

What's News

Business & Finance

Musk said he has lined up \$46.5 billion to fund his bid for Twitter, answering the biggest question that had loomed over his takeover offer for the social-media platform. **A1**

◆ **CNN is shutting down** its streaming service CNN+ about a month after it launched, a sign of its new owners' lack of faith in the viability of a subscription-based stand-alone news platform. **A1**

◆ **Fed chief Powell signaled** that the central bank was likely to raise interest rates by a half percentage point at its meeting next month. **A2**

◆ **U.S. stocks fell**, with the S&P 500, Nasdaq and Dow losing 1.5%, 2.1% and 1%, respectively, after a selloff in Treasuries picked up steam. **B1**

◆ **Toshiba put itself up** for auction after pressure from foreign shareholders and said it would solicit bids from investors including those who want to take it private. **B1**

◆ **Meta's Sandberg is facing** internal scrutiny over two occasions in which she pressed a U.K. tabloid to shelve a potential article about her then-boyfriend, Activision CEO Kotick, according to people close to the executives. **B1**

◆ **American Airlines said** that its sales hit a record in March, the first month since the pandemic began in which the carrier's total revenue surpassed 2019 levels. **B1**

◆ **French prosecutors issued** international arrest warrants for Ghosn as well as four individuals who are alleged to have helped the fallen auto titan funnel millions of euros from Renault. **B2**

World-Wide

◆ **Russia said** it had taken control of Mariupol, presenting it as one of its first victories in the conflict after weeks of setbacks, though Ukrainian forces on Thursday were still blockaded inside a vast steel plant in the city and said they were continuing to launch attacks on Russian positions. **A1, A7-9**

◆ **Florida lawmakers gave** final approval to a bill that would end a special tax district that allows Disney to govern the land housing its theme parks, escalating a dispute with the company. **A1**

◆ **The American Petroleum Institute** has drafted a proposal urging Congress to adopt a carbon tax, which would put a surcharge on gasoline and other fossil fuels to discourage greenhouse-gas emissions. **A4**

◆ **State governments** will be able to spend \$6.4 billion on cleaner transport projects under new Biden administration guidelines for use of federal infrastructure money aimed at cutting carbon emissions. **A4**

◆ **A federal judge** temporarily halted enforcement of a new Kentucky abortion law that local clinics said had forced them to stop performing the procedure. **A6**

◆ **The Supreme Court**, in an 8-1 ruling, upheld Congress's authority to deny some federal benefits to residents of Puerto Rico. **A4**

◆ **Public-health authorities** in the U.S., the U.K. and elsewhere in Europe are investigating dozens of mysterious cases of severe hepatitis among young children. **A6**

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A woman from Mariupol arrived Thursday at a refugee center in Zaporizhzhia, Ukraine, as residents fled the Russian attack.

Russia Claims Mariupol Victory As Ukrainian Troops Hold Out

BY THOMAS GROVE AND MATTHEW LUXMOORE

KYIV, Ukraine—Russia said it had taken control of Mariupol, presenting it as one of its first victories in the conflict after weeks of setbacks, though Ukrainian forces on Thursday were still blockaded inside a vast steel plant in the city and said they were continuing to launch attacks on Russian positions.

Defense Minister Sergei Shoigu of Russia said in a meeting at the Kremlin with President Vladimir Putin that Rus-

sian troops were in control of the strategic port city and that the Azovstal plant in the south where Ukrainian forces were holed up had been blocked off.

A spokesman for President Volodymyr Zelensky of Ukraine said that almost all of Mariupol was under Russian control, but a fight for the plant continued.

As Washington and its allies race to resupply outgunned Ukrainian troops, President Biden said Thursday that the U.S. would send another \$800 million in military assistance, including heavy artillery, and \$500 million in economic aid

to Kyiv.

Mr. Biden also said that the U.S. would ban Russian-affiliated ships from its ports and launch a new refugee-sponsorship program to take in up to 100,000 Ukrainians who fled their country after Russia's invasion.

Russia has tightened its grip on Mariupol since the first weeks of the invasion, pushing out pockets of resistance in residential areas. In recent weeks, it has focused on the remaining Ukrainian troops still fighting from the steel plant. There were conflicting reports around how

many Ukrainian troops remained at the plant, with Russia saying some 2,000 were there.

In a nod to the heavy losses Russian armed forces sustained in the first weeks of the conflict, Mr. Putin dismissed a suggestion by Mr. Shoigu to storm the plant, saying it would unnecessarily endanger

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Florida Bill Ending Disney's Tax District Goes to Governor

BY ARIAN CAMPO-FLORES AND ROBBIE WHELAN

Florida lawmakers gave final approval to a bill that would end a special tax district that allows Walt Disney Co. to govern the land housing its theme parks, escalating a weekslong dispute with the company over its public opposition to a separate bill that limits classroom instruction on gender and sexuality.

The tax-district measure now goes to Gov. Ron DeSantis, a Republican who has

made clear he would sign it.

The GOP-led House passed the bill 70-38 on Thursday, a day after the Republican-controlled Senate approved it 23-16. Mr. DeSantis called for lawmakers to take up the measure in a special session he convened this week, after sparring with Disney for weeks over the classroom-instruction bill, which Mr. DeSantis signed into law last month.

Stripping Disney of a key operating advantage represents one of the more high-profile

backlashes in recent memory against a company for a political stance. Companies have increasingly faced pressure by employees and others to stake positions on hot-button social and political issues, but have rarely, if ever, faced such pointed censure for doing so.

The move also reflects a growing populist, anti-company strain, particularly around cultural issues, in the GOP, tradi-

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CNN Shuts New Streaming Service

BY JOE FLINT

CNN is shutting down its streaming service CNN+ about a month after it launched, a sign of its new owners' lack of faith in the viability of a subscription-based stand-alone news platform.

The decision to pull the plug on CNN+, which was off to an underwhelming start, came less than two weeks af-

ter CNN ownership shifted from AT&T Inc. to a newly created company called Warner Bros. Discovery Inc., the result of a merger of the entertainment and news assets of the telecom giant and Discovery.

Addressing CNN employees during an at-times emotional town hall meeting Thursday, CNN Chairman and Chief Executive Chris Licht—who hasn't even officially assumed his

role yet—said the decision to shut down CNN+ so soon after its March 29 launch created a uniquely bad situation, according to an attendee. Mr. Licht and others at Warner Bros. Discovery pointed fingers at AT&T and its former entertainment unit WarnerMedia

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- ◆ AT&T posts strong growth in wireless business..... B3

Fed Signals Half-Point Increase



Fed Chairman Jerome Powell indicated the central bank was likely to raise interest rates by a half percentage point at its meeting next month, sending stocks lower. **A2 and B1**

Stunned Netflix Vows to Curb Profligate Spending

Streaming giant will add fewer titles, revamp production deals as growth slows

BY JOE FLINT

For Netflix Inc., the era of carefree spending is over.

The streaming giant ran up a huge bill over the past several years as it expanded across the globe and produced a mountain of programming, prioritizing growth over cost efficiency. Now the company is imposing more financial discipline, according to senior executives.

The shift comes as competition from a array of streaming rivals begins to take a toll, a new reality that was evident in first-quarter results announced Tuesday. The company lost subscribers for the first time in over a decade, and revenue grew at its slowest pace in years. Shares plunged 35%, the stock's second-worst one-day

decline ever, erasing \$54 billion in market value.

"Well, it's a bitch," Netflix Chairman and Co-Chief Executive Reed Hastings said of the results while addressing employees in a town hall on Wednesday afternoon, according to people familiar with his remarks.

After churning out over 500 original programs last year, Netflix is looking to add fewer new titles, with a greater emphasis on quality, people familiar with the company's strategy said. It is revamping production deals to limit its risk, and prioritizing programs with the biggest return, not the greatest reach, the people said. A key internal metric: the ratio of a program's viewership to its budget.

"We should right-size *Please turn to page A11*

INSIDE



MANSSION
Superyachts are gaining in popularity during the pandemic. **M1**

Filmmaker Plunders History to Recast 10th-Century Pillage Life

Viking experts help Robert Eggers re-create hazy past of 'The Northman'

BY JOHN JURGENSEN

Filmmaker Robert Eggers wants everybody talking about Vikings ahead of Friday's premiere of "The Northman," a violent revenge tale distilled from Viking legends. He didn't, though, want anybody saying "Vikings" in the movie itself.

It turns out it isn't that simple for a filmmaker to plunder history for a movie. The term Viking wasn't used

to describe what was a varied group of people until well after the heyday of the Scandinavian raiders, whose voyaging and pillaging spanned the eighth through 11th centuries. Some referred to themselves as Northmen, hence the movie title.

Mr. Eggers, the movie's director, *Please turn to page A2*

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U.S. NEWS

Powell Signals Half-Point Hike in May

Central banker seals expectations on rates and indicates similar rises could follow

By Nick Timiraos

Federal Reserve Chairman Jerome Powell signaled the central bank was likely to raise interest rates by a half percentage point at its meeting next month and indicated similar rate rises could be warranted after that to lower inflation.

A rate increase in May, following the Fed's decision to lift rates from near zero by a quarter percentage point last month, would mark the first time since 2006 that the central bank increased its policy rate at back-to-back meetings. A half-point increase would be the first such move since 2000.

The Fed has indicated it will also formally announce plans at the May 3-4 meeting to begin shrinking its \$9 trillion asset portfolio in June, a double-barreled effort to remove stimulus to curb price pressures that are at a four-decade high.

"It is appropriate in my view to be moving a little more

quickly" than the Fed has in the recent past, Mr. Powell said Thursday. "I also think there's something in the idea of front-end loading" those moves.

Mr. Powell spoke Thursday afternoon at a panel discussion with European Central Bank President Christine Lagarde hosted by the International Monetary Fund. It was his last scheduled public appearance before the central bank's policy meeting next month.

Mr. Powell's top lieutenants on the central bank's rate-setting committee had already cemented market expectations of a half-point rate increase at the May gathering. Fed officials including governor Lael Brainard, who is awaiting Senate confirmation to serve as the central bank's vice chair, have almost unanimously signaled a desire to raise rates expeditiously to a more neutral setting that no longer provides stimulus. New York Fed President John Williams said last week that a half-point rate rise in May was a "very reasonable option."

Investors in interest-rate futures markets have in recent weeks bet on increases of a half percentage point, or 50 basis points, at each of the Fed's next

Chicago Fed Chief To Retire in 2023

The Federal Reserve Bank of Chicago said Thursday it would begin a search for a new president because its current leader, Charles Evans, will retire early next year.

Mr. Evans, who has led the regional Fed bank since September 2007, is the longest-tenured reserve bank president. He turns 65 years old in January. Fed presidents can generally serve terms that run up to 10 years or until they turn 65. Mr. Evans began his career at

the Chicago Fed in 1991.

Kansas City Fed President Esther George also turns 65 in January, which will force her retirement at that time.

The Federal Reserve system has 12 regional banks whose presidents participate in the rate-setting meetings of the Federal Open Market Committee. The New York Fed president and up to seven Washington-based governors have a permanent seat on the committee, while four of the remaining 11 reserve bank presidents vote on a rotating basis. The Chicago Fed president has a vote on the committee in 2023.

two meetings. "Markets are processing what we're seeing. They're reacting appropriately, generally," Mr. Powell said, though he said he wasn't endorsing any particular market pricing. Still, he concluded, "Fifty basis points will be on the table for the May meeting."

The IMF said Tuesday that it expects global economic growth to slow significantly this year as the repercussions of the war in Ukraine spread

world-wide, a setback for many countries already grappling with the pandemic and rising inflation and interest rates.

The IMF expects the world's economy to grow 3.6% this year, down from 6.1% last year. The new forecast is 0.8-percentage-point lower than its projection in January and a 1.3-point cut from October 2021.

The multilateral group, in its flagship World Economic Outlook report, also reduced its

2023 global growth projection to 3.6%, down 0.2 point from its January forecast.

Many emerging-market economies that aren't major commodity exporters and that took on bigger debt burdens after the pandemic in 2020 are increasingly vulnerable to a triple whammy of higher food and energy prices, supply-chain disruptions as China resumes lockdowns to contain new virus strains, and now tighter monetary policy from the Fed.

Europe, meanwhile, faces potentially severe fallout from Russia's invasion of Ukraine and steps by the West to isolate Moscow with financial sanctions. Eurozone energy prices rose 12.5% in March from February and were 44.7% higher than a year earlier, according to the European Union's statistics agency. Food prices are also rising, up 0.9% in March and 5% from a year earlier, partly driven by concerns about a shortage of wheat and vegetable oil, which Russia and Ukraine produce.

U.K. consumer prices were 7% higher in March than a year earlier, a pickup from the 6.2% rate of inflation in February, and the highest since March

1992, London's Office for National Statistics said last week.

Ms. Lagarde, the ECB president, refused on Thursday to endorse the prospect that the central bank might raise rates in July. "That is going to be determined by the data," she said. She drew a contrast between high inflation in Europe and the U.S., saying that the labor market in the U.S. is far stronger.

Mr. Powell warned of growing supply-and-demand imbalances in the U.S. labor market that some economists worry could fuel a wage-price spiral that drives inflation higher as workers bid up wages.

In July 2019, as the unemployment rate was falling to a half-century low of 3.5% but inflation drifted below the Fed's 2% target, Mr. Powell dismissed concerns that the labor market might be overheating. "To call something hot, you need to see some heat," he said.

Today, wage growth is running at its highest levels in years and the labor market has tightened rapidly, with the unemployment rate falling to 3.6% in March from 5.9% last June.

◆ U.S. stocks finish lower as bond yields rise..... B1



Director Robert Eggers during the filming of 'The Northman,' a Viking movie that opens Friday.

New Movie Plunders The Past

Continued from Page One rector and co-writer, is a stickler, and he set out to make the most historically accurate Viking movie ever. That quest guided him in everything from picking the clothes for an initiation ritual to staging a proper berserker spear dance. "I hate making [stuff] up," he said. "I hate it."

It wasn't easy to avoid, given the scant evidence the so-called Vikings left behind. Much of what forms their image in popular culture is of relatively recent vintage, like the Wagner operas that helped make horned helmets famous; the swashbuckling of Kirk Douglas and Tony Curtis in the 1958 movie "The Vikings"; and hit TV shows like the History channel's action drama "Vikings" and its Netflix spinoff "Vikings: Valhalla."

Mr. Eggers described those Vikings as "science-fiction rock stars," yet he credits the popularity of the TV shows for helping get his film financed.

True fidelity is impossible, according to Justin Pollard,

the historical consultant for the Netflix and History Viking dramas. "Anyone who says, 'This is accurate' about a historical piece is either trying to kid you or they are successfully kidding themselves," he said.

The patchy documentation of the Viking age left a lot of questions for Mr. Eggers: What kind of mask should Willem Dafoe wear as the fool/shaman? Did people really believe Iceland's Hekla volcano was a gateway to hell? Just how brutal was knattleikr, a ballgame vaguely similar to lacrosse?

For grounding on such matters, Mr. Eggers invoked the help of consultants in Viking archaeology, folklore, handicrafts and other specialties, including people in re-enactment communities who practice living out the ways of ancient Scandinavians.

Nille Glaesel, a re-enactor in Tønsberg, Norway, has been making Viking-style garments of wool, silk and linen for nearly 30 years and was recruited to help the movie's costume designer. At the premiere of "The Northman" in Norway last week, she wore a dress colored with blue dye extracted from the woad plant with fermented urine.

The film team nixed sewing machines for most of the movie's costumes, even for the internal stitching of garments

worn by actors seen only at a distance. Mr. Eggers worried machine stitching would make the clothing move differently than handmade garb, Ms. Glaesel said.

"The Northman," a Hamlet-in-Iceland saga, focuses on an exiled prince, Amleth, played by Alexander Skarsgård. Amleth is obsessed with avenging the murder of his father (Ethan Hawke) by his uncle (Claes Bang). A seeress (Björk) urges Amleth on his quest. The hulking Northman travels to Iceland and infiltrates his un-

The director wanted the most historically accurate Viking movie ever made.

cle's farming fiefdom where, with help from an enslaved woman (Anya Taylor-Joy), he lays plans to kill his uncle and save his mother (Nicole Kidman).

Mr. Eggers wrote "The Northman" with an Icelandic poet, novelist and screenwriter named Sjón. The first step was acknowledging the many mysteries surrounding people whose sagas weren't written down until centuries later.

"We talked about the inevitability of gaps, speculation, educated guesses," said Neil Price, an archaeologist whose book of Viking history, "Children of Ash and Elm," served as a compass for cast and crew.

Another consultant, Terry Gunnell, a professor of folkloristics at the University of Iceland, said he was surprised to hear the director cite academic articles that Mr. Gunnell had published about rituals as a form of dramatic performance.

Unlike the busy Valkyries pictured in comic books and heavy metal album art, Mr. Eggers went with a more severe look for a shrieking maiden who rides a horse to Valhalla. "I was very emphatic that Valkyries are kind of scary," said consultant Jóhanna Katrín Friðriksdóttir, historian and author of "Valkyrie: Women of the Viking World." She cited the Valkyries in an Old Norse poem who weave the entrails of men on a loom.

Mr. Eggers' previous films were set in rigorously researched chapters of the 1630s, "The Witch," and the 1890s, "The Lighthouse." Back in high school in New Hampshire, he staged a production based on the century-old German vampire film "Nosferatu." What followed was a fetishistic approach to historical detail that also serves a practical purpose: It was more efficient to re-create Viking buildings, swords and war dogs, he said, than to invent a world from scratch.

"I'm trying to create an atmosphere, which is an accumulation of details," he said. "And I can get a lot more details when they're all just there already at my fingertips."

Still, he acknowledged that making a movie about an obscure era leaves much to the imagination. "It's a thousand years ago," he said. "What else can you do?"

Mortgage Rates Rise, Hitting 5.11%

By ORLA McCAFFREY

Mortgage rates jumped again heading into the year's busiest stretch for home sales.

The average rate for a 30-year fixed-rate mortgage rose to 5.11%, mortgage-finance giant Freddie Mac said Thursday. The rate hit 5% last week for the first time since 2011, up from 3.22% at the beginning of 2022.

The Federal Reserve's pullback from the mortgage-bond market has helped drive up interest rates on home loans in recent months. So too has its posture on interest rates. The Fed is expected to raise its benchmark rate again at its meeting early next month, and it has signaled that more increases are likely this year. That has driven up yields on the 10-year Treasury note, to which mortgage rates are closely tied.

The combination of rising rates and record home prices has started to weigh on demand. Sales of existing homes dropped 4.5% in March from a year earlier, according to the National Association of Realtors. Purchase mortgage applications last week fell 3% from the prior week and 14% from a year earlier, according to the Mortgage Bankers Association.

"While springtime is typically the busiest home buying season, the upswing in rates has caused some volatility in demand," said Sam Khater, Freddie Mac's chief economist.

The monthly payment on a \$405,000 home with an interest rate of 5% is 38.1% higher than the payment on a similarly priced home would have been a year ago, according to Realtor.com data.

With a 20% down payment, that would boost monthly mortgage payments by \$481. News Corp, parent of The Wall Street Journal, operates Realtor.com.

Average rate on a 30-year fixed-rate mortgage



Jobless Claims Stay Near 50-Year Low

By SARAH CHANEY CAMBON

New applications for U.S. unemployment benefits fell slightly last week as employers clung to workers in a tight labor market.

Initial jobless claims, a proxy for layoffs, decreased to 184,000 last week from 186,000 a week earlier, the Labor Department said Thursday. Jobless claims have hovered around half-century lows since late 2021 as the labor market has continued to improve during the economic recovery. The four-week average for claims, which smooths out volatility, nudged up to 177,250 from 172,750 a week earlier.

Continuing claims, a proxy for the total number of people receiving payments from state unemployment programs, declined to 1.42 million for the week ended April 9 from the previous week's total of 1.48 million. Continuing claims are reported with a one-week lag.

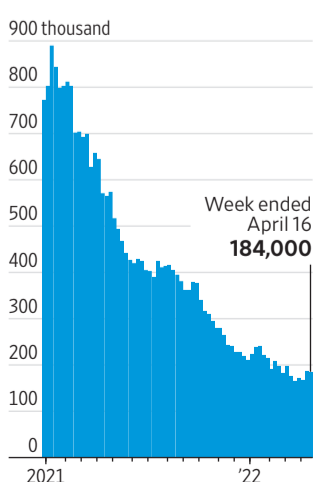
"I'm trying to create an atmosphere, which is an accumulation of details," he said. "And I can get a lot more details when they're all just there already at my fingertips."

Still, he acknowledged that making a movie about an obscure era leaves much to the imagination. "It's a thousand years ago," he said. "What else can you do?"

sure and hospitality. Average hourly earnings grew 5.6% in March from a year earlier. Still, that gain is less than the 8.5% increase in consumer prices over that time.

High employer demand for labor and rising wages are helping draw sidelined workers into the labor force, economists say. The labor-force participation rate—the share of adults working or looking for work—remains below prepandemic levels, but is rising. It increased to 62.4% in March, up from 62.3% in February and from a pandemic low of 60.2% in April 2020.

Initial jobless claims, weekly



Note: Seasonally adjusted Source: U.S. Employment and Training Administration via St. Louis Fed

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CORRECTIONS & AMPLIFICATIONS Halliburton Co. paid a fee to extinguish \$600 million of notes earlier than their 2025 maturity date. A Heard on the Street column on Wednesday about the oil-field-service company incorrectly said the company extinguished \$1 billion of notes due in 2025. Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

U.S. NEWS

New Map In Florida Aids GOP Prospects

By ALEXA CORSE

Florida lawmakers approved a congressional map proposed by Republican Gov. Ron DeSantis that is expected to add four GOP seats to their House delegation and could counter Democrats' gains in other states this redistricting cycle.

The Republican-led Florida House approved the map Thursday, sending it to the governor, after the proceedings were delayed by Democrats who protested on the House floor and a day after the state Senate passed the map in a party-line vote. Legal challenges are expected, though little time remains for any potential changes to the map before Florida's August primary and the November elections.

The map will give Republicans a boost nationally in a political climate that is already favoring them retaking the House next year. The GOP needs to net five seats to win a majority in the chamber. Recent polls have shown higher voter enthusiasm among Republicans than Democrats, a majority of Americans disapproving of President Biden's performance and widespread dissatisfaction with inflation.

The map could add four GOP seats to Florida's U.S. House delegation, which would result in 20 Republican and eight Democratic representatives, according to an analysis by David Wasserman of the nonpartisan Cook Political Report. Florida now has 27 U.S. House seats, with 16 Republicans and 11 Democrats. The state is adding one more U.S. House seat based on 2020 census results. In the 2020 presidential election, former President Donald Trump won Florida with 51.2% of the vote compared with 47.9% for Mr. Biden.

One of the biggest changes is that Mr. DeSantis's map would break up the plurality Black Fifth Congressional District in northern Florida and replace it with a district that leans Republican. The district is now represented by Democratic Rep. Al Lawson. Mr. DeSantis has said that the district represented a racial gerrymander that was based too much on race at the expense of other considerations such as geographic boundaries.

The governor's office said the map wasn't based on racial or partisan data.

Florida Democrats denounced the new map, saying it would reduce the representation of Black voters and violated the federal Voting Rights Act and state constitutional provisions against gerrymandering.

For Top Students, Rejections Pile Up

By DOUGLAS BELKIN

Kaitlyn Younger has been an academic standout since she started studying algebra in third grade.

She took her first advanced-placement course as a freshman, scored 1550 on her SATs as a junior at McKinney High School near Dallas and will graduate this spring with an unweighted 3.95 grade-point average and as the founder of the school's accounting club. Along the way she performed in and directed about 30 plays, sang in the school choir, scored top marks on the tests she has so far taken for 11 advanced-placement classes, helped run a summer camp and held down a part-time job.

"She is extraordinary," said Jeff Cranmore, her guidance counselor at McKinney.

Ms. Younger, 18, was cautiously optimistic when she applied to top U.S. colleges last fall. Responses came this month: Stanford, Harvard, Yale, Brown, Cornell, University of Pennsylvania, University of Southern California, University of California, Berkeley, and Northwestern all rejected her.

"I expected a bunch wouldn't accept me," she said. "I didn't expect it to be this bad."

The responses are part of a wave of rejections swamping top students who applied to many highly selective schools during the most competitive year on record. Now, students have until May 1 to let schools know where they will attend.

Harvard received a record 61,220 applications during the current admissions year and accepted 1,954 (3.2%). Brown received a record 50,649 applications and offered admission to 2,546 (5%). Yale received 50,015 applications and admitted 2,234 (4.5%). The University of California, Los Angeles received a record 149,700 applications, 10,000 more than last year; the school's acceptance rate wasn't available.

A reason applications were so inflated is because more than three-quarters of colleges and universities have stopped mandating entrance exams. With that barrier removed, more students tried their luck at selective schools that placed greater emphasis on



After Ivy League rejections, Kaitlyn Younger plans to attend Arizona State. Below, a library at Penn, where nearly 55,000 students applied this year, some 15,000 more than two years ago.



grades, academic rigor and racial and socio-economic diversity.

The result is that while many less prestigious schools are struggling to fill their classes, the most selective U.S. schools are drawing from a broader applicant pool—and that is driving the bar for admission higher than in past years.

High volume means admissions officers at some elite colleges spend just a few minutes reviewing individual applications. This places enormous pressure on students to stand out, and not just among

their own high-school classmates.

Nearly 55,000 students applied to the University of Pennsylvania—about 15,000 more than applied two years ago. Many applications contained "national and international accolades for research that is already pushing the boundaries of academic discovery," wrote Whitney Soule, vice provost and dean of admissions on the school's website.

For students such as Ms. Younger, the odds are particularly long. She is a middle-class white female from a pub-

lic high school in Texas who wants to study business. Each characteristic places her in an overrepresented group, said Sara Harberson, a former admission officer at University of Pennsylvania and now a private college-admissions counselor.

Nearly half of white students admitted to Harvard between 2009 and 2014 were recruited athletes, legacy students, children of faculty and staff, or on the dean's interest list—applicants whose parents or relatives have donated to Harvard, according to a 2019 study published in the

National Bureau of Economic Research.

At Harvard, low-income students with top academic scores had an admit rate of 24% compared with 15% for all other applicants, according to a 2013 study by the school. Harvard has said it believes enrolling a diverse student body is important because the school wants students to learn to work with people from different backgrounds.

"The middle class tends to get a little bit neglected," said Hafeez Lakhani, a private college counselor in New York who charges \$1,200 an hour. "Twenty years ago, Ms. Younger would have had a good shot at an Ivy League school."

College rejection letters don't come with a detailed explanation. Schools typically don't discuss their decisions on individual applications because of privacy rules. The schools that rejected Ms. Younger declined to comment on her application, and most declined to comment on their acceptance rate.

Jon Burdick, vice provost for enrollment at Cornell, said the school is working to increase its undergraduate population by 1,000, but still doesn't have enough slots for all the qualified students who apply.

"In the end we know that most of those we couldn't admit would have been capable of achieving excellence at Cornell, and we regret having to disappoint them," Mr. Burdick said.

Ms. Younger said she doesn't know why she was rejected but thinks her two B's during sophomore year were problematic, along with her demographic profile.

Gender also matters. Women now apply to college in much larger numbers than men. Schools seek to maintain gender parity in enrollment, which means young women often face higher standards and greater competition.

Of the 12 schools to which Ms. Younger applied, she was wait-listed at Rice University and accepted at the University of Texas, Austin—but not to the business school. She plans on attending Arizona State University to study business on an academic scholarship. The acceptance rate there last year was 88%.

Philadelphia to Lift Its Reimposed Mask Mandate

By SCOTT CALVERT

Philadelphia is lifting its citywide indoor mask mandate just days after becoming the first major U.S. city to reimpose such a requirement, officials said.

The city's Board of Health voted Thursday evening to re-

scind the mandate, citing improvements in local Covid-19 data.

"Due to decreasing hospitalizations and a leveling of case counts, the City will move to strongly recommending masks in indoor public spaces as opposed to a mask mandate," a spokesman for Mayor Jim Ken-

ney said in an email. He said further details would be provided Friday.

The health board's vote follows Monday's ruling by a federal judge in Florida that the Biden administration's Covid-19 mask mandate for public transportation was unlawful. The Justice Department has said it

would appeal the decision. After the ruling, the Transportation Security Administration said it would stop enforcing mask mandates, as did major U.S. airlines on domestic flights. Some public transit agencies ended their mask mandates, while others including New York City's Metropoli-

tan Transportation Authority kept theirs in place. Philadelphia's reimposed mask requirement had just taken effect on Monday. At the time, Philadelphia Health Commissioner Cheryl Bettigole said that again requiring masks would give the city a chance to get ahead of rising Covid-19 cases.

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U.S. NEWS

Oil Group Drafts Proposal For Carbon Tax on Fossil Fuels

BY TIMOTHY PUKO
AND TED MANN

WASHINGTON—The nation's biggest oil industry trade group has drafted a proposal urging Congress to adopt a carbon tax, which would put a surcharge on gasoline and other fossil fuels to discourage greenhouse-gas emissions.

The draft proposal was approved by the American Petroleum Institute's climate committee last month, according to a document reviewed by The Wall Street Journal. The measure must still be approved by the group's executive committee.

A carbon tax would raise gasoline prices and other energy costs for consumers. Some API members want to delay action on the proposal amid near-

record prices at the pump, contending it could alienate not only voters but Republican lawmakers friendly to the oil industry ahead of midterm elections, according to people involved in the discussions or who were briefed on them.

"The worst case is not get the policy, and lose the friends," one of the people said. "Today, that's probably the most likely possibility."

Rep. Garret Graves of Louisiana, lead Republican on the House Select Climate Committee, said Thursday the idea of a carbon tax "is just idiotic right now" given Russia's invasion of Ukraine and high energy prices.

"It is mind-boggling that anyone could look at the current state of affairs and conclude that putting an addi-

tional tax on American gasoline and energy is a solution for anything," he said.

The API proposal calls for assessing gasoline wholesalers, power plants and others a tax starting at \$35 to \$50 a ton for carbon dioxide generated by the fossil fuel they sell or use, with annual adjustments for inflation and other factors, according to the document reviewed by the Journal.

Some Democrats who once supported a carbon tax now oppose it, on grounds that the costs are passed on to consumers, including many who can't afford it.

The proposal suggests rebating some of the revenue collected by the carbon tax to households and investing the rest in new technology.

The draft proposal says a carbon tax is "the most impactful and transparent way to achieve meaningful progress on the dual goals of reducing greenhouse gas ("GHG") emissions while simultaneously ensuring continued economic growth."

The measure is a follow-up to last year's decision by API to push Congress for legislation to price carbon emissions across the economy, in what was a policy turnabout a decade after the organization helped to kill a similar plan.

API spokeswoman Megan Bloomgren said the proposal was under a routine review by the organization, which she said was "focused on the most transparent and impactful ways to reduce emissions at the lowest cost for American families."

Justices Back Power to Curb Puerto Rico Aid

BY JESS BRAVIN

WASHINGTON—The Supreme Court upheld the government's power to deny some federal benefits to residents of Puerto Rico, finding 8-1 that Congress' constitutional power to administer territories provides wide authority for treating them differently than Americans living in the 50 states.

Separately, a divided court rejected advertising companies' challenge to local billboard regulations, ruling that the First Amendment's free-speech guarantee is no bar to longstanding laws designed to limit visual blight.

The Puerto Rico case involves the Supplemental Security Income program, created in 1972 to provide benefits for low-income Americans who are older than 65 years, blind or disabled. Under current law, it covers residents of the 50 states, the District of Columbia and the Northern Mariana Islands but not those in Puerto Rico or other U.S. territories.

The Biden administration defended the current law as constitutional, but the president has called on Congress to extend SSI benefits to Puerto Rico residents. Under federal law, since 1899 people born in Puerto Rico are U.S. citizens.

According to the government, nearly eight million Americans receive an average monthly SSI payment of \$585; if Puerto Ricans were eligible for the program, more than 300,000 would qualify. Instead, they are covered by an older and more limited program that provides an average monthly benefit of \$82 to 34,000 island residents.

Jose Luis Vaello Madero, who in 1985 moved from Puerto Rico to New York, began collecting SSI benefits in 2012. The next year, he moved back to Puerto Rico, but the Social Security Administration didn't learn of the relocation for several years. After it did, the government sued Mr. Vaello Madero for repayment of \$28,000 plus interest and other costs.

In defense, Mr. Vaello Madero argued that the Fifth Amendment's due-process guarantee prohibited denial of SSI benefits to otherwise eligible Americans because they

reside in Puerto Rico.

Federal district and appellate courts agreed, but not the Supreme Court. Writing for the majority, Justice Brett Kavanaugh said that Congress has long made legislative decisions based on the "unique histories, economic conditions, social circumstances, independent policy views, and relative autonomy of the individual Territories." Puerto Ricans, for example, "are typically exempt from most federal income, gift, estate, and excise taxes," he wrote, while they pay Social Security, Medicare and unemployment taxes and are eligible for those programs.

Justice Kavanaugh cited Supreme Court precedents from 1978 and 1980 permitting Congress to "treat Puerto Rico differently from States so long as there is a rational basis for" doing so.

The court, 8-1, finds that Congress has wide say in how to administer benefits.

Justice Neil Gorsuch agreed that exclusion of Puerto Ricans from the program was rational. But he wrote separately to challenge the so-called Insular Cases, the precedents dating from 1901 that affirmed differential treatment of Puerto Rico and other territories the U.S. took from Spain in an 1898 treaty. "The Insular Cases have no foundation in the Constitution and rest instead on racial stereotypes," Justice Gorsuch wrote.

Justice Sonia Sotomayor agreed that the Insular Cases rested "on beliefs both odious and wrong" and should be overruled. But she dissented from the majority, arguing that Mr. Vaello Madero should prevail even under the rational-basis standard Justice Kavanaugh cited.

In the billboard case, the justices affirmed the long-standing practice of more strictly limiting off-premises signs from those affixed to the business they advertise.

States Get Money to Curb Emissions

BY KATY STECH FEREK

WASHINGTON—State governments will be able to spend \$6.4 billion on electric-vehicle charging stations, bike trails, energy-efficient streetlights and other projects under new guidelines issued by the Biden administration for use of federal infrastructure money aimed at reducing carbon emissions.

The guidelines, released Thursday by the U.S. Transportation Department, will help state governments determine projects that are eligible for funding under the roughly \$1 trillion bipartisan infrastructure legislation passed last year.

Of that total, \$6.4 billion is aimed at reducing carbon-dioxide emissions from on-road transportation through a new DOT funding program over the next five years.

The money will help expand transportation options for Americans who are struggling to afford higher gas prices, Transportation Secretary Pete Buttigieg told reporters.

The funding program is "designed to help states create cleaner transportation systems while also creating new jobs, giving the public new



The \$6.4 billion in infrastructure funds is destined for projects to reduce carbon-dioxide emissions.

ways to get around that can help save people money on gas and creating healthier communities," he said.

The U.S. transportation sector is the country's largest source of carbon dioxide, which is released into the atmosphere when passenger cars, freight trucks and other

vehicles burn gasoline.

In a 16-page memo about the program, transportation officials said the money can be used to build dedicated bus lanes, electric-vehicle charging infrastructure and highway projects that use sustainable pavement.

State and local officials can

also spend the money on projects that cut road and highway congestion, such as by increasing vehicle-occupancy rates or reducing road demand through tolls.

The program also requires states to come up with ways to reduce their transportation emissions.

U.S. WATCH

HIGHWAY SAFETY

Road-Death Signs Cause More Crashes

Digital highway signs displaying year-to-date road fatalities—intended to boost safer driving—can backfire, causing an uptick in crashes in the segment of road following the messages, according to a new study.

The research, based on several years of crash and road-sign data from Texas, shows the number of vehicle crashes increased, on average, by 4.5% in the 6.2 miles following a fatality-statistic message. Such death-toll messaging on dynamic signs—the kind that typically show travel times or crash alerts—is distracting, the study authors said. They theorize that the signs put excessive demands on drivers' attention and information-processing abilities, what's known as cognitive load.

Cognitive overload can affect drivers' abilities to respond to changes in traffic conditions, causing them to make small errors that may result in multivehicle crashes, like getting too close to the car in front of them or drifting out of their lane, the authors said.

—Aylin Woodward

CALIFORNIA

Spring Storm Helps Following Dry Winter

Heavy snow and rain fell across Northern California on Thursday as a substantial spring storm added to late-season precipitation totals after a dry winter.

Winter storm warnings were in effect from the Oregon border and down through the southern Cascades and the northern Sierra Nevada. An avalanche warning was issued for the central Sierra, including the Lake Tahoe area.

—Associated Press

OBITUARY

Robert Morse, Tony Winner, Dies at 90

Actor Robert Morse, who won a Tony Award as a hilariously brash corporate climber in "How to Succeed in Business Without Really Trying" and a second one a generation later as the brilliant, troubled Truman Capote in "Tru," has died. He was 90 years old.

Mr. Morse died at his home Wednesday after a brief illness.

—Associated Press



HEROES' WELCOME: Family and friends greet military veterans returning to Owensboro, Ky., after an Honor Flight trip. The trips bring former service members to war memorials in Washington, D.C.

Musk Lines Up Funding

Continued from Page One

While Mr. Musk surprised doubters by actually coming up with the money—in contrast to his infamous "funding secured" tweet in 2018 that hinted at an ultimately nonexistent bid to take Tesla Inc. private—he is risking a considerable part of his fortune doing so.

Under the plan disclosed Thursday, he will hock \$62.5 billion of Tesla stock, one-third of his stake in the world's



Elon Musk of Tesla

most-valuable car company, as collateral for bank loans. He would need to come up with \$21 billion more in cash, which

would likely mean selling Tesla stock or whittling his stakes in his privately held ventures, SpaceX and Boring Co.

And it leaves little margin for error at Twitter, which would be saddled with a heavy debt load under a new owner who has said he doesn't care whether the company makes money.

People familiar with the matter said Mr. Musk is still considering bringing in potential equity partners and has had conversations with some, which would lighten his own financial burden. He is also in line to receive billions of dollars in Tesla stock options after the company reported record quarterly earnings this week.

Twitter shares were little changed Thursday, closing at \$47.08. They have been trading

well below Mr. Musk's offer of \$54.20 a share, a sign that investors are skeptical.

Twitter is still likely to reject his bid, which he described as "best and final," in the coming days, people familiar with the matter said.

Mr. Musk said Thursday he is considering a so-called tender offer to shareholders that sidesteps the board. In a series of not-so-cryptic tweets—"Me Is the Night" and "Love Me Tender"—he has hinted as much in recent days.

That effort would be complicated by a defensive move that Twitter's board made last week. It adopted a so-called poison pill, a legal maneuver that prevents Mr. Musk from amassing more than 15% of the company by offering every

other investor cheap shares that would dilute his stake.

Mr. Musk is a Twitter power user, with more than 82 million followers and a long history of espousing his views on everything from space travel to cryptocurrencies. In January, he began buying Twitter stock, becoming the single-largest individual investor with a more than 9% stake by April.

Since then, he has used his Twitter account to criticize the company, especially its approach to content moderation, which he believes impedes free speech. Twitter and other social-media platforms banned then-President Donald Trump, for example, shortly after Jan. 6, 2021, when his supporters—echoing many of his false claims about election fraud—

stormed the U.S. Capitol, seeking to overturn his 2020 loss.

Still unknown is whether other suitors might emerge for Twitter. The Wall Street Journal reported last week that private-equity firms including Apollo Global Management Inc. and Thoma Bravo LP are kicking the tires, and corporate suitors including Walt Disney Co. and Salesforce Inc. have made bids in the past.

But the fact that nearly every global blue-chip investment bank is participating in Mr. Musk's bid—except for the two, Goldman Sachs Group Inc. and JPMorgan Chase & Co., advising Twitter in its response—suggests there isn't a rival bidder waiting to surface.

—Will Feuer
contributed to this article.

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U.S. NEWS

Hepatitis Cases Emerge in Children

Health authorities are studying instances of the liver illness in the U.S. and Europe

By DENISE ROLAND

Public-health authorities in the U.S., the U.K. and elsewhere in Europe are investigating dozens of mysterious cases of severe hepatitis among young children.

The U.S. Centers for Disease Control and Prevention has said it is working with public-health officials in Alabama to probe the cause of nine cases of hepatitis in children ages 1 to 6 years old that have been reported in the state since October. In the U.K., public-health authorities are probing 108 cases since January, all in children ages 10 and younger. Cases have also been reported in Denmark, Ireland, the Netherlands and Spain, according to

the European Center for Disease Prevention and Control.

Hepatitis, or inflammation of the liver, is most commonly caused by an infection—usually due to the hepatitis viruses—or by high levels of alcohol consumption. It is very rare in children. Scotland, for instance, typically records fewer than four cases in a year, according to a paper published in the journal *Eurosurveillance*. Since January, 14 children in Scotland have suffered with hepatitis of unknown cause.

“It’s an extraordinary event,” said Will Irving, professor of virology at the University of Nottingham, of the spate of cases around the world. “We certainly haven’t got to the bottom of it.”

Symptoms of hepatitis include dark urine and pale feces, vomiting, fatigue and, as the disease progresses, a yellowing of the eyes and skin known as jaundice. In the most serious cases, patients require

a liver transplant. Of the 108 cases in the U.K., eight have required a transplant, the U.K. Health Security Agency said on Thursday. Two of the nine cases in Alabama required a transplant, according to the state’s public health department. As of April 11, no deaths had been reported, the World Health Organization said.

The children in the U.K. tested negative for known hepatitis viruses. One possible cause, according to the UKHSA, is an infection by a type of adenovirus. Adenoviruses are responsible for common illnesses from colds to bladder infections. But none of the several dozen adenoviruses known to infect humans usually affect the liver in otherwise healthy people. The UKHSA said it was investigating whether the adenovirus genome had mutated.

Adenovirus infection was detected in around three-quarters of the U.K. cases. The U.S. CDC said all nine cases in Ala-

bama tested positive for adenovirus.

The UKHSA said it was still investigating other potential causes including the coronavirus that causes Covid-19, which was detected in some of the recent hepatitis cases. Other possible sources include other infections, or noninfectious causes such as toxins from food or the environment, the agency said. It has ruled out a link with Covid-19 vaccination because none of the cases in the U.K. was in an immunized person. Scottish researchers said they were exploring the possibility that the Omicron BA.2 variant or an as-yet uncharacterized coronavirus variant could lead to the inflammation.

Some of the cases in the U.K. tested positive for Covid-19, but high background infection levels mean those infections could be incidental. Even if investigators rule out the coronavirus that caused

the pandemic, it might still be playing an indirect role by altering the immune response to a subsequent, normally trivial adenovirus infection.

