

What's News

Business & Finance

The SEC is examining the relationship between the U.S. arm of Binance, the world's largest cryptocurrency exchange, and two trading firms with ties to Binance's founder. **A1**

Senate Republicans refused to attend a crucial committee vote on Biden's nominees to the Fed over a disagreement with Democrats on Raskin, delaying the confirmation of all five picks. **A4**

U.S. stock indexes climbed, with the S&P 500, Nasdaq and Dow gaining 1.6%, 2.5% and 1.2%, respectively. Energy prices slumped and bonds sold off. **B13**

GM will restart production of the Chevrolet Bolt electric car after pausing output last year to fix a battery defect that could lead to fires. **B1**

ViacomCBS said that it is renaming itself Paramount Global. The company posted a 16% increase in revenue for the latest quarter. **B1**

CNN marketing chief Gollust resigned, the CEO of the network's parent said in a memo to employees. A probe found that Gollust and ex-CNN boss Zucker violated company policies, the memo said. **B1**

The FAA plans to inspect and sign off on individual 787 Dreamliner jets rather than allow Boeing to perform those routine tasks. **B2**

Altria didn't break anti-trust laws when it took a large stake in e-cigarette startup Juul in 2018, an administrative law judge ruled. **B3**

Facebook parent Meta Platforms has dubbed employees "metamates." **B4**

World-Wide

Putin said Russia had withdrawn some troops from the Ukrainian border and was open to renewed talks to end a standoff with the West, but Biden said an invasion remained "distinctly possible." **A1, A7**

A woman in the New York City area appears to have been cured of an HIV infection, a case detailed at a conference on Tuesday. **A1**

Remington Arms will pay \$73 million to families who lost loved ones in the 2012 Sandy Hook Elementary School shooting. **A3**

The Senate narrowly confirmed Robert Califf to lead the FDA after a pitched effort by the White House to shore up support. **A4**

Babies born to mothers vaccinated during pregnancy were significantly less likely to be hospitalized for Covid-19, a study found. **A3**

The Biden administration has told Congress it needs an additional \$30 billion in coronavirus response aid. **A2**

Honduran police arrested former President Hernández after officials said the U.S. government had requested his extradition. **A18**

Prince Andrew has settled a federal sex-abuse lawsuit filed by Virginia Giuffre, one of Jeffrey Epstein's most prominent accusers. **A3**

A federal jury concluded that the New York Times didn't defame Sarah Palin in a 2017 editorial. **A5**

Died: P.J. O'Rourke, 74, author and political satirist. **A3**

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Standoff With Protesters Intensifies in Canada's Capital



CLOSED DOWN: Demonstrators against Covid-19 mandates continued to clog streets in Ottawa on Tuesday after Prime Minister Justin Trudeau said he would invoke emergency powers aimed at forcing protesters to leave. **A18**

Russia Offers Mixed Signals On Crisis

Putin says Moscow has withdrawn troops from Ukraine border; Biden warns attack is possible

President Vladimir Putin of Russia said Moscow had withdrawn some troops from the Ukrainian border and was open to renewed talks to end a standoff with the West, but President Biden said an invasion remained "distinctly possible."

By Ann M. Simmons in Moscow, Yaroslav Trofimov in Kyiv, Ukraine, and Catherine Lucey in Washington

Mr. Putin's comments on Tuesday were part of a recent string of mixed messages from the Kremlin and capped a day of diplomacy and military maneuvering that left Western leaders unsure of his intentions. About 130,000 heavily armed Russian soldiers remained positioned around Ukraine, and U.S. and European officials said they had seen no evidence of a significant drawdown of forces.

Russia's defense ministry said on Tuesday that a relatively small number of troops had completed exercises and were headed back to their bases. But it emphasized that large-scale maneuvers were continuing across a broad front.

At a news conference after a meeting with Chancellor Olaf Scholz, Mr. Putin said that Russia's defense ministry had completed exercises and were headed back to their bases. But it emphasized that large-scale maneuvers were continuing across a broad front.

Senators stall on Russia sanctions plan... **A7**

China's ties to Putin color U.S. approach... **A7**

JPMorgan to add Ukraine bonds to debt index... **B13**

SEC Probes Binance's U.S. Arm, Affiliates of Crypto Exchange

The Securities and Exchange Commission is examining the relationship between the U.S. arm of Binance, the world's largest cryptocurrency exchange, and two trading firms, the people said.

On its website, Binance.US says that affiliated market makers may trade on the exchange, though it doesn't name which firms might do so.

The SEC requested information about the two entities from Binance.US, which is Binance's U.S. affiliate and is the subject of an existing enforcement probe, the people said.

Corporate documents from 2019 tie Changpeng Zhao, Binance's founder and chief executive officer, to the two trading firms, and former executives said that as of late last year Mr. Zhao controlled them both.

A spokesman for Binance.US, Zachary Tindall, declined to comment on the SEC probe and any relationship with the two trading firms. "Binance.US is committed to upholding the highest standards of compliance," he said.

A spokesman for Binance, Stephen Milton, said as a private company it doesn't need to disclose details of its investor or corporate structure. "However, that information is shared with regulators when requested," Mr. Milton said. Mr. Zhao wasn't available to comment. Mr. Zhao is the majority owner of Binance and Binance.US, The Wall Street Journal previously reported.

Market makers are important actors in the trading world. Please turn to page A2

Digital clues led to bitcoin arrests... **B1**

Woman Appears Cured Of HIV Infection

By BETSY MCKAY

A woman in the New York City area appears to have been cured of an HIV infection, joining a small group of people whose recovery is providing researchers with road maps to beat one of nature's most resilient viruses.

The woman has shown no detectable signs of the human immunodeficiency virus in extensive testing since she stopped antiretroviral treatment in October 2020 following a transplant of stem cells with a rare genetic mutation that blocks HIV invasion, her doctors said.

The doctors said they consider her HIV to be in long-term remission, suggesting a cure if it holds. That would mean she has no virus able to replicate in her body, unlike people who have HIV but stay healthy by keeping the virus at low levels with long-term drug treatment.

"Everything is looking very promising," said Marshall Glesby, associate chief of the division of infectious diseases at Weill Cornell Medicine and NewYork-Presbyterian, who is treating the woman. The details of her case were presented Tuesday at the Conference on Retroviruses and Opportunistic Infections, which is being held virtually.

The woman, who had a form of leukemia, received a transplant of stem cells from an adult relative and umbilical-cord blood from a newborn to whom she wasn't related. Please turn to page A6



U.S. NEWS Remington will pay \$73 million to families of victims in the Sandy Hook shooting. **A3**

INSIDE



BUSINESS & FINANCE NASA warns of crowding risk as SpaceX boosts satellite plans. **B1**

China Invented Many Things. It Says Skiing Is One of Them.

Nation uses Olympics to further a claim skis originated there 10,000 years ago

By JAMES T. AREDDY

The compass, gunpowder, paper and...skis?

China is using the Winter Olympics to further a claim that skiing originated there 10,000 years ago, and to advertise Xinjiang, a part of the country usually synonymous with political strife, as both the source and future of the sport.

Skiing's roots are often traced to Northern Europe. The basis for China's origin claim is 10 purplish humanlike silhouettes atop something that could be skis, painted thousands of years ago under a rock overhang in what is now Xinjiang. Accompanied by renderings of 22 animals,

perhaps yaks or moose, the scene, possibly created as the Pleistocene period became the Holocene, suggests to archaeologists hunters tracking their prey on skis.

So far, only archaeologists connected to Chinese research institutions have concluded the pictograms are 10,000 years old, based on their observations of other rock art. Sometimes, Chinese media cite a figure of 12,000 years.

The rock paintings are located near the ancient Silk Road, close to the borders with Mongolia, Russia and Kazakhstan, 9,800 feet above sea level. The closest city is Altay. Please turn to page A9

Traditionalist



Ukraine's Battle Is Already Yearslong

By JAMES MARSON

KOROSTEN, Ukraine—A 20-year-old Ukrainian soldier on the front lines spent weeks reassuring his mother about the firefights waged last year in eastern Ukraine.

On Dec. 23, he revealed the true danger during a last call home. "It's hot," Ihor Tychnyna told his mother. "Very hot."

Four days later, a sniper's bullet pierced his head and put him into a coma. He died at a hospital far from home on New Year's Day.

Ukrainians aren't waiting for the war with Russia to start. They have been fighting one since 2014, when Russia first invaded and seized portions of the country. Moscow has since used armed proxies in eastern Ukraine to pursue a grinding conflict aimed at bringing its former vassal to heel. The war has cost the lives of at least 14,000 people, drained billions of dollars from Ukraine's economy and displaced hundreds of thousands of residents.

Even a partial withdrawal of Russian forces now threatening a larger invasion likely wouldn't mark the end of a war that has already lasted years.

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The Fed's Slow Pivot To Tackling Inflation

After engineering a rescue in 2020, Powell must cool prices without causing a slump

By NICK TIMIRAOS

During the first year of the pandemic, Federal Reserve Chairman Jerome Powell earned a reputation as a monetary dove, rolling out innovative policies aimed at preventing a financial and economic meltdown.

Today, he is changing into a hawk willing to be equally improvisational to tame inflation, now running at a 40-year high of 7.5%.

Whether he succeeds will go a long way to determine the future path of the economy as well as the central bank's credibility.

The need for the about-face is part of the Fed's own making. Mr. Powell responded to the pandemic by doubling down on strategies

GOP Senators Block Vote

Confirmation of Biden's Fed picks, including Powell, is delayed... **A4**

developed by his predecessors to combat prolonged high unemployment and very low inflation. When the labor market healed rapidly and high inflation emerged as the bigger threat, he and his colleagues were caught by surprise.

"We're pretty far behind the curve. That's not where we wanted to be," said Eric Rosengren, who as president of the Boston Fed until last year had been a vocal critic of the Fed's policies. Please turn to page A9

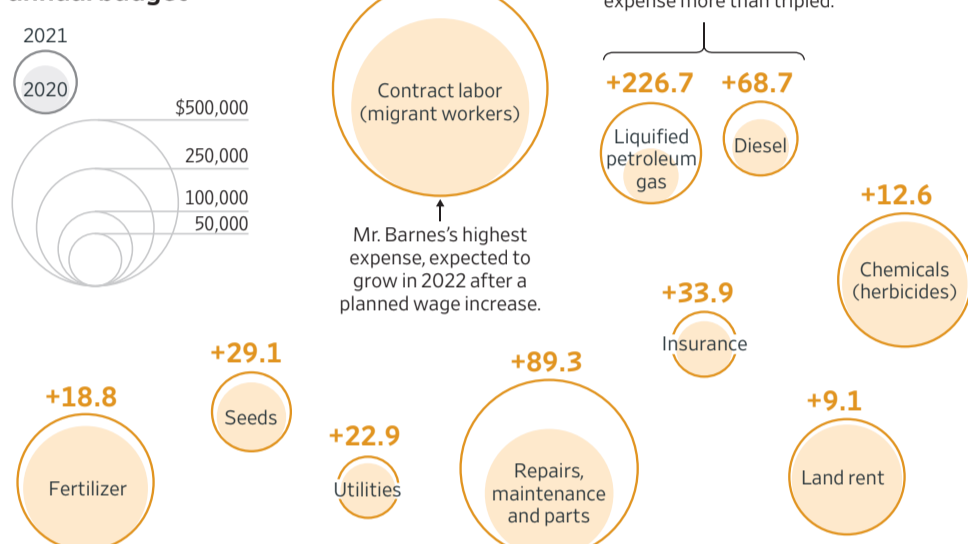
U.S. NEWS

Inflation Hits Farmers, Stalks Food Costs



Brooks Barnes, a second-generation farmer in Wilson County, N.C., like many in the agriculture industry, is facing rising costs. 'I just don't see how I'm going to get paid this year,' he says.

Brooks Barnes's annual budget



Stephanie Stamm/THE WALL STREET JOURNAL

By PATRICK THOMAS

Inflation is growing on the farm.

American farmers are paying significantly higher prices for their weed-killing chemicals, crop seeds, fertilizer, equipment repairs and seasonal labor, eroding some of 2021's windfall from rising crop prices. Higher farm costs could help push up grocery bills further in 2022, analysts say, following a year in which global food prices rose to decade highs.

"I just don't see how I'm going to get paid this year," said Brooks Barnes, a second-generation farmer in Wilson County, N.C.

Mr. Barnes said he spent more than he ever had to operate his farm last year. Higher commodity prices at the time covered most of those cost increases. Facing even higher prices now, he doesn't expect that to be the case for 2022.

On his farm where he grows tobacco, corn, soybeans, wheat and sweet potatoes, Mr. Barnes in the spring of 2021 said he paid \$16 a gallon for Bayer AG's Roundup, the world's most commonly used weedkiller, for his crops. By September he bought it for about \$40 a gallon and in February, his Nutrien Ltd. retailer told him it was \$60 a gallon, he said. One of the fertilizers he buys, 24s, cost him \$500 a ton, up from \$175 last spring, he said.

Supply-chain constraints and staffing problems are leading to higher prices for products and supplies across a variety of industries, especially food. U.S. inflation hit its fastest pace in nearly four decades last year. Food prices surged 7% in January, the sharpest rise since 1981, the Labor De-

partment said, as meat and egg prices continued to climb at double-digit rates.

A rally in prices for agricultural commodities such as corn and soybeans, which kicked off in mid-2020, pushed up incomes for U.S. farmers and led them to spend more freely on farmland and machinery. In 2021, U.S. farms' net income was estimated to be about \$117 billion, up 23% from 2020, according to the U.S. Department of Agriculture.

Even as crop prices remain high, supply costs are expected to outpace the price of agricultural goods in 2022, according to a January report from the Federal Reserve Board. Net income for farmers in Kansas is estimated to fall 65% from a year ago, according to a Janu-

Higher farm costs could help push up grocery bills further in 2022, analysts say.

ary study from Kansas State University.

Growers' biggest expenses each year, including fertilizer and crop chemicals, such as glyphosate, used to kill weeds and other pests are soaring in price. Glyphosate, Roundup's active ingredient, is up about 250% from what it was 12 months ago, said Dean Hendrickson, vice president of marketing and business development at CHS Inc., a farm cooperative and major retailer of seeds and chemicals.

Bayer attributed the recent increases in glyphosate prices to a global shortage caused by weather events, energy restrictions, high demand for trans-

portation and global supply-chain challenges. "We expect challenges to the global ag industry to remain in 2022 and beyond," a spokeswoman said.

Seed prices are also up. Crop-seed and pesticide supplier Corteva Inc. said prices that it charges farmers for seeds rose 10% in its most recent quarter and its crop-protection products were up 6% compared with the prior year to offset inflation. "We've demonstrated that we can move prices to cover costs and grow margins," said CEO Chuck Magro.

The potential for higher farming costs to cut into production of corn and other crops could fuel continued food-price inflation, analysts said. Higher corn and soybean prices, for example, raise the cost of animal feed for meat companies, which pass along the increase to consumers.

"I don't think there is any reprieve for food prices to come down," said Kevin McNew, chief economist for the Farmers Business Network, an online marketplace for agricultural supplies. "It's not just a logistics issue, or supply-chain issue to grocery stores, it's deeper rooted than that."

Like many other U.S. farmers, Mr. Barnes plans to adjust this year by reducing acres dedicated to fertilizer-intensive crops, and planting more soybeans and wheat, which tend to require less nutrients. Planted U.S. acreage of soybeans this year is projected to be up about 6% from last year and exceed corn for the second time in history, according to Farm Progress, a division of research firm Informa. The only other time was in 2018.

"My goal for the year is just to break even," Mr. Barnes said.

U.S. WATCH

ECONOMY

Supplier Prices Rose Sharply in January

Suppliers sharply boosted prices last month, in a sign upward pressure on already high consumer inflation continued to build at the start of the year.

The Labor Department on Tuesday said the producer-price index rose a seasonally adjusted 1% in January from the prior month, the sharpest rise since May 2021 and a pickup from December's revised 0.4% rise.

Producer prices rose 9.7% on a 12-month basis, nearly the same as the prior month. Stripping out pandemic-driven data distortions still showed that inflation was unusually elevated.

—Gwynn Guilford

MINNESOTA

Ex-Officer Testifies About Floyd Killing

Former Minneapolis police officer Tou Thao took the stand in his own defense in his federal civil-rights trial Tuesday, the first officer to give his own account of the May 2020 killing of George Floyd that kicked off a summer of unrest in Minneapolis and across the U.S.

Mr. Thao, an eight-year veteran of the Minneapolis Police Department, is seen on video of the incident keeping bystanders at bay as former officer Derek Chauvin, a 19-year-veteran, and two rookies, J. Alexander Kueng and Thomas Lane, held Mr. Floyd facedown in the street for more than nine minutes.

Mr. Thao testified that he believed Mr. Floyd was experiencing a condition police call excited delirium in which suspects under the influence of drugs sometimes exhibit unusual strength. Mr. Thao testified that he believed Mr. Floyd's life was in danger and that he needed to be sedated, so he radioed in that the ambulance that was already on the way needed to come urgently.

Mr. Thao was asked by his lawyer why he hadn't checked on Mr. Floyd's condition himself. "I had a different role," he testified.

Mr. Floyd repeatedly told the officers that he couldn't breathe and a growing crowd urged them to check his pulse, according to video of the incident. Mr. Floyd eventually lost consciousness and died, according to medical testimony in Mr. Chauvin's trial. Mr.

Chauvin was found guilty of second-degree murder last year and pleaded guilty to violating Mr. Floyd's civil rights in January.

Messrs. Lane, Thao and Kueng are charged with violating Mr. Floyd's civil rights by failing to render him aid. Messrs. Thao and Kueng also face charges of failing to stop Mr. Chauvin.

Mr. Thao was also asked whether it was uncommon for a police officer to place his knee on a person's neck to restrain them. "It's not uncommon," he said. "We had been trained on it."

Under cross-examination by prosecutors, Mr. Thao was asked whether police should stop restraining someone once they stop resisting. "Yes, in general," he said. "But people in excited delirium can get up and run down the street."

—Joe Barrett

WASHINGTON

U.S. Seeks \$30 Billion For Covid Response

The Biden administration told Congress it needs an additional \$30 billion in coronavirus response aid, according to people familiar with the matter.

Health and Human Services Department officials outlined the request for additional aid in a briefing with congressional staff on Tuesday, the people said. The request includes \$17.9 billion for medical countermeasures like antivirals, \$4.9 billion for testing capacity and \$2.7 billion to combat future variants, the people said.

Some Republican lawmakers have expressed skepticism about approving additional money to combat the coronavirus, arguing

the administration should first spend all of the money included in the \$19 trillion pandemic response legislation signed into law last year.

An HHS official said nearly all of the legislation's coronavirus health-response resources have been allocated or obligated.

The HHS official confirmed that the department briefed congressional aides on the request and said the additional aid would "help us continue expanding the tools the country needs to stay ahead of the virus and help us move toward the time when Covid-19 will not disrupt our daily lives."

The request for more funding comes as lawmakers are trying to work out an omnibus spending package for fiscal 2022.

—Andrew Restuccia

SEC Probes U.S. Arm Of Binance

Continued from Page One

They help smooth price fluctuations by continually buying and selling, even when markets are choppy. They get paid by collecting a small difference between the bid and offer price.

The SEC has brought enforcement actions against trading venues that didn't disclose they had affiliates trading on their platforms. In 2015, Investment Technology Group Inc., which was later acquired by Virtu Financial Inc., paid \$20 million and admitted wrongdoing, including that it operated a secret trading desk that interacted with orders sent to ITG's trading platform, known as a dark pool.

The issue, said James Angel, a finance professor at Georgetown University's McDonough

School of Business, is "are you giving your affiliate some sort of unfair advantage? Do they get preferential access? Do they get to trade faster?"

Unlike market makers that trade regulated securities such as stocks or exchange-traded funds, those in cryptocurrency markets aren't regulated and their practices can vary widely, said Rob Catalanello, co-CEO of cryptocurrency market maker B2C2 Ltd.

"There's a huge lack of standardization," he said.

FTX, a Binance competitor, and Alameda Research, one of FTX's market makers, have the same founder, Sam Bankman-Fried. Mr. Bankman-Fried said while Alameda trades on FTX, "their volume is a very small fraction of overall exchange volume, and their account's access is the same as others."

A spokesman for Coinbase Global Inc., another large cryptocurrency exchange, said that no market makers are affiliated with the company, its executives, or board of directors.

To bring enforcement action against Binance's U.S. arm, the

SEC would need to show that it has jurisdiction over some cryptocurrencies that Binance.US has offered. The SEC has said many digital coins are securities and thus fall under its supervision, while crypto firms have said regulators haven't proven which tokens are securities. Binance has its own digital coin, BNB, which was sold to the public in 2017 and is traded on Binance.US and Binance.

The Binance.US spokesman, Mr. Tindall, declined to comment on BNB. Mr. Milton, the Binance spokesman, said the exchange doesn't list any securities.

The SEC sometimes begins and closes probes without making allegations of wrongdoing or taking enforcement action.

The SEC originally sent a subpoena to Binance's U.S. arm in late 2020, The Wall Street Journal previously reported. It asked for information about who controls Binance, how it makes money, what disclosures it makes to customers and whether trading on Binance.US is independent from activity on



Changpeng Zhao, Binance's founder and CEO, is majority owner of the world's largest cryptocurrency exchange and Binance.US.

the bigger, global exchange, according to the subpoena, which was viewed by the Journal.

The regulatory agency, whose mission is investor protection, has taken nearly 100 enforcement actions involving

cryptocurrency. SEC Chairman Gary Gensler has said the crypto market is a "Wild West" that needs formal rules to protect traders. Mr. Gensler has focused attention on cryptocurrency exchanges.

Binance was founded in

Shanghai in 2017 by Mr. Zhao, a Canadian-Chinese computer programmer, and has grown to process billions of dollars of cryptocurrency transactions a day. It built its operations with little or no regulatory oversight, creating its trading systems from scratch.

The two trading firms being examined by the SEC, Sigma and Merit Peak, began trading cryptocurrencies on Binance.US shortly after the exchange was launched in 2019, according to former executives. The former executives said Binance.US's legal and compliance teams worried that they didn't have a clear understanding of where the funds the two firms used to trade were coming from.

Sigma executed all orders on Binance.US in which users buy or sell a certain cryptocurrency at the current market price, the former executives said. Merit, and later other market makers, handled orders that would only execute if the price of a cryptocurrency moved to a certain value, they said.

Neither the Binance nor the Binance.US spokesman commented on the two market makers or their relationship with Mr. Zhao.

Mr. Zhao was listed as chairman of the board of directors of Sigma in a January 2019 Swiss incorporation document, although he was later replaced by another person with ties to Binance. In late 2019, Mr. Zhao, on behalf of Merit, signed a document approving an infusion of capital from Merit into Binance.US in exchange for shares in the company. In the December 2020 SEC subpoena, the SEC referred to Merit as a Binance entity.

CORRECTIONS & AMPLIFICATIONS

A photo with an Exchange article on Saturday about defense companies showed an F-16 aircraft. The caption incorrectly implied an F-35 was pictured.

Japan's Ayumu Hirano hit five tricks on his final run to win gold in the men's halfpipe at the Beijing Olympics. A Bei-

jing 2022 article on Saturday incorrectly said that he did six tricks on his final run.

U.S. farmers planted more acres of soybeans than corn in 1983 and 2018. A Markets article on Monday about U.S. soybean prices incorrectly said 2018 was the only time that

happened.

Notice to readers

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

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U.S. NEWS

Vaccine During Pregnancy Protects Babies

By Sarah Toy

Babies born to mothers who got vaccinated during pregnancy were significantly less likely to be hospitalized for Covid-19, a study led by federal researchers showed, adding to growing evidence of the benefits of maternal vaccination.

A study published Tuesday by the Centers for Disease Control and Prevention found that Covid-19 vaccination during pregnancy was 61% protective, meaning that babies who were less than 6 months old whose mothers were vaccinated were 61% less likely to be hospitalized with Covid-19.

CDC researchers looked at 379 hospitalized children under 6 months of age and traced whether their mothers had been vaccinated during pregnancy. The researchers assessed how well maternal vaccination prevented infection in infants by looking at the odds of Covid-19 vaccination among mothers whose babies were hospitalized with Covid-19 and comparing those with the odds of Covid-19 vaccination among mothers of babies hospitalized for other reasons who didn't have Covid-19.

Eighty-four percent of babies in the study who were hospitalized with Covid-19 were born to people who weren't vaccinated during pregnancy, according to the study. Among babies with Covid-19 admitted to the ICU, 88% were born to mothers who weren't vaccinated before or during pregnancy. The one baby who died in the study was born to an unvaccinated mother.

The study strengthens evidence that Covid-19 shots provide protection to babies through vaccination for pregnant women.

"We have overwhelming data that the vaccine protects women from death and serious outcomes. This is another piece showing that vaccinating pregnant women also protects infants from bad outcomes as well," said Linda Eckert, a professor of obstetrics and gynecology at the University of Washington.

Political Satirist Was Best-Selling Author

By Joseph Pisani and Talal Ansari

P.J. O'Rourke, the author and political satirist, has died. He was 74 years old.

Mr. O'Rourke died Tuesday morning from complications related to lung cancer, his publisher, Grove Atlantic, said.

Mr. O'Rourke, a Republican, wrote about politics, cars, the economy and other subjects,

mixing in his irreverent humor and sharp wit. He was known

for his bestselling books, "Parliament of Whores: A Lone Humorist Attempts to Explain the Entire U.S. Government" and "Give War a Chance: Eyewitness Accounts of Mankind's Struggle Against Tyranny, Injustice and Alcohol-Free Beer." Mr. O'Rourke spent more than two decades at various publications covering wars and regime changes. Most recently, he was a panelist on NPR's quiz show, "Wait, Wait...Don't Tell Me!"

He started his journalism career working at underground newspapers in the early 1970s. He went to work with National Lampoon in 1973, becoming the humor magazine's editor in chief five years later.

The author of more than 20 books, he was Rolling Stone's foreign-affairs desk chief for 15 years, before going on to write for a variety of publications, including Playboy, Car & Driver and the American Spectator.

"He was a deeply kind and generous man who pretended to be a curmudgeon for public consumption," Peter Sagal, the host of "Wait, Wait...Don't Tell Me!," wrote on Twitter.

Sandy Hook Gun Settlement Reached

By Joseph De Avila and Zusha Elinson

TRUMBULL, Conn.—Remington Arms Co. will pay \$73 million to families who lost loved ones in the Sandy Hook Elementary School shooting in a landmark settlement that could open the door to more lawsuits seeking to hold gun companies liable for mass shootings.

The settlement is the largest of its kind and first since a federal law was enacted in 2005 providing gun makers with broad protection from liability in the unlawful use of their weapons, said Timothy Lytton, Georgia State University College of Law professor. Gun manufacturers have paid settlements in the past 17 years to gun owners over alleged product defects, but not to victims of gun violence.

The settlement will be evenly divided among nine families who lost loved ones in the 2012 shooting in Newtown, Conn., that left 20 children and six staff members dead.

Remington didn't admit liability in the settlement, according to a spokesman for the National Shooting Sports Foundation, an industry trade group. Attorneys representing the company, which filed for bankruptcy protection in 2020, didn't respond to a request for comment.

The gun industry may now face more lawsuits attempting to hold them liable for mass shootings committed with their products, said Adam Winkler, a law professor at the University of California, Los Angeles who has written a history of gun laws.

"Gun makers have been resting secure with the knowledge that they can't be held liable when their guns are used in a mass shooting," said Mr. Winkler. "This opens up that possibility."



Families of victims of the Newtown, Conn., shooting during a Tuesday news conference about the \$73 million Remington settlement. 'All the experts came out and said this case doesn't have a chance,' said Joshua Koskoff, an attorney for the families.

Industry representatives argued that the settlement won't affect other gun makers because it was agreed to by Remington's insurers after the company went bankrupt. Functioning firearms manufacturers would more vigorously defend themselves, they said.

The federal law, the Protection of Lawful Commerce in Arms Act, "will continue to block baseless lawsuits that attempt to blame lawful industry companies for the criminal acts of third parties," said Lawrence Keane, senior vice president and general counsel for the National Shooting Sports Foundation, which represents gun makers.

Adam Lanza, the 20-year-old Sandy Hook gunman, used an AR-15 style rifle made by Bushmaster, a company that was owned by Remington. AR-15-style rifles have been used in several mass shootings in recent years in cities includ-

ing Las Vegas; Sutherland Springs, Texas; Parkland, Fla., and Pittsburgh.

The federal immunity law has an exception, under which manufacturers could be liable for injuries resulting from violations of state laws dealing with the marketing of their products.

The families sued Remington under Connecticut's Unfair Trade Practices Act, a broad consumer protection law that prohibits unfair or deceptive acts in commerce. They said Remington violated that law because its promotional materials for the Bushmaster rifle encouraged violent behavior.

"All the experts came out and said this case doesn't have a chance," Joshua Koskoff, an attorney for the families, said at a news conference Tuesday morning. "If there was never anything new, there would never be precedent set."

Last year, two of the com-

pany's insurers agreed to settle the case for \$33 million, but two insurers held out. All four of the company's insurers have now agreed to pay the full amount of coverage available, according to Mr. Koskoff.

"Today marks an inflection point when our duty of care to our children as a society finally supersedes the bottom line of the industry that made such an atrocity as Sandy Hook possible to begin with," said Veronique De La Rosa, the mother of 6-year-old Noah Pozner, who died at Sandy Hook.

Even before the settlement, the case began affecting how gun makers market their products, according to industry attorneys and former executives.

"Most firearms companies changed the way they marketed firearms and went away from the military, killing power of firearms and mutated it much more toward the

defensive use of firearms or to hunting," said Joe Kavan, an attorney whose firm represents gun makers, including one that was previously part of Remington. His firm wasn't involved in the case.

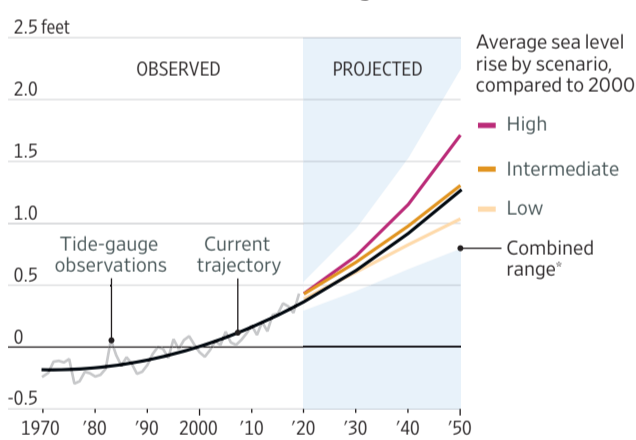
One of the advertisements often cited by the families featured an image of a Bushmaster AR-15 model along with the phrase "Consider your man card reissued."

In 2019, the Connecticut Supreme Court ruled that Remington could be held legally responsible for its marketing practice. The ruling allowed the families to move forward with claims that Remington's marketing campaigns violated Connecticut's consumer-protection law, which prohibits advertising and marketing that is "immoral and unscrupulous." The U.S. Supreme Court declined Remington's request to review the state court's decision.

Sharper Sea-Level Rise Forecast in New Study

Researchers calculated five different scenarios for how high or low sea levels could be in the next 30 years, based on factors such as ice sheet melt and land movement.

Sea level rise scenarios for the contiguous U.S.



*Highlighted area represents the range between the lowest and highest likely values
Source: U.S. Interagency Sea Level Rise Task Force (2022)

By Nidhi Subbaraman

Sea levels on U.S. coastlines are forecast to rise about a foot on average by 2050, surging with meltwater from ice sheets and glaciers as a result of climate change, federal scientists said Tuesday.

The estimates were released in a report from the National Oceanic and Atmospheric Administration, the National Aeronautics and Space Administration, and other federal and academic institutions.

Globally, sea levels rose about 0.55 feet between 1920 and 2020, according to the report. Across the U.S. coast on average, in the last 100 years, sea levels rose about 0.9 feet.

The new forecasts revise a 2017 NOAA assessment that

mapped sea-level scenarios on the long-term horizon up to 2200. The new report describes detailed outcomes for the next 30 years for the first time.

Regions are expected to see varying levels of sea rise, based on changes to land as well as sea, the report projects. Along the East Coast, the water will rise a few more inches compared with shorelines on the West Coast and Hawaii. For example, Boston and New York would see seas rise by nearly a foot by 2050, while near San Francisco and San Diego the expected change is about 0.8 feet, compared with 2020.

The Gulf coasts will be the worst hit, according to the report—around New Orleans, for example, seas could rise about 1.5 feet.

"Change is at hand," said William Sweet, an oceanographer at NOAA and a lead co-author on the report. "In the past, there hasn't been as much clarity as to how much sea levels would rise in 2050."

Rising seas are forecast to prompt more frequent flooding events from high tides and storms over the next 30 years, according to the report. U.S. coastal communities experienced on average one disruptive flood event in 1990, the kind that periodically floods streets by the ocean or inundates parking lots, but doesn't cause major damage to property. Such floods occurred on average three times by 2020, but that frequency would triple to over 10 such floods annually by 2050, the report said.

Prince Andrew Settles Lawsuit Filed by an Epstein Accuser

Prince Andrew has settled a federal sex-abuse lawsuit filed by Virginia Giuffre, one of Jeffrey Epstein's most prominent accusers, according to a court filing Tuesday.

By James Fanelli, Corinne Ramey and Max Colchester

David Boies, a lawyer for Ms. Giuffre, said in a letter to the judge that the parties had reached an agreement in principle, which court documents said would include Prince Andrew making a substantial donation to Ms. Giuffre's charity. The filing didn't indicate further financial terms of the settlement.

"Prince Andrew has never intended to malign Ms. Giuffre's character, and he accepts that she has suffered both as an established victim of abuse and as a result of unfair public attacks," Prince Andrew's representatives said. The statement said Prince Andrew commended the bravery of Ms. Giuffre and others. "He pledges to demonstrate his regret for his association with Epstein by supporting the fight against the evils of sex trafficking, and by supporting its victims," it said.

A lawyer for Prince Andrew didn't respond to a request for comment. Buckingham Palace

declined to comment.

In a response to a request for comment, Mr. Boies said, "The event speaks for itself."

The settlement avoids the prospect of a potentially embarrassing trial as the British monarchy prepares to celebrate Queen Elizabeth II's 70 years on the throne. The settlement also confirms that Prince Andrew will very likely no longer play a front-line role in British royal affairs. Officials close to Buckingham Palace had long said the only way the prince could rehabilitate himself was if a court ruled he wasn't guilty of sexually abusing Ms. Giuffre.

Queen Elizabeth stripped Prince Andrew of his military affiliations and patronages last month as the palace

looked to distance itself from the prince. The queen's second son also agreed not to use the title "His Royal Highness" in any capacity, a Buckingham Palace official said. That decision came after Prince Andrew's lawyers failed in an attempt to have Ms. Giuffre's case thrown out.

Ms. Giuffre filed the lawsuit against Prince Andrew in a Manhattan federal court last year, alleging that Epstein and British socialite Ghislaine Maxwell forced her to have sex with the royal when she was a teenager in the early 2000s.

Prince Andrew has denied the allegations. He faced the prospect of being deposed for hours and of having to respond to Ms. Giuffre's legal team's requests for information pertaining to the allegations.

Prince Andrew has previously said in a court filing that he met Epstein around 1999 and that he flew on the financier's private jet. Epstein and Ms. Maxwell also attended Prince Andrew's 40th birthday party in 2000, according to the filing.

Ms. Maxwell was convicted of sex-trafficking charges for recruiting and grooming underage teens to perform sex acts on Epstein. Her lawyers are appealing the verdict. They have said that Ms. Maxwell is a scapegoat.



Britain's Prince Andrew

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U.S. NEWS

Senate Republicans Boycott Vote on Biden's Fed Nominees

By Andrew Ackerman and Nick Timiraos

WASHINGTON—Senate Republicans refused to attend a crucial committee vote on President Biden's nominees to the Federal Reserve over a disagreement with Democrats on one of the candidates, delaying the confirmation of all five picks, including Chairman Jerome Powell.

Republicans had earlier said they wouldn't attend a Senate Banking Committee vote on the nominees because of concerns they had with Sarah Bloom Raskin, nominated to serve as vice chairwoman for bank supervision.

"Until basic questions have been adequately addressed, I do not think the committee should proceed with a vote on Ms. Raskin," Sen. Pat Toomey of Pennsylvania, the committee's top Republican, said Tuesday ahead of the scheduled vote.

Senate Banking Committee Chairman Sherrod Brown (D., Ohio) accused Republicans of taking steps that could slow the Fed's ability to respond to economic challenges, including inflation. "Republicans have walked out on the American people," Mr. Brown said Tuesday at a hearing room with no Republicans present.

Even if Democrats and Republicans resolve the impasse over Ms. Raskin, the path forward for her nomination is tenuous.

