

THE WALL STREET JOURNAL.

What's News

Business & Finance

Juul Labs agreed to pay at least \$438.5 million in a settlement with more than 30 states, the latest step by the beleaguered e-cigarette maker to resolve allegations that it marketed its products to underage users. **A1**

◆ **The EU blocked** Illumina's acquisition of cancer-test developer Grail, putting a \$7.1 billion merger in jeopardy days after a U.S. administrative-law judge allowed it to go forward. **A1**

◆ **Financial pain** is spreading in the junk-loan market, showing how interest-rate increases are hurting debt-laden firms and worrying investors that a credit crunch looms as the economy slows. **A1**

◆ **The U.S. services sector** either expanded or shrank faster in August than in July, according to separate surveys, adding to other mixed signals on the strength of the economy. **A2**

◆ **U.S. stocks fell**, with the S&P 500, Nasdaq and Dow retreating 0.4%, 0.7% and 0.6%, respectively. **B11**

◆ **Bed Bath & Beyond** named Laura Crossen, who was promoted in late June to the role of chief accounting officer, as its interim CFO following the death of Gustavo Arnal. **B1**

◆ **Lawyers for Musk** and Twitter debated at a hearing over their stalled deal whether Musk can incorporate a whistleblower's allegations into his countersuit. **B1**

◆ **Theranos founder Holmes** is seeking a new trial after she said a prosecution witness visited her house to express regret for his role in her trial, according to a court filing. **B4**

World-Wide

◆ **Liz Truss** became Britain's third prime minister in just over three years, taking power in a nation that faces a toxic brew of looming recession, high inflation, a historic energy price shock and a sinking currency. **A7**

◆ **The IAEA detailed** damage done to Ukraine's Zaporizhzhia nuclear plant and warned of the high-stress environment for staff there in a report that pointed to dangers posed by the Russian occupation of the site. **A6**

◆ **Scores of people** were trying to evacuate from villages near the Zaporizhzhia plant, Ukrainian officials said, as an explosion cut off access to electricity and water at a nearby town. **A6**

◆ **U.S. health authorities** plan to recommend that people get Covid-19 boosters once a year, starting with the new shots being rolled out, a shift from their current practice of issuing new advice every several months. **A3**

◆ **The Justice Department** faces partly conflicting goals as it weighs how to proceed in its inquiry into the handling of classified documents at Mar-a-Lago following a key legal ruling, former prosecutors say. **A4**

◆ **The NLRB is proposing** a rule that would make it easier for workers to say they are employed by two employers at once, a move that could open the door to claims against businesses that rely on franchisees, contractors or staffing firms. **A2**

◆ **Officials were investigating** a ransomware attack on the Los Angeles public school system. **A3**

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Quake Strikes China, Killing at Least 66, Injuring Hundreds



TO SAFETY: Rescuers on Tuesday use a helicopter to evacuate injured people in Luding County in China's Sichuan province after a 6.8-magnitude earthquake struck. At least 66 people were killed and more than 200 were injured. **A16**

Junk-Loan Defaults Trigger Jitters About a Credit Crunch

By MATT WIRZ

Financial pain is spreading in the junk-loan market, showing how interest-rate increases are hurting debt-laden companies and worrying investors that a credit crunch looms as the economy slows.

Defaults on so-called leveraged loans hit \$6 billion in August, the highest monthly total since October 2020, when pandemic shutdowns hobbled the U.S. economy, according to Fitch Ratings. The figure represents a fraction of the sprawling loan market, which doubled

over the past decade to about \$1.5 trillion. But more defaults are coming, analysts said.

Interest payments on the loans float in lockstep with benchmark interest rates set by the Federal Reserve. The higher the central bank raises rates, the tighter the squeeze on companies that borrowed when rates were close to zero.

One sign of concern—a flurry of reports published by investment banks after Fed Chairman Jerome Powell signaled on Aug. 26 his intent to keep rates high to suppress inflation. Wall Street firms

sounding the alarm included Bank of America Corp., UBS Group AG and Morgan Stanley, which called the loans a “canary in the credit coal mine.”

“Borrowers are particularly vulnerable to the double whammy of weaker earnings and rising interest rates,” Morgan Stanley strategist Srikanth Sankaran said. That will trigger a wave of credit-rating downgrades and push average loan prices—currently 95 cents on the dollar—below 85 cents, a level breached only during the 2008 financial crisis and the depth of the

Covid-19 pandemic, he said.

Falling loan ratings and prices will make it harder for companies to borrow to fund growth or to repay their existing debts. Tighter financing also drags on growth, increasing the risk of the U.S. economy falling into a hard landing. New loan sales have dropped to \$334 billion this year, compared with \$532 billion in the first eight months of 2021, according to Leveraged Finance Group.

◆ **Investors worldwide charge** into U.S. stocks..... **B1**

INSIDE



JASON GAY
Frances Tiafoe's long journey to a win against Rafael Nadal. **A12**



BUSINESS & FINANCE
People are hitting the gym again, and it's boosting foot traffic at nearby stores. **B1**

Schools Try to Reverse Losses In Learning During Pandemic

States spend on tutoring and other efforts, uncertain what will work

By SCOTT CALVERT

ASHLAND CITY, Tenn.—Delainey Tidwell says she loves reading. The tricky part for her is understanding the words on the page. “I would read one sentence over and over again,” said the 9-year-old fourth-grader.

Though she returned to school in August 2020, repeated quarantines left her mostly on her own at home. Her father is a construction supervisor who has to be on site. Her mother works from home but gets few breaks during the day. Delainey sometimes had to care for her little sister during virtual

school.

Delainey's difficulty with comprehension is also hurting her in math class, where she struggles to understand word problems, said her mother, Danyal Tidwell, who pins some blame on the pandemic. “We want to give her every resource we can between school and home, because we want her caught up,” Mrs. Tidwell said.

For two years, schools and researchers have wrestled with pandemic-era learning setbacks resulting mostly from the lack of in-person classes. They are struggling to

◆ **States spend on tutoring** and other efforts, uncertain what will work. **A8**

Unruly Times Spark Ruckus Of Gaveling

Vexed officials resort to bashing to restore order

By JACOB GERSHMAN

There is no Guinness World Record for the most banging of a gavel by a local government official. But a Hinds County board of supervisors meeting last year in Mississippi was surely one for the history books.

The gathering began civilly enough with an invocation and the Pledge of Allegiance. Then, in protest of an agenda item, County Supervisor David Archie raised a makeshift gavel he bought at Home Depot and proceeded to pound it hundreds of times. A local newspaper called it a “gavel-pound.”

◆ **Unruly Times Spark Ruckus** of Gaveling. **A8**

EU Flexes Its Power, Blocks U.S. Merger

By KIM MACKRAEL AND PETER LOFTUS

BRUSSELS—The European Union blocked Illumina Inc.'s acquisition of cancer-test developer Grail Inc., putting a \$7.1 billion merger into jeopardy days after a U.S. administrative-law judge allowed it to go forward.

The fate of the acquisition has emerged as an early test case for regulators in the U.S. and EU who have vowed to scrutinize mergers more closely.

The outcome could establish new precedents for mergers-and-acquisition oversight, antitrust lawyers said, especially since Grail's tests are relatively new and generated little revenue so far—and none in the EU.

The EU's antitrust regulator said on Tuesday that Illumina's purchase would stifle innovation and reduce choice in an emerging market for early can-

cer-detection blood tests. The decision could prompt Illumina, a maker of gene-sequencing machines, to shed Grail just over a year after scooping it up.

The EU's antitrust regulator said Illumina didn't offer sufficient remedies to address its concerns about the deal and that it would issue a separate decision ordering Illumina and Grail to dissolve their transaction.

“It is vital to preserve competition between early cancer-detection-test developers at this critical stage of development,” said Margrethe Vestager, the EU's competition czar.

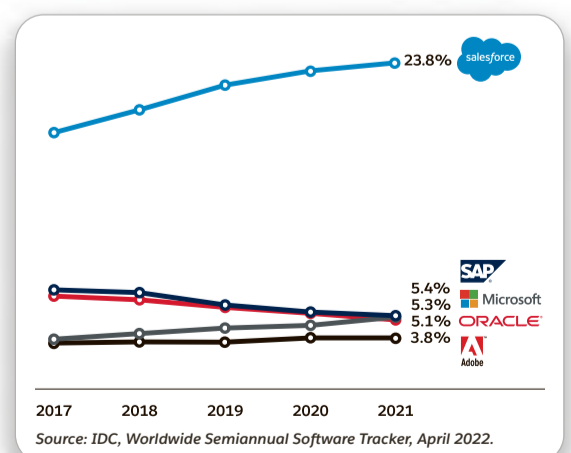
The action is a significant intervention by the European competition authority in a case that involves a U.S. company—Grail—with no current revenue inside the bloc.

In this case, the European Commission and FTC staff have

◆ **EU Flexes Its Power,** Blocks U.S. Merger. **A7**

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2021 Revenue Market Share Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, April 2022.



salesforce.com/number1CRM

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2022 salesforce.com, inc. All rights reserved. Salesforce.com is a registered trademark of salesforce.com, inc., as are other names and marks.

U.S. NEWS

Fight Brews Over New Food Labels

By KRISTINA PETERSON

WASHINGTON—Nutrition advocates and food-industry groups are revving up for a fight over whether an additional label should go on the front of many packaged-food items to more clearly indicate if they pose a health risk.

A long-running debate over what those new labels should look like—and if they should be required—is heating up ahead of a White House conference on hunger, nutrition and health later this month.

The Food and Drug Administration already requires most packaged foods to display a detailed nutritional label, but they are typically placed on the back or side of the item. Advocates want another, more condensed label on the front of the package that would visually flag certain health risks, such as high sugar or saturated-fat content, at a time of rising national rates of obesity among adults and children, as well as other diseases.

“We already have information on the side of the pack, but it’s clear that it’s not having the desired impact to advance the public health,” said Peter Lurie, president of the Center for Science in the Public Interest, a food and health watchdog organization. “This is a chance to make that information more prominent, more readable and more useful.”

Industry groups say there is insufficient real-world evidence to show such labels would influence consumer behavior. They also contend the FDA doesn’t have the authority to mandate front-of-package labels, which



Some groups want the FDA to adopt food-label warnings that use 'stop' sign shapes or red, yellow and green to replicate a traffic signal. Similar warnings can be found in other countries: from left, a Coke bottle in Mexico says it contains excess calories and sugars; a chocolate bar in Ecuador warns of high sugar and fat while saying it is low in salt; and a Coke bottle in the U.K. warns of high sugar.

they said could pose a First Amendment threat, since companies could view them as a form of forced speech.

“There really is a lack of robust evidence” to support advocates’ claims around front labels, said Roberta Wagner, vice president of regulatory and technical affairs at the Consumer Brands Association, and some of the proposed labels would “demonize” certain foods, she said.

A spokeswoman for the FDA said last week that it “plans to help empower consumers by providing more in-

formative labeling to help consumers identify foods that can contribute to healthier diets.” The agency said it is monitoring the implementation of front labels in other countries and starting to conduct its own consumer focus groups around front labels.

The agency also noted it is working on updating the definition of a “healthy” food and developing a symbol to represent it.

An outside task force of 26 food and health experts said in their recommendations ahead of the White House food sum-

mit that the FDA should develop an effective front-labeling plan.

A footnote, however, disclosed that the task force itself was divided over whether such labels should be voluntary, mandatory or implemented in stages, and whether the labels should include warnings.

Congressional Democrats have introduced legislation that would require the FDA to create standardized, front-of-package labeling for all food that has a nutrition label, which excludes some food such as raw fruits and vegetables.

U.S. Panel Moves to Ease Joint Employer Claims

By DAVID HARRISON

The federal board that oversees labor management relations is proposing a new rule that would make it easier for workers to say they are employed by two employers at once, a move that could open the door to employee claims against businesses that rely on franchisees, contractors or staffing firms.

The proposed rule is one of the first significant policy moves by the **National Labor Relations Board** under the Biden administration and will likely be challenged in court by business groups.

The rule would rescind a 2020 rule issued under the Trump administration stating that employees could only claim to be employed by companies holding “substantial, direct and immediate control” over their employment.

Under the current proposal, a company with the power “whether directly, indirectly or both” to control wages, hiring or work requirements would be counted as an employer.

That raises the possibility that a company that hires a contractor to run a cafeteria or clean the office could be considered a joint employer of the contractors’ workers. Or it could mean that a fast food or hotel chain requiring workers to cook food or clean rooms a certain way could be considered an employer even if those workers are hired and paid by franchisees.

Companies could be held responsible if their contractors violate labor law under the National Labor Relations Act. It could also force them to negotiate with unions representing their contractors’ employees.

“In an economy where employment relationships are increasingly complex, the board must ensure that its legal rules for deciding which employers should engage in collective bargaining serve the goals of the National Labor Relations Act,” said NLRB Chairman Lauren McFerran.

The NLRB is an independent five-member panel appointed by the president, and the political affiliation of its majority is usually a reflection of the current White House. The board is currently made up of three Democrats and two Republicans.

Both Republicans on the board, Marvin Kaplan and John Ring, disagreed with the proposed rule, saying there was no need to overturn the 2020 rule.

Workers would find it easier to say they are employed by two firms at once.

The rule is also vaguely written “and therefore arbitrary and capricious,” they wrote in a dissent. “It is difficult to imagine a better recipe for injecting chaos into the practice and procedure of collective bargaining that the majority claims to promote,” they wrote.

In 2015, the NLRB under the Obama administration outlined a broad standard that made it easier for employees to claim they were employed by two employers. The 2020 rule limited the circumstances for joint employment. The latest proposal would largely return to the Obama-era standard, the NLRB said.

Business groups criticized the proposal, saying it would put a heavy burden on companies.

“Contracting as a whole could face legal jeopardy in the context of this rule,” said Glenn Spencer, senior vice president of employment policy at the U.S. Chamber of Commerce.

The rule could also hurt small businesses, said Michael Layman, senior vice president for government relations at the International Franchise Association. If large chains are going to be held liable for the actions of their franchisees, they might start to limit how many franchise licenses they sell, preferring to own and operate their own stores instead, he said.

Surveys Paint Mixed Picture of Services Providers

By AUSTEN HUFFORD

The U.S. services sector either expanded or shrank faster in August than in July, according to two separate business surveys, adding to other mixed signals of the U.S. economy’s strength in recent months.

The Institute for Supply Management on Tuesday said the nation’s services sector grew faster in August than in July, according to its Services

PMI—an index that tracks industries including healthcare, finance, agriculture and construction.

Separately, data firm S&P Global said on Tuesday the services sector shrank faster in August than in July due to weak demand, according to its Services PMI Business Activity Index.

Both indexes are derived from surveys of companies. Readings above 50 indicate an

overall expansion in activity, while those below 50 indicate a contraction.

The ISM index reading came in at 56.9 in August, up from 56.7 in July.

The S&P Global index registered 43.7 in August, indicating the sharpest pace of contraction since May 2020, down from 47.3 in July.

Representatives for the two surveys said their results accurately portrayed current

business conditions, though they differ in methodology and sometimes conclusions. For their services indexes, the ISM polls company purchasing managers, while S&P Global also surveys other executives. The ISM surveys a larger set of industries—including construction, mining, utilities and government—that the S&P survey excludes.

“We are seeing a broad-based slowdown in the econ-

omy,” said Chris Williamson, chief business economist at S&P Global Market Intelligence.

Anthony Nieves, chairman of ISM’s services business survey committee, said companies reported increased hiring and slowing inflation.

“It’s painted as gloom and doom out there and yet the economy seems to be doing pretty good right now,” he said in an interview.

Defaults Spur Credit Concerns

Continued from Page One

aged Commentary & Data.

The slowdown is hurting Wall Street banks that committed to loans earlier in the year—often backing takeovers by private-equity firms—and now need to sell the debt to investors. A syndicate of banks is preparing to unload about \$16 billion of debt financing they underwrote for the purchase of Citrix Systems Inc. by Vista Equity Partners and Evergreen Coast Capital, according to data provider LevFin Insights.

Forecasts for the loan market’s benchmark interest rate—the London interbank offered rate—shot up in recent months as the Fed raised rates faster than expected to combat persistent inflation. Traders now expect one-month Libor, which is currently around 2.6%, to hit 4.07% by May 2023, up from the 3.15% they had forecast in April, according to data from Chatham Financial. Expectations are similar for the Secured Overnight Financing Rate, which is slated to replace

Libor as the loan market’s benchmark rate next year.

Interest costs for an average company with debt consisting of leveraged loans have increased sharply and will likely continue to rise into next year, according to research by Barclays PLC. The percentage of loans in default will likely rise to about 3.25% in mid-2023 from about 1% now, but it could go significantly higher, said Jeff Darfus, a credit analyst at the bank.

Data from a recent Fed survey of loan officers at top banks showed tightening lending standards that a Barclays’s model predicted could cause about 4.5% of the loans to be in default a year from now, he said.

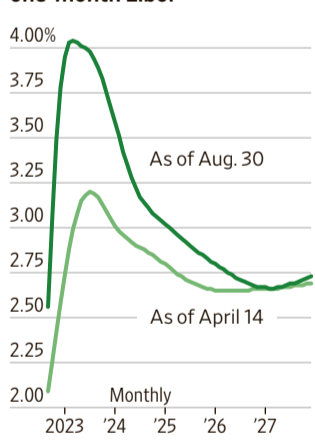
That is below the peak default rate of around 7% in 2020. But the pandemic credit crunch was short because the Fed cut interest rates and flooded markets with cash to spur growth. Now the central bank is doing the opposite, and the elevated default rates could last two to three years, analysts said.

Companies at higher risk of default run the gamut from mattress maker Serta Simmons Bedding LLC to software company Avaya Holdings Corp. and restaurant-equipment supplier TriMark USA LLC, according to Fitch.

To be sure, most borrowers don’t have to repay their loans

Traders have sharply raised their forecasts for Libor, the benchmark rate for loans.

Forward curve for one-month Libor

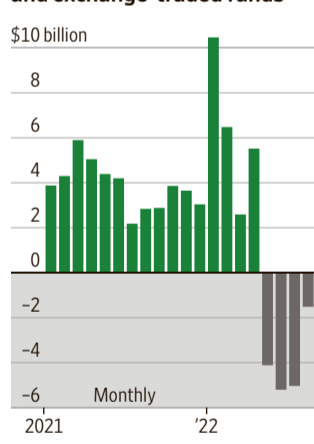


Sources: Chatham Financial (forward curve); Refinitiv Lipper (Investments)

for several years, giving them some breathing room. Even among the companies at greatest risk, about 75% of their loans mature in three years or more, according to Fitch.

Regulators have been concerned about the risk that leveraged loans pose to the economy since at least 2015, when former Fed Chairwoman Janet Yellen and others set guidelines meant to limit lending to the riskiest borrowers. The amount of the loans borrowed—primarily to pay for a boom in takeovers by private-equity firms—has since doubled to about \$14

Investments in loan mutual and exchange-traded funds



trillion, Mr. Darfus said.

Fitch puts the figure closer to \$1.7 trillion after accounting for midsize companies that aren’t included in widely followed indexes. Other companies have taken out hundreds of billions of dollars of loans in the burgeoning direct-lending market. Those borrowers don’t disclose earnings, making it hard for analysts to estimate how many are in financial difficulty.

As the market has grown, the mutual funds and collateralized loan obligations, or CLOs, that buy most leveraged loans began lending to lower-

quality borrowers to boost yields on their investments.

Investors began piling into loans last year in anticipation of the Fed’s increases because their floating rates made them more attractive than bonds, which pay fixed rates. Loan mutual funds and exchange-traded funds took in \$71 billion from January 2021 through this April but have experienced \$16 billion of outflows since, according to Refinitiv Lipper.

Companies with single-B ratings—one of the lowest runs in the junk-debt category—now account for about one-quarter of leveraged loans outstanding, compared with 11% in 2010, said Frank Ossino, manager of a leveraged-loan fund at Newfleet Asset Management.

Around twice as many loans received credit-rating downgrades as upgrades in the past three months, the highest multiple since October 2020, according to research by Bank of America. Downgraded companies included Bausch & Lomb Corp. and Cream of Wheat maker B&G Foods Inc.

Newfleet began selling single-B loans in February and cut them down to 55% of its portfolio from 61%, Mr. Ossino said. Paring back such loans helped the fund deliver a better performance than 91% of competing funds ranked by Morningstar Inc. this year, he said.

CORRECTIONS & AMPLIFICATIONS

Apprehensions of single adults in search of work making illegal border crossings were as low as about 28% of the total apprehensions at the U.S.-Mexico border in the 2018-19 surge. An Aug. 16 Page One article about arrests at the southern U.S. border incorrectly said about one in four illegal crossings were made by single adults in previous surges. Also, data for a graphic in the article about migrant apprehensions at the U.S.-Mexico border came from

U.S. Customs and Border Protection. Some editions incorrectly called the agency U.S. Customs and Border Patrol.

For Monday, Sept. 5, the one-month London interbank offered rate was 2.64286; three-month Libor was 3.14486; six-month Libor was 3.68986; and one-year Libor was 4.14871. The Money Rates table in Tuesday’s Business & Finance section incorrectly contained Friday’s values of 2.65571, 3.15814, 3.73657 and

4.22057, respectively. Also, Friday’s three-month Libor appeared in the Consumer Rates table on Tuesday.

A photo of Peter Paul Rubens’s “Madonna Enthroned With Child and Saints” appeared in the Review section Saturday with the Icons column about the Royal Museum of Fine Arts Antwerp in Belgium. A photo caption incorrectly gave the painting’s title as “The Adoration of the Magi.”

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

THE WALL STREET JOURNAL
(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas, New York, N.Y. 10036
Published daily except Sundays and general legal holidays.
Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal,
200 Burnett Rd., Chicopee, MA 01020.

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U.S. NEWS

U.S. Sees Move To Yearly Shot For Covid-19

By LIZ ESSLEY WHYTE

U.S. health authorities plan to recommend that people get Covid-19 boosters once a year, starting with the new shots now rolling out, a shift from their current practice of issuing new advice every several months.

The annual cadence would be similar to that of flu shots, White House officials said Tuesday, though elderly people and those with weakened immune systems may need more frequent inoculations.

A shift to annual Covid-19 boosters would be a departure from current practice and comes after many people in the U.S. have ignored calls to get a first or second booster, partly due to fatigue with repeat inoculations.

"Barring any new variant curveball," said White House coronavirus coordinator Ashish Jha, "for a large majority of Americans, we are moving to a point where a single annual Covid shot should provide a high degree of protection all year."

To date, health authorities had recommended the extra doses based on the ebbs and flows of the virus's evolution and new insights into people's waning immunity. Yet the authorities wound up making recommendations for booster doses to different groups every several months.

The Centers for Disease Control and Prevention recommended that older and immunocompromised people get a first booster shot in September 2021. Six months later, the agency urged those people to get a second booster.

The steady stream of recommendations to different groups may have confused some people, White House officials acknowledged.

A third of all eligible people 50 years and older have gotten a second Covid-19 booster, according to a CDC study re-

leased last week. Roughly half of those who got the original two shots got a first booster, compared with 70% of Americans who have gotten the initial two doses, according to the CDC.

The changed approach comes as newly authorized boosters from Pfizer Inc. and its partner BioNTech SE and separately from Moderna Inc. roll out across the U.S., days after the CDC recommended their use.

The new shots are modified versions of the vaccines in use since December 2020, targeting the Omicron subvariants BA.4 and BA.5 as well as the ancestral strain of the virus that is the focus of the original vaccines.

Next year, health agencies may decide to update the shots again based on what variants are circulating at the time, similar to the process for annual influenza shots, said Anthony Fauci, the White House's chief medical adviser who also directs the National Institute of Allergy and Infectious Diseases.

The new, updated vaccines should keep people out of the hospital in coming months if the Covid-19 virus continues to evolve in expected ways from the Omicron subvariant BA.5 that now predominates across the U.S., White House officials said.

Manufacturers began shipping updated booster doses last week to vaccination sites across the country, administration officials said. The federal government is working to make sure nursing homes and other facilities that serve groups at high risk for Covid-19 receive doses quickly, White House officials said.

Health and Human Services Secretary Xavier Becerra said he expects appointments to be widely available in the next week or so.

—Jared S. Hopkins contributed to this article.

California Blaze Rages as Heat Wave Strains Power Grid



UNDER PRESSURE: A plane dropped fire retardant on the Fairview Fire near Hemet, Calif. With the power grid taxed by days of triple-digit temperatures, the state faced a nearly record-breaking level of demand on Tuesday. Gov. Gavin Newsom said the heat wave is expected to be the state's longest and hottest on record for September. He urged residents to conserve energy to avoid blackouts.

Ransomware Attackers Strike Los Angeles Public School System

By TALAL ANSARI

Officials are investigating a ransomware attack on the Los Angeles public school system over the weekend.

The Los Angeles Unified School District said the attack was "likely criminal in nature." The public school system, responsible for more than 500,000 students, is the second-largest in the country, after New York City's school district.

Schools in Los Angeles opened as planned on Tuesday, with no interruption to classroom instruction and transportation. LAUSD, the school district, didn't provide details of the cyber breach or specifics of the ransom request, but said there was "significant disruption to our system's infra-

structure," according to a statement.

Some business operations may be delayed, the statement said. LAUSD didn't return requests for comment.

In a ransomware attack, malicious software, or mal-

Classes began as planned on Tuesday without disruption to instruction.

ware, is used to deny access to computer systems or data until a ransom is paid.

Such malware is often disseminated through email attachments or links that infect

a device and its connected networks. After encrypting files, hackers usually demand payment in the form of some kind of cryptocurrency in exchange for releasing the files and systems.

Federal investigators and cybersecurity experts have been called in to work with the district's technology division, LAUSD said in the statement.

School systems have grappled with cybersecurity threats for some time. Attacks increased during the height of the Covid-19 pandemic as classroom instruction went virtual.

"The education sector has been heavily targeted for several years now," said Brett Callow, threat analyst with cybersecurity company Emsisoft.

Mr. Callow said in recent years, schools have had to pay off their attackers. Notably, the University of California, San Francisco paid \$1.1 million to hackers in 2020.

But often, schools refuse to pay or are unable to, and hackers follow through on their threats. Mr. Callow said 26 school districts were hit with a ransomware attack in the U.S. so far this year. Hackers released sensitive data from 24 of those districts.

A wave of ransomware attacks targeted large corporations in 2021. A ransomware attack on meat processor JBS SA took the company offline and an attack on Colonial Pipeline Co. led to a six-day shutdown of the East Coast's largest conduit for fuel.

Ex-Navy Contractor at Scandal's Center Escapes House Arrest



Leonard Glenn Francis

By JOSEPH DE AVILA AND NANCY A. YOUSSEF

A former military contractor at the center of a sweeping corruption and criminal probe involving U.S. Navy contracting has escaped from house arrest, the U.S. Marshals Service said.

Leonard Glenn Francis, a Malaysian contractor for the U.S. Navy known as "Fat Leon-

ard," was scheduled to be sentenced on Sept. 22. Now, Mr. Francis is wanted for violating the conditions of his pretrial release, the Marshals Service said Monday.

An attorney for Mr. Francis declined to comment. Supervisory Deputy U.S. Marshal Omar Castillo didn't respond to requests for comment.

Mr. Francis was president of Singapore-based Glenn De-

fense Marine Asia, or GDMA, which provided fuel, food, security and other services for Navy ships transiting the Pacific and Indian oceans. He paid bribes to U.S. naval personnel to help steer business to his company, eventually gaining a near monopoly on contracts in the region, prosecutors said.

Mr. Francis was arrested in November 2013, and in 2015

he pleaded guilty to charges including fraud and bribery. Prosecutors alleged Mr. Francis and his firm had overcharged the U.S. military at least \$35 million for its services.

He cooperated with prosecutors, leading to dozens of criminal indictments and the forced retirement of several top naval officers that gutted the Navy's leadership ranks in

the Asia-Pacific region.

Mr. Francis's sentencing was repeatedly delayed, in part because he cooperated with investigators. Around 2018, Mr. Francis, who suffered from kidney cancer, was released to home detention in San Diego to await sentencing, wearing a GPS monitoring bracelet on his ankle and reportedly living with three of his children.

Ghost-Gun Sellers Sidestep New Rules

By ZUSHA ELINSON

Sellers of the easy-to-assemble firearms known as ghost guns are finding ways to continue to offer their products online, soon after the Biden administration implemented a rule aimed at regulating their sales.

The Bureau of Alcohol, Tobacco, Firearms and Explosives rule that went into effect Aug. 24 requires licensed gun manufacturers to add serial numbers to kits that can be quickly assembled into working firearms and for retailers who sell them to conduct background checks on buyers.

Ghost-gun companies have concluded that they can continue operating amid those requirements by selling the parts separately, instead of in a single kit, and leaving purchasers to put the parts together to create a working weapon themselves, people who work in the industry said. Some are offering only some of the needed components for sale.

"If somebody wants to make a firearm at their home without a serial number, they can do it just as easily as they could last week," said Rob Pincus, a firearms instructor, author and consultant who has built many homemade firearms.

One of the largest ghost-gun makers, Polymer80 Inc., has stopped selling its unserialized "Buy Build Shoot" kits that contain all the parts

needed for a ghost gun. However, it still offers on its website most of the parts needed to make homemade guns.

Representatives for the company didn't respond to requests to comment.

The Nevada company was raided two years ago by the ATF, but no charges have been brought.

Some ghost-gun sellers are still offering the key building block for weapons: the unfinished receiver, a metal or polymer piece that houses the firing mechanism. The companies call them "80% receivers" because buyers need to make modifications for them to be 100% complete.

"We can ship to your door because 80% lower receivers are not considered firearms by the ATF," a seller called 80 Percent Arms says in a product description.

The company didn't respond to requests to comment.

President Biden ordered the new restrictions last year to clamp down on ghost guns, which law-enforcement officials say appeal to criminals because all the parts can be bought and assembled without a background check.

Gun-rights advocates say that such concerns are overblown and that homemade firearms are the province of hobbyists.

"This rule will make it harder for criminals and other prohibited persons to obtain untraceable guns," Attorney General Merrick Garland said when the law went into effect. "It will help reduce the number of untraceable firearms flooding our communities."

About 20,000 ghost guns were reported to the ATF as having been recovered by law enforcement in criminal investigations in 2021. That is up more than 10 times from the number recovered in 2016.



A ghost gun was put on display at the White House in April.

On Friday, a federal judge in Texas granted a preliminary injunction in favor of a company called Tactical Machining that sells parts used to make homemade guns, which had challenged the new rule in court.

Friday's ruling applies only to the one company, U.S. District Judge Reed O'Connor wrote. But he also said that the new rule conflicts with a 1968 law that legally defined a firearm. The judge ordered further briefings by both the company and the government.

Under federal law, the only part of a gun considered a firearm is the receiver. Manufacturers are required to stamp receivers with serial numbers. Anyone buying a serialized receiver must undergo a background check just as with a completed gun. Police use those serial numbers to trace weapons used in murders and other violent crimes.

Gun hobbyists found that if they took a receiver that wasn't completely finished—and didn't yet have a serial number—they could finish it in their workshops with tools as simple as a drill press. Companies such as Polymer80 soon started selling kits with unfinished receivers and all the parts to build a complete firearm.

ATF spokesman Erik Longnecker said companies can still offer unfinished receivers if they are sold alone, but they must not be able to be readily completed.



U.S. NEWS

Raimondo Drives Industrial Policy

Commerce chief helped get votes for chips bill and pushes against Beijing and Moscow

By YUKA HAYASHI

WASHINGTON—As a \$52 billion bill to bolster semiconductor manufacturing in the U.S. approached a critical juncture, Commerce Secretary Gina Raimondo reached out to some unusual figures to cultivate support in Congress: former Trump administration national-security officials.

A member of her security detail told her that H.R. McMaster, national security adviser to former President Donald Trump, praised her on Joe Rogan's podcast. Ms. Raimondo brought in Mr. McMaster and three other former Trump officials to talk up the importance of semiconductors to national defense alongside Democratic and Republican lawmakers.

The event "defined competition with China as a nonpartisan issue," Mr. McMaster recalled. The legislation passed the Senate four months later with 17 Republicans in support.

The Commerce Department has been called the "hall closet" of the federal government with an eclectic mix of responsibilities including business promotion, patents and weather forecasts.

But Ms. Raimondo, 51 years old, has positioned the department as a driver of administration efforts to confront China's geopolitical ambitions and Russia's aggression in an era when supply chains, advanced technology and economic alliances are major battlegrounds.

"The most important thing we can do to compete with China is invest in America," Ms. Raimondo said in an interview. "We need America to dominate in certain areas of technology—critical minerals, electric vehicle batteries, semiconductors, artificial intelligence."

Early results

It amounts to a level of industrial policy that the U.S. government has traditionally eschewed. Ms. Raimondo's pursuit of it has stoked unease among progressives in her own party, who view her as too cozy with business, with political opponents and with some foreign leaders. But it is a role she has embraced with



'The most important thing we can do to compete with China is invest in America,' says Commerce Secretary Gina Raimondo.

some early signs of success.