“It’s possible that less exposure to infections over the last two years followed by increasing mixing now might mean some children are encountering infections for the first time in a while,” said Alastair Sutcliffe, professor of general pediatrics at the University College London Great Ormond Street Institute of Child Health, who wasn’t involved in the Scottish research.

Of the 13 Scottish patients described in the paper, all were hospitalized for at least six days. At the time of its publication on April 14, five remained hospitalized, including one who successfully underwent a liver transplant at a hospital in England. All but one of the children had no known underlying conditions and all were previously in good health.

Judge Pauses Kentucky Abortion Law

By LAURA KUSISTO

A federal judge temporarily halted enforcement of a new Kentucky abortion law that local clinics said had forced them to stop performing the procedure.

Kentucky’s Republican legislature passed the law last week, overriding a veto by the state’s Democratic governor, and it took effect immediately.

The bill imposes additional reporting requirements on abortion providers, mandating that physicians who provide medication abortions register with the state and requiring facilities to report adverse events resulting from medication abortions.

U.S. District Judge Rebecca Grady Jennings in Louisville, Ky., issued a temporary restraining order against the law Thursday, granting a request by a Planned Parenthood affiliate that filed suit against the state.

Judge Jennings, a Trump appointee, said there appeared to be multiple provisions of the law for which the state hadn’t yet created the forms or programs needed for abortion providers to comply. By making it impossible for providers to legally perform the procedure, the law was placing an undue burden on women seeking to exercise their federal constitutional right to terminate a pregnancy, the judge said.

“Because plaintiff cannot comply with [the law] and thus cannot legally perform abortion services, its patients face a substantial obstacle to exercising their rights to a pre-viability abortion,” she said.

The judge halted enforcement of the law for up to two weeks to allow for a more thorough hearing on the issue.

The state’s two providers said they plan to begin offering abortion care again based on the court order.

“This is a win, but it is only the first step. We’re prepared to fight for our patients’ right to basic health in court and to continue doing everything in our power to ensure abortion access is permanently secured in Kentucky,” said Rebecca Gibron, chief executive of Planned Parenthood Great Northwest, Hawaii, Alaska, Indiana, Kentucky.

The law’s supporters said the regulations were common-sense requirements to protect women’s health.

Kentucky Attorney General Daniel Cameron, a Republican, said he was disappointed with the court’s decision. “This law is constitutional, and we look forward to continuing to defend it,” he said.

Kentucky is one of several states where the governor and state legislature are divided on abortion rights, setting up pitched legislative and legal battles while the Supreme Court is considering a blockbuster case from Mississippi that could determine the future of abortion rights. A ruling in that case is expected by the end of June.

New Jersey Starts Legal Sales of Recreational Cannabis

Recreational marijuana sales began Thursday in New Jersey, marking the first time cannabis is legally available for nonmedical purposes in the New York City and Philadelphia regions.

Thirteen outlets around the Garden State that were already selling medical cannabis products are authorized to serve all customers at least 21 years old.

New Jersey could see around \$500 million in recreational marijuana sales this year, estimated Adam Goers, a senior vice president for corporate affairs at the cannabis company **Columbia Care**. The company operates two of the dispensaries selling recreational marijuana as of Thursday. “It’s a long time coming,” he said.

Marijuana is still considered a banned controlled substance by the U.S. government, but its recreational use is legal in 18 states and the District of Columbia, according to the Marijuana Policy Project. New Jersey voters approved a 2020 referendum allowing recreational cannabis and lawmakers ratified enabling legislation in 2021. Right, a dispensary in Bloomfield, N.J.

—Jimmy Vielkind



Nassar Assault Victims File Claims Against FBI

By LOUISE RADNOFSKY

Thirteen women sexually assaulted by the former USA Gymnastics doctor Larry Nassar after he was reported to the Federal Bureau of Investigation in the summer of 2015 have filed administrative tort claims against the agency over its failure to follow up on the allegations.

Nassar continued to see patients for more than a year after the FBI was alerted to complaints from Olympic gymnasts about the treatment he had given them. He was publicly accused of assault in the fall of 2016, and by early 2018 had been sentenced to an effective life sentence in prison on sexual abuse and child-pornography charges.

The Justice Department’s inspector general detailed flaws in the FBI’s response, in a report released last summer. Indianapolis agents who re-

ceived the initial report from USA Gymnastics on July 28, 2015, didn’t take the claims seriously, document the evidence they received or transfer the allegations to the FBI’s resident agency in Lansing, Mich., and later made false statements to cover their mistakes, the report found.

The tort claims are the first civil action brought against the FBI over the Nassar case. Victims are each seeking \$10 million, arguing they were harmed by Nassar as a direct result of FBI agents’ negligence and failure to follow Justice Department procedures and policies.

“Nobody should have been assaulted after the summer of 2015, because the FBI should have done its job,” said Grace French, one of the 13 women who filed a claim on Wednesday. Most of the women filing the claims have chosen not to publicly identify themselves.

Jamie White, a lawyer for

the women, said the claims followed an approach taken against the FBI by victims of the shooting at Marjory Stoneman Douglas High School in Parkland, Fla. They argued that the FBI had failed to act on tips submitted to it and

Justice Department inspector general found agents ignored gymnast complaints.

reached an agreement for the U.S. government to pay \$127.5 million to families of students and staff killed, and survivors.

“This is the largest failure on the part of law enforcement in the history of the world as it pertains to the protection of children,” Mr. White said of the gymnastics case. He also said

that the claims rested heavily on the findings of the inspector general’s report.

A spokeswoman for the FBI didn’t comment on the claims. The agency said when the inspector general report was released that it accepted its recommendation in full and took the findings against the agents “especially seriously.”

The FBI’s response was the subject of a congressional hearing in which the star gymnasts whose complaints were disregarded gave searing testimony and FBI Director Christopher Wray apologized for what had happened. The Justice Department subsequently said it was reviewing its decision not to prosecute the FBI agents, both of whom have since left the agency.

“I want the survivors to understand how exceptionally seriously we take this issue and believe that this deserves a thorough and full review,” Dep-

uty Attorney General Lisa Monaco said in testimony before the Senate Judiciary Committee last October.

The case has also involved settlements between hundreds of women and girls abused by Nassar and the organizations that employed him: Michigan State University, USA Gymnastics and the U.S. Olympic & Paralympic Committee.

Other lawyers who represented many of the women in those settlements haven’t ruled out pursuing their own claims against the FBI. “At this time we are continuing to investigate the FBI’s major role in conspiring to hide Nassar’s crimes from young gymnasts and their parents,” said John Manly, a lawyer for many other Nassar victims.

The FBI spokeswoman didn’t comment on the status of the review.

—Omar Abdel-Baqi contributed to this article.

Disney Bill Heads to Governor

Continued from Page One

tionally seen broadly as the party of big business. Mr. DeSantis, a popular governor with possible presidential aspirations, is taking on an iconic U.S. company that for decades has brought significant revenue to his state.

The special district, created in 1967 and known as the Reedy Creek Improvement District, exempts Disney from numerous regulations and certain taxes and fees. It has permitted the company to manage its theme parks and resorts in the state with little red tape for more than 50 years.

“I think it’s time Disney had to follow the same rules as everyone else,” said Spencer Roach, a Republican state House member from Lee

County, who was one of the original supporters of the idea of ending Reedy Creek. “Disney will finally be put on an even regulatory and taxing playing field with other theme parks.”

Disney declined to comment and has so far not publicly responded to the special-district legislation.

The squabbling between Florida Republican lawmakers and Disney began when the entertainment company spoke out against the Parental Rights in Education law, which critics call the “Don’t Say Gay” legislation. The measure bars classroom instruction on sexual orientation and gender identity through third grade, and limits it for older students to material that is “age-appropriate.”

Disney initially didn’t comment on the legislation, but came under pressure from employees to oppose it. After it passed, the company pledged to push for its repeal and to fight similar bills in other states.

On Thursday, the White House weighed in against the special-district legislation. “We oppose the governor taking ac-



Florida Gov. Ron DeSantis, a Republican, has made clear he would sign the bill ending Disney’s special tax district.

tion against a company because of their opposition to that bill,” White House spokeswoman Karine Jean-Pierre said while traveling with the president, referring to the Parental Rights in Education law that Disney opposed.

Ending the district could be a complicated process, and is likely to provoke a legal battle that could prolong the public dispute between Disney and Mr.

DeSantis. According to a bill analysis by legislative committee staff, dissolving the district could require approval by a majority of the resident electors or landowners of the district.

Reedy Creek’s two residential communities, Bay Lake and Lake Buena Vista, have about 50 permanent residents in total, most of them Disney employees. As primary landowner in the district, Disney controls

most of the votes to elect Reedy Creek’s board of supervisors, giving the company strong influence over any vote within the community.

David Ramba, executive director of the Florida Association of Special Districts, said that the bill will almost certainly draw lawsuits, and that Disney could argue that the legislature doesn’t have the power to dissolve the district with a general law because it was originally created by a special act of the legislature.

“There could be challenges to the constitutionality of the law that was passed if the parties don’t work out some agreement on how to implement the law before June of next year,” Mr. Ramba said.

Under the bill passed by lawmakers Thursday, any special district established before the ratification of the Florida Constitution in 1968, and not renewed since then, would be dissolved on June 1, 2023. Disney could seek to re-establish a special district after its dissolution.

If the district is dissolved, responsibility for Reedy Creek’s

governance would likely fall to Orange County and to a lesser extent Osceola County, according to Mr. Ramba.

Orange County Mayor Jerry Demings said Thursday that lawmakers “have not adequately contemplated the ramifications of what they have proposed” and that county taxpayers could end up on the hook for public safety and other costs.

An Osceola County spokeswoman said Thursday that officials would begin analyzing potential financial impacts to the county.

Disney currently pays property and other taxes to both counties. In addition, the company, as the primary landowner at Reedy Creek, provided most of the \$153 million in revenue from taxes and fees that the district collected in fiscal 2021. That money covers all of the district’s governing expenses, including paying about 400 employees’ salaries. It is also used to service about \$977 million in long-term bond debt that Reedy Creek has issued over the years.

THE UKRAINE CRISIS

U.S. Adds \$800 Million in Military Aid

Administration also bans Russian ships and launches program for Ukrainian refugees

WASHINGTON—President Biden said the U.S. would send more military and economic assistance to Ukraine, ban Russian-affiliated ships from U.S. ports and launch a refugee program for Ukrainians.

By Tarini Parti, Andrew Restuccia and Michelle Hackman

The latest roughly \$800 million military package will include heavy artillery weapons, such as 72 155mm howitzers, 144,000 rounds of artillery and dozens of tactical drones, the Pentagon said. It comes days after Russian forces began a fresh offensive in eastern Ukraine.

Mr. Biden met in person Thursday at the White House with Ukrainian Prime Minister Denys Shmyhal before his remarks, the White House said.

The new aid follows a previous \$800 million package in weapons to Kyiv that included artillery, armored personnel carriers and helicopters. That package, which was announced last week, marked the first time the U.S. sent 155mm artillery to Ukraine. It also included equipment that required training, such as the howitzers, as well as the sophisticated air-defense surveillance systems and counter-battery radars, which would be used to pinpoint the source of enemy artillery fire.

The two batches of aid announced over the past week will provide Ukraine with enough artillery systems to equip five battalions, the Pentagon said. The U.S. has sent roughly \$3.4 billion in security assistance to Ukraine since the



The U.S. has already provided Kyiv with a previous \$800 million package of weapons, including these Javelin antitank missiles.

start of Russia's invasion.

"Now we have to accelerate that assistance package to help prepare Ukraine for Russia's offensive that's going to be more limited in terms of geography, but not in terms of brutality," Mr. Biden said.

A senior U.S. defense official said the first flights carrying the latest \$800 million aid would leave the U.S. in the next 24 to 48 hours and would be in Ukrainian hands by the end of the weekend.

The president, in remarks at the White House, also said the U.S. would ban Russian-affiliated ships from its ports.

"That means no ship, no ship that sails under the Russian flag, or that is owned or operated by Russian interests

will be allowed to dock" in U.S. ports, he said.

Enforcing such a ban on Russian ships could be difficult. Ships change flags and registries easily and this has created problems with some vessels being stuck at European ports while customs check their ownership papers and cargo.

The cargo volumes moved by Russian ships to the U.S. is less than 1% of total incoming cargo, according to Gene Seroka, executive director at the Port of Los Angeles.

In addition to the military aid, the U.S. will send an additional \$500 million in economic assistance for Ukraine, the president said. Treasury Secretary Janet Yellen told top

Ukrainian officials that the funding was to help the country pay general government expenses, according to a Treasury official. Ukraine has told the International Monetary Fund that it needs \$5 billion a month to keep its government and economy functioning after Russia's invasion.

Mr. Biden said the administration will ask Congress next week to authorize more funding for aid to Ukraine. He didn't say how much the administration would request, explaining that he is working with Defense Department officials to come up with a figure.

Congress previously approved \$13.6 billion in aid for Ukraine. Roughly half of the funds for Ukraine were allo-

cated for humanitarian and economic aid and the other half for defense in Ukraine as well as U.S. allies in the Baltics and Central and Eastern Europe.

The president said the U.S. had the capacity to maintain its current level of military aid for a long time.

Russia said Thursday it had taken control of Mariupol. Asked about the significance of that development, Mr. Biden said there was no evidence that the city had completely fallen.

"It's questionable whether [Putin] does control Mariupol," he said.

Mr. Biden called for a humanitarian corridor for Ukrainian forces that are still blockaded inside a Mariupol steel

plant and other parts of the city.

Mr. Biden also announced a new refugee-sponsorship program, which will launch Monday. The program will become the main path the administration hopes to use to fulfill its promise of taking in 100,000 Ukrainian refugees who fled after the invasion.

Under the program, called Uniting for Ukraine, U.S. citizens and groups will be required to attest to their financial ability to sponsor Ukrainian refugees, and Ukrainians must apply to the program already paired with a private sponsor.

If approved, Ukrainians will be allowed into the country on temporary humanitarian grounds under a program known as Humanitarian Parole for up to two years. Unlike the traditional refugee program, this new process won't automatically allow refugees to become U.S. permanent residents. That reflects a belief among Biden administration officials that most Ukrainian refugees want to return to their country as soon as possible and aren't looking for permanent resettlement.

Once Uniting for Ukraine is up and running, Ukrainians should be able to come to the U.S. about a week after applying, officials with the Department of Homeland Security have estimated. In addition to having an approved sponsor, the refugees must have several vaccinations including for Covid-19 and undergo basic security vetting.

More than five million Ukrainians have fled into neighboring Eastern European countries, triggering one of the largest and fastest refugee emergencies in recent decades, according to the United Nations refugee agency.

—Costas Paris and Nancy A. Youssef contributed to this article.

Yellen Cites Limits Of Further Actions Against Moscow

By Amara Omeokwe and Andrew Duehren

WASHINGTON—The U.S. and its allies are constrained in efforts to further punish Russia for its invasion of Ukraine because some potential steps lack international consensus and present risks to the global economy, Treasury Secretary Janet Yellen said.

Ms. Yellen committed to providing an additional \$500 million to help Ukraine pay general government expenses, adding to the roughly \$500 million the U.S. already provided in nonmilitary aid to Ukraine. Ms. Yellen said the Biden administration soon would request more funds from Congress for the aid.

As for further sanctions, Ms. Yellen said that some of them—such as a ban of Russian energy imports by European countries—would be difficult to enact. European countries are far more reliant than the U.S. on Russian energy. The U.S. already has banned imported oil and other energy sources from Russia.

"We need to be careful when we think about a complete European ban on, say, oil imports," Ms. Yellen said, speaking at a news conference. "That would clearly raise global oil prices, it would have a damaging impact on Europe and other parts of the world, and counterintuitively it could actually have very little nega-

tive impact on Russia because although Russia might export less, its price for its exports would go up."

The U.S. rolled out a new round of sanctions Wednesday, targeting another bank, firms owned by a blacklisted Russian oligarch and a cryptocurrency mining company. As the U.S. and its allies consider next steps, Ms. Yellen said they should consider how to reduce Russia's revenues from energy sales without completely cutting Europe off from a critical energy supply.

"If we could figure a way to do that without harming the entire globe through higher energy prices, that would be ideal, and that's a matter that we're all trying to think through together," she said.

Ms. Yellen has recently said one alternative to banning energy imports outright would be to place energy payments in escrow and limit Russia's ability to use the revenue. European officials have reviewed the possibility of a phased-in oil embargo, a tariff on Russian oil, as well as the possibility of placing payments in an escrow account. Russia has warned it would stop delivering energy if payments are held in escrow.

Asked about the possibility of using Russia's frozen central-bank reserves to support Ukraine, Ms. Yellen said that Russia should eventually support Ukraine's rebuilding, without committing to such a step.

"I'd say that's a very significant step, and it's one that we would carefully need to think through the consequences of before taking it," she said.

Some observers have said that the decision by the U.S. and its allies to freeze many of Russia's foreign-currency reserves could cause other countries to become more hesitant to keep their reserves in dollars and erode the supremacy of the dollar in global trade and finance.

Ms. Yellen spoke to reporters during the spring meetings of the International Monetary Fund and World Bank.



Janet Yellen on Thursday

Russian Oil Flows Under the Radar

By Anna Hirtenstein

Russia ramped up oil shipments to key customers in recent weeks, defying its pariah status in world energy markets. One increasingly popular method for delivery: tankers marked "destination unknown."

Oil exports from Russian ports bound for European Union member states, which historically have been the biggest buyers of Russian crude, have risen to an average of 1.6 million barrels a day so far in April, according to TankerTrackers.com. Exports had dropped to 1.3 million a day in March following the Ukraine invasion. Similar data from Kpler, another commodities data provider, showed flows rose to 1.3 million a day in April from 1 million in mid-March.

But an opaque market is forming to obscure the origin of that oil. Unlike before Russia invaded Ukraine, oil buyers are worried about the reputational risk of trading crude that is financing a government that Western leaders accuse of war crimes.

Oil from Russian ports is increasingly being shipped with its destination unknown. In April so far, over 11.1 million barrels were loaded into tankers without a planned route, more than to any country, according to TankerTrackers.com. That is up from almost none before the invasion.

The use of the destination-unknown label is a sign that the oil is being taken to larger ships at sea and unloaded, analysts and traders said. Russian crude is then mixed with the



The U.K. is phasing out Russian oil, such as this diesel delivery.

ship's cargo, blurring where it came from. This is an old practice that has enabled exports from sanctioned countries such as Iran and Venezuela.

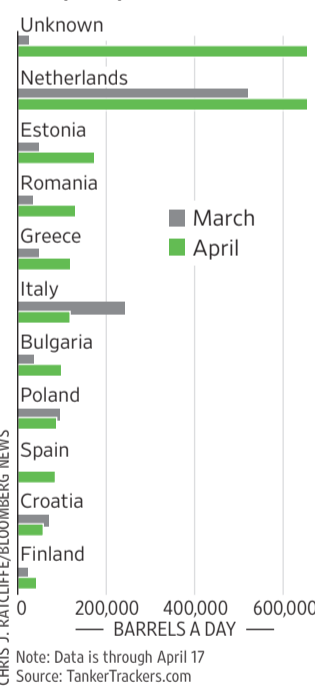
The Elandra Denali ship was off the coast of Gibraltar last week when it received three loads of oil from tankers that left from the Ust-Luga and Primorsk ports in Russia, according to the vessel operators, people involved in the transshipment and two ship-tracking companies. The ship records show that it departed from Incheon, South Korea, and is planning to arrive in

Rotterdam, a key refining port in the Netherlands.

New grades of refined products dubbed the Latvian blend and the Turkmenistani blend are also being offered in the market, according to traders, with the understanding that they contain substantial amounts of Russian oil, they said.

Oil sales are the lifeblood of Russia's economy and government spending. It has struggled to sell oil at the same volumes and prices as before the war, causing backups in its domestic oil industry.

Average daily crude-oil exports from Russian ports to European ports



The U.S., U.K., Canada and Australia have banned imports of Russian oil. The EU is more dependent on Russian energy, importing 27% of its oil from the country. European leaders have debated whether to impose an embargo as well, but have yet to act, as they balance the desire to isolate Russia without inflicting pain on their own economies through higher energy prices. Despite the lack of sanctions, many European energy companies self-restricted in the weeks following the invasion.

—Benoit Faucon contributed to this article.

U.S. Says Blacklist Hits Weapons Technology

By Yuka Hayashi

WASHINGTON—Export controls implemented by the U.S. and its allies have cut Russia's imports of high-tech goods by more than half—and more export restrictions are being readied, U.S. Commerce Secretary Gina Raimondo said.

The blacklist—which covers products such as semiconductors, telecommunications equipment, lasers, avionics and maritime technologies—has left the Russian military struggling to find parts for

tanks, satellites and rocket launching systems, the commerce secretary said. Russia is also short of semiconductors it needs for night-vision goggles and avionics, she said.

Industrial operations, such as auto factories, have been shut down for lack of parts, she said. "The export controls are having their desired effects, thanks to this unprecedented cooperation between the U.S. and the EU," Ms. Raimondo said.

Ms. Raimondo and European Commission Executive

Vice President Valdis Dombrovskis spoke to reporters Thursday evening following their meeting to discuss sanctions against Russia. The two officials also discussed cooperation under the U.S.-European Union Trade and Technology Council, a bilateral forum launched in September.

Ms. Raimondo said the U.S. is likely to expand the list of blacklisted products to the heightened pressure on Moscow, without giving specifics.

In addition, Ms. Raimondo said the U.S. would seek reper-

cussions against companies that supply Russia with products that contain components on the U.S. export control list as an end-run around the U.S. ban. She didn't say what actions the U.S. may take against the companies.

The International Monetary Fund said Tuesday Russia's economy is expected to shrink by 8.5% this year, compared with 4.7% growth last year, hurt by reduced energy exports to Western Europe, as well as other sanctions targeting its economy.

THE UKRAINE CRISIS

A Harrowing Escape Out Of Mariupol

Civilians long trapped in besieged city make life-or-death decisions to leave homes, family

By Vivian Salama

“Are you a sniper?” the heavily armed Russian soldier manning a checkpoint on the outskirts of Mariupol asked, peering into the car at Alina Beskrovna, a 31-year-old trying to flee the city.

“No,” she responded, looking down at her fingers, blackened from weeks of sheltering underground.

For more than a month—from late February until the end of March—Ms. Beskrovna and 31 others, including six children, crowded into a friend’s basement, she recalled in a recent interview. They took shelter there to hide from the rockets and bullets that have rained down on Mariupol, a city in southeastern Ukraine that has been the center of some of the war’s heaviest fighting.

They huddled away from the doorway when low-flying warplanes bombarded the city, terrified that the faintest light would give away their position and make them a target. They used old doors for beds and buckets for toilets, and slow-cooked pasta on open fires in subzero temperatures.

No one is sure precisely how many of Mariupol’s 430,000 prewar residents remain inside the city—estimates range from 130,000 to 200,000 people—and efforts to evacuate them through humanitarian corridors have been slow, and many of them lack the money and other resources needed to get to safety.

In a plea Wednesday, Mariupol Mayor Vadym Boychenko urged the remaining residents to flee as Russia’s complete takeover of the coastal city appeared imminent. Russia the next day claimed complete control of Mariupol, while the last remaining Ukrainian fighters remain holed up in a steelworks.

Ms. Beskrovna’s escape from the besieged city is an example of why so many civilians remained for so long: staying could mean getting killed, but leaving also comes with high risks.

In the lead-up to the war, Ukrainian officials sought to play down the growing concern of their Western supporters that Moscow could launch an attack from the Black Sea into the strategic Sea of Azov, on which Mariupol is located. In 2014, Russia annexed the Crimean Peninsula, which sits

between the two bodies of water, and some feared that the port cities of Mariupol and Odessa were all that stood in its way of securing a coastline corridor in Ukraine.

Evacuating Mariupol or other cities close to Ukraine’s border with Russia was out of the question for officials in Kyiv who argued that the country’s prosperity was at stake, and that fearmongering would lead to economic turmoil. So most of Mariupol’s residents remained in place until the first Russian missiles hammered their city.

Russian forces sabotaged Mariupol’s cellular grid almost as soon as they arrived, cutting it off from all outside communication. The city quickly became too dangerous and remote for many journalists to document the atrocities in real time.

Within weeks, the city became a symbol of the price Ukrainians would pay for their defiance, unrecognizable after relentless and indiscriminate shelling and bombing.

Before this latest war, Avenue of Peace, once Mariupol’s busiest stretch renamed from the Soviet-era Lenin Avenue, had been lined with buildings standing nearly a dozen stories high. It was home to many of the city’s residents, and included a series of affordable housing complexes for many of the local steel factory workers.

Many of the city’s buildings are now gone. Others are so damaged that they will need to be demolished. In certain areas near the city center, craters mark where restaurants, coffee shops and hair salons once stood.

Mr. Boychenko estimates that at least 10,000 people are dead, and some 90% of the city’s buildings are damaged or destroyed.



An emergency team Thursday transporting the body of a person killed in the conflict in Mariupol.



ALINA BESKROVNA (2)



Above: Alina Beskrovna, at the wheel, made her getaway from Mariupol along with 5 adults and 4 cats. Left: Inside the basement where Ms. Beskrovna and 31 other people hid for more than a month.

Hearing that Russian snipers were everywhere, Ms. Beskrovna, who worked briefly before the war assisting a reporter with The Wall Street Journal, and the others in the shelter were too terrified to step foot outside the basement, but passersby would bring news. First, a school was bombed, and then a hospital maternity ward. On March 16, the city’s historic theater, which served as a shelter for

hundreds, including many children, was flattened.

Ukrainian officials estimate that some 300 people died in that attack alone.

After the Russian assault on the city started, Tatyana Burak and her husband scrambled from one basement to another in search of safety as the Russian mortars got closer and louder. On one trip outside to get supplies, Ms. Burak was shot in the arm and her hus-

band, Valeriy, was shot in the left cheek, a wound that shattered his jaw.

Ms. Burak, who escaped in mid-April, said she remembered graves in front of people’s homes and apartment complexes, where they buried their dead for fear of venturing out any further.

The news from friends and relatives grew chilling: The Russians had a mobile crematorium, allegedly driving through the streets of Mariupol to burn the bodies of the dead.

With no end in sight, Ms. Beskrovna made the life-or-death decision on March 23 to flee. In two cars—one that uses diesel gas and one regular, to create “a division of risks”—they plotted their getaway, Ms. Beskrovna behind the wheel of one car, her neighbor at the other.

With five adults and four cats packed tightly into a Dacia Logan-model sedan, Ms. Beskrovna drove westward toward the cities of Yalta and Berdyansk, with the intention of continuing northwest toward Poland. As they drove, they could see charred buildings and the occasional victim of snipers’ bullets strewn on the city’s streets.

Sixteen Russian military

Russia Claims Mariupol

Continued from Page One

the lives of Russian soldiers.

“This is one of those times when we should think...about safeguarding the life and health of our soldiers and officers,” he said. “Block this industrial zone so that not even a fly can enter.”

Mr. Putin appealed to Ukrainian soldiers at the plant to lay down their weapons and said they would be dealt with according to international law.

While Russian troops won’t be storming the plant, an operation that could take three to four days, Mr. Shoigu said, they will still likely be engaging with Ukrainian troops who continue to fire on Russian positions.

Ukraine’s Azov regiment said Thursday that “despite the extremely difficult situation,” it had managed to destroy three Russian tanks and two armored personnel carriers in the past two days.

On Wednesday, Major Serhiy Volyna, commander of the 36th Marine Brigade defending the steel plant, said in a video

recording that time was running out for his troops and they had only hours or days left to live.

“The enemy forces exceed ours 10-fold,” he said, dressed in fatigues and a head cover, his beard long and scraggly. “They dominate the skies, have the upper hand in artillery, in terms of groups operating on land, as well as in military equipment and tanks.”

An effective blockade of the steel plant would free up Russian troops that have been fighting there for weeks, giving Moscow latitude to focus on taking other parts of southern Ukraine, where its troops have made the most territorial gains. A capture of the city would also secure a land bridge between Russian-controlled areas and Crimea, which Moscow annexed from Ukraine in 2014.

On Thursday, Deputy Prime Minister Iryna Vereshchuk of Ukraine called on Russia to allow a humanitarian corridor from the steel plant for troops and civilians who are sheltered there.

“They all need to be pulled out of Azovstal today!” she said in a Facebook post.

Elsewhere in Ukraine, the Russian Defense Ministry said it had hit more than 1,000 military objects across the country overnight, including 58 command posts and 162 artillery

positions.

Weeks after Russian troops pulled out of the areas around Kyiv, following a disastrous assault on the capital, Mr. Zelensky said authorities were working to restore order but warned that the situation still remained dire as Moscow was expected to make a more concerted push for land in the country’s east.

“The situation in the east and south of our country remains as severe as possible,”

Mr. Zelensky said in an address late Wednesday. “The occupiers do not give up trying to gain at least some victory for themselves through a new large-scale offensive.”

Russia’s deputy envoy to the U.N., Dmitry Polyansky, dismissed a cease-fire plan put forward by U.N. Secretary-General António Guterres, saying it looked like an attempt to give Ukrainian forces a chance to rearm and regroup.

“I won’t hide the fact that

Moscow Bans Certain Americans

Russia banned Vice President Kamala Harris, other top U.S. officials, chief executives and journalists from entering the country, citing the expanding list of anti-Russian sanctions under the Biden administration.

The Kremlin’s latest round of travel restrictions includes 29 people, and Russia’s foreign ministry said the measures could be expanded.

The foreign ministry said that it also sanctioned Pentagon spokesman John Kirby, State Department spokesman Ned Price, Facebook founder Mark Zuckerberg and Bank of America Corp. Chief Executive

Brian Moynihan.

The list also includes Biana Golodryga, senior global affairs analyst at CNN, and Kevin Rothrock, managing editor of the English version of the Meduza media outlet.

The foreign ministry said in a separate statement that it is banning 61 Canadian citizens from entering Russia, citing discriminatory measures it said Ottawa was taking against Moscow.

The Canadian list includes Premier of Ontario Doug Ford, Premier of Alberta Jason Kenney, Premier of Saskatchewan Scott Moe and Toronto Mayor John Tory.

Moscow had already banned President Biden and Canadian Prime Minister Justin Trudeau from entering Russia.

—Mauro Orru

the calls to a truce and cease-fire sound very duplicious and low,” said Mr. Polyansky, speaking at the U.N.

The roughly \$800 million in additional U.S. military aid made public by Mr. Biden on Thursday will include 72 155mm howitzers, 144,000 artillery rounds, and dozens of tactical drones, the Pentagon said.

An aid package from the U.S. on April 13 also included heavy artillery: 18 howitzer guns. The two batches of aid announced over the past week will provide Ukraine with enough artillery systems to equip five battalions, the Pentagon said.

“Now we have to accelerate that assistance package to help prepare Ukraine for Russia’s offensive that’s going to be more limited in terms of geography, but not in terms of brutality,” Mr. Biden, a Democrat, said.

The U.S. has sent about \$3.4 billion in security assistance to Ukraine since the start of Russia’s invasion.

In addition to the military aid, the U.S. will send an additional \$500 million in economic assistance for Ukraine, the president said. Treasury Secretary Janet Yellen told top Ukrainian officials that the funding was to help the country pay general government expenses, according to a Treasury official.

Mr. Biden said the administration would soon ask Congress to authorize more funding for Ukraine, but didn’t say how much the administration would request.

Enforcement of the Russian ship ban outlined by Mr. Biden could be difficult because ships change flags and registries easily. The cargo volumes moved by Russian ships to the U.S. is less than 1% of total incoming cargo, according to Gene Seroka, executive director at the Port of Los Angeles.

The new refugee-sponsorship program, which is slated to launch on Monday, will become the main path the Biden administration hopes to use to fulfill its promise of taking in 100,000 Ukrainian refugees.

Under the program, U.S. citizens and groups will be required to attest to their financial ability to sponsor Ukrainian refugees. If they are approved, Ukrainians will then be allowed into the country on temporary humanitarian grounds.

—Tarini Parti and Andrew Restuccia contributed to this article.

Watch a Video



Scan this code for a video on the battle for Mariupol, Ukraine.

THE UKRAINE CRISIS

Private Comments Put Dissenter in Jail

Driver who worked for Moscow police runs afoul of Russian law limiting speech on war

By EVAN GERSHKOVICH

It was week three of Russia's invasion of Ukraine and Sergei Klokov, a driver at Moscow's police headquarters, was increasingly uneasy with Russian President Vladimir Putin's war and the way it was being portrayed in the country's state media. He telephoned a former colleague.

"We think we are fighting fascism, but there isn't fascism there. There isn't," Mr. Klokov, who is Russian-Ukrainian, told his friend. Concerned that Russian soldiers and Ukrainian civilians were dying for no reason, he implored, "Get the information out to people."

What Mr. Klokov didn't know was that his phone was tapped by Russian authorities.

The March 9 call was the first of three he placed to friends that day that investigators later cited in a criminal complaint against him, one of the first known cases under a new Russian law that prohibits spreading information on the war that goes against the Kremlin line.

Roughly a week after those phone calls, the 37-year-old father of two was arrested and locked up in the building where he worked, and where his wife, currently on maternity leave, also has a job as a security guard. He now faces up to 10 years in prison if convicted.

Mr. Klokov's predicament highlights the heightened risks for ordinary Russians of challenging the state—even in their private conversations—since the start of the war.

It also offers a glimpse into the conflicted feelings of many thousands of people whose families were formed when Russia and Ukraine were part of the Soviet Union and who have heritage on both sides of

the conflict.

"My husband has Russian roots, I have Ukrainian. But nationality had absolutely no meaning for us," Mr. Klokov's mother, Lyudmila Klokov, said. "We are all one... We didn't even talk about it."

Mr. Klokov's case files—reviewed by The Wall Street Journal—include call logs and transcripts of investigators questioning Mr. Klokov and his friends and colleagues. The files, along with interviews with his family and lawyers, reveal a man who proudly viewed himself as Russian and served the state for nearly two decades until the war made him question his identity.

Mr. Klokov, who is now being held in Moscow's Detention Center No. 4, couldn't be reached for comment. His lawyer, Daniil Berman, said he is innocent of the charges against him because any comments he made were in private conversations and not disseminated to the public.

Among Mr. Klokov's alleged crimes, according to investigators, were saying Russia was evacuating wounded troops to Belarus and hiding the true death toll among soldiers; that Ukraine isn't run by Nazis; and that Russian soldiers were killing Ukrainian civilians.

The morning after Mr. Klokov's arrest on March 16, he told investigators that he misspoke about the military operation and could have been misled by information he had received, according to a transcript prepared by investigators. During a second conversation, he confessed.

"I made a mistake while in an emotional and anxious state," he told police, according to the transcript.

The case files don't indicate whether authorities had a court order to tap Mr. Klokov's phone. Mr. Klokov's lawyer, Mr. Berman, said an investigator told him in early April that they had procured a court order, but he said he hasn't seen it.

The Investigative Committee, which is responsible for in-



Above: A portrait of Sergei Klokov that hangs at his home near Moscow. Left: Mr. Klokov's mother, Dr. Lyudmila Klokov

mored vehicles and tanks to his son. Dr. Klokov, Sergei Klokov's 65-year-old mother, who works at a state hospital in Moscow, said the family also received photos from former neighbors in Bucha, Ukraine. The family had always gotten its news from Russian state television, which wasn't showing an offensive on Kyiv and surrounding areas.

"It hurt to see, but I can't help but believe it," Dr. Klokov said.

Back in Moscow, Mr. Klokov grew concerned about an elderly couple stranded in Bucha who were family friends. He called a police officer in Kyiv his father knew to see if he could help the couple, according to the case file. The police officer said he couldn't help because Bucha was in Russian hands. The police officer in Kyiv didn't respond to calls and messages from the Journal.

In calls to the Ukrainian policeman, Mr. Klokov struck up a regular conversation about what was really happening in the war, according to tran-

vestigating major cases in Russia, didn't respond to requests for comment for this article. The Moscow branch of the Interior Ministry, which oversees the police, also didn't respond to requests for comment.

Born into a Russian-speaking family, Mr. Klokov spent the first years of his life in the Kyiv suburb of Bucha, where Ukrainian authorities say hundreds of civilians were killed by invading Russian troops. His father, Valentin Klokov, born in Ukraine to a Russian family, served as an officer in the Soviet army, and spent four years in Afghanistan.

The younger Mr. Klokov,

who holds both Russian and Ukrainian passports, studied to be a car mechanic at two vocational schools while working as a driver for Moscow's police headquarters.

The family has long been comfortable with one foot in each country. When the war started on Feb. 24, Valentin was in Nizhyn, a city east of the capital Kyiv, spending a few weeks at a family apartment. Valentin spent his nights in the apartment building's basement. "The fighting I saw was worse than in Afghanistan," he said.

He sent images, viewed by the Journal, of burned-out ar-

scripts of the calls. Mr. Klokov, in a subsequent phone call with a former colleague at the Moscow police headquarters, said he wanted to set up a call between his Moscow colleagues and the officer in Kyiv, so he could explain what was really happening.

In addition to the police officer in Kyiv, Mr. Klokov was also getting information from channels on Telegram and YouTube, according to transcripts of his conversations with his friends.

He passed that information to colleagues and friends. "They destroyed my city. Killed kids. Maternity wards," Mr. Klokov told one friend, according to a transcript of the call recorded by Russian authorities.

He urged his friends to trust the same sources, but transcripts of the calls show they doubted most of Mr. Klokov's claims. The more pressing topic for them was rising food prices.

Mr. Klokov also began talking politics with colleagues at work, which they told investigators he had never done until the war. All said they had tried to convince him he was wrong.

On March 18, Moscow's Presnensky district court approved a request by investigators to place Mr. Klokov in pretrial detention, saying he posed a "high degree of danger to the public."

Mr. Berman said he wasn't allowed to meet his client without police officers present for three weeks after his arrest. When they met without officers, he said, Mr. Klokov told him a court-appointed lawyer had urged him to plead guilty.

Mr. Klokov has since dropped the court-appointed lawyer, Vladimir Makarov. Reached by phone, Mr. Makarov declined to comment on whether he had suggested Mr. Klokov plead guilty, but said his former client "had lost his mind" because of "all the information that had been pumped into him from Ukraine."

WORLD WATCH



EXTRADITED: Former Honduras President Juan Orlando Hernández is escorted by police agents in Tegucigalpa. Mr. Hernández boarded a plane to the U.S. on Thursday to stand trial on drug trafficking and weapons charges. The U.S. indicted him on Jan. 27, hours after he left office.

UNITED KINGDOM

Johnson Faces Probe Over Covid Remarks

British lawmakers on Thursday ordered a parliamentary investigation into Prime Minister Boris Johnson for allegedly lying about whether he broke coronavirus restrictions by attending illegal gatherings during the pandemic.

Parliament's Committee of Privileges will investigate whether Mr. Johnson knowingly misled Parliament—historically a resigning offense if proven.

The probe piles more pressure on a Conservative prime minister whose grip on power has been shaken by claims he flouted the pandemic rules he imposed on the country, then repeatedly failed to own up to it.

The move was instigated by the opposition Labour Party and passed after the government abandoned efforts to get Conservative lawmakers to block it.

—Associated Press

EGYPT

Ex-Lawmaker Jailed In Antiquities Case

An Egyptian court sentenced a former member of Parliament and others to 10 years in prison on Thursday for smuggling antiquities out of the country, as part of

a campaign to stop the trade.

Egypt's state news agency said that former member of Parliament Alaa Hassanein and four others would serve 10 years. Hassan Rateb, a prominent businessman, and 17 others will face five years in prison. All were fined 1 million Egyptian pounds, or about \$54,000.

Egypt has drastically stepped up efforts in recent years to stop the trafficking of its antiquities, which flourished in the turmoil following a 2011 uprising that toppled longtime autocratic leader Hosni Mubarak.

The state news report didn't specify what kind of antiquities were being smuggled—but it said that in some cases those convicted had organized and funded secret excavations.

—Associated Press

NIGERIA

Suspected Rebel Attack Kills Nine

An attack by suspected Islamic extremist rebels killed nine people in northeast Nigeria, police and witnesses said Thursday, one of several deadly attacks this week in the troubled region. At least 15 people have been killed in attacks in the region this week.

The suspected Boko Haram members stormed Geidam, a border town in Yobe State, and

opened fire on residents, according to witnesses. Those killed include two women and a retired inspector of police, said Dungus Abdulkareem with the Yobe State Police Command.

The militants came on foot and "began to shoot," resident Babagana Umar said.

No group claimed responsibility for the attack.

—Associated Press

AFGHANISTAN

String of Explosions Leaves 10 Dead

A series of explosions across Afghanistan on Thursday killed at least 10 people and wounded scores more, according to police and hospital officials.

No one took responsibility for the deadly explosions, but they mostly targeted minority Shiite Muslims and had all the hallmarks of an Islamic State affiliate, Islamic State in Khorasan Province.

The worst of the three attacks occurred in northern Mazar-e-Sharif, where at least 10 worshippers were killed as they knelt in prayer, said Dr. Ghawsuddin Anwari, head of the main hospital in northern Mazar-e-Sharif. Forty others were injured. They were brought to the hospital in ambulances and private cars.

—Associated Press

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WORLD NEWS



Palestinian Muslim women prayed Wednesday in front of the Dome of the Rock mosque as three Jewish men visited the Temple Mount.

Israeli-Palestinian Clashes Increasing Focus on Holy Site

By DOV LIEBER

A wave of clashes between Israeli authorities and Palestinians in Jerusalem has brought renewed attention to the growth in religious Jewish visitors to the city's holiest site and escalating fears among Muslims that they are losing control of sacred ground.

After a week of near-daily violence on the site known to Jews as the Temple Mount and Muslims as the Noble Sanctuary, Israeli police said there were more skirmishes with Palestinians around the Al Aqsa mosque Thursday morning, as dozens of masked men tried to prevent Jewish visitors from visiting the area by throwing stones and shooting fireworks. The Palestinian Red Crescent said 20 Palestinians were injured during the clashes.

Violent eruptions on the site are becoming a more frequent occurrence, especially around religious holidays, as Muslims and some Israelis see a change in a set of unwritten rules around access to Jerusalem's holy ground.

Tensions in Jerusalem are running higher than usual this year because of a rare overlapping of religious holidays that have brought tens of thousands of worshippers to Jerusalem's Old City, as Muslims observe Ramadan and Jews celebrate Passover.

