

What's News

Business & Finance

Toyota has for the first time overtaken GM as the U.S.'s top-selling car company by annual sales, a change prompted largely by a global chip shortage that dealt an uneven blow to the car business. **A1**

◆ **Sony said** that it would create a car unit and explore entering the electric-vehicle market. **B1**

◆ **Workers quit** their jobs at a record rate in November while job openings stayed close to highest-ever levels, signs the U.S. labor market remained tight late last year. **A1**

◆ **Entities tied** to WeWork co-founder Adam Neumann have acquired majority stakes valued at more than \$1 billion in apartment buildings in several U.S. cities. **A1**

◆ **Charges involving** patients fell flat at the trial of Theranos founder Holmes after the government gave them a small stage. **B1**

◆ **The Dow gained** 0.6% to close at a record, but the Nasdaq and S&P 500 lost 1.3% and 0.06%, respectively, amid a decline in tech shares. **B11**

◆ **OPEC and a coalition** of Russia-led oil producers agreed to continue pumping more crude, a decision that pushed oil prices higher. **B1**

◆ **Walmart and Kroger** are raising prices for BinaxNow rapid Covid-19 tests after the expiration of a deal with the White House to sell the home-use kits at cost for \$14. **B1**

◆ **California investigators** have concluded that PG&E power lines sparked last summer's Dixie Fire, which burned nearly a million acres. **A2**

Snowbound Interstate Grinds to a Halt



DEEP RUT: Hundreds of vehicles were stranded on snow-covered sections of Interstate 95 on Tuesday south of Washington, D.C. Virginia officials said the bottleneck was cleared Tuesday evening after some of the motorists had been stuck since Monday morning. **A3**

Toyota Passes GM in Sales In a U.S. First

BY MIKE COLIAS AND CHRISTINA ROGERS

Toyota Motor Corp. has for the first time overtaken General Motors Co. as the U.S.'s top-selling car company by annual sales, a change prompted largely by a global computer-chip shortage that dealt an uneven blow to the car business.

The Japanese auto maker, which for decades has worked to expand its presence in the U.S., outsold GM by about 114,000 vehicles in 2021. Toyota's total U.S. sales of 2.3 million rose about 10% compared with 2020, the company said Tuesday.

By contrast, GM reported a

nearly 13% slide in results for a total of 2.2 million vehicles sold in 2021, as the semiconductor shortage took a bigger toll on the company's manufacturing operations and left dealers with fewer vehicles to sell. GM had been the No. 1 auto seller in the U.S. since 1931, according to trade publication Automotive News.

Toyota has largely benefited from its decision to stockpile computer chips, which are used in a wide array of vehicle electronics. It bet earlier than most other auto

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◆ **Heard on the Street:** EVs may revive supply issues **B12**

Workers Quit Jobs At a Record Level

BY BRYAN MENA

Workers quit their jobs at a record rate in November while job openings stayed close to highest-ever levels, signs the U.S. labor market remained tight late last year.

The Labor Department said Tuesday there were 10.6 million job openings at the end of November, a decrease from 11 million the prior month. The total number of quits reached 4.5 million after slightly falling in October from the previous month. The quits rate was 3%, up from 2.8% the prior month and returning to a record rate last seen in September.

Separately, more recent

analysis of private-sector job openings showed demand for workers increasing at the end of December. There were 12 million job openings in the U.S. at the end of that month, according to estimates from job-search site Indeed.

The Labor Department figures lag behind private-sector data by about a month and don't reflect any impact from the surge of the Omicron variant of Covid-19, which started building in December and is creating disruptions in parts of the economy.

"Workers continued to switch jobs in light of the many opportunities the current labor market provides,"

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World-Wide

◆ **More than one million** new Covid-19 infections were reported in the U.S., a sign of the rapid spread of the Omicron variant that public-health experts said is only partially captured by official data. **A3**

◆ **Senate Democrats** put the party's marquee economic package on ice, shifting their attention to passing elections legislation as they consider how to overhaul the roughly \$2 trillion education, healthcare and climate bill. **A4**

◆ **Manchin cast doubt** on a Democratic push to change Senate procedures to weaken the minority party's power, dealing a blow to party leaders' effort to change the filibuster and advance their elections bills. **A4**

◆ **Trump canceled** a news conference planned for Jan. 6 as the House committee investigating the attack on the U.S. Capitol asked Fox News host Sean Hannity to voluntarily answer questions. **A4**

◆ **A former Colombian soldier** who Haitian authorities said was involved in the assassination of Haiti's Moïse was arrested by U.S. officials and appeared in a federal court. **A7**

◆ **Prosecutors in Albany County, N.Y.,** said that they wouldn't move forward with a misdemeanor sex crime charge against former Gov. Andrew Cuomo. **A5**

◆ **Canada will be forced** to end tariffs on U.S. dairy products under a milestone decision that could allow American dairy farmers to increase sales to Canada by more than \$200 million annually. **A2**

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WeWork Co-Founder Snaps Up Apartments

BY KONRAD PUTZIER AND ELIOT BROWN

Adam Neumann, who built office co-working giant WeWork before resigning as chief executive when his fortunes soured, has a new business venture under way: apartment landlord.

Entities tied to Mr. Neumann have been acquiring majority stakes in more than 4,000 apartments valued at more than \$1 billion in Miami, Atlanta, Nashville, Tenn., Fort Lauderdale, Fla., and other U.S. cities, according to court, property and corporate records and people familiar with the transactions. Many of these investments occurred within the past year.

Mr. Neumann has told friends and associates of his ambitions to build a company that would shake up the rental-housing industry, according to people familiar with the matter.

Exactly how he plans to accomplish this goal couldn't be learned, and his investments so far have largely been in traditional apartment buildings. Mr. Neumann has said he wants to create a widely recognizable apartment brand stocked with amenities, according to a person who was part of these conversations. Mr. Neumann's Nashville property, the 268-unit Stacks on Main, features a saltwater pool, a dog park and valet trash pickup, according to the building's website.

Mr. Neumann is hoping to appeal to the same sort of young professionals he lured to hundreds of co-working office spaces when he was chief executive at WeWork, those

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◆ **Offices get new life** as apartments..... **B6**

INSIDE



MATT KING/GETTY IMAGES

SPORTS

Djokovic gets vaccine exemption to play in this month's Australian Open. **A12**

WORLD NEWS

Amateur sleuths turn to satellite images to track Russia's Ukraine military moves. **A6**

How Biogen Fumbled Its Alzheimer's Drug

Once-promising Aduhelm is pricey and without proven efficacy

BY JOSEPH WALKER AND SUSAN PULLIAM

For more than a decade, Biogen Inc. worked on a new drug for Alzheimer's disease that seemed to have blockbuster potential.

Early results were so impressive that Biogen raced toward regulatory approval—a risky gambit that drove up the stock as investors anticipated sales of the first approved drug in nearly two decades to slow the advancement of a disease affecting six million Americans.

Then Biogen changed its mind. The company made an unusual decision to abruptly stop its trials and declare that the drug didn't work—then reversed course and said the drug did work after all.

The Food and Drug Administration approved the drug in June under a program that fast-tracks promising treatments, despite disagreements within the agency over its efficacy.

The result is a pricey therapy now on the market, Aduhelm, that regulators say isn't fully proven to work against Alzheimer's disease. Many patients aren't taking it because doctors are reluctant to prescribe Aduhelm and Medicare hasn't decided if it will pay for the drug.

Biogen launched Aduhelm in June at a price of \$56,000 a year, only to backtrack in December and cut the price in half to quell backlash over the price. The company's stock is trading at about half its 2021 high after

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BlackBerry Die-Hards Struggle With Final Blow

Fans part with classic devices or turn them into art; 'I'm actually pretty sad'

BY JOSEPH PISANI

Andrew Balfour long dreaded Jan. 4, 2022, the day he had to say goodbye to his beloved BlackBerry Classic forever.

Older BlackBerry models, like Mr. Balfour's, stopped working on Tuesday, turning the once ubiquitous phones into nothing more than glorified paperweights.

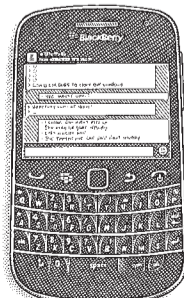
Now, the hardest of BlackBerry die-hards, who clung to the final moment of service, are finally having to let go. Some are refusing to give up their nonfunctioning gadgets and turning them into alarm clocks or art.

Fans knew this was coming:

BlackBerry announced the date more than a year ago. Only BlackBerry phones running on Android software, like the nearly four-year-old Key2, will continue working.

Even though Mr. Balfour's BlackBerry couldn't summon an Uber or stream a Netflix show, it could last days without needing a charge. And typing emails on its keyboard was a breeze. He bought a BlackBerry Key2 last week but waited until the last minute to upgrade.

"I'm actually pretty sad," said the 42-year-old from Ottawa. "I don't fully understand why they need to get rid of it." He keeps five or six old Black-



Last call

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U.S. NEWS

Fed Maps Out Reducing Debt Portfolio

By NICK TIMIRAO

Federal Reserve officials are beginning to map out how and when they could shrink their \$8.76 trillion portfolio of Treasury and mortgage securities, which more than doubled amid efforts to stabilize the economy over the past two years.

At their policy meeting last month, officials agreed to wind down their bond-purchase stimulus program more quickly amid growing concerns about high inflation, setting it on track to end in March. Officials began discussing at that meeting what should happen to the bondholdings after that point, and some are pushing to start shrinking them sooner and faster than they did after an earlier asset-purchase program. Markets would see that as a form of tightening monetary policy because it would signal the central bank's desire to deliberately slow the economy.

The Fed launched the current program in March and April 2020 when it bought nearly \$1.5 trillion in Treasuries to stabilize the market

for U.S. government debt. The coronavirus pandemic had set off a dash for dollars that threatened to trigger a global financial crisis. Shortly afterward, the Fed committed to buying at least \$120 billion a month in Treasury and mortgage securities to provide additional stimulus to the economy. The central bank began reducing the pace of those purchases this past November.

The bond-buying programs stimulate the economy by holding down long-term interest rates, encouraging consumers and businesses to borrow and spend.

Once the Fed stops buying assets, it could keep the holdings steady by reinvesting the proceeds of maturing securities into new ones, which should have an economically neutral effect. Alternatively, the Fed could allow its holdings to shrink by allowing bonds to mature, or run off.

Fed Chairman Jerome Powell said last month that he and his colleagues hadn't made any decisions on the matter and were likely to continue their

discussion at their Jan. 25-26 meeting. But he hinted that the central bank wasn't preparing to follow the path taken between 2014 and 2019.

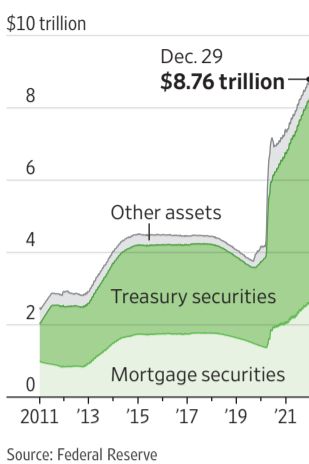
Back then, the Fed kept the bondholdings steady for three years and then gradually began shrinking the portfolio, sometimes called a "balance sheet." When the Fed began this process in late 2017, the economy was weaker than it is now: Inflation was below the Fed's 2% target, and the unemployment rate was higher.

"The economy is so much stronger now, so much closer to full employment," Mr. Powell said on Dec. 15. "This is just a different situation, and those differences should inform the decisions we make about the balance sheet at this time."

Mr. Powell pointedly stopped short of saying the Fed would follow the course it took last decade, a shift from comments he made in July 2021. Last summer, he told lawmakers that the 2017-19 episode provided a "reasonable starting place—to think that we might hold the balance sheet constant

Bond Binge

The Federal Reserve's asset holdings have more than doubled since 2020.



Source: Federal Reserve

for some time and then perhaps allow it to shrink."

Fed officials set the stage at last month's meeting for a series of interest-rate increases that could begin in March, completing a major policy pivot amid worries about the potential for high inflation to persist. Most market participants

polled by the New York Fed in an October survey expected the Fed to start shrinking its holdings no sooner than 2024. Shrinking the portfolio faster or sooner could come as a surprise to some investors.

Fed governor Christopher Waller, who last month described inflation as "alarmingly high," said shrinking the asset portfolio faster would offer one way to tighten policy without requiring even more aggressive interest-rate increases. "I don't see any reason to delay balance sheet adjustment," he said on Dec. 17. "If we start doing some balance-sheet runoff by summer, that'll take some pressure off. You don't have to raise rates quite as much."

In addition to choosing when to start shrinking the portfolio, officials have to decide how to do so. In October 2017, the Fed began allowing a small amount of holdings—\$10 billion—to run off every quarter, with the amounts increasing by \$10 billion every quarter through 2018.

A related question centers on the composition of assets.

Holding long-term Treasury securities, in theory, provides more stimulus than holding short-term securities.

In May 2019, Fed officials were divided over how to structure their portfolio. One group favored maintaining a portfolio of Treasury bills, notes and bonds in proportions that reflected the outstanding Treasury market. This approach would have a neutral effect on financial conditions.

Another camp preferred weighting their holdings toward Treasury bills and other shorter-maturity holdings, which would allow the Fed to dial up stimulus in a downturn by quickly shifting back to longer-dated holdings.

The Fed's balance sheet today consists of many more shorter-term Treasury securities than it did in the previous decade. If officials didn't limit the potential runoff, the holdings would shrink relatively quickly—by about \$3 trillion over two years.

◆ **Heard on the Street:** Brace for central-bank divergence.... B12

California Blames PG&E for Dixie Fire

By KATHERINE BLUNT AND JIM CARLTON

California investigators have concluded that PG&E Corp. power lines ignited a wildfire in the Sierra Nevada foothills last summer that exploded to become the second-largest in state history.

Officials with the California Department of Forestry and Fire Protection, or Cal Fire, said in a statement late Tuesday that the fire started after a tree came into contact with the company's electrical distribution lines in the forested

Feather River Canyon. Cal Fire officials said they forwarded their investigative report to the district attorney's office in Butte County, where the fire started.

The fire, which ignited on July 13, grew to consume nearly a million acres across five counties and blackened large swaths of scenic forest, including much of Lassen Volcanic National Park. It destroyed more than 1,300 structures, including the small town of Greenville, and left one person dead.

Butte County officials

weren't immediately available for comment. PG&E officials said late Tuesday they were still preparing a statement.

PG&E has acknowledged that its power lines likely sparked the fire. In November, it disclosed in securities filings that it may face at least \$1.15 billion in related liability costs.

The Dixie Fire ignited in the vicinity of the Camp Fire, which killed 84 people and destroyed the town of Paradise in November 2018. It was the deadliest fire in California history.

PG&E's equipment has ig-

nited more than 20 California wildfires within the past several years that have collectively killed more than 100 people and burned thousands of homes. Most of the fires were sparked when trees or branches touched the company's wires. The company sought bankruptcy protection in 2019 and emerged in 2020 after settling fire-related claims for \$25.5 billion.

Shortly after the Dixie fire started, PG&E Chief Executive Patti Poppe announced a plan to bury 10,000 miles of distribution lines.

Workers Quit at Record Pace

Continued from Page One

said Nick Bunker, an economist at Indeed.

"The low-wage sectors directly impacted by the pandemic continued to be the source of much of the elevated quitting," Mr. Bunker said, adding that he is watching to see the extent to which the conditions continue in the new year.

Several industries are bearing the brunt of persistently elevated quits, including retail, leisure and hospitality, professional and business services, and health-care and social assistance.

"Everyone's feeling the quit rate," said Diane Swonk, chief economist of Grant Thornton. "But there's no question that it's harder for smaller firms with lower-wage workers who are having to compete with larger firms."

Ms. Swonk said larger companies have more of an ability to absorb the shock of quickly raising wages to attract workers without having to pass costs to consumers, unlike smaller businesses.

Workers have been quitting their jobs for higher wages, more flexibility, or for better opportunities elsewhere, economists said. In the healthcare industry, workers are also quitting because of continued pressures from the pandemic, Ms. Swonk said. The quits rate for the healthcare industry reached a seasonally adjusted 3% in November, a record high since record-keeping began in 2000.

"Between burnout, fatigue, and those who are sick, the quitting just intensifies the stress on our healthcare system as a whole, and that's probably due to the Delta wave. We've got a collision of Omicron, the Delta wave and other illnesses," Ms. Swonk said.

U.S. job openings and workers' willingness to leave positions have remained elevated with an imbalance between openings and available workers.

In November, 6.9 million people were unemployed but said they want work, meaning

there were about two workers for every three openings.

Employers' hiring needs and the level of quits started hitting records last spring and have persisted. Labor-force participation—which refers to the working-age population that is either employed or seeking employment—has remained below pre-pandemic levels, at 61.8% in November and well below January 2020's level of 63.4%.

Angela Jia Kim, owner of Savor Beauty & Spa in New York City, employs 20 people selling skin-care products online and services at two locations. Ms. Kim said she has faced turnover in workers since she rehired staff as the economy improved at the beginning of last year.

"I had maybe two or three just say that they're moving to Colorado or Arizona," she

Workers have been quitting for higher wages, flexibility or other opportunities.

said. "They just left with no notice."

"I think it was the stress. It was stressful because of the new normal. It wasn't the way we were doing business before because now there are way more sanitation protocols," she said.

Ms. Kim said she also has struggled filling vacancies for both the front desk and for estheticians. "It's just been really tough to find the right people for the right openings," she said.

Workers have remained on the sidelines as the pandemic continued. Some workers have retired, while others faced child-care issues or were fearful of Covid-19 in the workplace.

The Omicron variant could dent the labor market if school closures and child-care disruptions in particular limit people's ability to work, Ms. Swonk said.

Some K-12 schools have already changed plans for students' returning from the holiday break, either temporarily starting school remotely or canceling classes.

"The biggest thing to watch is participation—if Omicron affects it," Ms. Swonk said. "That's what I'm really worried about as we get into January."

U.S. Wins Ruling on Canada Dairy Tariffs

By JOSH ZUMBRUN

WASHINGTON—Canada will be forced to end tariffs on U.S. dairy products under a milestone decision on Tuesday that could allow American dairy farmers to increase sales to Canada by more than \$200 million annually.

The ruling came in the first-ever use of a new dispute resolution panel established by the U.S.-Mexico-Canada Agreement. The U.S. contended that Canada used a complex set of tariff-rate quotas to reserve a share of the dairy market exclusively for Canadian dairy processors in violation of the 2020 pact.

"Today's decision is an important victory for U.S. dairy farmers," said Jim Mulhern, the president of the National Milk Producers Federation. "The United States and Canada negotiated specific market-access terms covering a wide variety of dairy products, but instead of playing by those mutually agreed upon rules, Canada ignored its commitments."

Canada didn't commit to a specific course of action, but acknowledged the Feb. 3 deadline to resolve the matter. In a joint statement, Canada's ministers of trade and agriculture said they "continue to stand up for its dairy industry, farmers and workers and the communities they support."

If Canada doesn't come into compliance by the deadline, the U.S. could begin the process of initiating tariffs or other countermeasures.

Although Canada said aspects of the ruling were in its favor, the panel's report contained only one ultimate finding—that Canada's practices were inconsistent with its obligations in the trade deal.

"This is a big deal because it



The ruling by a trade-dispute panel could allow U.S. dairy farmers to increase Canada sales.

gives credibility to a recent trade agreement at a time when the current administration has expressed doubts about the benefits of trade agreements and has not initiated any new negotiations," said Jessica Wasserman, a longtime Washington trade attorney and partner at WassermanRowe LLC.

The Trump administration filed an initial complaint about Canada's dairy quotas in December 2020, leading to discussions between the two nations but no resolution.

Last May, the U.S. escalated that complaint and triggered the dispute resolution process of the USMCA for the first time. The three-member dispute resolution panel was chaired by Elbio Rosselli, a diplomat from Uruguay, under USMCA rules to ensure that panelists are independent and have expertise in international law and trade treaties.

Canadian dairy had been omitted from 1994's North American Free Trade Agreement, the precursor to the USMCA.

"This historic win will help eliminate unjustified trade restrictions on American dairy products, and will ensure that the U.S. dairy industry and its workers get the full benefit of the USMCA to market and sell U.S. products to Canadian consumers," said U.S. Trade Representative Katherine Tai, the Biden administration's top trade negotiator.

Rep. Kevin Brady (R., Texas), the Republican leader of the House Ways and Means Committee, which has jurisdiction over trade deals, applauded the USTR. "I commend USTR for using USMCA's new enforcement mechanism to achieve this important result," he said. "Canada must now do the right thing and

come into full compliance with its obligations on dairy."

Canada's dairy producers have long fought against opening their market. The country has around 11,000 commercial farms that hold substantial sway because they are located in a politically important region: rural central Canada, especially French-speaking Quebec.

To protect those interests, Canada uses a quota system it calls supply management. Supporters say the system helps to stabilize prices and domestic capacity of a nutritional necessity.

Even with the restrictions in place, Canada is typically the No. 2 market for U.S. dairy exports, after Mexico, so further opening of its market could be a win for U.S. producers. According to the International Trade Commission, the USMCA—if implemented as negotiated—would boost U.S. dairy exports to Canada by \$227 million.

CORRECTIONS & AMPLIFICATIONS

The Capitol Police Board has four members. A U.S. News article on Tuesday about the anniversary of last year's Jan. 6 attack on the U.S. Capitol incorrectly said the board has five members.

The S&P 500 rose 30.38 points, or 0.6%, to 4796.56 on Monday. The Monday's Markets article in Tuesday's Busi-

ness & Finance section incorrectly contained the stray word "losing."

Notice to readers

Some Wall Street Journal staff members are working remotely during the pandemic. Please send reader comments only by email or phone, using the contacts below, not via U.S. Mail.



*The number of quits during the entire month as a percent of total nonfarm employment. Note: Seasonally adjusted. November data are preliminary. Source: Labor Department via St. Louis Fed

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U.S. NEWS

Cases Soar As Omicron Takes Hold

BY ANTHONY DEBARROS
AND RHIANNON HOYLE

More than one million new Covid-19 infections were reported in the U.S., a sign of the rapid spread of the Omicron variant that public-health experts said is only partially captured by official data.

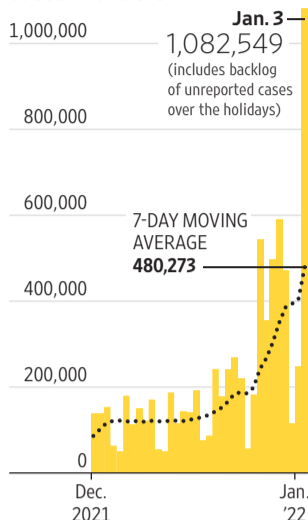
The U.S. reported a record 1.08 million Covid-19 infections on Monday as most states worked to clear backlogs after pausing during the New Year's holiday. The reports pushed the seven-day average of daily reported infections to 480,273, according to a Wall Street Journal analysis of Johns Hopkins University data. That level is nearly double the peak reached at the height of last winter's case surge.

U.S. case data has always underreported the true number of infections, according to public-health experts. A number of factors are making tracking the Omicron surge particularly tricky, they said. Over the holidays, many states slowed reporting on key Covid-19 metrics and then started to catch up afterward. Omicron has also triggered a surge in testing demand and slowed the processing of results in some places. And at-home test results often aren't reflected in state data.

"Case data right now is being diluted by all of these complicating factors," said Beth Blauer, the data lead for the Johns Hopkins Coronavirus Resource Center, which tracks pandemic numbers around the globe.

The Centers for Disease Control and Prevention on Tuesday updated its guidance for people infected with the coronavirus, including new details for people who want to test before leaving isolation.

Daily reported Covid-19 cases in the U.S.



Note: For all 50 states and D.C., U.S. territories and cruises. As of Jan. 3, 2022.
Source: Johns Hopkins University

The agency stopped short of saying people must get a test before going back to work or resuming social activities.

The agency said if an infected person has access to testing and wants to get tested, the best method would be to use an antigen test, also known as a rapid test, toward the end of their five-day isolation period. The person should continue to isolate until day 10 if the test is positive, but can end isolation after five days if they get a negative result, as long as the individual wears a well-fitting mask around others.

Antigen tests, which hunt for pieces of virus protein, work best when people are carrying a lot of virus and are most likely to be infectious. In contrast, molecular PCR tests search for pieces of the virus's genetic material, which may linger weeks after an infection. People can still test positive, even if they are likely no longer contagious.



People lined up for Covid-19 tests at the Salt Lake County Health Department in Utah on Tuesday. Omicron makes up 95% of new U.S. cases.

CDC Backs Booster For At-Risk Children

The Centers for Disease Control and Prevention recommended that many children with weakened immune systems get a Covid-19 booster from Pfizer Inc. and BioNTech SE four weeks after their second shot. The agency issued the recommendation Tuesday for moderately and severely immunocompromised children 5 to 11 years old. It also said that people who received the vaccine from Pfizer and partner BioNTech should receive a booster dose five months after their second shot, shortening the timeline by a month.

The decisions follow the Food and Drug Administration's authorization of both measures on Monday.

The FDA also cleared boosters for 12- to 15-year-olds, but the CDC is waiting to issue a recommendation until its advisory panel meets Wednesday to discuss expanding the shots to adolescents. Fully vaccinated children ages 5 to 11 who aren't immunocompromised don't currently need boosters, the FDA said.

—Felicia Schwartz

Hospitalizations for confirmed or suspected Covid-19 cases reached a seven-day average of 105,138 on Tuesday, according to data posted by the U.S. Department of Health and Human Services. That is up 51% in the past two weeks but below the pandemic peak of 137,510 on Jan. 10, 2021. While Covid-19 tests remain in short supply in much of the U.S., testing was less robust last year, complicating comparisons between pandemic surges.

The number of cases reported for the U.S. Monday didn't include data from six states, which either don't issue daily reports or hadn't resumed after their holiday blackout. Georgia, on its state dashboard, said it didn't report on Monday because of "a large amount of data overwhelming the system."

The U.S. seven-day average of daily reported Covid-19 deaths was 1,236 on Monday, according to Johns Hopkins data. That average has remained relatively unchanged in recent weeks. Reports of deaths tend to lag three to five weeks behind cases, so many deaths that result from the Omicron surge will likely not appear in reports until later in January. Omicron caused some 95% of U.S. Covid-19 infections in the week through Jan. 1, the

CDC estimated. The CDC estimated that Omicron was responsible for 77% of infections in the week through Dec. 25 and 38% of infections in the week through Dec. 18. The CDC has revised the estimates in recent weeks as the variant has spread.

The Biden administration doubled its purchases of Pfizer Inc.'s antiviral pill and pledged to make 10 million treatment courses available by the end of June, the company and a senior administration official said. The pill, called Paxlovid, is available in some parts of the U.S. in limited quantities as Pfizer has started ramping up production. Ten million more courses of treatment will be available in the U.S. by the end of September, Pfizer said.

—Brianna Abbott
contributed to this article.

◆ Price of test kits will rise at Walmart and Kroger..... B1



A tow truck pulled a vehicle off I-95 South and onto Route 234 in Dumfries, Va., on Tuesday. Police said no one was hurt in the saga.

Jam Left Virginia Drivers Stuck for Over a Day

BY OMAR ABDEL-BAQUI
AND ALEXA CORSE

A traffic jam that left many drivers stranded in their cars without supplies ended Tuesday evening, capping a period of more than 24 hours where food and water was rationed, blankets were coveted and gas levels sank on Interstate-95 south of Washington, D.C.

The bottleneck, which affected what appeared to be hundreds of drivers—including a U.S. senator—was a result of a winter storm that dumped 14 inches of snow and a jackknifed semi-truck that sparked a chain reaction of vehicles losing control, officials said.

"Less than 20 vehicles left to be removed from the interstate before plow trains will come through to remove snow and ice from the travel lanes," the Virginia Department of Transportation said on Twitter at 5:15 p.m. Tuesday.

Many, including Sen. Tim Kaine (D., Va.), spent Monday night and much of Tuesday in their cars amid freezing temperatures. "After 27+ hours on the road from Richmond to DC, @timkaine is safely back in the Capitol. Still in good spirits!" Mr. Kaine's spokeswoman, Katie Stuntz, tweeted Tuesday afternoon.

Once back in Washington, Mr. Kaine told reporters at the

Capitol that to preserve gas he turned his car on and off. "What I would do is, I would turn on the engine and the heater full blast for 10 minutes, that would heat up the car, and then I would turn it off and see how long I could not turn it on. And I could usually go for about an hour or so," he said.

Mr. Kaine, who was traveling by himself, said people got out of their cars to chat with one another and one family—on their way from Florida—handed out oranges.

There were no deaths or injuries related to the incident, police said.

"We were prepared for the storm," where a few inches of snow were predicted, Virginia Gov. Ralph Northam, a Democrat, said in a call with reporters Tuesday afternoon. "Instead Mother Nature sent more than a foot."

Earlier Tuesday, Mr. Northam said an emergency message was transmitted to stranded drivers to connect them with support as responders cleared downed trees, assisted disabled vehicles and rerouted drivers.

Amanda Fuentes, 34 years old, and her daughter, Victoria Flecha, 14, were stuck on I-95 for 23 hours en route from their old hometown of New York City to the home they recently moved to in Florida.



Source: Virginia Department of Transportation

The mother and daughter conserved gasoline by turning their car's engine on and off in 30-minute intervals and had blankets to stay warm. They used the bathroom in a Greyhound bus that was stranded near them. Law enforcement began distributing water, snacks and first-aid in the area they were stuck in at around

9:30 a.m. Tuesday, they said. "After Victoria went to sleep, I cried," Ms. Fuentes said. "You feel a sense of hopelessness, and it's more nerve-racking as a parent."

Tuesday afternoon, the mother and daughter were able to exit I-95 onto side streets that were backed up with vehicles leaving the interstate. Ms. Fuentes said she planned to rest and then navigate back roads to North Carolina before re-entering I-95 to complete the East Coast journey. The interstate extends from Maine to Florida and runs through several major East Coast cities.

Ms. Fuentes and Ms. Flecha said officials seemed ill-prepared for the storm. "This is the first time in my life I've encountered such dysfunction," said Ms. Fuentes, a middle-school teacher.

Traffic cameras were out of service due to power outages, which left the Virginia Department of Transportation Fredericksburg office at some points unable to confirm specific affected locations, the agency said Monday.

The Virginia National Guard wasn't activated pre-emptively or to help with recovery efforts, officials said.

"It can take anywhere from 12 to 24 hours to bring them on duty," Virginia Department of Emergency Management

spokeswoman Lauren Opett said. "During hazardous weather situations, the Guard receives their missions through us at VDEM and is not able to respond to direct support requests from the public."

A spokeswoman for Mr. Northam didn't immediately respond to a request for comment about whether the Guard would be activated.

Republican Todd Gilbert, speaker-designee of the Virginia House of Delegates, said the Virginia National Guard should be activated. "The best time to do this was last night. The second best time is now," he said Tuesday morning.

Scott Haun, 37, said he left his home in Fredericksburg on Monday around 6 p.m. to pick up friends from Dulles International Airport. He didn't make it to the airport and ended up stuck on Route 1. Mr. Haun said he made it home early Tuesday afternoon, after roughly 20 hours on the road.

Mr. Haun, an engineer, said he had eaten some candy and had a few bottles of water. He said he had about a quarter tank of gas left and that he was glad he drove a pickup truck.

"I'm just hanging out," he said while stranded. "There's nothing I can do except sit here."

—Eliza Collins
contributed to this article.

Prince Wants Abuse Case Dismissed

BY JAMES FANELLI
AND MAX COLCHESTER

A lawyer for Prince Andrew argued in federal court in New York on Tuesday that a lawsuit accusing the British royal of sexually abusing a teen two decades ago should be thrown out.

Prince Andrew was sued last year by Virginia Giuffre, who said that disgraced financier Jeffrey Epstein and his confidante, Ghislaine Maxwell, forced her to have sex with the royal in the early 2000s. At the time, she was under 18 years old, the lawsuit says.

At a hearing on Tuesday, U.S. District Judge Lewis Kaplan said he would decide in the near future on the motion to dismiss the lawsuit.

Whatever Judge Kaplan decides, Prince Andrew is likely to remain an awkward presence in the House of Windsor. Officials worry the allegations aired in New York could permanently taint the wider family as it slowly transitions power from the 95-year-old Queen Elizabeth II toward her eldest son, Prince Charles.

A week ago, a jury in New York convicted Ms. Maxwell of sex-trafficking charges for recruiting and grooming underage teens to perform sex acts on Epstein. During her three-week trial, Prince Andrew's name was mentioned as one of several prominent figures to fly on Epstein's private jet.

At Tuesday's hearing, Andrew Brettler, a lawyer for Prince Andrew, denied Ms. Giuffre's allegations and said she was prohibited from suing the prince because of a 2009 settlement agreement she signed with Epstein.

Judge Kaplan questioned Mr. Brettler's reasoning, saying the language was vague as to who was considered a potential defendant.

David Boies, a lawyer for Ms. Giuffre, said the 2009 agreement didn't protect Prince Andrew from litigation.

U.S. NEWS

Spending Package On Hold for Now

BY ANDREW DUEHREN

WASHINGTON—Senate Democrats put the party's marquee economic package on ice, shifting their attention to passing elections legislation as they consider how to overhaul the roughly \$2 trillion education, healthcare and climate bill.

Sen. Joe Manchin (D., W.Va.), whose support Democrats need to advance the bill in the 50-50 Senate, last month said he was opposed to the package, scuttling Democrats' hopes of quickly passing the centerpiece of President Biden's legislative agenda. Mr. Manchin is pushing for the party to restructure the bill, which would provide funding for initiatives including healthcare subsidies, child care subsidies and housing.

But lawmakers haven't yet started the process of doing so. While Mr. Manchin indicated Tuesday that he could be open to reopening discussions on the bill, he raised many of his same concerns about it, including its possible impact on inflation.

"I've never turned down talks with anybody, I really haven't," he said, while adding he wasn't participating in any talks on the bill. "There is no negotiations going on at this time," he said.

A White House official said the Biden administration was in touch with several lawmakers about a path forward on the bill, the Build Back Better Act.

Senate Majority Leader Chuck Schumer (D., N.Y.) said Tuesday that he touched on Build Back Better in discussions with Mr. Manchin over the break and that the Senate would hold a vote on the bill.

