

What's News

Business & Finance

◆ **Shari Redstone ended** discussions to sell her controlling stake in Paramount Global to Skydance Media and merge the two companies, drawing the curtain on months of negotiations. **A1**

◆ **Tesla shareholders were** expected to finish voting Thursday on reaffirming a 2018 compensation package set to award Chief Executive Elon Musk stock options worth billions of dollars. **B1**

◆ **U.S. stocks ended mixed** ahead of the conclusion of a Fed policy meeting Wednesday, with the S&P 500 and Nasdaq rising 0.3% and 0.9%, respectively, to records and the Dow falling 0.3%. **B11**

◆ **Chinese electric-vehicle makers' shares** dropped in Hong Kong amid concerns that more countries could raise tariffs on cars imported from China. **B4**

◆ **Singapore Airlines** offered an initial \$25,000 in compensation to passengers severely injured as a result of turbulence experienced on a London-to-Singapore flight last month. **B3**

◆ **Wages in the U.K.** continued to grow rapidly in the three months to April, a concern for the Bank of England as it prepares for a policy meeting next week. **A18**

◆ **Atos accepted** a financial-restructuring proposal from a consortium that includes key shareholder Onepoint to salvage the debt-laden French IT company. **B3**

◆ **General Motors' board** authorized the repurchase of up to \$6 billion in shares in a new program that builds on other recent moves to appease shareholders. **B3**

World-Wide

◆ **Hunter Biden was found** guilty of falsely claiming to be drug-free when he applied to buy a handgun six years ago, adding to his family's personal turmoil as his father campaigns for re-election to the presidency. **A1, A4**

◆ **Messages sent by** the Hamas military leader in Gaza reveal his view that more fighting with Israeli forces, and more Palestinian civilian deaths, work to his advantage. **A1, A6-7**

◆ **A new round of** pro-Palestinian demonstrations swept UCLA, where 25 protesters were arrested after setting up an encampment. **A3**

◆ **Sen. Elizabeth Warren** introduced a new bill to crack down on private-equity misconduct in the healthcare sector after numerous bankruptcies of medical businesses. **A2**

◆ **Rep. Nancy Mace** fended off a Republican primary challenger in South Carolina, months after she joined other GOP rebels in ousting ex-Speaker McCarthy. **A4**

◆ **Violent crime fell** in the first quarter of 2024 by more than 15%, continuing its postpandemic decline nationwide, according to data released by the FBI. **A3**

◆ **A bill awaiting** New York Gov. Hochul's signature would charge fossil-fuel companies a total of \$3 billion a year for 25 years to pay for costs associated with climate change. **A3**

◆ **Four instructors** affiliated with an American college were stabbed in northeastern China, where they were teaching in a partnership program with a local university. **A8**

CONTENTS	Opinion.....	A15-17
Arts in Review.....	Personal Journal A11-12	
Business News B3,6-7	Property Report.....	B6
Crossword.....	Sports.....	A14
Equities.....	Technology.....	B4
Heard on Street.....	U.S. News.....	A2-4
Markets.....	World News.....	A6-8,18



President Biden embraced his son Hunter Biden at an air base in Delaware on Tuesday after Hunter was convicted by a federal jury in Wilmington of all three felony charges in his gun trial.

Paramount's Redstone Bows Out of Merger Talks With Skydance

By Jessica Toonkel

Shari Redstone isn't ready to exit the entertainment business just yet. The media heiress has ended discussions to sell her controlling stake in Paramount Global to Skydance Media and merge the two companies, drawing to a close months of negotiations in one of the messiest deal dramas to play out in recent years. National Amusements, the Redstone family company that controls Paramount, said the parties had not been able to reach a deal that would have given Skydance the keys to one of Hollywood's most storied brands. Redstone's decision marks a stunning about-face, after she advocated behind the

scenes for months for a deal with Skydance. She billed its backers—including CEO David Ellison—as the best stewards for Paramount, owner of the namesake film studio, broadcaster CBS and cable channels such as MTV and Nickelodeon. In the end, Redstone had a change of heart, as trust frayed between the two sides, people close to her said. Redstone will now likely pursue a sale of just National Amusements, without trying to merge Paramount into another company. A spokeswoman for Skydance had no comment. Paramount shares fell about 8% Tuesday after The Wall Street Journal first reported the deal talks had ended. The deal saga was tumultuous. An earlier bid by Sky-

Please turn to page A8

Hamas Leader's Gambit: Civilian Deaths Help Cause

By Summer Said and Rory Jones

For months, Yahya Sinwar has resisted pressure to cut a ceasefire-and-hostages deal with Israel. Behind his decision, messages the Hamas military leader in Gaza has sent to mediators show, is a calculation that more fighting—and more Palestinian civilian deaths—work to his advantage. “We have the Israelis right where we want them,” Sinwar said in a recent message to Hamas officials seeking to broker an agreement with Qatari and Egyptian officials. Fighting between Israeli forces and Hamas units in the Gaza Strip's south has disrupted humanitarian-aid shipments, caused mounting civilian casualties and intensified international criticism of Israel's efforts to eradicate the

Hunter Biden Found Guilty In Gun Case

Jurors convict the president's son over claiming on form that he was drug-free

By C. Ryan Barber and Sadie Gorman

WILMINGTON, Del.—Hunter Biden was found guilty of falsely claiming to be drug-free when applying to buy a handgun six years ago, adding to his family's personal turmoil as his father, President Biden, campaigns for re-election. The younger Biden, 54 years old, was convicted Tuesday of three felony counts by a federal jury, which deliberated for about three hours over two days in a

case that exposed the turmoil that Hunter's addiction caused the Biden family. He is the first child of a sitting president to be convicted of criminal charges. The jury found that when Hunter bought a .38-caliber Colt Cobra revolver in October 2018, he lied on a federal form by checking a box to say he wasn't addicted to or using drugs at the time. During a week of trial proceedings, jurors heard about his years-long struggle to stay sober, including evidence that he bought and used drugs in the weeks before and the days after he purchased the firearm from a gun shop in his hometown of Wilmington. Hunter Biden sat stone-faced as the verdict was read. Please turn to page A4



Backed into a corner, Yahya Sinwar often turns to violence.

Islamist extremist group. For much of Sinwar's political life, shaped by bloody conflict with an Israeli state that he said has no right to exist, he has stuck to a simple playbook. Backed into a corner, he looks to violence for a way out. The current fight in Gaza

is no exception. In dozens of messages—reviewed by The Wall Street Journal—Sinwar has urged his followers to “take the city of Jerusalem” and “wipe out the Zionist regime.” He has also threatened to “kill all the Jews in the world.” Please turn to page A6

◆ **Calls grow for Netanyahu** to make crucial choice..... **A6**

◆ **Hostages faced isolation,** fear, punishments..... **A7**

'Anti-Woke' Activists Pressure Corporate Boards

By Sarah Nassauer and Theo Francis

A new kind of shareholder activism is rattling companies: “anti-woke” agitators. Shareholders at dozens of big companies, from GE Aerospace to UPS, are voting on proposals opposing environmental and social initiatives this year. Investors backed by conservative groups are suing Target and other companies for their progressive stances. And companies are muting their focus on diversity, equity and inclusion initiatives as DEI programs come under legal and political threat. The activists frame the push as getting politics out of business—and suggest getting used to it. “We who would prefer corporate behavior without partisan influence have really started to get into the game after years of quiescence,” said Scott Shepard, general counsel at the National Center for Public Policy Research, or NCPPR, a conservative think tank that has proposed dozens of shareholder measures questioning corporate initiatives on climate, diversity and other subjects. Advocates for more progressive environmental, social and corporate-governance shareholder proposals call the newcomers politically motivated and cite research suggesting

Please turn to page A10

Boeing Revamps Training for Surge of Hires

An exodus of seasoned workers at the jet maker contributed to quality issues

By Sharon Terlep

Daniel Horine packed into a windowless training room at Boeing's sprawling Everett, Wash., factory. A longtime foundry worker whose neighbor talked him into applying for a job at the jet maker, he was part of a class of hundreds that also included a cybersecurity expert and a former Starbucks trainer. They had three months to learn how to build an airplane.

“Nothing prepared me for what I was getting into,” said Horine, who was hired in August and is helping prepare Boeing's new 777X jet for production. “This isn't a car that's going to carry one or two people. We know if we mess up, we could potentially mess up an airplane.” Boeing's factory workforce has undergone a dramatic transformation in recent years. Legions of senior machinists retired when the pandemic hit and in

the years since. The company, racing to meet demand for new jets as travelers returned to the skies, has been on a hiring spree to replenish its ranks. Like so many McDonald's restaurants, the Renton, Wash., factory where Boeing builds the 737 has a banner outside that reads: “We're hiring.” Last year in the Puget Sound area alone, Boeing hired an average of 800 factory workers a month. It's still bringing in new workers. Please turn to page A10

A Man, His Land Rover And His Two-Decade Quest

Diego Rosselli aims to drive his relic to every corner of Colombia; ‘an obsession’

By Juan Forero

ROBERTO PAYÁN, Colombia—When turning up at some forlorn Colombian town on his bucket list, Diego Rosselli steers his 1966 Land Rover to the Catholic church on the central square and snaps the mandatory picture. “I send the photo to someone so there's proof that I made it,” he explains. Rosselli is recognized throughout Colombia as a neurologist, author and affable professor. At 66, he is quickly gaining a very different sort of reputation, as a single-minded wanderer determined to drive his relic to every single town in Colombia and photograph it in front of the church anchoring each plaza.

Rover achiever

Please turn to page A12

Salesforce.

#1 CRM.

Ranked #1 for CRM Applications based on IDC 2023 Revenue Market Share Worldwide.

Source: IDC, Worldwide Semiannual Software Tracker, April 2024.

salesforce.com/number1CRM

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U.S. NEWS

Fed Set to Show Its Hand on Future Cuts

Officials united over wait-and-see stance as investors focus on dot-plot projections

By Nick Timiraos

Investors will obsess Wednesday over whether Federal Reserve officials pencil in one or two interest rate cuts this year.

For policymakers, difficult decisions and looming divisions over whether and when to cut interest rates are a problem for later—not right now. Instead, the fixation on the quarterly rate projections obscures remarkable cohesion among rate-setters over their wait-and-see stance.

After concluding a rapid series of rate rises last year, Fed officials remain widely united that the best course of action for an economy with solid growth and inflation still running somewhat above their target is to make no moves. In effect, they are taking the summer off to evaluate how hiring, spending and inflation are faring one year after they lifted rates to a two-decade high.

The central bank is on track to hold steady its short-term benchmark rate in a range between 5.25% and 5.5% on Wednesday. Officials are also likely to keep the guidance in

their closely parsed policy statement that teases that their next rate move is more likely to be down than up.

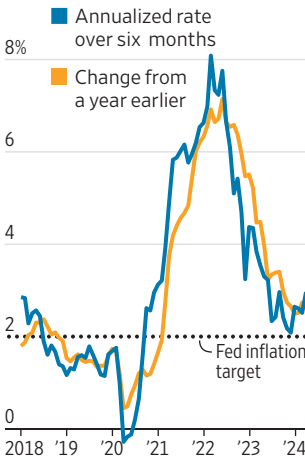
That explains the intense spotlight on rate projections revealing how many officials anticipate one or, possibly, two rate cuts this year depending on their economic outlook. The exact distribution could be shaped at the last minute by a widely watched inflation report to be released Wednesday morning, hours before officials publish their own projections that afternoon.

A balancing act

The central bank’s leaders have been walking a tightrope this year. There are more signs emerging that the serious labor-market shortages and imbalances of the past three years have resolved without any meaningful increase in unemployment, raising questions over whether the labor market might soften at the margins.

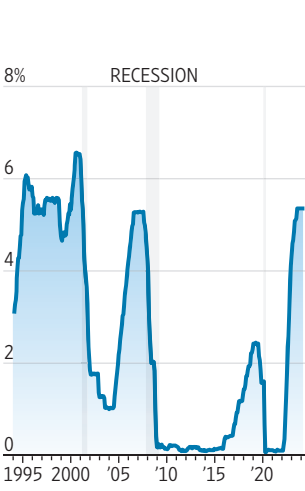
For the past two years, several officials have suggested they could avoid the normal trade-offs that occur when they try to slow the economy because falling demand for workers could lead companies to simply scrap unfilled job vacancies rather than fire workers. Recent data on job hiring, quitting and openings

Personal-consumption expenditures price index



Sources: Commerce Department (PCE); Federal Reserve via St. Louis Fed (federal-funds rate)

Effective federal-funds rate



suggest labor-market conditions have moved much closer to the levels seen in 2018 and 2019, before the pandemic.

“We’re getting to that point where the traditional relationships are going to start popping out,” Fed governor Christopher Waller said last month.

Still, economic activity has been solid. And a steady downturn in inflation over the second half of last year has stalled this year, giving officials less confidence that the downtrend will continue.

Prices rose 2.7% in the 12 months through April, down from 4.4% in the 12 months before that, according to the

Fed’s preferred measure of inflation. But prices rose an annualized 2.9% over the six months through April, up from 2.4% for the six months before that. The Fed targets 2% inflation over time.

Fed Chair Jerome Powell and his colleagues don’t want to cut rates without more convincing evidence that their policy stance is as restrictive as they think it is. They are uneasy, however, that it will be too late to avoid a more serious employment downturn by the time they see that evidence.

A series of inflation readings that are persuasively benign would liberate them from

this trap. Otherwise, it will likely require signs of greater-than-anticipated economic weakness to initiate rate cuts.

The dot plot

Because no meaningful policy changes are expected at this week’s meeting, the focus Wednesday will center on new quarterly rate projections, the so-called dot plot. In March, most officials penciled in two or three cuts this year; the median—or midpoint—of the 19 officials was at three, but just barely. That was before a third consecutive disappointing inflation report, which subsequently prompted investors to wonder whether the Fed would be able to cut rates at all this year.

Investors’ intense focus on the median projections, which has at times sown confusion, adds a potential rare element of surprise to the gathering for two reasons.

First, most of the blocking and tackling for Fed meetings happens in the days and weeks leading up to the gathering. But Wednesday faces a wild card because those rate projections could be revised depending on the Labor Department’s report for May inflation as measured by the consumer-price index. The report will be released at 8:30 a.m., around 30 minutes before policymakers typically reconvene for their second day

of deliberations.

A disappointing inflation report could hold more officials to a projection of no more than one cut this year. A serene report could lead more of them to pencil in two cuts.

Second, those projections aren’t the result of committee deliberations, even though investors—and occasionally Fed officials—treat them that way. The difference between a median that shows no more than one rate cut versus a median of two or more cuts could be determined by just one or two policymakers.

The Fed meets again in July and September.

Many investors assume a median projection of two cuts would be needed to tee up a rate cut by September. A median of just one would imply rate cuts aren’t likely to start until even later in the year. “It would be taken as a pretty strong signal,” said Jan Hatzius, chief economist at Goldman Sachs.

Some officials who are on the fence about cutting twice this year could pencil in just one reduction to keep their options open. While the projections aren’t a promise of future action, some analysts have said a base case of one cut could be a way to effectively underpromise and overdeliver if inflation data turns out to be placid this summer.

U.S. WATCH



TRAGIC LOSS: An honor guard moved the casket of Minneapolis Police Officer Jamal Mitchell into Maple Grove Senior High School for a memorial service on Tuesday. Mitchell, 36 years old, was shot and killed May 30 by a man he tried to help.

**FLORIDA**

**Transgender Care Restrictions Blocked**

A federal judge on Tuesday struck down a 2023 Florida law that blocked gender-affirming care for transgender minors and severely restricted such treatment for adults.

Senior Judge Robert Hinkle said the state went too far when it barred transgender minors from being prescribed puberty blockers and hormonal treatments with their parents’ permission. He also stopped the state from requiring that transgender adults only receive treatment from a doctor and not from a registered nurse or other qualified medical practitioner. And he barred a ban on online treatment for transgender adults.

The judge said transgender people are constitutionally entitled to the legitimate treatment they need, and compared people who oppose it to those who were once against equality for minorities and women.

Republican Gov. Ron DeSantis’s office called the ruling erroneous and said it would appeal.

—Associated Press

**VERMONT**

**Jet Found in Lake Decades After Crash**

Fifty-three years after a plane carrying five men disappeared on a snowy Vermont night, experts believe they have found the wreckage of the jet in Lake Champlain.

The corporate jet disappeared shortly after departing the Burlington airport for Providence, R.I., on Jan. 27, 1971. Those aboard included two crew members and three employees of the Atlanta development company Cousin’s Properties who were working on a development project in Burlington.

Initial searches for the 10-seat Jet Commander turned up no wreckage and the lake froze over four days after the plane was lost. At least 17 other searches took place until underwater searcher Garry Kozak and a team using a remotely operated vehicle last month found wreckage of a jet with the same custom paint scheme in the lake. It was close to where the radio control tower had last tracked the plane before it disappeared.

—Associated Press

**LOUISIANA**

**Higher Carcinogen Level Is Detected**

Researchers using high-tech air monitoring equipment rolled through an industrialized stretch of southeast Louisiana and found levels of a carcinogen in concentrations as much as 20 times higher than previously estimated, according to a paper published Tuesday in the journal Environmental Science & Technology.

The study by researchers at Johns Hopkins University raises new health concerns for communities that sit among the chemical plants lining a stretch of the Mississippi River between Baton Rouge and New Orleans—dubbed “cancer alley” by environmentalists.

The Environmental Protection Agency considers long-term exposure to inhaled ethylene oxide gas a cancer risk—a stance challenged by the chemical industry. Ethylene oxide is produced in large amounts and used to make a main ingredient in antifreeze and polyester. It is also used to sterilize food, cosmetics and medical equipment, and as a pesticide.

—Associated Press

**ATLANTA**

**1 Dead, 1 Arrested In Bus Hijacking**

One person died after being shot on a commuter bus Tuesday afternoon that led officers on a wild chase from Atlanta into an outlying suburb, striking several vehicles as it barreled through rush-hour traffic with frightened passengers aboard, authorities said.

TV news helicopters followed the dramatic pursuit of the Gwinnett County Transit bus, which police said took off after officers responded to a report of gunfire on a bus and a possible hostage situation near downtown Atlanta.

Atlanta police said the bus was eventually stopped miles away in neighboring DeKalb County and that Joseph Grier, 39, was taken into custody. As officers cleared the bus of passengers, they found an adult victim with a gunshot wound. Authorities said that person was taken to a hospital and died from their injuries.

There were 17 people on the bus, including the driver, but no further injuries were reported, police said.

—Associated Press

Warren Targets Buyout Firms for Hospital ‘Looting’

By Chris Cumming

Sen. Elizabeth Warren introduced a new bill to crack down on private-equity misconduct in the healthcare sector, adding to the political pressure buyout firms face following numerous bankruptcies of medical businesses.

The Massachusetts Democrat, perhaps private equity’s most prominent critic in Congress, on Tuesday proposed the Corporate Crimes Against Health Care Act to create stiff penalties for investors who profit at the expense of healthcare businesses they own.

The bill would impose prison sentences on executives who cause a patient’s death by “looting” a healthcare business such as a nursing home or hospital. It would also let authorities claw back pay and compensation from private-equity firms if a medical business they own becomes insolvent.

Warren unveiled the bill Tuesday at St. Elizabeth’s Medical Center in Boston, part of the Steward Health Care System network of hospitals. Steward filed for bankruptcy last month following years of scrutiny of its financial struggles and the profits earned by its current management as well as by its former private-equity backer, Cerberus Capital Management.

“It is past time we hold private-equity firms and corporate executives accountable for driving companies like Steward into bankruptcy—and empower regulators to prevent similar crises from happening in the future,” Warren said.

Private equity is under immense pressure from lawmakers and regulators amid perceptions that the industry’s healthcare sector investments make money at the expense of patients. Biden administration regulators have started several probes into private equity’s conduct and are working to curtail their acquisitions of healthcare businesses.

The industry has pushed back against these efforts, arguing that it provides needed capital to the healthcare sector, helping expand quality care to more patients and develop lifesaving drugs.

“Private equity in Massachusetts helps develop cures, supports urgent care facilities, and improves access for patients. Senator Warren’s bill is a purely political attack—not a real solution that will help patients, providers and hospitals,” said Drew Maloney, president and chief executive of

the American Investment Council, private-equity’s main trade group.

In the case of Steward, representatives of both the company and Cerberus have said its struggles stemmed from challenging circumstances for healthcare operators, including the Covid-19 crisis.

Concerns about private equity and healthcare have grown louder as more medical companies backed by buyout firms have gone bankrupt. Last year, there were at least 17 bankruptcies of such healthcare businesses, according to an April report from the Private Equity Stakeholder Project, a group that seeks stricter rules for buyout firms. Among them were high-profile businesses such as physician-staffing company Envision Healthcare, once backed by KKR & Co., and behavioral-health provider Center for Autism and Related Disorders, owned by Blackstone.

Warren had been raising alarms about Steward and its management in the months before the company filed for bankruptcy, and said her bill aims to prevent similar events in the future.

Several of the provisions in the measure resemble the Stop Wall Street Looting Act, a Warren-backed proposal seeking to hold private-equity firms and managers responsible for the financial difficulties of the companies they control. Despite support from numerous Democratic lawmakers—and intense opposition from private-equity trade groups—the bill has never come up for a vote in Congress in the five years since it was introduced.

In several respects, the new bill goes beyond Warren’s earlier proposal, including in advocating for prison sentences for some offenses by buyout executives.



Sen. Elizabeth Warren is a top critic of private equity.

CORRECTIONS & AMPLIFICATIONS

Nvidia, Microsoft, Apple and Alphabet made up 25% of the S&P 500 index’s market value on May 28. A chart with the May 30 Streetwise column overstated the share of those companies as about 32%.

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U.S. NEWS



UCLA Quells Latest Round Of Protests

Pro-Palestinian demonstrations flare up as students take final exams

By ALYSSA LUKPAT AND NICHOLAS HATCHER

A new round of pro-Palestinian demonstrations swept the University of California, Los Angeles, where 25 protesters were arrested after setting up an encampment, the latest outburst of campus tensions over the Israel-Hamas war. The UCLA Police Department said about 100 people put up tents and barriers Monday afternoon and moved the encampment twice after being ordered to disperse. The protesters made enough noise to disrupt students taking fi-

nal exams nearby, police said. The people in the demonstration were affiliated with a student group on campus, according to the police department. The protest Monday was the biggest flare-up of campus tensions at UCLA since last month, when more than 200 people were arrested. Pro-Israel counterprotesters clashed with pro-Palestinian demonstrators and threw barricades in one of the most violent episodes of campus protests. Thousands of protesters have been arrested at colleges across the U.S. since mid-April over demonstrations about the war in Gaza. Universities and police have attempted to curb the protests, which swept campuses in April and May but have slowed in recent weeks as school years have concluded.



Police officers faced off with pro-Palestinian protesters outside Dodd Hall at UCLA, above, and took a demonstrator into custody, left, on Monday, amid the latest outburst of campus tensions over the Israel-Hamas war.

Protests also flared up this week at the University of California, Davis, and the University of California, Santa Cruz, which have later ends to their spring terms. At Stanford University, more than a dozen protesters were arrested last week after they barricaded themselves in the president's office. UCLA is in the middle of finals week, with graduation ceremonies scheduled for this weekend. The UCLA police said Monday night that the protesters who were arrested were charged with willful disruption of university operations and were in the process of being released. They were set to receive 14-day stay-away orders from campus property. Mary Osako, a UCLA spokeswoman, said Monday

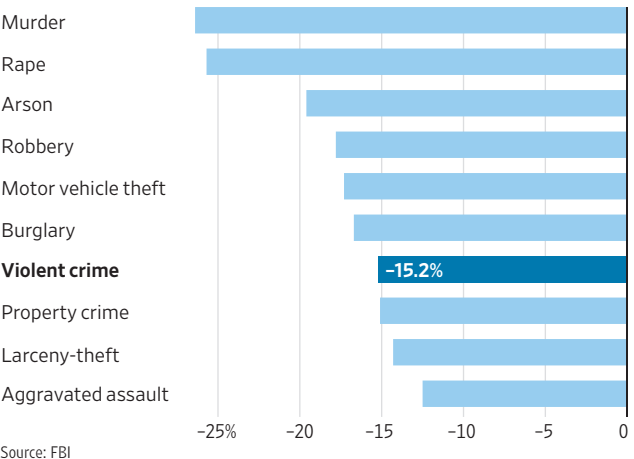
the university's student-affairs and campus-safety teams were helping to ensure the well-being and safety of the campus community. Protesters marched through UCLA's campus Monday carrying coffins and fake corpses while reading the names of Palestinians killed in Gaza during the war, according to student newspaper the Daily Bruin. The university police said the protesters vandalized vehicles and spray-painted brick walkways. There were still about 150 protesters in the area late Monday night following the arrests. UCLA Chancellor Gene Block said in a letter to the school community last week that the violent outbursts over the Israel-Hamas war are being investigated.

"Nearly our entire academic year has been set against the backdrop of war in Gaza," he said. "I do not wish to downplay the anxiety people continue to feel, or the significant healing that we will need to do." Block faced criticism from state leaders, university employees and students that when violence broke out he was too lenient and failed to call law enforcement quickly enough. He previously said he would retire July 31, ending a 17-year run as chancellor. The University of California regents are set to announce UCLA's next chancellor Wednesday. Academic workers in the University of California system have been on strike since last month in response to their schools' crackdowns on pro-

Palestinian protests. A superior court judge in Orange County, Calif., on Friday ordered the union representing the workers to temporarily halt its strike, saying it was disruptive to students in the final days of the school year. The United Auto Workers local 4811 represents 48,000 academic workers across the UC system's 10 campuses and the Lawrence Berkeley National Laboratory. Pro-Palestinian protests have broken out away from campuses, including in New York City, where people were taken into custody following demonstrations Monday, the New York Police Department said. The protesters stood outside an exhibit commemorating victims of Hamas's Oct. 7 attack on a music festival in Israel.

Violent Crime Rate Falls Sharply After Pandemic Surge

Percentage change in U.S. crime reports by type in the first quarter, change from previous year



Source: FBI

By NICHOLAS HATCHER AND ROBERT BARBA

Violent crime fell in the first quarter of 2024 by more than 15%, continuing its post-pandemic decline nationwide, according to data released by the Federal Bureau of Investigation. Homicides and reported rapes both declined about 26% in the first three months of 2024 compared with a year earlier, data from the FBI's quarterly uniform crime report showed. Robberies were down about 18% and aggravated assault fell by about 13%, the FBI said. Reported property crime declined about 15%.

The homicide rate continues to fall in big U.S. cities after skyrocketing during the first two years of the Covid-19 pandemic. Police officials and criminologists have said the factors that contributed to an increase in violent confrontations in the early days of the pandemic are receding. Violent crime fell across all regions of the country and in cities of all population sizes. A recent survey from the Major Cities Chiefs Association, a professional organization of police officials, showed that violent crime had declined in major U.S. cities during the first three months of 2024. Homicides fell during the first

quarter in 45 of the 68 cities whose agencies responded to the survey. The latest FBI report is based on data voluntarily submitted by 13,719 of over 19,000 law-enforcement agencies across the U.S., the FBI said. The rate of violent crime includes the most serious offenses: homicide, rape, aggravated assault and robbery. The murder rate in the first quarter is well below prepandemic levels, said John Roman, a senior fellow in the Economics, Justice and Society department at NORC at the University of Chicago. Using FBI data and several other sources, Roman estimates the

first-quarter murder rate at 4.5 deaths per 100,000 people. In 2019, the rate was 5.1. "We are nearing 50-year lows," Roman said. Beyond the disruption to daily life people experienced in 2020, Roman attributed the rise in murders during the pandemic in part to the 1.2 million local government jobs that were lost. Among those ranks were police officers, teachers, school counselors and others who typically served as guideposts for young men, those most likely to commit murders or be murder victims, he said. Local-government employment rebounded to prepandemic levels last year.

New York Bill Hits Energy Firms on Climate

By H. CLAIRE BROWN

New York legislators passed a bill last week that would charge fossil-fuel companies a total of \$3 billion a year for 25 years to pay for costs associated with climate change. The Climate Change Superfund Act is now headed to Gov. Kathy Hochul's desk for her signature. If enacted, New York will become the second U.S. state with a law requiring fossil-fuel companies to bear some of the financial burden of climate change. Vermont led the charge last month. Similar bills have been introduced in California, Massachusetts and Maryland. New York Sen. Liz Krueger, a sponsor of the bill, said \$3 billion wouldn't cover the full annual cost of adaptation and mitigation. "We're probably spending a lot more than that a year already, and the numbers keep growing when you look at flooding damage, storm damage, rising water tables, fires, pollution, health—all these things being caused by climate change." Saudi Aramco, which tops the list of potentially affected companies, could owe New York \$644 million a year, according to a memo written by Krueger and her co-sponsor last year. That is about 2% of the company's first-quarter 2024 profits, which totaled \$27.27 billion.

Exxon Mobil, Shell, Pemex, BP, Chevron and Peabody Energy could each owe upward of \$150 million annually, according to the memo. None of the companies mentioned in this article responded to requests for comment. A representative for Krueger emphasized that the numbers in the memo are approximate, and state regulators would further analyze which companies are covered and how much they owe. Scott Lauermann, a spokesman for the American Petroleum Institute, which represents oil-and-gas companies, said he hopes Gov. Hochul will veto the legislation. "This punitive new fee represents yet another step in a coordinated campaign to undermine America's energy advantage and the economic and national security benefits it provides." If enacted, the New York law is likely to face legal challenges, as is Vermont's law. Opponents have argued that states don't have the authority to regulate emissions, that companies shouldn't be charged retroactively for emissions that were legal at the time, and that it is unfair to

focus solely on fossil-fuel companies and not the power plants and car drivers who used the energy they sold. Krueger said she assumes it will be years before the state collects any money from the companies, but she was confident the law would hold up in court. "After they lose the lawsuit, we believe they will pay, and we believe that other states will quickly follow in our footsteps," she said. Heightened interest in Climate Superfund legislation is driven in part by the slow progress of lawsuits brought by states and cities seeking compensation from fossil-fuel companies, said Michael Gerrard, founder of the Sabin Center for Climate Change Law at Columbia Law School. These cases have been ongoing since 2017. "It's an expression of the urgency [state legislators] feel about the climate crisis, and frustration that better methods haven't happened yet—that Congress hasn't passed comprehensive legislation, that these lawsuits have dragged on," he said. Even if lawsuits or Superfund laws survive in court, state-level action is a piece-

meal, sometimes uneven means of tying climate funding to corporate activity. Gerrard pointed out that many believe a more straightforward solution is a federal carbon tax, which would have the advantage of motivating companies to reduce emissions in the future rather than punishing them for past damages. "Would I prefer this all be done at the federal level? Yes," said Krueger. "But the states have learned over the last few years, we can't count on the federal government to do these things for us." The New York law would apply to about three dozen companies, according to last year's memo. These are corporations whose operations released more than one billion metric tons of carbon dioxide-equivalent emissions between 2000 and 2018 and that meet a certain threshold for doing business in the state. The plan is to calculate fees in proportion to emissions, and estimates range from \$200,000 for the lowest emitter to \$644 million for the highest. The revenue would be used to pay for climate-related infrastructure upgrades such as coastal wetlands restoration or stormwater drainage system projects. It could also go toward installing energy-efficient cooling systems in schools and public housing, according to the bill.

Fossil-fuel companies would be charged \$3 billion a year.

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U.S. NEWS

For Biden Family, Another Dark Moment

Conviction puts new stress on president, with possible October sentencing of his son

By ANNIE LINSKEY

WASHINGTON—Hunter Biden’s conviction Tuesday on three felony offenses represents another dark moment for a family that has endured a series of tragedies, and comes after a trial that laid bare the strain his addiction put on the president and relatives who have rallied around him.

The unprecedented felony conviction of a sitting president’s son raises the possibility that Hunter Biden will face some prison time, and leaves him with a criminal record going into a separate tax-evasion trial that is currently set for September. His sentencing could occur in October, just weeks before President Biden’s expected rematch with Republican Donald Trump—who made history with his own felony conviction last month.

The political impact of the conviction is muddled: The president and his allies have made a point recently of branding Trump a “convicted felon,” a label the president’s

son now also carries. Trump and his fellow Republicans have criticized Hunter Biden over his business dealings but have mostly avoided doing so over the gun case, and there is little sign in polling that voters paid attention to the proceedings in Delaware.

Perhaps most significantly, the conviction gives the president a new reason to worry about the health of his son, whom he already contacts daily out of a concern that his recovery will be disrupted. The president scrambled his schedule Tuesday afternoon—on the eve of a trip to Italy for the G-7 summit—to fly from Washington to Wilmington to be with his son. That was after first lady Jill Biden ping-ponged between France and the U.S. last week to alternate between being with her husband and with Hunter Biden, whom she helped to raise after the death of his mother.

Hunter Biden’s legal problems stem largely from his addiction to drugs and alcohol, a problem that he has traced back to the pain of losing his mother and sister in a car crash in December 1972, when he was 2 years old. His addiction significantly worsened after his older brother Beau Biden died of brain cancer in May 2015.

The impact of those tragedies, and grisly details about how Hunter Biden responded to them, became the focus of a roughly weeklong trial. Those proceedings exposed drug use, pain wrought by Hunter Biden’s infidelity and his lack of attentiveness to his children at key moments in their lives.

It also highlighted the family’s determination to move forward and support one another in the face of scandal and pain. Over the past week, a number of members of the Biden family, including some who felt the brunt of Hunter Biden’s choices, came to support him. And the trial also showed that Joe Biden’s family was in chaos as he decided to run for president for a third time and step onto the world’s largest stage.

The White House has sought to separate President Biden’s roles as national leader and supportive father, casting his son’s troubles as a personal matter to be handled privately. But on Tuesday the two collided.

“I am the President, but I

am also a Dad. Jill and I love our son, and we are so proud of the man he is today,” Biden said in a statement issued about 40 minutes after the verdict was announced. “I will accept the outcome of this case and will continue to respect the judicial process as Hunter considers an appeal. Jill and I will always be there for Hunter and the rest of our family with our love and support. Nothing will ever change that.”

But the president’s schedule revealed how difficult it is to separate those two roles. Roughly three hours after Hunter Biden was found guilty of gun offenses, the president touted his own efforts to stiffen gun restrictions during a speech at Everytown for Gun Safety in Washington.

The president urged activists to continue pushing harder for stricter gun laws.

“Whether we’re Democrats or Republicans we want our families to be safe,” Biden said during the address. “We all want to drop them off at a house of worship, malls or

movie theaters or schools without worrying it’s the last time I’m going to get to see them.”

He made no mention of his son, and left for Wilmington immediately after. When the president’s helicopter landed in Delaware, Hunter Biden greeted his father on the tarmac. Father and son hugged and spoke for several minutes.

Biden has ruled out pardoning his son. A White House spokesman didn’t respond to a question about whether the president would commute a prison sentence, should Hunter Biden receive one. The charges carry the potential for 25 years behind bars, but as a first-time offender who didn’t commit violence he has a strong argument to minimize the sentence.

Hunter Biden’s team has argued that the case was only brought because Joe Biden is president, noting that the Justice Department doesn’t typically prosecute gun cases like this one without another underlying crime. He was found guilty of falsely claiming to be drug-free when applying to buy a handgun, lying to a federally licensed gun dealer and illegally possessing a gun.

The conviction, while potentially embarrassing to Joe Biden, isn’t connected to him at

all and offers evidence for his case that he has kept politics out of his Justice Department, even as Republicans claim it has been weaponized against Trump.

Republicans have been hesitant to seize on this aspect of the Biden family legal woes, because the offenses stem from addiction, which affects vast swaths of voters, and because many Republicans would like to erase the gun laws that Hunter Biden broke.

“Hunter might deserve to be in jail for something, but purchasing a gun is not it,” said Rep. Thomas Massie (R., Ky.) in a social-media post shortly after the conviction. Rep. Matt Gaetz (R., Fla.), hardly a Biden defender, simply said the conviction was “kinda dumb.”

Karoline Leavitt, a spokeswoman for Trump’s campaign, claimed the Delaware trial was “nothing more than a distraction from the real crimes” committed by the Bidens. Trump and House Republicans have painted the president as being in the center of a web of foreign business deals struck by Hunter Biden. But they have failed to produce any evidence that the president profited from his son’s business.

—Catherine Lucey contributed to this article.

The president has ruled out issuing a pardon for Hunter Biden.

President’s Son Guilty In Gun Case

*Continued from Page One*

As he departed the courtroom, he smiled and embraced his lawyer Abbe Lowell and other members of his defense team, then hugged his wife, Melissa Cohen Biden.

“I am more grateful today for the love and support I experienced this last week from Melissa, my family, my friends, and my community than I am disappointed by the outcome,” Hunter Biden said.

Lowell had argued that his client believed at the time he purchased the gun that he was in recovery and not addicted to or actively using drugs.

The president’s son faces up to 25 years behind bars, although any prison term is likely to amount to a fraction of that maximum sentence. Judge Maryellen Noreika said that sentencing dates are typically scheduled four months after a conviction.