Israeli officials also blame the tensions on an incitement campaign by Islamist groups, including Gaza's rulers Hamas, designed to make Muslims feel they may lose access to the Al Aqsa mosque.

Jewish visitors to the site were once rare. Israel's rabbinical leadership had long said the site where the ancient temples once stood was considered too holy for Jews to walk upon, but over the past two decades, many nationalist religious Jewish leaders shifted their position and now encourage visits. In 2014, there were 650 religious Jewish visitors to the site during Passover, according to the Temple Mount Heritage Foundation, a Jerusalem-based Jewish organization that encourages Jewish visitation to the site. In 2019, that number increased to 2,438 such religious visits and this year the number swelled to at least 4,625, the foundation said.

With more Jewish visitors, Israeli police enter the site more often and take measures that limit access to the site for some groups of Muslims and Jews during times of tension.

Yitzhak Reiter, a professor at Reichman University in Herzliya, Israel, said earlier in the Covid-19 pandemic—when the mount was less populated—a significant change occurred when Israeli police began taking up large groups of religious Jewish visitors and turning a blind eye when the groups prayed, even though Israel's police say prayer there is forbidden to anyone but Muslims. In the past, according to Mr. Reiter, this wouldn't have been possible because only small, easily monitored groups of up to nine Jewish visitors were allowed up at a time. Representatives from the Waqf, the Muslim officials who manage civilian affairs on the site,

would accompany the groups along with police to make sure the rules weren't broken.

"This is a dramatic change of the status quo," said Mr. Reiter.

Firas al-Dibs, a spokesman for the Waqf, said increased visits by religious Jews under police protection, Jewish religious practice, and the forceful eviction of Muslim worshippers and Waqf employees from the compound, were among the most serious Israeli infractions.

"I think that everything that has happened in the past days is all a reaction to the dangerous attacks against [Al Aqsa] mosque," he said.

A set of unwritten rules guides access to Jerusalem's holy ground.

For decades, Israeli and Muslim officials have communicated and coordinated with each other about their interpretations of the situation, a series of unwritten understandings between Israel and Jordanian and Palestinian officials that date to Israel's capture of the holy site in 1967 from Jordan.

The most agreed-upon issue has been that only Muslims can pray there while non-Muslims can visit during long-agreed upon daily times. Yet the status quo also encompasses nearly everything on the massive complex, including construction, archaeologi-

cal preservation and excavation, vetting and controlling visitors, policing and security, and dress codes and behavior.

When Israel signed a peace treaty with Jordan in 1994, it recognized the Hashemite Kingdom's role as custodian of the site. Yet disagreements still continue over how Israel and Jordan split control.

"Israel is preserving and will continue to preserve the status quo on the Temple Mount," said Israeli Foreign Minister Yair Lapid in a tweet. "We have no intention of changing it whatsoever."

The Israeli police deny allowing Jewish prayer on the mount and say they are ensuring freedom for Jews to tour and Muslims to pray.

In response to being shown video evidence by The Wall Street Journal of Jewish prayer on the site from December, the Israeli police said that "according to the guidelines, only Muslims are allowed to hold prayers on Temple Mount, and any deviation from the rules is treated accordingly."

Jerusalem's Deputy Mayor Fleur Hassan-Nahoum said Thursday that limited Jewish prayer on the Temple Mount over Passover has been customary for several years.

"It's not a change to the status quo," she said, adding, "Hundreds of thousands of Muslims are praying on the [Al Aqsa compound], and a few tens of Jews can't worship on the Temple Mount during their holy days?"

—Yardena Schwartz and Fatima AbdulKarim contributed to this article.

China Advances Its Influence in Africa With Weapons Sales

By GORDON LUBOLD

WASHINGTON—China's arms sales, military training and investment in African infrastructure projects are increasingly giving Beijing a foothold on the continent, according to a new analysis by an open source intelligence company.

"The trend is clearly upward and what that arms sales diplomacy gives China is a lot more influence, a lot more power, over those African states," said Dylan Lee Lehrke, a lead analyst at Jane's. "It's a military dependency."

Nearly 70% of the 54 countries on the African continent possess Chinese armored military vehicles, and nearly 20% of all military vehicles in Africa are imported from China, according to the new analysis by Jane's, a company known for its publications on global weapons. The study shows sharp increases over the past two decades in Chinese military equipment sales to Africa, compared with the continent's traditional benefactor, Russia.

The top importers of Chinese armored equipment include Tanzania, Nigeria, Sudan, Cameroon, Zimbabwe, Zambia, Gabon, Algeria, Namibia, Ghana and Ethiopia, according to the study.

About 50% of Tanzania's military inventory is Chinese in origin, while U.S.-supplied equipment makes up about 11%. Soviet-era materiel, much of which is outdated, represents about 32% of the overall inventory, which includes armored vehicles, tanks and aircraft, according to Jane's.

The U.S. sees China as a global competitor in both the economic and security sectors, as Beijing expands its influence around the world through a variety of means, including its so-called Belt and Road Initiative, a global campaign to invest in countries, particularly in infrastructure.

Africa may find China's soft power approach more appealing in some respects than the U.S. model, said Lina Benabdallah, an assistant professor for politics at Wake Forest University, N.C.

Chinese soft power initiatives include high-level exchanges when African commanders travel to China to build military networks, said Ms. Benabdallah. That creates goodwill among many in Africa, and where there are Chinese bases, like in Djibouti, the Chinese businesses and other facilities attempt to be

part of the community, offering a local benefit.

In contrast, she said, the American base in Djibouti is closed off to locals.

"I would not say these countries are co-opted by China," she said. The Chinese model "is a lot more attractive, and people think that there is a show of interest in blending these commercial deals with the security deals so everyone gets something out of it."

The Biden administration has tried to focus its military resources to compete with China by taking capabilities like jet fighters, air-defense systems and personnel out of the Middle East, so they can be repositioned in Asia. But government officials also believe that competition with China means the U.S. must also put some of those same capabilities in other places around the world, like Africa.

The Pentagon is grappling with its long-term posture on the continent after the Trump administration attempted to pull forces out of Africa following a tragic incident in Niger, in which four soldiers were killed after a deadly ambush.

There are about 6,000 military personnel assigned to U.S. Africa Command, the military command that oversees the continent. That includes uniformed military, civilian and contractors, according to the command.

Former Defense Secretary Mark Esper, who served under former President Donald Trump, had proposed pulling American forces out of Africa, but the decision was never acted on. Weeks before leaving office, Mr. Trump pulled about 700 American commandos and other troops out of Somalia, where they had been training local forces to fight al-Shabaab, an al Qaeda affiliate. President Biden has yet to rule on the Pentagon's request to return special operations troops to bases in the country.

Even as the U.S. has been pulling back from Africa, China appears to be expanding its military presence there.

American intelligence officials have expressed alarm over China's intentions to establish its first permanent military presence in the Atlantic Ocean, in the small Central African country of Equatorial Guinea. In February, a senior U.S. delegation traveled there to help persuade top officials against allowing Beijing to establish a base in the country.



Prime Minister Fumio Kishida, in a tank last year during a review.

Tokyo Panel Seeks Rise In Defense Spending

By CHIEKO TSUNEOKA

TOKYO—Japan should aim to nearly double its defense spending over the next five years to 2% of gross domestic product and ease restrictions on arms exports, a ruling-party panel said Thursday, citing threats from China.

The ruling Liberal Democratic Party of Prime Minister Fumio Kishida had mentioned the 2% level in its election platform last year, but the latest proposal was the first time party policy makers gave a specific time frame, highlighting how the emergence of a Russia-China authoritarian axis has spurred U.S. allies to revise their defense thinking.

Japan only recently boosted defense spending beyond 1% of GDP, which was a longstanding informal cap.

Germany, which like Japan has had strong pacifist leanings since defeat in World War

II, helped motivate Tokyo's re-evaluation when Chancellor Olaf Scholz said in late February that he aimed for defense spending to exceed 2% of GDP.

In a policy proposal released Thursday, the Japanese ruling-party panel cited the 2% target shared by North Atlantic Treaty Organization countries including Germany. It also observed that China's defense budget in fiscal 2021 was about four times as big as Japan's.

The panel said North Korea's acceleration of missile and nuclear programs represented a "grave and pressing threat," and it criticized China's assertive stance toward Taiwan. Beijing describes Taiwan, a democratically self-ruled island, as part of China and hasn't ruled out the use of force to gain control over it.

The Japanese panel said the nation must "comprehensively strengthen its defense forces within five years."

Inflation in Japan Finally Surfaces

By MEGUMI FUJIKAWA

TOKYO—In Japan, where prices have been roughly flat for decades, inflation is finally taking off. But unlike the Federal Reserve in the U.S., the Bank of Japan has resolved to keep interest rates low, helping drive a fall in the yen.

On Thursday, the Japanese central bank resumed another bond-buying move aimed at keeping a lid on rates. It promised to purchase unlimited quantities of government bonds to cap the yield at 0.25%—less than one-tenth the return on the equivalent U.S. Treasury bonds. The notice of intent, which lasts until Tuesday, was enough to push the yield below the cap without any actual purchases Thursday.

The Bank of Japan's unusual stance has propelled the yen to its weakest level against the dollar in two decades, jumbling the calculus that underpins hundreds of billions of dollars in annual trade and investment flows between Japan and the U.S.

The weak yen is one reason prices are rising in Japan, with consumer-price inflation expected to approach the central bank's longstanding 2% target in the next month or two. Japan is paying more in yen terms for imports such as oil and food, while global energy shortages and supply-chain bottlenecks also push prices higher.

The normal central-bank

playbook in such a situation would be to prepare for higher interest rates to control inflation. That would also tend to draw investor money into the yen and relieve the pressure on import prices.

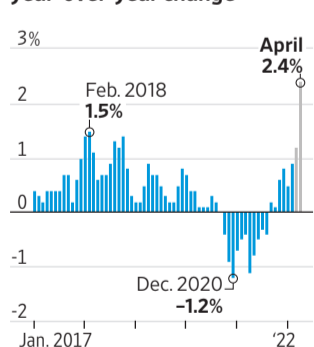
But the Bank of Japan, led by Gov. Haruhiko Kuroda, says it isn't ready to follow the Fed, which is preparing for multiple interest-rate increases this year. BOJ officials believe the current inflation is a one-time phenomenon driven by factors outside of Japan's control.

Inside the BOJ's mind, such "cost-push" inflation contains the seeds of its own demise because it is likely to tamp down demand and cool the economy. "Cost-push inflation caused by rising energy prices has negative effects on the Japanese economy by reducing households' real income and companies' earnings," Mr. Kuroda said in parliament on Monday. "It is appropriate to continue easy monetary policy so we can achieve the 2% inflation target in a stable and sustainable manner."

Government numbers released Friday showed overall consumer-price inflation rose to 1.2% in March. Economists say the figure is likely to reach 2% in April or May, when the effects of price cuts last year for cellphone service taper off.

Except for brief intervals, Japan hasn't seen such numbers since the 1990s. The situation is a far cry from the U.S. The difference isn't just in the extent of inflation—consumer

Japan consumer prices, year-over-year change



Note: Figures cover all prices including food and energy. March and April 2022 figures are forecasts. Sources: Statistics Bureau of Japan; NLI Research Institute (forecasts)

prices in the U.S. rose 8.5% in March—but also in the attitudes of consumers.

U.S. consumers have helped accelerate price increases by snapping up houses, cars and electronics, even if they cost more. In Japan, price increases are mainly triggered by companies trying to preserve profit margins amid higher costs for inputs such as fuel and raw materials. The economy remains smaller than its prepandemic level.

"We cannot raise prices easily, considering Japan's current economic conditions," said Tadashi Yanai, head of Uniqlo clothing-store operator **Fast Retailing Co.**, at a news conference April 14.

Some supermarket chains including **Seiyu Co.**, in which **Walmart Inc.** holds a minority stake, have promised not to

raise prices of their store-brand products until at least June 30, seeking to steal market share from brands that are raising prices.

The BOJ's Mr. Kuroda said he didn't like to see the yen rapidly weaken because smaller companies have trouble passing on the cost of higher import prices and would see their profits decline. On Wednesday, a dollar bought as much as ¥129.40—the weakest level for the yen since April 2002—compared with around ¥115 at the beginning of this year.

Japan is closed to tourists because of Covid-19 restrictions, so a typical benefit of a cheap currency—luring bargain-hunting foreigners—doesn't apply at the moment. Finance Minister Shunichi Suzuki labeled the recent moves a "bad weakening of the yen."

Nonetheless, people familiar with the BOJ's thinking say policy makers are reluctant to raise interest rates purely as a response to exchange rates. A small rate increase might not impress markets much when the Fed moves are so much bigger, they say.

Analyst Kota Nakayama of Nowcast Inc., which tracks minute-by-minute purchases at supermarkets, said Japan's chief economist concern now was weak demand, not an overheating economy where prices could get out of control. The modest price increases so far have already hit demand in recent weeks, he said.

FROM PAGE ONE

Netflix Scrutinizes Spending

Continued from Page One
budgets depending on what the creative dictates, and what the size of the audience is," Bela Bajaria, the head of global TV for Netflix, said in a recent interview.

She said when Netflix first started making original programs it had no track record and had to make outside bids to land "House of Cards" and other high-profile shows. "That was the cost of entry, the cost of doing business," Ms. Bajaria said.

Netflix executives said the company expects to continue to grow spending on content to more than \$20 billion this year while scrutinizing it more closely. Ms. Bajaria said that doesn't mean the service will go cheap on production. "We're always going to make great shows and have the amount of money needed for the creator's vision," she said.

As it looks to rein in costs, Netflix is also exploring new ways to boost revenue. In January, the company said it was raising prices in the U.S. and Canada. On Tuesday's earnings call, Mr. Hastings said Netflix is exploring adding a lower-priced, ad-supported version of the service to court cost-conscious viewers. And, after blaming password-sharing for limiting its growth, Netflix says it is looking to "monetize" the practice.

Hollywood tensions

The newfound focus on content costs is causing tensions with Hollywood's producers and show runners, who have benefited from the streamer's largess. Netflix's tendency to give shows a quick hook when it believes they aren't delivering a return is another sore spot with producers and creators. Some producers say Netflix needs to be more aware of its competitive environment, and factor in the programming rivals are launching when deciding when to release its own shows.

"If there is anything I would say is a fault of Netflix, it is that they are so insular. They may not see what's going on outside their walls or they know and the hubris is so great they don't care," said Jeff Fierson, whose credits for Netflix include the movie "Sweet Girl" and the short-lived series "Daybreak."

Mr. Fierson noted that "Daybreak"—a show about teens in a post-apocalyptic Los Angeles—made its debut close to the premiere of Disney+'s "The Mandalorian" and the debut of the Apple TV+ streaming service.

Netflix still leads the pack in streaming video with more than 220 million subscribers. But its recent turbulence has rattled Wall Street, causing investors to question how big the pot of gold is in the streaming wars.

Disney+, Netflix's closest rival with 130 million subscribers globally, is starting to feel some pressure as well. The company launched a low-cost, ad-supported tier to boost subscribers. It is broadening beyond the "Star Wars" and "Marvel" programming that has anchored Disney+, hoping to reach new audiences and be better positioned to achieve its target of between 230 million and 260 million subscri-

ers by the fall of 2024. The ABC show "Dancing with the Stars," which appeals primarily to an older audience, will move exclusively to Disney+ starting this fall.

All streaming players are learning that adding new subscribers is getting much harder, especially in the mature U.S. market. Every service is under pressure to create a steady flow of new shows and movies to draw in new subscribers and retain existing ones. The hope is that every once in a while they'll score a big hit like Netflix did with "Squid Game," "Tiger King" and "Queen's Gambit."

'Capital-intensive'

Veteran media analyst Michael Nathanson, who has raised concerns about the prospects for major players in streaming, said consolidation that reduces the number of competitors might relieve some pressure, but "for the time being, this is a pretty capital-intensive business."

Some producers and writers say they are frustrated by inconsistent guidance from streaming services, which are always looking for a new formula to attract more subscribers. "As creative people we are getting whipsawed. There is not a mission statement that sticks around for more than a couple of months," said producer Mike Royce, whose credits include the Netflix reboot of "One Day at a Time."

When Netflix first introduced original programming to its platform a decade ago, its pitch to creators was that there would be little interference from the "suits" and no worries about ratings.

In recent years the company has spent hundreds of millions of dollars signing superstar producers including Shonda Rhimes and Ryan Murphy, setting off a talent arms race among Hollywood studios.

Now, the service has a never-ending conveyor belt of new content. Shows have a window of several weeks to find their audience or they are canceled, meaning they usually aren't promoted on the home page and become harder for viewers to find. Netflix executives say the company's cancellation rate is on par with that of rival streamers, and of broadcast and cable networks.

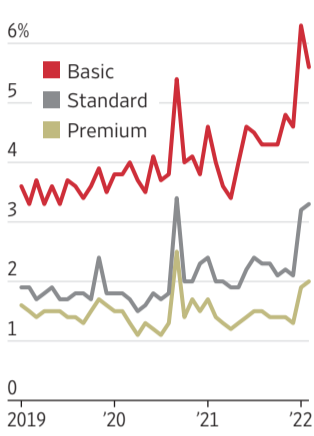
Producers say the short window for shows to prove themselves is unrealistic. A recent show that fell victim to a quick hook was "Cowboy Bebop," a bounty-hunter drama based on a popular Japanese animated series. Netflix spent



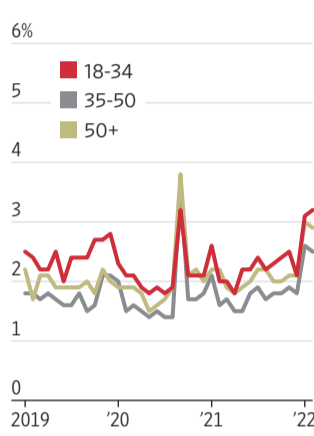
After churning out over 500 original programs last year, Netflix is now looking to add fewer titles. The streaming giant is also revamping production deals to limit risk.

Netflix users with low-cost plans and younger subscribers tend to cancel more than others.

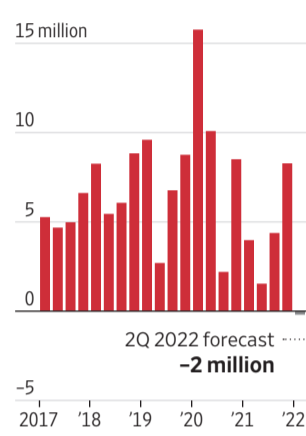
Netflix average monthly churn* By plan type



By age group



Netflix subscribers, change from previous quarter



*Data is not available for 100% of subscribers. Excludes involuntary churn, such as when a credit card is declined. Sources: Antenna (churn); the company (subscribers)

heavily on the show, betting it would appeal to the same audience that loved the hit show "Squid Game."

The streaming giant was so confident it ordered a second season before the first one had even made its debut. But just five weeks after "Cowboy Bebop" premiered on Nov. 19, Netflix pulled the plug. It simply wasn't gaining traction fast enough. The cancellation left the show's producers dumbfounded, according to a person close to the show.

"We always take big risks and big swings and sometimes, you know, many times they work and sometimes they don't," Ms. Bajaria said of Netflix's expensive misses. "It's a creative endeavor and it's not a science."

Sometimes, even coming out of the gate strong isn't enough. The sci-fi drama "Archive 81" landed in Netflix's

ranking of top-ten shows in the U.S. soon after its January debut, even reaching No. 1 briefly. Two months later it was canceled.

Shows that Netflix spent heavily on, and which aren't resonating, will be canceled quickly. That was the case with last year's sci-fi drama "Jupiter's Legacy" and the spy series "Hit and Run," which were each canceled after about a month on the service.

The holy grail for Netflix is to find shows like "Squid Game" that are inexpensive and yet become hits. "Virgin River," at a cost of roughly \$3 million per episode, is a relatively low-budget soap opera with no big stars, but has been a huge success for Netflix.

That means it is more efficient than pop-culture hit "Bridgerton," which costs more than three times as much, say people familiar with

the streamer's efficiency measurement.

Under-the-radar, relatively low-cost hits are necessary to balance out the costs for big-ticket programming such as the special-effects-filled show "Stranger Things," whose new season has a per-episode cost of \$30 million, according to people close to the show.

Netflix also places a high value on shows that appeal to less-frequent users of the service, who are the most in danger of canceling their subscription, compared with heavy users, company executives said.

Netflix is looking to lower its costs when licensing shows it doesn't own from outside studios and production companies. One studio executive with multiple shows at the streamer said in some cases Netflix is looking to reduce budgets on new shows by as

much as 25%.

In addition, Netflix is seeking to change the formula it uses to license content. Typically, Netflix pays a premium to outside suppliers above the cost of production in return for having long-term rights to a show or movie. That premium has usually been a percentage of a show's budget ranging between 20% and as much as 35%.

Now Netflix is seeking to shift to a flat fee model for those premiums so they don't rise if a show's production budget goes up.

Netflix is also re-evaluating the big production contracts it has made to star producers for their service as the streamer's results with such deals have been mixed, talent agents said.

Certain genres of programming have fallen out of favor at Netflix. The company has moved away from talk shows and musicals, after they failed to perform, executives said. By contrast, the company is investing in more documentaries and unscripted fare, which are cost-efficient and tend to perform well.

Plots and scripts

In Hollywood, Netflix has been known for giving creators a long leash. Now, the company expects to be more hands-on in the development of shows and movies, weighing in on scripts and plot points, company executives said.

Those practices are standard at traditional networks and studios. "Having more development is an evolution of the maturity of the business," said Ms. Bajaria, who before joining Netflix in 2016 was a top executive at Comcast Corp.'s NBCUniversal.

Producers say Netflix is also lowering costs by reducing the number of episodes it orders for shows for their second and third seasons.

The second season of the dark comedy "Russian Doll" has one less episode. The coming season of "Firefly Lane," a drama about two lifelong friends, is likely to have two fewer than its first season, people close to the show said.

Ms. Bajaria said shorter episode orders are "always about the creative" and not economics.

Another area where Netflix is tinkering is scheduling. The streamer recently hired Andy Kubitz, a former ABC and CBS programming executive, to the newly created position of "director of programming and launch analytics."

Netflix doesn't plan on making any dramatic changes to its custom of releasing a season's worth of episodes at once. Other streamers have opted for a more traditional approach of spreading out the release of episodes so they can build buzz, a strategy some producers wish Netflix would embrace.

"There are so few Netflix shows that get what [producer] David Kelley used to call water cooler treatment—you know, where he'd have an episode of 'Ally McBeal' and people would talk about it the next day," said Marty Adelstein, chief executive of Tomorrow Studios. He predicted Netflix will eventually shift to a model of releasing three episodes at a time.

Ms. Bajaria said the company's approach of allowing full-season binges is about customer freedom, adding: "I still think that our members, by and large, want to watch what they want, as many as they want, when they want."



Netflix quickly pulled the plug on 'Cowboy Bebop,' a bounty-hunter drama based on a popular Japanese animated series.

CNN Shuts Streaming Service

Continued from Page One
for launching the service on the eve of new management coming in.

"We have to own what happened, even though it's not a result of what we did," Mr. Licht said. CNN+ will shut down on April 30, he wrote in a memo earlier Thursday.

The demise of CNN+ shows the unique challenges of building a streaming-news business, which can't feature a live feed of the TV network or its highest-profile content without running afoul of contractual obligations with pay-TV providers. Instead of offering

access to CNN shows like "The Lead with Jake Tapper" and "Anderson Cooper 360," CNN+ featured less newsy fare such as "Jake Tapper's Book Club" and "Parental Guidance With Anderson Cooper."

CNN also wooed big-name outside talent for its streaming service, including former Fox News anchor Chris Wallace. With backing from former WarnerMedia CEO Jason Kilar, CNN's previous regime spent \$300 million on developing CNN+ with plans of investing an additional \$750 million in the next few years, people familiar with the operation said.

Following its launch, CNN+ attracted fewer than 100,000 subscribers, a person familiar with the operation said, and its \$5.99-a-month price was seen as prohibitive by Discovery executives who questioned the viability of the service before the launch.

Some of the content from CNN+ will move to other platforms at parent Warner Bros. Discovery, including CNN, Mr. Licht told employees during the meeting. The HBO Max streaming service also is a potential landing spot for some of that content, he said.

In the memo to staff, Mr. Licht said the decision to shut down the CNN+ service was difficult but necessary.

"It is the right one for the long-term success of CNN," Mr. Licht said in the memo, which was reviewed by The Wall Street Journal. "It allows us to refocus resources on the core products that drive our singular focus: further enhancing CNN's journalism and its reputation as a global news leader."

Thursday's decision was telegraphed last week by David Zaslav, the chief executive of Warner Bros. Discovery, who said at a companywide

town hall meeting that he would rather have all the content from the sprawling entertainment and news company on one platform than launch individual services for various channels.

As part of the shake-up, Andrew Morse, the CNN executive who oversaw CNN+, is leaving the company. Mr. Morse couldn't be reached for comment. Mr. Licht said CNN executive Alex MacCallum would oversee CNN's digital operations. A CNN veteran with previous stints at the New York Times and Washington Post, Ms. MacCallum was most recently general manager of CNN+ and head of product for CNN Worldwide.

Mr. Licht said CNN+ employees would be paid and receive benefits for three months and can explore jobs elsewhere at the company.

The news of the closing was earlier reported by Variety.

During Thursday's town hall, JB Perrette, the Discovery executive named chief executive of the Warner Bros. Discovery streaming and interactive operations, said the company was unable to get information about CNN+ before it launched because of legal restrictions limiting their access to the planning on the service.

"The prior leadership just kept going," he said. "It makes it worse for us coming in here."

Mr. Kilar didn't respond to a request for comment. A former senior WarnerMedia executive said Discovery was well-briefed on CNN+ and it raised no red flags.

Because of its relationships with pay-TV distributors, CNN was limited in the amount of live news and content it could put on its CNN+ platform. Without the urgency of breaking news, the site was seen as a tough sell by Discovery executives,

a person close to the operation said. The majority of the content was softer fare such as Mr. Wallace's interview shows.

Rival Fox News has had more success in the direct-to-consumer streaming business. Its service Fox Nation has more than one million subscribers, a person familiar with that operation said.

But Fox News is also known for a very loyal audience, and the service offers both entertainment fare as well as content from some of its biggest names including Tucker Carlson. Fox News owner Fox Corp. and Wall Street Journal parent News Corp share common ownership.

There is a possibility Mr. Wallace's show could migrate to CNN, people familiar with the matter said.

Neither Mr. Wallace nor his agent responded to requests for comment.

ARTS IN REVIEW



Robert Eggers isn't one for brightness, but the brooding images he favors are more than a matter of photography. They evoke darkness in the human soul. In his startling 2015 debut feature, "The Witch," a fanatically religious farmer in 17th-century New England inflicts his obsession with sin on his loved ones like a plague. In the filmmaker's 2019 "The Lighthouse," an enthralling—and funny—nightmare fantasy set a couple of centuries later, a veteran lighthouse keeper and his young assistant struggle toward symbolic and literal enlightenment on a desolate island off the coast of Maine while driving each other crazy. Yet neither film fully prepares us for "The Northman," a Viking action extravaganza that begins in A.D. 895, depicts battles and rituals of surpassing ghastliness, and—love it or leave it—constitutes a horror classic.

Loving it is not the issue, of course—the level of amputating, eviscerating, decapitating violence transcends good nasty fun. The challenge is taking it in, watching it without averting your eyes—I can't say mine stayed fixed on the screen—and seeing it for what it is, a tumultuous, graphically gorgeous entertainment for our time as well as an ineffably somber meditation on our species' seemingly inexhaustible reservoir of savagery.

At its simplest the screenplay, by the Icelandic writer Sjón and Mr. Eggers, is a chronicle of revenge. It's also modeled on Shakespeare's "Hamlet," the hero of which is a Danish prince with intricate antecedents and an obvious anagram in one Prince Amleth of Old Norse mythology.

Never mind the murky intricacies of this new version, or the in-and-out audibility of febrile mutters that pass for dialogue (which

FILM REVIEW | JOE MORGENSTERN

'The Northman': Good Lore and Gore Galore



Clockwise from top: Ethan Hawke, at left; Alexander Skarsgård; and Nicole Kidman

is mostly in English, with a sprinkling of Old Norse), or the dramatic tone that's sustained on a battle ax's edge between solemnity and absurdity. Just focus on revenge as Alexander Skarsgård's current Prince Amleth does—it's the only thing he thinks about after witnessing, as a loving young son, the death of his father, King Aurvandil War-Raven (Ethan

Hawke), at the hands of Fjölfnir (Claes Bang), Aurvandil's brother and Amleth's uncle. (Mr. Skarsgård's performance is a marvel of compressed energy.) Amleth's mother, Queen Gudrún, is played by Nicole Kidman with great intensity, a zest for incest and a rich smorgasbord of accents. Björk provides the voice behind the garish mask of a seeress who tells the re-

lentlessly impassive Amleth that "it is not enough to be the man who never cries."

Which is all well and good, except that Mr. Eggers and his colleagues—among them the production designer Craig Lathrop and the cinematographer Jarin Blaschke—are less interested in Amleth's inner life, a modern concept with little or no counterpart in

ancient times, than in his unconscious mindset as a warrior who, for all his ferocity and purpose, must find ways to assuage his fears and keep plunging his vulnerable body into battle.

The process begins when he's still a lad, guided by his father the king through an initiatory ritual that I couldn't help seeing as a bar mitzvah featuring flying embers. It continues after Amleth flees the site of the regicide, is found by a band of Vikings, and joins their ranks as a berserker—a warrior fighting in a trance-like state that may have been induced by drugs or alcohol. Regardless of cause, this state becomes a dominant motif, and an edifying one that involves barking like a dog, howling like a bear, foaming at the mouth, doing whatever it takes for a sentient man to transform himself into a mindless killer beast.

The film grows more conventional after Amleth meets and falls in love with a beautiful Slavic slave, Olga of the Birch Forest (Anya Taylor-Joy), who claims to be a sorceress, and comes on as a shrewd. "You have the strength to break men's bones," she tells him. "I have the cunning to break their minds." The silliness isn't Ms. Taylor-Joy's fault. She's skillful, quick and resourceful. The movie is a commercial venture—very possibly a smart one—and a love story helps sell the gore.

That said, "The Northman" has much more than gore to offer—momentous and horrific events playing out at a barely imaginable time in a remote place (the film was actually shot in Ireland, not Iceland), yet reminding us of images on the nightly news. Mr. Eggers has summoned up a powerful saga about primitive men. Just as powerfully, though, he has made a film about the primitivism that we keep thinking we've left behind.

THEATER REVIEW | CHARLES ISHERWOOD

An Honorable Death

A dark comedy follows an executioner

New York For Harry (David Threlfall), the likably pompous central character in Martin McDonagh's "Hangmen," executing people wasn't just a living. It was a noble calling. Putting convicts to death by means of a rope around the neck was, he firmly believes, superior to the more barbaric methods used in other countries.

The electric chair? "When that goes wrong they come out sizzling like a bloody steak! No thank you! I'll have my executions without the need for fried onions." The guillotine? "Messy and French."

Alas for Harry, by the second scene of this darkly hilarious play, set in the 1960s, hanging has been outlawed as a criminal punishment in the U.K. Mr. McDonagh, the Anglo-Irish writer who has specialized in acrid comedy deftly blended with often lurid and spectacular violence, has mellowed—marginally—in recent years. His movie "Three Billboards Outside Ebbing, Missouri" was hardly family fare, but still a far cry from the gore-fests of his early

plays. And in "Hangmen" we witness but two deaths—both carried out in the genteel fashion Harry prefers.

But Mr. McDonagh has not sanded down the serrated-knife edges of his comedy. Even when the play's tone darkens, the regulars at the pub Harry now runs continue to dole out generous doses of humor. Mr. McDonagh is incapable of writing a dull character or a flaccid line of dialogue, and "Hangmen" is peopled with a savory array of misfits and idlers propping up Harry's bar, drawn in bold but never garish comic colors, unwittingly dispensing wit.

Mr. McDonagh also includes a character, Shirley (Gaby French), the 15-year-old daughter of Harry and his wife, Alice (Tracie Bennett), whose pathos, while played for gentle humor, is unrestrainedly affecting. So shy she seems to tread the floors of the pub with a nervous sense of trespassing, Shirley, imbued with a softly glowing radiance in Ms. French's lovely turn, is drawn out of her shell by a newcomer, the aggressively outgoing Mooney



Alfie Allen and David Threlfall in Martin McDonagh's 'Hangmen'

(Alfie Allen, hiding a shiv beneath the charm). The jovial mood that usually reigns in the pub grows gloomier when Shirley leaves for an outing in the company of this suspicious fellow.

"Hangmen" has been directed by Matthew Dunster with an expert sense of balance, the humor bubbling on a low simmer even when

tragedy seems to beat against the pub windows like the driving rain. Each of the ensemble cast precisely etches his or her neatly defined character.

Ms. Bennett is particularly fine as Alice, a leather-tough woman who reveals a frantic maternal anxiety when Shirley is out of her sight. As Harry's onetime assistant Syd,

Andy Nyman gives an endearingly funny performance, his long-festering resentment of his treatment by Harry blending with the vestiges of a puppyish worship.

And Mr. Threlfall is superb as Harry, who presides over his pub with a puffed-up sense of importance derived from his notable career, needing and mocking his customers, at least until the unexplained absence of his daughter shakes him into an awareness—possibly a passing one—of what he had long kept out of his moral vision: the harsh reality of death and the suffering that invariably accompanies it.

Hangmen

Golden Theatre, 252 W. 45th St., New York \$59-\$179, 212-239-6200, closes June 18

Mr. Isherwood is the Journal's theater critic.

ARTS IN REVIEW



The Russian opposition politician Alexei Navalny, who survived an assassination attempt

TELEVISION REVIEW | JOHN ANDERSON

A Thriller Flies Documentary's Flag

At the outset of the first-rate "Navalny," just before his return to Russia from Germany in 2021, Alexei Navalny tells documentary director Daniel Roher that because he was "famous" (air quotes implied), he always thought "it would be problematic for them to kill me"—"them" meaning Vladimir Putin. Boy, were you wrong, Mr. Roher replies. "Yes," says Mr. Navalny, "I was very wrong."

The Russian opposition leader, currently the guest of a Putin penal colony, is a charming, natural performer, something that's helped make him an international online sensation and prominent thorn in the side of the charisma-free Russian president, who dismisses his opponent as insignificant by refusing, with considerable effort, to utter the name Navalny in public—the results being quite the reverse of the intention. This is an example of what Mr. Navalny shorthands as "moscow4": According to the now-45-year-old anticorruption activist, when a high-ranking intelligence officer under Mr. Putin was hacked—his password was moscow1—he changed it to moscow2. When that was hacked, he changed it to moscow3. It's a story that doesn't need the punchline. But it illustrates Mr. Navalny's position that the brutality of the Kremlin is a byproduct of basic incompetence and stupidity, something its current conduct in Ukraine seems to be confirming.

The timing of "Navalny" is neither good nor bad—no crimes of the Putin regime can eclipse Ukraine, but Mr. Roher indicts the former KGB agent as a murderer on both a macro and micro level. In late 2020, Mr. Navalny was poisoned with what was determined to be the Novichok nerve agent (the same substance used on ex-military officer Sergei Skripal in

London and in other more successful attacks ascribed to Mr. Putin); his plane made an emergency landing in Siberia and his family was kept from him for days. That he lived at all is credited to the quick work of the hospital team, but as established later in the film there were also parties at work there making sure any traces of Novichok had dissipated or been erased.

CNN's profile of Alexei Navalny reveals a man unafraid to stand up to tyranny at any cost.

Mr. Navalny tells Mr. Roher early on that he doesn't want to make a message movie. "Come on, Daniel," he faux-moans, "let's make a thriller out of this movie and in the case I will be killed let's make a boring movie of memory." A thriller is what they make—Mr. Navalny's confrontational campaign against the Russian president, which we watch in flashback, is the stuff of Hollywood, except that the hero is flirting with actual death. (He is so self-assured you sometimes forget that.)

Leading up to the assassination attempt, Mr. Roher's interview and Mr. Navalny's return to Moscow in January 2021 (and his immediate arrest), we get to watch investigative journalism in action: Christo Grozev, of bellingcat.com, poses some important questions about Mr. Navalny's credentials, wondering what it means that the movie's hero of liberty has appeared in public beside "siege healers" and Russian nationalists. Mr. Navalny chalks this up to realpolitik and the extraordinary situation in Russia, and Mr. Grozev evidently comes around, be-

cause he contributes the intelligence that really does make "Navalny" into a nail-biter.

Mr. Grozev is quietly funny: On the dark web, he tells us, data is just a commodity and he has spent more than \$100,000 collecting it. (If his wife knew how much he'd spent, he says, "she wouldn't be my wife.") By cross-referencing passport entries, texts, travel itineraries and phone records, the reporter-detective ("just a Bulgarian nerd with a laptop," Mr. Navalny says admiringly) narrows down the list of suspected hitmen among Putin henchmen to four individuals.

Mr. Navalny calls them. "This is Alexei Navalny. Why did you want to kill me?" he asks one. A couple hang up. But things then get more humorous—and much more serious: One member of the murder team that trailed Mr. Navalny to Siberia, a chemist, buys into Mr. Navalny's impersonation of a Russian higher-up, talks about the attempted assassination very matter-of-factly, and confirms everything his prank callers suspect. "They'll kill him," says Mr. Navalny afterward. "Or he'll be president," says Mr. Grozev.

There's a "hot-mic" moment in "Navalny," which isn't embarrassing, but is revealing: Maria Pevchikh, head of the investigative unit of Mr. Navalny's Anti-Corruption Foundation and identified here as his press secretary, can be heard asking her colleague if he's OK with Mr. Roher's questions, some of which are delicate, personally and politically. He says he is. "He's filming it all," Mr. Navalny says of the director, "for the movie he's going to release if I get whacked." The attitude of Mr. Navalny and his colleagues is fearless, in a country governed by fear. Thrillers are rarely so inspiring.

Navalny
Sunday, 9 p.m., CNN

FILM REVIEW | JOE MORGENSTERN

'The Duke': Performances That Steal the Show

The title of "The Duke" refers to a Goya painting of the Duke of Wellington—it was stolen in 1961, under whimsical circumstances that made headlines at the time, from London's National Gallery. But there's contemporary royalty in the cast: Jim Broadbent as a fictionalized but far from airbrushed version of Kempton Bunton, the humble British eccentric who admits to having stolen it (and its frame), and Helen Mirren as Dorothy Bunton, Kempton's loyal, long-suffering, cleaning-woman wife. One of the pleasures—even privileges—of watching a film like this is seeing what superb actors are able to do with material that doesn't aspire to greatness. The story is charming, the performances are exceptional.

The director was Roger Michell ("Notting Hill"), who died a few weeks after "The Duke" was shown at the Telluride Film Festival last fall; he worked from a script written by Richard Bean and Clive Coleman. Part of the pull of the true story must have been its period. Mr. Michell and his colleagues, including the cinematographer Mike Eley, play with then-fashionable split screens, contrasting them to the touching plainness of the Buntons' working-class flat. (Fionn Whitehead is Jackie, the couple's son.) The main appeal, though, was clearly the hero's quixotic soul. Kempton has been a lifelong failure as a breadwinner: He even manages to get fired from a menial job at a commercial bakery. Yet he's an idealist who's always invoking the greater good. At one point we see him reading George Orwell's "Coming Up for Air," a classic comic novel about the struggles of a common man.

Having focused his sense of injustice as best he can, Kempton does what he did in real life. He calls attention to what he consid-

ers an unfair tax on ordinary people—requiring British owners of TV receivers to buy licenses to watch the BBC. He has a set, but insists that he has removed the BBC coil from its turret tuner and watches only the independent channel. No matter. The law is the law, and this outlaw of the emergent video age must serve a short jail term for his offense. Only after that does his obsession become a crusade to be financed by ransom from Goya's portrait.

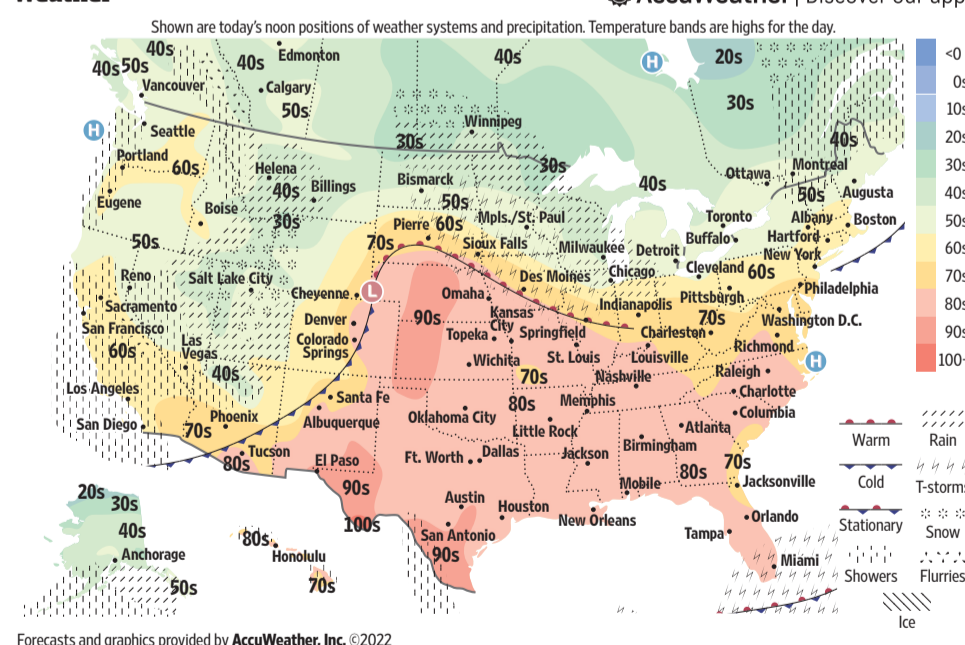
Mr. Broadbent has long been one of those British prodigies who swings easily between starring and character roles. He was peerless as W.S. Gilbert, of Gilbert and Sullivan, in Mike Leigh's 1999 masterpiece "Topsy-Turvy." Here he's a star playing a familiar character—think half a dozen old Alec Guinness films—but with distinctive twists, even if the material sometimes wears thin. Kempton is buoyant in his denunciations, and when he has his day in court—the real case never went to trial—he's given a feel-good Capraesque speech that is readily identifiable for the contrivance that it is, yet manages to be stirring as well. (The script also gives Kempton a distinguished barrister, the real-life Jeremy Hutchinson, who's portrayed by Matthew Goode with airy and winning bemusement.)