"We will keep working until we get something done," he said.

With the future of the economic package in doubt, Senate Democrats are instead focusing on an effort to pass elections legislation. Because Republicans are unanimously opposed to the elections bill, blocking it several times last year, Democrats are discussing possible changes to the 60-vote threshold for advancing most legislation in the Senate.



Sen. Joe Manchin said that any move to change or eliminate the filibuster should have support from Republicans as well as Democrats.

Push on Filibuster Is Stymied

Manchin largely deflates Democrats' hopes of altering Senate procedures

BY SIOBHAN HUGHES

WASHINGTON—Sen. Joe Manchin (D., W.Va.) cast doubt on a Democratic push to change Senate procedures to weaken the minority party's power, dealing a blow to party leaders' effort to change the filibuster and advance their elections bills.

In comments to reporters Tuesday, Mr. Manchin said he was engaged in talks about possible changes to the filibuster rule, which currently requires the votes of 60 senators to advance most bills. But, he said, any changes should have the buy-in of Republicans as well, and he was leery of Democrats going it alone.

"Any way you can do a rules change to where everyone's involved and basically that's a rule that usually will stay—that's what you should be pursuing," Mr. Manchin told reporters. "Being open to

a rules change that would create a nuclear option; it's very, very difficult," he said about lowering the filibuster threshold. "So it's a heavy lift."

His comments came as many Senate Democrats have stepped up their calls for altering the filibuster to make it easier to pass legislation. On Monday, Senate Majority Leader Chuck Schumer (D., N.Y.) said that Democrats would put elections legislation on the floor and then would attempt to enact rules changes if Republicans again filibustered the legislation.

An aide to Mr. Schumer said that the Democrat was referencing both the "For the People Act," which would have the effect of mandating mail-in voting and absentee voting nationwide, among other changes, and a bill named after the late Rep. John Lewis that would restore the power of the federal government to approve state election-law changes in states with a history of racial discrimination.

Mr. Manchin also rejected the idea of making an exception to the filibuster for voting legislation. Some Democrats had floated that idea on the grounds that voting rights are

the bedrock of all other rights. Mr. Manchin said that making an exception for one bill would open the floodgates to exceptions for other legislation, ultimately rendering the filibuster meaningless.

"Any time there's a carve-out, you eat the whole turkey," he said. "There's nothing left."

Changing or eliminating the filibuster would require only 50 votes in the evenly divided Senate, with Vice President Kamala Harris breaking a tie. But the Democrats' strategy had already been on shaky ground due to misgivings expressed last year by Mr. Manchin and Sen. Kyrsten Sinema (D., Ariz.). Mr. Manchin's reluctance to change the Senate's procedures reaffirms that it remains a long shot to make any changes or enact new voting measures.

"It's an uphill fight," Mr. Schumer said Tuesday about the prospects for changes to the filibuster.

Senate Minority Leader Mitch McConnell (R., Ky.) accused Mr. Schumer of being "hellbent to try to break the Senate." Mr. McConnell criticized the idea of a carve-out to filibuster rules in order to

pass voting legislation. "There is no such thing as a narrow exception," he said.

Most recently, Democrats had been discussing approaches that fell short of eliminating the filibuster altogether, and Mr. Schumer said Tuesday that lawmakers were looking at a variety of changes but didn't give details.

Among Democrats' ideas are applying a twist to the 60-vote threshold, by requiring 41 senators to show up in person to block legislation, rather than requiring 60 senators to show up in support. Such a change would have the effect of forcing senators to be on hand at all times, because it would be paired with the right to call a vote at any time, Democrats and activists briefed on the conversations said.

Late Tuesday, after a meeting of Democrats including Mr. Schumer, Mr. Manchin said the talks were productive while reiterating his support for the filibuster, saying it "needs to stay in place." But he also named modest changes he could back, including removing the filibuster on allowing a bill to proceed to debate.

Trump Cancels Event He Had Set for Jan. 6

BY SIOBHAN HUGHES

WASHINGTON—Former President Donald Trump canceled a planned news conference on Jan. 6 as the House select committee investigating the attack on the U.S. Capitol asked Fox News host Sean Hannity to voluntarily answer questions about his communications with the White House.

Committee Chairman Bennie Thompson (D., Miss.) and Vice Chairwoman Liz Cheney (R., Wyo.) said in a letter to Mr. Hannity on Tuesday that their panel had information that the television host had advance knowledge about the planning for Jan. 6, 2021, by Mr. Trump, and was providing advice.

Mr. Trump issued a statement shortly after the panel's request, saying he was canceling a planned Jan. 6 news conference at his home in Florida and

would instead hold a rally on Jan. 15 in Arizona. He criticized what he called the committee's bias and dishonesty.

The House lawmakers said that Mr. Hannity had relevant communications while the riot was under way and in the days following it. The panel's leaders pointed to Mr. Hannity's text messages, such as one on Jan. 5, 2021, in which the committee said he wrote, "I'm very worried about the next 48 hours."

Asked for comment, a Fox spokesman forwarded a statement from Mr. Hannity's lawyer, Jay Sekulow, who said that if such a letter were sent, "it would raise serious constitutional issues including First Amendment concerns regarding freedom of the press."

Fox News parent Fox Corp. and Wall Street Journal parent News Corp share common ownership.

FROM PAGE ONE

Toyota Tops GM in U.S. Sales

Continued from Page One
makers on a recovering U.S. car market and cut parts and production orders less sharply than rivals, making it better prepared for an eventual surge in consumer demand.

While Toyota executives said they were successful in navigating some of last year's supply-chain constraints, they don't view the lead over GM as a permanent shift in the industry's closely watched sales rankings.

"To be clear, this is not our goal, nor do we see it as sustainable," said Jack Hollis, Toyota's senior vice president of operations in North America. He added that the company doesn't expect to use its dethroning of GM last year in its advertising.

A GM spokesman declined

to comment on the company's sales ranking. He said GM has given priority to its bestselling products—large pickup trucks and sport-utility vehicles—and expects sales growth this year as the chip shortage abates.

Other foreign auto makers and electric-car maker Tesla Inc. also surged ahead in U.S. sales in 2021, siphoning market share from Detroit, according to company reports and analyst forecasts.

Hyundai Motor Co. of South Korea, for the second year in a row, notched sizable share gains, selling 738,081 vehicles in 2021 and boosting sales by about 19% over the prior year, the company said Tuesday. Mazda Motor Corp. and Honda Motor Co. also posted stronger-than-average sales last year, company results show.

Research firm Cox Automotive estimates Tesla's U.S. sales jumped 61% over the prior year, achieving the biggest percentage gain among auto makers. Tesla doesn't break out U.S. sales.

Overall, auto makers sold just shy of 15 million vehicles



The Japanese car maker benefited from stockpiling computer chips ahead of global supply disruptions. A plant in Argentina.

in the U.S. last year, according to a forecast from research firm J.D. Power. That total would be up slightly from 2020, when the onset of the Covid-19 pandemic hurt car sales for part of that year. But it is a sharp drop from the mark of 17 million vehicles that the industry had eclipsed for five straight years before that.

Auto stocks rallied Tuesday after the latest sales results and news that Ford Motor Co. plans to double production of its new all-electric truck, after a rise in reservations.

Ford's stock closed nearly 12% higher. GM's stock rose 7.5%, while Toyota's American depository receipts hit a new high of \$199.19, up nearly 7%.

U.S. vehicle sales set a blistering pace last spring as car placement on eBay. "Reality is starting to set in & I'm getting sad," she tweeted at the time. Carrie Bradshaw is still clinging to a BlackBerry. The fictional character, played by Sarah Jessica Parker, is seen texting on one in the "Sex and the City" reboot that made its debut last

month on HBO Max and takes place in the present day.

Former BlackBerry CEO Jim Balsillie was so attached to the phone that after he resigned from the company in 2012 he told a Toronto audience "you'll

shoppers surfaced, looking to spend their savings from the pandemic lockdown on new wheels. But by summer, the chip shortage that had been hobbling factory schedules world-wide resulted in nearly bare dealership lots, curbing sales in the second half.

Forecasters expect another muted year of vehicle sales, even though the chip shortage is expected gradually to ease in the coming months. Auto executives have said it could take the entire year to substantially replenish dealership inventories, which likely would curtail sales despite what dealers said is strong underlying demand.

Edmunds.com expects U.S. sales to reach 15.2 million vehicles in 2022, up slightly from the expected final numbers last year. Analysts at RBC Capital are more bullish, pegging the total at about 15.8 million vehicles, with an expected surge later in the year.

Toyota executives said they expected U.S. auto sales to grow to about 16.5 million vehicles this year, lifted by historically low interest rates and

higher savings rates that would help support shoppers.

Lofty prices are expected to persist, as the seller's market created by the inventory crunch continues, analysts said. The average price paid for a new vehicle hit a record \$45,700 in December, 20% higher than a year earlier, J.D. Power estimates. Record used-vehicle pricing is contributing to strong new-car prices, J.D. Power said, because buyers trading in old vehicles have more money to work with.

The uneven disruption to production schedules jumbled the pecking order among auto makers in 2021. While supply-chain problems have affected all auto makers, GM and Ford were among the hardest-hit, each having scrapped over 600,000 planned vehicles in North America, according to AutoForecast Solutions LLC.

Stellantis NV, which owns Jeep, Ram and other brands, was also affected by the chip crisis. It reported total U.S. sales were down 2% in 2021.

—Ben Foldy contributed to this article.

BlackBerry Die-Hards Struggle

Continued from Page One
Berry's from the past 20 years stashed in a desk drawer.

Claude Millman adored his BlackBerry phones so much, two of them now hang in a frame in his New Jersey lake house. He had to break up with BlackBerry in 2019, when his phone died and he couldn't find a replacement. The curvature of the keyboard was addicting, he said, and allowed the New York civil litigator to write affidavits or long emails with ease. At a hotel lobby in Paris recently, he spotted a

BlackBerry in someone's hands. "It was kind of exciting to see," said Mr. Millman, 58. "I wanted to reach out and touch it."

The BlackBerry, once cutting-edge technology that allowed executives, world leaders and reality-TV stars to send emails from the palm of their hand for the first time, is near death.

BlackBerry Ltd. said in September 2020 that it would eventually pull the plug, making the phones unable to make calls, send texts or dial 911. It is part of BlackBerry's shift from making phones to selling security software to corporations and governments. The company said it could have cut service sooner, but the 16-month notice was "an expression of thanks" to loyal users.

It's unclear how many people were still using an older BlackBerry. The company

didn't respond to a request for comment, and neither did major carriers AT&T, T-Mobile or Verizon Wireless.

First launched as a text pager in 1996 by Canadian company Research In Motion Ltd., a BlackBerry phone came a couple of years later. It started to look outdated in 2007, when Apple Inc. released the touchscreen iPhone. Android smartphones soon came after.

BlackBerry handset sales peaked at 52.3 million in 2011 before swiftly declining. But fans who liked the feel of the physical button keyboards kept the BlackBerry alive.

Former President Barack Obama, who used a BlackBerry while campaigning, kept using it until at least 2016, his last year in office. Reality-TV star Kim Kardashian gave it up in 2016 when her BlackBerry Bold died and she couldn't find a re-

placement on eBay. "Reality is starting to set in & I'm getting sad," she tweeted at the time. Carrie Bradshaw is still clinging to a BlackBerry. The fictional character, played by Sarah Jessica Parker, is seen texting on one in the "Sex and the City" reboot that made its debut last

'Such a shame all this,' said one fan. 'For me, they were the best phones.'

month on HBO Max and takes place in the present day.

Former BlackBerry CEO Jim Balsillie was so attached to the phone that after he resigned from the company in 2012 he told a Toronto audience "you'll

have to pry it out of my cold, dead hands."

Mr. Balsillie decided three years ago to switch his BlackBerry for an Android phone with a licensed BlackBerry keyboard because he said it offered superior phone security. It also offered a hub of BlackBerry software and services such as texting, email, calendars and tasks. "The sad day for me will be when they kill the hub and I'm not kidding myself, that might happen," he said Monday. BlackBerry didn't respond to a request for comment.

Duane Bratt fears that day will come soon. The political-science professor from Calgary, Canada, uses a Key2, but worries there won't be any future phones to replace it with. "I've tried to resist the Apple cult, but it's getting harder," said Mr. Bratt, 54.

Carol Miller of London has found another use for a touchscreen BlackBerry she had to stop using about a year ago: an alarm clock. There's no chance of it ringing in the middle of the night with a call, she said. Although, Ms. Miller wishes she could still use it as a phone.

"Such a shame all this," said Ms. Miller, 54. "For me, they were the best phones."

In a blog post Tuesday, BlackBerry CEO John Chen said that it was the end of an era, as the company has shifted into new areas. "Letting go of the past is always bitter-sweet, even when a brighter future awaits," he said.

"We have been holding off on decommissioning the BlackBerry service out of loyalty to our customers for a long time," he said.

—Jacquie McNish contributed to this article.

U.S. NEWS

Cuomo Won't Face Harassment Charge

By JIMMY VIELKIND

ALBANY, N.Y.—Albany County prosecutors said Tuesday that they wouldn't move forward with a misdemeanor sex crime charge against former Gov. Andrew Cuomo, removing the most immediate legal threat to the embattled Democrat.

Mr. Cuomo was charged in October with forcibly touching his assistant Brittany Commisso during a 2020 encounter at the Executive Mansion in Albany. Ms. Commisso spoke to investigators working for Albany County Sheriff Craig Apple, whose office filed the charge against Mr. Cuomo without coordinating with the district attorney, P. David Soares, officials said.

A lawyer for Mr. Cuomo didn't return requests to comment. He has denied the charge, and his lawyer said Mr. Apple's timing was politically motivated. The former governor was set to be arraigned Friday in Albany City Court.

Mr. Soares, a Democrat, said his office found Ms. Commisso cooperative and credible, but it was dropping the charge because "after review of all the available evidence we have concluded that we cannot meet our burden at trial."

"I, like most New Yorkers, remain deeply troubled by allegations like the ones at issue here," Mr. Soares said. "Although avenues for criminal prosecution in these cases are sometimes limited, I encourage victims of workplace harassment and abuse to continue to come forward and bring these issues to light so that these important discussions can continue."

The criminal charge represented the most pressing legal concern for Mr. Cuomo, who is also being investigated for the potential misuse of state resources in the production of his pandemic memoir, as well as the state's Covid-19 policies in nursing homes. He has denied wrongdoing on both fronts.

Mr. Cuomo resigned from office in August amid an impeachment inquiry and after an investigation by state Attorney General Letitia James concluded he sexually harassed multiple women, including Ms. Commisso. Mr. Cuomo has denied touching anyone inappropriately, and said Ms. James, a fellow Democrat, was politically motivated.

Prosecutors informed Ms. Commisso of their decision not to move forward with the case during a meeting on Monday, according to a person familiar with the matter. Ms. Commisso didn't return messages seeking comment.

The Albany Times Union earlier reported the meeting Monday.

Brian Premo, an attorney representing Ms. Commisso, said she had no control over the prosecutors' decision. "The only thing she has any power over is her resolution to continue to speak the truth and seek justice in an appropriate civil action, which she



Former New York Gov. Andrew Cuomo seen after announcing his resignation on Aug. 10.

will do in due course," he said. Mr. Apple didn't return calls seeking comment.

Ms. Commisso told Ms. James's investigators that Mr. Cuomo groped her breast over her bra after she was summoned to help him use his cellphone in the Executive Mansion.

The former governor has said he often hugged and kissed people he met at events.

Mr. Apple's investigator included portions of Ms. Commisso's sworn testimony along with their complaint, as well as other records corroborating her presence at the mansion on Dec. 7, 2020. The complaint didn't attach another part of Ms. Commisso's testimony in which she said Mr. Cuomo slammed the door of his office after groping her rather than before.

Mr. Soares's office had

pushed back Mr. Cuomo's arraignment date, saying in a Nov. 4 letter that Mr. Apple's complaint was "potentially defective" because it didn't include proof that Ms. Commisso's statement to Ms. James was made under oath. And "even more troubling," Mr. Soares said, the sheriff's filing "excluded other portions of her testimony where she described the very same acts described in the complaint."

U.S. WATCH

TEXAS

State Sues U.S. Over National Guard Rule

Texas Gov. Greg Abbott sued the Biden administration Tuesday, seeking to halt a requirement that National Guard members be vaccinated against Covid-19.

Earlier in the day, Mr. Abbott sent a letter to the Texas Military Department, ordering it not to force Texas Guardsmen to receive vaccines. "Unless President Biden federalizes the Texas National Guard...he is not your commander-in-chief," the letter said.

U.S. Defense Secretary Lloyd J. Austin III ordered in August that all service members be vaccinated for Covid-19.

The lawsuit argues that unless the state forces are explicitly called into service of the country, they remain under Mr. Abbott's control.

The White House referred a request for comment to the Defense Department. A spokesperson for the Defense Department didn't provide comment on Mr. Abbott's suit.

—Elizabeth Findell

FLORIDA

Train Kills Pedestrian, Fifth Since Reopening

A Brightline higher-speed train fatally struck a pedestrian who walked into its path Tuesday, the fifth death involving the Florida railroad since it recently resumed operations after being shut down because of the pandemic.

Boynton Beach police said the pedestrian was struck about 7:50 a.m.

The recent deaths have all occurred in the past month. None of the 52 earlier deaths involving Brightline have been blamed on its equipment or crews.

Investigations showed most victims were either suicidal, intoxicated, mentally ill or had gone around barriers at an intersection to beat the trains, which travel up to 79 mph through densely populated areas between Miami and West Palm Beach.

Brightline officials didn't return a call and email Tuesday seeking comment. The company has installed infrared detectors that will warn engineers if anyone is lurking near the tracks so they can slow down or stop. Brightline has added more fencing and landscaping to make track access more difficult and is also installing red-light cameras

at crossings that will allow police to ticket drivers who go around guardrails.

—Associated Press

COLORADO

Wildfire Contained, But Risks Remain

Colorado firefighters have boxed in the big fire that destroyed nearly 1,000 homes in their effort to prevent it from spreading, but officials warned Tuesday that gusty winds expected ahead of a snowstorm could cause flare-ups in the burn zone between Denver and Boulder.

About 200 firefighters were working to douse smoldering spots in damaged buildings and bone dry vegetation that serves as tinder to fan wildfire flames as the gusty winds descended from the Rocky Mountains.

The fire that started last Thursday was finally fully contained on Tuesday, said David Boyd, spokesman for an incident management team in charge of the fire's suppression in Boulder County. The blaze burned 9.4 square miles in suburban areas and grassland northwest of Denver.

Two people were still missing on Tuesday. Crews sifted the locations where they lived by hand, using small tools in their search for any remains.

—Associated Press

CHICAGO

Rep. Rush Won't Seek Re-Election

Democratic Rep. Bobby Rush of Illinois formally announced Tuesday that wouldn't seek a 16th term in the U.S. House.

The decision from the former Black Panther, who first won election in 1992, is creating a flurry of interest among potential candidates for the heavily Democratic district, which is based on the South Side of Chicago. Under newly approved congressional maps, the district will stretch into suburban and rural areas located south and southwest of the city.

Mr. Rush is the 24th House Democrat to announce they won't run for re-election this year. Eleven House Republicans have said they won't seek re-election this fall.

Mr. Rush is the only person to win an election over former President Barack Obama, whom he defeated in a 2000 congressional primary when Mr. Obama was an Illinois state senator.

—Associated Press



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Karen England Horan and son Robert on Tuesday looked over what remained of her home after it was hit by a wildfire in Louisville, Colo.

WORLD NEWS

More Eyes Follow Russia's Ukraine Steps

Amateur sleuths and private analysts track military moves through open-source intelligence

By WARREN P. STROBEL
AND MICHAEL R. GORDON

WASHINGTON—Russia faces a very 21st-century challenge as it piles up forces near Ukraine's border: Much of its military operation is being carried out in plain sight.

Taking on a role once reserved for spies, amateur sleuths and analysts with private and nongovernmental organizations are tracking Russia's buildup, mining commercial satellite images, social-media posts and flight-tracking data to compile a strikingly precise picture of Moscow's deployments—and of the U.S. military's efforts to monitor them.

Satellite photos taken by commercial satellite and imaging company **Maxar Technologies Inc.**, for example, have turned up an array of new units in western Russia and Crimea. In December, images revealed more than 350 vehicles parked at an abandoned ammunition-storage facility near the Russian town of Klinty just north of the Ukraine border.

"It is almost like they are freeze-dried units," a Maxar analyst said. "Just add troops and the units are ready to move!"

The use of open-source intelligence, or OSINT, isn't new. What has changed, former officials and analysts say, is wider and cheaper access to more data, allowing private citizens to track the Russia-Ukraine confrontation and provide the public with details that once would have been classified. That has allowed the Biden administration to speak in greater detail publicly about the buildup, they said.

In response, Russia's military has taken steps to try to disguise its ultimate intentions by removing license plates from military vehicles, painting over insignia and operating in smaller units, the analysts and former officials said.

For all the details about the buildup, analysts in the U.S. government and outside it don't



In December, Maxar posted images of an abandoned ammunition-storage facility near Klinty, Russia, just north of the Ukraine border.

know whether Russia will attack, and if so, how and where.

"The Russian military is conducting a buildup that is inherently visible, but it is doing it deliberately and slowly in a way that is intended to retain operational surprise," said Michael Kofman, an authority on Russia's armed forces at CNA Corp. "They move forces back and forth so you can't know for certain where these troops will end up until very late in the game when there's precious little time to react."

Officials with Russia's Defense Ministry and presidential administration didn't respond to a request to comment.

"Open-source satellite imagery has helped shine a spotlight on Russia's troop movements," a spokesperson for the White House National Security Council said. "We have also sought to leverage the unique analytic expertise of the intelligence community" to share information and insights with allies, partners and the broader public.

OSINT encompasses material including social media,

posts on web forums, satellite imagery and commercially available data culled from smartphones that can divulge personal information, including precise location details.

Russia is gathering a force the U.S. government says numbers about 100,000 troops and might grow to as many as

Private citizens can provide details that once would have been classified.

175,000. The private analysts have compiled videos of Russian military road convoys and trains, and used satellite images to watch as individual units gather in encampments.

The ability to monitor the current buildup is much greater than it was in 2014, when Russia annexed Crimea and invaded parts of eastern Ukraine, said Jeffrey Edmonds, a former Cen-

tral Intelligence Agency analyst who was the senior Ukraine specialist at the National Security Council early that year.

Combining commercial satellite images and Twitter posts allows private experts to be "roughly on the same page" as the U.S. intelligence community, said Mr. Edmonds, also at CNA Corp. "It's impressive how close someone can be on the outside."

U.S. officials in late December said Russia has deployed 53 battalion tactical groups, each with about 800 troops, near its border with Ukraine.

Konrad Muzyka, president of Rochar Consulting, a Gdansk, Poland-based firm that conducts open-source intelligence assessments focused on Russia, Ukraine and Belarus, said he has identified and located about 48 Russian battalion tactical groups.

Armchair sleuths using flight-tracking data last week followed the flight paths of U.S. RC-135 and E-8 reconnaissance planes over Ukraine.

For the E-8 aircraft, which use powerful radar to monitor

enemy ground movements, the Dec. 27 flight was the first time the plane had operated in Ukrainian airspace, said Navy Lt. Cmdr. Russ Wolfkiel, a U.S. European Command spokesman. A second flight took place on Dec. 30.

U.S. officials have said they are keeping a close eye on Russia's forces, and that President Biden will respond to an invasion with stiff economic sanctions, additional defense aid to Ukraine and by reinforcing positions on the territory of NATO's Eastern European nations.

Russian officials have denied plans to invade Ukraine and said the government has the right to deploy forces on Russian territory.

Mr. Muzyka said his and some other analysts' access to a Russian website used to track movement of train cars has apparently been blocked by Russia and, in the past two weeks, the site has begun reporting bogus data about train movements. "It's becoming worse and worse," he said of efforts to gather open-source intelligence.

U.S. Ambassador Aims to De-Escalate

MOSCOW—The U.S. heads into talks with Russia next week determined to defend its allies and partners in deterring Moscow from any further incursion into Ukraine, but is also ready to engage in dialogue and diplomacy, America's top diplomat in Russia said Tuesday.

The massing of tens of thousands of Russian troops on the border with Ukraine has rattled Western officials, while demands from Russian President Vladimir Putin to redefine the security architecture of Europe, including issuing sweeping new proposals to limit the reach of the North Atlantic Treaty Organization, have been met with determination from the U.S. and its allies to strengthen the alliance.

"My hope is that we will see a de-escalation in the security situation in and around Ukraine and that the discussions will lead to outcomes that reassure all parties about the peace and security in Europe and the inviolability of sovereign borders, for example," John Sullivan, U.S. ambassador to Russia, told The Wall Street Journal.

His comments come as Washington seeks to avert a conflict amid reports from the U.S. government that around 100,000 Russian troops are already on Ukraine's doorstep and the number might grow to as many as 175,000. U.S., European Union and NATO officials believe the buildup of forces portends a reprisal of the 2014 military campaign when Moscow annexed the Crimean Peninsula.

"President Biden has given us our marching orders to engage in dialogue, engage in diplomacy, but at the same time, to focus on the defense of our allies and partners in deterring further military incursion into Ukraine," Mr. Sullivan said.

—Ann M. Simmons

WORLD WATCH

NORTH KOREA

Regime Fires Missile In First Test of Year

North Korea fired a suspected ballistic missile into waters off its east coast on Wednesday, South Korean and Japanese authorities said, the first such test in the new year.

The missile was launched around 8:10 a.m. local time, before splashing into the waters between Korea and Japan, South Korea's military said. It flew about 310 miles and landed outside of Japan's exclusive economic zone, officials in Tokyo said. The flight path suggests North Korea launched a short-range ballistic missile.

The launch comes days after North Korean leader Kim Jong Un vowed to pursue high-tech weapons to counter what he

called military instability on the Korean Peninsula.

Japanese Prime Minister Fumio Kishida called the latest launch "very regrettable," pointing to Pyongyang's repeated testing of missiles since last year.

South Korea is closely monitoring the situation and maintaining its defense posture, Seoul's military said.

Last year, North Korea said it successfully tested a new type of submarine-launched ballistic missile and a train-launched weapon, which it described as a hypersonic warhead. Pyongyang carried out a series of missile launches last year, even though ballistic missile launches are banned under United Nations sanctions.

The latest test comes as North Korea has ignored calls from the U.S. and South Korea to engage in talks.

—Dasl Yoon



A police car burns in Almaty, one of many cities where protests took place after the price of liquefied gas doubled in Kazakhstan.

KAZAKHSTAN

Protesters, Police Clash in Largest City

Demonstrators denouncing the doubling of prices for liquefied gas clashed with police in

Kazakhstan's largest city and held protests on Tuesday in about a dozen other cities.

Local news reports said police dispersed a demonstration of about 1,000 people in Almaty and that some demonstrators were detained. Reports also

showed riot police firing tear gas grenades at a throng of demonstrators in the capital, Nur-Sultan.

It was the third day of protests, which began in cities in the west and then spread through the sprawling Central Asian country, where liquefied gas is widely used for cooking and heating.

—Associated Press

CANADA

Government Settles Indigenous Suit

Canada said it reached a tentative agreement with indigenous advocates and communities to pay roughly \$15 billion in compensation to indigenous children placed in a child-welfare system that a quasi-judicial body ruled violated human rights.

The development Tuesday caps a nearly 16-year legal battle

between advocates for indigenous children and the Canadian government. It represents one of the largest financial awards a developed nation has said it would pay members of its indigenous community.

The Canadian Human Rights Tribunal ruled in 2016 the federal government discriminated against indigenous children and their families because it spent less on child-welfare services for indigenous communities relative to nonindigenous children. The underfunding prompted officials to remove indigenous children from their homes and place them into state care, the plaintiffs argued.

The tribunal said the government's policies likely led to unnecessary out-of-home care for as many as 54,000 children since 2006 and caused "trauma and harm to the highest degree."

—Paul Vieira

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WORLD NEWS

China Lockdown Strands Millions

By LIYAN QI

A week and a half into one of the biggest pandemic lockdowns in China, residents of Xi'an voiced desperation online about challenges in getting food and medical care.

China's Covid-19 count remains low in comparison with other countries, hovering at roughly 100 a day. In the past few days, about 90% of cases have been in Xi'an, the city of terracotta-warrior fame in China's northwest, which has confirmed 1,758 total infections since Dec. 9, a high number for China. Most of the cases have been mild, officials said. No deaths related to Covid-19 have been reported anywhere in China in the past 11 months.

Nonetheless, Covid-19 control seems to trump all other priorities in Xi'an, which is following a playbook similar to the one deployed two years ago in Wuhan, the first Covid-19 epicenter.

Like in Wuhan in early 2020, no one is allowed to enter or leave Xi'an. Most of the 13 million residents can leave their homes only for Covid testing. Few vehicles are allowed in the streets except for those transporting essential workers and supplies, and many supermarkets and hospitals are closed.

The online complaints of tens of thousands of stranded residents show how local officials must weigh the costs of extreme restrictions, such as roll-



A sanitation worker swept a road in Xi'an last month amid a Covid shutdown in the city of 13 million.

ing lockdowns and mandatory quarantines, against the benefit of keeping the case count low, in what Beijing calls a zero-tolerance Covid-19 strategy.

One month away from the 2022 Winter Olympics, the stakes are high for Beijing.

The quick spread of the Omicron variant could severely complicate virus-control scenarios at the Games, which coincide with the Lunar New Year, when millions are expected to travel.

Omicron has yet to make significant inroads in China.

When Xi'an first locked down, officials said the recent wave of infections had been caused by the Delta variant. That is still the case, a national health official told state media Tuesday.

Residents have circulated a document purporting to show that local officials are preparing to move anyone deemed to have been near an infected person—a vague definition that can mean someone in the same apartment complex—into quarantine centers outside the city.

Xi'an officials said Monday

that the city was housing nearly 40,000 people in 387 quarantine centers.

Almost all the new cases have been detected among quarantined residents. The city can ease restrictions only after community spread, meaning infections detected outside quarantine centers, is down to zero, a Xi'an health official told the Xinhua News Agency on Tuesday.

China tallies both symptomatic and asymptomatic cases but includes only the former in its official count of confirmed cases.

Colombian Arrested In Assassination Of Haiti President

By KEJAL VYAS AND JUAN FORERO

BOGOTA, Colombia—A former Colombian soldier who Haitian authorities said was involved in the July assassination of Haitian President Jovenel Moïse has become the first suspect in the case to be arrested by U.S. officials and brought before an American court.

Mario Antonio Palacios was flown by U.S. officials to Miami and appeared Tuesday in a federal courtroom, the Justice Department said. He faces charges of conspiracy to commit murder or kidnapping outside the U.S. and providing material support resulting in death. American authorities have jurisdiction because Haitian investigators assert the plot was partly planned and financed in Florida, with a Miami-area security company providing weapons and training to the alleged assassins.

His arrest provides the Federal Bureau of Investigation, which is carrying out an investigation in Florida and has been aiding Haitian police since the July 7 killing in Port-au-Prince, with an essential suspect and witness in a crime that has shaken the country.

The 43-year-old Mr. Pala-

cios, who didn't enter a plea, could face a life term if convicted, according to prosecutors. He and his court-appointed lawyer couldn't be reached for comment. In an interview with Colombia's Semana magazine in August, he said he didn't know who killed the president.

In an affidavit supporting a complaint unsealed Tuesday, the U.S. said Mr. Palacios was interviewed by American law-enforcement officials in October in Jamaica, where he had fled from Haiti. In that interview, according to the affidavit, Mr. Palacios said a group of some 20 former Colombian soldiers had trained for several weeks to serve an arrest warrant on Mr. Moïse and "extract" him from Haiti by plane around June 18 in what would have essentially been a kidnapping.

That plan was aborted after the alleged conspirators couldn't find a plane, the affidavit said.

Mr. Palacios told the U.S. officials that by July 6, the day before the assassination, he had been informed by a number of the Colombians that the plan was now to kill Mr. Moïse, the affidavit said.

—José de Córdoba contributed to this article.

Critics of Treatment of Uyghurs Hit Olympics

By STU WOO

A human-rights group called on the International Olympic Committee to explain what steps it has taken to ensure that official apparel for next month's Beijing Winter Games were made without forced labor, saying previous, private attempts to engage the organization weren't taken seriously.

The Coalition to End Forced Labor in the Uyghur Region said Tuesday that the Switzerland-based IOC hasn't offered credible evidence that Olympic-branded

apparel was made without forced labor from China's cotton-farming Xinjiang region.

The group said its concerns center on Anta Sports Products Ltd., a Chinese sportswear maker that is the official supplier of IOC uniforms and other apparel for the Beijing Games. Anta last year said it would keep using cotton from Xinjiang, where human-rights groups and governments, including the U.S., allege that Chinese authorities are employing forced labor among the region's mostly Muslim minorities.

Beijing denies the allegations. Anta didn't respond to a request to comment on Tuesday. It previously declined to comment on concerns over forced labor in Xinjiang.

The IOC said a recent third-party audit of its Anta-provided uniforms "demonstrated no issue in relation to forced labor." It said it works with suppliers to raise awareness of its criteria for sustainable sourcing, while carrying out "targeted due diligence."

The U.S. government says Chinese authorities are com-

mitting human-rights abuses that amount to a genocide against ethnic Uyghurs and other minorities in the region. It has cited the issue in banning imports of goods from Xinjiang and announcing a diplomatic boycott of the Winter Olympics.

Chinese officials call the allegations lies, saying it set up vocational camps to improve livelihoods and combat religious extremism.

The Uyghur-focused human-rights group accused the IOC of rebuffing its attempts to discuss forced-labor concerns.



Mario Antonio Palacios appears in court in Miami, where he faces charges of conspiracy to commit murder or kidnapping.

FROM PAGE ONE

Neumann Snaps Up Apartments

Continued from Page One people familiar with the matter said. His flexible office space was renowned for offerings such as free craft beer and fruit water.

D.J. Mauch, a partner in Mr. Neumann's family office, said: "Since the spring of 2020, we have been excited about multi-family apartment living in vibrant cities where a new generation of young people increasingly are choosing to live, the kind of cities that are redefining the future of living. We're excited to play a role in that future."

Mr. Neumann has also invested in a number of startups, according to a person familiar with the matter.