The conviction of the president’s son comes two weeks after his presumptive opponent in November, Republican ex-president Donald Trump, was convicted by a jury in New York of 34 felonies for falsifying records to cover up hush money paid to a porn star on the eve of his 2016 election win. That made Trump the first former president in U.S. history to be convicted of a crime.



Hunter Biden leaves federal court Tuesday in Wilmington, Del., with first lady Jill Biden and his wife, Melissa Cohen Biden.

Republican lawmakers have tried to tie Hunter Biden’s business dealings, particularly with foreign companies, to the president, and to portray the Biden family as corrupt. They have produced no evidence that Joe Biden was involved in or benefited from his son’s dealings, although they have shone a light on how Hunter Biden leveraged his family’s name and the prospect of access to power, sometimes putting his father on speaker phone while meeting with business associates.

Hunter Biden is expected to face another trial on tax charges in Los Angeles in September, which could feature still more damaging details about his lavish spending and lifestyle.

President Biden has said he wouldn’t pardon his son but has otherwise stood by him, issuing a statement saying he was “so proud of the man” Hunter Biden is now.

The White House didn’t respond to an inquiry about whether the president would consider a commutation, a separate form of clemency that

would reduce his sentence.

The president said he would “accept the outcome of this case and will continue to respect the judicial process as Hunter considers an appeal.”

Any such appeal would likely involve arguments that the gun charges are unconstitutional under the Second Amendment. Hunter Biden, who found an unlikely ally in gun-rights groups, had raised that argument in a bid to toss the charges ahead of trial. Noreika, a Trump appointee, rejected it last month.

An appeal on Second Amendment grounds could benefit from a recent Supreme Court decision that bolstered gun-ownership rights and came under harsh criticism from his father.

On Tuesday afternoon, the president spoke at a gun safety event about his recent efforts to increase and enforce gun-control laws.

Hunter Biden was indicted on the gun charges last year following the collapse of an agreement in which he had been set to plead guilty to a

pair of misdemeanor tax charges and avoid prosecution related to the gun purchase. The plea deal disintegrated in stunning fashion after prosecutors and defense lawyers couldn’t overcome differences about the extent of the immunity from potential future charges Biden would receive.

Attorney General Merrick Garland then conferred special counsel status on David Weiss, the U.S. attorney who had been overseeing the probe for years, further prolonging the investigation.

“This case was not just about addiction. This case was about the illegal choices the defendant made while in the throes of addiction,” Weiss said on Tuesday.

The trial played out just weeks before the president’s first debate with his predecessor, Trump.

Many of Hunter Biden’s family members watched his trial from the front rows.

His uncle James, his aunt Valerie Biden and friend Kevin Morris watched as the verdict was read. First lady Jill Biden, who had sat through much of the trial, tried to make it inside for the verdict but didn’t reach the courtroom in time.

“We all knew he was a drug addict,” one juror told CNN. “In his mind, how could he not know he was an addict?”

Watch a Video

Scan this code for a video on Hunter Biden’s conviction in his federal gun trial.

Mace Survives Republican Challenge in South Carolina

By NATALIE ANDREWS

Rep. Nancy Mace fended off a Republican primary challenger in a closely watched South Carolina race Tuesday, following a tumultuous year in which she joined other GOP rebels to oust former Speaker Kevin McCarthy.

With nearly two-thirds of the vote tallied, Mace led challenger Catherine Templeton 57% to 30%, with a third candidate, William Young, at 13%. The Associated Press projected Mace would secure the majority needed to avoid a runoff. The conservative makeup of the district means Mace is likely to win in the fall and hold on to her seat for a third term.

The lawmaker, 46 years old, faced a tough challenge from Templeton, 53, a former state official and businesswoman. Groups allied with McCarthy backed Templeton, and the race became one of the most expensive primaries in the state’s history. The district covers coastal South Carolina around Charleston.

Mace was backed by former President Donald Trump, whom she had previously criticized over his actions on Jan. 6, 2021, but later supported.

The endorsement from Trump, the presumptive Republican presidential nominee this fall, was the only one that mattered, Mace said.

Templeton was backed by groups upset over Mace’s vote to oust McCarthy and said the two-term congresswoman has embarrassed the district. Mace countered that Templeton inflated her résumé and was dishonest with voters, which Templeton denied. Millions of dollars were spent in the race, including by groups such as Winning for Women, which started the cycle backing Mace but switched to Templeton.

Mace had the backing of South Carolina GOP Rep. Ralph Norman, while Templeton had the endorsement of Rep. Joe Wilson, the longest-serving Republican from the state.

Mace has taken centrist positions on abortion rights, while voting with her party’s right flank against the debt ceiling deal last year. She voted against banning Chinese-owned TikTok, unlike most of her GOP colleagues.

But her most notable stance was backing McCarthy’s ouster last year, in which she joined seven hard-line conser-



Rep. Nancy Mace joined the effort that toppled former House Speaker Kevin McCarthy.

vative members to engineer the speaker’s removal. She later wore a scarlet letter on her shirt after drawing criticism over her vote.

In another closely watched South Carolina race, near the state’s northwestern corner, GOP Rep. William Timmons

was challenged by state Rep. Adam Morgan, 35, who is chairman of the South Carolina Freedom Caucus.

With about half the vote counted, Timmons had 56%, while Morgan had 44%.

Representing one of the most conservative areas of the

state, Timmons, 40, faced questions over his vote to back McCarthy and his bipartisan work on Congress’s modernization committee, which recommended making permanent an office of diversity and inclusion in Congress.

Timmons ran ads that

touted the backing of Trump, as well as Reps. Marjorie Taylor Greene (R., Ga.) and Jim Jordan (R., Ohio), to push back on the accusations that he isn’t conservative enough.

GOP Rep. Matt Gaetz of Florida and Norman backed the 35-year-old Morgan in the race.

In a special election Tuesday in Ohio for an open House seat, Republican state Sen. Michael Rulli defeated Democrat Michael Kripchak, an Air Force veteran, to keep the district in GOP hands.

In Nevada, GOP voters picked Sam Brown, a decorated war veteran who had Trump’s endorsement, to run against first-term Democratic Sen. Jacky Rosen. One of Brown’s Republican opponents, Jeff Gunter, had served as ambassador to Iceland under Trump. Democrats currently have a 51-49 majority in the Senate, and Nevada is seen as a potential Republican pickup.

In a competitive House district in Maine, former NASCAR driver Austin Theriault was the Republicans’ pick to take on Democratic Rep. Jared Golden in the fall. Theriault will have the support of key GOP groups. Republicans lost the seat in 2019.



WORLD NEWS

Calls Grow for Netanyahu to Make Choice

U.S., domestic rivals demand clarity after opposition member of war cabinet quits

By RORY JONES  
AND ALAN CULLISON

TEL AVIV—Israeli Prime Minister Benjamin Netanyahu repeatedly has articulated what he doesn’t want in Gaza: no Hamas, no Palestinian Authority and no permanent cease-fire until the hostages are all home. Now, the Israeli leader faces increasing pressure to say what he does want. The decision likely will shape his political career and the future of the war in Gaza. Netanyahu met Monday with Secretary of State Antony Blinken, who is in the Middle East pushing a cease-fire plan promoted by President Biden that has been met with skepticism by the Israeli leader and Hamas. The U.S. is seeking to publicly pressure both Netanyahu and Hamas into a cease-fire deal, but the two sides still are at odds about how and when a permanent end to fighting would come. Blinken told reporters Tuesday that Netanyahu had “reaffirmed his commitment” to a Gaza cease-fire proposal during a meeting in Jerusalem. But the prime minister’s office didn’t immediately comment on the talks.

Far-right members of Netanyahu’s coalition have threatened to leave the government if Israel accepts a deal that halts the war. The departures could collapse the prime minister’s coalition and lead to his ouster. Netanyahu has said that Israel would only negotiate a permanent end to the war in a later phase of a cease-fire, when Israel would force Hamas to give up its military and governance capabilities. Those demands are nonstarters for Hamas, a U.S.-designated terrorist organization, which has said the two sides must agree to end the fighting now. Blinken met Tuesday morning with the head of Israel’s parliamentary opposition, Yair Lapid, who has offered to back Netanyahu’s government if the leader agrees to a deal. America’s top diplomat also met with Benny Gantz, a former army chief who over the weekend quit Netanyahu’s government and war cabinet, arguing that the prime minister doesn’t have a long-term strategy for the conflict. “I think there’s a strong consensus again behind moving forward with proposals,” said Blinken, who repeated earlier assertions that the main obstacle to a deal was Hamas. Hamas on Tuesday said that it supported a United Nations Security Council resolution adopted a day earlier calling on Hamas to accept a



Secretary of State Antony Blinken at a conference in Jordan.

cease-fire deal. But later in the day, in response to the U.S.-promoted cease-fire plan, the militant group, along with its affiliate Palestinian Islamic Jihad, again stressed the need for a permanent cessation of the conflict. It has pushed for written guarantees that Israel won’t restart the war after an initial pause. Following the response, Qatar said it would continue mediation efforts alongside the U.S. and Egypt. Netanyahu, absent a cease-fire deal, faces pressure to make other decisions. His defense minister, Yoav Gallant, and opposition leaders are urging him to articulate a plan for how to administer Gaza, lest Israel be left with a costly military occupation or a return to rule by Hamas.

Far-right members of Netanyahu’s coalition are also boxing him in, calling for Israel to occupy Gaza and resettle it with Jewish communities. The politicians could hold greater sway over the direction of the war after the departure of Gantz, who was one of three voting members in the war cabinet, alongside the prime minister and Gallant. Amplifying the pressure on the prime minister to make a decision are exchanges of fire with Hezbollah on Israel’s northern border, where the two sides are moving closer to a full-scale war after months of escalating hostilities driven by the conflict in Gaza. The Israeli military’s operation in the southern Gaza city of Rafah, meanwhile, is likely

to come to an end within weeks, as Israel could achieve its goal of disrupting Hamas’s last military battalions and smuggling networks, according to military analysts. That could mark a moment when Netanyahu would have to decide what comes next. “It’s a time of decisions,” said Israel Ziv, a former commander of the Israeli military’s Gaza Division. “Netanyahu can’t run away or delay.” Netanyahu has repeatedly said that Israel must apply military pressure on Hamas in Gaza to free hostages and to destroy the group’s military capabilities. Only then, Netanyahu has said, can he ensure the safety of Israeli citizens and restore a sense of deterrence among its enemies. The prime minister’s standing among Israelis was buoyed over the weekend when two Israeli commando teams rescued four hostages held in central Gaza. The complex operation resulted in scores of Palestinian casualties during a firefight in a crowded urban area. While the rescue was celebrated inside Israel, the families of other hostages in Gaza again urged the prime minister to agree to a cease-fire deal for their release. The Palestinian fatalities also heaped diplomatic pressure on Israel, with U.N. High Commissioner for Human Rights Jeremy Laurence saying Tuesday that he was “pro-

foundly shocked at the impact on civilians.” Palestinian health authorities said 274 Gazans were killed and nearly 700 injured from airstrikes, shelling and gunfire. The Israeli military said most of the dead were militants. The three-phase cease-fire plan outlined by Biden late last month would begin with a complete cease-fire over six weeks, a withdrawal of Israeli forces from populated areas of Gaza and the release of some hostages held by Hamas. The second phase would see a permanent end to the hostilities, a full Israeli withdrawal from Gaza and the release of remaining hostages. Phase three would involve a plan for the reconstruction of Gaza. The U.S. has said it wants a revived Palestinian Authority to administer Gaza—an idea opposed by members of Netanyahu’s Likud party and his far-right coalition partners. But the White House has also dangled in front of Netanyahu the prospect of normalization with Saudi Arabia, the Arab world’s biggest economy and political power. Hamas is deploying small cells using hit-and-run guerrilla tactics after Israel has disrupted the group’s more formal military structure. Some Israeli military and political analysts say that Netanyahu has no other option than to manage an Israeli occupation for months or even years to destroy Hamas’s resistance.

Sinwar Says Deaths Help Hamas

Continued from Page One Journal—that Sinwar has transmitted to cease-fire negotiators, Hamas compatriots outside Gaza and others, he has shown a cold disregard for human life and made clear he believes Israel has more to lose from the war than Hamas. The messages were shared by several people with differing views of Sinwar. More than 37,000 people have been killed in Gaza since the start of the war, most of them civilians, Palestinian officials said. The figure doesn’t specify how many were combatants. Health authorities said nearly 300 Palestinians were killed Saturday in an Israeli raid that rescued four hostages kept in captivity in homes surrounded by civilians—driving home for some Palestinians their role as pawns for Hamas.

In one message to Hamas leaders in Doha, Sinwar cited civilian losses in national-liberation conflicts in places such as Algeria, where hundreds of thousands of people died fighting for independence from France, saying, “these are necessary sacrifices.” In an April 11 letter to Hamas political leader Ismail Haniyeh after three of Haniyeh’s adult sons were killed by an Israeli airstrike, Sinwar wrote that their deaths and those of other Palestinians would “infuse life into the veins of this nation, prompting it to rise to its glory and honor.”

Relentless violence

Sinwar isn’t the first Palestinian leader to embrace bloodshed as a means to pressure Israel. But the scale of the collateral damage in this war—civilians killed and destruction wrought—is unprecedented between Israelis and Palestinians. Despite Israel’s ferocious effort to kill him, Sinwar has survived and micromanaged Hamas’s war effort, drafting letters, sending messages to cease-fire negotiators and deciding when the U.S.-designated terrorist group ramps up or dials back its attacks. His ultimate goal appears to be to win a permanent cease-fire that allows Hamas to declare a historic victory by outlasting Israel and claim leadership of the Palestinian national cause. President Biden is trying to force Israel and Hamas to halt the war. But Prime Minister Benjamin Netanyahu of Israel is opposed to permanently ending the fight before what he calls “total victory” over Hamas.



Yahya Sinwar, Hamas leader in Gaza, greeted supporters in May 2021 after a truce ended an 11-day war between Hamas and Israel.

Even without a lasting truce, Sinwar believes Netanyahu has few options other than occupying Gaza and getting bogged down fighting a Hamas-led insurgency for months or years. It is an outcome that Sinwar foreshadowed six years ago when he first became leader in the Gaza Strip. Hamas might lose a war with Israel, but it would cause an Israeli occupation of more than two million Palestinians. “For Netanyahu, a victory would be even worse than a defeat,” Sinwar told an Italian journalist writing in 2018 in an Israeli daily, Yedioth Ahronoth. Sinwar, now in his early 60s, was about 5 years old when the 1967 war brought him his first experience of significant violence between Israelis and Arabs. That brief fight reordered the Middle East. Israel took control of the Golan Heights from Syria and the West Bank from Jordan. It also captured the Sinai Peninsula from Egypt, as well as the Gaza Strip, where Sinwar grew up in a United Nations-run refugee camp. The conflict was a constant presence. Sinwar joined the movement that eventually became Hamas in the 1980s, becoming close to founder Sheikh Ahmed Yassin, according to the transcript of his confession to Israeli interrogators in 1988. He received multiple life sentences for murder and spent 22 years in prison before being freed in a swap along with 1,000 other Palestinians in 2011 for Israeli soldier Gilad Shalit. During the negotiations between Israel and Hamas, Sinwar was influential in pushing

for the freedom of Palestinians who were jailed for murdering Israelis. He wanted to release even those who were involved in bombings that had killed many Israelis, and was so maximalist in his demands that Israel put him in solitary confinement so he wouldn’t disrupt progress. When he became leader of Hamas in Gaza in 2017, violence was a constant in his repertoire. Hamas had wrested control of Gaza from the Palestinian Authority in a bloody conflict a decade earlier, and while Sinwar moved early in his tenure to reconcile Hamas with other Palestinian factions, he warned that he would “break the neck” of anyone who stood in the way. In 2018, Sinwar supported weekly protests at the fence between Gaza and Israeli territory. Fearful of a breach in the barrier, the Israeli military fired on Palestinians and agitators who came too close. It was all part of the plan. “We make the headlines only with blood,” Sinwar said in the interview at the time with an Italian journalist. “No blood, no news.” In 2021, reconciliation talks between Hamas and Palestinian factions appeared to be progressing toward legislative and presidential elections for the Palestinian Authority, the first in 15 years. But at the last moment, Palestinian Authority President Mahmoud Abbas canceled polls. With the political track closed, Sinwar days later turned to bloodshed

to change the status quo, firing rockets on Jerusalem amid tensions between Israelis and Palestinians in the city. The ensuing 11-day conflict killed 242 Palestinians and 12 people in Israel. Israeli airstrikes caused such damage that Israeli officials believed Sinwar would be deterred from again attacking Israelis. But the opposite happened: Israeli officials now believe Sinwar then began planning the Oct. 7 attacks. One aim was to end the paralysis in resolving the Israeli-Palestinian conflict and revive its global diplomatic importance, Arab and Hamas officials familiar with Sinwar’s thinking said. Israel’s occupation of the Palestinian territories had lasted more than half a century, and Netanyahu’s far-right coalition partners were talking about annexing land in the West Bank that Palestinians wanted for a future state. Saudi Arabia, once a champion of the Palestinian cause, was in talks to normalize relations with Israel. Though Sinwar planned and greenlighted the deadly Oct. 7 attacks, early messages to cease-fire negotiators show he seemed surprised by the brutality of Hamas’s armed wing and other Palestinians, and how easily they committed civilian atrocities. “Things went out of control,” Sinwar said in one of his messages, referring to gangs taking civilian women and children as hostages. “People

got caught up in this, and that should not have happened.” This became a talking point for Hamas to explain away the Oct. 7 civilian toll. **Crossed signals** Early in the war, Sinwar focused on using the hostages as a bargaining chip to delay an Israeli ground operation in Gaza. A day after Israeli soldiers entered the strip, Sinwar said Hamas was ready for an immediate deal to exchange its hostages for the release of all Palestinian prisoners held in Israel. But Sinwar misread how Israel would react to Oct. 7. Netanyahu declared Israel was going to destroy Hamas and said the only way to force the group to release hostages was through military pressure. Sinwar appears to also have misinterpreted the support that Iran and Lebanese militia Hezbollah were willing to offer. When Hamas political chief Haniyeh and deputy Saleh al-Arouri traveled to Tehran in November for a meeting with Iranian Supreme Leader Ayatollah Ali Khamenei, they were told Tehran backed Hamas but wouldn’t be entering the conflict. “He was partly misled by them and partly misled himself,” said Ehud Yaari, an Israeli commentator who has known Sinwar since his days in prison. “He was extremely disappointed.” By November, Hamas’s political leadership privately began distancing themselves from Sinwar, saying he launched the Oct. 7 attacks without telling them, said Arab officials who spoke to Hamas. At the end of November, Is-

rael and Hamas agreed to a cease-fire and the release of some hostages, but the deal collapsed after a week. As Israel’s army quickly dismantled Hamas’s military structures, the group’s political leadership began meeting other Palestinian factions in December to discuss reconciliation and a postwar plan. Sinwar wasn’t consulted. Sinwar in a message sent to the political leaders blasted the end-around as “shameful and outrageous.” “As long as fighters are still standing and we have not lost the war, such contacts should be immediately terminated,” he said. “We have the capabilities to continue fighting for months.” On Jan. 2, Arouri was killed in a suspected Israeli strike in Beirut, and Sinwar began to change the way he communicated, Arab officials said. He used aliases and relayed notes only through a handful of trusted aides and via codes, they said. Still, his communications indicate he began to feel things were turning Hamas’s way. By the end of that month, Israel’s military advance had slowed to a grueling battle in the city of Khan Younis, Sinwar’s hometown. Israel began to lose more troops. Arab mediators hastened to speed up cease-fire talks, and on Feb. 19, Israel set a dead line for a month later for Hamas to return the hostages or face a ground offensive in Rafah, what Israeli officials described as the militant group’s last stronghold. Sinwar urged his comrades in Hamas’s political leadership outside Gaza to push for a permanent end to the war. High civilian casualties would create worldwide pressure on Israel, Sinwar said. The group’s armed wing was ready for the onslaught, Sinwar’s messages said. Netanyahu said Israel needed to expand into Rafah to destroy Hamas’s military structure there and disrupt smuggling from Egypt. Sinwar’s response: Hamas fired on Kerem Shalom crossing May 5, killing four soldiers. Hamas officials outside Gaza began to echo Sinwar’s confident posture. Israel has since launched its Rafah operation. But as Sinwar predicted, it has come at a humanitarian and diplomatic cost. Sinwar’s messages, meanwhile, indicate he’s willing to die in the fighting. In a recent message to allies, the Hamas leader likened the war to a 7th-century battle in Karbala, Iraq, where the grandson of the Prophet Muhammad was controversially slain. “We have to move forward on the same path we started,” Sinwar wrote. “Or let it be a new Karbala.”

‘We make the headlines only with blood,’ Sinwar says. ‘No blood, no news.’



WORLD NEWS

Hostages Faced Punishments, Fear, Isolation

First details emerge about captivity of three Israeli men; months in the dark

By DOV LIEBER  
AND CARRIE KELLER-LYNN

TEL AVIV—For six months, the three men lived in a single dark room, sleeping on small mattresses on the ground. Their sole contact with the outside world came from the guards who brought them food and at times abused them. They could hear the family downstairs, but never met them. One day, when the family went out, they were allowed downstairs to use the kitchen. If the captives didn't follow strict rules, their captors doled out punishments including locking them in the bathroom and piling blankets on them in the heat. They repeatedly threatened death. The hostages played cards, studied Arabic, taught each other Hebrew or Russian and kept time in journals. The three became close friends, a bond that helped them through the ordeal. Their guards at times told them that no one cared about them or was coming for them. But one day, they were allowed to watch Al Jazeera's Arabic broadcast and saw a rally in Tel Aviv by the families of the hostages. One of them spotted his own face among those whose freedom was being demanded. "It made him feel he hadn't been forgotten," said Aviram Meir, the uncle of hostage Almog Meir Jan. When Israeli special forces burst into a building in central

Gaza on Saturday, they got to the room where Meir Jan, 22 years old, Andrei Kozlov, 27, and Shlomi Ziv, 41, had spent most of their time since being taken captive from a music festival in Israel in the Hamas-led attacks on Oct. 7. The account of their time as captives in Gaza is based on interviews with relatives of the hostages, and Israeli security and medical officials. Some of the details are being reported for the first time. Much remains to be revealed about what the three men and Noa Argamani, 26, also taken captive at the festival and rescued in the same operation from a building about 200 yards away, went through. Relatives said they were advised to not probe for details. A full account of the abuses suffered by hostages released earlier didn't emerge until more than a month after their release. They have described being kept in tunnels and being abused psychologically, physically and sexually. The four hostages rescued on Saturday smiled in videos, and none looked emaciated as they were greeted by family and friends. But a doctor who has been treating rescued or released hostages said that despite their cheerful demeanor on TV, they had endured "physical and mental torture." Dr. Itai Pessach, who is part of a team at Sheba Medical Center in central Israel and treated the hostages rescued on Saturday, said their initial appearances had a lot to do with the adrenaline running through their bodies, and jubilation on being released. Israeli security forces and the hostages identified Palestinian journalist Abdullah Alja-



Above, Noa Argamani, here with her father, Yakov Argamani, after her rescue, was held in a different building than the three rescued male hostages, who include Almog Meir Jan, left.

mal, who lived in the apartment, as one of their captors. Abdullah and his father, Ahmad Aljamal—a doctor and imam at a local Hamas-run mosque—were both killed during the operation. Neighbors said they always knew Abdullah Aljamal was affiliated with Hamas. The rescue operation sparked heavy fighting in the crowded streets of Nuseirat in central Gaza. Palestinian health authorities said 274 Gazans were killed and almost

700 injured. The Israeli military said about 100 Palestinians were killed or wounded, including Hamas militants and civilians caught in crossfire. The Biden administration is pushing Hamas and Israel to accept a deal that would halt the war and release the hostages being held in Gaza. Many of the relatives of those being held captive support such a deal, as do relatives of the four newly rescued. Pessach said it is likely that

the captives' weight fluctuated during their captivity due to fear, stress and maltreatment. He said they showed signs of having suffered muscle atrophy and malnutrition and have lost the ability to perform certain activities. "We've heard stories that are beyond anything you can imagine," Pessach said. When the three male hostages arrived in Israel they looked well groomed, with buzzed heads and clean beards. Aviram Meir, the uncle of Meir Jan, said the three were able to groom themselves in captivity. He described his nephew as pale. "They hadn't seen the sun for eight months," he said. The rescue will force Hamas to change how it hides hostages, but won't necessarily increase the harshness of conditions, said Younis Al-Zuraie, a Palestinian political analyst. "They will likely ensure that no more than one hostage is in the same location and will

move hostages frequently to avoid detection," Al-Zuraie said. It isn't clear yet where the three male hostages were held before moving to the home where they were rescued. Argamani had been held in homes with other hostages before her final place of captivity. The fact that the three male hostages were kept together for so long without a rescue mission shows the high level of intelligence necessary to pull one off, said Avi Kalo, a former hostage-affairs commander in the Israeli military. "They need to be verified with high standards of intelligence," he said. —Abeer Ayyoub and Saleh al-Batati contributed to this article.

Watch a Video

Scan this code to see an uncle of a rescued hostage describe their ordeal.

WORLD WATCH



SQUASH GAME: Staffers at Art Basel in Switzerland stood next to 'Aspiring to Pumpkin's Love, the Love in My Heart' by Japanese artist Yayoi Kusama on Tuesday.

**YEMEN**  
**Migrant Boat Sinks, Killing at Least 49**  
A boat carrying migrants sank off the coast of Yemen, killing at least 49 people and leaving a further 140 missing, the International Organization for Migration said Tuesday. The boat was carrying about 260 Somalis and Ethiopians from the northern coast of Somalia on the 200-mile journey across the Gulf of Aden when it sank Monday off Yemen's southern coast, the U.N. agency said. The search for survivors continued, with 71 rescued so far, the IOM said, adding that the dead include 31 women and six children. Yemen is a major route for migrants from East Africa and the Horn of Africa trying to reach Gulf countries for work. Despite a nearly decadelong civil war in Yemen, the number of arriving migrants has tripled in recent years to more than 90,000 in 2024, the IOM said last month. To reach Yemen, migrants are taken by smugglers on often dangerous, overcrowded boats across the Red Sea or Gulf of Aden. The IOM said at least 1,860 people have died or disappeared along the route, including 480 who drowned. —Associated Press

**SUDAN**  
**Prosecutor Seeks Atrocities Evidence**  
The International Criminal Court's chief prosecutor appealed Tuesday for information and evidence of atrocities in Sudan, saying his investigation "seems to disclose an organized, systematic and a profound attack on human dignity." ICC Prosecutor Karim Khan released a video statement after an attack Sunday by the Rapid Support Forces paramilitary group that forced the closure of a main hospital in the western Darfur region. The group fired shots and looted the hospital in al-Fasher, aid group Doctors Without Borders reported. The RSF, fighting the Sudanese army, intensified its offensive seeking to wrest control of the city, the military's last stronghold in the Darfur region. Two weeks of fighting last month in the area killed more than 120 people. "The terrible events in West Darfur, including El-Geineina, in 2023 are among our key investigative priorities," Khan said. "In addition, I am extremely concerned about allegations of widespread international crimes being committed in al-Fasher and its surrounding areas as I speak." —Associated Press

**HAITI**  
**Transitional Council Chooses a Cabinet**  
Haiti's transitional council appointed a new cabinet on Tuesday, marking the final step in rebuilding the government that will lead a country under siege by gangs. Carlos Hercules, the attorney for Prime Minister Garry Conille, was appointed minister of justice and public security. Conille himself will be interior minister. Jean Marc Berthier Antoine will be defense minister. Dominique Dupuy, a Unesco ambassador who was a member of the council before resigning—in part because of political attacks and death threats—will be foreign affairs minister. Gangs control at least 80% of the capital of Port-au-Prince. The U.N.-backed deployment of a police force from Kenya is expected in the coming weeks. Weeks of attacks by gangs forced then-Prime Minister Ariel Henry to resign in April. Gunmen took control of police stations, opened fire on the main international airport and stormed the two biggest prisons. More than 2,500 people were killed or wounded in the first three months of the year and more than half a million others displaced. —Associated Press

## A WARRIOR'S WONDER EDO PERIOD SAMURAI SUIT

See a video of this armor

Complete armor. Japanese precision. Exceptional rarity. This stunning Edo-period complete samurai suit, accompanied by its original carrying box, is an exceptionally rare treasure. Crafted exclusively for the elite samurai warriors, this elaborate suit was made for the prestigious Asano clan. The helmet, featuring the Asano clan's crossed hawk feather heraldry, exemplifies this suit's remarkable detailing. Circa 18th century. On base: 65<sup>1</sup>/<sub>4</sub>" h x 25<sup>3</sup>/<sub>4</sub>" w x 22<sup>5</sup>/<sub>8</sub>" d. #31-8776

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WORLD NEWS

Families Seek  
The Return of  
Jailed Civilians

Ukrainians search for thousands of people seized by the Russian military

By Oksana Grytsenko

DYMER, Ukraine—Hanna Mushtukova spotted her husband immediately at the end of a row of bedraggled men in the grainy Facebook photo. Ivan Drozd, then 28 years old, looked gaunt, a shadow of his former athletic frame, and appeared to be nursing an injured right arm. But his clothes were familiar, and she was certain it was her husband, who disappeared when the Russians occupied Dymyer, north of Kyiv, at the start of the war in February 2022.

Mushtukova is one of thousands of Ukrainians searching for scraps of information about relatives who have disappeared into a Russian system of incarceration that recalls the Soviet Union’s brutal Gulag prison system.

Ukraine has identified about 1,700 cases of civilian prisoners being kept in Russia or Russian-occupied areas. Human-rights activists say that the real number likely is much higher.

The Russians have detained a variety of people. Some of them lived near places where occupation forces installed their military; others were military veterans, police officers or people known for their pro-Ukrainian positions who were activists or community leaders.

Then there were those, like Drozd, who appear to have been in the wrong place at the wrong time.

Civilians are held in Russian prisons along with captured Ukrainian soldiers and often are tortured, according to several who have been released

and human-rights activists.

Ukrainian authorities have declined to exchange Russian prisoners of war for civilians, fearing it would encourage Russia to seize more.

“There’s no mechanism for the return of civilians yet,” said Ukraine’s parliamentary commissioner for human rights, Dmytro Lubinets. He said he hopes a foreign government will step in to negotiate their release. The Kremlin and Russia’s Federal Penitentiary Service didn’t respond to requests for comment.

Under international humanitarian law, civilians can be detained only if they pose a security threat, said Achille Després, spokesman in Ukraine for the International Committee of the Red Cross. He said they should be treated humanely and released when they don’t pose a threat and it is safe for them to be brought back home.

“The decision to deprive a civilian from liberty is exceptional,” he said.

For now, the prisoners are stuck. “They have no charges against him, they have nothing. They just keep him,” said 58-year-old Mushtukova.

The Russians detained 42 people in the first month of the war when they occupied the small city and surrounding villages, an area with about 20,000 residents. The ICRC has since told relatives that 33 of them are in jails without any legal charges or lawyers, according to relatives and human-rights activists. The whereabouts of the rest is unknown.

Their relatives are expending great efforts simply to locate the prisoners.

Drozd set out to meet his brother in a nearby village in the early days of Russia’s invasion. He never came home. Mushtukova desperately pleaded with Russian soldiers



Halyna and Vasyl Khyliuk got a message from their son Dmytro vowing he would return, eventually, from Russian detention.

Missing Husband Is ‘Sorry for How Things Turned Out’

Andriy Repik, a Ukrainian military veteran in his 30s, went for a drive after a quarrel with his wife in March 2022. He didn’t return and stopped answering his phone.

His wife, Liudmyla, fled to government-controlled territory with their two children. A friend told her that her husband’s car was found peppered with bullet

holes. Other locals said his left arm was wounded and he was captured.

In August 2022, she received a phone call from the International Committee of the Red Cross, who told her that her husband was in a detention center in Crimea.

In October 2022, she got a letter from her husband.

“Sorry for how things turned out, and that I wasn’t there with you. Hope we’ll meet soon,” he wrote. It was the last time she heard from him.

Liudmyla spoke to several released prisoners who saw her husband in jail. One of them told her: “If I start telling you all what they have done to us there you would not be able to bear it.”

for information, but they told her they had none.

Soon after the Russians left Dymyer in late March 2022, Mushtukova got a phone call from a man who said he was captured with her husband and later released. He said Drozd had mistaken a Russian checkpoint for a Ukrainian one and shouted: “Glory to Ukraine!” The Russian soldiers beat him and took him to a makeshift jail in a warehouse.

Mushtukova checked social media and met with soldiers and civilians who had been released by the Russians, uncov-

ering several photos of Drozd looking thin and exhausted. She found out that Russian troops had transferred him to detention centers in Russia.

On Sept. 22, 2022, she received a letter in an envelope stamped by Russian mail. “I’m alive healthy all’s fine I’m not ill,” Drozd wrote in a note dated April 14.

Most families of those missing from Dymyer have received notes from them indicating that they were alive.

Dmytro Khyliuk, then 46 and a news-agency reporter, lived in the nearby village of Ko-

zarovychi with his parents and would ride a motorbike decorated with the Ukrainian flag.

In early March 2022, the Russians detained him as he checked shell damage to his house with his father, taking them away blindfolded and with hands bound. In mid-March, the occupiers released the father but kept the son.

“A Russian officer told me: ‘We will let him go in a few days, when the war ends,’” Dmytro’s father, Vasyl Khyliuk, recalled. He hasn’t seen his son since.

Dmytro’s parents feared he was among the hundreds found killed in the Kyiv Region when the Russians withdrew, until they received a call from the ICRC last year with a message from their son, including instructions on how to withdraw money from his bank card.

“I will return, but I don’t know when,” the message said.

A released soldier who saw Khyliuk in Russian captivity said he was kept in solitary confinement. This past March, Russia’s Defense Ministry wrote to Khyliuk’s father that he was in jail in Russia, without disclosing his location.

Mushtukova hasn’t received any more letters from her husband, but has had calls from the ICRC confirming that he is still in a Russian jail. She works in a kiosk selling bread and spends her free time campaigning for Drozd’s release.

Before the war, Mushtukova and Drozd liked to fish together. Now she fishes alone as a way to cope, imagining he just might call her to come taste food from a barbecue.

She recalls that her husband, whom she calls Vanya, used to ask her not to leave him. “Vanya, of course I won’t leave you,” she would always answer.

Acropolis Tourists Are No Fans of Sweltering



HOT GREECE: A tourist tried to cool herself off Tuesday with a small fan that was no match for temperatures that soared into the 90s. Temperatures are forecast to peak over 100 degrees on Thursday before cooling down.

Redstone,  
Skydance  
Talks End

Continued from Page One

dance had infuriated many shareholders because it was seen as more beneficial to Redstone than other stakeholders. As Redstone and Skydance pressed forward, Paramount parted ways with its CEO and four of its directors. Other potential bidders emerged, either for Paramount itself or for National Amusements, which also owns a movie-theater chain.

Skydance sweetened its offer last month, providing a way for nonvoting Paramount shareholders to cash out at a premium. Under Skydance’s proposed deal, the production company would have bought National Amusements for around \$1.7 billion in cash and would have provided \$4.5 billion to buy out a certain num-

ber of Paramount’s nonvoting shares and non-Redstone voting shares. Skydance also would have injected \$1.5 billion onto Paramount’s balance sheet, which it could use to pay down debt.

Paramount would then merge with Skydance in a stock deal, subject to review by a committee of Paramount directors. The committee recently approved the economic terms of the proposed merger but continued to negotiate with Skydance about other deal points.

One issue was whether the deal should require approval

from a majority of non-Redstone shareholders. National Amusements was supportive of such a vote, the Journal reported. Skydance had said such a vote was a nonstarter, said people familiar with the matter.

Redstone rejected the deal before the committee was due to vote on the merger Tuesday afternoon, people familiar with the sequence of events said. The committee said it was told by National Amusements Tuesday “that it did not have an agreement on a deal with Skydance Media and didn’t anticipate a path forward on this transaction.”

The merger would have brought together Paramount franchises such as “Transformers” and “A Quiet Place” with Skydance’s popular titles like Amazon’s “Tom Clancy’s Jack Ryan.” Paramount partnered with Skydance on a number of titles including “Top Gun: Maverick.”

NAI said it was “grateful to Skydance for their months of work in pursuing this potential transaction and looks forward to the ongoing, successful production collaboration between Paramount and Skydance.”

In April, after Chief Executive Bob Bakish stepped down, Paramount named an “office of the CEO” made up of three divisional heads to lead the company. The three CEOs earlier this month presented a plan to cut \$500 million in annual costs and explore joint ventures for Paramount+ and asset sales.

In its statement, NAI said it supports the CEOs’ work.

Paramount’s value has plummeted on Redstone’s watch. She held out hope that a big buyer might emerge and buy the whole company, but that didn’t happen.

U.S. College Teachers  
Stabbed in China

By Chun Han Wong

Four instructors affiliated with an American college were stabbed in northeastern China, where they were teaching as part of a partnership program with a local university, in an incident that drew concern in the U.S. amid soured bilateral ties.

