

What's News

Business & Finance

- ◆ **Nvidia became** the world's most valuable listed company this week due to demand for its AI chips, leading a tech boom that brings back memories from around the start of this century. **A1**
- ◆ **New allegations** that the Alexander brothers engaged in sexual assaults now threaten to bring down one of the biggest names in the gilded world of luxury real estate. **B1**
- ◆ **Startup Fisker**, which sought to mimic Tesla's success, filed for bankruptcy, roughly a year after releasing its first EV model. **B1**
- ◆ **Rents in several cities** in the Northeast and Midwest are rising this year, posing a threat to the fight against inflation. **B1**
- ◆ **Italian fashion company** Golden Goose, the maker of Super-Star sneakers, postponed its IPO, citing European market volatility. **B3**
- ◆ **More than a quarter** of Toyota's shareholders opposed the reappointment of Chairman Akio Toyoda to the board. **B3**
- ◆ **Stellantis has issued** a safety recall for more than one million vehicles in the U.S. with rear-view-camera issues that could increase the risk of a crash. **B3**
- ◆ **Samsung said** its latest laptop has encountered problems running some software programs, including popular games. **B4**
- ◆ **Global stocks were mixed** and U.S. index futures wobbled, after Nvidia dethroned Microsoft to become the world's most valuable listed company. U.S. markets were closed for the Juneteenth federal holiday. **B10**

World-Wide

- ◆ **Russia's military** cooperation with Iran, North Korea and China has expanded into the sharing of sensitive technologies that could threaten the U.S. and its allies long after the Ukraine war ends, according to U.S. officials. **A1**
- ◆ **Putin said** he and North Korea's Kim Jong Un had struck a deal to provide mutual aid if either of their countries was attacked. **A6**
- ◆ **The Los Angeles** Unified School District has voted to ban cellphones during the entire school day. **A3**
- ◆ **Louisiana will require** public schools to display the Ten Commandments, reigniting the debate over where such displays are permissible. **A3**
- ◆ **A challenger** backed by Trump was narrowly leading incumbent Rep. Bob Good (R., Va.), but the race remained too close to call. **A4**
- ◆ **Problems with leaks** and thrusters on Boeing's Starliner vehicle have postponed the return of two astronauts on the International Space Station until Wednesday. **A2**
- ◆ **Russia said** it was awaiting a response from Washington to its proposals for a possible exchange of prisoners. **A6**
- ◆ **Xi ordered** a redoubled campaign to eradicate graft and enforce loyalty in China's military, suggesting no end to a purge in the country's defense establishment. **A6**
- ◆ **Tensions heated up** along Israel's Lebanese border, as the Israeli military approved a plan for a possible invasion and Hezbollah showed off what it said was drone surveillance of northern Israeli cities. **A7**

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Juneteenth Marks Freedom's Long, Slow March



LIVING HISTORY: U.S. Colored Troops regiment re-enactors joined other celebrants near the Lincoln Memorial in Washington for Juneteenth, which commemorates the day in 1865 when enslaved African-Americans in Galveston, Texas, learned they were free.

U.S. Adversaries Helped Putin Rebuild Russia's War Machine

By WARREN P. STROBEL AND MICHAEL R. GORDON

WASHINGTON—Russia's military cooperation with Iran, North Korea and China has expanded into the sharing of sensitive technologies that could threaten the U.S. and its allies long after the Ukraine war ends, U.S. defense and intelligence officials said.

The speed and depth of the expanding security ties involv-

ing the U.S. adversaries has at times surprised U.S. intelligence analysts. Russia and the other nations have set aside historic frictions to collectively counter what they regard as a U.S.-dominated global system, they said.

In a sign of the closer military relations, President Vladimir Putin of Russia and North Korea's Kim Jong Un said on Wednesday in Pyongyang that they had struck a deal to pro-

vide mutual aid if either country were attacked, describing the relationship as an alliance.

Moscow's expanded outreach to North Korea, Iran and China began after Putin's February 2022 invasion of Ukraine, as early battlefield setbacks and Western sanctions sent Russia desperately looking for new sources of weapons.

But the arrangements have morphed into joint production agreements, technology trans-

fers and supplying of workers that officials said are improving Moscow's long-term capabilities, and potentially those of Tehran, Pyongyang and Beijing.