Following Russia's invasion of Ukraine, the Commerce Department launched a regime of export controls with friendly nations to cut off shipments of semiconductors, telecommunications and other key products aimed at crippling Russia's ability to build and repair weapons.

And Ms. Raimondo has taken the lead in lining up partners for President Biden's signature foreign economic initiative, the Indo-Pacific Economic Framework, which aims to boost cooperation in areas such as digital trade and supply chains to counter China's influence. Trade agreements in the past would have been the primary responsibility of the U.S. Trade Representative.

The Biden administration's USTR, led by Katherine Tai, has declined to pursue traditional trade agreements that it considers at odds with the president's focus on bolstering workers and unions, limiting the USTR's role in Mr. Biden's overseas economic engagement. "USTR has worked relentlessly to rebuild our economic ties around the world, and we are pursuing an ambitious agenda with our colleagues across the Biden administration," said USTR spokesman Adam Hodge.

With the semiconductor bill and last year's infrastructure

law, Ms. Raimondo is set to control more than \$100 billion in additional funding, more than any of her predecessors.

At a White House briefing Tuesday, Ms. Raimondo outlined her department's plans for allocating the new federal semiconductor money, describing it as "rocket fuel for our global competitiveness."

About \$28 billion will go to loans and grants for building facilities that produce and assemble the most advanced chips, while about \$10 billion will be used to expand manufacturing for older and specialty technologies. Much of the rest will support industry research and development.

Clash with progressives

A former venture capitalist and Rhode Island governor, Ms. Raimondo has a history of being at odds with progressives in her own party. Her leading critic is Sen. Elizabeth Warren (D, Mass.), who contends Ms. Raimondo is too close to Big Tech companies, and has sent her a series of letters (which Ms. Warren made public) citing specific objections.

Ms. Warren criticized Ms. Raimondo for a video message she delivered to the U.S. Chamber of Commerce last December in which she voiced concerns that a European Union

proposal on tech regulation would harm U.S. tech companies. The message was "a rush to defend the market share and profits of giant multinationals," Ms. Warren said in her Dec. 14, 2021, letter to Ms. Raimondo.

In a July letter, Ms. Warren called the presence of former technology executives within Ms. Raimondo's senior ranks evidence of "Big Tech Revolving Door" at her department.

Ms. Raimondo brushed off the criticism. "I'm the Commerce secretary," she said in the interview. "It is my job to work with business, and to listen to business and to partner with the private sector."

There are other friction points. Commerce is responsible for ensuring that advanced U.S. technologies don't go to adversarial countries. China hawks say that under Ms. Raimondo, the department has given priority to U.S. commercial interests over national security. Commerce was also asked to revise federal rules to address potential security risks from TikTok and other foreign-owned apps, but more than a year later no such rules have been issued.

Ms. Raimondo said her team has worked aggressively to protect American technology and intellectual property, including through adding

more than 100 Chinese companies to the entity list for export restrictions.

Personal diplomacy

Ms. Raimondo has used personal diplomacy to advance the administration's causes. She lobbied Piyush Goyal, India's minister for commerce, industry, consumer affairs, food and public distribution, to join the Indo-Pacific Economic Framework despite India's protectionist history. "Gina is very, very committed to outcomes. She likes speed. She is frank and she speaks her mind," Mr. Goyal said in an interview.

A few weeks after Taiwan's GlobalWafers Co. gave up a \$5 billion expansion plan in Germany and started seeking an alternative site in February, her team launched a campaign to woo it. She weighed in with a one-hour call in June with GlobalWafers Chief Executive Doris Hsu. Ms. Hsu said that without U.S. aid, its new plant would have to go to South Korea where construction costs would be one-third. "We will make the math work," Ms. Raimondo assured the CEO. Two weeks later, GlobalWafers announced a new plant in Texas with up to \$5 billion in investment and 1,500 jobs.

—Catherine Lucey contributed to this article.

DOJ Mulls Next Move On Special Master Order

By ARUNA VISWANATHA AND JAN WOLFE

WASHINGTON—The Justice Department faces partly conflicting goals as it weighs how to proceed in its inquiry into the handling of classified documents at Mar-a-Lago in the wake of a key legal ruling, former prosecutors say.

A federal judge in Florida on Monday ordered the appointment of a special master to review documents seized from former President Donald Trump's Florida resort and temporarily blocked the government from using the materials for a criminal investigation.

Prosecutors could appeal U.S. District Judge Aileen Cannon's order, both to prevent it from serving as a basis for precedent and to try to have it overturned so the investigation can continue, but that potentially risks a long legal battle. Or they could acquiesce to the order in hope that a special master could review the core documents swiftly, which could get the investigation moving again sooner.

Judge Cannon said a third-party arbiter should be able to review the documents not only for issues related to attorney-client privileges but also for executive privilege.

That move struck some observers as a sensible way to help assure the public that the Justice Department's investiga-

The judge said a third party should review documents seized from Mar-a-Lago.

tion was transparent and fair. "She is worried about that 40% of the country that thinks the Justice Department has been unleashed on the former president," said Saikrishna Prakash, a law professor at the University of Virginia.

But the prospect of having someone outside government—rather than the executive branch itself—help determine what could be covered by executive privilege left some legal experts confused.

Special masters are more traditionally used to protect attorney-client communications after law offices are searched, and Judge Cannon has left unanswered how a special master can decide on far more diffuse questions of executive privilege, said Paul Rosenzweig, a lawyer who worked on the independent counsel investigation of former President Bill Clinton.

"You have to give a special master some guidelines," said Mr. Rosenzweig. "I think that Trump has no executive privilege; other people may disagree with that. But that's a legal question. It's not for the special master to decide."

Mr. Trump's former attorney general, William Barr, said Tuesday he believed the ruling was deeply flawed and urged the government to appeal it. "I don't think the appointment of a special master is going to hold up," Mr. Barr said on Fox News Channel's "The Story."

The Justice Department, which together with the Trump legal team has a Friday deadline to present the judge with potential options for a special master, could appeal the ruling before that. Any appeal would come before the 11th Circuit in Atlanta. The Justice Department could ask Judge Cannon to reconsider her ruling rather than file an outright appeal.

The prospect of the Justice Department and Mr. Trump's team agreeing on any potential candidates for the role also seemed remote.

"It's going to be very difficult to find someone who's satisfactory to both sides and has an active security clearance," said Glenn Gerstell, who was general counsel at the U.S. National Security Agency from 2015 to 2020.

A spokesman for the Justice Department declined to comment about its intentions. A spokesman for Mr. Trump also declined to comment.

U.S. WATCH

TENNESSEE

Abducted Woman's Body Is Found

Police said Tuesday that they found the body of a Memphis woman abducted during a pre-dawn run, confirming fears that Eliza Fletcher was killed after she was forced into an SUV on Friday morning.

U.S. Marshals arrested Cleotha Abston, 38, on Saturday after police detected his DNA on a pair of sandals found near to where Ms. Fletcher was last seen, according to an arrest affidavit. Police didn't find Ms. Fletcher's body until just after 5 p.m. Monday and didn't publicly confirm the body was Ms.

Fletcher's until Tuesday morning.

Mr. Abston was released from prison in 2020 after serving 20 years for a kidnapping. On Tuesday morning, he made his first court appearance on charges of kidnapping, tampering with evidence, theft, identity theft, and fraudulent use of a credit card. Court records showed Mr. Abston also has been charged with first-degree murder.

—Associated Press

RHODE ISLAND

Heavy Rains Block Highway, Close Zoo

A two-day rainstorm dropped more than 11 inches of rain in one Rhode Island community, blocked

a major highway, stranded motorists, and forced the shutdown of the state's largest zoo.

A flood warning that remained in effect in northern parts of the state was extended north into Massachusetts and west into northeast Connecticut as rain continued to fall.

More than 11 inches of rain had fallen in the city of Cranston by early Tuesday afternoon, according to the National Weather Service, while some other areas of the state got around 8 inches of rain.

Rainfall totals were lower in neighboring states, although Sterling, Conn., along the border, received more than 7 inches, and Attleboro, Mass., received almost 5½ inches.

—Associated Press



UNBOXED: Bottled water was distributed Tuesday in Baltimore, parts of which were under a boil advisory after E. coli was detected.

Juul Settles Underage Vape Probe

Continued from Page One

neys general. The e-cigarette maker's future also hinges on an appeal it has filed with the Food and Drug Administration, which ordered Juul in June to pull its products from the U.S. market. The FDA has suspended the ban while Juul appeals the decision.

Juul soared in 2018 to the top of the e-cigarette market and drew criticism from regulators and school administrators, who blamed the company's sleek vaporizers, fruity flavors and hip marketing for fueling a surge in underage vaping. The company since then has been trying to regain the trust of regulators and the public. It limited its marketing and in 2019 stopped selling sweet and fruity flavors.

Youth use of e-cigarettes has fallen since the U.S. raised the minimum purchase age for tobacco products to 21 and barred the sale of sweet and fruity e-cigarette refill cartridges. Last year, disposable e-cigarette brand Puff Bar overtook Juul as the most popular e-cigarette among middle- and high-school students.

The settlement amount made public on Tuesday could increase depending on how long Juul takes to make its payments, Mr. Tong said.

Juul said the settlement was part of its effort to resolve issues from the past. The company said it is focused on the future and is endeavoring to provide alternatives for adult cigarette smokers while combating underage use.

Juul, which had more than \$1 billion in sales last year, slipped recently to the No. 2 spot in U.S. e-cigarette market. The top spot is now held by Reynolds American Inc.'s Vuse brand, which has gained market share over the past two years with discounted devices and a marketing campaign that has included live-streamed rooftop concerts, TV spots, billboards and videos of artists designing wraps for Vuse devices. Vuse has since pulled back on some of those marketing practices.

Juul to halt its U.S. sales, saying the vaping company hadn't submitted sufficient evidence that its products were safe. In court filings, Juul said the FDA had overlooked more than 6,000 pages of data the company had submitted. Juul also said the agency had failed to consider the totality of Juul's evidence, which the company

said established that the public-health benefits of Juul's e-cigarettes as a less-harmful alternative to cigarettes significantly outweighed their potential risks. Altria Group Inc. in July slashed the value of its investment in Juul by about 70% following the FDA's decision to order Juul off the U.S. market. The maker of Marlboro cigarettes now holds its Juul stake at a price that values the

\$87M

Amount Juul agreed to pay to four other states since last year.

said established that the public-health benefits of Juul's e-cigarettes as a less-harmful alternative to cigarettes significantly outweighed their potential risks.

Altria Group Inc. in July slashed the value of its investment in Juul by about 70% following the FDA's decision to order Juul off the U.S. market.

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WORLD NEWS

Civilians Press to Leave Villages Near Plant

An explosion cut water, electricity to area near nuclear power station controlled by Russia

Scores of people were trying to evacuate from villages near the Zaporizhzhia nuclear-power plant, Ukrainian officials said, as an explosion cut off access to electricity and water at a nearby town.

By Isabel Coles
in Kharkiv, Ukraine,
and Evan Gershkovich
in Moscow

Electricity and water supplies in Enerhodar, Ukraine, were stopped after residents reported a powerful explosion Tuesday that shook the town, said Mayor Dmytro Orlov. Ukrainian Deputy Prime Minister Iryna Vereshchuk appealed for Russia to allow civilians from the area—which is controlled by Russian forces—to cross into Ukrainian-held territory.

“People are turning to us en masse for help. They are trying to leave this dangerous territory,” Ms. Vereshchuk said. “We once again appeal to the Russian Federation with the demand to provide us with a humanitarian corridor for the evacuation of women, children and the elderly.”

Enerhodar’s Russian-in-



Electricity and water supplies in Enerhodar, a town near Ukraine’s Zaporizhzhia nuclear facility, stopped following a blast on Tuesday.

stalled head, Alexander Volga, accused Ukraine of attacking the town, and said the assaults resulted in fuel leaking into the water supply for the nuclear plant, according to Russian state news agencies.

Also Tuesday, the Russian-installed government said Ukrainian forces used a drone to shell the local passport office, where

Russian passports were issued. Officials in Kyiv and the West have said Russia’s ultimate goal in occupying the plant, which Ukraine says is patrolled by hundreds of Russian soldiers, is to sever it from Ukraine’s grid and reconnect it to Russia’s.

Ukrainian President Volodymyr Zelensky warned Monday that the Zaporizhzhia

plant was again in jeopardy after shelling disconnected it from the grid. Ukraine’s energy operator said that a fire caused by Russian shelling severed a power-transmission line, effectively disconnecting the plant from Ukraine’s electricity grid—the latest in a series of incidents that have raised international concerns

about a nuclear accident.

The timing of the shelling, Mr. Zelensky said, revealed Russia’s disregard for the International Atomic Energy Agency and the international community. “Russia is interested only in keeping the situation the worst for the longest time possible,” he said.

The IAEA visit last week

fueled hopes that fighting around the plant might end.

Demand for power has been much weaker in Ukraine since the start of the war but that is expected to change as winter approaches.

Meanwhile, two explosions rang out in the center of Berdyansk, a southern city occupied by Russian forces early in the war, said local Russian-installed officials. One of the blasts targeted the car of the city’s Russian-installed military commander, Artem Bardin, who died in the hospital from injuries after an ensuing shootout, the officials said.

Russian state media published videos showing dark smoke billowing over the city center with the firing of automatic weapons ringing out in the background.

As Russian President Vladimir Putin seeks to regain the offensive in Ukraine, a U.S. official said the Russian Defense Ministry is in the process of purchasing millions of rockets and artillery shells from North Korea for use on the battlefield.

“This purchase indicates that the Russian military continues to suffer from severe supply shortages in Ukraine, due in part to export controls and sanctions,” according to the U.S. official.

—Laurence Norman
and Olya Fokaf
contributed to this article.

Atomic Agency Warns of High Stress at Occupied Facility

By LAURENCE NORMAN

The United Nations atomic agency detailed damage done to Ukraine’s Zaporizhzhia nuclear plant and warned of the high-stress environment for staff there in a report Tuesday, which pointed to dangers posed by the Russian occupation of the site.

The report comes ahead of a discussion at the U.N. Security Council about the situation at Ukraine’s nuclear facilities. It follows a recent visit to the

Zaporizhzhia nuclear-power plant from an International Atomic Energy Agency team.

The IAEA said radiation levels at Ukraine’s four nuclear sites remain normal, and that there was no evidence of removal of nuclear material from Zaporizhzhia.

However, IAEA Director General Rafael Grossi said he remains gravely concerned about the situation at Zaporizhzhia, which sits close to the front line of the Ukraine war. He called

for the establishment of a safety zone around the site as soon as possible to limit the risks.

The IAEA warned that recent shelling at the plant affected safety systems and damaged the plant’s equipment.

These incidents “increased the anxiety and pressure on the personnel operating the ZNPP,” the report said. “The condition that the operating staff is subject to constant high stress and pressure...is not sustainable and could lead to in-

creased human error with implications on nuclear safety.”

The agency didn’t provide evidence of intimidation and violence against staff at the site as reported by The Wall Street Journal. However, Mr. Grossi noted such reports and urged Russian authorities to ensure that Ukrainian staff can “carry out their important duties without threats or pressure.”

The IAEA said that among the damaged facilities was a building housing the central

alarm station, a container where the radiation-monitoring system is located, as well as a building housing fresh nuclear fuel and the solid radioactive storage facility.

It also detailed the presence of Russian military vehicles and equipment at various places in the six reactors and at an underpass connecting them. The presence of Russian military forces means staff don’t have free access to different parts of the facility, in-

cluding some cooling ponds for nuclear waste, the report said.

Russian forces occupied the Zaporizhzhia plant in the first weeks of the war, causing a fire at one of the plant’s buildings that generated widespread alarm in early March.

The situation at the plant remains tense with Russian and Ukrainian officials trading accusations of shelling of the plant in recent weeks.

The IAEA has a two-person team at the site indefinitely.

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War Deepens International Cyber-Defense Cooperation

By DUSTIN VOLZ

LONDON—In the years leading up to Russia’s invasion of Ukraine, Moscow’s hackers hammered the country with debilitating cyberattacks, including a pair that knocked out the lights to hundreds of thousands of people in two successive winters.

Since the war began in February, however, cyber defenses put in place with the help of Western nations appear to have blunted Russia’s hacking advantage, while fueling more international cooperation in cyberspace among Kyiv’s allies, said current and former U.S. and European officials.

While the fight for territory has been fierce and Russian shelling has leveled Ukrainian cities, Ukraine largely has avoided suffering large-scale cyberattacks like those Moscow previously unleashed.

Western intelligence officials and security analysts say several factors have limited Russian hackers’ impact during the war. But many point to U.S.-led efforts to share intelligence, train Ukrainian cybersecurity personnel, bulletproof Ukraine’s network defenses and bolster its critical infrastructure against cyberattack. That, too, has fueled interest in broader international cooperation.

On Thursday, Ukraine’s cyber-defense agency announced a new memorandum of cyber-defense cooperation with Romania, to broaden the sharing of information about cyber incidents and vulnerabilities, among other areas of collaboration. The announcement followed a similar one between Ukraine and Poland last month.

“The cyberwar unleashed by Russia against Ukraine showed the importance of uniting the international community to counter aggression in cyberspace,” Yuriy Shchygol, chief of Ukraine’s cyber agency, said after the Poland agreement. “Joining efforts with partners has become one of the pillars of successful countering enemy cyberattacks.”

Organizations and govern-



Viktor Zhora is deputy head of Ukraine’s cyber-defense agency.

ments rely on the rapid exchange of technical information about hacking threats and other streams of intelligence, such as the priorities of a foreign adversary, to safeguard their own computer systems. But concerns about security and secrecy and other sources of friction often limit sharing of more sensitive insights. Before and during the war, the U.S. and other allies have given priority to supporting Ukraine with both intelligence and cybersecurity training, and have been forceful about condemning alleged Russian cyber aggression when they identify it.

The U.S. military’s Cyber Command deployed “hunt forward” teams of cyber-defense personnel to allied countries, including Ukraine last year, to identify threats to critical computer networks and educate those countries on how to protect them. Cyber Command said last month it completed 35 hunt-forward operations in 18 countries, including Croatia, Estonia, Lithuania, Montenegro and North Macedonia.

The war has led some Western countries to put aside, at least temporarily, some of their disagreements on technology policy in favor of treating collective cybersecurity as a front-burner priority, said Chris Painter, the top cyber diplomat in the Obama administration.

“This has galvanized a new era of cyber cooperation between the U.S. and Europe,” Mr. Painter said, citing recent progress in a United Nations

working group focused on developing international cybersecurity standards.

Viktor Zhora, the deputy head of Ukraine’s cyber-defense agency, and several other Ukrainian officials attended a security conference in New York in July where they attributed their nation’s successes against Russia in part to support from U.S. and other allies.

The efforts by the U.S. and European allies in the lead-up to the war and during the first days of hostilities “created a huge defensive force for Ukraine and...is one more reason we can continue to be resilient even during war,” Mr. Zhora said at the conference.

Anne Neuberger, President Biden’s top adviser on cybersecurity, visited several European nations in early February to press for expanded cooperation, and during the war she has sought quickly to publicize cyber threats from Moscow.

Russia’s experience also has revealed the limited capability of cyberattacks to turn the tide in a war, even though Russia is widely considered to possess some of the world’s most proficient hackers, analysts said.

Ukrainian officials have said they think Russia has activated its full offensive cyber capabilities against Ukraine as the war drags on, and is unlikely to deploy new or unexpected cyber weapons. Such sophisticated attacks get attention but can take a year or longer to develop.

“To use cyber to support a full-scale invasion you have to plan it incredibly well for a long period of time and execute it immaculately,” said Ciaran Martin, the former director of the U.K. National Cyber Security Center.

Western security officials, however, have warned against overconfidence, and stressed that Russia’s military and intelligence services are resourceful, patient and disciplined. “We must remember that Russia has not launched a level of intensity of cyberattacks on Ukraine that many would have expected and has not tested the West’s cyber defenses,” Mr. Martin said.

WORLD NEWS

Boris Johnson Ends Tumultuous Tenure

BY MAX COLCHESTER
AND DAVID LUHNOW

LONDON—Boris Johnson officially ended his three-year tenure on Tuesday by tendering his resignation to Queen Elizabeth II in Scotland, closing out one of the most tumultuous periods in office for a U.K. prime minister in recent history.

The voluble British leader was succeeded by the former foreign secretary, Liz Truss, after he resigned following a party revolt in early July.

"Like Cincinnatus, I am returning to my plow," Mr. Johnson said, referring to a Roman leader famed for coming to power to save his nation and relinquishing power when the crisis ended. "I will be offering this government nothing but the most fervent support."

The resignation ends one of the most colorful and controversial terms of any prime minister, including a 10-week lame-duck period when the 58-year-old politician used the time to serve out his duties, start burnishing his reputation after a series of scandals—and have a bit of fun.

A loop-the-loop in a Typhoon jet fighter? Check. Throwing a grenade while training with Ukrainian soldiers? Check. A morning raid with the police, complete with bulletproof vest? Check.

Having promised not to launch any big new initiatives

before someone else took power, he filled his time in other ways. He threw a big wedding party to mark his third marriage, where he was filmed exuberantly dancing in a cream suit to the Neil Diamond anthem "Sweet Caroline."

The colorful antics virtually ensured Mr. Johnson would end his term in much the same way that he spent the prior three years—a lightning rod for controversy. Critics said he wasted valuable time as party leader while the country slid toward an almost certain economic recession amid high inflation and an energy-price shock from the Ukraine war.

On his last full day in power, Mr. Johnson spoke to Ukrainian President Volodymyr Zelensky, with whom he has developed a close rapport. He visited Kyiv in late August.

Despite a drumbeat of scandals, he retains strong support among Conservative Party members, having built an electoral coalition that extended beyond the Conservatives' traditional base, said Tony Travers, the director of LSE London, a research center at the London School of Economics.

"I am now like one of those booster rockets that has fulfilled its function," he said. "I will now be gently re-entering the atmosphere and splashing down invisibly in some remote and obscure corner of the Pacific."

Truss Becomes U.K. Prime Minister

BY MAX COLCHESTER
AND DAVID LUHNOW

LONDON—Liz Truss became Britain's third prime minister in just more than three years on Tuesday, taking power in a nation that faces a toxic brew of looming recession, high inflation, a historic energy price shock, and a sinking currency.

Ms. Truss, 47 years old, met Queen Elizabeth II in Balmoral, Scotland, to be formally appointed to form a government, taking over from Boris Johnson. Hours later, standing on a rain-soaked Downing Street in London, she outlined an ambitious agenda of tax cuts and greater spending to boost sluggish growth in the world's sixth-biggest economy.

"As strong as the storm may be, I know that the British people are stronger," she said in an address to the nation.

The former foreign minister, a member of the ruling Conservative Party, faces as difficult an economic challenge as any recent British leader, troubles of the country's own making and the result of Europe's biggest conflict since World War II, in Ukraine.

The pound this week sank to its lowest level against the U.S. dollar since 1985, and the currencies could reach parity for the first time in their more-than-two-century pairing.

Economists expect the British economy to fall into a mild, but relatively long recession. Inflation is at a 40-year high at 10.1%, and could hit 13% by year-end, according to the Bank of England. Unions increasingly are striking as real wages fall at their fastest rate in 20 years. Public-school teachers and doctors are among those threatening strikes in coming months.

The Conservatives, who have been in power for 12 years, trail the opposition Labour Party by about 10 percentage points in leading opinion polls.

"For the Tories, it's taking on the multiheaded hydra," including inflation, recession, an energy shock, mounting debt, and a sense that government



Queen Elizabeth II formally appointed Liz Truss on Tuesday.

prices, said one official close to Ms. Truss. The government would compensate energy companies for the difference between the price they can charge customers and the cost of gas on the wholesale markets. The cap is expected to keep energy prices at about £2,500 a year for households and would be funded by taxation, this person said. Details of the plan are expected in coming days.

Any additional government spending could help cushion consumers and businesses from high energy costs, and possibly even prevent a recession. But since Ms. Truss is promising lower taxes, any new spending would add to debt and widen a budget deficit that stood at 6.4% of annual economic output in the year that ended in March.

While Britain's world-class economy is a leading destination for investment, the country now has a broader shortfall between the money it sends to the rest of the world—for trade—and what it takes in at 8% of GDP. That makes it more reliant on capital inflows than any major European country.

If investors start to lose faith in Britain's ability to finance itself, the pound could fall further, spurring inflation and a vicious cycle.

"If the government is going to come out with a very generous fiscal stimulus, it needs to be financed by foreign capital," said Antoine Bouvet, senior rates strategist at ING. That could be difficult at a time when investors have been dumping U.K. government bonds. "Ultimately, they will find buyers, but at what price?" he said. The U.K.'s benchmark 10-year borrowing cost rose above 3% on Tuesday for the first time since 2014.

—Chelsey Dulaney contributed to this article.

services including the public-health system are breaking down, said Tony Travers, the director of LSE London, a research group at the London School of Economics.

Ms. Truss is expected to continue some policies of Mr. Johnson, who stepped down as party leader in early July following a series of scandals. Among those policies is a strong defense of Ukraine against Russia and an endorsement of Britain's departure from the European Union.

President Biden congratulated the new British leader in a tweet on Tuesday.

Ms. Truss must quickly make a policy decision that could shape the rest of her tenure: How to protect businesses and individuals from soaring energy prices caused by the war in Ukraine. Household energy bills are set to rise by 80% in October, proving unaffordable for many and pushing up inflation to the

highest level among large Western economies.

The longtime government minister has marketed herself as a libertarian in the mold of former Conservative leader Margaret Thatcher. But the expected economic fallout of the energy crisis is prompting the new leader to consider a £100 billion government bailout—the equivalent of about \$115 billion—of consumers and businesses to avoid a wave of bankruptcies and deeper economic pain, said economists and people close to the government.

In coming days, Ms. Truss is expected to announce a cap on household and business energy bills, officials close to her said. That would represent a major surge in government spending after the government's Covid-19 effort to help pay furloughed workers, which cost £70 billion. The new program is likely to dwarf that.

One option under consideration is capping wholesale gas



Boris Johnson bid farewell in front of 10 Downing St. on Tuesday.

EU Blocks Merger U.S. Approved

Continued from Page One indicated they hold similar positions opposing the combination, though the administrative-law judge in the U.S. ruled in support of Illumina.

The bloc's move isn't an unprecedented divergence between the two economies, but it is unusual, especially since it involves a company without EU revenue, antitrust lawyers said. And the action shows the potential for the EU to influence business deals worldwide and potentially even when regulators elsewhere have no issues with a merger.

"The fact that the EU has done this I think will open eyes wide to parties looking to purchase or buy sellers who don't have any revenue," said Jeffrey Jacobovitz, a former FTC antitrust attorney and the chair of the antitrust group at Arnall Golden Gregory LLP.

He said it wasn't unusual for the EU, which is known to aggressively pursue antitrust enforcement, to weigh in on a transaction involving two U.S. companies so long as it has jurisdiction.

The U.S. Chamber of Commerce objected to the bloc's intervention in a deal for a company without revenue in the region.

"It's a dangerous precedent to suggest a deal should be blocked without a recognizable local nexus," said Sean Heather, the chamber's senior vice president for international regulatory affairs and antitrust. "Not only does it ignore previously agreed international best practice, but it drives uncertainty around merger clearance to new heights."

The resolution of Illumina's purchase of Grail is still in question. Illumina said it plans to appeal the EU's decision, while the U.S. Federal Trade Commission has challenged the administrative-law judge's ruling in support of the deal.

The company said it continued to believe the merger was pro-competitive and that it would accelerate innovation. It

said, however, that it would begin reviewing strategic alternatives for Grail in the event it isn't able to delay an expected EU divestment order while it appeals. Alternatives could include separating Grail back into a stand-alone company.

"Illumina can make Grail's lifesaving, multicancer early detection test more available, more affordable, and more accessible—saving lives and lowering healthcare costs," said Charles Dadswell, Illumina's general counsel.

Antitrust lawyers, however, said the European Commission's decision is likely to quash the deal. Even if Illumina wins an appeal in the

'Usually when mergers are blocked, they are dead,' said an antitrust lawyer.

case, the lawyers said, the commission could appeal the win and block the deal for years, which Illumina might not want to endure.

"Usually when mergers are blocked, they are dead," said Salomé Cissal de Ugarte, a partner with King & Spalding LLP. She said there is always hope for an appeal, "but even if the parties decide to go to court it will take time and by then they might not be interested anymore."

Grail's technology promises to help doctors and people diagnose cancer earlier than it has been by detecting it in the

blood, a longtime goal but one that has proven technically difficult to accomplish.

San Diego-based Illumina, which makes and sells genetic-sequencing machines and the chemicals those machines use, founded Grail and spun off a majority of the business in 2017, retaining a minority stake. Then in 2020, Illumina agreed to acquire the part of Grail it didn't already own and completed the acquisition in 2021, despite pending legal challenges.

The EU's competition regulator opened a probe last year into whether the completion of the acquisition breached a requirement for companies to put mergers on hold while the regulator investigates competition concerns. The fine for breaking that rule can reach as much as 10% of a company's revenue. Illumina said there was no legal impediment to closing the transaction. It said it would keep Grail as a separate unit and abide by whatever competition authorities decide.

The European Commission said Illumina is the only suitable supplier of the genetic-sequencing systems that are used by Grail and its rivals.

Illumina's acquisition of Grail meant the company would compete directly in the development of early cancer-detection tests, the regulator said.

"This would stifle the ongoing innovation race between Grail and its rivals and ultimately lead to less innovation, less choice and higher prices for European citizens and for our healthcare systems," Ms. Vestager said.

—Daniel Michaels contributed to this article.



The EU's Margrethe Vestager said the deal would stifle innovation.



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FROM PAGE ONE

Schools Try To Fix Loss In Learning

Continued from Page One
combat the learning loss, as well as to measure just how deep it is. Some answers to the second question are becoming clear. National data show that children who were learning to read earlier in the pandemic have the lowest reading proficiency rates in about 20 years.

The U.S. Department of Education last Thursday released data showing that from 2020 to 2022, average reading scores for 9-year-olds slid 5 points—to 215 out of a possible 500—in the sharpest decline since 1990. Average math scores fell 7 points to 234, the first statistically significant decline in math scores since the long-term trend assessments began in the 1970s.

While some students have begun to make up ground, researchers say that, on average, it could take five years or more for today's fourth-graders to read proficiently unless the pace accelerates. By then, billions of dollars in federal pandemic-related aid for education will have run out.

These students are at a pivotal stage. Educators pay particular attention to 9-year-olds' literacy rates because research shows that reading ability by the end of third grade can be predictive of educational success, career earnings and the risk of incarceration. A study released in 2011 by the Annie E. Casey Foundation found that 16% of students who don't read proficiently in third grade fail to graduate from high school on time, a rate four times that of proficient readers.

"If students are not reading at grade level, then what does it mean for the content they're taking in in their other subjects? Are they not as prepared to be able to participate in their math classes and their social studies classes?" said Karyn Lewis, director of the Center for School and Student Progress at NWEA, a nonprofit research firm that has studied how long it may take for proficiency rates on its tests to rebound.

State education leaders were acutely aware of the stakes well before Thursday's data from the National Assessment of Educational Progress, and are pumping billions of dollars into hoped-for solutions, from small-group tutoring to expanded summer school, and aiming to offer students more individual attention.

In some cases, the efforts coincide with incremental improvements for struggling students, but educators say they won't know for years whether their efforts are a match for a problem this big.

Little to go on

"Without any prior experience as a guide, practitioners are sort of winging it—providing tutors to some students, double-dose math and summer school to others—and then just hoping that it all adds up to enough," said Thomas Kane, an economist and professor of education at the Harvard Graduate School of Education.

A concern, he said, is that districts might apply solutions and discover their inadequacy only after the federal aid is spent. The biggest pandemic



U.S. schools are striving to make up for pandemic-era learning losses. Above, Makayla Walker teaches fourth-graders at Charlotte Park Elementary in Nashville, Tenn.

relief program, the American Rescue Plan, earmarked \$122 billion for K-12 public schools and required that at least 20% go toward addressing learning loss. In many districts it should be close to 100%, in Prof. Kane's view.

State-level test results show reading scores still largely below prepandemic levels. In Indiana, the legislature last year approved a \$150 million grant program for organizations, such as the United Way, that are offering in-person programs with extended learning time.

Indiana also offers families up to \$1,000 to enroll in private tutoring. The program, largely bankrolled by federal aid, targets students who qualify for free or reduced-cost lunches and who were below proficiency in both English language arts and math in the third or fourth grade.

"We have to acknowledge that some of the things that we're going to deploy in terms of initiatives are going to be very, very successful. Some might just help us stabilize. Some might not work as they were intended," said Indiana Education Secretary Katie Jenner. The state has begun analyzing its return on investment, but that will take time.

An office that North Carolina formed last year is leading efforts to assess learning-loss initiatives. The state's Office of Learning Recovery and Acceleration has found that a summer-school program that enrolled 250,000 students in 2021 had a small but positive impact on math and reading scores.