And what of poor Dorothy in all of this? Not for a moment does she join the charm game. Ms. Mirren's choice, a wonderfully astringent one by a star with extraordinary resources, is to take her character with the utmost seriousness, except for occasional interludes when she dispels her grief—a death in the family has undone her—long enough to reveal the bright spirit she once was. Finely tuned to the screwiness of her husband, Dorothy keeps him, and the film, almost grounded.



Jim Broadbent as Kempton Bunton and Helen Mirren as Dorothy Bunton

Weather



U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	49	38	c	50	36	c
Atlanta	81	59	s	80	58	s
Austin	87	67	pc	85	68	pc
Baltimore	73	50	s	66	52	c
Boise	60	35	pc	60	35	pc
Boston	64	43	s	59	45	s
Burlington	55	32	pc	51	38	pc
Charlotte	83	59	s	82	57	s
Chicago	59	57	r	82	65	pc
Cleveland	59	51	pc	78	61	sh
Dallas	85	67	pc	86	68	pc
Denver	81	40	pc	58	33	c
Detroit	59	48	sh	78	61	pc
Honolulu	85	73	sh	84	71	s
Houston	84	70	pc	84	70	pc
Indianapolis	74	59	c	82	60	pc
Kansas City	82	67	pc	73	50	t
Las Vegas	69	54	pc	76	56	s
Little Rock	83	65	pc	82	67	s
Los Angeles	66	51	pc	73	57	s
Miami	81	74	sh	82	74	s
Milwaukee	49	47	r	72	63	c
Minneapolis	53	52	r	72	46	t
Nashville	83	62	pc	82	64	pc
New Orleans	82	66	pc	82	70	pc
New York City	68	48	s	60	51	pc
Oklahoma City	81	64	pc	76	55	t

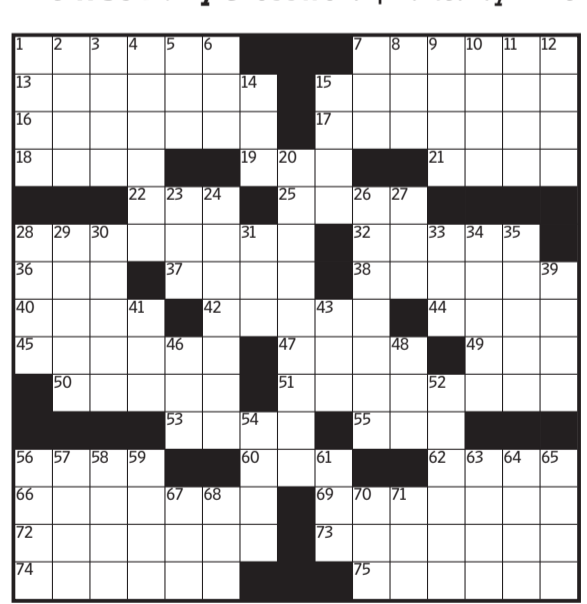
City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	81	66	pc	77	44	t
Orlando	81	67	pc	83	68	pc
Philadelphia	71	48	s	64	51	pc
Phoenix	78	58	s	83	60	s
Pittsburgh	65	50	pc	78	58	pc
Portland, Maine	59	36	pc	55	37	pc
Portland, Ore.	60	44	sh	64	45	pc
Sacramento	67	45	pc	75	46	s
St. Louis	83	66	pc	83	66	s
Salt Lake City	53	40	sh	52	39	sh
San Francisco	63	50	sh	64	50	s
Santa Fe	78	39	pc	60	33	c
Seattle	56	43	c	59	45	pc
Sioux Falls	73	64	t	73	39	t
Wash., D.C.	74	54	pc	72	57	pc

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	64	49	pc	64	47	s
Athens	70	57	pc	73	58	s
Baghdad	91	58	pc	94	63	s
Bangkok	94	81	t	95	82	t
Beijing	72	48	pc	85	55	s
Berlin	58	41	pc	61	43	pc
Brussels	61	48	pc	66	47	pc
Buenos Aires	65	52	pc	72	60	s
Dubai	94	78	s	95	77	s
Dublin	56	43	pc	56	43	pc
Edinburgh	55	42	pc	55	41	c

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	65	48	pc	66	49	pc
Geneva	67	48	t	63	46	r
Havana	85	70	sh	84	69	c
Hong Kong	82	75	t	84	76	pc
Istanbul	72	54	pc	70	52	pc
Jakarta	90	78	t	89	77	t
Jerusalem	82	60	pc	80	52	pc
Johannesburg	71	52	t	69	56	c
London	61	50	c	63	48	s
Madrid	52	43	r	54	42	sh
Manila	95	80	t	94	80	s
Melbourne	62	49	s	63	49	s
Mexico City	76	53	t	77	56	s
Milan	66	50	sh	66	50	sh
Moscow	52	40	c	58	40	pc
Mumbai	96	84	s	95	84	s
Paris	67	50	pc	67	50	r
Rio de Janeiro	85	72	s	91	75	pc
Riyadh	96	75	pc	96	78	pc
Rome	64	49	sh	67	55	pc
San Juan	83	73	sh	83	73	pc
Seoul	65	47	pc	75	49	s
Shanghai	87	67	pc	74	63	pc
Singapore	89	78	t	88	77	t
Sydney	68	61	sh	69	58	r
Taipei City	88	71	t	88	73	t
Tokyo	73	62	pc	74	61	pc
Toronto	56	42	s	54	44	r
Vancouver	54	42	s	54	44	pc
Warsaw	54	40	pc	53	40	sh
Zurich	66	43	pc	65	47	sh

The WSJ Daily Crossword | Edited by Mike Shenk



DUDE, WHERE'S MY CAR? | By Matt Gaffney

The answer to this week's contest crossword is a noted American car of the past or present.

Across

- 1 Crossover SUV since 2005
- 7 Car in 1970s Nascar races
- 13 Left out
- 15 Party bites
- 16 Perennial participant in New York's Fashion Week
- 17 Crafty person
- 18 Marina structure
- 19 Utmost degree
- 21 Musical finish
- 22 Mag employees
- 25 Winds up
- 28 It runs up a staircase
- 32 Function
- 36 Amusing Schumer
- 37 Abbr. on a letter
- 38 Go back up
- 40 Holy number
- 42 "And ___ legend was born"
- 44 ___'s Deli (Big Apple landmark)
- 45 Llama's cousin
- 47 Melon protector
- 49 Called on one's birthday?
- 50 Barely missing, as a goal
- 51 One who consumes something
- 53 Abbr. on a rubber stamp
- 55 Have a tab
- 56 Desire
- 60 Venerable reference bk.
- 62 Walkway
- 66 Of the open seas
- 69 "Just kidding!"
- 72 The tiniest bit
- 73 Manny with 555 homers
- 74 Minivan recently renamed as Carnival

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, April 24. A solver selected at random will win a WSJ mug. Last week's winner: Dennis Berg, Rochester Hills, MI. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

PUZZLE CONTEST

- Down**
- 1 Warty hopper
 - 2 "I really doubt that"
 - 3 The Amer. prez, militarily
 - 4 Gave gambling money to
 - 5 Extra pds.
 - 6 Opposite of "alt"
 - 7 Spoil
 - 8 Crumb carrier
 - 9 Not clerical
 - 10 ___ facto
 - 11 Rosary unit
 - 12 Middy's sch.
 - 14 Big racket
 - 15 "High Hopes" lyricist Sammy
 - 20 World Car of the Year winner in 2020
 - 23 Dr. of rap
 - 24 SUV featured in ads during 2013's Super Bowl
 - 26 Midsize SUV since 1998
 - 27 It's opposite NNW
 - 28 "Very funny!"
 - 29 Organic radicals
 - 30 Mythological maiden
 - 31 Potsdam pronoun
 - 33 Boat with animals
 - 34 Humongous
 - 35 Lauder of cosmetics
 - 39 1990s Israeli president
 - 41 Vote against
 - 43 Wrath, for one (English horn)
 - 46 ___ anglais
 - 48 Drops at dawn
 - 52 Tank or system precursor
 - 54 Andean stimulant
 - 56 Courts
 - 57 Dermatologist's concern
 - 58 Have to have
 - 59 Cruz with the 2010 #1 hit "Break Your Heart"
 - 61 Way to go: Abbr.
 - 63 High: Pref.
 - 64 Not us
 - 65 Israeli singer Ofra
 - 67 Part of NGO
 - 68 "Give ___ rest!"
 - 70 Gangster's gun
 - 71 Granny, in Germany

Previous Puzzle's Solution

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

SPORTS

JASON GAY

College Softball's
'Wonderful Monster'

The defending champion Oklahoma Sooners might be the most dominant team in sports



FROM TOP: SARAH STIER/GETTY IMAGES; SUE OGROCKI/ASSOCIATED PRESS



POWERHOUSE. Juggernaut. Behemoth. Beast. Patty Gasso, who knows them better than anyone, uses a much more evocative term to describe the 39-1 Oklahoma softball team.

"This wonderful monster," says the Hall of Fame coach.

See? That sounds much cooler. Gasso's Monster—er, Sooners—are the defending NCAA Division I softball champions and the nation's top-ranked team. They began the season with a record 38-game winning streak until an unexpected loss last weekend at rival Texas.

Gasso—always the coach—saw a silver lining to the defeat.

"At times, we were taking winning for granted," she says.

After all, the Sooners don't just beat teams. They crush souls. Thirty-two of the club's 39 wins, including Wednesday's 10-0 blanking of North Texas, have come via the "run rule," a device that ends a game early if one team takes an eight-run lead after five or more equal innings.

Just going the distance with the Sooners is a kind of moral victory. The pitching staff—led by freshman phenom Jordy Bahl (168 strikeouts in 104 innings) and transfer Hope Trautwein, who threw a strikeouts-only perfect game last year for North Texas—holds a filthy, nation-leading 0.68 ERA. Oklahoma's .375 team batting average is also tops in Division I.

Home runs? Sure. Plenty. The Sooner offense is anchored by Jocelyn Alo, aka college softball's Babe Ruth, who recently broke former Oklahoma star Lauren Chamberlain's career record of 95 home runs—and has now pushed on to 109.

It doesn't stop there. The Sooners have four players (Alo, Bahl, Jayda Coleman and Grace Lyons) named as finalists for National Player of the Year. They're so stacked, some of their most competitive games wind up being against themselves. Alo vs. Bahl, at practice? Good stuff.

"I wish I could have that televised," says Gasso. "Our intersquads look like two top-10 teams playing against each other."

Oklahoma is the most prominent team riding a boom time for college softball. Television ratings for last year's Women's College World Series, in which the Sooners defeated Florida State, vastly outperformed the men's baseball tournament, averaging more than a million viewers per contest.

With its shorter games, snappier play, and packed, compact stadiums—to say nothing of the amusing



The Oklahoma Sooners are the defending NCAA Division I softball champions and the nation's top-ranked team. Left, coach Patty Gasso transformed OU into one of the best programs in college sports.

stadium," Gasso says, incredulously.

The coach remembers far humbler days. When Gasso started in Oklahoma 28 seasons ago, the Sooners were lucky to get 50 people to show up—"just parents," she says. Players didn't get dressed in a locker room; they arrived for games in uniform, and left in uniform, too.

Now there are five national championships, and an expectation to compete for the title every season.

Alo, who hails from Hauula, Hawaii, fell in love with Sooner softball on a visit to Norman, and smacked 30 home runs in her 2018 freshman debut. Now a "super senior"—she earned extra eligibility after Covid abruptly ended the 2020 season—she's soaking up the atmosphere, and feeling bittersweet about the end. "I'm genuinely trying to enjoy every moment I have with this

team," Alo says.

Alo is among the growing number of college athletes who've been able to capitalize on new "name, image and likeness" rules that allow them to receive money for endorsements.

The Sooners are a hot ticket. Everyone wants to see them, beat them, or watch them be great.

You can buy "HOME RUN QUEEN" T-shirts with Alo's picture and number on them—they're co-branded with Oklahoma—and this week, she announced a partnership with a local car dealership.

"I'm excited to see companies take a chance with women's athletes," she says.

chatter from players on the field and in the dugout—college softball can hit like a double espresso next to baseball.

"I've said many times in our administrative meetings—baseball should pay attention to what's going on," says Oklahoma's athletic director, Joe Castiglione.

The softball Sooners are a hot ticket wherever they play. Everyone wants to see them, beat them, or watch them be great. There are vibes of other sports phenomena, like the peak Golden State Warriors. At home in Norman, games are standing room only, with overflow fans stuffed into the outfield.

"Fans are crazy for their Sooners," says Alo.

"There are scalpers outside of our

The NHL Rookie Whose Trick Shot Has Divided the League

BY LAINE HIGGINS

ANAHEIM DUCKS rookie Trevor Zegras is ending his first National Hockey League season as either one of the game's most exciting new players or a flashy kid lacking respect for the game's traditions—depending on your point of view.

His divisive status is thanks to a lacrosse-style trick shot that Zegras has made a regular part of his arsenal. The shot involves catching a puck on the blade of the hockey stick before flinging it toward the goal. It's been around since the mid-1990s, when it was dubbed "The Michigan" for the college team that first scored with it at a major level. It's perfectly legal, but rare enough that it usually prompts a few questions.

Zegras, however, has taken it into the stratosphere, deploying it three times on plays that resulted in goals this season. And that's creating an uncomfortable debate for a league that is desperate to appeal to a wider, younger fan base, and a sport whose unwritten rules can sometimes stifle innovation. Zegras is suddenly an idol to young hockey players—and getting hit more on the ice by unamused opponents.

"Is it a 'hot dog move' where you're trying to embarrass your opponent, or is it a once-in-a-lifetime move where you pull it out of your bag of tricks?" asked Red Berenson, the former longtime Michigan hockey coach who vividly remembers watching Mike Legg score the first such goal in 1996.

"We're at a moment in time where the game is evolving a little bit. And Trevor seems to be on the front line with it," said Gary Zegras, the rookie's father who has watched his son unsuccessfully try "The Michigan" at every stop of his hockey career from PeeWee to Anaheim. "The first time it worked was in an NHL game, which is hysterical."



Anaheim Ducks center Trevor Zegras passes the puck from behind the net.

Zegras's first lacrosse-style highlight in early December was actually an assist. With a Buffalo defender incoming, Zegras scooped the puck on to his stick and lofted it over the back of the net to his slightly stunned teammate Sonny Milano, who poked the puck in over Sabres goaltender Ukko-Pekka Luukkonen's shoulder.

"I expected him to do 'The Michigan' by himself before I even called for it," Milano said after the game.

Only one person more dumbfounded by the ludicrous pass than Milano.

"I still can't believe it worked," Zegras said at the time. "I tried it a couple times and haven't even come close. For him [Sonny] to whack it out of the air and keep it under the crossbar is pretty incredible."

The goal was so jaw-dropping that it got celebrities far removed from the hockey bubble, like actor Michael B. Jordan, sharing the highlight on Instagram.

Zegras's crazy assist isn't how "The Michigan" goal is usually drawn up. Legg's iconic 1996 goal was a solo effort during the regional round of the NCAA Tournament against Minnesota. Tied at 2 in the second period, a Michigan skater lost the puck while sliding behind the net. Legg was there to steady it on his stick. He crouched low and the Golden Gophers' goalie snapped his head to the front of the goal, where he was expecting Legg to pass. Instead, Legg twirled his stick around and guided the puck into the top right corner of the net.

"I was there and I was shocked," Berenson recalled. "Like Holy Jeez he's going to pull it off."

Legg's stick has been enshrined in the Hockey Hall of Fame. But the most famous goal in college hockey might not have happened if Legg hadn't gotten a gentle nudge from Berenson.

"One day I saw him do this move [after practice] and I said to him,

'Legg, when are you going to pull that off in a game?'" Berenson said. Until that moment, Legg said he wasn't even sure if the move was legal. (It is.)

Years later, Zegras started toying with replicating the goal as a middle schooler.

"It was sort of like a progression: he'd come up with stuff in his bedroom, he'd work on it in the driveway on Rollerblades and then he would practice it on the ice," said Gary Zegras. "He would do that non-stop every day until he perfected it."

His father suspects his son first saw Legg's goal on YouTube and was inspired to try it because he already had a decent handle for that motion: Born and raised in Bedford, N.Y., in the lacrosse hotbed of Westchester County, Zegras played the sport from age 6 through freshman year of high school.

Zegras didn't score any "Michigans" during his sole season for Boston University in 2019-20. But he has suddenly found the groove in the NHL. After his spectacular assist on Dec. 8, Zegras netted a solo "Michigan" against the Montreal Canadiens on Jan. 27, albeit in an empty Bell Center due to health restrictions in Canada. Then on April 1, he did it again against Arizona—this time wrapping the puck not only around the post, but also the back of Milano.

The last time was controversial because it came on the road against the moribund Coyotes with the Ducks already up 2-0 halfway into the first period. Anaheim paid for it late in the third period, when Arizona's Jay Beagle cross checked

Zegras and threw punches at Troy Terry, the Ducks' leading scorer. Terry left Phoenix with an ugly shiner. Beagle didn't explicitly say that he was trying to send Zegras a message, but justified the tussle by alleging that Zegras bumped into Arizona's goalie, a big no-no per hockey's unwritten rules of decorum that usually begets a fight. Zegras said he was merely chasing a loose puck and ripped Beagle for his "humiliating" behavior.

Zegras's father has said he's noticed his son has been getting tossed around more. Data backs this up: Zegras went from being hit about once per game prior to scoring a "Michigan" against Montreal to 1.48 times per game since.

Some NHL veterans see the upside of a new kind of excitement in the league.

"I think it's pretty damn good," Andrei Svechnikov said earlier this month before his Carolina Hurricanes defeated the Ducks. "Younger guys, they have more skill and I think we're going to see that more and maybe some new things as well."

Svechnikov would know: He's one of the few active players to successfully score a "Michigan" in the NHL. The right wing has actually scored two, most recently in 2019, despite growing up in Russia and never having watched Legg's iconic goal.

John Gardener, Zegras's former coach at Avon Old Farms, a Connecticut prep school where Zegras spent one year, had once tried to get Zegras to leave "The Michigan" alone, but now recognizes that what his former player is doing with the Ducks is having a positive impact.

At a skills clinic he hosted last month in Connecticut, Gardener said that dozens of kids asked him whether it was true that he once coached Zegras.

"[To] any young kid, he's like their idol," Gardener said.

JEFFREY T. BARNES/ASSOCIATED PRESS

OPINION

Fusion GPS's 'Privilege' Cover



POTOMAC WATCH
By Kimberley A. Strassel

America, meet Simpson, Fritsch, & Oppo—the country's newest, if not its most prestigious, law firm. At least that's what the purveyors of the Russia collusion hoax are now peddling to the judiciary, part of a last-ditch effort to conceal the truth of their actions.

Readers are familiar with Glenn Simpson and Peter Fritsch as the co-founders of Fusion GPS, the opposition-research firm hired by the Hillary Clinton campaign and Democratic National Committee (via law firm Perkins Coie) in 2016 to concoct the infamous "dossier" against Donald Trump. A grand jury impaneled by special counsel John Durham indicted Perkins Coie partner Michael Sussmann last year on a false-statement charge related to his effort to feed such dirt to the FBI. Mr. Sussmann pleaded not guilty.

This month Mr. Durham asked a federal judge to compel Fusion, the DNC and the Clinton campaign to hand over documents for the judge to review in chambers. The filing says Fusion GPS is sitting on some 1,455 documents covered by his subpoena. The Clinton campaign and DNC are asserting privilege over communications between Fusion and Rodney Joffe, a tech executive, who the Durham team says used his position to access

nonpublic internet data to produce allegations against Mr. Trump.

On what grounds do the parties refuse to produce the documents? In a flurry of filings Tuesday by Fusion GPS, the Clinton campaign, the DNC, Mr. Joffe and Perkins Coie, they explain that—contrary to public record, sworn testimony, news articles, books and the findings of federal investigators—Fusion was retained not to do oppo-research, but to "support" Perkins Coie's "legal advice" to Democrats, and its documents are therefore covered under attorney-client privilege.

That absurd claim is the only refuge left to the first high-level campaign called out for funneling its political operations through a law firm. For years Democrats and Republicans alike have listed controversial contractors as "legal services" to avoid disclosure, and the practice is now on display given the Clinton campaign's reckless decision to push the tactic to extremes by wrapping in the FBI and provoking a national crisis. Mr. Durham is performing the dual service of unraveling the Russia hoax and exposing a longtime Washington racket.

Which leaves the document hiders in a tough legal spot. Not every communication that emanates from a lawyer is privileged. As the Durham team notes, Perkins Coie was retained by the Clinton campaign and the DNC to advise on compliance with Federal Election Commission regulations

as well as on state election matters and potential recounts. Nowhere in the agreements is a provision for the services of oppo research or media relations—activities that aren't privileged and that Mr. Durham says were among the law firm's billed time.

Then there's the long record of Fusion's actual work, documented by Fusion itself. Mr. Simpson, when asked in an August 2017 Senate hearing to describe his campaign work, notably didn't respond "legal advice." He said he'd been

The oppo-research firm tries to dodge a subpoena by claiming it aided legal advice.

hired to take an "unlimited look" at Mr. Trump's "business," "finances" and "associations." He said he wasn't given a "specific tasking." This is backed by dozens of ensuing media stories—many of which quote members of the Fusion-Perkins-Clinton orbit—describing Fusion's work to assemble and publicize the dossier. Mr. Durham notes that of the 1,455 documents Fusion refuses to turn over, only 18 even "involve an attorney."

In their 2019 book, "Crime in Progress," Messrs. Simpson and Fritsch brag that Perkins Coie had hired them to dig into Mr. Trump. Which flags another problem: It's tough for Fusion and others to claim their work

product is privileged when they ladled it out to the press and agencies and profited from a book that openly describes internal discussions with Perkins Coie.

These are a few of the difficulties the parties face in trying to pound the oppo-research peg into the legal-services hole. Mr. Durham also got an assist from federal regulators. Last month the FEC fined the Clinton campaign and the DNC \$8,000 and \$105,000, respectively, for violating strict rules on disclosure. The FEC noted that Perkins Coie in 2016 hired Fusion to "provide research services" and improperly reported the work as "legal services." The campaign and DNC made the same argument—that Fusion's work was in support of legal advice—but settled with the FEC. (A DNC spokesperson told the Washington Post it had agreed to settle "silly complaints from the 2016 election.")

Perhaps the strongest indication of weakness is the desperate effort by all parties this week to stop the judge from seeing the documents. Parties with valid attorney-client privilege don't fear such a process, which shields the communications from prosecutors (or another adversary) unless the judge holds they aren't privileged.

It also shows that there are communications that Mr. Durham's targets are afraid of letting him see. The dossier story may still have a long way to go.

Write to kim@wsj.com.

BOOKSHELF | By Frank Rose

Swept Away By the Stream

Binge Times

By Dade Hayes and Dawn Chmielewski
(Morrow, 355 pages, \$28.99)

When reading about the media business these days, there are some things you know without being told. You can be pretty sure that when a bunch of conglomerates come together to create something they call TV Everywhere, it will end up delivering TV nowhere. Or that when the head of a mighty corporation says, of a pint-size digital competitor, "It's a little bit like, is the Albanian army going to take over the world?"—the answer is going to surprise him.

That was Jeffrey L. Bewkes, Time Warner's CEO, famously dismissing the threat of Netflix in 2010. Ten years before, Time Warner had been the biggest media conglomerate of them all. But having sold itself to AOL in 2000 in a near-disastrous attempt to achieve digital competence, it went on to shed its



cable-system subsidiary, its music colossus, its magazine empire and AOL itself before Mr. Bewkes, in 2018, sold what was left to AT&T for \$85.4 billion. This month, AT&T off-loaded WarnerMedia to Discovery Inc. for barely half that amount.

The men who ran these conglomerates were a hubristic lot, chasing dominance in an analog industry while remaining utterly clueless about the coming digital tsunami. It was only a matter of file size: Music labels were already being gutted by the early aughts, but movie studios and television networks, whose output requires vastly more bandwidth, had another decade to contemplate the inevitable—not that it did them much good.

What happened when they met the Albanian army is the subject of Dade Hayes and Dawn Chmielewski's "Binge Times: Inside Hollywood's Furious Billion-Dollar Battle to Take Down Netflix." Mr. Hayes is the business editor at Deadline; Ms. Chmielewski is an entertainment-business correspondent for Reuters.

The story begins in 1997, when a Silicon Valley computer scientist named Reed Hastings and a marketing manager named Marc Randolph launched a movie-rental company. Initially, customers would make their selections online and receive DVDs by mail. But when the dot-com bubble burst in 2000, Netflix was in trouble. As Mr. Randolph reported in his 2019 memoir "That Will Never Work," he and Mr. Hastings were prepared to sell Netflix to Blockbuster—the Viacom subsidiary that dominated the U.S. movie-rental business at the time—for \$50 million. That deal didn't happen. A decade later, Blockbuster filed for bankruptcy.

At first, media executives saw Netflix as just another revenue stream, a distribution outlet along the lines of in-flight movies and pay-per-view. But after Netflix began offering a streaming option in 2007, and especially after it started commissioning original programming in 2013, they began to view it as a competitor. What they failed to see was that streaming changed the game completely: Suddenly "appointment TV" was a relic.

"Binge Times" has its moments, as when the authors describe John Stankey, the AT&T lifer who engineered the Time Warner purchase and is now AT&T's chief executive. Stiff as a board in a business defined by schmooze, Mr. Stankey, the authors note, "hardly endeared himself to the creative community by casually referring to the films and TV shows they made as 'tonnage.'"

Then there was film executive Jeffrey Katzenberg's bungled attempt to capitalize on millennials' perceived appetite for super-short-form entertainment. Known as Quibi (short for "quick bites") and funded to the tune of \$1.75 billion, Mr. Katzenberg's startup offered "snackable content" in the form of high-production-value videos. Viewable only on cellphones,

Old-media conglomerates famously dismissed Netflix when it was a fledgling startup. Time Warner, Blockbuster: Where are they now?

lacking the spontaneity and free-spiritedness of TikTok and plainly created by people with no feel for the target audience, Quibi became what the authors describe as "the app equivalent of New Coke: a vigorously marketed product that no one wanted." But at least Mr. Katzenberg was trying something new. Until declining cable and satellite subscriptions and competition from Netflix forced their hand, most of the media executives you meet here were too busy trying to protect expiring business models to think about the future.

The story of Netflix barging into Hollywood's china shop is one that cries out for a big, sweeping treatment that leverages the clash of outside personalities. Unfortunately, "Binge Times" lurches from one company to another and one time period to another in a way that's confusing, disjointed and strangely inert. When we do see people interacting with one another, it's often to watch them scarf down canapés at a party.

And while the book can be good at pointing out less-than-obvious motivations—the role of executive bonuses in driving bad business decisions, for example—the authors show some peculiar lapses in judgment. Yes, the media moguls were wrong to set up executive fiefdoms that pitted one arm of the company against another, and Time Warner is a textbook example. But what are we to conclude when the example on offer is a lukewarm review of a "Harry Potter" movie from Warner Bros. that ran in Time Inc.'s Entertainment Weekly magazine? That the job of a magazine is to tout its corporate sibling's films? Even at their worst, the people who ran Time Warner knew better than that.

Yet earlier this week, when Netflix stock dropped 35% in a single day on news that the service was losing subscribers, the schadenfreude was on full display in some quarters of Hollywood. The celebrants, many of whom had recently launched their own streaming operations, might have done better to wonder what a stumble by the market leader portends for their own services, most of them lackluster by comparison. Maybe people won't want to pay for a host of me-too offerings from conglomerates they can't even keep track of? It's a scary thought, almost as scary as having to fend off an outfit from Silicon Valley that doesn't do business the way you've come to expect.

Mr. Rose is a senior fellow at the Columbia University School of the Arts and the author, most recently, of "The Sea We Swim In: How Stories Work in a Data-Driven World."

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Jesus a Socialist? That's a Myth

HOUSES OF WORSHIP
By Alexander William Salter

The idea that the teachings of Jesus are akin to socialism has been spreading around the internet for years in the form of memes, chain emails and Facebook posts. Some elected officials have a history of supporting the idea: The Rev. Raphael Warnock, a U.S. senator from Georgia, contended years ago that "the early church was a socialist church." He's not alone in holding this misguided belief.

A much-cited passage from the Acts of the Apostles, the first work of church history, has strong socialist overtones. Christian socialists use this passage to argue socialism was a historical reality for the followers of Christ. If they're right, that has huge implications for a country that remains majority Christian. Fortunately, they're wrong.

Acts 4:32-35 gives believers a picture of a highly egalitarian church. Among the believers, "no one claimed private ownership of any possessions." Those who had property sold it and brought it to the church. The proceeds were "distributed to each as any had need." This sounds almost like the classic Marx line—"from each according to his ability, to each according to his needs"—but read a little further.

Acts 5 contains a harrowing account of two church members, Ananias and Sapphira,

who sold their property but lied about the price. Confronted in their deceit by St. Peter, they suddenly perish. The passage states they were not punished merely for holding back their wealth. "Were not the proceeds at your disposal?" St. Peter asks, indicating the property and its fruits were theirs. The real lesson is the imperative of absolute truth before God. For those who have received the Holy Spirit, falsehood is perilous.

Later, Acts tells of St. Paul's missionary journeys, during which he worked as a tentmaker to support his ministry. While not motivated by private profit, Paul nevertheless made recourse to the marketplace. Also, we know from his letters he solicited financial support for the Jerusalem church throughout his travels. Early Christians wouldn't have been able to donate without producing and trading. There's scant biblical evidence for a wholesale condemnation of ownership and commerce.

Ultimately claims of early church socialism miss the mark because they conflate two kinds of communities: organizations and orders. Organizations are consciously crafted to achieve the goals of their members. Orders are spontaneous and emergent, arising out of the interactions between organizations. Businesses, educational institutions, charities and communes are organizations. But economic systems like socialism

and capitalism are orders.

Calling the church an organization in no way diminishes its divinity. It simply means one can think about the church, in part, as an intentional community with its own canons and customs. This matters greatly for interpreting early church history.

Whether discussing a 21st-century business corporation or a first-century religious society, who gets what is determined by purposefully designed rules. Those rules can

The early church was egalitarian, but it wasn't committed to an economic system.

be meritocratic (bonuses and stock options) or egalitarian (relief for widows and orphans). They can be consensual (committees, voting) or hierarchical (executives, commands). But they aren't socialist. Neither are they capitalistic. Those terms refer to orders, not organizations.

Markets didn't allocate resources inside the church, but that's true of any organization. In fact, the whole point of organizations, for-profit or not, is to avoid markets. They're temporary shelters against the fickle forces of supply and demand. If we call "socialism" all attempts to suppress the market allocation of resources, then even

the most profit-hungry firm you can think of is socialist. Zoom in close enough and all organizations look like central planners.

It's foolish to apply the categories of economic systems to the church. Socialism regiments society, an unplanned give-and-take among countless organizations, according to an all-encompassing economic blueprint. That isn't the church's mission. Reconciling all of creation to God in Christ is. While the church has a strong communitarian ethos, it isn't committed to a specific set of economic institutions. Exploring the church's internal constitution can be fascinating, and the generosity of the earliest Christians should serve as an example for us. But this has no relevance to the merits of single-payer healthcare or nationalizing railroads.

Knowing whether an economic system comports with Christianity requires careful study of the church's social teachings, but church history matters too. Historical memory and interpretation are powerful forces for shaping contemporary beliefs. A socialist can be a good Christian, but the narrative of early church socialism is a myth.

Mr. Salter is an economics professor at Texas Tech University, a research fellow at TTU's Free Market Institute, and a senior fellow at the American Institute for Economic Research.

Mask Mandates, Authority and Status

By James Taranto

If you think mask mandates still have anything to do with public health, the Biden administration's actions this week should disabuse you of that notion. On Monday, Judge Kathryn Kimball Mizelle vacated the Centers for Disease Control and Prevention's regulation requiring masks in planes, airports and other transportation carriers and hubs. On Tuesday, the Journal reports, the department said it would appeal the ruling "only if the CDC found such an order necessary." On Wednesday the CDC said it was, and the department filed a notice of appeal.

This maneuvering was nonsensical as a matter of law. Judge Mizelle's ruling noted that the Public Health Services Act authorizes the CDC to order certain types of measures that "in [its] judgment are necessary" to prevent the spread of communicable disease." The

government characterized the mask mandate as a "sanitation" measure. She held that it didn't fit the definition of "sanitation" (or any other type of measure authorized by the statute), and therefore was illegitimate.

The department's lawyers will argue on appeal that she got the definition wrong and the mask mandate qualifies as a sanitation measure.

The government's appeal has nothing to do with public health.

A higher court may agree. But the CDC had already determined that the mandate was necessary to public health—a statutory precondition for all such rules—at least until May 3, the expiration date of its most recent extension. Whether to reiterate that determination on Wednesday was a purely political decision.

So what's the point of appealing? Scott Gottlieb, a former Food and Drug Administration commissioner (and a contributor to these pages) got it right. "The risks here from this ruling aren't the immediate impact on public health," he told CNBC Wednesday morning. "The risks are longer term and what this does to potentially erode CDC's authority."

About a year ago, mask mandates became a matter less of promoting public health than of imposing authority on people with lower status. That explains why they have lingered far longer in schools and colleges, which have the ability to control the behavior of students, than in most adult settings, even though young people are at low risk from Covid. It explains why political officeholders so often flouted their own mask mandates in public. It explains why, during the brief Covid spring of 2021, the CDC decreed that only unvaccinated

people needed to keep wearing masks.

It explains why even after the CDC reversed itself in July and returned to urging masks for everyone, major retailers and service establishments required employees but not customers to wear masks. With a notable exception: Many brand-name luxury boutiques continued to demand masks for everyone. Those places sell status and therefore have an interest in taking would-be customers down a notch. Some of them similarly restricted entry on social-distancing grounds.

Medical offices are the one type of establishment where mask requirements are still common. The health rationale is probably stronger there than anywhere else, but it creates an irony. A surgical mask was once a symbol of a physician's authority. It now represents the patient's submission.

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

OPINION

REVIEW & OUTLOOK

Revolt in Disney’s Florida Kingdom

The Walt Disney Co. needs Florida more than Florida needs Walt Disney. That’s the latest chapter in this tale of a CEO who followed his woke staff like a lemming off the cliff of cultural politics. Disney employees demanded that Mickey Mouse oppose Florida’s misdescribed “don’t say gay” bill. Now state lawmakers are reacting by putting down a few glue traps.

Its alienating push into Florida politics is a warning for other CEOs.

The Florida Legislature voted this week to abolish the Reedy Creek Improvement District, which in effect lets Disney World run its own private government. Created by the Legislature in 1967, the district covers about 40 square miles and features two water parks and four theme parks, including the Magic Kingdom. Disney essentially controls land use, environmental protection, fire service, utilities, more than 100 miles of roads, and more.

Gov. Ron DeSantis is expected to sign the bill. The Journal cites a source who knows Disney’s finances and says the district saves the company tens of millions of dollars a year. Without it, services like fixing potholes could revert to county government.

Disney largely funds the Reedy Creek district, which had about \$150 million in revenue last year. It also carries close to \$1 billion in debt. The mayor of Orange County warned Thursday that if the district goes, then upkeep will “fall to the county’s budgets,” putting “an undue burden on the rest of the taxpayers.” The headaches look large enough that it’s difficult not to wonder about the bill’s effective date. It dissolves the Reedy Creek district on June 1, 2023—time for Disney and Mr. DeSantis to make up.

Are Florida Republicans engaged in unfair political retaliation? “As a matter of first principle,” Mr. DeSantis said last month, “I don’t support special privileges in law, just because a company is powerful.” Live by the corporate carve-out, die by the corporate carve-out. As a matter of political realism, the Reedy Creek district is a perk the state gave Disney. The mystery is why Disney thought it could push around state lawmakers without any pushback.

One answer is that previous corporate political signaling came with little cost and media ho-sannas. Recall when Major League Baseball pulled its All-Star Game out of Atlanta, as a punishment for Georgia’s new voting law. “Fair access to voting continues to have our game’s unwavering support,” Commissioner Rob Manfred

said. The voting law “does not match Delta’s values,” fretted CEO Ed Bastian.

Did they read the bill? Or did they trust President Biden, who called it “Jim Crow 2.0”? Voting absentee in Georgia is still easier than in New York or Delaware.

The political frenzy in Florida began with a similar dynamic. Early versions of the state’s controversial bill were broader, but here’s the key line in the law that passed: “Classroom instruction by school personnel or third parties on sexual orientation or gender identity may not occur in kindergarten through grade 3 or in a manner that is not age-appropriate.” That language belies the claim that kids with gay siblings or two moms couldn’t talk openly about their families.

At first CEO Bob Chapek told employees that Disney would take no position. “As we have seen time and again, corporate statements do very little to change outcomes or minds,” he wrote. But inspired by an earlier tweet from former CEO Bob Iger, Disney employees went into open rebellion. Soon Mr. Chapek was groveling to his underlings and calling Florida’s bill a “challenge to basic human rights.”

Perhaps he thought this would be a free way to mollify his staff, but Mr. Chapek misjudged the political moment. Republican voters who have watched companies side with the progressive agenda and silence employees who disagree are fed up. Mr. Chapek was right the first time: Disney’s political foray didn’t stop the Florida law. But it made a lot of people mad, including Disney customers and state lawmakers.

There’s a warning here to other companies, especially Big Tech and Wall Street, which are mainly based in liberal states but conduct business everywhere. If they try to impose their cultural values, they risk losing Republican allies on the policy issues that matter most to their bottom lines, such as regulation, trade, taxation, antitrust and labor law. Polls show rising GOP hostility to big business, and that is likely to be reflected when Republicans take power.

If good tax policy can’t pass Congress because Republican voters are furious about cultural imperialism from the C-suite, that’s bad for the country. It’s also bad for business. The Disney lesson for CEOs is to stay out of these divisive cultural fights. The lesson for political partisans in the workplace is that their bosses run the office, but they don’t run the country.

Mississippi Loses Some Licensing Weight

Mississippi residents have the highest obesity rate in the U.S., but the state is about to shed a few regulatory pounds. Raise your protein shake to personal trainer Donna Harris and her lawyers at the Mississippi Justice Institute.

A dietician wins a legal victory over health department tyrants.

Effective May 16, the Mississippi State Department of Health will no longer require residents who don’t claim to be dieticians to get a dietician’s license before they can offer non-medical weight-control services. The reform is part of a settlement with Ms. Harris, who was targeted by state regulators.

In addition to her personal trainer’s certification, Ms. Harris has a bachelor’s degree in food science, nutrition and health promotion and a master’s in occupational therapy. In early 2020 she debuted a weight loss challenge that included one-on-one coaching and a private Facebook page where participants could swap recipes and cheer for each other. Seventy people paid \$99 for her eight-week program.

Enter the state health department, which

complained that Ms. Harris was working as an unlicensed dietician, though she never claimed to be one. Regulators threatened her with six months in jail, a fine of up to \$1,000, and criminal and civil actions if she didn’t cease and desist. That forced Ms. Harris to cancel her program, and she refunded nearly \$7,000 to those who had signed up.

Ms. Harris sued, claiming that the health department’s rules amounted to “government censorship of speech on the age-old topic of weight loss.” Under an agreement reached late last year, the health department agreed to tighten its regulatory belt.

The fat old rules were prohibitive. Mississippi’s requirements for a dietician’s license have fluctuated amid the pandemic, but when Ms. Harris began her program she would have had to undergo 1,200 hours of supervised practice and pay \$300 for exams and fees.

Occupational licensing laws are a form of guild protectionism that reduces competition and blocks millions from making a better living. Congrats to Ms. Harris on this victory over petty government tyranny.

Student-Loan Reparations

The Biden Administration this week announced another installment in its student-loan forgiveness plan to “fix longstanding failures” in the program. Translation: Taxpayers will pay again for the mistakes of Congress and the Obama Administration.

Biden takes another big step toward mass debt forgiveness.

Congress created income-based repayment plans in 2007 to help borrowers manage mountains of debt they can’t repay. Initially borrowers could cap monthly payments at 15% of their discretionary income and discharge their remaining balance after 25 years. Those who went to work in “public service” had to pay 10% for 10 years.

Democrats made the terms more generous when they nationalized the student-loan market to pay for ObamaCare, reducing payments for new borrowers after June 2014 to 10% of their income and canceling debt after 20 years. In the runup to the 2016 election the Obama Administration expanded these plans to older borrowers.

Many of the eight million or so borrowers now enrolled in these plans aren’t paying enough to reduce their balances and have continued to accrue interest. This is one reason federal student debt has more than doubled since 2010, even though the number of borrowers has increased by only some 25%.

The plans have also been a headache for loan servicers that have to certify income, which can change. Rather than enroll in the

plans, many borrowers have opted to pause payments for a time, though this means their loans won’t eventually be forgiven. Progressives have lambasted servicers for following borrowers’ wishes.

The Education Department is now riding to the rescue by announcing it will credit up to three years of paused payments toward loan forgiveness—on top of the two-years-and-counting pandemic pause. The Administration is taking the “income” and “repayment” out of income-based repayment.

About 3.6 million borrowers will benefit. Who knows how much it will cost, but an internal Trump Administration analysis projected that the government would lose \$435 billion on the \$1.4 trillion federal loan balance in 2018, mainly due to these loan forgiveness plans. That was before the pandemic pause.

The Administration has already canceled more than \$100 billion in student debt by discrete regulatory actions and extending the pandemic pause through August. None of this has been authorized by Congress or satisfied the demands of progressives. White House Press Secretary Jen Psaki tipped last week that the pause will “be extended again or we’re going to make a decision” about “canceling student debt.”

Progressives won’t sleep until President Biden erases all \$1.6 trillion in federal student debt. As ever, the saps are those who worked to repay their debt on time.

LETTERS TO THE EDITOR

This Isn’t Rep. Kinzinger’s America Anymore

Rep. Adam Kinzinger is “homeless” because he has become too moderate for his Republican Party and is not liberal enough for the Democratic Party (“A Political Homeless Shelter,” op-ed, April 18). Neither party will countenance less than rigid adherence to party orthodoxy. He blames this on a public that is “more susceptible than ever” to falling for “untruths,” as if the public were sheep that could be herded in the correct political direction by leaders who speak out against the “outrage machine.”

Where he goes wrong is assuming that the public is unhappy with our political situation. We have “extreme partisanship” because voters keep electing partisan politicians. The country is divided and partisan; the politicians are a reflection of those views.