For decades, the former Soviet Union exported billions of dollars in weapons to the developing world. Now the relationship is partially reversed.

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◆ **Russia and North Korea** deepen security ties..... **A6**

Nvidia Becomes Biggest Company In World

Market cap swells to top Microsoft's, echoing Cisco's rise in the dot-com boom

By ASA FITCH

Nvidia became the world's most valuable listed company this week due to the demand for its artificial-intelligence chips, leading a tech boom that brings back memories from around the start of this century.

Nvidia's chips have been the workhorses of the AI boom, essential tools in the creation of sophisticated AI systems that have captured the public's imagination with their ability to produce cogent text, images and audio with minimal prompting.

The last time a big provider of computing infrastructure was the most valuable company in the U.S. was in March 2000, when the networking-equipment company Cisco took that spot at the height of the dot-com boom.

Cisco was riding the wave of a different revolution—the internet—with its products powering that budding industry. Like Nvidia, Cisco surpassed Microsoft to become the most valuable company.

John Chambers, who was chief executive of Cisco during

Please turn to page A4

◆ **Global stocks mixed** after Nvidia spurs U.S. rally.... **B10**

Regional Banks Unload Risk Onto Investors

By MATT WIRZ

Regional banks around the U.S. are striking complex and costly bargains with hedge funds, hoping to insulate themselves from a replay of the turmoil that followed Silicon Valley Bank's failure last year. Wall Street smells a payday.

Ohio-based Huntington Bancshares recently entered into an arrangement to sell investors some of the risk that its borrowers won't repay their loans. That helps the bank meet new proposed standards meant to make lenders look healthy to regulators.

The deal is known on Wall Street as a synthetic risk transfer, and it offers cash-flush, private-debt fund managers—such as Ares Management and Blackstone—an attractive investment.

Bayview Asset Management, the fund involved in Huntington's December deal, stands to make as much as 15% on the trade and a similar one done for SoFi Bank, people familiar with the matter said.

Others are doing the deals, too. Large regional lenders including Utah-based Ally Bank and North Carolina-based Truist Financial are working on their own transactions to sell the risk on billions of dollars of loans, according to the data provider Finsight and letters to the banks from the Federal Reserve.

Regulators are forcing the banks to meet stricter rules to protect themselves from crises of confidence, such as the ones that toppled SVB and recently shook New York Community Bank.

Ultimately, risk transfers should help banks stabilize and start spending money

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INSIDE



JASON GAY

Willie Mays was a baseball legend, but that's only the start of his story. **A12**

Social-Media Influencers Are Barely Getting By

Platforms pay less for popular posts, brands get pickier

By SARAH E. NEEDLEMAN AND ANN-MARIE ALCÁNTARA

Many people dream of becoming social-media stars like YouTube's MrBeast or TikTok's Charli D'Amelio. But for most who pursue careers as content creators, just making ends meet is a lofty goal.

Clint Brantley has been a full-time creator for three years, posting videos on TikTok, YouTube and Twitch where he comments on news and trends related to the online game "Fortnite." Despite having more than

400,000 followers, and posts that average 100,000 views, his income last year was less than the median annual pay for full-time U.S. workers in 2023—\$58,084, based on Bureau of Labor Statistics data.

The 29-year-old is hesitant to commit to an apartment lease because the money he gets, mainly from online tips and sponsorship deals, arrives randomly and could vanish at any moment. For now, he's living with his mom in Washington state.

"I'm vulnerable," he says.

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Ease of Credit-Card Challenges Invites Abuse

By IMANI MOISE

Malolan Vasu felt duped when a \$750 wingback chair he ordered turned out not to be as antique as advertised when he went to pick it up. The seller had a no-refund policy, but Vasu had a surefire way to get his money back.

With a few clicks and even

fewer questions asked, Vasu disputed the charge to his Capital One credit card—a power move millions of shoppers are relying upon to win retail arguments.

So swift and effective was the process that the 22-year-old financial analyst said disputing charges has become his go-to way to settle grievances

large and small. A few weeks later, he filed his second dispute, this time over a \$3 tip that was tacked onto a bar tab without his permission.

"Three dollars is inconsequential, but the point was I didn't tip him and it's unethical," he said.