Mr. Neumann co-founded WeWork in 2010 and raised more than \$10 billion for a business once valued at \$47 billion, persuading investors to value it as a tech company despite its real-estate roots. He also launched WeLive, planned as a network of buildings where people can rent rooms in shared, furnished apartments. The company opened apartment buildings in New York and Virginia, but WeWork closed WeLive after Mr. Neumann's departure.

The 42-year-old entrepreneur left the company in late 2019 after plans for an initial public offering of stock fell through amid concerns over his management style and heavy losses.

WeWork, now publicly traded, has a market capitalization of about \$7 billion. That valuation is more in line with real-estate companies than fast-growing technology companies.

Mr. Neumann became rich working at WeWork and is using his own funds toward buying stakes in the apartment buildings, according to a person familiar with the matter. When Mr. Neumann served as CEO, he and his co-founder sold a total of more than \$500



Adam Neumann helped fuel the U.S. co-working craze through WeWork. But he is following the crowd in the apartment business.

million of stock, largely at higher share prices than today, according to documents and people familiar with the sales.

To encourage Mr. Neumann to give up his control of the company, WeWork majority owner SoftBank Group Corp. paid him nearly \$200 million for consulting and other fees and bought \$578 million of shares from him, according to WeWork securities filings.

Mr. Neumann helped fuel the U.S. co-working craze through his company's rapid expansion. At one point, We-

His holdings are mostly recently built properties with more than 200 units.

Work occupied more Manhattan office space than any other company. But he is following the crowd in the hot apartment business.

The sector has experienced rising investor interest since the start of the Covid-19 pandemic, particularly in the booming Sunbelt.

Rents are surging in many cities alongside rising household incomes and housing shortages that analysts said are unlikely to disappear soon. Cities such as Nashville and Miami are also attracting people moving from the Northeast in search of

warmer weather, less-costly housing and lower taxes.

In 2020, Mr. Neumann acquired a major stake in Alfred Club Inc., a company that provides concierge services such as picking up and dropping off groceries and laundry in residential buildings.

His real-estate holdings, which include two apartment buildings in Atlanta, are mostly recently built properties with more than 200 units and lots of common amenities.

In Fort Lauderdale, an entity tied to Mr. Neumann owns Society Las Olas, according to court records. The 639-unit apartment building includes a co-working space, a putting green and a barbershop, according to the developer's website.

In downtown Miami, Mr. Neumann recently signed a contract to buy a majority stake in the 444-unit Caoba apartment tower, valuing the property at about \$200 million, according to a person familiar with the matter.

An entity tied to Mr. Neumann also owns the nearby 387-unit Yard 8 apartment building, court records show.

Mr. Neumann has also invested in suburban apartments, where demand has grown as remote workers leave crowded city centers in search of more space. He holds stakes in a building in Decatur, Ga., according to public records, and another in Norwalk, Conn., a person familiar with the matter said.

VIEW OF VENICE
FÉLIX-FRANÇOIS GEORGES ZIEM

Favored subject. Radiant light. Brilliant cityscape.



In this original oil on canvas, Ziem portrays Venice's historic Grand Canal as the sun rises upon a new day. *View of Venice* celebrates the grandeur of the city's architecture and its everyday commerce, while also presenting a stunning study of light and color by incorporating contrasting light and shadow. Ziem's paintings reflect the impact of the Barbizon artists and their ideals of realism. Several of Ziem's paintings appear in the permanent collections of prestigious museums, including the Louvre (Paris), the Musée d'Orsay (Paris) and the Metropolitan Museum of Art (New York). Late 19th/early 20th century. Signed (lower right).

Canvas: 16 1/8" h x 32 1/8" w; Frame: 25 3/8" h x 41 1/4" w. #31-3933

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FROM PAGE ONE

How Biogen Fumbled Aduhelm

Continued from Page One
the FDA approval.

In drug development, management mistakes can be as much of a factor as the complicated scientific questions. With Aduhelm, both played a role.

"All these inconsistencies created one wave of criticism after another—plus Biogen came up with this ridiculous price that added even more fuel to the fire," said Yaning Wang, who as an FDA official worked on Aduhelm's approval and is a supporter of the approval. He is now chief executive of a Chinese biotech company.

An FDA spokeswoman said the agency conducted a thorough review of Aduhelm's data and concluded it warranted approval for patient use "while holding the company accountable for conducting an additional study" to confirm that the drug works. If the study fails, the FDA can pull Aduhelm from the market.

A Biogen spokeswoman said the company realized with hindsight that it made mistakes in stopping the trials early but that it did what it thought was right for patients at the time. Biogen CEO Michel Vounatsos in July told analysts: "Aduhelm was approved appropriately on very solid grounds and represented the right thing to do for patients."

Some doctors say that they have encountered hesitancy among some patients to take the drug but that others are willing to try it. Aduhelm is "a risk that I would take," said Michele Hall, a 54-year-old former lawyer who was diagnosed with Alzheimer's in 2020 and started Aduhelm treatment in late December. She is willing to try the drug, hoping it will help slow her decline, even if only slightly, she said. "I'll do whatever it takes to give myself more time."

Other drugs help alleviate only some of the symptoms of Alzheimer's. Researchers hope to show Aduhelm can slow the progressive brain deterioration that comes with Alzheimer's, though it will be years before it can be definitively tested in a new clinical trial.

"Is Aduhelm great? No," said Marwan Sabbagh, a neurologist at the Barrow Neurological Institute in Phoenix and a consultant for Biogen and other drugmakers. "It's better than the status quo."

Medicare, which covers the majority of Alzheimer's patients expected to take Aduhelm, is scheduled to make a preliminary decision in January as to whether it will routinely pay for the drug and others like it, and to issue a final coverage decision in April. Medicaid, the joint state-federal health insurance program for the poor, is required to cover Aduhelm, but states are allowed to create special eligibility criteria for which patients are allowed to receive it.

The Department of Veterans Affairs and some private insurers, including Cigna Corp., have said they won't routinely cover Aduhelm. A VA spokeswoman said that the agency won't make Aduhelm available for general use, but that it would consider requests to use the drug on a case-by-case basis. A Cigna spokeswoman said that based on the recommendation of its independent advisers "and well-documented concerns regarding its safety and efficacy, Aduhelm is considered unproven under Cigna health plans."

High hopes

Aduhelm is a monoclonal antibody, a drug made from living cells that binds to a sticky protein called amyloid, which some scientists think is a cause of Alzheimer's. The drug attracts other cells to come in and clear the amyloid from the brain. It is modeled on antibodies discovered by researchers at Swiss biotech firm Neurimmune AG in blood samples taken from older people who hadn't developed Alzheimer's or who had very slow cognitive decline. It is infused intravenously.

Biogen licensed the rights to Aduhelm in 2007 and had high hopes despite failures of many rivals in tackling Alzheimer's. For Biogen executives and investors, Aduhelm was key to growth: The company's sales had been concentrated in multiple sclerosis drugs,



A patient with a bag containing an Aduhelm infusion, above; Michele Hall, below, began Aduhelm treatment last month.

where competition was intensifying. Encouraging results from a small early-stage trial on March 20, 2015, sent Biogen's shares up 10% that day to a price that still stands as its closing record.

The early results left Biogen officials so confident in the drug's success that they skipped doing midstage trials, called Phase 2 trials, and proceeded directly in August and September 2015 to launching two Phase 3 trials—large clinical trials testing a drug's safety and effectiveness that are typically needed to win FDA approval.

Then, a hitch: When Biogen analyzed trial data reflecting patients' cognitive conditions in early 2019, it indicated the drug wasn't likely to be proven effective.

By evaluating data midstream in approval-seeking trials, companies can try to predict whether a drug will succeed if the trial continues. Stopping trials early for "futility," in industry parlance, can save millions of dollars and prevent patients from investing hope on an ineffective drug.

In a March 2019 meeting, Biogen executives on a small "senior decision team," as the company called it, concluded that the trials were doomed. Biogen pulled the plug and asked researchers around the world to shut down trials. It told more than 3,000 Alzheimer's patients who had volunteered that they would no longer receive treatment. Biogen stock fell by nearly 30% the day of the announcement.

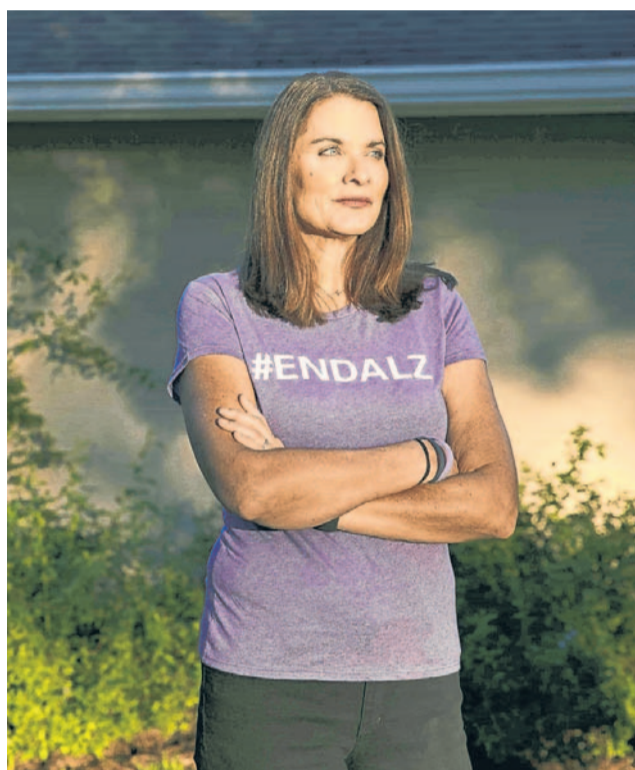
Biogen executives made errors in shutting down the trials. The trial plan called for analyzing data after half of patients completed the study treatment in late December 2018. By the time Biogen completed the analysis in March 2019, three more months of additional data were available—but the decision team didn't scrutinize the additional data before the company halted the trials, Biogen has said.

A Biogen consultant in the summer of 2018 recommended to senior Biogen statisticians that they consider all available trial data, according to a person involved in the process. The consultant cautioned them that a plan to leave out consideration of additional trial data after the cutoff date—and to leave out certain data from patients in the trial before the cutoff—would open up Biogen to criticism and scrutiny, the person said. The statisticians didn't heed the consultant's advice, and it isn't clear whether the decision team or management considered the recommendation, the person said.

Biogen declined to comment on past discussions with its consultants but said it followed its pre-established statistical-analysis plan.

The decision not to consider the three months of additional data was a misstep, said some clinical-trial experts and statisticians. "Additional data after a study stops is called 'overrunning.' We plan for it," said Scott Emery, a professor emeritus of biostatistics at the University of Washington who served on an FDA advisory committee that recommended against approving Aduhelm in November 2020. "In this case, the overrunning data was large."

The Biogen spokeswoman said: "Our decision to stop the trials, though clearly incorrect



in hindsight, was based on putting patients at the forefront—as it always should be. Cost was not considered in determining futility."

Only in the weeks after the trials stopped did Biogen scientists complete a preliminary analysis of the overrunning data and recognize their mistake, the Biogen spokeswoman said. The data seemed to show that one of the trials would have produced positive results, despite the likelihood of a negative outcome in the second trial. Initially, Biogen had analyzed combined data from both trials.

In mid-April, Biogen launched an effort to resurrect the drug with the FDA.

Companies rarely pursue approval based on trials halted for futility. Typically, a company abandons the drug or, occasionally, tests it in different patients or diseases.

Biogen officials braced for FDA questions about why it didn't look at overrunning data before ending the trials and why it was now focusing on just the one positive trial, the person involved in the process said.

Company executives met with FDA officials, including Director of the Office of Neuroscience Billy Dunn, on June 14, 2019, FDA minutes show. FDA officials at the meeting created a working group of Biogen and FDA employees to sort through the clinical-trial data to determine whether it could be used to support a possible submission by Biogen for approval. The joint group was unusual: The FDA typically maintains an arm's-length relationship with drugmakers.

The FDA spokeswoman said the agency "often works closely

with industry to help foster drug development...especially in areas where there is a significant need for treatments for devastating diseases." A Biogen executive said the working group with the FDA was created because the Aduhelm data needed to be systematically analyzed, requiring frequent meetings to understand the conflicting data results.

Biogen executives saw Dr. Dunn as an ally who had been supportive of Biogen's early development of Aduhelm and other potential Alzheimer's drugs, said a person familiar with the company.

'Probably the worst drug approval decision in recent U.S. history.'

Biogen and FDA officials—including Dr. Dunn, agency clinicians and Tristan Massie, an FDA statistician who spearheaded the FDA statistical review—began meeting regularly after the June meeting, according to FDA meeting minutes.

In a summer 2019 meeting, the working group discussed whether Biogen could draw firm conclusions about Aduhelm's effectiveness because of the difficulty in interpreting incomplete trial data from a prematurely halted trial, according to the person involved in the process.

Mr. Massie, the FDA statistician, contested Biogen scientists' analysis, arguing that there were inconsistencies in the data that made the positive trial's results unreliable.

He also challenged the company's contention that the failed trial was a statistical fluke, said the person involved in the process, and he argued that the data couldn't be interpreted after the trials had been stopped for futility.

In one meeting, Dr. Dunn cut him off, saying he was straying from the "core issue" of understanding the data, said the person. Dr. Dunn and Mr. Massie didn't respond to requests for comment, and the FDA declined to make them available for interviews.

Mr. Massie's disagreement with Biogen's analysis remained outstanding in the months that followed, and he stopped attending working group meetings with Biogen halfway through the process. Meeting minutes the FDA later published suggest the questions Mr. Massie had raised about the Biogen analysis had been addressed by February 2020 according to FDA documents.

'Unscientific'

Mr. Massie's objections became public when an FDA outside advisory committee convened a hearing on Nov. 6, 2020, to advise on whether to approve Aduhelm. In a recorded presentation at the hearing, Mr. Massie called Biogen's data analysis "unscientific, statistically inappropriate and misleading," and recommended against approval.

His FDA colleague Dr. Dunn, in contrast, pointed to what he said were "robust" and "exceptionally persuasive" trial data supporting Aduhelm's approval. The outside advisers sided with Mr. Massie in the hearing, unanimously rejecting the drug's approval.

Dr. Wang, then director of the FDA's Division of Pharmacometrics, said he dug into the data and questions raised by the advisory committee that weren't answered. These included why the FDA hadn't considered Biogen's failed trial as a verdict on the drug's effectiveness. Dr. Wang, who left the FDA in September, said he found Mr. Massie's analysis contained data-entry errors and methodological misjudgments, resulting in what he said were flawed conclusions in Mr. Massie's recorded presentation at the hearing.

He said Mr. Massie's analysis didn't emphasize average changes in patients across Biogen's trials showing that a slowing in subjects' cognitive decline correlated with lower levels in their brains of amyloid. Dr. Wang said he told Mr. Massie that he had found what he believed were errors in Mr. Massie's analysis and offered to jointly prepare a new statistical analysis but that he never

heard back. In spring 2021, a council of senior FDA officials was asked for its advice on approval, he said. Dr. Wang said he and others made presentations. Nearly every FDA council member voted against approval on April 7, 2021, just as the outside advisers had.

On April 26, seven FDA leaders—some were on the earlier council—met to consider Aduhelm for accelerated approval, a fast-track program that lets the FDA clear drugs for serious diseases before their medical benefits are fully proven. Five of the FDA officials supported approving the drug on the condition that Biogen do another trial, FDA documents show. The head of Mr. Massie's biostatistics office voted against approval of any kind, while a seventh official abstained.

Fast-track approval

On June 7, 2021, the FDA approved Aduhelm. Biogen's stock closed at \$395.85 that day, up 38% from the previous closing price, and reached a 52-week closing high of \$414.71 on June 10.

Harvard Professor of Medicine Aaron Kesselheim, who was on the outside-adviser committee and resigned from it to protest the approval, in his resignation letter called it "probably the worst drug approval decision in recent U.S. history." Dr. Kesselheim in an email said he objected to the approval because Aduhelm "has no clear evidence of efficacy plus the very real risk of potentially serious harms" and because the FDA's "process was problematic due to the last-minute switch to accelerated approval."

The FDA said in a written statement that "given the unmet needs for patients with Alzheimer's disease—a serious, progressive, and ultimately fatal disease—the Agency chose to use the accelerated approval pathway to allow earlier access to patients." Biogen and the FDA say Aduhelm's most serious potential side effect—swelling or small bleeds in the brain—typically doesn't cause symptoms in patients and can be safely managed by regularly monitoring patients with MRI scans.

As of October, Biogen said, only about 120 U.S. medical facilities had administered Aduhelm to patients out of the more than 900 sites that the company says were prepared to administer the drug when it was approved in June, leading to \$300,000 in revenue in the third quarter, far short of the \$12 million analysts projected.

Some hospitals have said they won't administer Aduhelm to patients because of uncertainty over the drug's effectiveness and concerns about its potential side effects.

Raymond James Financial Inc. analyst Steven Seedhouse called Aduhelm "potentially the worst drug launch of all time" in terms of sales in an Oct. 20 research note to clients.

The Biogen spokeswoman said: "We continue to see a high level of patient interest and we are making steady progress in the launch of Aduhelm."

Biogen's \$56,000 launch price, announced June 7, was as much as 19 times as great as what would be considered a fair price, according to an analysis published in August by the Institute for Clinical and Economic Review, a non-profit research and advisory group that does cost-effectiveness analyses that insurers and drug companies use.

Biogen said the analysis underestimated the severity of Alzheimer's and the value of treatments to patients.

Criticism of Aduhelm's price and doubts over its effectiveness drove down Biogen shares in the months after approval. Through Jan. 4, the stock had fallen 42% from its 2021 closing high on June 10.

Aduhelm's launch price made doctors and hospitals even more reluctant to prescribe Aduhelm, said Ronald C. Petersen, a Biogen consultant and director of the Mayo Clinic Alzheimer's Disease Research Center. Dr. Petersen said the December price cut could make Aduhelm more affordable for some patients, but that wouldn't alone create a groundswell of demand. The coming decision by Medicare on whether it will cover the drug will likely be the most important factor for whether more doctors and patients embrace it, he said.

"If there's no real documented clinical benefit yet," said Dr. Petersen, "is it really worth that?"



Aduhelm was approved appropriately on very solid grounds, Biogen's CEO said; Aduhelm research, 2019.

FROM TOP: JESSICA RINALDI/REUTERS; EVE EDELHEIT FOR THE WALL STREET JOURNAL

DAVID A. WHITE/ASSOCIATED PRESS

Sabbaticals Are A Power Move In Burnout Era

By KATHERINE BINDLEY

Late in 2020 Joanna Miller was overworked, grappling with pandemic-induced feelings of isolation, and had just finished moving after listening to construction near her home office for eight months straight.

She took two weeks off from her job in human resources at the cloud software company Asana Inc. It didn't help.

"When it was time to go back to work, I realized that I was still so exhausted," said Ms. Miller, who lives in Oakland, Calif.

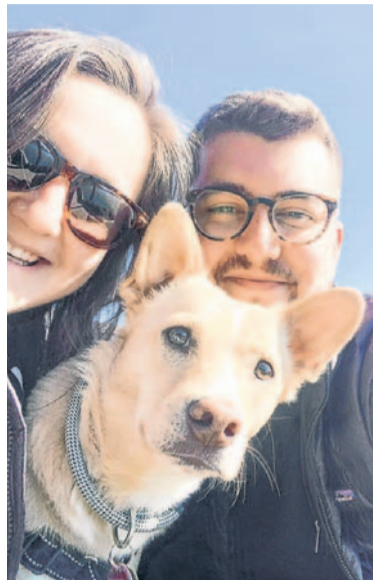
Instead of joining the millions of people who have left their jobs recently, Ms. Miller, 35 years old, took a paid six-week sabbatical.

Workers are putting in more hours than ever nearly two years into the pandemic. They are in many cases burned out and believe a prolonged break is the best respite. Surprisingly, some companies agree. Employees who take sabbaticals say they return to work energized and more productive. Managers who are worried about retaining top talent and how the Covid era is wearing on employees' well-being find sabbaticals engender loyalty and greater creativity. Sabbaticals still aren't main-

Sabbaticals can benefit morale and spread knowledge and skills around the company.

stream: 5% of companies offered them in 2019, according to the Society for Human Resource Management. The organization doesn't have data on what's happened to the perk during the pandemic or whether people remain at their jobs long term after taking a sabbatical. But several high-profile banks have recently started to offer them and smaller companies are trying them out as well. Late last year, Goldman Sachs Group Inc. started offering six-week unpaid sabbaticals to people who have been with the bank for at least 15 years, following an early 2021 move by Citigroup Inc. to give employees with at least five years' service up to 12 weeks off. Citigroup said 200 employees have been approved to take sabbaticals under the program.

Juraj Pal, former head of product at the polling-software startup Slido, was living in New York City last winter and had spent six years



with his company from its early days. Over time, work had become his entire identity.

"If you invited me for dinner and asked me who I am, I would talk about the company and if you asked me if I had hobbies, I'd say, 'I don't have hobbies' and I'd even feel good about it," said Mr. Pal, 28.

As the startup went through a reorganization and a subsequent acquisition by Cisco Systems Inc., Mr. Pal started to feel he was no longer a good match for the culture. He ended up in a conversation with the startup's CEO at the time, Peter Komornik, who suggested a real break.

"My first response was I didn't want to hear about it," said Mr. Pal. "Any extended time off was somehow a sign of failure, a sign of weakness even."

He worked through that resistance with his executive coach as well as his wife and best friend, both of whom worked at the company. He agreed to take several months off last spring. It took weeks for him to turn off his brain from work. A month in, he and his wife rented a place in Lake Tahoe, where he spent time hiking with his dog and participating in career development groups.

Mr. Pal's boss proposed he come back to a different role, which he did. Six months later he decided to leave Cisco to join a company whose program he had participated in while on his break.

"It's important mostly for mental health, at least it was for me,



Clockwise from left: Juraj Pal with Alexandra Pal and dog Simba on sabbatical in San Francisco; Joanna Miller on her break in the Maldives; Steve Dakin cycling in Crater Lake National Park, Oregon, on his second sabbatical, in 2015.

perk to work toward is another way to attract and hang on to top talent, Ms. Merritt said.

Anna Binder, head of people for Asana, says the key to making sure one person's sabbatical doesn't become a burden for others is distributing the work among team members and identifying what projects can be put on hold.

Steve Dakin, a director of engineering with Adobe Inc., has taken three sabbaticals across nearly two decades of working for the software maker, where taking them is ingrained in the culture.

"If you don't take it, people look at you strangely," said Mr. Dakin, 54.

For his first two sabbaticals, in 2011 and 2015, Mr. Dakin took multiweek road trips through national parks. He said he believes the financial costs of paying people to not work for a stretch are outweighed by the benefits to morale and spread of knowledge and skills around the company.

"When you're gone, all the work that you're doing needs to get picked up by somebody," he said. "Your manager gets to see, wow, this person is really important."

During his most recent six-week break last fall, Mr. Dakin redid his home office in San Jose, Calif., and traveled to Oregon, Yosemite National Park and Hawaii. All of his sabbaticals, he said, have helped him gain a broader perspective that's harder to have when he is in the thick of work.

Make a Game Plan For Landing a Raise

By KATHRYN DILL

With employers gearing up to boost spending on pay in 2022, there has rarely been a better time to go after a raise.

Companies are setting aside an average 39% of total payroll for wage increases in 2022, the largest increase since 2008, according to a new report from the Conference Board, a private research group.

Organizations are planning on raising salary bands, resulting in higher minimum, median and maximum salaries for certain job titles—which suggests that savvy negotiators at every professional level could see a bump this year.

Inflation is a big reason more money is earmarked for raises this year, but the rising cost of groceries and rent—among other things—doesn't necessarily mean across-the-board pay increases are on the way. But bosses may be more open to negotiation.

Here's how to be one of the people who gets a raise this year—from your current employer, or your next one.

Negotiate based on your skills, not inflation.

It is rational to cite rising costs as justification for a higher salary, but compensation experts advise that the most persuasive arguments em-

phasize your skills and achievements as an individual, not the outside forces affecting everyone.

"Talk about who you are, who they are and what you're going to be able to do together," said Alexandra Carter, director of the Mediation Clinic at Columbia Law School and author of a recent book on negotiation.

Frame your ask around your value as an employee, not your

Do due diligence.

Tools like Glassdoor and Payscale display typical salaries for certain roles, but career coaches and compensation consultants suggest those figures should be used only in combination with research among current or former employ-

ees of a company.

Reach out to contacts to ask if they know anyone at a company, said Lindsey Pollak, a workplace consultant whose clients have included Goldman Sachs, Aetna and Estée Lauder Cos. In addition to typical questions, such as, "Here's what I'm thinking of asking for—does that sound realistic?" she suggests seeking company-specific insight into how raises and salary negotiations are handled and whether the organization is setting aside more money for pay increases this year.

Don't be the first to say a number.

If you're interviewing for a new job, putting a number on your salary expectations can backfire, said David Buckmaster, a seasoned compensation executive and author. You risk boxing yourself into a lower salary range before knowing what the company is willing to pay.

When asked about salary ranges, Mr. Buckmaster recommends volleying back to the company by saying something like, "I don't know enough about your company's approach to pay to give you a confident number. I trust the company to evaluate me relative to others and place me appropriately in your pay range."

If a job offer comes in at a lower-than-expected

salary, that is the point where Mr. Buckmaster recommends indicating your expectations and that you anticipated that the company's range for the role would be higher.

"It's the responsibility of the company to pay you fairly, not for you to guess what you think is fair pay for you," he said.

Be prepared to secure—and take—another offer.

Workers who stuck with their employer last year and were successful often have room to say, "I've helped to shepherd the company through this pivotal time, and I want to see that reflected in my paycheck," Ms. Carter said. The strategy also works when seeking more flexibility or perks, such as time off or additional staff support, she added.

Some employers will expect workers to secure a job offer from another company before they will negotiate a raise. That approach carries risk for both parties, Ms. Carter said: Your current employer may not counter as you would hope, so be prepared to accept the other offer. Similarly, companies need to understand that if an otherwise-satisfied employee has to draw an outside offer to get a raise, they may ultimately choose to leave for a new job at a company ready to pay them what they want, she added.

"People want to see their value reflected in their paycheck, but also in the enthusiasm with which their requests are met," Ms. Carter said. "They want to see that management truly values them, wants to keep them, is asking them, 'How can we help you succeed?'"



PERSONAL JOURNAL.

By RICHARD MORGAN

“THE TRAGEDY of Macbeth” may surprise fans of Coen brothers movies full of modern grifters, gangsters and stoners. But those who know them and their work say Shakespeare has long been in their creative DNA.

Joel Coen’s first solo effort without his brother, Ethan, stars Denzel Washington and Frances McDormand as Shakespeare’s violently ambitious power couple in 11th-century Scotland. It is in theaters now and begins streaming on Apple TV+ on Jan. 14.

“It feels like the perfect marriage and melding of minds,” says Corey Hawkins, who plays Mr. Coen’s Macduff. “Like going to a museum with your favorite artist and watching them in conversation with Picasso.”

Viewers can see snippets of that conversation in the first Coen film, 1984’s “Blood Simple.” The thriller features a character struggling to clean a bloody mess in a way that echoes Lady Macbeth’s famous “out damned spot” soliloquy. Sometimes homage is explicit, like a play in “Barton Fink” called “Bare Ruined Choirs,” a phrase from Shakespeare’s Sonnet 73.

Kathryn Hunter, who plays three witches in the new “Macbeth,” sees the Coens’ Shakespearean connection in dialogue. “Shakespeare, like the Coen brothers, wrote for actors.” She compares the Bard’s regulars, including Richard Burbage and Robert Armin, with the brothers’ roster of favorites: Ms. McDormand, George Clooney, John Goodman, Tim Blake Nelson and Steve Buscemi, among others.

“If you can accomplish what’s possible with Shakespeare, then you’re going to be great with David Mamet, Suzan-Lori Parks, Lynn Nottage, Jackie Sibblies Drury or Branden Jacobs-Jenkins, but especially the Coen brothers,” Mr. Nelson says.

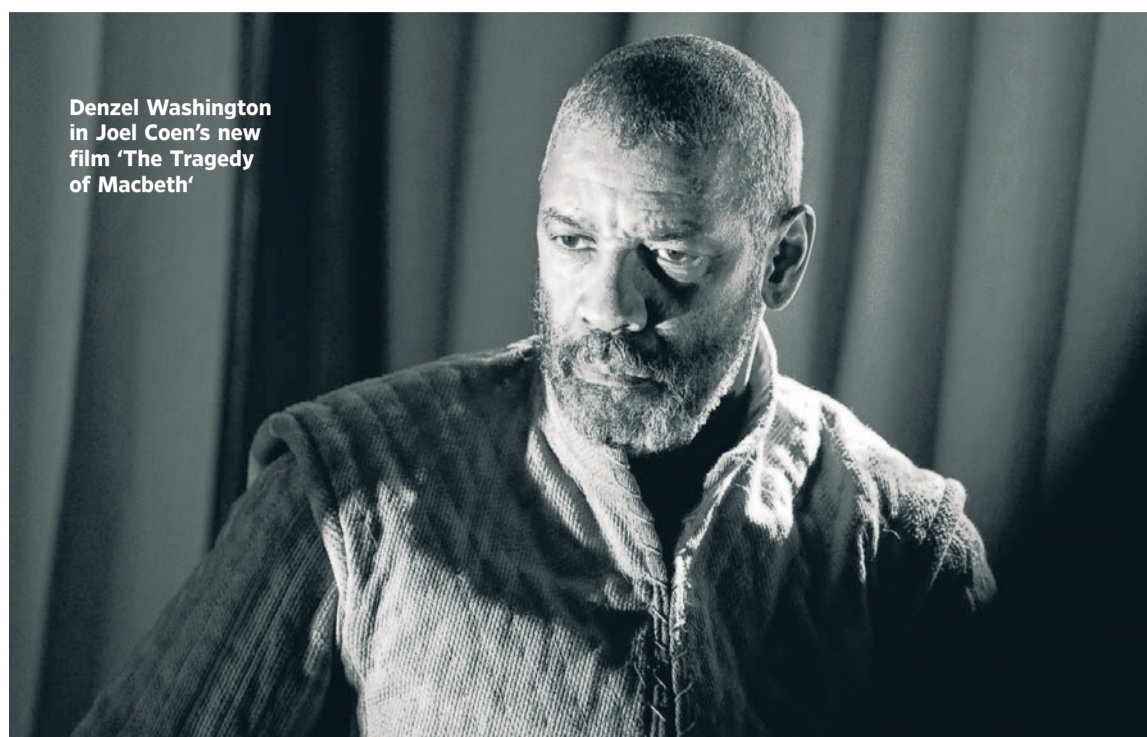
Here are five Coen characters who might have fit into Shakespeare’s world:

Jeff “The Dude” Lebowski (Jeff Bridges)

Movie: “The Big Lebowski”
Shakespeare Analog: Falstaff (three plays)

The Dude, an aging hippie devoted to bowling with his pals, is the Coens’ most iconic character, inspiring fan conventions. Queen Elizabeth I was such a fan of Fal-

In Coen Brothers Movies, The Bard Often Abides



Denzel Washington in Joel Coen’s new film ‘The Tragedy of Macbeth’

staff, a debauched knight in both “Henry IV” plays, that she ordered Shakespeare to put him in something lighter. (That’s how “The Merry Wives of Windsor” happened.) “Falstaff celebrates his inner dudeness,” says Adam Bertocci, author of “Two Gentlemen of Lebowski,” a retelling of the movie in iambic pentameter and Elizabethan prose.

“Here’s a huge, indulgent man who’s surrounded by his little entourage,” Bonnie Monte, artistic



director of the Shakespeare Theatre of New Jersey, says of the Dude. “You can’t get more Falstaffian.” As a one-time Falstaff and six-time Coen collaborator—including as the Dude’s best friend, Walter—Mr. Goodman abides: “There’s a lot there. He doesn’t have the young Hal, but I can very easily see that.”

Llewelyn Moss (Josh Brolin)

Movie: “No Country for Old Men”
Shakespeare Analog: Macbeth, “Macbeth”

Oskar Eustis, artistic director of New York’s Public Theater, which oversees Shakespeare in the Park, says he sees a straight line from the main characters in Shakespeare’s tragedy and the Coens’ dark thriller. The Best Picture Oscar winner from 2007 is about a series of violent episodes sparked by Llewelyn’s choice to take money he finds at the scene of a drug deal gone wrong.

“Every step along the way, you watch them make the decisions that are going to destroy their souls, and they keep going downward,” Mr. Eustis says. “If you break all moral codes, it has an effect on your soul, your sense of self.”



Everett (George Clooney)

Movie: “O Brother, Where Art Thou?”
Shakespeare Analog: Prospero, “The Tempest”

Both “The Tempest,” set on a magical island, and “O Brother,” set in Depression-era Mississippi, can be read as the artists’ spins on Homer’s “The Odyssey.” Ulysses, Prospero and Everett are exiled. “Prospero and Everett both lived lives of deceit and are relying on that skill to get home,” says Sara MacDonald, co-author of “The Coen Brothers and the Comedy of Democracy.” “They both come to terms with the nature of what it means to deceive others, the possibility of their deaths, and a final atonement for the lives



they’ve lived—with an attempt afterwards to live on the straight and narrow.”

Marge Gunderson (Frances McDormand)

Movie: “ Fargo”
Shakespeare Analog: Mistress Margaret Page, “The Merry Wives of Windsor”

Both the film and play feature troublesome interlopers wreaking havoc in a bucolic town—in “Fargo,” two inept kidnapers, in “Windsor,” Falstaff looking to seduce rich women to settle debts. Marge and Mistress Page are



forces against that chaos who also happen to be devoted wives. (Here it’s worth knowing

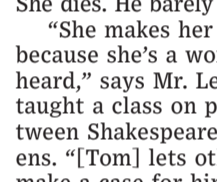
that Joel Coen and Ms. McDormand have been married since 1984.) It’s almost as if Shakespeare and the Coens challenged themselves to create characters who are so plainly good they’re almost undramatic, says Peter Holland, professor of Shakespeare studies at the University of Notre Dame. “It’s about enjoying something that is not extreme,” he says.

Tom Reagan (Gabriel Byrne)

Movie: “Miller’s Crossing”
Shakespeare Analog: Desdemona, “Othello”

Both stories are loaded with double-crossings and misunderstandings. The Coens’ story is about a gang war in 1929, Shakespeare’s about a race-inflected power struggle among wartime Venetians in the 16th century.

