los Angeles and Long Beach, Calif., by unionized dockworkers have prompted cargo owners to shift some shipments to East Coast ports, including in New York, New Jersey and Savannah, Ga.

Container volumes at East Coast ports over the past three months are up 19% over the same period last year, according to ocean and air-freight data provider Xeneta. That has led to five-day dock-

ing delays in New York and Norfolk, Va., and more than a week in Savannah.

"It's a major shift," said Xeneta chief analyst Peter Sand. "Unfortunately, it also comes with major repercussions. As more vessels and cargo head east, the chain on this side of the country is pressurized, and there's a price to pay in terms of reliability."

Los Angeles and Long Beach handle about 40% of America's total container volumes. The line of ships waiting to dock has fallen to about a dozen from more than 100 in January. Still, more than 33,000 containers are waiting to be loaded on freight trains, with 21,000 held back for nine days or longer because there aren't enough drivers and engines to move the cargo to inland distribution hubs like Chicago.

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## Cargo Bottlenecks Spread to East Coast As Ocean Vessels Shift From California

By PAUL BERGER

U.S. importers seeking relief from bottlenecks at West Coast gateways are triggering new backups at East Coast and Gulf Coast ports, adding to strains on the country's troubled supply chains.

Backups of dozens of container ships have formed off ports in New York, Houston and Savannah, Ga., authorities said, even as the lineup of vessels waiting to get into the neighboring ports of Los Angeles and Long Beach has dwindled from a fleet that once counted more than 100 ships.

The queue at the Port of New York and New Jersey, the largest gateway on the East Coast, has reached about 20 vessels, while about 40 container ships were waiting recently off the coast's second-largest gateway at Savannah. Port Houston, a growing desti-

nation for ships from Asia traveling through the Panama Canal, counted a backup of 25 container ships last week.

Industry executives and port officials said a surge in inbound cargo in recent months has swamped land operations, straining storage capacity and the availability of container-handling equipment while slowing the ability of dockworkers and trucking companies to handle shipments.

"It's a horror show," said Lori Fellmer, chair of the ocean committee for the National Industrial Transportation League, which represents companies that ship commodities.

She said some container terminals are so crowded with boxes that truckers can't get access to shipments and ocean carriers are charging shippers late fees for failing to pick up loaded containers and return empty boxes quickly enough.

An executive at a large forest-products company that ships materials to manufacturers from the East Coast said that because of the delays at the ports, the firm is increasingly using bulk vessels, which are less efficient than container ships, to move products out of the country. "It's the worst I've ever seen it," the executive said.

The new backups come as supply-chain congestion is growing again at ports around the world, worsening strains on global trade.

Last year, the ports of Los Angeles and Long Beach had chronic ocean backups, while other major U.S. ports had sporadic ones as imports surged by 20% when retailers rushed to restock inventories that were depleted early in the pandemic and demand for consumer goods boomed.

This year, cargo growth has

slowed at the Southern California ports, the main U.S. gateway for goods imported from Asia, but volumes heading into the country through the East Coast and Gulf Coast have kept rising. Retailers and manufacturers are diverting goods to avoid the congestion on the West Coast, industry experts said, and as a hedge against possible work slowdowns as unionized West Coast dockworkers negotiate a labor contract with their employers.

During the first five months of 2022, the volume of loaded containers reaching the Port of New York and New Jersey rose 12% from the comparable period of 2021, according to research firm Beacon Economics, while inbound volume at Port Houston jumped 24% in that period. At Los Angeles and Long Beach, combined imports were up 0.5% in the January-May period.

## 'Widely Recyclable' Packaging Drives Debate on Access

By SAABIRA CHAUDHURI

Companies are set to start labeling plastic packaging commonly used for yogurt, cottage cheese and butter as "widely recyclable," sparking opposition from some environmental groups that say the change risks misleading consumers.

A labeling program founded by plastics makers such as Exxon Mobil Corp. and consumer products companies including Procter & Gamble Co. and Nestlé SA said in July that packaging made from polypropylene was now eligible to be marketed as "widely recyclable."

The program, How2Recycle, said it made the change after data showed that more than 60% of consumers in the U.S.—the threshold required under federal rules to make the claim—are now allowed to put polypropylene tubs, bottles, jugs and jars in their recycling bins.

Environmental groups say access figures are less than half what the industry is claiming. They also say figures on access to recycling facilities are a poor representation of recycling rates in practice, since they simply measure what is eligible to be collected.

Polypropylene packaging—one of the most widely used for consumer products—had a U.S. recycling rate of 2.7% in 2018, according to most recently available data from the Environmental Protection Agency.

The clash is emblematic of wider inconsistencies across the U.S. over how recycling is measured and communicated to consumers. One nonprofit found at least 18 ways in which recycling is defined by states, while America's roughly 9,800 municipal curbside recycling programs make their own decisions about what materials to accept, often confusing consumers.

There are no federal requirements on recycling rates. A spokeswoman for the EPA said some states measure recycling by counting what is diverted from landfills, while some don't calculate a recycling rate at all.

The EPA last year said it plans to develop national recycling definitions and measures to help raise recycling rates. A May report from the Energy Department showed a recycling rate of just 5% for plastics, which environmentalists say is driven by the complexity of materials, making them difficult to recycle, and a lack of ready buyers.

Currently, recycling labels

on packaging must comply with Federal Trade Commission requirements outlined in the agency's Green Guides, which explain how marketers can avoid misleading consumers when making environmental claims. How2Recycle says its labels, voluntarily adopted by 400 member companies from Gap Inc. to Wendy's Co. to Anheuser-Busch InBev SA, follow those guides.

Waste-reduction nonprofits say the guides leave too much open to interpretation. The FTC's rules on claims like widely recyclable includes "a very generous definition that allows companies to make such claims, even when the actual recycling rate of their material is very low," said Susan Collins, president of the Container Recycling Institute, a nonprofit. The FTC also doesn't routinely verify claims about collection, sorting and recycling, she added.

The FTC brings court actions against marketers that it believes make deceptive claims, but doesn't preapprove claims or routinely seek to substantiate them outside of investigations and enforcement actions, a spokesman said. The agency is reviewing its Green Guides this year and plans to solicit opinions on how consumer understanding of environmental benefit claims may

### Nonprofits say true recycling rates for polypropylene are lower than claimed.

have changed, he added.

Even if polypropylene packaging's recycling rate has increased since the EPA last published this data, most still isn't being made into new items, said Jan Dell, founder of the Last Beach Cleanup, a nonprofit. As such, polypropylene shouldn't be labeled as widely recyclable, and doing so without ascertaining whether the material would actually be recycled violates FTC rules on deceptive marketing, she added.

Ms. Dell said Last Beach Cleanup's calculations show that only 28% of Americans have access to recycling systems that accept polypropylene tubs.

How2Recycle said data provided by the Recycling Partnership, a plastics and consumer-goods industry-backed group, showed the U.S. polypropylene access rate at 65%.



Packaging for yogurt and other goods will be eligible for the label.

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## Opioid Lawsuits Spur New Bankruptcy

By SOMA BISWAS

Endo International PLC became the latest pharmaceutical company to file for bankruptcy under the weight of lawsuits alleging it played a role in fueling the opioid crisis.

The drugmaker, domiciled in Ireland with operations in Malvern, Pa., filed for chapter 11 protection Tuesday in the U.S. Bankruptcy Court in New York after struggling with more than \$8 billion in debt, competition from generic manufacturers and opioid litigation.

Endo said that most of its first-lien creditors have agreed to buy the business out of bankruptcy, in return for \$6 billion in debt forgiveness. The company plans to hold a court-supervised auction for its as-

sets if an outside bidder offers more than the proposed deal.