Democrats have 50-50 control of the Senate, with Vice President Kamala Harris able to break a tie vote. But because Sen. Ben Ray Lujan (D., N.M.) is expected to miss four to six weeks due to a recent stroke, Democrats are temporarily short of a crucial vote on the Senate floor for nominees that lack any Republican support.

Earlier Tuesday, Mr. Brown told reporters he wouldn't



Sen. Pat Toomey voiced concerns about the candidacy of Sarah Bloom Raskin as top banking regulator.

consider Republicans' request to postpone Ms. Raskin's vote or separate her vote from the other nominees. "We're not going to let them cherry pick [and] say, 'Oh, we'll vote yes or no on these three nominees, but we're not going to even vote on these other two,'" he said.

Mr. Brown was one of several Democrats who in 2017 boycotted a Senate Finance Committee vote to consider two nominations by then-President Donald Trump, including Steven Mnuchin as Treasury secretary. Republicans changed committee rules that required at least one Democrat to be present before advancing the nominations to the Senate.

Republicans have questioned Ms. Raskin over her tenure on the board of a Colorado payments firm, Reserve Trust. She took that role after serving as Fed governor and a senior Treasury Department official during the Obama administration.

While Ms. Raskin was serving on the company's board in

2018, it obtained access to Federal Reserve payments systems that traditional banks use to move money around quickly. Republicans have asked Ms. Raskin if she drew on her personal contacts from prior stints in government to help the company.

Ms. Raskin has said that she followed all ethical re-

Republicans have indicated they are ready to back three of Mr. Biden's picks.

quirements.

Ms. Raskin has also been challenged by Republicans over prior statements calling for financial regulators to promote a more rapid transition away from fossil fuels—though Ms. Raskin said at a Feb. 3 hearing that she wouldn't restrict oil-and-gas companies from financing.

Republicans have indicated

they are prepared to back three of Mr. Biden's Fed picks, including Mr. Powell; Fed governor Lael Brainard, who has been tapped to serve as vice chairwoman; and economist Philip Jefferson, who has been nominated to a 14-year term on the Fed's board.

Economist Lisa Cook, nominated to serve as a governor on the Fed board, is a professor of economics and international relations at Michigan State University. Dr. Cook has focused her research on policies that promote broad economic opportunity, particularly for racial minorities and women, an approach she could soon bring to the central bank and its policy making.

Some Republicans suggested at the Feb. 3 hearing that Dr. Cook lacked sufficient experience in macroeconomics and monetary policy, a claim she rebutted by highlighting her research experience and work at the Treasury and White House Council of Economic Advisers, where she said she worked on matters related to financial crises.

Califf Is Confirmed For FDA Top Post

By Stephanie Armour

Robert Califf was narrowly confirmed by the Senate on Tuesday to lead the Food and Drug Administration following a pitched effort by the White House to shore up support.

The Senate voted 50 to 46 in favor of the confirmation, which some Democrats had opposed because of Dr. Califf's industry ties and some Republicans refused to support amid pressure from abortion-pill opponents.

Six Republicans voted for confirmation, while four Democrats and Vermont Sen. Bernie Sanders, an independent, voted against. Sen. Mike Rounds (R., S.D.) voted present.

"He has the robust agency and private-sector experience needed to help build on the success of the FDA," said Republican Sen. Richard Burr of North Carolina, who has supported the nomination.

As FDA commissioner, Dr. Califf will play a central role in one of the key agencies overseeing the U.S. pandemic response. The FDA has been assessing Covid-19 vaccines, treatment and tests, and deciding whether the evidence supports use.

Soon, the FDA may face a thorny decision whether to extend authorization of the Pfizer Inc. and BioNTech SE shot to young children. Early test results found the vaccine didn't work in children 2 to 4 years.

The FDA is also poised to take several actions that could reshape the tobacco industry: It is weighing whether e-cigarettes made by Juul Labs Inc. and other top manufacturers can remain on the U.S. market. It is pursuing a controversial ban on menthol cigarettes. And the Biden administration has been considering whether to mandate a reduction of nicotine in cigarettes to minimally addictive or nonaddictive levels.

Dr. Califf has said he would focus on the Covid-19 response

and emergency preparedness if confirmed as commissioner, along with modernizing the FDA and safeguarding patient protections.

The confirmation is a win for the Biden administration, which has been eager to fill the position since the agency has been without a permanent leader for more than a year. Janet Woodcock has been serving as acting commissioner. Dr. Woodcock said in a letter to agency staff that she planned to stay as principal deputy commissioner.

Dr. Califf is a Duke University cardiologist who is a member of the National Academy of Medicine. He has worked on drug-company clinical trials and served on the boards of some pharmaceutical companies. In recent years, he advised Alphabet Inc.'s Google Health and Verily healthcare subsidiaries.

At the end of the Obama administration, he had served as FDA commissioner following an 89-4 Senate confirmation vote. Yet his second nomination faced resistance from members of both parties.

To line up support, Dr. Califf agreed to wait four years after leaving the commissioner's office, if confirmed, before taking pay or a job with any pharmaceutical companies.

—Jennifer Maloney contributed to this article.



New FDA chief Robert Califf

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U.S. NEWS

GOP Senator Drops Hold on Stopgap Bill

By SIOBHAN HUGHES

WASHINGTON—Sen. Marsha Blackburn lifted a hold on a stopgap bill needed to avoid a partial government shutdown this weekend after she won a commitment from the Biden administration that it wouldn't fund pipes for smoking illicit substances through a substance-abuse program.

The Tennessee Republican had said she would hold up the bill until the Department of Health and Human Services clarified in writing whether it intended to pay for pipes to smoke illicit substances. The topic became a major issue in conservative circles after the Washington Free Beacon reported that a \$30 million harm-reduction grant program

operated by an agency within HHS could include money to put pipes in safe-smoking kits, which the report said could include crack pipes.

In a letter Tuesday, Health and Human Services Secretary Xavier Becerra wrote that "no federal funding will be used directly or through subsequent reimbursement of grantees to put pipes in safe smoking kits." He had previously issued a similar statement through a press release, but not in a letter to Congress.

"I had said I would lift the hold once they provided clarity," said Ms. Blackburn, who notified Senate Minority Leader Mitch McConnell (R., Ky.) of her intention to lift her hold.

The lifting of the hold clears up the biggest known

cloud hanging over the government's ability to avoid a partial shutdown starting this weekend.

The law that funds the government currently expires at 12:01 a.m. Saturday, and Sen-

The spending bill is needed to avoid a partial government shutdown.

ate Majority Leader Chuck Schumer (D., N.Y.) hasn't started the process of bringing to the floor an interim measure to fund the government through mid-March. That

leaves the Senate without enough time to pass a new funding bill unless all senators agree to speed up the process for advancing legislation through the Senate. In the chamber, 60 votes are required to pass most bills, and procedural votes and extended debate time are built in to the legislative process.

In his letter, Mr. Becerra wrote that the harm-reduction program operated by the Substance Abuse and Mental Health Services Administration is designed to help those who are struggling with substance abuse and to prevent overdose deaths. He said that it would be wrong to imply that the Biden administration would allow program funds to be used to provide, distribute

or mail pipes as part of safe-smoking kits or for the purpose of smoking crack cocaine, crystal methamphetamine or any other illicit substances.

Ms. Blackburn believes that the Biden administration had been open to funding such drug paraphernalia but reversed course after media reports about the program.

"What we do know from the letter is they realize we are watching and that they will not be putting any money into this drug paraphernalia," she said. "They had to put something in writing and now we know where they are currently."

The White House has denied the program would fund pipes. Sarah Lovenheim, an HHS spokeswoman, said in a statement that the administra-

tion "has never authorized the use of federal funding for smoke pipes and will not in the future. We have not approved any harm reduction grants and no money for the program has gone out."

A group of Republicans led by Sen. Mike Lee (R., Utah) had also placed a hold on the bill to fund the government through March 11 over vaccine mandates. In that instance, they are seeking an amendment vote on the topic

Mr. McConnell said on Tuesday that he expected there to be some amendment votes in conjunction with the vote on the so-called continuing resolution. "I think it will all be worked out," he said. "There's no danger of a government shutdown."

Jury Rejects Palin's Claims Of Defamation Against Times

By DEANNA PAUL AND ALEXANDRA BRUELL

A federal jury concluded the **New York Times** didn't defame Sarah Palin in a 2017 editorial, a verdict that follows a judge's surprise announcement that he planned to rule against the former Republican vice-presidential candidate after jurors finished their work.

The verdict, delivered Tuesday by jurors in Manhattan, is the latest chapter in a closely watched libel trial that probed the inner workings of a national news outlet and tested the scope of legal protections for the media.

Jurors reached their judgment after a weeklong trial in which Ms. Palin and leading figures from the Times testified.

Ms. Palin filed her lawsuit in 2017 shortly after the Times published an editorial about gun violence and political rhetoric. The editorial referenced a 2011 shooting that killed six people and wounded then-Rep.

Gabrielle Giffords, an Arizona Democrat. It incorrectly suggested an ad circulated by Ms. Palin's political-action committee inspired the Arizona spree. The Times quickly corrected the editorial and tweeted out an apology to its readers.

"It is gratifying that the jury and the judge understood the legal protections for the news media and our vital role in American society," a Times spokeswoman said in a statement Tuesday.

Following the verdict, attorneys for Ms. Palin said they would consider all options, including an appeal.

Public figures face high legal hurdles in winning defamation claims against news organizations, which U.S. District Judge Jed Rakoff noted Monday when he said he intended to dismiss Ms. Palin's claims, no matter the jury's verdict.

Judge Rakoff, a veteran jurist with a strong independent streak, concluded that Ms. Palin hadn't presented sufficient

evidence to prove the Times had acted with "actual malice," meaning the outlet either knowingly published a false statement or showed a reckless disregard for the truth.

"This is an example of very unfortunate editorializing on the part of the Times," he said, but added that the law sets a very high standard that Ms. Palin didn't meet.

Before dismissing jurors Tuesday, Judge Rakoff told them he had also determined the Times and its then-opinion editor James Bennet weren't liable. "We've reached the same bottom line," he said.

Legal observers said judges sometimes override jury verdicts based on controlling law, but they said the timing of Judge Rakoff's announcement was unusual. Such a ruling would typically come before jurors begin deliberating or after their work is done.

With jurors reaching the same conclusion as Judge Rakoff, Ms. Palin could face an



Former Alaska Gov. Sarah Palin, leaving a Manhattan court Tuesday, had sued the New York Times.

uphill climb on appeal.

Defamation claims against major media organizations don't often make it to trial because the legal standards are so high. A landmark U.S. Supreme Court case from 1964, *New York Times v. Sullivan*, established the actual-malice standard for public figures like Ms. Palin. Irresponsible reporting or a failure to follow journalistic standards don't, on their own, necessarily establish the elements for a def-

amation claim, Judge Rakoff instructed jurors in the case.

First Amendment advocates expressed relief after the verdict.

"The media will sometimes get things wrong, as the Times did here. But press freedom can't survive without breathing space," said Jameel Jaffer, executive director of the Knight First Amendment Institute at Columbia University. Holding the Times liable would have reduced that breathing space sig-

nificantly, he said.

The case is an example of the heightened scrutiny facing the mainstream media, said Peter Bhatia, editor of the *Detroit Free Press*. "It isn't to say we should be timid about publishing things when we know we have it right, but we also know blowback on anything we do is going to be greater than it's been potentially in the past," Mr. Bhatia said. "Even if there's no truth to the blowback, it's going to be there."

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KRS CPAs, LLC	Nuspire	Quest CE	Strive Consulting	Venturity Financial Partners
KSM				Vertikal6
LABUR				VTC Insurance Group
LaFleur Marketing				Wade Trim
Lake Michigan Credit Union				Wespath Benefits and Investments
Lakeshore Recycling Systems				West Michigan Whitecaps
Lakewood Construction				Windemuller
LASSO				Wingstop Restaurants, Inc.
Ledson Winery & Vineyards				Winthrop Wealth
Legal Copy Services				Wi-Tronix, LLC
Level One Bank				Wolverine Building Group
Life EMS Ambulance				Work Skills Corporation
LineDrive				WorkSighted
List Partners, LLC				WOW!
Loberg Construction				WRH Realty Services, Inc.
Logical Innovations, Inc.				WSI
Logicworks				XINNIX, Inc.
Lynx Technology Partners				Yottaa
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U.S. NEWS

Study of Trump Web Traffic Stirs New Fight

By ARUNA VISWANATHA
AND BYRON TAU

WASHINGTON—Legal memos filed in recent days in the case against a former lawyer for the 2016 Clinton campaign, Michael Sussmann, reignited disputes over special counsel John Durham’s continuing probe into the origins of the FBI’s investigation into ties between the Trump campaign and Russia.

Late Friday, Mr. Durham said in a filing that his office would show at Mr. Sussmann’s trial that people affiliated with Donald Trump’s Democratic opponent, former Secretary of State Hillary Clinton, worked to exploit nonpublic internet traffic data they had access to, including from the White House, to establish a narrative tying Mr. Trump to Russia. The filing suggested the data included the early days of the Trump presidency.

Responding on Monday, Mr. Sussmann’s lawyers called the allegations misleading and irrelevant, and said the White House data predated Mr. Trump’s inauguration.

The dispute revolves around a highly technical analysis of internet-traffic data by security researchers in late 2016 and early 2017. Such data are frequently shared in the cybersecurity community, and obtaining it doesn’t require any computer intrusion or special legal permission, though it is technically proprietary. The data only show connections between computers and don’t reveal content of communications, and nearly all internet users generate such data as they use the web.

Mr. Sussmann has been indicted on a charge of lying to the Federal Bureau of Investigation in a 2016 meeting and has pleaded not guilty. Mr. Durham’s new allegations in the case revolve around technical matters and the filing didn’t provide extensive detail. Some of Mr. Trump’s supporters see the filing as implicating allies of Mrs. Clinton; lawyers for Mr. Sussmann and for others involved in the research say the claims are groundless.

In the filing, prosecutors asked the court to inquire into potential conflicts of interest for the law firm representing Mr. Sussmann, related to the firm’s prior representation of other people caught up in Mr. Durham’s investigation and of Mr. Sussmann’s former employer.

While a partner at the law firm Perkins Coie, the filing said, Mr. Sussmann represented a tech executive who was working with researchers at Georgia Institute of Technology to examine internet data including from Trump Tower and the White House. Perkins Coie represented the 2016 Clinton campaign at the time, and Mr. Sussmann resigned from the firm after his indictment.

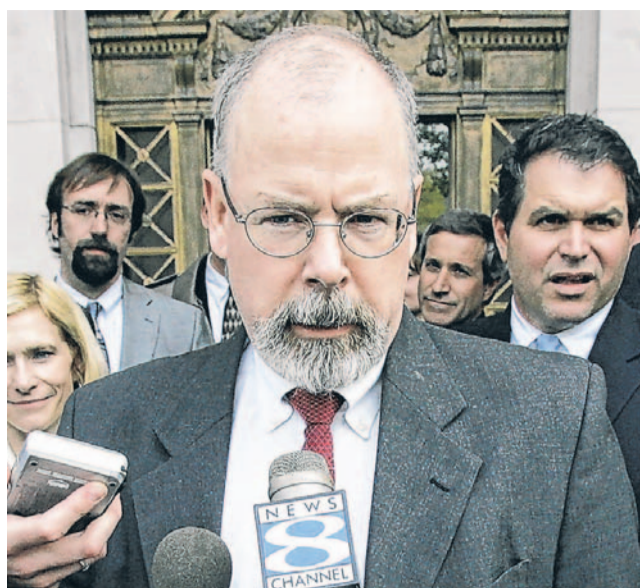
The filing went on to say the tech executive, who isn’t named but is identifiable as Rodney Joffe of the Washington-area tech company Neustar, had access to dedicated Executive Office of the President servers through a “sensitive arrangement,” and used it in order to gather “degradatory information about Donald Trump.” Mr. Joffe hasn’t been accused of any criminal wrongdoing.

Getting data

Prosecutors said Mr. Sussmann had used that data to back up his assertions to U.S. government officials of suspicious internet traffic between Mr. Trump’s New York City apartment building, the White House and a Russian mobile-phone provider identifiable as YotaPhone. While some independent internet experts have said the traffic appeared odd, others have offered benign technical explanations.

Mr. Sussmann provided the traffic analysis to officials at both the Central Intelligence Agency and the FBI. He is charged with lying to the FBI by saying he was passing on the information as a good citizen, rather than as a representative of Mr. Joffe or the Clinton campaign. Mr. Sussmann denies misleading anyone about his role.

Neustar didn’t respond to a



John Durham is examining the origins of the FBI’s investigation into ties between the 2016 Trump campaign and Russia.

request for comment. A spokeswoman for Mr. Joffe said: “Mr. Joffe is an apolitical internet security expert with decades of service to the U.S. government who has never worked for a political party.” The spokeswoman said all the data Mr. Joffe accessed and provided were legally acquired, and that researchers were permitted to use the data to assess cybersecurity threats.

The new allegations prompted Mr. Trump over the weekend to say he had been “spied on,” revisiting a contention Mr. Trump and his supporters often voiced in the early days of his presidency and that intelligence officials refuted at the time—though one of Mr. Trump’s campaign advisers was the target of a surveillance warrant after he left the campaign. The FBI later said there were deficiencies in its surveillance applications against the aide, Carter Page, who wasn’t accused of wrongdoing.

In his Saturday statement, Mr. Trump said, “My campaign and presidency were spied on by operatives paid by the Hillary Clinton Campaign in an effort to develop a completely fabricated connection to Russia.”

Late Monday, Mr. Sussmann’s legal team filed its response in court, saying Mr.

Durham’s allegations were misleading and accusing prosecutors of trying to score political points unrelated to the case at hand.

“The Special Counsel has again made a filing in this case that unnecessarily includes prejudicial—and false—allegations that are irrelevant to his Motion and to the charged offense, and are plainly intended to politicize this case, inflame media cover-

Lawyers accuse the special counsel of seeking to ‘politicize this case.’

age, and taint the jury pool,” his lawyers wrote.

They added that the White House data to which Mr. Durham referred stemmed from the time when Barack Obama was president and asked the court to strike references to it and related allegations from the record.

A spokesman for Mr. Durham declined to comment beyond the court filings.

At issue in Mr. Durham’s allegations are what are called domain name system or DNS

records—telephone-book style logs of how computer servers communicate with one another to route internet traffic. DNS services translate a web domain—such as wsj.com—into a numerical IP address readable by computers, which can then route a user’s internet traffic to the correct destination.

The DNS records used by the researchers don’t show the content of what is being transmitted between computer systems—only that a computer was attempting to communicate with another computer.

Such information can still be revealing and is frequently studied by both private-sector and government entities such as intelligence agencies and cybersecurity firms. Neustar had a contract to maintain the White House DNS service, according to Mr. Durham’s filing, which doesn’t detail the exact time frame when the records were gathered.

Cyber analysis

In this instance, several academic researchers affiliated with Georgia Tech and other institutions were working on an analysis for the U.S. government of Russian malware attacks in 2016. Lawyers representing one of the security researchers who worked on the project in question said the records they relied upon stopped on Jan. 15, 2017, five days before Mr. Trump’s inauguration.

The White House DNS data were used to examine Russian attacks against the Obama-era White House, the lawyers said. It was one of many institutions in Washington—including several Democratic political organizations and the chairman of the Clinton campaign—that faced cyberattacks in 2016 from Russian-linked entities. Without providing evidence, Russia has denied interfering in the 2016 U.S. presidential election.

As part of their work, the researchers said, they obtained DNS data from Neustar. Mr. Joffe helped provide the data and was consulting informally with the academic team. Analyzing that data, they said,

they began seeing a strange pattern of internet activity that was eventually identified with an IP address affiliated with Trump Tower and a Russian bank called Alfa Bank.

That traffic prompted concern that Mr. Trump was the victim of a cyberattack, and the researchers said they weren’t looking at anything related to him at the start of this project, lawyers said.

Mark Rasch, a lawyer representing one member of the Georgia Tech research team that did the analysis, said: “The implication that the kind of data used by the researchers constituted an intrusion of the Executive Office of the President is absurd.”

In October 2020, Mr. Trump’s then-attorney general, William Barr, appointed Mr. Durham as a special counsel so he would be able to continue his investigation under the Biden administration.

In a January filing in Mr. Sussmann’s case, Mr. Durham’s prosecutors said they were continuing an “active, ongoing criminal investigation” into Mr. Sussmann’s actions and other topics.

In a separate two-year investigation, special counsel Robert Mueller found that Russia had interfered in the 2016 election in an effort to tip the election to Mr. Trump and found numerous links between that effort and the Trump campaign, but didn’t establish any conspiracy between the two.

Mr. Durham’s almost three-year-old probe has so far yielded three cases, including Mr. Sussmann’s. In November, a Russia analyst who served as a central source for a dossier of opposition research material about Mr. Trump compiled by former British intelligence officer Christopher Steele was arrested and charged with lying to the FBI. He has pleaded not guilty.

A former FBI lawyer, Kevin Clinesmith, pleaded guilty to altering a document used to justify surveillance of Mr. Page. Mr. Clinesmith was sentenced last year to 12 months of probation.

HIV Seems Cured In Woman

Continued from Page One

The treatment is likely to be suitable for a broader range of people than are the transplants that beat HIV back in three other patients because cord blood doesn’t have to be a precise genetic match to a recipient patient, Dr. Glesby and other researchers said.

Three other cancer patients have achieved HIV remission following stem-cell transplants, which like this woman’s contained stem cells with a key mutation to a gene called CCR5. Most HIV strains use normal copies of this gene to penetrate a patient’s immune-system cells. The mutation renders the gene inactive, thereby blocking HIV entry.

Transplants, which are risky and costly, are unlikely to be an option for HIV patients other than those who need them for treatment for diseases such as cancer, said Sharon Lewin, director of the Peter Doherty Institute for In-

fection and Immunity in Melbourne, Australia, and a leader in HIV cure research who wasn’t involved in the woman’s case. It also isn’t known how many HIV patients have failed to go into remission after similar transplants, Dr. Lewin said.

Researchers aspire to develop a cure that could be given not just to people in advanced medical centers in the developed world, but in sub-Saharan Africa, home to two-thirds of the world’s 37.7 million people who are living with HIV, the virus that causes AIDS.

Still, the details of the New York patient’s medical journey could help researchers who are developing gene therapies to confer the HIV-resistant mutation to patients, she and other researchers said.

Steven Deeks of the University of California, San Francisco, another longtime leader in the search for an HIV cure who wasn’t involved in the case, called the woman’s treatment “a road map for doing this using a person’s own cells, which would be far safer and more scalable.”

The woman, who is middle-aged and of mixed race, was treated by doctors at Weill Cornell Medicine and NewYork-Presbyterian as part of a study funded by the National Institutes of Health. She was given a transplant to treat acute myeloid leukemia, a cancer that starts in blood-forming cells of the bone marrow, as well as HIV, which she was diagnosed with four years before developing her leukemia.

Described by her doctors as a private person, she declined to comment or allow them to disclose her identity or exact age.

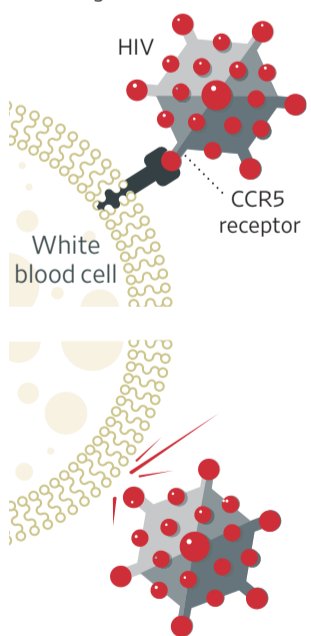
The first person deemed to be cured of HIV was Timothy Ray Brown, initially called the “Berlin patient,” whose success inspired researchers to explore gene therapies that could cure the disease. He died in 2020 following a relapse of the leukemia that led to his transplants. In 2019, researchers reported that two other patients, men in London and Düsseldorf, Germany, had achieved sustained HIV remission after receiving transplants and stopping HIV medi-

Possible Cure

In previous cases, HIV patients entered long-term remission after a stem-cell transplant from adult donors with an HIV-resistant genetic mutation. The New York patient had two different kinds of stem cells in her transplant.

The genetic mutation

CCR5 receptor
To enter cells, most HIV strains bind to CCR5, a molecule that protrudes from the cells’ surface. In less than 1% of humans, there is a genetic mutation where CCR5 is missing.



Without CCR5
Cells are resistant to HIV because it’s harder for the virus to bind to the cell.

Source: Weill Cornell Medicine
Merrill Sherman/THE WALL STREET JOURNAL

cations. Researchers have also discovered two women who were effectively cured of HIV by their own immune systems, which suppressed the virus without medication.

The New York patient received her transplant in August 2017. Her doctors wanted to try to cure her HIV as well as her leukemia, but the donors whom she matched with didn’t have the rare CCR5 mutation, which is normally found in Caucasians in Northern Europe.

So they offered her a transplant of stem cells in umbilical-cord blood, which don’t re-

The therapy

1 High-dose chemotherapy to treat leukemia destroyed the patient’s blood-cell population, making her a candidate for a transplant.

Stem cells from:

Family member

Umbilical cord blood

2 Stem cells are injected.

3

15 days after...

...100 days after

Family cells

act as a bridge, replicating sooner and strengthening immune system.

Umbilical cells

have replaced the patient’s immune system, which now has HIV-resistant gene mutation.

quire a perfect genetic match, said Koen Van Besien, stem-cell transplant specialist at Weill Cornell Medicine and NewYork-Presbyterian who designed the procedure. “Cord-blood grafts are much more permissive,” he said. The cord blood they used had the HIV-resistant mutation.

“She really liked the idea,” said Jingmei Hsu, a stem-cell transplant specialist at Weill Cornell Medicine and NewYork-Presbyterian, who also treated her.

Cord-blood transplants take as long as 30 days to graft, Dr. Van Besien said. The doctors sped up the process by supple-

menting it with a transplant of stem cells from one of the woman’s adult relatives, which graft more quickly. Within 100 days, the patient’s blood cells were totally derived from the HIV-resistant cord-blood cells, the doctors said.

The patient stopped taking HIV medication in early April 2020, but went back on it 10 days later when her doctors decided they couldn’t safely monitor her progress during the Covid-19 pandemic wave that had hit New York City.

She went off the medication for good later that year. She has also been free of leukemia for more than four years.

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WORLD NEWS

Senators Stall on Russia-Sanctions Plan

Dispute over pipeline threatens to leave U.S. with no unified strategy if Ukraine is invaded

BY LINDSAY WISE
AND WILLIAM MAULDIN

A disagreement about how to treat a Russian natural-gas pipeline has halted Democratic and Republican efforts to cut a deal on sanctions legislation targeting Russia, days before many U.S. officials say an invasion of Ukraine is possible.

Senators from both parties had hoped to agree on legislation that Sen. Bob Menendez (D., N.J.), chairman of the Senate Foreign Relations Committee, dubbed the “mother of all sanctions,” part of an effort to deter Russian President Vladimir Putin from invading Ukraine by ensuring Moscow would face painful economic measures.

At the center of the dispute are disagreements about the timing and certainty of sanctions aimed at stopping gas from flowing in the new Nord Stream 2 pipeline that connects Russia and Germany, by-

passing Ukraine.

The impasse raises the risk that the White House and Capitol Hill might not have a unified message if an invasion occurs, said people following the talks.

“It’s one more indication of the lack of great intention and strength on the West’s part,” said John Herbst, a former U.S. ambassador to Ukraine and analyst at the Atlantic Council, a Washington think tank.

Lawmakers say they have given President Biden wide-ranging authorities to impose sanctions on Russian entities. Since 2014, when Moscow annexed the Crimean Peninsula and backed separatist fighters in eastern Ukraine, some Russian companies and people connected with Mr. Putin have been targeted by the U.S.

Moreover, U.S. officials have signaled in recent weeks they will use existing authorities to hit Russian banks and impose export controls on high technology, aimed at the country’s economy and limiting growth.

Still, U.S. senators had hoped to agree on bipartisan legislation that would pass the House and codify planned sanctions against Russia, helping



Pipes at the landfall facilities of the Nord Stream 2 gas pipeline are pictured in northern Germany.

additional military support for Ukraine and add to funding to deter Russian influence and military operations in Europe.

Mr. Biden on Tuesday said if Russia moves into Ukraine, the pipeline “will not happen.”

Although completed, the pipeline isn’t operating yet, with German officials saying it is undergoing certification that isn’t likely to be finished until the second half of 2022.

Some Republicans see the pipeline as part of the existing threat against Ukraine and want to impose sanctions on it immediately. Republicans also want to give the Biden administration less wiggle room on what constitutes an invasion, lawmakers and people following the legislation said.

Another issue that has divided lawmakers is the effect of sanctions on Russian banks and debt because European banks are active in the Russian market and a variety of companies do business with the large Russian banks that dominate the country’s financial system.

Even if senators cut a deal, the House isn’t in session, so the measure wouldn’t become law in the coming days.

remove any doubts in the Kremlin that Washington would soften its sanctions response.

“We’re on the same page, just not on the same paragraph,” said Sen. Marco Rubio, a Florida Republican. “This is a real republic where people have some differences of opinion,” he said, comparing the U.S. system of government with Russia’s.

Mr. Menendez told reporters

Monday night that Democrats made a new offer to Republicans “on several elements we think goes further in their direction.” He added: “Hopefully, they’ll take yes for an answer.”

On Tuesday, the top Republican on the Foreign Relations Committee, Sen. Jim Risch of Idaho, released his own Ukraine-related bill with 31 Republican co-sponsors.

Dubbed the “Nyet Act,” a reference to the Russian word for “No,” the bill would require sanctions on Nord Stream 2 without the possibility of a White House waiver if Russia invades Ukraine, but would allow for the suspensions of sanctions on the pipeline as long as the German government doesn’t certify it for operation. The bill also would authorize

China’s Ties to Putin Color U.S.’s Approach to Curbs

BY KATE O’KEEFFE
AND IAN TALLEY

The Biden administration, in devising what it vows would be punishing economic penalties if Russia were to attack Ukraine, is factoring in whether China would come to Moscow’s aid and circumvent sanctions and other punitive measures.

Administration officials are considering cutting off major Russian banks from global financial networks and employing novel export controls to ban the sale of global technology that relies on American software and equipment to Russian entities in sectors such as aerospace, artificial intelli-

gence, maritime and others.

In weighing these options, the officials are having to assess how far Beijing would go to help Moscow by marshaling the resources of the world’s second-largest economy to increase trade and supply financing and sanctioned goods, people familiar with the administration’s discussions on the matter said. So far, these people said, the administration sees Beijing as unlikely to interfere substantially with any U.S. restrictions because that could jeopardize Chinese companies’ access to the U.S.’s large domestic market, deep financial networks and critical technologies.

The technology export con-

trols the U.S. is considering would hit at a particular vulnerability for Beijing: China is a huge importer of semiconductors, and the U.S. dominates the software and tool-making equipment used to produce leading-edge chips. A U.S. export ban on global goods derived from chip-making tools and technology crippled Chinese telecommunications gear-maker Huawei Technologies Co.’s revenue.

As U.S. officials warn that a Russian attack on Ukraine could come at any time, the U.S. is having to contend with China’s intensifying partnership with Russia, and Beijing’s past willingness to circumvent U.S. sanctions on North Korea

and Iran, according to current and former U.S. officials.

“If this was Russia by itself, they’d be in a much harder position, but with the Chinese on their side—they’ve got the second-largest economy in the world—and so that limits what you can get out of sanctions,” said James Lewis, a technology expert and former diplomat now at the Center for Strategic and International Studies, a think tank.

Russian President Vladimir Putin and Chinese leader Xi Jinping, who share a determination to undercut American power, held a summit this month hours before the opening of the Beijing Winter Olympics, releasing a state-

ment afterward describing their partnership as having “no limits” and criticizing the U.S. and its alliances around the world.

The lengthy statement signals “a fundamental alignment” between the two countries, a senior administration official said. That Mr. Xi would meet with Mr. Putin while Russian troops are massed at Ukraine’s border shows the Chinese leader’s perception that what Russia is doing is legitimate, the official said.

Administration officials have warned Chinese officials that penalties imposed for a further Russian invasion of Ukraine could entangle Chinese companies that deal with

Russian entities, the senior official said. U.S. officials are also reaching out to technology-industry executives to get the word out about possible export controls, the people familiar said.

Beijing objects to any U.S. use of export controls and economic sanctions on Russia, a spokesman for the Chinese Embassy in Washington said.

The administration appears to be adopting a wait-and-see strategy on sanctions, gearing the U.S. response to Russia’s actions and then seeing how Chinese companies react, said technology-industry and other executives briefed by the administration about China’s role in any sanctions.

Kremlin Gives Mixed Signals

Continued from Page One
Scholz of Germany, Mr. Putin said, “There is nothing to comment on here. A decision was made to partially withdraw troops.”

The Russian leader said Moscow was “ready to follow the negotiation track” but that the implementation of Russian demands, including a halt to expansion of the North Atlantic Treaty Organization, are “an unconditional priority for us.”

Mr. Biden later said the U.S. hadn’t verified that Moscow had withdrawn troops. In remarks at the White House, Mr. Biden stressed that the U.S. wasn’t looking for a confrontation with Russia and hoped for a diplomatic resolution. But he said if Russia invades Ukraine, the U.S. and its allies would respond decisively. With the prospect of U.S. sanctions looming should Russia invade, he warned that energy prices could be affected.

He said the U.S. and NATO weren’t a threat to Russia.

“We’re not targeting the people of Russia, we do not seek to destabilize Russia,” he said. “To the citizens of Russia: You are not our enemy, and I do not believe you want a bloody destructive war against Ukraine.”

Throughout the crisis, NATO has maintained it wouldn’t meet Moscow’s core demand that it bar membership to Ukraine. Under the alliance’s Open Door Policy, membership is open to any European state in a position to advance its principles and contribute to the security of the North Atlantic area.

However, Mr. Scholz reiterated that Western allies don’t expect Ukraine to join the alliance for the foreseeable future and signaled this could help address Russia’s security concerns.

Officials in Ukraine and elsewhere voiced skepticism that Russia’s position was softening and said it was unclear what signals Moscow was intending to send.

Before Mr. Putin spoke on Tuesday, Russia’s parliament urged him to recognize two Russian-backed separatist re-



“There is nothing to comment on here. A decision was made to partially withdraw troops,” Russian President Vladimir Putin said.

publics in eastern Ukraine as independent states. Also on Tuesday, the Ukrainian government said a suspected cyberattack had hit the country’s defense ministry and two state banks.

Oleksii Danilov, the head of Ukraine’s National Security and Defense Council, played down the importance of Russia’s troop-withdrawal announcement, saying the soldiers could be quickly returned to Ukraine’s borders.

“The turning point will be

President Biden said the U.S. and NATO weren’t a threat to Russia.

when the Russian Federation realizes that we are a separate state, that we have the full right to be one, and stops trying to liquidate us,” he said.

U.S. officials said on Monday that the Russian military presence near Ukraine had grown to 105 battalion tactical groups, up from 83 groups this month. Russia has also moved around 500 combat aircraft within range of Ukraine and has 40 combat ships in the Black Sea, U.S. officials said.

In a call on Tuesday, U.S. Secretary of State Antony Blinken told Foreign Minister Sergei Lavrov of Russia that the U.S. needed to see “verifiable, credible, meaningful de-escalation,”

and said a “window remains to resolve the crisis peacefully,” the State Department said.

U.K. Prime Minister Boris Johnson said he saw mixed signals coming from the Kremlin. “Clearly there are signs for a diplomatic opening....We are seeing Russian openness to conversation,” he said. However, he said the intelligence coming from the Ukrainian border wasn’t encouraging, with more troops gathering there and field hospitals being built.

NATO Secretary-General Jens Stoltenberg also noted potentially hopeful signs of a diplomatic opening from Moscow. “But so far we have not seen any sign of de-escalation on the ground,” he said.

U.S. officials have said Russia could launch an attack on Ukraine as soon as Wednesday. Russia has said it has no intention of attacking Ukraine.

Foreign Minister Dmytro Kuleba of Ukraine said Tuesday said any move by Russia to recognize the Moscow-backed separatist statelets in Ukraine’s east would signify the Kremlin’s withdrawal from international agreements Kyiv signed with Moscow over the regions. “Such a move will cause a serious blow to the politico-diplomatic settlement that Ukraine and its partners have been actively engaged to promote,” he said.

—Matthew Luxmoore and Max Colchester in London and Bojan Pancevski and Laurence Norman in Berlin contributed to this article.

ON THE LINKS
CHILDE HASSAM

American master. Favored subject. Impressionist legend.