Mr. Kinzinger’s solution of electing “servant-leaders” who “stand up for our democracy” is laudable but smacks of paternalism. Whose truth would they speak? Is moderation always the correct course?

If Mr. Kinzinger wants more moderates to be elected, Primary First should work to change the state primary systems that elect the partisan candidates. Top two or jungle primaries will force at least one moderate to be on the ballot. Then we’ll see what type of politics the public prefers.

JOSEPH P. PETITO
Bethesda, Md.

I could not agree more with Mr. Kinzinger. I am a lifelong Republican

and have become disenchanted with my party over the past several years. The lack of respect, lies, support for conspiracy theories and unwillingness to work across party lines has made our country a boiling pot. I will have great difficulty supporting Republicans in the midterms who espouse the philosophies exhibited today.

TOM POWELL
North Myrtle Beach, S.C.

There are many of us on the conservative side who don’t want to see former President Donald Trump run again or even be a dominant voice for our party. But to push for the fragmentation of our party when our nation is leaderless isn’t a winning strategy. Better to work within the party to raise principled leadership nominees.

ROBERT KAY
Austin, Texas

If Rep. Kinzinger doesn’t recognize the Republican Party, I suggest he put on a pair of glasses. It is still the party of lower taxes; a strong national defense; a strong border; free, not limited, speech; freedom to practice your religion; getting criminals, not guns, off the streets; insuring parents can imbue their values and not those of some educator to their children; and the sanctity of unborn life. Which of these values does he not recognize? He has let visceral hatred for one man distort his vision of the party.

ED BUTKERA
Granger, Ind.

Mental Illness, Treatment and Open Debate

In “For Mental Illness, Make Pills a Last Resort” (op-ed, April 5), Erica Komisar writes that ADHD results from trauma, loss and failed relationships but provides no evidence. I have practiced psychiatry for 53 years and have seen over 1,000 patients with ADHD. Almost all respond beautifully to medication. With gratitude, they report a huge improvement in focus, concentration and productivity.

Forget “last resort.” The main objective of psychiatric treatment should be to improve the quality of a patient’s life and reduce suffering—as quickly, effectively and durably as possible.

ALAN S. RUTTENBERG, M.D.
Canoga Park, Calif.

There are good reasons that psychoanalysis, presented by Ms. Komisar as the solution, has gone the way of the buggy whip and, at best, will be a niche luxury for the wealthy. There is no compelling evidence after decades of research that it is uniquely effective. To the extent it helps some people with ordinary life problems, the benefits are most likely due to factors common to most therapies that emphasize empathy and listening.

ASSOC. PROF. TOM O’HARE
Boston College School of Social Work

Dr. John Graves suggests research has validated anxiety and depression as “legitimate brain disorders” (Letters, April 14). In fact, decades of research have failed to show any proof of that. There isn’t a single abnormal biologic or medical test—blood test, X-ray, biopsy—that psychiatrists use to diagnose “mental illness.” No medical tests can fully assess the brain alterations in patients given pharma-

‘Ever Get the Feeling You’ve Been Cheated?’ Get in Line

A letter (April 11) argues that U.S. voters didn’t really choose the president in 1960. While it is possible that Chicago Mayor Richard Daley fraudulently provided John F. Kennedy the 8,800 votes to carry Illinois, Richard Nixon would have also needed Texas, which he lost by nearly 50,000 votes. Fraudulent voting on that scale would have produced some evidence of irregularities and none was produced.

While Nixon didn’t contest the results, the Republican National Committee did. Chairman Thruston Morton secured recounts in New Jersey and Illinois. They were done and, much like in 2020, changed nothing.

JOSEPH J. KEMP
Cincinnati

How Penitent Was the Thief?

In “I’m Reading Up on the Christian Saints” (op-ed, April 14), Mike Kerrigan writes, “Recognizing his own culpability at the end of a dissolute life, Dismas humbly asked Jesus to remember him in paradise.” It occurs to me, a cynical Presbyterian Scot brought up on Staten Island, N.Y., among Irish Catholics, to ask if Dismas simply thought to himself: I’m stuck on this cross, what have I got to lose?

BILL LOGAN
Norman, Okla.

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.

ceutical treatments, either.

Our society is awash with disorders of all sorts according to psychiatrists. Antidepressants and antipsychotics used to treat these supposed disorders come with warnings that their use, as well as their discontinuation, may cause the very same thoughts and emotions for which they are prescribed, or worse.

Emotional distress is common, and it is sometimes severe. Counseling can be very useful, but drugging people to cloud out thoughts should be short term and reserved for extreme cases, as Ms. Komisar argued.

DANIEL ZEIDNER, M.D.
Cheswick, Pa.

I have been delighted to read Ms. Komisar’s op-ed as well as the letters to the editor on all sides of the argument. It occurs to me that if Ms. Komisar’s recommendation had come from the CDC, perhaps every other opinion would be attacked as disinformation or banned. It is refreshing to see debate in the public square regarding a medical treatment.

LARY SCHULHOF, M.D.
Asheville, N.C.

‘Dream Things That Never Were?’ I’ll Tell You Why Not

Your editorial “California’s French Workweek” (April 16) brought back memories from before I retired. We were acquiring a French company, and I was in Lyon for due diligence when one executive told me that they were going to a 35-hour workweek. I said that we could work with that. “You don’t understand,” he told me, “we will be working for 35 hours but you will pay us for 40.” I told him that if they did that, I would close the factory and move it to China.

They did it. Guess what happened? VINCENT J. PASQUALE
Lantana, Texas

New Cost of Doing Business

I’ve witnessed “America’s Shoplifting Epidemic” (Review & Outlook, April 9) twice in recent weeks at Walmart. The thieves scanned and bagged the items but then walked out without paying. The bags passed inspection at the door, if the guard was even paying attention. Each time I reported the thefts to an employee. “That happens all the time” was the response.

JILL BERRY
Joliet, Ill.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Above my pay grade—what can that possibly mean?”

OPINION

The U.N. Is an Enabler of Russian War Crimes

By Oleksii Reznikov

Kyiv, Ukraine

The world was horrified by the mass killing of innocent civilians in Bucha. Russian soldiers violated all existing rules and laws of war, raping children and torturing women and men, shooting them execution style. Similar crimes were committed in Kharkiv, Mariupol, Chernihiv and in Kramatorsk, where Russian forces fired a Tochka-U ballistic missile on a railway station filled with 4,000 civilians, mostly women and children.

A permanent member of the Security Council invaded Ukraine. The free world needs to fight back.

Among the casualties of Russia's war on Ukraine has been the post-war system of global order and security. Russia has done everything that the international security institutions were created to prevent. How can the United Nations Security Council, on which Moscow has a permanent seat, live up to its mission to maintain peace? What kind of security and cooperation is possible on the Continent when one participating state of the Organization

for Cooperation and Security in Europe has attacked another and killed thousands of civilians? These organizations have failed. Like the League of Nations before them, they must be replaced by a new and more effective set of international institutions capable of serving the interests of all countries, not only those of the great powers.

The architecture of this new system should be based on Ukraine's experience. In 1994 we gave up the world's third-largest nuclear arsenal, hoping that the signatures of world leaders on a document meant something. But in April 2008, Germany and France blocked Ukraine's accession to the North Atlantic Treaty Organization. The Kremlin got the message. In August 2008 Russia invaded Georgia and the world turned a blind eye. In 2014 Russia attacked Ukraine and the world decided not to intervene. Now Russian bombs are erasing our cities from the earth and the world has been unable to stop it.

All this could have been prevented. Had the West imposed preventive sanctions on Russia and provided Kyiv with a sufficient number of defensive weapons—primarily air and missile defense systems—tens of thousands of Ukrainians would still be alive today.

The Western response to the invasion has been too slow. As President Volodymyr Zelensky has said, the global response to a crisis of this sort should be immediate, within 24



A fragment of a Tochka-U missile in Kramatorsk, Ukraine, April 8.

hours, not after weeks or months. Any aggressor must face irreversible punishment through a mechanism of preventive measures—so called deferred sanctions that can be approved in peacetime and take effect automatically.

Russia's aggression against Ukraine has created almost four million refugees. We are on the brink of a global food crisis that could destabilize Africa and the Middle East. Until Russia is stopped, the crisis will only grow, pulling in neighbors and contributing to the collapse of economies.

We always hear the echoes of the past in the present. I've never liked

traitors or cockroaches. Even when I was a child, both filled me with disgust. Eventually I came to terms with cockroaches and no longer take offense at their existence, but my feelings for traitors haven't changed. This is the core of who I am, and of many people around me these days. You can't go back on your word. You can't run when your country needs you. You can't betray your friends.

I make dozens of calls every day, communicating with friends and colleagues from different countries. I really want to believe that everyone I speak with has values that they won't betray under any circumstances. If you consider friendship

one of those values, and you consider yourself a friend of Ukraine, please realize that time is running out. We need your help, and we need it now.

Primarily we need heavy weapons to defend and liberate Russian-occupied territories. I know that these weapons can be sourced quickly from different countries. All that's needed is the will to do so. If you give us these weapons, you will show the world that you are not afraid to confront evil. We also need a total global embargo on Russian oil and gas. We need real sanctions against Russia's banking system and trade.

If you give us all this, Russian invaders will be gone from Ukraine in a few months. If you don't, the war will drag on, and the terrorist state of the Russian Federation will destroy the reputations of global leaders and encourage other rogues to test their strength. The flames of the war can spread to other countries at any moment because Vladimir Putin won't stop in Ukraine.

A Ukrainian victory is the only outcome that will force Russia to rethink its strategy of aggression. We can do it. We have already proved our bravery. We just need the tools. Once the job is done we can get down to the important business of building a new world security architecture free from the structural defects of the past.

Mr. Reznikov is Ukraine's defense minister.

Will the Mighty Dollar Prevent a Soft Landing From Inflation?



POLITICAL ECONOMICS
By Joseph C. Sternberg

The Federal Reserve and other central banks are trying to execute that most delicate of maneuvers, a soft landing by which they can pull inflation back down to earth without crashing the economy into recession. The danger? That instead they'll thud down onto the hard concrete of an appreciating dollar.

The dollar's phenomenal appreciation of recent months is the biggest business and economic story that is almost nowhere to be seen in the business and economic press, with the exception of this newspaper's editorial column. Compared with its lowest level of the past 12 months, the greenback has risen in value nearly 20% versus the Japanese yen to a 20-year high, and 13% versus the euro to a two-year high. The dollar has risen to around \$1.08 a euro from \$1.22 around a year ago, and "parity" is starting to appear in some discussions.

This is usually framed as the weakness of the other currency, but

the real story is the strength of the dollar. Investors are flooding into the greenback because the Federal Reserve seems to be tightening more aggressively than any of its major peers. The risk, and the greatest threat by far to the Fed's aspiration to achieve a soft landing, is that exchange-rate instability will throttle the Main Street economy, first abroad and then at home. The throttling mechanism will be currency mismatch, meaning the accumulation of assets or liabilities in one currency when the things that matter to a company (revenues, book value or the like) are denominated in another.

Within the banking system, the past 15 years have seen a 60% increase in offshore claims denominated in dollars. These are credit arrangements in which neither the lending bank nor the borrower is American, and their value has increased to \$11.1 trillion in the third quarter of 2021 from \$6.9 trillion in mid-2007, according to the Bank for International Settlements. Add to this another \$2.9 trillion in dollar-denominated credit extended by U.S.-based banks to foreign borrowers, and you've got an enormous

pile of debt that is more expensive for borrowers to repay in terms of their local currency as the dollar appreciates.

It's surprisingly hard to say what all this dollar borrowing is for. Research before the pandemic raised the prospect that foreign-listed companies might have borrowed dollars

Managing U.S. demand is only part of the Fed's challenge. Currency swings are the other problem.

not to fund investment but to stockpile cash in a form of carry trade banking on low U.S. interest rates and a declining dollar to deliver returns as their local currencies appreciated. If that exchange-rate trend reverses? We've seen this play before in countless financial crises through the decades.

Meanwhile, don't underestimate the threat to the soft-landing dream posed by domestic developments in economies grappling with local-currency depreciation relative to the

greenback. Japan, we're looking at you. As the yen plunges toward ¥130 per dollar (it's currently at around ¥128, and a higher number signifies a weaker yen), Tokyo is belatedly realizing that the old truism about a weak currency boosting its export-dependent economy isn't so true anymore.

Partly this is because ever more complex supply chains scramble the effects of a bilateral currency shift. Japan, like most manufacturing exporters, now is only one link in a long international manufacturing chain. And partly it's because the world's third-largest economy is no longer the exporting powerhouse it once was. It has become dependent on energy imports and other goods from abroad. Stifle any 1980s-vintage trade-warring cheer you might feel at this turn. Under no circumstance is an even more hobbled Japan good for the American economy.

Europe may soon learn a similar lesson. Conventional wisdom used to hold that a weaker euro was good in particular for Germany, Europe's export engine. Is that still true? The greatest threat to Germany's economy today is energy, both its cost

and its potential scarcity. A recession is unavoidable if voters decide for political reasons to support an embargo on Russian gas. Having to pay more depreciated euros for energy imports from other sources priced in dollars will only deepen and prolong such a downturn.

The U.S. has survived plenty of recessions elsewhere in the world, and maybe this one would be the same. But given Washington's current hostility to productive business investment and consumers' rising distress in the face of inflation, how lucky do we feel?

Fed Chairman Jerome Powell has little choice but to continue with his current tightening track. Runaway inflation is the one ill that could do even more harm than the dollar's uncontrolled rise in value, given the way inflation robs households and makes it impossible to allocate investment efficiently. But when it comes to achieving a soft landing, deft management of demand in the U.S. economy via precise application of the monetary brake isn't the half of it. We may come to rue the day when global monetary and exchange-rate coordination fell out of fashion.

Outdated Nuclear Treaties Heighten the Risk of Nuclear War

By Franklin C. Miller

U.S. nuclear deterrence policy and U.S. nuclear arms-control policy have become dangerously disconnected.

Longstanding deterrence policy requires that the U.S. have sufficient capacity to target what potential enemy leaders value most. Arms control is supposed to augment deterrence by limiting, and if possible reducing, the threats while allowing the U.S. to deploy a force that deters an attack on America or our allies. The policies were tightly linked throughout the closing decades of the Cold War, providing the U.S. and its allies with a credible deterrent and producing the Strategic Arms Reduction Treaties, known as Start 1 and Start 2, which were signed in 1991 and 1993 respectively and reduced the levels of U.S. and Soviet strategic nuclear weapons.

Today the U.S. is bound by the "New Start Treaty," an accord signed in 2010, a time when Russia was seen as a competitor rather than a threat, and China was hardly a factor. The world is different now: darker, more dangerous and getting worse.

The Biden administration's 2021 Interim National Security Strategic Guidance notes starkly that "both Beijing

and Moscow have invested heavily in efforts meant to check U.S. strengths and prevent us from defending our interests and allies around the world" and describes China as "increasingly assertive" and Russia as "destabilizing." That was before the invasion of Ukraine and Vladimir Putin's nuclear saber-rattling.

New Start limits the U.S. and Russia to 1,550 accountable traditional strategic nuclear weapons each. Since the treaty's signing Russia has deployed between 2,000 and 2,500 modern shorter-range nuclear systems—the weapons Mr. Putin would use for a nuclear escalation in Ukraine. New Start doesn't constrain these, nor does it cover "nontraditional" strategic nuclear weapons, such as the Poseidon transoceanic nuclear torpedo, which Russia also has.

Meantime, China's nuclear arsenal has grown significantly, and is projected to grow much larger. In 2011 Beijing was estimated to have about 20 single-warhead intercontinental ballistic missiles, another 100 or so shorter-range nuclear missiles, and no operational ballistic-missile submarines. Today Beijing has nearly 100 ICBMs, many carrying multiple warheads and some that are road-mobile, and is

building silos for several hundred more. The Chinese navy has six ballistic-missile subs, and the Chinese air force is equipping long-range bombers with an innovative air-to-surface ballistic missile. A large and growing force of nuclear-capable short- and medium-range missiles supports China's strategic nuclear forces.

Simple logic and arithmetic make clear that the 1,550 accountable warhead cap agreed on in 2010 is inadequate to deal with the growth in Russia's strategic and nonstrategic nuclear forces, let alone the vast increase in China's nuclear arsenal. Since effective deterrence requires targeting what potential enemy leaders value, we must be able to threaten, separately and in combination, both Russia's and China's key assets—including their leaders' ability to command and control the state, their military forces, and the industrial potential to sustain war. New Start constrains U.S. forces below the levels needed in the near future to accomplish this. Arms control, rather than augmenting our ability to deter, is undercutting it.

Fortunately, with the U.S. strategic-forces modernization finally about to begin fielding new forces, Washington is in a position to reset

the table, as it was in the 1980s when the Reagan administration began its nuclear-triad modernization effort.

To do so, however, the Biden administration needs to recognize some new realities. The numerical cap of New Start won't serve U.S. national-security interests in a world with two

U.S. policy makers have lost sight of the crucial link between arms control and deterrence.

nuclear peer states as potential enemies—a first in the nuclear age. Because of the growth of Russian shorter-range nuclear forces in the past 10 years, New Start no longer serves U.S. security interests even in a bilateral U.S.-Russian context.

The administration should provide a year's notice of U.S. intent to exit the treaty to preserve American national interests. That in turn presents two alternatives:

If the U.S.-Russian arms-control dialogue survives Mr. Putin's invasion of Ukraine—a big if—and assuming Mr. Putin doesn't detonate a nuclear weapon, the administration could

propose a new U.S.-Russian treaty with a ceiling of 3,000 to 3,500 total nuclear weapons for each side. This would limit the threats to our allies and homeland and also permit a U.S. strategic nuclear capability that would deter both Russia and China. (Including China in a trilateral nuclear arms-control accord is unrealistic. China has rejected participation in such talks as well as the transparency and verification vital to a successful treaty.)

If a new arms-control dialogue is politically unacceptable, the Biden administration should exit New Start after a year and begin building toward the 3,000 to 3,500 force levels to maintain a credible deterrent against Moscow and Beijing. Many members of the Western arms-control community would complain of a "new arms race."

But as former Defense Secretary Ash Carter has observed, that race is already under way; the U.S. simply isn't running. Russia and China have been increasing their new nuclear systems for a decade while the first products of the U.S. triad-modernization program won't be deployed until the mid-2020s. Critics will claim raising the 1,550 limit will send the wrong signal—but continuing to turn a blind eye to the nontraditional and shorter-range Russian systems sends a much worse signal.

Finally, the critics will assert that these steps will hurt arms control. But arms control isn't an end in itself; it is a means to enhance stability. The major reductions in U.S. and Russian strategic arms in 1989-1992 and again in 2002 weren't designed to create arms reductions for reductions' sake but were justified by what the U.S. believed we needed to deter the threats of those times. Times and threats have changed, and our first responsibility must be to ensure we can deter both today's threats and those of tomorrow.

Mr. Miller served for three decades as a senior nuclear policy and arms control official in the Pentagon and on the National Security Council staff.

Notable & Quotable: Class

From "*The New Class Chasm in the Culture Wars*" by *Batya Ungar-Sargon*, *RealClearPolitics.com*, April 21:

A tiny elite that benefits politically and economically from portraying its opponents as bigots is using every tool at its disposal—social media, liberal legacy media, and executive action—to obfuscate the vast distance between their views and the vast majority of middle- and working-class Americans with normal views. . . .

Liberals had many major wins in the past 50 years. There was a time in the not-so-distant past when average Americans in either political

party had little appetite for interracial marriage, let alone gay rights. But those days are long behind us. So why is the left pretending we are still in the midst of these fights? Because if you take away the issues that used to divide them from average Americans and no longer do, all you're left with is what now divides them—the enormous economic, educational, and social capital that sustains the meritocratic liberal elite.

Like so many of our culture wars, this one is about class—and the class chasm separating politicians and pundits and journalists from average Americans.

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Embattled Toshiba Puts Self Up for Sale

By MEGUMI FUJIKAWA

TOKYO—Toshiba Corp. on Thursday put itself up for auction after pressure from foreign shareholders and said it would solicit bids from investors including those who want to take the company private.

The decision came a month after Toshiba's shareholders rejected a plan to split the company into two. Leading shareholders based outside Japan voted against the idea and said

it would be better to sell the whole company to a private-equity firm, an idea management had rejected.

In late March, U.S. private-equity firm Bain Capital said it was examining a possible bid for Toshiba. It declined to comment on Toshiba's announcement Thursday.

Toshiba has struggled for the last seven years after an accounting scandal that emerged in 2015 and the 2017 bankruptcy of its U.S. nuclear-en-

ergy arm. The industrial conglomerate has sold off many of the businesses that made it a recognized consumer name, such as those making televisions and personal computers, but still has sought-after technology in areas such as batteries, semiconductors and elevators.

Toshiba outlined its timeline for the sale, saying it would seek nonbinding proposals from bidders and finish an initial evaluation before its annual shareholder meeting in June. At that point, it will disclose the number of proposals and types of deals being offered by investors, it said.

After the shareholder meeting, Toshiba plans to solicit binding offers and select the best one, the company said.

"We are very cognizant of the company's shareholder requests for clearer value comparisons of strategic alternatives," Toshiba said.

Shareholders based outside

Japan control roughly half the company after injecting capital in 2017 to repair Toshiba's finances. The relationship between Toshiba and foreign shareholders worsened after a report released in June 2021 found evidence of broad collaboration between the Japanese government and the company to prevent foreign shareholders from exercising their rights.

Thursday's announcement amounts to a near-complete concession by management to

the activist shareholders, after it floated various alternatives that they didn't like, including the two-way split and an earlier idea for a three-way split. A new chief executive, Taro Shimada, took over at Toshiba in March. Any purchase by a foreign investor would mark one of the biggest cross-border deals for a Japanese company, but challenges remain, including the treatment of Toshiba businesses that have national-security implications.

Stocks Fall As Yields On Bonds Go Higher

By JOE WALLACE AND AKANE OTANI

Stocks on Thursday erased their gains from earlier in the day after a selloff in government bonds picked up steam.

Investors this year have had to weigh signs of solid economic activity against fears that the Federal Reserve will tighten monetary policy too quickly, potentially tripping up markets. Many credit stocks' strong run over the past few years in part to extraordinary levels of monetary support from central banks.

With the Fed preparing to raise rates several more times this year and unwind its \$9 trillion balance sheet, some money managers say they worry risky assets will struggle to hold on to the momentum of prior years. Fed Chairman Jerome Powell signaled Thursday that the central bank was likely to raise interest rates by a half percentage point at its meeting next month.

Anxiety over the Fed's projected rate-increase path helped fuel selling in Treasuries. The yield on the 10-year U.S. Treasury note jumped from 2.836% Wednesday to 2.917% Thursday, the highest level since December 2018.

The renewed push higher in bond yields put fresh pressure on the stock market. Higher rates can put pressure on

Snap Feels Impact of Ad Changes

By MEGHAN BOBROWSKY

Snap Inc. reported first-quarter results that highlighted how the company is feeling the sting from disruptions in the digital ad market, including the impact of rising inflation on advertisers and privacy policy changes Apple Inc. implemented last spring.

The Santa Monica, Calif., company on Thursday posted sales that narrowly fell short of its forecast and a loss that was wider than Wall Street expected. It issued what it described as a conservative outlook for sales growth in the current quarter that came in shy of estimates as it worried about further setbacks in the ad market.

Chief Executive Evan Spiegel called the quarter "more challenging than we had expected."

Snap is one of the first tech companies with sales focused on the digital ad market to report results for the January through March period. Facebook parent Meta Platforms Inc., Twitter Inc. and Alphabet Inc. all report quarterly results next week.

Snap, which logged its first-ever quarterly profit in the fourth quarter, reported a net loss of \$360 million for the first three months of this year, including a \$92 million unrealized loss on an investment.

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Airline executives expect the momentum to continue, allowing them to raise fares to cover soaring fuel costs without cutting demand.

Airlines Forecast Packed Planes As American Posts Record Month

By ALISON SIDER AND WILL FEUER

Airlines said they have reached a new juncture in their recovery from the Covid-19 pandemic, anticipating record revenue in the current quarter and a return to profits.

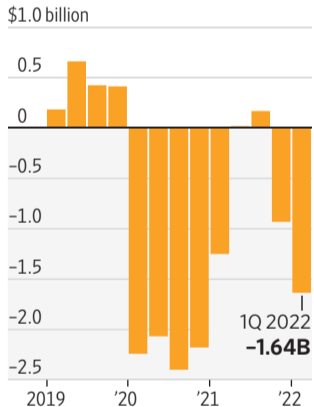
American Airlines Group Inc. said Thursday that its sales hit a record in March, the first month since the pandemic began in which the airline's total revenue surpassed 2019 levels.

Airline executives said they expect that momentum to continue, allowing them to raise fares to cover soaring fuel costs without undercutting demand.

"In March we saw what's

◆ Heard on the Street: Business flights get a boost B12

American Airlines net profit/loss



Sources: S&P Capital IQ, the company (net profit/loss); FactSet (performance)

possible," with falling infection rates and relaxed restrictions driving a demand resurgence, American Chief Executive Robert Isom said during a conference call. "Demand is as

Share-price and index performance this year



strong as we've ever seen it."

United Airlines Holdings Inc. also said this week it believes the industry has hit an inflection point and expects record revenue in the current

quarter and a profitable year. United said it has been able to pass the entire run-up in fuel prices on to consumers.

Both airlines said they are seeing signs that corporate travel—a lucrative segment for airlines—is improving as offices reopen and travel restrictions are lifted.

Corporations are resuming travel more quickly now, United Chief Commercial Officer Andrew Nocella said.

With fares also on the upswing, United expects its unit revenue for business travel to return to 2019 levels soon.

"After all the debates about the return to business traffic, it is nice to see this important milestone in sight even with many businesses not fully back in the office," Mr. Nocella said.

Airline executives hope that the easing of a federal requirement

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Sandberg Pressed Tabloid On Kotick Reporting

Meta Platforms Inc. Chief Operating Officer Sheryl Sandberg is facing internal scrutiny over two occasions in which she pressed a U.K. tabloid to shelve a potential article

By Ben Fritz, Keach Hagey, Kirsten Grind and Emily Glazer

about her then-boyfriend, Activision Blizzard Inc. Chief Executive Bobby Kotick, according to people close to the executives.

In 2016 and 2019, Ms. Sandberg contacted the digital edition of the Daily Mail, which was reporting on a story that would have revealed the existence of a temporary restraining order against Mr. Kotick that had been obtained by a former girlfriend in 2014, according to people involved in the article and the campaigns to stop its publication.

Working with a team that included Facebook and Activision employees as well as paid outside advisers, Ms. Sandberg and Mr. Kotick developed a strategy to persuade the Daily Mail not to report on the restraining order, first when they began dating in 2016 and again around the time they were breaking up in 2019, the people said. Among other concerns, Ms. Sandberg's legal and public-relations advisers, both inside and outside Facebook, worried that a story would reflect negatively on her reputation as an advocate for women.

Facebook recently started a review of Ms. Sandberg's actions and whether she violated

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Plaid Co-Founder Takes Aim At Technology for Banking

By PETER RUDEGEAIR

Lots of tech entrepreneurs who strike gold splurge on trophy homes. William Hockey bought a bank.

Northern California National Bank lacks the curb appeal of a mansion in Malibu—its sole branch abuts a sporting-goods store in a squat suburban strip mall in Chico, Calif. Even so,

Chief Executive Evan Spiegel called the quarter "more challenging than we had expected."

Snap is one of the first tech companies with sales focused on the digital ad market to report results for the January through March period. Facebook parent Meta Platforms Inc., Twitter Inc. and Alphabet Inc. all report quarterly results next week.

Snap, which logged its first-ever quarterly profit in the fourth quarter, reported a net loss of \$360 million for the first three months of this year, including a \$92 million unrealized loss on an investment.

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Mr. Hockey, a co-founder of the \$13 billion financial-tech startup Plaid Inc., and his wife, Annie Hockey, plunked down about \$50 million for NorCal last year, then gut-renovated its operating systems.

The couple have big hopes for their tiny lender. They think its technology can power the bank of the future. On the surface, a fintech founder buying a

bricks-and-mortar bank might sound as congruous as an Uber executive hailing a cab.

But nearly every big fintech company has to rely on bank partners for regulated tasks such as holding customers' deposits and issuing debit cards. Giants including JPMorgan Chase & Co. and Bank of America Corp. aren't normally

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Annie Hockey, co-CEO of Column, with the office dog at the company's San Francisco site.

INSIDE



AUTOS

Carvana soared but now is falling behind auto-dealer competitors. **B2**



BUSINESS NEWS

AT&T adds wireless customers and HBO subscribers, capping its media-giant run. **B3**

Meme-Trader Target To Shrink to \$5 Billion

By JULIET CHUNG

Buffeted by continuing losses, Gabe Plotkin's Melvin Capital Management plans to slim down and take the unusual step of starting to charge incentive fees again even though clients remain significantly underwater on their investments.

Melvin, which was burned in the meme-stock rally last year, plans to shrink to \$5 billion

from the \$8.7 billion it managed at the end of March, according to a letter the hedge fund sent to clients Thursday that was viewed by The Wall Street Journal. The fund is making a raft of other changes in the terms of its agreements with investors, Melvin told clients.

In what is likely to be the most controversial of the moves, Mr. Plotkin plans to

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French Issue Arrest Warrants for Ghosn

By Nick Kostov

PARIS—French prosecutors issued international arrest warrants for Carlos Ghosn as well as four individuals they say are linked to an auto dealer in Oman, alleging they helped the fallen auto titan funnel millions of euros from Renault SA, according to people familiar with the matter.

An investigating magistrate issued five international arrest warrants against Mr. Ghosn, the former chief executive of Renault, and the current owners or former directors of the Omani company **Suhail Bahwan Automobiles**, a vehicle distributor in Oman, the prosecutor's office in the Paris suburb of Nanterre told The Wall Street Journal.

The prosecutors allege Mr. Ghosn funneled millions of dollars of Renault funds through the Omani car distributor for his personal use, including for the purchase of a 120-foot yacht.

Mr. Ghosn fled from a trial on charges of financial wrongdoing in Japan to Lebanon while hidden in a musical equipment box.

After escaping, Mr. Ghosn initially welcomed the French investigation, saying that he believed in the French justice system, which would allow him to establish his innocence. A spokeswoman for Mr. Ghosn declined to comment on the arrest warrants.

The latest arrest warrant won't fundamentally change Mr. Ghosn's personal situation. After fleeing Japan, he remains in Lebanon, where he is living as an international fugitive. In a house that was purchased for him by the Japanese car maker, Lebanon doesn't extradite its citizens, and Mr. Ghosn has citizenship in Lebanon, France and Brazil.

However, the warrants are another legal blow to Mr. Ghosn's reputation. He has painted himself as the victim of a Japanese justice system, which he said is unfair and presumes guilt. Japanese officials say he would have had a fair trial if he had remained in Japan. People close to Mr. Ghosn don't rule out his going to France to face trial one day, although they say that is complicated by Lebanon holding his passports.

Carvana Joins Pandemic Losers

Online used-car retailer failed to upend the industry and now faces slower growth

By Kristin Broughton

Carvana Co. joined the cast of postpandemic losers that includes Netflix Inc. and Peloton Interactive Inc. as investors tossed away the company's ambitious growth targets and dumped its stock. Shares of the online used-car retailer are down 20% in the past two days and nearly 80% since their peak last summer. Carvana's earnings on Wednesday laid bare its failure to upend the used-car market despite borrowing billions of dollars to juice growth.

"We built for more than showed up," Ernie Garcia III, the company's chief executive, said during an earnings call.

An expensive deal for a used-car auction company forced Carvana to announce the sale of \$2 billion in common and preferred stock at the current low price. Analysts likened the move to tearing off a Band-Aid to address its rickety balance sheet. Carvana has burned cash for the 10 years it has been in business.

Chief Financial Officer Mark Jenkins said on the earnings call that raising that much capital would allow the company to keep expanding and "to stop having conversations about liquidity and what happens in a deep recession, and a prolonged recession, and all those sorts of things."

Carvana's sales declined in the past three months compared with last year's fourth quarter and its net loss widened to \$260 million from \$36



EMILY RECONINI/BLOOMBERG NEWS

Carvana's sales declined in the past three months compared with last year's fourth quarter.

million a year earlier. The company blamed tough economic factors—rising interest rates, higher gas prices and inflation-weary consumers. Analysts criticized it for spending too much on marketing and labor without planning for the possibility of a slowdown, which Mr. Garcia acknowledged. "The constant pressure of growth often dominates our priorities and slows our progress," Mr. Garcia said on the earnings call.

That obsession with growth puts Carvana in the same bucket as Netflix and Peloton, which are being valued at much slower growth rates. Having failed to disrupt its industry, Carvana now faces serious competition from entrenched players who are performing well despite macroeconomic headwinds.

With inventories on new cars crimped by production challenges, many buyers have been flocking to the used-car

lot, creating a seller's market for dealerships that has resulted in them charging more. The average dealership profit on a used car was about \$3,600 in the first quarter, according to J.D. Power. That is about 39% higher than the average profit from the first quarter of 2021, the research firm's data show.

AutoNation Inc. on Thursday reported net income of \$362 million for the first quarter, up 51% from a year earlier. Revenue for its used-car business was up 47% for the quarter, pushing its overall revenue to \$6.75 billion. Still, used-vehicle gross profit declined to \$1,566 a vehicle, down 10% from the prior year.

Lithia Motors Inc., an aggressive acquirer of car dealerships, said profit more than doubled from a year earlier to \$342.2 million. Average gross profit per unit for used vehicles rose 32%, to \$3,037.

Tina Miller, Lithia's chief financial officer, said her com-

pany sidestepped the affordability issue by selling vehicles that are up to 20 years old. That means it can direct customers to cheaper options if they can't afford the model they want.

Carvana is working on plans to improve the selection of more affordable vehicles for customers, Mr. Garcia said on the call Wednesday.

The company boxed itself in with its \$2.2 billion acquisition of auction business Adesa U.S., which is expected to close next month. Carvana in February told investors it had about \$3.3 billion in committed debt financing from JPMorgan Chase & Co. and Citigroup Inc.

Investors worried that the debt load would be too big and expected the interest rates on the borrowing to be far higher than the company had been paying. The company has just over \$3 billion in long-term debt on its books.

Gap Replaces Old Navy Chief Executive

By Denny Jacob

Gap Inc. is replacing the head of its Old Navy business and cutting its first-quarter guidance, as increased competition from low-cost rivals forces the value brand to promote more.

Gap on Thursday said Old Navy President and Chief Executive Nancy Green is departing the business this week and an external search is under way. Gap CEO Sonia Syngal will work with the Old Navy team until a new brand president is found, the company said.

The retailer, known for brands Gap, Old Navy and Banana Republic, lowered its first quarter net sales growth guidance, citing macroeconomic dynamics as well as execution challenges at the Old Navy brand.

It now forecasts low to mid-teens year-over-year declines compared with its previous



GABBY JONES/BLOOMBERG NEWS

Gap has decided it needs to increase promotional efforts.

guidance of mid to high single-digit declines compared with last year, which was boosted by stimulus spending.

The company said it would provide updated fiscal 2022 guidance when it reports first-quarter results May 26.

Shares fell 11% in after-

hours trading after ending Thursday at \$14.29, down 0.6%. Through the close, shares have plummeted 56% over the past 12 months.

The San Francisco-based retailer also said it has decided it needs to increase promotions at Old Navy.

In March, Ms. Syngal said that the company expected a more promotional environment than a year ago, when stimulus checks left shoppers flush with cash. With high inflation, she said that Old Navy could benefit from shoppers trading down for lower-price apparel.

Gap has been working to adjust Old Navy's strategy in recent months. In March, Chief Financial Officer Katrina O'Connell said the brand is adjusting its category mix in the second quarter to be more balanced between "cozy and fashion."

She added that the brand has capabilities that allows it to chase fashion trends, but supply-chain bottlenecks have hampered those efforts.

Earlier in the pandemic, Gap said its brands were unable to meet strong demand from shoppers due to pandemic-related factory closures and clogged ports.

Airlines See Packed Planes

Continued from page B1

ment that passengers wear masks on flights and in airports will tamp down on disruptive behavior from passengers. Carriers including Delta Air Lines Inc., United and American said this week they will start revisiting bans they imposed on passengers who had refused to wear masks, though people whose behavior was especially egregious will likely remain blacklisted.

The carriers' bullish outlook drove stock prices higher. American shares rose 3.8%, and United shares climbed 9.3%. Shares of **Alaska Air Group Inc.**, which also reported quarterly results Thursday, rose 0.2%.

For airlines, the first three months of the year were tumultuous. The spread of the Omicron variant of Covid-19 around the holidays and at the start of the year roiled their operations and cut short a nascent travel rebound as U.S. travelers canceled trips, while businesses canceled convention plans and kept workers home.

American Thursday reported a \$1.64 billion loss over the three months ended March 31. Stripping out one-time items, the company posted a



KEVIN LAMARQUE/REUTERS

American says revenue surpassed 2019 levels in March.

loss of \$2.32 a share. Analysts polled by FactSet were expecting an adjusted loss of \$2.39 a share.

As daily new Covid-19 case numbers began to fall, demand for travel returned even as consumers faced higher fares driven by jet-fuel prices and labor costs.

American's operating revenue rose to \$8.9 billion from \$4 billion a year earlier. Analysts polled by FactSet were anticipating \$8.79 billion.

Now, one of the biggest questions airlines face is whether they can keep their operations on track as travelers pack planes this summer. Several airlines stumbled last summer and some have shown signs of strain this spring. Carriers including Alaska,

JetBlue Airways Corp. and **Spirit Airlines Inc.** have cut schedules recently, moves they said would give their operations more flexibility to handle schedule disruptions. Mr. Isom said American has performed well through the spring break period and has 12,000 more employees now than it did last summer.

"We have sized the airline for the resources we have available," Mr. Isom said. American said its capacity this year will be a bit lower than it had previously projected due to delays in deliveries of its Boeing 787 jets, but it hasn't had to throttle back its schedule to adjust for staffing or other constraints. American plans to fly as much as 94% of its 2019 capacity in the current

quarter. United, which has kept its flying schedule smaller throughout the pandemic, said it would increase it gradually to give priority to reliability.

United Chief Executive Scott Kirby said that while United is meeting its pilot hiring goals—bringing in some 200 new pilots each month—an industrywide shortage will be a major hindrance to growth among small and mid-size airlines, including the regional airlines that fly to small markets for United.

"This is not a temporary issue," Mr. Kirby said. Jet-fuel costs roughly doubled since last April across the country, as Russia's invasion of Ukraine drove up crude-oil prices.

American Airlines reported a 64.7% increase in jet-fuel prices for the first quarter to \$2.80 a gallon and the airline is assuming fuel prices of \$3.59 to \$3.64 a gallon during the current quarter.

Airfares have started to climb in tandem as carriers pass those higher costs on to consumers. Domestic ticket prices in March were 20% higher than 2019 levels and up 15% from February, according to the Adobe Digital Economy Index.

Adobe said this week that there are signs that the higher fares are starting to curb travel appetite. In the first half of April, domestic bookings online were down 2% from the first two weeks for March, though flight bookings are still ahead of prepandemic levels.

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BUSINESS NEWS

AT&T Gains More Wireless Customers

Heavy investment in networks and 3G shutdown expenses squeezed earnings

By DREW FITZGERALD

AT&T Inc. posted strong customer growth in its core wireless business during the first quarter as it capped its run as a modern media company.

The Dallas telecom giant reported a net gain of 691,000 postpaid phone connections in the three months through March, topping the 413,000 target on average of Wall Street analysts polled by FactSet. Investors often value postpaid lines that represent dependable revenue from customers under contract. Those phone connections, along with prepaid subscribers, topped 86 million at the end of March.

"The customer response in the industry was stronger than we expected," said Jeff McElfresh, chief of the company's communications business, referring to the wireless market. "It's a positive sign that the industry is healthy."

The period was AT&T's final



The Dallas company reported a net gain of 691,000 postpaid phone connections in the quarter.

quarter in charge of an entertainment business spanning CNN, HBO and the Warner Bros. studios, which it spun off last week into a new media company combined with competitor Discovery Inc. AT&T had acquired the media business in 2018 before the company decided to unwind the transaction

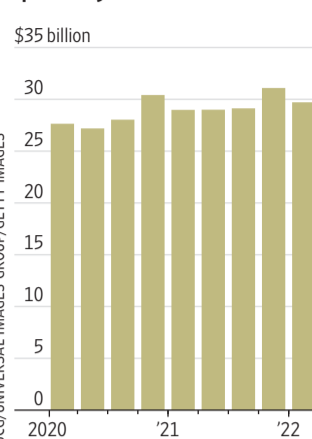
and cut its dividend.

The entertainment company's HBO unit posted a gain of three million subscribers in the March quarter and ended the period with 76.8 million subscribers, including 48.6 million in the U.S. Those tallies suggested its HBO Max service still had room to grow

in a market that pushed rival Netflix Inc. to its first quarterly customer decline in more than a decade.

Growth from both segments—cellular service and show business—came at a cost to AT&T. The company invested heavily in media production, smartphone promo-

Standalone AT&T's revenue, quarterly



Note: Excludes DirecTV, WarnerMedia, Xandr, Playdemic and other divested businesses. Source: the company

tions and network upgrades to support its next-generation wireless service, squeezing overall earnings. Expenses from the February shutdown of its 3G wireless network to make room for newer fifth-generation technology also cut into the bottom line.

The media division's operating income fell 33% to \$1.32 billion, a result the company attributed to higher marketing and programming costs for

HBO Max and its new CNN+ streaming news service. New owner Warner Bros. Discovery Inc. on Thursday said it would scrap CNN+, an unusually quick reversal announced less than a month after its launch. The direct-to-consumer service's previous owners had invested about \$300 million to get it off the ground.

AT&T's reported profit fell to \$4.81 billion from \$7.55 billion a year earlier, a decline to 65 cents from \$1.02 on a per-share basis that reflected business lines no longer part of the slimmed-down telecom company. Excluding its now-divested media and advertising businesses, the DirecTV interest it dropped in late 2021 and other one-time expenses, the remaining company's core per-share earnings rose to 63 cents from 58 cents a year earlier.

During the quarter, revenue from the phone and internet operations that remain with AT&T rose 2.5% to \$29.7 billion, fueled by wireless growth. Wireless-service margins fell to 53.7% from 57.4% a year earlier as the cellphone carrier offered discounts to attract new subscribers and retain existing ones.