The drugmaker has faced thousands of lawsuits—including hundreds from state and local governments—over the marketing and sale of its painkiller Opana ER, which it discontinued in 2017 at the request of the Food and Drug Administration. Additionally, Endo has suffered a decline in revenue in recent quarters as a result of generic competition for a key drug, Vasostriq. Investors dumped the company's debt and stock in the spring amid a broad selloff of riskier assets.

Endo President and Chief Executive Blaise Coleman said Tuesday that the chapter 11 filing addresses the company's debt problems and establishes

a "pathway to closure" for opioid-related lawsuits that it has been defending "at an unsustainable cost."

Other drugmakers including Purdue Pharma LP and Mallinckrodt PLC have filed for bankruptcy in recent years to resolve litigation over their role in the opioid crisis. Chapter 11 gives corporate defendants powerful tools to settle litigation, including a halt on pending lawsuits and discovery proceedings. But bankruptcies can drag on for years, even when many state and local governments have agreed to settlements before the companies filed.

Endo reached a deal with most states, as well as with city and county governments, to establish trusts funded with

\$550 million. Roughly \$450 million of the total will go to state and local governments, \$85 million to private entities including healthcare providers and \$15 million to Native American tribes.

Endo had already reached individual settlements with a handful of other state and local governments before it filed for bankruptcy, but the company still faced about 3,100 opioid lawsuits, according to a court filing by Chief Financial Officer Mark Bradley on Wednesday.

A group of attorneys general from 34 states and the District of Columbia, led by Massachusetts, said it backed the company's plan to compensate communities for its role in fueling the opioid epidemic.



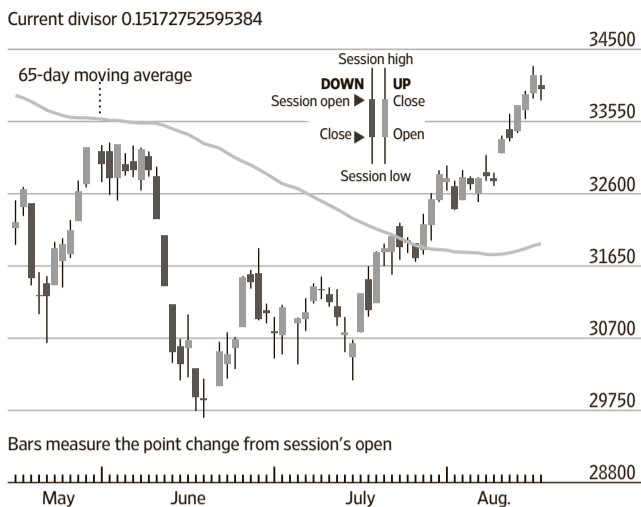
# MARKETS DIGEST

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 All-time high 36799.65, 01/04/22

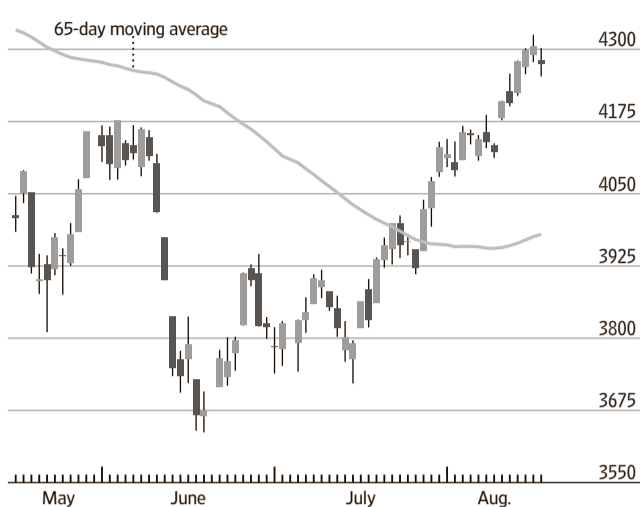


\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index

### S&P 500 Index

**4274.04** ▼31.16, or 0.72%  
 High, low, open and close for each trading day of the past three months.

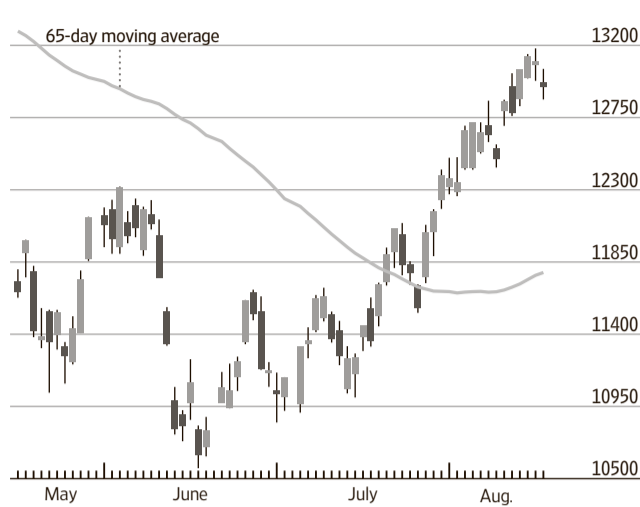
Last Year ago  
 Trailing P/E ratio \* 22.75 31.31  
 P/E estimate \* 18.69 22.29  
 Dividend yield \* 1.54 1.32  
 All-time high 4796.56, 01/03/22



### Nasdaq Composite Index

**12938.12** ▼164.43, or 1.25%  
 High, low, open and close for each trading day of the past three months.

Last Year ago  
 Trailing P/E ratio \* 27.36 35.74  
 P/E estimate \* 24.32 29.06  
 Dividend yield \* 0.82 0.67  
 All-time high: 16057.44, 11/19/21



## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD	% chg 3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	34161.01	33828.41	<b>33980.32</b>	-171.69	<b>-0.50</b>	36799.65	29888.78	<b>-2.8</b>	-6.5	<b>9.5</b>
Transportation Avg	15123.89	14817.11	<b>14915.48</b>	-294.48	<b>-1.94</b>	17039.38	12868.60	<b>1.4</b>	-9.5	<b>14.4</b>
Utility Average	1057.28	1048.82	<b>1053.86</b>	unch.	unch.	1071.75	869.74	<b>12.5</b>	7.5	<b>8.2</b>
Total Stock Market	43349.00	42836.83	<b>43056.53</b>	-385.27	<b>-0.89</b>	48929.18	36759.60	<b>-5.3</b>	-11.5	<b>13.3</b>
Barron's 400	997.88	979.96	<b>986.68</b>	-11.20	<b>-1.12</b>	1127.20	852.16	<b>-2.8</b>	-10.8	<b>14.7</b>
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	13053.51	12863.01	<b>12938.12</b>	-164.43	<b>-1.25</b>	16057.44	10646.10	<b>-10.9</b>	-17.3	<b>17.9</b>
Nasdaq-100	13591.58	13389.82	<b>13470.86</b>	-164.35	<b>-1.21</b>	16573.34	11127.57	<b>-9.3</b>	-17.5	<b>21.0</b>
<b>S&amp;P</b>										
500 Index	4302.18	4253.08	<b>4274.04</b>	-31.16	<b>-0.72</b>	4796.56	3666.77	<b>-2.9</b>	-10.3	<b>13.9</b>
MidCap 400	2616.74	2583.87	<b>2599.75</b>	-35.43	<b>-1.34</b>	2910.70	2200.75	<b>-2.5</b>	-8.5	<b>11.5</b>
SmallCap 600	1291.32	1273.60	<b>1280.54</b>	-17.29	<b>-1.33</b>	1466.02	1087.48	<b>-2.5</b>	-8.6	<b>11.7</b>
<b>Other Indexes</b>										
Russell 2000	2008.88	1976.14	<b>1987.31</b>	-33.21	<b>-1.64</b>	2442.74	1649.84	<b>-7.9</b>	-11.5	<b>10.0</b>
NYSE Composite	15846.79	15659.96	<b>15734.11</b>	-112.67	<b>-0.71</b>	17353.76	14097.05	<b>-4.9</b>	-8.3	<b>7.7</b>
Value Line	599.98	588.37	<b>591.29</b>	-8.69	<b>-1.45</b>	696.40	510.18	<b>-8.8</b>	-12.0	<b>5.8</b>
NYSE Arca Biotech	5049.01	4949.92	<b>4963.56</b>	-85.45	<b>-1.69</b>	6019.57	4208.43	<b>-13.9</b>	-10.1	<b>2.9</b>
NYSE Arca Pharma	804.95	799.96	<b>800.69</b>	-3.80	<b>-0.47</b>	887.27	732.23	<b>-0.0</b>	-3.2	<b>11.6</b>
KBW Bank	114.99	113.50	<b>114.39</b>	-1.16	<b>-1.00</b>	147.56	98.36	<b>-9.2</b>	-13.5	<b>7.7</b>
PHLX <sup>S</sup> Gold/Silver	109.24	105.60	<b>106.00</b>	-4.10	<b>-3.72</b>	167.76	100.65	<b>-17.5</b>	-20.0	<b>4.5</b>
PHLX <sup>S</sup> Oil Service	67.41	65.69	<b>66.65</b>	0.12	<b>0.19</b>	88.37	48.31	<b>33.6</b>	26.4	<b>2.1</b>
PHLX <sup>S</sup> Semiconductor	3000.41	2931.86	<b>2970.12</b>	-75.52	<b>-2.48</b>	4039.51	2458.46	<b>-7.4</b>	-24.7	<b>26.2</b>
Cboe Volatility	20.63	19.41	<b>19.90</b>	0.21	<b>1.07</b>	36.45	15.01	<b>-7.7</b>	15.6	<b>2.5</b>

†Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Bed Bath Beyond	BBBY	17,256.4	19.17	-3.91	<b>-16.94</b>	23.45	18.12
Viatrix	VTRS	8,467.7	10.74	-0.01	<b>-0.09</b>	10.78	10.73
Cisco Systems	CSCO	4,148.8	48.87	2.21	<b>4.74</b>	49.86	46.55
SPDR S&P 500	SPY	3,780.1	426.82	0.17	<b>0.04</b>	427.16	407.24
iShares China LC ETF	FXI	3,245.5	29.65	-0.02	<b>-0.07</b>	29.74	29.60
iShares MSCI Emg Markets	EEM	2,474.3	40.68	...	<b>unch.</b>	40.73	40.64
Kroger Co	KR	2,339.0	48.02	-0.53	<b>-1.09</b>	48.78	48.02
Apple	AAPL	2,199.9	173.83	-0.72	<b>-0.41</b>	174.85	164.07

### Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Wolfspeed	WOLF	485.5	100.56	14.91	<b>17.41</b>	102.80	85.29
bluebird bio	BLUE	675.6	7.48	0.70	<b>10.32</b>	7.56	6.71
Cisco Systems	CSCO	4,148.8	48.87	2.21	<b>4.74</b>	49.86	46.55
Macerich	MAC	93.7	11.67	0.46	<b>4.10</b>	11.67	11.17
ZoomInfo Technologies	ZI	63.5	52.48	1.86	<b>3.67</b>	52.48	50.01

### ...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Bed Bath Beyond	BBBY	17,256.4	19.17	-3.91	<b>-16.94</b>	23.45	18.12
Kirkland's	KIRK	456.9	5.67	-0.73	<b>-11.41</b>	6.43	5.42
Blue Apron CI A	APRN	570.7	5.22	-0.47	<b>-8.26</b>	5.73	5.01
Amylyx Pharmaceuticals	AMLX	144.6	23.55	-1.09	<b>-4.42</b>	24.64	23.55
AMTD IDEA Group ADR	AMTD	129.5	2.53	-0.10	<b>-3.80</b>	2.65	2.53

## Trading Diary

### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	769,184,618	12,227,816
Adv. volume*	148,467,025	2,413,194
Decl. volume*	608,651,257	8,958,613
Issues traded	3,353	285
Advances	647	86
Declines	2,573	186
Unchanged	133	13
New highs	35	1
New lows	34	6
Closing Arms <sup>†</sup>	0.99	1.61
Block trades <sup>†</sup>	4,174	128
	Nasdaq	NYSE Arca
Total volume*	5,159,333,307	227,624,044
Adv. volume*	1,592,040,961	41,092,645
Decl. volume*	3,520,752,922	185,596,937
Issues traded	4,854	1,721
Advances	1,138	209
Declines	3,447	1,498
Unchanged	269	14
New highs	50	5
New lows	75	8
Closing Arms <sup>†</sup>	0.73	0.45
Block trades <sup>†</sup>	30,461	928

\*Primary market NYSE, NYSE American, NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

## International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>655.07</b>	-4.37	<b>-0.66</b>	-13.2
	MSCI ACWI ex-USA	288.64	-1.25	<b>-0.43</b>	-16.2
	MSCI World	2822.87	-21.55	<b>-0.76</b>	-12.7
	MSCI Emerging Markets	1015.59	1.37	<b>0.13</b>	-17.6
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>1626.98</b>	-13.00	<b>-0.79</b>	-11.0
Canada	S&P/TSX Comp	20181.44	-88.53	<b>-0.44</b>	-4.9
Latin Amer.	MSCI EM Latin America	2238.47	-9.05	<b>-0.40</b>	5.1
Brazil	BOVESPA	113707.76	195.38	<b>0.17</b>	8.5
Chile	S&P IPSA	3331.03	11.40	<b>0.34</b>	18.7
Mexico	S&P/BMV IPC	48734.04	-67.64	<b>-0.14</b>	-8.5
<b>EMEA</b>	<b>STOXX Europe 600</b>	<b>439.03</b>	-4.04	<b>-0.91</b>	-10.0
Eurozone	Euro STOXX	414.46	-5.43	<b>-1.29</b>	-13.4
Belgium	Bel-20	3820.65	-37.97	<b>-0.98</b>	-11.4
Denmark	OMX Copenhagen 20	1732.68	7.71	<b>0.45</b>	-7.0
France	CAC 40	6528.32	-64.26	<b>-0.97</b>	-8.7
Germany	DAX	13626.71	-283.41	<b>-2.04</b>	-14.2
Israel	Tel Aviv	2033.82	-25.40	<b>-1.23</b>	2.8
Italy	FTSE MIB	22757.81	-240.02	<b>-1.04</b>	-16.8
Netherlands	AEX	723.09	-5.02	<b>-0.69</b>	-9.4
Russia	RTS Index	1136.40	-5.65	<b>-0.49</b>	-28.8
South Africa	FTSE/JSE All-Share	70967.35	-537.34	<b>-0.75</b>	-3.7
Spain	IBEX 35	8434.80	-77.10	<b>-0.91</b>	-3.2
Sweden	OMX Stockholm	813.65	-12.39	<b>-1.50</b>	-21.5
Switzerland	Swiss Market	11128.19	-2.25	<b>-0.02</b>	-13.6
Turkey	BIST 100	2980.00	66.70	<b>2.29</b>	60.4
U.K.	FTSE 100	7515.75	-20.31	<b>-0.27</b>	1.8
U.K.	FTSE 250	20027.04	-309.37	<b>-1.52</b>	-14.7
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>162.96</b>	0.23	<b>0.14</b>	-15.6
Australia	S&P/ASX 200	7127.70	22.31	<b>0.31</b>	-4.3
China	Shanghai Composite	3292.53	14.64	<b>0.45</b>	-9.5
Hong Kong	Hang Seng	19922.45	91.93	<b>0.46</b>	-14.9
India	S&P BSE Sensex	60260.13	417.92	<b>0.70</b>	3.4
Japan	NIKKEI 225	29222.77	353.86	<b>1.23</b>	1.5
Singapore	Straits Times	3262.76	8.97	<b>0.28</b>	4.5
South Korea	KOSPI	2516.47	-17.05	<b>-0.67</b>	-15.5
Taiwan	TAIEX	15465.45	44.88	<b>0.29</b>	-15.1
Thailand	SET	1639.72	9.77	<b>0.60</b>	-1.1