Cornell College, a small liberal-arts institution in Iowa separate from Cornell University in Ithaca, N.Y., described the attack on its instructors as “a serious incident,” while several Iowa politicians expressed concern for the injured. The U.S. ambassador to China said those stabbed included three Americans and an Iowa resident who isn’t a U.S. citizen, and that a consular officer visited the four of them in the hospital on Tuesday.

Police in the city of Jilin said they arrested a suspect, a local

man surnamed Cui, who used a knife to stab the four foreigners, as well as a Chinese citizen who tried to stop the attack.

The incident occurred Monday at a park after 55-year-old Cui and one of the foreigners bumped into each other, a district branch of Jilin’s public-security bureau said in a statement Tuesday. Officers responded shortly before noon, the statement said.

Cui couldn’t be reached for comment and it couldn’t be determined if he had legal representation.

None of the victims’ lives are in danger, according to the statement, which identified the four foreigners as visitors from Cornell College who were invited to teach at Jilin’s Beihua University.

Police have made a preliminary assessment that this was an isolated incident, Chinese Foreign Ministry spokesman Lin Jian told reporters Tuesday. U.S. State Department offi-

In an early  
assessment,  
police say this  
was an isolated  
incident.

cials “are in touch with local authorities and are closely monitoring the situation,” a spokesperson said.

A Cornell College spokeswoman declined to identify the four instructors. The college’s president, Jonathan Brand, said the college is in contact with the instructors, who were accompanied by a faculty member from the partner university when the incident occurred.

Reached by phone, a staffer at Beihua University directed The Wall Street Journal to the Jilin Municipal Foreign Affairs Office. A man answered a call to the listed phone number for the office’s deputy director, but he abruptly hung up and later turned off the phone.

Adam Zabner, an Iowa state representative, said his brother David Zabner is among the wounded. David Zabner, a Ph.D. student at Tufts University and a participant in the Cornell-Beihua program, is “recovering from his injuries and doing well,” according to Adam Zabner.

Some members of Congress from Iowa said they were trying to assist the victims. “Horried that multiple Cornell College faculty members were brutally stabbed in China,” Rep. Ashley Hinson (R., Iowa) wrote on her Facebook and X accounts. She said her team was speaking with the college and “will do everything in our power to bring these Iowans home safely.”

Rep. Mariannette Miller-Meeks (R., Iowa) said in a statement that she was in contact with “an impacted Iowa family.” She added, “We are working through proper channels...to ensure that the victims first receive quality care for their injuries and then get out of China.”

—Clarence Leong contributed to this article.



David Ellison and Shari Redstone took part in talks for months.



FROM PAGE ONE

Boeing Overhauls Training

*Continued from Page One*

ing in hundreds of new recruits a month, though the pace has slowed somewhat.

The result: factories populated by new employees, many of them younger than their predecessors and with no experience related to building airplanes. Gone were many of the seasoned workers with the know-how to handle problem parts or glitchy equipment, or to point newer colleagues to the right procedures tucked deep inside digital tutorials.

It’s an environment that Boeing executives say contributed to quality issues that the company is grappling with in the wake of January’s near-catastrophe, when a piece of the fuselage blew off during an Alaska Airlines flight.

In the soul-searching that followed, a dearth of experience on the factory floor topped the list of issues cited by employees who were asked to identify problems in the company’s manufacturing process, said Elizabeth Lund, recently named quality chief of Boeing’s commercial airplane unit. “We heard repeatedly from experienced employees that, ‘We are maxed out training these new people,’” said Lund.

The need for more and better training was so striking that, after the accident, the company stopped sending new employees to the factory floor for more than a month as it overhauled its regimen for training machinists.

“We sat back and said, ‘Let’s not add to this problem,’” Lund said.

Knowledge loss

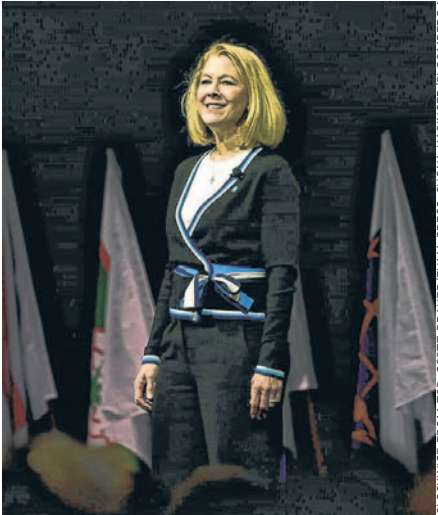
An influx of inexperienced workers has cut across virtually all industries, including manufacturing, healthcare and customer service. Many workers were laid off amid pandemic shutdowns and then found new jobs and careers in the historically tight labor market that followed. Because many companies, including Boeing, used early retirement buyout offers to thin their ranks, veteran workers comprised a greater share of job reductions.

The U.S. economy has more than recouped the 22 million jobs lost early in the pandemic. But many of those coming in were unseasoned employees and the task of training them fell on the smaller pool of veteran workers, a dynamic that has contributed to lower labor productivity in recent years, executives and economists say.

Fallout was especially acute in aerospace manufacturing.

Air travel was among the first industry casualties of the pandemic, and one of the last to recover. Covid hit just as Boeing was restarting production of its bestselling MAX jets following crashes in 2018 and 2019 that led to a worldwide grounding of the planes. Though Boeing didn’t lay off workers during this period, many opted to leave, and the company’s suppliers were hit hard by the loss of business.

Of the more than 30,000 Boeing employees represented by District 751 of the Interna-



Top, technicians at Boeing’s factory in Renton, Wash., looked into a plane’s tail in March. Above left, Daniel Horine, who was hired by Boeing in August. Above right, Elizabeth Lund, quality chief of Boeing’s commercial airplane unit.

tional Association of Machinists and Aerospace Workers, roughly half have less than six years of experience, the union said. That is double the level before the pandemic.

“How do you transfer that knowledge to the next generation of workers when that knowledge is gained through experience?” said Ben Armstrong, executive director of MIT’s Industrial Performance Center.

Building planes and plane parts—unlike making toys, appliances or even cars—requires a deep knowledge of the machine. A single person on an airplane assembly line may have dozens of jobs, each of which must be completed flawlessly.

“It’s a very big, complex product made out of tens of thousands of parts,” said Justin Welner, who oversees training at Spirit AeroSystems, supplier of fuselages for Boeing’s 737 MAX jets.

On any given day, he said, workers might encounter a problem like a delayed part or a malfunctioning piece of equipment. “It’s those experienced guys who navigate that and do the workaround,” he said.

At Boeing, the experience conundrum comes in addition to other factors that the company’s own executives and outside regulators have identified as they seek to understand how workers at Boeing’s Renton 737 MAX factory failed to replace critical bolts on the piece of fuselage that blew off midflight on Jan. 5.

Boeing has also overhauled

pay incentives, worked to stop the practice of completing work out of sequence, and is in talks to acquire Spirit, whose woes Boeing executives say are at the root of many of the jet maker’s quality issues.

Horine, a 45-year-old Idaho native who moved to the Seattle area more than two decades ago, long believed a Boeing job was out of reach. “When you hear people work for Boeing, it sounds like some magical place,” he said.

Last year a neighbor told him Boeing was badly in need of more workers. He’d been working at a foundry, creating

\$24.50 to \$43.74 an hour.

“From the seabed to outer space, you can contribute to work that matters,” the posting reads.

Horine applied in July and was hired in August. Upon reporting for training, Horine said, he was struck by the variety of recruits in his class. Some, like him, were in their 40s or older and starting second careers. Some were in their 20s. “There were people from every possible career trying to make a future,” he said.

He viewed building airplanes as a natural fit. He restores cars as a hobby and has spent his life honing mechanical skills. He thought he’d seen every type of wrench in existence. Learning the nuts and bolts of building a jet would come naturally, he thought.

Then in training, he was introduced to a dizzying array of tools and jobs.

“It took an entire day to understand torque,” he said. Learning the practice of riveting—using fasteners to join together metal parts—consumed two weeks, he said. By the end of training he felt prepared for the job and now, less than six months after hitting the factory floor, he’s a union steward.

Training so many new workers proved harder than Boeing expected. “Traditionally we counted on our on-the-job training and this peer mentorship. But with this lower per-

centage ratio of experienced employees, it really made that more difficult for employees,” Boeing’s Lund said.

She said that even before the Alaska Airlines incident, at the beginning of 2023, the company had assembled a manufacturing team to beef up training. But executives didn’t realize the extent of the knowledge loss until after the accident.

**Frequent testing**

During the six to eight weeks that Boeing stopped moving new hires onto the factory floor, the company worked on ways to train and connect with the younger, less experienced recruits.

Boeing’s new training regimen requires more hours and includes more frequent testing to ensure proficiency along the way. New workers are paired with veterans. Instead of eight to 12 weeks of foundational training, employees now undergo 10 to 14 weeks. The entire process, including training after employees begin working under supervision, takes about six months.

The company is trying to make the work itself easier. The digital system used to call up work instructions, for instance, previously required seven clicks to get to specific directions. Now it takes two.

And Lund says the company is continuously working to standardize work to make jobs easier to learn and employees less reliant on institutional knowledge.

The company, for instance, has put in place new require-

ments to remove and replace door plugs like the one that flew off. It now mandates and spells out compliance checks before every break and at the end of every shift that have long been expected but not expressly required. Machinists also have time built into their schedule to complete the list.

At GE Aerospace, standardized work processes have helped ease the transition for the influx of new workers, CEO Larry Culp said in an interview earlier this year. The jet engine maker has so far avoided quality issues that have plagued Boeing and some other major suppliers. “Just defining the best way to do something every time, and then making sure no one is taking artistic license with that standard work,” is crucial, Culp said.

**Supplier issues**

Glitchy parts from Spirit have been a problem for Boeing for years as production snafus and quality lapses at the supplier slowed production at Boeing and left it short of jets it promised to deliver to airlines.

The chain of events that led to the Alaska Airlines incident started with defective rivets, or fasteners, on the fuselage supplied by Spirit. Boeing workers had opened the door plug to make the repair.

Spirit has also lost troves of institutional knowledge in recent years as waves of senior workers retired.

Spirit laid off about 8,000 workers during the MAX crisis and Covid. About 1,000 of those who left were veteran workers who took early retirement offers. The company was able to rehire close to 75% of all those workers, but still needed to hire thousands, said Welner, the Spirit training executive.

The company hired about 2,500 employees last year at the Wichita, Kan., factory that makes MAX fuselages, which employs about 10,000. Spirit dropped a requirement that new hires have a minimum two years of experience in aerospace manufacturing.

“The days of opening up a requisition and having your pick of experienced mechanics are over,” he said.

Starting a few years ago, Spirit doubled the length of training to eight to 10 weeks. Workers first learn the basics, such as how to connect a drill motor to an air hose. They’re required to pass a final test with 100% accuracy on the first or second try to keep their job.

The company is testing a program in which so-called master mechanics work alongside newer employees to teach them skills on the line. The goal is to hold on to experienced workers and continue using their expertise even after they can no longer tolerate the physical demands of the job, Welner said.

Boeing’s Lund, who was tasked with submitting to the Federal Aviation Administration the company’s plan to improve quality, said much of the company’s training overhaul reflects a new reality in Boeing’s workforce. She said hearing from workers about shortfalls in the process was humbling.

“Our hiring pipeline that used to be rich with people out of the military, or people already from this industry, or people that had grown up doing mechanical type of work has changed pretty drastically,” she said.

Boards Feel ‘Anti-Woke’ Pressure

*Continued from Page One*

more established ESG measures improve long-term financial outcomes at companies.

Supporting ESG work is the right thing to do and “absolutely imperative for your business and the future of your business,” Sarah Kate Ellis, chief executive of GLAAD, a nonprofit focused on LGBTQ advocacy, said in April.

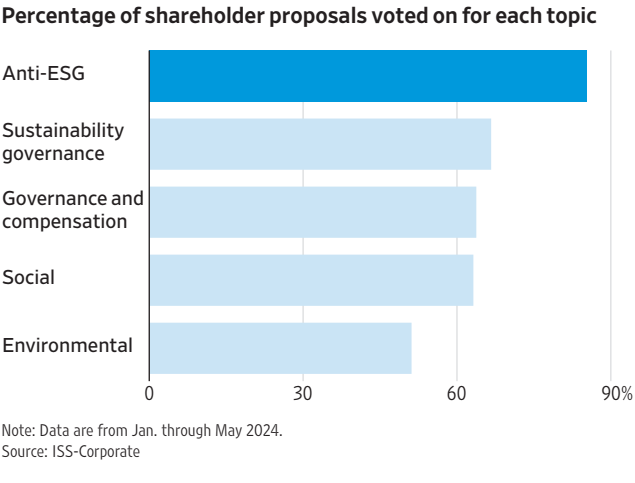
Shareholders have voted on 70 measures opposing traditional ESG initiatives at S&P 500 companies through the end of May, up from 30 two years ago and seven in 2020, according to data from ISS-Corporate, a unit of proxy adviser Institutional Shareholder Services. Several ask for more corporate oversight of diversity and inclusion efforts and donations to LGBTQ groups.

Shareholders have filed more proxy proposals overall in recent years as the social and political nature of proposal topics increases. But anti-ESG proposal growth outpaced that of other categories tracked by ISS.

Anti-ESG supporters haven’t won over voting investors, however: Most anti-ESG proposals received support from less than 2% of shares voted, and none have passed—among the worst showing of the categories tracked by ISS.

The shareholder proposals are part of a wider conservative activist effort directed at companies in recent years that in some cases have hurt sales by putting firms in the crosshairs of heated cultural and political debates.

Bud Light lost its spot as the top-selling beer in the U.S. last year after controversy over a social-media promotion with a transgender influencer caused a boycott from some shoppers. Target’s sales fell last summer after it reduced its Pride-month merchandise displays amid criticism, offending both supporters and



detractors. Target also faces a shareholder lawsuit regarding the Pride collection.

Most shareholder proposals fail, whatever the politics. Out of about 470 shareholder proposals voted on this year, a majority of votes supported just three dozen of them: nearly all proposed corporate-governance changes, primarily eliminating supermajority voting requirements. Support from a substantial majority of shares can still spur companies to make changes.

The anti-ESG proposal supporters are using tactics first crafted by ESG proponents—using shareholder pressure to change corporate policies they said could create financial risk.

“They hang their hat on reputational risk doing damage to firm value,” said Doug Chia, president of consulting firm Soundboard Governance. Their pitch is, “If you do this, then you’ll create a PR crisis that will lead to people boycotting your products and the stock goes down.”

Some kinds of ESG proposals once garnered meager support, only to gain steam over time. Today, a quarter to a third of shares at large companies are often voted in support of measures asking companies to disclose or rein in political spending, up from less than 10% in 2005. Occasionally, one wins majority support.

A big factor: Pension funds and other large institutional investors have come to support a variety of ESG proposals on climate change and social issues. Many cite research suggesting such risks are linked to long-term shareholder returns.

Among the most successful anti-ESG proposals so far this year: one asking UPS to report on risks stemming from voluntary carbon-reduction promises, with 7.9% of shares voted in support, and one asking IBM for a report on risks from doing business in China, at 5.6%. A proposal asking Ford for a report on child labor in its supply chain also garnered 5.6%.

All three were proposed by NCPWR, which made just over half of anti-ESG shareholder proposals in each of the last

three years, ISS data show. A half-dozen other groups proposed the rest. NCPWR also requested reports on risks from diversity efforts at a half-dozen companies—including PepsiCo, Coca-Cola and Citigroup—and reports on carbon-reduction risks, similar to the one at UPS, at five other companies, including GE Aerospace.

As companies deal with the activists, they sometimes face backlash from customers and workers. After Target said it would downsize its Pride merchandise, disappointed workers signed a letter to leadership, according to documents viewed by The Wall Street Journal.

“I really just want to ask ‘why did you cave to the haters?’ ” said one employee in a Slack thread.

Internally, leadership is trying to highlight Target’s support for LGBTQ communities, according to people familiar with the situation. Negative feedback around the Pride collection, both internally and externally, is lower this year, a Target spokesman said.

—Emily Glazer contributed to this article.



By Te-Ping Chen

Most of the time, when Lexis Czumak-Abreu is stripping cables in a ditch or troubleshooting a sparking outlet, the size of her fan base doesn't mean too much to her. But then she'll be strolling through the airport in Las Vegas, and a stranger will call her name. Some 2.2 million people on TikTok, Instagram and Facebook watch Czumak-Abreu do her work as an electrician in Cornwall, N.Y. "You feel just like a normal person, until you actually get confronted by people and you're like, oh, my goodness, this is real, people know who I am," says Czumak-Abreu, the 27-year-old daughter and granddaughter of electricians. Since she began posting videos from her job in 2022, she's gotten thousands of messages from viewers saying she sparked their interest in trade work.

**Low-debt dreams** With skepticism about the cost and value of four-year degrees growing, young people are pursuing well-paying jobs that don't require desks or so much debt, and come with the potential to be your own boss. The number of students enrolled in vocational-focused community colleges rose 16% last year to its highest level since the National Student Clearinghouse began tracking such data in 2018. Fostering that appeal are workers like Czumak-Abreu, whose short videos have racked up millions of views. Some skilled-trades influencers are so popular, they make more money influencing than plumbing or wiring. Homeowners who have taken to watching YouTube tutorials and attempting sink or ceiling-fan installations are also tuning in.

Czumak-Abreu makes \$200,000 a year from clicks and brand deals with companies like Klein Tools and Carhartt, though she continues to work, often seven days a week. "I want my company to understand I'm a reliable employee," she says, adding that if she cut her hours, she'd miss out on the commercial jobs that form the dramatic backbone of her feed, with their oversize coils of cable, outdoor trenches and heavy machinery. In 2021, Sacramento, Calif.-based plumber Evan Berns, 23, posted a video to TikTok of himself removing a water heater with a dolly. By the next morning, it had 470,000 views, spurring him to do more. "I speed it up, I cut out all the boring parts so it's real exciting and fast-paced, and add cool music," said Berns, who works for plumbing company Motherflushers. Simple curiosity about other people's work lives drives lots of clicks, especially when videos feature things viewers ordinarily don't see or satisfy curiosity about how the world works, says Jim



# Gen Z Skilled-Trade Workers Are Making #BlueCollar Cool

On-the-job videos earn big money for plumbers, carpenters—and draw young people to the work



Louderback, until recently CEO of VidCon, an annual conference for influencers. On TikTok, the hashtag #blue-collar drew 500,000 posts in the first four months of 2024, 64% more than a year earlier. Posts hashtagged #electrician increased 77%, with #constructionworker and #mechanic posting similar jumps, TikTok says. Many posts tout the wages. Pay for new hires in construction now outstrips pay for new hires

**On TikTok and other platforms, interest in skilled-trade jobs—and in influencers such as Lexis Czumak-Abreu, here drilling in the shop and doing power-pole work in Cornwall, N.Y.—has soared.**

in professional services like accounting, according to ADP data. Skilled-trade influencers say they are also trying to combat decades of stereotypes. "There's this idea that most

welders are kinda dirty, like at a muffler shop," says Chloe Hudson, 31, who welds for Joe Gibbs Manufacturing Solutions in Huntersville, N.C. Welding delicate skeins of metal into airships, as she does, bears no relation to the stereotypes, she adds. Hudson, whose Instagram posts show her welding with full makeup and mascara, describes her workplace as "the Taj Mahal of welding." Her goal: Show women it's OK to be feminine in a male-dominated industry. **Image makeover** "We've made it more appealing. We have nice vehicles. We own homes, we are successful," says Matt Panella, 27, a carpenter who drives a Tesla, and whose detailed how-to videos and time-lapses of him erecting house frames in central California have earned him a strong YouTube following, along with more than \$200,000 in annual sponsor income from companies such as 3M. When it works, social media can drive business, and even inspire new recruits. In Parker, Colo., John Coffman has owned a construction company for decades. After his son Jarod, 22, partly inspired by Panella, began working as a framer and posting videos on social media, pro-

spective workers started approaching the Coffmans out of the blue—even from other states. **Every job has downsides** Work in the trades isn't easy on the body, says David Coleman, 34, a handyman who underwent back surgery after years of crawling under sinks and into crawl spaces. Social media, he says, is harder in other ways. During the pandemic, he made training videos to help co-workers new on the job, then posted some online at a colleague's suggestion. Four years later, he says he earns around \$500,000 a year from social media, including an Amazon marketing program. But he grew addicted to refreshing his feed. His fixation on going viral took him away from the things he loved, he says, like fishing and time with family. Coleman still posts but less frequently, and says he expects his income to take a hit. He's found respite in church—and a renewed focus on why he started posting. "You don't have to get your bachelor's to be happy or successful," he says. "Social media is not something I'd recommend to a lot of people, but there are definitely a lot of advantages to being in the trades."

# Old Beneficiary Form Gave His Ex \$1 Million

By Ashlea Ebeling

Jeffrey Rolison and Margaret Sjostedt dated in the 1980s. Now, almost 40 years after they broke up, she stands to inherit his \$1 million retirement account. The reason she might get the money is that in 1987, Rolison listed Sjostedt on a handwritten form as the sole beneficiary of his workplace retirement account. He never changed the beneficiary designation and died in 2015. Standing in her way are Rolison's brothers, who learned about Sjostedt's claim to the money weeks after his death on a phone call from their estate lawyer. They don't think he could have intended to leave the money to her. "We were shocked," said his brother Brian, a mechanic. The brothers have since been fighting his former employer, Procter & Gamble, in federal court to wrest the retirement money out of the hands of Sjostedt, now Margaret Losinger. **Disputes on the rise** The battle over Rolison's money is a stark reminder that the beneficiary forms on retirement accounts, life-insurance policies and bank accounts matter. In most cases, they trump the will even if they were filled out decades prior. And, as millions of Americans build up sizable workplace retirement assets, disputes over who

gets the money are on the rise, lawyers say. The beneficiary forms are often lost, out of date or incomplete, leading to windfalls for some and disappointment for others. "I'm just going through the motions and trying to do what's right, what my brother would have wanted," Brian said. Under federal law, employers are generally required to pay out these retirement accounts to the last recorded beneficiary, or a surviving spouse if the spouse hasn't filed a

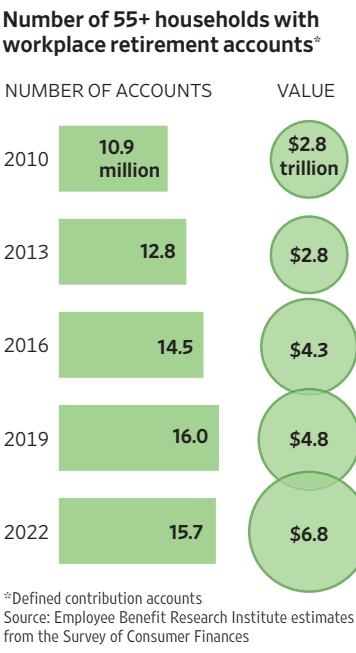
waiver. That could be a name on a 3x5 card filled out decades ago, as in Rolison's case. Or it could be a name entered online. Adding to the confusion: Some employer plans, including P&G's, haven't integrated the old paper forms into their online systems. "Inertia has the upper hand," said Norman Stein, a law professor at Drexel University and senior policy adviser at the Pension Rights Center.

**A seven-figure sum** Rolison met Losinger, who goes by Peggy, at a park playing Frisbee, and they started dating in their early 20s, according to court documents. Later, they moved to Sullivan County, Pa., where she waited and he got a job on the floor at a P&G plant that makes Pampers diapers and Bounty paper towels. After a year on the job, in 1987, he signed up for the P&G profit-sharing and savings plans, and filled out a beneficiary card, listing her as cohabitor. Peggy moved out two years later, got married the next year and had two children, according to court documents. "I wanted marriage and children and he did not," Losinger testified. Rolison later got together with a new partner, Mary Lou Murray, whom he lived with until they separated in 2014, court documents say. Rolison died at 59, single and childless. He had no will and no guidance on who should get his \$66,000 home, collection of used BMWs or two cats.

Brian and Richard Rolison, his other surviving brother, hired a local estate lawyer to help them become co-administrators of the estate. Then they got the phone call about Losinger. The ex-girlfriend, now 68, stands to inherit the entirety of Rolison's P&G plan accounts. The total came to nearly \$750,000 when he died and had grown to \$1.15 million by 2020. Losinger declined to comment. Her lawyer, Joseph Mariotti, said the beneficiary designation was clear. "The form is the form," he said. P&G declined to comment on the case.

**Benefits and beneficiaries** After an employee or retiree dies, the retirement plan investigates to determine who is the beneficiary on various accounts. P&G faced three potential claims on the retirement money. Losinger and the brothers each argued they were entitled to the balance. P&G also brought Murray, Rolison's long-time partner and co-worker, into the case as a potential common-law-spouse claimant. In 2020, a federal court directed P&G to award the money to Losinger. The money was put in escrow while the brothers pursued claims against P&G and Losinger. In 2021, the court said Murray wasn't entitled to the money as a spouse. The brothers argued that P&G violated its fiduciary duty by failing to

adequately inform Rolison of his beneficiary designation. P&G said it provided warnings when the company changed service providers, and online and on his monthly statements, such as this one: "You don't have any beneficiary designations online. Any prior beneficiary designations on file with the Plan will be retained by P&G, but are not viewable on this site." The estate argued that this boilerplate was insufficient. Even if Rolison saw the messages, the brothers argued that he would reasonably assume that meant he had none. Default rules would apply, with the money going to his estate. Separately, the brothers argued that it wasn't fair for Losinger to get the money and that the estate should get an equitable share. The court denied the estate's claims and ruled in favor of P&G and Losinger in a decision in April. The brothers' lawyer, David Gould, says he has filed a motion for reconsideration with the district court and an appeal with the Third U.S. Circuit Court of Appeals. Employee-benefits lawyers say plans could do a better job informing participants about old paper designation forms but that the responsibility ultimately lies with the account holders. The brothers sold the BMWs to pay for the funeral. The two cats went to twin nieces. Murray got a small investment account since her name was on it, they said. The brothers split the workplace life insurance and house. Rolison's P&G retirement savings, meanwhile, still sit in money-market funds, awaiting distribution.





PERSONAL JOURNAL.

# Apple Takes a Bite Out of the AI Boom

A bunch of features are coming to its platforms. Meaningful upgrade or marketing glitz? Our columnist breaks it down.



**PERSONAL TECHNOLOGY**

**JOANNA STERN**

*Cupertino, Calif.*

If I had a dollar for every time an executive said “Apple Intelligence” at its developer’s conference on Monday, I’d have a steak dinner with all the trimmings. (So, yes, about 60 times.)

After nearly two years of sitting out the generative-artificial-intelligence frenzy, Apple jumped in the deep end. The company is injecting AI tools throughout coming versions of its biggest platforms: iOS 18, iPadOS 18 and macOS Sequoia. There’s an improved Siri you can even text with. There’s a new partnership with OpenAI that will bring ChatGPT into Apple apps. There are ways to generate images and emojis on the fly. Apple says we’ll start seeing features this fall, but some of the more ambitious ones might not debut until 2025.

So what was Apple’s strategy with all these updates? To show AI integrated into the apps and products you already use. And it put a big emphasis on privacy and processing on the device when possible.

“We think AI’s role is not to replace our users but to empower them,” said Craig Federighi, Apple’s senior vice president of software engineering, after the event. “It needs to be intuitive. But it also needs to be informed by your personal context.”

Yes, Apple can do far more than any free-standing chatbot when it comes to answering questions about our lives. Our photos, notes and messages—even notifications—could be aided by some good AI tools.

As I sat through Apple’s event and talked with executives on Monday, my big thought was: Are these really cutting-edge, useful tools? Or is Apple just stuffing in AI to catch up to front-runners Microsoft and Google, and sell us more iPhones to boot? Spoiler: It’s a bit of both. I’ll know more when I can actually test it. For now, we have to go on Apple’s presentation and tightly controlled demos.

**A brand new Siri**

Since Siri’s birth in 2011, Apple’s been promising “a humble, intelligent, personal assistant that goes everywhere with you and can do things for you, just by you asking.”

*Yeeaaaah.* That’s not exactly how things worked out. Yet maybe

**You’ll be able to type with Siri instead of just talking to the chatbot. AI will help sort your notifications, summarizing them and putting the most important at the top of your notification stack.**



Apple has integrated AI—what it calls ‘Apple Intelligence’—throughout its software for iPhones, iPads and Macs.

paid extras. Federighi said Apple plans to let users choose their preferred large-language models later.

**My AI-nalysis:** If Apple can pull off what it showed and convince people that Siri is no longer painfully stupid, it might be a tech miracle. That’s a big if. The company has a decade-long history of underwhelming Siri improvements.

**Writing tools**

What do I use generative AI for every day? Writing. No, not my columns. (You could tell!) I use it to sum up articles and reports, draft emails and more.

Apple is adding summarization, rewriting and proofreading to Notes, Mail, Pages and more. The integrated writing tools will suggest responses and different tones for messages and emails. While most of that is done using Apple’s AI, more creative writing (say, “A poem about Apple’s iPhone”) will be farmed out to ChatGPT. Again, it will ask your permission before sending the prompt.

**My AI-nalysis:** This one was table stakes. Google, Samsung and Microsoft have been integrating these tools throughout their operating systems and devices for the past year, and summarization is perhaps the lowest-risk/highest-reward use of generative AI to date. Still, it’s a very welcome update.

**Voice transcription**

Nothing gets a journalist more excited than easy ways to transcribe audio. Within the Notes app, you’ll be able to record a conversation, get a transcription and then an AI summary of the transcription.

Even better, the Phone app will now be able to record calls and do the same. Yes, Apple says the other caller will be notified that the call is being recorded.

now is Siri’s moment. Apple envisions Siri as your AI personal assistant, who you can ask anything about your private info—or public info out in the world.

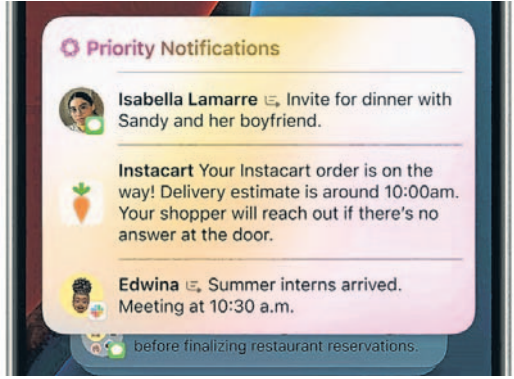
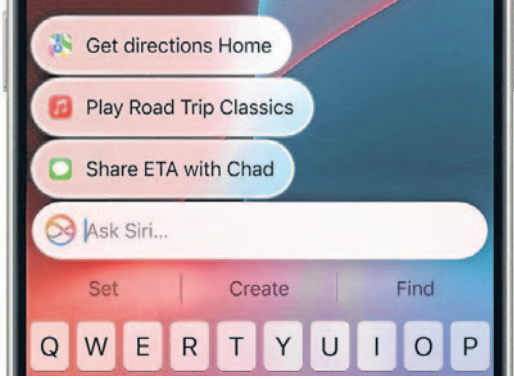
Similar to other chatbots, you can now text with Siri. But unlike other chatbots, Siri has access to all your Apple stuff. When all of

the promised updates arrive, it will be able to see what’s on your screen and work across apps. “Add this address to his contact card.” “Text yesterday’s picnic photos to my mom.” Things like this make total sense to a human but up until now were out of Siri’s reach.

In one demo, Apple showed Siri helping to fill out a PDF form. The assistant was able to find a photo of the user’s driver’s license, extract the number and type it into the form. In another, Siri was able to search across Messages and Mail for a recipe sent by a friend.

The thing that really elevates Siri is its new friend, ChatGPT. When you ask Siri to do some things it doesn’t know how to—say, come up with dinner ideas based on your recent grocery haul—it asks permission to check with an integrated version of OpenAI’s bot.

You don’t have to be a ChatGPT Plus subscriber. If you have an account, you can connect to it and access the



## A Colombian Man Is Driven To Explore

*Continued from Page One*

ties that take several days to reach on bone-jarring roads, and no-go zones such as Argelia in southwest Cauca province, now in the midst of fighting between troops and drug-trafficking groups. Crossing checkpoints set up by armed gangs is sometimes on the itinerary. “Who am I competing with?” Rosselli asks with a smile.

He takes a moment before he answers: “Well, myself!”

Rosselli, his wavy hair gone snow white and now balancing himself on a walking cane, had made it to 1,098 municipalities as of Friday, leaving just five to go.

He’s done it all mainly in the 1966 Land Rover—the same vehicle his father, Andrés Rosselli, bought new to ferry his seven daughters and two sons on trips around the country.

Rosselli inherited the boxy, marine-blue workhorse in 1981, a gift from his father as he graduated from medical school. He dubbed it “Prayerful Shadow” and says he wouldn’t want to see Colombia any other way—though there’s a second Land Rover, built in 1974, he also uses. But it isn’t exactly an optimal ride. Prayerful Shadow’s engine clat-

ters and even when gears aren’t grinding into place, the racket is so loud it is hard to carry on a conversation. And don’t expect butter-soft, heated seating.

The air conditioning? Vents that open below the windshield. There’s no heating, either, though Rosselli notes the engine keeps the cabin toasty warm. Two electric motors power the windshield wipers.

“Sometimes it’s torture,” he says of the trips, after two long days of driving in southern Nariño province with a Wall Street Journal reporter in tow. “You get up very early. You don’t eat well. You don’t sleep well. They’re not easy trips.”

Still, he gets a charge sliding behind the wheel and, after hours of driving, arriving at a remote village “where I’m the only tourist.”

Rosselli, who is collecting material for a new book, posts frequently about his travels on X. He serves up footnotes in history: the town where a four-time president was shot in the face, the birthplace of singer Luis Bernardo Saldarriaga, composer of “I awoke still drinking.” His 30,000-plus followers learn other obscure factoids, like the number of Colombian towns whose names begin with the letter D (14, compared with 62 starting with “A”).

His ruminations are accompanied by photos or video taken by his 24-year-old daughter Paula Rosselli, a marine biologist and teacher who inherited her father’s zest for roaming and has now been to nearly half the country’s municipalities.

But it’s Rosselli’s unwavering



Diego Rosselli set out to reach all 1,103 Colombian municipalities in his 1966 Land Rover.

cheer about a country known more for its dark side than virtues, along with his relentless devotion to the objective, that seems to have won him a dedicated following. “He’s done more for our country than our politicians in going to visit all these places,” says Jhon Santacruz.

The 32-year-old civil engineer recently spotted Prayerful Shadow in a parking lot and sought out Rosselli. “I can’t believe my luck,” he said, as he posed for a picture with the professor.

Rosselli’s trips now often include such visits with fans—including those who stop to lend a hand on



the side of the road ].

On a recent day, 8,300 feet above sea level approaching the provincial capital of Pasto, Prayerful Shadow’s radiator began gurgling, the engine sputtering. As Rosselli poured water over the overheated radiator, Carlos Ibarra stopped to help.

**My AI-nalysis:** Samsung and Google both have on-device AI transcription. Apple is just getting with the program.

**Image generation**

We were promised flying cars and we got...AI that can make emojis of flying cars. Yes, Genmoji. You can generate these new emojis by adding a description. You can use them as stickers, in-line emojis or even “tapback” reactions in Messages.

The Image Playground app is Apple’s answer to OpenAI’s Dall-E and other image-generation apps. It’s built into apps like Messages and Pages. But it won’t give you photorealistic images or anything close to a deepfake. You can choose from three cartoony styles: animation, sketch and illustration.

Apple Intelligence will make it easier to search through photos with more specificity. (“Pictures of Fred in front of the red car.”) Plus, like Google’s Magic Eraser, the Clean Up tool will help remove objects or people in the background.

**My AI-nalysis:** Instagram and Facebook have had generative image creators built-in for months and I can’t say I’ve used them more than once. What’s exciting here is the blending of AI with the photos we’ve already taken. But as I’ve said before, if you can change a photo so drastically, what is reality?

**Notifications and more**

Taking another page from Google and Samsung, Apple will use AI to prioritize your notifications—the most important on top. And if you get a ton of group messages, your iPhone will summarize the chatter. No more plowing through 52 texts to see if Thursday drinks are still on.

**My AI-nalysis:** Woo hoo! That’s it.

**The bad news**

Apple Intelligence will start appearing with iOS 18, iPadOS 18 and macOS Sequoia. First in the beta versions this summer and more broadly this fall. And it’s only in English at first. That brings me to the big bummers: As I said, not all the features will be available right away. Apple won’t say specifically when the ChatGPT integration will arrive, just before the year’s end. Some features will likely take longer.

And all of this requires new—or at least very recent—hardware, and not the lower-end stuff. You’d need an iPhone 15 Pro or Pro Max, or an iPad or Mac with an M chip. That excludes several iPhone and iPad models Apple currently markets.

AI might change the way we interact with our devices. But it will also force us to buy new ones.

“Hey Siri, do you know where I can dig up \$1,200 for a new phone?”

◆ **What the Apple-OpenAI deal means for four tech titans..... BT**

**Watch a Video**



Watch Joanna Stern talk about the biggest announcements from Apple’s WWDC event on Monday.