Disputes over credit-card charges, once a measure of

last resort, have surged as shoppers learn how easy it is to deploy them. Last year, consumers disputed about 105 million charges with credit-card issuers in the U.S., worth an estimated \$11 billion. That is up from \$7.2 billion in 2019, according to Datas Insights, a finance-industry research

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Mist Opportunity: San Francisco Woos Tourists With Weather

City markets its chilly, foggy summer as a way to beat heat hitting much of U.S.

By JIM CARLTON

SAN FRANCISCO—Forget all the talk about the doom loop. San Francisco is leaning into its gloom loop.

A few weeks ago, marketers for Pier 39 put up a billboard in an inland California city where temperatures often top 100 degrees: "It's Cooler on The Bay." A be-whiskered sea lion stares ahead, practically taunting.

Randall Scott, executive di-

rector of neighboring Fisherman's Wharf, hails from the Central Valley and isn't shy about lording San Francisco's most-prized summertime asset over his relatives. "They'll say, 'God it's miserable here,' and I'll say, 'It's 58 degrees here,' and they say, 'Oh you suck!'" Scott said.

After weathering a barrage of bleak post-pandemic headlines, San Francisco is now getting a boost.

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Illicit Trade Impedes Gaza Aid



IN DEMAND: Cigarettes sell for as much as \$25 each in Gaza. Smugglers are targeting aid trucks and storage depots where smokes are hidden, making it dangerous to deliver supplies. **A7**



U.S. NEWS

Mandarin Translations Gum Up Courts

Trial of Guo Wengui shows how linguistic issues can trip up China-related cases

By JAMES T. AREDDY

The New York trial of a Chinese businessman is Exhibit A for how language issues are gumming up federal prosecutions of Mandarin-speaking defendants.

Nearly everyone in the lower Manhattan courtroom appears frustrated by a halting process that requires translation of Chinese-language videos, documents and witness testimony.

It is one in a series of high-profile China-linked cases that are similarly getting lost in translation. Chinese-language evidence is piling up, unintelligible to attorneys. Translations are slow, and sometimes wrong. There is a limited pool of top-tier Mandarin court interpreters, and they can disagree on English translations. And for both sides in a trial, the work of interpreters provides ammunition for legal wrangling, from gamesmanship to courtroom objections and possible appeals.

Introducing any foreign language to a legal case can add confusion. The challenges mount when it is a language like Mandarin that's unintelligible to 99% of people in the U.S.

A study in translation stress is playing out in the Manhattan federal trial of the Chinese businessman, Guo Wengui, whom the government accuses of perpetrating a \$1 billion fraud tied to fundraising for his anti-Beijing political activities.

Wearing bulky headphones that clash with his fine Italian suits, Guo, who denies the charges, follows along in Mandarin provided by a team of interpreters.

Judge Analisa Torres has repeatedly huddled with prosecution and defense attorneys to discuss language issues. She has quizzed interpreters about their training, asked some to grade the abilities of others and dismissed more than one from her courtroom.

One percent

Among languages other than English in the U.S., Chinese—including Mandarin and Cantonese—is second only to Spanish and rising more quickly, according to 2019 figures from the Census Bureau. But at nearly 3.5 million, Chinese speakers are about 1% of the population aged 5 years and above, the figures show.

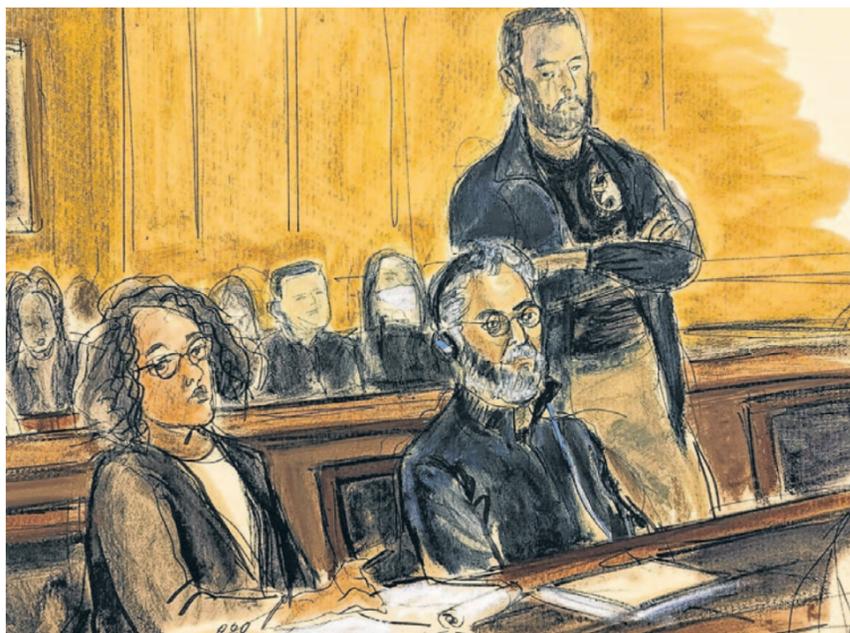
In legal circles, demand for Chinese skills is enormous.