Tom, a gangster working both sides of the dispute, and Desdemona, Othello’s wife and the subject of his jealousy, are ciphers for the other characters’ projections, says Eric LeMay, an English professor at Ohio University. She dies. He barely survives. “She makes her own case but, because she’s a woman, can’t be heard,” says Mr. LeMay, who has taught a class on parallels between Shakespeare and the Coens. “[Tom] lets other people make a case for him and, because he’s a man, uses it to his own advantage.”



CLOCKWISE FROM TOP: APPLE TV+; EVERETT COLLECTION (5)

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How Tech Can Help Nab at-Home Tests

Shopping bots send alerts on inventory

By DALVIN BROWN

You don’t have to run all over town hunting for self-test kits. Just be ready to buy when the bot says they are in stock.

During the holidays, getting a PlayStation 5 under the tree required patience, luck and an online bot-powered product tracker. Now, the same shopping tools can help people find at-home Covid-19 tests, which have grown scarce as the Omicron variant rages across the country.

Stock-monitoring platforms periodically check inventory at various retailers and send users alerts if hot-ticket items become listed as available to purchase. Some of these services, including NowInStock.net, ZooLert.com and Hot-

Stock.io, are tracking Abbott’s BinaxNow self-test and similar products at retailers such as Walgreens, CVS, Walmart and Amazon. Some services say these tests are among the most sought-after items.

Whether you are using the services’ websites or apps, getting the ping about a product in stock is only half the battle. You will have to move fast enough to place an order before everyone else finds out they are available.

Here are some tips for improving your chances of securing a test—at least before the Biden administra-

tion begins distributing them free—with the help of shopping bots:

► Choose how you want to be notified. NowInStock and ZooLert can send you email, text messages and browser alerts. You might not see them if your devices are silenced. The HotStock app will send push notifications

turn off low-power mode, which can sometimes slow down notifications.

► Create accounts with the retailers selling the home tests, and be sure to save your address and payment info. If you already have an account, log in on your browser. This ensures a faster checkout. (Also, you can use your browser’s autofill feature to quickly input name and shipping information.)

► Be patient. The listings and notifications are only as good as the tech powering them, which is generally computer code that



At-home Covid-19 tests have grown scarce as the Omicron variant spreads.

Services include NowInStock.net, ZooLert.com and HotStock.io.

to your phone. You can also just leave a tracker’s webpage open in your browser and watch for changes.

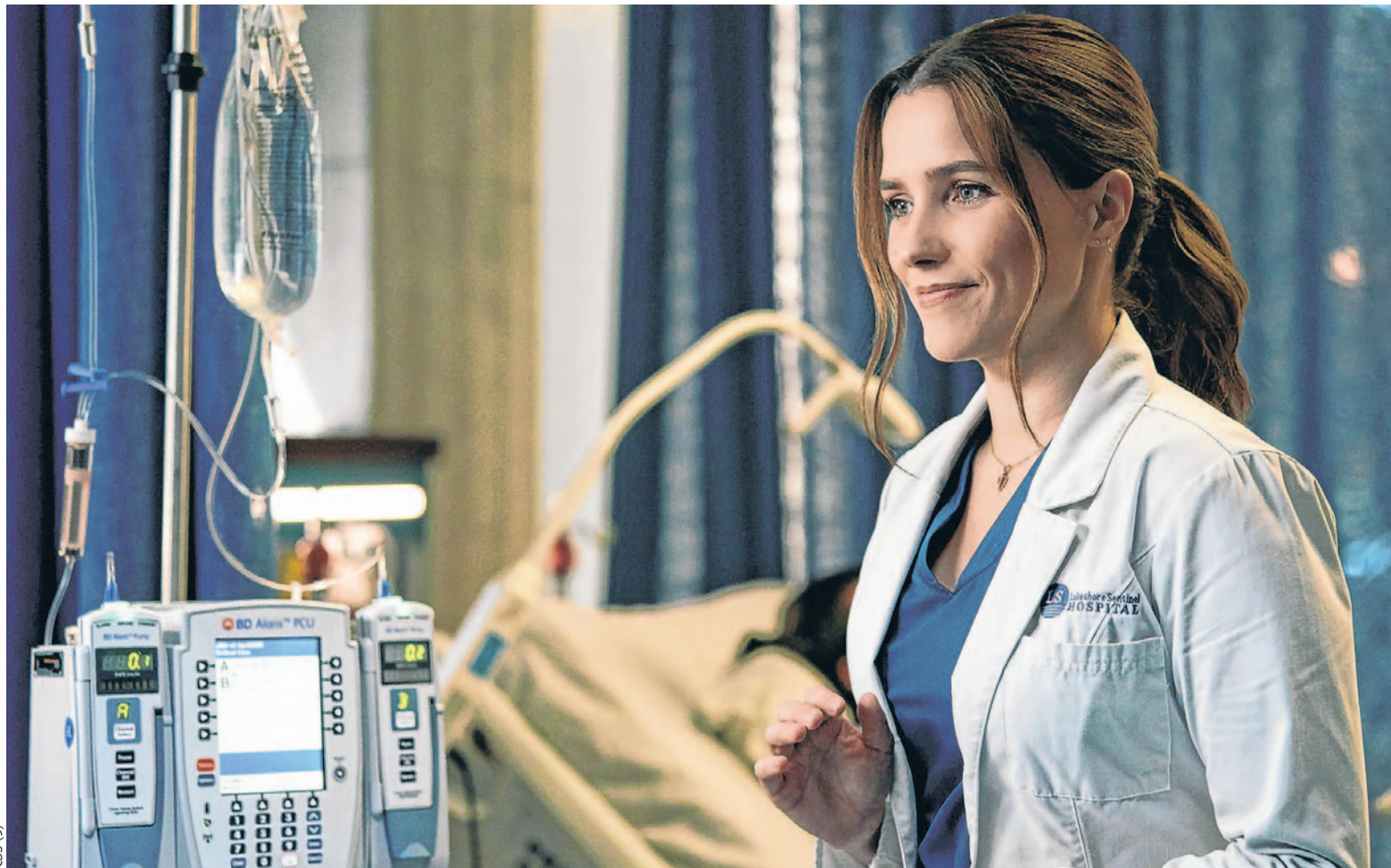
► Turn up the volume and make sure your notifications are turned on. Turn off Do Not Disturb if you are hoping for alerts on your smartphone. Also,

monitors retailers’ inventory lists or scans retail websites for changes in inventory status. Occasionally, you might click through and find that the product isn’t really available, or it is listed with a painful gouge of a price.

On Monday, we had a NowInStock page open to the Covid-19 test page for several hours before a Walgreens listing for the BinaxNow test went green. We jumped on it, managing to place orders at the list price of \$23.99. Shortly after, the Walgreens product page said the tests were out of stock. So did the tracker.

DAVID DERMEY/ASSOCIATED PRESS

ARTS IN REVIEW



Sophia Bush as Sam Griffith, left, Jason Isaacs as Rob Griffith, below left, and Skye Marshall as Lex Trulie, below right, in CBS's new drama 'Good Sam'

TELEVISION REVIEW | JOHN ANDERSON

A Hospital's Feuding Family Practice

Things turn less than cordial between a father-daughter duo of dueling surgeons



Anyone scheduled for open-heart surgery at Lakeshore Sentinel Hospital—the setting of the new medical drama “Good Sam”—might want to run for his life. The place certainly has good doctors—cutting-edge, one might say. But the competition between its two most prominent physicians is so distractingly messy you could spread it with a tongue depressor.

The two also happen to be father and daughter, a surprise sprung early enough in episode 1 not to be a spoiler, but late enough for the principal characters to be established: Sam Griffith (Sophia Bush), supervisor of the surgical residents, is talented, even-tempered, caring and so shockingly traditional she's ready to take a job elsewhere when her doctor boyfriend, Caleb (Michael Stahl-David), doesn't propose. Her father? Rob Griffith (Jason Isaacs) is arrogant, domineering, a surgical “genius” who engenders both fear and loathing in his underlings. After being shot by a nut with a gun during a hospital emergency (Sam's “Dad?!” is our tipoff that they're related), he spends six months in a coma, during which time Sam is made head



of surgery. Everyone's happy—except, when he comes to, Dad.

“Good Sam,” created by Katie Wech (“Rizzoli & Isles”), went into development in late 2019; chalk up its tardy arrival to the pandemic. But it also might have taken a while to get a handle on how, and for how long, the show's story line could play out. Two episodes were available for review, during which time Rob Griffith is shot, goes into his coma, comes out of it not knowing how long he's been unconscious or what's happening. At the time of the attack, he was having an affair with

one of the residents; by the time he wakes up, she's moved on.

But his chief concern is getting back in the operating room—and right away, which can't happen, not without his being “proctored” for several months. “It's state law,” says Vivian Katz (Wendy Crewson), the hospital's chief medical officer—and Rob's ex and Sam's mother. It's a close-knit place. (It's also Detroit: Not much is made of it, but when one pre-operative patient is reported to have smuggled “a coney dog and fries” into his room, it's a tipoff.) But guess which doctor is going to guide Rob back to professional proficiency? Yes, that would be the title character of “Good Sam,” which is not a sitcom, but has a situation. From it, conflict will arise.

As W.C. Fields might have said, “If you can't dazzle them with brilliance, baffle them with buckets of cardiology, pulmonology and doctorly jargon.” Which is OK: It's what we expect from medical shows—enough facts, faux or otherwise, to certify the characters' medical credentials. It's the characters and the actors who matter.

In that regard, the series, which will air Wednesdays on CBS (streaming on Paramount+), has a significant asset in Ms. Bush, who will be taking “Good Sam” up against her old program, “Chicago P.D.,” in the 10 p.m. time slot; she is charming but also makes Sam convincingly competitive when Rob starts maneuvering to get his old job back from his own daughter. If one wanted to read a message about elder care into the story line of “Good Sam,” it's there to be read, as is a not-so-subtle subtext about generational differences: When Rob talks about returning to his former position, he talks about the “natural order” being restored. Yes, he might mean a father shouldn't be working for his daughter. Given his general demeanor, he might not want to work for a woman at all.

Mr. Isaacs can be a delicious villain, as he proved multiple times as Lucius Malfoy in the “Harry Potter” films, and much more recently as Peter Groff in the Netflix series “Sex Education.” What's disappointing in “Good Sam” is his use of an American accent. It doesn't seem necessary. And one realizes, listening to his strained inflections, how much his native British-ness has helped him to bring a kind of grandeur to malvolence. In “Good Sam” his vocal performance makes Rob Griffith sound small and petty. Although, in the end, that's what he is.

Good Sam
Begins Wednesday, 10 p.m., CBS

OPERA REVIEW

'Rigoletto': Deco Drama at the Met

BY HEIDI WALESON

New York
Amid the Omicron-related cascade of theater, dance and concert cancellations, the Metropolitan Opera's New Year's Eve show—Bartlett Sher's new production of Verdi's “Rigoletto”—went on as planned. Peter Gelb, the Met's general manager, gave a brief curtain speech thanking the company and the audience, and noting that thanks to the Met's stringent health measures (“You have no idea,” he said wryly) none of its performances have been canceled. It was not business as usual, of course. The gala dinner was called off, there were some empty seats, and Mr. Gelb urged the audience members to keep their masks on. Still, there was plenty of festive attire and selfie-snapping, and Quinn Kelsey, who sang the title role, took his bows in a 2022 tiara as confetti dropped on the audience. Just when we started taking live performance for granted again, we were reminded how easily it could go away.

That would be a shame, given the incandescent performances delivered by Mr. Kelsey and Rosa Feola as his daughter, Gilda. The opera's principal characters can seem particularly sympathetic—the court jester, the libidinous duke he enables, and the ditsy, easily duped daughter whom he basically imprisons. But Mr. Kelsey found unusual nuance in Rigoletto, both as singer and actor. His booming bari-

tone has both volume and lyric poignancy, and he asserted those traits to create new sides of the character with every appearance. In the first scene, his voice scraped harshly as he did his job, taunting Count Ceprano with his wife's infidelity. Alone in the next scene, he shed that mask along with his jester props—red gloves, black

A new staging from Bartlett Sher moves the action to Weimar Germany in the 1920s.

ruff—and ruminated about his own evil deeds with a soliloquy that encompassed both guilt and fear. In Act 2, when he implored the courtiers to tell him where they had taken his abducted daughter, you could hear that real begging did not come easily to him, and in the subsequent duet with Gilda, their mutual devastation was palpable.

Ms. Feola also rose above Gilda's vacuous innocence to create a character with some agency. Her luminous soprano made “Caro nome” more than just a star turn. It was thoughtful and deeply felt, and you sensed the character's through-line, connecting her love for her father and this new feeling for a mysterious young man. Piotr Beczala's Duke, on the other hand, was one-dimensional—vocally

bright, hearty and focused on getting what he wants. Even “Ella mi fu rapita,” in which he suggests that Gilda could make him change his ways, offered no variety.

Mr. Sher's production, created in cooperation with Staatsoper Berlin, ostensibly updates the story's Renaissance Italy setting to Weimar Germany in the 1920s, but there is little in Michael Yeargan's set or Catherine Zuber's costumes that conveys a strong sense of period, or why that period is thematically significant. The set, a giant cube, rotates on a turntable. In the first scene, courtiers wearing “old Hollywood” slinky dresses, uniforms or black tie spill through tall, narrow doors on all sides until the set comes to a stop, revealing a huge reception room with gold pillars and blood-red walls. Subsequent rotations take us to Rigoletto's multi-story house and the assassin Sparafucile's den of iniquity—both generically impoverished, though the latter has a bar setup in the center. The set also turns in midscene on occasion. This supplies some drama, but more often distraction, upstaging the singers at critical moments. For example, when Rigoletto, dragging the zippered body bag containing what he thinks is the murdered Duke but is ac-

tually Gilda, suddenly hears the Duke singing, we've lost track of him and his horrified reaction because we are focused instead on the turning set.

Mr. Sher's directing also has mixed results. The opening party scene is lively and precisely choreographed to demonstrate the underlying violence and nastiness of the Duke's regime. Little moments are telling: Rigoletto kicks Monterone's cane out from under him and makes him fall; in Act 2, the courtiers do the same to Rigoletto. Giovanna, Gilda's companion

(Eve Gligliotti), is here made part of the conspiracy to destroy Gilda—she takes money from the Duke; watches, unfazed, as her charge is abducted; then leaves with a suitcase. The more nuanced theatrical characterizations of Rigoletto and Gilda also take this production out of the realm of the obvious. But there are more confusing choices as well, most notably the scene in which Gilda substitutes herself for the Duke as murder victim. During part of it, with the aid of some drenched red lighting designed by Donald Holder, she appears to be in two places at once.

Andrea Mastroni was a businesslike Sparafucile, lacking some of the assassin's menace despite his handsome, velvety bass; Varduhi Abrahamyan, a properly blowzy, assertive Maddalena, helped make the Act 3 quartet a vocal high point of the evening. Craig Colclough was a potent, disheveled Monterone. Conductor Daniele Rustioni proved a sympathetic accompanist to the singers, but he did not keep the score's dramatic tension at a consistently high level.

In a way, the whole show suffered from that lack of pure animal energy—it was almost too subtle. “Rigoletto” is a barn-burner—you have to gallop along with the sexism, violence and sentimentality in order for it to work. In this production, despite some gripping theatrical and vocal moments, the all-consuming sense of tragedy was missing.

Quinn Kelsey in the title role of Verdi's 'Rigoletto'

Ms. Waleson writes on opera for the Journal and is the author of "Mad Scenes and Exit Arias: The Death of the New York City Opera and the Future of Opera in America" (Metropolitan).

SPORTS

By JOSHUA ROBINSON AND BEN COHEN

As the rest of the tennis elite boarded flights to Australia in recent weeks, world No. 1 Novak Djokovic sat at home waiting to know where he might be allowed to play next.

Meanwhile, halfway across the world, NBA star Kyrie Irving watched the Brooklyn Nets and wondered if, when or where he would be allowed to play his first game of the season.

Now two of the sports world's most prominent vaccine skeptics have found exceptions to stringent rules and find themselves returning to competition at almost exactly the same time, even as the Omicron variant is leading to the latest wave of Covid-19 cases.

Djokovic said on Tuesday that he had received an exemption to play in this month's Australian Open despite rules the country and the tournament have put in place requiring players to be vaccinated against Covid-19 to participate.

Djokovic, who has said publicly that he didn't want to be vaccinated, indicated that he had received an unspecified medical exemption to enter the country. He made the announcement in a social media post that showed him with his luggage on an airport tarmac, ready to fly to Australia, prompting plenty of frustration from locals who have spent much of the past two years under lockdown.

"I've spent fantastic quality time with my loved ones over the break and today I'm heading Down Under with an exemption permission," he wrote. "Let's go 2022!"

In a bit of transcontinental symmetry, Djokovic's unexpected trip to Australia coincides with Irving's possible debut in Indianapolis on Wednesday, where the Nets are hoping their standoff with the NBA's most valuable unvaccinated player officially ends.

Djokovic and Irving are not the only unvaccinated professional athletes who happen to be huge stars. Green Bay Packers quarterback Aaron Rodgers said he was "immunized" and then admitted that he was unvaccinated in an extraordinary series of events after he tested positive for Covid and missed a game. He also led his team to the NFL's best record and distinguished himself as the front-runner to win the league's MVP award.

The difference between Irving and the overwhelming majority of athletes who declined to get the shot, including Rodgers and Djokovic, is that his defiance meant he couldn't do his job. Irving was banished by his own team and risked losing more than \$15 million for refusing to comply with New York City's indoor vaccine mandate. Since he couldn't play for the Nets at home, the Nets decided he wouldn't play anywhere.

Irving, who remained mostly silent with the exception of cryptic posts on social media during his absence, said recently that he re-



Tennis star Novak Djokovic said he received an exemption to play in the Australian Open. Kyrie Irving, below, is set to return to the court for the Brooklyn Nets.

Djokovic, Irving Find Exceptions To Stringent Vaccination Rules

The 20-time major winner and the Brooklyn Nets star are both expected to return this month



spected their decision after he made his. Then the team backed down. Covid ripped through Brooklyn's locker room as the Omicron variant slammed New York in December, and the Nets softened their position about paying a star not to work. Their plan to survive a Covid surge was to welcome back a proudly unvaccinated employee and effectively make Irving the NBA's only part-time player.

His return plans were immediately complicated. It took less than

24 hours for Irving to be sidelined by the league's health and safety protocols. As soon as he was cleared, Irving hit another snag: The Nets were playing at home.

Wednesday's game against the Pacers is his first chance to see the floor since coming back to work. He's currently eligible for 22 of their remaining 47 games, but a prolonged Nets home stand toward the end of the regular season means he might go nearly a month before the playoffs having played

exactly once. It's unclear if that means he will be rested or rusty. It's also unclear whether Irving's availability next to Kevin Durant and James Harden will change the way the Nets strategize for the playoffs.

But the temporary solution to the Irving saga was somehow more probable than Djokovic making it to Melbourne to chase a 10th Australian Open title. While he was able to comply with negative testing requirements to make it through last season—and win three Grand Slam tournaments along the way—Australia's tougher policies in 2022 were always going to be a challenge. The tournament had insisted that no player, staff member, or fan would be admitted without being vaccinated.

Australian Open organizers said on Tuesday that Djokovic's application for an exemption had been reviewed by a body called the Australian Technical Advisory Group on Immunization, which didn't give any details on his case. Djokovic contracted and recovered from Covid in the summer of 2020.

"Fair and independent protocols were established for assessing medical exemption applications that will enable us to ensure Australian Open 2022 is safe and enjoyable for everyone," tournament director Craig

Tiley said.

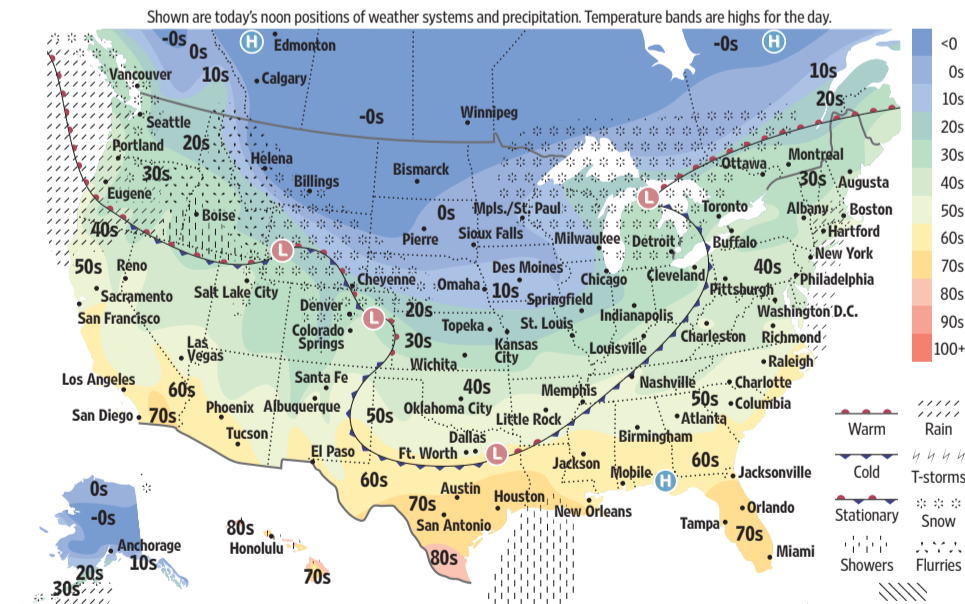
While Djokovic is far from the biggest ratings draw in the sport—players such as Roger Federer and Rafael Nadal remain more popular with television audiences—he would have been a glaring absence from the tournament. Djokovic is the most successful male player in Australian Open history and is looking for his 21st major title overall.

Yet in recent months, Djokovic had seemed prepared to skip the tournament. He said as recently as early December that he was taking a wait-and-see approach until an official announcement on health protocols. When those turned out to be as stringent as everyone expected, Djokovic remained quiet, leaving organizers in Melbourne in limbo until as late as possible.

"Everyone who will attend—spectators, players, officials, staff, everyone—is expected to be fully vaccinated. They're the rules," the deputy premier of the Australian state of Victoria, James Merlino, told reporters last month. "Medical exemptions are just that. It's not a loophole for privileged tennis players."

On Tuesday, however, the state of Victoria defended the exemption for Djokovic, saying that it had been assessed through "an independent and rigorous process."

Weather



U.S. Forecasts

City	Today				Tomorrow			
	Hi	Lo	W	P	Hi	Lo	W	P
Anchorage	2	-9	s	-2	-5	pc		
Atlanta	55	39	c	55	27	sh		
Austin	72	39	s	56	29	s		
Baltimore	45	34	c	41	27	c		
Boise	38	32	sh	43	39	pc		
Boston	48	37	r	40	30	pc		
Burlington	38	29	c	35	20	c		
Charlotte	55	36	c	54	33	c		
Chicago	22	7	c	16	2	c		
Cleveland	40	18	c	25	20	sn		
Dallas	59	34	pc	42	24	pc		
Denver	38	0	sn	26	18	c		
Detroit	34	17	sf	25	12	sn		
Honolulu	79	67	pc	80	68	sh		
Houston	75	52	pc	67	37	pc		
Indianapolis	34	13	pc	19	6	sn		
Kansas City	24	6	sn	10	3	sn		
Las Vegas	59	44	s	61	43	s		
Little Rock	51	29	pc	35	19	sf		
Los Angeles	69	52	s	71	50	s		
Miami	79	67	c	80	65	pc		
Milwaukee	23	12	sn	18	4	c		
Minneapolis	13	-4	sn	-1	16	pc		
Nashville	51	26	c	32	16	sn		
New Orleans	68	57	pc	72	40	pc		
New York City	46	36	r	40	30	pc		
Oklahoma City	44	14	pc	27	12	pc		

International

City	Today				Tomorrow			
	Hi	Lo	W	P	Hi	Lo	W	P
Amsterdam	44	34	sh	43	35	c		
Athens	62	50	s	64	52	c		
Baghdad	61	39	s	63	40	s		
Bangkok	91	74	s	93	73	pc		
Beijing	39	12	s	39	13	s		
Berlin	39	28	sn	36	28	s		
Brussels	41	35	sh	41	35	pc		
Buenos Aires	76	67	s	79	71	s		
Dubai	72	61	pc	73	59	s		
Dublin	40	31	pc	49	34	r		
Edinburgh	39	27	s	42	33	r		

Today Tomorrow

City	Today				Tomorrow			
	Hi	Lo	W	P	Hi	Lo	W	P
Frankfurt	40	34	sf	41	31	pc		
Geneva	41	30	c	40	26	s		
Havana	80	61	pc	82	61	pc		
Hong Kong	72	64	pc	72	62	s		
Istanbul	60	55	s	62	53	pc		
Jakarta	90	76	t	89	76	t		
Jerusalem	54	44	pc	58	43	s		
Johannesburg	84	61	c	74	60	c		
London	42	28	s	45	37	r		
Madrid	49	29	c	48	28	s		
Manila	88	74	c	88	74	c		
Melbourne	73	64	r	77	67	r		
Mexico City	75	46	pc	75	46	pc		
Milan	48	33	r	44	27	s		
Moscow	30	28	sn	32	22	sn		
Mumbai	87	73	pc	84	72	pc		
Paris	43	33	s	41	35	pc		
Rio de Janeiro	86	76	sh	81	74	sh		
Riyadh	62	47	s	62	43	s		
Rome	61	46	r	54	41	sh		
San Juan	84	73	pc	83	73	pc		
Seoul	36	18	s	39	15	s		
Shanghai	51	43	r	50	39	pc		
Singapore	86	76	t	86	76	t		
Sydney	77	72	sh	79	72	sh		
Taipei City	78	62	pc	67	62	c		
Tokyo	46	34	s	42	37	sh		
Toronto	38	20	c	29	16	c		
Vancouver	33	29	sn	38	33	i		
Warsaw	41	34	sh	35	23	c		
Zurich	41	30	r	38	27	sn		

The WSJ Daily Crossword | Edited by Mike Shenk

AGING IT | By Blake Slonecker

- | | | |
|---|---|--------------------------------|
| Across | 28 Odorous accessory | 48 Big, sexy brass? |
| 1 "Row, Row, Row Your Boat," e.g. | 29 Move forward | 51 Crumb carrier |
| 6 Mess maker | 31 Doorway toppers | 52 Where subway doors open |
| 10 Polish prose | 33 Forgo the script | 54 Caddie's collection |
| 14 Follow | 34 Hit the gas | 56 Voice quality |
| 15 Start for space | 36 Diamonds, e.g. | 57 Obnoxiously loud toy truck? |
| 16 Shake, say | 37 Superlative grade earned by six answers in this puzzle | 62 Combs of country music |
| 17 Cultivate "anti-art"? | 38 Settled | 63 Strongly recommend |
| 19 Baskin-Robbins | 41 Helios for Helio | 64 24-book poem |
| 20 Pickle cut | 43 Pool cry | 65 And others, in brief |
| 21 Elephant in a series of over 40 books | 44 "What's up, my peeps" | 66 Foot part |
| 22 Putt target | 46 Prove inviting | 67 Some phone reading |
| 25 Booze-serving part of California wine country? | 47 Detroit-based labor org. | |

- Down**
- 1 Field whistler
 - 2 Lennon's love
 - 3 Seagoing letters
 - 4 "Darn it!"
 - 5 It's not indexed by search engines
 - 6 Camp David Accords signatory
 - 7 Take in
 - 8 O'Hare, on luggage tags
 - 9 Feathery frippery
 - 10 "Luther" star Idris
 - 11 Coat for subzero weather?
 - 12 Avshalom Cave setting
 - 13 Game with seven shapes
 - 18 React to being walloped
 - 21 Alabama or Kansas, e.g.
 - 22 Book balancers, briefly
 - 23 Language written from right to left
 - 24 Detail-oriented chocolatier?
 - 26 Unalaska native
 - 27 Holiday dessert lineup
 - 30 Wasting no words
 - 32 "Dear Mama" rapper
 - 34 Like proverbial milk
 - 35 Oslo Accords grp.
 - 37 Guthrie at Woodstock
 - 39 App stand-in
 - 40 Parent's warning
 - 42 Spa sounds
 - 43 Wasn't kidding
 - 44 Con
 - 45 Support the restaurant industry
 - 46 Hip-hop devotee
 - 49 Hint of color
 - 50 "Did I do that?" speaker of 1990s TV
 - 53 Spa treatment
 - 55 Foot part
 - 57 "Well, that's a surprise!"
 - 58 Metal source
 - 59 Put an end to
 - 60 Dennings of "WandaVision"
 - 61 Sponsored spots

Previous Puzzle's Solution

H	A	S	T	A	A	T	M	S	L	A	P
A	T	T	I	C	R	O	E	S	T	A	L
S	T	A	N	D	D	O	W	N	H	S	T
T	H	Y	C	O	M	E	D	A	N	S	O
V	I	E	T	T	I	W	A	L	K	O	F
B	U	R	I	E	S	E	A	N	T	E	
T	E	N	S	E	S	E	T	H	Y	I	P
A	L	E	R	U	N	R	I	O	T	N	A
O	L	D	S	N	O	S	E	S	U	D	S
D	A	S	H	O	F	S	A	L	T	P	O
I	F	T	I	M	A	Y	P	U	M	A	R
T	I	D	E	S	S	P	R	I	N	T	C
T	R	E	A	T	E	L	K	N	E	A	T
Y	E	A	R								
W	E	S									
O	A	T	E	S							

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

OPINION

Europe Climate Chaos Goes Global



BUSINESS WORLD
By William W. Jenkins, Jr.

Hard to believe, but politics sometimes exhibits a pull toward the rational, especially when voters find it difficult to pay their bills, heat their homes and keep their jobs.

That's happening in Europe now thanks to home-heating and electricity prices up 300% at the wholesale level since last winter. In a quote echoed across the continent, one of British Prime Minister Boris Johnson's parliamentary allies warned on the weekend of "catastrophic" damage to the government: "Elections are won and lost in people's wallets."

Europe's mess has been framed as a story of many influences—the proverbial perfect storm. But it's really a story of one thing, coal, plus hypocrisy.

By undiversifying its base-load power supply away from dirty coal while also dumping nuclear, Europe has invited all the consequences you read about: ill-advised reliance on Russian natural gas, frantic bidding wars with China for liquefied-gas shipments, fear of rolling blackouts whenever a French nuclear plant needs maintenance or the wind dies down or the sun goes behind a cloud.

Though firm believers in the risks of man-made climate

change, analysts at the commodity research firm CPM Group cogently argue in a recent report that 2022 will be the year when energy and climate realism finally break through:

The gestures governments have been enacting are "not meaningful in the race to combat climate change."

The electric vehicles that politicians particularly love to subsidize "will not significantly reduce carbon dioxide output, only shift its location." "There are real constraints"—surprise—"to moving toward clean energy industries," starting with the unwillingness of voters and consumers to pay for it.

Most interestingly, the CPM analysts see a "bifurcation" between China and the rest of the world. Not because China has opted out of lip service to the climate cause, but because China now produces emissions for the world. Europe has conveniently adopted 1990 (when East Germany's Sovietized heavy industry was about to be shut down) as its emissions baseline. Even so, Europe's claimed 20% reduction in emissions since then is not merely a drop in the bucket when the world increased its total emissions 50% overall. It's a bit of fraud since European investors simply relocated their emissions-heavy processes to places outside the European Union.

A perfect metaphor is Angela Merkel's decision in 2011 to shut Germany's nuclear plants, including three that

closed last week. Now it can be admitted: Her motive was to forestall a momentary rush of German voters to the Green Party after Japan's Fukushima accident, which came weeks after her party suffered a disastrous drubbing in local elections. For this passing political benefit to Ms. Merkel and her coalition, Europe will pay the price for decades.

To see politics turn really crazy, add energy shortages and high prices.

It's time to invoke a favorite phrase, "sophisticated state failure," for the inability of advanced societies to reconcile means and ends, when every attempt to appease powerful and diverse interest groups and voting blocs seems to result only in a succession of boondoggles and economic crises.

An unspoken pillar of Merkelism is its touching faith in the power of markets to compensate somehow for the irrationalities of public policy. This week, European energy prices have been mercifully moderating thanks to LNG cargoes, a product of America's fracking boom, being diverted on the high seas from Asian ports to European ones.

And yet the U.S. is not immune to these pathologies. Texas discovered as much in last winter's epic blackouts.

After the state chose for decades to throw money at renewables rather than freeze-proof its energy infrastructure, the out-of-state power supplies that were supposed to be its insurance policy never materialized. Ditto California, which invested in renewables rather than fireproof its grid and now is beyond out-of-state rescue. Its citizens suffer recurrent intentional blackouts to reduce fire risk. One of these winters, the Northeast will experience its own calamitous outages due to its refusal to authorize the gas pipelines and power plants needed to support a crowd-pleasing rush to renewables.

Sophisticated state failure is an unadmitted father of the Western world's drift to populist politics. Recall how the convoluted financial-system meltdown and bailouts of 2008 gave rise to the tea party and birtherism, how the resulting rise of Trumpism spawned the countervailing Russia-collusion panic. A new culture war is blossoming over Covid policy. The worst always rise to the top in such situations: progressives who believe that with enough coercion utopia is in reach; discombobulated middle-class voters whose soured faith in government curdles into technicolor conspiracy theories.

A lot more of this may be on the way if the developed world keeps playing Russian roulette with its energy supply, a vital underpinning of a modern society and foundation of every voter's well-being.

BOOKSHELF | By Daniel Rasmussen

Models And Mavens

In Pursuit of the Perfect Portfolio

By Andrew W. Lo and Stephen R. Foerster
(Princeton, 400 pages, \$29.95)

Financial markets are unpredictable, prone to fads, bubbles and crashes. This frustrates academics who would prefer that the stock market obey Newtonian laws.

Andrew Lo and Stephen Foerster have written an intellectual history of modern finance theory, built around interviews with influential academics and thoughtful practitioners. Their book documents the quest for the perfect portfolio, and shows how far from a science investing remains.