FROM TOP: PRESTON JESSEE FOR THE WALL STREET JOURNAL; APPLE (3) JUAN FORERO/THE WALL STREET JOURNAL (2)



ARTS IN REVIEW



◀ English musician Charli XCX in performance in March; her new album, 'Brat,' is out now.

with. “Talk Talk” opens with digital handclaps and squiggly electronics before opening up into a monster chorus laid over a house beat. On “Von Dutch,” Ms. Aitchison’s voice is so heavily altered it might as well be just another synth, and the melody is taut and efficient over a rushing beat with a festival-ready bass drop. And “B2B,” which comes late in the record, is one of several tracks that make good use of a sampled and repeated syllable, underscoring the loop-driven nature of the songwriting.

The ruthless pursuit of pop pleasure obscures the fact that Ms. Aitchison writes clever lyrics when so inclined. The arrangement of the wistful “I Might Say Something Stupid” sounds like it was created by a cyborg trying to write an early ’70s Elton John piano ballad, and Ms. Aitchison peppers the self-lacerating observations with highly specific imagery (“I don’t feel like nothing special / I snag my tights out on the lawn chair”). “Rewind,” a colorful synth-pop number about occasionally wanting to retreat to the past, finds Ms. Aitchison remembering her early days as a music fan (“Used to burn CDs full of songs I didn’t know / Used to sit in my bedroom, putting polish on my toes”).

Ms. Aitchison makes judicious use of vulnerability on “Brat.” While darker thoughts float by when she writes in stream-of-consciousness mode, the general tone of most songs is an amused mix of self-deprecation and braggadocio. Here and there, she goes a little deeper. The ballad “So I” is a touching tribute to the

far-seeing producer Sophie, who was associated with the PC Music crew led by Mr. Cook and died in an accidental fall in 2021. And “I Think About It All the Time” finds Ms. Aitchison singing about a desire to have children, a heady subject that would seem to be an awkward fit on a party-ready album like this one but succeeds brilliantly.

Don’t even think about listening to “Brat” if you’re allergic to Auto-Tune and shy away from arrangements created entirely with computers. Ms. Aitchison has admitted in interviews that she doesn’t have a strong voice and would be hopeless without the software. Rather than hide her vocal shortcomings, she puts the processing into the foreground, so that a potential weakness becomes the focal point. “Brat” is the sound of an artist who seems comfortable in her own skin, one whose musical instincts have led her to make one of the year’s best pop records.

*Mr. Richardson is the Journal’s rock and pop music critic. Follow him on X @MarkRichardson.*

MUSIC REVIEW | MARK RICHARDSON

Proudly Synthetic Pop

Singer Charli XCX returns with an album full of exceptional hooks and digitized soundscapes

English singer Charli XCX occupies an enviable place in pop music’s pecking order. The 31-year-old born Charlotte Aitchison has written songs for others ranging from Selena Gomez to Blondie and has been called upon to lend a veneer of cool as a guest vocalist on tracks by Lady Gaga and Iggy Azalea, so her visibility is high. But commercial expectations for her work are comparatively modest—only one of her first five LPs hit the Top 20 on Billboard’s album chart. This in-between space, where she’s known by the cognomen

scienti and respected by fellow artists but isn’t expected to go platinum with each new release, affords her the space to experiment. Ms. Aitchison’s 2019 self-titled LP and her 2022 record, “Crash,” both had copious guest spots from alt-pop singers who occupy a similar place just outside the mainstream, artists such as Caroline Polachek, Rina Sawayama and Sky Ferreira. Her excellent sixth album, “Brat” (Atlantic), out now, is a different beast. There are no guest vocalists this time, and the minimalist electronic production distills her sound to its essence. The new collection gains some

of its power from being a reaction to broader trends of the past few years. Where other figures embrace maturity and incorporate acoustic instruments hoping to capture classic-pop authenticity, Ms. Aitchison’s music is proudly synthetic, shining a spotlight on technology at every turn. This digitized soundscape is there on the opening “360,” a hypnotic single that’s gentle, confident, spiky and warm all at once. Over a crisp and stark synthesizer sequence, Ms. Aitchison offers references for those who track her comings and goings—the repeated exclamation “I’m so Julia” apparently refers to

her friend, actress Julia Fox. But the song itself is also just a simple expression of feeling yourself, taking a moment to note that you are finally coming into your own. “360” is one of many songs here that stick in your head after a single play. As her outside writing shows, Ms. Aitchison has always had a great ear for hooks. On “Brat,” she and her co-writers and producers—longtime creative partner A.G. Cook is foremost among them, but other contributors include Gesaffelstein (Lil Nas X, Kanye West) and Hudson Mohawke (Kesha, Travis Scott)—have more than they know what to do

TELEVISION REVIEW | JOHN ANDERSON

Jake Gyllenhaal, Lawyer and Suspect

The latest incarnation of novelist Scott Turow’s legal thriller “Presumed Innocent” could have been titled “How Not to Commit Adultery.” A philandering prosecutor tells his embittered wife the affair is over. Then his lover is murdered. It turns out it wasn’t over. Not only that, he was at the scene of the crime on the night of the murder. And, by the way, the victim was pregnant. Adapted by David E. Kelley, producer of several sudsy, star-studded whodunit series (“Big Little Lies,” “Love & Death”), “Presumed Innocent” has a lot going for it, including sensational performances by Peter Sarsgaard, Bill Camp and Gabby Beans. But we’ve been burned by Mr. Kelley before: Only seven of this drama’s eight episodes were available for review, a similar case to his 2020 crime soap “The Undoing.” In that series, Hugh Grant’s character was set up as the obvious suspect only to have the guilty party turn

out to be . . . the one played by Hugh Grant! (Sorry: Spoilers have expiration dates and this one is an act of mercy.) No one wants to give away the surprise ending of “Presumed Innocent” if there is one; viewers familiar with the book or the 1990 Harrison Ford-Alan J. Pakula movie will have their suspicions. But whether there is going to be a surprise at all would be useful for a reader to know. There are a number of liberties taken with Mr. Turow’s book, so the conclusion is anyone’s guess, but the evidence still points to Rusty Sabich (Jake Gyllenhaal). An assistant district attorney in Chicago, Rusty is an ally of D.A. Raymond Horgan (Mr. Camp), who is in a re-election fight against his own colleague, Nico Della Guardia (O-T Fagbenle, “The Handmaid’s Tale”). Nico despises them both. So does his sidekick and fellow prosecutor, Tommy Molto (Mr. Sarsgaard). It is a less than cozy office; the bile is



is either stoned or doing a bad Ben Affleck impersonation, Mr. Sarsgaard makes Tommy something else, something deeply troubled, an oily amalgamation of the despicable and the pathetic, a walking snake pit of resentments and ambition, impenetrable and repellent. While Mr. Camp is the one decent male in the cast of characters, Tommy is his antithesis and, strategically speaking, an emotional distraction: He siphons off some of the loathing we might have felt for Rusty.

The strength of this “Presumed Innocent” is in the spleen-filled scenes involving Rusty and his various antagonists, or with Ms. Beans, whose Mya Winslow is a defense attorney brought into the case by Raymond, whom Rusty has lured out of his forced retirement to mount a wobbly defense. Ms. Negga is largely wasted, her moody scenes involving a revenge fling with a hunky bartender (Sarunas J. Jackson) ratcheting the considerable tension down; Barbara seems washed out by her husband’s behavior. But Mya is refreshingly nonsense, saddled as she is with a case and a client with whom she grows increasingly bewildered, and exhausted. Viewers may feel her pain even though, like Mya, they can’t quite look away.

**Presumed Innocent**  
Begins Wednesday, Apple TV+

*Mr. Anderson is the Journal’s TV critic.*

thick, undisguised and somewhat inexplicable. But the slipperiness of the characterizations isn’t accidental; it’s one of the show’s stronger points. One sympathizes with Mr. Gyllenhaal and his balancing act: Rusty is supposed to be the handsome charmer, the charismatic achiever. Why isn’t he running for D.A. himself? Out of loyalty to Raymond, one assumes. But this golden-boy persona, which conforms to Mr. Gyllenhaal’s usual brand, becomes increasingly hard to swallow. Rusty has lied repeatedly to his long-suffering wife, Barbara (Ruth Negga), betrayed his son and

daughter (Chase Infiniti, Kingston Rumi Southwick), and in flashbacks with the victim, Carolyn Polhemus (Renate Reinsve), is shown to have been something of a brute. His behavior is impulsive and irrational, his narcissism flagrant. But did he kill her? Nico and Tommy don’t care—they’ve won the election and want Rusty’s scalp and after a perfunctory investigation set out to get it. While Mr. Fagbenle’s delivery suggests Nico



SPORTS

# The Celtics Needed a Killer Instinct. They Watched Clips of Killer Whales.

Boston coach Joe Mazzulla shows his players footage of nature’s most ferocious predators

By Robert O’Connell

Every coach in the NBA scours game film of other basketball teams, looking for plays to steal and defenses to build up. But nobody watches tape the way the head coach of the Boston Celtics does.

Because where other coaches are watching the Bulls and Timberwolves, Joe Mazzulla prefers to study killer whales and hyenas.

Mazzulla, the 35-year-old coach who has the Celtics two wins away from the 18th championship in franchise history, has a fascination with the brutal beauty of the natural world. So when it’s time to inspire his team and instruct them in the ways of teamwork and self sacrifice, he turns to video of Planet Earth’s greatest predators, playing clips of orcas and other hunters as they circle their prey.

“It could be anything,” said Celtics guard Derrick White after a Game 2 win over the Dallas Mavericks in the NBA Finals. “A lot of ocean, a lot of nature. He loves that predator-prey lifestyle.”

The tape sessions may be unorthodox, but they’ve worked. Mazzulla’s Celtics have spent the past two months rising to the top of basketball’s food chain, losing just two games across four playoff series. During that time, they’ve weathered an injury that sidelined star center Kristaps Porzingis for more than a month and a pair of masterful games from the Mavericks’ Luka Dončić.

And they’ve done it in a way that reflects Mazzulla’s passion for wildlife: hunting down a championship as a pack. Four different Celtics have led the team in scoring this postseason, and in their Game 2 victory in Boston, five players scored between 12 and 26 points.

On defense, despite Dončić’s individual outbursts, the Celtics have penned in the high-scoring Mavericks, trapping their ballhandlers and chasing their shooters away from the 3-point arc. Dallas, which averaged 118 points per game this



Derrick White, above, blocks a shot in Game 2 of the NBA Finals. Celtics coach Joe Mazzulla shows his players clips of killer whales.



season, hasn’t yet broken 100 against Boston.

“Everybody on the team works to impact the game differently every single night,” Mazzulla said. Among NBA coaches, Mazzulla

has always been an outlier. He was a tough-nosed player at West Virginia; when he hurt his shoulder so badly that he couldn’t shoot free throws, he simply learned to shoot them with his opposite hand. Maz-

zulla paid his dues on his way to the NBA, rising through the ranks of low-level college assistant jobs and minor-league postings.

He ascended to the top job in Boston after the Celtics suspended former coach Ime Udoka for “violations of team policies” involving a relationship with a colleague, in 2022, but new responsibilities

didn’t dull his competitive fire. As Boston’s head coach, Mazzulla—three years younger than Celtics center Al Horford—kept up a tradition of rugged pickup games with his assistants. These aren’t just about getting a little pregame cardio. Last season, Mazzulla was forced to miss two games after scratching his eye in one of the scrums. “I’m constantly seeking competitive environments,” he explained.

Celtics players have to get used to certain peculiarities from their head coach, who has been known to walk around the team facilities barefoot, speaks in a hyper-focused monotone and has an uncommon affinity for the Ben Affleck heist thriller “The Town.” (Clips from this movie also make their way into Celts’ film sessions.)

But Mazzulla’s players also know that he’ll leave no stone unturned in trying to find an edge. Mazzulla counts Pep Guardiola, the manager of Manchester City, as a friend, and shows his team clips of the Premier League-winning side. “It’s about the connectivity required, how all the pieces are doing their role,” said backup center Luke Kornet. “How it can just look beautiful and flow.”

As for the clip that Mazzulla showed the Celtics earlier this year, of hyenas working in tandem to take down a wildebeest? “Man, was it hard to watch,” Kornet said. “I’ll tell you what, Mother Nature...” He mulled over the lesson the video imparted. “It was really about working together and trying to bring the enemy to a standstill.”

At a crucial juncture on Sunday, Mazzulla sent his two guards, White and Jrue Holiday, to apply pressure in the backcourt. They forced the Mavericks into a panic and ripped away a steal. Seconds later, that steal became a Holiday 3-pointer that helped secure a win.

It was, in many ways, a perfect summary of the Celtics’ championship chase. Boston doesn’t boast the best player in the Finals, but it unquestionably has the most cohesive roster, with each player working in brutally efficient harmony on both ends of the court.

“It’s not any one person doing it all,” Kornet said. “It’s all five, connected together.”



DAVID BUTLER / JEFFREY S. MAYER / GETTY IMAGES; STEVEN SENNE / ASSOCIATED PRESS

## The WSJ Daily Crossword | Edited by Mike Shenk

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- 22 Transcribe, perhaps
- 25 Noggin
- 26 Lease period, often
- 27 Boston and Chicago, e.g.
- 29 Physicist’s amount
- 32 Cake cover
- 33 Buccaneer buddies
- 34 Rating unit
- 36 Narrow cut
- 37 You might follow one on social media
- 38 City founded by the Pennsylvania Railroad in 1849
- 39 Lake recreation
- 41 Be sent forth

# Volleyball Was for Girls. Now It’s Booming With Boys.

By Rachel Bachman

**THE LETTER FROM A BOY** in Minnesota arrived back in the 1980s, yet Karch Kiraly still remembers it.

The boy told Kiraly, a star on the U.S. men’s volleyball team that won Olympic gold in 1984 and ’88, about the dilemma he was facing. There was no boys varsity volleyball team at his high school, so he had joined the girls’ team instead. But the girls had voted to wear “bun-hugger” shorts, and the boy faced a choice: start wearing the skimpy uniform or quit?

Kiraly’s advice was to do neither. Instead, he wrote back encouraging him to start a boys’ club team and grow it from there.

As it turns out, some four decades later, that’s exactly what has happened in Minnesota and other states across the country, where a sport long dominated by girls and women is suddenly booming with boys.

Nationwide, the number of boys playing high school volleyball teams has jumped 56% in the past decade, according to the National Federation of State High School Associations. More than half of U.S. states now have an official high school championship for boys volleyball—including, starting next year, Minnesota. “I had hopes to see this day,” said Kiraly, now the coach of the 2021 Olympic gold medal-winning U.S. women’s volleyball team. “It’s fantastic.”

While girls’ and women’s volleyball has thrived in recent decades, its availability for American high-school boys was limited mostly to coastal hotbeds. But in recent years, that has changed.

The shift was accelerated by the 2016 launch of the First Point Foundation, a

nonprofit dedicated to growing boys’ and men’s volleyball. In the past eight years, it has awarded \$3.2 million in grants to high school and college programs.

First Point’s largest effort so far helped fund the launch of men’s volleyball in the Southern Intercollegiate Athletic Conference, a group of historically Black Division-II colleges. First Point co-founder Wade Garard said one of the organization’s goals is to expand vol-

lege teams by about 80% in a decade.

The federal Title IX law requires schools and universities to offer equal opportunities for male and female students, including in sports, which has made some wary of adding boys or men’s teams even when there is demand for them. Some schools stay in balance by adding another sport, like girls wrestling.

To be sure, the number of female volleyball players in high school and college still dwarfs the number of male players 6-to-1. But that ratio has narrowed from 1983, when female players outnumbered boys 11-to-1 in college and nearly 30-to-1 in high school.

For many boys, volleyball is their gateway to athletics, said Jenny Kilkelly, president and co-director of the Minnesota Boys High School Volleyball Association. More than 90% of the roughly 2,400 high-school boys playing on volleyball teams through the group don’t play another spring sport and 75% don’t play any other high school sport.

Michelle Pryce, a former high school volleyball player living in Minneapolis, was wistful when she thought her three sons probably wouldn’t get to play the sport beyond neighborhood games. But the boys loved volleyball so much that the family joined the effort to make it an official high school sport.

At first, the campaign met with resistance. Some school leaders were concerned about the expense and gym space taken up by a new sport, and worried they would lose athletes to other schools if they didn’t offer it. But slowly those attitudes changed. “I think what they realized,” Pryce said, “was this wasn’t going away.”



Minneapolis Washburn’s William Pryce

leyball beyond affluent pockets into cities and rural areas. “This is a pretty white, affluent sport, to be honest,” Garard said.

Meanwhile, other colleges began adding men’s volleyball as a tool to attract male students at a time of declining enrollment, said Karen Weaver, an adjunct assistant professor at the University of Pennsylvania who focuses on college sports and higher education.

Most schools already have a women’s volleyball team, so adding a men’s team is relatively cheap because the facilities are in place. The enrollment effort, plus First Point’s work, have helped increase the number of D-II and D-III men’s col-

JOHN MCCREARY

## SHIFTY BUSINESS | By Mike Shenk

- Across**
- 1 Multiple choice options, often
  - 5 Unable to eat another bite
  - 10 Related
  - 14 Fundamental
  - 15 Krispy \_\_\_\_ (doughnut chain)
  - 16 Sherbet choice
  - 17 Trade show where everybody’s smiling?
  - 19 Phone fillers
  - 20 Mall makeup
  - 21 Pick up
  - 23 Place
  - 24 Winner of three Comedy and two Drama Emmys for the same role
  - 25 Supersized member of a carillon set?
- 28 Basketball great Bird
  - 29 Filly feature
  - 30 Analyze minutely
  - 31 Loris or lemur, e.g.
  - 34 Fivesome of faculties
  - 35 Fancy button on Stengel’s baseball uniform?
  - 37 They’re not easily broken
  - 40 Ticks by
  - 43 Uniquely
  - 44 Hand holding, sometimes
  - 45 Brooklyn-born Brooks
  - 47 Role best suited for a ham?
  - 49 “Keen!”
  - 51 All the rage
  - 52 Salman Rushdie title

- 53 Call it a night
  - 54 Sweat producer
  - 56 Burlesque Boas Company, say?
  - 59 “Breathing Lessons” author Tyler
  - 60 Tricky puzzle
  - 61 Bus driver on “The Simpsons”
  - 62 Routine components
  - 63 Fight site
  - 64 Singer Redbone
- Down**
- 1 Stands in for
  - 2 Starts, in a way
  - 3 Como or Crosby
  - 4 Raison \_\_\_\_
  - 5 “The \_\_\_\_ the limit”

### Previous Puzzle’s Solution

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

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



OPINION

The Hunter Biden Show



**BUSINESS WORLD**  
*By Holman W. Jenkins, Jr.*

Politics is a cynical business, but it's unusually cynical for a president to blame his failed re-election bid on massive vote fraud for which he has no evidence. It's cynical for a presidential campaign to fabricate and promote evidence that its rival is a Russian agent. It's cynical for a candidate to coordinate with the country's intelligence establishment to lie to voters and say his son's embarrassing laptop was fabricated by a foreign power to benefit his rival, the sitting president. The conviction of Hunter Biden took a jury about zero minutes, given clear-cut law and overwhelming evidence, even in Joe Biden's home state of Delaware. Perhaps our accumulating cynicism might be redressed if 75% of the press didn't bend over backward to tell fairy stories about what happened and why. Any Justice Department wouldn't be in a hurry to throw the book at the president's son and Mr. Biden's tried for several years to end the investigation without charges at all, according to credible whistleblowers. The department succeeded at least in permitting the statute of limitations to expire on the

most politically irksome tax charges related to Hunter's earnings from a Ukrainian oligarch when his father was vice president. Letting Hunter walk, though, seemed to become politically untenable after the whistleblowers spoke up. Even so, a generous plea deal was arranged that, contrary to normal practice, and in a fashion inherently suspicious, granted sweeping immunity for unchanged offenses in a side agreement that spared Hunter any embarrassing gun charges altogether. There's no reason for a straight-shooting press not to report this background. When the Justice Department and Hunter still couldn't agree before a judge on the extent of his immunity, Hunter walked away from a settlement that remained extraordinarily fair to him. A press playing it straight can explain all this. Donald Trump and his supporters have specific, plausible grounds for claiming his recent conviction was for unnatural, trumped-up charges. No such grounds apply in the Hunter matter. Even a Trump-hostile press can acknowledge the difference. There's a lot more going on with Hunter than MSNBC wants to tell you. Many people experience searing family tragedies—such as Hunter's loss of his mother and sister in a car crash in 1972, or the death of his brother from brain cancer in 2015—and

don't become addicts. Many become addicts without any personal tragedy at all. Addiction seems to be a psychological and biochemical predisposition some are born with. But being an addict also doesn't mean acting out in the other manifold ways Hunter Biden did, from illegally possessing guns and writing off sex club memberships as business expenses, to making time with his brother's widow and attempting to cash in on his vice president father's oversight of the Ukraine portfolio.

**Tuesday's guilty verdict was a finale the president's son needlessly courted.**

His addiction history also didn't require high-handing every reasonable attempt by his father's administration to spare him Tuesday's verdict, decisions that Hunter made presumably despite now being clean. His lawyer's argument in rejecting the plea deal, making this week's trial necessary, was essentially a demand for a politicized immunity agreement based on fear of a politicized Trump prosecution down the road should the investigation remain live at the department. To me, it seems unlikely that a Trump administration

would saddle itself with a vindictive Hunter prosecution, but never mind, because *nothing* about Hunter's refusal in the slightest way forestalls this possibility. On the contrary, he would face any new Trump charges having just been tried and likely convicted by his own father's administration on gun and tax offenses. With the deus ex machina of Kevin Morris, the Hollywood millionaire who was bankrolling him, Hunter made deliberate choices to drag out his legal turmoil and his Technicolor displays of personal suffering during his father's re-election campaign. Our press should be able to say this. I pointed out in February the obvious: "The president's supporters should realize that Mr. Morris could just as easily have used his deep pockets to support Hunter to take the plea deal, get a day job and remove himself as a liability to his father's campaign." Not long after came a report that Mr. Morris, for unexplained reasons, was no longer able to fund Hunter's efforts. A car accident in 1972 doesn't explain this yet such is the cynicism of the press that it can only mouth the lines a cynical Biden White House wants the press to mouth. Real reporting would make better sense of this week's trial and also September's coming tax trial, neither of which needed to happen at all.

Trump's Plan to Expand Executive Power



**POLITICS & IDEAS**  
*By William A. Galston*

Donald Trump is planning a massive expansion of executive power if he returns to the Oval Office. Considering his critics' concerns about democracy, it's remarkable how little attention the specifics of his policy agenda have received. One need look no further than a series of official campaign videos in which Mr. Trump lays out some of the policies he'll try to implement. In a video issued last May, Mr. Trump said he will end birthright citizenship for children of illegal immigrants. For a child born in the U.S. to qualify as a citizen, he elaborated, "at least one parent will have to be a citizen or legal resident." He argued that this would "choke off a major incentive for continued illegal immigration." Unfortunately for him, the Supreme Court has ruled definitively on this matter. The 14th Amendment states: "All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside." In *Plyler v. Doe* (1982)—a case regarding the public schooling of children who were brought to the country illegally—the court stated that "no plausible distinction with respect to Fourteenth Amendment 'jurisdiction' can be drawn between resident

aliens whose entry into the United States was lawful, and resident aliens whose entry was unlawful." James C. Ho, whom President Trump nominated and Congress confirmed to serve on the Fifth U.S. Circuit Court of Appeals, wrote in 2006 about the *Plyler* decision, saying that all nine justices "reached that conclusion precisely because illegal aliens are 'subject to the jurisdiction' of the U.S., no less than legal aliens and U.S. citizens." Mr. Trump said in the video that on his first day in office, he will "sign an executive order making clear to the federal agencies that under the correct interpretation of the law, going forward, the future children of illegal aliens will not receive automatic U.S. citizenship." Some brave lawyer may want to break it to him that the president doesn't get to decide the correct interpretation of the law. As Chief Justice John Marshall stated in *Marbury v. Madison* (1803), "It is emphatically the duty of the Judicial Department to say what the law is." Mr. Trump also plans to overreach on the legislative front. He argued in a video issued last June that the president has the power to "impound"—decline to spend—funds that Congress has appropriated for a specific purpose. The Supreme Court hasn't ruled definitively on the constitutionality of presidential impoundment. But Congress has made its views clear. In response to Richard Nixon's repeated refusal to expend appropriated funds for

programs he opposed, lawmakers enacted (and Nixon signed) the Congressional Budget and Impoundment Control Act of 1974, which lays out the procedures a president must follow to reduce, delay or eliminate funds that Congress has designed for specific purposes. While the act has been amended, in the 50 years since its passage, no successful legal challenge has been

**He has shared the specifics of his policy proposals in a series of campaign videos.**

mounted against it. If Mr. Trump wins, that could change. "When I return to the White House, I will do everything I can to challenge the Impoundment Control Act in court, and if necessary, get Congress to overturn it. We will overturn it," he said in the video. According to Roll Call, departing Office of Management and Budget officials in 2021 wrote in a letter to the House Budget Committee chairman that the anti-impoundment law's provisions are "unworkable in practice and should be significantly reformed or repealed." Although reasonable arguments can be offered supporting this position, they concern policy, not constitutionality, and should involve legislative rather than judicial remedies. After all, the power of the purse belongs to the

legislative branch. Allowing the president to ignore Congress's budget decisions would disrupt the system of checks and balances. Third, Mr. Trump in a video last April said: "I will bring the independent regulatory agencies, such as the FCC and FTC"—the Federal Communications Commission and Federal Trade Commission—"back under presidential authority, as the Constitution demands. These agencies do not get to become a fourth branch of government, issuing rules and edicts all by themselves." He said that independent agencies will have to submit regulations they're considering for White House review. President Grover Cleveland in 1887 signed a law establishing the first independent regulatory agency, the Interstate Commerce Commission, setting a precedent both parties have since followed. Independent agencies are established by Congress, are funded by Congress, and report to Congress. On what basis, exactly, can a president assert control over them? One thing is clear: Mr. Trump seeks to weaken or remove many important fetters on presidential power. The framers understood this impulse and worked to protect the people against it. As James Madison wrote in *Federalist* 47, "The accumulation of all powers, legislative, executive, and judiciary, in the same hands . . . may justly be pronounced the very definition of tyranny." We've been warned.

The George Bush Century

By James A. Baker III

At a time of political dysfunction, the 100th anniversary of President George H.W. Bush's birth provides an opportunity to examine his leadership traits, which could help America regain its national footing. Those qualities—which made him the best one-term president in U.S. history and one of the best ever—include these: • *Selflessness.* Born into a family with a tradition of public service, Bush put his nation above himself. He did so as the 20-year-old son of an influential East Coast banker who risked his life as a Navy pilot and was shot down over the Pacific during World War II. As president he was domestically rebuked for refusing to thump his chest after the Berlin Wall fell. He reasoned that triumphalism might hinder tense relations with the faltering but still dangerous Soviet Union.

• *Trustworthiness.* What started as a wary relationship with Mikhail Gorbachev, the Soviet Union's last leader, developed into a strong, personal bond that Gorbachev credited with improving relations between the countries. The two worked together to reunite Germany, eject Iraq's troops from Kuwait and negotiate two nuclear arms-reduction treaties.

**The 41st president's life set an example for a divided country.**

• *Pragmatism.* Bush recognized that savvy responses were often more effective than bold ones. Conservative in nature, he preferred stability and calm. His decision against marching to Baghdad in 1991 was driven by a pragmatic assessment of potential risks of occupation. The decision, much criticized at the

time, proved wise. • *Respect for experience.* Bush often advised aspiring young politicians to avoid being like a Dalmatian in a fire house, running every time the bell rings. Instead, he told them to get a job, start a family and do other things that would allow them to build a full life. By the time he became president, Bush had worked in the Texas oil patch, raised five children to adulthood, and served as a congressman, ambassador to the United Nations, top diplomat in China, director of the Central Intelligence Agency and vice president. No one knew the world as thoroughly and clearly. • *Leadership by example.* Always a workhorse rather than a show horse, Bush let his actions speak for him. The "kinder, gentler nation" he envisioned wasn't merely a political bromide. He and Barbara Bush dedicated personal time to support and promote education and service-ori-

ented programs. The Bushes didn't show class. They were class. • *Bipartisanship.* He didn't mind butting heads with Democrats, or with fellow Republicans for that matter. But he refused to demonize opponents, and he always looked across the aisle for bipartisan solutions, such as the Clean Air Act and Americans with Disabilities Act. The political climate was far more temperate when Bush was in the White House than it is today. Debates could be rancorous, but they reached nothing like today's feverish and destructive pitch. As I watch the calamity that American politics has become, I yearn for the brand of wise, courageous and humble leadership that George H.W. Bush embodied. His virtues remind us of what we have lost—and can regain if we follow his example.

*Mr. Baker served as secretary of state, 1989-92.*

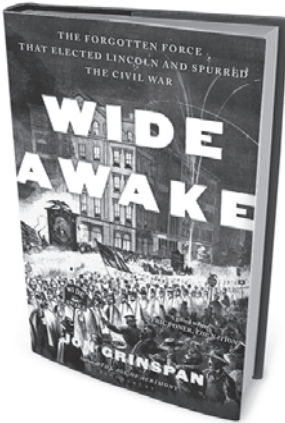
BOOKSHELF | By David S. Reynolds

On the March For Honest Abe

Wide Awake

By Jon Grinspan  
*Bloomsbury, 352 pages, \$32*

The nation is so divided that the two sides can't meaningfully talk politics with each other. A crucial presidential election looms. Many say that democracy itself is under threat. As Jon Grinspan reminds us in his illuminating book, "Wide Awake," America has been in this situation before: in 1860, when Abraham Lincoln first ran for the presidency. The air bristled with hostility over the slavery issue. The stakes were precariously high. The North and the South had reached an impasse that would soon lead to civil war. How did Lincoln, then relatively unknown in national politics, win this critical race? Presidential candidates at the time did not ordinarily campaign for themselves. One of Lincoln's opponents that year, the Democrat Stephen A. Douglas, went on a campaign tour under the pretense of traveling to see his mother. Lincoln, following custom, let others campaign for him. He mainly stayed in his hometown, Springfield, Ill., while supporters rallied throughout the North and in parts of the Upper South. A youth movement known as the Wide Awakes played a huge role in promoting Lincoln's candidacy. The Wide Awakes are often mentioned in works on Lincoln, but Mr. Grinspan, a curator of political history at the Smithsonian Institution and the author of two previous books on the history of American democracy, is the first to probe them in depth. He traces the movement to five textile clerks in Hartford, Conn., who formed a grassroots political organization in February 1860 to support the antislavery Republican Party. From this initial group, known as the Hartford Originals, the movement expanded quickly. Wide Awake clubs appeared throughout the North—as Mr. Grinspan writes, they emerged "in Bangor and Brooklyn, Cambridge and Columbus, St. Paul and San Francisco, and hundreds of cities and towns in between." Dressed in shiny oilskin capes and carrying torches, the Wide Awakes staged "monster" parades with fireworks and music, marching and thundering forth their distinctive chant: "Hurrah! Huzzah! Hurrah! Huzzah! Hurrah! Huzzah!"



As the chant suggests, the Wide Awakes were remarkable for enthusiasm, not eloquence, though some smooth-tongued antislavery politicians, including Charles Sumner and William Henry Seward, spoke at their rallies. True eloquence would come from the Wide Awakes' political hero, Lincoln, who as president coined linguistic gems like "the better angels of our nature," "with malice toward none," and "of the people, by the people, for the people." But Lincoln knew how important it was to attract zestful young voters. When he had run for Congress in 1846, he urged friends to whip up support among what he later called "shrewd wild boys about town." In its early phase, Mr. Grinspan demonstrates, the Wide Awake movement opposed slavery but was not progressive on race. But the movement diversified. African-Americans became Wide Awakes, with the Ohio lawyer John Mercer Langston (later a congressman representing Virginia) and the Bostonian Lewis Hayden, a former slave, leading the way. Opponents came to view the Wide Awakes as dangerous radicals involved in a conspiracy to bring about a horrid racial reversal in America. One journalist fumed: "The chief object seems to be to give the negro the supremacy over the white man."

**In the high-stakes presidential election of 1860, Abraham Lincoln's candidacy was boosted by the zeal of young supporters.**

Did the enthusiasm of the Wide Awakes decide the election? Mr. Grinspan notes that Lincoln's opponents in 1860 were divided among three parties: secessionist Southern Democrats, mainstream Democrats and the moderate Constitutional Union Party. Lincoln won only 40% of the popular vote: Mr. Grinspan argues convincingly that the Wide Awakes helped Lincoln become the top vote-getter and the winner of the Electoral College. Mr. Grinspan describes both the minutiae and the larger meanings of the Wide Awake movement. Typical Wide Awakes, he tells us, were low-salaried male workers in their mid-20s—"young, laboring nobodies," he calls them. The movement's costly paraphernalia included cape, greatcoat, torches and fireworks, which were often paid for by parents, employers or other benefactors. Women flocked to see Wide Awake processions, and in some cases they formed Wide Awake clubs of their own, appearing publicly in sand-colored capes and dresses decorated with the word "ABE" in red, white and blue letters. It's unknown how large the Wide Awake movement was: Mr. Grinspan gives us a rough range of between 100,000 and half a million participants. Regardless of the numbers, the Wide Awakes generated outsized excitement wherever they appeared. Violence sometimes followed, as groups of proslavery Democrats assaulted the Republican Wide Awakes with stones and brickbats, while the Wide Awakes were summoned to the fray with the cry: "Do your duty!" When the Civil War came, many of these young men traded torches for rifles. Mr. Grinspan tells us that most of the former Wide Awakes participated in the war, including the African-American Wide Awakes of Boston. This group formed the core of the famous Massachusetts 54th Infantry Regiment, which made a heroic but doomed effort to take the Confederate Fort Wagner in South Carolina in July 1863. After the war, black men who had formerly been Wide Awakes advocated for the expanded rights made possible under the 14th and 15th amendments. For these African-Americans, Mr. Grinspan writes, "politics led to warfare, and warfare back to politics." Which reminds us again of the original Wide Awakes. Torch-bearing marchers with an agenda summon up uncomfortable memories of Berlin in 1933 and Charlottesville in 2017. But Mr. Grinspan's excellent book makes us realize that public zeal in support of a worthy cause can have positive results—in this case, the election of America's greatest president.

*Mr. Reynolds is a Distinguished Professor at the Graduate Center of the City University of New York. His latest book is "Abe: Abraham Lincoln in His Times."*



OPINION

REVIEW & OUTLOOK

The Secret Supreme Court Tapes

An activist who thinks America is in danger of becoming a “Christian theocracy” infiltrated a gala at the Supreme Court, secretly taped herself trying to goad two conservative Justices into untoward remarks, and all she got was . . . this? The fact that her story led the news on Tuesday says more about the media’s obsessions than anything else.

Lauren Windsor attended a dinner last week for the Supreme Court Historical Society, where she undertook small talk while pretending to be a diehard religious conservative. The only actual news from her surreptitious recordings is that Justice Samuel Alito’s wife corroborated that he isn’t responsible for whatever flags have flown at his homes.

“The feminazis believe that he should control me,” Martha-Ann Alito says, in audio Ms. Windsor posted online. “So they’ll go to hell. He never controls me.”

Mrs. Alito adds: “You know what I want? I want a Sacred Heart of Jesus flag, because I have to look across the lagoon at the pride flag for the next month. And he’s like ‘Oh, please don’t put up a flag.’ I said, ‘I won’t do it because I’m deferring to you. But when you are free of this nonsense, I’m putting it up.’”

In other words, Justice Alito was telling the truth. “My wife is fond of flying flags. I am not,” he recently wrote, explaining why this silly flag flap is no reason to recuse from cases.

Justice Alito’s comments to Ms. Windsor are also innocuous. “As a Catholic,” she tells him, baiting her fishing hook, “I don’t know that we can negotiate with the left in the way that, like, needs to happen for the polarization to end. I think that it’s a matter of, like, winning.”

Justice Alito: “I think you’re probably right. One side or the other is going to win. I don’t know. I mean, there can be a way of living together peacefully, but it’s difficult, you know, because there are differences on fundamental things that really can’t be compromised.”

Ms. Windsor then suggests people of faith “have got to keep fighting for that, to return our country to a place of godliness.” Justice Al-

ito: “I agree with you. I agree with you.”

This is no scandal or even revelation. It’s a common observation that the U.S. is polarized on fundamental values. How many years have voters been told this is the most important election of their lives? A judge in the U.S. is free to acknowledge his religious beliefs out loud in public. Justice Alito has done so in speeches, and Justice Antonin Scalia once debated a magazine reporter about the existence of the devil.

The patter with Ms. Windsor has the weary tone of humoring chitchat. Anybody who does such events knows the drill. Chief Justice John Roberts manages to parry and escape. “You don’t think there’s, like, a role for the Court in, like, guiding us toward a more moral path?” Ms. Windsor asks. “No,” he says. “I think the role for the court is deciding the cases. If I start—would you want me to be in charge of guiding us toward a more moral path? That’s for the people we elect.”

But Americans live in a Christian nation, Ms. Windsor objects. The Chief: “I don’t know that we live in a Christian nation. I know a lot of Jewish and Muslim friends who would say maybe not.” Talk about a headline dud: Chief Justice Defends Pluralism in Secret Tape. Hence the enormous narrative topspin being put on the Alitos in Ms. Windsor’s stunt.