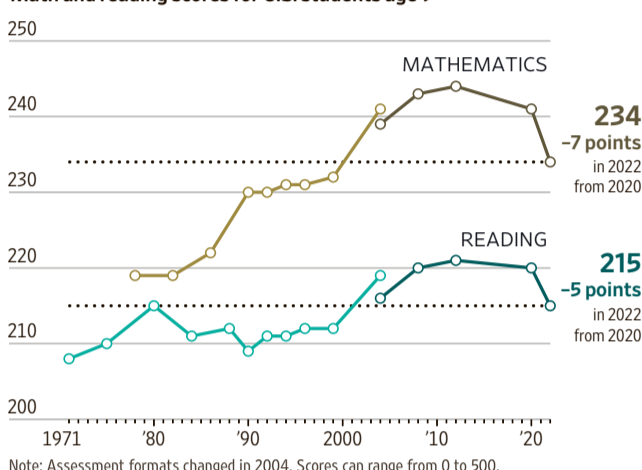
The office is working with a University of North Carolina at Chapel Hill research center to launch studies of learning-loss programs, said Michael Maher, who heads the office. Despite the urgency to fund programs, "we still have to be mindful of how we're going to spend this money," Dr. Maher said.

Texas is a rare example of a state where young students' reading scores have more than bounced back to prepandemic levels. In 2022, half of Texas third-graders met or exceeded expectations, up from 37% in 2021 and 43% in 2019, according to state data.

A key part of the learning-loss recovery effort in Texas is a measure passed by the legislature in 2021 that provides 30 hours of tutoring for students on the subject matter of each test where they failed to meet grade level.

Tennessee is among a handful of states that have taken

Math and reading scores for U.S. students age 9



aggressive action and managed to lift statewide results above 2021 levels, though still not back to scores before the pandemic for some subjects or grade levels. Tennessee's spring 2022 assessment of English language arts scores for third-graders showed 36% were proficient, which was up from 32% in 2021 but still slightly behind the 37% in 2019.

Low baseline

State Education Commissioner Penny Schwinn calls the 2019 baseline unacceptably low. "We grew five to seven points, depending on the grade level, this year. That needs to happen every year for a number of years for our state to be where we know it can be," she said.

One Tennessee effort involves instructing teachers in the science behind learning to read. More than 18,000 teachers have completed 60 hours of instruction, which includes

strategies to help struggling readers.

In Nashville, fourth-grade teacher Makayla Walker is gearing up to start tutoring some of her students after school as part of Tennessee's tutoring program, which began in the 2021-22 school year. Over three years, the program is expected to reach 150,000 students, underwritten by \$200 million in federal aid. The state is investing \$170 million in that program as well as a summer learning camp initiative created in response to the pandemic.

The tutoring is high-dosage, meaning students meet two or three times a week for 30 or 45 minutes, for at least a semester. The groups are small, three students per tutor in elementary school. The program is designed for students who are approaching proficiency and need a boost.

"I think it could make a world of difference," Ms. Walker said. "Because I am their general education

teacher, I already kind of have an idea of how they need support in here. So it will really allow me to build on that."

Last school year the Nashville district tutored 745 third-graders in literacy and more than 3,000 students overall. The district said it is working with Brown University to study the effectiveness. Summer learning participants in 2021 showed slightly higher reading gains than students who didn't take part, officials said.

Across Metro Nashville Public Schools, about 27% of third-graders tested proficient in English language arts on 2022 state assessments. That was a 5-point jump from 2021 and put the district near its 29% rate of 2019.

Assessment scores at Ms. Walker's school, Charlotte Park Elementary, where many students come from low-income families, are lower than the district's. Of the 16 children in her classroom on a recent day, just four or five read at grade level, she said. An added challenge: For 11 of her students, many of them Hispanic, English isn't their first language.

Even after students could return in person, many stayed remote, and others are still adjusting to being back in class, she said. That requires "more consistent redirection or reconnection with what we're doing, and I find that that is what's preventing some of them from attaining the skills that are missing," she said.

Ms. Walker, who uses a high-octane call-and-response method to engage her students, pulled three children

aside on a recent day for extra reading instruction at a table in a corner of her classroom.

She had each child write the word "tap" and sound out each letter. Then she had them add "e" to make "tape." They repeated the exercise with "pin" and "pine."

"The 'e' is what?" she asked. "Silent," replied one of the students.

Ms. Walker said she has no illusions she can erase huge learning gaps in one year. "But do I think that I can help them meet personal goals for themselves based on our testing? Yeah, I do," she said. "I think that it takes a partnership at this age with the kids. I think that they should be held accountable for their learning."

Session with a tutor

About 20 miles to the northwest, the Tidwells jumped at the chance for their daughter, Delaney, to work with a reading tutor this school year at East Cheatham Elementary, where many students are from poorer households.

Tutor Susan Collins greeted Delaney and two other fourth-grade girls for their first 45-minute session on a recent morning. They sat around a table in a conference room, beneath a framed print that read "be kind."

The school district in rural Cheatham County was an early adopter of the state's tutoring program, with math the focus last year. Third-graders' proficiency rate in English language arts was 40% in 2022, the highest in at least four years but still far too low, said Cathy Beck, the district's director of schools.

Mrs. Collins, a teacher with 32 years of experience and a warm manner, taught the three girls what "plethora" means, discussed prepositional phrases and shared stories about her own love of reading.

The girls took turns relating their reading challenges. Delaney spoke of her difficulty with comprehension. Riley Brooks said she wants to read faster. Olivia Hogan said she often skips a word or sentence, adding, "I think I can get better."

Mrs. Collins promised them they would all get better in the months to come.

"Not only are you going to learn everything there is about reading," she said, "you're going to learn everything I can teach you—in two days a week—about writing."



Susan Collins tutors children in small groups at East Cheatham Elementary in Ashland City, Tenn.

Strife Sets Gavels Bashing

Continued from Page One
ing rampage."

Mr. Archie defended his gaveling spree, saying it was the only way to deal with a fellow supervisor in their dispute over who was the board's rightful president. "Saying you're out of order and hitting the gavel at the same time, he knows I mean business," said Mr. Archie.

Months later, Mr. Archie's performance still rings in the ears of locals, who kid him about it. "At dinners and different functions, I've had judges ask me to use the gavel to get their courtrooms in or-

der," he said.

The wooden gavel may be best known as a symbol of the legal profession and a prop for reality show judges. But in these unruly times, the gavel has become an emblem of civic disorder. Footage from local government meetings shows vexed city, county and school board officials bashing their gavels to enforce silence, parliamentary procedure and civil debate.

Officials wielding the gavel call it a primitive but useful tool to gain control of the room when Robert's Rules fly out the window. Those on the receiving end bristle at all the banging.

"Put your gavel down," said Brad Peck, a commissioner in Washington state's Franklin County, to the commission's gavel-swinging chairman during an April meeting.

The chairman, former National Football League tight end Clint Didier, had lost his

patience with Mr. Peck, who had interrupted the county auditor. The auditor, for his part, was alleging a political conspiracy behind a \$5,600 bill he got for accidentally backing his car into a coroner's utility truck.

"Order! Order!" commanded Mr. Didier, rapping his gavel in triplets.

"You love that thing, don't you? Makes you feel important," said Mr. Peck, a retired Air Force officer.

Mr. Peck, in an interview, said the gavel is no substitute for order. "The gavel is a surrogate for people who, frankly, crave control and power over others," he said.

In Trumbull County, Ohio, no amount of gaveling has been able to get the meetings of the board of commissioners back on track.

"Stop with the f—ing gavel," said commissioner Niki Frenchko to the board president sitting next to her as he

banged away in June.

"That's not the appropriate language to be saying at a public meeting," replied Frank Fuda, the board president.

"And that's not the appropriate demeanor to bang your gavel like a psycho," Ms. Frenchko snapped back.

Weeks earlier at another meeting, an exasperated Mr. Fuda struck his gavel so emphatically it splintered.

"He actually hit it so hard a piece of it flew off," said Ms. Frenchko. "I was like, oh my God, you broke the gavel."

"What do you do when a commissioner interrupts every meeting for 18 months?" Mr. Fuda said in an interview. "What else do we have but the gavel? What am I going to do, yell at her?"

Sara Clark Pierson, past president of the school board in Grand Ledge, Mich., used to believe meetings could be orderly without banging on

things. That was before the last year, she said, when her district, like many around the country, faced a parental revolt that pushed meetings onto the front lines of the national culture war.

The school board had around a dozen in-person meetings during her tenure as president, and Ms. Pierson said she had to use her gavel in all of them. One time, she said, a parent brought her own gavel to the meeting and started banging it in protest.

That parent had exceeded her allotted three minutes, according to the board. When they tried to interrupt her, she pulled out a mallet-size gavel and pounded the lectern, eliciting applause from other parents. Ms. Pierson gaveled right back until she took her seat.

"I laughed at it when she brought it out," said Ms. Pierson. "It looked so cartoonish." In a well-functioning polity,

the gavel is a symbol of a community that allows debate and respects difference, said Stephen David Reicher, a professor of social psychology at the University of St Andrews in Scotland. "The gavel is saying, let's listen to each other," he said.

Tim Wynn, president of Perfect Rules Inc., a parliamentary consulting company based in Florida, said the banging gavel is a symptom of a lack of understanding of the rules governing deliberative assemblies, or a lack of confidence in the process.

He cited a line from the bible of parliamentary procedure, Robert's Rules of Order Newly Revised 12th edition: "Under no circumstances should the chair attempt to drown out a disorderly member—either by his own voice or the gavel."

"The gavel is not going to do anything on its own," said Mr. Wynn. "It's just a loud noise."



BONDS

ELIZABETH BERNSTEIN

"How old were you the first time you had sexual intercourse?" "In warm weather, how often do you sleep nude?" "Do you have sexual dreams?"

The Kinsey Institute at Indiana University has been studying human sexuality and asking questions such as these for 75 years.

Alfred Kinsey, the famed sexologist, founded the organization in 1947. He'd started studying human sexuality years earlier, when the university asked him to teach a course on marriage and family. To prepare, he looked for scientific research on human sexual behavior. Finding little, he conducted his own, and in the process changed the way we think about our sex lives.

Armed with a list of roughly 350 questions, Dr. Kinsey and other researchers crisscrossed the country interviewing thousands of Americans about their sex lives. This body of research formed the basis for two landmark books: "Sexual Behavior in the Human Male," published in 1948, and "Sexual Behavior in the Human Female," published five years later.

Kinsey-affiliated researchers—anthropologists, biologists, sociologists and psychologists—have since studied everything from reproduction and sexual health to homosexuality and gender development. Kinsey researchers were the first to conclude that sexual orientation is on a continuum and not an either/or. They held influential conferences on HIV and AIDS in the 1980s.

More recently, they began a longitudinal study on the pandemic's impact on our sexuality and intimate relationships. (Fun finding: One in five people have tried something new sexually during this time.)

"We are trying to take this experience that millions of people have every day and shed some light on the mystery of it," says Justin Garcia, Kinsey's executive director.

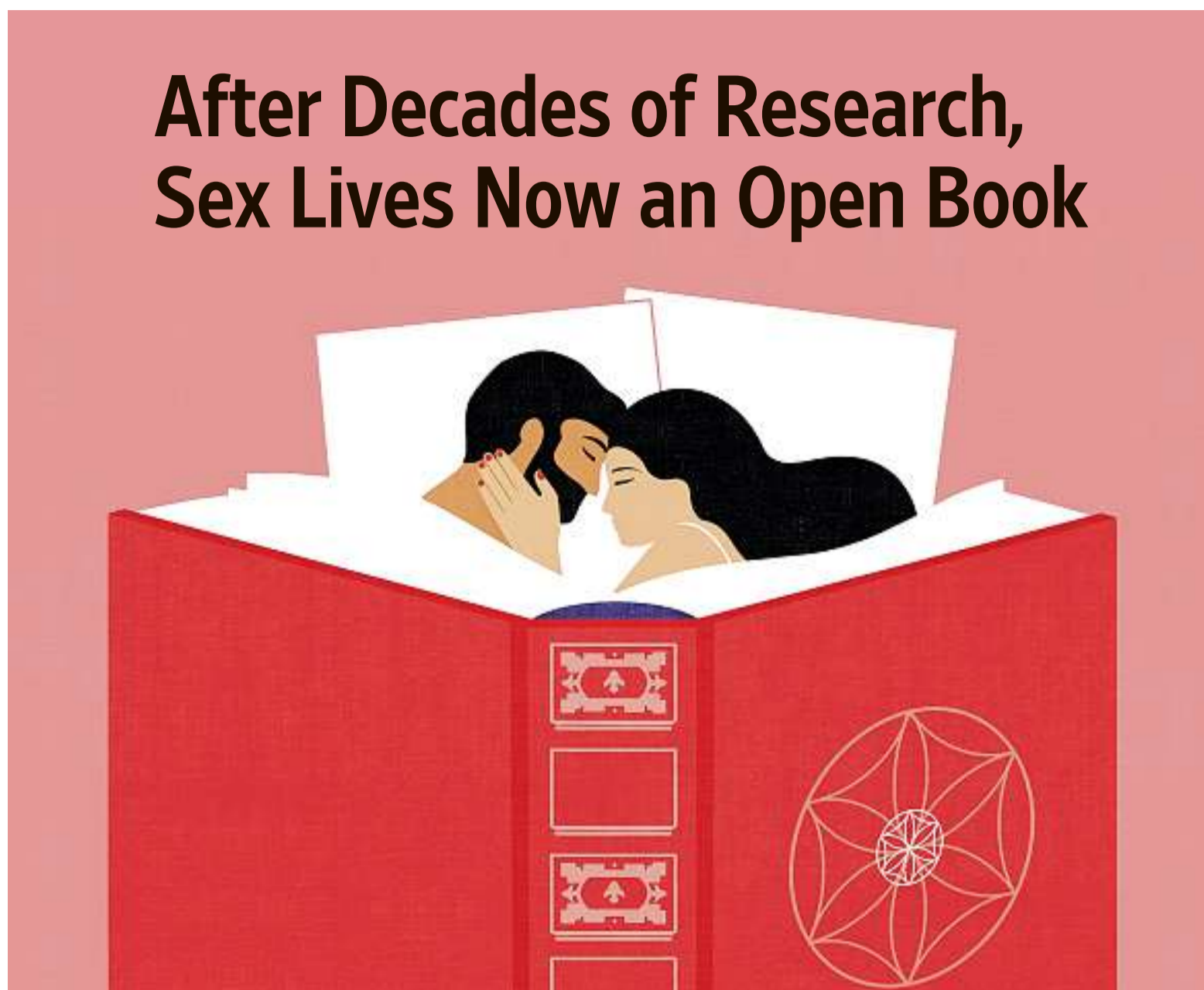
As the Kinsey Institute celebrates its 75th anniversary this week, I looked at a few of the top discoveries its researchers have made about our sex lives.

The norm isn't narrow

Dr. Kinsey's work showed that people's sex lives were a great deal more varied than previously thought. Before his research, married heterosexual sex about once a week in the missionary position was widely viewed as a normal, healthy sex life.

People also thought that sexual arousal is linear, that once something excites us, we keep going. And if that doesn't happen, something's wrong with us—we have a dysfunction or just aren't trying hard enough.

In the 1990s, Kinsey researchers learned that arousal is gov-



FROM TOP: ILLUSTRATION BY CAROLE HENAFF; WILLIAM BELLENBACK/THE TRUSTEES OF INDIANA UNIVERSITY/KINSEY INSTITUTE

erned by two biological systems, not one. Our excitation system, or gas pedal, revs us up, and an inhibition system, or brake pedal, slows us down.

These systems—which researchers refer to as the Dual Control Model of Sexual Response—have their own triggers and work independently. Some things, like kissing, turn us on. Others may turn us off (think: the kids walking in).

"Basically, we're always weighing 'Yes sex!' and 'Oh, not right now!'" says Erick Janssen, a Kinsey senior research fellow and professor of human sexuality at the University of Leuven, in Belgium, who co-authored the original research.

The findings, and numerous related studies, show that what turns us on and off varies by individual, colored by our personality, physiology and history. And these may change over time, Dr. Janssen says.

Understanding this can help us in the bedroom and in our relationship.

"If you start to identify your inhibitors and accelerators, this will help you cultivate the environment you need to be aroused and stay aroused," Dr. Janssen says. "And it will also help you better understand your partner."

Almost everyone fantasizes

At the time that Dr. Kinsey started his research, the prevailing view on sexual fantasies was Freudian: People who were happy didn't have them.

Boy was he wrong. Since 2014, Justin Lehmiller, a social psychologist and research

Lehmiller says. There's also a lot of overlap in what men and women fantasize about, with both saying that their fantasies include an emotional element.

People fantasized more during the pandemic, Dr. Lehmiller says, often not just for pleasure but to cope with stress, relax, distract

The journey is the destination

Kinsey researchers have conducted about 100 studies on orgasm. And they've shown that men don't always have one during sex—contrary to what Dr. Kinsey himself assumed—and women do more than previously thought. It varies, especially as we age. And this is normal.

Connecting is the most significant aspect of our sexual experience, says Dr. Garcia, the executive director.

Other findings suggest pleasure for women has different triggers. "It's all the accouterments that do the trick—the setting the mood, kissing, petting, massaging," Dr. Garcia says. And men and women both fake things, men typically because they're embarrassed about losing arousal and women typically to please a partner.

And while climax is, of course, associated with satisfaction, studies show that there are many reasons why people have sex, Dr. Garcia says, from wanting to experience pleasure to wanting a partner to feel good. A consistently popular reason: "I wanted to express my love."

"The beauty in our sexual lives is that they are a journey," says Dr. Garcia. "And we should enjoy wandering that path and not be so focused on the end destination."



Alfred Kinsey's researchers have changed the way we think about our sex lives.

fellow at Kinsey, has been conducting one of the most comprehensive studies ever done on fantasies, which he defines as mental pictures you have while awake that arouse you. He's found that 97% of respondents report having them.

People's fantasies are remarkably similar around the world, Dr.

themselves or feel less lonely.

Many people also shared their fantasies with a partner. Those who did were more likely to report improvements in their sex life than those who didn't.

"Fantasies are a healthy and adaptive part of human sexuality," Dr. Lehmiller says. "And they can be a lifeline for a lot of people to tap into their deeper needs."

BY ANNE TERGESEN

Quit your mortgage before you quit working.

So goes the standard advice for those nearing retirement, but that may not be feasible for retirees who bought or refinanced homes later in life.

Those who can afford to pay off their mortgages may find there is a case for keeping their loans in retirement. Thanks to higher interest rates, investing savings in bonds instead of paying down principal may return enough to cover more than the cost of the monthly mortgage interest.

"A year ago, the math was really compelling in favor of paying off a mortgage early," said Allan Roth, a financial planner in Colorado Springs, Colo. But with bond yields significantly higher today, the decision "is a much closer call," he said.

Americans now are much more likely to carry mortgage debt into retirement than prior generations. According to the Federal Reserve, nearly 38% of those ages 65 to 74 had mortgages or home-equity lines of credit on a primary residence in 2019, the latest year for which data is available. That is up from 22% in 1989.

When interest rates were low, many homeowners refinanced into new 30-year loans. For many older borrowers, those refs have extended loan terms far into retirement, said Craig Copeland, director of wealth benefits research at the nonprofit Employee Benefit Research Institute.

"If you had a mortgage at 7% or 8% and could refinance it down to 2%, why wouldn't you do that?" he said.

Many retirees cannot afford to pay off their mortgage in a lump sum or

Retiring From Work But Not From Debt



feel they are better off giving priority to other goals. Lots of people prefer keeping an extra cash cushion in a bank or a brokerage account, rather than using it to pay off a mortgage, since home equity can be difficult and expensive to tap in emergencies.

Two rates to compare

If you can afford to pay off your mortgage now, the key calculation is to compare your mortgage rate with the yield on an ultra-low-risk investment, such as a Treasury note or bond, says Mr. Roth. The goal is to see if you can earn enough in interest after taxes to cover your continued mortgage interest.

Consider someone with a \$100,000 mortgage that charges a 3% interest rate. By paying off that mortgage, the homeowner would save 3% a year, earning a guaranteed 3% return.

That person could also use the \$100,000 to buy a short-term Treasury note, which would bring a slightly higher guaranteed return of about 3.49% in interest.

"If bonds are paying more, then buy the bond and enjoy the extra money," said Burt Hutchinson, an adviser in Wilmington, Del.

What about investing the \$100,000 in stocks to aim for an even higher return to cover your mortgage payments and generate a

bigger profit? Since 1926, U.S. stocks have delivered an average annual return of about 7% after inflation, according to Morningstar Inc.—far higher than the interest rate many home borrowers are paying on their mortgages these days.

But that 7% return is far from guaranteed. So far this year, the S&P 500 is down about 16.8% through Sept. 1. And from the end of 1965 to the end of 1981, the annualized return on the S&P 500 was about 1.8% without dividends. "It's not for the risk averse,"

said Elliot Dole, an adviser in St. Louis.

Consider the tax impact

Taxes can change the math on the decision to pay off a mortgage, generally in favor of paying off the debt.

Since the 2017 tax overhaul, which significantly raised the standard deduction, far fewer homeowners have taken a tax deduction for their home-mortgage interest payments.

Those who do should reduce the cost of their mortgage to reflect that tax benefit when deciding whether to pay off the mortgage, said Mr. Roth.

If the homeowner above with a 3% rate on a \$100,000 mortgage receives a home-mortgage interest tax

deduction, the cost of that 3% mortgage falls to 2.34% after the tax benefit is factored in. (This assumes the homeowner is in a 22% tax bracket.)

The homeowner must compare the 2.34% after-tax cost of the mortgage with the after-tax return he or she could earn on a Treasury note. Someone in the 22% tax bracket would forfeit 22% of the note's 3.49% in interest to taxes. That leaves an after-tax return of 2.7%, according to Mr. Roth.

Because the bond's 2.7% after-tax return exceeds the mortgage's 2.34% after-tax cost, the strategy of buying bonds to pay the mortgage remains the more profitable choice, he said.

However, if the homeowner doesn't receive the full tax benefit from taking the deduction, the bond's 2.7% after-tax return falls short of covering the 3% mortgage.

How paying off the mortgage can affect liquidity

If you pay off a 3% mortgage only to discover you need to tap your home equity in retirement, you may have regrets. Retirees with substantial assets but little income can have trouble qualifying for a new mortgage, said Mr. Dole. One retired client of his was turned down for a mortgage on her primary residence and had to sell assets to meet her cash needs.

Compared with other housing debt, including home-equity loans and reverse mortgages, retaining a primary mortgage "can be a low-cost way to fill funding gaps," he said.

Even when the math is favorable, some retirees may still feel more comfortable paying off the loan. Eliminating it can bring peace of mind and a sense of accomplishment, said Kevin Lao, an adviser in Jacksonville, Fla.

PERSONAL JOURNAL.



PERSONAL TECHNOLOGY
NICOLE NGUYEN

Tracking friends and family members on a map was once considered Big Brother-style surveillance. Sharing our location with loved ones on services such as Apple's Find My and Google Maps is now normal, even if those people are far, far away.

I was in the creeped-out camp when live location sharing came on the scene, but I've come around. It's convenient. Instead of asking, "Where are you?" I just look for a floating head in the Find My app.

There are safety benefits, too. When I go on a solo hike, I can make sure someone is periodically checking my location. That is, until I end up in a no-service zone—a situation that has caused panic on occasion. (Sorry, Mom.)

I'm also enjoying just looking at the app. Seeing people I care about, all in one virtual place, is strangely comforting.

Yep, the services that parents use to track down their children have become a sort of social network.

How to share—and stop sharing—your location

If you're ready to let friends and family track you, there are a few options. You can try temporary sharing. Uber and Lyft provide links to share with your contacts that include where you are, your driver's information and your estimated time of arrival. WhatsApp lets you share your live location—end-to-end encrypted—for between 15 minutes and eight hours. Just tap on the + button and select Location.

Apple's Find My allows you to share for one hour, until the end of the day or indefinitely, while Google Maps has increments between 15 minutes and always. Contacts can see your current location when they open the app, but not a log of where you've been.

Whichever app you choose, before sharing location indefinitely, think it through first. Cutting off location sharing later on could create awkwardness. Even though Find My and Google Maps don't notify ex-friends when you drop them, it's more obvious than unfriending someone on Facebook.



Sharing Location With Loved Ones, Not Big Tech

Here's how to share and revoke access with Apple, Google and the popular Life360 app:

► **Apple Find My** comes pre-loaded on Apple devices and won't work with other companies' products. It uses system-level location, so if you have Location Services in Settings turned on, Find My shouldn't consume additional battery. For iPhones, as of iOS 15, Find My now shows live tracking when open. You can see when a contact's location was last updated by tapping on their floating head.

To share: Open the Find My app and go to the People tab. Select Share My Location, input a contact name, tap Send and choose how long you want to share your whereabouts.

To revoke: In the Find My app, tap on the contact's name. Scroll down and select Stop Sharing My Location. In your iMessage thread with that contact, you'll see "You stopped sharing location with..."

When you start sharing your location with someone, they get a notification. But when you stop sharing, they don't. However, any contacts tracking you with Find My home-screen widgets will see "Person removed," instead of your floating head.

► **Google Maps** has a location-sharing feature built into its free iOS and Android apps, making it a good choice for mixed-platform households. It can drain your battery a bit. The app updates your location in the background at various intervals to minimize power use. When a contact is viewing you on Google Maps, however, your phone sends more frequent location updates, a spokeswoman said.

The app shows contacts when your location was last updated.

To share: In the Google Maps app, tap on your profile photo, then tap Location sharing. Tap New share, and enter the contact's name. (iOS users will need to grant the app "Always" access in

location settings when sharing for more than an hour.)

To revoke: In the Maps app > profile photo > Location sharing, tap the contact's name. Next to "Can see your location," select Stop.

► **Life360** is a popular family-oriented app that one-ups Apple and Google by also providing a driving report and two days of location history. (A \$5-a-month subscription provides a 30-day history.) Users join "circles," and get notifications if they're removed from a circle. If you leave a circle, you'll disappear from the map but other members aren't notified.

The app did tax my battery. A company spokeswoman said nearly all users experience minimally reduced battery life—10% or less—while using the app all day.

Where your location data goes

Location data is some of the most valuable and sensitive data our devices capture. Many different ser-

VICES, from weather to social media, can collect that data and often sell it to marketers or analysts without our knowledge. Tech companies can also provide your location data to law enforcement.

So, should we entrust location-sharing apps with our precise whereabouts? The answer varies by service:

► **Apple Find My:** Your precise location is end-to-end encrypted if both your device and your friend's device are running iOS 15 or newer. Not even Apple can see the data, let alone share it. If either you or your contact are on an earlier version of iOS, your location isn't fully encrypted. In that case, Apple says, the devices send data to company servers. The data is deleted after two hours and not used for advertising purposes.

► **Google Maps:** Google's services generally don't cost anything for consumers. Instead, Google uses data it collects about you in Search, Maps and more to serve ads.

A Google feature called Location History saves your whereabouts in a timeline. It's turned off by default across Google services. If you enable it, Google can use your precise whereabouts from Location History for advertising. You don't have to turn on Location History to share your real-time location in Google Maps. In that case, your device sends data to company servers, where it is deleted soon after, said the Google spokeswoman. She didn't specify the retention period.

Even so, Google can still determine your general location based on your network IP address, search activities or other info. (You can turn off ad personalization.) Google says it doesn't sell users' personal information.

► **Life360:** Last year, the non-profit data-journalism website Markup reported that Life360 had sold users' precise location data—stripped of identifiable information such as names and emails—to about a dozen data brokers. Life360 says it no longer relies as heavily on data sales, and the data that it does sell can't be used to identify you.

You can curb the sale of your data by going to Settings > Privacy & Security, then selecting Do Not Sell My Personal Information.

Having Big Tech watching us still feels a little creepy. But nowadays, it's often nice knowing that Big Friend and Family are watching.

PHOTO ILLUSTRATION BY ELENA SCOTT/THE WALL STREET JOURNAL. ILLUSTRATION BY APPIE

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The availability of remote and hybrid work makes dual-purpose trips more appealing.

Business Trips Take a Holiday

Mixing work, vacation tempting, but can get complicated

By JACOB PASSY

The future of business travel could resemble a mullet—business in the front, party in the back.

As the travel industry counts on a business-travel comeback this fall, executives in the sector point to high demand for trips that combine business and leisure, or what many in the industry call—for better or worse—bleisure.

Hilton Chief Executive Christopher Nassetta suggested in an earnings call that more guests are tacking leisure time onto business travel. Marriott CEO Tony Capuano cited strong occupancy on Thursday and Sunday nights, near the start and end of many business trips, as proof stays are being extended.

The availability of remote and hybrid work makes dual-purpose trips more appealing, says Debbie Iannaci, head of communications and research at the Global Business Travel Association. A July survey conducted by her organization found that 90% of travel managers said their employees were interested in trips that combined work and leisure.

That interest comes as business travel demand remains down. A July survey of about 400 global business travelers by hospitality data-and-analytics company STR found that 55% were less likely to travel overnight for

business now compared with before the pandemic.

Mixing work and play, especially when the company shoulders much of the cost, is tempting.

Yet many companies still don't have formal rules for adding vacation travel to a work trip. An April survey from the Global Business Travel Association found that 49% of travel managers said their company's travel policy

49%

Companies with policies that don't address blended trips

didn't address blended trips. In most cases, workers still could go on them with their supervisor's permission.

Corporate-travel professionals say companies are unsure about the risks they and employees might face with more dual-purpose trips. "If you're on a business trip that you extended by a few days and you get hurt, there's a really interesting question of liability," says Charlie Sultan, president of Concur Travel, a corporate-travel management company. "Are you on a work trip, or is this part of your pleasure time?"

Concerns around account-

ing and reimbursement are also preventing wider formal adoption of corporate travel policies that allow for blended trips, says Paul Tumpowsky, CEO of Skylark Travel, a New York-based travel agency. Parsing legitimate business expenses and personal spending might require more staff and oversight. The lack of formal support for these trips means that workers are left to their own devices when sorting out the logistics.

Work hard, play hard

Planning a workcation? Here's advice from travel experts on how to make your trip a success.

Clarify policies upfront. Review your company's travel policy, and ask your supervisor questions. Pay close attention to what your company's responsibilities are if problems arise and how your company handles those situations if a trip is extended for fun.

Attend to expenses. Determine what the company will and won't pay for before the trip. Don't put personal expenses on the corporate card.

Predict your productivity. Not all work trips should be turned into vacations. Rick Sharga, who averages about two business trips a month as an executive vice president for a property-data company, avoids bringing his family along if he knows he'll be in meetings most of the time.

ARTS IN REVIEW

EXHIBITION REVIEW

A Presidential Race Against Time

An exhibition in his home state of New York offers haunting insight into Franklin D. Roosevelt's unexpected last run for office, undertaken as he battled his poor health at home and World War II abroad.



FDR PRESIDENTIAL LIBRARY (3)

By EDWARD ROTHSTEIN

Hyde Park, N.Y.

'ALL THAT IS WITHIN ME cries out to go back to my home on the Hudson River," President Franklin Roosevelt declared on July 11, 1944, as he announced that he would do the opposite and run for a fourth presidential term. Now the Franklin D. Roosevelt Presidential Library and Museum is offering a 3,000-square-foot exhibition, "FDR's Final Campaign," providing insight into the decision's stakes, the courage and stubbornness required and the costs incurred.

Some aspects of that campaign, which pitted the 62-year-old president against the 42-year-old New York governor, Thomas E. Dewey, reflect an almost routine political calculus. Missouri Sen. Harry S. Truman displaced Vice President Henry A. Wallace as Roosevelt's running mate in order to appeal to the political center. Here we see buttons, posters and Roosevelt's "lucky" hat that he wore in presidential campaigns. After 1940, he donated it to a Hollywood fundraiser, where it was bought by the actors Edward G. Robinson and Melvyn Douglas; they returned it for his final campaign.

This fine exhibition—created by the museum's staff and its supervisory curator, Herman Eberhardt—makes clear, though, that Roosevelt was waging many campaigns simultaneously; he could have used a milliner's rack of lucky headgear. One poster shows Uncle Sam in a recruiting pose: "I WANT YOU F.D.R. / STAY AND FINISH THE JOB!" That job was, of course, World War II's military campaign. Reproductions of newspaper pages show the war's progress. June 1944's D-Day landings and August's march into Paris might have made the end seem near, but battles in the Pacific loomed and the Nazi winter offen-



sive confounded hopes. The last year of the war was America's bloodiest.

Another campaign was also urgent: It was against mortality itself. In 1944 a team of doctors examined Roosevelt. We see some medical reports here: He was diagnosed with congestive heart failure, an enlarged heart and dangerous hypertension with blood pressure levels around 236/120. His condition was, at the time, untreatable; he was futilely instructed to work no more than four hours a day. His illness was also kept secret—some information not emerging for decades—while the public was consistently reassured of his excellent health. His death on April 12, 1945, came less than three months after his inauguration.