To counter Chinese espionage, the director of the Federal Bureau of Investigation, Christopher Wray, says his agency has around 2,000 active investigations covering all 56 of its field offices.

Criminal defendants have a right to language assistance in court. But how such services are provided is a decision for individual courts and agencies.

Even in cities such as New York, quality Mandarin translation services are limited and expensive.

"Communication in courtroom proceedings may be more complex than that in other settings or in everyday life," according to the U.S. judicial branch, which manages



Guo Wengui, with beard and headphones, at a court hearing in New York City last year.

the government still hadn't revealed what evidence had been found on a co-defendant's computer files.

A government attorney told Judge Kiyoo A. Matsumoto that the holdup was related to translation difficulties, and specifically that would-be translators were intimidated by the defendant and reluctant to assist.

The accused reached a plea deal and the trial was called off.

Word struggles

Translation tension has been a recurring feature of Guo's fraud case, for which Judge Torres began jury selection by asking around 100 prospects whether they were prepared to accept interpreted testimony.

The prosecution and defense teams have repeatedly squabbled over translation, often out of earshot of the jury. Defense attorney Sabrina Shroff complained to the judge that prosecutors were pumping out so much evidentiary material in Chinese her team couldn't keep up.

Torres admonished, "You've got to be nimble as a litigator."

Months before the Guo case got to a courtroom, a DOJ attorney wrote to Torres alleging that one of the registered court interpreters hadn't disclosed serving as Guo's "long-time personal interpreter" and had possibly communicated with him in jail.

Torres told the sides she would instruct the Court Interpreters Office not to assign the person to proceedings. The interpreter wasn't publicly identified.

federal courts. It maintains a National Court Interpreter Database of certified interpreters and says they are paid up to \$566 a day, depending on the skills required.

A seasoned federal court interpreter in New York said the job is to be an instrument of the court, but that attorneys are quick to find fault, in particular defense teams. "[If] you have enough objections, maybe it is appealable," the interpreter said.

Nuanced language

Chinese can be highly nuanced and the same word can have different meanings depending on the context.

Such a challenge helped torpedo a sensational Justice

Department case against an ethnic Tibetan New York policeman charged with spying on behalf of Beijing in 2020. The allegation was built on dozens of intercepted phone calls between the officer and a Chinese consular official—and apparently misconstrued Mandarin colloquialisms.

For instance, prosecutors considered the officer's use of a Mandarin word for "boss" as evidence he was signaling subservience to the Chinese official, while the officer's defense attorney said the term was the defendant's way of expressing gratitude for help on a complex travel visa application. "The fact that it was in a foreign language created an opportunity to use inaccurate translation to fit their story,"

said the defense attorney, John F. Carman. The case was eventually dropped.

Chinese-language basics are getting mixed up. The title of a Justice Department indictment typically includes the defendant's family name—e.g., U.S. v. Smith—but on such documents ethnic Chinese defendants are routinely identified by their given or first name, which in the Chinese writing style comes after the family name.

A limited pool of qualified Mandarin translation capability is delaying court proceedings. In April, a few months before a prominent figure in one of New York's Chinatowns was scheduled to go on trial in federal court in Brooklyn, defense attorneys complained

U.S. WATCH



NO LOOKING BACK: Amadeusz Knop competed Wednesday in a preliminary heat of the Men's 200m backstroke in the 2024 U.S. Olympic Team Swimming Trials held in Indianapolis.

NEW MEXICO Wildfires Claim Second Victim

Heavy rain and hail fell Wednesday around an evacuated village in New Mexico threatened by wildfires that have killed at least two people and damaged more than 1,400 structures.

Air tankers dropped water and red retardant earlier on a pair of fires growing in a mountainous part of the state where earlier in the week residents of the village of Ruidoso were forced to flee the larger of the two blazes.