Sources: FactSet; Dow Jones Market Data

## Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	Latest Session % chg	52-Week High	52-Week Low	% chg
Blue Water Vaccines	BWV	7.64	5.09	<b>199.61</b>	90.90	1.80	...	...
Eargo	EAR	3.13	1.11	<b>54.95</b>	24.95	0.67	<b>-86.7</b>	...
TDH Holdings	PETZ	4.26	1.18	<b>38.31</b>	188.00	1.70	<b>-89.9</b>	...
Cassava Sciences	SAVA	25.72	5.51	<b>27.26</b>	123.37	13.84	<b>-75.8</b>	...
Laird Superfood	LSF	2.76	0.51	<b>22.67</b>	21.67	1.80	<b>-85.9</b>	...
Kirkland's	KIRK	6.40	1.11	<b>20.98</b>	27.22	2.98	<b>-63.7</b>	...
BioVie	BIVI	3.00	0.50	<b>20.00</b>	8.33	1.33	<b>-62.0</b>	...
Lixiang Education ADR	LXEH	4.38	0.65	<b>17.45</b>	10.38	1.82	<b>-49.0</b>	...
Party City Holdco	PRTY	2.36	0.33	<b>16.26</b>	9.21	1.04	<b>-62.3</b>	...
Cadiz	CDZI	5.07	0.67	<b>15.23</b>	14.69	1.66	<b>-65.1</b>	...



# COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.						
Aug	3.6130	3.6130	3.6130	3.5980	-0.0435	1,080
Dec	3.6285	3.6590	3.5730	3.5900	-0.0305	75,540
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.						
Aug	1769.70	1769.70	1760.00	1760.30	-12.90	960
Sept	1775.50	1781.70	1759.00	1761.90	-13.00	3,628
Oct	1780.50	1786.30	1763.70	1766.50	-12.90	39,315
Dec	1790.80	1796.60	1773.90	1776.70	-13.00	375,918
Feb'23	1803.10	1808.00	1787.00	1789.60	-13.10	20,264
April	1820.90	1820.90	1799.30	1801.80	-13.10	7,439
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.						
Aug				2134.30	-12.30	
Sept	2163.50	2163.50	2125.00	2136.70	-12.30	3,975
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.						
Aug				918.00	-11.90	3
Oct	933.00	939.00	914.80	919.30	-12.00	52,037
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.						
Aug	20.085	20.090	19.650	19.711	-0.354	148
Dec	20.220	20.350	19.745	19.845	-0.359	77,410
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
Sept	87.10	89.16	85.88	88.11	1.58	99,395
Oct	86.71	88.66	85.48	87.69	1.53	240,524
Nov	86.38	88.26	85.19	87.30	1.44	123,981
Dec	86.05	87.79	84.86	86.84	1.36	196,981
June'23	82.94	84.30	81.96	83.37	1.04	123,035
Dec	80.08	81.45	79.45	80.52	0.79	129,541
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
Sept	3.4802	3.6213	3.4527	3.6174	-1.372	48,280
Oct	3.4484	3.5716	3.4196	3.5682	-1.234	57,601
<b>Gasoline-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.						
Sept	2.9311	2.9532	2.8615	2.9345	-0.338	59,885
Oct	2.6899	2.7213	2.6403	2.7117	-0.514	68,934
<b>Natural Gas (NYM)</b> -10,000 MMBtu; \$ per MMBtu.						
Sept	9.362	9.677	9.121	9.244	-0.085	59,570
Oct	9.346	9.650	9.100	9.228	-0.083	112,889
Nov	9.418	9.709	9.173	9.297	-0.073	118,885
Jan'23	9.559	9.835	9.335	9.465	-0.067	83,951
April	5.660	5.775	5.548	5.593	-0.045	69,953
May	5.445	5.560	5.377	5.416	-0.030	73,540

	Open	Contract High	Low	Settle	Chg	Open interest
Dec	216.40	219.05	212.75	214.40	-1.90	91,290
<b>Sugar-World (ICE-US)</b> -112,000 lbs.; cents per lb.						
Oct	18.26	18.43	18.14	18.24	-0.03	300,987
March'23	18.25	18.37	18.11	18.21	-0.04	198,723
<b>Sugar-Domestic (ICE-US)</b> -112,000 lbs.; cents per lb.						
Nov				35.99	...	1,840
<b>Cotton (ICE-US)</b> -50,000 lbs.; cents per lb.						
Oct	122.15	122.15	117.26	118.32	-3.93	113
Dec	116.00	118.67	111.85	113.54	-3.31	106,532
<b>Orange Juice (ICE-US)</b> -15,000 lbs.; cents per lb.						
Sept	174.85	175.55	170.10	170.15	-5.05	5,330
Nov	172.35	172.90	167.55	167.70	-4.75	4,514

Interest Rate Futures						
<b>Ultra Treasury Bonds (CBT)</b> -\$100,000; pts 32nds of 100%						
Sept	154-140	154-210	152-130	152-290	-1-04.0	1,318,223
Dec	153-050	154-140	152-080	152-230	-1-04.0	56,122
<b>Treasury Bonds (CBT)</b> -\$100,000; pts 32nds of 100%						
Sept	141-110	141-150	139-280	140-100	-29.0	1,159,579
Dec	140-160	140-290	139-120	139-250	-29.0	8,333
<b>Treasury Notes (CBT)</b> -\$100,000; pts 32nds of 100%						
Sept	119-130	119-145	118-175	118-245	-20.0	3,416,187
Dec	119-165	119-180	118-220	118-280	-20.0	104,271
<b>5 Yr. Treasury Notes (CBT)</b> -\$100,000; pts 32nds of 100%						
Sept	112-095	112-107	111-232	111-295	-13.0	3,944,443
Dec	112-122	112-137	111-262	112-002	-13.2	122,286
<b>2 Yr. Treasury Notes (CBT)</b> -\$200,000; pts 32nds of 100%						
Sept	104-191	104-197	104-122	104-170	-2.9	2,089,204
Dec	104-170	104-183	104-103	104-146	-4.0	35,482
<b>30 Day Federal Funds (CBT)</b> -\$5,000,000; 100 - daily avg.						
Aug	97.6700	97.6700	97.6650	97.6700	.0025	417,231
Oct	97.0650	97.0800	97.0150	97.0700	.0050	274,267
<b>10 Yr. Del. Int. Rate Swaps (CBT)</b> -\$100,000; pts 32nds of 100%						
Sept	93-290	94-075	93-230	93-290	-21.0	16,215
<b>Three-Month SOFR (CME)</b> -\$1,000,000; 100 - daily avg.						
June	98.0550	98.0575	98.0255	98.0575	-0.025	712,085
March'23	96.3600	96.3750	96.2450	96.3250	-0.0450	1,031,981
<b>Eurodollar (CME)</b> -\$1,000,000; pts of 100%						
Sept	96.6575	96.6750	96.5850	96.6625	-0.125	1,077,122
Dec	96.1000	96.1050	95.9850	96.0750	-0.200	1,710,066
March'23	96.0900	96.0950	95.9600	96.0450	-0.0500	1,075,569
Dec	96.5750	96.5900	96.4150	96.4950	-1.000	985,693