The secret must have been aided by an almost willful widespread blindness—a bit like the way Roosevelt's wheelchair was never openly acknowledged. An Associated Press photo shows him accepting the Democratic nomina-

tion in a remote broadcast. Readers, we learn, "were startled by this image of a gaunt and slack-jawed President." Another image shows Roosevelt speaking from a Navy destroyer on Aug. 12, 1944. Mid-speech, his daughter, Anna, leans forward, sensing something awry: Roosevelt was hiding a painful angina attack. His cardiologist later said it "scared the hell out of us."

But illness did not modify Roosevelt's high-handed style. Roosevelt never informed Vice President Truman about postwar plans or atomic bomb development. And a display case here dramatically demonstrates "Truman's isolation." Roosevelt's appointment calendar is open to one of only two times he met his Vice President while in office. And on display is their "entire correspondence." One of two notes from Roosevelt tells Truman only to bother him with "absolutely urgent messages" while he is at Yalta (meeting with Winston Churchill and Joseph Stalin). After Roosevelt died, Truman



Objects on view at the Franklin D. Roosevelt Presidential Library and Museum, including his hat, above, and campaign memorabilia, left; archival image of Roosevelt at an event, top left

met Eleanor Roosevelt and asked if he could do anything for her. She replied: "Is there anything we can do for you, for you are the one in trouble now."

The exhibition is haunting, accompanied by audio excerpts of speeches, Roosevelt's typescripts, and touch screens of documents, creating a powerful supplement to the main exhibition's encyclopedic survey. It is also informed by research into this fraught period. There have been two illuminating books by Joseph Lelyveld and by David B. Woolner, one of the exhibition's "historical advisors"; and in 2012 the once-secret diaries of

out reaching conclusions.

Left unexamined are the consequences of another "final campaign" emphasized here. The creation of the United Nations is called Roosevelt's "greatest goal" of his final year. It was alluded to in his final inaugural address and the subject of the speech he was writing when he died. At Yalta, we are told, Roosevelt's "single-minded pursuit" was to gain Stalin's support for the U.N.; Roosevelt's success is called "his greatest achievement."

That ideal is celebrated, but its costs go unmentioned. Roosevelt, partly because of his "single-minded pursuit" (and partly to guarantee Stalin's entry into the Pacific war), was far more willing than Churchill to skirt challenges to Stalin's designs on Poland and Eastern Europe. As one American document here shows, he was even prepared to court Stalin by subtly undermining Churchill. It would have been worth pointing out in this otherwise excellent exhibition that despite Roosevelt's internationalist ideals, the United Nations, founded soon after his death, was an irrelevant force, less than a year later: Churchill, out of office, visited President Truman and declared that an "iron curtain" had descended over Europe.

FDR's Final Campaign

Franklin D. Roosevelt Presidential Library and Museum, through Dec. 31.

Mr. Rothstein is the Journal's Critic at Large.

A look at the stakes, the courage and stubbornness required and the costs incurred.

Roosevelt's distant cousin Margaret Suckley were edited and annotated by Geoffrey C. Ward, the show's other adviser. Pages from the Suckley diaries are on display.

One area where there has long been debate is whether Roosevelt's illness hampered his negotiations with Stalin in Yalta in early 1945. The exhibition notes that "conservative critics" argued FDR "gave away" Eastern Europe but a "more balanced view . . . has emerged over time." We sample arguments on a touchscreen with-

FILM REVIEW | JOHN ANDERSON

Investigating The Investigation

Since there's nothing else in the world to worry about right now, Netflix and the BBC are taking us back about 20 years to a crime that also seemed cruel and unusual in its timing—the anthrax-letter attacks that followed the events of 9/11 by a week, left five people dead, more than a dozen sickened and led to a nearly seven-year investigation by the FBI. It's a fast-paced whodunit, despite the answers to its central mystery being either memorable, or Google-able, but the reasons why may amount to spoilers. So reader beware.

Directed by Dan Krauss with an undertone of indignation, "The Anthrax Attacks" takes a quasi-documentary approach to the attacks, which targeted news organizations in New York and members of Congress in Washington. Clark Gregg (of Marvel fame) plays Bruce Ivins, the microbiologist and vaccinologist who became central to the case. (His dialogue, we are told, is based on field notes from the FBI and emails from Ivins.) The hybrid quality of the 90-odd-minute film makes



it more emotionally engaging than it might have been had Mr. Krauss hewed closer to traditional documentary devices, although he uses them to great effect as well. Among the people interviewed around and between the dramatized sequences are former agents, relatives of victims, Washington postal workers



Vince Lisi, a special agent who worked the case, left; an envelope, above

exposed to the anthrax that was sent to members of Congress, and scientists such as Paul Keim, a pathologist and expert in genome analysis who aided in the investigation and—to his still-evident chagrin—was briefly looked at as suspicious by the FBI.

TV news outlets in New York were the first to receive the anthrax-laden letters, with their crudely scrawled messages about "Death to America" and "Death to Israel"—although before very much screen time has passed, Mr. Keim makes the still-chilling revelation that the terrorist was "one of us." The nature of the anthrax

was domestic, not imported (how that was determined is made remarkably accessible to the layman), and this led to the U.S. Army Medical Research Institute of Infectious Diseases in Fort Detrick, Md., where Ivins was a well-known microbiologist and, at first, aided investigators in their probe.

That investigation of the investigation, and the overall tone of the government's response to the mailings, is at the angry core of "The Anthrax Attacks." As one former postal worker at Washington's Brentwood facility notes, it took 10 days to close the post office and

two hours to close the Hart Senate Office Building. "The dogs [there] got Cipro before we did," the worker says, referring to the antibiotic used to fight anthrax ingestion. Although then-Postmaster General John E. Potter assured workers at the facility they were safe, investigators entered the building wearing Hazmat suits. Not a reassuring sight.

En route to a nonresolution—few are willing to say with 100% certainty who the guilty party actually was—"The Anthrax Attacks" traces the investigation through some ludicrous moments, including the FBI harassment of one scientist who had been named, rather casually by then-Attorney General John Ashcroft, of being a "person of interest" and who subsequently received round-the-clock coverage by the feds and the media and, eventually, a multimillion-dollar settlement. (Leaving his name out here seems the decent thing to do.) Vince Lisi, a rather fabled special agent who came in to lead the FBI probe after it had stalled out, said the agency had spent too much time "trying to prove someone committed the crime rather than investigating the crime." A change in investigative tactics led to a resolution. A change in documentary tactics, by Mr. Krauss, makes "The Anthrax Attacks" a more than worthwhile watch.

The Anthrax Attacks: In the Shadow of 9/11
Thursday, Netflix

SPORTS

JASON GAY

The Long Tennis Climb Of Frances Tiafoe

A former American phenom keeps grinding—and gets the win of a lifetime against Rafael Nadal

The overnight tennis star does not exist. A player may explode into public view during a tournament, or even sharply over the course of a brilliant afternoon, but before that, there are thousands of hours, probably tens of thousands, when the same player is hidden in anonymity, competing, practicing, plateauing, struggling, surviving...all in an effort to summon this very moment. There are bad weeks, lost months, likely some underwhelming years. It is the exact opposite of overnight.

Consider Frances Tiafoe. Early Monday evening at the U.S. Open in New York City, the 24-year-old from Hyattsville, Md., won the biggest match of his life, defeating the tournament's No. 2 seed, Rafael Nadal, 6-4, 4-6, 6-4, 6-3, to advance to a Wednesday quarterfinal. It is a spectacular win against a legendary opponent, and vaults Tiafoe to new status and visibility. People who don't follow tennis suddenly are asking: *What's the deal with this Frances Tiafoe?*

Tiafoe did not arrive this weekend. He was identified early as a potentially elite player, and his story is remarkable: The son of immigrants from Sierra Leone, Tiafoe started playing on the courts at the Junior Tennis Champions Center in College Park, where his father, Frances Sr., worked in maintenance. Young Frances was a constant presence at the center, with father and son (and sometimes Frances's twin brother, Franklin) sleeping on folding tables in a makeshift room after Dad finished work late at night. A tennis scholarship for Frances Jr. followed, and Tiafoe began breaking through in his mid-teens, winning the prestigious Orange Bowl junior tournament in 2013.

The Next Great American Tennis Player is a treacherous mantle, and Tiafoe has been on a slow grind ever since. He has occasionally defeated dragons (he knocked third-seeded Stefanos Tsitsipas out of Wimbledon last year), but to date, he has won one ATP Tour event, the 2018 Delray Beach Open. His ranking moved into the top 50 (he's seeded 22nd at the Open), and he's a well-liked talent with immense power and clever touch, but he has not been consistent enough to fully break through. He is no longer the teen comet—that title belongs to Spain's wondrous 19-year-old, Carlos Alcaraz. It became fair to wonder if Tiafoe would ever get to the place he imagined for himself.

Then Monday. There are few athletes harder to topple than Nadal—even at 36, recovering from abdominal surgery, the Spaniard remains a ferocious competitor, capable of roaring back from any deficit.

There is a long list of tennis hopefuls who took a set off Nadal, even two sets, and then watched helplessly as he circled back and gnawed the motor off the back of their boat. There's a reason Rafa's



FROM TOP: JUSTIN LANE/EPA/SHUTTERSTOCK; JAVIER ROJAS/PRENSA INTERNACIONAL/ZUMA PRESS

Frances Tiafoe, above, beat 22-time major champion Rafael Nadal, bottom, in four sets on Monday to advance to the quarterfinals of the U.S. Open.



and French Open champion, who withdrew with an injury before the Wimbledon semis, was 22-0 at majors on the year. But the veteran knew he was outgunned. "[Frances] was better than me," he said.

When it was over, Tiafoe wept. In his players box was his family, who'd seen his highs and lows and all the lonely spaces in between. Tiafoe buried his face in his hands, revealing a pair of rubber bracelets he wears on his right wrist: one in the colors of the University of Maryland football team, the other with an admonition in capital letters: BELIEVE. WHY NOT ME.

Later, to the assembled media, Tiafoe repeated the basics of his journey: child of immigrants, father's job at the club, his mother, Alpha, working long nights as a nurse. He will tell the story again if he beats No. 9 seed Andrey Rublev Wednesday and continues to barrel through this tournament, now wide

open for a first-time winner after the departures of Nadal and defending champ Daniil Medvedev, the latter dismissed Sunday by a rollicking Nick Kyrgios.

But the middle part of Tiafoe's story may be the most critical part. That's the part few people saw, or will talk much about: When he was in that humble, indefinite space between The Next Big Thing and now,

when his career could have gone either way, and he kept fighting.

"When I first came on the scene, a lot of people had expectations about how I would do," Tiafoe said. "I

wasn't ready for it mentally, I wasn't mature enough for those moments. These past couple years, when the attention hasn't been on me, I've been able to develop..."

"I've been putting my head down," he said.

Heads up. It wasn't overnight, but Frances Tiafoe is here.

Tiafoe beat Nadal by out-Nadaling him: returning hard shots with harder shots.

won 22 majors.

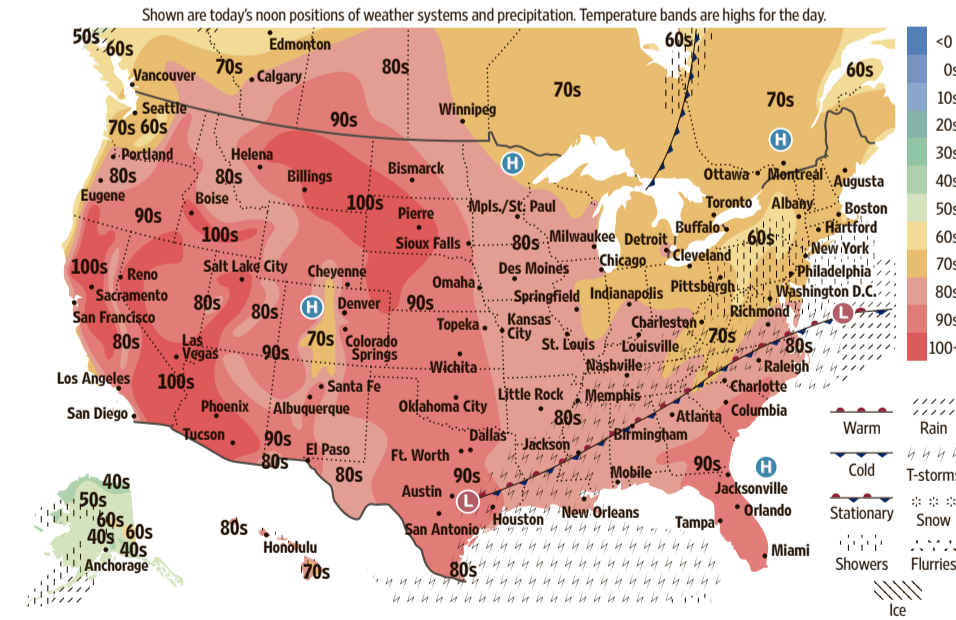
Tiafoe beat Nadal by out-Nadaling him: playing physically, returning hard shots with harder shots, and moving his elder around ruthlessly. He pushed Nadal to the wall, and just when Nadal appeared on the verge of a comeback, he pushed

harder.

Everything clicked—a 135 MPH smoke bomb of a serve to close out a critical game; a teardrop slice that curled over the net so cutely that it made Tiafoe smirk. Nadal hadn't lost a match at a major tournament this year—the Australian

Weather

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U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	56	51	r	54	51	r
Atlanta	86	69	t	83	70	t
Austin	94	69	s	94	69	s
Baltimore	76	64	r	81	63	pc
Boise	101	65	pc	88	51	s
Boston	70	59	pc	73	61	pc
Burlington	76	58	pc	79	59	s
Charlotte	87	68	pc	82	68	c
Chicago	80	62	s	82	64	c
Cleveland	80	57	pc	79	60	pc
Dallas	92	73	pc	90	70	s
Denver	98	68	s	97	60	s
Detroit	80	57	pc	81	59	s
Honolulu	89	75	pc	89	75	pc
Houston	90	72	t	91	71	pc
Indianapolis	80	60	pc	81	60	pc
Kansas City	87	62	s	87	62	s
Las Vegas	107	84	s	108	82	c
Little Rock	89	68	c	88	66	pc
Los Angeles	98	75	s	96	78	s
Miami	93	79	t	91	80	t
Millwaukee	81	63	s	82	65	s
Minneapolis	86	69	s	89	67	c
Nashville	84	65	t	85	66	c
New Orleans	87	74	t	84	74	c
New York City	72	64	sh	80	65	pc
Oklahoma City	92	66	s	91	65	s

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	74	60	c	69	57	r
Athens	84	70	s	87	69	s
Baghdad	112	83	s	113	85	s
Bangkok	87	77	t	85	77	t
Beijing	90	57	s	91	63	c
Berlin	77	59	c	73	57	r
Brussels	76	60	c	69	56	r
Buenos Aires	72	60	c	69	50	pc
Dubai	105	88	s	103	88	s
Dublin	65	56	r	64	54	t
Edinburgh	66	55	t	65	56	t

City

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	82	63	c	74	58	r
Geneva	77	58	t	72	55	pc
Havana	89	72	sh	88	72	sh
Hong Kong	86	80	c	86	79	t
Istanbul	79	67	s	80	67	t
Jakarta	90	76	sh	88	77	t
Jerusalem	83	63	s	86	65	s
Johannesburg	72	51	s	76	55	s
London	70	58	t	68	58	t
Madrid	82	57	pc	83	61	pc
Manila	91	78	pc	90	78	t
Melbourne	65	55	pc	63	55	sh
Mexico City	71	58	sh	70	56	sh
Milan	82	65	c	78	64	c
Moscow	53	40	r	51	36	pc
Mumbai	88	79	sh	88	80	t
Paris	74	58	t	72	58	t
Rio de Janeiro	78	66	pc	83	70	s
Riyadh	108	85	s	108	82	s
Rome	80	62	pc	85	73	t
San Juan	89	78	t	89	78	t
Seoul	80	60	s	83	63	s
Shanghai	90	73	pc	86	70	pc
Singapore	84	78	pc	85	78	c
Sydney	64	58	pc	69	60	c
Taipei	84	75	sh	89	75	pc
Tokyo	85	76	t	82	74	t
Toronto	74	59	pc	78	61	s
Vancouver	70	53	pc	69	56	s
Warsaw	70	48	pc	72	53	c
Zurich	78	58	c	72	52	pc

The WSJ Daily Crossword | Edited by Mike Shenk

1 2 3 4 5 6 7 8 9 10 11

12 13 14 15

16 17 18 19 20 21 22 23 24 25

26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66

- 64 Dissertation writers' prizes
- 65 ___ pants (baggy wear)
- 66 Cut down

- Down**
- 1 TDs earn six
 - 2 Nationality in the culinary term for the Patagonian toothfish
 - 3 Sherry or ginger ale descriptor
 - 4 Snap
 - 5 Throat-clearing sound
 - 6 Kidnap victim in Disney's "Obi-Wan Kenobi"
 - 7 Smooth sailing
 - 8 Assn. kin
 - 9 Bureaucratic obstacle
 - 10 Swindles
 - 11 Mo. neighbor
 - 13 Commercial realty agreement
 - 15 Muddy Waters and B.B. King, for two
 - 17 Coward knighted by Queen Elizabeth
 - 18 Upscale hotel chain
 - 22 Record label for Tanya Tucker
 - 23 Impatient acknowledgment
 - 24 "Did that really just happen?!"
 - 25 Singing syllable
 - 27 Houston of Texas
 - 28 Duplicitous
 - 29 Ashen
 - 34 Washington follower
 - 35 Sponge
 - 36 G.P.'s grp.
 - 37 School that manages the Jet Propulsion Laboratory
 - 38 Made like a baby
 - 40 Heightened state
 - 41 Southwestern saloon
 - 42 Be behind
 - 45 Twangy Twain
 - 46 Ruined
 - 49 Carnival attractions
 - 51 Compete in
 - 53 A bunch
 - 55 Nottingham nonsense
 - 56 Inbox nuisance
 - 57 Fermur's end
 - 60 Baldwin's TV co-star

CRESCENDO | By Hal Moore

- Across**
- 1 Angel dust letters
 - 4 Diet that precludes grains and dairy
 - 9 The Nats' stadium, until 2008
 - 12 Compared with
 - 14 "Rumor has it..."
 - 15 Composer Bartók
 - 16 The Four Seasons, 1964 ()
 - 19 "Morbis" star Jared
 - 20 Possibly will
 - 21 Remote option
 - 22 Musical mélange
 - 24 Like O'Neill's "The Moon of the Caribbees"
 - 26 George Michael, 1984 (ppp)
 - 30 Taylor-Joy of "The Queen's Gambit"
 - 31 Leaves for lunch
 - 32 Monument Valley feature
 - 33 Destiny's Child, 1999 (p)
 - 36 Consent
 - 39 Sovereign state with an area of less than a square mile
 - 43 Spoil
 - 44 Zebra's cousin
 - 46 Game with Skip and Reverse cards
 - 47 Cold and damp
 - 48 Phone setting
 - 50 Buff Orpington female
 - 52 Copy, of a sort
 - 54 The Beatles, 1964 (fff)
 - 57 Maintained
 - 58 Prevailing
 - 59 "Yeah, that's gonna happen!"
 - 61 "America's Original, Fun-tastic Frozen Treat"
 - 62 City with a famed horse race in the Piazza del Campo
 - 63 Tennis star Caroline Wozniacki, e.g.

Previous Puzzle's Solution

CLASH ROLE HIAS
 AUDIO OWIE RANT
 START SWELL PINA
 HIEM SELIMA AMOUR
 PERFECT CRIME
 METAT OOO
 OUTSTANDING DEB
 MIRA AIR LORA
 GREAT DEPRESSION
 NOH YEAST
 GRAND LARCENY
 OH GOD PIOUS BAD
 TINY ENDS POORLY
 GINES SEEM RAITSE
 NOW FAIRO SITOOD

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OPINION

Netflix Doesn't Work



BUSINESS WORLD
By William W. Jenkins, Jr.

In the streaming wars, nobody wants to be Netflix anymore and that includes Netflix.

The question that once bemused this column about whether pure-play, general-interest subscription streaming can work as a standalone business model hasn't been bemusing in a while. Netflix is scurrying at warp speed to develop an ad-supported service. It's looking down the road to videogames and live sports.

Don't be surprised by the remarketing next of Netflix-trademarked shows to competing streamers or cable TV. Netflix's choice of Microsoft to develop its ad platform is seen as come-hither toward a possible merger with the software giant, illustrating another theme of this column: the pull of bundling to the economics of streaming work. This is the approach Apple and Amazon are taking.

A newly minted rival in the streaming scramble, Warner Bros. Discovery, formed by the merger of reality TV specialist Discovery with the hallowed Warner studio properties, is also precariously rethinking. Bundling was its strategy under previous owner AT&T, which could use HBO Max to lock in customers for its vastly more

lucrative wireless and broadband services. But under the new owner that option no longer exists organically.

Warner management is left trying to make content production and ownership pay by other means: launching an ad-supported version of HBO Max, clinging more strongly to its relationship with cable operators, movie theaters and even competing streamers, who can help pay the bills by licensing Warner content for their own services.

Analyst Rich Greenfield calls it the "arms dealer" model, selling content to all comers. But it's really "arms dealer plus combatant," since participants still want their own streaming affiliates as one of their monetization options.

Warner CEO David Zaslav has taken to dumping on his AT&T predecessors implicitly, with his stock down 48% since the deal closed in April. He's being a mite unfair. In fact—see Netflix's bundling arrangement with T-Mobile—the whole industry is wishing it had the connection that Warner once had with AT&T as a lifeboat in the storm.

Warner's strategy presumably requires now a supercomputer to optimize monetization of hours upon hours of new and old movies and TV episodes, each decision complicated by back-end rights owed to producers and performers. Already we're seeing some interesting outcomes, like its decision to

bury a nearly complete, \$70 million "Batgirl" movie in a vault where the public can't see it, in favor of a tax write-off.

But if there ever were a business model where execution, execution, execution matters, without the franchise-value safety net, the new Warner Bros. Discovery is it. And for the Warner properties to end up in this sorry situation still strikes me as a corporate governance fumble of the first order.

Pure-play streaming is a great business model for viewers but it doesn't pay.

The deal last year to sell out AT&T's stake was badly explained in the press—AT&T didn't take a bath on the terms. It essentially sold 29% of Warner Media to Discovery in return for \$40.4 billion in cash and assumed debt plus 71% ownership of the combined companies (albeit by AT&T shareholders). The real question: Was this the best outcome for the high-quality Warner assets?

AT&T management was clearly not trusted by the market to run the company it had previously created with the Warner merger, so management perhaps understandably undid the merger to keep itself in a job. Unfortunately any wispy that rolling the Warner assets into Discovery

might be value-creating or at least value-preserving has dissolved along with the new company's market cap, down \$29 billion.

It seems Amazon, Apple and, yes, AT&T had it right the first time: Streaming for general entertainment purposes will be hard-pressed to pay for itself except as part of a bigger business model. This becomes clearer as Netflix, Hulu, Disney and the rest of the streaming flock suffer a plague of churn as customers sign up and cancel after they've watched the latest hot show.

Years ago, Netflix seemed to me destined to sell itself to a bigger, more diversified player and we're getting back there again. In between, with the giant valuation it for a while enjoyed, it might have used its highflying stock to link up with, say, Disney. The stock price is always telling you something. The key is to interpret it correctly. But Netflix CEO Reed Hastings missed perhaps the boat of a lifetime.

And yet perhaps there is still hope for an independent, relatively undiversified Netflix now that others are retreating from the streaming wars and trying to diversify their own business models. Netflix's knack is for churning out a large supply of good-enough, something-for-everyone content. Netflix might yet aspire to be the one must-have streaming purveyor among a plethora of nice-to-have streaming purveyors.

BOOKSHELF | By Daniel Rasmussen

Masters Of Money

How to Invest

By David M. Rubenstein
(Simon & Schuster, 405 pages, \$30)

The primary attraction of investment books isn't beautiful prose or a compelling plot. Our relationship with such titles is more transactional: We spend the time and money in hopes of learning something that will help make us better investors. While the literati hobnob at Politics and Prose bookstore, we pick up our new reads at the airport en route to a client meeting in Minneapolis.

The breathless publicity for David Rubenstein's "How to Invest: Masters on the Craft" promises that the book will "transform the way you approach investing forever." Yet after reading Mr. Rubenstein's interviews with some of the most brilliant and successful investors of our generation, I came away with few practical takeaways.

Mr. Rubenstein, co-founder of the Carlyle Group, presses several of his interviewees for advice for individual investors. Venture legend Marc Andreessen tells readers to put their money in the S&P 500, while John Paulson, who made his money shorting the mortgage market, believes that the



best investment most people can make is owning a home. Perhaps the most candid is the distinguished trader Stan Druckenmiller, who warns: "You really shouldn't be listening to anything I'd say in terms of short term because my views could change." To be clear, this is all excellent advice, but none of it is particularly novel.

Ray Dalio's investment strategy involves taking ideas and converting them into "decision rules," which he programs into a computer, tests and then combines with other ideas. But Mr. Dalio, the founder of the hedge fund Bridgewater Associates, doesn't share his decision rules in his interview with Mr. Rubenstein. Likewise, Jim Simons, whose quantitative Medallion fund has accrued one of the best track records in the business, doesn't share any of the code for his magic algorithms. Mr. Dalio tells us that independent thinking, humility, working well with others and resilience are the keys to success in hedge funds, while Mr. Simons says that it's actually mathematics, common sense and good luck.

How do we reconcile the fantastic success that these investors have had with the banality of their advice? The infrastructure investor Adebayo Ogunlesi says the best guidance he ever received was from Henry Kravis: "No matter how smart you are, or how smart you think you are, there really is no substitute for experience in the investment business." If, as Mr. Rubenstein suggests, investing is a craft, perhaps we should no more expect to become better investors by reading interviews with successful investors than we'd expect to become better basketball players by reading interviews with NBA stars.

The real-estate investor Sam Zell, in perhaps the most fascinating interview in the book, offers another perspective. Mr. Rubenstein asks him how he would counsel someone who wanted to become the next Sam Zell. "Sam Zell is a professional opportunist," he responds in the third person. "He's an entrepreneur. As an entrepreneur, he has a lot of self-confidence, justified or not I can't tell you, but he has a lot of self-confidence. Failure is not in his lexicon. Sometimes it doesn't work out, but never fails."

Mr. Rubenstein asks him if it was hard to ask big institutional investors for money, and he responds: "Probably no more difficult than it was for you. . . . Both of us succeed with a combination of ego and humility. We succeed because we're able to adjust that ego and humility backward and forward to achieve our objectives." The great investors Mr. Rubenstein interviews are, without exception, also great marketers, delicately balancing the need to appear confident in their strategies with the danger of coming across as arrogant.

Interviews with some of the world's most successful investors offer more in the way of biographical interest than practical advice.

Readers might come away with less than they'd hoped for in terms of practical advice on investing but with more than they might have expected in terms of biographical interest and character studies. Some of his interviewees are famously reticent and press-shy, like Seth Klarman, while others, like Orlando Bravo, are stars within their industry but not widely known outside elite circles.

The world of elite investors is full of big personalities with fascinating backstories. Paula Volent, who is perhaps the best endowment manager of the 21st century, attended Yale School of Management after a stint at the National Gallery of Art in Washington. At Yale she met David Swensen, who managed the school's endowment. Mr. Swensen became a mentor to her, and she later ended up managing Bowdoin's endowment. The value investor John W. Rogers Jr. refuses to email or use a computer. His phone number is listed as John Rogers on East Delaware Street in Chicago, and he advises anyone who wishes to get in contact with him to call 411. The crypto investor Mike Novogratz says that his two passions outside of work are throwing parties and criminal justice reform.

Several times Mr. Rubenstein notes that Carlyle, his own firm, relies on 100- to 200-page memos to justify each individual investment. Michael Moritz, who started his career as a journalist, is disdainful of such verbosity. "People tend to overcomplicate these things," Mr. Moritz tells Mr. Rubenstein. "We know that any financial prediction is going to be wrong, we just don't know how wrong. So huge spreadsheets are useless and worthless." Mr. Zell, naturally, agrees. "I for sure didn't call for 100-page memos because, number one, I'd be suspect of anybody who could write a 100-page memo, and two, I'd be suspect of whether I could read it and not fall asleep."

Mr. Rubenstein's book offers no trade secrets, no simple recipes for investing success. His interviews provide something else: insights into the biographies of those who have devoted themselves to the craft of investing and their reflections on their own life experiences. Their descriptions of their investing approaches may be mostly marketing, and their theories on how they became successful mostly platitudes, but there is humor and wisdom in their personal stories and perspectives on their shared field.

Mr. Rasmussen is the founding partner of the hedge fund Verdad Advisers.

Owning Up to America's Covid Failures



POLITICS & IDEAS
By William A. Galston

After more than two years dominated by the pandemic, the desire to get our lives back to normal is intense, but we can't simply go back to life at the end of 2019. The pandemic has left Americans bruised in ways we are only beginning to assess. In areas such as health and education, we must dig out of a deep hole. In many ways, America's performance has lagged behind other developed societies, which should force us to think about how we can do better the next time we face a pervasive threat to our well-being.

A report recently released by the National Center for Health Statistics revealed that during the peak pandemic years of 2020 and 2021, life expectancy in the U.S.—the most basic measure of national well-being—declined by a stunning 2.7 years, from 78.8 to 76.1 years, the lowest level since 1996. Put simply, the pandemic erased the effects of a quarter-century of progress in medical innovation and healthier lifestyles.

These losses weren't distributed evenly across the population. Life expectancy declined by 3.1 years for men but 2.3 years for women. Asian Americans showed the smallest loss (2.1 years), compared with whites (2.4), blacks (4.0), Hispanics (4.2),

and Native Americans/Alaska Natives (6.6). For every group, the decline among men was substantially higher than that among women, and the overall difference between men and women widened from 4.8 years to just under 6 years, a gap last seen in the mid-1990s.

Compared with its peers, the U.S. fared poorly during the past two years. In 2020 the U.S. loss of life expectancy was more than three times the average of other advanced nations. In 2021, while most of its peers regained some lost ground, the U.S. continued moving in the wrong direction. As a result, the life-expectancy gap between the U.S. and peer nations expanded by nearly two years.

Public education presents a similar picture. The just-released report from the National Assessment of Educational Progress showed a historic drop in achievement among fourth-graders. Between 2020 and 2022, overall reading and math scores fell by 5 and 7 points, respectively, to lows not seen in decades. As with life expectancy, groups that lagged behind the national average tended to do the worst. In math achievement, for example, black students lost 13 points and Hispanics lost 8 points, compared with 6 points for Asian students and 5 for white students. The differences were even more stark between high- and low-achieving individuals. At the top, NAEP scores in reading and math fell by an average of

2 to 3 points; at the bottom, by 10 to 12 points.

Differences in resources during periods of remote learning accompanied achievement gaps. Students in the top quarter of achievement reported much higher levels of access to computers, high-speed internet, quiet places to work and regular help from teachers than did students in the bottom quarter. Reinforcing these differences, 67% of high-achievers

The U.S. lost 2.7 years of life expectancy, much worse than peer nations.

expressed confidence that they could tell when they weren't understanding a lesson, compared with only 32% of low-achievers. It's hard to ask for help if you don't know when you need it.

Here, as with life expectancy, there is evidence emerging that we could have done better. Although overall student-achievement results for our European peers aren't yet available, a recent academic paper studied Swedish primary school students and found no achievement losses during the pandemic. Moreover, low-achieving students and those from low-income families did about as well as those who ranked higher on these measures.

Unlike most of its peers, including other Nordic coun-

tries, Sweden kept its primary schools open throughout the pandemic. Without additional research comparing Swedish educational achievement with that of countries such as Norway and Denmark, we can't know whether Sweden's distinctive policy choice made a decisive difference.

Still, there were many signs that remote learning wasn't working well in the U.S.—and that keeping schools open would have created only modest health risks for students. Keeping public schools closed even after vaccines became widely available created economic distortions from which we are still recovering.

Granted, many American parents and teachers would have resisted Swedish-style policies. Trust in government is much higher in Sweden than in the U.S., making it much easier to gain public acceptance for Stockholm's tough policy calls. To be better prepared next time, we need to evaluate the impact of our educational policy choices relative to the available options.

This is but one piece of the broad inquiry our country needs. Early this year, Sens. Bob Menendez (D., N.J.) and Susan Collins (R., Maine) proposed a bipartisan bill establishing a 9/11-style independent commission to examine our response to the pandemic and to make recommendations that would help us do better in future health emergencies. Congress should pass their bill and get started.

Biden Casts Himself as Maxwell Smart

By Gregg Opelka

Joe Biden's "Soul of America" speech is said to have been inspired by the popular historian Jon Meacham, who used that phrase as the title of a 2018 book. But I think the president owes a debt to Mel Brooks and Buck Henry. His speech reminded me of nothing so much as "Mr. Big," their 1965 pilot episode of the spy satire sitcom "Get Smart!"

Mr. Big, an agent of the evil spy organization KAOS, threatens to destroy the U.S. city by city using a device called the "inthermo ray," capable of "converting heat waves into immense destructive power." KAOS has stolen the inthermo and kidnapped its inventor, Prof. Hugo Dante. (Dante's inthermo—get it?) Maxwell Smart, agent 86 of the top-secret counter-espionage organization CON-

TROL, is assigned to the case. "Mr. Big must be stopped before he goes any further," Max's boss, known only as "The Chief," tells him urgently.