In this original oil on panel, the great Impressionist Childe Hassam paints a view of the golf course at Maidstone Club in East Hampton, New York, where the artist spent many summers. Capturing the nuances of color and light on the green, Hassam renders the distinctly American landscape in a way that no other artist of the period achieved. Presented in its original frame designed by Hassam himself, this work depicts

the natural beauty of one of the painter’s favorite subjects and showcases his pioneering impressionist style. Other scenes of New York by Hassam are in the Metropolitan Museum of Art and the Brooklyn Museum. Dated 1926. Signed (lower right). Panel: 10³/₈”h x 12³/₈”w; Frame: 16³/₄”h x 19¹/₄”w. #31-4705

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WORLD NEWS

Ukraine's Battle Is Yearslong

Continued from Page One
 long-running battle over the control of Ukraine. Russian President Vladimir Putin faces a generation of Ukrainians who have already turned against their powerful neighbor. Young men, barely teenagers in 2014, have come of age and taken up arms.

One of them was Mr. Tychyna, a volleyball standout who had hoped to be a computer programmer after serving in the army. He was among Ukraine's 4,500 military service members killed in the nation's war, nearly double the U.S. military deaths over two decades in Afghanistan.

"We've been stewing in this war for so long," said Taisiya Budzynska, one of Mr. Tychyna's schoolteachers. "This war has made Ukraine a nation."

Most of the Ukrainian military casualties came in the first year, when fighting was heaviest. One or two have died every week in past years, often by sniper or mortar fire across the front lines, a divide largely fixed in a 2015 deal.

The war feels far off to those living in Korosten, Mr. Tychyna's hometown. The city of some 60,000 is hundreds of miles from the front lines. Yet his death brought its main street to a halt on Jan. 6. Roughly 600 people joined the funeral procession and many knelt as his coffin was carried to his memorial service.

Mr. Tychyna wasn't a zealous nationalist, as Moscow portrays its rivals in Ukraine. He wore his patriotism lightly and came to see the fight against the Russians as his duty and the military an honorable profession, acquaintances said.

The spark of patriotism first flashed in his boyhood during demonstrations against pro-Russian President Viktor Yanukovich in the winter of 2013. Ms. Budzynska recalled



Iryna Tychyna, the mother of Ihor Tychyna, grieving at her son's grave in Ukraine. Below, a video of Mr. Tychyna.

ANASTASIA VLASOVA FOR THE WALL STREET JOURNAL (2)

how young Ihor's class would play a popular anthem of the protests, "Warriors of Light," and wave around the flashlights on their cellphones.

Mr. Yanukovich eventually fled, and Russia seized the Crimean peninsula, later sending agents, arms and fighters to whip up a separatist conflict in Ukraine's east.

Mr. Tychyna's father, Oleh Tychyna, a former marine, wanted to join the fight against Russia, but recruiters wouldn't agree to send him to the front. "You have three children," Iryna Tychyna said they told her husband.

Post-Soviet life hasn't enriched residents of Korosten, a low-key transport hub known for its potato-pancake competition. The city lost tank and helicopter regiments based there. Industrial plants linked to Russia's defense industry closed. A porcelain factory shut, losing out to inexpensive Chinese products.

Yet people managed to get by, some trading farm products across the nearby border with Belarus, and others working for a local fuel company or at wood-processing plants,



which supplied such customers as furniture retailer IKEA. In January 2015, Korosten lost its first native son in combat at the airport in Donetsk, which became a stronghold of Russian-led separatists. The death shook the city, which renamed a street after him.

"It was hard to grasp," said Korosten's deputy mayor Natalia Chyzhevska, who had been a schoolmate of the soldier. "You are walking along a street named after a person who sat on the bench next to you at school."

Young Ihor's father died suddenly that year, leaving his mother, a nurse, to care for the boy and two sisters. The boy's teacher said he turned from a joyful student to one more introverted. He grew past 6-foot and followed news from the front lines. "He absorbed it like a sponge," his mother said. She saw his eyes

light up at stories of marches and jumps told by one relative, a former paratrooper.

Ms. Budzynska said she would remind her pupils of a Ukrainian nationalist leader who said anyone who chooses bread over freedom would lose both. She took Mr. Tychyna's class to see a movie about the defenders of the airport in Donetsk. The soldiers were known as the "Cyborgs" for fighting off waves of attacks, before their retreat.

On the way back from the movie, Ms. Budzynska recalled the boys asking, "Why is the world not reacting to what is happening?" she said. She told them Ukrainians would have to rely on themselves.

Mr. Tychyna enlisted in the army immediately after high school graduation. Beyond his feelings of duty, Mr. Tychyna saw the military as a path to a better financial future, said Oleksiy Bondar, a close friend.

He joined the 95th Air Assault Brigade, based in the regional capital Zhytomyr. He was first deployed to a checkpoint that marked the limit of Kyiv's control where the Crimean peninsula extends from

mainland Ukraine.

Ms. Tychyna said her son was under constant pressure from the Russian side and saw a psychologist. Last fall, he was transferred some 500 miles to the east. "Ihor, don't go. It's very dangerous," his mother recalled saying. He told her not to worry, that he would be OK.

Mr. Tychyna operated an automatic grenade launcher on the front lines near the city of Horlivka. He assured his mother in short calls that everything was all right. On Dec. 23, he let slip the intensity of the fighting, and his mother cried. "Ihor, take care of yourself," she told him.

He was struck by the sniper's bullet around 3 a.m. on Dec. 27.

Mr. Tychyna was evacuated to the city of Kharkiv. The news quickly reached Korosten. Those at his old school learned it from a girl whose brother worked at the recruiting office. City Hall officials heard it from a veterans organization.

The whole town fretted, and Mr. Tychyna's fight for survival was the talk of year-end company parties. News of his death on New Year's Day pierced the celebrations. His was the first Ukrainian combat fatality of 2022.

The funeral service took place six days later on the city's central square.

Korosten now worries about a bigger war. Belarus, which is carrying out exercises with its close Russian ally, is a few dozen miles north.

Ms. Budzynska, the schoolteacher, said she was shocked recently to see people buying staples ahead of a possible invasion. Her father, born in 1948, during difficult postwar years, urged her to do the same.

On a recent day, Ms. Tychyna trudged in snow to her son's grave. She gestured to the spot where her son is buried next to her husband. "Oh, God," she said. "That was supposed to be my place."

She brushed snow off the cross, then collapsed, wailing, onto wreaths held together by tape against a biting wind.

"My Ihor," she said, sobbing. "My son. My son."

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FROM PAGE ONE

Did China Invent Skiing?

Continued from Page One

Skiing is enjoying a moment in the area. At festivals, traditionalists still turn out in furry hats and animal skins to ski on homemade boards that are 6 to 8 feet long and covered with horse hair for traction when climbing uphill. Surging numbers are flocking to modern local resorts such as General's Mountain with lifts and a bunny-slope conveyor belt, bolstering industry forecasts that China's population of skiers and snowboarders could soon be the world's largest.

A local official this month compared the terrain to the Rockies and its powder snow to Japan's Hokkaido, touting Altay on China's state broadcaster as "one of the earliest origin locations of human skiing."

Xinjiang, a region more than twice the size of Texas, is where Beijing's leadership is engaged in a campaign of forcible assimilation against Muslim minorities, including Uyghurs, that the U.S. State Department and some human-rights groups say amounts to

a form of genocide. Australian Strategic Policy Institute, a Canberra-based think tank, in 2020 reported open-source evidence of a dozen detention-type facilities and the destruction of mosques in Altay prefecture.

Chinese authorities reject all allegations of mistreatment of Uyghurs as lies. After a stir around a Uyghur athlete who delivered the Olympic torch in the opening ceremony, state media said her role reflected her ties to skiing's birthplace.

Pleistocene-Holocene skiing art would suggest skis predated, by thousands of years, Chinese civilization itself, as well as its innovations such as paper (A.D. 105), gunpowder (A.D. 142) and the compass (220 B.C.). Of course, the technology involved is simpler. It would be a short step for people in a wooded, hilly and snowy area to try sliding on cut logs, said Marjorie Senechal, a Smith College professor emerita who has researched ancient inventions.

Archaeologists outside China agree skiing has a long history in Xinjiang but say it's not been proven that it originated there.

Clearer depictions of skiers with poles appear in petroglyphs—rock carvings—dated some 5,000 years ago near the Russian village Zalavruga, just east of the present-day Finnish border. At Alta, a Unesco



A craftsman makes traditional skis, with horse hair for going uphill, near the city of Altay, in China.

World Heritage site in Norway, a country where residents say they are born wearing skis, more recent rock carvings depict skiers hunting.

The oldest ski ever found, according to the Guinness World Records, had been preserved in a Swedish peat bog and dates to 2,500 B.C.

The foremost champion of China's claims is 83-year-old Shan Zhaojian, the country's most well-known skier. Even before he had ever been to Xinjiang, Mr. Shan told Skiing

magazine in 1998 that he knew of evidence of skiing there 2,500 years ago. After the rock paintings were brought to his attention in 2005, Mr. Shan ran with his theory. Armed with views from local researchers, the next year he unveiled the "Altay Declaration" that proclaimed Xinjiang as "the origin of human skiing"—terminology that endures in official Chinese accounts.

Later, Mr. Shan took part in a documentary by American Nils Larsen that depicted how

skis were traditionally made there. Mr. Larsen, who has visited the area about 10 times, doesn't quite embrace Mr. Shan's theory. "He and I have never completely agreed on the historical narrative he put out there," says Mr. Larsen. "It's possible skiing started there but the evidence is not definite."

Mr. Shan says he is open to competing evidence, but "from the information we have now, we are sure that the research on the origin of human skiing

can still stand the test of time."

The film's title, "Skiing in the Shadow of Genghis Khan," also highlights something rarely mentioned in China's origin narrative: Historically, local skiers were ethnic Mongolians, Tuvans and Kazakhs, not Han Chinese or even Uyghurs.

An Australian-Chinese archaeology team that examined the rock-art site in Xinjiang in 2015 agreed some figures appear to be on skis or sleds, but cast doubt on the 10,000-year estimate. The study concluded the paintings likely date back between 4,000 and 5,250 years.

"Thus the debate about the origin of skiing cannot be resolved and it may well be that the practice spread quickly across a region encompassing northern Scandinavia, Russia, northern Xinjiang and Mongolia about 5,000 years ago," it said. Another possibility, the team said, is that skiing emerged independently in various regions around the same time. Undaunted, Mr. Shan in 2018 attracted ski-history buffs from 18 countries including Norway, Sweden and the U.S. to Xinjiang to consider the find. He was unable to persuade attendees to endorse his Altay Declaration, which hasn't stopped Chinese state media from treating it as accepted internationally.

—Qianwei Zhang contributed to this article.

How Fed Is Pivoting To Inflation

Continued from Page One

September had a hand in designing those policies.

In some ways, Mr. Powell's challenge is thornier than it was at the outset of the pandemic. No Fed chairman since Paul Volcker in the early 1980s has had to grapple with inflation this high. The risk for Mr. Powell and the nation is that his fight against inflation will cause a new recession, as Mr. Volcker's did. Historically, the Fed hasn't been able to curb inflation without a recession.

The Fed has both the traditional lever of raising short-term interest rates and a new one: shrinking its holdings of Treasury and mortgage-backed securities. This could be especially treacherous for markets accustomed to a central bank that for the past two decades mostly used just interest rates, and telegraphed its increases. Fed officials warn they can't provide that same predictability this time.

In less than a year, the Fed went from projecting no interest-rate increases before 2024 to signaling it will raise rates at its next meeting, March 15-16. In just in the past week, investors have begun anticipating a half-point instead of quarter-point increase at that meeting.

No past Fed chair has had to deal with a shutdown of the U.S.'s economy and those of trading partners, as Mr. Powell confronted. When the pandemic hit in early 2020, he ran through a crisis-fighting playbook from ex-Chairman Ben Bernanke and added things the Fed had never done before, like making loans directly to cities, states, and businesses.

Unemployment peaked at 14.7%. In August 2020, Mr. Powell led his colleagues to adopt a framework designed to address a problem that had long dogged the Fed and that the pandemic threatened to worsen: inflation running persistently below the 2% target.

Holding near zero

Under the Fed's old framework, it would raise interest rates pre-emptively, acting when unemployment was falling to prevent inflation from exceeding 2%. The new framework rejected pre-emptive strikes on inflation. They pledged in September 2020 to maintain interest rates near zero until labor-market conditions were consistent with maximum employment and until inflation reached 2% and headed higher.

To further hasten the fall in unemployment, the Fed would buy \$120 billion in Treasuries and mortgage bonds a month. The goal was to send investors into riskier assets by lowering long-term interest rates.

The Fed and many private-sector economists were caught off guard by how the economy responded as it reopened last

Fed Chairman Jerome Powell was a monetary dove, and proved an innovative leader, when Covid-19 threatened the economy. Now he is becoming an inflation hawk.



year. Unemployment fell much more quickly than expected—to 4% last month from 5.9% in June. Wages ratcheted steadily higher.

Inflation surged last spring, driven by brisk demand for goods and by shipping bottlenecks and shortages. Fed officials attributed the surge to idiosyncratic increases in the prices of a handful of items, thinking them short-lived.

Instead, price pressures broadened. Few economists imagined such a large surge. Yet Fed officials felt compelled to hold rates at zero and continue adding to their bond portfolio to adhere to the guidance they'd laid down.

Less than perfect

"That guidance, in retrospect, does not look like it was ideal," said Mr. Rosengren.

Mr. Powell and his colleagues were slow to revise their forecasts for growth, inflation and interest rates after President Biden signed a \$1.9 trillion fiscal stimulus bill into law in March 2021, though a handful of economists, including former Treasury Secretary Larry Summers, warned the spending could feed inflation. The bill came on the heels of a \$900 billion measure ex-President Donald Trump had approved. By late last summer, Mr. Powell began to pivot. In November he initiated a plan to reduce the Fed's monthly bond buying to zero over eight months, clearing the way to raise rates by mid-2022.

But the labor market was tightening fast, and inflation pressures broadened. In December, Mr. Powell said the bond purchases would end by March, allowing rate rises to begin immediately after.

For the central bank, it was an uncharacteristic about-face. "As the data came in, they said, 'We were wrong.' How often do you hear the Fed say that?" said Mr. Kohn.

As recently as December, Fed officials continued to signal they would tighten monetary policy much as they had

in the past: with a mild path of rate increases over the next three years. They premised that on inflation falling to 2%, even though they expected growth and unemployment to run at levels that would apply upward pressure on inflation.

"The forecast didn't add up," said Mr. Kohn.

Mr. Powell seemed to acknowledge as much at a news conference after the Fed's meeting last month. He hinted at a faster path of rate increases and didn't rule out raising rates at consecutive policy meetings or by a half point at once. "I don't think it's possible to say exactly how this is going to go," he said.

That marks a break from rate-rise cycles that began in 2004 and 2015, and it could make the current cycle more like 1994. That year, after a prolonged period of low, stable rates, the Fed under then-Chairman Alan Greenspan raised rates 3 percentage points in a one-year span.

The unexpectedly rapid tightening hammered bond prices more than almost any other move in the postwar era. When Mr. Greenspan again prepared to raise rates in 2004, he incorporated the advice of Mr. Bernanke, then a

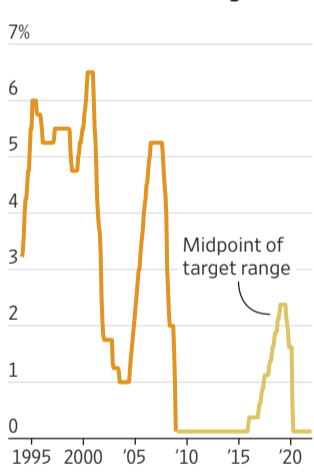
On inflation, 'we're pretty far behind the curve,' one former Fed official says.

Fed governor, who said better guidance about the Fed's goals and intentions could lead to more effective policy.

"Ambiguity has its uses, but mostly in noncooperative games like poker," Mr. Bernanke told colleagues in 2003. "Monetary policy is a cooperative game. The whole idea is to get financial markets on our side and for them to do some of our work for us."

At their meeting next month, Fed officials will release new projections showing

Federal funds rate target



Note: Data after December 2008 shows the midpoint of the target range. Source: Federal Reserve via St. Louis Fed

how much they expect to lift rates. Thus far, their goal has been to raise them to "neutral," a level that neither spurs nor slows growth, which officials estimate is between 2% and 3% when inflation is near the Fed's 2% target. Unlike in recent years, how fast they get there and whether they go higher remain open questions.

Officials hope inflation declines as supply problems ease and demand shifts from goods, where prices rose sharply last year, to services, where inflation has been less extreme.

There's plenty that could go wrong. Inflation might stay high because of factors outside of the Fed's control, such as a Russian invasion of Ukraine that roils energy markets, or shipping delays made worse by pandemic-driven lockdowns in Asia. Increases in wages and rents could keep inflation elevated into 2023.

The uncertainty over inflation and lack of Fed guidance is leading to greater volatility in bond markets. Until last Thursday, officials played down the prospect of starting with a half-point rate increase or acting between regularly scheduled policy meetings.

"I prefer not to be deploying that kind of stuff if we can avoid it, and so far, I think we've got a smooth response to the inflation surprise," said James Bullard, president of

the St. Louis Fed, in a Feb. 7 interview.

After Thursday's report that inflation had climbed further to a 40-year high of 7.5%, Mr. Bullard changed his message, telling Bloomberg News that he would favor a bolder, half-point increase or an intermeeting rate increase in the coming months.

His remarks accelerated the largest one-day jump in two-year Treasury bond yields since 2009 and led futures markets to bet on a half-point increase next month.

If Mr. Powell and his colleagues deliver such a move, they could be criticized for panicking. If he opts for the smaller increase, he could be criticized for not taking inflation seriously enough.

"Ideally, the Fed would come out and exert control of the policy message," including by saying it will raise rates in a fashion that doesn't inflame fears of an emergency, said Brian Sack, who ran the New York Fed's markets desk from 2009 to 2012 and is now the director of economics at hedge-fund firm D.E. Shaw.

Market speculation that the Fed might raise rates in between meetings, which intensified after Mr. Bullard's remarks, fanned fears that policy isn't well positioned to restrain the economy and bring down inflation, analysts said.

Unloading bonds

Complicating its deliberations, the Fed has more than one way of tightening policy by shrinking its bondholdings, which have more than doubled to \$9 trillion since March 2020.

When the Fed shrank its holdings in 2017 and 2019, it did so passively by allowing a certain amount of securities to mature without replacing them every month.

Some Fed officials, uncomfortable with having such a big presence in Treasuries, the world's most important financial market, believe high inflation calls for a faster retreat

by actively selling assets to raise longer-term rates. Esther George, president of the Kansas City Fed, and Mr. Rosengren advocate that more aggressive path.

Most Fed officials are cool to that, at least for now. "When you're adjusting policy substantially in other ways, introducing asset sales just complicates the path," said Mr. Sack. "There's a risk of pouring fuel on the fire. The balance sheet is an instrument with still-uncertain effects, and you don't want to push it too hard."

For now, that also appears to be the predominant view at the Fed. Mr. Powell said last month he wants the program to run in the background. It would function more like the rhythm section in a band, allowing the Fed to move its benchmark rate up or down if it wants to adjust policy.

Looming over this is the reaction of the markets. Stocks, corporate bonds and real estate all reached historically high valuations in part on the assumption rates would remain very low for years. Though household borrowing as a share of U.S. gross domestic product is well below levels reached during the housing boom of 2004-06, corporate debt is near a record high.

"There are people who are living in a world in which an aggressive Fed tightening—an increasing possibility here—is not an outcome they can accept, so they're pretending it won't happen," said Scott Miner, chief investment officer at the investment firm Guggenheim Partners. "The places where that's very real—cryptocurrency, tech-related companies in private equity—could be in deep trouble."

Once there's a sharp decline in one of those sectors, that could set off volatility in other corners of the market, he said.

Mr. Rosengren said the prospect of a soft landing for the economy has diminished over the past six months because of more persistent supply shocks and workers winning higher wages.

Rapidly raising rates to address the inflation problem increases the risks of a recession, he said. "If you're raising rates rapidly, you don't have time to see how the rate increases you've already done have slowed down the economy," he said.

One danger is that the Fed faces a bind where inflation only partially reverses its recent climb. That would leave officials forced to choose between accepting a somewhat higher inflation rate or forcing unemployment to rise to higher levels, risking a downturn.

"They're saying they're going to keep inflation in check and I believe them, but they're suggesting not a lot of work will be necessary," said former New York Fed President William Dudley. He believes rates will need to rise to 3% or 4%, which could damage markets.

"You're going to be a lot less popular" in that environment than the one the Fed was in during the past decade, said Mr. Dudley.

By ANNE TERGESEN

With inflation at a four-decade high, many investors are trying to figure out how to protect their retirement nest eggs. But figuring out exactly how to inflation-proof your portfolio isn't an easy task.

The need to stave off the threat of inflation stems from the fact that rising prices generally reduce the purchasing power of assets. For people on a fixed income in retirement, inflation means their retirement dollars might not go as far.

Among the options to counteract inflation are to add inflation-protected bonds to your holdings. Another approach is to defer claiming Social Security, to obtain a bigger inflation-adjusted retirement income.

There are other investment options, as well, but some are expensive. Others are volatile and had inconsistent performance during past inflationary periods.

"There's no good answer," said William Bernstein, an independent financial adviser based in Eastford, Conn.

There are pros and cons to almost every option. Here's what to consider.

Social Security

One straightforward way to boost inflation-protected retirement income is to delay claiming Social Security benefits. Retirees would then need to spend more from their investment portfolios to support themselves, but with the S&P 500 up 78% including dividends since March 31, 2020, it isn't a bad time to sell some stocks, said Christine Benz, personal finance director at Morningstar Inc.

Retirees can start these benefits any time between ages 62 and 70, but for every month of delay, the payment increases. Benefits are also adjusted annually to reflect increases in the Labor Department's CPI-W, a measure of inflation affecting blue-collar workers.

For example, someone born after Jan. 1, 1960, who is entitled to \$2,025 a month at age 62 would receive \$3,587 before cost-of-living adjustments by holding off on claiming until age 70. With a 5% inflation adjustment, the benefit available at age 70 would be about \$5,300, according to Bill Reichenstein, head of research at SocialSecuritySolutions.com, which sells Social Security claiming advice.

Cost-of-living increases start at age 62, whether you claim or delay, and continue for as long as you live. Based on the rise in third-quarter inflation, the increase for 2022 was 5.9%, the largest since 1982, according to Social Security Administration data.

Still, not everyone should delay



Guard Your Nest Egg Against Inflation's Bite

There are pros and cons to almost every personal-finance option

Social Security. A person who postpones benefits until age 70 instead of 62 would have to live to 80½ years old to come out ahead, Dr. Reichenstein said.

I Bonds

When it comes to investments that aim to keep pace with inflation, "I bonds are the best of all," Mr. Bernstein said.

Investors in these inflation-protected U.S. savings bonds are guaranteed to recover their principal plus inflation over 30 years.

They offer a fixed rate for up to 30 years, plus an inflation rate that adjusts semiannually and tracks the Labor Department's CPI-U, a measure of urban inflation.

You can buy them directly from the U.S. government at TreasuryDirect.gov.

Today, the yield on a regular

U.S. 30-year Treasury bond is 2.36%. The I bonds' initial annualized yield is 7.12%. With their fixed rate currently zero, I bonds won't beat inflation. But since yields on conventional Treasury bonds are now negative when in-

A downside to I bonds is that each investor can purchase only up to \$10,000 a year. An investor can buy up to an extra \$5,000 if they elect to receive their federal income tax refund in I bonds, Mr. Iwry said.

Holders of I bonds are barred from cashing them in for the first 12 months and lose three months' interest if they redeem within the first five years.

TIPS

When inflation exceeds expectations, prices of ordinary bonds typically get hammered. That is when Treasury inflation-protected securities, or TIPS, tend to do well.

Backed by the U.S. government, TIPS are bonds with principal and coupon payments that adjust to keep pace with the consumer-price index.

The bond market currently expects inflation over the next decade to average about 2.49%. That

is the difference between the minus 0.45% inflation-adjusted yield on the 10-year TIPS and the 2.04% nominal yield on a regular 10-year Treasury note. If the CPI averages more than 2.49% over that time, TIPS will deliver a higher total return than Treasuries. If inflation is below 2.49%, the conventional Treasury will outperform.

With TIPS yields negative today, buyers would lose money on bonds they hold to maturity. That makes TIPS "a very costly method of inflation insurance," said Campbell Harvey, a professor at Duke University's Fuqua School of Business.

Last year, TIPS returned nearly 6% as inflation jumped, according to Vanguard Group.

This year, however, rising interest rates are creating problems for bond prices, which presents another risk factor for TIPS. Even if inflation is rising, a sharp decline in bond prices would also hurt TIPS.

You can buy TIPS through TreasuryDirect.gov, brokers or TIPS funds. Morningstar's Ms. Benz suggests putting 10% to 20% of your fixed-income portfolio into TIPS.

Stocks and Commodities

In a 2021 study, Prof. Harvey and four co-authors looked at eight periods over the past century in which U.S. inflation was 5% or higher for at least six months and found that the inflation-adjusted return on stocks averaged minus 7% annualized.

Based on his research, Prof. Harvey suggests shifting money from the worst-performing sectors during inflation, which include consumer durable stocks such as auto makers, and into the energy and natural-resource stocks that tend to fare best.

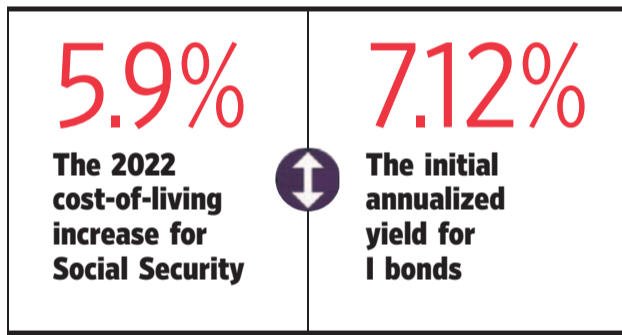
Historical data in the study suggests that real-estate investment trusts, or REITs, may do well since landlords in the past have often been able to raise rents to keep pace with inflation.

Another potential asset is commodities, given that prices of metals, oil and agricultural products "tend to hold their value or even outperform in inflationary surges," Prof. Harvey said.

Investors typically purchase them via funds that buy commodities' futures.

Because commodities can have big performance swings, Amy Arnott, a portfolio strategist at Morningstar, recommends capping exposure at 3% or less of a portfolio. With prices up sharply this year, investors risk buying "at a high point in the cycle," she added.

What about gold? It has kept up with inflation, but only over very long periods, such as the past century, Prof. Harvey said. Over the shorter horizons that investors face, it hasn't been reliable due to its high volatility, he said.



Man Ray's 'Violon' Heading to Auction

By KELLY CROW

Surrealist artist Man Ray's original photograph of a nude woman, whose back is adorned with violin markings that emphasize her hourglass figure, is heading to auction this spring.

Christie's intends to ask at least \$5 million for 1924's "Le Violon d'Ingres," a record asking price for any photograph. The current auction record for a photograph is held by Andreas Gursky's \$4.3 million "Rhein II," a 1999 river view sold by Christie's in 2011.

The sale follows a feverish year for the global art market. Collectors have paid record sums for everything from vintage pinball machines to brand-new paintings by Nicolas Party. Now, market watchers are heading into the spring looking for clues about the art market's trajectory moving forward.

The New York auction for Man Ray's photograph will take place in May, which should offer a fresh test of demand for surrealist works and vintage photography overall. Paintings by Man Ray

have sold at auction for as much as \$5.8 million, but none of his photographs have ever sold for over \$3.1 million. The latest offering comes from the estate of New York fashion executives Melvin Jacobs and Rosalind Gersten Jacobs.

The artist, who lived from 1890 to 1976, was a key member of the dada and surrealism movements, and was a contemporary of Pablo Picasso and Salvador Dalí. He is best known for his penetrat-



Salvador Dalí, left, and Man Ray, in Paris, in 1934. The asking price for Man Ray's 1924 photograph 'Le Violon d'Ingres,' right, will be at least \$5 million.

ing photographs of Paris's avant-garde and for his shadowy, X-ray-like still-lives made with experimental darkroom techniques.

Although he was widely admired in art circles, his works rarely sold apace with better-known peers like Picasso. After

his wife, Juliet Man Ray, died in 1991, her relatives took over his estate and managed it from a car-repair shop on New York's Long Island.

"Le Violon" is considered Man Ray's masterpiece, and versions of it have been exhibited at institutions such as the J. Paul Getty Museum and the Phillips Collection. It is equally resonant in pop culture, with actress Julia Fox recently showing off a similarly shaped tattoo on her back while out with Kanye West.

The title of the large-format print, which translates to "Ingres's Violin," is a French idiom for "hobby." It refers to neoclassical painter Jean-Auguste-Dominique Ingres's famous wish to be known for his violin playing even though society deemed it his secondary pastime. By adding the instrument's black F-holes onto the back of Man Ray's mistress, Kiki de Montparnasse, the artist hints that "she's his hobby," said Darius Himes, Christie's head of photography.

Man Ray manually altered the portrait in a darkroom to add the instrumental markings, a distinction that could matter to collectors who tend to pay premiums for original works, dealers said. The artist later made a handful of subsequent prints of the same image, which now belong to museums such as the Centre Pompidou and the Getty. Man Ray held on to this original version until 1962, when he sold it to Ms. Jacobs, a pioneering fashion buyer for Macy's.

Ms. Jacobs began befriending surrealists while on buying trips to Paris in the 1950s. She eventually amassed a collection of roughly 180 pieces with her husband, Melvin, chairman and chief executive of Saks Fifth Avenue.



Walking into their Park Avenue apartment in Manhattan was like "walking into a surrealist shrine," Mr. Himes said, with works by Dalí, René Magritte, Niki de Saint Phalle and Marcel Duchamp lining the walls. In May, most of those pieces will be sold alongside "Le Violon" in a set of live stream and online-only sales for an estimated \$20 million or more. (Mr. Jacobs died in 1993 and Ms. Ja-

cobs in 2019.) The couple's daughter, Peggy Jacobs Bader, said that throughout her life her parents continually sought out art and occasionally rotated in newer examples by contemporary artists such as Vija Celmins. Yet her mother always kept "Le Violon" on view in a prime spot in the living room. "She adored that piece," Ms. Bader said.

FROM LEFT: CARL VAN VECHTEN/VEHRET/SHUTTERSTOCK; CHRISTIES

PERSONAL JOURNAL.



Henry Mann's first car was a 1949 Oldsmobile Rocket 88 convertible, much like this one, which he discovered in California.

MY RIDE | A.J. BAIME

You Took a Bus to High School. He Drove a Rocket.

Henry Mann owns over 60 cars, including many new sports models, but an Oldsmobile has a special place in his heart

Henry Mann of Huntingdon Valley, Pa., founder of Manncorp, a builder of electronic assembly equipment, and ELEDLights, a commercial lighting company, on his 1949 Oldsmobile Rocket 88, as told to A.J. Baime.

I can tell my family story through the cars I own. In 1937, my parents immigrated to America from Germany. They had nothing. My father worked for a family in Pasadena, Calif., and

when my parents learned that my grandparents were coming in from Germany on a boat to Philadelphia, they drove across the country in a 1935 Buick. Today, I own a 1935 Buick, just like that car.

I grew up in a housing project in Philadelphia, and the first car my father let me drive was a 1941 DeSoto. He'd let me drive home

from my grandparents' house. Because I was so short, I had to sit on pillows to see over the steering wheel.

Today, I own a 1941 DeSoto, just like that car.

Back in 1966, I had a Corvette, and I traded it in for a 1966 Dodge station wagon, to get the money to start my business, which I did by myself in my parents' home. Today, I have a 1966 Dodge

station wagon, in the same color.

When I was growing up, I would do anything for money. I washed cars. I worked in the local grocery store. When I was 15, in the summer of 1954, I bought a 1949 Oldsmobile Rocket 88 convertible, and I drove that car to Central High School in Philadelphia. The Rocket 88 was, in its time, revolutionary: a performance car with a big V-8 engine. The Rocket 88 has been called the first overhead valve V-8 muscle car. In 1949, Nascar's inaugural "Strictly Stock" season, the Rocket 88 dominated.

I ended up selling that car, but about 20 years ago I went in search hoping to find one just like it. It was not going to be easy. Most of these old cars ended up rusted in junkyards. One day, I was at a car auction in Florida, and I sat down to take a rest. I had a Hemmings magazine, and I turned to a page that had an ad for a 1949 Oldsmobile Rocket 88 convertible. I couldn't believe it.

I flew to California, rented a car, and drove to this dealership in a town



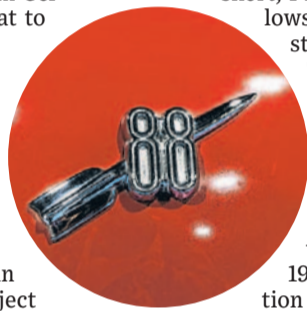
Mr. Mann in the 1950s with his original 1949 Oldsmobile Rocket 88 convertible, in Philadelphia.

called Turlock. I couldn't believe my eyes. This car had the same air filter that I remembered, the same carburetor, the same automatic transmission. I bought the car for about \$40,000 and had it shipped to Philadelphia.

Today, I have over 60 cars. I love speed and technology, so many of my cars are new European and American sports cars. I have lots of Corvettes and Mus-

tangs. I have a Nissan GT-R, a Mercedes-Benz SLS AMG Gullwing, several Dodge Hellcats, and I have a new Ford GT Alan Mann Heritage Edition coming next week. If you know about cars, then you must know how happy these cars make me.

But the one I cherish most is my 1949 Oldsmobile Rocket 88. This was the car that made my dreams come true when I was coming of age.



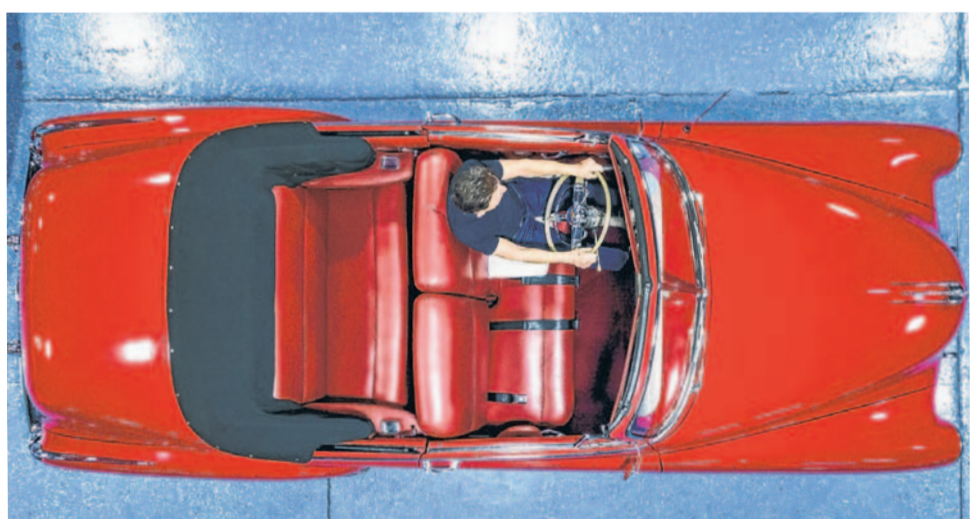
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About 20 years ago, when Mr. Mann found an Oldsmobile Rocket 88 for sale, he was thrilled to see it had the same air filter that he remembered from his youth, the same carburetor, the same automatic transmission. He bought it for about \$40,000.



ARTS IN REVIEW

TELEVISION REVIEW | JOHN ANDERSON

‘Reacher’: Believable Brawn

Alan Ritchson plays the hero of the Lee Child novels in Amazon’s eight-part series

Size matters, at least when you’re playing Jack Reacher. The hero of more than two-dozen crime thrillers by the prolific Lee Child, the former military policeman is described in one Child novel as having “a six-pack like a cobbled city street, a chest like a suit of NFL armor, biceps like basketballs, and subcutaneous fat like a Kleenex tissue.” When Tom Cruise took on the role for what would be two films, a hue and cry was heard across Jack Reacher Land.

Has the new, eight-part “Reacher” overcompensated? Alan Ritchson, who has spent at least part of his career playing superheroes (Aquaman, Hawk, Raphael the Teenage Mutant Ninja Turtle), might not be quite 6-foot-5 like the literary Reacher, or have hands “the size of dinner plates” as Mr. Child once described his character. But he is a massive specimen. And, fortunately for the series, he’s gifted enough—and has a sufficient sense of understated humor—to sell a Reacher-worthy combination of menace, cynicism and even grudging warmth. It’s something that helps make the show one of the more watchable on TV, where there’s certainly no shortage of crime series. One can imagine this one going on forever.

“Reacher,” has no film-noirish ambitions, no ambiguous take on human nature—it inhabits a Manichaean universe of good and evil, charity and greed, generosity and malicious intent. At the same time, our introduction to Reacher himself is a bit gray: He gets off a bus in Margrave, Ga., with little but the shirt on his back, an old World War II medal in his pocket, no phone, no gun and nothing to say to anyone—not even to the police, after he’s accused of murder. It seems cruel and unusual—he’s arrested with a forkful of the local café’s peach pie just short of his lips. But he’s a stranger in town. And someone on its outskirts has just been killed.