The most important—and well-known—theory to emerge from academic finance is Nobel Prize winner Eugene Fama's efficient-markets hypothesis, which holds that the actual price of a security is the best estimate of its intrinsic value. Mr. Fama argues that the last half-century of scholarship has been focused on challenging his thesis. "Look guys, you have to grow up. You can't just be complaining about market efficiency all your life," he says of other economists. "You have to come up with something that we can test and reject." Mr. Fama doesn't think any studies have passed that bar.

The greatest proof of the rigor of Mr. Fama's theory lies in the success of low-fee passive index funds, the brainchild of the great John Bogle, the late founder of Vanguard. Bogle argued that, as a group, active investment managers must fall short of the market return by the amount of costs they incur. The best strategy for investors, therefore, is to assume efficient-markets theory holds and embrace low-cost, passive all-stock-market investing.

The data have borne out Bogle's insights. Charles Ellis, founder of investment consulting firm Greenwich Associates and a great advocate of passive index funds, notes that "over 10 years, 83 percent of active funds in the U.S. fail to match their chosen benchmarks; 40 percent stumble so badly that they are terminated before the 10-year period is completed." Insofar as equity investing is concerned, Mr. Ellis's findings seem to vindicate Mr. Fama's big idea and Bogle's big innovation.

Most of the thinkers interviewed in this book argue in favor of low-cost passive equity index funds as the foundation of the perfect portfolio. Yet that's where agreement ends, the eat-your-vegetables portion of the book stops, and the fun and controversy begin.

The book glowingly profiles Bill Sharpe, one of the originators of the capital asset pricing model (CAPM), which argues that there is a linear relationship between a stock's expected return and its riskiness, as measured by how much it varies relative to the market. Messrs. Lo and Foerster say the idea has stood the test of time. Yet Mr. Fama chimes in to claim that "the central prediction of the CAPM just has never worked. The relation between average return and beta has always been too flat."

Despite this repudiation by the most brilliant thinker in the field, the CAPM still earns a chapter in this book and a prominent place in most business-school curricula. Professors, it seems, never want to let a bad model go to waste. Academia's resistance to abandoning models is nowhere better evidenced than in the famous collapse of Long-Term Capital Management, a hedge fund run by several of the most brilliant finance academics. Reflecting on its blowup, the distinguished professor and co-founder of LTCM Robert Merton said that "errors were made and unforeseeable things happened . . . But the crisis was not precipitated by an error in the models." In other words, it's the market's fault, not the model's.

Financial bubbles are a particularly thorny problem for finance theorists. It's hard to explain how the price of Dogecoin or AMC or Pets.com is efficient in any sense of the word—even if it's also difficult to short them when they seem overvalued! Mr. Fama argues against the existence of bubbles, claiming that if we can only identify them in hindsight they must have been rational at the time.

Surveying the most brilliant minds in the field, this financial primer considers the power and limitations of a scientific approach to investing.

Robert Shiller, who won the Nobel Prize the same year as Mr. Fama, and is famous for calling both the internet and the housing bubbles, argues that this is academic fundamentalism, a refusal to let common sense get in the way of a beautiful model. "Crazy dictators in history—are they rational? They look crazy to me. But, you know it's an act," says Mr. Shiller. "There are bubbles." Mr. Shiller argues that his cyclically adjusted price-to-earnings ratio (CAPE) is a good method for identifying financial bubbles. Notably, Mr. Shiller's CAPE currently indicates that the U.S. market is near all-time highs on valuations, and suggests shifting money to cheaper international markets.

Mr. Shiller's most famous idea is that markets are more volatile than efficient-markets theory allows. This excess-volatility problem poses a challenge for investors, who have to navigate wild and seemingly nonsensical fluctuations. The options pioneer Myron Scholes argues that investors should be razor-focused on this volatility problem. He warns of downside "tail risks" and argues that investors should try to reduce the peak-to-trough drawdowns in their portfolio value and seek to capture the "tail gains" that result when markets swing back. Mr. Scholes advocates for a much more active investing style than anyone else in the book. He recommends reacting to the market information contained in options prices, and using asset allocation to avoid big drawdowns and capitalize in times of crisis. Above all else, he advises, focus on terminal wealth and compounding.

Andrew Lo, the lead author of this book, is known for his adaptive-markets hypothesis, which says that people respond to the unique experiences of their lives, that different experiences and different preferences lead individuals to adapt. There is, then, no perfect portfolio, because it would depend on the preferences and experiences of individuals. Not even the world's most famous academics, who have all looked at the same data and read the same papers, come to the same conclusions. Perhaps that is the greatest challenge to the brilliant academic theories presented in this book: that markets are human, and human action rarely accords with simple linear models or mathematical equations. "The Perfect Portfolio" highlights these great debates, providing fascinating insights into the people behind the ideas and raising important questions about the power and limitations of a scientific approach to investing.

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

What if It Can Happen Here?



POLITICS & IDEAS
By William A. Galston

Through my adult life, I read books such as Philip Roth's "The Plot Against America" and Sinclair Lewis's "It Can't Happen Here" with bemused interest. The counterfactuals were intriguing—what if an American version of Hitler had come to power?—but of no practical significance. I read Lewis's title unironically: It really couldn't happen here.

Over the past year, I've started to wonder. I'm torn between fear of complacency and fear of alarmism. Was the Jan. 6 attack on the Capitol the result of a singular confluence of events or a harbinger of worse to come? Am I suffering from a failure of imagination or an excess of it?

For the first time, I've begun to understand the plight of German Jews in the late 1920s and early 1930s. Some concluded that this time was different and acted accordingly, often by leaving the country. But most could not take the worst case seriously, or even conceive of it. We've seen bad times before, they thought, and we've always managed to get through them. Surely our friends and neighbors won't believe unscrupulous demagogues. We're all good Germans, aren't we?

I recognize the pitfalls of

Weimar analogies, so let's look at some current evidence that troubles me.

In the year since a mob tried to disrupt the certification of Joe Biden as the duly elected president of the United States, public opinion hasn't budged. About 7 in 10 Republicans continue to deny that Mr. Biden was legitimately elected. Some 47% of Republicans describe the attack on Congress as an act of patriotism, and 56% say the attackers were "defending freedom."

Forty percent of Republicans believe that violence against the government is sometimes justified, a view shared by 23% of Democrats and 41% of independents. Overall, support for the use of violence has risen to 34% from 10% in 1995 and 16% in 2010.

Some 68% of the American people have come to believe that the events of Jan. 6 represent an increasing danger of political violence, compared with 32% who regard it as an isolated incident, and 62% expect violence by the losing side in a future presidential election. A survey released on Jan. 4 found 83% of Americans are worried about the future of America's democracy, and 71% say it's weaker than it was four years ago. Overall, two-thirds of Americans regard U.S. democracy as "threatened," compared with only one-third who describe it as "secure."

On the legal front, the threat to the electoral system

in some respects has intensified. In many states, GOP legislatures have moved to reduce the authority of secretaries of state and other officials charged with overseeing and certifying the vote count. A few lawmakers are asserting the legislatures' alleged constitutional authority to set aside the popular vote and select their own slates of electors.

I scoffed at Sinclair Lewis, but I've had second thoughts since the Jan. 6 attack.

Equally threatening is Congress's failure to reform the Electoral Count Act of 1887. That law was adopted in response to the presidential election of 1876, in which contested slates of electors from three states created a deadlock in the Electoral College, resolved only by a para-constitutional political deal. Contemporary legal analysts say the law is vague or ambiguous at various points and vulnerable to serious constitutional challenge.

Writing last month in National Review, Benjamin Ginsberg, a veteran Republican election lawyer, urged his party's leaders to support an update of the ECA before it's too late. A rewrite, he said, should clarify the role of the vice president, the

I Got Covid on a Cruise. I'd Take Another

By Dave Seminara

St. Petersburg, Fla. Avoid cruise travel, regardless of vaccination status," the Centers for Disease Control and Prevention warned last week. I took a Thanksgiving cruise with my family—all fully vaccinated—and I got Covid, as did my wife and one of our sons. But I'd gladly cruise again.

Even before the pandemic, the smart set disdained cruises, claiming they harm the environment and local communities. Cruising may be the most politically incorrect form of holiday on the planet, but cruise aficionados don't care. The number of passengers world-wide rose from 17.8 million in 2009 to nearly 30 million in 2019. Carnival, the biggest line, reports that its ships in North America sailed at 68% capacity in the third quarter of 2021 and that cumulative bookings for the second half of 2022 have already surpassed 2019 levels.

Carnival had reasonable prices for cruises departing

from Tampa, a 15-minute drive from our home, so I bought tickets for myself, my wife, and our sons, 14 and 12. Some friends thought I was mad—one, who served in Iraq, saluted my "bravery." But what's not to like about getting out of the country without having to set foot in an airport?

It's a delightful way to travel, and you can still get sick at home.

Contrary to stereotype, we had ample opportunities to learn from locals. In Costa Maya, Mexico, our guide, Roberto, explained how Mahahual, a village adjacent to the port, effectively cut itself off from the world with police checkpoints at the entrance and exits to town during the pandemic: "They were afraid of Covid because there is no hospital nearby."

In Belize, our guide, Israel, told us that the country was still paralyzed by fear of the

virus. Bars and nightclubs have been closed for nearly two years, and a nationwide 9 p.m. curfew remains in effect. Masks are mandatory, even outdoors or in a car with family members. Police issue \$250 tickets for mask violations and social gatherings. Schools nationwide, public and private, are still virtual: "They say they're hoping to start hybrid instruction in August 2022."

Alejandro, our driver in Cozumel, Mexico, thanked God the cruise ships were returning. "We used to get 10 per day and now we have just three," he said. "Without the cruise ships, Cozumel cannot exist."

Our elder son and I got sick near the end of the cruise, and within a few days of disembarking my wife also tested positive. The least mask-compliant member of the family was the only one to avoid infection. When friends heard we had Covid, many assumed our symptoms were mild because we'd been vaccinated. That was true of my wife and to a lesser extent our son, but not as much for me. I

recovered at home, but I suffered from fever and general weakness for two weeks even after a monoclonal-antibody infusion.

So why would I cruise again? For one thing, I know plenty of people who have contracted Covid while barely leaving home. For another, a cruise is a delight. You're part of a floating slice of Middle America. At sea, I was reminded of our national flaws: obesity, gluttony and ignorance of other countries. But I also saw our appealing attributes: generosity, kindness and openness.

We also had a chance to see that Covid insanity and tyranny aren't confined to our shores. We were reminded that anyone can catch the virus. We were encouraged, practically commanded, to have fun. For the first time in a long time, it felt good to follow the rules.

Mr. Seminara is a former diplomat and author of "Footsteps of Federer: A Fan's Pilgrimage Across 7 Swiss Cantons in 10 Acts."

OPINION

REVIEW & OUTLOOK

Overturning the Next Election

The anniversary of the Jan. 6 Capitol riot is Washington's theme of the week, and waves of righteous anger will roll across the Mall. We agree the riot was disgraceful, but then why not rewrite the law that encouraged Donald Trump's supporters to think Congress could overturn the 2020 election?

We're referring to the Electoral Count Act, the ambiguous 19th-century statute that purports to allow for a majority of Congress to disqualify a state's electors after the Electoral College has voted. Congress's certification of presidential election results should be a technicality, but Mr. Trump misled supporters into believing Vice President Mike Pence and Congress could overturn Joe Biden's victory, leading to the Jan. 6 march on the Capitol.

The effort wasn't close to succeeding, with only eight Senators objecting to the results in any states, though 139 Republicans did in the House. No Senators voted to object to enough states to deprive President Biden of the 270 electoral votes he needed to win. Presiding over the Senate, Mr. Pence properly understood his limited constitutional role and resisted Mr. Trump's pressure to intervene. He was one of the heroes of that day.

Still, Jan. 6 was the most significant abuse of the law to date and part of a growing trend. A smaller number of congressional Democrats used the Electoral Count Act to object to both of George W. Bush's victories as well as Donald Trump's in 2016.

The Electoral Count Act was an attempt to avoid the mess that followed the contested 1876 Hayes-Tilden election, but its ambiguous language has made it open to abuse. In these polarized times, both parties could use the law in the future as an excuse to attempt to overturn an election in the House and Senate.

Congress shouldn't have even the appearance of this power. The Framers didn't want the executive branch beholden to Congress, which is why they designed an Electoral College to elect the President. They gave state legislatures the power to certify electoral votes, as they do according to the popular vote count in each state. Though the Electoral Count Act has never been tested in

court, in our view it is unconstitutional.

We first endorsed repealing the Electoral Count Act last Jan. 27, and we're happy to see some others on the right have recently followed. Even Politico has finally noticed.

Democrats run both houses of Congress and they are in the best position to put the Electoral Count Act on the agenda.

But they have preferred to press for partisan advantage through their various bills to overturn state election laws. Those bills would require breaking the Senate's filibuster rule to pass, which seems unlikely. They'd also erode confidence in the electoral process.

But there would be Republican support for ending Congress's increasingly destabilizing role in presidential elections. Seven conservative GOP Representatives wrote in a Jan. 3 statement last year: "The text of the United States Constitution . . . is clear" that "Congress has one job here: to count electoral votes that have in fact been cast by any state, as designated by those authorized to do so under state law."

New statutory language could clarify that once legal challenges are over and the Electoral College votes, Congress can't change the outcome. Disputes in the states would be settled in the states with the judiciary as the best forum to adjudicate. This is what happened in Florida in 2000 in *Bush v. Gore*. The Supreme Court would probably have intervened in 2020 as well, if there had been competing slates of state electors.

Rewriting or repealing the Electoral Count Act leaves neither party with a partisan advantage. Now is also a good time to pass such legislation, since no one knows who will control each chamber of Congress in 2025.

Democrats keep saying Jan. 6 must never happen again, but their main goal seems to be to use the memory of that day against Republicans in 2022. If they're honest about "never again," they'll grab the Electoral Count Act issue. Or Republicans could turn the electoral tables on Democrats by grabbing it first. If Congress does nothing, Americans are likely to conclude that Jan. 6 has become one more political prop for partisan gain.

If the concern is stealing the Presidency, fix the Electoral Count Act.

The Theranos Fraud

Startup businesses fail all the time, and very few are frauds. The difference with Theranos is that founder Elizabeth Holmes refused to accept that her company's blood-testing technology wasn't working as she advertised, and on Monday a federal jury convicted her on four counts of defrauding investors.

Ms. Holmes started Theranos with the vision of making lab tests cheaper, faster and more accessible to patients by developing a small device that needed only a finger-prick of blood. Such a test would be revolutionary, but Ms. Holmes's ambition exceeded the technology. She raised hundreds of millions of dollars from venture firms and wealthy investors, but along the way she misrepresented Theranos's prospects.

She affixed logos of pharmaceutical companies that had not validated Theranos's technology to materials presented to investors. She also gave the false impression that the devices were used by the military in the field. Investors were none the wiser since she tightly controlled Theranos's employees and information.

Theranos's biggest coup was signing deals with Walgreens and Safeway to include its devices in hundreds of stores. Many investors saw these contracts as an endorsement of Theranos's technology and growth potential. One mystery is why these companies bought Ms. Holmes's hype.

They should have done more due diligence, yet Ms. Holmes failed to disclose problems with Theranos's technology. Theranos engineers jerry-rigged commercial devices to run blood samples. Ms. Holmes concealed this from her investors, board and clients.

She claimed at trial the modified lab devices were a "trade secret." This was also her explanation for hiring law firm Boies Schiller Flexner to intimidate former Journal reporter John Carreyrou's sources, including former Theranos employees who had documented problems with the tests. But it was clear she was trying to cover up Theranos's problems, not protect intellectual property.

Ms. Holmes said at trial that "there are many things I wish I did differently" including soliciting News Corp. executive chairman Rupert Murdoch to squash Mr. Carreyrou's story. News Corp. owns the Journal, and Mr. Murdoch refused. But Ms. Holmes otherwise remained unapologetic. Perhaps she deluded herself into believing the phantom technology she promoted would soon materialize.

Each of the four counts for which she was convicted carry a potential 20-year prison sentence, which is excessive. The investors she defrauded weren't naifs. But she never did admit the truth that the company's blood-test technology wasn't what she promised, and for that she may now go to jail.

A cautionary tale about ambition and admitting failure.

New York's Trump Inquisition

One feature that distinguishes the U.S. legal system from, say, Russia's, is that prosecutors are charged with pursuing justice—not politically disfavored individuals or families. New York Attorney General Letitia James's legal pursuit of Donald Trump, his organization and his children, now entering its fourth calendar year, smacks of the latter. She's now trying to compel testimony from two of the former President's children, and there had better be rock-solid evidence of significant wrongdoing at the end of this road to justify the corrosive appearance of politicized justice.

Ms. James's investigation, according to a 2020 court filing, focuses on whether Mr. Trump or others "improperly inflated the value of [his] assets on annual financial statements in order to secure loans and obtain economic and tax benefits."

The Attorney General's recent subpoena of Donald Trump Jr. and Ivanka Trump, which they are trying to quash, seeks information "in connection with an investigation into the valuation of properties owned or controlled by Donald J. Trump or the Trump Organization, or any matter which the Attorney General deems pertinent thereto."

A federal lawsuit filed by Mr. Trump seeking to halt the investigation notes that his son Eric already was deposed by Ms. James's office in 2020, and that the former President has "pro-

duced over 8 million pages of documents in response to [Ms. James's] subpoenas" since 2019.

The lawsuit notes that Ms. James's 2018 campaign to be New York's top legal officer was dominated by political attacks on Mr. Trump. She said she'd investigate "anyone in [Trump's] orbit," and declared the President "illegitimate." Even Daniel Gold-

man, a Democratic ex-prosecutor who would go on to serve on the House 2019 impeachment investigation targeting Mr. Trump, said Ms. James's campaign could "give the appearance of an individualized political vendetta," the lawsuit says.

In June the Manhattan District Attorney indicted the Trump Organization and its former chief financial officer for allegedly concealing executive compensation. They've pleaded not guilty, and the charges might have been handled by a fine if not for Mr. Trump's low political standing in New York.

Ms. James's parallel investigation has yet to produce civil fraud charges. Attorneys General of both parties are increasingly entangled in national partisan politics, but it would take significant findings of fraud by her office to justify the damage to the legal system inflicted by an apparently political probe against an opposition party leader. Unless Ms. James has the goods and can prove them unambiguously, her investigation looks like more evidence of the decline of America's rule of law.

LETTERS TO THE EDITOR

What Happened to Putting the Patient First?

As I walk down the corridors of a major New Jersey medical center, I cannot help but notice rows of medical professionals transfixed to computer screens ("The Doctor's Office Becomes an Assembly Line" by Devorah Goldman, op-ed, Dec. 30). The data consumes their attention. While patients wait, the professionals robotically configure information into medical "notes."

This is a laborious process. I often thank God that I paid attention in Ms. McGillicuddy's high-school typing class, not knowing how important it would be at this stage in my career.

I can understand the rationale. The consolidation of data would avoid the duplication of services, which could bring astronomical savings. But let us not forget the patient. The number of hours in the day is unchanged and the additional computer tasks extract time from the doctor-patient encounter. Many physicians are resigned to entering data using computer tablets during the patient encounter, and avoiding eye contact. It's very easy for the patient to feel distant and ignored, leading to further erosion of the doctor-patient relationship.

This is the medical equivalent of texting while driving. It may not be long before we realize the extent of its effect on patient care.

RONALD FRANK, M.D.
West Orange, N.J.

I am one of those independent private practitioners mentioned in Ms. Goldman's article who will be shutting down my practice. For 30 years, I accepted all insurances, saw patients the same day if need be, treated some for free and personally kept aware of every aspect of their care. But Medicare threatens me with 9% cuts for not compiling data for the system, the insurers hire private companies to demand refunds on payments they made to me years ago, and I recently received a check for \$280 for performing a difficult cataract surgery. This amount barely covers my staff's time to obtain the pre-certification that insurers demand to do the procedure.

Meanwhile, when I tried to get an appointment for myself at the health-care system my insurance demands I use, there was a three-month wait. I don't know for whom to feel more sorry—my patients or myself.

MARC ROSENBLATT, M.D.
New York

Many older doctors practice medicine because they enjoy it. But they don't enjoy having to see a certain number of patients an hour, they don't adapt easily to the new system, and when pushed they simply retire. We're losing all that knowledge and experience, right when we boomers are aging and need knowledgeable doctors.

Also consider what you have to go through to speak to your doctor with these new medical groups. First, you are told to call 911 if it's an emergency. Then, you get a whole speech about Covid. Next, you are told, "We are experiencing unusually high call volumes," and get put on hold. After endless repeated babble and noise that passes for music to some, you finally get the phone tree, and eventually you might even get an operator. All this to ask a question or check an appointment. It's almost not worth it.

ALAN BLUM
Mount Vernon, N.Y.

Ms. Goldman writes that "doctors must operate with a clear sense that they are serving the patients in front of them, not the government, data-collection systems, insurance companies or hospital directors."

If only that were true. In any other service-oriented business, the patient would be the customer, able to compare quality and price in a search for value. But it has been the unfortunate reality for many years that the customers of the physician's services are the third-party payers: the government, insurance companies and hospital systems. Unless this changes and the patient can again behave as a customer, both the patient's and the physician's level of satisfaction will continue to decline.

DANIEL COHEN, M.D.
YARDLEY, PA.

Heroes, Villains and International Relations

In "What Putin, Xi and Khamenei Want" (op-ed, Dec. 28), Aaron MacLean makes the important point that the world is a dangerous place, populated with states that have divergent and sometimes violently clashing interests. But he goes on to frame this persistent reality not as the factory setting of the international system, but as an artifact of the recent divi-

sion of the world into democracies and autocracies.

This Manichaean frame is unnecessary. We don't need to invoke the abstraction of autocracy to explain Russia's desire to neutralize Ukraine or Iran's pursuit of nuclear weapons or Beijing's drive to dominate the Western Pacific. It does not add any analytical value. The abstraction's only function is to frame international politics as a morality play, one in which we are the heroes and they are the villains. This might make for good drama, but it doesn't help mitigate the risk of major war or manage the dynamics of conflict and competition that are baked into all international systems.

PROF. ANDREW A. LATHAM
Macalester College
St. Paul, Minn.

Intelligent Investors Must Consider Opportunity Cost

In "The Intelligent Investor: The Sorcery That's Conjuring a 7% Yield" (Exchange, Dec. 18), Jason Zweig does a rigorous job pointing out pros and cons, but he is too polite. The Strategy Shares Nasdaq 7HANDL Index exchange-traded fund (HNDL) works only if the market goes up. It poses higher risk in any market rout because it uses leverage and is 70% bonds.

If interest rates rise and stock prices plunge, HNDL might become an ETF whirlpool, with selling and return of capital pushing down its price, which begets more selling.

Investing is about opportunity cost. Better options offer the same or lower downside risk. Two examples are the Vanguard Balanced Fund (14.8% annual return in the past three years), and the BlackRock Global Allocation Fund (12.5%). Both funds fell the same 20% that HNDL fell in early 2020, yet their annual returns were 78% and 111% higher than HNDL's. And their expense ratios are cheaper.

JASON PRATTES
Newport Beach, Calif.

No Mask Mandate at Netflix

The analysis in Peggy Noonan's "West Side Story" and the Decline of the Bijou" (Declarations, Dec. 18) and the letters (Dec. 27 and Jan. 3) about movie theaters is astute, but it omits one additional nail in the coffin: mask mandates. Spending several hours wearing a mask isn't everyone's idea of leisure, particularly when you can stay home and stream the movie. Some of us vote with our feet.

JULIA WEINBERG RAFSKY
Philadelphia

CORRECTION

The June 2021 peak in the U.S. and Latin American Covid case fatality rate predated the Delta variant wave. This was misstated in the Jan. 3 op-ed "Omicron Variant May End Up Saving Lives."

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

Pepper ... And Salt

THE WALL STREET JOURNAL



"I'm unavailable. Tell them I'm in conclave."

OPINION

The Fight for Ukraine and Taiwan

By Seth Cropsey

A crisis may be imminent in Ukraine as Vladimir Putin gathers troops on the Russian border for a possible invasion. American policy makers have also begun focusing on a potential conflict in Taiwan, one that is coming to a boil more slowly. But American statesmen ought to understand: These events can't be viewed in isolation; they are connected and part of a larger political competition for Eurasia.

Whether Mr. Putin is seriously considering action against Ukraine is an open question. But Mr. Putin has achieved three objectives simply by posing a credible threat. First, he has gained President Biden's attention, and the two had teleconferences on Dec. 7 and 30. Russia views itself as a great power and wants to deal with other great powers directly, not via the North Atlantic Treaty Organization, an execrable reminder of Russian weakness and Soviet collapse.

These aren't mere regional hot spots, as Russia and China work together to upend world order.

Second, Mr. Biden hasn't committed to a military deployment in support of Ukraine, instead emphasizing an economic response, such as sanctions, to a Russian offensive. This is a signal that Mr. Biden is reluctant to intervene militarily. Third, and most important, Mr. Putin has mobilized the Russian military to allow almost immediate combat operations against Belarus, allowing him to swallow Minsk. Internationally, Mr. Putin still hopes to achieve the Soviet dream of dismantling the American-led European security system. This is similar to his objective in the Middle East: replacing the U.S. as the prime external force in the region.

Although separated by geography, Ukraine and Taiwan occupy similar positions in the Russian and Chinese strategic experience and historical



DAVID KLEIN

imagination. Capturing each is essential to all other strategic objectives. For Russia, taking Ukraine would secure its hold on the Black Sea and open other pressure points against vulnerable NATO members Romania and Bulgaria. For the Chinese Communist Party, seizing Taiwan would allow the country to break out of the First Island Chain and conduct offensive operations against Japan, the Philippines and even U.S. territories in the Central Pacific.

Historically, post-Soviet Russia's ruling oligarchy has cultivated intense grievances against independent Ukraine. It is a living reminder that Slavic peoples need not live under one flag. Taiwan is proof that Chinese-speaking peoples are fully capable of governing themselves. The modern Communist Party stems from a brutal revolutionary regime that savaged the Chinese people, murdering millions through its messianic ambitions and sheer incompetence. Only by consuming Taiwan can China confirm its superiority. Given the political capital the Communist Party has invested in subduing Taiwan, it may no longer have a way to de-escalate even if it wanted to.

The clearest obstacle to Russian and Chinese escalation is Ukraine's

and Taiwan's affiliations with the U.S. and its allies. Mr. Putin understands that a spiraling conflict with NATO would overwhelm the Russian military. Unable to hide casualty counts as he did in Syria, Libya and Ukraine in 2014, he would face domestic opposition. Mr. Putin has an incentive to isolate Ukraine militarily and separate the issue from NATO, striking only when the time is right.

Similarly, a Sino-American conflict involving a broader Pacific coalition would prove dangerous for the Communist Party's survival: A blockade against Chinese Middle Eastern resource imports could destroy the regime in weeks to months. Yet a fait accompli against Taiwan is more viable than a similar strike against Ukraine. Russia's likely strategic objective would be the capture of a land corridor between Donbas and Crimea. Yet in 2014, the Ukrainian armed forces, reeling from Russia's annexation of Crimea and relying upon paramilitaries for additional combat power, repulsed a Russian offensive against Mariupol and drove Russian and separatist forces back to their current salient.

Seven years of warfare have given the Ukrainian military valuable combat experience. Ukrainian society, even in the east, is increasingly hostile to Russia. The Ukrainian public

seems willing to accept casualties. While Russia may be able to strike deep into Ukrainian territory and pressure Kyiv from the north as it penetrates south, a Ukrainian political collapse is unlikely. And expect an insurgency against Russian occupation. Ukraine's willingness and ability to fight hard, no less than NATO's potential intervention, helps deter Russian action.

By contrast, Taiwan is small and densely populated. Its military isn't equipped to sustain air and sea control around the island, a prerequisite for defending against amphibious invasion. And it is highly likely that the Communist Party has positioned intelligence assets on Taiwan ready to sow discord throughout Taiwanese society and disrupt civilian communications. The question for the People's Liberation Army is less whether it can take Taiwan, but whether it can succeed before a potential American and allied coalition can respond.

With China and Russia in strategic cooperation, this is a very dangerous situation. The margin of force between potential enemies in the Western Pacific is far thinner than in Eastern Europe, given China's increasingly capable military. Russia wouldn't have to deploy major ground or naval units to the Asia-Pacific, nor time its offensives with China's. The Russian Pacific Fleet has enough submarines to bog down Japanese and U.S. units needed to defend Taiwan in shielding the Japanese home islands. That would make China's mission much more likely to succeed.

Roughly concurrent offensive operations in two hemispheres would overstress American and allied resources. Taiwan must become capable of defending itself. But more broadly, the U.S. must begin thinking about its strategic challenges globally, not in regional segments. This is a contest for Eurasia—and thus for the world.

Mr. Cropsey is a senior fellow at the Hudson Institute and director of Hudson's Center for American Seapower. He served as a naval officer and as a deputy undersecretary of the Navy.

Joe Biden's Inflationary Trade Policy

By William N. Walker And Stanton D. Anderson

According to Sen. Elizabeth Warren, the cause of rising prices isn't "simply some inevitable economic force of nature—it's greed." The Biden administration, following Ms. Warren's lead, has unleashed the Justice Department's Antitrust Division to find the culprits.

Strong stuff, but they're actually on to something: Greed is causing at least some of the high prices American consumers pay every time they go shopping. Yet the villains aren't the companies the Biden administration lawyers are targeting. The real culprit is closer to home—the White House's own "worker-centric" trade policies, which are gouging American consumers and helping to stoke inflationary price increases.

Prices for appliances and similar household goods are high because the Biden administration has continued the Trump administration's tariff-led trade wars. High tariffs on imported steel and aluminum are being passed on to American consumers in the form of higher prices.

The White House claims its policies are 'worker-centric,' but only a handful of workers benefit.

Mr. Biden can claim his policies are "worker-centric" only because, in his eyes, some workers are more equal than others. Those of us who aren't unionized steelworkers and metal producers—whose wages are propped up by price-gouging high tariffs—are consumers paying more for our appliances. Evidently we don't count. In Biden-land it's OK to shower favors on Mr. Biden's workers while forcing consumers and other workers to foot the bill. Instead of greed, the White House, Ms. Warren and others have the nerve to call this "fair trade."

Now they are dressing it up as part of the planet-saving mission to reduce climate change. In November the Biden administration agreed to convert some tariffs on European steel and aluminum into quotas, but real price relief waits for a new agreement on imports of steel made using environmentally friendly production techniques. Small amounts of so-called green steel imports will get a break from the tariffs, while consumers will continue to pay artificially high prices.

No one in the Biden administration will ever say, "We love price-gouging most Americans by supporting a greedy tariff policy that favors a few politically friendly workers." But that's what they're doing. They also won't mention that their approach is premised on violations of international trading rules that the U.S. once led the way in promoting—to prevent precisely the kind of political meddling that's now become the norm. Nor will they acknowledge that they're continuing failed Trump trade policies that conflict with both American domestic law and international trade rules and against which Mr. Biden campaigned in 2020.

American consumers and workers aren't the only ones being stiff-armed. The Biden White House has thumbed its nose at other governments by refusing to join regional trade agreements aimed at curbing China. It has also punished American consumers by continuing President Trump's tariffs on Chinese imports. The Trump administration's Phase 1 trade agreement with China, which set unrealistically high targets for Chinese imports of U.S. goods, expired on Jan. 1. The Biden team is almost certain to replace it with quotas favoring "worker-centric" constituencies and tied somehow to climate-change policy.

American trade policy was traditionally bipartisan, and aimed at reducing prices and increasing choices for consumers. Sadly, both parties have abandoned this approach. Instead, American consumers are being held hostage by tariff-led trade policies initiated by Mr. Trump and institutionalized under Mr. Biden.

Americans concerned by high prices can expect the government to point the finger of blame everywhere except at its own "worker-centric" and, yes, greedy trade policies.

Mr. Walker served as deputy U.S. special trade representative. Mr. Anderson served in the White House and State Department during the Ford administration. Both are retired lawyers.

Eric Adams Should Remember David Dinkins's Legacy



UPWARD MOBILITY By Jason L. Riley

A year after David Dinkins, New York's first black mayor, died at 93, the city elected its second black mayor, Eric Adams. While more than three decades separate their time in office, the city faces challenges in 2022 reminiscent of the Dinkins era.

Crime is surging, for starters. The New York Post reports that the murder rate has risen by 46% since 2016. Rape and felony assault have also increased. In the past two years, incidents of gun violence have more than doubled. Similarly, Dinkins's first year in office, 1990, set a city record for the number of homicides, a problem his administration was never able to get under control. "Crime is tearing at the vitals of this city and has completely altered ordinary life," said the head of a civilian watchdog group at that time. "Worst of all, it's destroying the morale of our citizens."

The quality of life continued to deteriorate in other ways on Dinkins's watch. He "took an extreme position on homelessness," urban historian Fred Siegel wrote. "He dismissed the evidence that drugs, alcohol and mental illness incapacitated most of the homeless as merely the 'prevalent myth' pushed by people lacking compassion." Dinkins was a big-city progressive before it was cool.

The previous decade had been marked by several high-profile racial incidents that were exploited by local politicians and demagogues. A white man, Bernhard Goetz, shot three black youths who were about to mug him on a subway car. Yusef Hawkins, a black teenager, was attacked by a mob of white youths in a predominantly Italian Brooklyn neighborhood and shot dead.

Tawana Brawley, a black 15-year-old, falsely accused four white men of kidnapping and raping her.

Dinkins ran as someone who could help bridge the city's growing racial divisions. He and his supporters viewed his election as a civil-rights victory, a blow for the black underclass. "We passed another milestone on Freedom's Road," he declared in his victory speech. Yet by the end of his term, polls showed

For the sake of New York City, the tales of its first two black mayors need to have different endings.

most voters felt that race relations had worsened. Along with high levels of violent crime, which had their primary impact on low-income communities, came sharp rises in welfare dependency and hundreds of thousands of job losses. Racial inequality had widened by the time Dinkins left office at the start of 1993.

In hindsight, none of this is too surprising. New York was one of the last big cities in the U.S. to elect a black mayor, but it had been clear for decades that greater black political clout was no surefire way of addressing social inequality and racial strife. Following passage of the 1965 Voting Rights Act, civil-rights leaders turned in earnest to electing more black officials. By the end of the 1980s, cities from Chicago and Los Angeles to Cleveland and Washington had elected black mayors. Nevertheless, the black poor lost ground. Detroit's first black mayor, Coleman Young, took office in 1974 and served for 20 years. By 1987, more than a third of the city's residents were on welfare, which was four times as many as in 1967.