Currency Futures						
<b>Japanese Yen (CME)</b> -\$12,500,000; \$ per 100¥						
Sept	.7468	.7486	.7397	.7423	-0.045	224,169
Dec	.7551	.7569	.7464	.7489	-0.045	2,378
<b>Canadian Dollar (CME)</b> -CAD 100,000; \$ per CAD						
Sept	.7782	.7794	.7728	.7751	-0.031	135,636
Dec	.7778	.7791	.7727	.7749	-0.031	10,826
<b>British Pound (CME)</b> -£62,500; \$ per £						
Sept	1.2102	1.2151	1.2035	1.2070	-0.026	220,834
Dec	1.2128	1.2174	1.2058	1.2090	-0.031	6,277
<b>Swiss Franc (CME)</b> -CHF 125,000; \$ per CHF						
Sept	1.0556	1.0571	1.0504	1.0537	-0.011	38,601
Dec	1.0596	1.0653	1.0596	1.0624	-0.015	650
<b>Australian Dollar (CME)</b> -AUD 100,000; \$ per AUD						
Sept	.7026	.7030	.6914	.6947	-0.078	158,122
Dec	.7014	.7038	.6924	.6956	-0.0079	1,770
<b>Mexican Peso (CME)</b> -MXN 500,000; \$ per MXN						
Sept	.04993	.04995	.04946	.04970	-0.0022	200,978
Dec	.04891	.04906	.04861	.04883	-0.0021	640
<b>Euro (CME)</b> -€125,000; \$ per €						
Sept	1.0191	1.0225	1.0167	1.0207	.0016	676,807
Dec	1.0268	1.0294	1.0238	1.0276	.0013	9,880

Index Futures						
<b>Mini DJ Industrial Average (CBT)</b> -\$5 x index						
Sept	34127	34177	33804	33963	-155	80,191
Dec	34201	34256	33905	34059	-155	845
<b>Mini S&amp;P 500 (CME)</b> -\$50 x index						
Sept	4309.25	4314.75	4255.00	4276.75	-31.00	2,288,598
Dec	4324.00	4332.75	4273.25	4295.25	-31.00	47,358
<b>Mini S&amp;P Midcap 400 (CME)</b> -\$100 x index						
Sept	2639.20	2642.60	2584.00	2601.10	-35.50	48,759
Dec	2618.00	2646.70	2597.30	2611.80	-30.60	3
<b>Mini Nasdaq 100 (CME)</b> -\$20 x index						
Sept	13658.00	13672.00	13406.25	13493.25	-165.00	263,033
Dec	13737.75	13750.25	13489.75	13574.00	-165.25	4,654
<b>Mini Russell 2000 (CME)</b> -\$50 x index						
Sept	2025.20	2028.90	1976.50	1989.10	-34.20	523,347
Dec	2035.00	2035.00	1982.40	1995.60	-34.40	4,471
<b>Mini Russell 1000 (CME)</b> -\$50 x index						
Sept	2346.40	2372.10	2341.10	2353.10	-19.90	13,487
<b>U.S. Dollar Index (ICE-US)</b> -\$1,000 x index						
Sept	106.37	106.80	106.18	106.49	.10	57,940
Dec	106.04	106.41	105.96	106.16	.12	936

Source: FactSet

Agriculture Futures						
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.						
Sept	611.00	618.50	608.00	615.00	4.00	161,709
Dec	610.00	617.00	606.75	612.00	1.75	695,262
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.						
Sept	445.00	445.00	433.25	431.75	-10.00	273
Dec	409.00	413.50	401.50	404.25	-5.00	2,145
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.						
Sept	1454.75	1479.00	1454.00	1475.25	21.00	24,226
Nov	1382.50	1400.00	1379.00	1390.00	9.00	314,354
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.						
Sept	437.80	441.40	432.80	440.60	4.70	51,274
Dec	397.00	402.90	395.00	400.60	4.50	189,450
<b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.						
Sept	67.84	68.63	67.09	67.41	-4.3	50,838
Dec	65.93	66.75	65.30	65.60	-4.6	140,319
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.						
Sept	16.89	16.89	16.66	16.67	-2.3	6,942
Nov	17.20	17.20	16.95	16.96	-2.4	1,800
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.						
Sept	785.25	797.00	759.50	763.25	-22.25	63,625
Dec	802.75	813.75	777.00	780.50	-22.75	148,294
<b>Wheat (KC)</b> -5,000 bu.; cents per bu.						
Sept	872.50	885.25	841.25	851.00	-20.75	27,461
Dec	874.25	886.25	843.00	853.00	-20.25	77,964
<b>Cattle-Feeder (CME)</b> -50,000 lbs.; cents per lb.						
Aug	181.800	183.725	181.125	183.250	1.725	3,631
Oct	187.975	190.200	187.325	189.525	1.525	13,615
<b>Cattle-Live (CME)</b> -40,000 lbs.; cents per lb.						
Aug	141.700	142.000	141.150	141.750	.450	5,048
Oct	145.800	146.250	145.175	145.850	.175	116,745
<b>Hogs-Lean (CME)</b> -40,000 lbs.; cents per lb.						
Oct	97.000	98.450	95.575	98.050	1.475	95,655
Dec	88.100	88.650	86.700	88.425	1.725	70,719
<b>Lumber (CME)</b> -110,000 bd. ft.; \$ per 1,000 bd. ft.						
Sept	592.50	609.70	588.00	598.40	2.30	1,429
Nov	577.20	595.00	577.20	583.00	-2.20	794
<b>Milk (CME)</b> -200,000 lbs.; cents per lb.						
Aug	20.12	20.19	20.08	20.17	...	4,186
Sept	20.87	21.00	20.40	20.67	-2.00	5,729
<b>Cocoa (ICE-US)</b> -10 metric tons; \$ per ton.						
Sept	2,353	2,417	2,320	2,400	67	22,239
Dec	2,432	2,432	2,351	2,421	51	147,251
<b>Coffee (ICE-US)</b> -37,500 lbs.; cents per lb.						
Sept	219.00	222.10	215.90	217.45	-1.90	21,880



BIGGEST 1,000 STOCKS

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

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

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

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

Table with columns: Wednesday, August 17, 2022. Stock, Sym, Close, Net Chg.

Table with columns: Thursday, August 18, 2022. Stock, Sym, Close, Net Chg.

Table with columns: Friday, August 19, 2022. Stock, Sym, Close, Net Chg.

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Mutual Funds

Data provided by LIPPER
Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e-Ex-Dividend. F-Previous day's quotation. G-Footnotes x and s apply. J-Footnotes x and s apply. K-Reallocated by Lipper, using updated data. p-Distribution choices apply.

12b-1-R Redemption charge may apply. s-Stock split or dividend. F-Footnotes p and q apply. V-Footnotes x and e apply. W-Fund dividend. X-Footnote x, x and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

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BANKING & FINANCE

McMahon Paid Trump Charity \$5 Million

WWE says payment should have been disclosed because it benefited company

By Joe Palazzolo and Ted Mann

Contributions totaling \$5 million to Donald Trump's charity in 2007 and 2009 were among \$19.6 million in unrecorded company expenses Vince McMahon paid out before he stepped down from World Wrestling Entertainment Inc. amid misconduct allegations, an internal board investigation found.

In securities filings this month, WWE said that the roughly \$20 million that came out of Mr. McMahon's pocket should have been disclosed because the transactions benefited the company he ran. While the bulk of the payments went to women who accused Mr. McMahon and another WWE executive of sexual misconduct, the company said in the filings that the \$5 million was unrelated to such allegations but didn't state its purpose.