Nestlé Sales Rise as Shoppers Shrug Off Higher Prices

By SAABIRA CHAUDHURI

Nestlé SA said consumers continued to snap up Nescafe coffee and Purina pet food, even as the packaged-food giant raised prices again to offset rampant cost inflation.

Companies have been grappling with sharp rises in the cost of energy, packaging and transport as the pandemic eases. Russia's invasion of Ukraine has further stoked the cost of inputs like cooking oil and grains. U.S. inflation hit a 40-year high in March, while consumer prices in the European Union hit a record peak.

On Thursday, Nestlé reported

first-quarter results showing shoppers so far haven't been deterred by its efforts to offset those cost increases. The Swiss company said sales on an organic basis, which strips out currency changes and the impact of mergers and acquisitions, climbed 7.6% in the first three months of the year. That figure excluded its business in Russia, where it halted sales of some products.

Overall, reported sales rose 5.4% to 22.2 billion Swiss francs, equivalent to about \$23.4 billion. Nestlé—which doesn't give profit figures in the first quarter—said overall prices rose 5.2%, while vol-

umes climbed 2.4%.

Chief Executive Mark Schneider said Nestlé so far had enjoyed "sustained consumer demand," but that it would raise prices further this year because of the continued sharp increase in inflation, in part driven by the war in Ukraine.

Mr. Schneider said Nestlé did expect some moderation in demand later this year as a result of higher prices. "When you stack all of these price increases on top of each other, it does have some impact on what the consumer has to pay for the basket," he said.

Price growth was highest in North America, up 8.5%, where

volumes rose 14%. The company said its Purina pet food brand was the largest growth contributor in the region, driven by up-scale brands and online sales.

Mr. Schneider said Nestlé could have sold more in North America had it not been for supply-chain constraints on raw materials, labor and distribution. "Distribution capacity is super, super tight," he said.

Nestlé shares closed up slightly on Thursday.

The update from Nestlé is the latest indication that shoppers have been willing to stick with big brands despite rising prices. Procter & Gamble Co. posted Wednesday its biggest

quarterly sales gain in decades. However, the maker of Tide detergent and Gillette razors warned that shoppers may yet balk at rising prices for household staples. French beauty giant L'Oréal SA reported Tuesday strong first-quarter sales, saying consumer purchasing behavior so far had been unaffected by inflation.

Nestlé's earnings offered further clues as to how some pandemic-era consumer behavior is shifting, as people return to eating out. Nestlé said in North America, its professional business and its Starbucks out-of-home products—both of which supply places like of-

fices and hotels—reported double-digit sales growth.

By contrast, sales of frozen ready meals in North America, which performed well at the height of the pandemic, declined. Nestlé's vitamins, minerals and supplements business grew only slightly after a strong run through the pandemic amid heightened consumer concerns about health.

Watch a Video

Scan this code for a video on how stores use algorithms to adjust prices.

New York Pensions Take Aim At Amazon Board, Safety

By DANA MATTIOLI

A group of New York City and state pension funds that collectively own more than \$5 billion of Amazon.com Inc. stock are urging fellow shareholders to vote against re-election of two board members for what the institutions say are failures to adequately protect worker safety.

New York City's pension fund, which represents the teachers, police department, fire department and other unions, has paired up with New York state's pension fund and the office of the Illinois state treasurer to vote against the re-election of Amazon directors Daniel Huttenlocher and Judith McGrath.

The two directors sit on a committee on Amazon's board that oversees leadership development.

New York City Comptroller Brad Lander, a Democrat, said Amazon's directors have repeatedly declined requests to meet and discuss Amazon's treatment of its workers, which the groups say "violate state and federal law and also conflict with Amazon's own human-rights policy."

The funds allege that Amazon's board hasn't adequately overseen the health and safety of its workers and expressed concern about the rate of worker injury and turnover at Amazon workplaces.

Asked for comment, an Amazon spokesman provided the company's safety report. "In 2021, we invested \$300 million in safety improvements such as capital improvements, new safety technology, vehicle safety controls, and engineering ergonomic solutions."

Institutional investors have asked for shareholder proposals urging better workplace conditions in the past, but it is rare for an investor to urge other shareholders to vote directors out over the issue.

The funds hold just over \$5.3 billion in shares of Amazon, or about 0.3% of the company's \$1.6 trillion market value.

Mr. Lander plans to encour-



Institutional investors have asked for shareholder proposals at Amazon urging better workplace conditions.

Other Sites to Offer Prime Service

Amazon.com Inc. is extending some of the offerings of its popular Prime membership program to merchants off its platform with a new service that embeds the online retailing giant's payment and fulfillment options onto third-party sites.

Called Buy with Prime, the service will allow merchants to show the Prime logo and offer Amazon's speedy delivery options on products listed on their own websites.

Amazon also Thursday said it would launch a \$1 billion venture program that will invest in fulfillment, logistics and

supply chain.

Combined, the two initiatives pose a greater threat to incumbent delivery giants like FedEx Corp. and United Parcel Service Inc. as Amazon tries to tie itself deeper into other e-commerce seller delivery operations and steps up investment in logistics.

The company said the Buy with Prime offer will be rolled out by invitation only through 2022 for those who already sell on Amazon and use the company's fulfillment services. Later, Amazon plans to extend Buy with Prime to other merchants, including those that don't sell on its platform.

Participating merchants will use the Prime logo.

—Denny Jacob

age other pension funds and investors to join the campaign to vote against the directors.

The New York state pension fund is overseen by New York state Comptroller Thomas DiNapoli, a Democrat.

Amazon workers last year suffered serious injury at twice the rate of non-Amazon warehouses, according to a study published this month by the Strategic Organizing Center, a coalition of four labor unions.

Amazon has said its rate of injury has been slightly above that of warehouses peers and slightly below that of peers in the courier and delivery busi-

ness, putting it on par with others overall.

Some Amazon employees say the company has unrealistic expectations for the pace at which they want workers to sort packages. In some locations, they are expected to prepare hundreds of packages an hour to support the company's quick-delivery apparatus, according to interviews.

For workers seeking to organize, those performance quotas are usually among the top issues they feel like a union could help address, employees said.

—Sebastian Herrera contributed to this article.

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BIG BANG
AUTOMATIC TOURBILLON
PURPLE SAPPHIRE

TECHNOLOGY

Tesla Stock Climbs on Record Earnings

Electric-vehicle maker signals production will grow despite China's Covid shutdowns

By JOE WALLACE

Tesla Inc. shares climbed Thursday after the electric-vehicle maker posted its highest quarterly profit to date.

The stock closed up \$31.58, or 3.2%, at \$1,008.78 a share. Shares traded as high as \$1,092.22 earlier in the session, gaining nearly 12%, before backing off alongside the broader market.

Tesla late Wednesday reported a record profit of \$3.3 billion for the first three months of the year and signaled that vehicle production would keep growing despite shutdowns in China. Chief Executive Elon Musk said the company likely would produce more than 1.5 million vehicles in 2022, up 60% over last year.

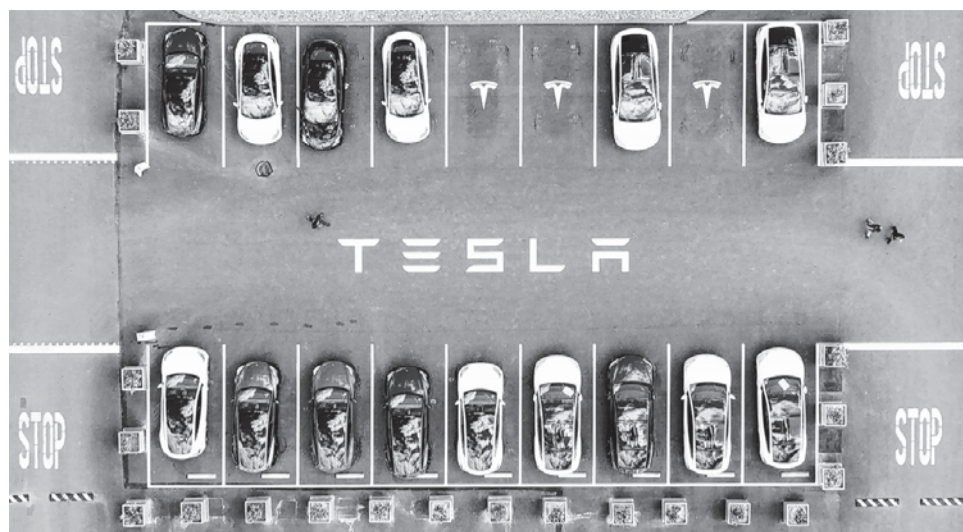
The results pointed to progress in Tesla's business, but also challenges posed by the

Tesla's share price, past year



stop-start emergence of the world economy from Covid-19 lockdowns and the supply-chain snarl-ups that have accompanied the unusual recovery.

Tesla delivered around 310,000 vehicles globally in the first quarter, up from 184,877 a year earlier. Mr. Musk said rising input costs were causing difficulties



CEO Elon Musk said the company would likely produce more than 1.5 million vehicles in 2022.

though, after a surge in prices for raw materials from lithium to nickel. "I think the official numbers actually understate the true magnitude of inflation," he said.

Daniel Ives, an analyst at Wedbush Securities, said investors were relieved by Mr. Musk's upbeat comments about production in Shanghai.

Manufacturing in Tesla's Shanghai factory was suspended in late March after the city imposed shutdowns to curb the spread of coronavirus.

Tesla shares have long been driven by a fervor for the company and its chief executive, who has garnered a loyal following on Twitter.

The stock charged higher

when a collapse in interest rates pushed investors into more speculative corners of financial markets during the pandemic. The gains mystified some investors, who said they were unhinged from Tesla's performance as a business, and made Mr. Musk by some measures the world's richest man.

The stock got another boost

when it joined the S&P 500 in December 2020, prompting money managers tracking the index to buy Tesla shares. Tesla hit its highest closing price of \$1,229.91 in early November 2021. Shortly afterward, the shares dropped when Twitter users voted for Mr. Musk to sell part of his stake in the firm.

Tesla has drifted lower since then, but held up better than many other stocks into which investors piled during Covid-19 shutdowns. Its share price is down 4.5% in 2022 so far, better than the S&P 500's 7.8% decline.

Mr. Musk has again used Twitter to unusual effect in recent days, sending cryptic tweets that hinted at the prospect of a tender offer to buy the social-media company. Twitter is expected to rebuff his existing \$43 billion bid, which came after Mr. Musk built a big stake in the company and criticized its moderation policies.

◆ Heard on the Street: Buying a Tesla remains a luxury..... B12

Activision to Add Two Women to Its Board

By WILL FEUER AND SARAH E. NEEDLEMAN

Activision Blizzard Inc. said it is moving to add two women to its board, months after allegations of workplace discrimination and a toxic culture at the videogame company led to lawsuits and federal investigations.

The company said it elected Lulu Cheng Meserve, a communications executive at newsletter platform Substack, to the board and plans to nominate Bacardi Ltd. executive Kerry Carr to the board at the company's 2022 annual meeting. Current board members Hendrik J. Hartong III and Casey Wasserman won't stand for reelection, the company said.

Activision Chief Executive Bobby Kotick said in a statement that the two new additions bring important skills and experience to the videogame maker.

In joining Activision's board, Ms. Meserve was given a seat

on its new workplace responsibility committee. Activision formed the committee in November, saying at the time that it was created to oversee the company's progress in implementing new policies, procedures and commitments to improve its workplace culture and eliminate all forms of harassment and discrimination.

Last month, a judge approved an \$18 million settlement between Activision and the Equal Employment Opportunity Commission, which had been investigating the company for allegations of sexual harassment and retaliation. Activision continues to face a lawsuit over similar claims by the California Department of Fair Employment and Housing. The company has said it disputes the state's allegations and is fighting the case.

Mr. Kotick knew for years about sexual-misconduct allegations at Activision, The Wall Street Journal previously reported, though he didn't inform the board about everything he knew. Mr. Kotick has said he has been transparent with the company's board, and Activision has called the Journal's reporting "misleading."

Activision is in the process of being acquired by Microsoft Corp. in an all-cash deal valued at roughly \$75 billion. The companies have said they expect it to close next year, though the Federal Trade Commission is reviewing the potential transaction over whether it would substantially lessen competition within the videogame industry.

Sandberg Pressed Tabloid

Continued from page B1

the company's rules, according to people close to her and to Mr. Kotick. The review started after The Wall Street Journal began reporting on the incidents late last year, those people said.

The digital edition of the Daily Mail, which is called the MailOnline and operates separately from the print publication, never published a story. Its reporting stemmed from 2014 court filings it had obtained that showed that an ex-girlfriend of Mr. Kotick's had received a temporary restraining order against him after alleging that he harassed her at her home, according to people familiar with the situation and documents reviewed by the Journal.

The woman had initially petitioned for a longer-lasting order, but three weeks later the matter was removed from the court calendar at the request of both parties, and the temporary restraining order ended and the petition was dismissed, according to Los Angeles County Superior Court records. The accuser later told people that the declaration she filed for the restraining order included many allegations that were either exaggerated or untrue, according to some of the people with knowledge of the matter. The Mail, while pursuing a potential article about the restraining order, was aware that she had taken back at least some of her allegations, those people said.

In both 2016 and 2019, Ms. Sandberg told the Mail that the former girlfriend had retracted the allegations, according to some of the people with knowledge of the matter.

Dissuasion effort

In the first instance, discussions in 2016 about how to dissuade the Mail from publishing an article about the restraining order included Ms. Sandberg, Mr. Kotick, Activision and Facebook employees, outside public-relations advisers and lawyers in the U.S. and U.K., according to people with knowledge of the conversations. The group discussed what information they believed the Mail had obtained and whether they could persuade the publication's leadership that Mr. Kotick had been wrongfully accused, one of the people said.

There are conflicting accounts about what Ms. Sandberg said and whether she directly invoked Facebook in her communications with the Mail. Mr. Kotick has told people that Ms. Sandberg threatened the Mail in 2016 by saying that such an article, if published, could damage the news organization's business relationship with Facebook, according to people familiar with his comments.

In a written statement, Mr. Kotick told the Journal: "I never said anything like that." He also said that the Journal's other reporting about the mat-



Activision Blizzard CEO Bobby Kotick and Sheryl Sandberg, chief operating officer of Meta, in 2018.

ter was inaccurate, without providing further details. He said it was his understanding that the Mail didn't run the story because it was untrue. Asked about the restraining order and his ex-girlfriend, he said that the matter had been put to rest long ago and that they remain friends.

People who worked closely with Ms. Sandberg at the time said a direct threat would have been out of character, but that even a phone call from her would have likely been viewed with alarm given Facebook's influence in the news business. Some executives inside Facebook assert that any intervention by Ms. Sandberg over a news article, no matter her specific words, could well be perceived as a threat, given the social-media giant's power over web traffic and Ms. Sandberg's power and influence, according to people with knowledge of these incidents.

A spokeswoman for Meta, the corporate name that Facebook adopted last year, said: "Sheryl Sandberg never threatened the MailOnline's business relationship with Facebook in order to influence an editorial decision."

At one point in 2016, Martin Clarke, then editor in chief of the MailOnline, told employees that the publication wouldn't be running an article about the restraining order, and that he had heard from Ms. Sandberg, according to another person familiar with the incident.

In the second instance, in 2019, when the publication was once again looking into the matter, Ms. Sandberg emailed Jonathan Harmsworth, also known by his aristocratic title Viscount Rothermere, the great-grandson of the Daily Mail's founder and chairman of its parent company, with concerns about the potential article, according to people familiar with the communication. She wrote that she appreciated the Mail's "commitment to getting the facts right," the people said.

Email exchange

Lord Rothermere, who has a policy of not getting involved in editorial matters, referred the issue to Mr. Clarke, some of those people said. Mr. Clarke and Ms. Sandberg exchanged emails in 2019, according to a person familiar

with the exchange. Mr. Clarke left the Mail in February 2022.

One person with knowledge of the situation inside the Mail said those who interacted with Ms. Sandberg at the publication didn't feel threatened.

The MailOnline is one of the most-trafficked English-language news websites, and like many publishers relies on Facebook for a portion of its traffic. In 2010, Facebook delivered 10% of MailOnline's U.K. traffic, according to the publication. By 2019, in part because of changes to Facebook's algorithm, its referrals delivered 3.86% of such traffic, according to web analytics firm SimilarWeb.

In 2016, Facebook announced two new formats for video ads, citing the Mail as one of the premium publishers

Facebook recently started a review of Ms. Sandberg's actions.

who had received advance access to them. Using those new video-ad formats required publishers to use two other Facebook products, Facebook Audience Network and Instant Articles, both of which the Mail had access to.

News Corp, owner of the Journal, has a commercial agreement to supply news through Facebook.

PR advice

During the three years in which they dated, Mr. Kotick and Ms. Sandberg regularly tapped employees at one another's companies for public-relations advice, according to people close to the couple at the time. In 2016, Mr. Kotick forwarded an inquiry from a Journal reporter to a Facebook employee who worked for Ms. Sandberg, among others. He inadvertently copied the Journal reporter on the email.

Ms. Sandberg has been No. 2 at Meta, and its predecessor company, Facebook, since 2008. She also has championed women in the workplace in a book, "Lean In," and through a nonprofit organization, LeanIn.Org.

Given her prominent public profile, Ms. Sandberg's advisers outside Facebook worked

with Facebook employees on some of her personal public relations, according to people familiar with the matter.

Mr. Kotick has led Activision since 1991. Recently, the videogame giant agreed to be acquired by Microsoft Corp. for about \$75 billion. Mr. Kotick has come under pressure from shareholders, employees and business partners after a July lawsuit by the state of California alleged widespread sexual harassment and discrimination, which Activision has disputed.

The Journal reported in November that Mr. Kotick knew of misconduct allegations for years and didn't report them to the board of directors. Activision's board said at that time that it has been "informed at all times with respect to the status of regulatory matters." A California judge in late March approved an \$18 million settlement between Activision and the Equal Employment Opportunity Commission, and Mr. Kotick said he was committed to making the company a model for the industry in eliminating harassment and discrimination from the workplace.

The public case file in Los Angeles County Superior Court related to the March 2014 restraining order, which court officials said would typically include all relevant documents, doesn't currently contain a copy of the sworn declaration made by Mr. Kotick's ex-girlfriend. The Journal reviewed a transcript of her declaration.

In the declaration, she said she informed Mr. Kotick their relationship was over because of what she said was his bullying and controlling nature. He then showed up at her Los Angeles home uninvited and tried to get in, prompting her to call the police, according to the declaration. She said the police gave her an emergency protective order. The subsequent temporary restraining order blocked Mr. Kotick from coming within 100 yards of her or contacting her, according to court records. It was dissolved on April 17, 2014.

On Thursday, after an on-line version of this article was published, a representative for his ex-girlfriend provided a written statement on her behalf: "The statements I made about Bobby, over eight years ago, are false."



Activision plans to nominate Bacardi executive Kerry Carr.

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BUSINESS NEWS



Offering classes has helped spur sales for the brand's clothing.

Lululemon Is Set To Launch Paid Membership Plans

By JOSEPH PISANI

Lululemon Athletica Inc. is launching membership plans later this year in an effort to maintain customer loyalty and sell more workout gear.

One plan will be free and give members early access to new products. Another will cost \$39 a month and have additional perks, such as in-person events and online exercise classes.

Lululemon's new memberships are part of its plan to double its annual revenue to \$12.5 billion by 2026. The company, which has maintained a dominant position in athleisure, plans to grow its men's clothing line, expand in China and Europe and sell clothing for more types of activities, such as tennis and golf.

Offering workout classes in the past helped spur sales for the athletic-apparel brand, whose yoga pants are priced at around \$100. "The more they sweat, the more they spend," said Lululemon Chief Executive Calvin McDonald during the company's analyst day meeting Wednesday.

Those who sign up for the \$39-a-month membership will need a Mirror device, a \$1,400 tech-enabled mirror that lets users take classes at home. Those who already have a Mirror pay a \$39-a-month subscription and will be automatically added to the new

membership for no additional cost. Lululemon bought Mirror for \$500 million in 2020.

Lululemon said it is building a way for paying members that don't have a Mirror to watch workouts on their laptops, phones and other devices. It plans to launch that service at the end of the year or next year. A company spokesman didn't give an exact date.

Neil Saunders, managing director of GlobalData Retail, said Lululemon's \$39-a-month membership gives the company another stream of revenue, but that it is likely many customers already pay to go to yoga classes and it remains to be seen if people will pay for another membership. The free version will give Lululemon a database of customers it can market it to, he said.

Smaller rivals, including Alo and Fabletics, offer workout guides on their apps for additional fees. Mr. Saunders said Lululemon will face competition from Apple Inc.'s fitness app and from Peloton Interactive Inc., which sells workout clothing.

Offering memberships to shoppers doesn't always work out for apparel sellers, said Mr. Saunders. Under Armour Inc. bought nutrition-tracking app MyFitnessPlan in 2015 for \$475 million and sold it five years later to an investment firm for \$345 million.



The number of daily active users to 332 million in the first quarter.

Snap Feels Impact of Ad Shifts

Continued from page B1
Sales jumped 38% from a year earlier to \$1.06 billion.

Snap shares, which closed down 4.4% Thursday before the results, rose less than 1% in after-hours trading.

The company also signaled sales growth this quarter could surpass its forecast.

For the current quarter, sales have seen growth so far of around 30%, Chief Financial Officer Derek Andersen said, slightly ahead of the 20% to 25% guidance the company is giving for the period.

"We are concerned that the operating environment ahead could be even more challenging, leading to further campaign pauses or advertiser budget reductions," he said.

Russia's assault on Ukraine that began Feb. 24 also had an impact on its business, Snap said.

Some advertisers paused spending after Russia's offensive began, though resumed spending within 10 days, the company said.

Snap also said it incurred about \$5 million in costs for efforts to support team mem-

bers affected by the war.

"Our brand advertising business grew at a relatively slower rate," Mr. Andersen said.

He added that advertisers across numerous industries have expressed concerns about everything from rising costs and interest rates to supply-chain disruptions.

Digital ad sales at Snap and other companies were hit after Apple introduced software changes last year that started requiring apps to ask users whether they wanted to be tracked.

Many users opted out, making it more difficult for advertisers to target their ads to demographic groups and limiting their ability to determine whether ad campaigns were working.

Snap last year warned revenue growth would slow as a result, sending its shares tumbling. Shares in Snap are down about 50% over the past year.

The company said it has been developing new tools to help advertisers resolve those issues and is focused on persuading brands to use them.

Snap increased its number of daily active users to 332 million in the first quarter, up 18% from the year-ago period and slightly ahead of expectations.

The company plans to host its annual partner summit next week where it said it plans to unveil new products and features.

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.
Unfunded quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldface quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like ABB, AECOM, AES, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like DanaHER, Darden, DarlingInd, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Databox, DeVita, DeckersOutdoor, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like DEX, Diageo, DiamondExor, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like DidiGlobal, DiscoverFinvs, Disney, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like DoCoSign, DolbyLab, DollarGeneral, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like DOR, DOR, DOR, etc. with their respective prices and changes.

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Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like OtisWorldwide, Ovinvt, OwensCorning, etc. with their respective prices and changes.

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Exchange-Traded Portfolios | WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session

Table with columns: ETF, Symbol, Closing Price, Chg YTD, YTD (%). Lists various ETFs like CnsmrDiscSelSector, CnsStapleSelSector, etc.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

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Exchange-Traded Portfolios | WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session

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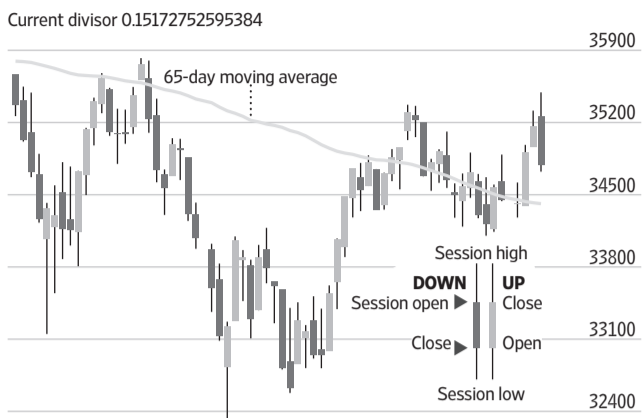
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

34792.76 ▼368.03, or 1.05%
 Last 19.98 Year ago 29.99
 Trailing P/E ratio 18.20 21.02
 P/E estimate * 2.03 1.74
 Dividend yield 36799.65, 01/04/22

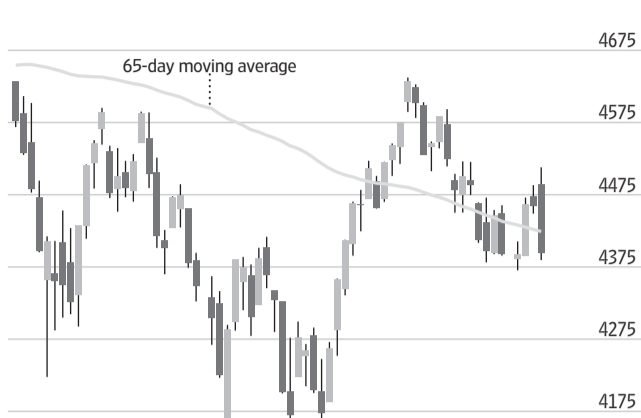


Current divisor 0.15172752595384

*Weekly P/E data based on as-reported earnings from Birming Associates Inc; *Based on Nasdaq-100 Index

S&P 500 Index

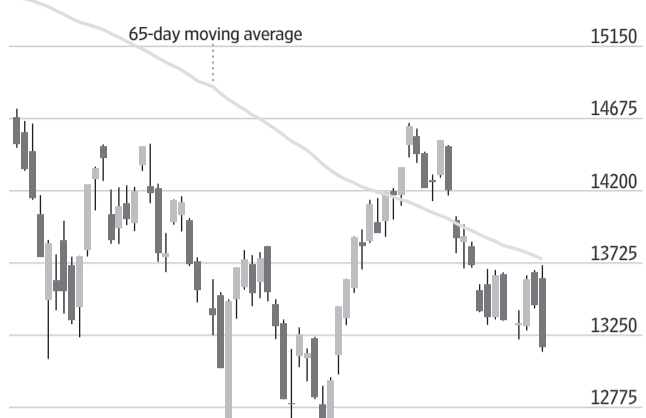
4393.66 ▼65.79, or 1.48%
 Last 24.82 Year ago 45.51
 Trailing P/E ratio * 19.62 23.82
 P/E estimate * 1.42 1.39
 Dividend yield 4796.56, 01/03/22



Current divisor 0.15172752595384

Nasdaq Composite Index

13174.65 ▼278.41, or 2.07%
 Last 31.86 Year ago 40.12
 Trailing P/E ratio * 24.84 30.51
 P/E estimate * 0.73 0.71
 Dividend yield 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	52-Week YTD	% chg	3-yr. ann.
Dow Jones											
Industrial Average	35492.22	34723.82	34792.76	-368.03	-1.05	36799.65	32632.64	2.9	-4.3	9.4	
Transportation Avg	15703.66	15338.87	15410.22	-53.78	-0.35	17039.38	14000.78	3.3	-6.5	11.9	
Utility Average	1073.75	1058.44	1059.39	-12.36	-1.15	1071.75	869.74	15.0	8.0	11.1	
Total Stock Market	45622.47	44235.58	44329.36	-751.06	-1.67	48929.18	42165.09	2.6	-8.9	14.0	
Barron's 400	1033.87	999.44	1002.12	-21.70	-2.12	1127.20	962.48	1.0	-9.4	12.1	

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	52-Week YTD	% chg	3-yr. ann.
Nasdaq Stock Market											
Nasdaq Composite	13710.70	13140.83	13174.65	-278.41	-2.07	16057.44	12581.22	-4.7	-15.8	18.1	
Nasdaq-100	14277.21	13682.68	13720.45	-278.08	-1.99	16573.34	13001.63	-0.3	-15.9	21.3	

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	52-Week YTD	% chg	3-yr. ann.
S&P											
500 Index	4512.94	4384.47	4393.66	-65.79	-1.48	4796.56	4063.04	6.3	-7.8	14.8	
MidCap 400	2729.00	2646.83	2653.86	-48.87	-1.81	2910.70	2517.18	-1.7	-6.6	10.8	
SmallCap 600	1326.60	1288.81	1292.39	-20.71	-1.58	1466.02	1252.49	-2.5	-7.8	10.3	

	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	52-Week YTD	% chg	3-yr. ann.
Other Indexes											
Russell 2000	2060.08	1986.91	1991.46	-46.72	-2.29	2442.74	1931.29	-10.8	-11.3	8.3	
NYSE Composite	16882.64	16472.17	16499.33	-262.01	-1.56	17353.76	15625.93	2.9	-3.9	8.5	
Value Line	640.62	620.93	622.18	-12.02	-1.90	696.40	596.67	5.0	-7.4	4.3	
NYSE Arca Biotech	5162.35	4999.41	5000.37	-109.92	-2.15	6022.37	4677.66	-10.8	-9.4	2.5	
NYSE Arca Pharma	856.09	845.82	847.57	-7.43	-0.87	887.27	704.36	18.6	2.5	14.5	
KBW Bank	122.97	118.56	119.01	-2.19	-1.81	147.56	116.73	-0.5	-10.0	6.1	
PHLX ^S Gold/Silver	163.38	154.81	156.48	-8.74	-5.29	167.76	117.06	5.3	18.1	29.0	
PHLX ^S Oil Service	86.02	80.50	81.23	-3.22	-3.81	87.06	48.31	63.0	54.1	-6.4	
PHLX ^S Semiconductor	3216.79	3046.69	3058.74	-83.46	-2.66	4039.51	2851.15	-2.4	-22.5	25.2	
Cboe Volatility	23.28	19.81	22.68	2.36	11.61	36.45	15.01	21.2	31.7	23.3	

§Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Snap	SNAP	22,133.0	29.35	-0.07	-0.24	33.00	22.66
iQIYI ADR	IQ	15,708.8	3.20	...	unch.	3.24	3.17
TAL Education Group ADR	TAL	9,826.5	2.72	...	unch.	2.72	2.68
New Oriental Edu ADR	EDU	9,419.1	10.18	-0.01	-0.10	10.33	10.12
Infosys ADR	INFY	5,721.2	20.72	0.04	0.19	20.72	20.68
Kinross Gold	KGC	4,845.3	5.71	-0.01	-0.17	5.74	5.69
SPDR S&P 500	SPY	4,789.2	437.67	-0.39	-0.09	438.20	411.91
iShares MSCI ACWI ETF	ACWI	4,736.4	96.55	...	unch.	96.55	96.55

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Pyxis Oncology	PYXS	1,747.0	2.86	0.21	7.92	3.05	2.70
Retail Opp Investment	ROIC	216.9	20.85	1.26	6.43	20.85	19.11
UFP Industries	UFPI	119.5	81.50	4.50	5.84	84.00	77.00
Inspirato	ISPO	337.8	6.55	0.34	5.48	7.40	6.21
Patterson-UTI Energy	PTEN	700.4	18.55	0.88	4.98	18.55	17.37

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
SCYNEXIS	SCYX	221.3	2.49	-0.65	-20.70	3.12	2.46
Murphy USA	MUSA	67.7	192.96	-49.08	-20.28	242.04	192.96
Corsair Gaming	CRSR	131.2	15.80	-2.52	-13.76	18.70	15.75
Clarus Therapeutics Hldgs	CRXT	1,377.3	2.00	-0.31	-13.42	2.35	1.94
Globus Medical	GMED	84.3	70.00	-9.00	-11.39	79.00	65.71

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	956,462,396	21,507,008
Adv. volume*	153,944,850	1,721,648
Decl. volume*	796,364,832	19,349,577
Issues traded	3,445	282
Advances	656	57
Declines	2,659	218
Unchanged	130	7
New highs	169	2
New lows	251	23
Closing Arms*	1.27	3.42
Block trades*	4,366	214

*Primary market NYSE, NYSE American NYSE Arca only. *TRIN A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	688.47	-7.80	-1.12	-8.8
	MSCI ACWI ex-USA	313.64	-1.16	-0.37	-8.9
	MSCI World	2959.92	-34.72	-1.16	-8.4
	MSCI Emerging Markets	1086.93	-8.70	-0.79	-11.8
Americas	MSCI AC Americas	1683.69	-26.94	-1.57	-7.9
Canada	S&P/TSX Comp	21650.41	-347.97	-1.58	2.0
Latin Amer.	MSCI EM Latin America	2571.06	-19.97	-0.77	20.7
Brazil	BOVESPA	114343.78	...	Closed	9.1
Chile	S&P IPSA	3149.62	-41.50	-1.30	12.2
Mexico	S&P/BMV IPC	53267.31	-563.73	-1.05	-0.01
EMEA	STOXX Europe 600	461.57	1.47	0.32	-5.4
Eurozone	Euro STOXX	438.56	3.51	0.81	-8.4
Belgium	Bel-20	4266.01	8.35	0.20	-1.0
Denmark	OMX Copenhagen 20	1766.75	-29.70	-1.65	-5.2
France	CAC 40	6715.10	90.19	1.36	-6.1
Germany	DAX	14502.41	140.38	0.98	-8.7
Israel	Tel Aviv	2055.66	...	Closed	3.9
Italy	FTSE MIB	24805.62	-72.61	-0.29	-9.3
Netherlands	AEX	729.05	3.44	0.47	-8.6
Russia	RTS Index	961.46	1.04	0.11	-39.7
South Africa	FTSE/JSE All-Share	73350.94	-432.49	-0.59	-0.5
Spain	IBEX 35	8814.60	45.10	0.51	1.2
Sweden	OMX Stockholm	885.29	5.16	0.59	-14.6
Switzerland	Swiss Market	12301.33	-8.84	-0.07	-4.5
Turkey	BIST 100	2556.81	30.88	1.22	37.6
U.K.	FTSE 100	7627.95	-1.27	-0.02	3.3
U.K.	FTSE 250	21159.68	75.68	0.36	-9.9
Asia-Pacific	MSCI AC Asia Pacific	171.47	-0.76	-0.44	-11.2
Australia	S&P/ASX 200	7592.80	23.57	0.31	2.0
China	Shanghai Composite	3079.81	-71.24	-2.26	-15.4
Hong Kong	Hang Seng	20682.22	-262.45	-1.25	-11.6
India	S&P BSE Sensex	57911.68	874.18	1.53	-0.6
Japan	NIKKEI 225	27553.06	335.21	1.23	-4.3
Singapore	Straits Times	3348.46	13.13	0.39	7.2
South Korea	KOSPI	2728.21	9.52	0.35	-8.4
Taiwan	TAIEX	17127.95	-20.93	-0.12	-6.0
Thailand	SET	1690.55	10.20	0.61	2.0

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	Low	% chg
Swvl Holdings	SWVL	6.30	2.04	47.89	10.75	4.17	-35.8
Redbox Entertainment	RDBX	3.06	0.52	20.47	27.22	1.61	-69.2
Pulse Biosciences	PLSE	4.28	0.59	15.99	29.16	3.04	-79.4
MicroSectors Gold 3X Invr	GOXD	8.47	1.11	15.08	29.26	6.63	-53.2
GSI Technology	GSIT	4.15	0.52	14.33	6.79	3.48	-34.4
Alpha Tau Medical	DRTS	10.17	1.26	14.14	20.65	8.20	4.3
Nortech Systems	NSYS	12.75	1.57	14.00	14.20	5.45	107.3
American Realty Investors	ARL	22.25	2.63	13.40	23.02	7.71	159.9
Sky Harbour Group	SKYH	6.34	0.73	13.01	43.41	5.25	-36.8
Red Cat Holdings	RCAT	2.26	0.26	13.00	7.46	1.46	-45.8
Diraxon S&P Biotech Bear	LABD	44.54	5.01	12.67	55.46	16.67	106.0
Vitru	VTRU	17.34	1.84	11.87	18.48	10.61	39.1
MedAvail Holdings	MDVL	3.03	0.32	11.81	14.59	0.79	-76.6
Genasys	GNSS	3.07	0.32	11.64	7.30	2.40	

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
April				4.7035	0.0540	1,486
July	4.6865	4.7355	4.6545	4.7225	0.0470	95,012
Gold (COMEX) -100 Troy oz.; \$ per Troy oz.						
April	1942.50	1943.10	1942.50	1944.90	-7.40	1,040
May	1955.00	1955.20	1935.80	1945.40	-7.50	3,344
June	1960.00	1960.10	1938.00	1948.20	-7.40	469,685
Aug	1964.20	1966.20	1944.80	1955.00	-7.30	50,924
Oct	1969.50	1972.20	1953.30	1962.50	-7.00	12,781
Dec	1980.10	1980.10	1959.70	1971.30	-6.30	28,689
Palladium (NYM) -50 Troy oz.; \$ per Troy oz.						
April				2416.90	-41.90	1
June	2432.50	2480.50	2372.50	2420.20	-41.90	6,079
Platinum (NYM) -50 Troy oz.; \$ per Troy oz.						
April				965.30	-17.50	221
July	987.60	991.30	965.00	962.80	-19.20	52,578
Silver (COMEX) -5,000 Troy oz.; \$ per Troy oz.						
April	25.280	25.280	24.665	24.621	-0.649	6
July	25.385	25.390	24.555	24.702	-0.653	94,931
Crude Oil, Light Sweet (NYM) -42,000 bbls.; \$ per bbl.						
June	102.50	105.42	102.01	103.79	1.60	309,245
July	101.66	104.47	101.25	102.96	1.60	153,319
Sept	98.80	101.55	98.69	100.23	1.47	98,071
Dec	94.80	96.99	94.41	95.89	1.40	240,196
June'23	87.93	90.05	87.70	89.21	1.45	113,459
Dec	83.31	85.32	83.16	84.62	1.38	131,691
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
May	3.9581	3.9976	3.8275	3.9008	-0.073	31,373
June	3.6649	3.7014	3.5676	3.6267	-0.0407	65,276
Gasoline-NY RB0B (NYM) -42,000 gal.; \$ per gal.						
May	3.3125	3.3496	3.2703	3.3386	-0.0538	51,677
June	3.2943	3.3280	3.2505	3.3175	-0.0557	92,631
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
June	6.825	7.146	6.703	6.957	0.20	37,352
July	6.954	7.274	6.832	7.096	0.31	109,993
Sept	7.054	7.369	6.936	7.189	0.31	161,432
Oct	7.063	7.309	6.893	7.155	0.43	95,760
Jan'23	7.363	7.668	7.260	7.504	0.035	60,662

Agriculture Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Corn (CBT) -5,000 bu.; cents per bu.						
May	814.00	814.25	797.50	799.25	-16.50	208,947
July	808.50	809.50	793.25	795.25	-14.75	635,663
Oats (CBT) -5,000 bu.; cents per bu.						
May	728.50	731.00	705.00	711.50	-12.00	540
July	724.50	729.00	705.00	709.00	-11.50	1,711
Soybeans (CBT) -5,000 bu.; cents per bu.						
May	1747.50	1752.75	1728.25	1748.25	1.50	125,777
July	1717.00	1726.25	1704.75	1719.50	2.50	290,020
Soybean Meal (CBT) -100 tons; \$ per ton						
May	473.00	473.00	465.20	468.90	-2.50	63,411
July	466.50	467.80	460.50	463.90	-2.00	189,795
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
May	80.88	81.95	80.00	81.50	.69	53,583
July	78.80	80.10	78.42	79.64	.89	155,778
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
May	16.21	16.28	16.08	16.23	.18	2,427
July	16.44	16.63	16.43	16.58	.19	5,744
Wheat (CBT) -5,000 bu.; cents per bu.						
May	1094.25	1094.25	1052.50	1068.00	-20.00	29,756
July	1103.00	1103.00	1061.75	1076.50	-21.00	171,076
Wheat (KC) -5,000 bu.; cents per bu.						
May	1167.75	1168.25	1128.75	1137.75	-25.50	16,736
July	1173.25	1174.00	1133.75	1143.50	-26.00	94,991
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
April	157.650	158.500	157.475	158.540	.950	1,703
Aug	174.500	176.650	173.875	176.450	2.975	20,708
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
April	143.175	144.225	143.175	144.100	1.025	5,401
June	138.800	139.950	137.875	139.900	1.275	132,903
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
May	112.275	112.675	110.025	110.850	-1.625	2,645
June	118.450	119.100	116.550	117.175	-1.575	77,676
Lumber (CME) -110,000 bd. ft.; \$ per 1,000 bd. ft.						
May	1005.10	1041.40	989.80	1025.00	29.40	1,085
July	949.40	986.60	941.70	970.00	28.40	1,244
Milk (CME) -20,000 lbs.; cents per lb.						
April	24.30	24.32	24.28	24.31	.04	4,642
May	24.09	24.64	23.88	24.57	.40	5,850
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
May	2,543	2,557	2,511	2,540	4	8,706
July	2,604	2,617	2,565	2,592	-1	92,229
Coffee (ICE-US) -37,500 lbs.; cents per lb.						
May	220.25	228.15	218.00	228.15	9.35	1,045
July	220.50	228.90	217.60	228.10	8.65	101,332

Interest Rate Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.						
May	19.70	19.94	19.57	19.87	.25	81,180
July	19.59	19.86	19.49	19.81	.26	390,187
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.						
July				36.45	...	1,278
Sept				36.40	...	1,678
Cotton (ICE-US) -50,000 lbs.; cents per lb.						
May	140.38	140.85	138.55	138.59	-1.80	2,595
July	138.70	139.17	136.82	137.89	-9.99	99,040
Orange Juice (ICE-US) -15,000 lbs.; cents per lb.						
May	169.30	173.40	168.00	173.00	3.65	3,267
July	165.50	169.40	164.45	168.65	3.25	8,270
Interest Rate Futures						
Ultra Treasury Bonds (CBT) -100,000 pts; 32nds of 100%						
June	163-040	163-070	159-220	161-100	-1-24.0	1,286,605
Sept	161-000	161-000	161-000	160-280	-1-24.0	1
Treasury Bonds (CBT) -100,000 pts; 32nds of 100%						
July	141-050	141-080	139-090	140-120	-31.0	1,135,586
Sept				139-030	-30.0	290
Treasury Notes (CBT) -100,000 pts; 32nds of 100%						
June	119-165	119-180	118-140	118-240	-24.0	3,705,662
Sept				118-075	-24.5	2,288
5 Yr. Treasury Notes (CBT) -100,000 pts; 32nds of 100%						
July	112-275	112-280	112-037	112-097	-17.7	3,850,749
Sept				111-267	-17.7	644
2 Yr. Treasury Notes (CBT) -200,000 pts; 32nds of 100%						
June	105-167	105-171	105-070	105-096	-6.9	2,250,530
Sept				104-282	-6.9	57
30 Day Federal Funds (CBT) -55,000,000; 100 - daily avg.						
April	99.6700	99.6700	99.6675	99.6675	...	518,816
May	99.2300	99.2350	99.2000	99.2150	-0.0150	334,947
10 Yr. Del. Int. Rate Swaps (CBT) -100,000 pts; 32nds of 100%						
June				86-220	-19.0	11,305
Three-Month SOFR (CME) -100,000,000; 100 - daily avg.						
March	99.4875	99.4875	99.4725	99.4800	-0.0075	536,852
June'23				96.6650	-1.400	585,817
Eurodollar (CME) -1,000,000; pts of 100%						
May	98.5350	98.5425	98.4225	98.4750	-0.0675	130,533
June	98.6000	98.6250	98.4100	98.1750	-0.8000	1,008,625
Dec	97.0350	97.0550	96.8100	96.8650	-1.1550	1,392,621
Dec'23	96.6400	96.6450	96.4700	96.5100	-1.3000	1,269,827

Currency Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Japanese Yen (CME) -112,500,000; \$ per 100Y						
May	7796	7828	7775	7802	-0.028	1,199
June	7827	7836	7781	7808	-0.028	241,590
Canadian Dollar (CME) -CAD 100,000; \$ per CAD						
May	80.06	80.25	79.92	79.99	-0.047	828
June	80.00	80.24	79.49	79.47	-0.047	150,962
British Pound (CME) -£62,500; \$ per £						
May	1.3073	1.3088	1.3022	1.3026	-0.029	921
June	1.3061	1.3088	1.3020	1.3025	-0.029	242,267
Swiss Franc (CME) -CHF 125,000; \$ per CHF						
June	1.0566	1.0598	1.0490	1.0515	-0.048	45,389
Sept	1.0660	1.0666	1.0567	1.0586	-0.047	153
Australian Dollar (CME) -AUD 100,000; \$ per AUD						
June	74.36	74.61	73.67	73.73	-0.070	136
July	74.57	74.65	73.70	73.76	-0.071	144,359
Mexican Peso (CME) -MXN 500,000; \$ per MXN						
May				0.4928	-0.0041	10
June	0.4951	0.4957	0.4894	0.4902	-0.0042	165,711
Euro (CME) -€125,000; \$ per €						
May	1.0838	1.0945	1.0834	1.0848	-0.004	2,314
June	1.0874	1.0959	1.0845	1.0861	-0.004	668,647
Index Futures						
Mini DJ Industrial Average (CBT) -\$5 x index						
June	35125	35413	34635	34709	-370	80,229
Sept	35141	35405	34649	34701	-374	468
Mini S&P 500 (CME) -\$50 x index						
June	4468.00	4509.00	4380.00	4390.50	-65.00	2,113,540
Sept	4475.00	4513.25	4384.25	4394.75	-64.75	14,401
Mini S&P Midcap 400 (CME) -\$100 x index						
June	2706.10	2727.80	2642.10	2649.20	-49.40	46,888
Sept				2655.20	-49.40	2
Mini Nasdaq 100 (CME) -\$20 x index						
June	14070.00	14283.00	13667.50	13728.25	-276.50	228,387
Sept	14114.25	14316.75	13707.00	13765.00	-275.75	2,082
Mini Russell 2000 (CME) -\$50 x index						
June	2040.00	2060.00	1982.30	1988.90	-47.80	456,775
Sept	2048.60	2062.00	1985.10	1990.70	-48.20	262
Mini Russell 1000 (CME) -\$50 x index						
June	2477.70	2486.30	2413.70	2419.00	-39.30	11,994
U.S. Dollar Index (ICE-US) -\$1,000 x index						
July	100.35	100.68	99.81	100.61	-20	57,151
Sept	100.16	100.34	99.59	100.34	-20	487

Source: FactSet

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. **CHG**-Daily percentage change from the previous trading session.