There’s something especially creepy about listening to the recording of Mrs. Alito, the spouse of a public official, casually conversing at a dinner, unaware she’s being taped by someone pretending to be a friend. Is this really how Americans want politics played?

The sorry truth about our present political moment is that harassment by the left is shrinking the public space in which Justices, or at least conservative Justices, and their families can operate. Protesters brandish signs and pound pots around the Justices’ homes. They follow them to their vacation homes. And now even a dinner to raise money for the Supreme Court Historical Society offers no respite from the campaign to intimidate the Justices. It’s contemptible.

Hunter Biden’s Guilty Verdict

Wilmington, Del., jury on Tuesday took little time in finding Hunter Biden guilty of three felony gun charges, in what is a personal and Biden family tragedy but perhaps a political benefit for the President.

The jury took three hours to find President Biden’s son guilty of lying about his drug use when he bought a firearm in 2018, and then illegally owning that weapon. The evidence is clear and compelling, and the defense was reduced to claiming that Hunter didn’t believe he was a drug addict when he signed the form.

Hunter’s memoir of his addiction was a definitive rebuttal. The defense amounted to a long-shot attempt for jury nullification—that is, getting at least one juror to ignore the trial evidence. It didn’t work.

Some on the left are saying that conservatives cheering the verdict are hypocrites since they supported the Supreme Court’s *Bruen* decision that narrowed restrictions on gun ownership. That’s debatable, but it also applies only to the ownership charge. *Bruen* doesn’t absolve lying to the government.

Should Hunter receive a jail sentence?

The President’s son faces the consequences of unlawful acts.

There’s a case for leniency as a first and nonviolent offender, but he also has refused to accept responsibility for breaking the law.

Hunter faces more serious jeopardy in September when he is scheduled to go on trial on three felony and six misdemeanor tax charges for which the evidence that he knowingly understated his income and overstated his deductions is also compelling. He has pleaded not guilty on those charges too.

The guilty verdict is likely to minimize any political impact. An acquittal by a Biden hometown jury would have fed Donald Trump’s narrative of unequal justice—especially since the Justice Department first tried to let Hunter off with a slap-on-the-wrist plea deal. Only after a political uproar and the testimony of IRS whistleblowers did Attorney General Merrick Garland make U.S. Attorney David Weiss a special counsel in the Hunter case.

President Biden has said he won’t pardon his son, though count us skeptical if Hunter is sentenced to prison time. As sad as Hunter’s descent into addiction was, he is now being forced to face the consequences of his actions.

The Cost of Forgiving Medical Debt

The Biden Administration is canceling student loans and easing mortgage payment terms. Now the Consumer Financial Protection Bureau (CFPB) wants to erase unpaid medical bills too. Does this Administration believe in having to repay any debt?

The CFPB on Tuesday proposed a rule that would remove medical debt from credit reports. Its goal? Help people with low credit scores qualify for mortgages and loans they can’t afford. “I just don’t want to see the credit reporting system be weaponized,” director Rohit Chopra said. But who’s really weaponizing credit reporting?

Mr. Chopra says noting the nonpayment of medical bills is unfair given the vagaries of illness. But this is a reason to carry health insurance. Very few Americans with insurance rack up enormous medical debt. Affordable Care Act plans have deductibles and co-pays, but the ACA’s subsidies can offset premiums. Patients often prioritize other loan payments so cars aren’t repossessed or homes foreclosed. A credit-report blemish is the only tool healthcare providers have to encourage payment.

Credit-reporting agencies in recent years have removed delinquent medical debt that has been paid, as well as debt that is less than \$500 or has been in collection for less than a year. According to the CFPB, these actions have reduced the share of Americans with medical debt on credit reports by about two-thirds.

Medical debt affected the credit scores of roughly 15 million Americans as of last June, averaging about \$3,100—far from a terrible burden. Most also carried other forms of debt. Progressives say medical expenses can drive Americans into bankruptcy, and this

happens. But providers are usually willing to reduce or extend payments for those who can’t afford care.

Removing a credit notice for not paying medical bills will result in more unpaid bills. It will also reduce the incentive to buy health insurance, which will undermine the Administration’s goal of increasing coverage.

Providers will raise prices charged to insurers to compensate for unpaid bills, which will push up premiums. Providers also say they’ll demand more upfront payments for care, which could reduce access for low-income patients. This is simple economics.

But this White House doesn’t believe in moral hazard or consider unintended consequences. The Administration has forgiven hundreds of billions of dollars in student debt, in part by capping payments at a nominal share of income. Even if you can afford to make your full payment, why would you? The Administration has even suggested that borrowers could make more than \$100,000 by investing their “savings” from reduced payments.

Estimated costs of its loan forgiveness continue to be revised up in part because its forecasts don’t consider the incentives for borrowers to take out more debt and colleges to raise tuition. The Administration is also stealthily reducing payments for struggling homeowners to prevent foreclosures. This limits housing supply and pushes up prices.

The President’s endless debt relief makes credit scores less indicative of credit-worthiness. Don’t be surprised if lenders rely more on income, resulting in less credit for lower-income Americans who pay their bills. It will be another case in which Mr. Biden’s policies to buy votes do more harm than good.

LETTERS TO THE EDITOR

Wealth Must Be Made Before It Is Distributed

Alan Blinder makes the case in “Shore Up the Social Safety Net With ‘Predistribution’” (op-ed, June 7) that the U.S. is a rich enough nation to afford expanding benefits. He writes that “22.7% of U.S. gross domestic product is social spending, compared with 31.6% in France.”

In 1980, France’s GDP per capita was higher than America’s (\$12,739 versus \$12,575). Today, France’s is slightly more than half of America’s (\$44,408 versus \$81,632).

Mr. Blinder believes those numbers reinforce that we’re rich enough to increase social spending. Perhaps there’s a connection he isn’t seeing between benefit levels and how the wealth got created in the first place.

JON BANKS  
Pacific Palisades, Calif.

While I have a great deal of respect for Prof. Blinder, the flaw in his distributionist logic is staring him in the face. He complains that government social spending targeting the nation’s low-income households, elderly, disabled, sick, unemployed and youth is a lower proportion of GDP in the U.S. than it is in France and Germany.

But U.S. GDP per capita far exceeds those of France and Germany, so that the amount of U.S. social spending per person surpasses that of both these traditionally redistribution-focused nations—over \$19,000 in the U.S. versus than \$15,000 in Germany and France. (If the GDPs are compared under purchasing power parity, social spending per capita is closer in

the three countries but the U.S. still comes out ahead.

Distributionists (whether re- or pre-) focus so intently on making sure that everyone’s slice of pie is identical that they neglect the most important factor in the human condition: How much pie is everyone actually getting? History shows that policies that focus too heavily on equity result in there being far less to go around over time, and the most vulnerable suffer from this greater scarcity. As Milton Friedman liked to say, “There’s nothing that does so much harm as good intentions.”

PROF. JASON TAYLOR  
Central Michigan University  
Mount Pleasant, Mich.

Of course there is broad support for raising the federal minimum wage: Citizens think the burden will fall on someone else, especially business owners. Too late they realize the inflationary effect on everyday items, like local restaurant lunches, and they may never understand why their grandchildren have a hard time finding a summer job eliminated by automation. Instead, they pat themselves on the back for being so effortlessly virtuous.

A country interested in helping the working poor pays for that help nationally through a dramatically increased earned-income credit financed with higher taxes. Will virtue display with transparent costs?

MARK MAISONNEUVE  
Berkley, Mich.

In Medicine, Lucky Experiences Save the Day

Sam Kean’s review of “Frances Oldham Kelsey, the FDA, and the Battle Against Thalidomide” by Cheryl Krasnick Warsh (Bookshelf, June 5) highlights a significant yet often overlooked anecdote about how serendipitous experiences inform critical decisions in medical safety. During her Ph.D. research, Dr. Kelsey fortuitously discovered that a drug, benign in adult rabbits, accumulated to dangerous levels in the fetus when administered to pregnant rabbits. This recollection prompted her to demand more safety data from the pharmaceutical company seeking Food and Drug Administration approval for thalidomide. By doing so, she prevented thousands of children from being born with severe teratogenic malformations.

During my service as deputy director of the Office of National Drug Control Policy, a radio interviewer asked if methadone was a safe medication for treating the rising numbers of people with prescription opioid-use disorder. While affirming its effectiveness, I emphasized the impor-

tance of being aware of drug interactions, and those involving grapefruit.

Four years later during hot June days, my husband, who was on several medications, became progressively weak as his blood pressure plummeted to near-fatal levels. Unbeknown to me, he had been quenching his thirst with quarts of grapefruit juice, mistakenly attributing his weakness to dehydration.

When he reached for another half-gallon of juice, out of the blue I remembered the interview and realized his symptoms were likely due to furanocoumarins in grapefruit juice, which inhibited the metabolism of his medications. I shut the fridge door, advised him to stop consuming grapefruit juice. Within a few days, his energy and blood pressure returned to normal. Without recalling that serendipitous interview, I can’t imagine what might have happened.

PROF. BERTHA K. MADRAS  
Harvard Medical School  
Belmont, Mass.

Private Equity Can Serve as a Force for Good

“High Health Bills? Thank Private Equity” (Heard on the Street, May 31) uses an extremely broad brush in depicting healthcare-focused private-equity investors. The article casts them as bad actors, out to make the largest possible profit at the expense of patients, providers and our healthcare system.

This ignores a meaningful amount of middle-market PE activity in which infusions of private capital are fostering socially positive healthcare transformations. Partnerships between mission-aligned healthcare innovators and PE firms are driving much-needed innovation and disruption, while improving patient outcomes.

While these firms are unique in their overarching sense of social responsibility, they’re employing many of the principles long-embraced by private equity: financial leverage, rapid growth and cutting-edge technology, plus a healthy skepticism of the status quo. In this manner, they

exemplify how the PE space can serve as a powerful force for good even as it accelerates value creation.

Given the urgent need for better outcomes, broader access and lower costs, it’s important that this nuance reaches more healthcare leaders and investors, illustrating how those among us seek to and succeed at doing good while doing well.

MATT BRUBAKER  
Skeppack, Pa.

Mr. Brubaker is CEO and chairman of FMG Leading and operating partner at WindRose Health Investors.

Why No Positive Messages?

Karl Rove points to the “double haters” as lacking a well-defined ideology to decide who deserves their vote (“Trump Verdict Makes Everyone Look Bad,” op-ed, June 6). As a sales and marketing executive for over 50 years, I received on my first day from our senior sales manager this advice: If all I could offer my prospect was knocking my competition, then I had nothing to sell.

If the two candidates run on their positives, not only the other guy’s lousy “product,” they might make more sales on Nov. 5.

MORT GROSSMAN  
Plainview, N.Y.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Aging disgracefully is much more fun.”

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WORLD NEWS

Climate Change Lands on Your Table

Wine, olive oil, coffee and cocoa suffer as weather gets intense; ‘a little apocalyptic’

By Jon Emont

As the world warms, extreme weather is disrupting the production of some of life’s great comforts: wine, olive oil, coffee and cocoa.

Heat waves and untimely rain in West Africa have sent cocoa prices to record levels this year, causing chocolate makers to raise prices. Traders are hoarding coffee after a severe drought in Vietnam, the world’s second-largest producer, pushing prices of the Robusta variety to a 45-year high. The more-coveted Arabica beans have also recently become costlier.

In Italy, heavy rain caused a surge in grape-devouring mildew—one of a number of weather events that sank global wine production to its lowest levels since 1961. The price of olive oil has doubled in the past two years as heat and drought have baked groves around the Mediterranean.

Some of these crops are concentrated in one or two regions, which means wonky weather in one part of the world can have a dizzying impact on global prices.

Joe Shaw squeezes lemon juice and drizzles vinegar on his salad, skipping the olive oil now that a half-liter costs \$10, about twice the price of a year or two ago.

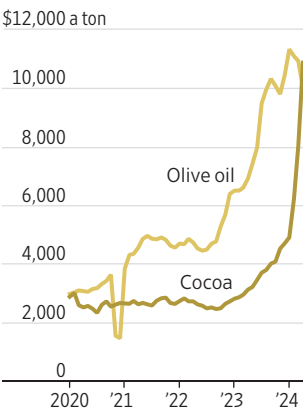
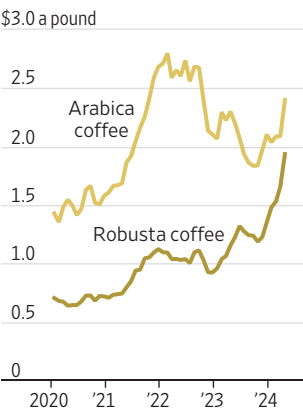
“It does feel a little apocalyptic,” said the 28-year-old, an exhibition assistant for an art gallery in London.

Italian chef Francesco Mazzei, who runs a restaurant at Corinthia Palace, a luxury hotel on the Mediterranean island nation of Malta, says the trick is knowing which dishes can be made with olive-oil alternatives—like pasta Bolognese, to which he adds richness with pancetta, a type of



The price of coffee from the Indonesian island of Java has risen as yields declined in recent years.

Prices of four weather-sensitive commodities



Average price of world wine exports



Sources: St. Louis Fed; International Organization of Vine and Wine

pork. But for a caprese salad, he said, there is no good Plan B.

“You have to use extra virgin olive oil, you cannot put avocado oil or something like that,” Mazzei said.

Around the world, regions famed for delicacies are struggling to adapt. Land suitable for growing coffee, which thrives in cool, higher elevations, will decline in coming decades, scientific studies show.

Just try getting a cup of java from the Indonesian island of Java. Dandy Dharmawan, who buys coffee from farmers in the Southeast Asian country and processes the beans for cafes in Indonesia and abroad, says worsening yields have lifted prices by 50% over the past three years.

“There’s going to be a point where coffee prices will keep rising and coffee drinkers will be pushed toward substitute products that are more affordable,” Dharmawan said.

In India, coffee grower Nishant Gurjer has been hit by a double whammy. Unusually heavy rains last year split the outer skins of his coffee beans, hurting the flavor of his early-year harvest. Then an overpowering heat wave in April withered new coffee flowers, which he says will lower next year’s production by a quarter.

“Events are getting more intense,” said Gurjer, whose family has been growing coffee for more than 200 years. Scientists say climate change makes heat waves more common—and more acute.

Coffee traders in drought-hit Vietnam are hoarding beans, holding out for even higher prices, said Debbie Wei Mullin, chief executive of Los Angeles-based Copper Cow Coffee, which sells beans from Vietnam to retail chains like Whole Foods, Costco and Target.

“It used to feel like an unlimited supply in Vietnam,” Mullin said.

Farmers around the world are trying to adapt by installing irrigation systems and planting new drought-resistant versions of crops. Adaptations can sometimes cause other problems, said Cornelis van Leeuwen, a professor of viticulture at Bordeaux Sciences Agro. Irrigation risks draining aquifers. Less-dense planting gives each vine has more soil to extract water from—but means fewer grapes.

Other wine regions have it even harder than Bordeaux. That has inspired some winemakers to venture north in search of milder weather. K Felix G Åhrberg worked in wineries in New Zealand, France, South Africa and elsewhere. In 2017, he decided to get “ahead of the game,” he said, and return home to Sweden. He now works with grapes grown a couple of hours’ drive from Gothenburg in the south of the country.

“It’s burning in Bordeaux and hailing in Italy,” he said.

Olives, classically Mediterranean, are also beginning a march northward. Agro Rebels, an Austrian research group, is working with farmers who have planted around 5,000 olive trees so far. Austria’s climate is beginning to resemble that typical of its neighbors on the other side of the Alps.

Olive trees, like coffee and cocoa trees, take years to reach maturity. Meanwhile, olive oil will be more expensive—and potentially less tasty. German consumer group Stiftung Warentest said in March its test of 23 olive oils found that the average quality had dropped compared with previous studies.

U.K. Wage Growth Remains Strong

By Ed Frankl

Wages in the U.K. continued to grow rapidly in the three months to April, a concern for the Bank of England as it prepares for a policy meeting next week.

Average earnings, excluding bonuses, between February and April were up 6% from a year earlier, the same as in the previous quarter, the Office for National Statistics reported Tuesday. The consensus of economists polled by The Wall Street Journal was 6.1%.

While annual inflation slowed to 2.3% in April, closing in on the BOE’s 2% target, the decline in recent months has largely been due to energy prices, set in world markets. Prices in the labor-intensive services sector were up 5.9%.

Policymakers worry that when energy prices level out, overall inflation will be driven higher by prices mainly responding to domestic pressures, including rising wages.

The central bank is expected to hold rates at a 16-year high on June 20, with investors focusing on an Aug. 1 meeting for the bank’s first rate cut since March 2020.

The European Central Bank cut its key interest rate last week. However, policymakers have stressed that it will lower rates only cautiously.

The U.K.’s unemployment rate edged up to 4.4% in the three months to April, the ONS said. Employment fell by 139,000, which could provide the BOE a modicum of optimism that the labor market is slowly cooling. Indeed, with employment falling and the unemployment rate climbing, wage growth should soon turn downward, Capital Economics deputy chief U.K. economist Ruth Gregory said.



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## Bond Pickers Win Over Investors

About 74% of active funds beat their benchmarks in the past 12 months

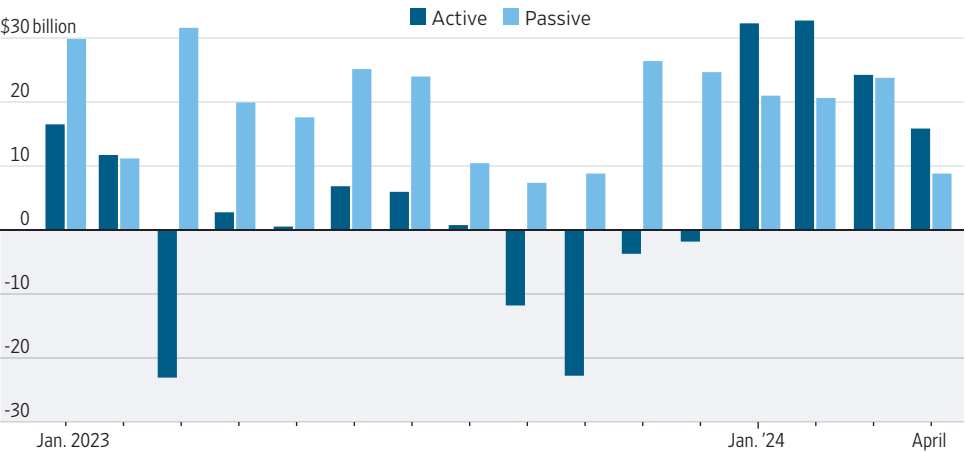
By VICKY GE HUANG

A rocky stretch in the debt markets has American savers turning to Wall Street pros for help picking their bonds. About \$105 billion has flowed into actively managed fixed-income funds on a net basis this year, compared with \$74 billion for funds that choose investments by tracking an index, according to Morningstar Direct data as of April 30. That marks the first time flows into active bond funds topped those into passive funds during the period since 2021. Bonds have stabilized since posting their worst year on record in 2022. Still, the widely tracked Bloomberg aggregate bond index has delivered a negative total return, including interest payments, of 1.2% this year, thanks to a run of hotter-than-expected inflation data, which has caused investors to significantly reduce expectations for how many times the Federal Reserve will

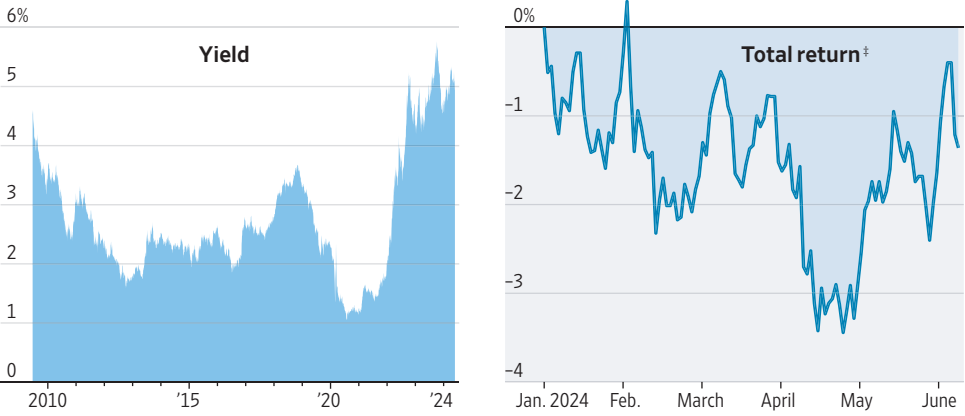
cut interest rates this year. As a result, some investors are turning to professional bond pickers, hopeful that they can anticipate swings in rate expectations or excel at individual bond selection—benefiting more than the index if bonds start rallying or minimizing losses if they keep selling off. “There are certainly plenty of scenarios where the Fed does not get a chance to cut rates in 2024 at all,” said Dan Shaykevich, a portfolio manager in Vanguard’s active taxable fixed-income group. “That’s an environment where you really have to be careful looking for winners and losers.” Like stock pickers, active bond managers choose among various types of investments to maximize a fund’s payouts—such as Treasuries, corporate bonds or mortgage debt. They can add riskier debt to get higher yields or find mispriced securities or overlooked sectors. They can also try adjusting the fund’s sensitivity to shifts in short-term rates, a measure known as duration. In return, active funds typically charge higher fees. That

*Please turn to page B2*

Flows for U.S. bond funds, monthly\*



Bloomberg U.S. Aggregate Bond Index†



\*Mutual funds and exchange-traded funds. †Data as of Monday. ‡Includes price changes and interest payments. Sources: Morningstar Direct (flows); FactSet (yield, total return)

## Vote on Musk Pay Comes Down to The Wire

The vote on Elon Musk’s \$46 billion **Tesla** pay package this week is so far too close to call, with the automaker and billionaire racing to drum up support in recent days.

By Emily Glazer, David Benoit and Corrie Driebusch

Tesla shareholders are expected to finish voting Thursday on a 2018 pay package that was set to award Musk stock options worth billions of dollars after he led Tesla to significant growth in the last five years. Votes have been trickling in for weeks but it isn’t yet clear if shareholders will sign off on the package, according to people familiar with the matter. It will come down to how many of Tesla’s individual investors cast ballots, and how big institutional investors vote at the last minute, the people said. Musk himself has been campaigning to get the vote out, tweeting on his X platform and even attending meetings with some large investors that he usually skips. The chief executive has joined recent meetings with proxy adviser Glass Lewis, and investors including Vanguard, State Street and BlackRock, alongside Tesla Chair Robyn Denholm and others, the people said.

Musk was supposed to talk about the future of Tesla, not lobby for his compensation in those meetings, some of the people said. But when asked, Musk has addressed the compensation debate and pitched investors on why Tesla’s future relies on his presence, according to some of the people. The campaign is an unusual one. Musk’s pay package had easily passed a vote in 2018, with 73% of voted shares supporting it. *Please turn to page B4*

## Apple-OpenAI Deal Reorders Tech Sector



The deal marks a victory for OpenAI CEO Sam Altman.

OpenAI’s deal with **Apple** is shaking up the competitive balance in the artificial intelligence race.

By Deepa Seetharaman, Aaron Tilley and Miles Kruppa

The new agreement, announced Monday, gives the startup an important role in Apple’s push to bring AI to its vast population of users. At the same time, Apple rival **Microsoft**—OpenAI’s most important big tech partner—also is trying to make headway in consumer AI. The OpenAI-Apple collabora-

tion deals a setback to Google, which has long paid Apple billions of dollars a year to be its default tool for internet searches. The deal helps strengthen OpenAI’s position at the forefront of the generative AI boom and marks a win for Chief Executive Sam Altman. Weeks before he attended Apple’s announcement on Monday, Altman was at a Microsoft developer conference where “Microsoft Loves OpenAI” flashed on a screen with the word “love” represented by a blue heart. Here is a look at what the news means for some key players.

### ◆ What it means for Apple

Using OpenAI gives Apple a chance to bring artificial intelligence to the masses. It may also help Apple sell more phones and restore the reputation of its voice assistant, Siri, as it develops its own AI models. Apple shares surged 7.3% Tuesday to \$207.15. Its market value jumped by \$215 billion—its largest ever one-day gain—to a record close of \$3.176 trillion. OpenAI’s role with Apple is limited. The startup will handle some functions that Apple’s *Please turn to page B11*

◆ Heard on the Street: Apple’s AI evolution..... B12

## Brash CEO Leads Quest To Arm Ukraine Military

By ALISTAIR MACDONALD

Armin Papperger has said his global arms giant plans to risk Russian attack and set up a factory in Ukraine capable of churning out 400 new tanks a year. Such bold declarations have become a hallmark of the 61-year-old Bavarian, who has emerged as a major player in the weapons business and an outspoken figure in a typically reserved industry. A keen hunter with a wave of white hair, Papperger has helped transform **Rheinmetall** from an obscure German engineering group into a global defense giant. Demand for Rheinmetall’s military vehicles and artillery shells has soared since Russia’s invasion of Ukraine, giving the company an order book worth about \$43 billion, triple what it was at the end of 2021. Its stock is up more than 400% since the start of the war, outperforming every other major Western defense company. Rheinmetall says hundreds

of vehicles and millions of rounds of ammunition made by the company have been sent to Ukraine. This week it opened its first repair and maintenance center in the country. Under Papperger, Rheinmetall has also pushed into in-demand weapons, such as rocket artillery, and entered the lucrative U.S. market. So far it has secured one key contract with the U.S. military, and is in contention for a second, larger deal—a relative rarity for a foreign business. But the higher profile has led to some criticism, particularly in a home country that retains a strong postwar pacifist streak. Antimilitary protesters have descended on Rheinmetall’s factories and recorded raps attacking the company, while Papperger was directly targeted in May when arsonists burned down a garden shed at one of his houses. Papperger’s frequent pronouncements also have irked some peers and politicians. “Mr. Papperger is making a *Please turn to page B2*

## INSIDE



**PROPERTY REPORT**  
Calgary lures developers with aid to convert downtown spaces into residences. **B6**



**HEARD ON THE STREET**  
EV trade war between EU and China threatens luxury cars. **B12**

## Shadow Fleet of Old Tankers Keeps Russian Crude Flowing

An armada of old tanker ships has sprung up to move sanctioned Russian and Iranian oil, putting sailors in peril and threatening environmental catastrophes.

By Costas Paris in Athens and Joe Wallace in London

At the center of this trade is a surprising new player in global shipping: Gabon, a nation better known for its dense rainforest and a recent coup than maritime acumen. The Gabonese ship registry has ballooned to hold more than 100 tankers, according to ship brokers and owners, and an official at an established rival registry. Lloyd’s List Intelligence estimates more than 70 of those vessels have obscure ownership and form part of a shadow fleet of tankers dedicated to sanctioned oil trades. Other ships sport banners from Comoros—a tiny island nation on the other side of Africa off the coast of Mozam-



Last year, the Gabon-flagged Pablo burst into flames off the coast of Malaysia, killing three crew members.

bique—or Cameroon. In opting for these obscure “flag states,” the shadow fleet is sidestepping a system that has long helped keep the oceans safe, by ensuring ships are properly insured and seaworthy, and that sailors are well treated. “It’s a major problem for all of us. Many of these ships are

beyond the inspection and oversight regime that the world has constructed since the big tanker disasters of the ’80s and ’90s,” said William MacLachlan, partner at shipping-focused law firm HFW. “It is an accident waiting to happen.” Last year, the Gabon-flagged *Please turn to page B2*

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MALAYSIAN MARITIME ENFORCEMENT AGENCY/AP/GETTY IMAGES



INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	
Alibaba.....	B4
Alphabet.....	A2,B6,B12
Angel Capital Management.....	B6
Apple.....	A2,B1,B11,B12
Atos.....	B3
B	
BAE Systems.....	B2
Bank of America.....	B11
Bertelsmann Investment B6	
BlackRock.....	B1
Boeing.....	A1,B11
BYD.....	B12
ByteDance.....	B4
C	
Cisco Systems.....	B6
CRH.....	B4
E	
Eurizon Asset Management.....	B6
Expal.....	B2
F - G	
Flutter Entertainment.....	B4
Galderma.....	B4
GE Aerospace.....	A1,A10

General Catalyst.....	B6
General Dynamics.....	B2
General Motors.....	B3
Golden Goose.....	B4
Great Wall Motor.....	B4
GSK.....	B3
I	
iGenius.....	B6
International Business Machines.....	B6
J	
JD.com.....	B4
JPMorgan Chase.....	B11
K	
Kenvue.....	B6
KNDS.....	B2
Kuaishou Technology.....	B4
L	
Lockheed Martin.....	B2
M	
Meta Platforms.....	B6,B11
Microsoft.....	A2,B1,B4,B6,B12
Mistral AI.....	B6,B11
N - O	
News Corp.....	B11
Nvidia.....	A2,B6

One Point One Solutions.....	B3
OpenAI.....	B1,B4
P	
PDD.....	B4
Porsche.....	B12
Prudential Financial.....	B11
Puig Brands.....	B4
R	
Raspberry Pi.....	B4
Renault.....	B12
Rheinmetall.....	B1
S	
SAIC Motor.....	B12
Salesforce.....	B6
Shein.....	B4
Singapore Airlines.....	B3
State Street.....	B1
T	
Target.....	A1
Tesla.....	B1,B12
TUI.....	B4
U - X	
United Parcel Service.....	A1
Volvo Cars.....	B12
XPeng.....	B4

INDEX TO PEOPLE

A	
Adler, Eric.....	B11
Altman, Sam.....	B1,B4
Antonelli, Michael.....	B11
B	
Bartolini, Matthew.....	B2
Bradley, Todd.....	B12
Brockman, Greg.....	B4
C	
Chan, Angus.....	B4
Conroy, Sean.....	B3
D	
Denholm, Robyn.....	B1
E	
Ellison, David.....	A1
F	
Federighi, Craig.....	A12,B11
G - H	
Giannandrea, John.....	B11
Gregory, Ruth.....	A18
Guo, Rachel.....	B4

Hatzius, Jan.....	A2
I	
Itani, Sarah.....	B6
Ive, Jony.....	B11
J	
Jacobson, Paul.....	B3
K	
Ke, Qu.....	B4
Kretinsky, Daniel.....	B3
Kwong, Greg.....	B6
M	
Mensch, Arthur.....	B6
Mould, Russ.....	B4
Munster, Gene.....	B11
Musk, Elon.....	B4,B11
N	
Nadella, Satya.....	B11
O	
Olshevsky, Maxim.....	B6
P - R	
Papperger, Armin.....	B1

Redstone, Shari.....	A1
Robinson, Dan.....	B11
Rosenbluth, Todd.....	B2
S	
Schorr, Chip.....	B12
Shaikh, Akram.....	B2
Shaykevich, Dan.....	B1
Shi, Jialong.....	B4
Suleyman, Mustafa.....	B11
T	
Tangen, Nicolai.....	B4
Tsai, Joe.....	B4
Tusa, Sash.....	B2
V	
Vogt, David.....	B12
X	
Xu, Toby.....	B4
Y	
Yap, Alicia.....	B4
Yang, Shawn.....	B4
Z	
Zimmermann, Annette.....	B11

Shadow Fleet Moves Russia Oil

*Continued from page B1*  
Pablo burst into flames off the coast of Malaysia, killing three crew members, according to Malaysian officials. The empty tanker was 26 years old, according to a public maritime database. Malaysian authorities are still trying to figure out who owned Pablo, the officials said.

At least 17 crew members have died in three accidents involving Comoros-flagged ships since 2022, according to a Wall Street Journal tally of incidents reported in shipping-industry publications, including on a boxship from Russia that split in two.

Old vessels are prone to major accidents and many ships in the shadow fleet lack reliable insurance, said Harry Theohari, a senior consultant at law firm Norton Rose Fulbright.

The Gabon embassy in Paris didn't respond to requests for comment, and an official at its Rome embassy hung up when asked for comment. The Cameroon embassy in Washington and the Comoros U.N. mission didn't respond to requests for comment.

The flag-state system grew up after World War II, when international maritime law made these countries responsible for ensuring ships followed rules on safety, fuel quality, recycling and working conditions.

Small states have long offered sweeteners to shipowners, such as cheaper registration fees, lower taxes and less stringent checks. But over time, the reputation of some traditional "flags of convenience" has improved.

The new flags of convenience pose a greater danger, according to shipping executives. Ships flying the Gabonese flag have called so rarely at European ports that they aren't even on the blacklist, although Comoros and Cameroon are.

The shift took off last year, when Russia's tanker fleet needed new flags to skirt U.S. sanctions enforcers. The migra-

tion from flags such as Liberia helped Russia move crude to buyers in India and China—and keep funding the Kremlin's war in Ukraine.

Now, ships carrying these new flags or sailing under false flags make up as much as 15% of all tankers at sea, shipowners and brokers estimate. Since Russia invaded Ukraine, Gabon's registry has grown six times to become Africa's second-largest, according to data from Clarksons, a shipbroker.

Gabon-flagged vessels have been involved in ship-to-ship transfers of Russian petroleum in international waters off the coast of Kalamata in southern Greece since the war began, according to Greek maritime officials. Gabon's government outsources the shipping registry to outsiders—a firm called Inter-shipment Services LLC.

Intershipping is based in Ajman, the smallest member of the United Arab Emirates, and has representatives in Greece and India. It says that with the Gabonese flag it aims to offer "a high-level registry at a very competitive fee." Intershipping has been the authorized representative of the Gabon maritime administration since 2018, its website says.

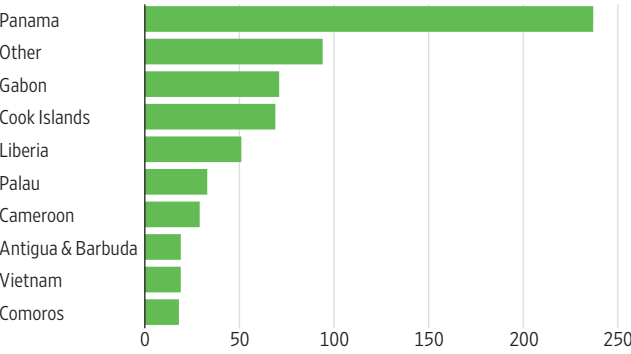
Representatives for the Gabonese ship registry and Inter-shipment Services didn't respond to requests for comment. A person who answered the phone at a U.A.E. office for Intershipping said the firm ran the Gabon registry and was owned by Akram Shaikh.

Shaikh is also linked to the shipping industry of Comoros, where he was made commissioner for maritime affairs in 1999, according to the website of Comoros Shipping Services. That company says it is the authorized maritime representative for Comoros in India.

The ships Gabon has taken on include around 50 owned by Russia-controlled Sovcomflot, which had previously used Liberian flags, according to a person with direct knowledge of the matter. Russian state tankers may have increased their vulnerability to sanctions because the company behind Liberia's ship registry is incorporated in the U.S.

Gabon also gained dozens more vessels linked to the shadow fleet, the maritime database shows.

Number of 'dark fleet' vessels by the flag they fly



Notes: State-owned companies are excluded. Many dark fleet ships fly flags without the knowledge of the registry. Source: Lloyd's List Intelligence

CEO Helps To Arm Ukraine

*Continued from page B1*  
lot of announcements, he is very loud," said Sebastian Schäfer, a German lawmaker who sits on a parliamentary committee that oversees a €100 billion defense fund. "Instead of making big announcements, Rheinmetall should deliver."

More than a year after talking up the idea of a tank factory in Ukraine, work on that facility—and several others Papperger has talked about building—has yet to begin.

Schäfer added that Papperger had told him last year that the repair center—opened this week—would be ready by the winter. Meanwhile, a lot of German-donated equipment had to be repaired outside of Ukraine, he said.

Rheinmetall's local partner in Ukraine, state-owned Ukroboronprom, said financing hasn't yet been raised for any production sites.

Rheinmetall declined to make Papperger available for this article but a spokesman said the company had "proven that we are walking our talk," pointing to projects with the German military and the supplies sent to Ukraine.

The spokesman added that Papperger has always said Rheinmetall would first provide service and maintenance in Ukraine, with the production of vehicles "promised for a later phase" and the production of tanks "to follow in a final step."

Man of the moment

Born in Bavaria, the affluent southern German state, Papperger studied engineering in Duisburg, a scruffy northern industrial city, before joining Rheinmetall in 1990 in a quality-management role. He worked his way up to become CEO in 2013.

While direct, Papperger is also said to be charming. He occasionally takes clients and colleagues hunting for deer and boar in a forest at the company's test center in northern Germany. Invitations are coveted, and visitors are entertained in a reception where stag heads line the walls.

Rheinmetall has announced plans to expand or build at least eight factories in seven countries, and Papperger has met four different national leaders in recent months, including Germany's twice. He met Ukrainian President Volodymyr Zelensky last year, swapping his usual suit and silk

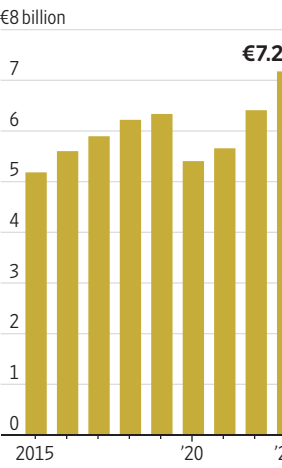


CEO Armin Papperger says hundreds of Rheinmetall-made vehicles have been sent to Ukraine.