People familiar with the board investigation said the \$5 million represented charitable donations to the now-dissolved Donald J. Trump Foundation in the same two years that the then-real-

tate developer made appearances at WWE televised events.

Mr. McMahon retired as chairman and chief executive last month, ending his four-decade tenure as the head of the company that he and his wife, Linda McMahon, built into wrestling's biggest business.

An attorney for WWE said the payments to Mr. Trump should have been booked as business expenses because Mr. McMahon was a principal shareholder and the payments benefited the company. He declined to say why the payments benefited WWE.

The tax returns for the Trump Foundation in 2007 and 2009 show contributions of \$4 million and \$1 million, respectively, from WWE. In 2007, Mr. Trump appeared on the pay-per-view event WrestleMania 23, where he shaved Mr. McMahon's head in a bit promoted as the "Battle of the Billionaires." He appeared in 2009 on the nationally televised "WWE Raw," with a story line that had Mr. Trump taking over WWE before selling it back to Mr. McMahon at double the price.

In the "Battle of the Billionaires" in 2007, Mr. McMahon and Mr. Trump fought a proxy match, each represented by a professional wrestler, with the winner getting to shave the loser's



Donald Trump and wrestler Bobby Lashley shave the head of Vince McMahon at WrestleMania 23 at in Detroit in 2007.

head. Mr. Trump's wrestler won.

A person who reviewed Mr. Trump's contract for the WrestleMania appearance said that Mr. Trump directed Mr. McMahon to send a \$4 million appearance fee to Mr. Trump's charity.

Mr. Trump had his associates review the contract to ensure that under no circumstances would Mr. McMahon be allowed to shave his head, even if Mr. Trump's wrestler dropped dead in the ring, this person said.

After the event, Mr. Trump boasted that his appearance had been such a success that Mr. McMahon agreed to give him an additional \$1 million,

this person said.

An attorney for WWE didn't dispute that the contributions were related to Mr. Trump's appearances but challenged the notion that \$1 million was a bonus for the success of the event.

"Mr. Trump and WWE entered into a contract whereby WWE agreed to and did pay him personally an appearance fee of \$1 million," Jerry McDevitt, the attorney, said in an email. "At the same time, the McMahons made a personal contribution to the Trump Foundation of \$4 million. There was no additional fee paid to Mr. Trump, or any additional contribution to the Trump Foundation, due to

the success of the event."

Mr. Trump received a \$100,000 fee for his appearance on "WWE Raw" in 2009, while "at the same time" Mr. McMahon and his wife made a \$1 million donation to Mr. Trump's foundation that year, Mr. McDevitt said.

Before the foundation's dissolution, Mr. Trump had been known to direct his appearance fees there. Comedy Central gave the Trump Foundation \$400,000 in 2011, the foundation's tax return shows. That was the same year Mr. Trump was roasted on the cable channel by Seth MacFarlane, the creator of the television show "Family Guy."

A spokeswoman for Paramount Media Networks, which includes Comedy Central, didn't respond to requests for comment.

Mr. Trump's spokespeople didn't respond to requests for comment.

The \$5 million was listed on the foundation tax returns as coming from WWE, but the company said in securities filings this month that the payments came from Mr. McMahon personally.

Mr. Trump agreed to dissolve the foundation in a settlement with the New York state attorney general's office, which alleged in a 2018 lawsuit that Mr. Trump misused the charity funds to further his 2016 presidential

campaign, pay legal settlements and promote his business.

Mr. Trump admitted to misusing nonprofit funds and was ordered by a New York judge to pay \$2 million to charities as part of the 2019 settlement.

"I am the only person I know, perhaps the only person in history, who can give major money to charity (\$19M), charge no expense, and be attacked by the political hacks in New York State," he said in a 2019 statement posted on Twitter. "No wonder why we are all leaving!"

WWE said in a Monday securities filing that the internal investigation into the payments by Mr. McMahon is "substantially complete."

The \$14.6 million in settlements Mr. McMahon entered into with women, first revealed by The Wall Street Journal, included a \$7.5 million pact in 2018 with a former wrestler who alleged Mr. McMahon coerced her into giving him oral sex. She alleged that Mr. McMahon pushed her out after she refused further sexual encounters, according to people familiar with the deal.

A company spokesman has said a sexual relationship between Mr. McMahon and a former WWE paralegal that resulted in a \$3 million settlement this year was consensual.

AMC's Special Dividend Caused Investors to Go 'APE' Over Shares

By Gunjan Banerji

AMC Entertainment Holdings Inc. outlined plans this month to issue a special dividend, sending its shares soaring and stoking enthusiasm among the company's passionate base of individual investors.

Shares of the cinema chain have surged more than 30% since the plans were unveiled Aug. 4, while short sellers betting against the stock have suffered more than \$500 million in losses.

Here's what AMC shareholders and market watchers should know about the dividend.

What's AMC's plan?

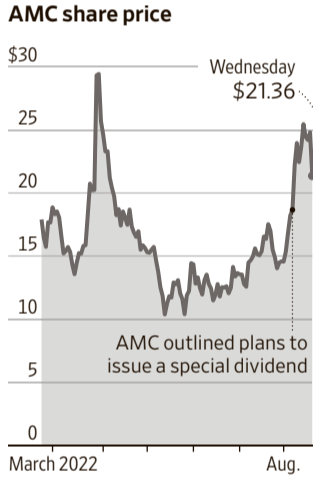
AMC has said it would grant shareholders a special dividend of one AMC preferred equity unit, or APE, for each share of common stock they own at the end of day Friday. The company expects to grant the units at the end of day Friday and has applied to list them on the New York Stock Exchange to start trading Monday under the ticker APE. That is a nod to the stock's fans who refer to themselves as apes.

The move is akin to a 2-for-1 stock split. The value of the company won't change with the issuance, but shares of companies that execute splits sometimes see a boost. Since 1980, stocks that have split have historically gained about 25% one year after the move, compared with a 9% increase for the broader market, according to a Bank of America Corp. analysis as of March.

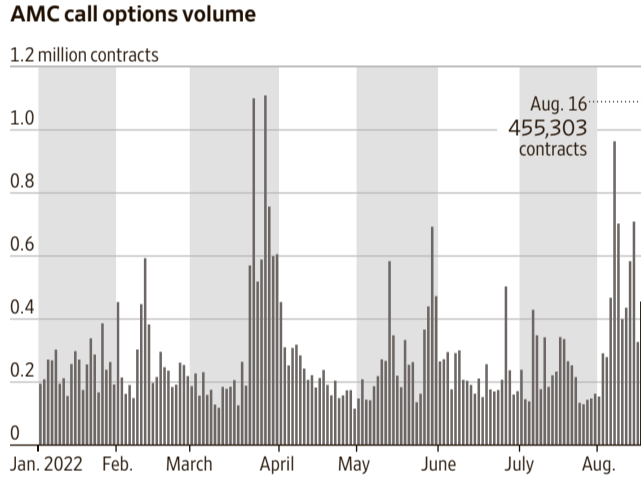
"Every current shareholder keeps their existing share but also gets this new preferred unit. They've now got an equivalent of two shares for every one share," said Jay Ritter, a professor at the University of Florida, who studies initial public offerings and called AMC's plan "highly unusual."

Why is AMC doing this?

AMC appears to be trying to improve its finances after narrowly averting bankruptcy during the Covid-19 pandemic. The company can't issue more common stock, however, because it has already issued so many shares that it is facing the limit



Sources: FactSet (share price); Trade Alert (call options volume)



under its corporate charter. Although AMC won't be raising any money with the initial issuance of the units, it has said it might use the mechanism to raise funds down the line to potentially pay back debt or make acquisitions.