You can see the parallel: Donald Trump is Mr. Big, "MAGA Republicans" are KAOS, and Mr. Biden is in CONTROL. The Chief warns:

Trump stars as Mr. Big, bringing KAOS to America. Sorry about that, Chief.

"Max, this is a big one. The fate of our entire nation may depend on it." Mr. Biden: "Donald Trump and the MAGA Republicans represent an extremity that threatens the very foundations of our Republic."

Mr. Big plans to start by

destroying the Statue of Liberty. As Max puts it: "So that's their target. Miss Liberty herself!" "We, the people," Mr. Biden intoned, "have burning inside of each of us the flame of liberty that was lit here at Independence Hall. . . . That sacred flame still burns."

Great satire uses exaggeration not only for comic effect, but to illustrate the absurdity of the issue at hand. Hence Alexander Pope's mock-epic poem "The Rape of the Lock" centers on the theft of a strand of a woman's hair, likening the purloining to the abduction of Helen of Troy. The disproportion between deed and reaction results in both comedy and the revelation of truth. "What mighty contests rise from trivial things," Pope's narrative begins. Mr. Brooks made a glorious career out of this genre, ridiculing everything

from westerns ("Blazing Saddles") and Alfred Hitchcock thrillers ("High Anxiety") to Hitler and Nazism ("The Producers").

Mr. Biden's speech, despite its flimsy attempt at adulatory statesmanship, was a translucent partisan bid for votes in the midterm elections, its exaggerations at once obvious and ridiculous. At the end of the "Mr. Big" episode, Maxwell Smart congratulates himself: "Mission accomplished. KAOS destroyed. That's the end of Mr. Big. If only he could have turned his evil genius into—niceness." In accepting the 2020 presidential nomination, Mr. Biden said: "It's a moment that calls for hope and light and love." If only he would follow the advice his predecessor often tweeted: "Get Smart!"

Mr. Opelka is a musical-theater composer-lyricist.

OPINION

REVIEW & OUTLOOK

Walmart Takes On Lina Khan

Federal Trade Commission Chair Lina Khan has been smacking around businesses, but last week Walmart swung back hard against an abusive lawsuit by challenging the agency's enforcement power. This one could be fun—and legally significant.

Ms. Khan last year declared that she wants to use her power to shape “the distribution of power” in the economy, and she seems to mean by any means necessary. The FTC's lawsuit against Walmart in June is a case in point.

* * *

The FTC claims Walmart aided and abetted con artists who swindled its customers. That's a weighty accusation, but the agency's evidence is paper thin. The FTC doesn't show any wrongdoing by Walmart. It argues instead that the company turned a “blind eye” by processing money transfers at the request of customers who had been scammed.

Blind eye? Walmart operated numerous anti-fraud programs including requiring customers to show government-issued photo identification and posting warnings about scams. Yet the FTC claims Walmart should have done more to stop the less than estimated 0.08% of payments that customers unknowingly sent to scammers via its money-transfer services.

The lawsuit is especially rich coming after the U.S. was bilked out of hundreds of billions of dollars in pandemic relief. The FTC complaint is a corollary to the Justice Department's dubious lawsuit against Walmart for fulfilling fraudulent opioid prescriptions, which is pending in federal court. In both cases Walmart didn't knowingly commit any wrongdoing.

Yet the FTC claims Walmart violated Section 5 of the FTC Act prohibiting unfair trade practices as well as the agency's Telemarketing Sales Rule against inducing money-transfer payments. The agency says Walmart's mere awareness that some customers might be conned makes it liable for damages.

Walmart's motion to dismiss the lawsuit dismantles the FTC's complaint point-by-point and mounts a strong constitutional challenge to the agency's power to bring lawsuits in federal court. This is where Ms. Khan may have led with her chin.

The Supreme Court's unanimous decision in *AMG Capital* last year limits the FTC from seeking monetary damages in federal court for alleged unfair business practices. The FTC may seek only injunctive relief, yet its allegations in the Walmart case concern past misconduct by

third parties. There's nothing for a federal judge to enjoin.

Walmart makes a strong case that Congress “exceeded the limit on the powers that may be constitutionally vested” in the FTC when it granted the agency the authority to sue businesses in federal court. The reason stems from the Court's *Humphrey's Executor* (1935) precedent.

In that case, the Court upheld restrictions on the President's removal authority of FTC commissioners on grounds that the agency was an “administrative body” that exercised only “quasi-legislative or quasi-judicial powers” such as conducting administrative adjudications and making investigations and reports to Congress.

But Congress in the 1970s gave the agency fundamentally executive powers by allowing it to seek injunctions and monetary relief in federal court. Walmart argues that this grant of enforcement authority is invalid under *Humphrey's Executor*. If the President can't fire commissioners at will, then they can't exercise executive power.

The power of federal officers “to seek daunting monetary penalties against private parties on behalf of the United States in federal court” is “a quintessentially executive power not considered in *Humphrey's Executor*,” Chief Justice John Roberts wrote in the Court's *Seila Law* decision (2020) overturning removal restrictions on the Consumer Financial Protection Bureau (CFPB) Director.

Seila Law also stressed that *Humphrey's Executor* rested on the view of “the FTC (as it existed in 1935) as exercising ‘no part of the executive power.’” But today's FTC wields sweeping executive power to seek injunctions against acquisitions, alleged unfair or deceptive trade practices, and other putatively anti-competitive conduct.

Ms. Khan is increasingly regulating by enforcement, as is CFPB Director Rohit Chopra and Securities and Exchange Commission Chair Gary Gensler. But Mr. Chopra thanks to *Seila Law* can be removed by the President at will. Ms. Khan and Mr. Gensler can't. That means they aren't accountable to the President though they exercise enormous executive power.

Walmart isn't asking to overturn *Humphrey's Executor*, only to reaffirm its limitations. But its legal motion exposes how supposedly independent agencies have become constitutional monstrosities that wield unaccountable power. Ms. Khan may find her grasp for power has constitutional limits.

Will PA Get a Fetterman-Oz Debate?

Debates between political candidates are never Socratic dialogues, but they're often clarifying about the differences between the contenders and the election stakes. Pennsylvanians should hope they don't have to pick a Senate candidate this year without getting to see the two nominees argue their cases.

Democrat John Fetterman and Republican Mehmet Oz had been invited to a debate Tuesday. Last week Mr. Fetterman declined, citing the lingering effects of a stroke he suffered in May. “As I recover from this stroke and improve my auditory processing and speech, I look forward to continuing to meet with the people of Pennsylvania,” he said. “They'll always know where I stand.”

But do they? To pick one example, Inside Climate News reported in July that Mr. Fetterman

“has dropped his support for a fracking moratorium he espoused during his 2016 Senate run, saying recently that ‘right now our energy security is paramount.’”

Would he vote for Medicare for All? Mr. Fetterman's website says he thinks that healthcare is a human right and he'll support “any legislation” that moves the U.S. toward universal coverage. What if that bill also makes private insurance illegal, as Bernie Sanders has proposed? It's a question Mr. Fetterman should be asked.

Stroke recoveries can take time, and voters understand that. Mr. Oz's surrogates suggest Mr. Fetterman isn't up to being a Senator, and he could prove otherwise by agreeing to debate. More to the point, if Mr. Fetterman can campaign around the state and speak at rallies, he can participate in a debate.

Antitrust's Unholy Grail

Antitrust regulation is running off the rails in Europe and the U.S., and their citizens could wind up as collateral damage. The latest example is the European Commission's order Tuesday to derail gene-sequencing giant Illumina's acquisition of cancer blood-test startup Grail.

Grail has developed a lab test that can identify more than 50 cancers at early stages with a simple blood draw. Screenings don't exist for most cancers, so many aren't caught until they've spread and are harder to treat. While Grail's test can't catch all cancers, it can detect the 12 deadliest with about 76% accuracy, and its false positives are less than 1%. The tests could save tens of thousands of lives a year if widely adopted.

Enter Illumina, which makes platforms that sequence genetic tests for the likes of fetal abnormalities and Covid variants. While Illumina dominates this market, its growth in recent years has slowed amid competition from China's BGI Group. Illumina saw a growth opportunity two years ago by making an \$8 billion bid for Grail.

Illumina says its experience negotiating insurer reimbursements for genetic tests could accelerate Grail's commercial adoption. Because most insurers currently don't cover Grail's test, the startup last quarter generated only \$12 million in revenue and ran an \$187 million operating loss. This makes the EC's order blocking the deal all the more bizarre.

The acquisition doesn't qualify for antitrust review under the European Union's bylaws because Grail doesn't do business in Europe. Yet Europe's competition commissioner Margrethe Vestager has invoked a provision in the EU's merger regulations that lets member states refer transactions to the commission when their

governments lack jurisdiction.

Six countries did so and, *voilà*, Ms. Vestager now claims authority to force Illumina to unwind the acquisition. She is teaming with the U.S. Federal Trade Commission, which last year also moved to block the deal. Both regulators claim the merger could impede competition in the embryonic multiple

cancer-early detection market. “Illumina is currently the only credible supplier of a technology allowing to develop and process these [multi-cancer early detection] tests,” Ms. Vestager said. “With this transaction, Illumina would have an incentive to cut off Grail's rivals from accessing its technology, or otherwise disadvantage them.” But Grail currently has no rivals.

An FTC administrative law judge last week ruled against the FTC on the Illumina-Grail tie-up primarily on this point. While some companies are working to develop tests that might someday compete with Grail's, expert testimony during the FTC trial estimated that it could be five to seven years before one even launches. The judge noted that Illumina has promised the same contractual terms to future competitors as to Grail. Ms. Vestager says Illumina can't be trusted to honor its contractual promise. But companies could sue if it doesn't.

U.S. courts have repeatedly ruled that antitrust theories and speculation can't trump facts. But U.S. and European antitrust regulators want to set the precedent that they can block acquisitions even when there is no evidence of imminent harm to consumers or competitors. They merely want to stop big companies from growing bigger.

Illumina plans to appeal the EC order, but the legal uncertainty could hamper Grail's growth. The loss may be fewer cancers cured.

LETTERS TO THE EDITOR

Which Way Forward for the Grand Old Party?

I find it rich that Joseph Epstein believes Republicans are the party of mere opposition (“Republicans Should Stand for More Than Opposing Democrats,” op-ed, Aug. 31). Did we not have two presidential elections with Democratic Party nominees whose major selling point was not being Donald Trump? The party of Lincoln has always had ideas, but often it doesn't get through the media. The liberal pen is mightier than common-sense Republican rhetoric.

DEBORAH LAKE
Boise, Idaho

Mr. Epstein's cure for what ails defense-playing Republicans is to start advancing policies and programs formed from conservative principles. His first piece of advice is for the GOP to promote a sound immigration policy that deals justly with the Dreamers. With most conservatives bristling about America's open southern border, a sprinkle of compassionate conservatism for Dreamers will lose more Republican votes than it gains. Dream on, Mr. Epstein, if you think the right is going to out-dream the left.

GENE BRADY
Jacksonville, Fla.

The thesis of your editorial “The GOP's Abortion Problem” (Aug. 25) fits nicely with the narrative that New York Republican Marc Molinaro's Democrat opponent was victorious

because of the abortion issue. But Mr. Molinaro himself took a position similar to that of much of the long-deceased Democratic Party of the 1990s: “personally pro-life” but not supportive of pro-life legislation.

In practice, that made Mr. Molinaro little different from his opponent. (However, no longer can a Democrat be “personally pro-life”; Democrats must pledge unequivocal allegiance to the abortion industry to gain support from the party bosses.) For that reason, Mr. Molinaro wasn't endorsed or actively supported by either National Right to Life or our affiliate, New York State Right to Life.

Pro-life candidates who are working for life-affirming solutions for both mother and child have been counted out many times and emerged victorious. They will again.

LAURA ECHEVARRIA
National Right to Life Committee
Alexandria, Va.

Your abortion-politics editorial wisely warns Republican candidates of an impending reversal of the political tides. May an interested voter inquire as to what has become of any sort of contract, nay, contact, with America? Rep. Kevin McCarthy and Sen. Mitch McConnell, as Republican leaders, you owe the voters a coherent statement of policy that can catalyze an election win for conservatives.

J. CRAIG COLLINS
Long Beach, Calif.

Oberlin Now Gives Social Justice a Bad Name

The situation at Oberlin, where I was once a student, is much worse than even Abraham Socher suggests in “Why I Quit Teaching at Oberlin” (op-ed, Sept. 2). Since the Ohio Supreme Court has now denied Oberlin's appeal, the college must pay the \$36 million it owes Gibson's Bakery. But the president of Oberlin, Carmen Twillie Ambar, has delayed responding for years to the jury's guilty verdict of 2019, claiming that this was somehow a First Amendment case. She and her staff have evidently never apologized for the students' and administrators' actions toward

the bakery. On the contrary, Lorna Gibson of Gibson's Bakery writes that incoming freshmen are still told to avoid her shop (right on its main street in a very small town) as a racist enterprise.

I think that Oberlin, once the key stop on the Underground Railroad and always one of the most antiracist colleges in America, is now an embarrassment for anyone who believes in social justice. The board of trustees has only one choice here: Pay up!

EM. PROF. MARJORIE PERLOFF
Stanford University
Pacific Palisades, Calif.

SEC Executive-Pay Rule Should Go Further

The Securities and Exchange Commission's requirement that companies publish a table correlating executive pay with company performance is a step in the right direction, since only about 20% of the market value of public companies can be explained by their physical and financial assets, which are disclosed (“SEC Acts to Align Salaries, Results,” Banking & Finance, Aug. 26). Most of their market cap can be attributed to intangible assets—talent and skills of employees, organization culture and processes, intellectual

property and quality of leadership—which derive from human capital. To hide this information is to keep investors in the dark.

This new rule on executive compensation and performance is, however, limited. It correlates pay and performance, but it does nothing to reveal how leadership can affect performance. The SEC has started the process of reporting human capital, but there is much more for it to do to ensure that companies disclose what really matters to investors.

As that process continues, we'll be able to get far beyond a simple comparison of compensation and past performance: We'll begin to understand—with hard data—how to upgrade people, reinvent organizations and develop leaders in ways that truly deliver results. Our early-stage analysis of data from 7,000 companies reveals that human capability (the ability to manage people, organizations, leadership and human-resource function) explains cash flow, intangible value, employee productivity and social citizenship.

RAM CHARAN AND DAVE ULRICH
Dallas and Alpine, Utah

Water Can Be a Healer If You Know How to Stay Safe

I applaud Elizabeth Bernstein for writing about the healing power of water to reduce anxiety and stress (“Bonds: Harness the Healing Power of Water,” Personal Journal, Aug. 24). Swimming can reduce stress, improve mood, boost optimism and enable better sleep. It also offers a lifesaving benefit, as learning how to swim can be an effective tool to help prevent drowning.

Being in the water is good for both the body and the mind. As the popularity of “blue spaces” soars, so too must the need for water safety and education. Drowning happens in a matter of seconds. While it can happen to anyone, it is the leading cause of death among children ages 1 to 4. Proper supervision and finding learn-to-swim programs are critical, lifesaving measures. Water can be a great healer for all, but we must make sure people are educated on the best and safest way to navigate it.

ROWDY GAINES
Orlando, Fla.

Mr. Gaines is an Olympic gold medalist in swimming.

The IRS Needs Competition

The IRS has no competition, so it provides lousy service (“This Is Your IRS at Work,” Review & Outlook, Aug. 20). The worse service it provides, the more money it needs to improve. The fix is to bring competition into play by outsourcing administration of the tax system to the private sector, while retaining government's enforcement responsibility. If done intelligently (a stretch, I know), it would yield better service at lower cost.

JONATHAN COBURN
Apex, N.C.

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A ‘Futile and Stupid Gesture’

Regarding Kimberley Strassel's “Biden's Bluto Moment” (Potomac Watch, Aug. 26): Facing an intractable problem in the movie “Animal House” (1978), Otter rallies the Deltas with the line: “I think that this situation absolutely requires a really futile and stupid gesture be done on somebody's part!” Bluto replies, “We're just the guys to do it.” Given the problems facing the country, I wonder if the Biden administration had this in mind when it came up with the student-debt-forgiveness boondoggle.

DAVID BROSNANAH
Oro Valley, Ariz.

Pepper ... And Salt

THE WALL STREET JOURNAL



“He was all nuance and no message.”

OPINION

ESG Can't Square With Fiduciary Duty

By Jed Rubenfeld
And William P. Barr

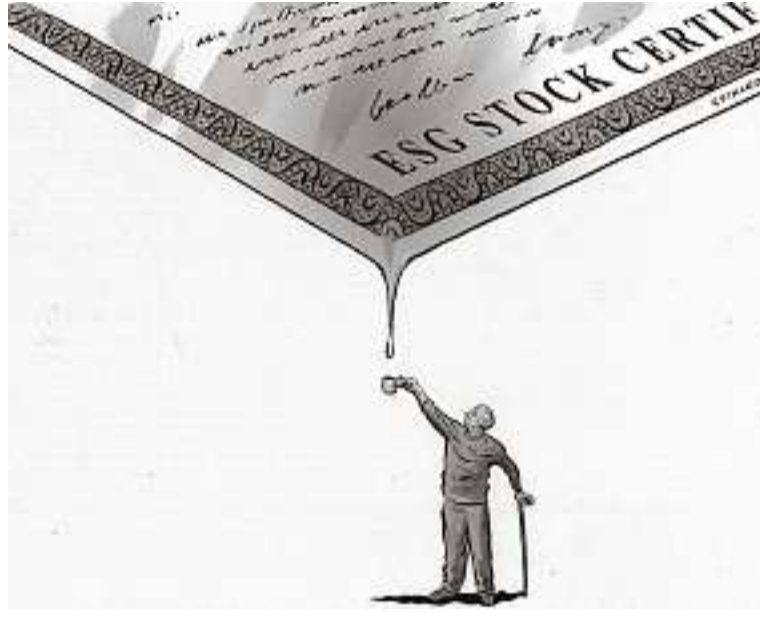
Nineteen state attorneys general wrote a letter last month to BlackRock CEO Laurence D. Fink. They warned that BlackRock's environmental, social and governance investment policies appear to involve "rampant violations" of the sole interest rule, a well-established legal principle. The sole interest rule requires investment fiduciaries to act to maximize financial returns, not to promote social or political objectives. Last week Attorneys General Jeff Landry and Todd Rokita of Louisiana and Indiana, respectively, went further. Each issued a letter warning his state pension board that ESG investing is likely a violation of fiduciary duty.

First, Mr. Landry's guidance spotlights potentially explosive, undisclosed conflicts of interest in the Big Three's "selective" promotion of ESG criteria against U.S. companies but not Chinese companies. According to Mr. Landry, in 2021 BlackRock exercised its proxy voting rights as Exxon's second-largest shareholder to lead "an activist campaign that forced Exxon to cut oil production," without disclosing that many of the "oil fields dropped by Exxon" are "poised to be acquired by PetroChina" and that BlackRock is "one of PetroChina's largest investors."

Mr. Landry has a point. BlackRock has an enormous stake in PetroChina, reporting holdings of between one trillion and two trillion shares, representing between 5% and 10% ownership, from 2018-22. If Mr. Landry's allegations are correct, BlackRock's ESG-based promotion of oil production cutbacks at Exxon might have been a staggering conflict of interest.

Second, both Mr. Landry's and Mr. Rokita's letters are warnings to public pension-plan trustees, who are under the same fiduciary duties that BlackRock is. Mr. Rokita's opinion concludes that public pension boards are "prohibited" from retaining asset managers who "make investments, set investment strategies, engage with portfolio companies, or exercise voting rights appurtenant to investments based on ESG considerations," which the Big Three all do.

This conclusion is logical. If BlackRock is violating its fiduciary duty, so is a pension-plan board member or investment staffer who knowingly invests with BlackRock. It's well-settled law, as the Second Circuit Court of Appeals has stated, that where a "fiduciary was aware of a risk to the fund . . . he may be held liable for failing to investigate" or for not



DAVID GOTHARD

"protecting the fund from that risk."

By putting pension trustees on notice that the Big Three are "likely" violating their fiduciary duties, Messrs. Landry and Rokita are warning that continued investment with those firms may subject pension board members, staffers and registered investment advisers to personal liability.

The Louisiana and Indiana opinions run counter to new agency rules proposed by the Biden administration that would make it easier for pension fiduciaries to engage in ESG investing. But the proposed federal rules apply only to plans governed by the Employee Retirement Income Security Act. State pension plans aren't ERISA plans. They are governed by state law, and the fiduciary-duty principles to which Messrs. Landry and Rokita refer are a state-law matter.

Although the letters are tailored

to Louisiana and Indiana law, the principles they invoke are part of the common and statutory laws of almost every state. Under those principles, social-impact investing has long been viewed as legally problematic. As stated by the drafters of the Uniform Prudent Investor Act, a model statute that has been substantially adopted by a majority of states, "no form of so-called 'social investing' is consistent with the duty of loyalty if the investment activity entails sacrificing the interests of trust beneficiaries . . . in favor of the interests of the persons supposedly benefitted by pursuing the particular social cause." The letters are therefore a warning to public pension trustees across the U.S.

Until recently, public pension trustees might have had a defense based on the lack of alternatives: not only the Big Three, but every major asset manager in the country has

been actively promoting ESG for years. Part of the solution to this problem could be market-based. As reported in these pages, Strive, a new asset-management firm bucking the ESG trend, has emerged, and more will hopefully follow.

Another defense to ESG investing asserts that ESG factors, though nonpecuniary, are material to profitability and that ESG investing will therefore produce superior outcomes. That claim appears to rest more on hope than fact. A March 2022 report in the Harvard Business Review states that "ESG funds certainly perform poorly in financial terms." A June 2022 study found that "ESG funds appear to underperform financially relative to other funds within the same asset manager and year, and to charge higher fees," concluding that ESG asset selection "accounted for an annual drag on returns of -1.45 percentage points."

The true problem with ESG runs deeper: the unprecedented concentration of wealth accumulated by the Big Three, which now collectively own more than \$20 trillion in assets. That's comparable to the entire annual output of the U.S. economy. The Big Three use their vast economic clout to push a social and political agenda that many Americans don't support and never voted for. It's a usurpation of their political rights. But if Mr. Landry and Mr. Rokita are correct, it's also a legally actionable violation of fiduciary duty—by the Big Three, and by public pension fund trustees who continue to invest with them.

Mr. Rubenfeld is a professor at Yale Law School and an adviser to Strive Asset Management. Mr. Barr is a distinguished fellow at the Hudson Institute. He served as U.S. attorney general, 1991-93 and 2019-20.

State attorneys general issue a strong warning to investment managers and retirement fund trustees.

The Louisiana and Indiana opinions didn't make headlines but have seismic implications: They suggest that state pension-fund board members, investment staff and investment advisers may be liable if they continue allocating funds to ESG-promoting asset managers such as BlackRock.

Mr. Landry's and Mr. Rokita's warnings are salvos in a fight numerous states are waging against the ESG policies promoted by the Big Three asset managers—BlackRock, Vanguard and State Street. But they go significantly further in two major respects.

Student-Loan Forgiveness Raises a Basic Question About College



UPWARD MOBILITY
By Jason L. Riley

Some 20 million students will head off to college and university this fall, and we wish all of them well. But are we allowed to ask whether that number is too high?

Economists call it the "fallacy of composition," which is the assumption that what's true for members of a group must also be true for the group as a whole. To use a popular example: It's true that if someone stands up in a football stadium, that person will be able to see better. But it's not true that if everyone stands up, everyone will have a better view.

Much public support for President Biden's student-loan forgiveness plan rests on the same faulty logic. Just because some will benefit from a four-year degree in pay and choice of jobs, it doesn't follow that everyone will. Yes, the student-debt problem stems from the dramatic rise in college costs in recent decades. But it's also a function of too many young people who have

little to gain from four more years of classroom instruction being tempted to take out loans and attend college anyway.

Tuition is about 20% of the total cost of attending college, and increases in tuition subsidies track closely with colleges raising their prices. In addition to being legally dubious and economically reckless, Mr. Biden's debt-cancellation plan will create incentives for schools and potential borrowers alike to act in ways that exacerbate the problem. But the worst part might be that it will also encourage more young people to make poor decisions about their future.

The college-for-all advocates note that degree-holders tend to earn more, but as the economist Richard Vedder explains in his 2019 book on higher education, "Restoring the Promise," first you must graduate, and 40% of the people who attend college don't finish. Moreover, "college graduates with poor academic performance, graduating in the bottom quartile of their class, earn roughly the same after graduation as high school graduates." These former college students must then

pay back student debt with earnings equivalent to those of someone with only a high-school diploma.

Financial-assistance programs are primarily intended to help the poor, but the percentage of poor people graduating from college has dipped even as tuition assistance has increased. According to Mr. Vedder, about 12% of recent college

Are too many young people attending to begin with? Degrees have benefits for many, but not for all.

graduates came from the bottom 25% of the income distribution in 1970. Today, it's about 10%. Financial aid too often enables people with little chance of graduating to attend college anyway—only later to regret it.

As a policy matter, the objective shouldn't be to funnel as many high-school grads as possible into college. Rather, it should be to make college available to anyone who has

something meaningful to gain from the experience. The underemployment of college graduates is a problem that has been steadily worsening as the number of graduates has increased faster than the number of jobs requiring a bachelor's degree. In 2020, 4 out of 10 recent college graduates were working in jobs that didn't require a college degree.

All this suggests that colleges and financial-aid programs ought to be more discriminating, yet progressives are calling for less-rigorous student vetting. Loan forgiveness and attacks on admissions tests move us in the opposite direction. There's nothing wrong in principle with colleges wanting to broaden the racial and economic backgrounds from which students are drawn, but it's a goal that should be pursued without lowering standards or saddling dropouts with oppressive debt.

If Mr. Biden were serious about addressing the student-loan problem, he wouldn't push to forgive debts at taxpayer expense. He would instead call for the privatization of student lending. And he would support legislation to require

that colleges have skin in the game by paying some portion of the loans for borrowers who default. Auto manufacturers set up their own finance companies to help consumers pay for cars. Why can't colleges and universities do the same thing for potential students?

None of this is on the table because the president isn't really interested in reforms that would address the underlying causes of high tuition bills. He's far more interested in finding an issue for his fellow Democrats to campaign on in November. Student-loan forgiveness is an obvious election-year gambit aimed at turning out younger voters who might otherwise stay home, and the Journal reported Tuesday that it could cost as much as \$1 trillion.

We'll find out in due course if it pays off politically for Democrats, but we already know it's a raw deal in economic terms for millions of Americans who never went to college or who chose a less-prestigious school to avoid accruing lots of debt. And it makes suckers out of those people who took out loans and made sacrifices to pay them off.

Liz Truss May Be Just the Prime Minister America Needs

By John Bolton

Frissons of disapproval shook the State Department last year when British Foreign Secretary Liz Truss first met Secretary of State Antony Blinken. She was "blunt" and "assertive" and took "maximalist positions," anonymous U.S. sources asserted. The horror: a British official as plainspoken as an American!

As prime minister, an assertive Ms. Truss could be a force multiplier for the U.S. Boris Johnson, in his farewell to Parliament, advised colleagues to "stay close to the Americans." These words are strange to American ears because we seldom hear them, even from our closest friends. But Mr. Johnson meant it, and there is no doubt Ms. Truss agrees. In the crises and conflicts ahead, her reward for pro-U.S. inclinations will be criticism that, like Tony Blair during the post 9/11 Iraq war, she is Washington's "poodle."

Critics don't grasp that Washington appreciates London's unvarnished advice and candid criticism as proof of the alliance's strength. Besides, I've never encountered a British poodle.

For America, bilaterally and globally, the transition from Mr. Johnson to Ms. Truss will likely be smooth. At a time when U.S. leadership is hesitant if not flatly wrong, such as in the tragic decision to withdraw from Afghanistan, British resolve is critical to sustain and advance Western interests.

Mr. Johnson bequeaths to Ms. Truss the essentially completed job of liberating the U.K. from the European Union, thus enabling her to focus on new priorities. As a former "Remainer," Ms. Truss is, ironically, well-suited to the post-Brexit imperative of making a success of Britain's new international reality. This requires abandoning a Eurocentric focus in economics, striving instead to

expand British trade and commerce world-wide, and in politics advancing global British interests. While serving as Mr. Johnson's trade secretary, seeking bilateral deals with the U.S. and other countries, Ms. Truss's post-Brexit focus was marked by determination and perseverance. The philosophical direction of her policies seems clear.

The Ukraine war has proved that when it comes to defending continental peace and security, the U.K. can be a better "European" outside the EU than key EU members like France and Germany. While President Biden has stuttered in delineating clear objectives for the North Atlantic Treaty Organization and in delivering military assistance to Ukraine, Mr. Johnson's government never wavered. Ms. Truss has spoken about ensuring that Vladimir Putin "loses in Ukraine" and suffers a "strategic defeat." By contrast, Mr. Biden and his more timid advisers

appear to be dragged along by Congress, more forward-leaning officials and events on the ground. Especially if Ms. Truss keeps Defense Secretary Ben Wallace in place, London is likely to remain resolute even if Washington continues to falter.

Finland's and Sweden's fortuitously timed moves to join NATO will make it easier to keep decision-making on defense and security within the alliance and resist France's constant push to expand EU involvement in those realms. Ms. Truss will have no difficulty insisting that NATO is the epicenter of Western politico-military debates, rather than indulging the fanciful notion that the EU can or should be.

Because Ms. Truss is freed from EU parochialism, she appears up to confronting China's aspirations for Indo-Pacific and then global hegemony. During the just-concluded Tory leadership campaign, she was reportedly ready to reopen Britain's

national-security strategy to declare China, like Russia, an "acute threat," rather than merely a strategic competitor. As in America, bureaucratic resisters in key departments, such as Treasury and the Foreign Office, resist even acknowledging the struggle with China, but Ms. Truss has no illusions. Her leadership as foreign secretary in establishing the Aukus partnership to build nuclear submarines for Australia proves the point. During the campaign, Ms. Truss's support from Sino- and Euro-realists like former party leader Iain Duncan Smith and Sir Bill Cash indicates that she is committed on the China issue.

Iran's nuclear menace also remains a challenge to Britain and America. As a party to the 2015 nuclear deal, London has a key role, and there are signs Ms. Truss is more skeptical of the failed agreement than prior U.K. governments. Her vocal supporters certainly are. No longer part of the "EU-3" negotiating group with France and Germany, Britain can play a truly independent role. If Ms. Truss used the occasion of her first phone call as prime minister with Mr. Biden to urge that he scrap the deal and emphasize that all options are on the table, her government would be well-launched.

Margaret Thatcher's 1979 selection as prime minister foreshadowed Ronald Reagan's election as president. We can only hope for a reprise, and the sooner the better.

Mr. Bolton is author of "The Room Where It Happened: A White House Memoir." He served as the president's national security adviser, 2018-19, and ambassador to the United Nations, 2005-06.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Notable & Quotable: China

Minxin Pei writing for Project Syndicate, Sept. 1:

In the 1990s, the [Chinese Communist Party's] top leadership commissioned a series of academic studies exploring the causes of the Soviet collapse. Participants in this intellectual effort included both well-respected scholars and party hacks. While they could agree on many less controversial factors . . . they argued fiercely over the role of Gorbachev.

The party hacks insisted that Gorbachev was primarily responsible for the Soviet collapse, because his ill-conceived reforms weakened the

Communist Party's grip on power. But scholars with genuine expertise regarding the Soviet Union countered that the fault rested with Gorbachev's predecessors, particularly Leonid Brezhnev, who ruled the empire from 1964 to 1982. The political stagnation and economic malaise of the Brezhnev era left behind a regime too rotten to be reformed.

Today, judging by China's official narrative of the Soviet collapse and enduring hostility toward Gorbachev, it is obvious that the party hacks won the debate. But it is doubtful that China's leaders have learned the right lesson from history.

WORLD NEWS

Death Toll Rises After China Earthquake

Rescue workers try to clear roads and reach victims in hard-hit southwest province

By DAN STRUMPF
AND RACHEL LIANG

HONG KONG—Rescuers cleared roads to reach survivors of the most powerful earthquake to hit China's southwestern Sichuan province in five years, with the death toll rising to 66. The quake adds to the troubles of a region hit by drought, scorching heat and Covid-19.

As of Tuesday afternoon, 15 people were missing and 253 were injured, state-run People's Daily cited local officials as saying.

The 6.8-magnitude earthquake struck shortly before 1 p.m. local time on Monday, with the epicenter in Luding County, about 140 miles southwest of Sichuan's capital of Chengdu, said the China Earthquake Networks Center.

Roads to at least two villages in Shimian County were still impassable on Tuesday af-



Rescuers carried an injured person in Sichuan province on Tuesday.

ternoon, Liu Chunliang, an information officer with the Ya'an Municipal Government, which oversees the district, told The Wall Street Journal. Tens of thousands of residents in areas close to the epicenter have been moved to temporary shelters, reported Nanfang Daily, a local newspaper. Aftershocks threatened remaining structures, while fore-

casts of heavy rain in the region have raised the risk of more landslides.