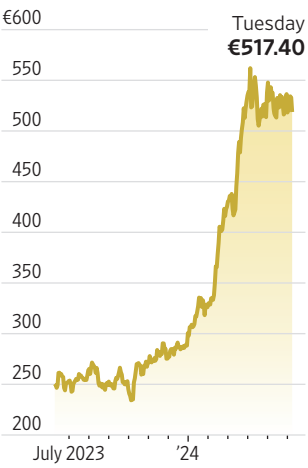
FROM TOP: FABIAN BIRMER/PRESS POOL; INA PASSENER/AP/GETTY IMAGES

Rheinmetall annual revenue



Note: €1 = \$1.08

Share price over the past year





BUSINESS NEWS

# Singapore Airlines to Compensate Passengers on Turbulent Flight

By Kimberley Kao

Singapore Airlines has offered an initial \$25,000 in compensation for passengers severely injured on board its London-to-Singapore flight last month that experienced one of the worst turbulence-related accidents in aviation history.

The airline offered \$10,000 to passengers who sustained minor injuries from the May 21 incident. For individuals medically assessed to have sustained serious injuries, requiring long-term medical care and requesting financial assistance, the airline will offer an advance payment of \$25,000 to address their immediate needs, it said, which will be part of final compensations these passengers will receive.

Singapore Airlines Flight 321 encountered what the airline described as “sudden extreme turbulence” about 10 hours into the flight from London to Singapore and was diverted to Bangkok. A 73-year-old British national died, likely from cardiac arrest, and more than a hundred people were injured. The



The flight encountered what the airline described as ‘sudden extreme turbulence.’

Boeing 777-300ER jet had 211 passengers and 18 crew members on board.

As of June 4, 20 passengers were still receiving medical care in Bangkok hospitals, according to the airline.

“For those who sustained more serious injuries from the incident, we have invited them to discuss a compensation offer to meet each of their specific circumstances when they feel well and ready to do so,”

SIA said.

The airline also said it will refund airfares for all passengers on board the flight and pay compensation for delays in accordance with European Union or U.K. regulations.

# GM Approves New \$6 Billion Buyback

By Mike Colias and Dean Seal

The board of **General Motors** has authorized the repurchase of up to \$6 billion in shares in a new program that builds on other moves in recent months to appease shareholders.

At a Deutsche Bank investor conference in New York on Tuesday, GM Chief Financial Officer Paul Jacobson said that vehicle demand was strong and that GM continued to command stout pricing.

That will help the company deliver second-quarter pretax profit that should eclipse the

first quarter and outpace Wall Street analysts’ forecasts, he said. GM’s first-quarter pretax profit, minus one-time items, was \$3.9 billion.

“May was a really, really strong month for us,” Jacobson said, with the highest U.S. vehicle sales in more than three years.

At the same time, the company cut its forecast for electric-vehicle production this year to a range of 200,000 to 250,000, from a previous range of up to 300,000 EVs. Jacobson said GM has overcome earlier manufacturing problems on new electric

models and is trying to match supply to demand that is weaker than the industry had counted on.

The CFO also said GM will invest \$850 million into its Cruise driverless-car division. The infusion is meant to help the San Francisco company continue funding operations through early next year as GM explores other ways to fund the business, including potential partnerships and outside investment.

Some investors have questioned how long GM should continue to pour money into Cruise, which suffered a set-

back last year that prompted it to halt its robotaxi service.

GM has said some employees misled regulators about an October incident during which a pedestrian in San Francisco was pinned under a Cruise car and dragged 20 feet at a slow speed, after having been hit by a separate motorist’s vehicle.

Cruise has resumed testing its cars on public roads, including in Phoenix, Dallas and Houston, with safety drivers at the wheel.

“Getting momentum back in the business is going to require some capital,” Jacobson said.

# IT Firm Atos Says Yes to Rescue Deal

The package comes after a number of tumultuous years for the French firm

By Pierre Bertrand and Mauro Orru

**Atos** accepted a financial-restructuring proposal from a consortium including key shareholder **Onepoint** to salvage the debt-laden French IT firm, outgunning a rival bid from a group led by Czech billionaire Daniel Kretinsky.

The rescue package comes after several tumultuous years for a company with contracts in France’s military and nuclear industry that is also the cybersecurity provider for this summer’s Paris Olympics.

The group, which had four chief executives since January 2022, has grappled with persistently high debt, mired finances and sapped investor confidence. Atos’s stock lost nearly 93% of its value over the past 12 months.

Shares maintained their slide even after the Onepoint-led consortium proposal was accepted, slumping 15% Tuesday to €0.97, or about \$1.04. They traded as much as 4.4% higher earlier in the session.

Onepoint, which formed a consortium with some Atos creditors that also includes Butler Industries and Econom, plans to inject €250 million euros, or \$269.2 million, in equity into Atos, provide €1.5 billion in debt instruments and bank guarantees and convert €2.9 billion of existing debt into equity.

Atos’s decision to proceed with the Onepoint consortium comes after a series of acqui-



sitions and investments across Europe by Kretinsky, who recently scooped up the U.K.’s Royal Mail postal service after owner International Distribution Services agreed to be bought for almost \$5 billion.

Earlier this year, a Kretinsky-led consortium took control of embattled French supermarket owner Casino Guichard-Perrachon. In April, his EP Corporate Group also agreed to take a 20% stake of Thyssenkrupp’s steel business with the possibility of increasing it to 50%.

Atos said Tuesday that it would work with the Onepoint consortium to reach a definitive financial restructuring agreement to be implemented by July 2024. Existing shareholders would hold less than 0.1% of the share capital after the financial-restructuring is implemented, it said.

The company is seeking to restore profitability and improve its credit profile, hoping to regain a BB rating by 2026.

# GSK Says Zantac Plaintiff Voluntarily Dropped Lawsuit

By Helena Smolak

**GSK** said a plaintiff in an Illinois lawsuit against the company voluntarily dismissed her case, one of many legal disputes alleging its discontinued drug Zantac caused cancer.

The British pharmaceutical giant said late Monday that it didn’t reach a settlement nor made any payments in exchange for the voluntary case dismissal.

The company said that the trial was scheduled to start Monday in Illinois.

Separately, as expected, the company filed an appeal with the Delaware Supreme Court, challenging a lower court’s decision to allow jury trials in Zantac litigation within the state.

The lower court earlier this month ruled to allow plaintiffs’ experts to present their evidence at trial. GSK anticipates a decision on whether an interlocutory review and hearing of the appeal will be granted this year.

GSK said the court’s ruling concerning its Zantac drug, jointly owned by several pharmaceutical companies, contradicts the application of



The FDA in 2020 asked manufacturers to discontinue Zantac.

the Daubert standard—a rule governing the admissibility of expert testimony—in Delaware and federal courts.

GSK shed £5.51 billion, equivalent to \$7.02 billion, in market value, when its shares slumped more than 9% Monday of last week following the Delaware ruling, according to FactSet.

The group’s London-listed shares recovered 1.1% since then, with the company’s market value at around £66.9 billion as of Tuesday’s close.

Volatility in the share price

will likely persist over the near term until there is some further clarity around the size and scope of potential damages,” Shore Capital Markets analyst Sean Conroy said in a market comment.

In 2020, the U.S. Food and Drug Administration requested manufacturers take Zantac off the market.

The FDA concluded that the drug’s ingredient, ranitidine, can form a cancer-causing contaminant, N-Nitrosodimethylamine, over time or through heat exposure.

## dog•ged

/ˈdôgəd/

adjective

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Victor

Active Search Dog  
Rescued from Redding, CA.  
Photographed by Shaina Fishman  
at SDF’s National Training Center.



### Listen to a Podcast: Shein—Fast Fashion, Slow IPO



Scan this code to listen to a podcast about how fast-fashion giant Shein’s plans for a splashy public offering have failed. The purveyor of low-price clothing had filed to go public in New York, raising expectations that it would be on of the biggest IPOs in years. But the divide between Beijing and Washington got in the way, as The Wall Street Journal’s Shen Lu explains.



# Alibaba Faces Tough Competition in Shift

The e-commerce conglomerate is now prioritizing growth over profitability

By Tracy Qu

Alibaba’s strategic shift to prioritize long-term growth over substantial near-term profits is showing some early success, but analysts say increasing competition could prevent the e-commerce giant from regaining its past market dominance.

Once a towering presence in the booming Chinese e-commerce market, the Hangzhou-based company had an impressive 83% market share when it went public in 2014. This dominance has significantly eroded, primarily due to the onslaught of rising competition and partly due to

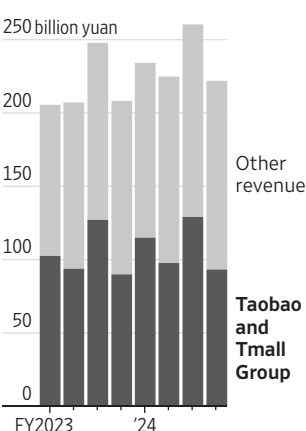
its tepid approach to enhancing technology and pricing strategies.

“So to some extent, we shot ourselves in the foot by not truly focusing on creating value for users,” Alibaba Chairman Joe Tsai said in an interview with Nicolai Tangen, chief executive of Norges Bank Investment Management, on the fund’s YouTube channel in April.

The e-commerce giant said in February that it is “in the process of revitalizing Taobao and Tmall Group,” and has been strategically focused on competitive pricing and invested in technology upgrades to improve user interface.

In May, Alibaba said its e-commerce platform Taobao had undergone “its biggest update” in seven years to enhance customer experience for the 618 shopping day sales campaign from late May to

Alibaba’s quarterly revenue



Note: Latest fiscal quarter ended March 31; 1 billion yuan = \$138 million  
Source: S&P Capital IQ

mid-June.

Taobao also canceled the presales process for the 618 shopping festival, which many consumers said made purchases too complex. They also

upgraded the website layout to make it easier for customers to buy and sell products.

Alibaba now “prioritizes growth over profitability,” which may put profitability under pressure, Nomura analysts Jialong Shi and Rachel Guo said, as they lowered some of their earnings estimates for the company.

Some of those growth initiatives appear to be showing early signs of progress.

In its fourth quarter ended in March, revenue from Alibaba’s China e-commerce unit, Taobao & Tmall Group, increased 4%, compared with the 2% growth in the December quarter. The unit accounted for nearly 42% of Alibaba’s group revenue.

“Basically, we are back in growth. That’s a very important message,” Toby Xu, Alibaba’s chief financial officer, told analysts after the com-

pany released earnings in May.

Citigroup analyst Alicia Yap said there has been “initial positive progress demonstrated by reacceleration of growth led by its strategic re-investment.”

The current strategy might have excited many, but analysts caution that competitors like U.S.-listed PDD, which operates an e-commerce platform in China, TikTok owner ByteDance and online short-video company Kuaishou Technology are making it challenging for major players such as Alibaba and JD.com to expand their market share.

“We can see Alibaba made some [strategy shifts] and it is doing better than before,” said Shawn Yang, senior research analyst at Arete Research. “But it’s also obvious that PDD still stands out in terms of first-quarter results.”

PDD’s first-quarter revenue more than doubled to 86.8 billion yuan, equivalent to \$11.98 billion, which is around 40% of Alibaba’s group revenue.

Alibaba’s market share has been steadily declining, falling to 39.5% currently from 83% in 2014, according to data provided by market researcher Insider Intelligence.

By comparison, Pinduoduo, owned by PDD, has seen its market share increase to 16% from 11% in 2020. JD.com’s market share has remained between 16% and 18% during the same period. Data from ByteDance and Kuaishou weren’t available.

“Investors may remain doubtful about [Alibaba’s] ability to deliver a turnaround of its China e-commerce business after having lost significant market share in the past few years,” Nomura analysts Shi and Guo said.

# China EV Stocks Decline Amid Tariff Concerns

By Jiahui Huang

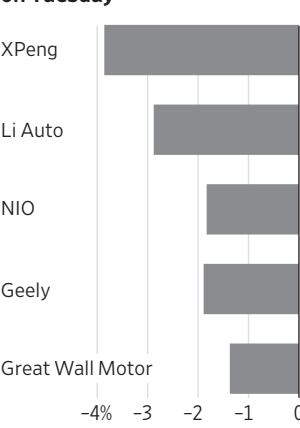
Chinese electric vehicle makers’ shares dropped in Hong Kong amid concerns that more countries could increase tariffs on cars imported from China.

XPeng’s shares were down 4% at 31.15 Hong Kong dollars, or \$3.99, Tuesday while Li Auto was off by 2% in New York and NIO lost 6%. Geely Automobile and Great Wall Motor were down 2% and 1.36%, respectively, in Hong Kong.

The selloff came after Turkey’s trade ministry said Saturday that it will impose a 40% additional tariff on imports of cars from China. Investors are also keeping an eye on a European Commission announcement due this week that will detail the EU’s plans on tariffs for Chinese cars.

The latest trade barriers for Chinese cars come after the Biden administration raised tariffs on Chinese EVs to 100%

Share performance of Chinese electric-vehicle makers on Tuesday



Note: China listed shares Source: FactSet

from 25% last month.

Both Turkey and the EU are key geographies for Chinese EV makers looking to expand beyond their home market, marking the first foray abroad many.

Chinese automakers made up 9% of the Turkish market from January to April this



SAIC’s MG Motor brand is one of the top Chinese players in the Turkish auto market.

year, data from Turkey’s Automotive Distributors and Mobility Association showed.

State-owned Chery and SAIC’s MG Motor brand are the top two Chinese players in the Turkish auto market, with 20,782 and 7,185 units sold in the first four months of the year, the association’s data

showed. SAIC’s shares were down less than 1% in Shanghai on Tuesday.

BYD entered the Turkish market last November, selling 862 units in the first four months of the year. Rival Tesla sold 402 units.

While Turkey’s tariff hike might not have a huge impact

on Chinese automakers’ earnings, it could be a sign of more trade curbs to come. That clouds the outlook for companies’ expansion overseas right as the Chinese market becomes increasingly competitive and crowded.

“Investors are more concerned that more countries

will follow the trend of raising tariffs on China’s cars in the near future,” CCB International analyst Qu Ke said.

That is of particular concern as Chinese EV makers’ export volumes look set to rise sharply this year and next year, Bocom International auto analyst Angus Chan said.

# Musk Drops Lawsuit Against OpenAI

By Ben Glickman

Elon Musk filed to withdraw a suit against OpenAI and its chief executive, Sam Altman, that had challenged the ChatGPT owner’s relationship with Microsoft.

A lawyer representing

Musk on Tuesday filed a request for dismissal of the lawsuit in a California court without prejudice, according to court documents. Cases dismissed without prejudice can be refilled.

Musk’s suit had alleged breach of contract and breach

of fiduciary duty against OpenAI and its two co-founders, Altman and Greg Brockman, among other things. Musk had asked the court to order the company to make all of its research and technology open to the public, fulfilling what he argued was the company’s

founding mission.

OpenAI is governed by a nonprofit board, which controls the for-profit entity. News Corp, owner of The Wall Street Journal and Dow Jones Newswires, has a content-licensing partnership with OpenAI.

# Tesla CEO Pay Vote Too Close to Call

Continued from page B1  
porting it. But a Delaware judge this year ordered the package rescinded, saying the board’s process wasn’t acceptable. To try to overcome the judge’s objections, Tesla put the package up for a fresh vote.

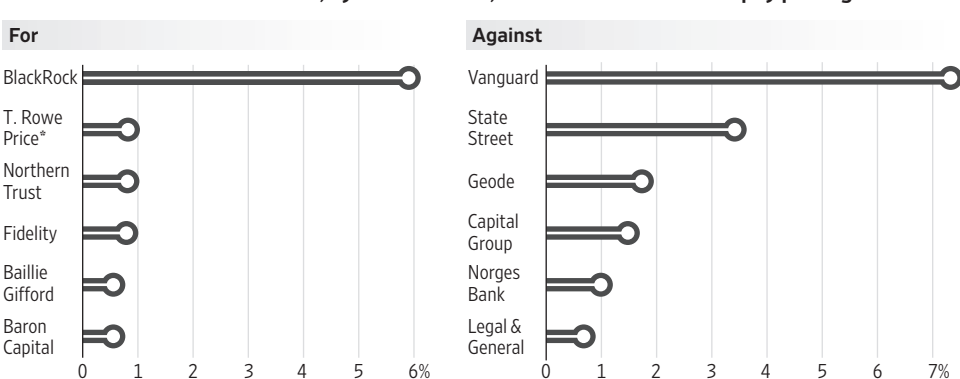
Tesla also plans to appeal the ruling. It says Musk deserves the compensation because he successfully hit the goals and shareholders shouldn’t go back on the original deal. The result could impact Tesla’s shares, with some investors worried it could weigh on Musk’s willingness to focus on Tesla compared to his other businesses.

Big institutions, who normally sway the outcome, were split in 2018 and most aren’t expected to change their votes. The vote is expected to come down to individual investors who have flocked to the stock often thanks to Musk himself.

So far individuals are backing Musk in big numbers. Tesla has historically won more than 80% approval from individual shareholders.

“I’m an over-the-top capitalist. That’s my bias,” said Paul Melihercik, a retired human-re-

How Tesla outside shareholders, by current stake, voted in 2018 on Musk’s pay package



\*T. Rowe Price split but said ‘the bulk’ of its shares voted for approval  
Sources: Diligent Market Intelligence | Voting; S&P Global Market Intelligence



Elon Musk himself has been campaigning to get the vote out.

sources executive who bought 200 shares of Tesla a few years ago through his financial adviser and supports the package. “If the board at the time signed off on it, a deal is a deal.”

Others worry about what Musk would do if he lost. “Musk appears in the media

as a little bit of a loose cannon, so there is a fear that if he doesn’t win this he could do something erratic,” said William Gannon, an ophthalmologist who lives in Dothan, Ala., and plans to vote his nearly 40 shares for the package.

To get individuals voting, the

company offered a raffle for fans of Musk: a chance for a tour of its Texas production plant him on the day of the annual meeting.

Offering incentives is rare for shareholder votes, and proxy experts couldn’t recall another offer like Tesla’s. Prudential Financial, the insurer, has offered shareholders a choice between a free tote bag or planting a tree. (A company can’t simply buy votes.)

Last week, Tesla tried a new tactic to capture the attention of Musk’s fans. The company launched a video of voting instructions featuring Optimus, the humanoid robot Musk has touted as part of Tesla’s future.

Tesla needs a majority of voted shares to approve the pay package. Shareholders are also voting on moving the company’s incorporation to Texas from Delaware.



The U.K.-based low-cost computer maker’s stock began trading on the London Stock Exchange on Tuesday.

# Raspberry Pi Shares Soar in Market Debut

By Christian Moess Laursen

Shares of U.K. low-cost computer maker Raspberry Pi rose sharply above their targeted price during their initial trading day, a boost to the London stock market after a string of recent defections.

The company on Tuesday set its share price at 280 pence, the top end of its range of 260 pence to 280 pence, implying a market capitalization of around £541.6 million, or about \$689.6 million.

It planned to raise around £31.4 million from the initial public offering. The shares finished the day’s trading at 385 pence.

Raspberry Pi outlined its plans to float on the London Stock Exchange last month, offering a boost to the City bourse after a string of recent defections.

“The addition of an established, profitable technology company is exactly what the U.K. market needs to hopefully open the flood gates for more tech firms to list in London,” AJ Bell investment director Russ Mould said in a market comment last month. Irish building-materials

supplier CRH, which was listed on London’s FTSE 100 index, moved its main listing to New York in September, while gambling group Flutter Entertainment started trading in New York on Jan. 29. German travel company TUI AG shareholders approved the company’s London delisting plan in February.

China-founded online fashion company Shein—valued at around \$66 billion in its most recent fundraising round last year—also has outlined plans to float in London, giving the bourse a further lift.

European IPO activity has been heating up recently. In early May, Jean Paul Gaultier-owner Puig Brands soared above the listing price in its debut in Spain after the world’s biggest initial public offering so far this year.

Swiss skin-care specialist Galderma also jumped on its debut, while Italian luxury-sneaker maker Golden Goose also is set to go public this year.

The total number of Raspberry Pi shares to be sold were valued at £160 million, and represent around 30.7% of the company’s ordinary shares on admission.



# THE PROPERTY REPORT

## Calgary Pitches Dirt-Cheap Office Towers

City lures developers with subsidies to convert downtown spaces to residences

By Peter Grant

U.S. cities aiming to convert half-filled office towers into residential buildings are looking north of the border to Calgary, Alberta, which has one of the most aggressive programs in North America to promote these conversions.

American officials have been studying the Calgary program, and some cities have even sent delegations to visit the western Canadian city. Early returns show the promise—and limitations—of conversion plans.

A plunge in oil prices between 2014 and 2016 sent vacancy rates soaring and commercial-property values tumbling in Calgary, a city of 1.3 million and the center of the country's energy industry.

Facing an enormous hole in its property-tax base, Calgary in 2021 approved a conversion program featuring an unprecedented subsidy of 75 Canadian dollars, or about \$55, a square foot. Unlike many conversion programs in the U.S., Calgary's plan has no major strings attached, such as an affordable-housing requirement.

Calgary's experience holds out hope for New York, San Francisco, Chicago, Washington and other U.S. cities that are desperate for conversion programs to solve the twin problems of too much unwanted office space and not enough housing.

"There is a network among cities that are going through this," said Thom Mahler, Calgary's director of downtown strategy.

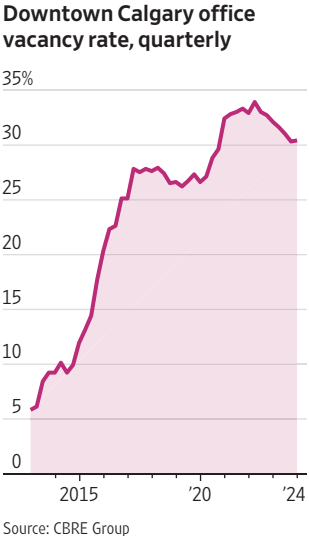
Calgary can point to some progress. In April, a 10-floor building with 112 rental apartments known as the Cornerstone was the first former office to open as an apartment building. Another 11 conversion projects with more than 2,100 units are in different stages of planning and construction.

But some of the city's experiences are sobering. Even with Calgary's subsidy, the economics of these conversions work only because developers were



CLOCKWISE FROM TOP: TODD KOROL/BLOOMBERG NEWS; ASTRA GROUP & PEOPLEFIRST DEVELOPMENTS (2)

An oil crash between 2014 and 2016 sent commercial-property values tumbling in the Canadian city, above. Below, a before-and-after comparison of the Cornerstone, a 10-floor former office tower converted to a 112-unit rental apartment building.



able to purchase buildings for prices roughly equal to what the underlying land is worth.

Many more budget-constrained U.S. cities might also be hard-pressed to match Calgary's ability to offer cash for these conversions. Instead, places like Boston and New York are offering benefits such as tax breaks and zoning changes.

Meanwhile, a number of the conversion projects in Calgary are showing little progress. That is partly because, as in the U.S., construction and labor

costs have skyrocketed since the city approved the subsidy.

"Three years ago, C\$75 a square foot was exactly the right amount to bridge the gap," said Greg Kwong, who heads CBRE Group's Calgary region. "With the advent of higher construction costs, that C\$75 really isn't enough."

A glut of office space mushroomed throughout North America during the pandemic, as companies adopted new workplace strategies permitting more remote work. The U.S. vacancy rate hit a record 13.8% in

the second quarter and is expected to continue rising as prepandemic leases expire, according to data firm CoStar Group.

U.S. conversion programs place more conditions on developers than in Calgary. Chicago has moved forward with a plan to offer developers \$150 million in subsidies to convert four buildings. But that program requires about one-third of the units to be set aside as affordable.

New York state this spring approved a housing package

that includes a 90% tax break for office-to-residential conversions. That includes a large affordable-housing requirement, which continues even after the tax break sunsets.

A decade ago, Calgary was the North American city with the most office space per capita. Packed with energy companies, the buildings contributed heavily to tax collections that enabled the city to provide a high level of services.

That ended when energy prices nosedived. Businesses contracted, sending office va-

cancy rates soaring above 30%. Tax collections evaporated along with building values, forcing the city to make up the loss by collecting more tax from other commercial property.

Owners of those properties showed up to meetings "with pitchforks," said Mahler. "They were not happy about it."

The conversion subsidy was part of an effort to revitalize the downtown that also included an expanded convention center, which officially opened last week. Many of the developers who applied for the subsidy were locals lured by the rock-bottom price tags on office buildings, often listed by institutional owners eager to part with them.

Maxim Olshevsky, developer of the Cornerstone, said he paid about C\$55 a square foot for the building, which he estimated was worth more than C\$300 a square foot before the oil bust. Between the low price and the subsidy, the project "wasn't as big a risk anymore," he said. "We said, 'Let's give it a go.'"

Olshevsky, who has two other conversion projects in the works, said the key to success is moving quickly. "The moment you take possession, you are bleeding 100 grand per month" on electricity, security and other expenses, he said. Some of the projects running into delays are suffering from "the paralysis of analysis," he said.

For now, developers can't count on more money from the government.

"We don't have enough evidence to [increase the subsidy] at this point," said Mahler. "If the developers were to present a case, we would consider it."

Deep pockets also are important, because Calgary doesn't pay the subsidy until the project is finished.

"You need access to financing to make it through," said Sarah Itani, a vice president with Cidex, a Calgary-based developer with two conversion projects scheduled to open next year. "Some are relying too heavily" on the subsidy.

Developers gaining experience in Calgary conversions predict that future projects will be easier and less costly.

"We privately want to continue doing these even without a [subsidy] program," Itani said.

### BUSINESS NEWS

## French Startup Mistral AI Raises \$646 Million Funding

By Mauro Orru

**Mistral AI** raised €600 million, or about \$646 million, from **Nvidia**, **Salesforce** and other investors as the French startup looks to gain scale in a market dominated by ChatGPT maker OpenAI and Silicon Valley giants.

The announcement comes a month after The Wall Street Journal reported that Mistral

AI was nearing a deal to raise funds at a roughly \$6 billion valuation, handing the French startup added fuel to challenge big tech firms in the artificial-intelligence race.

Backers include **General Catalyst**, **Lightspeed**, **Bertelsmann Investment**, **Cisco Systems**, **International Business Machines**, **Nvidia** and **Salesforce Venture**. The capital injection underscores investors'

willingness to pour funds into what they see as promising AI startups that could one day compete with bigger rivals like **Microsoft**-backed OpenAI and **Alphabet**'s Google.

Another startup, **iGenius**, is seeking €650 million to bolster its generative AI offering for organizations in finance and government. Founded in 2016, iGenius counts **Angel Capital Management** and **Eurizon As-**

**set Management** among its investors. The company, whose valuation exceeds \$1 billion, has a presence in New York and Milan.

Mistral AI said its new funding round brings the total amount it raised in less than a year to more than €1 billion as the Paris-based company seeks to expand its presence and grow in the U.S. The investment should help the lean com-

pany with roughly 60 employees to recruit top talent and expand internationally following the opening of its California office.

The company, valued at over \$2 billion in December, was founded a year ago by researchers for Google and **Meta Platforms**. Mistral had raised just over \$500 million from investors as of December, while also committing to sell small

stakes to companies like Nvidia, Microsoft and Salesforce.

Chief Executive Arthur Mensch said the latest investment safeguards Mistral's independence, which remains fully under the founders' control.

News Corp, owner of The Wall Street Journal and Dow Jones Newswires, has a content-licensing partnership with OpenAI.

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## Johnson & Johnson, States Formalize \$700 Million Baby-Powder Settlement

By Josh Beckerman

Consent judgments were filed on Tuesday in **Johnson & Johnson's** proposed \$700 million settlement related to marketing of its talcum-based baby powder.

The settlement with 43 state attorneys general, which resolves claims of deceptive marketing practices, is subject to judicial approval. A tentative agreement was announced in January.

According to several attorneys general, J&J has agreed to stop the manufacture and sale of its baby powder and body powder products that contain talc in the U.S.

J&J no longer sells talc-based baby powder. Last year, J&J separated its consumer-health business into a stand-alone company, **Kenvue**, which sells a cornstarch-based version of Johnson's Baby Powder.

The proposed settlement doesn't resolve personal-injury lawsuits filed by thousands of plaintiffs in various U.S. courts, alleging that talc powder in Johnson's



JUSTIN SULLIVAN/GETTY IMAGES

The company no longer sells talc-based body powder.

Baby Powder could cause inflammation that leads to ovarian cancer. J&J has denied a link between talc use and ovarian cancer.

J&J said on May 1 that it planned to file a third bankruptcy case to resolve talc-related liabilities if enough injury claimants accept its offer first.

"Consistent with the plan we outlined last year, the company continues to pursue sev-

eral paths to achieve a comprehensive and final resolution of the talc litigation," J&J's worldwide vice president of litigation, Erik Haas, said.

The company "will continue to address the claims of those who do not want to participate in our contemplated consensual bankruptcy resolution through litigation or settlement," Haas said.

Kenvue stock rose 1% on Tuesday.



BIGGEST 1,000 STOCKS

### How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:**  
F-New 52-week high; f-New 52-week low; dd-Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Tuesday, June 11, 2024			Net			Net			Net		
Stock	Sym	Close		Chg		Stock	Sym	Close		Chg	
A B C											
AECOM	ACM	86.03	0.27			Brookfield	BN	41.12	-0.52		
AES	AES	19.83	-0.55			BrookfieldInf	BIF	27.89	-0.70		
AGCO	AFL	87.57	-0.83			BrookfieldRen	BEP	31.27	-0.21		
Alcoa	ALCO	99.56	-1.00			Brown&Brown	BRO	89.00	-0.02		
ANA	ANA	29.69	0.22			Brown-Foman	BFA	43.04	0.23		
ASE Tech	ASX	11.11	-0.02			BuildersFirst	BFB	43.18	0.27		
ASML	ASML	1036.01	-5.70			Brucker	BRKR	64.53	-0.41		
AT&T	T	17.86	...			BuildersFirst	BLDR	143.48	-3.47		
AbbottLabs	ABT	105.81	-1.68			Corpay	CPAY	256.62	-2.57		
AbbVie	ABBV	167.70	-2.76			Corteva	CTVA	51.64	-0.07		
Abercrombie&Fitch	ANF	185.79	0.66			Costar	CSGP	76.71	0.28		
Accenture	ACN	294.22	3.79			Costco	COST	849.31	0.97		
AppliedBrands	AVY	250.76	-3.59			CoterraEnergy	CTRY	28.29	0.17		
Adobe	ADBE	462.69	2.75			Coupa	CPNG	22.12	-0.06		
AdvDrainageSys	WMS	162.87	0.35			Crane	CR	14.16	-0.31		
AdvMicroDevices	AMD	158.96	-1.38			Credicorp	CRD	30.61	-2.65		
Aegon	AEG	6.22	-0.09			Crescent	BROK	154.51	-0.65		
AerCap	AER	90.13	-1.97			CrownCastle	CC	100.26	-1.71		
Affirm	AFRM	33.80	3.36			CubaSmart	CUBE	43.02	0.48		
AgilentTechs	A	132.11	-0.92			Cummins	CM	271.70	-1.47		
AgnicoEagleMines	AEM	64.68	-0.56			Curtiss-Wright	CW	268.84	-3.77		
AirProducts	APD	280.81	-1.50			CyberArkSoftware	CYBR	24.57	-5.21		
Airbnb	ABNB	147.75	-0.32								
AkamaiTech	AKAM	89.71	-0.63								
Albermarle	ALB	20.31	0.27								
Albertsons	ACI	40.21	-0.95								
Alcon	ALC	90.63	-0.81								
AlexandriaREIT	AEX	113.56	-0.36								
Alliaba	BABA	77.90	-1.40								
AlliantTech	ALB	253.28	-2.42								
Alliegon	ALL	117.31	-0.18								
AlliantEnergy	LNT	50.19	0.04								
Allstate	ALL	161.60	-2.21								
AllyFinancial	ALLY	38.57	0.01								
AllylmanPharm	ALNY	156.43	2.96								
Alphabet C	GOOG	176.62	1.61								
Alphabet A	A	149.47	1.55								
Altria	MO	46.40	-0.09								
Amaزون.com	AMZN	187.23	0.17								
Ambev	ABEV	21.3	-0.02								
Ammor	AMCR	9.98	0.07								
Ammocs	DOX	76.56	-0.88								
AmerSports	ASX	14.31	-0.38								
Ameren	AEE	71.47	-0.03								
AmericaMovil	AMX	16.99	0.05								
AmerAirlines	AAL	11.28	-0.21								
AEP	AEP	88.41	-0.14								
AmerExpress	AXP	224.53	-7.91								
AmericanFins	AFS	125.39	-1.91								
Amphenol	APH	35.55	-0.16								
AIG	AIG	74.21	-1.81								
AmerTowerREIT	AMT	193.27	-1.45								
AmerWaterWorks	AWK	127.92	-0.54								
AmeriColdRealty	COLD	26.24	-0.56								
Ameriprise	AMP	422.02	-6.45								
Ametek	AME	172.53	-0.47								
Amgen	AMGN	300.70	-4.02								
AmkorTech	AMKR	34.06	-1.10								
Amphenol	APH	34.43	0.59								
AnalogDevices	ADI	236.30	0.93								
AngloGoldAsh	U	22.39	-0.20								
AB InBev	BUD	61.06	-0.54								
AnnalyCap	NLY	19.45	-0.20								
AnteroResources	AR	35.37	0.15								
Aon	AON	293.70	6.84								
API Group	APG	37.37	-0.32								
ApollonGblMgmt	AMO	116.71	-2.06								
AppFolio	APPF	24.18	2.88								
Apple	AAPL	207.15	14.03								
AppliedMaterials	AMAT	229.97	1.81								
AppLovin	APP	77.35	-3.03								
Aptargroup	ATR	145.50	-0.09								