The plot of season 1, adapted from the first Child novel, 1997’s “Killing Floor,” is progressively baroque: What begins as a murder turns into two, then seven, then blossoms into an international conspiracy involving counterfeit currency, a thoroughly corrupt local government and foreign assassins brought in to kill off whole families. The violence is extreme, as is the aftermath of violence—in episode 1, the local police chief is crucified in his own bedroom, and the crime scene is horrific. Mostly, we see Reacher punching ne’er-do-wells in the face—one has been abusing his dog, so that’s satisfying—and Mr. Ritchson’s size makes the various encount-



Clockwise from above: Bruce McGill; Willa Fitzgerald and Malcolm Goodwin; Alan Ritchson and Martin Roach



ters plausibly lopsided, and convincingly abrupt. Mix that with his uncanny skills at observation, detection and deduction and it’s a pretty amusing combination.

The combination that matters more, though, is that of the three principal characters. Reacher is a wanderer—he’s come to town because he heard that the Piedmont-style fingerpicking guitarist and singer Blind Blake died in Margrave in 1934. (Mr. Child’s affinity for the blues is a regular element in his fiction.) Reacher has the good fortune to meet—and convince of his innocence—Roscoe Conklin (a terrific Willa Fitzgerald),

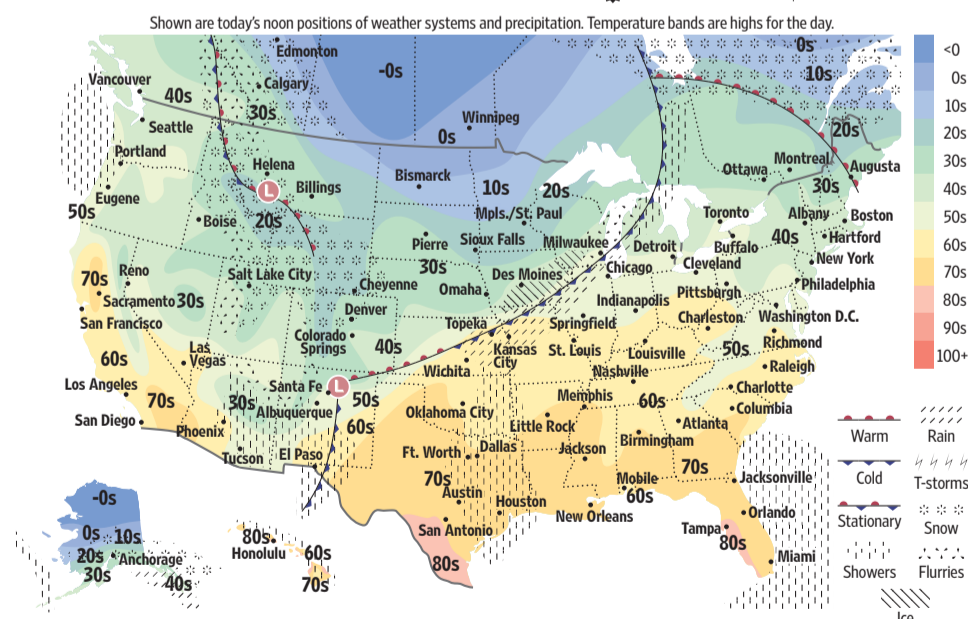
the unusually named, lone female officer on the Margrave force. There are sparks. It takes a bit longer for Reacher to win over police detective Oscar Finlay (Malcolm Goodwin), who sets himself apart not just by his fastidious eating habits and musical preferences (late-’70s rock) but the fact that he’s a Black transplant from Boston. Why is he there? Why is Reacher, other than an interest in Blind Blake? Of such mysteries, character profiles and back stories are created. “Reacher” does some artful construction. Aside from our trio of quasi-

misfits, “Reacher” is a mixed bag. Bruce McGill plays Grover Teale, Margrave’s debauched mayor and self-appointed police chief (in the wake of the crucifixion), who carries a walking stick with what looks like an old glass doorknob on the end and has a lot of unforgetting dialogue to deliver. Likewise, Currie Graham as Margrave’s business leader and presumed archvillain, Kliner, and Chris Webster as Kliner’s arrogant son. Both are clichés, as is the portrayal of Southern cops. And Northern cops: On an investigative trip to New York, Reacher visits a precinct house where the

goings on—cops spilling food on their shirts, with their feet on the desk, with their uniforms mismatched—are regarded with utter disdain both by Reacher and the camera. It’s a curiously gratuitous potshot at the NYPD, and if the same treatment weren’t given Georgia cops you’d think the whole show, developed by Nick Santora, was making a play for a Southern audience. Which it well may be, but only occasionally is it quite so obvious.

Reacher
Prime Video

Weather



U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	35	31	sn	35	34	sn
Atlanta	67	56	pc	71	52	t
Austin	75	60	c	70	34	s
Baltimore	54	47	pc	66	54	r
Boise	45	25	pc	48	28	s
Boston	42	40	pc	60	50	c
Burlington	40	38	c	51	25	r
Charlotte	61	52	pc	71	60	c
Chicago	52	30	r	30	7	sn
Cleveland	51	51	pc	51	20	r
Dallas	71	54	sh	55	26	pc
Denver	35	14	sn	36	23	s
Detroit	50	43	pc	44	14	sn
Honolulu	81	67	pc	81	67	pc
Houston	76	65	c	75	37	r
Indianapolis	59	51	pc	52	17	r
Kansas City	64	23	r	26	7	sn
Las Vegas	64	45	c	64	42	s
Little Rock	71	62	c	66	28	r
Los Angeles	66	45	c	74	48	s
Miami	78	72	pc	82	74	pc
Milwaukee	51	26	r	28	7	sn
Minneapolis	26	2	c	10	-1	s
Nashville	67	58	pc	69	30	t
New Orleans	74	65	sh	75	46	t
New York City	46	44	pc	62	54	c
Oklahoma City	68	32	c	34	21	sn

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	55	45	r	49	43	sh
Athens	61	46	s	59	48	pc
Baghdad	71	46	s	72	49	pc
Bangkok	86	76	t	86	77	t
Beijing	30	9	s	27	12	c
Berlin	51	45	r	47	36	r
Brussels	56	47	r	51	43	pc
Buenos Aires	89	63	s	75	63	s
Dubai	79	63	s	76	62	s
Dublin	57	39	r	45	38	sh
Edinburgh	51	38	sh	44	34	sh

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	53	49	r	52	41	sh
Geneva	46	44	r	53	38	sh
Havana	83	68	pc	88	65	s
Hong Kong	66	61	c	65	61	c
Istanbul	51	42	c	53	47	pc
Jakarta	89	75	sh	86	75	t
Jerusalem	52	37	pc	56	39	t
Johannesburg	80	61	t	77	59	t
London	59	44	c	51	44	pc
Madrid	62	35	pc	64	36	s
Manila	89	77	c	89	77	r
Melbourne	76	62	c	75	56	pc
Mexico City	72	50	s	75	51	s
Milan	49	31	pc	55	35	pc
Moscow	32	29	pc	40	38	sn
Mumbai	84	70	c	86	72	t
Paris	57	49	r	56	47	pc
Rio de Janeiro	81	73	t	82	73	t
Riyadh	81	54	s	76	54	s
Rome	57	38	s	59	41	pc
San Juan	83	73	sh	82	72	pc
Seoul	28	11	s	32	12	c
Shanghai	45	36	c	41	38	c
Singapore	87	77	c	85	78	t
Sydney	81	69	pc	88	73	pc
Taipei City	64	60	r	66	59	c
Tokyo	50	37	s	47	38	s
Toronto	50	43	pc	46	17	sn
Vancouver	45	38	pc	47	40	c
Warsaw	47	43	r	50	37	r
Zurich	49	47	r	55	39	sh

The WSJ Daily Crossword | Edited by Mike Shenk

- 68 Lake for which Ohio's Lake County is named
- 69 Sports figures
- 70 June honorees
- 71 Fully fill
- Down**
- 1 Tolkien's Galadriel, for one
- 2 Basketball center?
- 3 Barbaric behavior
- 4 Pain in the neck
- 5 Pitch kin
- 6 "Yikes!"
- 7 Nostalgically chic
- 8 Lofty goals
- 9 Hoppy the Hopperoo's neighbor
- 10 Nation north of the Persian Gulf
- 11 Called on
- 12 He danced with Rogers in "Top Hat"
- 13 Introvert's attribute
- 18 Maris, to Mantle
- 22 60-Across, e.g.
- 23 "Zip-a-Dee-Doo-""
- 24 Dined
- 25 Design detail, for short
- 29 Reproachful sound
- 31 Rub the wrong way
- 32 Finished
- 35 Crunch targets
- 37 Spam generator center?
- 38 Barrel material
- 39 Dry
- 40 Customer base makeup
- 41 Parental warning
- 42 Barrio bar
- 44 Mythical monster
- 45 It's mightier than the sword
- 46 Lee with Oscars
- 48 Call on
- 49 Took five
- 51 Origami creations
- 54 Parts of hearts
- 57 Rob Roy, for one
- 58 Capone pursuer
- 59 Bunker fill
- 63 ___ Moines
- 64 Comic quality
- 65 "Savvy?"

Previous Puzzle's Solution

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

BEIJING  2022

Valieva Leads After Short Program

One day after being cleared to compete, the 15-year-old Russian skater appeared less sharp than her usual standard

Beijing

In figure skating's biggest event since long before she was born, the Russian teenager Kamila Valieva took the ice on Tuesday amid doping allegations that have roiled the Olympics, turning in an imperfect performance that still vaulted her into first place and kept her in the hunt for a gold medal that may not exist.

By Louise Radnofsky, Ben Cohen and Georgi Kantchev

Valieva appeared less sharp than her usual standard after the intensity of a week in which her entire presence at the Games has been called into question. She stumbled in her triple axel, but managed a triple flip and triple lutz-triple toe loop combination in a short program that yielded a score of 82.16, which put Valieva atop the leaderboard.

Her two Russian training partners, Anna Shcherbakova and Alexandra Trusova, are in second and fourth, despite a fall by Trusova on her triple axel attempt. Japan's Kaori Sakamoto enters Thursday's free program in third place. Her compatriot Wakaba Higuchi, with a clean triple axel, couldn't get higher than fifth.

The 15-year-old Valieva and the 17-year-olds Shcherbakova and Trusova share a coach, Eteri Tutberidze, whose competitive success in the cutthroat world of Russian skating raised concerns about the welfare of child athletes even before Valieva tested positive for a banned substance.

Now the ROC troika has a chance to achieve the first podium sweep in women's figure skating at the Olympics, a move that would only intensify Russia's standoff with international sports organizations. Each of the skaters goes into the free skate with high-tariff quadruple jumps that could easily carry them ahead, even with mistakes.

ROC athletes and supporters in the arena cheered Valieva throughout her six-minute warmup, clapped as she came back to the



Kamila Valieva stumbled in her triple axel, but managed a triple flip and triple lutz-triple toe loop combination in a short program that yielded a score of 82.16.

ice for her performance and raised a banner to support her at the conclusion of the program. She was visibly shaken, crying with her hands over her eyes, before greeting Tutberidze with brief giggles.

And her scores put Valieva in a familiar place: In her first international season at the senior level, she has won every competition she entered. Her short program maintained the likelihood that Valieva gets on the podium and wins a title that wouldn't be awarded for weeks or months.

The International Olympic Committee announced on the eve of her skate that if Valieva earns a spot on the podium, it would cancel the medal ceremony. The move effectively fixed an asterisk next to the Russian prodigy and made clear that officials doubted the integrity of the competition before it had even begun.

Valieva did not talk to journalists after her skate, and skipped a news conference for the top three finishers. Shcherbakova, who did attend, declined to comment on Valieva, saying in English: "I will not say anything about this situation, sorry."

Russian officials have maintained

that Valieva is innocent and have welcomed the decision to let her compete. Russian figure skating federation president Alexander Gorshkov said Valieva would not be commenting to reporters, according to Russian sports website Matchtv.ru. "I look to protect her from these jackals," he said. Later, Russian officials said that Valieva

The IOC said if Valieva earns a spot on the podium, it would cancel the medal ceremony.

didn't feel well after her skate and the team decided to take her to the Olympic Village to rest.

The decision to clear Valieva over howls of objections from luminaries across the sport instantly positioned one of the marquee events of the Winter Games for excruciating awkwardness.

At the same time, the geopolitical turbulence of the last week set against the frenzy of the Olympics also made Valieva's appearance in

the short program the most anticipated night of figure skating since Nancy Kerrigan and Tonya Harding competed in Lillehammer 28 years ago.

Valieva isn't old enough to see the movie version of figure skating's last global scandal without adult supervision.

But her age is the very reason she was cleared to skate at the Olympics even after testing positive for a banned substance, as the international sports court that heard Valieva's case leaned on a new provision in the international antidoping code that offers special protection for athletes under the age of 16.

In 1994, Kerrigan and Harding had to share official practice ice weeks after Kerrigan had recovered from an attack by associates of Harding's estranged husband, while Harding had battled to stay on the Olympic team. In 2002, a second Olympic medal ceremony was held to give duplicate gold medals to the Canadian pair Jamie Sale and David Pelletier while they and the original Russian winners tried to smile wanly.

Both paled in comparison to the tension that coated the women's

short program on Tuesday.

While she did not comment after her skate on Tuesday, Valieva spoke for the first time Monday on Russian state television.

"I am happy, but at the same time I am emotionally tired," she said. "Therefore the tears are of happiness and probably a bit of grief."

But many non-Russians in figure skating were furious and not shy about expressing their outrage. The swift condemnation from the U.S. was notably sharp. United States Olympic & Paralympic committee chief executive Sarah Hirshland assailed the decision that she called "another chapter in the systemic and pervasive disregard for clean sport by Russia."

The millions of people watching the Olympics on television in the U.S. heard NBC's star commentators Tara Lipinski and Johnny Weir, who until this week openly gushed about the performances of Valieva and Tutberidze's other students, sing a different tune after the doping allegations became public.

"All I feel like I can say," Weir said on Tuesday, "is that was the short program of Kamila Valieva at the Olympics."

Medal Count

Country	Gold	Silver	Bronze	Total
Norway	12	7	7	26
ROC	4	7	9	20
Germany	9	6	3	18
U.S.	7	6	4	17
Canada	2	4	11	17
Austria	6	6	4	16
Japan	2	5	7	14
Netherlands	6	4	3	13
Italy	2	6	5	13
China	6	4	2	12

For the latest medal count, go to [WSJ.com/Sports](https://www.wsj.com/sports)

Team USA Has One Last Shot in Short Track

By Ben Cohen

Beijing

The Americans who make it to the Olympics in one of the obscure sports of the Winter Games almost inevitably get there in an odd way. But even by those standards, Kristen Santos's origin story is peculiar: She's on Team USA because of a Disney commercial.

Santos was a 9-year-old figure skater and soccer player in the Connecticut suburbs when she was hooked by an otherwise forgettable Disney Channel promo for the seemingly magical sport of short-track speedskating. She badly wanted to try it and begged enough to be driven to a Yale University rink known as The Whale.

"It was me and a ton of old men," Santos says. "My mom thought I would absolutely hate everything about it."

She loved it. Her favorite thing about figure skating had been zipping around the ice as fast as she could. Her greatest skill in soccer had been sprinting past the other girls and getting to the ball first. Short track split the difference.

"I really liked the idea of beating someone to a finish line and having a clear-cut winner," she said. "That was my thing: to beat people to something."

The day nearly two decades ago when she felt an intense desire to beat a bunch of geezers in spandex was the beginning of an unlikely career in short track that has taken Santos halfway around the world for the 1,500 meters on Wednesday in search of a Disney ending.

By making her Olympic debut at the age of 27, she has defied the normal career trajectory of her sport. In short track, Santos is one of the old people at Yale.

"If you were to ask certain people to go back 10 years," said Team



By making her Olympic debut at the age of 27, Kristen Santos has defied the normal career trajectory of her sport.

USA coach Stephen Gough, "I don't think they would have predicted this." But forget about 10 years ago. Santos barging into the medal hunt was improbable four years ago.

Short track is a sport in which racers chase each other around a circle on ice with butcher's knives on their feet, and every lap reeks of danger when the people involved are standing on 17-inch blades. The unpoliced action of crowded practice sessions can be more perilous than

US races. It was in a training environment during an event in China almost exactly four years ago when another skater crashed into Santos and sent her careening headfirst toward the padded boards. Her neck hurt so much that she didn't even realize her dangling hand was dripping blood.

The sliced tendons in her hands and wrist forced Santos home for surgery at the worst possible time: right before U.S. trials. She missed weeks of critical training before tak-

ing her shot at the Olympics, but the injury forced her to compete with an unfamiliar piece of equipment.

"I had this huge hand claw thing," she says of her cast.

It turns out huge hand claw things are not conducive to skating. She couldn't drag her hand on the ice to pivot around the turn. She couldn't clasp her right hand with her left on the straightaways. "I had to switch that," Santos said. "It's such a small thing, but it made a

big difference." She couldn't even get dressed by herself. Before the biggest races of her life, she needed help tying her skate laces.

Santos missed qualifying by one spot.

But watching skaters at the Olympics who could have been her if not for a huge hand claw thing was a clarifying experience. It's when Santos realized how badly she yearned to be there. "That was actually the moment when it changed from wanting to be an Olympian to wanting to be an Olympic medalist," she says.

Santos knew what she had to do next. For almost her entire career, her coach repeated a message: If you do the training, eventually, nobody will beat you. The problem is that training is brutal.

"It's really just torture," says Dave Moneypenny, her coach. "I think it's banned in most countries."

The incremental gains from her grueling dryland workouts soon resulted in exponential improvement. On long, draining laps during practice, when she might have dropped out early because her legs were burning, Santos felt herself powering on. As she tracked her progress in a journal, the handwritten pages told an unmistakable story: In short track, torture worked.

She came to Beijing as the lone American medal hope among the Dutch, Italians and Koreans who dominate the sport. After missing the Olympics by one spot in 2018 and then finishing one agonizing place off the podium here, Santos gets one last chance on Wednesday in the 1,500, which is oddly fitting for short track's late bloomer: The longest individual race is as much about speed as it is strategy.

"It's not necessarily the fastest person who's going to win," Moneypenny said. "It's the person who lays out the race correctly."

BEIJING  2022He Skied
The Wrong
Way
And Lost

BY BEN COHEN AND JOSHUA ROBINSON

Beijing

The only thing you need to know about Jarl Magnus Riiber to understand what happened to him on Tuesday is that when it comes to the sport of Nordic combined, there is Jarl Magnus Riiber and there is everyone else.

“He’s probably going to go down as the best Nordic combined skier ever,” NBC analyst Johnny Spillane said before the Winter Games. “If he has a good day, he’s pretty much unstoppable.”

He hasn’t had many good days here.

At one of the bleakest Olympics ever, Riiber would easily medal in misery. After testing positive for Covid-19 on his arrival, the Norwegian spent his Games alone in a Chinese hotel.

He missed his first event and every training session. He finally cleared isolation on Monday afternoon in time to fly 140 meters and then cross-country ski for 10 kilometers on Tuesday.

“I didn’t feel so good yesterday,” Riiber said after his ski jump. “I’m feeling good today.”

He wouldn’t be having a good day for much longer. What happened next was a gaffe that will go down in Nordic combined lore.

As he entered the first of four 2.5-kilometer loops of the unfamiliar course, Riiber came to a fork. To the left was the cross-country circuit. To the right was the path to the finish line. Riiber, who hadn’t had a chance to practice on the Olympic track, sped toward the snow-covered lanes separated only by some low cones and a small sign. He picked the lane on the right.

He picked wrong. “What a mistake!” shouted the announcers on one European

Riiber traveled around
50 yards before realizing
his blunder and turned
around. It was too late.

broadcast. “Has the cold paralyzed his brain?”

Riiber traveled around 50 yards before realizing his blunder and turned around. He needed to ski back to the sign and slot into the correct lane. But by then the damage was done. He had frittered away his lead and finished in eighth place.

“It’s a silly mistake,” Riiber said, “and it’s not fun to show the world that I’m maybe wasting a gold medal on that.”

It would have gone down as a once-in-a-lifetime error for a star of his caliber except for one tiny detail: Riiber has done this before.

Back in 2016, an 18-year-old Riiber was racing at a World Cup in Lahti, Finland, and already showing signs that he could dominate the sport.

He’d owned the jumping portion, just as he would in Beijing, and flown out to an early lead in the cross-country race. But once he hit the stadium, the directionally challenged Nordic combined legend took a wrong turn and never had a chance to correct his mistake. He was disqualified and Germany’s Eric Frenzel came through to take the victory.

One of the more bizarre things about his unfortunate Olympic gaffe is that he basically predicted it. Riiber is such a powerful ski jumper compared with others in Nordic combined that he bought himself a 44-second lead in the cross-country race, a seemingly insurmountable start that usually leads to Riiber winning, as long as doesn’t lead himself the wrong way on an unfamiliar course. But in between the jump and his ski, he felt something was off.

“I’m probably not in such good shape for the cross-country part,” Riiber said before the cross-country part.

As it turned out, the problem wasn’t his legs or his lungs. It was his concentration.

Joergen Graabak, the Norwegian who eventually overtook Riiber and grabbed his gold medal, couldn’t believe what was happening. As the gap disappeared, he was convinced that Riiber had suffered some sort of catastrophic injury. He was relieved to hear that it was only a horrible error.

“Of course, I wouldn’t wish that on anyone, to go wrong at the Olympics,” the gold medalist said.

A Hockey Detour to China

Alex Carpenter and Megan Bozek went from 2014 Olympians to the last two players cut in 2018. They’re back on Team USA in Beijing after a stint playing professionally in Shenzhen.

BY LAINE HIGGINS

Beijing

For Team USA’s Megan Bozek and Alex Carpenter, playing hockey in the Beijing Olympics represents an unusual kind of homecoming.

Both are back in the Olympic hockey tournament for the first time since 2014, having been the last two skaters cut from the U.S. team ahead of the 2018 Pyeongchang Olympics where the Americans won gold. Both are back in China after stints playing professionally in Shenzhen.

“This is a place that I’ve been able to call home for a few years,” Carpenter said. “Coming here made hockey fun for me again.”

Bozek and Carpenter walked in their first Olympic opening ceremony in Sochi. Their Games ended in heartbreak: The U.S. settled for silver after blowing a two-goal lead in the third period and then losing to Canada in overtime. Missing the team in 2018, where the U.S. went on to defeat Canada in an overtime sudden-death shootout in the gold-medal game, only added to that anguish.

“The more I reflected on 2018, I just realized I didn’t have to. I didn’t have to think back and question what could I have done differently?” Bozek said. “I was blindsided.”

In the wake of getting cut from the 2018 Olympic team, Carpenter was the first to venture overseas at the advice of her father, Bobby Carpenter, a former All Star center for the Boston Bruins who was coaching a men’s team in China at the time. She landed midway through the season with the Shenzhen-based KRS Vanke Rays, then the sole Chinese team competing in the now-defunct Canadian Women’s Hockey League. The forward, then 22 years old, shone and blossomed into the league’s leading scorer in 2019-20 and 2020-21.

“With what had happened to her she just needed to get away,” Bobby Carpenter said. “They made her feel wanted, they made her feel special a lot more than was happening before and I think that’s what she needed. She needed to be loved.”

Carpenter stayed on for the following season and convinced Bozek, her longtime teammate on the U.S. national team, to join her in writing a new chapter. Bozek said she was pleasantly surprised by the cushy accommodations in Shenzhen, a coastal city in southern China. The whole team was put up in a high-rise apartment building with a private chef and every player got a moped scooter to get around. The Chinese athletes on the team helped the Americans navigate the language and the cuisine.

“The soup dumplings are just incredible,” Bozek said.

Moving to China was a fortuitous decision for them both: They were among the only American players to get consistent game experience for



U.S. forward Alex Carpenter (No. 25) celebrates a goal with teammate Megan Bozek (No. 9) at the 2014 Sochi Games.

most of 2019, when the professional leagues in North America were thrown into turmoil, and 2020, when the coronavirus pandemic shuttered sports across the globe.

The CWHL abruptly folded in May 2019 amid financial challenges, sending shock waves across global women’s hockey. KRS Vanke Rays reclassified to join the Zhenskaya Hockey League (WHL), the top women’s circuit in Russia. About 200 of the top skaters in North America started a boycott with the backing of tennis legend Billie Jean King of the last remaining professional league on the continent over wages and benefits.

The boycotting skaters formed a union, the Professional Women’s Hockey Players’ Association, and scrambled to schedule small exhibition showcases to create competitive opportunities for members. But even with the occasional four-game tournaments, they

missed out on significant game experience. Then came the pandemic, which made scheduling games all but impossible for the upstart organization.

An ocean away in China where Bozek and Carpenter were training, things went differently. The WHL didn’t curtail its schedule, though KRS Vanke Rays relocated to Russia after China tightened its travel restrictions. The team spent about a month in St. Petersburg beginning in January 2020 before settling more permanently in Stupino on the outskirts of Moscow.

“It was a very small town,” Bozek said. “I read a lot of books. I’ve never really had time like that to myself.”

The soup dumplings might have been gone, but the hockey games weren’t—even during the height of the pandemic. The American duo played two full seasons of quasi-exile hockey in Russia while their

compatriots in the U.S. were mostly in lockdown, unable to reliably find rinks.

They now are playing a major role for Team USA in Beijing. Bozek is anchoring the Americans’ third line, which has combined to produce 16 points during the group stage and knockout rounds. Carpenter is the precise-passing force on the second line and her four goals are second most on the team behind veteran Hilary Knight.

As the only Olympic veterans on the team without a gold medal, Bozek and Carpenter are locked in on changing that come Feb. 17, when the U.S. is set for a rematch against Canada.

“To be able to say our next game is a gold-medal game is pretty special,” Carpenter said after the U.S. defeated Finland 4-1 in the semifinal on Monday. “I think for Megan and I it will have a little more meaning than some others.”

A Child Actor Becomes Big Air King

BY LIZA LIN AND RACHEL LIANG

Beijing

In 2018, Su Yiming, a 14-year-old native of northeastern China, was faced with a difficult decision: Pursue a promising career as an actor, or cast it aside and go all in on snowboarding, in a country where most people had never seen a snowboard.

At the time, Su was fast becoming an established name in China’s film industry. He had starred as a village boy seeking revenge for his father’s death in a critically acclaimed war movie, and appeared in several more television dramas, one of them alongside Xiao Zhan, one of China’s most popular actors.

But with the 2022 Winter Olympics approaching, the teenager saw an opportunity.

“Snowboarding was something I enjoyed the most, and this was a chance to take part in my own home country,” said Su, now 17.

Su’s gamble paid off. On Tuesday, three days short of his 18th birthday, Su took gold in the big air snowboarding event, writing history for the Olympic host nation by winning the country’s first gold medal in the event.

Su’s gold was China’s sixth of these Olympics, making this Winter Games already China’s best by this measure since it first began competing in 1980.

“I had always dreamed about what it would be like to stand on the podium of the Olympics, and today, I did it,” Su said after putting on a show before an ebullient home



Su Yiming took gold in the big air snowboarding event, writing history for the Olympic host nation by winning China’s first gold medal in the event.

crowd with two tough aerial tricks.

Together with U.S.-born freestyle skier Eileen Gu, who is one year his senior and competing for her mother’s homeland of China, Su is among the most popular athletes for the Olympic host nation.

Between his acting and athletic careers, Su has racked up more than one million followers on Weibo, China’s Twitter-like social-media platform, where they compliment him on his sporting prowess and his taste in music.

The Chinese snowboarder was a

favorite to win Tuesday, and raucous cheers erupted from the largely Chinese audience every time Su and his pink-and-orange snowboard appeared at the top of the big air ramp at a former steel mill on the outskirts of Beijing.

Su, a music junkie who has talked about his love for hip-hop and Justin Bieber, didn’t disappoint. He wowed the crowd twice with one of the most technically challenging tricks in snowboarding: a pair of 1800s, one frontside and another backside.

Down below, Bing Dwen Dwen, Beijing 2022’s popular, genderless panda mascot, showed up to hype up the crowd.

By the time it came for Su’s third run, the final one of the competition, he already had the title sewn up, with his score already comfortably ahead of the eventual silver and bronze medalists, Norway’s Mons Røisland and Canada’s Max Parrot, respectively. Su finished the run with a frontside 360 Indy, a classic—and far easier—move.

Su came into the Olympics with the wind at his back, having just come off a big air victory at the Snowboard World Cup in Steamboat, Colo. in December. Su also clinched the country’s first medal in the sport on Monday, winning the silver medal in slopestyle by performing one of snowboarding’s most challenging stunts.

Born in Jilin, a northeastern Chinese province where temperatures can remain below freezing for more than half of the year, Su first stepped on a snowboard around age 3, with the support of his parents. By 6, Su was leaving his parents behind in the snow when they snowboarded together. At 7, he won his first sports brand endorsement contract.

In an interview with state media, Su’s father said his son always had an affinity with snow, a connection that began the day his son was born in February 2004. “There was a heavy blizzard that day. Cars couldn’t move on the streets,” the elder Su recalled.

OPINION

Don't Let Putin off the Hook



BUSINESS WORLD

By William W. Jenkins, Jr.

Invading and occupying Ukraine would be such a loser for Russia, so unrewarding, that I've had my doubts about the Kremlin's orchestrated circus of recent weeks.

That said, I'm also the guy who likened Vladimir Putin to Saddam Hussein 17 years ago, and has expected some monumental miscalculation on his part ever since.

Ukraine may be a powerhouse of grains and legumes, but it's not a leader in electron-beam lithography, artificial intelligence or any other element of 21st-century power. We're living in the information age. Tin mines and oil fields, which set Japanese imperial hearts aflutter in the 1940s, don't make great powers great anymore.

Mr. Putin would be invading Ukraine purely as a political solution. He can plainly see how NATO is constituted, an alliance of pacifist countries with no desire for war or even a desire to spend on their militaries. NATO poses no threat to Russia. His real concern, undisclosed by the Kremlin, not listed in its implausible and unactionable "negotiation" documents presented to the U.S., is of a democratic Ukraine attached to the West becoming free and prosperous.

Think back to the wretched

state of Taiwan and South Korea by the early 1950s and their emergence in the '60s as thriving, wealth-building societies, whose people were becoming educated and giving birth to the industrial tigers of the '70s and '80s. This is what Russia isn't and Ukraine could be. Mr. Putin can see the consequences for his aging and enfeebled rule by the second half of the 2020s.

The impact on Russia of invading Ukraine would be so disastrous, the only reason Mr. Putin and his cronies might nevertheless proceed is because they see no other way to assure continuation of their own rule and privileges for another decade. Mr. Putin has been living a more dangerous life than appreciated. His regime's attempted murder of its most prominent critic, Alexei Navalny, was an infamous screw-up; Mr. Navalny escaped and then came back voluntarily to be arrested, making Mr. Putin the protector and cultivator of the man most likely to preside over his regime's liquidation.

Mr. Putin's lackey having been overthrown in Ukraine, Ukraine is rapidly attaching itself to the West. His lackey in Belarus had to be rescued from a voter revolt. His lackey in Kazakhstan had to be propped up with Russian troops last month. Mr. Putin resorts to ever more repression to stifle domestic dissent, in particular web-based reporting on his coterie's absurdly decadent corruption.

He is trapped by alliances with sociopaths like Chechen kingpin Ramzan Kadyrov and various domestic criminal elites, models for the villains who populate a whole genre of campy, bloodspattered Hollywood action-comedy.

You might wonder of politicians in any country whether they really love their country or just crave power. In the West, we render this question moot with a routinized process of regime change, reallocating power continually on the basis of results.

All deterrence, no rewards should be the West's strategy in the Ukraine showdown.

The nature and record of the Putin regime speaks for itself. A generation of Western nose-holding has operated under the principle that governing Russia is a nasty job but somebody has to do it. Still, our indulgence of Mr. Putin's criminality borders on the bizarre next to the censoriousness Westerners inflict on each other over trivialities. Amy Knight, a writer invaluable on the nature of the Putin elite, has described how his most influential supporters trade jokes on national TV about mass-murdering gays. Her most recent book describes homicide as a fundamental underpinning of the regime.

There are seasons and seasons. At what point will the mentality and mental culture of the Russian people no longer sustain a Putin regime? Biblically, the Israelites were condemned to 40 years in the desert to shake off their Egyptian captivity. Russia needs to shake off centuries of serfdom under czars and commissars. A slave mentality is not a vow of poverty. It applies as much to his cronies and lickspittles with their offshore mistresses and children and foreign homes and bank accounts even as they pretend to lead the patriotic resistance to the West.

These are people who have proved they will support Mr. Putin in the impoverishment and destruction of Russian society provided they can enjoy their billions a few years longer. A catastrophic ending has always seemed in the cards, though perhaps not starting precisely with today's fabricated Ukraine crisis. As for the U.S., the constant talk of a "diplomatic path to avoid war," one hopes, is merely a locutional habit. Mr. Putin should receive no prizes for ginning up threats against his neighbor; the price should be very steep, very fast if he proceeds with military action. Mr. Putin made his bed. It's not a U.S. job to help him stay in power or postpone the sudden violent ending that such regimes typically are prey to. No concessions, no rewards. Keep the pressure on.

Joe Biden Is in a Bind on Crime



POLITICS & IDEAS

By William A. Galston

After the civil disorder of the late 1960s and early 1970s, Democrats were tagged as antipolice and soft on crime, charges it took them decades to overcome. Now the party's response to George Floyd's murder has brought those charges back to center stage. Calls to reduce funding for police may have cost Democrats as many as 12 House seats in 2020, and a recent poll showed that only 36% of Americans approve of the way President Biden is handling crime.

In early February, Minnesota Rep. Tom Emmer, chairman of the House Republican Campaign Committee, issued a stark challenge to Democrats. "If you're not willing to stand up and speak out against this 'defund the police' movement within your own party, you own it," he said.

Two weeks later, Speaker Nancy Pelosi delivered a forceful response. Defunding the police is "not the position of the Democratic Party," she declared on national television. "Public safety is our responsibility." She made it clear that progressives, such as Missouri Rep. Cori Bush, who continue to advocate defunding the police aren't speaking for the party.

Mrs. Pelosi cited Eric Adams, the new mayor of New

York and a former police officer, as a model of a balanced approach to public safety that combines support for vigorous law enforcement with long-discussed police reforms. "We're not going to return to the era of heavy-handed policing," Mr. Adams said recently. "But we also can't return to the era of 2,000 homicides a year."

Mr. Adams has criticized his own party's approach to criminal justice. While Democrats are comfortable prescribing solutions for "root causes" of crime, such as poor education and inadequate economic development, Mr. Adams said they "cringe" when beefed-up policing is on the table. But Democrats can't avoid what he regards as the most urgent question: How can we use police properly to get "the justice we deserve and the safety we need?"

By aligning Democrats with Mr. Adams's approach, Mrs. Pelosi reinforced the stance Mr. Biden articulated during his trip to New York to meet with the mayor. "The answer is not to defund the police," Mr. Biden said at the New York City Police Department headquarters. "It's to give you the tools, the training, the funding to be partners, to be protectors."

This isn't a new position for Mr. Biden. In the early 1990s, when violent crime reached a modern high, he was a leading advocate for the policies that culminated in the 1994 Clinton crime bill. He subsequently expressed regret

for some of the law's consequences, including an excessive reliance on long-term incarceration of drugs offenders, but nevertheless, during the 2020 presidential campaign, he rejected demands to defund the police and kept the proposal out of the Democratic Party's platform.

He was right to do so. In 2020 homicides surged 30%, the largest single-year increase ever recorded. Although the increase seems to have slowed in 2021, rising violent-crime rates have ele-

The president may have no choice but to disappoint his party's progressive wing.

vated public concerns about the security of communities around the country. Last fall's mayoral elections confirmed that the tide had turned against reducing police department budgets and toward giving the police what they needed to restore public safety.

During its first year, the Biden administration tried to balance funding and reform. The American Rescue Plan provided billions in state and local funding for hiring new police officers and expanding overtime. The administration also backed bipartisan negotiations to reach a compromise on a package of police reforms. The negotiations made progress but halted

short of an agreement on legislation.

In response, the administration went to work on an executive order addressing police reform. This hasn't been easy because civil-rights groups don't see eye to eye with police representatives on key points. For example, police reject "systemic racism" as an accurate description of their institutions and practices, and they won't accept the use-of-force restrictions on which civil-rights advocates are insisting. Though senior Democrats urged the administration to consult police leaders, police thought a leaked early draft of the executive order was tilted against them. Jim Pasco, executive director of the Fraternal Order of Police and a friend of Mr. Biden, warned that the order could lead to a breakdown between police and the administration.

Faced with this threat, the administration reportedly changed course and is taking objections from police organizations more seriously. One option would be to limit the order to matters on which the police and their critics can agree—creating a national registry of officers who have been fired for cause, reducing the use of no-knock warrants, and banning the transfer of military equipment to police, to name a few—which would leave many reform advocates bitterly disappointed. This isn't a price Mr. Biden wants to pay, but he may have no better choice.