The problem isn't the race of these elected officials—blacks have lost ground under white mayors, too—but their policies. Typically, black leaders of big cities have been liberals, who are far better at accommodating poverty than at facilitating upward mobility. Moreover, there are limits to what the government can do to address inequality, because what drives group disparities today is mostly rooted in cultural differences—attitudes, habits and behaviors—that don't easily lend themselves to political solutions.

Unfortunately, none of this history has stopped liberal elites from continuing to promote black elected officials as political saviors for minorities. Following Mr. Adams's victory, a New York Times commentator wrote: "Working-class Black New York, which makes up the heart of the Democratic base but has been shut out of City Hall, will finally have its moment." The reality is that

under Dinkins's immediate successors, Rudolph Giuliani and Michael Bloomberg, life in black New York improved dramatically. Violent crime, including murder, plummeted, which means that tens of thousands of young men are alive today who would be dead if homicide rates had remained at the level under Dinkins. Educational choice expanded, allowing hundred of thousands of low-income families to flee chronically failing schools.

Those outcomes matter much more to New Yorkers of all shades than the color of the mayor. So far, Mr. Adams hasn't focused to the extent that Dinkins did on presenting himself as a symbol of racial progress. Better to leave that to others. The history lesson for Mr. Adams is that competence matters more than skin tone. If he remembers that, he might become the first black mayor of New York who deserves to be re-elected.

Protests Don't Belong At Their Targets' Homes

By Michael Taube

Toronto

The right to protest is essential to democracy, but there are limits—or there ought to be. Antivaxxers have held several protests at the private homes of some Canadian political leaders, especially in Ontario.

Protesters targeted the province's Conservative education minister, Stephen Lecce, in August and Health Minister Christine Elliott in the late fall. A few days before Christmas, a demonstration outside Ontario Premier Doug Ford's residence blocked him and his family from entering for several days. A woman attending the last protest was arrested for breaching the barricade.

The tactic of bringing protests to politicians' homes seems to be an American export. Antiwar protesters targeted Defense Secretary Donald Rumsfeld's homes in Taos, N.M., and Washington in 2003 and 2004, respectively; Secretary of State John Kerry's Boston house in 2013; and former Vice President Dick Cheney's home in McLean, Va., in 2015. Protesters have also targeted the homes of senators, including Republican Susan Collins and Democrat Chuck Schumer, now the majority leader.

Media figures aren't immune. Agitators from a group styling itself Smash Racism D.C. targeted the home of Fox News host Tucker Carlson in November 2018. The Washington Post reported he was at work preparing

for his show, and his wife and children were alone that evening. Both ends of his street were blocked off, the driveway was vandalized with an A-for-anarchy symbol, and Mr. Carlson told the Post the intruders "actually cracked the front door."

Peaceful protest in front of a government or commercial property like a courthouse, a factory or an abortion clinic is one thing. A protest in front of a private residence is beyond the pale and shouldn't be accepted or tolerated. Even if you think a public figure is fair game, their families and neighbors shouldn't have to put up with unruly mobs.

Unfortunately, neither Canada nor most U.S. states have a clear legal distinction when it comes to protesting outside a person's home or dwelling. Both countries need laws protecting the right to live and raise a family in a peaceful environment.

A significant fine—say \$100,000 for repeat offenders—and the possibility of prison time should be sufficient to deter such behavior and encourage protesters to make their views known in ways that don't threaten the personal safety and wellbeing of their adversaries or bystanders. Even the U.S. Supreme Court has held that the government may impose reasonable restrictions on the time, place and manner of speech.

Mr. Taube, a columnist with Troy Media and Loonie Politics, was a speechwriter for former Canadian Prime Minister Stephen Harper.

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Theranos Patients Got Small Play

Minimal testimony, clerical miscue and missing database hurt lower-profile cases

By Christopher Weaver and Heather Somerville

Prosecutors proved that Theranos Inc. founder Elizabeth Holmes defrauded big-name investors about the capabilities of her blood-testing startup. But their charges involving lower-profile patients fell flat after the government gave them a smaller stage at the trial.

At the heart of the case was

the argument that Ms. Holmes attracted hundreds of millions of dollars from investors after launching patient-testing services that she falsely promised were ready for prime time, and she disregarded the chaos its inaccurate results could inflict on patient lives. In the end, Theranos voided tens of thousands of test results under pressure from regulators.

The patients themselves barely featured in the nearly four-month trial. Just three patients testified out of 29 witnesses brought by the U.S., spending a combined 65 minutes on the stand, far less than 1% of the total time spent on witness testimony.

The government was forced to drop one patient count after making a clerical error in a document. Prosecutors didn't tie Ms. Holmes directly to Theranos's marketing efforts to attract patients, a central component of the fraud charges. And the U.S. failed to gain access to a database of Theranos patient records that could have helped its case.

In their questioning, prosecutors did little to tie the patients' allegedly erroneous test results to Ms. Holmes's claims about the company. Patients weren't asked about specific Theranos advertisements or public claims by Ms. Holmes. One alleged victim, retired den-

tist Mehrl Ellsworth, testified for just nine minutes. On Tuesday, he said he had expected Ms. Holmes would be found guilty of the patient fraud counts but felt no personal animosity toward her.

"I'm disappointed but not surprised at all," Sheri Ackert, one of at least eight patients the government identified as a potential witness before the trial but never called, said Tuesday. "It appears it all boiled down to money," said Ms. Ackert, who received an erroneous hormone test one of her doctors worried could be a sign of cancer.

Lawyers for Ms. Holmes and a spokesman for the U.S. attor-

ney's office for the Northern District of California didn't respond to requests for comment Tuesday.

Ms. Holmes was charged with 11 counts of conspiracy and fraud—seven related to the investors and four related to patients. She was convicted Monday of four investor charges and acquitted of all patient-related counts. A jury deadlocked on the remaining three charges.

Proving that Ms. Holmes defrauded patients is "more challenging because you can't show she directly communicated with them and intended to defraud them," said Barbara McQuade, *Please turn to page B2*

Prices of Covid-19 Test Kits To Rise

By Sharon Terlep

Prices are going up for some of the cheapest and most popular at-home Covid-19 test kits in the U.S.

Walmart Inc. and Kroger Co. are raising their prices for BinaxNow at-home rapid tests, after the expiration of a deal with the White House to sell the test kits at cost for \$14.

The two U.S. retail giants and Amazon.com Inc. agreed with the Biden administration last summer to discount the tests, which are made by Abbott Laboratories and generally cost \$24 or more for a box with two tests.

BinaxNow, approved by the U.S. Food and Drug Administration, is among the most commonly used over-the-counter, rapid antigen tests, which have been in high demand as the highly contagious Omicron variant spreads across the U.S.

The deal with the White House expired in December, *Please turn to page B4*

Bloomberg Media Chief To Start News Firm

By Benjamin Mullin

Bloomberg Media Chief Executive Justin Smith stepped down effective immediately to found a new media company, and tapped New York Times media columnist Ben Smith to lead its future newsroom.

"The news industry is facing a crisis in consumer trust and confidence due to the distorting influence of social media and rising levels of polarization and parochialism," Justin Smith said in an email Tuesday. "My plan is to launch a premium news business that serves unbiased journalism to a global audience and provides a high-quality platform for the best journalists in the world."

Mr. Smith has recruited Ben Smith, who before his stint at the New York Times was editor in chief of BuzzFeed News, to be the company's editor in chief, according to a person familiar with the matter. "I'm so excited about this," Ben Smith said on Twitter Tuesday. The New York Times previously reported Ben Smith was leaving the company to join Justin Smith's news startup. In an in-

Please turn to page B2

Eldercare Muni Debt Stays Hot Amid Woe

By Heather Gillers

Investors are snapping up municipal debt sold by senior-living facilities despite record default rates, pandemic-related revenue losses and costly labor shortages.

Covid-19's rapid spread through eldercare facilities, along with the pandemic's lockdowns, deterred many older Americans from moving into senior communities. Nearly 8% of the \$41 billion in outstanding senior-living bonds are in default as of December, according to Municipal Market Analytics, the most since tracking began in 2009. The sector now accounts for almost one-quarter of defaulted *Please turn to page B6*



OPEC bets Omicron won't shock oil prices the way earlier coronavirus shutdowns did. A Gazprom-operated facility in Serbia in 2020.

OPEC Is Upbeat on Variant's Impact

By Summer Said and Benoit Faucon

OPEC and a coalition of Russia-led group of oil producers agreed to continue pumping more crude, pushing oil prices higher as the group bet that the Omicron variant of Covid-19 won't have the sort of devastating effect on demand as previous waves of the virus.

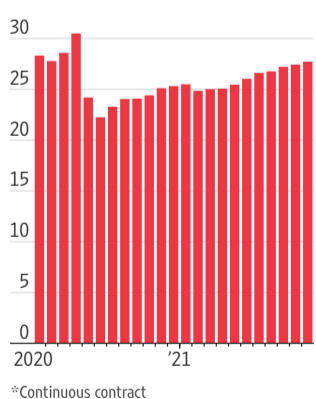
The Organization of the Petroleum Exporting Countries and a group of non-OPEC producing countries led by Russia said Tuesday they would raise their collective production by an additional 400,000 barrels a day in February. The group agreed last year to boost output in such increments each month until production reaches pre-pandemic levels, but reviews that policy every month.

Oil prices climbed after initially shrugging off the news. In

After sharply cutting output during the early stages of the pandemic, OPEC is gradually bringing back barrels to markets.

OPEC production

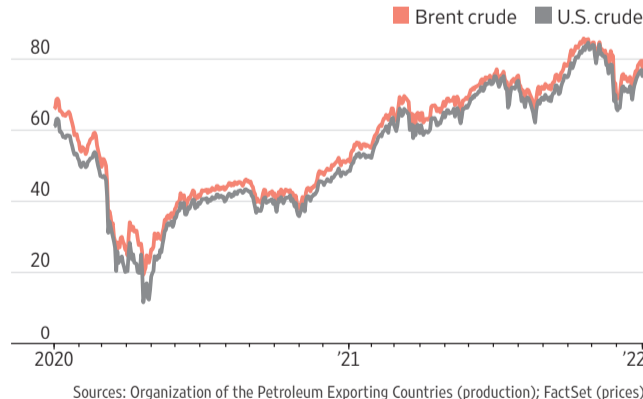
35 million barrels a day



evening trading in London, Brent crude, the international benchmark, was up 1.2% at \$79.96 a barrel while U.S. crude was 1.2% higher at \$76.98 and

Crude-oil futures prices*

\$100 a barrel



on course for a nearly six-week closing high.

"The storm is over," said one OPEC delegate, referring to the pandemic's impact on

oil demand last year.

Last month, the broader OPEC+ group kept up with its planned increase despite a de-

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INSIDE



BUSINESS NEWS

China Evergrande says it has been ordered to demolish 39 buildings in a vast project. **B3**

PROPERTY REPORT

Once-struggling office complexes find new use as upscale apartments. **B6**

Foreign Banks Sample Cryptocurrencies

By Patricia Kowsmann

Mainstream banks outside the U.S. are sampling cryptocurrencies, offering customers ways to invest and store bitcoin and other digital assets.

Banco Bilbao Vizcaya Argentaria SA, Spain's second-largest lender by assets, with operations in Latin America and Turkey, allows customers to hold, buy and sell bitcoin and ether through a digital account. Australia's largest bank, Commonwealth Bank of Australia, has also launched a pilot program to offer similar services.

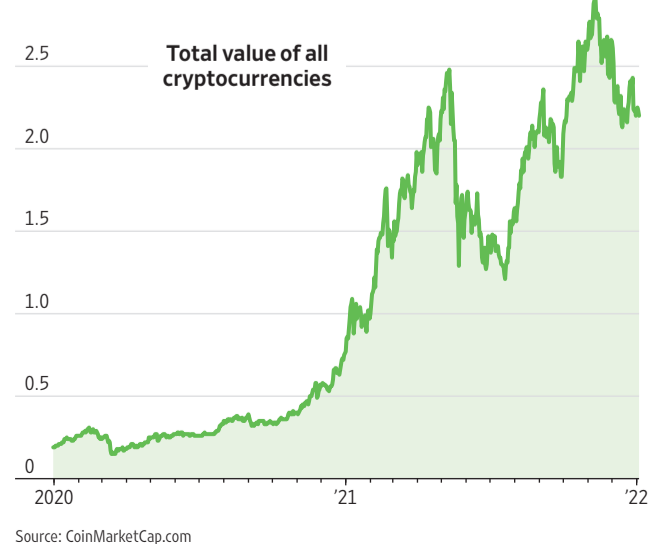
In Germany, a group of savings banks, which together serve 50 million of the country's 80 million people, said it

is considering offering cryptocurrency wallets. If the group proceeds, the move would be a step toward acceptance for crypto in a country that is ultra-conservative with money.

One in 10 customers of German savings banks have owned cryptocurrency assets, according to Alexander Hartberg, a spokesman for the group of savings banks. "Considering their expectations, [the group] has to look into crypto assets, too," he said.

The moves come during a cryptocurrency boom that has surprised regulators and banks that for years sat on the sidelines, expecting that interest in cryptocurrencies would go away. Traditional banks have *Please turn to page B11*

\$3.0 trillion



Source: CoinMarketCap.com

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Bloomberg Executive Starts Firm

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interview, Ben Smith said that he has been in talks to join Justin Smith's startup for more than a month. He said he thinks there is a large appetite for reporting that is at odds with prevailing opinions shared on social media.

"I think that there's a big audience that wants journalism that respects their intelligence," Ben Smith said. Asked about the differences between the startup and his current employer, he said: "The New York Times has a 150-year head-start on us."

Ben Smith said he would be a shareholder of the new company. He said the startup would seek to tap into the rising power of individual journalists to build audiences on a variety of platforms.

"There's been a change in the relationship between journalists and institutions in the same way there's been a change in the relationship between talent and institutions in the entertainment industry," Ben Smith said. He said he didn't know when his last day at the New York Times would be.



Justin Smith will found a new media company.

It couldn't be learned how many journalists Justin Smith is looking to recruit for his new venture or how much money he plans to raise. Justin Smith declined to be interviewed for this article.

Michael Bloomberg, the founder of financial-data colossus Bloomberg LP, said that Scott Havens, Bloomberg Media's chief growth officer and global head of strategic partnerships, would become the division's new CEO. Justin Smith will remain at Bloomberg as an adviser in the coming months to assist with the transition.

"Across his tenure, Justin and his team delivered exceptional results powered by product innovations, with 2021 representing the high-water mark in terms of Bloomberg Media's historical performance," Mr. Bloomberg said.

Since Justin Smith joined in 2013, Bloomberg Media has grown to include initiatives including its New Economy Forum events business and its Quick Take video-streaming network. Bloomberg Media also began selling digital subscriptions to Bloomberg News and invested in coverage areas such as climate change and politics. Mr. Havens is the architect of Bloomberg Media's paywall strategy, which has generated more than 350,000 subscribers who pay about \$400 annually, according to a person familiar with the matter.

Not including its media division, Bloomberg LP generated more than \$11 billion of revenue in 2020, according to Burton-Taylor International Consulting, a research firm that tracks financial-data companies. Much of Bloomberg's revenue comes from its data-terminal business.

Justin Smith, 52, discussed the idea of a new media venture months ago with David Bradley, the chairman emeritus of the Atlantic and Mr. Smith's former boss, Mr. Bradley said in an interview. Justin Smith is considering many ways to generate revenue at the new company, including selling digital subscriptions and advertising, as well as events, Mr. Bradley said.

Sony Enters EV Arena

Continued from page B1

under its own brand rather than merely supplying its technology to other car makers. The company said it would establish a company called Sony Mobility Inc. in the spring.

The EV market is getting more crowded with Tesla Inc. leading the pack of EV-only companies competing against traditional car makers, almost all of which have announced ambitious plans to expand their EV offerings.

In an interview in Septem-

ber 2020, Sony Chief Executive Kenichiro Yoshida expressed strong interest in getting into the vehicle market.

He said he had felt for years that the maker of PlayStation videogame consoles and other electronics should "make something that moves."

Electric vehicles have fewer moving parts than those running on gasoline and rely more on software controls, making it easier for companies that specialize in electronics to get into the business.

Apple Inc. has explored entering the EV market for years, although it has never released details about its plans.

Sony is a major Apple supplier because of its image-sensing business, which makes parts used in iPhones and other smartphones.

Patients Got Less Attention

Continued from page B1
a law professor at the University of Michigan and former federal prosecutor.

Yet the patients' testimony "showed the significant harm and risk" Ms. Holmes "was willing to undertake in order to defraud investors," Ms. McQuade said.

"The investor fraud counts would carry the largest component of any sentence," she added. "Including the patients in the case was probably important strategically but not that important in terms of the consequences."

One patient Ms. Holmes was charged with defrauding, Phoenix resident Brent Bingham, traveled to San Jose, Calif., to testify but never entered the courtroom. Government lawyers made a clerical error mixing up one blood-test acronym in a legal document that spelled out which tests were part of the government's case, leading the judge to block his testimony at the last minute. "I thought I'd be a real good witness," said Mr. Bingham. "I can deliver some facts. Not hearsay."

On Tuesday, Mr. Bingham said he believed the verdict "missed the fundamental point of the whole thing"—that Theranos erroneously claimed its innovative technology would help patients.

Why the jury of eight men and four women chose to clear Ms. Holmes of the patient-fraud charges is unknown. The jurors declined to comment as they left the courthouse Monday evening and didn't respond to messages.

From the beginning, cracks surfaced in the prosecution's case for fraud charges stemming from the patients' erroneous test results.

A couple of weeks before Ms. Holmes and her former romantic and business partner, Ramesh "Sunny" Balwani, were indicted in June 2018, the government subpoenaed a copy of Theranos's proprietary lab-result database, called the "Laboratory Information System."

Mr. Balwani denied the charges and faces a separate trial. His lawyer declined to comment.

The database was supposed to be the key to prosecutors' ability to unearth detailed problems with the company's testing platform—and the patients its errors affected. But in August 2018, just days after the government received a copy on an external hard drive, Theranos officials destroyed the entire database and a couple of weeks later, dissolved the company.

The government later learned that a passcode needed to make use of their hard drives was missing. A forensic expert determined the government couldn't recover the data without it.

A separate grand jury investigation examining whether the database's deletion amounted to criminal obstruction of justice by Theranos officials—who had swapped emails about the missing password in the weeks before its destruction—hasn't resulted in charges, according to court filings and people familiar with the matter. The status of that investigation couldn't be determined. Theranos ceased to exist when the investigation was launched, and former Theranos officials haven't commented on it.

Ms. Holmes's defense team, led by partners at the Washington law firm Williams & Con-

Sony said 40 sensors were installed in its prototype. It said it eventually aimed to offer what is known as level four autonomous driving, in which the car can drive itself without human involvement under certain conditions.

Another Apple partner, contract manufacturer Foxconn Technology Group, is also making a foray into EVs. Foxconn, known for assembling Apple's iPhones and other branded tech devices, introduced three electric-vehicle prototypes last October.

Foxconn Chairman Young Liu has said the company aims to supply three million electric vehicles annually by 2027, which he estimated would be about 10% of the global market then.

—Yang Jie contributed to this article.

BUSINESS & FINANCE



Brent Bingham traveled to San Jose, Calif., to testify but never entered the courtroom.

nolly LLP, also chipped away at the government's indictment, winning in early 2020 an order from U.S. District Judge Edward Davila that significantly pared the patient-related charges.

Judge Davila found gaps in the government's logic, noting that its indictment alleged fraud against doctors who didn't appear to have lost any money and against insured patients who received inaccurate results—but not the insurers who actually paid the bills. He threw out charges related to

any patient whose insurance covered their tests.

Earlier this year, Judge Davila handed another partial victory to Ms. Holmes's lawyers on the patient front.

The defense team argued ahead of trial that testimony about the impact of inaccurate test results could be excessively inflammatory and that anecdotal examples were irrelevant to the case. Ms. Holmes's lawyers argued that the U.S.'s failure to preserve the database Theranos itself had destroyed meant Ms. Holmes couldn't ac-

cess data that might have been exculpatory.

Judge Davila ruled that patients could testify about their results but barred the prosecution from citing evidence "relating to the impact or potential impact on customers of inaccurate test results."

That was a major win for Ms. Holmes's team, said Neema Rahmani, a Los Angeles lawyer. "If you're a juror you want to see and feel and hear a victim—and when you don't have that, that's a challenge," Ms. Rahmani said.



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BUSINESS NEWS

Over 1,400 More Flights Canceled

By JOSEPH DE AVILA

More than 1,400 flights were canceled Tuesday as airlines continue to face disruptions from recent inclement weather and Covid-19-driven staff shortages.

Carriers had also delayed more than 3,600 flights by Tuesday evening, according to aviation data tracker FlightAware. Tuesday's travel problems followed a three-day stretch in which more than 8,600 U.S. flights were canceled, or about one out of every 10 flights, according to FlightAware.

Airlines have now canceled more than 20,000 flights since Christmas Eve.

Southwest Airlines Co. had the most disruptions of the U.S.-based airlines, canceling 395 flights by Tuesday evening, about 12% of the carrier's schedule for the day, and delaying 890, according to FlightAware. The airline was working to return to normal operations after a winter storm upended flight plans on Monday, a spokeswoman said.

short-notice disruptions, he said.

Some airlines are offering incentives to pilots to help out while the rest of the staff is stretched thin. **United Airlines Holdings Inc.** is offering pilots triple pay for flying select flights, partly because of staff shortages created by the Omicron variant, according to a recent memo sent by a United executive to the airline's pilots that was viewed by The Wall Street Journal.

Delta Air Lines Inc. had canceled 69 flights by Tuesday evening, 2% of the carrier's schedule for the day, and had delayed 341, according to FlightAware. A spokeswoman for Delta said the airline planned to cancel 200 flights on both Tuesday and Wednesday, after Monday's winter storm hobbled operations at two of the airline's hubs.

A spokeswoman for **American Airlines Group Inc.**, said the company was still in recovery mode after a snowstorm disrupted travel to and from Washington, D.C. The airline had canceled 29 flights by Tuesday evening, 1% of the carrier's schedule for the day, and had delayed 248, according to FlightAware.

While the 2021 holiday travel season was beset by carrier delays and cancellations because of winter storms and coronavirus-related staff shortages, some analysts expect an airline-industry rebound this year. Domestic travel is likely to be robust and business travel should tick up compared with last year as companies return to the office, Cowen & Co. analyst Helene Becker said in a research note on Tuesday.

"We expect the coronavirus to continue to mutate but for each succeeding variant to be less impactful to the airlines than the previous iteration," Ms. Becker wrote. "That doesn't mean we don't expect it to be annoying, because we do, but we believe the airlines will respond to the different variants by adjusting capacity."

Despite the travel issues over the holidays, the share prices of Southwest, JetBlue, Delta and American have risen during the first two trading days of 2022.



The Chinese developer is accused of illegally obtaining permits to erect a cluster of buildings on man-made Ocean Flower Island.

Evergrande Ordered to Tear Down 39 Buildings in Luxury Project

By ANNIEK BAO AND ELAINE YU

The crisis engulfing **China Evergrande Group** deepened, as the embattled property developer said it had been ordered to tear down dozens of buildings on an extravagant man-made island in southern China.

At the same time, Evergrande released data showing its much-publicized financial stress had largely halted sales of new homes, depriving it of an important source of cash. Contracted sales dwindled to about 720 million yuan, the equivalent of just \$113 million, between mid-October and year-end, the company's figures showed.

The buildings were part of an ambitious project known as "Ocean Flower Island," an artificial archipelago that the developer has compared to Dubai's Palm Jumeirah. The Ocean Flower development encompasses houses, hotels and other features, including a roughly 1.1 million-square-foot convention center built to re-

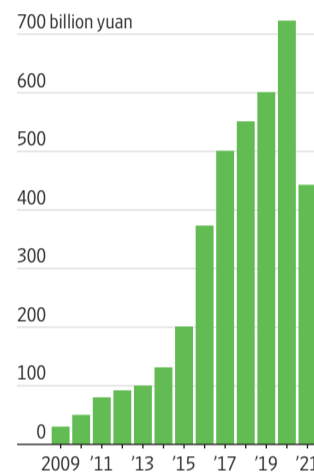
semble giant blooming peonies.

In a statement Tuesday, Evergrande confirmed the order to demolish 39 buildings. The notice, issued by local authorities in the island province of Hainan along China's southern coast, had previously circulated on social media and been covered by Chinese media.

Authorities in Danzhou, a city in Hainan, ordered a subsidiary of Evergrande to demolish the cluster of buildings, according to a notice dated Dec. 30. The notice said the developer had illegally obtained permits and ordered it to knock down the buildings within 10 days or face a forced demolition. Evergrande has 60 days to file a potential appeal.

"The company will actively communicate with the authority in accordance with the guidance of the decision letter and resolve the issue properly," Evergrande said in a stock-exchange filing. It stressed that the decision applied only to a single plot on one of the islets that makes up the Ocean Flower archipelago.

Evergrande's annual contracted sales



Note: 100 billion yuan = \$15.7 billion
Source: the company

Danzhou's government said in a report last month that Ocean Flower Island had harmed the marine environment, partly by causing mass damage to coral reefs. The city previously ordered construction and presales of the 39 buildings to stop in May 2020, according to a Dec. 27 state-

ment.

Evergrande, which had amassed roughly \$300 billion in liabilities as of June 30, has been struggling to meet its obligations since the summer, and to finish building homes that it has presold to many home buyers.

It has missed several interest payments on U.S. dollar bonds, including some that were due in December, and has been declared in default by major credit-rating companies.

Evergrande said Tuesday its contracted sales totaled the equivalent of \$69.7 billion in 2021, a near-39% drop from a year earlier, and far below its full-year target. Contracted sales, which reflect new contracts signed with home buyers, are a widely watched industry measure.

Evergrande's shares, which had been halted Monday ahead of the company's statement, rose 1.3% on Tuesday after trading resumed, to 1.61 Hong Kong dollars per share, or the equivalent of 13 cents. The stock fell 89% last year.

12%

Percentage of Southwest Airlines cancellations Tuesday

JetBlue Airways Corp. had canceled 105 flights by Tuesday evening, 10% of the carrier's schedule for the day, and had delayed 268, according to FlightAware. The airline previously said it would trim the number of flights it offers through January as the Covid-19 Omicron variant causes staffing shortages at the airline.

The majority of Tuesday's canceled flights are part of those trips the company previously said it was cutting back on as it sought to give customers time to find other flights, a JetBlue spokesman said. New cancellations based on inclement weather and staffing challenges are still possible, but the previously announced cancellations have reduced the need for



Ford has said the F-150 Lightning will have a starting price of \$39,974 before potential tax credits.

Ford Doubles Production Goal For the F-150 Electric Pickup

By MATT GROSSMAN

Ford Motor Co. doubled its goal for manufacturing the new electric version of the F-150 pickup truck, the auto maker said Tuesday, sending its stock price to levels not seen in more than two decades.

Ford said it now aims to produce 150,000 a year, citing high demand for the model. About 200,000 reservations have been placed for the opportunity to order one of the trucks, the company has said. The first group of reservation holders will be able to place orders for the electric F-150 beginning Thursday, Ford said.

Shares of Ford rose nearly 12% Tuesday to \$24.31, its highest close since 2001.

The stock, which has nearly tripled over the past 52 weeks, was the best performer in the

S&P 500.

The company has said the F-150 Lightning will have a starting price of \$39,974 before potential tax credits. Production of the electric pickup is expected to begin this spring.

The F-150 truck is Ford's top-selling vehicle and one of its most profitable. Ford plans to report its 2021 sales results on Wednesday.

Other auto makers reported their sales figures Tuesday, and Toyota Motor Corp. overtook General Motors Co. as the U.S.'s top-selling car company by annual sales.

The electric F-150 is among several electric-pickup models expected to come out this year. The pickup-truck category looms as an important area of contention as auto makers race to develop electric vehicles, prodded by tightening environmental regula-

tions and Tesla Inc.'s rapid rise.

Rivian Automotive Inc., a startup based in Irvine, Calif., that has seen its valuation soar since its IPO in November, until recently has had the market to itself with its fully electric pickup truck, the R1T, which went on sale in the fall. General Motors last month began deliveries of its GMC Hummer pickup.

On Wednesday, GM is scheduled to reveal an electric version of its Chevrolet Silverado, its top-selling vehicle in North America, during a virtual keynote address by Chief Executive Mary Barra at CES, a big consumer-electronics convention.

The model is expected to compete with the F-150 Lightning when it goes on sale, scheduled for 2023.

—Mike Colias contributed to this article.

Armani Withdraws From Shows

By TREFOR MOSS

Giorgio Armani SpA said it would pull out of two major fashion shows in the coming weeks as Covid-19 cases surge in Europe.

The Italian luxury fashion house said Tuesday it was canceling its planned runway shows at Milan Men's Fashion Week and Paris Haute Couture Week this month, casting a shadow over two of the industry's marquee events.

The company made the decision because of "the worsening epidemiological situation," it said in a statement posted on LinkedIn. "The shows are crucial and irreplaceable occasions but the health and safety of both employees and the public must once again take priority."

Like the U.S., Europe is experiencing a wave of new coronavirus infections driven by the Omicron variant, which has brought renewed chaos to global travel, disrupted supply chains and derailed some companies' plans to start returning staff to the office.

The surge in cases has also clouded the prospects for large in-person events. Italy and France, which are due to host the coming fashion shows, have both registered record numbers of daily cases in recent days, topping 100,000 and 200,000, respectively, far more than in previous waves of the pandemic.

Other luxury brands, including Italy's Dolce & Gabbana,

Prada and Zegna, are still due to present new collections at the show in Milan, which runs Jan. 14-18. The Paris show, which opens on Jan. 24, also has a packed schedule, with brands including Chanel and Christian Dior set to take part.

While many large-scale events are still going ahead globally, some have already

fallen victim to the Omicron surge or are being pared back as participants opt for online participation instead of a physical presence.

Last month, the World Economic Forum said its annual meeting in Davos, Switzerland, would be pushed back from January until the summer of 2022.

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TECHNOLOGY

WSJ.com/Tech

Tencent Unloads \$3 Billion Stake in Internet Company

By MATT GROSSMAN

Tencent Holdings Ltd. has cut its stake in a highly valued Southeast Asian internet company, shedding an ownership position that was worth about \$3 billion.

Tencent, one of the biggest Chinese internet businesses, said it is selling about 14.5 million shares of **Sea Ltd.**, a company that runs a popular e-commerce platform called **Shopee**, makes digital games and offers online financial services. U.S.-traded shares of Sea had closed on Monday at \$223.31 apiece.

Following the deal, Tencent will still have a roughly 19% equity stake in Singapore-based Sea, down from 21% previously, and it said it would maintain business relationships with the company. Tencent said it plans to use proceeds from the Sea transaction to fund other investments and social initiatives.

Tencent, which owns the WeChat social-media app, also has videogame studios and has collaborated with Sea on videogame distribution in Southeast Asia for years.

Investors sold off Sea stock on news of Tencent's divestment, sending its U.S.-traded shares down 11% to \$197.84 on Tuesday. Sea's valuation has gained significant ground in recent years, with shares trading nearly five times as high as

they did at the start of 2020 even after Tuesday's decline. Sea's market capitalization has recently topped \$120 billion.

Tencent sold its Sea shares at \$208 apiece, at the bottom of an offered range, according to a term sheet seen by The Wall Street Journal. The sale raised a little over \$3 billion in total.

"The share sale unlocks a portion of the value of Tencent's investment in Sea, which has seen significant growth and expansion in its global business operations," Tencent said. The company added that the deal's provisions restrict further sales of Sea stock over the next six months.

Last month, Tencent unwound an even larger corporate investment when it distributed 457 million shares of JD.com Inc. to its own shareholders in the form of a dividend. Those shares in JD.com, an e-commerce company, were worth about \$16.4 billion at the time. Analysts said that the move might have been a response to risks posed by an aggressive regulatory stance by China's government.

Chinese technology companies have faced government pressure related to anticompetitive behavior and privacy issues, part of a campaign Beijing has said is intended to get the companies to serve public interests better.



Spencer Elden was 4 months old when the photograph of him was taken that would appear on Nirvana's 1991 'Nevermind' album.

Lawsuit Against Nirvana Over 'Nevermind' Cover Dismissed

By JOSEPH PISANI

A California judge dismissed a lawsuit against rock group Nirvana from a man who alleged the band engaged in child pornography when a photo of him taken 30 years ago as a naked baby in a pool was used for the band's "Nevermind" album.

The man, Spencer Elden, now 30 years old, filed the lawsuit last year, asking the band's members and the other defendants to each pay him \$150,000 for taking the photo.

Mr. Elden was 4 months

old in 1991 when the photo was taken in a pool, according to court documents.

Mr. Elden said he didn't consent to the photo, which has been printed on albums, T-shirts and posters.

The judge, from the U.S. District Court for the Central District of California, said in a document filed on Monday that the case was dismissed because Mr. Elden didn't oppose a motion to dismiss the case by a December deadline.

He can still file an opposition by Jan. 13, the judge said.

Robert Y. Lewis, Mr. Elden's lawyer, said on Tuesday that it would be filed soon.

"We are confident that Spencer will be allowed to move forward with his case," said Mr. Lewis.

The lawsuit was filed in August against several defendants, including the band's members at the time—David Grohl and Krist Novoselic—and the estate of frontman Kurt Cobain, who died in 1994.

A lawyer for the defendants declined to comment on Tuesday.

In a document filed in De-

cember, Nirvana asked the judge to dismiss the case and said the statute of limitations for child pornography had passed.

It also said the child-pornography allegations were "not serious."

If they were, it said in court documents, millions of Americans who owned the album or a poster with the photo "are guilty of felony possession of child pornography."

The photo showed Mr. Elden underwater, naked and with a dollar on a hook in front of him.



Tencent has collaborated with Sea on videogame distribution.

Media Firm Co-Founded by Will Smith And Jada Pinkett-Smith to Sell Stake

By BENJAMIN MULLIN AND MIRIAM GOTTFRIED

A firm led by two former Walt Disney Co. executives has agreed to buy a stake in Will Smith and Jada Pinkett-Smith's media company, people familiar with the matter said, the latest in a series of high-profile acquisitions for the Blackstone Inc.-backed entertainment venture.