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
Cloudflare	NET	72.63	0.91	ElectronicArts	EA	136.69	0.48	GoldmanSachs	GS	444.27	-9.28
Coca-Cola	KO	63.55	-0.04	ElevanceHealth	ELV	536.93	0.68	Grab	GRAB	3.62	-0.02
Coca-ColaCon	CECE	1036.01	21.97	EmersonElec	EMR	107.61	-1.12	Graco	GGG	79.55	0.13
Coca-ColaEuro	CCP	73.59	-0.72	Enbridge	ENB	35.47	-0.20	Grainier	GWV	900.29	2.93
Cognex	CNXX	43.54	-0.26	EncompassHealth	ENH	84.57	-1.39	GraphicPkg	GPK	27.85	0.78
CognizantTech	CTSH	66.89	-0.27	Endeavor	EDR	26.80	-0.05	GpoAeroportur	PAC	162.45	-2.57
Coherent	COHR	66.89	-0.27	EnergyTransfer	ET	15.57	-0.13	KimcoRealty	KIM	135.65	0.18
CoinbaseGbl	COIN	244.20	-5.61	EnphaseEnergy	ENPH	132.41	1.74	KinderMorgan	KMI	19.79	-0.01
ColgatePalm	CL	93.96	0.06	Entegris	ENTG	131.28	-1.15	KimrossGold	KGC	7.50	-0.03
Comcast A	CMCSA	38.32	-0.47	Entergy	ETR	108.16	0.10	KinsaleCapital	KNSL	384.77	2.22
ComfortSystems	FIX	301.09	-6.26	EnterpriseProd	EPD	28.42	-0.12	Knight-Swift	KNI	48.93	-0.76
SABESP	SBS	14.02	0.01	Equifax	EFX	230.45	-2.30	Philips	PHG	26.17	-0.11
CongraBrands	CAB	29.24	-0.05	Equinix	EQIX	760.28	-2.25	KoreaElecPwr	KEP	7.29	-
Confluent	CFLT	25.86	-0.21	Equinor	EQNR	27.90	-0.24	KraftHeinz	KHC	33.65	0.10
ConocoPhillips	COP	113.63	0.33	Equitable	EQH	40.56	-0.08	Kroger	KR	51.37	-0.27
ConEd	ED	91.75	-0.57	EquityLife	ELS	61.34	-0.36	LQX	LQX	41.79	-0.23
ConsBrands A	STZ	251.03	-0.65	EquityResdntl	ER	65.55	-0.50	LPL Financial	LPLA	279.14	-1.72
ConstellationEner	CEG	218.31	3.68	ErieIndemnity	ERIE	353.78	-4.76	L3HarrisTech	LHX	220.22	-1.20
Cooper	COO	93.77	-1.31	EssentialUnit	WTRG	37.00	0.05	Laborcorp	LH	19.42	1.50
Copart	CPRT	53.27	-0.32	EssexCorp	ESS	265.64	-3.73	LamResearch	LRCX	999.75	-3.32
Core&Main	CNM	47.19	-0.67	EsteeLauder	EL	117.60	-1.21	LamarAd	LAMR	117.11	-0.38
CorebridgeFin	CRBG	28.91	-0.38	Etsy	ETSY	65.46	-0.61	LambWeston	LW	86.92	1.43
Corning	GLW	37.35	0.49	EvercoreA	EVER	19.02	-1.10	LasVegasSands	LVS	44.12	-0.61
Corpay	CPAY	256.62	-2.57	Everest	EV	379.10	-2.51	LatticeSemi	LSVC	60.94	-0.51
Corteva	CTVA	51.64	-0.07	Eversight	EVERG	53.28	0.23	LegendBiotech	LEGN	44.25	-1.29
Costar	CSGP	76.71	0.28	EversourceEner	ES	59.09	0.05	Leidos	LDOS	143.78	0.19
Costco	COST	849.31	0.97	ExactSciences	EXAS	42.14	-0.75	Lennar A	LEN	152.23	-3.19
CoterraEnergy	CTRY	28.29	0.17	Exelon	EXC	36.21	...	Lennar B	LENB	139.03	-2.97
Coupa	CPNG	22.12	-0.06	Expedia	EXPE	122.79	-0.59	LennixIntl	LI	505.35	-1.61
Crane	CR	14.16	-0.31	ExpeditorsIntl	EXPD	124.41	-2.40	LeviStrauss	LEVI	23.02	0.12
Credicorp	CRD	30.61	-2.65	ExtraSpaceSt	EXR	151.29	1.50	LiAuto	L	19.08	-0.38
Crescent	BROK	154.51	-0.65	ExxonMobil	XOM	112.17	-0.91	LibertyBroadbandC	LBROK	51.43	0.19
CrownCastle	CC	100.26	-1.71	FF	FFV	166.61	-0.70	LibertyLiveC	LVRC	36.09	-0.17
CubaSmart	CUBE	43.02	0.48	FTAI Aviation	FTAI	33.91	-1.04	LibertyLiveA	LVYA	34.65	-0.24
Cummins	CM	271.70	-1.47	Fabrinet	FB	127.29	-2.98	LibertyFormOne	FWOM	65.13	-0.27
Curtiss-Wright	CW	268.84	-3.77	FactSet	FDS	408.26	2.02	LibertyGlobe	LG	71.73	-0.48
CyberArkSoftware	CYBR	24.57	-5.21	FairIsaac	FIS	103.33	5.18	LibertySirius	LSIUX	20.85	-0.05
				Fasteral	FAST	63.27	-0.11	Light&Wonder	LNW	95.74	-1.14
				FederalRealty	FRT	99.86	-0.70	Liiliully	LI	865.82	0.82
				FedEx	FDX	252.43	-1.29	LincolnElectric	LECO	185.07	-3.82
				Ferguson	FER	201.80	1.73	Linde	LIN	435.48	3.48
				Ferrari	RACE	410.94	-2.54	LiveNationEnt	LYV	89.78	0.03
				Ferrovial	FER	41.39	1.99	LloydsBanking	LYG	2.69	-0.05
				FidNatInf	FINF	48.64	-0.32	LockheedMartin	LMT	462.80	-4.66
				FidNatInf	FINF	75.83	-1.46	Loews	L	74.17	-1.17
				FifthThirdBnc	FTB	35.28	-0.34	LogitechIntl	LOGI	100.13	-1.30
				FifthThirdBnc	FTB	146.49	-24.35	Lowes	LOW	218.35	0.25
				FirstHorizon	FHN	14.83	-0.14	Lululemon	LULU	318.04	-0.22
				FirstSolar	FSLR	294.53	14.73	LyondellBasell	LYB	96.33	0.77
				FirstEnergy	FE	38.82	-0.11				
				Fiserv	FI	148.00	-1.60				
				Flex	FLEX	32.14	-0.60				
				Florida&Decor	FLD	115.86	-0.08				
				Fluor	FLR	44.43	-0.02				
				FluorEnt	FLUR	183.15	-3.68				
				FomentoConMex	FMX	109.94	0.75				
				FordMotor	F	12.11	-0.27				
				Fortinet	FTNT	59.74	-0.35				
				Fortis	FTS	39.66	-0.23				
				Fortive	FTV	72.84	-0.31				
				FortuneBrands	FBIN	65.89	-0.33				
				FoxA	FOXA	33.84	-0.35				
				FoxB	FOXB	31.10	-0.30				
				Franco-Nevada	FMV	118.77	-1.26				
				FranklinRscs	FRN	22.46	-0.39				
				FreeportMcM	FCX	49.34	-0.66				
				FreeportMcM	FCX	20.98	-0.11				
				FullTruck	YUM	8.82	0.05				



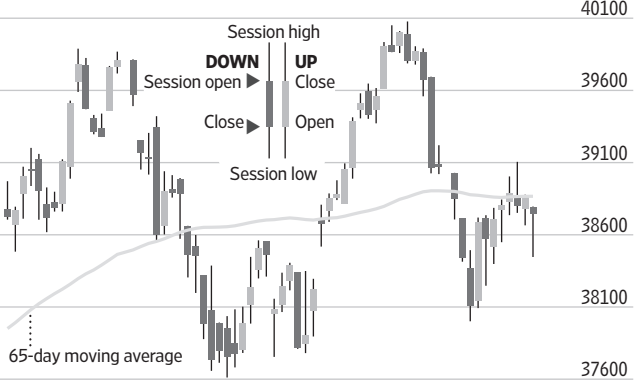
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

<b>38747.42</b> ▼120.62, or 0.31%	Last	22.78
High, low, open and close for each trading day of the past three months.	Year ago	22.78
	Trailing P/E ratio	26.89
	P/E estimate *	18.85
	Dividend yield	2.17
	All-time high	40003.59, 05/17/24

Current divisor 0.15221633137872



Bars measure the point change from session's open

\*Weekly P/E data based on as-reported earnings from Birlinyi Associates Inc.; †Based on Nasdaq-100 Index

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.
<b>Dow Jones</b>									
Industrial Average	38795.71	38446.24	<b>38747.42</b>	-120.62	<b>-0.31</b>	40003.59	32417.59	<b>13.3</b>	2.8
Transportation Avg	15083.46	14947.69	<b>15022.27</b>	-136.79	<b>-0.90</b>	16695.32	13556.07	<b>4.0</b>	-5.5
Utility Average	921.32	912.96	<b>919.86</b>	-5.13	<b>-0.55</b>	955.01	783.08	<b>0.9</b>	4.3
Total Stock Market	53123.72	52642.64	<b>53118.02</b>	110.23	<b>0.21</b>	53118.02	40847.04	<b>21.6</b>	11.2
Barron's 400	1129.32	1118.13	<b>1125.70</b>	-3.62	<b>-0.32</b>	1166.53	907.97	<b>16.3</b>	5.0

<b>Nasdaq Stock Market</b>									
Nasdaq Composite	17345.05	17107.99	<b>17343.55</b>	151.02	<b>0.88</b>	17343.55	12595.61	<b>27.8</b>	15.5
Nasdaq-100	19212.63	18966.56	<b>19210.18</b>	135.51	<b>0.71</b>	19210.18	14109.57	<b>28.9</b>	14.2

<b>S&amp;P</b>									
500 Index	5375.95	5327.25	<b>5375.32</b>	14.53	<b>0.27</b>	5375.32	4117.37	<b>23.0</b>	12.7
MidCap 400	2917.10	2890.23	<b>2913.87</b>	-12.41	<b>-0.42</b>	3046.36	2326.82	<b>12.8</b>	4.8
SmallCap 600	1287.27	1274.24	<b>1285.01</b>	-5.41	<b>-0.42</b>	1345.71	1068.80	<b>5.7</b>	-2.5

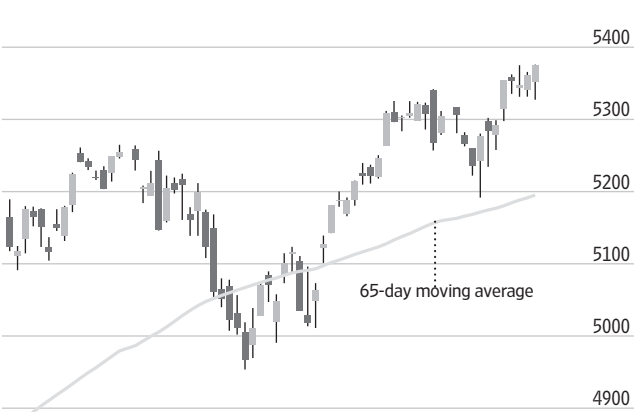
<b>Other Indexes</b>									
Russell 2000	2027.53	2006.07	<b>2024.35</b>	-7.27	<b>-0.36</b>	2124.55	1636.94	<b>6.8</b>	-0.1
NYSE Composite	18037.53	17827.38	<b>17919.11</b>	-118.41	<b>-0.66</b>	18388.26	14675.78	<b>14.4</b>	6.3
Value Line	588.08	581.77	<b>585.70</b>	-2.38	<b>-0.40</b>	615.81	498.09	<b>3.43</b>	-1.4
NYSE Arca Biotech	5270.42	5185.68	<b>5253.49</b>	9.87	<b>0.19</b>	5511.46	4544.40	<b>-3.9</b>	-3.1
NYSE Arca Pharma	1063.61	1051.46	<b>1058.68</b>	-4.94	<b>-0.46</b>	1063.61	837.32	<b>22.6</b>	16.3
KBW Bank	101.41	99.63	<b>100.09</b>	-2.00	<b>-1.96</b>	107.64	71.71	<b>21.3</b>	4.2
PHLX <sup>S</sup> Gold/Silver	136.89	135.14	<b>136.71</b>	-1.47	<b>-1.06</b>	151.36	102.94	<b>10.6</b>	8.8
PHLX <sup>S</sup> Oil Service	83.13	81.80	<b>82.95</b>	-0.08	<b>-0.09</b>	98.76	74.52	<b>8.1</b>	-1.1
PHLX <sup>S</sup> Semiconductor	5374.21	5287.05	<b>5365.38</b>	2.98	<b>0.06</b>	5365.38	3185.18	<b>45.7</b>	28.5
Cboe Volatility	13.47	12.78	<b>12.85</b>	0.11	<b>0.86</b>	21.71	11.86	<b>-12.0</b>	3.2

Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

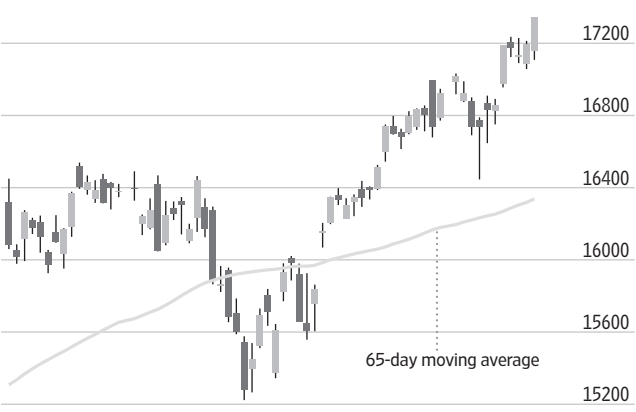
S&P 500 Index

<b>5375.32</b> ▲14.53, or 0.27%	Last	19.14
High, low, open and close for each trading day of the past three months.	Year ago	19.14
	Trailing P/E ratio *	23.37
	P/E estimate *	21.72
	Dividend yield *	1.36
	All-time high	5375.32, 06/11/24



Nasdaq Composite Index

<b>17343.55</b> ▲151.02, or 0.88%	Last	30.25
High, low, open and close for each trading day of the past three months.	Year ago	30.25
	Trailing P/E ratio **	30.89
	P/E estimate **	28.05
	Dividend yield **	0.79
	All-time high:	17343.55, 06/11/24



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
GameStop Cl A	GME	14,391.5	29.67	-0.82	<b>-2.69</b>	32.34	27.80
NVIDIA	NVDA	7,772.9	120.95	0.04	<b>0.03</b>	1150.00	119.26
Monster Beverage	MNST	7,116.1	51.45	0.29	<b>0.57</b>	51.50	51.02
Apple	AAPL	6,900.3	207.22	0.07	<b>0.03</b>	207.89	202.87
Oracle	ORCL	6,258.6	135.10	11.22	<b>9.06</b>	137.38	118.00
Bank of America	BAC	5,519.6	38.85	-0.01	<b>-0.03</b>	38.86	38.79
SPDR S&P 500 ETF Trust	SPY	5,386.0	536.95	...	<b>unch.</b>	537.12	536.39
Global X Russell 2000 ETF	RSSL	4,872.5	79.04	...	<b>unch.</b>	79.04	79.04

Percentage gainers...

Oracle	ORCL	6,258.6	135.10	11.22	<b>9.06</b>	137.38	118.00
Rentokil Initial ADR	RTO	67.2	28.95	2.03	<b>7.54</b>	29.99	26.92
Casey's General Stores	CASY	58.5	345.67	19.14	<b>5.86</b>	349.93	314.00
PTC	PTC	61.5	183.22	8.72	<b>5.00</b>	183.22	173.54
Kilroy Realty	KRC	266.2	32.72	1.55	<b>4.97</b>	32.72	31.02
...And losers							
PetMed Express	PETS	55.9	4.04	-0.67	<b>-14.23</b>	4.78	3.65
Everi Holdings	EVRI	55.9	8.00	-0.37	<b>-4.42</b>	8.39	8.00
Shift4 Payments	FOUR	180.5	70.50	-2.85	<b>-3.89</b>	74.00	70.50
Navigator Holdings	NVGS	67.1	15.58	-0.58	<b>-3.59</b>	16.22	15.00
Magnolia Oil & Gas	MGY	66.9	23.90	-0.81	<b>-3.28</b>	24.71	23.90

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Airship AI Holdings	AISP	4.62	1.48	<b>47.13</b>	14.32	1.34	<b>-58.0</b>
Blue World Acqn Cl A	BWAQ	9.49	2.67	<b>39.15</b>	15.61	6.00	<b>-10.5</b>
Kidpik	PIK	3.69	0.86	<b>30.39</b>	10.70	1.55	<b>15.5</b>
Sonder Holdings	SOND	4.05	0.91	<b>28.98</b>	13.79	2.33	<b>-69.0</b>
Trinity Biotech ADR	TRIB	2.90	0.62	<b>27.19</b>	5.50	1.49	<b>-42.0</b>
Akari Therapeutics ADR	AKTX	3.14	0.62	<b>24.60</b>	5.50	1.08	<b>-0.6</b>
Garden Stage	GSIW	8.05	1.55	<b>23.85</b>	15.99	4.20	<b>...</b>
SonderStop Cl A	GME	30.49	5.66	<b>22.80</b>	64.83	9.95	<b>13.1</b>
U-BX Technology	UBXG	11.62	2.14	<b>22.57</b>	16.47	3.92	<b>...</b>
Iris Energy	IREN	12.35	2.04	<b>19.79</b>	12.47	2.79	<b>245.0</b>
Bite Acquisition	BITE	11.13	1.83	<b>19.68</b>	13.50	6.50	<b>7.5</b>
Black Diamond Therap	BDTX	6.10	0.99	<b>19.37</b>	7.66	1.62	<b>181.1</b>
Direct Digital	DRCT	3.15	0.51	<b>19.32</b>	35.88	1.96	<b>-1.6</b>
Beneficient	BENF	3.72	0.59	<b>18.85</b>	527.20	1.86	<b>-99.2</b>
Global Star Acquisition	GLSTU	14.00	2.07	<b>17.35</b>	14.41	10.51	<b>30.2</b>

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Nauticus Robotics	KITT	<b>542,797</b>	3776.1	0.27	<b>16.93</b>	2.49	0.11
Trio Petroleum	TPET	<b>235,290</b>	1053.5	0.36	<b>56.35</b>	1.97	0.08
NVIDIA	NVDA	<b>221,051</b>	-54.9	120.91	<b>-0.71</b>	125.59	39.23
Apple	AAPL	<b>169,451</b>	177.5	207.15	<b>7.26</b>	207.16	164.08
GameStop Cl A	GME	<b>137,497</b>	272.8	30.49	<b>22.80</b>	64.83	9.95
Nuburu	BURU	<b>102,911</b>	534.0	0.17	<b>-8.64</b>	2.15	0.11
Selina Hospitality	SLNA	<b>99,059</b>	149.5	0.09	<b>33.07</b>	1.62	0.04
ProSh UltraPro Shrt QQQ	SQQQ	<b>98,424</b>	-25.9	9.03	<b>-2.06</b>	23.34	9.02
Airship AI Holdings	AISP	<b>96,269</b>	7264.5	4.62	<b>47.13</b>	14.32	1.34
Kaixin Holdings	KXIN	<b>85,993</b>	3148.7	0.18	<b>28.03</b>	5.52	0.11

\* Volumes of 100,000 shares or more are rounded to the nearest thousand

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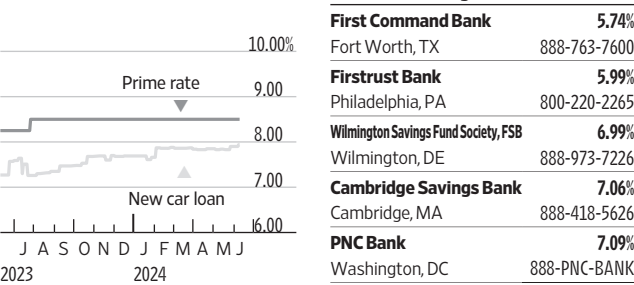
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CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



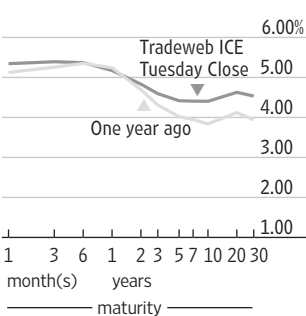
Interest rate	Yield/Rate (%) Last (●) Week ago	52-Week Range (%) Low 0 2 4 6 8 High	3-yr chg (pct pts)
<b>Federal-funds rate target</b>	<b>5.25-5.50</b>	5.25-5.50	5.00
<b>Prime rate*</b>	<b>8.50</b>	8.50	8.25
<b>SOFR</b>	<b>5.32</b>	5.35	5.05
<b>Money market, annual yield</b>	<b>0.51</b>	0.51	0.46
<b>Five-year CD, annual yield</b>	<b>2.84</b>	2.87	2.77
<b>30-year mortgage, fixed†</b>	<b>7.50</b>	7.40	7.01
<b>15-year mortgage, fixed†</b>	<b>6.88</b>	6.93	6.34
<b>Jumbo mortgage, \$766,550-plus†</b>	<b>7.60</b>	7.47	7.07
<b>Five-year adj mortgage (ARM)*</b>	<b>6.65</b>	6.69	6.04
<b>New-car loan, 48-month</b>	<b>7.94</b>	7.90	7.26

Bankrate.com rates based on survey of over 4,800 online banks. \*Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: FactSet; Dow Jones Market Data; Bankrate.com

Treasury yield curve

Yield to maturity of current bills, notes and bonds



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last Week ago	52-Week High	52-Week Low	Total Return (%) 52-wk	3-yr
<b>U.S. Treasury</b> Bloomberg*	2149.285	<b>4.670</b>	4.550	5.120	4.040	<b>0.967</b>
<b>U.S. Treasury Long</b> Bloomberg*	3083.590	<b>4.660</b>	4.540	5.280	3.920	<b>-5.057</b>
<b>Aggregate</b> , Bloomberg*	2041.460	<b>5.080</b>	4.960	5.740	4.490	<b>2.466</b>
<b>Fixed-Rate MBS</b> , Bloomberg*	2012.438	<b>5.300</b>	5.170	6.050	4.620	<b>1.811</b>
<b>High Yield 100</b> , ICE BofA	3604.684	<b>7.043</b>	7.082	9.101	7.030	<b>9.694</b>
<b>Muni Master</b> , ICE BofA	582.055	<b>3.592</b>	3.659	4.311	3.038	<b>2.601</b>
<b>EMBI Global</b> , J.P. Morgan	859.855	<b>7.793</b>	7.719	8.842	7.205	<b>8.726</b>

\* Bloomberg yield data as of 06/10

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

	US\$/vs				US\$/vs		
Country/currency	Tues in US\$	per US\$	YTD chg (%)	Country/currency	Tues in US\$	per US\$	YTD chg (%)
<b>Americas</b>				<b>Vietnam</b> dong .00003930 25443 <b>4.8</b>			
<b>Argentina</b> peso .0011902 1303 <b>11.6</b>				<b>Europe</b>			
<b>Brazil</b> real .1864 5.3661 <b>10.6</b>				<b>Czech Rep.</b> koruna .04345 23.017 <b>2.9</b>			
<b>Canada</b> dollar .7268 1.3759 <b>3.9</b>				<b>Denmark</b> krone .1440 6.9447 <b>2.5</b>			
<b>Chile</b> peso .001083 923.23 <b>5.5</b>				<b>Euro area</b> euro 1.0741 .9311 <b>2.8</b>			
<b>Colombia</b> peso .000252 3963.50 <b>2.3</b>				<b>Hungary</b> forint .002718 367.92 <b>6.0</b>			
<b>Ecuador</b> US dollar 1 1 <b>unch</b>				<b>Iceland</b> krona .007184 139.20 <b>2.4</b>			
<b>Mexico</b> peso .0538 18.5810 <b>9.5</b>				<b>Norway</b> krone .0935 10.6940 <b>5.1</b>			
<b>Uruguay</b> peso .02551 39.2000 <b>0.4</b>				<b>Poland</b> zloty .2475 4.0402 <b>2.6</b>			
<b>Asia-Pacific</b>				<b>Sweden</b> krona .0954 10.4807 <b>3.7</b>			
<b>Australia</b> dollar .6605 1.5140 <b>3.2</b>				<b>Switzerland</b> franc 1.1140 .8977 <b>6.7</b>			
<b>China</b> yuan .1380 7.2477 <b>1.9</b>				<b>Turkey</b> lira .0309 32.362 <b>9.8</b>			
<b>Hong Kong</b> dollar .1280 7.8139 <b>0.1</b>				<b>Ukraine</b> hryvnia .0247 40.5500 <b>6.3</b>			
<b>India</b> rupee .01196 83.609 <b>0.5</b>				<b>UK</b> pound 1.2741 .7849 <b>-0.1</b>			
<b>Indonesia</b> rupiah .0006613 16304 <b>5.9</b>				<b>Middle East/Africa</b>			
<b>Japan</b> yen .006364 157.13 <b>11.4</b>				<b>Bahrain</b> dinar 2.6527 .3770 <b>0.1</b>			
<b>Kazakhstan</b> tenge .002217 45.111 <b>-0.9</b>				<b>Egypt</b> pound .0210 47.5611 <b>53.8</b>			
<b>Macau</b> pataca .1242 8.0510 <b>-0.04</b>				<b>Israel</b> shekel .2696 3.7095 <b>2.9</b>			
<b>Malaysia</b> ringgit .2119 4.7195 <b>2.7</b>				<b>Kuwait</b> dinar 3.2596 .3068 <b>-0.1</b>			
<b>New Zealand</b> dollar .6143 1.6279 <b>2.9</b>				<b>Oman</b> sul rial 2.5975 .3850 <b>unch</b>			
<b>Pakistan</b> rupee .00359 278.625 <b>-0.9</b>				<b>Qatar</b> rial .2746 3.642 <b>-0.04</b>			
<b>Philippines</b> peso .0170 58.700 <b>6.0</b>				<b>Saudi Arabia</b> riyal .2666 3.7505 <b>0.01</b>			
<b>Singapore</b> dollar .7391 1.3530 <b>2.5</b>				<b>South Africa</b> rand .0538 18.5956 <b>1.6</b>			
<b>South Korea</b> won .0007253 1378.72 <b>6.5</b>							
<b>Sri Lanka</b> rupee .0032922 303.75 <b>-6.2</b>							
<b>Taiwan</b> dollar .03088 32.380 <b>5.5</b>							
<b>Thailand</b> baht .02723 36.730 <b>6.8</b>							
				Close Net Chg % Chg YTD % Chg			
				<b>WSJ Dollar Index</b> 99.95 0.12 0.12 <b>4.30</b>			
Sources: Tullett Prebon, Dow Jones Market Data							



COMMODITIES

[wsj.com/market-data/commodities](#)

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High hilo	Low	Settle	Chg	Open interest
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.						
June	4.4655	4.5170	4.4655	<b>4.5230</b>	-0.0335	2,054
Sept	4.4565	4.5610	4.4355	<b>4.4940</b>	-0.0500	108,224
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.						
June	2300.00	2314.10	2298.60	<b>2307.50</b>	-0.20	529
July	2315.70	2325.20	2303.30	<b>2314.60</b>	-0.50	2,288
Aug	2329.50	2337.30	2314.50	<b>2326.60</b>	-0.40	356,712
Oct	2350.20	2359.60	2337.60	<b>2349.10</b>	-0.50	19,375
Dec	2373.30	2382.30	2360.00	<b>2371.60</b>	-0.70	41,950
Feb'25	2388.50	2404.00	2382.20	<b>2394.00</b>	-0.70	6,796
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.						
June	909.50	909.50	909.50	<b>876.90</b>	-19.50	4
Sept	914.50	914.50	887.00	<b>890.40</b>	-20.10	25,467
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.						
June	1028.00	1030.50	1028.00	<b>955.60</b>	-16.90	25
Sept	978.90	978.90	954.00	<b>958.90</b>	-17.80	63,236
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.						
June	29.155	29.505	29.155	<b>29.133</b>	-0.636	145
Sept	29.950	29.985	29.135	<b>29.231</b>	-0.643	112,319
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
July	78.12	78.36	77.22	<b>77.90</b>	0.16	240,326
Aug	77.65	77.99	76.86	<b>77.55</b>	0.26	289,483
Sept	77.17	77.50	76.40	<b>77.08</b>	0.26	224,949
Oct	76.60	76.93	75.88	<b>76.54</b>	0.29	127,817
Dec	75.53	75.88	74.88	<b>75.49</b>	0.32	192,516
Dec'25	71.27	71.74	70.88	<b>71.39</b>	0.38	109,529
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
July	2.4253	2.4430	2.3979	<b>2.4213</b>	-0.066	87,504
Aug	2.4400	2.4571	2.4137	<b>2.4368</b>	-0.075	60,765
<b>Gasoline-NY RB0B (NYM)</b> -42,000 gal.; \$ per gal.						
July	2.4265	2.4296	2.3869	<b>2.4089</b>	-0.020	99,081
Aug	2.4107	2.4155	2.3753	<b>2.3957</b>	-0.026	94,523
<b>Natural Gas (NYM)</b> -10,000 MMBtu.; \$ per MMBtu.						
July	2.985	3.159	2.966	<b>3.129</b>	-0.23	205,102
Aug	3.046	3.221	▲ 3.031	<b>3.193</b>	-0.216	116,271
Sept	3.020	3.193	▲ 3.008	<b>3.167</b>	-0.209	186,722
Oct	3.087	3.254	▲ 3.077	<b>3.226</b>	-0.192	143,082
Nov	3.394	3.560	▲ 3.387	<b>3.531</b>	-0.184	109,762
March'25	3.496	3.627	▲ 3.482	<b>3.599</b>	-0.137	93,603
<b>Agriculture Futures</b>						
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.						
July	450.75	456.25	449.00	<b>449.40</b>	-2.25	543,756
Dec	467.50	471.25	464.50	<b>465.25</b>	-3.00	467,036
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.						
July	338.50	340.75	333.00	<b>334.00</b>	.50	1,685
Dec	358.50	366.75	355.75	<b>356.40</b>	-2.00	1,419
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.						
July	1188.25	1193.00	1177.00	<b>1178.00</b>	-10.25	275,580
Nov	1158.00	1163.00	1150.25	<b>1151.40</b>	-7.25	269,792
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.						
July	368.20	371.40	358.20	<b>359.30</b>	-8.70	157,052
Dec	358.10	360.30	353.20	<b>354.10</b>	-4.50	141,728
<b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.						
July	43.64	44.06	43.07	<b>43.67</b>	-0.1	186,705
Dec	44.09	44.38	43.61	<b>43.99</b>	-0.10	162,391
<b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.						
July	17.78	17.80	17.53	<b>17.55</b>	-0.17	2,759
Sept	15.49	15.54	15.40	<b>15.42</b>	-0.09	5,221
<b>Wheat (CBT)</b> -5,000 bu.; cents per bu.						
July	606.75	633.00	605.50	<b>626.40</b>	19.00	153,766

Cash Prices | [wsj.com/market-data/commodities](#)

Tuesday, June 11, 2024

These prices reflect buying and selling of a variety of actual or “physical” commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Tuesday	Tuesday	Tuesday
<b>Energy</b>			
Coal,C,Aplc,12500Btu,1.2502-r,w	<b>79.400</b>		
Coal,Pwdr,RvrBsn,8800Btu,0.8502-r,w	<b>13.600</b>		
<b>Metals</b>			
<b>Gold, per troy oz</b>			
Engelhard industrial	<b>2313.00</b>		
Handy & Harman base	<b>2316.50</b>		
Handy & Harman fabricated	<b>2571.32</b>		
LBMA Gold Price AM	<b>*2297.65</b>		
LBMA Gold Price PM	<b>*2304.40</b>		
Kruggerand,wholesale-e	<b>2402.82</b>		
Maple Leaf-e	<b>2425.92</b>		
American Eagle-e	<b>2425.92</b>		
Mexican peso-e	<b>2793.65</b>		
Austria crown-e	<b>2267.65</b>		
Austria phil-e	<b>2425.92</b>		
<b>Silver, troy oz.</b>			
Engelhard industrial	<b>29.3500</b>		
Handy & Harman base	<b>29.6900</b>		
Handy & Harman fabricated	<b>37.1130</b>		
LBMA spot price (U.S.\$ equivalent)	<b>*23.3800</b>		
Coins,wholesale \$1,000 face-a	<b>*29.6800</b>		
	<b>22725</b>		
<b>Other metals</b>			
LBMA Platinum Price PM	<b>*971.0</b>		
LBMA Palladium Price PM	<b>*912.0</b>		
Platinum,Engelhard industrial	<b>964.0</b>		
Palladium,Engelhard industrial	<b>903.0</b>		
<b>Aluminum, LME, \$ per metric ton</b>			
Copper,Cornex spot	<b>*2515.5</b>		
Iron Ore, 62% Fe CFR China-s	<b>4.5230</b>		
Steel, HRC USA, FOB Midwest Mill-s	<b>*108.5</b>		
	<b>*740.0</b>		
<b>Battery/EV metals</b>			
BMI Lithium Carbonate, EXW China =99.2%-v,w	<b>14275</b>		
BMI Lithium Hydroxide, EXW China =56.5%-v,w	<b>12825</b>		
BMI Cobalt sulphate, EXW China >20.5%-v,w	<b>4416</b>		
BMI Nickel Sulphate, EXW China >22%-v,m	<b>4416</b>		
BMI Flake Graphite, FOB China >100 Mesh, 94-95%-v,m	<b>485</b>		
<b>Fibers and Textiles</b>			
Burlap,10-oz,40-inch NY yd-n,w	<b>0.8100</b>		
Cotton,11/16 std lw-mdMphs-u	<b>0.6898</b>		
Cotlook 'A' Index-t	<b>*83.65</b>		
Hides,hvy native steers piece fob-u	<b>n.a.</b>		
Wool,64s, staple, Terr del-u,w	<b>n.a.</b>		
<b>Grains and Feeds</b>			
Bran,wheat middlings, KC-u,w	<b>88</b>		
Corn,No. 2 yellow, Cent ll-lb-pu	<b>4.2300</b>		
Corn gluten feed,Midwest-u,w	<b>103.2</b>		
Corn gluten meal,Midwest-u,w	<b>420.8</b>		
Cottonseed meal-u,w	<b>n.a.</b>		
Hominy feed,Cent ll-l,w	<b>115</b>		
Meat-bonemeal,50% pro Mnpls-u,w	<b>313</b>		
Oats,No.2 milling,Mnpls-u,w	<b>4.0400</b>		
Rice, Long Grain Milled, No. 2 AR-u,w	<b>36.25</b>		
Soybean Meal,Cent ll,rail,ton48%-u,w	<b>382.20</b>		
Soybeans,No.1 yllow ll-lb-pu	<b>11.5500</b>		
Wheat,Spring14%-pro Mnpls-u	<b>8.5875</b>		
<b>Food</b>			
Beef,carcass equiv. index choice 1-3,600-900 lbs-u	<b>295.10</b>		
select 1-3,600-900 lbs-u	<b>279.17</b>		
Broilers, National comp wtd. avg-u,w	<b>1.3211</b>		
Butter,AA Chicago-d	<b>3.1050</b>		
Cheddar cheese,bbk,Chicago-d	<b>201.00</b>		
Cheddar cheese,blk,Chicago-d	<b>193.50</b>		
Milk,Nonfat dry,Chicago lb-d	<b>120.00</b>		
Coffee,Brazilian,Comp-y	<b>2.2381</b>		
Coffee,Colombian, NY-y	<b>2.4530</b>		
Eggs,large white,Chicago-u	<b>2.4750</b>		
Flour,hard winter KC-p	<b>18.35</b>		
Hams,17-20 lbs,Mid-US fob-u	<b>0.93</b>		
Hogs,low-a-Sa. Minnesota-a	<b>90.05</b>		
Pork bellies,12-14 lb MidUS-u	<b>n.a.</b>		
Pork loins,13-19 lb MidUS-u	<b>1.3240</b>		
Steers,Tex.-Okla. Choice-u	<b>n.a.</b>		
Steers,feeder,Okla. City-u,w	<b>304.75</b>		
<b>Fats and Oils</b>			
Degummed corn oil, crude wtd. avg-u,w	<b>n.a.</b>		
Grease,choice white,Chicago-h	<b>0.4350</b>		
Lard,Chicago-u	<b>0.2715</b>		
Soybean oil,crude,Cent ll-l,w-u	<b>0.4213</b>		
Tallow,bleach,Chicago-h	<b>0.4600</b>		
Tallow,edible,Chicago-u	<b>n.a.</b>		

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brooks; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; a.=not quoted or not available; P=Soalad Publishing; R=SNL Energy; S=Platts-TS; T=Cotlook Limited; U=USD\$; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 6/10

Source: Dow Jones Market Data

Borrowing Benchmarks | [wsj.com/market-data/bonds/benchmarks](#)

Money Rates

June 11, 2024

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation				
	April index	Chg From (%)		
	level	March '24	April '23	
<b>U.S. consumer price index</b>				
All items	<b>313.348</b>	0.33	3.3	
Core	<b>317.978</b>	0.28	3.6	
<b>International rates</b>				
	Week Latest	- 52-Week-ago	High	Low
<b>Prime rates</b>				
<b>U.S.</b>	<b>8.50</b>	8.50	8.50	8.25
Canada	<b>7.20</b>	7.20	7.20	6.70
Japan	<b>1.475</b>	1.475	1.475	1.475
<b>Policy Rates</b>				
Euro zone	<b>4.50</b>	4.50	4.50	3.75
Switzerland	<b>2.00</b>	2.00	2.25	2.00
Britain	<b>5.25</b>	5.25	5.25	4.50
Australia	<b>4.35</b>	4.35	4.35	4.10
<b>Overnight repurchase</b>				
U.S.	<b>5.36</b>	5.40	5.48	5.04
<b>U.S. government rates</b>				
<b>Discount</b>				
	Week Latest	- 52-WEEK-ago	High	Low
	<b>5.50</b>	5.50	5.50	5.25
<b>Federal funds</b>				
Effective rate	<b>5.3300</b>	5.3300	5.3500	5.0800
High	<b>5.6500</b>	5.6500	5.6500	5.4000
Low	<b>5.3100</b>	5.3100	5.3300	5.0500
Bid	<b>5.3300</b>	5.3300	5.3300	5.0700
Offer	<b>5.3500</b>	5.3500	5.3700	5.0800
<b>Treasury bill auction</b>				
4 weeks	<b>5.270</b>	5.270	5.325	5.010
13 weeks	<b>5.250</b>	5.250	5.345	5.130
26 weeks	<b>5.165</b>	5.155	5.350	4.975
<b>Other short-term rates</b>				
	Week Latest	- 52-Week-ago	high	low
<b>Call money</b>				
	<b>7.25</b>	7.25	7.25	7.00
<b>Commercial paper (AA financial)</b>				
90 days	<b>5.31</b>	n.a.	5.54	5.14
<b>Secured Overnight Financing Rate</b>				
	<b>5.32</b>	5.35	5.40	5.05

Dividend Changes

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2L: stock split and ratio; SO: spin-off.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable/ Record	Company	Symbol	Yld %	Amount New/Old	Frq	Payable/ Record
Increased						Stocks					
FedEx	FDX	2.2	138/126	q	Jul09/Jun24	Pineapple Energy	PEGY		1:15		/Jun12
Great Elm 5.875% Nt 2026	GECCO	6.0	3713/36719	q	Dec31/Dec15	Foreign					
Great Elm 7.25% Nts 2027	GGGL	8.1	4582/45313	q	Dec31/Dec15	Cemex ADR	CX	NE	349	A	Jun26/Jun17
Great Elm 8.75% Nts 2028	GECCZ	8.7	5469/5408	q	Sep30/Sep15	Noble	NE	45	50	q	Sep26/Sep12
						Taiwan Semiconductor ADR	TSM	1.0	54429	q	Jul11/Jun13
Reduced						Note: Dividend yields as of 3:35 p.m. ET					
Great Elm 8.75% Nts 2028	GECCZ	8.7	5408/54688	q	Jun30/Jun15	Sources: FactSet; Dow Jones Market Data					







MARKETS

AI Investments Boost Technology Stocks

S&P 500, Nasdaq extend highs, led by record-breaking day for shares of Apple

By SAM GOLDFARB

Strong gains for technology stocks helped lift major indexes ahead of Wednesday's double bill of key inflation data and the Federal Reserve's interest-rate decision.