See Chicago Carjacking in Your Chevrolet

By Bob Greene

For lovers of the freedom of the open road, the Chicago Auto Show—the largest in the nation—has been a happy destination since the days of the Model T. But at the 114th annual show this week, there's a new feature destined to tamp down the lightheartedness.

Situated among the nearly 1,000 gleaming vehicles on display across a million square feet of the McCormick Place convention-hall complex near Lake Michigan is a booth sponsored by the office of the Cook County Sheriff.

It's a carjacking booth—specifically, a booth staffed by sheriff's office personnel to warn attendees of the deadly dangers presented by the current wave of violent carjackings on Chicago's streets and to give those car-show fans tips about how to avoid becoming the next victims.

Sheriff Tom Dart, in announcing the reason for the plan, was blunt: "This is a terrifying and dangerous crime that enables additional crimes to be carried out with the stolen vehicle." Chicagoans have become numb to constant news reports of motorists being ordered out of

The city's auto show has a booth that is a sign of the times.

their cars and beaten or shot if they resist giving up their keys. So the sheriff's office is going to the place where people who care the most about cars gather.

If that sounds rather downbeat for a carefree trade show that has always aimed to amp up enthusiasm for hopping behind the wheel of a new car and zipping joyfully around town, it's not the first ominous

new step taken by local officials in response to seemingly endless street violence. Late last year, the city of Chicago announced that it was installing "bleeding control kits" in hundreds of buildings.

The idea was that if a person is shot, stabbed or beaten, it would be helpful to have medical supplies nearby until an ambulance can arrive. So in 269 buildings, including public libraries, senior-citizen centers and City Hall, 426 of the kits were mounted on walls. Inside each kit, according to the Chicago Office of Emergency Management and Communications, were tourniquets, gauze, scissors and gloves. The kits were stocked with enough stop-the-bleeding supplies to take care of up to eight victims until police or EMTs rolled up.

If that's not the kind of thing that local chambers of commerce have traditionally liked to brag about, it's merely a somber acknowledgment of

current realities. As is the sheriff's new booth at the auto show. One piece of advice that attendees will be given is to purchase vehicles with the latest tracking technology, and to pre-authorize law-enforcement authorities to obtain tracking information from auto manufacturers once a carjacking has taken place. Victims of violent carjackings are usually so stunned that by the time they realize what has just happened, their cars have already been driven out of sight.

Not exactly the stuff of "See the U.S.A. in your Chevrolet." But, as the head of Chicago's emergency-management unit told NBC Chicago when the stop-the-bleeding kits were being installed, "We're living in different times." As if anyone needed reminding.

Mr. Greene's books include "Chevrolet Summers, Dairy Queen Nights."

BOOKSHELF | By Stephen Brumwell

The Trappings Of Royalty

Crown & Sceptre

By Tracy Borman

(Atlantic Monthly, 555 pages, \$32)

On the bitterly cold afternoon of Jan. 30, 1649, Charles I, anointed king of England, Scotland and Ireland, stepped through a window of the Banqueting House in Whitehall, London, and onto a wooden scaffold. There, with a single blow, he was beheaded before a horrified crowd.

Emerging to meet his death, the king had passed under a ceiling upon which, in happier days, he had commissioned a magnificent painting by Peter Paul Rubens celebrating his own Stuart dynasty's divine right to rule. Charles's stubborn adherence to that creed had ignited civil war with a defiant Parliament in 1642, and ultimately brought him to the executioner's block, wearing an extra shirt against the chill lest spectators should mistake any shivering for fear.

Not content with killing the king, the future lord protector of the new republican commonwealth, Oliver Cromwell, determined to eradicate the symbols of royalty, melting down price-

less crowns and other regalia dating back six centuries to the institution's Anglo-Saxon origins.

But the monarchy was too deeply entrenched to be obliterated so swiftly. In 1660 the interregnum ended with the enthusiastic restoration of Charles's exiled namesake son. Remembered as a "Merry Monarch" fond of horse-racing, spaniels and mistresses, Charles II promptly commissioned a new set of "crown jewels," which have been used for every subsequent coronation, most recently that of Queen Elizabeth II in 1953.

This month marks the 70th anniversary of Elizabeth's accession to the throne upon the death of her father, George VI. The Queen's Platinum Jubilee and her status as the longest reigning monarch in British history provide Tracy Borman with timely justification for her engaging and perceptive account of what she characterizes as "one of the most iconic and enduring institutions in the world." Ms. Borman's "Crown & Sceptre: A New History of the British Monarchy, From William the Conqueror to Elizabeth II" attributes such resilience to an ability to compromise, evolve and adapt to changing times.

In his "Henry IV, Part 2," Shakespeare famously observed: "Uneasy lies the head that wears a crown." Having deposed his cousin Richard II in 1399, the playwright's ailing King Henry had special cause for the trepidation attributed to him. But as the powerful opening credits of popular television series "The Crown" suggest, upholding the mystique and majesty of monarchy places a heavy burden of duty upon whoever occupies the throne.

During 12 tumultuous centuries the function of Britain's monarchy has been transformed, with the role of the sovereign eventually curbed to reigning, rather than actually ruling. A crucial tipping point was the so-called Glorious Revolution of 1688, when concern at the arrogance and pro-Catholic policies of James II (another son of Charles I) prompted a group of leading politicians to invite the king's son-in-law, the Protestant Dutchman William of Orange, to depose him and reign jointly with James's daughter Mary.

But William's crown came with strings attached: through the Bill of Rights (1689), royal power was severely restricted by Parliament. In Ms. Borman's trenchant verdict, the resulting brand of "Constitutional monarchy" was a "euphemism for emasculation." A king like Henry VIII (reigned 1509-47), who had ruthlessly wielded a highly personal authority that his people never forgot, would have been enraged to see the monarchy so debased. Yet it was such concessions that enabled Britain's royal family to survive when others succumbed to war or revolution.

Upon Charles I's execution, Cromwell melted down the six-centuries-old crown jewels. In 1661 Charles II commissioned the regalia used since.

Given its extensive timeframe and diverse cast of characters, "Crown & Sceptre" could easily have become little more than a potted history of Britain from 1066 to the present. But while Ms. Borman offers deft and thoughtful assessments of every reign—including the nine days of the tragic Lady Jane Grey in July 1553—the chronological approach is enriched by details that help to humanize her subjects. For example, Edward III (r. 1327-77) was renowned as a chivalric warrior king, yet his funeral effigy, probably modeled upon the "death mask" taken from his corpse, shows twisted features suggestive of a paralytic stroke. Elsewhere, we learn that the typically genial Edward VII (r. 1901-10) found it hard to forgive one of his many lovers, the actress Lillie Langtry, after she mischievously tipped ice down his back at a costume ball.

As a curator of former royal palaces including the Tower of London and Hampton Court, Ms. Borman is familiar with the settings for many of the dramas she describes. It was under a staircase in the Tower's central keep that workmen in 1674 unearthed a chest containing bones assumed to belong to 12-year-old Edward V and his younger brother Richard. While the evidence is inconclusive, the Princes in the Tower are widely believed to have been murdered on the orders of their uncle Richard III after he usurped Edward's throne in 1483. The skeletons were re-interred in Westminster Abbey by Charles II, and it is possible that examination using modern DNA techniques could verify their identity. But as Ms. Borman explains, exhuming any royal remains requires approval from the reigning monarch, and to date, Queen Elizabeth has refused her consent.

A judicious selection of illustrations not only shows how monarchs have sought to shape their own public image—notably the striking portrait commissioned by Elizabeth I to commemorate naval victory over the Spanish Armada in 1588—but also the way in which critics have subverted convention. To the outrage of ardent royalists, the sleeve of "God Save the Queen," the sardonic single released by the Sex Pistols for Elizabeth's Silver Jubilee in 1977, shows her gagged and blindfolded. Intriguingly, "Crown & Sceptre" identifies trends that have characterized the monarchy throughout its long, checkered existence. Recurring patterns of behavior include the tensions between ruler and designated heir, and the entanglement of erring princes in sex scandals.

Another enduring theme is the importance of the outward trappings of royalty—the regalia, palaces and ceremonial pageantry—for its acceptance by the public. Indeed, Ms. Borman believes that the very "toys and trifles" of monarchy, so disdained by Cromwell's republicans, "may be the key to its continuity, its longevity and, ultimately, its survival."

Mr. Brumwell is the author, most recently, of "Turncoat: Benedict Arnold and the Crisis of American Liberty."

OPINION

REVIEW & OUTLOOK

Unfit for the Federal Reserve

President Biden is trying to diversify the Federal Reserve, and in more ways than race or gender. The Fed could certainly use more ideological diversity, but two of his nominees to the Board of Governors want to effectively rewrite its mandate to include climate and race. This makes them unfit for the Fed.

Republicans on the Senate Banking Committee on Tuesday denied Democrats a quorum to vote five Biden Fed nominees to the floor. They're not seeking to hold up Chairman Jay Powell, Philip Jefferson or Lael Brainard. But they have raised serious concerns about Sarah Bloom Raskin and Lisa Cook that Democrats have brushed aside.

Start with Ms. Raskin, who has called for the Fed to redirect capital from fossil fuels to green energy. As vice chair for supervision, she'd have sweeping power to regulate the financial system. Progressives claim Ms. Raskin's views on climate regulation are no different from Chairman Powell's. That's false.

Mr. Powell in recent months has tried to reduce hostility from the left by backing climate stress tests. But his statements on climate have been murky, and Democrats don't think he believes what he says in any case. That's why some oppose him for a second term.

Ms. Raskin has published numerous pleas for the Fed to use stress tests and prudential regulation to restrict capital to fossil fuels. "Regulatory changes relating to disclosure, access to credit, and pricing of risk support a rapid and just green transition," she wrote last September in a Project Syndicate op-ed.

She tried to assuage Senate moderates during her confirmation hearing by conceding "it is inappropriate for the Fed to make credit decisions and allocations based on choosing winners and losers." Yet her climate advocacy is the reason the left is pushing her for the Fed.

Then there's her work for Colorado fintech outfit Reserve Trust. Other fintech firms have sought master accounts at the Fed so they can transfer funds without a bank intermediary. Reserve Trust appears to be the only nonbank fintech that has obtained one—and only after Ms. Raskin, a former Reserve Trust board member, made a phone call to the Kansas City Fed.

Former Reserve Trust chairman Dennis Gingold writes nearby that the Fed approval turned "entirely on Colorado banking law" as amended

in 1989, and that Ms. Raskin had nothing to do with it. Yet Reserve Trust's application was at first rejected in June 2017. Banking law changes three decades ago don't explain the Fed's reversal. Wyoming recently amended its banking laws to enable certain fintechs to be eligible for deposit insurance. But the Kansas City Fed has been sitting on two Wyoming fintech applications for more than a year. What's the difference?

The Kansas City Fed cites a change in Reserve Trust's business model and interpretation of Colorado law. But it has refused to give the Senate documents that would corroborate this explanation. Ms. Raskin has said she can't remember the phone call. Her suspicious lack of candor underscores why, on top of her views on bank regulation and climate, she's not qualified for the supervisory job despite her ample financial industry and regulatory experience.

Republicans have also raised valid concerns about Ms. Cook's lack of monetary policy expertise. Her academic scholarship has focused almost entirely on race, and she seems to think systemic racism is the root of all economic ills. No doubt she would fit in well at university faculty lounges with similar views.

University of Chicago economics professor Harald Uhlig recently detailed in these pages how Ms. Cook called for his removal as editor of the Journal of Political Economy after he criticized the defund police movement. "This is the kind of racial harassment my mother faced 50 years ago when integrating the faculty of a college in the Jim Crow South in the 1970's," Ms. Cook tweeted. "Free speech has its limits." So much for free-wheeling debate on the Federal Open Market Committee.

All this is worth keeping in mind since the left is calling for the Fed to set monetary policy based on the black unemployment rate, not merely maximum employment and price stability. This means the Fed might have to keep interest rates low longer even if it risks stoking inflation.

Democrats and a few moderate Republicans rejected Trump Fed nominee Judy Shelton because they disliked her support for a monetary price rule. But now the left is trying to normalize the truly dangerous monetary views of Ms. Raskin and Ms. Cook. Progressives control almost every institution in America, and they won't rest until they run the Fed too.

Lesson of the Palin Verdict

The New York Times won a legal victory Tuesday against Sarah Palin's libel suit, but the cost has been steep. Ms. Palin couldn't get over the high legal bar of proving "actual malice" to a jury, but the case exposed slipshod editing and how a left-wing narrative skewed the publication's commentary against an easy political target. In that sense the former Alaska Governor won even in defeat.

This was no heroic stand for a free press against a government censor or powerful figure. The case was a purely defensive effort to show that the falsehoods published about Ms. Palin in a 2017 editorial were unfortunate mistakes. The Times' defense is that it was merely incompetent, not malicious.

We all make mistakes, and journalists working under deadline pressure live in dread of misstating a fact or making an unchecked assumption. The "malice" standard established by the 1964 landmark, *New York Times v. Sullivan*, protects everyone in the press from many frivolous, harassing lawsuits. We are grateful for it, even if it too often gives license to partisans who don't care about the truth.

But the evidence produced at trial showed that the Times' mistake was more than a mis-

stated fact or two. The episode the Times was commenting on had nothing to do with Ms. Palin. The event was the shooting assault on GOP Members of Congress by a deranged Bernie Sanders supporter.

The Times dragged Ms. Palin in gratuitously because it was trying to make a point about incitement of political violence. In 2011 after Jared Lee Loughner had tried to murder then-Rep. Gabrielle Giffords, a Times editorial and columnist Paul Krugman wrote that conservatives were responsible for inciting acts of violence. Others on the left linked a map from Ms. Palin's political-action committee to the massacre, but Loughner was mentally ill and the Palin linkage was discredited.

Our James Taranto highlighted the distortions in a series of columns at the time. But the narrative that the right is uniquely responsible for political violence continues on the left, and the false Palin linkage lived on at the Times. That was clear from the testimony and emails of former Times Opinion editor James Bennet and his colleagues.

The Palin case is no triumph for journalism. It's a humiliation for the Times, and a cautionary tale of how politically congenial narratives can lead us astray. The caution applies to all of us in the business.

trate the 2016 election," Mr. Joffe and "cyber-security researchers" prepared a "report of their findings," which they gave to the CIA.

The Russians were a legitimate 2016 electoral threat, but Mr. Joffe's statement doesn't explain how or why he cooperated with Clinton representatives. If the contractor's job was to monitor security threats

to the U.S., then the responsibility was to report any suspicious activity to the government—immediately and in a classified manner.

But according to Mr. Durham's filing, Mr. Joffe took his information to others—namely, lawyers for the Clinton campaign, who also brought in the oppo-research hit squad Fusion GPS. This partisan team spent months writing anti-Trump white papers full of unproven claims that they spread to the media. We doubt government contracts include: "In case of threats, first call Democrats."

Mr. Joffe's response raises more questions than it answers. Who in government provided the contract that gave him such access to White House records? Why did he cooperate with Clinton campaign operatives? How did he come to hire the same lawyer who worked for the Clinton campaign?

We don't apologize for thinking that all of this is news that readers might like to know about. The mystery is why the rest of the press corps wants everyone to ignore it.

Raskin and Cook are bad choices for such powerful financial posts.

LETTERS TO THE EDITOR

Readers Respond to Rep. Liz Cheney on Jan. 6

Rep. Liz Cheney writes that those who wish to conceal the truth of Jan. 6, 2021, have called the congressional investigation "tainted and political" ("The Jan. 6 Committee Won't Be Intimidated," Feb. 11). Her writing does not help combat this perception.

She pledges, "Our hearings will show that [President Trump's election] falsehoods provoked the violence on Jan. 6." This conclusion is made prior to finishing the investigation. Even Robert Mueller waited until after the full investigation to draw conclusions and publish his report.

ALICE L. HARRON
Silver Spring, Md.

The truth matters. While it may be uncomfortable for some members of Congress who have chosen to abandon their oath to support and defend the Constitution, the American people deserve to know what events, actions and planning led to the storming of our Capitol. To have Ms. Cheney as co-chairman of this panel, along with moderate and liberal colleagues, is a testament that the truth will take precedence over politics. Whether you agree with her politics or not, Ms. Cheney has shown courage and integrity during a difficult time in our country's history.

KEN DAVIS
Bloomfield Hills, Mich.

I agree with Ms. Cheney that the Jan. 6 committee should not be intimidated by critics. The committee should also not be intimidated by Rep. Nancy Pelosi. The lack of security at the Capitol on Jan. 6, 2021, is a major issue. When will Mrs. Pelosi be subpoenaed to answer questions regard-

ing what happened leading up to Jan. 6 to protect the Capitol from rioters? For the American people to look at the committee as legitimate and nonpartisan, we must hear from Mrs. Pelosi.

DONNA CZEKAY
Allentown, N.J.

To the same extent that the Republican Party repudiates Reps. Cheney and Adam Kinzinger, I, a lifelong Republican, repudiate the party.

LEDOUX FAUST
New Orleans

Ms. Cheney asserts the Jan. 6 committee is "focused on facts, not rhetoric," but that focus does not seem to extend to all the facts of that day. Most Americans have no problems with appropriate punishment for any "inexcusable" criminal acts by demonstrators. They don't oppose an objective investigation to prevent such an event from happening again. What people want is a thorough investigation of all related events—i.e., from both sides of those barricades.

What of the person who placed the pipe bombs at the RNC and DNC headquarters? Were there agent provocateurs in the crowd outside the Capitol building? Why were Capitol police so unprepared? Who made decisions and when regarding security?

So far, after almost eight months, the select committee comes across as determined to restrict the "focus" to only what it deems fit to see. Ms. Cheney should be concerned. Her worry that critics claim the process is "tainted and political" has not been proved false.

COL. CHRIS. J. KRISINGER, USAF (RET.)
Burke, Va.

Fed Nominee Sarah Raskin Did Nothing Wrong

Your editorial "Sarah Bloom Raskin's Revolving Door" (Feb. 10) criticizes Ms. Raskin harshly for what you suggest was her improper intervention on behalf of the Reserve Trust Company to obtain a master account at the Federal Reserve Bank of Kansas City.

Your understanding of the facts is wrong. The decision to approve the master account was mandated by the Federal Reserve Act and Federal Reserve Banks' Operating Circular 1 following the Kansas City Fed staff's determination that the trust company and its business created no risk to the Federal Reserve system and, dispositively, after express confirmation by the Office of the Attorney General of Colorado and the Colorado Division of Banking that the Reserve Trust Company is authorized to accept deposits that may be federally insured.

The approval turned entirely on Colorado banking law, which was amended in 1989 with the advice and consent of the Federal Deposit Insurance Corporation, in part to autho-

rize Colorado chartered trust companies to receive and accept insurable deposits and, thereby, enable them to obtain master accounts.

Ms. Raskin had no role whatsoever in the 1989 amendments, no role in their representation to the Kansas City Fed and no role in the Kansas City Fed's risk-assessment findings. Duly authorized representatives of Colorado and counsel for the trust company were the only participants in that process. It is also my understanding that the New York Fed confirmed the dispositive legal conclusions.

The approval was mandated on the merits in accordance with state and federal statutes as well as precedent in the Tenth Circuit. Ms. Raskin is among the most qualified, honorable and ethical nominees of any administration. She has earned your endorsement, not your criticism.

DENNIS M. GINGOLD
Upperville, Va.

Mr. Gingold is co-founder and former chairman of the Reserve Trust Co.

Two Bad Obama-Biden Iran Deals in a Row

Regarding your editorial "Rushing to a Weaker Iran Deal" (Feb. 7): When the last Iran deal was being considered, President Obama said it was this deal or war. The deal was extremely weak in its terms and enforcement.

We signed the deal and allowed Iran to gain funds. It used them to develop missiles that could deliver nuclear warheads to our shores, advance its nuclear program, carry out terrorism around the world, expand its position in the Middle East and murder Americans and others while repressing its own people.

The type of deal described in the editorial would help Iran further its destructive ways. Would we face down Iran once it had a nuclear-weapons arsenal and the ability to deliver a

bomb, when we wouldn't do so before? Such a belief is delusional.

Other nations are watching our behavior and drawing the same conclusion. We shouldn't be surprised if some of them move to develop their own nuclear weaponry. President Biden said he would not allow Iran to develop a nuclear capability. It is time for him to show us a real way to achieve that.

ROBERT MANKIN
New York

Will the IRS Open My Mail?

Your editorial "The IRS Does a Face Plant" (Feb. 9) affixes blame for Internal Revenue Service incompetence but sidesteps the problems of taxpayers like me. I have had a modestly complex issue in process for nearly two years, waiting for resolution. It is important to me. While you are right to apply pressure to the IRS to shift to its "core mission," you should also press for an increase in employees who can help taxpayers like me resolve their problems.

LAWRENCE HARRIS
Cornelius, Ore.

Pepper ... And Salt

THE WALL STREET JOURNAL



"I can't give you an office with a window. However, I will let you tack up a postcard in your cubicle."

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HOWARD L. SIMONS
Glenview, Ill.

OPINION

Good News, Tax Cheats! The IRS Can't Keep Up

By Jay Starkman

The Internal Revenue Service is the motor that keeps America's government running, and it is sputtering. Its computer systems are more than 50 years old. Taxes are going unpaid because returns aren't being processed. Phone calls go unanswered and correspondence takes almost a year to process. The caseload of the Taxpayer Advocate Service—a division that "helps taxpayers solve problems with the IRS and recommends changes to prevent them assists taxpayers"—rose 58% from 2017 to 2021.

The agency needs more auditors, greater efficiency and computer systems that weren't made in the '60s.

The IRS has been overwhelmed for years, but the problem became acute with the 35-day partial government shutdown between December 2018 and January 2019.

At a crucial time for training staff and preparing for the 2019 tax filing season, the agency halted most of its work. It ended up with a backlog of five million unanswered pieces of mail. In January 2019, the National Taxpayer Advocate told congressional staff it likely would take at least

a year for the IRS to return to normal operations.

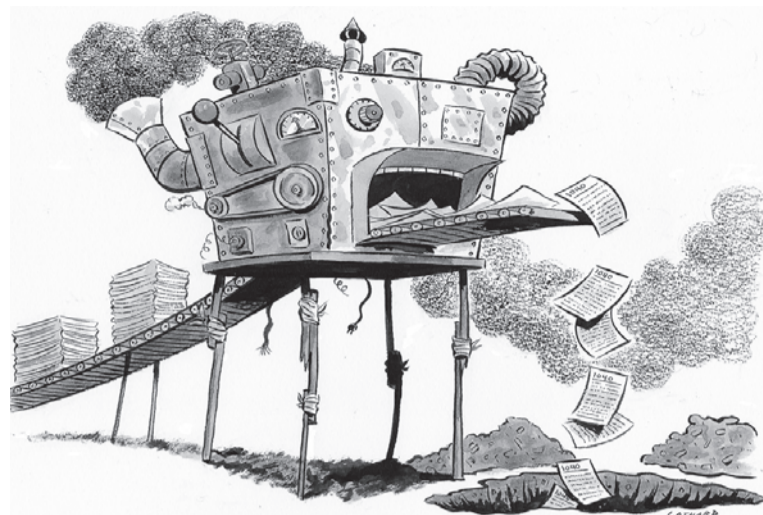
Then Covid hit and in March 2020, the IRS shut its tax-return-processing centers, reopening some late the following month. Most tasks in these centers, such as opening mail or depositing checks, can't be done remotely.

Last week National Taxpayer Advocate Erin Collins told Congress that as of May 2021, the IRS had a backlog of more than 35 million tax returns requiring manual processing—including returns filed electronically—and nearly five million pieces of unprocessed paper correspondence. That backlog of both returns and correspondence is now down to 23 million pieces, Ms. Collins said.

A decade of budget cuts have thinned the agency's ranks. At the end of 2021, the IRS had 83,265 employees, down from 94,000 in 2011. Among them, only 7,177 are younger than 30, and 2,384 under 25. With retirements in coming years, promotion opportunities will abound, but hiring has been difficult.

Ms. Collins told Congress that the agency recently advertised 5,000 openings for return processors and other jobs, and has filled only 179. Last month, the Office of Personnel Management raised the minimum pay for IRS and other federal employees to \$15 an hour.

Meantime, the IRS's work has grown more demanding owing to complex tax laws and social programs, such as ObamaCare, three



DAVID GOTHARD

stimulus payments, child credits and employer Covid tax credits. Further straining the budget is the need to employ bilingual agents and translate forms and publications into 25 languages.

The IRS says it constantly updates its technology infrastructure but its core tax-processing system was created in the 1960s and is antiquated. Overhauling the technology would require major funding and talent. The IRS still uses Cobol, a programming language conceived in 1959 whose syntax and structure are inconsistent with modern computer languages.

Each year, that archaic system spews out millions of proposed adjustments to taxpayers. This triggers

a vicious circle, in which erroneous notices generate a torrent of phone calls and mail that go unanswered. In June, IRS Commissioner Charles Rettig told Congress, "We receive between one and 1½ million pieces of mail per week. All of the mail is opened within a week of receipt." Opened, perhaps, but replies take months.

Ms. Collins wrote in her 2021 annual report to Congress, that at one point during the 2021 filing season, the IRS was receiving 1,500 calls a second. Out of 150 million calls last tax season, 7% were answered. Only 3% of the 85 million callers seeking help with the individual tax Form 1040 reached a representative. Call answering "improved" to 11% for all

As Black Voters Sour on Biden, Will They Abandon the Democrats?

UPWARD MOBILITY
By Jason L. Riley

"Why Joe Biden Is Bleeding Black Support" was the headline of a New York magazine article in late January. Not whether, but why. And if the polling since then is indicative, the hemorrhaging continues.

Blacks have been throwing some 80% of their support to Democrats since the late 1960s. Since President Obama left office, however, the party's grip on this key voting bloc has loosened somewhat. Hillary Clinton's underperformance among blacks in such swing states as Pennsylvania probably cost her the presidency in 2016, when people in heavily black neighborhoods voted more Republican than they did in 2012.

Democrats normally don't worry about blacks voting Republican. They just worry about blacks not voting at all. That, too, may be changing. Black voter turnout in 2018 was the highest on record for a midterm election. Yet New York magazine reports that in the House

elections that year, "Democrats actually won a smaller share of the African American vote than they had in the 2016 presidential election—even as the party's overall popular-vote edge in the midterm was five points higher than Hillary Clinton's two years earlier."

Joe Biden won 92% of black voters in 2020, no doubt benefiting from having been Mr. Obama's vice president, but it's been all downhill since then. The president's job-approval rating among all voters has fallen, but among blacks it has been cratering. An NBC News poll last month found that black support for the president, which stood at 83% last April, had dropped to 64%. A Quinnipiac survey released around the same time showed a 22-point decline in black support for Mr. Biden during his first year in office. And a CNN poll from last week puts black approval of the president's job performance at just 69%. Democrats know they can't win elections without much higher levels of black support.

Mr. Biden has been doing what Democrats normally do to buck up black support. He's resorting to

identity politics. He's promised to nominate a black woman to the Supreme Court. He supports legislation that would address imaginary voter suppression. He wants to expand the welfare state. If, as the recent polling suggests, this sort of racial pandering no longer works like it used to, America's making some progress.

Their decadeslong loyalty to the party was already beginning to show signs of becoming weaker.

The country has witnessed a lot of political norm-breaking in the Donald Trump era. Less black fealty for the Democratic Party could be part of the trend. It's easy to forget how bad things were for blacks economically during the Obama presidency. Black unemployment didn't fall below double digits until the third year of Mr. Obama's second term. Prior to the pandemic, black unemployment under Mr. Trump

reached record lows, and black wages rose at a faster rate than white wages. Mr. Obama symbolized racial progress, but you can't pay the rent with symbolism.

That black experience partly explains why minority support for Mr. Trump ticked up in 2020. It might also explain why blacks have soured on Mr. Biden. Inflation, which the current administration first denied and then played down, is at a 40-year high. Blacks are overrepresented among low-income workers, who are watching prices rise faster than their wages. In addition, the president wants to raise the taxes that Mr. Trump cut and reregulate sectors of the economy that Mr. Trump deregulated. If black voters aren't eager to return to the pre-Trump economy, who can blame them?

Mr. Biden's efforts to appease his party's progressive wing are also costing him black support. Black politicians and activists tend to be far more liberal than the average black voter. On issue after issue—school choice, defunding the police, voter ID, racial preferences—individual black Americans hold more

conservative views than the elites who claim to represent them. The political scientists Ismail White and Chryl Laird argue in a 2020 book, "Steadfast Democrats," that black partisan loyalty is less issue-based and has to do with social pressure from other blacks. But as the black middle class grows and black interests become less unified and more varied, the solidarity politics we see among black voters will inevitably start to wane, as it has with other racial and ethnic groups.

These are the larger trends that Mr. Biden and his party are up against, and the question is whether Republicans will take advantage of the situation. The Republican National Committee is currently preoccupied with settling scores for Mr. Trump, which could come at the cost of expanding the GOP's appeal at a time when Democrats look vulnerable. The economic gains we experienced prior to the pandemic were real, and no one benefited more than blacks did. The establishment media mostly ignored the story, but Republicans could do worse than talk about it nonstop between now and November.

While the IRS says its budget is under greater strain than ever, there is no explanation why \$1 billion appropriated in March 2021 remains unspent. Much of the \$250 million annual technology modernization appropriation since 2006 goes to maintain legacy systems, Ms. Collins told lawmakers. A May 2021 report from the Treasury Inspector General for Tax Administration found that 42% of printers and copiers at three IRS tax-processing centers last March were unusable or broken. Because the IRS lacks scanning technology, staffers type in data for many paper returns.

The IRS is on the verge of collapse. Some members of Congress are fixated on the "tax gap"—uncollected tax revenue the Biden administration estimates is \$600 billion. The IRS could collect taxes better if it were efficient, fully staffed and had up-to-date technology, responsive customer service and reasonable audit coverage. The tax gap will never be eliminated entirely, because it includes the underground economy. Congressional Democrats and Republicans may disagree on whether the IRS's problem is money or management but they agree that the agency can't keep deteriorating.

Mr. Starkman is a certified public accountant in Atlanta and author of "The Sex of a Hippopotamus: A Unique History of Taxes and Accounting."

Entente Multiplies the Threat From Russia and China

By John Bolton

It's been more than 75 years since the U.S. last faced an axis of strategic threats. Fortunately, that axis proved dysfunctional. Had it been otherwise, Japan and Germany would have systematically attacked the Soviet Union, not America, first.

Our current strategic adversaries, Russia and China, aren't an axis. They've formed an entente, tighter today than any time since de-Stalinization split the communist world. Involving some mutual interests and objectives, displays of support, and coordination, ententes are closer than mere bilateral friendships but discernibly looser than full alliances. The pre-World War I Triple Entente (Russia, France and Britain) is the modern era's prototype.

Moscow is junior partner to Beijing, the reverse of Cold War days. The Soviet Union's dissolution considerably weakened Russia, while China has had enormous economic growth since the death of Mao Zedong in 1976. Russia's junior-partner status looks permanent, given disparities in population and economic strength (whatever today's military balance), but Vladimir Putin seems determined to move closer to China.

This entente will last. Economic and political interests are mutually complementary for the foreseeable future. Russia is a significant source of hydrocarbons for energy-poor China and a longtime supplier of advanced weapons. Russia has hegemonic aspirations in the former Soviet territory, Eastern Europe and the Middle East. China has compara-

The misguided idea that the U.S. needs to ignore one to focus on the other intensifies the danger.

ble aspirations in the Indo-Pacific region and the Middle East (and world-wide in due course). The entente is growing stronger, as China's unambiguous support for Russia in Europe's current crisis proves.

Washington would undoubtedly be more secure if it could sunder the Moscow-Beijing link, but our near-term prospects are limited. This entente, along with many other factors, renders especially shortsighted the common assertion that opposing China's existential threat to the West requires reducing or even

withdrawing U.S. support for allies elsewhere.

Barack Obama's "pivot" or "rebalancing" to Asia produced a decade of variations on the theme that China matters and other threats don't. Donald Trump agreed, although he wanted primarily to strike "the biggest trade deal in history" or impose tariffs if he couldn't, along with assaulting China for the "Wuhan virus" when it became politically convenient. Some analysts argue that the global terrorist threat is diminishing and that hydrocarbon resources are becoming less important because of the green-fuel revolution. Both would mean that we could safely reduce U.S. attention to the Middle East. Thus, Joe Biden argued that withdrawing from Afghanistan was required to increase attention to China's menace. Sen. Josh Hawley and others even believe we shouldn't be deeply involved in the Eastern Europe crisis, to avoid diverting attention and resources from countering Beijing.

Such assertions about reduced or redirected U.S. global involvement are strategic errors. They reflect the misperception that our international

attention and resources are zero-sum assets, so that whatever notice is paid to interests and threats other than China is wasted.

This is false, both its underlying zero-sum premise and in underestimating non-Chinese threats. Our problem is failing to devote anything like adequate attention or resources to protecting vital global interests. Political elites (who are noticeably lacking in figures like Truman and Reagan) focus on exotic social theories and domestic economics rather than national-security threats. America's own shortsightedness, particularly an inadequate defense budget, makes us vulnerable to foreign peril. Washington must pivot not among competing world-wide priorities, but away from domestic navel-gazing.

Critically, those who exclusively fear China ignore the Russia-China entente. The entente serves to project China's power through Russia, as Beijing also projects power through North Korean and Iranian nuclear programs. Moreover, Beijing closely assesses Washington's reactions to crises like the one in Ukraine to decide how to structure future provocations.

Notable & Quotable: Canadian Emergency

Elliot Kaufman writing for the Journal website, Feb. 15:

[Prime Minister Justin] Trudeau invoked the Emergencies Act on Monday for the first time in Canadian history. (The law's predecessor, the War Measures Act, was used only three times: World War I, World War II and the 1970 FLQ crisis involving Quebecois terrorists.) Now, in response to protests and blockades started by truckers against vaccine mandates, the prime minister has granted his government extraordinary temporary powers "to make orders or regulations that are believed, on reasonable grounds, to be necessary to respond to the issues at hand," the Canadian government explains on its website.

This broad authority doesn't junk the Canadian Charter of Rights and Freedoms. It does, however, include the power to prohibit travel, public assemblies and use of any specified property, to force people or companies to render essential services, to impose fines and imprisonment for violating any of the emergency rules, and to use the military as police, though Mr. Trudeau suggests he won't do that last one. He says the powers will be used for 30 days, strengthening the federal police, beefing up penalties, dragooning private tow-truck companies and, incredibly, directing financial institutions, without court orders, to freeze personal and corporate bank accounts connected to the protests. Without due process,

and used against despised and often caricatured protesters, these powers invite further abuse.

"This is not a peaceful protest," Mr. Trudeau says, though in more than two weeks there has been no violence. The protests have been highly disruptive to downtown Ottawa and to cross-border trade. But truckers have followed a judge's order that they cease honking horns in Ottawa, and on Sunday police were able to reopen the Ambassador Bridge connecting Detroit with Windsor, Ontario, without incident. Ordinary laws authorize police to clear illegal blockades. Why are sweeping emergency powers needed to get government and police to do their jobs?

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WORLD NEWS

Canada Defends Emergency Move

Use of extraordinary powers balances basic rights with security, rule of law, says official

BY KIM MACKRAEL AND PAUL VIEIRA

OTTAWA—The Canadian government on Tuesday defended its decision to invoke unusual emergency powers to quell protests that have paralyzed the capital for 19 days, with the country's top security official calling a small group behind the current demonstrations a serious threat.

"There have been those who have tried to characterize these illegal blockades [as being] about vaccines and mandates and fatigue with the pandemic. That is not what is driving this movement right now," Marco Mendicino, Canada's public safety minister, said at a news conference Tuesday.

"What is driving this movement is a very small, organized group that is driven by an ideology to overthrow the government through whatever means they may wish to use," he said.

A spokesman for Mr. Mendicino declined to comment.

At the news conference, Mr. Mendicino noted that this week police in Alberta seized a cache of firearms, including handguns and 13 long guns, and a large quantity of ammunition in a raid targeting three trailers that were part of a blockade disrupting cross-border traffic between Coutts, Alberta, and Montana. Police said they arrested 13 people



Truckers protesting Covid-19 vaccine mandates and other rules blocked a road in Ottawa on Tuesday.

Monday in connection with the Coutts border protests.

Mr. Mendicino said the Coutts border crossing was reopened Tuesday.

In Ottawa, hundreds of heavy trucks and other vehicles continued to clog the streets Tuesday, the day after Prime Minister Justin Trudeau revealed his intent to invoke emergency measures, which were criticized by some rights groups and provincial leaders as overreach.

Mr. Mendicino's comments led some national-security experts to call on the government to provide clarification. "It behooves the government to explain themselves, to the extent that they can, while

maintaining national security," said Leah West, a national-security expert at Carleton University in Ottawa.