The Blackstone-backed firm, which has yet to announce a name for itself and is run by former Disney executives Kevin Mayer and Tom Staggs, is paying about \$60 million to acquire more than 10% of Westbrook Inc., the people said.

Founded in 2019, Westbrook's projects include "King Richard," a biopic that chronicles the life of Richard Williams, the father of tennis



The couple agreed to sell 10% of Westbrook for about \$60 million.

stars Venus and Serena Williams. Other projects from Westbrook include the "Fresh Prince of Bel-Air" reunion on HBO Max, "Red Table Talk," a

show on Facebook Watch featuring Ms. Pinkett Smith, her daughter Willow Smith and her mother, Adrienne Banfield-Norris.

The Westbrook deal is the latest in a series of acquisitions in recent months for Messrs. Mayer and Staggs's venture.

In November, the firm said it was buying **Moonbug Entertainment Ltd.**, the company behind hit children's shows "CoComelon" and "Blippi," for about \$3 billion. In August, it said it was spending \$900 million to acquire **Hello Sunshine**, the media company founded by Reese Witherspoon.

Mr. Mayer said in an interview with The Wall Street Journal in August that he and Mr. Staggs were creating a new entertainment company for Hollywood's streaming era. Some media companies are reluctant to license shows and movies to rivals, Mr. Mayer said, creating an opportunity for a new independent player.

In Memoriam

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

Charles Francis Perrell

December 10, 2021

LOS ALTOS HILLS, CALIF. - Charles (Charlie) Perrell, 72, of Los Altos Hills, California passed away peacefully at Stanford Hospital on December 10, 2021, after a short illness. Charlie grew up in Arlington, Massachusetts as the eldest son of Francis and Susan Perrell. He received his BS degree in Industrial Engineering and Operations Research from the University of Massachusetts Amherst College of Engineering, followed by his MBA from the University of Massachusetts Amherst Isenberg School of Management in 1972. Charlie's passion for technology and business innovation drove his pioneering career in "Tech," beginning with product line management positions at Texas Instruments and Digital Equipment Corporation in the Boston area. He relocated to Silicon Valley as a Director for the startup of Sun Microsystems, where he initiated and ran the company's international business, starting with Europe, then Canada, Japan, and China. Charlie joined MIPS Computer Systems as VP International when the company was a private startup. He grew MIPS' international marketing, sales, and service, which comprised the majority of the company's revenue at its IPO. As Executive Vice President and Co-founder of Network Appliance Corporation, Charlie worked on the company's business plan and initial funding and then launched worldwide marketing, sales, and service. Charlie retired in 1994 to pursue private "angel" investing, mentoring, and philanthropy. He served on the Stanford Cancer Center Advisory Board for many years, helped to establish an Endowed Chair in Medicine at Stanford University, and, along with his loving wife, Dr. Beth Guillaumin, established the Endowed Chair in Neuroradiology at the University of California San Francisco. He also funded a new computer laboratory in the Department of Engineering at the University of Massachusetts.

In his personal life, Charlie pursued his passion for viticulture and winemaking, establishing the Silent Hills Vineyard at his home in Los Altos Hills. He enjoyed world travel, golf, and skiing, most always with Beth at his side. Even while building Silicon Valley companies, Charlie always made time for friends, family, and fun. He raised spirits with his joie de vivre and unique brand of dry wit - perhaps a reflection of his Irish heritage - and showed us how to live a balanced life. Charlie is survived by his wife, Beth; his sisters Patricia Watters and Susan Perrell; his brother, Robert Perrell; his brothers-in-law, Paul Watters, Loren Humphrey, and John Guillaumin; his sisters-in-law, Pamela Hathaway-Perrell and Joan Guillaumin; and eleven nieces and nephews, all of whom loved him deeply. A Celebration of Life service will be held in the new year. In lieu of flowers, contributions may be made to the Alzheimer's Association or to the Wounded Warrior Project.

THE WALL STREET JOURNAL

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Covid-19 Test Kits' Prices Rise

Continued from page B1 and Walmart said this week that it is raising the kits' price to \$19.98 a box.

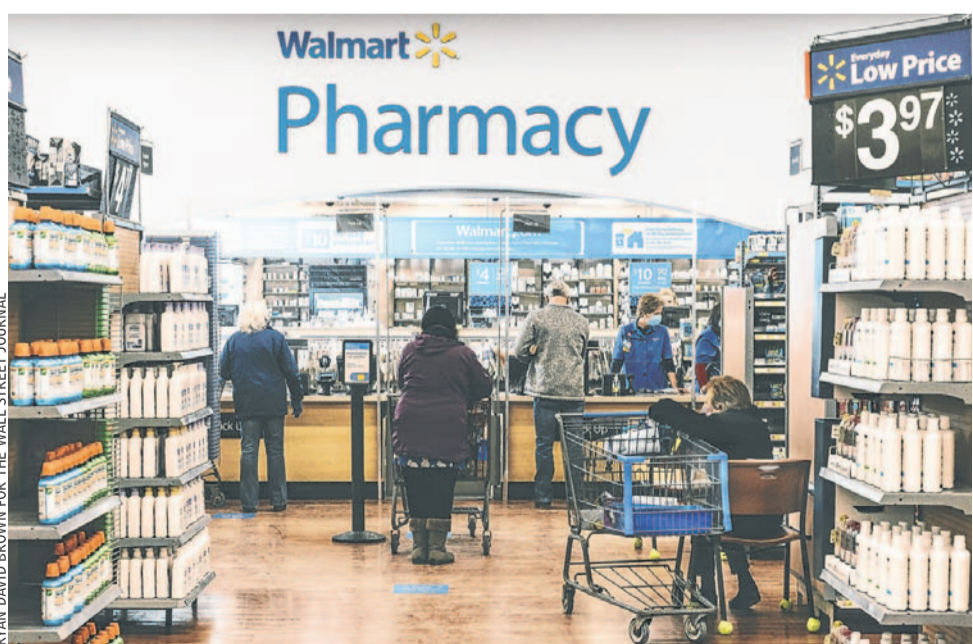
Kroger now sells them for \$23.99. The BinaxNow tests aren't currently available on Amazon.

Representatives for Walmart and Kroger said they fulfilled their commitment to sell tests at cost for three months and are taking steps to make tests more available.

The White House didn't respond to a request for comment.

An Amazon spokeswoman said the company is working with suppliers to alleviate shortages. She said Amazon made a large investment to develop its own FDA-approved PCR test, which sells for \$39.99, lower than most similar tests. The effort, she said, involved setting up an in-house laboratory to process results.

Pharmacy chains **CVS Health Corp.** and **Walgreens Boots-Alliance Inc.**, along with other big retailers, have been selling the tests for \$23.99 a box. Other retailers already are charging even



Walmart is raising the price of Covid-19 test kits after a deal with the U.S. government expired.

more. Even at the higher prices, tests are difficult to find. BinaxNow is sold out on many major retailers' websites or takes more than a week to arrive. A Walmart spokeswoman said the BinaxNow tests are more readily available in physical stores.

Abbott said it is running plants around the clock, seven days a week to pump out 70 million tests a month. "Despite rising U.S. material and labor costs, we have not passed along any of these costs to our customers and the

price at retail has not changed since we launched the test," the company said.

Covid-19 tests—both at-home kits and those done on location in clinics or at drug-stores—remain costly and difficult to find in many places as the Omicron-driven surge pushes many Americans to seek out the diagnostic tools.

The Biden administration has said it is working to expand access to free testing and has pledged to distribute 500 million free at-home tests. Some cities and states have established similar programs.

The White House said in December that it would begin delivering at-home tests in January and that they would be available to the public free by mail through a new website. Officials haven't provided details of the plans to mail out tests or to cover the costs of testing.

The cost and availability of tests varies widely. BinaxNow tests are hard to find online for \$24 but can be purchased for twice the price. At-home PCR tests are more readily available but generally cost close to \$100 for a single test.

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THE PROPERTY REPORT

Offices Get New Life as Apartments

Virginia complex raises prospect that commercial surplus is ripe for conversion

By WILL PARKER

ALEXANDRIA, Va.—The two-tower Park Center in this Washington, D.C., suburb was another graying office complex a few years ago. One building was about a third empty, while the largest tenant was preparing to leave the other.

Today, the property has a new life as upscale apartment buildings. The 435 residential units are surrounded by cabanas for small gatherings, grilling stations, a bocce lawn and contemporary sculpture.

“This is a steampunk cherry tree,” said Liz Godesky, senior vice president of the project’s developer, **Lowe Enterprises Inc.**, pointing to a piece of art her group commissioned for the properties.

The Park and Ford apartments, as the complex is now called, is one of 151 office buildings, hotels or other commercial properties that were converted to apartments in the U.S. last year, according to data from Yardi Matrix, a real-estate data firm.

With multifamily housing in short supply and rents hitting record highs, the development raises the prospect that the country’s surplus of outdated office buildings could be ripe for apartment conversion.

Until recently, developers mostly looked to convert early to mid-20th century office towers in downtown districts, properties that tend to have relatively compact dimensions that make them ideal for apartments. But many empty office buildings are more like the Park and Ford. They are newer, more voluminous and often located somewhere off the interstate.

Nationwide, there are nearly 1,000 relatively new office buildings that developers might view as candidates for residential conversion: properties built since 1980, measuring more than 100,000 square feet and at least 50% vacant, according to data from CoStar Group.

Lowe and its partner USAA Real Estate acquired the two 1980s office towers in 2017, in an area where the office market was already weakening.

Several factors worked in the developers’ favor. The



Space around the property was filled in with outdoor amenities like cabanas for small gatherings and a sunning terrace.

floors in the towers measured about 80-feet deep, shallower than some other office buildings of the same vintage and better suited to residential conversion.

Rent payments from the remaining office tenants meant the owners had cash to spend on relocating them. Next door, another large office building had been turned into apartments, providing proof of concept. The builders then began making the drab office buildings a place someone would want to live. They added operable windows and blue and orange accents to the facade and constructed a sleek glass and steel lobby. They anchored new balconies into existing flooring, an effort to make them look like they had been there all along, instead of the simpler, cheaper method of hanging them from suspension rods.

“All those things add texture to the building and definitely make it read residential,” said Mark Rivers, executive vice president at Lowe.

Still, developers of conversion projects face challenges not found in new construction. At the Park and Ford, damaged concrete, mold and asbestos delayed construction and added millions of dollars in costs.

Zoning regulations, unconventional layouts and unpredictable construction budgets can make many buildings bad



Units in converted offices tend to be larger than at conventional apartment buildings.

candidates for reuse, said Valerie Campbell, a land-use attorney at the Kramer Levin firm in New York who has worked on conversions for more than three decades. “At a certain point, if the cost of altering a building starts approaching new construction, it really may not make any sense,” she said.

And despite the lack of affordable housing, most office conversions are built as market-rate apartments for professional class millennials to make the economics work for developers. “The expense of rehabilitation

can lead to only providing market rate,” said David Downey, president of the International Downtown Association. His organization is lobbying for federal subsidies for conversions that include affordable housing.

At the Park and Ford—which has 10 affordable units, or about 2% of the total—the apartments had to fit into a building shaped much differently than any purpose-built residential property. In some units, the distance between the apartment door and its exterior window means the dens or bed-

rooms may face an interior living area.

The developers stocked the bottom floor full of amenities. They added a gym and yoga room, a multisport simulator, a private dining room and co-working office space. The Park and Ford began leasing in the fall, and the developers expect to fill it by the summer. The smallest one-bedroom unit at the property rents for more than \$1,700 a month, and large two-bedroom units go for as much as \$3,200. The developers are offering one month free.

CBRE Unit To Acquire Global Warehouse Portfolio

By PETER GRANT

Real-estate owner CBRE Investment Management said it has agreed to buy a global portfolio of logistics properties valued at \$4.9 billion, representing one of the largest sales ever of industrial property.

The properties were built or are being developed by Ross Perot Jr.’s **Hillwood Investment Properties**, a real-estate business founded by the son of businessman and presidential candidate Ross Perot Sr. The portfolio includes more than 28 million square feet of warehouses, distribution centers and other logistics facilities in the U.S., U.K., Germany and Poland.

Industrial property was one of the best-performing property types in 2021 and has been for the past few years. CBRE’s acquisition would be the latest bet by a large investor on the transformation of the supply chain by e-commerce and the pandemic.

The acquisition would be a bet on the transformation of the supply chain.

Supply lines used to be designed with as few stops as possible between manufacturers and consumers to reduce costs. But the growth of e-commerce replaced cost savings with the need to fulfill orders quickly. This meant adding warehouses and distribution centers closer to population centers so clothes, books, electronics and other goods could be delivered within days or sooner.

The pandemic accelerated these changes as many consumers avoided stores fearing possible infection.

“It’s made the price of real estate close to the consumer to be more worth it,” said Chuck Leitner, chief executive of CBRE Investment.

CBRE Investment, a unit of commercial-real-estate services firm **CBRE Group Inc.**, found the Hillwood portfolio attractive because most of it was built in markets with large labor forces, advanced transportation systems and proximity to large numbers of consumers, Mr. Leitner said.

Big tenants like Amazon.com Inc., Walmart Inc. and Home Depot Inc. like such features. “It’s a portfolio that was built and designed to be very responsive” to online retailers, Mr. Leitner said.

Hillwood’s European properties were particularly attractive to the firm because “the penetration rate of e-commerce is just getting started there relative to the U.S.,” he said.

About two-thirds of the Hillwood portfolio is built and leased. About one-third is still being leased or is under development, Mr. Leitner said.

CBRE Investment, which has over \$133 billion in assets including \$35 billion of global industrial property, won the bidding for the Hillwood portfolio partly because of parent CBRE Group’s strong balance sheet. “That allowed us to move quickly,” Mr. Leitner said.

CBRE Investment’s current industrial portfolio includes over 139 million square feet in the U.S., Europe and Asia. Like other real-estate sectors, logistics property has up and down cycles but the down cycles have tended to be “short and shallow,” Mr. Leitner said.

“We don’t think it’s a cyclical bet that’s running out of gas,” he said. “We think it’s a secular bet that historical performance supports.”

Hillwood’s sale of the industrial portfolio will close in stages starting this year and possibly stretching into 2023, Mr. Leitner said. Ross Perot Sr. founded Electronic Data Systems in 1962 and sold that company to General Motors Co. in 1984. A candidate for president in 1992 and 1996, he invested in numerous other businesses including real estate. Ross Perot Jr. is chairman of Hillwood Investment Properties.

Manhattan Luxury Sales Skyrocketed in 2021

By KATE KING

Deep-pocketed New Yorkers moved on up in the second year of the pandemic, lifting luxury home sales in Manhattan to record-breaking levels in 2021.

More than 1,900 contracts for properties costing a total of about \$16 billion were signed last year, the highest number and volume by a significant margin since Olshan Realty Inc. started tracking luxury sales in 2006.

While overseas buyers his-

torically have helped drive the Manhattan luxury market, foreign travel to the U.S. was restricted most of the year.

Instead, buyers from the New York metro area, confident in the city’s recovery, flush with cash from a surging stock market and able to borrow at ultra low interest rates, dominated the market, said Olshan Realty president Donna Olshan.

“We’ve never seen anything like it,” said Ms. Olshan, who tracks Manhattan properties

that sell for \$4 million or more. “All the deals that we lost in 2020, most of them got done in 2021. And there still is enough fuel in the tank to keep going.”

The most significant trend within luxury sales was a demand for more space as people looked for enough room to work from home and prepared for the possibility of intermittent remote schooling, Ms. Olshan said. Luxury condos since March 2020 totaled more than 2,900 square feet

on average, or 5% bigger than the average size over the previous seven years, according to her report.

Broker Louise Phillips Forbes of Brown Harris Stevens said some of her clients have been willing to take significant losses when selling properties they bought within the past five years to upgrade for the long term.

“The buying power is tremendous,” Ms. Forbes said. “These are people who maybe in most circumstances

wouldn’t borrow money, but the cost of money is so cheap that it doesn’t make sense to pull their money out of the market. I just closed an interest-only loan for 2.5%.”

Omicron and future coronavirus variants pose the biggest threat to New York’s housing market moving forward, Ms. Olshan said. “We still live under the blade of a Covid knife,” she said. “But so far Wall Street seems to be doing just fine, and that has really helped fuel our revival.”

Eldercare Muni Debt Stays Hot

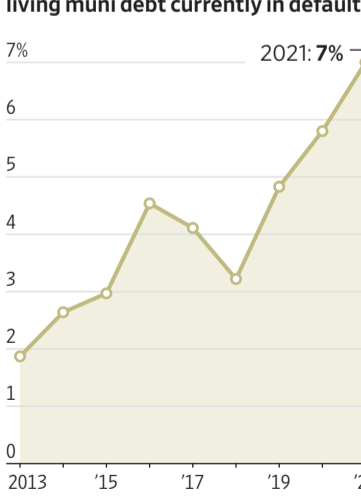
Continued from page B1

debt in the muni market, not including bonds caught up in Puerto Rico’s bankruptcy. Yet investors remain bullish. After a fall in debt issuance in 2020, senior-living facilities sold \$7.4 billion in new bonds in 2021 through Dec. 13, 21% more than they did in 2019, according to an analysis by ICE Data Services.

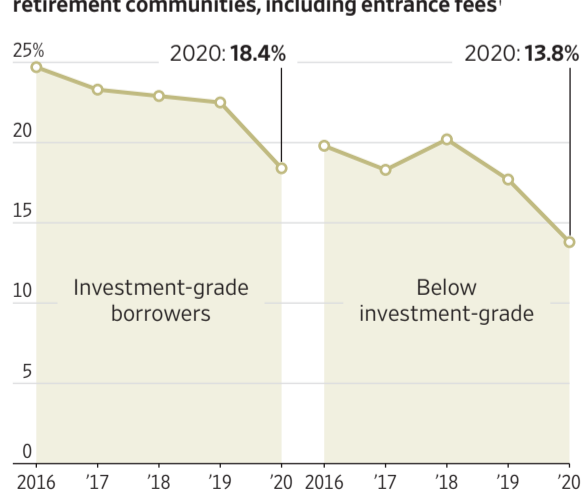
“The operations have not yet fully recovered, even though, in some places, bond prices have,” said David Hammer, head of municipal-bond portfolio management at Pacific Investment Management Co. He said he has reduced his exposure to senior-living facilities.

The robust appetite for senior-living bonds is a window into investors’ willingness to put aside worries about Covid-19-related financial weakness as the pandemic grinds on into its third year. Retirement communities are among the municipal borrow-

Percentage of outstanding senior-living muni debt currently in default*



Median net operating margin of continuing-care retirement communities, including entrance fees†



*Data reflects Jan. 1 of each year †Reflects 151 facilities tracked by Fitch Sources: Municipal Market Analytics (defaults); Fitch Ratings (operating margin)

ers hardest hit financially, with Covid-19 driving away prospective residents and adding costs for protective equipment. But with rock-bottom yields, demand for new bonds outstripping supply and the potential for tax increases, the pickings are slim for investors in search of tax-exempt income.

Yields on risky municipal bonds fell in 2021, with investors plowing a record \$22 billion into high-yield municipal-bond funds through Dec. 15, according to Refinitiv Lipper.

Borrowers rated BAA were paying 2.12% on 30-year bonds as of Dec. 31, according to data from Refinitiv, down 14% from a year earlier.

Meanwhile, 10-year senior-living bonds sold over the past six months yielded 6.6% for taxable debt financing the purchase of retirement facilities in Texas and Oklahoma and 4.4% for tax-exempt debt to buy and refinance a retirement facility in Kentucky, bond documents show. For an investor in the top tax bracket, a 4.4%

tax-free yield equates to roughly 7.6%, according to data from Nuveen.

Several senior-living borrowers that considered issuing debt in 2020, and then opted against it, moved forward with selling bonds in 2021 after finding the market more receptive, said Seth Brumby of Reorg, a credit-research firm. The risky debt is a welcome addition for many high-yield funds.

“Senior-living deals were well-received with strong investor interest,” said Jon Bara-

sch, director of municipal evaluations at ICE Data Services.

Senior-living facilities include nursing homes as well as assisted-living and continuing-care retirement communities, whose offerings range from independent living to medical care and assistance with daily activities. These facilities are permitted by federal law to sell tax-exempt debt the same way that state and local governments do because they are perceived to have a public benefit.

Any individual facility’s default or drop in bond prices would have limited impact on high-yield mutual funds, which mix senior-living bonds with those of other low-rated borrowers such as charter schools. Some trends have benefited senior facilities, including a hot housing market for those looking to sell their homes.

Still, indicators point to trouble ahead for the sector. Much of the revenue to pay back bondholders comes from entrance fees residents pay when they move into senior communities. But move-ins remain well below pre-Covid-19 levels. Non-profit continuing-care communities had an 87% occupancy rate in the third quarter of 2021, down from 93% in the first quarter of 2020, according to the NIC MAP Data Service.

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.

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

Table of stock prices for Tuesday, January 4, 2022. Columns include Stock, Sym, Close, Net Chg, and Net. Includes sub-tables A, B, and C.

Table of stock prices for Tuesday, January 4, 2022. Columns include Stock, Sym, Close, Net Chg, and Net. Includes sub-tables D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V.

Table of stock prices for Tuesday, January 4, 2022. Columns include Stock, Sym, Close, Net Chg, and Net. Includes sub-tables W, X, Y, Z.

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BANKRATE.COM MMA, Savings and CDs

Average Yields of Major Banks
Tuesday, January 4, 2022

Table showing average yields for various bank products like Savings, Money market, and CDs.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields.

Table of high yield savings and CD rates from various banks like Conexus, Comenity, and others.

High yield jumbos - Minimum is \$100,000

Table of high yield jumbo CD and savings rates from banks like Conexus, Comenity, and others.

W X Y Z

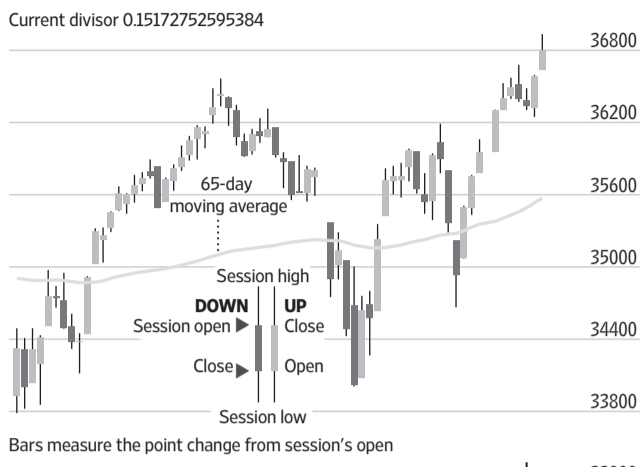
Table of stock prices for Tuesday, January 4, 2022. Columns include Stock, Sym, Close, Net Chg, and Net. Includes sub-tables W, X, Y, Z.

MARKETS DIGEST

EQUITIES

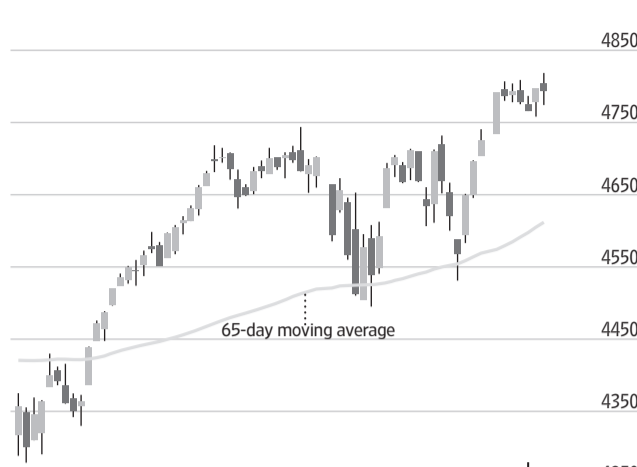
Dow Jones Industrial Average

36799.65 ▲ 214.59, or 0.59%
High, low, open and close for each trading day of the past three months.



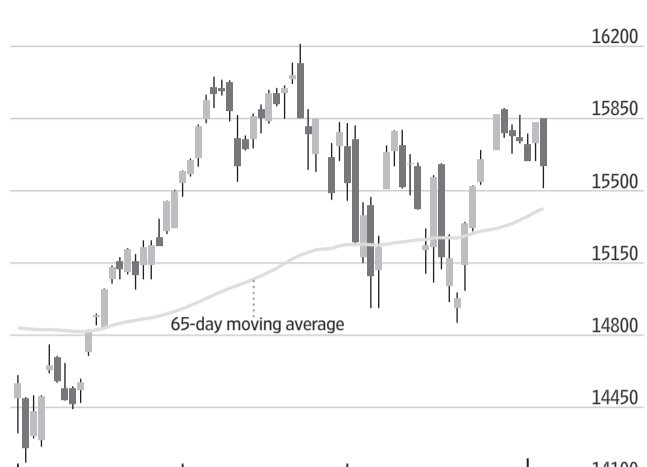
S&P 500 Index

4793.54 ▼ 3.02, or 0.06%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

15622.72 ▼ 210.08, or 1.33%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

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

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table listing companies like Apple, SPDR S&P 500, ATA Creativity Global ADR, Ford Motor, Bank of America, Comcast CIA, and iShares iBoxx \$ HY Cp Bd.

Percentage gainers...

Table listing percentage gainers such as Wejo Group, Senseonics Holdings, Beyond Meat, Nuverra Envtl Solutions, and Gritstone bio.

...And losers

Table listing percentage losers such as Annexon, Life Time Group Holdings, SMART Global Holdings, and Snap-On.

Trading Diary

Volume, Advancers, Decliners

Table showing trading statistics: Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table of international stock indexes by region: World, Americas, EMEA, Asia-Pacific.

Percentage Gainers...

Table of percentage gainers: NexTier Oilfield Solns, Reliance Global Group, REE Automotive, Winc, Agrify, etc.

Most Active Stocks

Table of most active stocks: Ford Motor, Hoth Therapeutics, ProSh UltraPro Shrt QQQ, NLS Pharmaceuticals, Plus Therapeutics, etc.

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Track the Markets: Compare the performance of selected global stock indexes, bond ETFs, currencies and commodities at wsj.com/graphics/track-the-markets

Get real-time U.S. stock quotes and track most-active stocks, new highs/lows and mutual funds. Available free at WSJMarkets.com

Percentage Losers

Table of percentage losers: Gritstone bio, Zhangmen Education ADR, AVROBIO, Heliogen, Valneva ADR, etc.

Volume Movers Ranked by change from 65-day average*

Table of volume movers: Angel Pond Holdings CIA, Metals Acquisition, ClearShares Piton Intern, Simplify Health Care ETF, L&F Acquisition CIA, etc.

* Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares. *Has traded fewer than 65 days

CURRENCIES & COMMODITIES

Currencies

Table of U.S.-dollar foreign-exchange rates for various countries including Argentina, Brazil, Canada, etc.

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

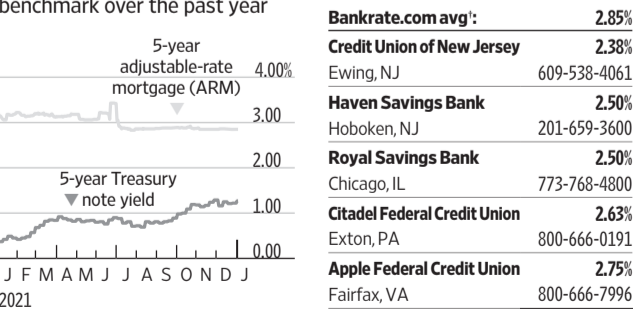
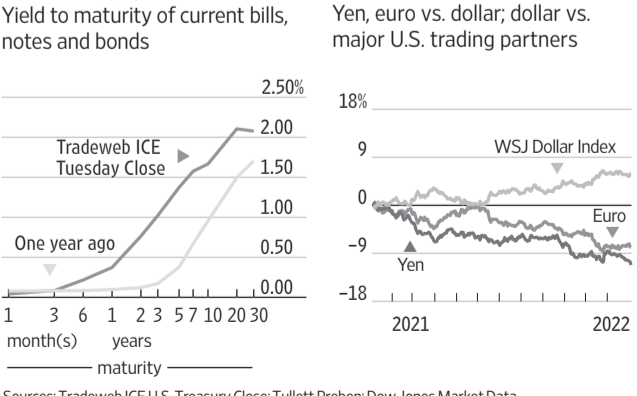


Table of interest rates: Federal-funds rate target, Prime rate, 3-month LIBOR, Money market, 5-year CD, 30-year mortgage, etc.

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.

Treasury yield curve



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for various bond indices like U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

Commodities

Table of commodity prices: DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, Gold, etc.

Futures Contracts

Metal & Petroleum Futures						
Open	Contract			Settle	Chg	Open interest
	High	Low	Settle			
Copper-High (CMX) -25,000 lbs; \$ per lb.						
Jan 4.3850	4.4690	▲	4.3740	4.4660	0.0515	2,859
March 4.4245	4.4785	▲	4.3780	4.4750	0.0535	111,303
Gold (CMX) 100 Troy oz; \$ per Troy oz.						
Jan 1800.50	1815.30	▲	1800.00	1814.00	14.60	99
Feb 1801.10	1817.20	▼	1798.10	1814.60	14.50	373,704
March 1807.90	1817.00	▲	1801.80	1815.80	14.70	17
April 1804.50	1819.50	▲	1800.60	1817.00	14.60	74,050
June 1808.50	1821.20	▼	1803.00	1819.20	14.60	26,369
Aug 1813.40	1822.50	▲	1807.20	1821.40	14.40	11,489
Palladium (NYM) -50 Troy oz; \$ per Troy oz.						
Jan 1855.70	1870.70	▲	1855.70	1870.70	33.70	2
March 1825.00	1896.00	▲	1825.00	1859.70	33.70	9,360

Open	Contract			Settle	Chg	Open interest	
	High	Low	Settle				
Platinum (NYM) -50 Troy oz; \$ per Troy oz.							
Jan 950.90	975.00	▲	950.90	970.40	16.70	1,478	
April 955.40	983.60	▲	946.10	971.20	17.20	55,648	
Silver (CMX) -5,000 Troy oz; \$ per Troy oz.							
Jan 22.955	23.060	▼	22.925	23.038	0.248	514	
March 22.920	23.140	▼	22.655	23.056	0.246	115,545	
Crude Oil, Light Sweet (NYM) -1,000 bbls; \$ per bbl.							
Feb 76.02	77.64	▲	75.70	76.99	0.91	273,713	
March 75.80	77.40	▲	75.47	76.74	0.89	257,529	
April 75.33	77.01	▲	75.11	76.38	0.90	101,537	
June 74.42	76.01	▲	74.20	75.47	0.93	172,229	
Dec '23	71.10	72.43	▲	70.84	72.11	1.00	205,527
Dec '23	66.27	67.32	▲	66.07	66.97	0.86	102,015
NY Harbor ULSD (NYM) -42,000 gal; \$ per gal.							
Feb 2.3607	2.4159	▲	2.3522	2.4095	0.0521	106,482	
March 2.3399	2.3935	▲	2.3343	2.3872	0.0471	51,803	
Gasoline-NY RBOB (NYM) -42,000 gal; \$ per gal.							
Feb 2.2560	2.2969	▲	2.2495	2.2763	0.198	116,405	

Open	Contract			Settle	Chg	Open interest
	High	Low	Settle			
March 2.2557	2.3003	▲	2.2525	2.2820	0.0227	53,135
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.						
Feb 3.817	3.944	▲	3.709	3.717	-0.98	117,120
March 3.674	3.777	▲	3.573	3.582	-0.96	255,347
April 3.639	3.726	▲	3.542	3.549	-0.86	114,185
May 3.656	3.743	▲	3.567	3.575	-0.08	81,808
June 3.700	3.791	▲	3.623	3.629	-0.77	52,600
Oct 3.787	3.874	▲	3.713	3.721	-0.74	74,382

Agriculture Futures						
Open	Contract			Settle	Chg	Open interest
	High	Low	Settle			
Corn (CBT) -5,000 bu; cents per bu.						
March 591.75	611.25	▲	591.50	609.50	20.25	726,028
May 593.00	611.00	▲	593.00	609.50	18.50	256,155
Oats (CBT) -5,000 bu; cents per bu.						
March 683.75	694.25	▲	677.75	692.00	11.25	3,133
May 654.75	657.00	▲	646.75	656.25	10.75	456
Soybeans (CBT) -5,000 bu; cents per bu.						
Jan 1346.00	1380.50	▲	1346.00	1378.75	34.75	1,820
March 1356.00	1392.25	▲	1355.50	1389.75	34.25	311,812
Soybean Meal (CBT) -100 tons; \$ per ton.						
Jan 424.00	428.60	▲	421.10	427.60	3.70	1,922
March 412.00	415.90	▲	407.30	414.70	3.40	190,750
Soybean Oil (CBT) -60,000 lbs; cents per lb.						
Jan 56.80	58.30	▲	56.31	58.14	1.93	902
March 56.49	58.54	▲	56.41	58.33	1.91	158,853
Rough Rice (CBT) -2,000 cwt; \$ per cwt.						
Jan 14.64	14.46	▼	14.25	14.46	.03	101
March 14.60	14.85	▼	14.43	14.70	.06	6,978
Wheat (CBT) -5,000 bu; cents per bu.						
March 758.00	771.50	▲	756.25	770.00	12.00	172,499
July 755.00	766.75	▲	752.50	766.25	11.25	69,570
Wheat (KC) -5,000 bu; cents per bu.						
March 793.50	805.25	▲	792.00	804.00	12.50	118,561
July 789.75	803.25	▲	789.75	801.50	12.50	42,341
Cattle-Feeder (CME) -50,000 lbs; cents per lb.						
Jan 165.550	165.500	▼	161.600	162.675	-3.575	5,080
March 168.500	168.500	▼	164.900	166.350	-3.75	19,560
Cattle-Live (CME) -40,000 lbs; cents per lb.						
Feb 138.650	138.725	▼	136.775	137.825	-1.100	117,764
April 143.775	143.900	▼	142.050	142.675	-1.525	100,039
Hogs-Lean (CME) -40,000 lbs; cents per lb.						
Feb 80.775	82.300	▲	79.975	80.150	-9.75	73,872
April 86.150	87.975	▲	85.600	87.000	3.50	59,480
Lumber (CME) -110,000 bd ft; \$ per 1,000 bd ft.						
Jan 1107.20	1141.00	▲	1107.10	1133.00	21.00	418
March 1111.50	1144.30	▲	1108.00	1144.00	29.70	1,594
Milk (CME) -200,000 lbs; cents per lb.						
Dec 18.43	18.43	▲	18.42	18.42	...	4,279
Feb'22 21.04	21.79	▲	21.01	21.04	...	32,463
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
March 2,502	2,523	▼	2,450	2,462	-37	88,208
May 2,538	2,558	▼	2,490	2,502	-35	47,186
Coffee (ICE-US) -37,500 lbs; cents per lb.						
March 224.75	235.75	▲	223.75	231.75	8.45	116,187
May 224.50	235.65	▲	223.75	231.80	8.50	51,751
Sugar-World (ICE-US) -112,000 lbs; cents per lb.						
March 18.75	18.85	▼	18.62	18.75	-0.1	333,430
May 18.56	18.59	▼	18.35	18.47	-0.03	152,836
Sugar-Domestic (ICE-US) -112,000 lbs; cents per lb.						
March 36.25	36.25	▲	36.25	36.25	-6.0	2,507
May 36.55	36.55	▲	36.55	36.55	-5.0	2,187
Cotton (ICE-US) -50,000 lbs; cents per lb.						
March 117.20	117.68	▲	113.37	116.39	3.16	120,782
May 111.10	114.53	▲	110.95	113.65	2.74	52,426
Orange Juice (ICE-US) -15,000 lbs; cents per lb.						
Jan 146.00	146.50	▲	146.00	146.35	-25	420
March 142.70	144.25	▲	140.60	144.00	1.35	9,043