Health officials in Chengdu said residents stuck indoors because of Covid-19 restrictions could leave their homes if their lives were in danger. The statement came after posts on Chinese social media alleged that epidemic-control staff refused to allow people



CHINA
SICHUAN
Kangding • Chengdu
Xichang

under stay-at-home orders to leave their residences following the quake. One video clip appeared to show people arguing with officials, while in another posting, residents of a condominium were angered after their building management told them they couldn't go outside.

"If conditions permit, individuals should take precautions and evacuate safely; gathering and contact should be minimized during evacuation," Chengdu's health commission said late Monday on its WeChat social-media account.

China's leader, Xi Jinping, ordered rescue teams, the military and paramilitary police to the area, state-run CCTV re-

ported. Images showed streets strewn with rubble and rocks from landslides in the areas close to the epicenter. In one image, rescuers distributed food and other supplies in the village of Moxi, within 20 miles of the quake's epicenter.

A major tributary of the Dadu River was dammed by the upheavals from the tremor, according to the Ministry of Water Resources. In a fax sent to local officials, the contents of which were confirmed by Mr. Liu, the provincial bureau of water resources called for the evacuation of people living downstream because of the risk of flooding. Mr. Liu said he doubted there would be serious flooding because the recent drought lowered the water level in the river and nearby dams.

According to the Sichuan Provincial Department of Water Resources, there are four large hydroelectric dams, a midsize one and 176 small dams within about 30 miles from the epicenter. It wasn't immediately clear whether they were damaged or if power supply to the region was affected.

Sichuan in recent weeks has been grappling with its worst heat wave in six decades and record-low rainfall. The resulting drought dried up the hydroelectric plants that the province's many major foreign and domestic manufacturers depend on to keep factories running.

Fatalities from the quake included 38 people from the Ganzi Tibetan Autonomous Prefecture, which administers Luding County, said state media, citing local authorities. Twenty-eight people also died in Ya'an.

The epicenter of Monday's quake was close to the Hailuoguo Glacier Park, site of the lowest glacier in Asia and a popular destination for backpackers seeking a taste of the Tibetan Plateau. Two hotels collapsed in Moxi, the closest village to the park, the Nanfang Daily said.

Because of Covid-related restrictions, however, the park was closed to tourists, potentially averting some casualties. As of early Tuesday morning, more than 200 people were stuck in the park, after the only way in or out was cut off.

WORLD WATCH

SOUTH KOREA

Typhoon Leaves At Least Six Dead

The most powerful typhoon to hit South Korea in years killed at least six people, dumped 3 feet of rain, destroyed roads and felled power lines Tuesday. The death toll could have been higher if not for proactive evacuations and school closures, officials said.

Greater public awareness about the storm and its risks also helped the situation. Typhoon Hinnamnor made impact weeks after heavy rain around the capital, Seoul, caused flooding that killed at least 14 people.

Government officials put the nation on high alert for days as Hinnamnor approached, warning of potentially historic destruction and enacting life-saving measures.

—Associated Press

CHILE

President Adds More Centrists to Cabinet

Chilean President Gabriel Boric appointed more centrist cabinet ministers Tuesday after voters overwhelmingly rejected a new constitution that would have constrained the country's market-based economy and led to other changes sought by his base.

With students angry about the outcome of the referendum on the constitution demonstrating near the presidential palace, Mr. Boric gave a speech in which he said that replacing the cabinet was imperative to reflecting the message that Chilean voters delivered Sunday. In a lopsided vote that polls hadn't predicted, 62% of voters opposed a proposed constitution drafted by a constituent assembly largely made up of leftist activists.

Mr. Boric, the 36-year-old former protest leader who has been in power for about six months, said: "Today the greater good of Chile requires us to meet, unite and overcome these differences."

—Juan Forero

CANADA

One Last Big Increase in Rates Is Expected

The Bank of Canada is widely expected to deliver one last hefty rate increase on Wednesday in its quest to push inflation downward from a near four-decade high and closer to its 2% target.

The debate in markets is how much higher Canada's benchmark lending rate needs to go. Some economists believe a pause in rate rises is near, with signs of cooling inflation amid heightened risks for a downturn and possibly a recession. Others argue that additional but smaller increases are necessary to keep pace with the Federal Reserve.

Of 11 economists surveyed by The Wall Street Journal, all said they predict a three-quarter-point increase in the Bank of Canada's overnight rate, taking it to 3.25%—or 3 percentage points higher than where it was at the start of the year.

Bank of Canada officials have said they believe the central bank's main interest rate needs to go above 3%, or a level at which monetary policy constrains economic activity.

—Paul Vieira



A girl in Dadu district last week washed her face with floodwater at her home, which her family refuses to leave because of fear of theft. Flooding has gotten worse in recent days.

Floods Swallow Southern Pakistan Villages

By SAEED SHAH

KHAIRPUR NATHAN SHAH, Pakistan—This used to be a thriving town of more than 300,000 people, surrounded by rice fields in southern Pakistan. Now it takes 40 minutes on a motorboat to reach Khairpur Nathan Shah.

The tops of tall houses, gas stations and factories poking out of the water now mark what is left of a town that has been swallowed up by a vast inland sea that emerged in recent days, as record monsoon rainfall accumulated in Sindh province. The inundated area is large enough to be visible from space, and some 200 miles long, NASA satellite images show.

This summer, Pakistan has seen rainfall three times the average—the United Nations secretary-general last week called it a "monsoon on steroids." In the southern half of the country, it has been even worse.

Around Khairpur Nathan Shah, those unwilling to leave their property behind or too poor to survive elsewhere are marooned on those rooftops that remain above the water line. They are among the worst off among the millions hit by a catastrophe that Pakistani officials have blamed on climate change. It can take months to assess if climate change had a particular weather event more likely or more severe, but scientists have projected that warming temperatures could intensify episodes of extreme rainfall.

The normally arid southern region, one of the poorest parts of Pakistan, was hit hardest by this summer's monsoon, an annual downpour usually concentrated in the mountainous north.

Khairpur Nathan Shah and surrounding villages were flooded suddenly last week

when embankment defenses in the area gave way under the volume of water pushing against them, locals said. Water levels are still rising in the south of the country, days after the last major rains fell.

Mukhtar Ali said he ran from his village when the floods arrived, managing to grab two bags of flour. The rest of his food, enough for two to three months, were washed away. "We had to decide whether we get our children out, or our beds or our food."

On Friday, Mehboob Chandio was among a group of men neck-deep in the murky, stagnant water filling Khairpur Nathan Shah's main street. Mr. Chandio said they had waded through the waters for an hour, from their mostly submerged village, to get to a shop on higher ground to buy food.

"The children and women in my village have no food, no water to drink. Please get something to them," he shouted in reply to questions from a Wall Street Journal reporter aboard a small rescue boat run by the Edhi Foundation, a Pakistani charity. He declined an offer from rescue workers to be pulled on board, saying: "We are staying to guard our possessions."

Amid the calamity, thieves in boats are raiding homes at night, locals said. The poor can't afford to leave behind their livestock and other assets, residents said, nor do they have the money needed to survive elsewhere. Some thought, wrongly, that their part of town would be safe, as it was in major floods of 2010.

"I'm a factory owner, not a beggar. But I'm nothing now," Nasrullah Jamali, a man who had climbed atop a town monument sticking out of the water, said after he was pulled on board the boat. "The govern-



Sindh province primarily has been focused on rescue operations.

Extent of water detected by satellite, July 1-Aug. 31



ment has completely failed." Jam Khan Shoro, the irrigation minister in the provincial government of Sindh, said an embankment designed to protect the area had been raised by six feet after the 2010 flood. But, he said, there was so much water that it went over the top.

The U.N. said nearly 33,000 square miles appear to be affected by floodwaters as of Aug. 31, or more than 10% of

the country. More than 1,200 people have died and more than 30 million are affected, officials say, putting the disaster on the scale of the disastrous 2010 floods.

Officials in Sindh province said they were still focused on rescue operations, and hadn't been able to fully turn to providing aid. Across the province, 6.5 million are homeless, the Sindh government said.

At Khairpur Nathan Shah, power lines are in the water, or suspended just above the water line, a further obstacle to rescue efforts.

There isn't much help available even for those who reach land. Hundreds are living near the village of Muhammad Yusuf Naich, where a few miles of higher ground remain. Some displaced families have erected makeshift shelters by stringing together tree branches or bamboo to form a frame and then stretching plastic sheeting over the top, to provide some shade from the punishing sunlight.

The government has said it has provided cash handouts totaling \$90 million to 793,000 affected families nationwide. The army says it rescued more than 50,000 people, and provided medical help to over 60,000 people.

Still, Faisal Edhi, the head of the Edhi Foundation who spent nine days in the flooded areas, said most people affected hadn't received aid.

So far, 44 flights carrying aid from other countries, led by planes from Turkey, the United Arab Emirates, China and the U.N., have arrived, the Pakistani authorities have said. The U.S. has pledged \$30 million.

Ahsan Iqbal, the minister overseeing the flood response, said rich countries, those most responsible historically for carbon emissions that have led to climate change, must do more. Mr. Iqbal said the government would have to raise its initial estimates that the disaster had caused some \$10 billion of economic damage, given the losses of infrastructure, homes and crops.

"We are doing whatever is possible for us," Mr. Iqbal said. "It is colossal damage, and much beyond Pakistan's resources."

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BUSINESS & FINANCE

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U.S. Markets Lure Global Investors

Turbulence in overseas exchanges drives funds to safety of American stocks

By HARDIKA SINGH

Investors around the world are piling into U.S. stocks, even as they brace for the prospect of a rocky autumn, because they say there is nowhere better to shelter from global-market turbulence.

Skyrocketing inflation, worries about a potential recession, Russia's invasion of Ukraine, rising energy prices and new Covid-19 outbreaks have rattled everything from stocks to bonds to commodity prices this year.

"The U.S. looks the least challenged in a very challenging world," said Christopher Smart, chief global strategist at Barings and head of the Barings Investment Institute. "Everybody is slowing down, but the U.S., because of the continuing strength of the jobs market, still seems to be slowing more slowly."

Investors have added money to U.S. equity-focused

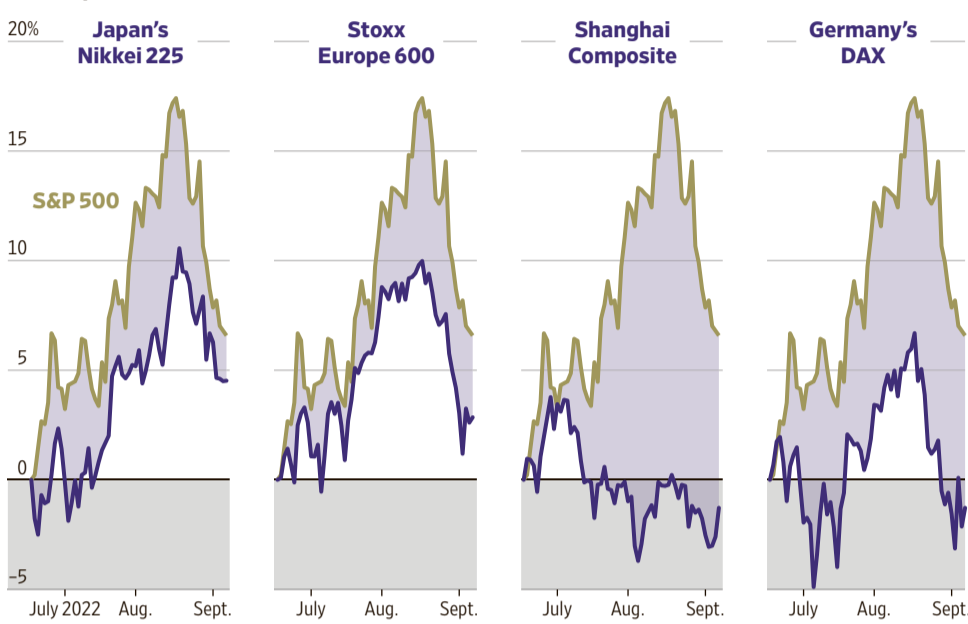
stock and mutual funds for four of the past six weeks, according to Refinitiv Lipper data, while yanking money from international stock funds for 20 consecutive weeks. That is the longest streak since a 22-week run of outflows that ended in October 2019.

Behind investors' conviction in the U.S. market? Belief that even if there were a recession, the downturn isn't likely to be deep or protracted. Consumer spending has remained resilient despite inflation pushing prices higher. And some of that pricing pressure already appears to have peaked. So far, the labor market also continues to look robust as well.

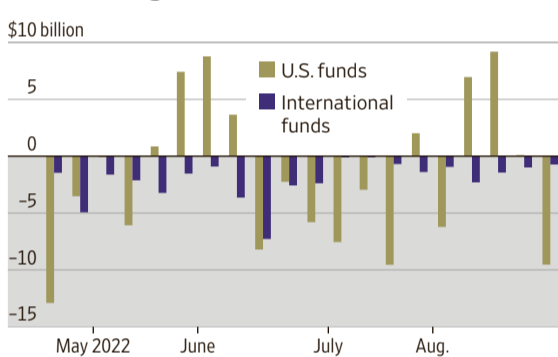
The S&P 500 has outpaced major stock indexes in Europe and Asia since hitting its low for the year in mid-June. The U.S. benchmark has risen 6.6% since June 16, while the pancontinental Stoxx Europe 600 has added 2.9%, Japan's Nikkei 225 has advanced 4.5%. Germany's DAX and the Shanghai Composite have slid 1.3% over the same period.

This week, investors will parse data from the services sector and the beige book, the

Index performance since June 16



Weekly flows into mutual and exchange-traded funds*



*As of Aug. 31

Sources: FactSet (index performance); Refinitiv Lipper (flows); Dow Jones Market Data (WSJ Dollar Index)

Federal Reserve's periodic compilation of business anecdotes from around the country, for clues about the market's trajectory. They will also watch the European Central

Bank monetary-policy meeting where the bank is again expected to raise interest rates. Investors appeared to take solace from Friday's jobs report, at least initially. The U.S.

WSJ Dollar Index performance this year



economy added jobs at a solid, but slower, clip in August. The data, which were largely in line with expectations, appeared to hit a sweet spot: Please turn to page B11

Bed Bath & Beyond Names Interim CFO

By NINA TRENTMANN

Struggling home-goods retailer Bed Bath & Beyond Inc. on Tuesday named an interim executive to lead its finances, a move aimed at reassuring investors after the death of Chief Financial Officer Gustavo Arnal.

Union, N.J.-based Bed Bath & Beyond said Laura Crossen would take over on an acting basis, effective Sept. 5, following the death by suicide of Mr. Arnal on Friday. Ms. Crossen, who joined the company in 2001, was promoted in June to the role of chief accounting officer after her predecessor John Barresi resigned. She previously was senior vice president of treasury and tax and will continue as principal accounting officer of the company.

Ms. Crossen didn't respond to a request for comment.

The company's stock has dropped about 50% since the beginning of the year and closed down 18% at \$7.04 on Tuesday.

Mr. Arnal, who became Bed Bath & Beyond's CFO in the Please turn to page B6

Twitter, Musk Differ on Informer

By SARAH E. NEEDLEMAN

Lawyers for Elon Musk and Twitter Inc. ended a wide-ranging hearing over their stalled \$44 billion deal by debating the issue that may further complicate and extend their legal fight: whether Mr. Musk can incorporate a whistleblower's allegations into his countersuit.

Chancellor Kathaleen McCormick didn't rule on that or any of the other questions raised during the roughly 3½-hour oral arguments Tuesday, which included the pace and substance of the discovery process, Mr. Musk's motivations for seeking to exit from the deal and the timing of the trial, among other factors.

When it came to the question of amending Mr. Musk's countersuit, the discussion centered on the relevance of the claims by the whistleblower, Peiter Zatkoff, Twitter's former head of security, to the legal matter at hand.

Alex Spiro, a lawyer for Mr. Please turn to page B2



Some pork processors like Smithfield, own the hogs in their supply chain. A Smithfield plant.

Inflation Cuts Profit Margins Of Tyson, Other Pork Sellers

By PATRICK THOMAS

U.S. pork companies are paying more for the hogs they buy from farmers and are exporting less meat to China, the world's largest pork consumer of pork, pressuring profits for some of the largest processors.

Companies such as Tyson Foods Inc., the largest U.S. meat supplier by sales, and Seaboard Corp. reported declining quarterly operating

margins for their pork businesses in August. WH Group, the Hong Kong-based owner of Smithfield Foods Inc., said that high retail pork prices could weaken demand in the U.S. as household budgets are squeezed.

Meat processors had enjoyed record profit margins over the past two years as consumer demand soared, while staffing shortages at plants limited processing capacity, reducing supplies and

pushing prices higher, executives have said.

Now, rising prices are catching up with the roughly \$43 billion U.S. pork industry. Consumer demand for pork is weakening, while rising costs for grain, fuel and other supplies are leading hog farmers to shrink the size of their herds, industry analysts and executives have said. That is raising the prices that pork processors pay to secure live- Please turn to page B11

Gym Revival After Covid Body Blow Gives Malls a Boost

By KATE KING

People are hitting the gym just as hard as they did before the pandemic, providing some much-needed good news for fitness centers and their landlords.

Many fitness businesses didn't survive the worst of the pandemic, when public-health restrictions sharply curtailed operations and people feared infection. But since February, monthly visits to gyms have been, on average, about 13% higher than 2019 levels, according to retail-analytics firm Creditintell.

The resilience of in-person fitness is boosting mall and shopping-center landlords who have found that gym goers often stick around after workouts to shop or socialize.

"It's sort of natural to come out of the gym and if there's things around you that you can take care of—you do that before you get back in your car

and go on to the next thing," said Barrie Scardina, head of retail, Americas, for brokerage Cushman & Wakefield.

Data from Creditintell shows the presence of fitness centers increases foot traffic to nearby stores. A retailer located in a shopping center that has a gym receives, on average, 2.5% more visits a month compared with the same retailer's other locations in centers without fitness businesses, Creditintell said.

Niche and local fitness studios amplify foot traffic to nearby tenants a bit more than national gym chains, according to Creditintell.

Adam Schwegman, partner and senior-vice president of leasing for North American Properties, which develops and operates mixed-use properties, said boutique studios offering workouts that appeal to female clientele, like barre classes, are good at generating Please turn to page B6

Mineral Companies Sitio, Brigham to Merge

By BENOÎT MORENNE

Sitio Royalties Corp. and Brigham Minerals Inc. have reached a deal to merge to form one of the largest publicly traded mineral and royalty companies in the U.S., valued at about \$4 billion, the companies said Tuesday. The agreement is one of

the largest tie-ups in the oil patch this year, coming in a period of elevated oil prices intensified by Russia's invasion of Ukraine.

Sitio and Brigham, like the rest of the industry, both have had increasing profits in the past few months on the back of rising oil prices. Combining the two compa-

nies would allow the new entity to achieve economies of scale and become a leader in the minerals-rights industry, the companies said.

"The mineral and royalty space benefits from scale unlike any other business in the energy value chain," Sitio Chief Executive Officer Chris Conoscenti said.

Shares of Sitio rose 1.55% to \$24.83 on Tuesday, while Brigham stock fell 4.7% to \$28.03.

Mineral owners take home a cut of the oil and gas pumped on their land in royalty payments, often 12.5% to 20% of the value of the fuel. They don't control the pace Please turn to page B2

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A graffiti-covered warehouse area is becoming one of South Florida's hot spots. B6

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Twitter, Musk Swap Barbs

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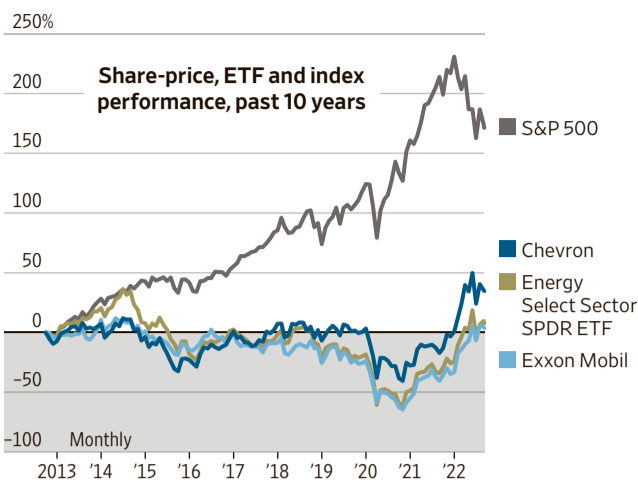
Musk, pointed to Mr. Zatkan's near-legendary status in the security industry and chastised Twitter for not disclosing what it knew about Mr. Zatkan's accusations of "egregious deficiencies" related to privacy and digital security, among other alleged mismanagement. "Justice is screaming out for an amendment here," he said. Mr. Spiro said the whistleblower claims could support Mr. Musk's allegations that Twitter committed fraud by misrepresenting the condition of its business and key metrics about the users on its platform. Twitter's team countered by describing Mr. Zatkan as a disgruntled former employee with an ax to grind and saying that his unsubstantiated complaints after a notably unsuccessful tenure shouldn't be included in the Delaware suit. Twitter's lawyer also said Mr. Zatkan's work at the company wasn't related to the alleged undercounting of spam and bot accounts that Mr. Musk cited in his counterclaims. The scope of the hearing shows how contentious this legal battle has become and marks another escalation of the dispute, which has already taken a number of dramatic twists and turns. The outcome could grant or block access for either side to more emails, texts, data and legal claims, among other things. Twitter sued Mr. Musk in July over his attempt to walk away from their \$44 billion merger agreement reached in April. A request to file an amended complaint is common and not typically chal-

lenged, said William Savitt, an attorney representing Twitter, during Tuesday's hearing. But he argued that adding the new whistleblower allegations were an attempt by Mr. Musk's attorneys to slow down the proceedings and to use the court system for a "grueling fishing expedition" to satisfy terminating the agreement. "They are grinding us down to escape a truly expedited trial," Mr. Savitt said. Further, he said, there are no factual allegations to support the claims that Mr. Musk's side wants to add to his counter-suit. During Tuesday's hearing, both sides also traded barbs over Mr. Musk's motivation for seeking to exit from the deal, with Twitter's lawyers pointing to a text exchange dated May 8 between the Tesla Inc. CEO and a Morgan Stanley banker. After noting that Russian President Vladimir Putin was expected to make a speech the following day, amid his country's invasion of Ukraine, Mr. Musk wrote that it wouldn't make sense to buy Twitter if World War III were to break out, according to a copy of the message read aloud by Mr. Savitt. Mr. Spiro responded by saying that any businessman would be anxious about the impact of a potential war on the stock market. He reiterated Mr. Musk's allegations that Twitter had hidden key information about its business. Mr. Musk's team is seeking to push the trial to November. During the hearing, his attorneys argued that they need more time to prepare because Twitter has allegedly been slow to provide information they requested as part of the discovery process. Twitter's lawyers asked the judge to keep the current trial schedule, with a five-day non-jury trial scheduled to start Oct. 17. —Erin Mulvaney contributed to this article.



Twitter sued Elon Musk over his attempt to walk away.

BUSINESS & FINANCE



Source: FactSet



Vivek Ramaswamy is among the most vocal critics of ESG investing.

Activist Investor Urges Chevron To Increase Crude Production

By AMRITH RAMKUMAR

A conservative activist turned investor who has criticized Wall Street's efforts to address climate change and other issues is publicly urging Chevron Corp. to pump more fossil fuels during the next decade. Vivek Ramaswamy, who launched an energy-focused exchange-traded fund nearly a month ago, is among the most prominent critics of environmental, social and governance—or ESG—investing. He quickly turned his sights on Chevron, arguing the country's second-biggest fossil-fuel company should slow spending on its energy-transition plan, which he said was partially motivated by pressure from top shareholders such as BlackRock Inc. In the letter Tuesday to Chevron CEO Mike Wirth and the company's board, Mr. Ramaswamy said he wants to "liberate you from constraints imposed on Chevron by its ESG-promoting 'shareholders.'" Mr. Ramaswamy writes that he looks forward to engaging with the company before next year's proxy voting season. The Wall Street Journal previously reported on the letter. Chevron didn't respond to a request for comment. The author of "Woke, Inc.," a book arguing businesses shouldn't be affected by politics, Mr. Ramaswamy invested

in Chevron through his Strive Asset Management's ETF nearly a month ago. The ETF tracks an index of energy stocks. Strive, which counts investor Bill Ackman and tech executive Peter Thiel among its backers, is part of a pushback by conservatives against ESG investing. The fund has hit about \$315 million in assets, a strong start for a new offering. The Chevron effort is a response to last year's proxy victory by hedge fund Engine No. 1 at Chevron rival Exxon Mobil Corp. that forced Exxon to accelerate energy-transition efforts. Strive's letter calls for energy producers to dump their current strategy of limiting investments and returning cash to shareholders. It is one of the first formal calls for an oil giant to do so. Mr. Ramaswamy, whose fund holds a roughly 0.02% stake in Chevron, likely would need support from large shareholders who generally have embraced Chevron's current strategy to get the company to change course. He is unique in targeting a company that is posting stock-price gains and record profit. High oil-and-gas prices have lifted Chevron shares about 35% this year. A former pharmaceutical executive, Mr. Ramaswamy says Chevron could earn a higher valuation relative to earnings if it addresses possible supply

shortages during the next decade. That approach is more appropriate than limiting output and devoting resources to the energy transition, he says. Large index-fund providers BlackRock, State Street Corp. and Vanguard Group own about 20% of Chevron. The asset managers previously have responded to criticism of ESG—the loosely defined practice of considering issues beyond short-term profits when making financial decisions—by saying companies that manage environmental risks and opportunities will be the most profitable over time. They don't always oppose energy companies increasing fossil-fuel output and don't always take the same stances on company proposals. Heavy long-term spending on fossil fuels when demand is expected to fall in the decades ahead is a failing strategy, say many investors and analysts. Mr. Ramaswamy's letter marks a new front in this year's war over ESG. Republican-led states such as Florida and Texas recently have taken steps to move their investments and retirement funds away from some Wall Street firms. Both sides have accused the other of being anti free market and inserting political views into business. Mr. Ramaswamy is counting on large shareholders such as Warren Buffett to help Chevron shift its strategy. Mr. Buf-

lett's Berkshire Hathaway Inc. is Chevron's largest individual shareholder with a roughly 8% stake it has built as part of recent bets on U.S. oil companies, FactSet data show. The letter says that the legendary investor's independent thinking and opposition to ESG-disclosure proposals at Berkshire last year could make it easier for Chevron to fight the biggest Wall Street firms. The letter comes as the energy industry enjoys boom times but faces an uncertain future. Chevron, based in San Ramon, Calif., and which had \$11.6 billion in second-quarter profit, last year pledged to triple its low-carbon investments to \$10 billion through 2028. Chevron in March said its capital spending would range from \$15 billion to \$17 billion annually through 2026. CEO since February 2018, Mr. Wirth has said he plans for the company to continue raking in cash from fossil fuels, while strategically investing in parts of the energy transition where the company has expertise. Many of those just became more attractive investments thanks to tax credits that are part of the Inflation Reduction Act. The company bought sustainable fuels company Renewable Energy Group for \$3.15 billion earlier this year and has many startup bets tied to the energy transition.

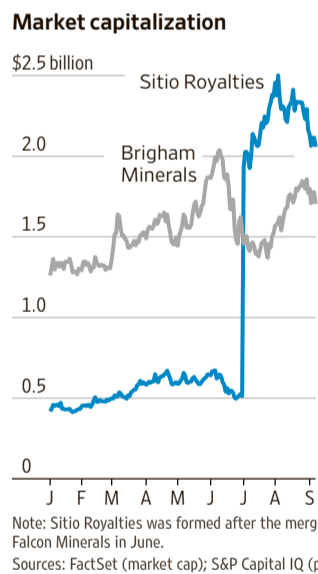
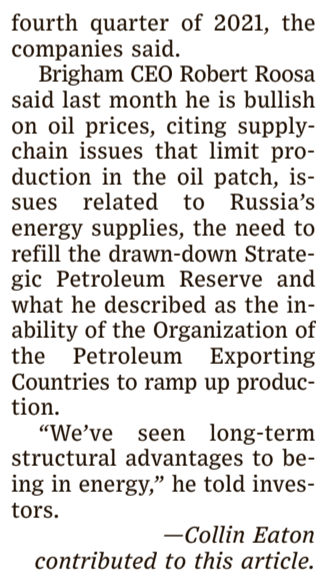
Mineral Companies To Merge

Continued from page B1

of development, but they aren't on the hook for drilling or overhead costs, either, and they reap the benefits of high commodity prices. Upon the deal's closing, Noam Lockshin, a partner at private-equity firm Kimmeridge Energy Management, which owns 43.2% of Sitio's shares outstanding, would become chairman of the new company, the companies said. Mr. Lockshin currently serves as chairman of the Petroleum Exporting Countries to ramp up production. "We've seen long-term structural advantages to being in energy," he told investors. —Collin Eaton contributed to this article.

fourth quarter of 2021, the companies said. Brigham CEO Robert Roosa said last month he is bullish on oil prices, citing supply-chain issues that limit production in the oil patch, issues related to Russia's energy supplies, the need to refill the drawn-down Strategic Petroleum Reserve and what he described as the inability of the Organization of the Petroleum Exporting Countries to ramp up production. "We've seen long-term structural advantages to being in energy," he told investors.

The all-stock deal is expected to close in the first quarter of 2023, according to the companies. Under the terms of the deal, Sitio's shareholders will own about 54% of the company, while Brigham's will own the remaining 46%, the companies said. Both Sitio and Brigham have been pursuing a consolidation strategy in the oil-rich Permian Basin of West Texas and New Mexico, making substantial acquisitions this year. Sitio was formed after the merger of Kimmeridge-owned Desert Peak Minerals Inc. and Blackstone Inc.-backed Falcon Minerals Corp. this year. Brigham has announced mineral and royalty interest deals in the region valued at about \$150 million so far this year. Sitio, meanwhile, purchased more than 40,000 net royalty acres in the Permian in the second and third quarters of the year, the company told investors, including a roughly \$323 million acquisition in June. The newly formed company would have interests in more than 34% of all wells drilled in the Permian in the



Note: Sitio Royalties was formed after the merger of Desert Peak Minerals Inc. and Falcon Minerals in June. Sources: FactSet (market cap); S&P Capital IQ (profit)

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BUSINESS NEWS

ADT Draws Funds From State Farm, Google

By MIRIAM GOTTFRIED

ADT Inc. has secured investments totaling \$1.5 billion from State Farm and a partnership aimed at expanding the security company's customer base and improving risk mitigation for insured homeowners, the companies said.

Under the deal, which was reported earlier Tuesday by The Wall Street Journal, State Farm will spend \$1.2 billion to buy 133.3 million ADT shares, or about 15% of the company. That represents a share price of

\$9, above ADT's Friday close of \$7.21.

The closely held Bloomington, Ill., insurer will also invest up to \$300 million in ADT to fund product and technology innovation, marketing and customer acquisition and will get a seat on ADT's board.

Alphabet Inc.'s Google, which previously invested \$450 million in Boca Raton, Fla.-based ADT for a 6.6% stake and committed \$150 million toward engineering, designing and marketing of new products, is pledging up to \$150

million more for those areas.

To avoid dilution, ADT plans to use the proceeds of the State Farm equity investment to buy back up to 133.3 million shares of its stock at \$9 apiece.

Home insurers, including State Farm, have long offered discounts to policyholders who have a home-security system. ADT and State Farm are hoping to go beyond that by encouraging more of State Farm's 13.7 million homeowners' insurance customers to purchase ADT systems for

leak detection and carbon monoxide and smoke detection, in addition to protection against an intrusion.

For ADT, the partnership is aimed at lowering its customer-acquisition costs as State Farm's 19,400 agents become a new channel to introduce its offerings. ADT also hopes to improve its customer retention, which currently averages about eight years compared with nearly 20 years for people who bundle homeowners' and auto insurance with State Farm.

State Farm, for its part, wants to help its customers avoid losses instead of simply handling recoveries after they occur.

"We have a chance to begin this shift for the State Farm customer from reactive and restoration to proactive protection," ADT CEO Jim DeVries told the Journal.

The two companies want to use data from Google, whose Nest hardware ADT already sells, to assist with planning for what the future of a connected home might look like.

One area of focus will be to improve leak detection, a major headache for home insurers, according to State Farm Chief Operating Officer Paul Smith.

"Water is the biggest conundrum in our industry," he said. "If we can prevent losses, it's better for everyone."

Private-equity firm Apollo Global Management Inc., ADT's majority shareholder, has committed to backstopping the share-buyback offer. Google has agreed not to sell any of its shares in the tender offer.

Windfall Taxes Are the Latest Hit on Europe's Banks

By PATRICIA KOWSMANN

European banks have started to reap higher profits from rising interest rates—and governments are already starting to clamp down on them.