The official order published Tuesday by the Canadian government lays out the justification for invoking extraordinary measures under the Emergencies Act, and what specific powers it will be using. The order said the government would, among other things, ban protests that police believe would lead to unlawful activity, prohibit gatherings near critical infrastructure such as border crossings, and allow authorities to commandeer tow trucks to help police remove demonstrators' vehicles.

The order said the protests in downtown Ottawa and at border crossings constitute a public-order emergency because of the threat of violence and unrest, and the disruption caused to the supply-chain network and two-way trade with the U.S.

An organizer for the main Ottawa protest group, which operates under the banner Freedom Convoy 2022, denied any plot to commit political violence. "All we want is the Covid vaccine mandates removed," Chris Barber said. "There's never been a case for trying to overthrow the government."

The official order also contemplates measures related to financial services, as officials target protesters' source of cash. The order instructs

crowdfunding websites and their payment processors to report large, suspicious donations to Canada's main finance-intelligence officials. Also, financial institutions are to inform authorities of any assets belonging to protesters, and in some instances stop providing services such as auto insurance to these individuals.

Tamara Lich, a spokeswoman for the Ottawa protesters, said the government's plan is unlikely to erode demonstrators' resolve. Ms. Lich and other protesters say they won't move until Canada drops all Covid-19 vaccine mandates and related restrictions.

"There are no threats that will frighten us," she said.

Mr. Trudeau's decision to tap emergency powers has triggered opposition from premiers of the Canadian provinces of Quebec, Alberta, and Saskatchewan, among others. However, the premier of Ontario, home to Ottawa and the recent blockade of a bridge that connects the province with the U.S., gave his blessing. "I'll support the federal government and any proposals they have to bring law and order back to our province," said Premier Doug Ford.

Security experts said they don't expect the protesters in Ottawa to be removed immediately. Law-enforcement officials "will have to take some time to marshal the necessary resources and figure out how best to move," said Wesley Wark, a senior fellow with the Center for International Governance Innovation, a think tank in Waterloo, Ontario.

Honduras Arrests Its Ex-Leader For U.S.

BY JOSÉ DE CÓRDOBA AND JUAN CARLOS RIVERA

A swarm of Honduran police arrested former President Juan Orlando Hernández on Tuesday after officials said the U.S. government had requested the extradition of the former leader on charges he helped smuggle hundreds of tons of cocaine into the U.S. in exchange for bribes that financed his political career.

Mr. Hernández was taken into custody by police who patted him down and cuffed his hands and feet at the door of his home in the Honduran capital Tegucigalpa, in scenes broadcast on national television. They drove him to a police base. He faces a court hearing Wednesday.

It was a dizzying fall for a powerful politician who has dominated Honduras for almost a decade, and was a key ally of both Democratic and Republican administrations in the U.S.

The U.S. extradition request and arrest comes less than three weeks after Mr. Hernández stepped down from power, turning over the presidency to leftist Xiomara Castro, who won a landslide election in November that was seen as a rejection of the corruption and violence that marked Mr. Hernández's years in office.

The extradition request was widely expected. Mr. Hernández has been mentioned as a co-conspirator in various drug trials of Honduran traffickers in recent years, including that of his younger brother Juan Antonio Hernández, who was found guilty of drug trafficking in New York and is now serving a life sentence in prison.

U.S. Justice Department policy prohibits the indictment of serving heads of state.

Mr. Hernández faces no charges in Honduras, according to senior government officials.

The former president posted an audio message on Facebook and Twitter in predawn hours Tuesday, saying he was ready to hand himself in.

U.S. Justice Department officials declined to comment.

Mr. Hernández has consistently denied any involvement in drug trafficking or corruption. He has said that the accusations against him were made by drug traffickers in U.S. trials who sought to implicate him in exchange for leniency from prosecutors.

Earlier this month, after Mr. Hernández left office, the State Department said it included Mr. Hernández on its Corrupt and Undemocratic Actors list in July, citing alleged acts of corruption and illicit campaign financing.

In a three-count indictment made on Jan. 27, hours after Mr. Hernández stepped down from office, U.S. prosecutors charged him with one count of conspiracy to import and manufacture cocaine and two counts of using weapons, including machine guns, over the course of at least 18 years, according to the extradition request seen by The Wall Street Journal.

The extradition request charges Mr. Hernández with a conspiracy to smuggle more than 550 tons of cocaine to the U.S. from at least 2004 to 2022. In exchange, drug traffickers contributed millions of dollars to finance his political career.

Mr. Hernández' defense lawyers said based on the last 32 cases of extraditions to the U.S., the process typically lasts about four months.

Hong Kong Tightens Curbs as Hospitals Fill

BY DAN STRUMPF

HONG KONG—As spiraling Omicron cases overwhelm Hong Kong's health system, officials doubled down on their zero-Covid strategy Tuesday by commandeering thousands of apartments and hotel rooms to isolate infected residents.

Wards at public hospitals have begun to overflow, with reports of children being turned away as pediatric isolation beds ran out. Despite the strain, just a fraction of those being treated or isolated were in critical condition, and Hong Kong officials urged Covid-19-positive residents—previously subject to immediate hospitalization regardless of symptoms or vaccination status—to avoid emergency rooms if their symptoms are mild.

Officials acknowledged that they were struggling to keep up with testing suspected cases across the city. There were more than 1,600 confirmed new infections reported on Tuesday. While this was lower than Monday's record 2,071 tally, 5,400 more suspected cases awaited verification.

While much of the world continues to open up despite the global spread of the coronavirus, Hong Kong Chief Executive Carrie Lam told residents to prepare for further tightening of what are among the world's most stringent anti-Covid-19 restrictions. The containment measures have failed to stop accelerating infections of the less-deadly Omicron strain.

The pace and severity of the outbreak, the biggest since the pandemic began, has outgrown the city's capacity, Mrs. Lam said.

"We cannot surrender to the virus. This is not an option," she said.

On Wednesday, Chinese



Patients with Covid symptoms wait outside a Hong Kong hospital. There were more than 1,600 confirmed new cases reported Tuesday.

President Xi Jinping was quoted in Hong King's pro-Beijing press urging the city government to take primary responsibility in tackling the outbreak and reining it in as soon as possible.

Hong Kong is adhering to Beijing's goal of eliminating infections, though it has for now ruled out a citywide lockdown of the kind that has been used by authorities on the mainland to stamp out outbreaks. The city has called for help from mainland authorities to boost testing and build medical facilities to counter the Omicron wave.

On Tuesday, the city's hospital authority said more than 4,100 patients were in isolation or treatment for Covid-19,

eight of them in critical condition. Eight people have died in the latest wave of infections.

Experts said the figures likely don't reflect the full extent of cases in Hong Kong because of the backlog in testing capacity, with the highly contagious Omicron variant quickly overwhelming the government's ability to stick with its policy of isolating positive cases in hospital wards and quarantining close contacts.

The government will secure 3,000 apartments at newly built public-housing estates and up to 10,000 hotel rooms to confine the growing number of cases, officials said. They will also designate seven new clinics for treatment.

Wards at the city's public

hospitals were operating at close to full capacity on Monday night, official data show, with more than a half-dozen hospitals either at or exceeding their limits.

"We have to move to a model in which we are promoting home isolation, which is essentially the de facto strategy at this point," said Karen Grépin, an associate professor at the University of Hong Kong's School of Public Health. She cautioned that it isn't clear that the city has the infrastructure to keep such large numbers of people isolated at home.

Hong Kong's No. 2 leader, John Lee, traveled across the city's northern border to Shenzhen over the weekend to

discuss support measures from the mainland Chinese government.

Roughly a month into its fifth wave of Covid-19 infections, Hong Kong has quickly become the center of the worst outbreak in Chinese territory since the coronavirus emerged in central China more than two years ago.

The wave of mostly Omicron infections halted a monthslong stretch of virtually no locally transmitted cases, dashing hopes that the Asian financial hub would soon reopen its borders.

Though officials have instituted the city's tightest virus-control measures to date in recent weeks, they said no citywide lockdown is planned.

WORLD WATCH

RUSSIA

Navalny Faces Longer Prison Term

Jailed Kremlin critic Alexei Navalny went on trial Tuesday, facing embezzlement charges that could see his prison term extended by up to 15 years, in the latest salvo against Russia's embattled opposition.

Mr. Navalny, who has spent more than a decade waging a political campaign against President Vladimir Putin's government, has denied the charges of embezzling funds given to his now-defunct foundation, which sought to expose corruption. He has said the charges are part of a politically

motivated campaign by the Kremlin to silence him. The Kremlin denies targeting Mr. Navalny for his criticism of Mr. Putin.

The new trial began inside a maximum-security prison outside Moscow where Mr. Navalny has been held since February 2021 when he returned to Russia after recovering in Germany from a near-fatal poisoning he blames on the Kremlin. He is serving 3½ years in prison for a separate fraud charge, though his sentence had been reduced by 10 months for time served.

His supporters say the timing of the trial is designed to fall under the shadow of the military buildup on Ukraine's border. —Matthew Luxmoore

UNITED ARAB EMIRATES

Afghan Refugees Suspend Protests

Afghan refugees protesting conditions at a transit facility in the United Arab Emirates agreed to suspend demonstrations after several days of talks with local U.S. and Gulf officials, the refugees said Tuesday.

Protests erupted last week among thousands of Afghans about what the refugees described as prison-like conditions at the Abu Dhabi facility where they have been held since their evacuation from Afghanistan this past summer.

The U.S. is responsible for

processing immigration cases, but the Emiratis run the facility.

Several refugees at the U.A.E. facility told The Wall Street Journal they had agreed to suspend the demonstrations in return for promises from the U.S. and Emirati authorities to improve conditions at the camp within two weeks. —Jessica Donati

ETHIOPIA

Lawmakers End State Of Emergency

Lawmakers in Ethiopia voted Tuesday to end the country's three-month state of emergency early as mediation efforts to halt

a deadly war in the north continue in the Horn of Africa nation.

The vote took place after Ethiopia's Council of Ministers, chaired by Prime Minister Abiy Ahmed, decided on Jan. 26 to end the state of emergency, citing recent developments in the conflict.

The state of emergency was imposed in early November as Tigray regional forces fighting Ethiopian and allied forces moved closer to the capital, Addis Ababa. The Tigray fighters withdrew back into their region in late December amid mediation efforts and under pressure from a drone-supported military offensive carried out by the government. —Associated Press



Jailed Russian opposition leader Alexei Navalny says the embezzlement charges he faces are meant to silence him.



TECHNOLOGY: AIRBNB POSTS RISE IN PROFIT, REVENUE B4

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, February 16, 2022 | B1

S&P 4471.07 ▲ 1.58% S&PFIN ▲ 1.37% S&PIT ▲ 2.73% DJTRANS ▲ 0.62% WSJ\$IDX ▼ 0.24% 2-YR. TREAS. yield 1.567% NIKKEI (Midday) 27428.02 ▲ 2.10% See more at WSJ.com/Markets

Chevy Bolt Production to Resume

Auto maker paused output of electric car last year to fix battery defect that led to fires

By MIKE COLIAS

General Motors Co. will restart production of the Chevrolet Bolt electric car after pausing output last year to fix a battery defect that could lead to fires.

GM will resume production of the Bolt in early April and start shipping them to dealerships shortly after for sale to consumers, the company said Tuesday.

The Detroit auto maker

stopped building the Bolt, along with a new, larger version that is SUV-sized, at a suburban Detroit factory in the summer as it worked to find a fix for the problem, which led to more than a dozen car fires.

In September, GM said the company and battery supplier LG Energy Solution had fixed a manufacturing flaw that led to the fires and began shipping new battery cells to dealerships to replace battery modules in about 142,000 Bolts subject to the recall. Production of new Bolts has been paused during that time.

GM has pinned its future strategy on electric vehicles, including plans for more than a dozen new models slated for

North America in coming months. Those will be built using a new battery system and chemistry that is different from that of the Bolt, which has been in production since 2016.

Still, the Bolt's safety problems have been a setback for GM as it seeks to convince consumers and Wall Street that it can emerge as a leader in EV sales. GM has said its goal is to surpass Tesla in U.S. electric sales by mid-decade.

GM has said a problem with LG's manufacturing process led to two flaws in certain battery cells that could cause a fire. The company has told Bolt owners that they should move their car outside immediately after charging, not to park it inside overnight and to leave ample distance from other vehicles inside parking garages.

As GM moves to a new technology, GM's long-term plans for the Bolt remain unclear. The company recently outlined plans for a \$4 billion overhaul of the factory where Bolts are made to start production of electric pickup trucks, beginning in 2024.

In the short-term, GM needs to lean on Bolt sales to meet its EV sales targets over the next two years. Earlier this month, GM set a target of selling 400,000 electrics in North America by the end of 2023.

While GM plans to roll out several new models over the next 18 months, many likely will be made in small volumes as production ramps up. An electric GMC Hummer pickup began hitting showrooms in recent weeks and a Cadillac SUV, the Lyriq, is due this spring. Electric versions of the Chevy Silverado pickup and Equinox SUV are scheduled to go on sale next year.

GM dealerships continue to replace batteries of existing Bolts. "We feel confident we can balance replacements along with new retail production," a spokesman said.

GM has said it expected to recover nearly all of the \$1.9 billion in recall costs from LG Energy Solution.

ViacomCBS Changes Name to Paramount

By BENJAMIN MULLIN AND KIMBERLY CHIN

ViacomCBS Inc. said it is renaming itself as Paramount Global and will refer to itself as Paramount, underscoring the company's emphasis on its Paramount+ streaming service and evoking the heritage of its century-plus old film studio.

ViacomCBS Chairwoman Shari Redstone unveiled the name change at an investor presentation Tuesday, saying the new name was part of the company's "promise to be the best." Before the presentation began, ViacomCBS played a video showing Ms. Redstone and ViacomCBS Chief Executive Bob Bakish driving up to the event in Bumblebee, an alien disguised as a bright yellow car from the company's "Transformers" franchise.

"It is who we are and it is who we are destined to be," Ms. Redstone said. "And that is why today we are thrilled to announce that ViacomCBS has become Paramount Global, or simply Paramount."

ViacomCBS said the name change would take effect on Thursday, adding that the company's new ticker symbols would be PARAA for class A shares and PARA for class B shares.

The move is the latest industry trend. Please turn to page B4

Digital Clues Led To Bitcoin Arrests

Federal investigators spent years hunting for clues in the 2016 hacking of the Bitfinex cryptocurrency exchange, when thieves stole bitcoin worth \$4.5 billion. In the end, what helped lead them to two suspects was something much more quotidian: a \$500 Walmart gift card.

By James Fanelli, Ben Foldy And Dustin Volz

That card and more than a dozen others like it, including for Uber, Hotels.com and PlayStation, were linked to emails and cloud service providers belonging to a young Manhattan couple, Ilya "Dutch" Lichtenstein and Heather R. Morgan, according to a criminal complaint. Authorities arrested the couple after seizing \$3.6 billion worth of bitcoin allegedly in their control—the Justice Department's largest financial seizure ever.

New details have since emerged about the investigation, in particular how it took advantage of not only advanced forensic tools but also the growing push to rein in crypto crime, including by the industry itself.

Cryptocurrency has long been a preferred option for criminals big and small, due to its perceived anonymity and capacity for frictionless international transfers. Despite its reputation as hard to trace, analysts say it is sometimes easier to track than hard currencies. Every transaction is public, leaving a permanent trail. The trick is tying that money to real people.

Mr. Lichtenstein, 34, and Ms. Morgan, 31, were charged with conspiring to launder money and defraud the federal government. The most serious count carries a maximum sentence of 20 years in prison. Federal prosecutors haven't alleged that the couple committed the hack.

Their lawyers didn't respond to requests for comment. In a memo filed to court, their lawyers said, "The money laundering accusations in the Government's complaint are predicated on a series of circumstantial inferences and assumptions drawn from a complex web of convoluted blockchain and cryptocurrency tracing assertions."

At a hearing on Monday, a judge ordered Mr. Lichtenstein. Please turn to page B2

Pensions Rush for Private Loans

By HEATHER GILLERS

Retirement funds are clamoring to invest in private-market loans, hungry for an asset that can beat public markets while throwing off cash to help pay benefits.

Two of the nation's three biggest pension funds, those serving public workers in New York and California, have added private-credit allocation targets in the past two years. Across the U.S., state and local retirement funds with private-credit portfolios are expanding them faster than any other alternative investment, from an average allocation of 3% to an average target of 5.7%, according to analytics company Preqin.

For decades, U.S. pension funds have been scaling back on bonds, bank loans and other types of publicly traded debt as yields dropped. Now the retirement savings of firefighters and school-bus drivers are helping fuel an investing boom in private loans to borrowers ranging from private-equity managers overhauling companies to consumers buying on layaway.

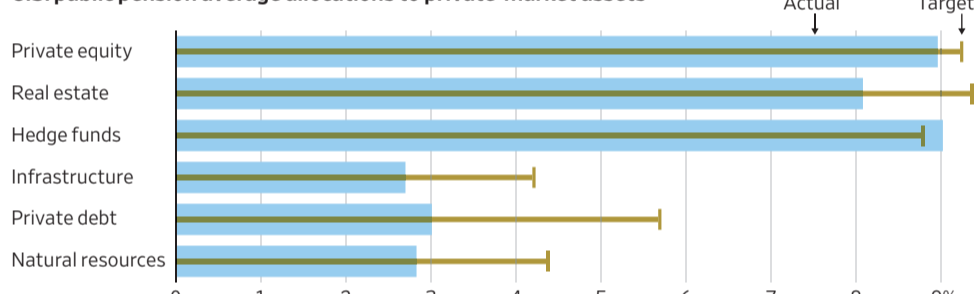
Michael Lombardi, director of credit at the \$280 billion New York State Common Retirement Fund, which serves police, firefighters and other public workers, said he expects to hit the 4% allocation target set in 2020 by year-end.

"The team has spent all of 2020 and 2021 focusing on private credit," Mr. Lombardi said. To fund the new investments, the pension plan is moving money out of high-yield bonds and bank loans.

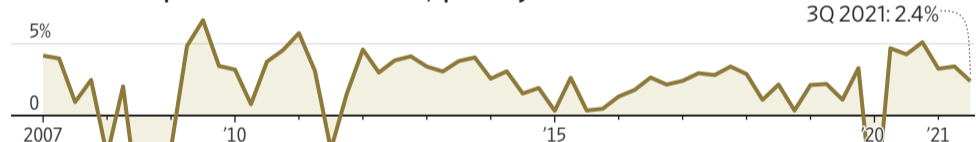
U.S. pension funds' private-credit holdings amount to tens of billions of dollars, though the exact total is hard to track because many funds don't report those investments separately from other alternative assets. Canadian pensions, earlier. Please turn to page B12

Retirement funds are looking to ramp up private debt faster than any other alternative asset.

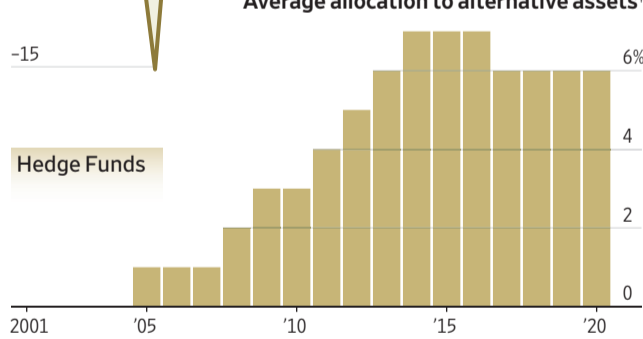
U.S. public pension average allocations to private-market assets



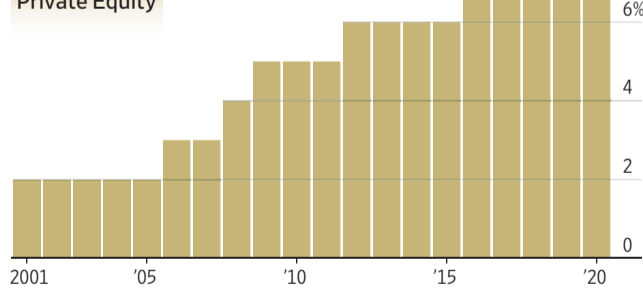
Total return on private credit investments, quarterly*



Average allocation to alternative assets†

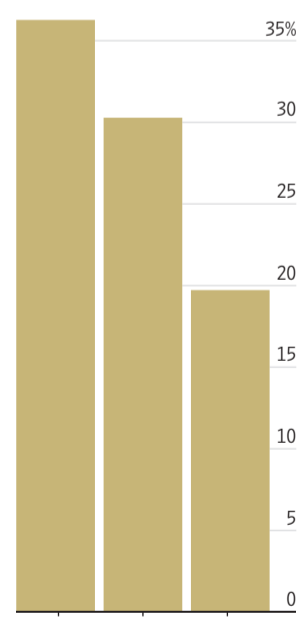


Private Equity



*Does not include distressed debt †Data covers about 200 state and local pension funds in the U.S., universe may differ slightly from year to year. Sources: Preqin (pension allocations); Burgiss Global Private Debt Index (total return); Boston College Center for Retirement Research (average allocation); Wilshire Trust Universe Comparison Service (U.S. public pension assets)

Median percentage of U.S. public pension assets allocated to U.S. bonds



NASA Warns of Crowding Risk As SpaceX Boosts Satellite Plans

By MICAH MAIDENBERG

Elon Musk's satellite internet venture is fueling concerns from one of SpaceX's most important customers—the National Aeronautics and Space Administration—about traffic congestion and potential collisions hundreds of miles above Earth.

SpaceX has been ramping up satellite deployments to power Starlink, the high-speed internet service the company has been rolling out in markets around the world. In Jan-

uary, SpaceX asked the Federal Communications Commission to authorize the company to use a particular setup for 30,000 additional satellites it would send up over time. Those satellites represent the bulk of the 42,000-satellite fleet that SpaceX hopes to ultimately deploy for Starlink.

NASA said in an early February letter to the FCC that the 30,000 devices, if deployed, would significantly boost the number of tracked objects in space—by a factor of more than five in certain

lower orbits.

"An increase of this magnitude into these confined altitude bands inherently brings additional risk of debris generating collision events," the space agency said in the letter. NASA also raised concerns about how the automated-maneuvering systems that Starlink satellites use may interact with other networks of satellites with similar capabilities, given the dearth of rules to govern such interactions.

The space agency depends. Please turn to page B4

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Deliveries of the Boeing 787 have largely been halted since October 2020. The aircraft models in production in South Carolina in 2019. ERIC JOHNSON/REUTERS

FAA to Inspect New Dreamliners

By Andrew Tangel

Federal air-safety regulators plan to inspect and sign off on individual 787 Dreamliner jets, versus allowing manufacturer Boeing Co. to perform those routine tasks, another hurdle in the plane maker's bid to resume deliveries of the wide-body jets. Dreamliner deliveries have largely been halted since October 2020 as Boeing and the Federal Aviation Administration address various manufacturing defects on the aircraft.

The plane maker had 110 undelivered jets valued at more than \$25 billion in inventory at the end of last year. The FAA's decision to retain its authority to check the airplanes itself and approve jets for passenger flights, rather than delegate the tasks to Boeing as it has in the past, is another layer of scrutiny by the agency. "This will allow the agency to confirm the effectiveness of measures Boeing has undertaken to improve the 787 manufacturing process,"

the FAA said. The FAA said it would retain the authority until the agency is confident Boeing's quality-control and production processes meet federal design standards, and that the plane maker's delivery processes are stable. A Boeing spokesman said the company respected the FAA's role as its regulator and will continue to work through its rigorous, detailed processes. Regulators took the same action for Boeing's 737 MAX

after two of those jets crashed in 2018 and 2019, claiming 346 lives. The FAA hasn't given Boeing back the authority more than two years later. The FAA previously stripped Boeing of such authority for four Dreamliners last year. That move came as Boeing was poised to resume 787 deliveries in the spring. The company last year briefly resumed handing over the jets to customers before again halting deliveries amid wrangling with the FAA.

Bitcoin Linked to Gift Card

Continued from page B1

to be held in jail but allowed Ms. Morgan to be released to home incarceration on a \$3 million bond package while they await trial.

The pair have been together for seven years, their lawyers said. Mr. Lichtenstein was an introvert who preferred coding and making computer circuit boards over socializing, friends of the couple said. His family emigrated to the U.S. from Russia when he was 6 to avoid religious persecution, his lawyers said. Ms. Morgan, from Northern California, was more outgoing. She wrote columns for Forbes where she described herself as an expert dedicated to fighting fraud and cybercrime.

The theft came in August 2016, when hackers used malware to infiltrate the Hong Kong-based Bitfinex exchange's network and moved the bitcoin—then worth about \$71 million—through more than 2,000 unauthorized transfers to an outside account. In January 2017, small amounts began moving in a series of complex transactions, according to a criminal complaint filed against Mr. Lichtenstein and Ms. Morgan.

Early on, according to the complaint, the stolen bitcoin was channeled through AlphaBay, an online marketplace operating on the dark web. AlphaBay also advertised itself as a cryptocurrency "tumbler," a service that could exchange deposited bitcoin for others to help prevent tracing. In July of 2017, federal authorities seized and shut down AlphaBay.

Prosecutor filings said that some of the stolen Bitfinex bitcoin that had been tumbled by the pair through AlphaBay accounts were then deposited into newly created accounts at several exchanges registered to foreign email addresses created around the time of the hack. The deposits quickly ran afoul of anti-money-laundering compliance efforts at crypto exchanges, prosecutors allege.

Some exchanges asked to verify the identities of some of the account holders. When they received no response, the exchanges froze the accounts, with more than \$300,000.

Authorities said in filings that cryptocurrency tied to the

hack was then moved into accounts Mr. Lichtenstein and Ms. Morgan had created tied to their identities and businesses.

In bail hearings, Ms. Morgan's lawyer said his client's accounts were set up to handle legitimate revenue for her business and there is no evidence that she knew of any connection from incoming funds to illegal activity.

In 2016 Mr. Lichtenstein and Ms. Morgan were living in the San Francisco Bay Area, according to friends. Mr. Lichtenstein was running an online marketing tech company called MixRank. Ms. Morgan at age 23 started SalesFolk LLC, which specialized in unsolicited marketing emails.

The two left for New York in 2017, where they worked to bolster their image as tech-savvy entrepreneurs. By the following year Ms. Morgan decided to pursue a different passion, she wrote in one Forbes column. She started making rap music

\$500

Amount on a Walmart gift card that investigators tracked

under the name Razzlekhan. She described herself as the "Crocodile of Wall Street."

In August 2019, the couple traveled to Ukraine for a monthlong trip, according to prosecutor filings. During that time, Mr. Lichtenstein, who holds dual U.S. and Russian citizenship, updated files on a cloud storage account that had information on money laundering and fake identity documents with Ukrainian connections, prosecutors said.

Lawyers for the couple said they had no intention of leaving the country, stressing that Ms. Morgan's frozen eggs necessary for in vitro fertilization are in New York. "They would literally be leaving their future behind if they left," said Samson Enzer, one of the couple's lawyers, in the Monday hearing.

Every transaction of bitcoin is recorded in a public ledger for anyone to see—resulting in huge volumes of data. Court documents show federal agents used software tools to sift through the data in search of connections and patterns, a process called cluster analysis.

One cluster of bitcoin addresses, identified in court filings as 36B6mu, caught investigators' attention.

On May 3, 2020, a fraction of a bitcoin went from the cluster to an exchange that sells prepaid gift cards. In return, a \$500 gift card for Walmart was sent to a Russian-registered email. The transaction was conducted via an IP address linked to a cloud service provider in New York that investigators linked to Mr. Lichtenstein, according to the agents.

Portions of the gift card, filings said, were then redeemed through Walmart's phone app. Three purchases were conducted online using Ms. Morgan's name and the couple's apartment address was provided for delivery.

Between February of 2019 and December 2020, bitcoin worth about \$7.8 million today flowed through the cluster to and from accounts at various crypto exchanges that investigators said in court documents are tied to Mr. Lichtenstein and Ms. Morgan.

Investigating agents in January 2021 asked U.S. Magistrate Judge Zia Faruqui in Washington to issue a warrant to search email accounts connected to the couple. Judge Faruqui approved the warrant in August, noting the public nature of the blockchain ledger meant that those using it had no constitutional right to privacy. Relying on cluster analysis to guide searches, he wrote, was akin to relying on a confidential source providing tips to investigators.

The judge wrote that cryptocurrency and related software analytics tools are the "wave of the future, Dude. One hundred percent electronic," referencing a line from the movie "The Big Lebowski."

On Jan. 5, federal agents showed up at the couple's Wall Street apartment with a search warrant. They seized a plastic baggie marked "burner phone," more than \$40,000 in cash and more than 50 electronic devices, according to court filings.

According to prosecutors' filings, the couple chose to leave the premises while the agents searched. They asked to bring their cat, which was hiding under the bed. As Ms. Morgan attempted to coax the cat out, she grabbed a phone from a nightstand, the filings said. She tried to repeatedly press the lock button, which prosecutors said appeared to be an attempt to keep investigators from being able to search it, and law-enforcement officials had to wrest the phone from her.

By then, investigators had access to Mr. Lichtenstein's email and cloud account, according to court filings. On Jan. 31, the government was able to break the encryption for several of the files. Among them was a spreadsheet listing various accounts, including some of those that had been abandoned when exchanges asked for identity verification in 2017.

Investigators also said they found a file listing all of the addresses within the digital wallet where most of the bitcoin that had been stolen from Bitfinex were being kept. The currency, worth \$3.6 billion, was seized. The seizure was visible on the blockchain ledger.

—Jan Talley contributed to this article.



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Agents seized more than \$40,000 in an apartment search.

UNITED STATES ATTORNEY FOR THE DISTRICT OF COLUMBIA

BUSINESS NEWS

Berkshire Bought Activision Shares in October

Bulk of stake in 'Call of Duty' publisher said to have been taken before November stock fall

By SARAH E. NEEDLEMAN

Warren Buffett's Berkshire Hathaway Inc. bought the bulk of the shares it acquired last quarter in Activision Blizzard Inc. in October, according to a person familiar with the matter, which was before the videogame company's stock price fell in November and ahead of its deal to be bought by Microsoft Corp.

A securities filing Monday showed Berkshire bought nearly 14.7 million shares in Activision Blizzard in the fourth quarter of 2021. Last month, Microsoft said it would buy Activision—known for its "Call of Duty," "World of Warcraft" and "Candy Crush" franchises—in an all-cash deal valued at roughly \$75 billion.

Berkshire money managers Todd Combs and Ted Weschler are managing the Activision investment, the person said.

Berkshire bought the shares at an average price of roughly \$77 a share, the person said. For most of October, Activision's share price traded above \$75, but it fell 15% during the year's final two



Not long after Berkshire Hathaway's purchase, Microsoft said it would buy Activision, known for its 'Call of Duty' videogame, above.

months. Activision shares have risen 23% this year, boosted by the Microsoft deal, closing Tuesday at \$81.52.

In mid-November, Activision's stock price fell after The Wall Street Journal reported that the company's chief executive, Bobby Kotick, knew about allegations of employee misconduct that he didn't brief the board on.

In an interview for the Journal's article, Mr. Kotick described himself as transpar-

ent with the board and said he provides directors with as much information as they require and is appropriate. After the article was published, a spokeswoman for the company said it painted "a misleading view of Activision Blizzard and our CEO" and that it "ignores important changes underway to make this the industry's most welcoming and inclusive workplace."

Part of Microsoft's motivation for pursuing its deal with

Activision was the videogame company's low stock price at the time relative to its pandemic boon, the Journal reported last month. The stock's selloff following the November article provided a catalyst for Microsoft's gaming head, Phil Spencer, to approach Mr. Kotick about a takeover soon afterward, the Journal has reported.

In July, the California Department of Fair Employment and Housing sued Activision over alleged gender pay dis-

parity and sexual harassment among its roughly 10,000 employees. The Santa Monica, Calif.-based company has disputed the department's allegations.

Activision also has been under investigation by the Securities and Exchange Commission, the Journal reported in September, and the agency subpoenaed Mr. Kotick and other senior executives. Activision has said it is cooperating with the SEC.

Separately, Activision said

in September that it had agreed to pay \$18 million to settle a two-year probe by the Equal Employment Opportunity Commission into sexual-harassment claims. The settlement is pending a judge's approval.

Berkshire's purchase of Activision shares—valued at \$975.2 million, according to the securities filing—was one of several securities transactions the conglomerate made during the holiday quarter. It stands out because of Microsoft's pending deal, which the companies expect to close by mid-2023, pending regulatory approval.

Deal-hungry Microsoft had long been interested in Activision for its vast portfolio of hit games, the Journal has reported. Buying the company would also align with Microsoft's ambitions to gain a foothold in the metaverse and become the Netflix of videogames using its cloud-computing technology.

Omaha, Neb.-based Berkshire runs a large insurance operation as well as railroad holdings, utilities, industrial manufacturers, retailers and auto dealerships.

It also holds large investments, especially in the stock market. The conglomerate is expected to publish its 2021 annual report on Feb. 26 and host its annual shareholder meeting April 30.



Altria is accused of violating antitrust laws in its Juul investment.

Judge Backs Altria In FTC's Juul Suit

By JENNIFER MALONEY

Altria Group Inc. didn't break antitrust laws when it took a large stake in e-cigarette startup Juul Labs Inc. in 2018, an administrative law judge ruled.

The Federal Trade Commission sued two years ago to unwind the deal, saying the Marlboro maker had violated antitrust laws. Chief Administrative Law Judge D. Michael Chappell, who presided over a three-week trial last summer, dismissed the FTC's claims Tuesday, Altria said.

The ruling is a preliminary decision. It could be appealed by the FTC. The FTC's commissioners next must vote on the matter.

An FTC spokeswoman said she couldn't comment until the decision has been released publicly.

"We are pleased with this decision and have said all along that our minority investment in Juul does not harm competition and does not violate the antitrust laws," said Murray Garnick, Altria's general counsel.

Juul declined to comment. Altria, the biggest U.S. cigarette company, bought a 35%

stake in Juul for \$12.8 billion in December 2018. It made the move after shutting down its own e-cigarette business.

A key question at trial was why Altria ended production of its own e-cigarettes shortly before announcing its investment in Juul. The FTC alleged Altria did so because of an illegal side deal in which it agreed to close its own e-cigarette business so it could take a stake in Juul. Altria and Juul both denied they had any such agreement.

In trial testimony, Altria executives said the company had thrown hundreds of millions of dollars at developing a successful e-cigarette, yet failed to come up with anything smokers liked.

At the time of the investment, Juul's sales were growing rapidly and threatening Altria's core cigarette business. Juul's sales then tumbled after it pulled back on its marketing and halted sales of its fruity flavors, amid regulatory scrutiny and pressure to address a surge in underage vaping. Altria has since slashed the value of its Juul investment, estimating its worth at \$1.7 billion as of Dec. 31.

Marriott Rebounds From Covid Hit

By WILL FEUER

Marriott International Inc. said demand for business and leisure travel continued to grow in the holiday quarter despite a setback from the spread of the Omicron variant.

Marriott, whose portfolio encompasses nearly 8,000 properties world-wide, said Tuesday that its quarterly revenue more than doubled to \$4.45 billion from a year earlier, when Covid-19 cases were surging and health officials warned against travel.

"Weekly bookings around the end of last year were impacted by Omicron, but they have recovered since the trough in early January," Chief Executive Anthony Capuano said on a conference call with analysts.

Rising vaccinations globally and the easing of travel restrictions boosted comparable systemwide revenue per available room, a closely watched industry metric known as RevPAR, globally except for in Greater China, Mr. Capuano said.

Systemwide RevPAR for the quarter came in at \$90.86, more than double what it was a year earlier but about 19% below 2019 levels.

The Bethesda, Md., company could begin returning cash to shareholders once again later this year if there is no further meaningful slowdown in the global economic recovery, Mr. Capuano said.

This would likely start with the resumption of a dividend, potentially in the back half of 2022, followed by share repurchases in 2023 and beyond, Chief Financial Officer Kathleen Oberg said.

With the pickup in travel, Marriott is seeing greater demand for luxury properties, Mr. Capuano said, with luxury rooms making up more than 10% of the company's bookings pipeline. Ongoing work-from-home policies have also boosted demand, he said.

"Working from anywhere has

been an accelerant for leisure demand. And if anything, we expect further acceleration in that regard," Mr. Capuano said.

Work-from-home policies are making it easier for travelers to extend weekend trips for a couple of days, a Marriott spokeswoman said.

Shares of Marriott climbed almost 6% Tuesday to \$181.20 a share. The stock set an all-time high of \$181.34 a share. Shares rose 25% last year, and were up almost 4% in 2022 before Tuesday's gains.

Hotels, like other businesses, are grappling with the effects of rising costs amid labor shortages across different sectors of the economy. Marriott's total costs ballooned 66% over the past year to \$3.81 billion. General, administrative and other expenses for the quarter rose 16% to \$213 million, mostly due to higher compensation and legal costs.

The company said base management and franchise fees roughly doubled to \$737 million.