Thursday, April 21, 2022						
Stock	52-Wk %	High/Low	Stock			

BANKING & FINANCE

Blackstone Earnings Drop As Portfolio Growth Slows

By MIRIAM GOTTFRIED

Blackstone Inc.'s first-quarter earnings fell as the value of the private-equity giant's investments climbed at a slower pace.

The New York firm reported net income of \$1.22 billion, or \$1.66 a share, compared with \$1.75 billion, or \$2.46, in the same period last year.

The value of Blackstone's corporate private-equity portfolio climbed 2.8% in the quarter. That handily beat the S&P 500, which slid 4.9% over the period, but fell short of the portfolio's 15% increase a year earlier.

Virtually all the firm's other major strategies gained in the quarter, led by its opportunistic real-estate portfolio, which climbed 10%.

Helping drive the perfor-

mance was Blackstone's global portfolio of warehouses used for e-commerce.

"As we've grown larger, we have not sacrificed returns," Chief Executive Stephen Schwarzman said on a call with analysts Thursday. "In the first quarter, while nearly every major asset class outside commodities declined, our funds delivered strong performance."

Distributable earnings, or cash that should be handed back to shareholders, came in at \$1.94 billion, or \$1.55 a share, up from \$1.19 billion, or 96 cents. The latest total was the second-highest in the firm's history after the fourth quarter of 2021.

Shares of Blackstone, up more than 6% this week through Wednesday, fell more than 6% on Thursday alone.

Blackstone has been busy amid a boom in private-equity deal making. It sold off \$23.2 billion in assets during the quarter, reaping proceeds from financial company IntraFi Network LLC and home-healthcare equipment provider Apria Healthcare Group LLC, among others.

The firm has committed to four large transactions since the beginning of the year: a deal for Australian casino operator Crown Resorts Ltd., the recapitalization of European warehouse business Mileway, a bid for Italian highway operator Atlantia SpA and, just this week, a deal for student-housing operator American Campus Communities Inc.

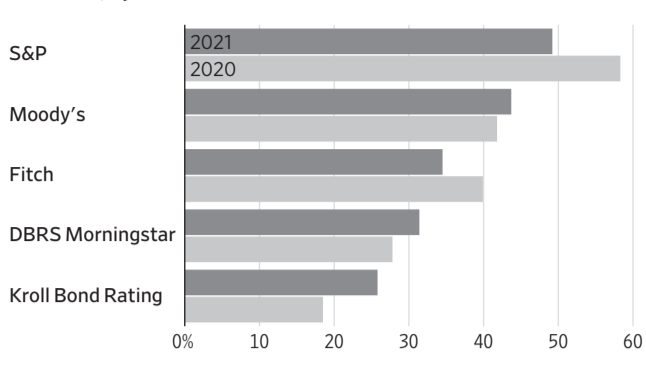
"The biggest challenge is to avoid businesses that are highly exposed to rising rates and/or inflationary pressures that

don't have pricing power," Blackstone President Jonathan Gray told The Wall Street Journal. "You want to find businesses that can produce revenue growth well in excess of these inflationary pressures."

He said Blackstone's credit business owns almost all floating-rate debt and its real-estate business has focused on properties with short-term leases like student housing. Its private-equity business is avoiding industrial companies with a lot of exposure to input costs.

Blackstone's assets under management rose to \$915.5 billion, up from \$880.9 billion in the prior quarter and \$648.8 billion a year earlier. The firm raised nearly \$50 billion during the quarter, pushing it closer to its goal of reaching \$1 trillion in assets by 2026.

Rating agency market share for U.S. asset-backed securities, by dollar amounts of issuance



Note: The sum of market-share percentages exceeds 100% because more than one firm may rate a particular transaction. Source: Asset-Backed Alert

S&P's Overhaul Of Insurer Ratings Draws Criticism

By LESLIE SCISM

When ratings firms tweak the way they determine the creditworthiness of insurers, it is ordinarily a humdrum affair, awash in technical minutia.

S&P Global Markets' latest effort has managed to anger insurance companies, state insurance regulators and rival ratings firms. It has also accomplished the seemingly impossible: a bipartisan protest of its actions on Capitol Hill.

Announced in December, S&P's proposed changes are wide-ranging, but the most criticism centers on how the firm will size up life insurers' investment portfolios. S&P would lower, or downgrade, the ratings on securities that the firm itself hasn't rated. This analysis feeds into its assessment of the overall soundness of a carrier.

Firms like S&P get paid for rating bonds. The harshest critics contend S&P is trying to grab market share, in the guise of improving its model.

S&P says that isn't so. The goal is "to improve our ability to differentiate risk," a spokesman said. The last overhaul was 12 years ago, and the changes would bring the model more in line with its global methodology for assessing insurers.

Responses poured in during S&P's comment period, which it

has extended two months to April 29 to allow more feedback. How S&P sizes up risk in the insurance industry is no small thing. It is one of the major firms issuing "financial strength ratings," which agents and brokers rely on to determine which carriers they recommend to their clients. Its credit ratings, meanwhile, determine companies' cost of borrowing money.

Other firms like A.M. Best Co., Fitch Ratings and Moody's Investors Service perform the same roles. A risk to S&P, if the proposed changes go through, is that it might lose some business, critics said. The rivals declined to comment.

S&P's effort takes on more significance because it is expected to hit some of the investments that insurers have used to boost returns amid low interest rates. These include privately issued securities, collateralized loan obligations and asset-backed bonds.

S&P is still the most dominant ratings firm overall in total ratings issued, but some smaller rivals have gained market share since 2011 in asset-backed securities, according to a January report on the ratings firms by the Securities and Exchange Commission. The firms have made headway in sectors such as auto loan, aircraft and solar asset-backed securities, data show.

Banking Tech Gets New Player

Continued from page B1 interested in that business. So even the flashiest app makers usually depend on community banks to do their grunt work.

Startups don't love the current arrangement. Community banks tend to outsource their own technology to old-school software vendors, whose digital offerings are limited and whose fees are often high.

Column, as the Hockeys renamed NorCal, thinks it can solve that problem. The Column team developed its own banking platform from scratch, complete with a customized direct connection to the Federal Reserve's payments network. It signed up clients, including the fintech companies Brex Inc. and Point Up Inc., letting them use Column's software to automate the mechanics of activities such as opening bank accounts and extending loans.

"Everything that you can do at your bank," said Mr. Hockey, 32 years old, "I want you to be able to do that with three lines of code."

Brex, a startup that offers corporate cards to emerging tech companies, has historically relied on a hodgepodge of bank partners to issue the cards and store customers' money in FDIC-insured accounts. "Every time we partner with a bank, the bank can be a little bit better or a little bit worse, but they all use the same tech stack," said Henrique Dubugras, co-chief executive of Brex.

Column's business model carries risks. Banks have been fined for the bad behavior at companies they sponsor. In November, the Office of the Comptroller of the Currency said it was stepping up its focus on banks that provide services to large fintech companies.

Ms. Hockey said Column's bespoke systems permit the company to monitor clients' transactions and overall compliance with its policies better than its competitors.

The proliferation of fintech apps over the past decade owes a debt to Plaid. Plaid's software bridged the gulf be-



MARRISA LESHNOV FOR THE WALL STREET JOURNAL

The Hockeys bought Northern California National Bank for about \$50 million last year.

tween banks and fintech apps, letting companies plug into bank accounts with consumers' permission for the purpose of looking up balances and verifying personal financial information. Today, more than 6,000 app makers are customers, including Robinhood Markets Inc. and PayPal Holdings Inc.'s Venmo.

Mr. Hockey stepped down as president and technology chief at Plaid in 2019, ready for something new, though he remained on the board. Ms. Hockey quit her consulting job at Bain & Co. the following year, and the two went searching for a bank to buy. They scoured textbooks to learn about bank M&A, then sent emails to see who might be interested in selling to a couple with no history in banking.

NorCal appealed to them in part because of its clean balance sheet and proximity to San Francisco. The Hockeys offered to pay a 61% premium and told NorCal's managers and employees they wanted them to keep the day-to-day operations of the community bank separate. The two sides came

to terms in March 2021.

Closing the deal was more painstaking. The Hockeys got regulatory approval that June but needed shareholders to tender at least two-thirds of their paper stock certificates. Records were incomplete, and several shareholders lost their certificates in the 2018 Camp Fire that burned more than 100,000 acres of Northern California. NorCal's CEO and tellers reached out individually to

They couple scoured textbooks to learn about bank M&A and then sent emails.

customers to help fill the gaps. Shareholders who brought their certificates to the Chico branch got doughnuts and coffee. Ultimately, 94% of investors tendered their shares.

The Hockeys are co-CEOs. Ms. Hockey oversees internal operations, legal and compliance, and the NorCal CEO re-

ports to her. Mr. Hockey runs technology, product development and engineering. They recruited Matt Zames, a former chief operating officer at JP Morgan, to be an adviser and board member.

Column opened for business officially on Thursday. While the community bank continues to operate in Chico, the fintech side moved to San Francisco.

In October, about a dozen employees logged on to Google Meet for a live demo of the bank's wire-transfer software. The employees tried to wire money to Column from their personal bank accounts. Almost immediately there were snags. A transfer from one big bank failed because it didn't recognize Column's recently approved routing number.

After about a half-hour, \$5 appeared at Column's master account at the Fed. Then another \$5. Pretty soon, it was up to \$35, and Column could start wiring payments back to employees. Column, it seemed, was a real bank now. "This is awesome, guys," Mr. Hockey told employees. "I can't believe we actually pulled this off."

New Highs and Lows

Table with columns for Stock, 52-Wk % High/Low, and various stock tickers and their price changes.

MARKETS

Chinese Oil Giant Cnooc Jumps in Shanghai Debut

By REBECCA FENG

China's **Cnooc** Ltd. surged on its Shanghai trading debut, after the country's largest offshore producer of crude oil and natural gas raised about \$4.4 billion in one of this year's biggest share sales.

The listing comes months after Cnooc was kicked off the New York Stock Exchange, and follows similar deals by two of China's largest telecommunications operators that were also ejected from U.S. stock markets. In total, the three state-backed companies have raised about \$20 billion from Chinese onshore investors, showing they still have access to abundant funding.

Cnooc shares closed nearly

28% higher Thursday, at 13.79 yuan apiece. The stock had earlier jumped by the maximum possible 44%, triggering a short trading halt, before paring gains.

The oil giant raised 28.1 billion yuan, equivalent to about \$4.4 billion, from the offering. That is the world's third-largest equity capital markets deal so far this year, Dealogic data shows. The final total could be increased as much as 15% to a maximum of about \$5 billion, if banks exercise a so-called green-shoe option.

The NYSE delisted Cnooc in October to comply with an investment ban introduced by former President Donald Trump. The ban blocks American investment in companies

that the U.S. says aid China's military and security services. Cnooc unsuccessfully appealed the delisting.

China Telecom Corp. and **China Mobile** Ltd. together raised about 100 billion yuan in Shanghai share sales last year after their U.S. delistings.

Cnooc is a subsidiary of unlisted, state-owned China National Offshore Oil Corp.

In the prospectus for its onshore share sale, Cnooc also warned it couldn't predict if the company, its affiliates or overseas partners would be affected by future U.S. sanctions. It also warned that a liquefied natural gas project in Siberia in which it owns a 10% stake could be hurt by sanctions on Russia.

With prices for oil and

other commodities surging, Cnooc and its peers have been spared a selloff that has dragged down broader Chinese markets. The Shanghai Composite index has fallen about 15% so far this year, according to FactSet, while Cnooc's Hong Kong-listed shares have gained about 35%. Cnooc reported a record annual net profit for 2021 of 70.3 billion yuan.

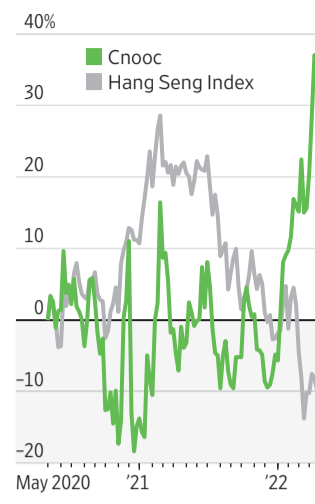
Cnooc priced its shares earlier this month at 10.80 yuan. Based on exchange rates at the time, that was a 19% premium to the closing price of its shares that day in Hong Kong.

Nearly half the offering was bought by 12 Chinese state-owned investors, such as China Life Insurance Co. Those buyers included rival China

National Petroleum Corp. and the asset-management arm of Sinopec Corp., another major competitor. After this offering, the trio, China's three biggest oil companies, now all have domestic listings in China.

Wang Dongjin, chairman of Cnooc, touted high dividends in an online roadshow for individual investors earlier this month. Cnooc has paid 300 billion yuan of dividends since it went public in Hong Kong in 2001, the fourth-highest among all companies listed in the city, Mr. Wang said. Once the Shanghai listing is complete, Cnooc plans to pay shareholders a delayed dividend for 2021 that combines a regular year-end dividend with a special "20th anniversary" payout.

Share-price and index performance, past two years



Source: FactSet

Stocks Move Lower

Continued from page B1
stocks because they reduce the premium that investors get from holding riskier assets instead of Treasuries.

The S&P 500 fell 65.79 points, or 1.5%, to 4393.66. The Nasdaq Composite dropped 278.41 points, or 2.1%, to 13174.65, adding to losses from Wednesday after a selloff

in Netflix shares led the technology sector

lower. The Dow Jones Industrial Average was down 368.03 points, or 1%, to 34792.76.

Some analysts said they believe that even as the Fed normalizes monetary policy, U.S. stocks still have room to run, given the strength of the economy. So far, about 80% of the S&P 500 companies that have posted earnings results for the latest quarter have beaten analysts' expectations, according to FactSet.

"Despite so many negative macro headlines, like the Rus-



American rose 3.8% after the carrier reported robust revenue.

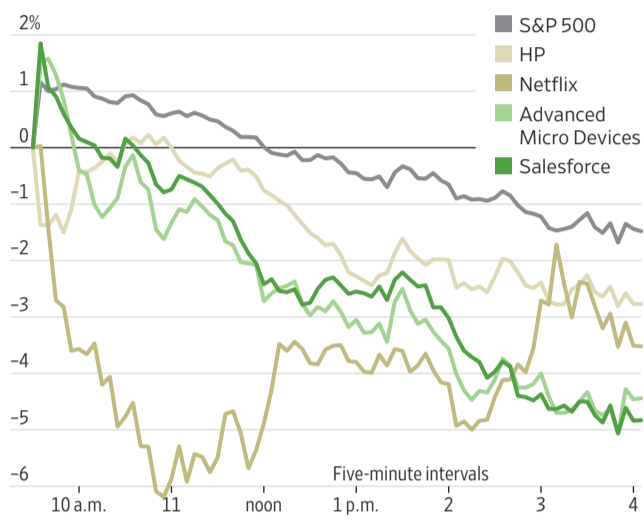
sia-Ukraine conflict, inflation and China's zero-Covid policy, U.S. corporate profits continue to be resilient," said Michael Arone, chief investment strategist for SPDR at State Street Global Advisors.

Tesla shares jumped \$31.58, or 3.2%, to \$1,008.78 after the electric-vehicle maker reported \$3.3 billion in quarterly

profit late Wednesday, its highest profit to date. **American Airlines Group** shares rose 74 cents, or 3.8%, to \$20.22 after the carrier reported that revenue more than doubled in the first quarter.

Beyond earnings, data on employment have shown the U.S. labor market is on solid footing, Mr. Arone said.

Share-price and index performance Thursday



Source: FactSet

"I don't think the rise in rates will matter too much until you see economic data fall over," he said.

Technology shares, which tend to be sensitive to changes in interest rates, were among the worst performers in the market Thursday.

Advanced Micro Devices slipped \$4.17, or 4.4%, to \$89.85, while **Salesforce** lost \$9, or 4.8%, to \$177.23.

Oil prices rose on signs that Russian oil production is falling and Europe is moving toward ending imports of Rus-

sian crude. U.S. crude oil prices added 1.6% to \$103.79 a barrel. Germany said Wednesday it would stop buying Russian oil by the end of the year.

Overseas the Stoxx Europe 600 rose 0.3%, led by shares of travel, leisure and construction companies. France's CAC 40 gained 1.4% after a pre-election debate in which incumbent, pro-business President Emmanuel Macron was judged by polls to have beaten far-right challenger Marine Le Pen. In China, shares came under pressure on concerns that

Covid-19 shutdowns were slowing growth in the world's second-largest economy.

Early Friday, mainland China's CSI 300 was down 0.1%, Hong Kong's Hang Seng was down 1.1% and Japan's Nikkei 225 was down 1.9%. S&P 500 futures were down 0.4%.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$115,127,516,900
Accepted bids	\$37,524,589,900
* noncompetitively	\$697,410,300
* foreign noncompetitively	\$25,000,000
Auction price (rate)	99.961111 (0.500%)
Coupon equivalent	0.507%
Bids at clearing yield accepted	26.99%
Cusip number	912796V22

The bills, dated April 26, 2022, mature on May 24, 2022.

EIGHT-WEEK BILLS

Applications	\$99,623,521,700
Accepted bids	\$32,506,741,700
* noncompetitively	\$230,387,400
* foreign noncompetitively	\$300,000,000
Auction price (rate)	99.902778 (0.625%)
Coupon equivalent	0.634%
Bids at clearing yield accepted	72.73%
Cusip number	912796V21

The bills, dated April 26, 2022, mature on June 21, 2022.

FIVE-YEAR TIPS

Applications	\$54,679,893,500
Accepted bids	\$20,000,220,100
* noncompetitively	\$131,648,400
Auction price (rate)	102.762649 (-0.240%)
Interest rate	0.125%
Bids at clearing yield accepted	56.81%
Cusip number	91282CEJ6

The Treasury inflation-protected securities, dated April 29, 2022, mature on April 15, 2027.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Buying a Tesla Will Remain a Luxury

Faced with inflation in battery costs, Musk appears to pivot from affordable EVs to affordable rides in expensive driverless ones

Tesla is doing very well—so well you might wonder why it has been raising prices so aggressively.

The electric-vehicle maker on Wednesday reported another record quarter for profits, far ahead of analyst forecasts, despite delivering a similar number of cars to customers. The explanation is a combination of price increases and, given the backdrop of soaring commodity prices, surprisingly low inflation in its bill of materials. Teslas sold for an average price of about \$52,200—up 2.9% compared with the fourth quarter—while their average cost rose 1.7% to \$36,500.

Factoring in extra revenues from regulatory credits and head-office costs such as research and development, the operating margin came in at 19.2%, up from just under 15% in the second half of last year. Tesla shares rose 5% in aftermarket trading.

Such results are evidence of the strength of Tesla's brand and manufacturing capabilities now that they are running at scale, but they raise questions about its strategy. What will it do with the cash? And can a company built on the promise of affordable EVs continue to raise prices and make margins beyond its peers' wildest dreams?

Some answers might come in



It is becoming clear the new affordability pitch will revolve around robotaxis rather than EVs for individuals.

Tesla Chief Executive Elon Musk's highly anticipated "Master Plan Part 3." He tweeted last month that this was in the works in response to a Bloomberg article pointing out that his initial Master Plan to make affordable family-oriented EVs, laid out in a 2006 blog post, remains unfinished business. It clearly touched a nerve.

It is becoming clear that Mr. Musk's new affordability pitch will

revolve around robotaxis for fleet use rather than EVs for individual sale. He said earlier this month that Tesla was working on a robotaxi project and added on a call to discuss Wednesday's results that it would hold a robotaxi event next year with an ambition to launch volume production in 2024. This is after he said three months ago Tesla wasn't "currently working on" a much-discussed \$25,000 model.

The logic of robotaxis is they can be expensive to make but cheap to ride, due to heavy use that makes the most of an EV's low running costs. The batteries could potentially be smaller than in cars optimized for personal use because they wouldn't stray beyond a fixed geographic area. Robotaxi rides would cost less than a subsidized subway or bus ticket, Mr. Musk claimed on Wednesday.

Building robotaxi fleets requires a vast amount of capital, as Alphabet's Waymo and General Motors' Cruise discovered. This could be a future use for Tesla's cash flows.

Mr. Musk addressed the awkward conjunction of substantial price increases and record margins by saying that, given Tesla's long waiting lists, the prices it is charging now need to anticipate raw-material inflation over the coming six to 12 months. He pointed out that the company faces no shortage of demand.

Fair enough, but now Tesla's promise of mass-market electric mobility seems to hinge on a technology that has proven hard to perfect. The company's project timelines have a long history of being extended, none more so than its efforts to make cars driverless. The year 2024 could again prove an optimistic delivery date.

Tesla's tech-star valuation has long depended on its cracking this nut, to which it has a different approach to almost everyone else, spurning the standard lidar perception technology in favor of cameras alone. Now its corporate mission to "accelerate the world's transition to sustainable energy" is pointing down the same road. It better not lead to a dead end.

—Stephen Wilmot

Zoom Fatigue Boosts Corporate Flying—for Now

A post-Omicron surge in company conferences and meetings is helping engineer a recovery in business travel

Corporate travel is finally back in business. That doesn't necessarily mean it will end up as big as before the pandemic.

The Omicron variant of Covid-19 made a traditionally low season much worse. On Thursday, **American Airlines** said it lost \$1.6 billion in the first quarter, similar to the \$1.4 billion loss reported late Wednesday by **United Airlines**.

Yet airline stocks surged when the market opened, as investors latched onto hints of a strong summer season.

Based on data for March and April, all three major U.S. legacy airlines, including **Delta Air Lines**, expect to be profitable and surpass prepandemic sales in the second quarter. United forecasts unit revenues to be 17% above the same period of 2019—the strongest second-quarter revenue guidance in the company's history.

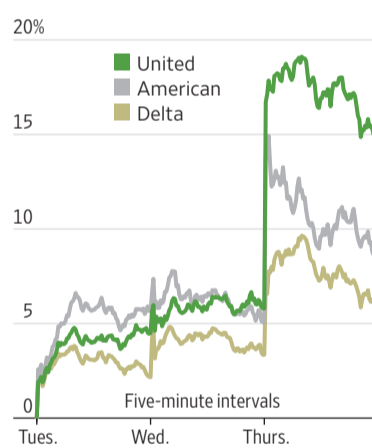
Considering that higher fuel prices caused fares to surge,

this suggests the recovery is no longer based on last-minute discounted flights to sunny spots. U.S. officials confirmed on Monday that travelers no longer have to wear masks on planes and, while airlines are cautious, it should make it easier for people to travel for work.

This is essential for airlines like United, Delta and American, which often make their margins on premium cabins and only then seek to fill the rest of the plane with cheap seats. Prepandemic, corporate fliers made up 15% of passengers but 40% of revenues and three-quarters of profits on some flights.

While trans-Pacific travel is still depressed, American believes overall corporate revenues will shoot up to 90% of 2019 levels in the second quarter, from 50% now. On long-haul flights, "we're seeing not just more customers simply sign off for flights, but fulfilling pre-

Share-price performance, past three days



Source: FactSet

mium cabins at a better and better rate," Chief Commercial Officer Vasu Raja told analysts Thursday.

United seems to have even more to gain than its peers: With its

main hub in Chicago, it relies on big corporate accounts, whereas most pandemic business trips involved small-firm employees traveling domestically. On Thursday, United CCO Andrew Nocella said "large corporations are now returning to travel at faster rates," and that unit revenues from business travel are almost at 2019 levels. United is also very exposed to trans-Atlantic routes, which should gain greatly from U.S. officials lifting their "Do Not Travel" advice for several international destinations on Monday.

Unfortunately for carriers, the latest trend cannot yet dispel worries that videoconferencing will permanently reduce corporate travel.

Surveys by the Global Business Travel Association seem to confirm that Omicron hurt travel mainly by prompting companies to postpone New Year events, which are now all happening at once.

Some hotels say that corporations are suddenly booking rooms two weeks in advance, rather than the usual 30 days. This seems to be the result of conferences and client meetings, though, rather than what is truly at risk of being reduced: Flying to other offices of the same firm. These accounted for around a third of prepandemic trips, surveys show.

A speedy recovery does suggest that ultra-pessimists like former Spirit Airlines Chief Executive Ben Baldanza, who believes 40% of business travel won't return, are off the mark. But investors should still be careful in assuming there won't be much impact based on today's massive release of pent-up corporate demand.

After two years of Zoom tedium, a surge in in-person corporate events was to be expected. As the proverb goes, one swallow does not a summer make.

—Jon Sindreu

Meta Falls Behind in Payments in India

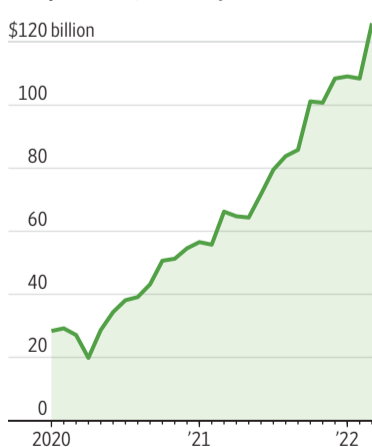
Mark Zuckerberg has pinned his hopes on commerce to save his business from stagnating user engagement and decelerating advertising revenue growth. But in the massive market of India, Facebook parent company **Meta Platforms** has fallen far behind in mobile payments, which serve as the crucial last step in closing an online sale.

It needs to get its act together quickly if it doesn't want to lose out to Google and **Walmart** in the race for controlling digital payments in the world's second-largest internet market. Meta has a popular mobile messaging platform in the country with WhatsApp, which has its own local payment service. But so far, the encrypted messaging app has been at loggerheads with the Indian government over multiple issues, all of which are likely impacting its payment ambitions in India.

The National Payments Corporation of India, or NPCI, the governing body that oversees the widely popular Unified Payment Interface, or UPI instrument, gave approval to WhatsApp last week to extend its payments service to 100 million users. That may sound like a lot, but it is only a fourth of WhatsApp's user base in India.

The development is still an improvement from where WhatsApp has been for the past few years. It was only in late 2020 when WhatsApp was allowed to expand the rollout of payments to 20 million users. The Indian government has stalled WhatsApp Payments' roll-

Transactions on India's UPI platform, monthly



Source: National Payments Corporation of India

out for years now, at first because of Meta's refusal to store financial data in India, and then over concerns about privacy and cybersecurity. WhatsApp's decision to sue the Indian government last year over its rules to weaken encryption hasn't helped matters. The messaging app is also under antitrust investigation for its new privacy policy. The government has even restricted WhatsApp from sharing transaction data with Meta.

During this time, WhatsApp rivals Google Pay and Walmart-backed PhonePe have taken over the market. Combined, they control over 80% of the UPI market share, according to official figures published by the NPCI. In comparison, WhatsApp's payment share stands at an abysmal 0.02% by value. UPI transactions crossed \$1

trillion in value in the financial year that ended in March. To be sure, no one can make money off UPI but it acts as a high-transaction feature to attract users to an app, and they can use it for shopping and bill payments.

NPCI's latest mandate, which has yet to be enforced, will likely restrict Walmart and Google's hold on the UPI market. But it has thrown WhatsApp a lifeline. According to the new rules, no third-party payment provider can exceed a 30% market share. This is expected to encourage more companies to challenge Google and Walmart's duopoly in the market. So Meta has an opening to catch up, but to take full advantage, it may need to patch up relations with Indian regulators.

In India, where WhatsApp is a standard communication tool, companies can potentially list products for sale, communicate and receive orders through messages and finally accept payment for them. By putting payments into WhatsApp, Meta would make it so users don't need to exit its family of apps throughout their purchase journey. It is the final piece in the company's commerce strategy that starts with advertising-led product discovery and shopping and ends with a transaction. Through payments, it would also get access to Indian small businesses to which it can eventually sell other financial and advertising products. But Meta is stuck on the starting line, while others are sprinting ahead.

—Megha Mandavia

Nestlé Escapes Netflix's Fate for the Time Being

Early signs indicate that consumers are beginning to rein in spending as prices rise. The good news for companies like **Nestlé** is that household essentials are lower down the list for cuts.

On Thursday, the world's biggest food company said sales rose 7.6% in the three months through March compared with a year ago. The growth was made up of a 5.2% rise in prices, the highest level since 2008, and a 2.4% rise in the amount and mix of goods sold. This shows consumers aren't yet trimming how much they buy as prices increase. The trend was particularly striking in North America, where Nestlé's prices shot up by 8.5% but volumes were still positive in the quarter.

Stronger-than-expected volumes were reported by other companies that make essential consumer goods this week. **Procter & Gamble's** volumes rose 3%, even though it charged 5% more. Evian bottled-water supplier **Danone** sold more goods despite raising prices. Spending on beer has been resilient, according to results from **Heineken**, the world's second-largest brewer, which shifted 5.2% more beer in its latest quarter than a year earlier.

There are signs that more discretionary consumer goods like streaming services are coming under pressure. **Netflix** lost more than a third of its value Wednesday after posting its first fall in paid subscribers in over a decade. Competition between streaming platforms was a factor, but users may be cutting back.

In the U.S., spending on fast-fashion brands slowed compared with this time last year, as consumers feel more pinched, according to a Bank of America analysis of credit-card data. This coincides with sharp falls in the number of U.S. cigarettes sold. Smokers tend to have lower-than-average incomes and are especially sensitive to gasoline prices, which currently stand above \$4 a gallon.

Companies that make essential household goods may not always be spared. They need to raise prices again soon: The war in Ukraine pushed up the cost of energy, which will feed through to plastic prices. This hurts consumer-staples companies, which tend to be heavy users of packaging.

Costlier agricultural grains will fuel inflation in ingredients for savory snacks, as will rising milk and meat prices as it becomes more expensive to feed livestock. Shortages of sunflower oil—an ingredient in many baby-food brands that is normally exported by Ukraine—will hurt Nestlé and Danone as strict regulations for infant-formula recipes make it hard to substitute.

If brands are too aggressive with price increases, more consumers could trade down to cheaper equivalent products such as supermarket labels, damaging the volume growth on which the health of packaged-goods companies depends. For now, consumers seem focused on saving money elsewhere, and consumer-staples companies are living up to their defensive reputation.

—Carol Ryan

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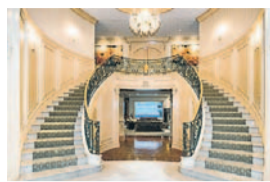
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An 82nd-floor
condo on N.Y.'s
Billionaires' Row
is in contract. **M3**

MANSION

\$100 Million
A home on the
Nevada side of
Lake Tahoe is
listing. **M2**



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THE WALL STREET JOURNAL.

Friday, April 22, 2022 | M1

Victorious

\$100 MILLION
Cost of purchase
and completion

280 FEET
Length overall

15,000 MILES
Ship's range



High-Tailing It To the High Seas

As the pandemic wears on, the wealthy are increasingly buying superyachts and living aboard for months on end

By KATHERINE CLARKE

David Akellian planned to spend his retirement traveling the world. But that required getting on a plane. When the Covid-19 crisis hit, he quickly pivoted to a different mode of travel and bought a 52-foot yacht.

Mr. Akellian, 61, the former head of global wealth management for Refinitiv, a financial market data firm, always had a penchant for sailing and had planned on buying a boat anyway. As a child growing up in northern New Jersey, his family had a sailboat and spent a lot of time on the Long Island Sound. He just never imagined he would be spending this much time aboard.

During the pandemic, Mr. Akellian, who had been living in a three-bedroom home in Wyckoff, N.J., with his wife, Susan Akellian, has been spending weeks or even months at a time living on the yacht, he said,

Please turn to page M12



Vural Ak's superyacht, Victorious, was designed to appeal to both Mr. Ak's family and to his charter guests. The vessel can sleep up to 24 guests and includes a spa, far left, 'beach club,' above, gym, hammam and beauty salon.



The Luxe Evolution of a Sleepy Michigan Neighborhood

Heritage Hill, near downtown Grand Rapids, has seen its real-estate prices soar; with some of its historic houses trading for close to \$1 million

By SETH SCHWARTZ

FOR YEARS, Carole and Tom Hammerslag had been thinking about moving to the historic Heritage Hill neighborhood near downtown Grand Rapids during their suburb. One day in June 2021, during a drive through the 1.5-square-mile area, they spotted a house that piqued their interest.

The two were in no hurry, and made an appointment to see the property some weeks later. But as soon as Mrs. Hammerslag opened the door to the house, she was sold. "I saw the French hand-cut mosaic tile in the foyer and I said, 'This is it,'" Mrs. Hammerslag, 56, a middle-school teacher, recalled.



Carole and Tom Hammerslag and their daughter Julia Cotts at the home.



Price: \$859,000 in 2021



Since January
7
homes have
sold for over
\$499,000

"We had a stunning stone Tudor built in 1927, so we wanted something equally as splendid and charming."

The five-bedroom, four-bathroom 5,694-square-foot Georgian Revival was built in 1909, during the heyday of Heritage Hill's development. The previous owners

Please turn to page M7

PRIVATE PROPERTIES

Tahoe Estate Asks \$100 Million

A Lake Tahoe compound with a private beach and marina is going on the market for \$100 million. The home is the most expensive listing in Nevada, and will break the state's home sale price record if it sells at or near the listing price, according to the listing agent, Jean Merkelbach of Engel & Völkers.

The owners are Bluth Development founder Chuck Bluth, and his wife, Cindy Bluth. The couple built the Glenbrook estate in the early 2000s, spending around \$26 million on the project, said Mr. Bluth, 82. It has been their primary home since then.

Spanning about 4 acres, the property contains a roughly 20,000-square-foot, four-bedroom home, he said. The house has a limestone wine room that holds about 2,500 bottles, as well as three elevators, a movie theater and a fitness room. Concrete columns at the entrance of the home weigh about 1,000 pounds each, he said.

The property's marina has a floating dock and about 12 boat slips, Mr. Bluth said. The private beach has about 400 feet of lake frontage. The grounds also include two guest cottages, a tea house built on a boulder, a waterfall and a Zen garden.

The main house is clad in stone from Lake Champlain in upstate New York, Mr. Bluth said, and the slate on the roof came from China. Circular patterns in ceilings and doors throughout the home represent health and luck, according to Mr. Bluth. A powder room has a circular gold-leaf ceiling.

Attached to the main home are four patios, a greenhouse and a four-car garage with a workshop. Mr. Bluth said he also planted

FOR SALE
\$100 MILLION
20,000 sq. ft.,
2,500-bottle wine room,
two elevators,
Zen garden



The couple spent \$26 million to build the house in the early 2000s.

SCOTT THOMPSON/TRUCKEE AND LAKE TAHOE (2)

about 700 evergreen trees on the property for privacy.

The Bluths are selling the Lake Tahoe home because they bought a castle in Colorado last year for \$9.5 million, he said, and will spend most of their time there.

Mr. Bluth is a serial entrepreneur who founded and sold the telehealth company Computerized Screening. He also founded Bluth Development, based in Nevada.

The Nevada side of Lake Tahoe has been growing increasingly popular among the ultrawealthy, Ms. Merkelbach said, because the taxes are lower than they are in



California. She said in recent years, she's seen a handful of homes on the Nevada side sell for over \$35 million.

In August 2020, she said, she represented the buyer of a roughly 18,000-square-foot home that sold for \$38 million. In late 2021, a home measuring about 12,000 square feet sold for \$47.5 million.

Lakefront properties as large as the Bluths' are rare, Ms. Merkelbach said, adding that theirs is the only home on the lake with a private marina.

—Libertina Brandt



The home first listed for \$22.5 million last spring.

WALT DANLEY CHRISTIE'S INTERNATIONAL REAL ESTATE

A Record-Breaking Sale in Paradise Valley

A home in Paradise Valley, Ariz., has sold for \$21 million, setting a record for the affluent town, according to the local multiple listing service.

The roughly 4.3-acre property first hit the market for \$22.5 million last spring with Walt Danley and Catherine Jacobson of Walt Danley Christie's International Real Estate.

The seller was Nancy Hanley Eriksson, who built the home with her late husband, Lee Hanley. They

moved into the home in 2010, she said. Mr. Hanley, who was chairman and CEO of the Arizona-based commercial real-estate company Vestar, died in 2012.

The buyer couldn't be determined.

The roughly 13,000-square-foot main house has a Mediterranean-style exterior and views of Camelback and Mummy mountains, according to Ms. Jacobson. Inside, there are four bedrooms, a

SOLD
\$21 MILLION
13,000 sq. ft.,
mountain views

wine room and a library with wood-paneled walls and bookshelves. The grounds also include a one-bedroom casita and a 2-bedroom guesthouse, as well as a pool and several covered outdoor lounge areas.

Mrs. Eriksson remarried in 2019. She said she and her husband, Ron Eriksson, are selling the home because they want to downsize, but will stay in Paradise Valley.

In 2020, Mr. Danley and Ms. Jacobson said, they represented the \$20.9 million sale of a neighboring property, which was the most expensive recorded home sale in the town until now. Paradise Valley has been booming since the onset of the pandemic.

—Libertina Brandt

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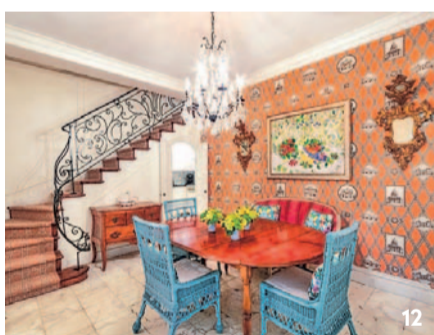
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Jill Bernard 212-906-0570
Alan Shaker 917-488-4772
2. **History Was Made Here**
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Joan Goldberg 646-812-0468
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Mike Lubin 917-371-6723
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Powers St. 2BR. 2.5 Bath
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Jocelyn Gould Turken 917-693-2241
7. **Crossroads Chinatown and Lower East Side**
7 Essex St. 1BR. 1 Bath
\$1.795M Web #21698622
Carl B. Adams 646-344-0009
8. **Flawless Single Family**
304 West 90th St. 6BR. 8.5 Bath
\$13.8M Web #21729485
Gregory M. Roache 917-291-0805
Emily Cho Roache 917-402-3939
9. **High on Charm, Low on Taxes**
125 West 94th St. 5BR. 1.5 Bath
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Nada Rizk 646-226-8115
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Joanne Greene 917-716-6880
12. **Exquisite Maisonette**
170 East 79th St. 2BR. 2 Bath
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2166 Broadway 2BR. 2 Bath
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Manuel "Manny" Fueyo 917-691-9481
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210 East 73rd St. 1BR. 1 Bath
\$895K Web #21665316
Elizabeth Wohl 212-712-1126
Gary Wohl 212-712-1128
15. **Terraced Classic Five**
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James Foreman 323-314-1906
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PRIVATE PROPERTIES

A California Spec House, Wardrobe Included



The buyers of this California spec house won't have to pack much for stays at the yet-to-be-built home. Designed by a former fashion executive, the home's \$12 million price tag includes astronaut-inspired clothing for residents to wear.