In Spain, the government has laid out plans to tax lenders on their rising income and use the money to alleviate higher living costs for the population. Hungary has imposed a similar measure, and the Czech Republic, where inflation is above 17%, is considering such a move. In Poland, where mortgages carry variable rates that are quickly rising, the government placed a moratorium on repayments to help borrowers.

Banks in Europe have long struggled with anemic growth and slim profit margins. Even the continent's larger lenders have market values that are a fraction of those of U.S. giants such as JPMorgan Chase & Co.

A big part of the challenge: years of negative central-bank interest rates. Subzero rates cut banks' margins on loans and made them unattractive for investors, since the lenders struggled to earn returns above their cost of capital.

Rising rates had looked like a light at the end of the tunnel. Banks are usually beneficiaries in such an environ-



Santander could potentially lose revenue from Spain's and Poland's moves, analysts say.

ment, since they can increase the rates they charge borrowers faster than they lift payouts to depositors.

Germany's Commerzbank AG said it could take a revenue hit of as much as 290 million euros, equivalent to \$290 million, in the third quarter from its business in Poland. Its second-quarter revenue was €2.4 billion. Spain's Banco Santander SA could potentially lose more than €1 billion in revenue through 2023 from Spain's and Poland's moves, according to analysts. Last year, the bank

made €8.6 billion in revenue from both countries.

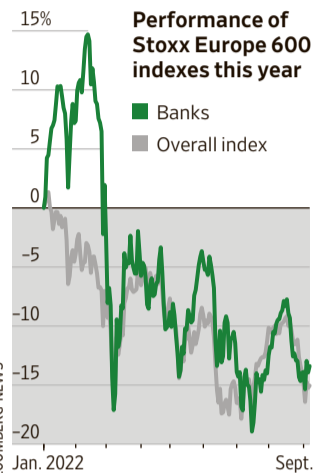
"The first thing that worries me is that the sector is stigmatized," Santander Chief Executive Officer José Antonio Álvarez said after the Spanish plan was unveiled. "Regardless of who is affected by the tax, inflation cannot be fought with taxes."

Shares of banks in both Spain and Poland fell after the plans were unveiled.

In other areas too, European governments are acting quickly when judging compa-

nies to be earning abnormally large profits. The U.K. has said it would introduce a windfall tax on energy companies, and Spain is imposing a similar levy as well as the new tax on banks. Such regulatory risk for investors helps explain why returns on European stocks have long lagged behind those on their U.S. equivalents.

Investors should consider lenders as like utility companies, providing relatively low but stable returns in forms of dividends, said Marco Troiano, head of financial institutions



Source: FactSet

for money and relief for borrowers.

Spanish Prime Minister Pedro Sánchez told Parliament in July that given big banks were already starting to benefit from interest-rate rises, they should be taxed. Under the plan, which needs to be approved in Parliament, Madrid expects to get €1.5 billion in each of 2022 and 2023 by imposing a 4.8% charge on banks' net interest income and net commissions.

Spain's lenders, such as Banco Bilbao Vizcaya Argentaria SA, said they are being unfairly punished for conducting normal banking business.

"What is extraordinary is negative rates, not positive rates," BBVA CEO Onur Genç said as he presented the bank's second-quarter results, adding that banks would cut lending because of the measure.

He has estimated a yearly revenue hit of €250 million from the measure.

In Germany, Commerzbank said it would consider legal action against the Polish measure, which allows mortgage holders to suspend payments for eight months through the end of 2023. Other banks with a presence in Poland affected by the moratorium include Dutch lender ING Groep NV and France's BNP Paribas SA.

Railroads Reverse Years of Streamlining to Speed Freight

By ESTHER FUNG

BELLEVUE, Ohio—U.S. freight railroads are adding back locomotives and reopening idled "hump" yards, reversing years of decluttering as they seek to reduce service delays.

Several humps—where trains are broken down, reassembled and sent to their next destination—were recently reactivated by Norfolk Southern Corp and Union Pacific Corp. They were among operations that had been significantly curtailed in the industry's yearslong push to operate more efficiently by using fewer trains and holding them to tighter schedules.

The streamlining helped cut costs and boost profits, lifting shares and valuations of major operators. Regulators and some customers say they also made railroads more vulnerable to service disruptions, which have increased during the pandemic amid a shortage of workers.

In late August, shortly after Norfolk Southern reopened the hump in a rail yard in Bellevue, Chief Executive Alan Shaw grinned when he heard

the high-pitch screeching of brakes that were calibrating the speed of individual railcars rolling down the hill.

"It's a beautiful sound. The sound of technology," said Mr. Shaw, who took over in May. In the yard, "dwell" time, or the time a railcar spends waiting in a terminal, has been reduced by around 8% since the hump was reactivated, easing some burdens on staff in yards in Indiana and southern Ohio. The Atlanta-based railroad reopened another hump in Macon, Ga., in July.

Closing humps was a signature move of the late Hunter Harrison, the railroad veteran who transformed four of North America's major railroads during his career and pioneered "precision schedule railroading." The strategy aims to cut costs in part by minimizing inventory and weeding out unnecessary and time-consuming processes.

Hump yards have artificial hills which long trains are pushed over so that gravity helps send individual or coupled cars down different tracks to where they are then reassembled and sent to their next destination. Most of the

major freight railroads idled a portion of their hump yards in recent years.

Similar to airline hubs, humps are efficient at transporting a large volume of goods to different destinations. But just as you don't want more than one layover as an airline passenger, Mr. Shaw said, the same goes for shipping freight.

Some analysts and investors say hump yards often increase congestion and are a waste of money, especially for less complex routes.

The Bellevue yard, which stretches 6 miles wide, is currently using 48 of the 80 tracks to classify cars to 37 destinations across the country, sorting shipments including motor vehicles, coiled steel, sand and liquefied petroleum gas.

In the early months of the pandemic, the hump was idled because of declining volumes, and the yard reverted to flat-switching, or the use of locomotives, to sort railcars. When demand picked back up, railroads had to figure out how to handle railcar switches with fewer workers.

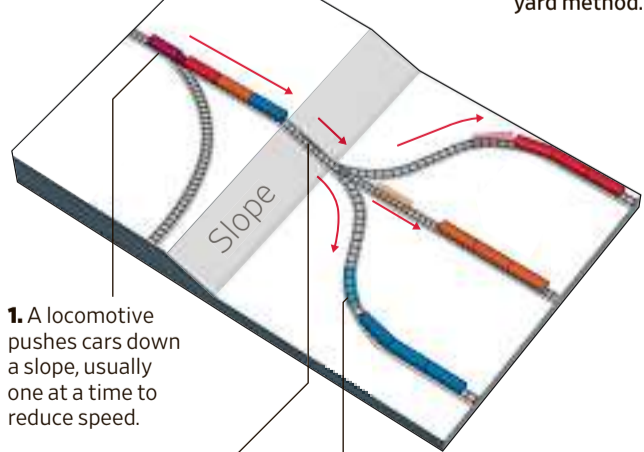
A hump yard can process more cars with the automation of switches, and at Bellevue, the yard crew can now handle around 1,900 cars daily, up from 1,200. This eases switching operations in other yards, allowing workers there to be redeployed to operating trains.

There was some excitement among the crew at the northern Ohio rail yard when the hump reopened. "It took 11 hours to handle the cars. Now it's closer to six," said Floyd Hudson, vice president of transportation at Norfolk Southern.

With the two recently reactivated humps, Norfolk Southern now has six working humps and five idled ones.

Union Pacific said it recently reopened the hump in Fort Worth, Texas, to reduce switching operations in its West Colton, Calif., yard, freeing up the West Coast facility to expand other operations including moving cargo by rail and truck.

Boxcar Shuffle



1. A locomotive pushes cars down a slope, usually one at a time to reduce speed.

2. Retarders slow the car's descent to avoid damage, while ensuring cars travel fast enough to reach their groupings.

Freight-train cars are grouped at rail yards using the hump yard method.

3. Gravity carries the cars downhill to the assigned track.

Sources: Journal of Transport Literature, Analysis of rail yard and terminal performances, Marin Marinov; Leonardo Di Giovanni; Giulia Bellisai; Julian Clevermann; Anastasia Mastellou; Diogo Victoria; Lalka Deleva; Norfolk Southern Corporation

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TECHNOLOGY

WSJ.com/Tech

Theranos's Holmes Seeks New Trial, Cites Witness Take

By HEATHER SOMERVILLE

Elizabeth Holmes, founder of defunct blood-testing startup Theranos Inc. who was convicted of fraud, has asked a federal judge for a new trial after she said one of the prosecution's star witnesses visited her house to express regret for his role in her trial, according to a new court filing.

Ms. Holmes said in a filing Tuesday that Adam Rosendorff, a former Theranos lab director who testified for five days in her criminal-fraud trial, showed up unannounced at her home Aug. 8. During his visit, Dr. Rosendorff spoke to Ms. Holmes's partner and said that the government had twisted his testimony that Theranos was "working so hard to do something good and meaningful," and that he felt guilty "to the point where he had difficulty sleeping," according to the court filing.

Ms. Holmes is arguing that Dr. Rosendorff's alleged statements to her partner qualifies her for a new trial or a hearing to discuss the evidence.

Dr. Rosendorff declined to comment when reached by phone Tuesday. A spokesman for the U.S. attorney's office for the Northern District of California declined to comment.

The filing is the latest twist in a criminal-fraud saga that began to play out in court a year ago and became one of the most closely watched white-collar cases in Silicon Valley history. Ms. Holmes in January was convicted on four counts of fraud for deceiving investors while running a yearslong scheme at Theranos, where she was chief executive. Her one-time business and romantic partner, former Theranos President Ramesh "Sunny" Balwani, was convicted of 12 fraud counts in July.

Ms. Holmes last week requested an acquittal, and dur-

ing the hearing, her legal team said they had newly discovered information that would help her case but didn't provide further details. On Tuesday, U.S. District Judge Edward Davila denied the motion for an acquittal. Ms. Holmes is scheduled to be sentenced in October; Mr. Balwani is set to be sentenced the following month.

At his Aug. 8 visit, Dr. Rosendorff didn't speak directly to Ms. Holmes but to her partner, Billy Evans, who answered the door, according to Mr. Evans's account of the exchange, which was filed into court record. Dr. Rosendorff looked disheveled, and his voice trembled as he explained that "he feels guilty," according to the account. "He said he is hurting," according to Mr. Evans. Dr. Rosendorff explained that he "tried to answer the questions honestly" during the trial but that the government made things sound worse than they were. He said he felt as though he had done something wrong, according to the account.

Ms. Holmes is arguing that if Dr. Rosendorff had made such statements in court, it would have significantly bolstered her defense.

The government called 29 witnesses, including other former Theranos lab personnel who testified against Ms. Holmes.

Dr. Rosendorff testified on concerns he brought directly to her about Theranos's technology and his efforts to delay the use of company blood-testing equipment on patients. As lab director from 2013 to 2014, he told the court that he was responsible for helping respond to doctor and patient complaints about Theranos's inaccurate lab tests and that he was pressured to find excuses for the erroneous results that deflected the responsibility from Theranos.



The mix of fibers in most clothes is difficult to separate, and less than 1% of textile waste can be recycled. A shirt factory in India.

SAMUEL RAJINDRAN/REUTERS

EU Regulators Add to Push For Single-Material Clothes

By JOSHUA KIRBY AND DIETER HOLGER

Clothing companies could start selling more garments made from a single material this coming decade, a major shift in response to a European Union plan to require apparel to be longer-lasting and recyclable.

Clothes often contain a mix of fibers, including organics, such as cotton grown on farms, and synthetics, such as polyester refined usually from petroleum. Garments with multiple materials—such as a T-shirt made from 99% cotton and 1% spandex—are difficult to recycle because separating the fibers is tricky.

Currently, less than 1% of the world's textile waste is recycled into new clothes, with the bulk ending up in trash heaps. The EU wants to change this, and the relatively short time frame promises to challenge the big players in fast-fashion, which may have to re-use their design processes and rethink their sourcing.

The European Commission,

the EU's executive branch, published a plan in March that aims to put "fast fashion out of fashion" by 2030, referring to the trend of people buying clothes and throwing them out in less than a year. Clothing should be "long-lived and recyclable, to a great extent made of recycled fibers," the EU said.

The pending legislation on design and labeling of clothes will be based on environmental design studies currently under way, an EU spokeswoman said. The details remain unclear, but sustainability experts say that single-fiber, or monofiber, clothes present one of the best solutions.

"We will also assess how recyclability can be improved through specific requirements, for instance through the use of monofibers," an EU spokeswoman said. Eco-design requirements will be in place by 2024, she said.

European Parliament members and the heads of its 27 member states still need to agree on specific laws. But the regulations would cover all clothes sold in the bloc, which

imports nearly three-quarters of its textiles. This would affect not only Europe's brands, but also U.S. multinationals such as sportswear giant Nike Inc. and jeans maker Levi Strauss & Co., and Japan's Uniqlo or China's Shein. EU nations have already agreed to collect discarded textiles separately from other waste by 2025.

Some clothing retailers were already expanding their lineups of single-fiber garments ahead of the EU's crackdown.

German sportswear maker Adidas AG, for example, launched a line of single-fiber clothes last year including shoes, coats, T-shirts and pants under its "Made to be Remade" label. "These products are created with just one material and once they reach the end of their useful life, they can be cleaned, shredded and recycled for use in new products," an Adidas spokesman said.

Still, some single-fiber garments may not be durable enough in some cases, a Hennes & Mauritz AB spokeswoman said. The current share of fabrics with a 100% compo-

sition constitutes around a third of the total output of the Swedish fashion retailer, better known as H&M.

"Products that aren't durable or aren't worn, because they don't meet our customers' expectations on comfort or quality, can't be considered more sustainable," the spokeswoman said. The company is stepping up repair services and offering rental and secondhand clothing as part of its push to cut waste.

But in fashion, design remains the most important element, said Christina Dean, founder of fashion nonprofit Redress. She said the EU's focus on the makeup of clothes will drive designers to choose single materials.

Technology remains a big hurdle to recycling any clothes. Still, some startups have come up with solutions and are winning big retailers over. Carbios SA, a French company offering biological enzymes that can break down polyester and other plastics, signed an agreement with sportswear brands this year, including Puma SE and Patagonia.



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<p>DIAMOND</p>	<p>PLATINUM</p>		<p>PLATINUM</p>		<p>PLATINUM</p>		<div style="border: 2px solid black; padding: 10px; background-color: #34495e; color: white;"> <p style="font-weight: bold; margin: 0;">CONRAD</p> <p style="font-size: 10px; margin: 0;">NEW YORK MIDTOWN</p> <p style="font-size: 12px; margin: 0;">Book your stay at our Headquarter Hotel, Conrad New York Midtown, a luxury, midtown hotel.</p> </div>	

THE PROPERTY REPORT

CBRE Bets on Return-to-Office Tech

By PETER GRANT

VTS, one of the fastest-growing real-estate technology firms, raised an additional \$125 million in a funding round led by CBRE Group Inc. in a big bet that VTS's technology will play a major role as workers return to offices.

CBRE's contribution of \$100 million to the funding round reflects a recent strategy by the commercial-property-services giant to adopt new technology by investing in startups rather than developing it. As part of the deal, CBRE will get a seat on the VTS board and join with the firm on new technology.

People familiar with the matter say the deal puts a valuation of about \$1.7 billion on VTS, which manages more than 87,000 commercial properties, mostly office buildings

in North America and Europe.

Launched in 2012 as an office-space marketing and analytics service named View The Space, VTS chalks up more than \$100 million in annual revenue primarily by providing online tools to landlords for managing leases and tenant data. VTS helps landlords market space digitally and most recently developed an app to help businesses and their employees navigate office space, from booking conference rooms to learning about local restaurants' specials.

Office-building owners have looked to technology for help as the pandemic and popularity of remote work have raised doubts about the future of office occupancy, leasing and values. VTS has benefited from the upheaval because landlords and tenants are us-

ing its app and other services to lure workers back and cope with market changes.

VTS's lease-tracking tools, for example, help landlords monitor the extent to which their tenants' employees are

\$125M

Amount VTS raised in a funding round led by CBRE

returning to the office—a critical indicator as businesses adopt hybrid work strategies. “You get to see occupancy trends with your existing customers,” said Nick Romito, VTS chief executive and co-founder. “If you see a lease expiring in

nine months and occupancy is down 30%, they're probably not renewing and they're certainly not expanding.”

VTS's capital raise comes as other startups and technology businesses have fallen out of favor on Wall Street. Firms raised \$444.7 billion globally in venture-capital-backed funding rounds in the first eight months of 2022, down from \$526 billion during the same period in 2021, according to preliminary data from Preqin.

VTS's valuation has increased since it achieved “unicorn” status in 2019, with a valuation that reached \$1 billion. But the firm hasn't been immune to the broad downdraft in technology business values, Mr. Romito and co-founder Ryan Masiello acknowledged.

The firm decided to move ahead anyway with the latest

round to get funds to expand further into new countries and other property types like industrial, rental apartments and retail, they said. “From our perspective, these uncertain, almost a little scary times are the best times to deploy new technology,” Mr. Masiello said.

CBRE, which had \$277 billion in revenue in 2021, first invested in VTS in 2016, with its most recent commitment of \$100 million its largest bet on the firm so far. CBRE still develops much of its new technology in-house. But the VTS investment reflects a recognition by CBRE in recent years that it is sometimes better to invest in startups than develop technology internally. The firm has a strong balance sheet to pursue an acquisition strategy, reporting \$1.2 billion in cash and a \$3 billion credit facility at the end

of the second quarter.

In another example of CBRE's new approach, the firm launched a business named Hana in 2018 as its own answer to flexible-workspace firms. More recently, CBRE decided to acquire a 40% stake in flexible-workspace competitor Industrious LLC and merge Hana into that startup.

“One of the things we're doing more and more aggressively is investing in companies that do things that we don't do or do things better than we do,” said Bob Sulentic, CBRE chief executive.

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Neighborhood in Miami Becomes Building Mecca

By DEBORAH ACOSTA

A warehouse district in Miami, which was once mostly abandoned and best known for graffiti and street-artist murals, is emerging as one of South Florida's hottest spots for new residential and office development.

More than 1,300 apartment units have been developed in Wynwood, a neighborhood that had no apartment construction before 2017, according to data firm CoStar Group. The supply is about to double, with an additional 1,393 units being built.

Demand for Wynwood apartments is particularly keen among the large number of people who have resettled in South Florida during the pandemic from the Northeast, Midwest and West Coast.

For example, Mark Blatnik said he moved there in 2021 from Chicago because “Miami was handling the pandemic the opposite way than the city of Chicago was.”

Mr. Blatnik moved into a Wynwood building with a rooftop pool deck and shared

workspace that he uses to work remotely as a software salesman.

Like many neighborhood residents, Mr. Blatnik chose Wynwood for its good restaurants and “edgy and cool energy,” he said.

Wynwood's new office projects are enjoying strong demand thanks partly to a migration of businesses to Florida from high-tax states like New York and California. Today, the neighborhood has 1.3 million square feet of office space, up 30.3% over the past year. An additional 233,000 square feet of office space is under development, according to CoStar Group.

Tenants that moved into Wynwood include large tech and venture companies such as Founders Fund, Spotify Technology SA, and Blockchain.com.

PricewaterhouseCoopers recently signed a lease at 545 Wyn, a 10-floor office tower clad in glass that was completed in 2020 by Chicago developer Sterling Bay.

Other large developer newcomers who are building in the neighborhood include



The development surge in the Wynwood area was made possible by a zoning-law change that allowed for increased density and height.

Kushner Cos. and CIM Group. “Two, three years ago it was a market that didn't exist, and now top accounting, top consulting, and big tech are all considering it,” said Grant Killingsworth, a senior vice president with real-estate firm CBRE Group Inc. in Miami.

Still, demand might not be keeping up with Wynwood's rapid growth, according to some real-estate investors, such as Barry Sternlicht, chief executive of Starwood Capital Group.

“There's probably too many

projects on the drawing board,” said Mr. Sternlicht, who worries that inflation and the shaky economy may put a damper on demand. “I see a crane in every block of Wynwood. It scares the living daylight out of me.”

Wynwood's apartment absorption rate, which measures how quickly apartments are leased, is eight times higher than Chicago's and nine times higher than New York City's, according to CoStar.

But Wynwood's office vacancy rates are hovering

around 35% at the moment, according to CoStar, partly because of the large amount of new space that has recently hit the market. The real-estate brokerage firm JLL projects vacancy rates in Wynwood's office market will drop below 15% within the next six to nine months as new-to-market tenants occupy their space.

The recent explosion in development in Wynwood was made possible by a change in zoning laws that allowed for increased density and height.

“People wanted to work

here and live here and zoning didn't allow for that,” said Joe Furst, a developer.

As growth amps up, some of the developers that first discovered Wynwood are worried the neighborhood may lose its artistic charm. To help preserve the neighborhood's art-focused identity, the Wynwood Design Review Committee was created by businesses and developers in the neighborhood. The group is encouraging developers to incorporate art and creativity into their buildings.



More people are returning to in-person fitness routines, such as Zumba classes in Albuquerque, N.M.

Revival of Gyms Gives Malls Boost

Continued from page B1

business for nearby stores. Despite the disruptions caused by the pandemic, he said he sees fitness centers as desirable tenants. “Just as bullish, would probably be a good way to put it,” Mr. Schwegman said.

Mall landlords found gyms are a good way to bring in customers during quiet times of the day, like the early morning hours and after work, said Ed Coury, managing director at RCS Real Estate Advisors. But Mr. Coury said he believes the body blow the industry took from Covid-19 left landlords

and most high-end gyms hesitant about investing significant capital in new locations.

The pandemic slammed gyms, with about a quarter of the 57,600 health and fitness facilities that were operating in March 2020 permanently closed by the beginning of this year, according to IHRSA, a global health and fitness trade association. IHRSA hasn't tracked how many new businesses opened during the pandemic, but commissioned a poll in January that found the number of paid gym memberships in the U.S. increased 3.8% since the beginning of 2020.

Rick Caro, founder of IHRSA and president of the fitness-consulting firm Management Vision Inc., said gyms in major cities and office-dependent neighborhoods are still struggling, but the industry is recovering. Infection concerns

and the soaring popularity of at-home workout equipment such as Peloton bikes raised questions about whether people would want to exercise in communal settings again.

Now, demand for Peloton bikes is plunging while gyms and fitness centers are seeing foot traffic and revenue recover. Sales per square foot at gyms reached \$108 in July, a 24% increase from January 2021 and only slightly below prepandemic levels, according to Datex Property Solutions, whose real-estate portfolio-management platform tracks rent payments from thousands of shopping centers nationwide.

As the money rolls back in, gyms are again paying rent. Collections from eight national fitness chains tracked by Datex steadily improved this year, and were only about 2% lower in July compared with 2019.

Bed Bath Taps CFO For Interim

Continued from page B1

spring of 2020, jumped from a New York building on Friday, two days after he had briefed investors on the retailer's plans to secure new financing, cut jobs and close about a fifth of its stores.

His death adds to the company's leadership gap following the ouster of former Chief Executive Mark Tritton in June and the departure of other senior executives. Mr. Arnal had been a key figure in the management team hired by Mr. Tritton, who was replaced after the company posted disappointing results for two quarters in a row. Bed Bath & Beyond is currently led by Sue Gove, an independent

director on the company's board, while a search for a permanent CEO is under way.

Ms. Crossen will have to work to stabilize the company's finances, which have been deteriorating sharply in recent months, analysts said. Bed Bath & Beyond has been burning through its capital reserves, ending May with \$107.5 million in cash, down from \$1.1 billion a year earlier. It booked a net loss of around \$358 million for the quarter ended May 28, compared with a net loss of about \$51 million a year earlier.

Last week, Bed Bath & Beyond said it had secured \$500 million in financing, including a new \$375 million loan through JPMorgan Chase & Co. from Sixth Street Partners. The fresh cash would stabilize the business as the company enters the holiday season, Mr. Arnal and other executives said. Suppliers need assurance that it is safe to provide the company with inventory ahead of the holidays, analysts said.

Bed Bath & Beyond last week said some vendors were asking for better payment terms amid concerns about its liquidity.

On a call with investors last week, Mr. Arnal had discussed Bed Bath & Beyond's restructuring plans and provided interim financial forecasts. He also told analysts that the company was still in the process of completing its accounting for the quarter ended Aug. 27. Bed Bath & Beyond will have to file its quarterly financial report to regulators within 45 days or seek an extension.

Ms. Crossen's more than 20 years with the company likely means she can keep “reporting and the day-to-day going,” said Cristina Fernández, a senior equity research analyst at brokerage firm Telsey Advisory Group LLC. “I think they should be able to do it on time,” Ms. Fernández said, referring to closing the books for the latest quarter.

Ms. Crossen will have to restore investor confidence in the company and its turn-

around strategy, which took another hit after Bed Bath & Beyond said it would revamp its plans, close about 150 underperforming stores and bring back national brands after focusing on private-label products under former CEO Mr. Tritton.

“Bed Bath & Beyond needs to send a strong message to the Street and communicate that they are focused on the turnaround,” said Cathy Logue, head of the financial officers practice at Stanton Chase, an executive search firm.

The stock had been declining after activist investor Ryan Cohen on Aug. 18 unloaded his entire stake in the company, about five months after he initially acquired it. On Aug. 16 and 17, Mr. Arnal sold about 55,000 of his shares for roughly \$1.4 million, when Bed Bath & Beyond shares jumped above \$20, according to filings with securities regulators.

Mr. Arnal's stock was automatically sold under a prearranged plan established in

April with securities regulators. Such plans are typically set up by company insiders to sell shares at predetermined prices. Mr. Arnal still owned about 255,000 shares following the transactions, according to securities filings.

Mr. Cohen and Mr. Arnal have been named as defen-

The retailer's finances have been declining sharply in recent months.

dants in a shareholder lawsuit seeking class-action status, alleging they engaged in illegal insider trading. Bed Bath & Beyond said it believes the suit is without merit.

Some analysts had expected an interim CFO with experience in large, troubled companies.

“I thought it'd be more likely that we'd see them ap-

point an interim CFO from a restructuring firm,” said Seth Basham, managing director of equity research at investment firm Wedbush Securities Inc.

Cosmetics maker Revlon Inc. in August did just that when it named Matt Kvarda, a managing director at professional services firm Alvarez & Marsal Holdings LLC, as interim CFO. His appointment came roughly two months after Revlon filed for bankruptcy protection. Mr. Kvarda has a record of helping companies through restructurings.

Finding a permanent replacement for Mr. Arnal will likely be challenging for Bed Bath & Beyond as long as it doesn't have a new CEO, recruiters said. Concerns about the viability of the business add to the problem, as high-profile candidates are unlikely to join a company that might be at risk of bankruptcy, according to analysts.

—Dean Seal,

Jennifer Williams-Alvarez and Suzanne Kapner contributed to this article.

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. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

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

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

Footnotes:

N New 52-week high.
NW New 52-week low.
▲ Indicates loss in the most recent four quarters.
FD First day of trading.
H Does not meet continued listing standards.
IF Late filing.
q Temporary exemption from Nasdaq requirements.
NYSB bankruptcy.
V Trading halted on primary market.
VH In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
Darden	DRI	123.21	-1.96	GSK	GSK	31.47	-0.38
Darling Ingredients	DAR	73.69	-1.49	Gallagher	AJG	180.90	9.27
DaVita	DVA	92.23	-4.61	GameStop	GME	25.14	-2.22

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
MidAmApt	MAA	167.41	3.19	MitsubishiUFJ	MUFJ	5.00	-0.79
Middleby	MIDD	141.55	-0.79	Mizuho	MFG	22.30	-0.81
MohawkIndustries	MHI	121.00	-2.20	Moderna	MRNA	130.88	-8.49

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
PayPal	PYPL	91.62	0.48	SealedAir	SEE	52.46	-0.40
Pearson	PSO	10.31	0.14	Sempra	S	167.83	1.03
Pembina	PBS	34.62	-0.77	SentinelOne	SEEQ	25.00	-0.29

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
Travelers	TRV	161.88	-0.82	Trimble	TM	60.22	-1.90
Trimble	TM	60.22	-1.90	TripCom	TCOM	24.91	-0.38
TruistFin	TFC	46.02	-0.47	Twilio	TWLO	65.94	-1.07

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.

Stock	Sym	Close	Net Chg
ABB	ABB	27.32	-0.01
ADT	ADT	8.39	1.18
ACM	ACM	72.01	0.34
AES	AES	26.05	-0.19
Aflac	AFL	59.53	0.13
AGCO	AGCO	106.79	-0.06
Anvys	ANS	241.26	-0.26
APA	APA	37.82	-0.98
ASX	ASX	54.99	-0.02
AT&T	ATM	46.99	2.73
Abbott Labs	ABT	102.71	0.21
AbbVie	ABBV	135.99	1.31
Abiomed	ABM	263.89	2.65
Acadia Healthcare	ACH	80.14	0.03
Accretive	ACC	283.46	-0.61
Activision Blizzard	ATVI	76.84	-0.69
Adobe	ADBE	368.30	0.16
Advance Auto Parts	AAV	73.34	1.61
AdVantage Systems	WMS	134.19	0.73
AdVimTech	ADV	78.72	-1.52
Aegion	AEG	4.40	...
AerCap	AER	43.07	0.21
Affirm	AFRM	22.30	-0.15
Agilent Techs	A	129.30	0.24
Aglion Health	AGL	20.53	-0.54
Agnico Eagle	AEM	41.02	-0.54

Stock	Sym	Close	Net Chg
Autoliv	ALV	73.20	-1.75
ADP	ADP	238.14	-0.34
AutoNation	AN	116.24	-0.30
AutoZone	AZO	133.08	9.98
Avanara	AVR	91.84	0.24
Avangard	AGR	48.60	-0.48
Avantor	AVT	24.46	-0.04
Avery Dennison	AVY	183.57	-1.20
Avsys Budget	ACR	154.91	-0.81

Stock	Sym	Close	Net Chg
Bank of America	BAC	33.06	-0.17
Banco de Brasil	BNDL	37.92	0.76
Banco de Chile	BCH	19.65	-0.48
Banco Santander	SAB	23.97	-0.22
Bank of Montreal	BMO	53.00	0.15
Bank of New York Mellon	BK	41.14	0.02
Bank of the Americas	BSAC	16.39	-0.18
Banco de los Andes	BDA	11.49	-0.11
Banco de Pinar del Rio	BPDR	15.74	-0.11
Bank of Quebec	BQ	15.74	-0.11

Stock	Sym	Close	Net Chg
Bank of the Americas	BAC	33.06	-0.17
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Banco de los Andes	BDA	11.49	-0.11
Banco de Pinar del Rio	BPDR	15.74	-0.11
Bank of Quebec	BQ	15.74	-0.11

Tuesday, September 6, 2022

Stock	Sym	Close	Net Chg
Alphabet A	A	2845.00	12.40
Alphabet C	C	2845.00	12.40
Alphabet N	N	2845.00	12.40
Amazon.com	AMZN	126.11	-1.40
Ambev	ABEV	29.93	0.31
Arcor	ARCB	11.85	-0.17
Amdocs	DOCX	81.19	-0.59
Amerco	UAA	124.71	2.94
Ameren	AEE	92.22	-1.12
American Movil	AMOV	12.22	-0.21
AmericanAxon	AXON	17.22	-0.26

Stock	Sym	Close	Net Chg
CanNatRes	CNQ	53.78	-1.24
Can Pac Rlyw	CP	73.50	-0.56
Capitol	CAJ	22.87	-0.25
CarrierGlobal	CARR	40.20	0.72
Capri	CPRI	46.20	-1.59
Cardinal Health	CAH	69.51	-1.48
Cardinal	CSL	65.47	-0.43
CarMax	KMX	55.13	-2.43
Carlyle	CG	31.66	-0.40
Carnival	CLK	8.43	0.05
Carnival Cruise Line	CCL	8.43	0.05
CaspioGenStores	CSY	215.18	1.95
Catalent	CTLT	88.97	1.39
Caterpillar	CT	180.66	-0.17
Celanese	CE	106.33	-0.55

Stock	Sym	Close	Net Chg
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83
Centimor	CMO	23.73	-0.83

Stock	Sym	Close	Net Chg
Chesapeake Energy	CHK	96.53	-0.41
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11

Stock	Sym	Close	Net Chg
Chesapeake Energy	CHK	96.53	-0.41
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11
Chemical Bank	CH	15.74	-0.11

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COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Open	Contract High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Sept	3.3940	3.4700	3.3825	3.4690	0.0475	4,068
Dec	3.3995	3.5000	3.3610	3.4620	0.0485	109,283
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Sept	1709.70	1717.40	1699.70	1700.40	-9.40	1,792
Oct	1715.00	1727.70	1701.00	1703.40	-9.60	42,205
Nov	1719.70	1719.60	▲ 1714.20	1707.90	-9.80	6
Dec	1724.20	1737.40	1710.60	1712.90	-9.70	378,508
Feb/23	1736.10	1749.40	1723.10	1725.20	-9.80	27,180
April	1746.10	1759.80	1736.80	1737.40	-9.70	6,695
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Sept	2030.00	2030.00	2030.00	1956.40	-55.90	16
Dec	2002.00	2066.00	1943.00	1973.20	-52.90	5,875
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Sept				832.70	15.60	
Oct	820.40	846.40	813.50	833.90	15.60	59,241
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Sept	18.100	18.105	17.990	17.795	0.019	487
Dec	17.940	18.465	17.815	17.908	0.027	125,542
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Oct	86.84	90.39	86.18	86.88	0.01	202,354
Nov	86.49	89.99	85.88	86.51	0.03	151,039
Dec	85.97	89.35	85.41	86.03	0.13	199,205
Jan/23	85.27	88.47	84.83	85.43	0.24	73,733
June	81.49	83.77	81.10	81.86	0.40	117,946
Dec	77.84	79.23	77.25	78.03	0.33	142,375
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
Oct	3.5825	3.7771	3.5375	3.5738	-0.042	76,119
Dec	3.4966	3.6197	3.4102	3.4435	-0.021	38,921
Gasoline-NY RB0B (NYM) -42,000 gal.; \$ per gal.						
Oct	2.4425	2.5299	2.4083	2.4159	-0.477	77,294
Nov	2.4029	2.4715	2.3613	2.3680	-0.379	52,145
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
Oct	9.028	9.126	7.823	8.145	-6.41	110,664
Nov	9.058	9.176	7.900	8.212	-6.38	127,985
Dec	9.244	9.318	8.076	8.367	-6.30	69,117
Jan/23	9.310	9.391	8.153	8.458	-6.20	86,892
April	5.948	6.000	5.503	5.681	-2.09	71,311
May	5.818	5.825	5.355	5.544	-1.89	77,636

Agriculture Futures

Corn (CBT) -5,000 bu.; cents per bu.						
Sept	670.75	682.00	667.50	680.75	11.75	4,908
Dec	665.75	676.50	661.50	676.00	10.25	747,399
Oats (CBT) -5,000 bu.; cents per bu.						
Sept	408.00	408.00	408.00	398.25	4.00	3
Dec	389.25	402.50	377.50	383.75	4.00	3,045
Soybeans (CBT) -5,000 bu.; cents per bu.						
Sept	1493.00	1493.00	1487.50	1490.00	-20.50	856
Nov	1415.00	1423.00	1392.25	1398.75	-21.75	316,105
Soybean Meal (CBT) -100 tons; \$ per ton.						
Sept	444.10	448.20	435.00	433.50	-10.60	769
Dec	412.70	413.00	404.30	406.80	-10.90	196,901
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
Sept	71.22	71.22	69.90	68.96	-2.54	232
Dec	66.13	66.27	63.00	63.28	-2.97	144,849
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
Sept				16.85	-0.1	226
Nov	17.60	17.82	17.08	17.13	-5.4	8,490
Wheat (CBT) -5,000 bu.; cents per bu.						
Sept	795.50	800.75	794.25	800.00	7.00	474
Dec	814.75	825.00	801.25	817.00	6.00	166,867
Wheat (KC) -5,000 bu.; cents per bu.						
Sept				879.00	7.50	78
Dec	878.00	894.00	871.50	882.00	4.25	92,429

Cattle-Feeder (CME)-50,000 lbs.; cents per lb.