"While the labor environment is slowly improving, we're keeping a close eye on wage and benefit inflation," Ms. Oberg said.

The company expects full-year 2022 general, administrative and other expenses to be between \$860 million and \$880 million, an increase, mostly due to higher compensation costs and assumed higher travel expenses, Ms. Oberg said.

Many hotels, after suspending housekeeping at the start of the pandemic, now clean only when guests request it. The practice bounces over infection concerns.

Marriott has resumed daily housekeeping at its luxury properties, Mr. Capuano said, but it remains an opt-in service at select-tier hotels, which include the Courtyard, AC, Springhill Suites and other brands.

"We're using those learnings to try and strike the right balance between guest expectations and economic realities for the owners," he said.

And in markets where demand has recovered faster, the company has resumed normal food and beverage offerings, which includes opening up hotel restaurants and bars. "We just had our board meeting down in South Florida. Most of us had to order in-room dining because the restaurants couldn't offer us reservations prior to 10:45 p.m.," Mr. Capuano said.

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In Memoriam

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

Floyd Gottwald

January 27, 2022



RICHMOND, VA. - Floyd D. Gottwald, Jr. Former chairman of Albemarle Corporation died, January 27, 2022.

Floyd Gottwald, known by many as Bill, was born July 29, 1922 to Ann C. and Floyd D. Gottwald, Sr. He grew up in the Fulton neighborhood of Richmond, Virginia, graduated from John Marshall High School and went on to the Virginia Military Institute where he graduated with a bachelor's degree in chemistry in 1943. Almost immediately after graduation he began work as a chemist at the then Albemarle Paper Manufacturing Company in Richmond. It is recorded that in the year he was born, his father purchased an initial five shares of stock in that company, a significant beginning to a family legacy in which Floyd would play a major role.

During his years with Albemarle, Floyd advanced to production manager, corporate secretary, vice president and president. He was elected executive vice president of Ethyl Corporation in 1962 when the Albemarle Paper Manufacturing Company acquired Ethyl in a historic business acquisition referred to by Forbes as "Jonah Swallowing the Whale." He served as vice chairman of the board of Ethyl from 1964 to 1968 and as chief executive officer from 1970 to 1992.

In 1994, Ethyl spun off its specialty chemical business as Albemarle Corporation, and Floyd became its first chairman and chief executive officer. He served as chairman of Albemarle until 2001 and as chief executive officer until 2002. He was elected Chairman Emeritus of Albemarle Corporation in 2007.

Floyd was a veteran of World War II and was awarded both a Purple Heart and the Bronze Star Medal. His Bronze Star was awarded with a "V" for valor, a distinction given for participation in acts of heroism involving conflict with an armed enemy. He received these honors while serving as a lieutenant in the U.S. Army in the China-Burma-India Theatre. Floyd had a passion for the outdoors. A

hunter and an avid fisherman, he enjoyed time on the Pamunkey River, in the Florida Keys and fishing the Gulfstream. Floyd won the Masters Angling Tournament in 1976, a contest that awards an angler for his ability to hook, catch and release an Atlantic sailfish. He was an early member of the Virginia Angler's Club in Richmond and a trustee emeritus of the International Game Fish Association.

Throughout his life, Floyd was active in civic and professional organizations. He served as president of the Virginia Museum of Fine Arts and the Virginia Military Institute Foundation, and he served on the boards of trustees of the University of Richmond, the College of William and Mary and the George C. Marshall Research Foundation. He also was a member of the Country Club of Virginia, the Commonwealth Club and the Alfaifa Club of Washington, D.C.

Floyd was a former director of Ethyl Corporation, Tredegar Corporation, First Colony Life Insurance Company, Reid Prov-ident and its successor Reid-Rowell, CSX Corporation, the Council for Financial Aid to Education, the National Association of Manufacturers, the Chemical Manufacturers Association, and the Federal Reserve Bank of Richmond. He was a member of The Conference Board and the Virginia Business Council.

In 1977, Floyd was honored by the graduate school of business at the College of William and Mary with its Medallion Award. In 1983, he was cited by the University of Richmond as a Doctor of Commercial Science. He received an honorary Doctorate in Humane Letters from Virginia Commonwealth University in 1986. He was honored as a Doctor of Laws by Virginia Union University in 1990. Later that year, he was recognized by the Science Museum of Virginia as Outstanding Industrialist. He received an honorary Doctorate in Humane Letters from the College of William and Mary in 1992. In the spring of 1996, he received the Trustees' Distinguished Service Award from the University of Richmond, and in 1999 he was elected to the Greater Richmond Business Hall of Fame.

In May of 2017 Floyd was honored with the Outstanding Virginian Award. This award recognized him for his exceptional contributions to the Commonwealth. During the presentation it was said, "Floyd Gottwald is a true man of action - the quintessential example of what is meant by 'the greatest generation.' As a businessman and philanthropist, he has made enormous contributions and the world is a better place because of his innovation and generosity."

A public celebration of life service will be held at a later date.

The family respectfully requests that in lieu of flowers, contributions may be made to the VMI Foundation, The Collegiate Schools in Richmond Virginia or to a charity of your choice.

On-line condolences and tributes may be left on [billeyes.com](https://www.billeyes.com)

Maersk Seeks Further Logistics Expansion

By PAUL BERGER

Danish container-ship company A.P. Moller-Maersk A/S is planning more acquisitions in the U.S. as it chases a greater share of domestic logistics spending.

Narin Phol, Maersk's managing director for North America, said shippers spend eight to nine times more on domestic logistics such as trucking, warehousing and delivery than on international ocean freight, the company's core business. "Now we want to get access to and bring the two flows together," Mr. Phol said.

Flush with cash from record profits, Maersk is expanding its reach across domestic supply chains in a global competi-

tion with other ocean carriers including French container shipping line CMA CGM SA to reach more of the business-to-consumer market.

"There is a bit of a foot race going on to build end-to-end networks," said Chris Wofford, the managing partner at West Palm Beach, Fla.-based Wofford Advisors, strategic advisers in global supply chains. "They had floating hotels for freight, and now, as they extend from the ports, they are creating a stickier and more value-added array of services."

In recent years, Maersk has acquired logistics and supply chain companies in Europe and in Asia, but its strategy is most advanced in the U.S.

Just last week, the shipping giant announced its \$1.68 billion acquisition of Glen Mills, Pa.-based Pilot Freight Services LLC, which will give Maersk a foothold in the business of delivering and installing bulky items, such as washers and dryers, in people's homes.

Maersk officials say the acquisition complements the company's purchase last year of e-commerce fulfillment firm Visible Supply Chain Management LLC, which specializes in smaller packages, and the 2020 acquisition of El Segundo, Calif.-based Performance Team LLC, a warehousing and distribution specialist.

The purchases have expanded Maersk's warehousing and distribution network in

the U.S. from about 20 facilities at the start of 2020 to more than 150 at the completion of the Pilot acquisition, expected by the middle of this year. Maersk officials say they plan to buy or build at least another 12 warehouses in the U.S. this year.

By controlling every link in the supply chain, from when an item leaves a factory in Asia through to home delivery, Maersk will be able to offer faster, more reliable services to shippers, Mr. Phol said. The Pilot acquisition rounds out Maersk's factory-to-consumer capabilities, and future acquisitions in the U.S. will "drive further scale and strengthen our product offering to customers," he said.

THE WALL STREET JOURNAL.

IN MEMORIAM

EVERY WEDNESDAY AND SATURDAY

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

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DOW JONES

TECHNOLOGY

Super Bowl Viewership Increases

High ratings for NBC and sister platforms follow strong regular season audiences

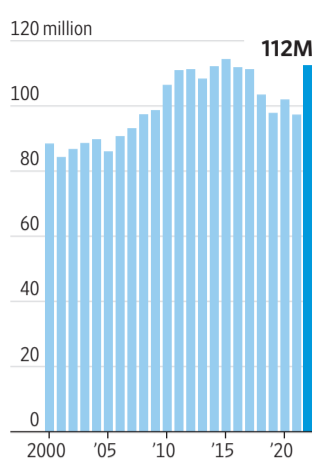
By Joe Flint

About 112 million viewers watched the Los Angeles Rams squeak by the upstart Cincinnati Bengals in Super Bowl LVI on NBC and its various sister platforms, according to Nielsen and NBCUniversal.

That is a roughly 14% increase over last year's contest, which averaged around 98 million viewers on CBS and assorted streaming and Spanish-language outlets.

On NBC alone, the game averaged 99.2 million viewers, an 8% increase from the previous year. Last year's Super Bowl, in which the Tampa Bay Buccaneers defeated the Kansas City Chiefs, was a rout.

Average number of Super Bowl viewers



Note: 2021-22 include streaming platforms and Spanish language outlets.
Sources: Nielsen; the networks

There were 11.2 million viewers from streaming platforms, including NBCUniversal's Peacock, and nearly 2 million viewers on its Telemundo Spanish

Big Game Produced Record Gambling

Gambling on the Super Bowl this year soared to records after legalized sports betting surged across the U.S. in 2021.

It is still unclear exactly how much money was wagered on the game, which the Los Angeles Rams won by three points over the Cincinnati Bengals on Sunday. But reports from gambling operators and state regulators indicate it was a huge day for the booming market.

GeoComply, which monitors

channel, according to NBC.

NBCUniversal is a unit of Comcast Corp.

For the NFL, the ratings cap off a strong season in

mobile sports-betting transactions, said it logged more than 80 million transactions over Super Bowl weekend, more than double that of last year, and 5.6 million unique accounts accessed legal online sportsbooks, a 95% increase from last year.

Chris Grove, a gambling-industry analyst at Eilers & Krejlik Gaming, said the level of sports betting around the Super Bowl cemented it as a mainstream activity for sports fans in the U.S. "It seems like legal U.S. sportsbooks will easily eclipse a billion dollars in total wagers on the game," he said.

—Katherine Sayre

which viewership for regular-season games increased by 10% compared with the previous season—the league's highest numbers since 2015,

according to Nielsen.

Increased competitiveness among teams was a primary cause of the higher ratings. The league said a record 34 games were decided on the final play and 64% of all games were close in the fourth quarter.

The NFL playoffs, boosted by remarkably close games, also enjoyed strong ratings. The two conference championship games to determine who would appear in the Super Bowl each averaged nearly 50 million viewers.

Last year, the NFL struck long-term rights deals with its media partners, including broadcast and cable networks. Next season, Amazon.com's Prime Video streaming service will become the exclusive national home for Thursday Night Football.

Amazon Prime Video will stream 15 games and is paying an average of \$1 billion a season, people familiar with the pact said.

Airbnb Posts Best Yearly Revenue

By Preetika Rana

Airbnb Inc. posted record revenue last year, becoming one of the biggest beneficiaries of a battered travel industry as consumers sought suburban rentals, and projects continued growth as it emerges from the pandemic.

The San Francisco-based home-rental giant said it expects the numbers of nights and so-called experiences booked in the current quarter to exceed pre-pandemic levels for the first time since the health crisis struck. If Airbnb's first-quarter forecast holds up, it would mark a record number of quarterly nights and experiences booked for the company.

Airbnb said it expects first-quarter revenue of as much as \$1.48 billion. That is above the average estimate of \$1.22 billion from analysts polled by FactSet and compares with \$887 million in the same quarter in 2021.

Airbnb said that people were already booking stays for the summer. By the end of January, the company said it had over 25% more nights booked for summer travel than the same time in 2019. It said, however, that "forecasting several quarters out remains challenging given continued Covid-related uncertainties."

Airbnb said Tuesday that its fourth-quarter revenue was up 78% year-over-year at \$1.53 billion. The company posted its second consecutive quarterly profit of \$55 million, compared with a loss of \$3.9 billion in the year-earlier period, when costs tied to its initial public offering weighed on its bottom line.

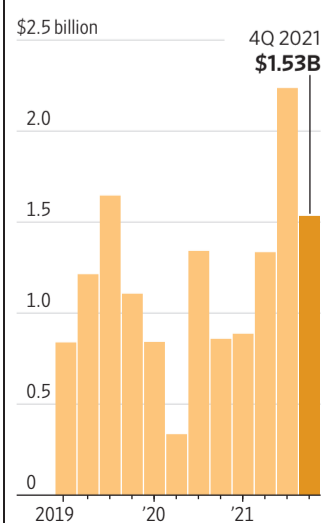
Results beat Wall Street's expectations for both revenue and profit. On a full-year basis, the company's revenue grew 77%, also beating analysts' projections. Its \$352 million loss compared with a loss in 2020 of \$4.58 billion, which included one-time costs tied to its IPO. The loss for last year was narrower than analysts expected, though Airbnb has posted smaller losses in 2017 and 2018. Airbnb's 2021 gross bookings—the value of bookings made on its platform—reached a record, exceeding pre-pandemic levels.

"We had our best year in the company's history despite still being in the midst of a pandemic," Chief Executive Brian Chesky said on a call with analysts, referring to record revenue and gross bookings last year.

Bookings on Airbnb plunged during the early months of the pandemic as air travel ground to a halt. But people began traveling locally in the summer of 2020, posing an opportunity. Mr. Chesky redesigned the company's website and app to show prospective travelers everything from lavish beach houses to rustic cabins nearby, while hotel chains with a footprint in big cities suffered. Mr. Chesky cut a quarter of staff, froze noncore businesses and slashed the company's hefty marketing budget to keep expenses down.

Airbnb went public in late 2020 at a market capitalization that exceeded Marriott International Inc., Hilton Worldwide Holdings Inc. and Hyatt Hotels Corp. combined. The stock closed at \$180.07 on Tuesday, up 24% from where it ended in its December 2020 trading debut. The shares climbed about 4% in late trading Tuesday after the results.

Airbnb's quarterly revenue



Source: the company

Zuckerberg Renames Employees 'Metamates'

By Ginger Adams Otis

Meta Platforms Inc.'s employees are now "metamates."

In a staffwide note shared online Tuesday, Facebook founder Mark Zuckerberg offered his vision for corporate culture at Meta Platforms, his recently rebranded company that he says will "build awesome things," "live in the future" and be run by employees whom he called metamates.

"Meta, Metamates, Me is about being good stewards of our company and mission," Mr. Zuckerberg said in his staff memo, which he posted on his Facebook page. "It's about the sense of responsibility we have for our collective success and to each other as teammates. It's about taking care of our company and each other."

Andrew Bosworth, an executive at Meta who will soon take over as its chief technology officer, said the nickname plays off a refrain already used at Insta-



Mark Zuckerberg says his company will build 'awesome things.' Meta's headquarters in California

gram, also owned by Meta, which is itself a remake of a Naval slogan. "Also the saying is a reference to a Naval phrase which Instagram has used for a while 'Ship, Shipmates, Self,'" he said in a tweet.

Facebook said Tuesday that it was changing the name of its "News Feed" feature to "Feed."

Mr. Zuckerberg said in October that Facebook was re-

branding as Meta, and that the company was pouring billions of dollars into developing the online world known as the metaverse.

Mr. Zuckerberg said Tuesday that Meta would build

off the core values that Facebook established in 2007, but adapt them for the future.

"A lot has changed during this time," he said. "We are now a distributed company. We have a global community and wide reaching impact. And we're now a metaverse company, building the future of social connection."

The metaverse is loosely defined as an online world where individuals can participate in immersive experiences such as attend concerts, purchase digital goods and hang out with each other as avatars, in some cases using virtual and augmented-reality headsets.

The company's social-media platforms have faced scrutiny for being riddled with flaws that cause harm, according to The Wall Street Journal's "Facebook Files" series, which was based on a review of internal Facebook documents, including research reports, online employee discussions and drafts of presentations to senior management.

Viacom To Change Its Name

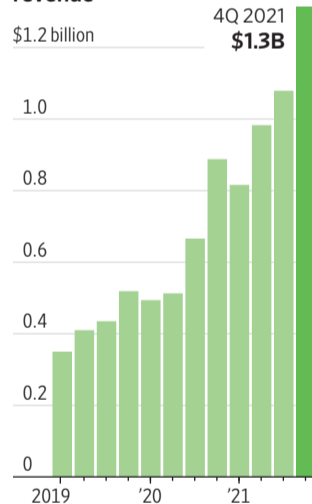
Continued from page B1
cations that media companies are increasingly shifting their attention toward video streaming, which shows more potential for growth.

Both Walt Disney Co. and AT&T Inc.'s WarnerMedia reorganized themselves to focus on their streaming services—Disney+, ESPN+ and Hulu for Disney, and HBO Max for WarnerMedia.

Comcast Corp., meanwhile, has made building the subscriber base of Peacock a priority, as the company is looking to become a streaming giant in its own right. Comcast doubled its content spending for Peacock to \$3 billion this year.

In an interview, Mr. Bakish said that the decision to rename the company was inspired by earlier research into renaming the CBS All Access streaming service. The company found that the Paramount

ViacomCBS streaming revenue



Source: the company

name was recognizable globally and evoked quality among respondents. The new name also promotes the streaming service, Mr. Bakish said.

"Now anytime we talk about our company, we have the association with our flagship service," Mr. Bakish said.

When asked whether he thought ViacomCBS would look to acquire assets like Starz or AMC Networks Inc., Mr. Bakish said in the interview that he didn't find them

"particularly interesting in the context of what we have."

ViacomCBS on Tuesday said its flagship streaming service, Paramount+, added 7.3 million subscribers in the latest quarter to reach 32.8 million total subscribers. Paramount+ is vying for streaming subscribers in a field that has become increasingly cutthroat. Netflix Inc. added 8.3 million subscribers in the latest quarter, missing its own projections of 8.5 million, while Walt Disney Co. reported 11.8 million new Disney+ subscribers.

ViacomCBS, which has streaming services for Showtime and BET as well as the children-oriented service Noggin, said it has 56 million total streaming subscribers.

Overall, the company said net profit rose to \$2.06 billion, or \$3.11 a share, from \$810 million, or \$1.31 a share, a year earlier. Revenue rose 16% to \$8 billion, boosted by strong streaming-subscriber growth.

ViacomCBS also said its popular "Yellowstone" cable series would expand, extending the next season of the show by four episodes. The show's fifth season will be split into two installments of seven episodes each, and used to launch several new streaming shows.

CNN Executive Resigns

Continued from page B1
helped his brother, former New York Gov. Andrew Cuomo, respond to allegations of sexual assault. Andrew Cuomo has denied the allegations and Chris Cuomo has said he was honest with his superiors about his interactions with his brother. WarnerMedia is owned by AT&T Inc.

Mr. Zucker resigned on Feb. 2, citing his failure to disclose the relationship with Ms. Gollust. With Ms. Gollust's departure, the three main players at the center of a drama that has rolled CNN have all left the network. CNN began its investigation last year after Mr. Cuomo's efforts to aid his brother drew scrutiny.

The probe eventually spread to Mr. Zucker and Ms. Gollust, and the two were asked about their romantic relationship. Mr. Zucker and Ms. Gollust weren't initially forthcoming with investigators about the relation-

ship but eventually acknowledged it.

Ms. Gollust said that WarnerMedia's statement amounted to an "attempt to retaliate against me and change the media narrative in the events of their disastrous handling of the last two weeks."

"It is deeply disappointing that after spending the past nine years defending and upholding CNN's highest standards of journalistic integrity, I would be treated this way as I leave," Ms. Gollust said.

A spokesman for Chris Cuomo said in response to Mr. Kilar's memo that Mr. Zucker's exit was "never about an undisclosed relationship."

"As Mr. Cuomo has stated previously, Mr. Zucker and Ms. Gollust were not only entirely aware but fully supportive of what he was doing to help his brother," Mr. Cuomo's spokesman said.

A spokesman for Mr. Zucker said that the former CNN president was never fully aware of the full extent of what Chris Cuomo was doing for his brother.

The exits of Messrs. Zucker and Cuomo and Ms. Gollust come at a critical time for CNN. WarnerMedia is preparing to merge with Discovery Inc.

NASA Sees New Risk of Crowding

Continued from page B1
on SpaceX to fly astronauts to the International Space Station and pays the company for other missions as well. NASA didn't oppose the company's plans in its comments to the FCC. "Space traffic coordination is a key area of concern for NASA," it said in a statement.

SpaceX didn't respond to requests for comment.

The potential threat posed by more crowded orbits near Earth is a growing concern for space companies and agencies. Collisions that generate debris could make such orbits more dangerous for astronauts and other spacecraft to operate in, researchers and executives say.

In addition to SpaceX, other

companies plan to launch constellations, as fleets of satellites are called, to the lower end of orbit, according to filings. By positioning satellites relatively closer to the Earth, the devices could deliver faster internet service with fewer delays, analysts said.

Boeing Co., an Amazon.com Inc. unit, and other companies have said they want to launch more satellites to provide broadband service from orbits near Earth, according to FCC filings. Chinese filings with the International Telecommunication Union, a U.N. agency, discuss plans to send up more than 7,800 satellites, while companies that capture images or data about Earth are also adding satellites to orbit.

Starlink has the largest constellation at present, researchers say. In a recent tweet, Mr. Musk said SpaceX's 1,741 Starlink devices were active or moving toward operational orbits.

Space Exploration Technologies Corp., the Hawthorne, Calif.-based company's



SpaceX hopes to deploy 42,000 satellites for its Starlink high-speed internet service. A Falcon 9 launch this month.

formal name, has previously said it has made significant investments in more capable satellites and adopted a careful approach to protect the lower bands of Earth orbit.

There is no single global regulator making decisions about orbital congestion or potentially limiting satellites. Public agencies in different countries, including the FCC in

the U.S., make rules for satellites that aim to be active in their jurisdictions.

In 2020, the FCC updated orbital-debris mitigation rules for the first time in more than 15 years. FCC Chairwoman Jessica Rosenworcel said then that the agency needed to do more to address collision and debris risks.

In December, Chinese diplo-

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THE PROPERTY REPORT

Vacation Homes Draw Big Investors

Financial institutions and wealthy families turn to obscure corner of property market

By KONRAD PUTZIER

Investment firms are buying more vacation homes, aiming to cash in on demand from tourists and remote workers.

Most vacation-rental homes are owned by small-time owners who list their properties on websites such as **Airbnb** Inc., but the number of financial firms investing in the sector is growing.

New York investment firm **Saluda Grade** is launching a venture with short-term-rental operator **AvantStay** Inc. to buy about \$500 million of homes, the companies said Tuesday. Saluda Grade said it is looking to raise debt by selling mortgage bonds backed by its homes to investors, the first vacation-rental mortgage securitization, according to the company.

Andes STR, a startup that buys and manages short-term-rental homes on behalf of in-

vestors, recently signed a deal with Chilean investment firm **WEG Capital** to buy roughly \$80 million of properties in the U.S., Andes said.

These investors are betting they can get higher returns if they rent out homes by the night instead of by the year.

Low interest rates have made it more attractive to borrow and buy traditional rental homes, inflating property prices and making it harder for new buyers to turn a profit. That prompted some institutions and wealthy families to look in more obscure corners of the property market where competition is smaller, investment advisers say.

Some are turning to investments in vacation homes, where demand surged in many places during the pandemic as more people choose to work from remote locations and leisure travel heated up last year.

"There's a lot more yield available in the short-term market," said Saluda Grade's chief executive, Ryan Craft.

It is the latest sign of how the pandemic is changing the way people work and live, and



A California property operated by short-term rental firm AvantStay, which formed a partnership with investment firm Saluda Grade.

how real-estate investors are angling to find new ways to profit from these shifts.

Saluda Grade is targeting homes within driving distance of major population centers, Mr. Craft said. His company will buy the homes and AvantStay will manage them for a fee.

But while vacation-rental homes can offer higher returns, they also pose chal-

lenges to investors.

Mortgages are usually more expensive and harder to get for short-term rentals than for owner-occupied homes, said Giri Devanur, CEO of **reAlpha Tech** Corp., a startup that wants to pool money from small-time investors to buy short-term-rental homes.

Buying properties one-by-one takes time, making it hard to invest large sums. A number

of cities have tightened restrictions on short-term rental listings, and more might follow.

"Regulatory risk is a huge problem," said Sebastian Rivas, CEO of Andes STR.

AvantStay CEO Sean Breuner said the vacation-rental sector can follow a route similar to that of single-family-rental homes, which have attracted a surge in investment from private-equity firms and

other financial firms over the past decade.

Companies such as **Invitation Homes** Inc. bought up thousands of rental homes in the years after the 2008 financial crisis, helping to push up property values and attracting lenders.

"We see the same thing happening in the short-term-rental space," Mr. Breuner said.

Blackstone Raises Bet on Last-Mile Logistics in Europe

By BEN DUMMETT

Blackstone Inc. is doubling down on its warehousing bet that is aimed at ensuring same-day delivery of food and goods by reinvesting in its European last-mile logistics real-estate company, a transaction valued at almost \$24 billion.

The deal represents the biggest private real-estate transaction globally since 1995, according to Dealogic. It also ranks as the largest M&A transaction in Europe involving private companies since 2012, according to the data provider.

Blackstone formally launched **Mileway** in 2019 to house its European property funds' portfolio of urban warehouses and dark kitchens located in and around populated centers. Companies like **Amazon.com** Inc., **Deliveroo** PLC, a

U.K. food-delivery company, and parcel-delivery operator **Deutsche Post** rely on these so-called last-mile properties as key distribution points to make customer deliveries on time.

Typically, the **Blackstone** funds that own **Mileway** would cash in on their investment by selling the business and returning proceeds to investors or listing the business in an initial public offering. Instead, the alternative asset manager is selling the business to a new **Blackstone** fund whose investors want to maintain exposure to the asset indefinitely, said James Seppala, the firm's real-estate head in Europe.

The deal values **Mileway**, whose investors include large U.S. pension plans and international sovereign-wealth funds, at €21 billion, equivalent to \$23.7 billion, the New

York firm said. That is approaching three times its €8 billion value at the time of the Amsterdam company's launch.

"Investors have decided to remain invested in the business because of the scarcity of

The deal values Mileway at €21 billion, equivalent to \$23.7 billion.

opportunity to gain exposure to these types of assets," Mr. Seppala said.

That said, some investors chose to exit their positions in **Mileway** for cash rather than maintain or increase their exposure to the holding by par-

ticipating in the new **Blackstone** fund that will own the business, **Blackstone** said.

This type of transaction carries potential conflicts of interest since the private-equity firm and its investors are involved both as buyers and sellers of the asset. To guard against this possibility, **Blackstone** said it used outside advisers to confirm **Mileway's** valuation. It hired **Morgan Stanley** to determine whether a higher offer exists.

Blackstone, which manages \$448 billion in real-estate assets globally, did a similar type of transaction in 2020 for \$14.6 billion to retain ownership of **BioMed Realty Trust**, one of the largest owners of life science buildings in the U.S.

EQT AB, one of Europe's largest buyout firms, did a similar deal in 2020, agreeing

to sell portfolio company **IFS** to two of its other funds and **TA Associates** in a more than €3 billion deal.

Mileway's network of warehouses totals more than 1,700, up about 70% in less than three years, according to **Blackstone**. The buildings are located across 10 countries, including the U.K., Germany, the Netherlands, Sweden and France.

The shift toward e-commerce and food delivery—which was accelerated by the Covid-19 pandemic—is driving demand for space near highly populated areas where online orders can be loaded onto trucks and vans or picked up by couriers for local delivery. Retailers and restaurants face scarce final-stage space near major cities.

And as more companies promise same-day delivery or

even two-hour arrivals, such space is rising in demand and value. Overall, vacancy rates for logistics real estate in Europe fell to a record average low of 3.5% from 5.1% over the course of last year, while prime rents rose by 5% year-over-year amid a shortage of prime stock, **Savills PLC**, a London-based real-estate service provider, said.

The extended bet on **Mileway** is consistent with **Blackstone's** focus on real estate to generate gains even as inflation worries escalate. Last month, the firm reported a near doubling of its fourth-quarter net income, noting that its real-estate holdings in areas like warehouses for e-commerce and life-science facilities can continue to raise rents at two to three times the rate of inflation.

Landlords Head Southward To Buy Apartment Buildings

By WILL PARKER

Real-estate investors across the U.S. are betting heavily on apartment buildings in the South and Southwest, chasing population growth and soaring rents they expect will keep outpacing inflation this year.

Landlords say they are following the migration patterns of workers and their employers, who relocated to Florida, Texas and other Southern states during the pandemic.

These states' warm weather, business-friendly governments and laws, lower taxes and fewer regulations have been attracting companies and workers from California, the Northeast and other corners of the country.

Foreign funds have come along for the ride, backing investments in thousands of apartments in major Sunbelt markets such as Atlanta, but also in places like Lafayette, Louisiana's fourth-largest city.

Investors poured a record \$335.3 billion into apartments across the country in 2021. Nearly a quarter of it went to just four metro areas in the Sunbelt: Dallas, Atlanta, Phoenix and Houston. In some other Sunbelt cities, total multifamily investment more than doubled over the year prior, according to a report by real-estate firm **CBRE Group** Inc.

Buyers are clinching an unusually large number of deals for properties that weren't listed for sale, investors said. Appetite to capitalize on fast-rising rents far exceeds the number of assets available to buy.

"We get unsolicited offers nonstop," said Kip Sowden, chief executive of Dallas landlord and developer **RREAF Holdings**. Mr. Sowden said his company sold roughly \$400 million in apartments in 2021, about 60% of which it didn't plan to sell. Many of those buyers are from the Northeast and the West Coast, Mr. Sowden said.

Big buyers include Northeast real-estate owners like Pennsylvania-based **Morgan Properties**, which teamed with the American arm of Saudi Arabia's **Olayan Group** to purchase a \$1.75 billion portfolio of mostly Sunbelt apartment properties last year. Purchases included nearly 2,000 middle-income units in Tampa, where rent increases on new leases are now pushing 30%, according to Jonathan Morgan, president at the firm.

Mr. Morgan said rising wages, including the demand from higher-paid workers moving into Florida and look-



Phoenix is one of the metro areas in the Sunbelt attracting apartment investors.

ing for apartments, have fueled those gains. Before the pandemic, less than 2% of the company's holdings were in the Sunbelt. Now it is 20%, he said.

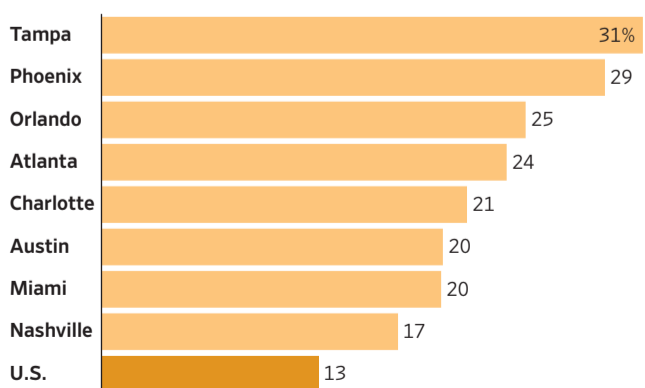
New York's **RXR Realty** said it has been scooping up off-market properties, investing in two apartment buildings under construction in downtown Phoenix, the company's first deals in the Sunbelt in many years. The city's expansion of university campuses and medical facilities that attract knowledge workers, as well as new investments in transportation infrastructure, have made Phoenix an attractive bet, said Scott Rechler, RXR's chairman and CEO.

The frenzy in the multifamily market is intensifying concerns about affordability, which were present before the pandemic investment boom. Lawmakers in Tampa have begun to discuss the possibility of rent control.

This month, the U.S. Senate

Asking rents in many Sunbelt cities are rising faster than the rest of the country

Growth in apartment asking rents since fourth quarter 2019




Source: CoStar

Banking Committee held a hearing to discuss the effects institutional investors are having on housing affordability, including in Sunbelt states.

But for now, there appear to be few threats to these billions in new investments.

"The rent growth has been so explosive," said Tal Peri,

head of the East Coast and Latin America division of German fund manager **Union Investment Real Estate GmbH**. The company entered the American multifamily market late last year, buying high-end rentals in Fort Lauderdale. The firm is pumping rents on lease renewals by 13%.



Continuing Success Through the Pandemic:

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6,682 Units

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NEW HIGHS AND LOWS

WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table with columns: Stock, 52-Wk % High/Low, % Change. Lists various stocks like GPOAerportuar, HNR Acqn, HostessBrands, etc.

Bonds | wsj.com/market-data/bonds/benchmarks

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, in basis points. Lists BNP Paribas, Credit Suisse, Citigroup, etc.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, in basis points. Lists Wells Fargo, State Street, Raytheon Technologies, etc.

High-yield issues with the biggest price increases...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value. Lists Lumen Technologies, American Airlines, etc.

...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value. Lists Transocean, Telecom Italia Capital, etc.

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table with columns: Total return close, YTD total return (%), Index, Yield (%). Lists Broad Market, U.S. Corporate Indexes, Mortgage-Backed, etc.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table with columns: Coupon (%), Maturity, Country, Latest, Yield (%), Spread Under/Over U.S. Treasuries. Lists U.S., Australia, France, Germany, etc.

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Futures Contracts

Table of futures contracts including Metal & Petroleum, Agriculture, Interest Rate, and Index Futures. Columns include contract name, price, change, and open interest.

New Highs and Lows

Table listing new highs and lows for various stocks, including company names, symbols, and price changes.

Biggest 1,000 Stocks | WSJ.com/stocks

Table of the biggest 1,000 stocks by market cap, listing company names, symbols, and market capitalization.

How to Read the Stock Tables

Explanatory text detailing how to interpret stock table symbols, including market status, price changes, and volume indicators.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table of exchange-traded funds (ETFs) with columns for name, symbol, closing price, and change.

Table of individual stocks with columns for name, symbol, closing price, and change.

Table of exchange-traded funds (ETFs) with columns for name, symbol, closing price, and change.

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BIGGEST 1,000 STOCKS

Table of the 1,000 largest U.S. stocks by market capitalization. Columns include Stock, Sym, Close, Net Chg, and Net %Chg. Stocks are listed in descending order of market cap, starting with CNA and ending with PennNational.

Cash Prices Tuesday, February 15, 2022

Table of commodity prices for various metals and grains. Columns include the commodity name, price per unit, and a change indicator. Commodities include gold, silver, copper, and various types of wheat and corn.

Dividend Changes

Table of dividend changes for various companies. Columns include Company, Symbol, Yld %, Amount, Frq, and Payable/Record dates. Companies listed include Johnson & Johnson, Pfizer, and others.

BANKRATE.COM MMA, Savings and CDs

Table showing average yields for major banks on Tuesday, February 15, 2022. Columns include Type, National average, and yields for various terms (1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 2.5YR, 5YR).

Cash Prices Tuesday, February 15, 2022

Table of commodity prices for various metals and grains. Columns include the commodity name, price per unit, and a change indicator. Commodities include gold, silver, copper, and various types of wheat and corn.

Borrowing Benchmarks

Table of borrowing benchmarks for various maturities. Columns include Maturity, Rate, and other details. Maturities range from 1-month to 30-year.

Consumer Savings Rates

Table of consumer savings rates for various banks. Columns include Bank, Rate, and other details. Banks listed include Ally Bank, Capital One, and others.

Cash Prices Tuesday, February 15, 2022

Table of commodity prices for various metals and grains. Columns include the commodity name, price per unit, and a change indicator. Commodities include gold, silver, copper, and various types of wheat and corn.

Money Rates

Table of money rates for various maturities. Columns include Maturity, Rate, and other details. Maturities range from 1-month to 30-year.

High yield jumbos

Table of high yield jumbo certificates of deposit. Columns include Bank, Rate, and other details. Banks listed include Ally Bank, Capital One, and others.

Cash Prices Tuesday, February 15, 2022

Table of commodity prices for various metals and grains. Columns include the commodity name, price per unit, and a change indicator. Commodities include gold, silver, copper, and various types of wheat and corn.

U.S. government rates

Table of U.S. government rates for various maturities. Columns include Maturity, Rate, and other details. Maturities range from 1-month to 30-year.

DTCC GCF Repo Index

Table of DTCC GCF Repo Index for various maturities. Columns include Maturity, Rate, and other details. Maturities range from 1-month to 30-year.

Mutual Funds

Table of mutual fund performance. Columns include Fund Name, NAV, YTD %Chg, and other details. Funds listed include American Century Ultra and others.

U.S. prime rates

Table of U.S. prime rates for various institutions. Columns include Institution, Rate, and other details. Institutions listed include Bank of America, Wells Fargo, and others.