The Joshua Tree property was designed by Omar Nobil, former vice president of women's design at Banana Republic, and his fiancée, Erika Stahlman, who runs an eponymous design firm. Plans call for a three-bedroom, roughly 3,200-square-foot home made of concrete, with a guesthouse and an environmentally friendly mineral-water swimming pool.

Located in the desert north of Joshua Tree National Park, the main house will be a cylindrical shape with two 180-foot-long windows, Ms. Stahlman said. The interior will have a concrete kitchen countertop, a built-in concrete-and-glass dining room table, and a plush, gray media room.

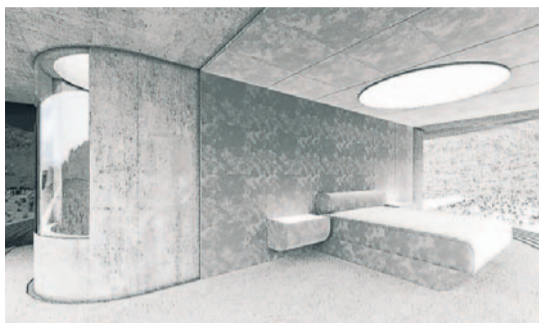
In the primary bedroom suite, a walk-in closet will be stocked with 21 outfits custom-designed for the buyer by Mr. Nobil and Ms. Stahlman, with some pieces created by London-based bespoke tailor Kathryn Sargent. From jumpsuits to metallic bathing suits, the astronaut-

esque clothing is intended to incite "an explorative state of mind" and create an immersive experience, Mr. Nobil explained. Donning the clothes "makes you feel committed to the feelings we're trying to create," he said. "You will immediately feel more removed from daily reality and commit to the experience of being there."

The partially subterranean, two-bedroom guesthouse is equipped with the same line of futuristic clothing, said Mr. Nobil.

Mr. Nobil and Ms. Stahlman have renovated two houses to-

FOR SALE
\$12 MILLION
3-bedroom house plus guesthouse, pool



Construction cost: \$10.24 million



gether in the past, but this is their first ground-up construction project together. They purchased the roughly 3-acre lot for \$85,000 in February 2021.

"The healing energy of the desert is unmistakable," said Ms. Stahlman.

They chose concrete as the primary building material for its aesthetic and durability, she said. Construction costs are slated to total about \$10.24 million, they said.

The pool uses minerals including sodium chloride, magnesium chloride and borates instead of chlorine to reduce environmental impact. The grounds, which have

mountain views, will have minimal landscaping. "It is important not to affect the environment and let wildlife and plant life be," Ms. Stahlman said. "We want to watch and experience life with nature that is naturally there."

The asking price also includes a custom Land Rover retrofitted with an electric motor, and the house will have two electric-car charging stations. Mr. Nobil said the property will have Onyx solar

panels and is expected to generate about \$11,000 of solar energy a year. Construction will begin after finding a buyer and will take about 12 to 15 months, according to Mr. Nobil.

Mr. Nobil worked at Banana Republic for almost 15 years before leaving to work full time on devel-

opment projects with Ms. Stahlman.

The property is being sold off-market, Ms. Stahlman said, but real-estate agents Katharina Trappe of Keller Williams NYC and Benjamin Teper of The Agency will assist in marketing it.

—Sarah Paynter

A Big-Ticket Deal at 432 Park

A unit at 432 Park Avenue, a supertall residential skyscraper on Billionaires' Row in New York, is in contract to sell for approximately \$70 million after nearly two years on the market, according to people familiar with the deal.

The deal includes a roughly 8,000-square-foot unit on the 82nd floor and two staff suites on lower floors, the people said. If it closes, it would be the largest residential sale in New York so far this year and one of the biggest deals since Covid threw the New York real-estate market into a tailspin in 2020.

The buyers are Yossi Benchetrit and his wife, Gaëlle Pereira Benchetrit, who own an apartment on a lower floor of the building, the people said. Mr. Benchetrit is the chief

procurement and programming officer at the cable television company Altice USA, and his wife is the founder and owner of the cosmetics clinic Clinique des Champs Elysées New York. The Benchetrits didn't respond to requests for comment.

The seller is a limited partnership known as Blessings Investments, which is linked to the British pharmaceutical magnate Meeta Patel, according to a person familiar with the deal. Blessings Investments bought the 82nd-floor unit and staff suites for \$66.47 million in 2016, records show. The 82nd-floor unit was listed in August 2020 for \$90 million, then reduced

its price to \$79 million in April 2021, according to listing website StreetEasy. The unit has 360-degree views of the city, according to the listing. It has five bedrooms, a media room and a 1,100-square-foot great room with 10-by-10-foot windows.

The Benchetrits paid \$23.87 million for a four-bedroom apartment at 432 Park in 2016, records show. Spanning about 4,500 square feet, that unit is about half the size of their new apartment, according to listings website StreetEasy.

The building has seen recent litigation between the developer, CIM Group, and the condominium board

SOLD
\$70 MILLION
8,000 square feet, 5 bedrooms, media room, 2 staff suites



2016 price: \$66.47 million

over alleged construction defects at the tower. The board claimed in a September lawsuit that residents have been plagued with issues of noise, severe flooding and elevator malfunctions, while the developer has framed the allegations as "an effort to wrest unwarranted payments" from them, according to court documents. Lawyers for the developer and board said the litigation is pending.

Ms. Patel couldn't be reached for comment.

The seller in the transaction is being represented by Ryan Stenta at Douglas Elliman and Carrie Chiang of the Corcoran Group. The buyer is represented by Jason Haber of Compass.

—Katherine Clarke

Bernard Schwartz's co-op lists for \$28.5 million. **M10**



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MANSION

INSIDE STORY

Persistence Pays

This couple kept their eyes on the prize as problem after problem scuttled their plans and budget

By RUTH BLOOMFIELD

When Sophie and Luke Hakes found a house for sale on their favorite London street, they thought fate meant them to buy it.

But their subsequent two-year struggle to transform the dated house into a contemporary family home—complete with disappearing contractors, shoddy workmanship, a spiraling time frame, escalating budget, and a pandemic—drove the first-time renovators (who became first-time parents during the project) to the “brink of breakdown,” said Mr. Hakes.

The couple had lived in the north London neighborhood of De Beauvoir Town since around 2010, in a modest two-bedroom house. By 2017, they wanted to upsize.

“We often used to walk down this particular street and would look into the houses and say that we would love to live in one of them one day,” said Mrs. Hakes, 34, who works in leverage finance for a bank. When a house there was listed, she said she and her husband went to see it the same day, even though it had only three bedrooms, and one of them was very small.

“The house itself was entirely underwhelming,” she said. But it sat on a bend in the road, giving it a slightly wider plot than the neighboring homes.

“I was quite keen to take on a project,” said Mr. Hakes, 41, a venture-capital investor. “Houses hardly ever come up for sale on the street, and it seemed like a great opportunity.”

In April 2017, they paid \$2.5 million for the roughly 1,635-square-foot home and moved in. They hired Tigg + Coll Architects to help them redesign the house. The initial estimate on the project was \$980,000.

“We were definitely super naïve,” said Mr. Hakes. “It was the first big building project we had ever done.”

At the start of 2019, they had a plan to expand the house to five bedrooms and they had their building permits. They chose a construction firm. In May 2019, Mr. and Mrs. Hakes decamped to a two-bedroom apartment nearby, which belonged to a friend. They believed they would be back home within a year.

In September 2019, their construction firm shut down due to financial difficulties. Suddenly, the Hakes found themselves on the hunt for a new contractor. They hired a structural surveyor to



Purchase Price: \$2.5 million



Renovation cost: \$1.7 million

Sophie and Luke Hakes in the living room of their newly renovated home in the De Beauvoir Town neighborhood of London.



check that the work already done was sound. “They found endless problems, with the windows, the floors, the electrics,” said Mrs. Hakes. “It all had to be ripped out and redone, and the side wall rebuilt.” When the couple sought a new round of quotes from contractors, they all came in higher than the first ones had been, even though months of work had been done.

Work restarted in December 2019 and in January 2020 the couple’s son, Woolton, was born. Then, in March 2020, the pan-



dem hit and work stopped once again. “At this point, the house was a shell,” said Mr. Hakes. “It had exterior walls, a roof and some studwork, but there were no windows, and a great big hole at

the back of the house.”

Then the couple got some bombshell news. “Our builders told us that with the pandemic, the job was no longer profitable, and they were pulling out,” said Mrs. Hakes. “We were living in a tiny flat with a colicky baby, and it was a very difficult time.”

They recouped only a portion of what the contractor owed them for the unfinished work. But, due to a bonus payment for Mr. Hakes, the couple was able to keep the project moving. In spring 2020, the couple hired their third contractor, and by March 2021, they

were finally able to move back into the property, more than a year later than planned. The work continued around them until June 2021. The build, not including professional fees, ended up costing \$1.7 million, plus value added tax, a 20% government tax levied on many goods and services in the U.K.

Today, the 2,562-square-foot contemporary home has four levels. To create the open-plan space the couple wanted, they extended the basement level outward into the backyard and sideways into the space beneath the garage. The room is now large enough to include a seating area, arranged around a contemporary slot fireplace, a kitchen with gray, ribbed wood cabinets and a marbled porcelain work top, and a dining table. Floor-to-ceiling sliding doors and a pivoting glass door lead to the backyard, where a 226-square-foot garden room is used as a gym, a project they completed after the main build was done at a cost of an additional \$65,500.

The former basement kitchen is now a utility room. There is a playroom for Woolton and a bedroom suite for his nanny. A contemporary central staircase, built from folded steel with timber treads and glass walls, leads up to the first floor. The garage was demolished, creating more space on this level, which now has Woolton’s bedroom, a guest bedroom and a living room.

The primary bedroom takes up the second floor and its décor is calm and neutral. It has a

bathroom with a shower and a free-standing bathtub, and a walk-in closet. The third floor, with its pitched roof, is a guest bedroom and doubles as Mrs. Hakes’s office.

Though they moved in around a year ago, the couple are still affected by the stress of getting their dream home built. “It was a lot of heartache,” said Mr. Hakes. “I was very near breakdown in October 2020.”

Mrs. Hakes has spent the past year fine-tuning the interiors of the house. “I love it and have kind of got over those feelings, although if we could have got rid of the house during the middle of the build, I would have jumped at the chance,” she said. “Now I feel lucky every day that I live here and proud of what we have created.”



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MANSION

HOMEOWNEROUS | KRIS FRIESWICK

The Spy Who Rented to Me

Smart-home surveillance and control technology gives us total access to our vacation homes. Maybe too much access.



For my money, the best horror film ever made was the 2012 movie, “The Cabin in the Woods.” A group of teenagers go on vacation to a cabin in the woods, only to find themselves terrorized, and slowly knocked off, by a series of horrible zombie monsters. Unbeknownst to them, the entire zombie monster operation is being run by a group of engineers who are surveilling their every move from a clandestine lab. The engineers also technologically manipulate the events that trigger the release of the zombie monsters. It doesn’t end well for anyone.

I think of this film every time I try to decide whether we should install smart-home surveillance and control technology at our short-term rental. I waffle back and forth between the advantages of having a remote view into the operation of the home, and the knowledge that I may be stepping onto a slippery slope that inevitably leads to zombie monsters.

Owning a short-term rental is fraught. The revenue is nice, but it’s a lot of work and worry. Landlords are completely at the mercy of a rotating cast of renters. Also, stuff happens in a house you don’t occupy full-time that can wreak holy havoc if left undetected. Smart-home tech, like smoke, fire and carbon-monoxide detectors that automatically alert responders, water heater monitors, and flood detectors can stop a situation going from bad to worse. This tech is firmly in the “benevolent” category.

Where I get conflicted is with the clandestine lab/evil engineer-type stuff.

Some short-term landlords have installed so much smart-home tech that they can, theoretically, observe their renters almost everywhere in the house, track who comes and goes, control the lights, air conditioning, heat and window shades, monitor their Netflix consumption, view the contents of the refrigerator, and reduce the water pressure to a dribble. Smart-home tech can’t unleash zombie monsters yet, but that’s probably coming in the next

generation of the Amazon Echo.

While I love the idea of having a layer of oversight and protection over my rental property, I’m not sure I should possess the power that all that smart-home tech provides. Here’s why:

Obsessiontown. Population, Me: Web-enabled, real-time video surveillance, recorded on a remote server, reduces break-ins at vacation rentals, or at the very least, gives landlords a chance to identify and prosecute perps.

But how do I stop watching?

If I got 24/7 access to a live feed of the comings and goings at our largest single asset, I’d never get anything else in my life done. I’d be reduced to a bleary-eyed gamer, staring unblinking at the action on my computer screen, afraid to look away lest I miss something: a criminal with a crowbar trying to break down the front door, a flurry of guests clearly dressed for a rave, someone smuggling in a pet tiger even though we have a very specific

“no pets” policy, the progress on the crown of thorns plant by the front door. (It hasn’t been doing well.) Then, inevitably, I’d start going all evil engineer. How much would the renters freak out if I lowered the shades in the living room while they’re sitting there? What would happen if I made the pool really cold one day and really warm the next? How would they react to having only basic cable for eight hours? Hammer-hard water pressure, then just dribbles? I wouldn’t sleep. I wouldn’t

eat. I’d just mess with them ALL DAY. Now, I am become Zombie Monster, destroyer of vacations.

Clearly, I couldn’t handle that kind of power.

It’s gross: Home-security systems are nothing new, but it’s a different ballgame when you’re surveilling your short-term rental, because you are watching strangers. It’s creepy. Clandestine lab creepy.

Short-term renters, like all tenants, have a legal expectation of privacy. Airbnb and other rental companies have policies about what hosts can and cannot surveil at their property. Hosts are also required to disclose to renters the location of any surveillance.

But people forget about such things when night falls and alcohol begins to flow. Do I REALLY want to see what my renters are doing in the pool or on the couch at night? Nope. Don’t watch, you say? Please see the “Obsessiontown” item above.

Ignorance is still bliss: Dumb homes are more vulnerable than smart homes to many things. But I’ll bet the owners of dumb homes have less gray hair. They’re not sitting around, watching the feed, waiting for the big scary thing to happen, second guessing everything they see. Last winter, some friends of mine learned there was a raging party taking place at their rental property, complete with fire dancers juggling lit torches on the patio, which is covered with wooden furniture and other highly flammable things. It was still happening when they learned about it, but damage had already been done. If they had seen the fire dancers arrive on a video feed, they might have been able to get their property manager there fast enough to shut it down, but the only way they could have done that was to be glued to a video-surveillance feed at all times. That’s no way to live.

I’ll keep my home dumb. I will let the campers frolic unobserved at my cabin in the woods. That way, if some zombie monsters do show up, I can honestly say I didn’t see them coming. And I know I didn’t send them.

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MANSION



Manhattan Beach, Calif.
\$4.25 MILLION
 Price paid in July 2020

Homeowners Jessica and Grant Schachter stand next to designers Megan Acuna and Wendy Word of Wendy Word Design.



BALANCE SHEET

Redesigning the Same House for New Owners

Interior designer Wendy Word turned compartmentalized areas she had created for this home's previous inhabitants into more flexible home and work spaces

By NANCY KEATES

When it comes to interior design, there's always room for improvement. Wendy Word takes that old joke to a new level.

Ms. Word has done three projects in the past few years that involved redesigning the exact same house—but for different owners.

The latest was last year, when Grant and Jessica Schachter purchased a five-bedroom, five-bathroom, 3,387 square-foot house in July 2020 for \$4.25 million that had been designed by Ms. Word just two years prior. The couple was captivated not only by its coveted location in Manhattan Beach, Calif., but also by the extensive renovation.

The result? What was a \$1.5 million renovation job in 2019 morphed into another around \$400,000 in design work for Ms. Word. The approximate costs of the redesigns include the construction elements.

"I knew the space inside and out. I just had to transform it to create a different experience," says Ms. Word, founder of Los Angeles-based Wendy Word Design.

The main change was to adapt the house to the Schachters' way of life. The previous owners had one teenage son and two cats. They'd lived there pre-Covid, so working from home wasn't as much of an issue. Ms. Word had turned open spaces into compartmentalized and specialized areas for each member of the family.

Since Covid meant Mr. Schachter, 37, a private-equity executive, and Ms. Schachter, 34, a psychologist, were working from home a lot more, they wanted to turn the rooms back into flexible spaces. When they bought the house, Ms. Schachter was pregnant, so they were also looking to accommodate a baby.

Ms. Word's redesign turned the former owner's teen hangout room, originally a dining room, back

into a dining room. When the pocket doors are open, the dining room becomes an extension of the adjacent seating area just off the main entry.

The kitchen became more open and casual with the addition of a banquette in place of a formal seating area. Ms. Word included a small office space between the banquette and the kitchen island for Ms. Schachter, who juggles her

work as a psychologist while taking care of the couple's 1½-year-old son.

In the media room, where Ms. Word had put in built-in bookshelves and created a custom beverage bar for her former clients, she added a big sectional sofa, turning it into more of a family hangout space.

Much of the change was effected through new furniture, which Ms. Word found easier to design and have

built herself rather than source from companies due to pandemic-related supply shortages. In all, she created the bed in the main bedroom, numerous chaises, a sectional sofa, the dining room table and the kitchen banquette.

Mr. Schachter grew up in Beverly Hills, in a neighborhood he says didn't have a tight community feel but where he made lifelong friends. Ms. Schachter grew up in the Chicago suburbs, where she remembers big neighborhood Fourth of July parties and lots of friends coming in and out. Both wanted to create an environment for their son that was more community-oriented. "That was really important to us," she says.

Manhattan Beach fit the bill. The small city, with a

population of around 35,000, is in the South Bay region of L.A. and is known for its volleyball and expensive homes: the median sales price in February 2022 was around \$4 million, according to Redfin.

In January 2020, the couple stayed at a local hotel and spent days driving the city's streets to get a feel for the area. They noticed kids on bikes and groups of adults having coffee. They saw their current house the day it hit the market and put in a bid four hours later.

Once their offer was accepted, the Schachters asked the sellers the name of their designer and called Ms. Word right away.

Here's a rundown of Ms. Word's first and second design renovations:

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BEFORE
(\$1.5 million spent in 2019)

Living Room

◀ 2019: Furnished with four chairs and a round table, **\$70,000.**

▶ 2021: Furnished with different pieces, **\$55,000**

Dining Room/Teen Hangout

2019: Dining room to teen hangout room, **\$70,000.** Work included installing doors for privacy and to minimize sound, adding built-in cabinetry for games, crafts and technology and furnishing the room with a big sectional sofa, a plush rug and leather ottomans for a lounge feel.

▶ 2021: Teen hangout room back to dining room, **\$50,000.** Edited the cabinetry to make it suitable for wine storage, put in a large dining table and chairs, and painted the room a deep blue.

Media Room

2019: Created a formal library, **\$120,000.** Work included designing built-in cabinets and bookshelves with a library ladder and some open shelving for display and creating a custom beverage bar. Put in two sofas, vintage chairs, and rugs.

▼ 2021: Made the library into a more casual media room, **\$65,000.** Work included building a sectional sofa and buying caned chairs and pillows and throws.



AFTER
(\$400,000 spent in 2021)



Main Bedroom (not pictured)

2019: Furnished with an upholstered bed, nightstands, a rare inlay tall chest, a mother of pearl mirror and original artwork by Fran O'Neill, **\$80,000.**

2021: Furnished with more clean and modern shapes, **\$70,000.**



Kitchen

2019: Made a casual kitchen more formal by adding a dining area, **\$55,000.** Work included putting in a dining table, settee and baker's rack.

▲ 2021: Making the kitchen more casual again, **\$35,000.** Installed a custom-designed banquette where the dining table had been and put in a small desk.

MANSION

A Heritage Hill Home

Continued from page M1
had spent \$220,000 on renovations, so the interior needed little more than paint. The exterior of the three-story home features a 12-by-20-foot front porch with four white columns.

After a 90-minute tour, the couple made an offer, and the next day settled on a price of \$859,000, recalled Mr. Hammerslag, 58, who owns Great Lakes Access, a construction-equipment rental company.

Heritage Hill—an enclave with grand historic homes in a wide variety of architecture styles—is in the midst of a booming real-estate market. It is an example of how the postpandemic housing market is helping revive the fortunes of neighborhoods that had once fallen into disrepair.

Sales of homes have jumped about 12% from two years ago, according to Jeff Martin, a real-estate agent with Coldwell Banker Schmidt. The median price is \$387,000 according to Realtor.com, compared with the median price of \$357,000 for Grand Rapids and its suburbs overall.

In the past 19 months, 12 homes have sold for more than \$499,000; seven of those sales in this year. In January, a traditional-style house sold for \$900,000, which tied the record for the most paid for a home in the neighborhood.

House hunters like the Hammerslags are drawn to the walkability of the area's tree-lined streets, its proximity to a lively downtown scene and its reputation for being close-knit. Heritage Hill has a population of about 3,400 in a city of about one million people in its metropolitan area.

"Within a mile circle, there are 40-plus bars, restaurants and movie theaters," said Mr. Hammerslag, adding that he often walks along the Grand River that divides the city. The western shore of the



Price: \$560,000 / \$11,000 over asking



Katie and Matt Heneveld bought a three-bedroom 1873 Italianate home in 2020 that had been recently renovated.



river is industrial, but the east side offers a variety of eating and drinking establishments.

Heritage Hill dates to the early 1840s when barons of the Michigan city's furniture, lumber, railroad and other businesses began building stately homes in some 60 styles, including Greek Revival, Shingle Style and Queen Anne. One home by

Frank Lloyd Wright was built in the Prairie Style.

In the 1960s, when urban renewal plans proposed bulldozing large sections of the 10 block long, five block wide area of Heritage Hill, a group of nearly 100 residents came together to halt the effort and preserve the abundance of architecturally significant homes.

Highway projects had already torn down hundreds of Grand Rapids' businesses, theaters and homes, amid a population flight to the suburbs.

The residents formed the

Heritage Hill Association and got the area placed on the National Register of Historic Places in 1968. By the 1980s, however, the area faced another downturn as industries left the city. About a third of the homes—many rentals or multiuse buildings—had fallen into disrepair.

The trend began to be reversed in the early 1990s, as young couples and families started to invest in the historic homes, which could be bought at modest prices. A few years later, the downtown began revitalization efforts and the city saw an uptick in business growth, particularly in healthcare.

Heritage Hill is now in walking distance from Medical Mile, which includes biomedical research and science education facilities. The Doug Meijer Innovation Center is set to open in 2023.

When Katie and Matt Heneveld had to postpone their wedding plans due to the Covid lockdown, they got busy house hunting instead. Their options were limited.

"We knew every house on the market, but we wanted to be in Heritage Hill," said Mrs. Heneveld, 31, who works in logistics. Mr. Heneveld, 32, is in commercial real estate. Both work from home.

The couple bought an 1873 Italianate home they saw listed in August 2020. Mrs. Heneveld showed up at three consecutive days of open houses and won over the owners.

The 3,711-square-foot, three-bedroom, newly renovated home in the northwestern edge of the neighborhood had been in the same family for a century.

The couple paid \$560,000 for the property—\$11,000 over asking. "[The house] has so much of its original character," Mrs. Heneveld

said. She added that she has a two-block walk to downtown. "It's a small-city feel with big-city amenities," she said.

The couple married in July 2021 in Bay Harbor, Mich., inviting 125 guests. "I guess there was a silver lining to pushing back the wedding date," said Mr. Heneveld.

Liz and Ray Bracken had moved to Heritage Hill in the late 1980s. When their two children were born,

they relocated to Grand Haven, adjacent to Lake Michigan, for 25 years. After their children graduated from college, they wanted to move back to their old neighborhood.

They looked at several homes in a three-month period in 2021. "The homes all sold in a day or two and many over market price," said Mrs. Bracken, 59, who is president of Grand River Bank in Grandville, a suburb of

Grand Rapids. They finally landed a house in the southeast section of Heritage Hill, paying \$475,000, about \$25,000 over the asking price.

The Italianate house has 3,615 square feet and five bedrooms on a third of an acre. Ezra Nelson, a furniture mogul, built the home in 1860.

"Our timing was perfect," said Mrs. Bracken, whose husband works in manufacturing sales. The couple visited the home on a Sunday in October at 2 p.m. and by 4 p.m. had made an offer. "We debated for about 30 minutes," she said. "We haven't seen any homes similar to this."



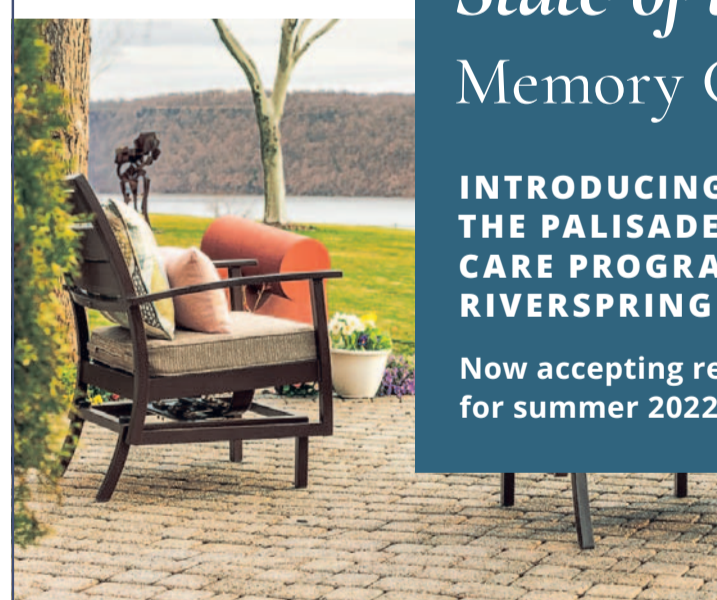
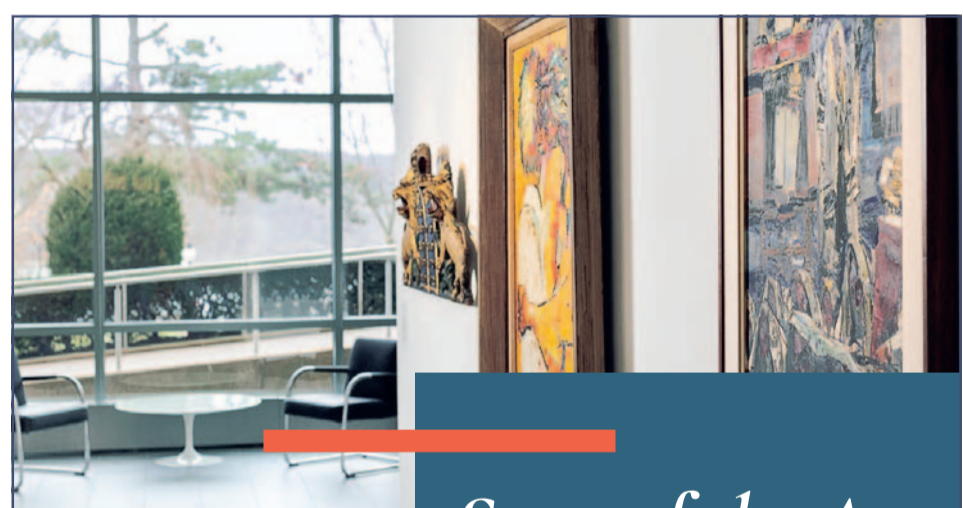
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MANSION

HOUSE CALL | RHEA SEEHORN

Her Parents' Wish Nudged Her to Seize A Dream

The 'Better Call Saul' actress on her nomadic youth, her father's death and her mother's drive

We moved around a lot when I was little. My father, Fred, was a special agent for the Naval Investigative Service and often was transferred for extended periods to work on different cases.

When I was 2, we left Norfolk, Va., for Japan. As we drove away, I remember being very sad, waving goodbye to my grandmother. I also was sad to leave teachers and friends when we departed Japan, Arizona and other locations.

Leaving was hard, but arriving was always fun. Our family lived on military bases from time to time but mostly in private housing.

I started drawing as a toddler. My dad and his mom were skilled illustrators and painters. Before we left, my older sister, Donna, and I would go to our grandmother's studio to draw and paint in our coloring books.

When I was 9, the transfers ended and we settled down in the

Virginia Beach area. I had long wanted to live in a two-story house with stairs leading up to my bedroom, like the ones on TV sitcoms. I begged and begged, which secured me the room over the garage in our blond-brick house. I felt I lived in a tree-house.

A few years later, my parents divorced. I was heartbroken. I didn't understand until much later that they had struggled as a couple. At the time, I felt as if a love story was ending.

Marlene, my mom, moved with my sister and me to a modern duplex nearby. Donna and I were able to ride our bikes back and forth between our parents' houses.

For my part, I was an independent child. This came from frequent moves and being forced to adjust to new settings and make new friends. But I also think it's who I was.

My sister and I had to learn early to make ourselves a snack,



Rhea Seehorn in Los Angeles in 2021, above. Left, Ms. Seehorn, center, at age 2, with her father, Fred, sister, Donna, and dog, Barney, in Norfolk, Va. Top right, Ms. Seehorn and Bob Odenkirk in the TV series 'Better Call Saul.'

start our homework, and fish out outfits for the next day and make sure they were washed.

I went to high school in Kempsville, Va. I excelled in English and art and did well in most other classes. I very much wanted to make good grades.

After graduation, I attended George Mason University, where I studied painting and drawing. Two months before the end of my freshman year, my father died. We had been close, so the news hit me hard.

Both of my parents had made me feel not only free to go after whatever I wanted to do in life but also that it was an imperative.

Part of my drive came from

watching my mother reinvent herself after the divorce. She worked as an executive assistant, a paralegal assistant and manager of quality control for training for the Navy.

As for my dad, I had listened to him talk about wishing he had purchased a boat and opened a bait and tackle shop. I never wanted to feel that way.

After my father died, I took dance and acting as college electives. I was a big storyteller and liked writing stories. Secretly, I thought it would be great to be an actor, to perform the stories.

Fortunately, my drama professor saw something in me and became a mentor.

The first time somebody paid



RHEA'S WAYS

Name pronunciation? Ray, as in Shea.

Rental bonus? I have an art studio and office.

Painting? Between projects. I work on other visual arts to unwind while filming.

Memorizing lines? I hand-write them over and over in notebooks.

Where? In my home office. It must be absolutely quiet, and I don't like to be interrupted.

for a ticket to watch me perform was a commedia dell'arte piece in Washington in the 1990s. As far as raising my profile, being cast for "Better Call Saul" in 2015 opened new doors and dramatic roles for me.

Today, my fiancé, Graham, and I live in Los Angeles. We're in a very cute rental as we look for a house to buy. Graham is a real-estate agent, so we're in good hands.

What's most important for us is a home that decreases the commute for us and the time it takes our kids to get to school.

Having stairs to an upstairs bedroom is no longer an obsession. My home fantasy now is for us to have a house in L.A. and an apartment in New York. I'm working on it.

—As told to Marc Myers

Rhea Seehorn, 49, is an actress who has appeared on TV's "Veep" and "The Act." She is best known for her role as attorney Kim Wexler on AMC's series "Better Call Saul," now in season 6.

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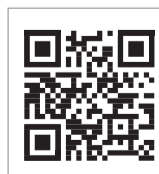
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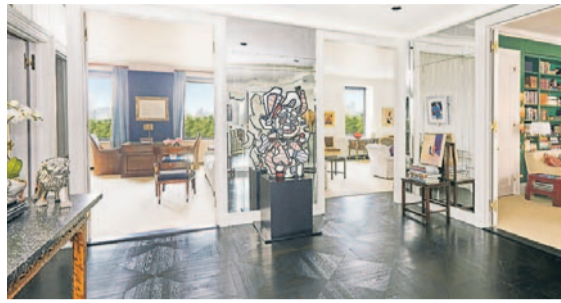
PRIVATE PROPERTIES

Investor Bernard Schwartz Lists Manhattan Co-op

Bernard L. Schwartz, 96, is at an age when many of his friends have left New York for Florida. Not him.

Instead, Mr. Schwartz is trading his longtime Upper East Side co-op for a condo downtown. “I’m not a young chick,” said Mr. Schwartz, whose uptown apartment is listing for \$28.5 million. But “after 45 years, I figured even I need a new experience.”

Located in a prewar building on Fifth Avenue between 75th and 76th Streets, Mr. Schwartz’s eighth-floor co-op has 10 rooms with two wood-burning fireplaces, and it can be configured with four or five bedrooms, said listing agent Kathy Sloane of Brown Harris Stevens. A gallery with dark-wood floors and mirrored walls connects to the living room and library, which have park views, she said. There are also park views



from the primary bedroom.

Mr. Schwartz, the former chairman and CEO of the defense electronics company Loral Space & Communications, said he bought the Upper East Side apartment in the 1970s for around \$700,000, “which in those days was a lot of money.” He raised two daughters there with his first wife, Irene Schwartz, who died in 2014. They remodeled several times and entertained often, he said. In 2017 he

paid nearly \$9.4 million for a 16th-floor condo at 212 Fifth Avenue, near Madison Square Park, records show. Mr. Schwartz said he and his second wife, Denise Schwartz, have rented the condo out for the past three years, but now plan to move into it. Although it is a little smaller than the co-op, he said, it is the “right move.”



Purchase price in the 1970s: \$700,000

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2 fireplaces,
park views

Mr. Schwartz also has homes in Southampton and Palm Beach, he said, but New York will continue to be his primary home. “A lot of my friends are moving to Florida,” he said. “I tell them, New York is where I grew up. New York is where my opportunities were...I’m a New Yorker and I want to stay in New York.”

Mr. Schwartz, who grew up in Brooklyn, had a storied career as a corporate deal-maker. He was chairman and CEO of Loral Space & Communications from 1972 to 2006. He now runs a private in-

vestment firm and is active in the Democratic Party.

Ms. Sloane said the luxury market is strong, though it is constrained by little available inventory.

Unlike the start of the pandemic, when people moved out of the city, she said, “no one wants to give up their New York apartments.”

—E.B. Solomont

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MANSION

Hitting the High Seas

Continued from page M1
 cruising to the Bahamas and frequently docking at a marina in Jupiter, Fla. He's currently planning to spend a few weeks in the Bahamas, then cruise back up the East Coast for the summer, making stops on the coastlines of Georgia and South Carolina, weaving through Chesapeake Bay and eventually docking in Connecticut. The \$1.9 million yacht he bought last July is a Navetta 52, built by the yacht maker Absolute Yacht, and has three bedrooms, a large terrace, a main salon with 360-degree views and an outdoor galley with a dining table. It is built for cruising, with high ceilings and large windows. The motor yacht is small enough that Mr. Akellian can operate it without a crew.

"I figured I could buy a \$2 million home in Jupiter or I could buy a \$2 million boat and go different places and explore different areas," Mr. Akellian said. "Economically it just felt right."

Spending long periods living on board a yacht has long appealed to superrich business titans such as DreamWorks co-founder David Geffen. Now, as the pandemic drags on, it has gained popularity among a subset of people fortunate enough to be able to afford it and looking for a low-risk way to travel. "A lot of our clients have wanted a safe haven, a private domain where they could be away from other people and feel safe with their families," said Jim Dixon of Winch Design, an international design firm that works on yacht projects.

The proof is in the numbers, which show three years of consistent order-book growth in the yacht sector, according to Boat International. The yachting trade publishing company found that, at the end of December 2021, there were 1,024 boats on order and in production for the following year, up almost 25% from the tally at the end of the 2020. The surging numbers of new and would-be yacht owners have left marinas packed and global shipyards with lengthy order backlogs, compounded by supply-chain issues brought on by Covid and the war in Ukraine.

"The clients without yachts are desperately searching for a slot or a production boat already in build, which has a shorter lead time," said Mr. Dixon, noting that while he's constantly in communication with shipyards about their capacity, many of his new projects now won't be completed until 2026 or 2027.

When the pandemic hit, Florida developer Gil Dezer, 47, best known for condos such as the Bentley Residences in Sunny Isles Beach, was fortunate enough to already own his 84-foot motor yacht, a Sunseeker Predator retrofitted with a special engine package that achieves 45 miles an hour. He bought it for \$7.7 million in 2010. At the height of the early pandemic, he and his then-girlfriend were occasionally traveling 200 to 250 miles a day. Sometimes, his two children would join them, doing Zoom school aboard, he said.

"It used to be, we would go out once a month for three days or so, but during Covid it was a savior because it meant we weren't stuck at home," he said. "We took it out for months at a time and went up the East Coast to Martha's Vineyard. We got to see the United States."

The expeditions came with a price. Mr. Dezer said his boat's superfast engines burn about 220 gallons of diesel per hour, whereas a typical boat of that size burns about 60. Mr. Dezer said his then-girlfriend occasionally felt some cabin fever but he never did. With four bedrooms and often just two people aboard, he said there was plenty of room to grab a moment of privacy.

But even those who already have a yacht can't avoid the supply-chain issues. Mr. Akellian said he recently ran around for weeks trying to buy a small inflatable tender for his boat, but with at least one large tender manufacturer based in Ukraine, it was next to impossible. When he finally found one, manufactured in Turkey, he was told it wouldn't arrive for more than a month, he said.

Vural Ak, 54, a Turkish entrepreneur and speed enthusiast whose interests include a rental



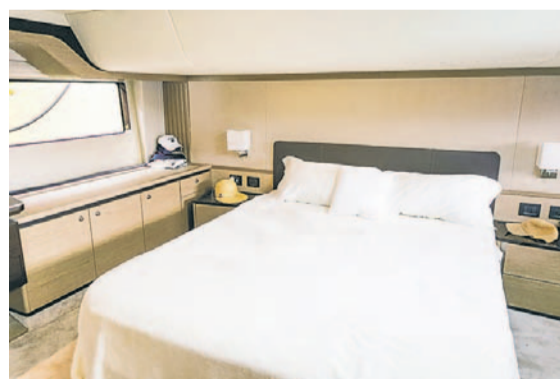
Turkish entrepreneur Vural Ak completed the construction of his superyacht, Victorious, at a purpose-built shipyard.



DreamWorks co-founder David Geffen is among the prominent executives known to spend long periods of time aboard their yachts. Pictured here, Mr. Geffen's yacht, the Rising Sun.



David and Susan Akellian opted for a boat that didn't require a crew. They purchased their motor yacht, a Navetta 52 from yachtmaker Absolute, for \$1.9 million in July of 2021.



car company, agricultural businesses and a motor sport race-track, completed his superyacht, the roughly 280-foot motor yacht Victorious, last year. Superyachts are generally defined by brokers as those over 25 meters in length. Mr. Ak, who normally lives in Istanbul, said he intends to spend four or five months a year on the boat and, as such, like many other yacht owners, is looking to maximize its autonomy.

The long-distance Victorious has a range of about 15,000 miles and enough refrigerated food storage and freezers to provision for six months at sea. It has a gentleman's club with a wood-burning fireplace, a beach club, a gym, a massage room, a beauty



Gil Dezer had his boat, an 84-foot Sunseeker Predator, fitted with extremely powerful engines.



salon, a hammam, a children's playroom for Mr. Ak's three children and a flexible workspace that can be transformed into an entertainment area. The cost: roughly \$100 million.

Elaborate heating and air-conditioning systems mean the boat can operate easily at almost any temperature," Mr. Ak said. "It can be in Saudi Arabia or in Antarctica," he said.

Mr. Ak's journey to build Victorious predates the pandemic but it still influenced the design. He included a space that could be used as either an isolation or hospital room with its own separate HVAC system in case someone on the boat is required to quarantine.

He purchased the incomplete yacht from Graeme Hart, New Zealand's richest man, in 2016, he said. Then, struggling to find a shipyard that could complete the boat to his desired specifications, he eventually resorted to starting his own shipbuilding company in Istanbul. His wife, Nur Ak, and friends thought he had lost his mind, he said.

Zaniz Jakubowski, a London-based designer who goes by the name Zaniz and who recently designed a roughly 350-foot yacht, said she's also seeing an uptick in new owners looking to make their yachts more efficient, asking about the latest innovations in fuel efficiency and in wastewater treatment systems, which can reduce the volume of waste over long passages. They are also more focused on fast connectivity and solid Wi-Fi, so owners can work remotely more reliably, she said.

"I have clients who now live aboard three to four months of the year," she said. "I think people have realized how wonderful it is to be on board for extended periods, which then changes the design slightly."

She said clients looking to maximize their time on board are asking for spaces that can be used in several different ways. On one of her most recent projects, a luxury superyacht, Zaniz said she included an office with a personal assistant's office attached. The project also included a "touch-and-go" helipad immediately outside the office so that clients could come in for a meeting without moving around the whole yacht to get to the main helipad. She also designed a series of cold rooms, including a flower storage room and freezer space for ice cream.

"If you're out in the middle of the water and you want to dress your boat with flowers, and you're going to get a delivery every two or three weeks from Holland, you need to store the flowers in the correct environment with the correct temperature," she said. "If you have a craving for a certain ice cream from America, you need your coolers to be there."

Mr. Dixon said he recently had a client who wanted to grow his own fruits and vegetables on board.

There are, of course, drawbacks to spending long stretches of time on the water, Mr. Akellian said, especially if one's yacht doesn't fall into the superyacht category. For one, Mr. Akellian said he doesn't have a dishwasher on board, so he has to hand wash everything and minimize the pots and pans he is using. He also has no oven, so he relies on a stove top and microwave. For laundry, he mostly heads out to a laundromat since the washer on board doesn't have sufficient capacity.

"I've never been one to separate the whites from the colors," he said. Mrs. Akellian, 61, still works in New Jersey and visits periodically.

Another inevitable part of yachting is wear and tear on the boat. Mr. Dezer said he had to put his boat, which had been getting battered, in the shop for repairs late last year. It is slated to be back in the water next month.

Then there is the volatile price of fuel.

"When I burn my engines for the full day and then go to the dock to refuel, they say 'That'll be \$800.' You're thinking, 'Oh, my God. That's more than my first car cost.'"

Mr. Dezer said he would like to upgrade to a new boat, but most shipyards no longer make superfast boats with engines such as the ones on his Sunseeker Predator. He said most companies are now trying to be more sensitive about the environment.

"If you have to worry about gas, you shouldn't have one of these boats. That's my answer," Mr. Dezer said.

FROM TOP: ENGIN AVDENIZ FOR THE WALL STREET JOURNAL (2); ALAMY (GEEFFEN YACHT); ZAK BENNETT FOR THE WALL STREET JOURNAL (3); SONYA REVELL (DEZER PORTRAIT); DEZER DEVELOPMENT (DEZER YACHT)