AMC has said the dividend "dramatically lessens any near-term survival risk for AMC." The company recently had about \$5.4 billion in outstanding debt and roughly \$1.2 billion in cash and a revolving loan it can tap.

"It's sort of a [stock] split on steroids. It gives you more optionality," said William Bruno, a partner at law firm Crowell & Moring who focuses on securities matters.

AMC took advantage of enthusiasm among individual investors to raise about \$2.2 billion by selling new common shares since 2020, Chief Executive Adam Aron previously said, told The company tried to secure shareholder approval to issue more shares last year, but the proposal fell flat and it eventually withdrew the plan.

Citigroup Inc. analysts said in a note to clients this week that they expect AMC to take advantage of the recent rally in its shares and eventually issue more APE units to pay down debt. They said the APE units give the company more financial flexibility but still find the shares overvalued. AMC shares closed Wednesday at \$21.36. They traded around \$2 at the end of 2020 before being caught up in last year's meme-stock frenzy.

What are preferred equity units?

In this case, the preferred equity units give investors the right to a slice of a preferred share. Preferred shares are typically senior to common shares if a company files for bankruptcy.

What will happen to AMC's stock when the APE units start trading?

Stocks like AMC have often swung in unpredictable ways, skyrocketing or falling abruptly, even when there isn't an unusual corporate event like this at hand.

Theoretically, the price of AMC shares should fall by half when the APE units are issued. That is because the move, though presented as an issuance of preferred units, amounts to a split of the common stock, they said. Stock splits have the effect of reducing the share price in proportion to the ratio of the split.

But that won't happen here because this isn't quite a stock split—and in doing it this way AMC seems to be anticipating it can cash in on the recent trend of tech investors especially buying up shares of firms doing stock splits, ostensibly on the rationale that a firm doing a split must have a positive outlook.

Some individual investors said they are bracing for heightened demand for the APE units when they start trading next week. Some are counting on a short squeeze to drive AMC prices even higher. That is a phenomenon that occurs

when a stock's price begins rising, forcing bearish investors to buy back shares that they had bet would later fall to curb their losses. There is a big short position in AMC's stock, at around 18% of its free float, according to S3 Partners.

The dividend plans may complicate matters for those betting against AMC. If a company issues dividends after a short seller unloads the shares, he is also responsible for returning these dividends to the initial holder, potentially creating more demand for the APE units.

Some AMC shorts may also close out of their positions ahead of the move—potentially driving shares higher—to avoid any volatile trading ahead. Already since the announcement, about a quarter of the short interest in the stock has been wiped out, with short sellers losing around \$540 million, according to S3 Partners.

What do shareholders think of the plan?

Bullish options bets tied to the shares have taken off, with volumes hitting one of the highest levels of the year after the news. Mr. Aron said in a tweet that the APE listing has "caused a whole new round of meme excitement."

"The initial reaction was sheer excitement," said Patrick Lauzon, a 40-year-old transit operator based near Toronto who said he holds the shares. "It makes me proud to be an AMC owner."

—Alexander Gladstone contributed to this article.

Mariner Finance Faces Lawsuit Over Its Sales Practices

By Ted Bunker

Mariner Finance LLC, a consumer finance company backed by private-equity firm Warburg Pincus LLC, is facing a multistate lawsuit alleging the lender engaged in deceptive sales practices that cost customers millions of dollars.

Mariner disputed the allegations, saying other states and the Federal Trade Commission examined its business practices and didn't find reason to act against it. The lawsuit seeks civil penalties and restitution to borrowers affected by unlawful practices, according to a statement from the Pennsylvania Attorney General's Office.

Based in Nottingham, Md., Mariner makes debt-consolidation, home-improvement and other types of loans to moderate- and low-income borrowers whose credit scores leave them with few financing options, according to the lawsuit. It was filed in the U.S. District Court for Eastern Pennsylvania.

Mariner engaged in "credit insurance packing" and charged consumers for add-on products such as job-loss and disability insurance that borrowers either didn't know about or said they didn't want, the lawsuit alleges. It cites examples of consumers being improperly charged as much as \$39 on each \$100 borrowed.

Add-ons as well as unnecessary loan refinancings promoted by Mariner representatives cost Pennsylvania \$19.5 million in extra fees and \$8 million in added interest from 2015 to 2018, according to Pennsylvania Attorney General Josh Shapiro, a Democrat. He and Shapiro from New Jersey, Oregon, Washington, Utah and the District of Columbia jointly sued the lender.

The added fees and costs typically got "tacked on to a kind of loan that we already know people struggle to pay back," Mr. Shapiro said about the case in a news release. "These tactics are predatory."

Josh Johnson, Mariner's founder and chief executive, said the company has continuously disputed the allegations

made in the lawsuit as it cooperated with state and federal investigators over the course of almost four years.

"The states' allegations are based on minimal consumer interviews, the details of which were never shared with Mariner, and reflect a misunderstanding of the law," Mr. Johnson said. He added that in addition to the FTC, examinations by other state attorneys general resulted in no actions taken.

"Mariner will vigorously defend itself against this misguided action, and will be responding to the complaint in due course," Mr. Johnson said.

Mariner representatives encouraged consumers to repeatedly refinance their loans to generate additional fees for the lender and sometimes falsely told borrowers that costly add-ons were required or would come at no extra cost, according to a statement from Mr. Shapiro's office. The company manages about \$2 billion of loans, with more than 480 offices across 27 states. Four out of five Mariner borrowers pay for at least one add-on, according to the lawsuit.

In 2019, Mariner's premiums and fees for add-on products totaled \$121.7 million nationwide, according to the lawsuit. The company encourages employees "to deceive, mislead, and otherwise confuse financially desperate consumers," leading them to pay hundreds or thousands of dollars more for their loans, the suit alleges.

Mariner's commissions for each add-on run as high as 75%, the lawsuit said.

"Mariner's unlawful behavior is motivated by the high-growth demands of its owner," a fund managed by New York-based Warburg Pincus, the lawsuit alleges. The firm bought Mariner for \$234 million in 2013, the suit said.

"Throughout our ownership of Mariner, Warburg Pincus has always supported ethical business conduct," the firm said. "Mariner Finance delivers a valuable service to hundreds of thousands of Americans who have limited access to consumer credit."

New Highs and Lows

Table with columns for Stock, 52-Wk % Change, and % Change. Lists various stocks and their performance metrics.



## MARKETS

# Stocks Fall After Fed Minutes, Retailers' Mixed Earnings

By MATT GROSSMAN  
AND CAITLIN McCABE

Stocks finished lower after investors reviewed another batch of earnings from retailers and studied the latest signals from the Federal Reserve about future interest-rate moves.

Shares recovered some lost ground at midafternoon just after the Fed published the minutes from its July meeting, but they tailed off again.

## WEDNESDAY'S MARKETS

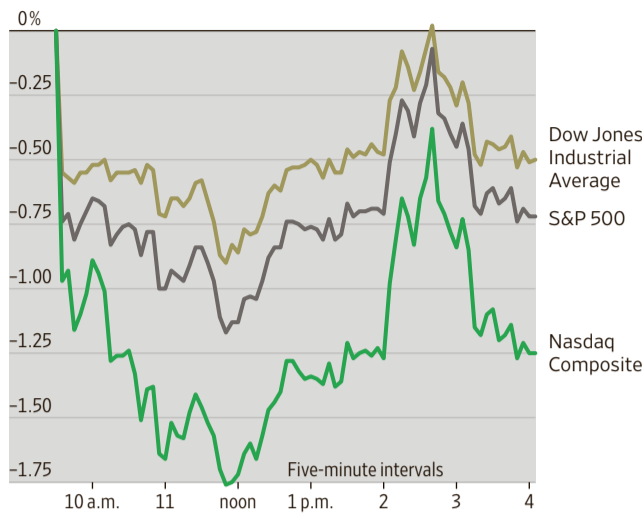
At the closing bell, the S&P 500 was down 31.16 points, or 0.7%, at 4274.04. The Dow Jones Industrial Average lost 171.69, or 0.5%, to 33980.32. The Nasdaq Composite declined 164.43, or 1.3%, to 12938.12.