Cash Prices

wsj.com/market-data/commodities

Tuesday, January 4, 2022

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Tuesday		Tuesday		Tuesday	
	Open	High	Open	High	Open	High
Energy						
Coal,C,Apic,12500Btu,1.2502-r,w	92.500		Iron Ore,62% Fe CFR China-s	122.9	Wheat,No.2 soft red,St.Louis-u	8.0000
Coal,Pwdr,RvrBsn,8800Btu,0.8502-r,w	30.000		Shredded Scrap,US Midwest-s,m	n.a.	Wheat - Hard - KC (USDA) \$ per bu-u	8.3200
Metals						
Aluminum,Primary	n.a.		Steel,HRC USA, FOB Midwest Mill-s	1500	Wheat,No.1soft white,Portld,OR-u	10.7250
Aluminum,Secondary	n.a.		Battery/EV metals	39250	Food	
Aluminum,Primary	n.a.		BMI Lithium Carbonate,EXW China,>99.2%-vk	32650	Beef,carcass equiv,index	229.04
Aluminum,Secondary	n.a.		BMI Lithium Hydroxide,EXW China,>56.5%-vk	15151	choice 1-3,600-900 lbs-u	219.43
Aluminum,Primary	n.a.		BMI Cobalt sulphate,EXW China,>20.5%-vm	5417	select 1-3,600-900 lbs-u	219.43
Aluminum,Secondary	n.a.		BMI Nickel Sulphate,EXW China,>22%-vm	5417	Broilers,National comp wtd.avg-u,w	1.3295
Aluminum,Primary	n.a.		BMI Flake Graphite,FOB China,>100 Mesh,94.95%-vm	650	Butter,AA Chicago	2.6500
Aluminum,Secondary	n.a.		Fibers and Textiles			
Aluminum,Primary	n.a.		Burlap,10-oz,40-inch NY yd-n,w	0.8100	Cheeddar cheese,bbk,Chicago	180.00
Aluminum,Secondary	n.a.		Cotton,1 1/16 std lw-md Mphs-u	1.1589	Cheeddar cheese,blk,Chicago	201.50
Aluminum,Primary	n.a.		Cotlook 'A' Index-t	n.a.	Milk,Nonfat dry,Chicago lb.	164.50
Aluminum,Secondary	n.a.		Hides,hvy native sters piece fob-u	n.a.	Coffee,Brazilian,Comp	2.1904
Aluminum,Primary	n.a.		Wool,64s, staple,Terr del-u,w	n.a.	Coffee,Colombian, NY	2.7981
Aluminum,Secondary	n.a.		Grains and Feeds			
Aluminum,Primary	n.a.		Barley,top-quality Mnpls-u	n.a.	Eggs,large white,Chicago-u	1.4750
Aluminum,Secondary	n.a.		Bran,wheat middlings, KC-u	170	Flour,hard winter KC	25.40
Aluminum,Primary	n.a.		Corn,No.2 yellow,Cent IL-bp,u	5.9500	Hams,17-20 lbs,Mid-US fob-u	0.50
Aluminum,Secondary	n.a.		Corn,gluten feed,Midwest-u,w	186.1	Hogs,lowa-so. Minnesota-a	74.33
Aluminum,Primary	n.a.		Corn gluten meal, Midwest-u,w	601.8	Pork bellies,12-14 lb MidUS-u	1.4890
Aluminum,Secondary	n.a.		Cottonseed meal-u,w	318.4	Pork loins,13-19 lb MidUS-u	0.8475
Aluminum,Primary	n.a.		Hominy feed,Cent IL-u,w	165	Steers,Tex.-Okla. Choice-u	n.a.
Aluminum,Secondary	n.a.		Meat-bonemal,50% pro Mnpls-u,w	1765	Steers,feeder,Okla. City-u,w	173.63
Aluminum,Primary	n.a.		Oats,No.2 milling,Mnpls-u	7.2500	Fats and Oils	
Aluminum,Secondary	n.a.		Rice,Long Grain Milled, No.2 AR-u,w	27.75	Degummed corn oil, crude wtd.avg-u,w	52.2500
Aluminum,Primary	n.a.		Sorghum,(Milo) No.2 Gulf-u	n.a.	Grease,choice white,Chicago-h	0.5000
Aluminum,Secondary	n.a.		Soybean Meal,Cent IL,rail,ton48%u,w	425.70	Lard,Chicago-u	0.6183
Aluminum,Primary	n.a.		Soybeans,No.1 yllw IL-bp,u	13.6200	Soybean oil,crude,Cent IL-u,w	n.a.
Aluminum,Secondary	n.a.		Wheat,Spring14%-pro Mnpls-u	11.3050	Tallow,bleach,Chicago-h	0.5900
Aluminum,Primary	n.a.				Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Z=not quoted. *Data as of 1/3

Source: Dow Jones Market Data

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

Total return close	YTD total return (%)	Index	Yield (%)			Total return close	YTD total return (%)	Index	Yield (%)		
			Latest	Low	High				Latest	Low	High
Broad Market Bloomberg Fixed Income Indices											
2235.08	-0.9	U.S. Aggregate	1.860	1.150	1.860						
U.S. Corporate Indexes Bloomberg Fixed Income Indices											
3381.74	-1.2	U.S. Corporate	2.440	1.810	2.450						
3067.96	-0.4	Intermediate	1.920	1.120	1.930						
5011.90	-2.3	Long term	3.260	2.880	3.580						
680.46	-1.4	Double-A-rated	2.150	1.460	2.150						
908.93	-1.2	Triple-B-rated	2.670	2.070	2.670						
High Yield Bonds ICE BofA											
520.83	-0.2	High Yield Constrained	4.424	3.796	4.834						
504.32	0.1	Triple-C-rated	7.932	6.304	8.314						
3464.16	-0.3	High Yield 100	3.885	3.162	4.587						
459.70	-0.1	Global High Yield Constrained	4.655	3.968	5.138						
349.53	0.2	Europe High Yield Constrained	2.846	2.304							

MARKETS

Tech Stocks Drag Down S&P 500

Dow industrials again jump to record level, paced by economically sensitive companies

By KAREN LANGLEY AND ANNA HIRTENSTEIN

The Dow Jones Industrial Average climbed to its second record of 2022, while declines in technology stocks weighed on the broad market.

Stocks in economically sensitive sectors like energy, financials and industrials advanced as investors parsed manufacturing and labor data and focused on rising long-term bond yields.

The retreat by tech stocks, meanwhile, helped pull the S&P 500 and Nasdaq Composite lower.

The S&P 500 slipped 3.02 points, or 0.1%, to 4793.54. The Dow Jones Industrial Average rose 214.59 points, or 0.6%, to 36799.65. The Nasdaq Composite fell 210.08 points, or 1.3%, to 15622.72.

The different corners of the stock market diverged as investors scrutinized data showing expanding U.S. factory activity and a tight labor market.

A manufacturing sector survey showed signs that supply-chain problems could be improving. Separate data showed the number of times workers quit their jobs rose to a high in November, while job openings remained near record levels.

In bond markets, the yield on the benchmark 10-year U.S. Treasury note rose to 1.666% from 1.628% on Monday. Yields rise as bond prices fall.

The rise in yields “probably is a sign that the bond market has more confidence in growth and is more likely for the Fed to continue down a path of higher rates next year,” said Patrick Kaser, portfolio manager at Brandywine Global Investment Management.



An Apple Store in Manhattan. Shares of the company fell 1.3% on Tuesday a day after briefly touching \$3 trillion in market cap.

Those developments are better for stocks tied to economic recovery and worse for growth stocks that trade at high valuations on expectations of very low rates, he said.

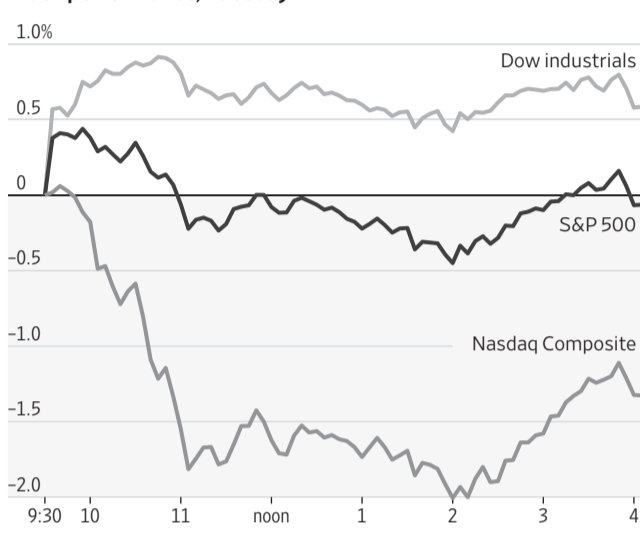
Within the S&P 500, the energy sector advanced 3.5%, the financial sector rose 2.6% and the industrial sector gained 2%. The technology segment declined 1.1%.

Traders tend to pile into tech stocks when economic concerns mount, betting those shares can deliver growth. When the outlook brightens, they often rotate into companies that can harness themselves to a strong economy.

Money managers are looking ahead to the next earnings season, which kicks off in earnest next week with reports from financial companies.

Analysts estimate that profits from companies in the S&P 500 rose 22% in the fourth quarter from a year earlier, ac-

Index performance, Tuesday



Source: FactSet

Among individual stocks, Apple shares fell \$2.31, or 1.3%, to \$179.70 after the company on Monday briefly touched \$3 trillion in market value before closing below that threshold.

Tesla shares dropped \$50.19, or 4.2%, to \$1149.59 after jumping 14% on Monday. Royal Caribbean shares rose \$1.55, or 1.9%, to \$82.38. United Airlines shares gained 76 cents, or 1.7%, to \$46.25.

Marriott International shares added \$4.10, or 2.5%, to \$168.01.

Shares of Ford Motor jumped \$2.54, or 12%, to \$24.31, its highest close since August 2001, after the auto maker doubled its goal for manufacturing its new electric version of the F-150 pickup truck.

Oil prices rose after OPEC and a Russia-led group of oil producers agreed to keep pumping more crude in a bet that the global surge in Covid-19 cases won't depress demand like earlier waves of the virus. Global benchmark Brent crude climbed 1.3% to \$80 a barrel.

Overseas, the pan-continental Stoxx Europe 600 added 0.8% to a record.

Early Wednesday, Japan's Nikkei 225 was up less than 0.1%, Hong Kong's Hang Seng Index was down 1% and the Shanghai Composite was down 0.6%. S&P 500 futures were down 0.2%.

TPG Launches Roadshow For IPO

By MIRIAM GOTTFRIED AND CORRIE DRIEBUSCH

Private-equity firm TPG launched its roadshow pitch to investors, seeking a valuation as high as \$9.5 billion in its initial public offering, moving into the final stretch of a process that has been months in the making.

The firm and some of its shareholders are aiming to sell shares at between \$28 and \$31 apiece, it said in a regulatory filing on Tuesday. It plans to trade on the Nasdaq under the ticker symbol TPG.

TPG—based in Fort Worth, Texas, and San Francisco—plans to price its offering on Jan. 12 and list shares the following day, although the timing could change, people familiar with the matter said.

The Wall Street Journal first reported in June that TPG was in the early stages of weighing a public listing that could value it at about \$10 billion.

TPG aims to sell 28.3 million shares in the offering, of which 13.6 million will be used to purchase shares from existing shareholders, while China Life Trustees Ltd. plans to sell 5.6 million shares, according to the filing.

TPG's offering is set to be the first big IPO of 2022, and its performance will help investors, bankers and other companies seeking to go public gauge the health of the IPO market. Last year, traditional IPOs raised more than \$150 billion in the U.S., according to Dealogic.

But despite the record haul, IPO performance sputtered in the final weeks of the year. By late December, roughly two-thirds of newly listed companies were trading below their IPO prices.

Shares of publicly traded private-equity firms have been on a tear of late, thanks in part to a rising market. Low interest rates also have made borrowing cheap and led yield-hungry investors to funnel hundreds of billions of dollars into the firms' coffers.

\$9.5B

Valuation that TPG is seeking in its IPO

The group's strong performance has led others to list shares, including European private-equity firm Bridgepoint Group PLC and Blue Owl Capital Inc., which was formed last year through a merger with a special-purpose acquisition company.

With \$109 billion in assets under management and offices around the world, TPG has been one of the last of the original buyout giants to remain a private partnership. With the IPO, it will join peers such as Blackstone Inc., Apollo Global Management Inc. and KKR & Co., which have been public for years.

Unlike those firms, which retained their partnership structures for many years after their IPOs before converting to C-corporations on the heels of the 2017 tax cuts, TPG will debut as a corporation called TPG Inc.

The decisions by its rivals to convert have contributed to the recent surge in their valuations over the past couple of years.

TPG is smaller than many of its competitors, which have built sprawling businesses investing in areas including credit, real estate and insurance. But the IPO should give it fuel to expand its already sizable segments dedicated to large-scale private equity, investing in rapidly growing companies, socially responsible investing, real estate and tailored investment opportunities in areas such as SPACs and public companies.

TPG also is building a business dedicated to buying secondhand stakes in private-equity funds, an area known as secondaries. It said Tuesday it hired a co-managing partner for that business to lead its European operations.

The offering is being led by JPMorgan Chase & Co., Goldman Sachs Group Inc. and Morgan Stanley.

OPEC Upbeat on Outlook

Continued from page B1
cision by the U.S. and other oil consumers to release extra barrels from their stockpiles, a move aimed at cooling rising oil and gasoline prices.

White House press secretary Jen Psaki said she welcomed the decision by OPEC+ to boost output. “We do appreciate the close coordination over the recent weeks with our partners Saudi Arabia, UAE and other OPEC+ producers to help address price pressures,” she said.

Since then, the Omicron variant has triggered rapid-fire travel bans and restrictions around the world, threatening once again economic growth and oil demand. Omicron-related absences have hobbled airlines, rail lines and hospitals around the world. Companies have had again to rethink their back-to-the-office plans.

But OPEC and other key energy actors are betting Omicron won't deliver the kind of shock to oil prices unleashed by the first coronavirus shutdowns, when U.S. crude futures briefly turned negative, and subsequent waves. One reason, OPEC delegates said, is a determination inside the group that strengthening demand for oil, including from the petrochemicals industry, is offsetting an expected continuing decline in jet-fuel consumption.

Evidence has also emerged that Omicron causes less severe disease than earlier variants in populations with significant immunity.

In its monthly report last month, OPEC raised its demand estimate for its own oil output by 200,000 barrels a day for 2022. Overall, the organization expects global oil demand to rise by 4.2 million barrels a day this year. “The impact of the new Omicron variant is expected to be mild and short-lived,” the cartel said in its report.

A surge in natural-gas prices in Europe and Asia encouraged utilities to burn fuel oil and coal to generate electricity, giving oil demand another boost.

—Ken Thomas contributed to this article.

Financial Firms to Modernize Networks

By SUMAN BHATTACHARYA

Financial-services companies are looking to strengthen their technology plumbing in 2022 to improve current product offerings and launch new ones.

This involves modernizing networks and tapping emerging technologies like edge computing and decentralized infrastructure, also known as Web3, technology leaders said.

Ally Financial Inc. said it is moving to route network traffic via software, allowing it to configure cloud and data center components remotely.

Traditionally, network activity was designed to flow through physical infrastructure. Apart from being ineffi-

cient, the legacy process introduces security vulnerabilities, said Sathish Muthukrishnan, chief information, data and digital officer at the consumer bank and auto lender.

“We want to get rid of all the physical stuff and have software-defined networks that have the ability to understand the traffic that is coming in, is aware of all the different applications that have to process the traffic and will intelligently route it wherever it needs to go,” with security protocols embedded, said Mr. Muthukrishnan.

Ally Financial aims to have all of its applications running on the cloud by 2025, the company said.

Payment technology company Mastercard Inc. this year is focusing on enabling faster digital payments through edge computing, a distributed computing model where data are processed and analyzed on or near the device where they are generated instead of first being sent to a corporate cloud or data center.

“It's putting intelligence right next to our customers, all the way to the edge of the customers, within or next to the devices that they're running,” said Ed McLaughlin, Mastercard's president of operations and technology.

The plan is to continue moving payment authorization decisions that previously would have been handled by a

centralized cloud data center to the payment device, such as allowing a smartphone to unlock a subway turnstile.

The technology can speed up processing—including authorization decisions—while minimizing latency, and enhancing security, he said.

The technology also makes it easier for Mastercard to work with partners, who can connect directly to the Mastercard network, Mr. McLaughlin said.

Web3, a loosely defined vision for a decentralized internet that uses technologies like blockchain to give users new ways to transact, is inspiring some companies anchored in the traditional financial world to offer new types of products.

Foreign Banks Test Crypto

Continued from page B1
resisted offering retail customers anything other than assets linked to government-issued currencies because of concerns about money laundering; the products' high volatility, which could hurt investors; and possible requirements that are still being developed by regulators.

Trading of cryptocurrencies has surged, along with their value. In 2021, the combined market value of all cryptocurrencies more than doubled to over \$2 trillion.

Almost all cryptocurrency trading takes place at exchanges such as Binance and Coinbase Global Inc. More recently, nonbank payments companies such as PayPal Holdings Inc., or online broker Robinhood Markets Inc., have begun to offer customers access to owning cryptocurrencies.

Custody banks and financial firms such as Bank of New York Mellon Corp. and Fidelity Investments announced plans to provide crypto services for institutional clients such as asset managers and hedge funds.

Traditional banks, including in the U.S., have been more wary. In many ways, cryptocurrencies were invented to obviate the need for banks. Their distributed ledger technology,



The moves come during a cryptotrading boom that has surprised regulators and banks.

known as the blockchain, is meant to replace the traditional functions of a bank, including providing a trustworthy record of transactions, balances and payments.

Last year, the Basel Committee for Banking Supervision, which sets global standards for banking regulation, laid out a proposal that would require lenders to set aside a dollar in capital for every dollar of bitcoin and other cryptocurrencies they own, considering them among the riskiest assets a bank could own.

An association representing large banks said the rules would prevent them from holding cryptocurrencies. The committee said the proposal is still

in development.

BBVA said its crypto offering wouldn't be affected by these rules because the lender isn't holding any cryptocurrency for itself.

“Financial institutions can play a role in facilitating the access to digital assets to different client segments and bundling digital assets with traditional investments as well,” said Alicia Pertusa, BBVA's head of client-solutions strategy.

The bank is offering its crypto services through a subsidiary in crypto-friendly Switzerland. BBVA said the country has clear regulation and a high level of adoption of digital assets.

Private-bank customers of BBVA Switzerland and holders of a digital account with deposits of more than €10,000—the equivalent of about \$11,000—can invest in bitcoin and ether. Wallets to deposit the coins are automatically associated with the account, BBVA said.

BBVA didn't disclose how many customers are using the service, but said the greatest demand comes from investors seeking to diversify investments. The service is offered to most of its customers globally outside the U.S., and is popular among customers from Latin America.

—Caitlin Ostroff contributed to this article.

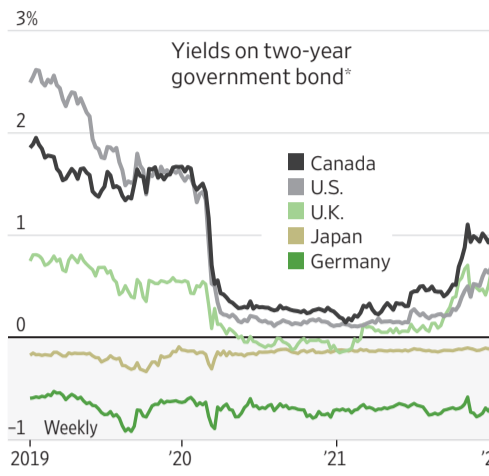
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FINANCIAL ANALYSIS & COMMENTARY

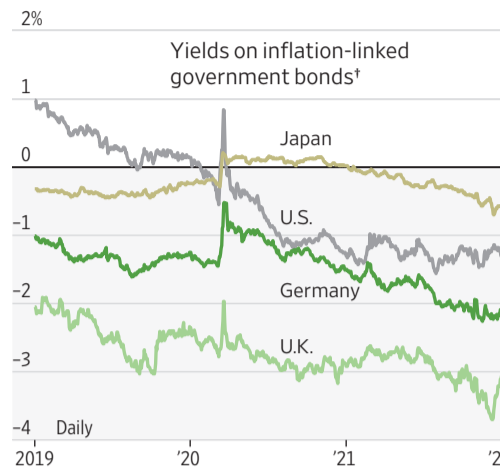
Brace for Central-Bank Divergence

Short-term bond markets point to very different monetary policies across countries

Short-term bond markets are reflecting a strong divergence between central-bank policies...



...but longer-term 'real' yields everywhere are lower than before the pandemic



The labor market is hot both in the U.S. and the U.K., even though both economies are faring differently



*Data through Monday †Maturities between 5 and 10 years. Data through Monday ‡Based on three-month averages. Data through June for U.K. and November for U.S. Sources: Tullett Prebon (two-year bond yields); Bloomberg indexes via FactSet (yields on inflation-linked bonds); Federal Reserve Bank of Atlanta (U.S. median wage), Office for National Statistics (U.K. median wage)

Markets are sending a hard message to decode: While the fate of the world's big economies is ultimately intertwined, their monetary policies will become quite different in 2022.

Since September, yields on two-year Treasury bills and gilts—a proxy for where investors see interest rates being set—have risen to 0.8% and 0.7% from 0.2% and 0.1%, respectively, whereas yields in the eurozone and Japan remain pegged at record lows. This reflects the big rift opening up between the major central banks of the English-speaking world and the rest: The Federal Reserve, the Bank of England and the Bank of Canada want to respond to a surge in inflation, whereas the European Central Bank and the Bank of Japan still attribute it to temporary supply-chain bottlenecks.

One of these two views must be wrong but, so far, the market appears untroubled. U.S., European and Asian stocks have all notched gains this week, following a bumper December. Some asset manag-

ers, though, are far less blasé in their 2022 equity-market outlooks.

One of their main concerns is that long-maturity and inflation-protected bonds, which are supposedly more relevant indicators of economies' true health, remain stuck at lower levels than pre-Covid.

The first oft-cited view is that the monetary divergence will soon be reflected there as well, because these economies are in different places: In the U.S., fiscal stimulus has been more generous, wages are going up at an annual rate of 4% and people are feeling empowered to quit their jobs. European and Japanese labor markets, on the other hand, remain more subdued. This warrants policy being set tighter in the U.S., many analysts argue. They say long-term yields were artificially held down by the Fed and are now set to snap back as bond purchases are tapered.

This week, Morgan Stanley Wealth Management warned clients that, for U.S. equities, "odds

of a 10%-15% correction are increasing," and advised biasing portfolios overseas. Equity valuations—particularly those of technology giants that the S&P 500 is now dangerously dependent on—are adversely affected by higher yields.

But it isn't an entirely convincing story. Wage growth and resignations have jumped in the U.K., which hasn't received nearly as much fiscal support. After a shock like Covid-19, a hot job market isn't a textbook bellwether of an economy's closeness to its potential. It probably reflects more complex but temporary interactions affecting the speed at which workers and employers are matched. The U.S. and the U.K. are the two countries with the most flexible labor-market regulation for temporary workers, data by the Organization for Economic Cooperation and Development suggests.

The second common interpretation for lower long-term yields is that the Fed, the BOE and the BOC are overreacting and, faced with

weaker growth, will eventually resynchronize with the rest.

Indeed, a more likely scenario is that inflation and labor-market churn remain high in 2022, continuing to erode officials' commitment to full employment and hampering new fiscal spending such as the Biden administration's infrastructure bill, but that this eventually passes without a permanent growth-friendly shift in the balance of power between workers and firms. It should stop English-speaking central banks from raising rates as much as they now believe.

Even if these predictions are proven true, however, they need not imply the bad outcome for U.S. stocks some investors assume. With inflation-adjusted yields low, expanding profit margins and the dollar being strongly steered by short-term yield differentials, the Fed's divorce from the ECB and the BOJ could—counterintuitively—create some extra love for America's currency and its assets.

—Jon Sindreu

EVs Could Revive Detroit's Supply Issue

Materials, not demand, are likely a bigger hurdle

Last year was an unusual one for car makers: Supply mattered more than demand, reversing a pattern set by decades of overproduction. The experience is worth remembering as electric-vehicle sales take off.

General Motors was outsold in its home market last year for the first time since at least the 1960s. The company said Tuesday that it delivered 2.2 million vehicles in 2021. Japanese giant Toyota sold 2.3 million.

The change is less historic than it seems. Since the 1970s, Americans have gotten used to reports of U.S. car brands losing market share to cheaper and more reliable Japanese ones, but this isn't the full story now. U.S. manufacturers have more or less held their own over the past decade as consumers have sought the light trucks and sport-utility vehicles they are best at.

Toyota's success last year is a testament more to the superior quality of its supply chain than that of its cars. The company didn't end up as short of microchips and other key components as either GM, which had a terrible third quarter, or Ford Motor, which suffered in the second quarter. With demand exceeding supply across the market, Toyota sold more vehicles simply because it had more vehicles to sell.

There is an irony in Toyota's resilience: It wrote the book on "just-in-time" supply-chain management, which was adopted by U.S. manufacturers from the late 1980s but has become a problem during the pandemic. The less-imitated flip side of Toyota's just-in-time supplies is very close relationships with suppliers. U.S. manufacturers are now trying to catch up with "strategic partnerships" instead of traditional hierarchical supply agreements, notably for microchips.

The market is likely to normalize at some point, restoring the traditional pattern of excess production and supply—and probably GM's market leadership. The company said Tuesday that it intended to expand sales and share this year on the back of "anticipated improved semiconductor supplies."

But the timetable for normalization was continually pushed back last year, and could be again by the Omicron-related surge in Covid-19 cases. Also, normalization will be a mixed blessing for the industry. Tight supply has boosted vehicle prices and margins for dealers and manufacturers alike. Efforts to hang on to the benefits of the current market could lead to further surprises.

There is one all-important sector where supply-chain shortages will get worse rather than better: electric vehicles. Globally, optimistic forecasts for EV adoption are at odds with the slow ramp-up of metal supplies required for their batteries. The dynamic is likely to reward those companies with the most robust supply agreements, which explains why the largest auto makers have been investing in cell production and deals with mining companies. The losers here are the small EV startups, which will have to fight hard for the materials they need for their bullish business plans.

Tesla defied production constraints in a blowout fourth quarter. The EV pioneer has invested heavily in its supply chain, but it may also be getting special treatment. China has laid out a red carpet, and it is the kind of fast-growing company suppliers don't like to turn down. Rivals may find its recent success in ramping up EV production hard to imitate, particularly when everyone is ramping at once.

Car makers used to worry about lackluster EV demand due to range anxiety and poor charging infrastructure. As interest in the technology snowballs, raw-material supplies could end up being the real problem—as well as the higher vehicle prices they inevitably lead to. The supply-related challenges that upended the U.S. auto market in 2021 could have a surprisingly long afterlife.

—Stephen Wilmot

Factories Took Small Step Toward Normal

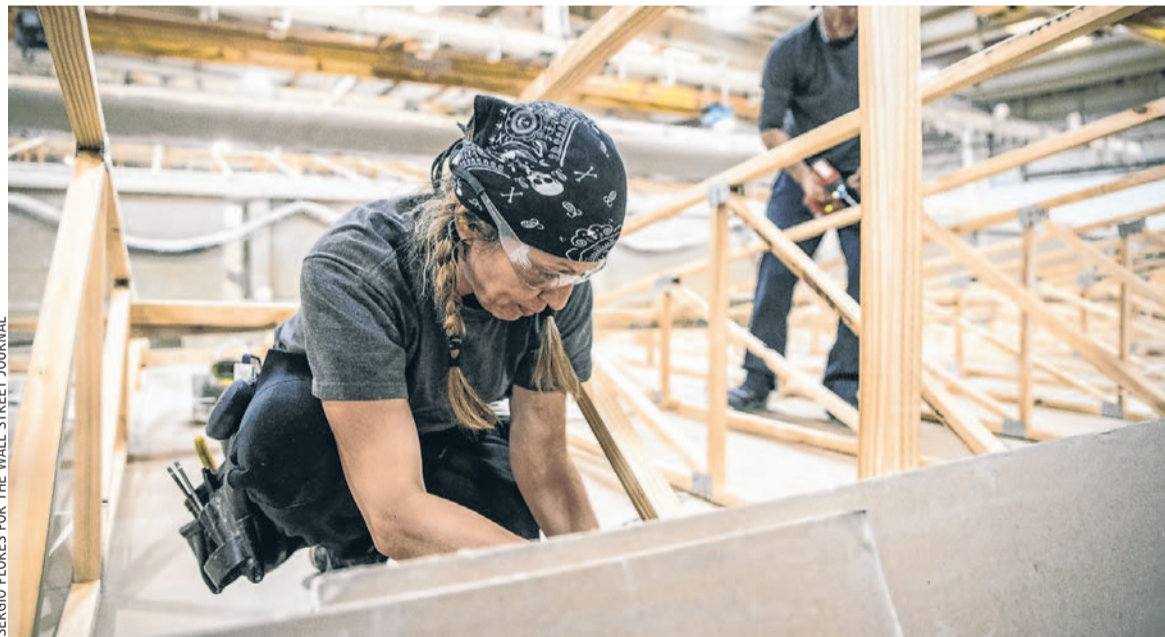
American manufacturers ran a wee bit less hot last month. How that happened is what matters.

On Tuesday, the Institute for Supply Management said its index of manufacturing activity slipped to 58.7 in December from 61.1 in November. Anything over 50 counts as an expansion in activity, so it isn't as if factories weren't still very busy last month. Economists had expected to see activity recede more slowly, though.

Last month was when the Omicron wave of Covid-19 began to hit, but the manufacturing report didn't offer any indication that it was the factor slowing factories down. What it suggested instead was that supply-chain problems are easing and that demand is beginning to be more easily met.

A big part of why the manufacturing index slipped was that one of its component indexes, measuring supplier delivery times, slipped to 64.9 in December from 72.2 in November. Speedier delivery times are usually an indication that things are slowing down, but with all the bottlenecks manufacturers have been facing, this probably comes as more of a relief than anything else.

Indexes measuring new orders and production slipped slightly, though, suggesting that business



December's slip in the manufacturing index suggests supply-chain problems are easing.

was getting a little less frantic. And an index measuring manufacturing employment rose, which could mean that hiring strains are easing. Finally, an index of prices that manufacturers have been paying slipped, indicating that materials shortages are beginning to ease.

Even with constraints easing,

factories look as though they will still be very busy in the months ahead. An index of customers' inventories registered 31.7 in December—better than November's 25.1, but still suggesting that shelves are too bare. And an index of order backlogs rose to 62.8 from 61.9.

Therefore, the first part of this

year could still mark a period of transition with factories edging their way back to something that seems a little more normal. Supplies might come a little more quickly, orders might get filled a little faster, and prices might rise a little less quickly. After 2021, those would be welcome changes.

—Justin Lahart

Evergrande Gets a New Reason to Worry

Embattled Chinese property developer Evergrande isn't starting the year in a festive mood.

The company said Tuesday that it had received an order from a local government to tear down 39 buildings on the Chinese tropical island of Hainan. Evergrande hasn't disclosed why the Danzhou government ordered the demolition. Local media reported that the construction was approved illegally. Evergrande said the order won't affect the rest of the development, on which it has spent 81 billion yuan, the equivalent of \$12.74 billion, for more than 60,000 apartments.

As Evergrande's troubles have moved into the spotlight, local authorities have probably stepped up their scrutiny of the developer,

leading to nasty surprises like this one. The risk is yet another headache for Evergrande, which is already struggling with tight liquidity and evaporating sales.

Major credit-rating firms have already declared Evergrande in default after it missed coupon payments last month. The local government of Guangdong province, where Evergrande is based, stepped in last month to help manage its debt crisis.

The developer said Tuesday that contracted sales for 2021 were 443 billion yuan. That means its contracted sales from Oct. 20 to the end of the year amounted to only 720 million yuan, using previously disclosed figures. In comparison, its contracted sales for November and December in 2020 were around

90.7 billion yuan, implying a more than 99% year-over-year drop.

More broadly, China's housing market remains in the doldrums. In December, contracted sales for 24 major property developers fell 31% from a year earlier, according to Morgan Stanley. There are signs that the market is stabilizing as Beijing has started to ease policy, especially for developers with lower leverage: On a month-on-month basis, contracted sales grew 15% last month. But companies that had overextended themselves, such as Evergrande, still seem to be out of luck.

Last year was a horrible one for Chinese developers that partied hard during the boom days. The year 2022 may not be much better.

—Jacky Wong

China's new home prices in 70 major cities, change from a year earlier



Note: Data through November Source: Wind