DTCC GCF Repo Index

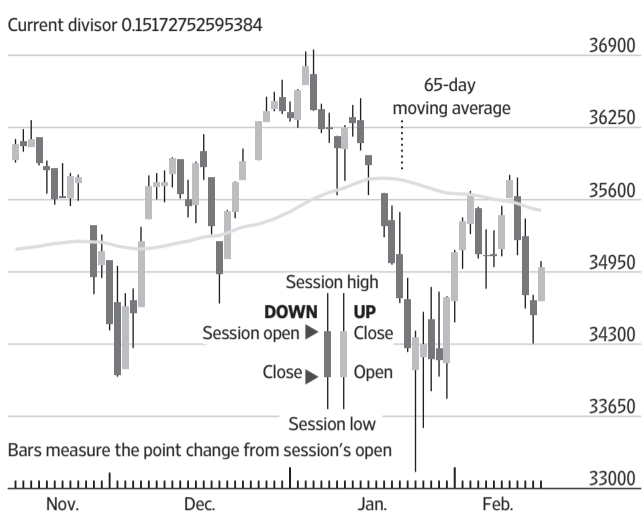
Table of DTCC GCF Repo Index for various maturities. Columns include Maturity, Rate, and other details. Maturities range from 1-month to 30-year.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

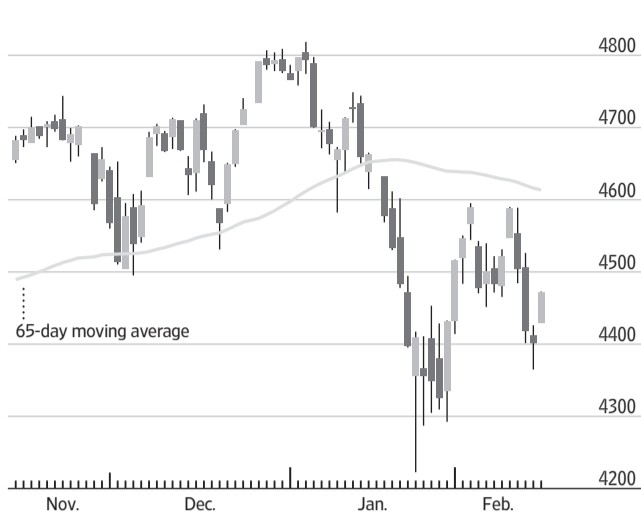
34988.84 ▲422.67, or 1.22%
 High, low, open and close for each trading day of the past three months.
 Last: 19.63, 31.81
 Year ago: 18.74, 20.75
 Trailing P/E ratio: 19.63, 31.81
 P/E estimate*: 18.74, 20.75
 Dividend yield: 1.96, 1.99
 All-time high: 36799.65, 01/04/22



*Weekly P/E data based on as-reported earnings from Birming Associates Inc.; †Based on Nasdaq-100 Index

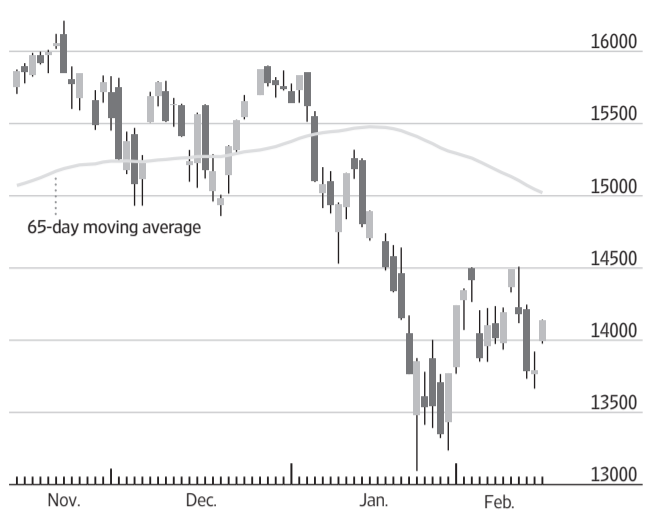
S&P 500 Index

4471.07 ▲69.40, or 1.58%
 High, low, open and close for each trading day of the past three months.
 Last: 25.36, 44.94
 Year ago: 20.05, 22.84
 Trailing P/E ratio*: 25.36, 44.94
 P/E estimate*: 20.05, 22.84
 Dividend yield*: 1.36, 1.49
 All-time high: 4796.56, 01/03/22



Nasdaq Composite Index

14139.76 ▲348.84, or 2.53%
 High, low, open and close for each trading day of the past three months.
 Last: 34.01, 40.12
 Year ago: 25.56, 30.67
 Trailing P/E ratio*: 34.01, 40.12
 P/E estimate*: 25.56, 30.67
 Dividend yield*: 0.70, 0.72
 All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	35047.79	34686.19	34988.84	422.67	1.22	36799.65	30924.14	11.0	-3.7
Transportation Avg	15321.72	15142.75	15213.14	93.06	0.62	17039.38	13049.70	15.4	-7.7
Utility Average	924.66	906.41	911.01	-6.28	-0.68	980.78	795.61	7.0	-7.1
Total Stock Market	45492.44	45109.84	45467.84	797.52	1.79	48929.18	39614.97	9.1	-6.5
Barron's 400	1031.74	1008.20	1030.79	22.58	2.24	1127.20	904.45	9.9	-6.8

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Nasdaq Stock Market									
Nasdaq Composite	14142.49	13976.29	14139.76	348.84	2.53	16057.44	12609.16	0.7	-9.6
Nasdaq-100	14624.53	14444.46	14620.82	352.23	2.47	16573.34	12299.08	6.1	-10.4

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
S&P									
500 Index	4472.77	4429.28	4471.07	69.40	1.58	4796.56	3768.47	13.7	-6.2
MidCap 400	2698.49	2650.24	2695.08	58.59	2.22	2910.70	2453.30	6.1	-5.2
SmallCap 600	1327.41	1301.35	1326.27	29.68	2.29	1466.02	1252.49	2.5	-5.4

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Other Indexes									
Russell 2000	2078.33	2022.22	2076.46	55.67	2.76	2442.74	1931.29	-8.6	-7.5
NYSE Composite	16757.43	16531.31	16745.83	214.52	1.30	17353.76	14959.41	8.6	-2.4
Value Line	644.22	630.01	643.73	13.72	2.18	696.40	607.86	2.2	-4.2
NYSE Arca Biotech	5138.81	5022.76	5121.06	98.30	1.96	6129.13	4790.85	-15.6	-7.2
NYSE Arca Pharma	794.82	780.08	793.05	12.97	1.66	828.58	667.24	12.6	-4.1
KBW Bank	143.16	141.41	142.66	2.64	1.88	147.56	111.30	27.6	7.9
PHLX [§] Gold/Silver	135.94	132.33	135.73	-1.43	-1.04	166.01	117.06	-3.1	2.5
PHLX [§] Oil Service	67.92	64.88	67.75	0.82	1.23	69.77	48.31	27.1	28.5
PHLX [§] Semiconductor	3559.76	3433.00	3554.45	184.25	5.47	4039.51	2762.75	9.7	-9.9
Cboe Volatility	28.09	25.33	25.70	-2.63	-9.28	31.96	15.01	19.8	49.2

§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
Zynga	ZNGA	10,744.6	9.07	0.02	0.22	9.10	9.00
HOOKIPA Pharma	HOOK	10,117.4	2.01	0.67	50.00	2.17	1.27
Ford Motor	F	8,652.6	17.99	-0.09	-0.50	18.08	17.91
Roblox	RBLX	8,290.2	63.20	-10.10	-13.78	74.88	59.15
Bristol Myers Squibb	BYM	8,156.5	67.77	...	unch.	67.77	66.60
IVERIC bio	ISEE	6,654.4	15.33	...	unch.	15.33	15.18
Advanced Micro Devices	AMD	6,481.3	121.20	-0.27	-0.22	121.70	120.95
Twitter	TWTR	5,842.3	36.86	-0.12	-0.32	37.05	36.86

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
HOOKIPA Pharma	HOOK	10,117.4	2.01	0.67	50.00	2.17	1.27
Upstart Holdings	UPST	4,572.6	134.55	25.44	23.32	149.90	109.00
Corsair Gaming	CRSR	130.0	23.41	1.88	8.73	24.25	20.80
Alteryx CI A	AYX	169.0	56.25	4.06	7.78	60.01	52.19
Andersons	ANDE	185.1	42.21	2.21	5.53	42.99	40.00

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Roblox	RBLX	8,290.2	63.20	-10.10	-13.78	74.88	59.15
Toast	TOST	608.1	24.40	-3.72	-13.23	28.73	23.16
ZoomInfo Tech	ZI	465.8	52.51	-6.27	-10.67	59.80	47.44
Pacific Biosciences CA	PACB	185.0	10.51	-0.87	-7.64	11.52	10.40
arGEN-X ADR	ARGX	303.1	276.28	-19.19	-6.49	295.47	276.28

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	918,896,748	13,809,953
Adv. volume*	724,774,094	8,565,305
Decl. volume*	189,898,056	5,207,023
Issues traded	3,488	289
Advances	2,579	179
Declines	785	102
Unchanged	124	8
New highs	34	2
New lows	181	14
Closing Arms*	0.80	0.86
Block trades*	4,186	142

*Primary market NYSE, NYSE American, NYSE Arca only.

†(TRN) 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	717.81	9.47	1.34	-4.9
	MSCI ACWI ex-USA	336.27	2.81	0.84	-2.3
	MSCI World	3054.26	42.81	1.42	-5.5
	MSCI Emerging Markets	1229.05	8.63	0.71	-0.2
Americas	MSCI AC Americas	1717.92	27.24	1.61	-6.0
Canada	S&P/TSX Comp	21502.55	150.04	0.70	1.3
Latin Amer.	MSCI EM Latin America	2399.06	37.78	1.60	12.6
Brazil	BOVESPA	114828.18	928.99	0.82	9.5
Chile	S&P IPSA	3021.75	25.43	0.85	7.7
Mexico	S&P/BMV IPC	53210.94	876.21	1.67	-0.1
EMEA	STOXX Europe 600	467.56	6.60	1.43	-4.1
Eurozone	Euro STOXX	458.72	8.08	1.79	-4.2
Belgium	Bel-20	4067.53	62.64	1.56	-5.6
Denmark	OMX Copenhagen 20	1660.71	51.20	3.18	-10.9
France	CAC 40	6979.97	127.77	1.86	-2.4
Germany	DAX	15412.71	298.74	1.98	-3.0
Israel	Tel Aviv	1977.32	26.34	1.35	-0.04
Italy	FTSE MIB	26967.98	552.57	2.09	-1.4
Netherlands	AEX	755.22	7.33	0.98	-5.4
Russia	RTS Index	1498.04	71.95	5.05	-6.1
South Africa	FTSE/JSE All-Share	75853.16	88.00	0.12	2.9
Spain	IBEX 35	8718.00	144.20	1.68	0.05
Sweden	OMX Stockholm	927.07	19.38	2.13	-10.6
Switzerland	Swiss Market	12181.86	155.49	1.29	-5.4
Turkey	BIST 100	2038.16	36.22	1.81	9.7
U.K.	FTSE 100	7608.92	77.33	1.03	3.0
U.K.	FTSE 250	21852.51	234.62	1.09	-6.9
Asia-Pacific	MSCI AC Asia Pacific	187.33	-0.27	-0.14	-3.0
Australia	S&P/ASX 200	7206.90	-37.01	-0.51	-3.2
China	Shanghai Composite	3446.09	17.21	0.50	-5.3
Hong Kong	Hang Seng	24355.71	-200.86	-0.82	4.1
India	S&P BSE Sensex	58142.05	1736.21	3.08	-0.2
Japan	NIKKEI 225	26865.19	-214.40	-0.79	-6.7
Singapore	Straits Times	3421.38	0.18	0.01	9.5
South Korea	KOSPI	2676.54	-27.94	-1.03	-10.1
Taiwan	TAIEX	17951.81	-45.86	-0.25	-1.5
Thailand	SET	1701.45	16.76	0.99	2.6

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Tower Semiconductor	TSEM	47.07	13.94	42.08	47.47	24.81	41.8
Virgin Galactic	SPCE	10.74	2.60	31.94	57.51	7.58	-78.7
Joby Aviation	JOBY	6.04	1.28	26.89	17.00	3.61	-61.5
Universal Security	UUU	3.00	0.58	23.97	10.58	2.27	-70.4
Bakkt Holdings	BKKT	8.40	1.60	23.53	50.80	3.31	-55.5
United Fire Group	UFCS	28.48	5.21	22.39	36.40	19.85	-5.5
ImmunityBio	IBRX	7.03	1.28	22.26	45.42	4.81	-79.0
Sabre Corp.	SABR	10.97	1.97	21.89	16.88	7.05	-4.9
TAL Education Group ADR	TAL	3.78	0.67	21.54	90.96	2.26	-95.7
Bright Health Group	BHG	3.56	0.60	20.27	17.93	2.44	...
Gaotu Techedu ADR	GOTU	2.46	0.41	20.00	117.37	1.55	-97.7
MoneyGram International	MGI	10.70	1.75	19.55	12.36	5.06	13.6
FuelCell Energy	FCEL	5.49	0.87	18.83	26.64	3.40	-76.9
CleanSpark	CLSK	10.21	1.60</				

MARKETS

Stocks Advance as Conflict Fears Abate

BY WILL HORNER
AND HARDIKA SINGH

Stock indexes rose, while energy prices slumped and bonds sold off, after Russia said it had pulled back some troops from the Ukrainian border, allaying some fears about conflict.

The S&P 500 climbed 69.40 points, or 1.6%, to 4471.07 Tuesday, snapping a three-day losing streak. The blue-chip

TUESDAY'S MARKETS Dow Jones Industrial Average gained 422.67 points, or 1.2%, to 34988.84, while the Nasdaq Composite added 348.84 points, or 2.5%, to 14139.76.

The threat of war between Ukraine and Russia has, in recent days, added a geopolitical element to an already complex market outlook. Investors also have been weighing inflation concerns as well as signs of easing supply-chain issues.

"We have two big crosscurrents," said David Kalis, manager of the Future Fund Active ETF. "One that has been out there for a while, which is inflation. The other being in the

near term—which has ramped up over the last week—which is Russia."

Fears of a Russian invasion into Ukraine, which have dogged investors in recent days, abated somewhat Tuesday after Russian President Vladimir Putin said Moscow had withdrawn some troops from the border even as it was still conducting large-scale military operations.

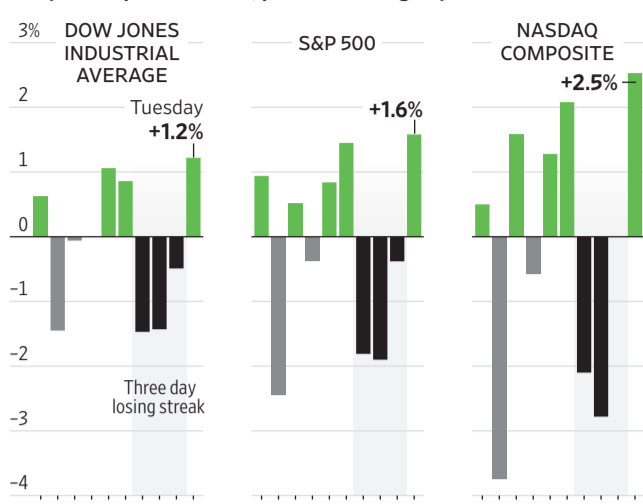
European and U.S. officials, however, said they haven't seen evidence of a significant drawdown in forces. Separately, the Ukrainian government said Tuesday that a suspected cyberattack had hit the country's Defense Ministry and two state banks.

"I don't think we're out of the woods just because we had one good day," Vincent Deluard, global macro strategist at StoneX.

Oil prices dropped from the eight-year high they hit Monday. Brent crude, the international benchmark, lost \$3.20 a barrel, or 3.3% to \$93.28. Benchmark European natural-gas prices slumped 3.4%.

Yields on benchmark U.S. 10-year Treasury notes rose to

Daily index performance, past 10 trading days



Source: FactSet

2.044%, the highest settlement value since July 2019. Bond yields and prices move in opposite directions.

Bitcoin prices climbed, adding 4.1% to trade at \$44,006.60 at 5 p.m. New York time.

"The market is believing what it is hearing in the headlines, but you do have to be careful with these things," said Hani Redha, a multiasset fund

manager at PineBridge Investments. "We have to be cautious on news like this in the so-called fog of war."

Investors continue to assess rising inflation as they look ahead to the Federal Reserve meeting in March. Fresh data on Tuesday showed that prices suppliers charged businesses and other customers jumped in January, rising a seasonally

adjusted 1% from the prior month, the sharpest rise since May 2021. Producer prices rose 9.7% on a 12-month basis, nearly the same as the prior month.

European stock indexes rallied after Monday's sharp losses, with the pan-continental Stoxx Europe 600 up 1.4%. Russia's MOEX index rose over 3%. The Russian ruble rallied 1.2% against the dollar and the Ukrainian hryvnia rose 0.9%.

Russia is among the world's largest suppliers of oil as well as the biggest exporter of wheat and a major producer of metals such as palladium, aluminum and nickel. Ukraine is a transit route for Europe's natural-gas supplies.

"The biggest impact this thing has had has been in commodities and the feed through of that into inflation," said Mr. Redha. A conflict that pushes commodity prices and inflation higher could prompt central banks to raise interest rates faster than planned, he added.

Some investors are betting that the international economic impact from a conflict would be limited. "In the near term, the market will react

first and ask questions later," said Brian O'Reilly, head of market strategy at Mediolaum International Funds. "But anything outside a massive escalation of tensions doesn't really change the trajectory of the global economic outlook."

Earnings season continues. After Tuesday's close, Airbnb posted its second consecutive quarterly profit for the three months ended Dec. 31, driven by strong bookings in suburban areas. Its shares closed up \$10.41, or 6.1%, to \$180.07, and rose 4% in after-hours trading.

Marriott International shares rose \$9.87, or 5.8%, to \$181.20 after the hotelier reported that its fourth-quarter revenue doubled.

Tower Semiconductor rose 42% after The Wall Street Journal reported that Intel was close to buying the Israeli chip company for nearly \$6 billion.

Early Wednesday, Japan's Nikkei 225 was up 2.1%, Hong Kong's Hang Seng Index was up 1.2%, the Shanghai Composite was up 0.6%, Australia's S&P ASX 200 was up 0.7% and South Korea's Kospi was up 1.7%. S&P 500 futures were down 0.3%.

Glencore Sets Aside \$1.5 Billion for Bribery Probes

BY ALISTAIR MACDONALD

LONDON—Commodities company **Glencore PLC** made a provision of \$1.5 billion to cover a series of regulatory investigations in the U.S., U.K. and Brazil into allegations of bribery, saying it expected the probes to be resolved this year.

In 2018, London-listed Glencore said it received a subpoena from the Justice Department demanding records related to its compliance with American bribery and money-laundering laws in Congo, Nigeria and Venezuela.

The company has also said investigations have been

opened by the Commodity Futures Trading Commission, the U.K.'s Serious Fraud Office and Brazil's Federal Prosecutor's Office. The probes cover allegations related to bribery and market manipulation.

Glencore has previously said it was cooperating with the probes and declined to comment further.

The update on the investigations came Tuesday as Glencore reported record earnings for 2021 on the back of higher commodity prices and said it would return \$4 billion to shareholders. Glencore also said it could benefit from any incursion by Russia into Ukraine given its trading arm thrives on market volatility.

Glencore's shares rose 1.2% in London Tuesday.

The \$1.5 billion provision was Glencore's "best estimate of what we believe the settlement amount will be," Chief Executive Gary Nagle told reporters on a call, adding that it was encouraging for the company.

Mr. Nagle declined to comment on whether he expected U.S. regulators to impose further sanctions, such as demanding the resignation of any executives, but said any settlement would be a chance for the company to move forward.

The heads of department and CEO who were in place during the period that regulators have been investigating have left the company.

The investigations have proved costly, weighing on its share price and racking up legal costs. For instance, legal costs for the first half of 2020 hit \$56 million.

"We believe that with the main investigations quantified this will likely derisk the company from this 'unknown known' which has been an overhang for the company since 2018," Tyler Broda, an analyst at RBC Capital Markets, said in a note.

Glencore is still subject to investigations from Swiss and Dutch authorities.

For the year to Dec. 21, Glencore reported record adjusted earnings before interest, taxes, depreciation and amortization

of \$21.32 billion, up from \$11.56 billion in 2020 and above the market consensus.

Prices for commodities the company mines or drills for, including copper, oil and nickel, rose during the period as demand bounced back from pandemic-related disruption while supplies remained constrained.

Glencore said full-year earnings at its commodities-trading business rose 11% to \$3.7 billion, exceeding its long-term guidance range. The trading arm has benefited from volatile markets, including geopolitical tensions such as Russia's buildup of forces near the Ukrainian border.

Still, that tension could also pose a challenge for Glencore.

The U.S. and European nations have warned Russia of sanctions against companies and individuals should Moscow make a military incursion into Ukraine.

Glencore owns a small stake, less than 1%, in Russian oil major **Rosneft Oil Co.**, as well as a 10.55% stake in EN+ Group PLC, the controlling shareholder of aluminum maker United Co. Rusal PLC.

Mr. Nagle said those holdings were "very immaterial in the grand scheme of things" and that Glencore's trading division, which it calls marketing, could benefit from any Russian attack.

—Jaime Llinares Taboada contributed to this article.

JPMorgan to Add Ukraine Bonds to Popular Debt Index

BY ANNA HIRTENSTEIN

Hundreds of millions of dollars from foreign investors are likely to flow into Ukrainian bonds next month despite the threat of war with Russia.

JPMorgan Chase & Co. is planning to add Ukraine's local-currency debt to a popular emerging-market bond index known as the GBI-EM. It will come into effect from March 31 with a weighting of 0.12%, according to an October 2021 note to clients, which said close to 70% of investors supported the move.

A person familiar with the matter said this plan is still on track. JPMorgan declined to comment.

Funds managing \$222 billion used this index as a benchmark as of January. If they all decide to add the Ukrainian bonds, that would mean an inflow of \$266.4 million into the market.

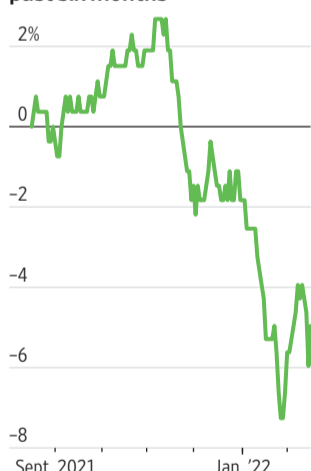
"This is good news for Ukraine. All of a sudden you'll have big index players channeled toward that particular bond market," said Monika Dutt, head of a passive strategies research team at Morningstar Inc.

Moscow has sent thousands of troops to the Ukrainian border in recent months. Russia's Defense Ministry said Tuesday it had pulled back some troops from near Ukraine while noting that large-scale military maneuvers were continuing, and Western officials warned that combat units were moving into forward positions.

The Russian ruble and Ukrainian hryvnia have come under pressure and the yield on Ukraine's 10-year dollar bonds rose above 11% this week from 7% at the end of the third quarter before the tensions ramped up.

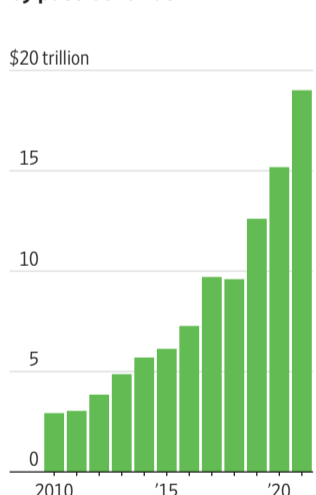
The contrast between Ukraine's rising geopolitical risk and JPMorgan's decision to proceed with the inclusion reflects the burgeoning power and occasional disconnect of passive investing. Funds that follow indexes made up 37% of the investment universe at the

Performance of the Ukrainian hryvnia against the U.S. dollar, past six months



Sources: Tullett Prebon (performance); Morningstar (assets)

Assets managed by passive funds



end of last year with net assets of \$19 trillion, according to Morningstar. Major passive investors include Vanguard Group and BlackRock Inc.

Benchmark-driven investments in emerging markets focus mainly on factors that affect the group, rather than on country-specific developments, analysts at the International Monetary Fund wrote in a September 2020 report. JPMorgan's GBI-EM index is the most widely fol-

JPMorgan's decision reflects the disconnect of passive investing.

lowed benchmark for international investors of local-currency sovereign bonds, it said.

The decision to add or remove assets in an index is typically a long process that can take years, which is one reason why the bank may be unperturbed by the tensions, analysts said.

It involved consultations with investors, market analysis and work with a country's debt management office to en-

sure that there are clearing systems in place for the bonds to trade.

This comes at a time when Ukraine's access to international financial markets has been waning. A recent local bond auction raised just \$7.5 million from the sale of 6-month and 2-year debt. The Ministry of Finance said it was instead counting on financial aid from Western nations. The European Union is moving forward with a proposal to provide the country with €1.2 billion, equivalent to around \$1.4 billion.

Some investors may choose not to buy Ukrainian bonds, even if they are added to JPMorgan's index, according to Viktor Szabo, an investment director at Abdrn.

"The weight is going to be tiny, so if you decide not to be in Ukraine even if it's in the index, you won't be running a significant active risk," Mr. Szabo said. This contrasts with Russia, which makes up 7% of the index. The heavier weighting compels fund managers to hold Russian bonds so they don't deviate too much from the index.

Ukrainian debt is currently difficult to buy and sell due to the volatility, he said. Despite this, the portfolio he manages owns some of these bonds.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Auto-Parts Growth Story Adds Up

High car prices, recovering vehicle miles traveled bode well for sector even as other retailers get pinched

Auto parts are getting pricier, but they are in a sweet spot for the retailers that sell them. They still aren't close to generating the kind of sticker shock that fully assembled cars can set off these days.

Advance Auto Parts said in its earnings call on Tuesday that comparable-store sales increased 8.2% in its fourth quarter compared with a year earlier, trouncing the 5.7% figure analysts polled by FactSet had expected. For the full year, the retailer saw comparable sales grow 10.7%, topping its own guidance and quite the step-up compared with the 2.4% growth it saw in 2020. Its larger peer **O'Reilly Automotive** saw comparable sales grow 13% in 2021 after seeing 11% growth in 2020.

Inflation has hit auto parts, but their prices haven't grown at the pace of used cars. Motor-vehicle parts and equipment were 13% more expensive in January compared with a year earlier, while used-car prices increased 40.5%, according to data from the U.S. Bureau of Labor Statistics. An expensive market for cars likely means consumers are willing to tolerate higher spending to keep their vehicles on the road. With supply-chain issues still crimping new-car supply, Evercore expects

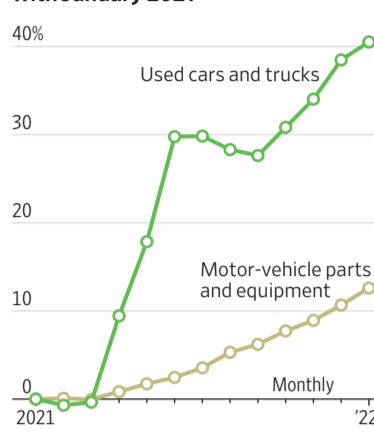
to see elevated pricing for used cars continue into at least 2023.

For now, that dynamic should keep helping auto-parts sellers fatten their bottom lines. Advance Auto Parts had an operating margin of 7.6% in 2021, which was its fourth consecutive year of margin growth. Both O'Reilly and **AutoZone** hit their best annual operating margins in their respective fiscal years for 2021.

The sector probably still has some room left to run, though probably not at 2021's breakneck pace. For one, U.S. vehicle miles traveled still aren't back to pre-pandemic levels. Figures for 12-month vehicle miles traveled remained 2.1% below those seen two years earlier as of November, according to data from the U.S. Federal Highway Administration. As more cars get back on the road for commutes, there should be more wear and tear on a car population that has only gotten older. Data from Experian also shows that the number of vehicles ages 6-12 years, too old for their original warranties and requiring more replacement parts, has grown to account for almost a third of all vehicles in operation as of third quarter 2021, about 3 percentage points higher than 2019.

Worth watching is how competi-

Change in prices compared with January 2021



Source: U.S. Bureau of Labor Statistics via St. Louis Fed

itive dynamics will shake out as retailers chase market share. O'Reilly, for example, last week said it would make "price investments" to its professional-service customers, which means it will strategically lower prices to gain market share. Advance Auto Parts, which relies more on professional-service customers, said on Tuesday morning that it won't make changes to its pricing strategy and instead is focusing on selling more of its private-label brands, which generally yield higher margins. Rather than taking market share

away from each other, it is more likely that those actions will take a bite out of small, independent auto-parts retailers that saw bigger impacts from supply-chain issues. For professional customers in particular, parts availability and delivery speed are more important than price.

Investors were slow to notice their potential in 2020, but auto-parts retail stocks finally got rolling last year. An equal-weighted basket of four auto-parts retailers are now up 49% compared with a year earlier. On a valuation basis, O'Reilly and Advance Auto Parts are hardly in the bargain bin; as a multiple of forward revenue, both companies' shares are trading above their respective five-year averages. Still, none of the auto-parts retailers have beat the share-price performance of the broader retail sector compared with pre-pandemic levels. And, unlike home-improvement, furniture or groceries, any incremental return back to the office should drive more business to auto-parts retailers.

Optimism is already baked into auto-parts retailers' share prices, but compared with the broader retail sector, there might still be plenty of road ahead of them.

—*Jimjoo Lee*

Zendesk Needs to Find Peace In Solitude

Monkey business doesn't seem to be alluring for **Zendesk** shareholders.

The company's three-month campaign to sell investors on its controversial bid to acquire **SurveyMonkey** parent **Momentive Global** looks increasingly stretched. Shareholders of both companies are scheduled to vote on the matter on Feb. 25. But the bid has sparked the threat of a proxy challenge by activist **Jana Partners**. And on Friday, influential shareholder advisory firms **ISS** and **Glass Lewis** both came out against the move.

Momentive's shares closed 40% below the implied deal price on Tuesday, implying little faith that the transaction gets done.

The matter was complicated even further last week after a trio of private-equity firms made a joint bid for Zendesk. The company said Thursday afternoon that it rejected the \$17 billion offer as insufficient. The bid offered \$127 to \$132 per share for Zendesk—essentially the stock's price range in late October before it announced the Momentive deal. Zendesk shares are up a little over 15% since The Wall Street Journal first reported the private-equity offer.

At this point, the biggest risk to Zendesk's stock seems to be if the Momentive deal actually goes through. At least seven analysts have downgraded Zendesk from buy to neutral ratings since the deal was announced, according to FactSet.

Among the most recent of those came last week from Alex Zukin of Wolfe Research, following the company's fourth-quarter results and rejection of the private-equity bid. Mr. Zukin cited the latter as driving "increased likelihood for a drawn-out battle for control around corporate leadership and direction." Taylor McGinnis of UBS wrote in a report

The company's effort to sell investors on its bid to acquire Momentive is looking stretched.

that "we still think there are potential execution and disruption risks associated with this deal that remain unknown" even after a meeting with top Zendesk officers to discuss the transaction.

The two companies' respective fourth-quarter results last week also didn't help Zendesk make its case. Zendesk revenue jumped 32% year over year to about \$375 million, beating analysts' targets. But Momentive's revenue for the quarter grew 16% year over year to \$117.3 million, missing Wall Street's forecasts and marking a deceleration from the 20% growth rate seen in the previous two quarters.

In its report on the pending deal, ISS noted that the projected one additional percentage point of revenue growth in 2025 that would result from the deal means the risks of the transaction "do not appear justified by the uncertain and slight impact."

For Zendesk, solitude seems the more profitable play.

—*Dan Gallagher*

European Telecom Companies Are Beginning to Look Like Bargains

As investors cool on tech, they are warming to some faded stars of the dot-com era: telecommunications companies such as London-listed **Vodafone**. The bet has legs, particularly if European politicians decide that 5G networks are a higher priority than discount phone packages.

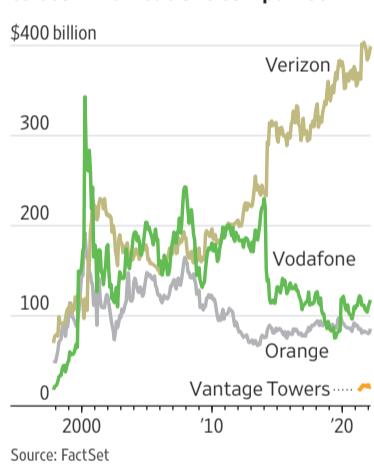
Telecommunications stocks have been among the rare gainers this year. The global sector has risen 3%, against a 6% decline in the wider MSCI World Index. Rising rates mechanically improve the appeal of dividend-paying companies relative to those that promise growth, but there are specific factors at play too, particularly in Europe. Vodafone is up 24% on news of investor activism and potential deals.

One hope is that the company, which used to own 45% of Verizon Communications and still has direct operations in 21 countries, might be able to merge some of its European units with local peers. Such deals would follow the example of the tie-up between T-Mobile and Sprint, which reduced the number of U.S. mobile operators from four to three.

The cost synergies latent in so-called "four-to-three" mergers could be a game changer for Europe's entire telecommunications sector. For years, the region's network providers have been squeezed between the investments required to keep up with mushrooming data traffic and their inability to charge consumers more for better connectivity.

Just as in the U.S., though, such deals would be politically sensitive because of the possibility that operators would be freer to raise prices amid lower competition. A previous wave of merger hopes and share-price gains in 2014 and 2015 fizzled after antitrust regulators signaled staunch opposition.

Enterprise value of telecommunications companies



Source: FactSet

A number of companies seem to think that this time is different. Last week, French telecommunications company **Iliad** gave the first official confirmation of a much-discussed potential deal between its Italian unit and that of Vodafone, which had rejected an €11.25 billion, equivalent to \$12.72 billion, cash bid, Iliad noted. Also last week, Spanish business newspaper *Expansión* reported talks between the Spanish unit of French giant **Orange** and its local rival **MasMovil**—a company previously linked to talks with Vodafone.

Antitrust regulation has become even more stringent since 2015, yet the first part of the pandemic also underlined the strategic importance of digital infrastructure. On a call with analysts this month, Vodafone Chief Executive Nick Read said the Covid-19 lockdowns "opened up a new stream of discussion" with governments, including about improving the sector's low returns to attract investment.

The case for buying stocks such as Vodafone and Orange doesn't rely



Telecommunications stocks have been among those that advanced this year.

wholly on contentious consumer-facing mergers. A parallel effort to improve returns and valuations involves spinning off tower and fiber-broadband assets into separate companies that can be pitched to investors as high-value infrastructure.

However the deal game plays out, Vodafone now has Europe's largest activist fund manager, **Cevian Capital**, on its back. Although it hasn't publicly commented on its stake, Cevian typically calls for

companies to slim down by selling noncore businesses. Vodafone's 81% stake in **Vantage Towers**, its partially spun-off cell tower business, which even after this year's market switcheroo trades at a far higher multiple than its owner, seems an obvious place to start.

One way or another, European telecommunications companies are starting to look less like a value trap and more like a genuine bargain.

—*Stephen Wilmot*

Toshiba Vote Is a Vote on Corporate Japan's Future, Too

Toshiba's share price over the past five years



Note: ¥1,000=¥8.66
Source: FactSet

The long-running corporate drama at **Toshiba** is having another nail-biting showdown. A victory for activist investors would be a positive signal at a company that has become a bellwether for progress on corporate governance Japan. A win for management might mean that future dividends from reform prove more paltry than hoped.

The beleaguered Japanese industrial giant said Monday that it would hold a nonbinding shareholder vote next month on its proposal to split the company into two. Toshiba said the plan, announced last week, would be faster and more efficient than its earlier proposal of a three-way split. Under the original plan, Toshiba would have been split into a device company, an infrastructure unit and a company holding its

stake in flash-memory company **Kioxia**. The new plan would just spin off its device business into a separate company.

Not every investor agrees. Shareholders will also vote on two resolutions proposed by Singapore-based activist investor **3D Investment Partners**. One of the resolutions, which Toshiba management recommended that shareholders reject, instructs the board of directors to ensure all alternatives are fully considered, including going private.

While the vote isn't legally binding, it could still exert significant pressure on Toshiba's management if shareholders choose 3D's proposal instead of the company's. The company will eventually have to do what activist investors are pushing for—explore a sale to private-equity funds.

Toshiba's breakup plan could unlock some value for investors, but it fails to fundamentally change the governance structure, which has helped entangle the company in scandal after scandal over the past few years. A sale could allow the company to start fresh.

The vote might be a tight one. Foreign shareholders owned around half of the company at the end of September, and holders of about 56% of Toshiba's shares voted to oust then-board Chairman Osamu Nagayama in last year's annual general meeting. But that shareholder revolt succeeded partly due to the support of proxy firms like **Glass Lewis** and **Institutional Shareholder Services**. How they recommend investors vote this time may play an important role, too.

Toshiba's latest plan to return

more capital to investors and sell noncore assets may, however, have persuaded some investors to book their wins and move on. Toshiba said last week that it would sell a 55% stake in its air-conditioning unit to its joint-venture partner **Carrier Global** for around \$868 million. Some other assets it could sell include its elevator and lighting businesses. The company also said last week that it would increase shareholder returns over the next two years to the equivalent of \$2.6 billion, three times its earlier target.

Activists have been battling with Toshiba management for the past few years. Next month's vote will be another pivotal moment and will shed significant light on how the saga will end, both for Toshiba and Japan itself.

—*Jacky Wong*