"In a microcosm, today tells you how closely the market is looking for any indication of the Fed's next step," said Jim Baird, chief investment officer at Plante Moran Financial Advisors. After the minutes's release, "everyone came back to the other side of the boat. That tells you what the market is focused on right now," Mr. Baird said.

Stocks have climbed in recent weeks as investors discounted concerns that persistently high inflation, rising interest rates and a looming economic slowdown had made corporate shares a bad bet. Even after Wednesday's decline, the S&P is up 17% from its June low as investors have reshuffled portfolios and scrambled to cover bearish wagers.

Some strong earnings reports and data last week showing easing U.S. inflation have spurred optimism. Lowe's shares climbed \$1.25, or 0.6%, to \$215.37 Wednesday after the home-improvement retailer reported quarterly earnings that beat analysts' expectations, following strong

Index performance Wednesday



Source: FactSet

results Tuesday from Walmart and Home Depot. New retail-sales data indicated that, excluding the effect of falling gasoline prices, consumer spending trended up last month, a sign of economic resilience.

Earnings from Target on Wednesday presented a cloudy picture of the American consumer. Target's profit fell sharply, and the company said it saw customers cut spending on discretionary items. Still, revenue rose, boosted by strong sales of food and beverage, beauty and household items and more shopper visits. Its shares fell \$4.85, or 2.7%, to \$175.34.

**Bed Bath & Beyond** jumped \$2.43, or 12%, to \$23.08 in volatile trading. Individual investors continued to pile into the stock, hoping to push the shares even higher and punish professionals who have bet against it.

Investors are wrestling with whether the recent rally marks a lasting turnaround to stocks' dismal first half or whether it is destined to fade.

With inflation still a central concern, the Fed is expected to

keep raising interest rates, but investors are wondering how quickly and for how long. Traders have been caught in the crossfire between comments from Fed officials who project rates rising aggressively and market-based forecasts that expect the central bank to slow or reverse its rate hikes.

The records from the July meeting released Wednesday showed the Fed remained focused on controlling inflation. But in the notes, central bankers also discussed the risk they could raise borrowing costs more than needed, causing unwarranted economic weakness. Government-bond yields, sensitive to projected Fed policy, gave up some of the day's gains on the news.

Yields have been rising in recent sessions, a sign that more traders are heeding central bankers' policy-tightening projections. Chris Verrone, a partner at research firm Strategas, said higher yields are a reason to doubt the stock-market rally's endurance.

"The bond market is not sold on this idea that some Fed pivot is imminent," Mr. Ver-

rone said. "This idea of a Fed pivot—the data doesn't support it, and the bond market doesn't support it."

The yield on the benchmark 10-year U.S. Treasury note settled at 2.894%, higher by about 0.3 percentage point since the beginning of August. The yield on the two-year note remained greater yet, climbing to 3.293%, up 0.4 percentage point from a recent low the last week of July. That sustained a pattern, known as an inverted yield curve, is considered a recession predictor. Yields rise when bond prices decline.

The Fed minutes tilted futures contracts, used by traders to place bets on how the Fed will set rates, back toward a greater likelihood of a smaller half-percentage-point increase at the central bank's September meeting. Some traders have been gambling on whether the Fed might instead enact another larger 0.75-percentage-point move.

Higher interest rates reduce the value that many investors' models assign to stock prices, so any hawkish sign from the Fed could pause the stock market's recent rally. And many money managers worry that the economy could continue to slow.

In commodities, oil prices moved between gains and losses as fears of a global economic slowdown continued to hang over investors. Brent crude, the international oil benchmark, gained 1.4% to \$93.65 a barrel, following a few days of declines.

Overseas, the pan-continental Stoxx Europe 600 lost 0.9%.

Asia Pacific stocks moved lower early Thursday. Japan's Nikkei 225 was down 0.8%, the Shanghai Composite was down 0.7%, Hong Kong's Hang Seng Index was down 0.6%, South Korea's Kospi was down 0.5% and Australia's S&P ASX 200 was down 0.2%. S&P 500 futures fell 0.1%.

## Elliott Plays Role In Deal

Continued from page B1

Elliott would need to buy close to \$1.6 billion of Swedish Match stock to stop Philip Morris from reaching 90%, suggesting it might need others to join its campaign. Under Swedish rules, it would also have to disclose its holding if its stake reaches 5%.

John Hempton, chief investment officer at Australia-based hedge-fund firm Bronte Capital, said he plans to vote his 1% stake against the current offer because it underestimates the sale potential of Zyn.

Mr. Hempton said he thinks the brand could represent 30% of the U.S. tobacco industry in 20 years because the nicotine pouch is more addictive than cigarettes but less harmful. It also benefits from patent protection, he said.

The challenge for investors betting on a higher bid is handicapping the chances of Philip Morris dropping the offer entirely if it doesn't win sufficient support or lowering the approval threshold to try to push through the deal without raising its bid.

Philip Morris, some investors say, would be reluctant to walk away because the acquisition is key to its stated goal of generating more than 50% of its net revenue from smoke-free products by 2025, up from 29% last year.

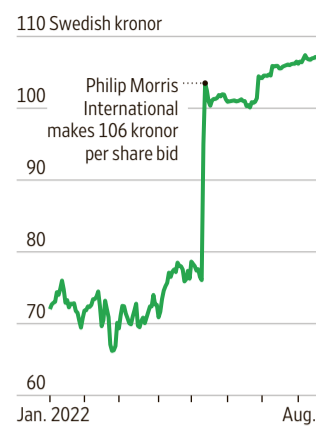
Lowering the minimum threshold could also be problematic for Philip Morris. Swedish Match's minority

### AUCTION RESULTS

Here are the results of Wednesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

20-YEAR BONDS	
Applications	\$36,525,897,200
Accepted bids	\$16,952,881,200
* noncompetitively	\$24,211,300
* foreign noncompetitively	\$0
Auction price (rate)	99.925621 (3.380%)
Interest rate	3.375%
Bids at clearing yield accepted	73,288
Cusip number	912810TK4
The bonds, dated Aug. 31, 2022, mature on Aug. 15, 2042.	

Swedish Match share price



Note: 1 krona=\$0.0968  
Source: FactSet

shareholders could block the new owner from transferring assets and carrying out other related-party transactions to integrate the business. Any such move would require Swedish Match to hold a shareholder vote, which Philip Morris couldn't join.

"These protection rules make it more difficult for a majority owner to take full control of a target, particularly when the minority shareholders include an activist fund that might not agree with everything you are doing," said Carl Svernlöv, a Stockholm-based corporate lawyer at Baker McKenzie.

A wrong bet would leave Swedish Match's minority investors stuck for at least six months in a listed company that is difficult to trade because of its small public float. After that, Philip Morris could try to buy out the remaining shareholders at a higher price, which wouldn't apply to investors who had previously tendered their shares.

Elliott has proved willing to play a longer game before. In 2016, it took a more than 10% stake in Arcam AB after General Electric Co. agreed to buy the Swedish 3-D printing company. GE later raised its bid and lowered its minimum approval threshold to 75%, allowing it to close the deal while Arcam remained publicly traded.

About a year later, Elliott and another hedge-fund manager, Polygon Investment Group, agreed to sell their holdings to GE at a 15% premium to the prior takeover price.

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