A day after hitting a record high, the S&P 500 added an additional 0.3% to 5375.32. The Dow Jones Industrial Average dropped around 121 points, or 0.3%, while a good day for tech shares drove the Nasdaq Composite up 0.9% to a record 17343.55.

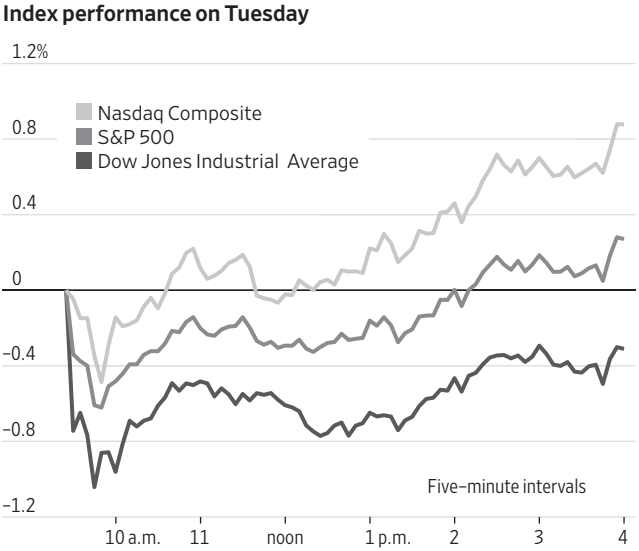
Apple was a standout performer, surging 7.3% to reach its first record of the year a day after the iPhone maker unveiled its AI system. Otherwise, it was a quiet trading session, with investors preparing for two events that should help clarify the outlook for

short-term interest rates set by the Fed.

Before Wednesday's opening bell, the Labor Department will release the consumer-price index report for May, providing an important update on inflation. Economists surveyed by The Wall Street Journal expect that core CPI, which excludes volatile food and energy categories, ticked down to 3.5% in May from 3.6% in April.

Investors will be looking for further evidence that underlying inflation pressures are easing after April's CPI report showed signs of modest progress. That report followed three straight months of hotter-than-expected data, leading investors to scale back expectations for how much the Fed will cut rates this year.

As it stands, interest-rate futures suggest that investors think that it is roughly a toss-up whether the Fed cuts rates one or two times in 2024, according to CME Group data. Investors had come into the year betting on around six 0.25 percentage-point cuts, confident that inflation was headed to the Fed's 2% target and that



the Fed would start to guard against a recession.

Investors see almost no chance the Fed will cut rates this week but are anticipating the release of the dot plot, which shows the anonymous rate forecasts of individual Fed officials.

The last dot plot, released in March, showed a median

forecast of three rate cuts this year. Most analysts expect that to fall to one or two, with the morning inflation data possibly swaying officials who are on the fence.

Some analysts argue modest changes in the interest-rate outlook are unlikely to have a major impact on stocks, beyond a few trading sessions.

They note that stocks have climbed this year—with the S&P 500 up 13%—despite investors expecting rates to stay near current levels for longer.

One tailwind for markets: Analysts currently expect companies in the S&P 500 to earn around \$259 a share over the next 12 months, according to FactSet. That is up from a forecast of \$243 a share at the start of the year.

The S&P 500 spent much of Tuesday in negative territory before climbing into the green later in the session. Information technology led the way among S&P 500 sectors, rising 1.7%, while financials were the worst-performing sector, shedding 1.2%. That included declines in the shares of the country's largest banks, with **JPMorgan Chase** falling 2.6% and **Bank of America** shedding 2%.

**Boeing** fell 2.4% after the airplane maker reported it delivered 24 jets and booked four orders for planes in May.

Elsewhere in markets, the yield on the 10-year Treasury note settled at 4.403%, according to Tradeweb, down from

4.468% Monday.

Yields extended earlier declines after a \$39 billion auction of 10-year notes met with strong demand from investors.

In Europe, the Stoxx Europe 600 fell 0.9%. At midday Wednesday, Japan's Nikkei 225 was down 0.8% and Hong Kong's Hang Seng Index was off 1.2%. S&P 500 futures were unchanged.

AUCTION RESULTS	
Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.	
52-WEEK BILLS	
Applications	\$132,866,973,400
Accepted bids	\$46,984,883,400
* noncompetitively	\$1,544,899,700
* foreign noncompetitively	\$1,700,000
Auction price (rate)	95.030389 (4.915%)
Coupon equivalent	5.177%
Bids at clearing yield accepted	25.35%
Cusip number	912797LN5
The bills, dated June 13, 2024, mature on June 12, 2025.	
NINE-YEAR, 11-MONTH NOTES	
Applications	\$105,373,180,000
Accepted bids	\$40,261,600,500
* noncompetitively	\$81,580,800
* foreign noncompetitively	\$0
Auction price (rate)	99.492212 (4.385%)
Interest rate	4.375%
Bids at clearing yield accepted	43.69%
Cusip number	91282CKQ3
The notes, dated June 17, 2024, mature on May 15, 2034.	

Nonbank Lenders Are Casting a Wider Net for Clients

By ROD JAMES

Fierce competition among lenders to larger companies backed by private equity is causing private-credit funds to court smaller businesses and those operating in less-well-trodden markets, according to the head of PGIM Private Alternatives.

Banks have resumed lending and the high-yield bond markets have revived, giving larger companies more financing options, and that has forced nonbank lenders to look farther afield to reach their return targets, PGIM Private Alternatives Chief Executive Eric Adler said at a con-

ference in Berlin last week. He leads the alternative-investments arm of insurer **Prudential Financial**, which has roughly \$1.5 trillion in assets.

“At that top end of the market, where most money has been going, it is getting toppy.... That’s less the case in the midmarket,” said Adler, whose firm manages around \$319 billion.

Larger borrowers also are using their growing leverage to negotiate looser deal terms, including the conditions imposed to ensure borrowers can repay their loans, he said.

Fierce competition at the larger end of the market is ex-

acerbated by a lot of money chasing relatively few big deals, Adler added.

Though mergers and acquisitions are showing signs of life, the number and size of deals getting done remain well below the level seen before the Federal Reserve began a dramatic increase in interest rates in 2022.

A majority of private-credit loans fund M&A deals engineered through buyout firms, as well as finance corporate expansion and repay prior debts.

In addition to targeting smaller companies, private-credit firms increasingly look to provide financing for com-

panies that aren't private-equity-owned, said Dan Robinson, head of alternative credit for Europe, the Middle East and Africa at asset manager DWS Group.

Nonsponsored lending “is where we see significantly less competition, full covenants and lender protections,” Robinson said, speaking at the same conference. “You tend to get paid a little bit better and the structures are less aggressive.”

As of March last year, loans to businesses not owned by private-equity firms offered yields of 1% to 2% more than those extended to comparable sponsor-owned borrowers, ac-

cording to research by private-credit shop Oaktree Capital Management, which is controlled by Canadian asset-management firm Brookfield.

Although accurate global data is difficult to come by, loans to businesses that aren't backed by private equity accounted for around 16% of those extended by private-credit firms in Europe last year, according to accounting and consulting company Deloitte.

Saturation at the top of the direct-lending market isn't a major concern given the need for private capital elsewhere, particularly in areas where there is strong political and

regulatory support such as green technology and digital transformation, Robinson said.

Lenders that will succeed in this market will be those with the ability to offer a choice of lending products, including public-market alternatives and private-credit loans, Adler said.

“If you only do one type of lending strategy in a market that’s moving so quickly, you’re going to want to keep doing that thing to keep the lights on in an organization—it’s human nature,” he said. But to thrive, “you need to be able to do multiple types of lending.”

AI Deal Reorders Tech Sector

Continued from page B1

own AI can't, such as answering more-complex queries or composing messages, with permission from the user. The OpenAI deal rated only about two minutes in Apple's nearly two-hour presentation at its annual developer conference Monday.

Apple said it would integrate its new personalized AI system, dubbed Apple Intelligence, with other AI models, including products developed by Google. Apple also is in discussions with other AI providers, said people familiar with the matter.

Yet being featured at the Apple event also gave OpenAI a chance to be touted by the world's most successful consumer technology company as the leader in generative AI—implicitly endorsing it over Google, which has paid Apple as much as \$20 billion a year to be its default search engine and is the biggest competitor to OpenAI and Microsoft.

“We wanted to start with the best,” said Craig Federighi, Apple's head of software, on Monday, adding that OpenAI “represents the best choice for our

users today.”

The deal clearly got under the skin of one OpenAI competitor: Elon Musk. He set up xAI last year to compete with OpenAI and has sued the startup, which he co-founded, for allegedly veering away from its original mission by giving priority to profit over benefiting humanity.

“It's patently absurd that Apple isn't smart enough to make their own AI, yet is somehow capable of ensuring that OpenAI will protect your security & privacy!” Musk said on X. He threatened to bar Apple devices from his companies if OpenAI technology is integrated into Apple operating systems.

Apple said its user information won't be shared with ChatGPT, which runs on OpenAI servers. OpenAI can't fingerprint user requests or see all the queries they make.

◆ Microsoft

Microsoft has invested more than \$13 billion into OpenAI for what is essentially a 49% stake in the earnings of its for-profit arm. The resources allowed OpenAI to develop some of the world's most powerful AI tools. OpenAI's technology helped Microsoft leapfrog rivals in the AI race.

The terms of the partnership allow both parties to strike deals with other companies.

The Apple deal raises questions about the state of the OpenAI-Microsoft partnership,

what kind of exclusive access Microsoft has to OpenAI's technology and how the new deal will shape Microsoft's long-standing ambition to develop consumer AI products.

An OpenAI spokesman declined to describe the differences between the Apple and Microsoft deals. OpenAI and Apple spokespeople declined to comment on the details of their companies' deal.

As its largest investor, Microsoft gets early access to OpenAI's newest models and has some visibility into the inner workings of its code. Apple now gets some special access to OpenAI's technology, a person familiar with the matter said. The pairing of OpenAI and Microsoft helped both companies offset the power of Google, whose strength in search and AI threatened them both. Last year, Microsoft CEO Satya Nadella told a journalist that he hoped AI-powered Bing search would at last make Google “dance.”

Microsoft also has been hoping to use AI to gain ground in the personal-computer market. Last month, it unveiled a new line of PCs that use smaller AI models running on a custom-built AI chip that can generate

images and perform advanced search functions.

Some inside Microsoft view the Apple-OpenAI alliance as another obstacle to its efforts to develop successful consumer AI products. Nadella and Microsoft have bet billions and Microsoft's biggest brands on OpenAI's tech.

“It has to be a sinking feeling after all that he's done for OpenAI,” said Gene Munster, managing partner at Deepwater Asset Management.

Microsoft has been working with new AI partners. Last year, it struck deals with **Meta Platforms** and **Mistral AI**, both of which are building open-source AI systems. Earlier this year, Nadella hired Mustafa Suleyman, a former DeepMind executive who ran another AI startup, Inflection, to lead Microsoft's consumer AI efforts.

The potential surge of new usage of OpenAI's tech from the partnership with Apple could mean more revenue for Microsoft, which hosts the startup's software exclusively on its Azure cloud.

◆ Google

The deal could benefit Microsoft by driving a wedge be-

tween Apple and Google, Microsoft's most direct rival in AI. Since 2003, Apple has made Google the default search engine in its Safari browser. Siri's ability to redirect users to ChatGPT for some queries puts Google's traffic at risk.

Soon after ChatGPT's launch in late 2022, Apple's Federighi and its senior vice president for AI, John Giannandrea, began exploring how to use ChatGPT inside Apple products.

Apple ramped up work on incorporating generative AI across its products starting in early 2023. Apple also is working on its own ChatGPT-like technology, said people familiar with the plans.

The version of ChatGPT available to all Apple users will default to the free version. However, Apple users can connect it to their premium ChatGPT subscription, which will send data to OpenAI.

Google, meanwhile, has been locked in a battle with OpenAI to develop and sell state-of-the-art AI systems. Google in the past has chafed at Apple's efforts to direct users away from its search engine.

“Google will definitely be watchful,” said Annette Zimmermann, a vice president at Gartner who covers AI.

◆ OpenAI and Altman

Integrating its ChatGPT product into Apple's offerings

gives OpenAI, which claims about 100 million weekly users, access to a far larger universe of user potential than what it has, even after its meteoric takeoff. Apple says some 2.2 billion of its devices are in use around the world.

OpenAI's presence at a big Apple event is something of a homecoming for Altman, who has long admired the company and its founder, the late Steve Jobs.

In 2008, a then-23-year-old Altman, wearing faded jeans and a hot-pink polo layered over a lime-green one, spoke at Apple's event to promote his location-tracking service, Loopt.

Apple's dominance in consumer technology dovetails with Altman's ambitions for OpenAI to develop products in the mold of ChatGPT that have broad appeal to regular people. Altman also has been working on an AI-powered personal device with the aid of former Apple designer Jony Ive.

Wall Street Journal owner News Corp has a content-licensing partnership with OpenAI.

—Tom Dotan  
contributed to this article.

Watch a Video



Scan this code for a video on how Altman built OpenAI into a giant.

Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.											
e-Ex-distribution, f-Previous day's quotation, g-Footnotes x and s apply, j-Footnotes e and s apply, k-Recalculated by Lipper, using updated data, p-Distribution costs apply, 12b-1 r-Redemption charge may apply, s-Stock split or dividend, t-Footnotes p and r apply, v-Footnotes x and e apply, x-Ex-dividend, z-Footnote x, e and s apply, NA-Not available due to incomplete price, performance or cost data, NE-Not released by Lipper, data under review, NN-Fund not tracked, NS-Fund didn't exist at start of period.											
Tuesday, June 11, 2024											
AB Funds	NAV	Net YTD Chg %	YTD %Ret	Fund	NAV	Net YTD Chg %	YTD %Ret	Fund	NAV	Net YTD Chg %	YTD %Ret
MuniHcmShares	11.07	+0.01	1.4	SmCpA	66.53	-0.34	0.4	EmMktCorEq	23.80	-0.16	6.4
BlackRock - ADV				TxEaA	12.31	+0.01	...	IntCoreEq	16.08	-0.18	5.3
LgCpGrAdv	109.67	+0.37	18.2	WshA	62.45	...	9.5	IntSmCo	20.09	-0.22	4.3
American Century Inv				Artisan Funds				IntSmVa	22.74	-0.30	7.2
Ultra	87.95	+0.83	18.0	IntVal Inst	49.22	-0.25	7.1	LgCo	35.74	+0.10	13.4
American Funds CI A				Baird Funds				US CoreEq	40.00	+0.04	11.3
AmcpA	42.45	+0.10	11.4	AqpBdInst	9.67	+0.04	-0.4	US CoreEq2	35.74	+0.02	10.4
AMutIA	54.26	-0.03	6.8	CorBdInst	10.00	+0.04	NA	US Small	44.71	-0.17	1.0
BaIA	34.08	+0.04	7.2	BlackRock Funds				US SmpCpVal	44.96	-0.32	0.4
BaDA	11.16	+0.05	1.0	HyIBdInst	7.02	+0.01	2.9	US TgdVal	31.70	-0.22	-0.3
CapIBA	67.76	-0.22	3.7	BlackRock Funds III				USLgVa	47.46	-0.38	7.1
CapWGrA	65.25	-0.28	9.5	ShSP500ldxK631.44	+1.72	13.4	Dodge & Cox				
EupaCA	57.53	-0.55	7.6	BlackRock Funds Inst				Balanced	103.61	-0.36	4.3
FDInvA	80.65	-0.03	13.1	EqtyDivd	20.35	-0.13	6.6	GblStock	15.76	-0.13	5.6
GwthA	72.33	+0.05	14.5	StratIncOpptyIns	9.34	+0.02	1.1	IntlStock	51.61	-0.55	5.0
HI Tra	9.56	...	3.4	TotRet	9.78	+0.04	NA	Stock	295.04	-1.55	7.2
ICAA	56.63	-0.01	12.7	Calamos Funds				DoubleLine Funds			
IncoA	23.94	-0.09	3.6	MktNeutI	14.60	...	3.2	TotRetBdI	8.64	+0.04	NA
N PerA	61.80	-0.24	10.6	Columbia Class I				Edgewood Growth Instituti	49.23	+0.01	12.6
NEcoA	61.27	+0.09	13.5	DivIncsmI	32.33	-0.13	6.8	EdgewoodGrInst	49.23	+0.01	12.6
NwWrldA	79.94	-0.44	6.5	Dimensional Fds				Federated Hermes Int			
				EngMktVa	31.27	-0.27	6.4	TtlRtnBdI	9.33	+0.04	-0.7
				Fidelity				Fidelity Invest			
				500ldxInstPrem	187.10	+0.51	13.4	Balanc	29.25	+0.06	9.1
				Contrafund K6	28.54	+0.09	23.9	BluCh	216.59	+1.53	25.0
				ExtMktldxInstPr	79.82	-0.18	2.3	BluChpGr K6	33.14	+0.16	23.5
				FidSerInst	8.50	+0.01	-1.6	Contra	19.93	+0.06	24.0
				FidSerTotMarket	17.51	+0.03	11.8	ContraK	20.00	+0.06	24.0
				GrowthCompanyK6	27.80	+0.11	23.8	Colnc	9.93	...	5.2
				IntlldxInstPrem	50.30	-0.53	6.6	GrCo	39.44	+0.24	23.6
				LgCpGwld InstPre	34.69	+0.31	17.6	InvGrBd	9.87	+0.04	-0.4
				MidCplmInstPrem	31.34	-0.10	4.6	LowP	46.82	-0.34	6.2
				SeriesBondFd	22.87	+0.06	13.4	Magin	14.34	+0.02	20.0
				SeriesOverseas	14.14	-0.12	9.0	NASDAQ	220.39	+1.92	15.9
				SerLTTrdBdIx	5.50	+0.05	-4.7	OTC	22.36	+0.20	22.3
				SmpCpldInstPrem	25.16	-0.09	0.5	Puritr	25.86	+0.03	11.4
				TotMktldxInstPrem	147.09	+0.31	11.8	SAIUSMlnVldldF	20.38	+0.05	9.2
				TotalMarketIndex	18.61	+0.04	12.0	SAIUSQtyldx	22.59	+0.17	16.7
				TfllntldxInstPr	13.87	-0.12	5.5	SrBlChGrRetail	19.44	+0.15	24.5
				US8ldxInstPrem	10.19	+0.04	-0.9	SrsEmrgMkt	18.39	-0.12	6.1
				Fidelity Advisor I				SrsGlobal	14.66	-0.13	5.8
				Total Bd	9.38	+0.03	-0.2	SrsGroCoRetail	24.13	+0.14	23.9
				FF2030	17.44	-0.01	5.7	SrsIntGrw	18.51	-0.11	8.1
				FF2035	15.49	-0.03	7.1	SrIntVal	12.67	-0.18	8.6
				FF2040	11.36	-0.03	8.7	TotalBond	9.40	+0.04	-0.1
				Freedom2030 K	17.42	-0.02	5.8	Fidelity Selects			
				Freedom2035 K	15.47	-0.03	7.1	Semiconductors r	34.95	-0.04	44.1
				Freedom2040 K	11.37	-0.03	8.8	Softwr	25.94	+0.07	-4.5
				Idx2030InsPre	29.81	...	4.9	Tech	34.78	+0.49	22.0
				Idx2040InsPre	26.76	-0.01	6.1	First Eagle Funds			
				Idx2040InsPre	25.83	-0.04	7.5	GlbA	67.70	-0.35	7.3
				Idx204				Franklin AI			
				Idx2050InsPre	25.03	-0.04	8.1	IncoeAI	2.33	...	2.9
				Idx2050InsPre	25.07	-0.04	8.1	FrankTem/PrnkAdv			
				Fidelity Invest							
				IncomeAdv	2.31	...	3.0	LSGrowthY	26.56	-0.09	14.3
				IncomeFund/Prnklin A				Northem Funds			
				DynaTech A 159.73	+0.35	19.4	Stkldx	55.37	+0.15	NA	
				Growth A 138.22	+0.18	12.7	IntEqldxInst	23.31	-0.26	6.6	
				RisDv A 93.39	-0.01	5.8	LgCpGrAdm	60.96	+0.55	17.6	
				Guggenheim Funds Tru			Old Westbury Fds				
				TotRtnBdFidClInst	23.31	+0.01	-0.1	LgCpStrt	19.55	-0.01	NA
				Harbor Funds			Parnassus Fds				
				CapAlnInst	114.06	+0.50	18.2	CapAdmFd	60.29	+0.15	9.5
				Harding Loevner			PGIM Funds CI Z				
				IntEq	26.55	-0.24	2.3	TotalReturnBd	11.81	+0.04	NA
				IntEq	26.55	-0.24	2.3	DivApplxDAdm	49.28	-0.01	7.0
				Investco Funds Y			PIMCO Fds Instl				
				JHF III Dispal			EAAdmr	36.15	-0.22	6.8	
				DispalVCMCI	28.55	-0.14	4.3	EqnAdm	89.12	-0.42	5.4
				Frank Hancock			ExplrAdm	106.90	-0.29	3.6	
				BondRf	13.35	+0.06	...	ExtndAdm	127.14	-0.28	2.2
				JPMorgan I Class			PIMCO Funds IZ				
				CoreBond	10.10	+0.04	-0.3	GwthAdm	188.32	+1.85	17.9
				Eqnnc	23.97	-0.13	5.2	GrncAdm	103.72	+0.20	5.0
				LgCpGwth	72.54	+0.32	20.6	ExplrAdm	106.90	-0.29	3.6
				JPMorgan R Class			WndsAdm	75.15	-0.49	7.5	
				CoreBond	10.11	+0.03	-0.4	PIMCO Funds IZ			
				CorePlusBd	7.13	+0.03	0.2	Income	10.50	+0.02	1.5
				Lord Abbott I			PIMCO Funds IZ				
				StDunrlnc p	3.84	...	20.0	GwthAdm	188.32	+1.85	17.9
				Metropolitan West			PrmpcGrAd	35.50	-0.15	11.8	
				TotRetBdI	NA	...	STAR	28.26	-0.51	5.8	
				TotRetBdI	NA	...	ITBondAdm	10.10	+0.04	-0.9	
				MFS Funds			ITGrAdm	8.51	+0.04	-0.1	
				IE	34.98	-0.29	6.2	LarCapAd	124.38	+3.36	13.2
				MFS Funds Class I			ITGrAdm	7.71	+0.05	-0.3	
				1000 Inv r	115.23	+0.27	NA	MidCapAd	300.21	-0.87	4.6
				S&P Sel	82.89	+0.22	NA	ITGrAdm	8.51	+0.04	-0.1
				Value	50.55	-0.28	22.7	MidCapAd	300.21	-0.87	4.6
				Natixis Funds			MuHYAdmI	10.62	...	0.8	
				TIAA/CREF Funds			MuIntAdmI	13.50	...	-0.5	
							MuTAdmI	10.80	+0.01	-0.3	
							MuLAdmI	10.76	...	0.3	
							MuShtAdmI	15.70	...	0.9	
							PrmpcAdmI	17.85	-0.56	12.5	
							RealEstAdmI	14.79	-0.39	-5.3	
							SmCapAdmI	104.32	-0.39	2.4	
							SmGthAdmI	87.36	-0.13	3.0	
							STBondAdmI	10.02	+0.02	0.6	
							VANGUARD INDEX FDS				
							CorePlusBdI	NA	...	NA	
							ExtndInstPl	313.74	-0.71	2.2	
							IdxInst	19.50	-0.18	5.3	
							MDcPGrAdm	98.90	+0.10	4.8	
							MDcPGrAdm	78.06	-0.48	4.5	
							SmValAdmI	78.44	-0.42	1.9	
							TotBd2	9.35	+0.03	-0.3	
							TotInstldxI	93.04	-1.24	5.9	
							TotInstPlldI	138.68	-1.24	5.3	
							TotSt	128.62	-0.28	11.7	
							VANGUARD INSTL FDS				
							Balinst	47.15	+0.14	6.8	
							DwdsrldInst	82.79	-0.17	8.8	
							DewMtsIndstnI	16.12	-0.17	5.1	
							DewMtsIndstnI	20.25	-0.27	5.1	
							GrwthInst	188.33	+0.84	0.7	
							InPrSel	9.40	+0.03	1.4	
							Instldx	443.51	+1.20	13.4	
							InstPlus	443.51	+1.20	13.4	
							InstSTPlus	91.62	+0.20	11.8	
							MidCplne	36.62	-0.19	4.6	
							MidCplne	34.28	-0.94	4.6	
							SmCapInstI	107.01	+0.30	2.4	
							SmCapInstI	301.10	-1.13	2.4	
							STGrAdelstnI	10.18	-0.13	0.3	
							STIPStxIns	24.24	-0.02	1.8	
							STIPStxIns	9.47	+0.03	-0.9	
							TotBdInst2I	9.35	+0.03	-0.9	
							TotBdInst2I	9.47	+0.03	-0.9	
							TotBdInst2I	29.10	+0.06	-0.8	
							TotStInst	128.68	-0.28	11.7	
							ValueInst	62.39	-0.36	7.7	
							WCM Fom Funds				
							WCMFetCntrGwth	25.06	-0.12	10.1	
							Western Asset				
							CorePlusBdI	NA	...	NA	



# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## EV Trade War Threatens Luxury Cars

Tit-for-tat tariffs between Beijing and the European Union would hit Porsches heading to China.

Europe’s politicians have no easy options for dealing with Chinese electric vehicles. Slap a 100% tariff on them, as President Biden did last month, and China can easily retaliate against the more than 300,000 luxury cars it gets annually from the European Union. Let Chinese EVs into the EU with the current 10% tariff, though, and Chinese companies have an open road to take market share, given impressive technology and a roughly 30% cost advantage.

This week, the European Commission is expected to announce the results of a nine-month investigation into Chinese EV subsidies. Its most likely course of action is a cautious middle ground—a tariff of 25% to 30% that would make European EVs broadly competitive with lower-cost Chinese imports. This could still trigger retaliation, but the EU’s executive body has to do something to protect an economically and strategically important industry.

This political reality only looms larger after this past weekend’s elections for the European Parliament, which rewarded right-wing populist parties in France and Germany.

In the coming months a new European Commission will review the policy response to the EV investigation. Arguments for going easy on cheap Chinese EVs, because they help Europe’s climate goals, will presumably take a back seat to economic protectionism.

Just how much market share Chinese cars might take in Europe, at least in the short term, is debatable. After years of modest gains, they accounted for roughly 1 in 10 new EVs sold in Western Europe in the third quarter of 2023, according to Schmidt Automotive Research. But their share fell back in the final three months of the year, when France excluded China-made models from its subsidy program. High discounts on Chinese brands also point to stalling progress.

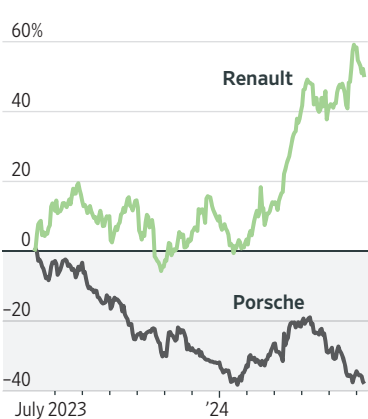
Many European consumers



RONNY HARTMAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

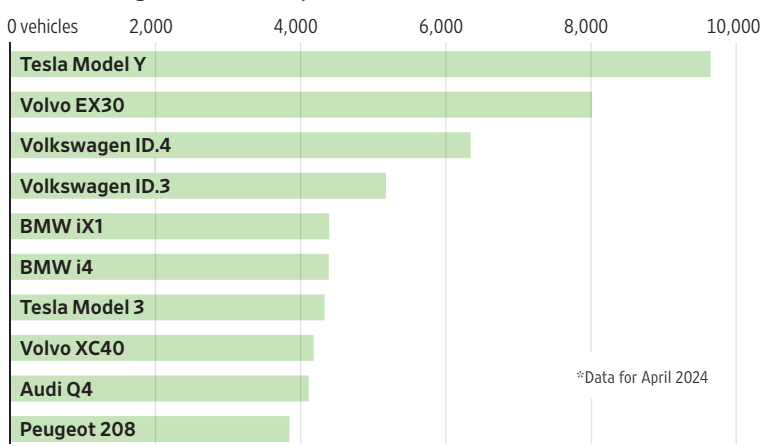
Porsche makes about one-quarter of its revenue in China and produces all its cars in Germany.

Share-price performance over the past year



Sources: FactSet (performance); JATO Dynamic (sales)

10 best-selling EVs in the EU by sales\*



the EU, according to data provider Jato Dynamics.

Many more Europeans would no doubt be converted to Chinese brands by the rock-bottom prices advertised domestically in China, which is in the throes of a vicious

price war. But BYD launched its vehicles last year at surprisingly high prices, perhaps mindful of the EU’s investigation as well as the potential to juice its margins to compensate for a tough home market.

Still, the long-term threat posed

by Chinese-made EVs in Europe is clear, and the EU won’t take any chances. One consequence of higher tariffs will be more local production. BYD is already building a factory in Hungary, while **Volvo Cars** will start producing its new EX30 in Belgium next year, rather than shipping it to Europe from China as it currently does. **Tesla**, which makes its Model 3 for Europe in its factory near Shanghai, will probably need to follow suit.

Other consequences will depend on China’s response. The China Chamber of Commerce to the EU said last month that Beijing was considering a 25% tax on imported cars with large engines. China’s current tariff on vehicle imports from the EU is 15%. This move would hit **Porsche** in particular as it makes about one-quarter of its revenue in China and produces all its cars in Germany.

The irony is that investors previously assumed luxury cars were relatively insulated from the threat of Chinese EV imports. Last year, the market was instead worried about the competitive challenge to mass-market manufacturers such as France’s **Renault**. As politicians in Paris and Brussels responded, concerns shifted, contributing to a gaping divide in stock-market performance: Porsche’s stock is down 37% over one year while Renault’s is up 55%.

In the end, some kind of truce that keeps trade flowing is likely. The EU is more dependent on exports to China than the U.S., ruling out the kind of isolationism Washington is moving toward. That might be a reason to worry more about Renault again, though the French company appears to be making progress in cutting EV costs.

This points to the only sustainable European response to Chinese EVs: matching their technology and cost structure, at least as far as local differences allow. Higher tariffs can only buy a little time.

—Stephen Wilmot

## Apple’s AI Evolution Isn’t Quite a Revolution

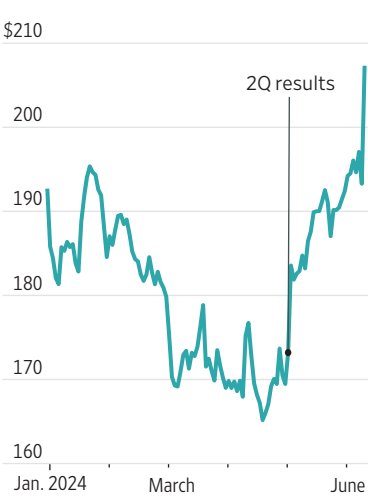
At least **Apple** has three more months to try again.

The maker of the iPhone, iPad and Mac computer finally lifted the veil Monday on its first generative-artificial-intelligence offerings. As expected, the new capabilities, known broadly as Apple Intelligence, will be tightly woven into the company’s operating system updates coming later this year. Also as expected, they will include a major upgrade for Siri, Apple’s 12-year-old digital assistant that has often been derided as something less than intelligent.

Apple has long had a hard time springing any surprises at its events, given the company’s scale and the immense media and investor interest in its direction. But the stakes were especially high this time around. The specter of Apple’s entry into the AI race has consumed its trillion-dollar rivals for the past 18 months.

That sparked some excitement

Apple’s share price, year to date



Source: FactSet

among investors. Apple’s shares have lagged behind those of its big tech peers over the past year, but the stock jumped 14% between its

fiscal-second-quarter report last month and the start of its Worldwide Developers Conference on Monday. That is the biggest gain the shares have made in that period in a decade.

But many of the new features Apple demonstrated on Monday—such as image search and help composing emails and messages—looked familiar to those already offered by new AI tools from **Microsoft** and **Alphabet**’s Google.

Apple also made it clear that the AI services announced Monday—including access to the latest ChatGPT version from OpenAI—will be free to use. That leaves open the question of just how the company will generate additional revenue from the latest technology.

Also unclear is what the OpenAI partnership will cost Apple given the expensive nature of AI computing and OpenAI’s strong lead in the space. Apple’s shares slipped nearly 2% by the close of trading Monday,

which is the worst drop the stock has seen following the kickoff of its Worldwide Developers Conference since 2010. But the shares picked back up Tuesday, closing with a gain of more than 7%.

Apple’s AI debut was always going to be a complicated one. Unlike peers that have already made forays into the technology, Apple generates the bulk of its business through sales of devices. And the company said Monday that many of its new AI features will be processed on-device, as opposed to relying on cloud-computing networks. That makes Apple’s hardware products a key part of its AI strategy. But those products very rarely make a debut at the company’s developer conferences, which typically are geared toward coming updates of the operating systems that power its devices. New iPhones—Apple’s most important product line—are typically unveiled in early September.

Hence, there is a good chance Apple is keeping some of its AI powder dry until then. The coming iPhone cycle is an important one after three consecutive years of weak sales. And AI might not be the easiest sell to prospective iPhone buyers.

In a report Monday, UBS analyst David Vogt cited a recent survey of smartphone users that found only 27% of those outside of China are indicating interest in a device with generative AI capabilities. Price and privacy were cited as the areas of highest concern.

Apple’s credentials in privacy are solid enough. And the company’s marketing prowess also has proven out even during weak iPhone cycles, since Apple has been able to move more users to more-expensive Pro versions of the iPhone, which sport better chips and cameras. Up-selling AI will need to be Apple’s next big thing.

—Dan Gallagher

### FINANCE NEWS

## Pompeo to Build New Firm With One Equity Partners Alumni

By LAURA KREUTZER

Two former senior executives from midmarket buyout firm One Equity Partners are teaming up with former U.S. Secretary of State Mike Pompeo to build a private-equity firm focused on backing midsize technology companies.

Chip Schorr, a former One Equity senior managing director, began forming Niobrara Capital Partners earlier this year and leads the firm in New York as managing partner. Joining him as partners are Pompeo and Todd Bradley, a software executive who served as an operating partner at One Equity.

Pompeo served under the Trump administration as head

of the Central Intelligence Agency from 2017 to 2018 and later as Secretary of State from 2018 to 2021.

The firm’s leaders plan to back business-to-business technology companies to capitalize on emerging trends such as the adoption of artificial intelligence, the growth of quantum computing and the reshoring of critical technology manufacturing. The areas in which Niobrara invests tend to be less capricious than consumer-oriented businesses, according to Schorr.

“I never go anywhere near the consumer, because in the tech world the consumer is where volatility exists,” said Schorr, who has spent decades backing tech companies. Early

in his career at Citicorp Venture Capital, which evolved into CVC Capital Partners, he worked on the 1997 corporate carve-out of computer chip pioneer Fairchild Semiconductor, regarded as one of the industry’s first tech buyout deals.

Niobrara targets North American and European companies with earnings before interest, taxes, depreciation and amortization of \$15 million to \$100 million, focusing across a range of subsectors within technology, from semiconductors and software to financial technology and information technology services.

Earlier this year, Niobrara partnered with Prysm Capital to back a \$175 million majority investment in Polar Semicon-

ductor, a Bloomington, Minn.-based maker of chips for automotive, consumer and industrial applications. Niobrara plans to help Polar double its manufacturing capacity in part by tapping into state and federal incentives, including a 2022 law called the Chips Act that aims to promote reshoring of semiconductor manufacturing back to the U.S.

“It’s benefiting from the new wave of demand created by the fact that the Department of Defense, medical companies and automotive companies looked at what happened to supply chains over the past few years and said, ‘I need a secure domestic source of these materials,’” Schorr said.

Pompeo, who entertained a

Republican presidential bid until last year, also is a former congressman besides his two stints directing government agencies. Joining Niobrara, he said, marks a return to the business world where he spent the early part of his career before entering politics.

“I ran two businesses and was an entrepreneur and businessman in Kansas for 15 to 20 years,” Pompeo said. “That’s how I think of my professional life in spite of my career in [government].”

Pompeo co-founded Thayer Aerospace, a Kansas-based manufacturer of aircraft components that was sold to Highland Capital Management. He later served as president of oil-field equipment manufacturer

and services company Sentry International.

The skills required to manage large government agencies like the CIA and the State Department also apply to growing companies, he said.

“There are 70,000 people working for the U.S. State Department, so there’s an organizational leadership and operational piece to it as well,” he added.

Schorr said Pompeo also brings with him an extraordinary breadth of relationships built over the years as well as expertise in navigating the complexities of both global partnerships and evolving regulatory environments.

“Mike is super plugged-in,” he added.