Sept	183.425	185.300	183.425	184.175	.300	5,707
Oct	184.950	187.000	184.875	186.100	1.150	17,129
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Oct	144.650	145.400	144.550	145.500	.500	114,492
Dec	150.250	151.050	150.225	150.875	.625	78,776
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Oct	90.025	91.250	89.575	91.100	1.075	76,038
Dec	82.650	83.650	82.250	83.500	.800	74,236
Lumber (CME) -110,000 bd. ft.; \$ per 1,000 bd. ft.						
Sept	492.20	496.30	485.00	490.00	-3.80	330
Nov	474.90	474.90	▼ 456.00	462.20	-14.20	1,975
Milk (CME) -200,000 lbs.; cents per lb.						
Sept	19.71	19.85	19.57	19.67	-0.08	4,901
Oct	20.19	20.32	19.87	20.09	.15	6,036
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
Sept				2,383	-47	957
Dec	2,413	2,429	2,355	2,369	-47	144,492
Coffee (ICE-US) -37,500 lbs.; cents per lb.						
Sept	232.00	234.00	232.00	233.90	1.25	179
Dec	228.75	231.55	226.85	230.25	1.45	103,350
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.						
Oct	18.24	18.28	17.93	17.98	-1.7	279,520
March/23	18.10	18.10	17.74	17.80	-21	228,958
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.						
Nov	35.50			.50	1,851	
Jan/23	35.75			.26	2,503	
Cotton (ICE-US) -50,000 lbs.; cents per lb.						
Sept	110.85	110.85	108.41	108.29	-1.0	86
Dec	103.30	106.00	102.83	103.55	.34	114,517
Orange Juice (ICE-US) -15,000 lbs.; cents per lb.						
Sept				178.50	-6.85	4
Nov	174.40	174.75	167.75	168.50	-5.00	8,415

Interest Rate Futures

Ultra Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%						
Sept	146-02	147-180	143.17	143-270	-3-11.0	26,012
Dec	146.20	147.12	143.08	143-190	-3-11.0	1,333,698
Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%						
Sept	135	135-15	132-25	133-000	-2-05.0	44,750
Dec	134-13	134-30	132-06	132-140	-2-05.0	1,169,812
Treasury Notes (CBT) -\$100,000; pts 32nds of 100%						
Sept	116-17	116-270	115-155	115-195	-1-01.5	40,105
Dec	116-190	116-275	115-145	115-190	-1-02.0	3,513,014
5 Yr. Treasury Notes (CBT) -\$100,000; pts 32nds of 100%						
Sept	110-292	110-317	110-047	110-072	-20.2	31,926
Dec	110-255	110-310	110-022	110-052	-21.2	4,000,216
2 Yr. Treasury Notes (CBT) -\$200,000; pts 32nds of 100%						
Sept	104-117	104-143	104-051	104-053	-7.0	38,469
Dec	104-091	104-113	104-007	104-012	-7.6	1,933,080
30 Day Federal Funds (CBT) -\$5,000,000; 100 - daily avg.						
Sept	97.4800	97.4800	97.4600	97.4600	-0.025	189,513
Oct	97.0300	97.0350	96.9700	96.9850	-0.400	318,147
10 Yr. Del. Int. Rate Swaps (CBT) -\$100,000; pts 32nds of 100%						
Sept	90-175	90-175	89-290	90-010	-1-01.5	15,461
Three-Month SOFR (CME) -\$1,000,000; 100 - daily avg.						
June	98.0600	98.0625	98.0575	98.0600	.0000	708,539
Dec	96.3100	96.3350	96.1800	96.1900	-1.200	961,508
Eurodollar (CME) -\$1,000,000; pts of 100%						
Sept	96.6550	96.6625	96.5775	96.5850	-0.700	1,135,874
Dec	95.9750	95.9950	95.8550	95.8650	-1.100	1,665,930
March/23	95.9350	95.9700	95.8200	95.8300	-1.200	1,048,640
Dec	96.3100	96.3600	96.1800	96.1950	-1.300	942,454

Currency Futures

Japanese Yen (CME) -¥125,000,000; \$ per 100¥						
Sept	.7142	.7144	▼ .6995	.7005	-0.139	245,531

Index Futures

Mini DJ Industrial Average (CBT) -\$5 x index						
Sept	31345	31592	31042	31166	-146	74,206
Canadian Dollar (CME) -CAD 100,000; \$ per CAD						
Sept	.7610	.7634	.7589	.7602	-0.014	141,315
Dec	.7607	.7632	.7587	.7601	-0.013	15,572
British Pound (CME) -£62,500; \$ per £						
Sept	1.1491	1.1611	▼ 1.1445	1.1526	.0011	261,024
Dec	1.1508	1.1625	▼ 1.1463	1.1543	.0012	13,162
Swiss Franc (CME) -CHF 125,000; \$ per CHF						
Sept	1.0200	1.0250	1.0150	1.0164	-0.046	44,998
Dec	1.0266	1.0327	1.0228	1.0243	-0.044	1,217
Australian Dollar (CME) -AUD 100,000; \$ per AUD						
Sept	.6790	.6833	.6728	.6732	-0.0083	168,220
Dec	.6800	.6842	.6738	.6742	-0.0083	6,363
Mexican Peso (CME) -MXN 500,000; \$ per MXN						
Sept	.04995	.05001	.04943	.04952	-0.00044	198,172
Dec	.04909	.04914	.04860	.04866	-0.00043	2,277
Euro (CME) -€125,000; \$ per €						
Sept	.9938	.9994	▼ .9871	.9917	-0.0057	685,783
Dec	.9998	1.0056	▼ .9935	.9981	-0.0055	16,800

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

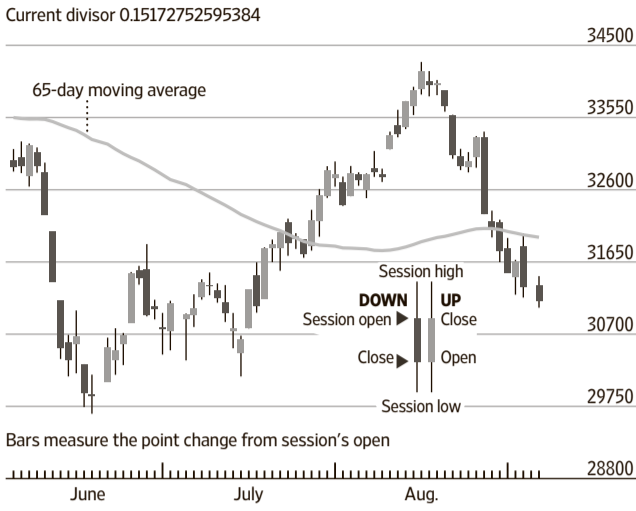
Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

MARKETS DIGEST

EQUITIES

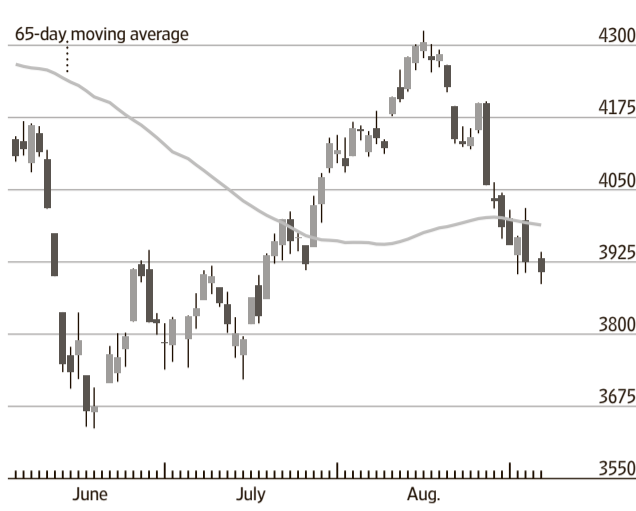
Dow Jones Industrial Average

31145.30 ▼173.14, or 0.55%
Trailing P/E ratio 18.34 23.86
P/E estimate * 16.73 19.24
Dividend yield 2.28 1.81
All-time high 36799.65, 01/04/22



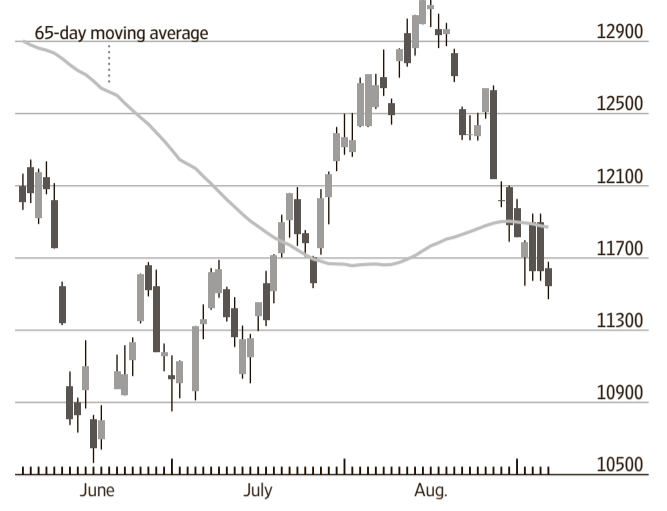
S&P 500 Index

3908.19 ▼16.07, or 0.41%
Trailing P/E ratio * 21.53 31.70
P/E estimate * 17.52 22.27
Dividend yield * 1.68 1.29
All-time high 4796.56, 01/03/22



Nasdaq Composite Index

11544.91 ▼85.96, or 0.74%
Trailing P/E ratio * 24.82 36.25
P/E estimate * 22.31 29.15
Dividend yield * 0.90 0.66
All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Table of Major U.S. Stock-Market Indexes including Dow Jones, Nasdaq Stock Market, S&P 500, and Russell 2000 with columns for High, Low, Close, Net chg, % chg, 52-Week High/Low, and % chg YTD.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table of Most-active issues in late trading listing Company, Symbol, Volume (000), Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table of Percentage gainers listing Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Trading Diary

Volume, Advancers, Decliners

Table of Trading Diary metrics including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, New Highs, New lows, Closing Arms, and Block trades for NYSE and NYSE Arca.

International Stock Indexes

Table of International Stock Indexes listing Region/Country, Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table of Percentage Gainers listing Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Most Active Stocks

Table of Most Active Stocks listing Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low, and % chg.

Percentage Losers

Table of Percentage Losers listing Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, and % chg.

Volume Movers Ranked by change from 65-day average*

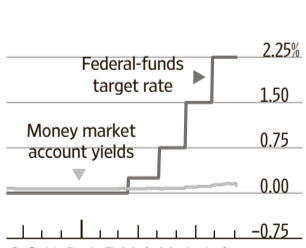
Table of Volume Movers listing Company, Symbol, Volume (000), % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low, and % chg.

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Table of Selected rates listing Bank, Rate, and Money Market/Savings Accts.

Selected rates

Money Market/Savings Accts

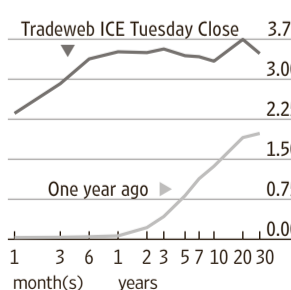
Table of Selected rates listing Bank, Rate, and Money Market/Savings Accts.

Yield/Rate (%)

Table of Yield/Rate (%) listing Rate, Last, 52-Week Range, and 3-yr chg.

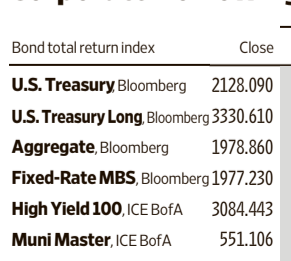
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Bond total return index

Table of Corporate Borrowing Rates and Yields listing Bond total return index, Close, Yield, 52-Week High/Low, and Total Return.

Commodities

Table of Commodities listing Commodity, Close, Tuesday Net chg, % chg, 52-Week High/Low, % chg, and YTD % chg.

CURRENCIES & COMMODITIES

Currencies

Table of Currencies listing Country/currency, U.S. vs. USD, and WSJ Dollar Index.

Commodities

Table of Commodities listing Commodity, Close, Tuesday Net chg, % chg, 52-Week High/Low, % chg, and YTD % chg.

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

Sources: Tullett Prebon, Dow Jones Market Data

NEW HIGHS AND LOWS

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

Table with columns: Stock, Sym, Hi/Low, Chg, % Chg. Includes sub-sections for 'Highs' and 'Lows' with various stock symbols and their price changes.

Dividend Changes

Table with columns: Company, Symbol, Yld, Amount New/Old, Frq, Payable/Record. Lists companies like Citizens Financial Svcs, Sabine Royalty Tr UBSI, Arrow Financial, etc.

Cash Prices

Table with columns: Tuesday, Tuesday. Lists prices for Energy, Metals, and other commodities.

Grains and Feeds

Table with columns: Symbol, Price, % Chg, YTD (%). Lists various grain and feed products like Barley, top-quality Mnp1s-u, etc.

Food

Table with columns: Symbol, Price, % Chg, YTD (%). Lists food products like Beef, carcass equiv. index, etc.

Fats and Oils

Table with columns: Symbol, Price, % Chg, YTD (%). Lists oil products like Degummed com oil, crude wtd. avg.-u, etc.

Fibers and Textiles

Table with columns: Symbol, Price, % Chg, YTD (%). Lists textile products like Burlap, 10-oz, 40-inch NY yd-n, etc.

Key to Codes

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co. K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Seasand Publishing; R=S&L Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 9/5

Key Interest Rates

Table showing interest rates for Federal funds (effective), Commercial paper, Nonfinancial, Financial, and Discount window primary credit.

Mutual Funds

Table with columns: Fund, NAV, Chg, %Ret, YTD %Ret. Lists various mutual funds like Fidelity, American Century Inc, etc.

Table with columns: Stock, Sym, Hi/Low, Chg, % Chg. Lists various stocks under '52-Wk %' and '52-Wk %' categories.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Table with columns: ETF, Symbol, Price, % Chg, YTD (%). Lists various ETFs like CnsmrDiscSelSector, iShoREuroGrowth, etc.

Borrowing Benchmarks

Table with columns: Symbol, Price, % Chg, YTD (%). Lists various borrowing benchmarks like JPM USHSIncm, SPDR Gold, etc.

Money Rates

Table with columns: Inflation, Federal funds, Treasury bill auction, Fannie Mae, Policy Rates, Overnight repurchase, U.S. government rates, Discount.

Table with columns: Stock, Sym, Hi/Low, Chg, % Chg. Lists various stocks under '52-Wk %' and '52-Wk %' categories.

BANKRATE.COM® MMA, Savings and CDs

Table showing Average Yields of Major Banks for National average, Weekly change, and Consumer Savings Rates.

High yield savings

Table with columns: Bank, Phone number, Minimum, Yield, Bank, Phone number, Minimum, Yield. Lists various high yield savings options.

One-month CD

Table with columns: Bank, Rate, Minimum, Yield. Lists various one-month CD options.

Three-month CD

Table with columns: Bank, Rate, Minimum, Yield. Lists various three-month CD options.

Five-year CD

Table with columns: Bank, Rate, Minimum, Yield. Lists various five-year CD options.

Notes: Accounts are federally insured up to \$250,000 per person.

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Mutual Funds

Table with columns: Fund, NAV, Chg, %Ret, YTD %Ret. Lists various mutual funds like Fidelity, American Century Inc, etc.

MARKETS

Markets Drop on Rate, Energy Outlooks

Within S&P 500, seven of 11 industry sectors closed in the red for the day

BY CAITLIN McCABE AND HARDIKA SINGH

Stock indexes fell, driven by expectations for tighter Federal Reserve policy and an energy crisis in Europe.

The S&P 500 declined 16.07 points, or 0.4%, to 3908.19 after the long Labor Day weekend. The Dow Jones Industrial Average slid 173.14 points, or 0.6%, to 31145.30. The tech-focused Nasdaq Composite lost 85.96 points, or 0.7%, to 11544.91, down for seven straight trading days, the longest losing streak since November 2016.

Within the S&P 500, seven out of 11 sectors were in the red on Tuesday, with industrials, healthcare, real estate and utilities gaining.

Stocks around the globe have come under pressure in recent weeks as worries about tighter monetary policy in the

U.S. and a darkening economic outlook in Europe have led investors to sell riskier assets.

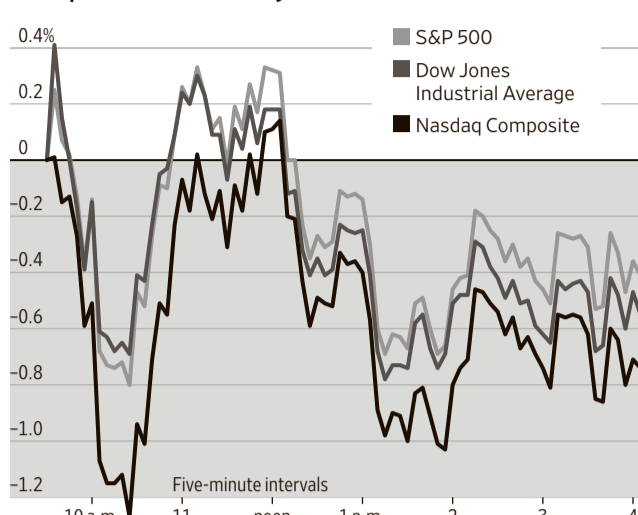
Many investors say they have given up hope that the U.S. stock market's rapid rise from mid-June to mid-August was the start of a new bull market and have instead accepted that it was likely a bear-market rally. The S&P 500 has already fallen 9.2% from its August peak, based on Tuesday's close.

"It's going to be really focused on, 'OK, just how bad does it become, given how restrictive the Fed has been and continues to be?'" said Tim Chubb, chief investment officer at Girard.

The ISM services sector index, a barometer of business conditions at companies such as restaurants and hotels, rose to 56.9% in August from 56.7% in the prior month, the Institute for Supply Management said Tuesday. It is the highest level since April. Economists polled by The Wall Street Journal had expected the index to drop to 55.5%.

In contrast, a separate survey from S&P Global Market Intelligence showed that the U.S. Services PMI Business Activity

Index performance Tuesday



Source: FactSet

Index fell to 43.7 in August from a "flash" estimate of 44.1 and a reading of 47.3 in July. The ISM services index surveys large companies while the S&P survey also includes small and medium-size ones.

Many investors fear that continued aggressive interest-rate increases will push the U.S. economy into a protracted economic downturn. Consumers are already feeling particularly

downbeat, and analysts have begun lowering third-quarter earnings estimates.

"As pressure builds on companies and consumers and the downturn deepens, that's going to weigh on stock prices," said Susannah Streeter, senior investment and markets analyst at Hargreaves Lansdown. "There's still some way to go with falling stocks, just given how high prices climbed during

the pandemic."

In the U.S. bond market, the yield on the two-year Treasury note, which is sensitive to near-term Fed policy expectations, rose to 3.499%, its second-highest level this year. Meanwhile, the yield on the benchmark 10-year note climbed to 3.339%, the highest level since June 15. Yields rise when bond prices fall.

In energy markets, Brent crude retreated, falling \$2.91 a barrel, or 3%, to \$92.83, amid growing concerns that lockdowns in China could stem demand. Benchmark European gas prices fell about 11% after jumping by one-third at one point on Monday. OPEC+ agreed Monday to cut oil production for the first time in over a year.

European stock markets rebounded after falling Monday following Russia's indefinite halt of natural-gas flows through a major pipeline. The pan-continental Stoxx Europe 600 rose 0.2%, while Germany's DAX gained 0.9%.

The easing of prices in energy markets Tuesday was among the catalysts for European stocks' rebound, Ms. Streeter said. Now, attention

has turned to the European Central Bank's interest-rate decision due on Thursday. In the U.K., many investors also are focused on the agenda ahead for Liz Truss, who won the race to become Britain's prime minister.

Early Wednesday, Japan's Nikkei was down 1%, Hong Kong's Hang Seng Index was down 1.2% and the Shanghai Composite was up 0.2%. S&P 500 futures fell 0.4%.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded a single price at the maximum clearing yield. Rates are determined by the difference between that price and the face value.

Table with columns for Applications, Accepted bids, * noncomp, * foreign noncomp, Auction price (rate), 13-Week, 26-Week.

Both issues are dated Sept. 8, 2022. The 13-week bills mature on Dec. 8, 2022, the 26-week bills mature on March 9, 2023.

52-WEEK BILLS

Table with columns for Applications, Accepted bids, * noncompetitively, * foreign noncompetitively, Auction price (rate), 52-Week.

Cusip number 912796H66. The bills, dated Sept. 8, 2022, mature on Sept. 7, 2023.

U.S. Stocks Lure Global Investors

Continued from page B1

Too strong a report might have given the Fed more resolve to keep raising rates, while a weak one might have indicated the economy was closer to a recession.

The summer rally in U.S. stocks began to stall after the Fed signaled its intent on taming inflation by steeply raising interest rates, even if it leads to an economic slowdown. The S&P 500 has fallen for three consecutive weeks, bringing its losses for the year to date to 18%.

Meanwhile, the dollar, considered a haven for investors across the world, has surged to a 20-year high. That has dragged down other global currencies—including the Japanese yen, euro and British pound—to their weakest levels in decades. When the dollar gains, it makes stock returns more attractive compared with local securities.

Jerry Braakman, president and chief investment officer of First American Trust in Santa Ana, Calif., said he is seeking safety in the U.S. Treasury bonds, cash and defensive stock sectors this year. He isn't looking to add to his international equity exposure, such as in emerging markets, China, Japan and

Europe in the near term, he added.

"There's scarier places to be than in the U.S.," he said.

Global fund managers appear to be making similar wagers, according to recent surveys from Bank of America Corp. A net 34% of respondents in August said they were underweight European Union equities, while a net 10% were overweight U.S. stocks. That's a U-turn from January when a net 35% were overweight EU equities and a net 5% were overweight U.S. stocks.

Among the challenges in Europe: Supply shortages from the war in Ukraine have led to skyrocketing gas and electricity prices. Adding to those worries, Russia's Gazprom PJSC said Friday that it would suspend the Nord Stream natural-gas pipeline to Germany, raising the stakes for European governments trying to avoid energy shortages. Analysts are warning of a potential energy crunch this winter on the continent, which could send inflation spiraling even higher.

China faces struggles as well. The world's second-largest economy has been grappling with the economic impact from Covid-19 outbreaks, a real-estate downturn, heightened regulation of technology companies and bad weather. That has hurt everything from manufacturing activity to Chinese tech stocks—shares of Tencent Holdings Ltd. and Alibaba Group Holding Ltd. are both down about 14% since mid-June.

SPAC in Trump Media Deal Dives 21% Ahead of Shareholder Vote

BY AMRITH RAMKUMAR

Shares of the special-purpose acquisition company taking Donald Trump's social-media startup public fell as much as 21% Tuesday, triggered by uncertainty about whether investors will vote to give both sides more time to finish the deal.

Shareholders are voting this week on an extension of up to a year, which would allow the companies additional time to address government investigations into the deal and make other necessary disclosures.

The SPAC on Tuesday quickly adjourned a shareholder meeting to give investors more time to vote. It then said in a filing after the market closed that if investors don't approve the full-year extension by Thursday, it would spend \$3 million to give itself three more months. It could pursue another three-month extension for a similar price down the road.

After a SPAC exhausts its deadline extension options, it must liquidate and return cash to shareholders. Such deadlines and extensions are commonplace in the world of SPACs, which have been popular alternatives to traditional initial public offerings.

The several million paid by the creators of the SPAC, Digital World Acquisition Corp.,

to extend their timeline would be well below the profits they could generate on the deal.

Typically, merger-deadline extension votes are procedural formalities because investors nearly always vote to give the sides additional time. Digital World needs to receive 65% support to extend its deadline by a year.

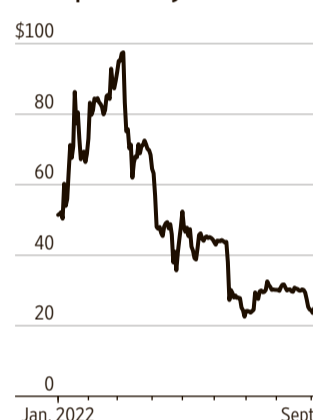
The SPAC merger was announced nearly a year ago. Investigations by the Securities and Exchange Commission and federal prosecutors have hindered the deal, which could raise up to roughly \$1.3 billion in cash for the former president's firm. Trump Media & Technology Group operates the social-media platform Truth Social, an alternative to Twitter.

"TMTG will continue cooperating with all stakeholders in connection with its planned merger, and hopes the SEC staff will expeditiously conclude its review free from political interference," a company spokeswoman said in a statement Tuesday.

Supporters of Mr. Trump and other individual investors have flocked to the stock in the past year, sending it on a wild ride. Shares were up about 150% from the SPAC's \$10 listing price and were about \$25 on Friday. They ended the day down 11% at \$22 on Tuesday.

The failure of shareholders

Digital World Acquisition's share price this year



Source: FactSet

to approve the full-year extension would make the merger's completion less likely, some analysts said. Three or six months might not be enough time, because the SPAC and social-media firm would have to go through an extended process of regulatory filings and SEC responses before a separate shareholder vote could be held on the deal.

The uncertainty about the voting is unusual because a failure to approve the extension will almost certainly cost investors money. If the deal falls through, shareholders would get roughly \$10 a share, about half of the current share price. "It's shocking and goes

against rational market assumptions," said Julian Klymochko, who manages a SPAC-focused fund at Accelerate Financial Technologies.

Other companies with large individual-investor followings that merged with SPACs, such as electric-vehicle maker Lucid Group Inc., also previously struggled to get individuals to vote to support their deals. It is a downside of having heavy individual-investor speculation driving a stock because many of them aren't familiar with shareholder votes, analysts said.

Voting typically takes place by phone, online or via mail. SPACs publicly urge investors to vote. Digital World Chief Executive Patrick Orlando said last week the SPAC was having trouble getting enough individuals to vote through their brokers.

The current stock price implies a valuation of Trump Media & Technology Group at a few billion dollars. The announced valuation was \$875 million, including debt.

The Digital World SPAC has about \$290 million on hand that could go to the former president's company if the deal goes through. The two sides also said they have investor commitments for a roughly \$1 billion private investment in public equity, or PIPE, that would close alongside the merger.

Inflation Presses Pork Industry

Continued from page B1

stock and weighing on their bottom lines. Pork processor profit margins overall are down an estimated 70% for

A u g u s t COMMODITIES earlier, according to investment firm Stephens Inc.

"Probably the most softness we had was in the area of bacon," said James Snee, chief executive of Hormel Foods Corp., a major supplier of pork products. "A lot of that would be tied to the [pork] belly market and some of the esca-

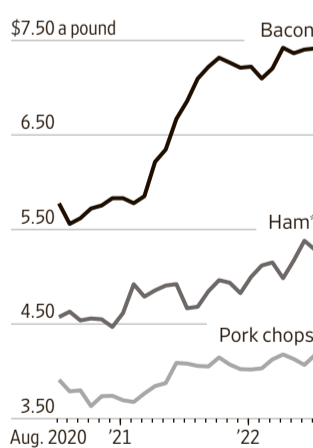
lated pricing that we saw throughout the quarter," he said on a call with analysts on Thursday.

Seaboard said operating income fell \$162 million for the first six months of 2022 because of lower profit margins on its pork products and higher feed and processing costs.

Tyson Foods in August lowered the profit forecast for its pork business for the fiscal year, after reporting a 2.4% quarterly decline in pork operating income. The Arkansas company said its pork sales volumes declined about 2% as high retail prices cut into demand, while a strong dollar made pork even more expensive abroad.

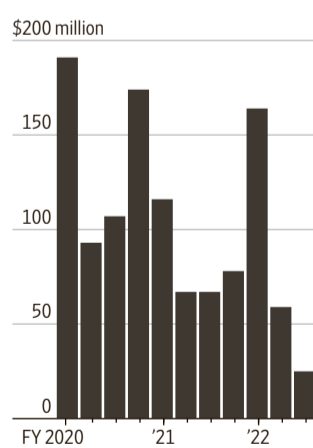
Tyson CEO Donnie King said on an August call with analysts that the company expects tight hog supplies and declining export demand to

U.S. retail price for selected pork products



*Boneless, not canned. Latest fiscal quarter ended July 2. Sources: USDA (prices); S&P Capital IQ

Tyson Foods operating income for the pork segment



continue to affect sales volumes for the rest of the year.

Part of meatpackers' challenge is that hogs are getting scarcer and more expensive. Near Winthrop, Iowa, Trish

Cook and her husband, Aaron, raise about 35,000 pigs a year. Wages for their four farmworkers, as well as the cost of farm equipment and livestock feed, have all gone up, they

said. Those increases have been more than offset by what packers, including Tyson Foods, are willing to pay for their pigs, they said.

The couple was turning a \$50 profit on each pig in early August, higher than a normal year and above the \$40 a pig profit the couple made a year ago, they said.

Still, Ms. Cook said the couple is hesitant to expand the size of their herd.

"It's tempting to expand, but we have no plans," said Ms. Cook. "Building costs are crazy high, I think people are just being cautious."

Farms had about 72.5 million hogs in June, down 1% from a year earlier, according to the most recent data available from the Agriculture Department. The USDA said in August that pork production for 2022 is expected to decline 2% from a year earlier and hog

prices this year should be about 10% higher than in 2021, the department said.

Pork cutout prices, or what packers ship to their grocery store customers, are down 1% while lean hog prices are up 10% for August, compared with a year earlier, according to Stephens.

"Hog prices are going up by more than pork prices," said Ben Bienvenu, a food and agribusiness research analyst at Stephens.

Some pork processors, including Smithfield, own the hogs in their supply chain, rather than buying them off the open market for higher prices. That gives the company an advantage, said Jim Monroe, a Smithfield spokesman. "Hog supplies are decreasing," said Mr. Monroe. "Our vertically integrated model offsets some of this challenge."

New Highs and Lows

Continued From Page B10

Table with columns for Stock, 52-Wk % Chg, Stock, 52-Wk % Chg, Stock, 52-Wk % Chg, Stock, 52-Wk % Chg.

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