New Mexico State Police spokesman Wilson Silver said Wednesday that officers discovered the skeletal remains of an unidentified second person in the driver seat of a burned vehicle. It is the second confirmed death. The first victim was a 60-year-old man found by the side of the road near the popular Swiss Chalet Inn in Ruidoso.

—Associated Press

WASHINGTON, D.C. House Ethics Panel Probes Rep. Gaetz

The House Ethics Committee said it is investigating Florida Republican Rep. Matt Gaetz over allegations that the lawmaker may have engaged in sexual misconduct and illicit drug use.

The 10-member panel released a letter Tuesday in which it said it was clarifying its investigation into the four-term lawmaker because of the significant and unusual amount of public reporting on the case. Gaetz has denied wrongdoing. He said Monday that past probes "emerged from lies intended solely to smear me" and that the committee is "now opening new frivolous investigations."

The Justice Department investigated Gaetz for several years, beginning in 2020, for allegations of sex trafficking, which he denied. The probe closed without charges.

—Natalie Andrews

GULF OF MEXICO Tropical Storm to Bring Rains to Texas

Tropical Storm Alberto formed Wednesday in the southwestern Gulf of Mexico, the first named storm of what is forecast to be a busy hurricane season.

Alberto, which is bringing strong winds, heavy rainfall and some flooding along the coasts of Texas and Mexico, is expected to make landfall in northern Mexico on Thursday.

Winds could get up to 45 to 50 mph before the storm makes landfall, said Michael Brennan, director of the National Oceanic and Atmospheric Administration's National Hurricane Center.

As much as 5 to 10 inches of rain was expected in some areas along the Texas coast, with even higher isolated totals possible, Brennan said. He said some higher locations in Mexico could see as much as 20 inches of rain.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

The attorney general of the District of Columbia is investigating Swedish Match North America's compliance with a local ban on the sale of flavored nicotine pouches. In some editions Tuesday, a Business News article about the suspension of sales on Zyn.com incorrectly said that federal regulators are investigating.

Economists polled by The Wall Street Journal expected a 0.2% increase in May's retail

sales from the previous month. A Markets article on Tuesday about Monday's market activity incorrectly said the comparison period was the previous year.

"Misdemeanant" is a legal term, which isn't in common usage, for someone convicted of a misdemeanor charge. The "Word on the Street" column in Saturday's Review section incorrectly said there is no one-word term for someone convicted of a misdemeanor.

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

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NASA, Boeing Delay Astronauts' Return After Helium Leaks, Thruster Problems

By MICAH MAIDENBERG

Boeing succeeded in getting NASA astronauts to the International Space Station, following weeks of delays. Returning them to Earth on the same spacecraft is proving another challenge.

Problems with leaks and thrusters emerged after Boeing's Starliner vehicle launched this month with the astronauts Barry Wilmore and Sunita Williams on board. Officials from the aerospace company and the National Aeronautics and Space Administration said Tuesday that the astronauts are slated to return next Wednesday.

With the latest postponement, the astronauts would spend about 20 days in space, more than double the roughly eight days originally planned.

Starliner has been pinned down by two main issues: a series of helium leaks in a propulsion system and problems with several thrusters that are used to maneuver the vehicle. NASA and Boeing teams have been studying both issues before they permit Starliner to attempt to leave the station with Wilmore and Williams, re-enter Earth's atmosphere and land under parachutes.

"We're taking a little bit of

extra time to work through what we've seen and make sure we have all the plans in place to bring the crew home," Steve Stich, a NASA program manager, said Tuesday.

The space station has at least four months of reserves for food and other consumable items for astronauts on board, NASA officials have said. Starliner could stay docked at the station for a total of 45 days, though ultimately it aims to stay there for six-month missions, they said.

Extended stays at ISS have happened before. In September, NASA astronaut Frank

Rubio returned to Earth after more than a year at the facility. His return was delayed after a micrometeorite poked a hole in his Russian-made return vehicle and Russia sent up another ship.

Starliner is able to ferry crew members to Earth in an emergency situation, Stich said. He added that teams want to analyze Starliner and its technical challenges as much as possible while it is at the station.

The delay is a fresh setback for Boeing, which had hoped to conduct its first astronaut flight years ago. Boeing is un-

der contract with NASA to conduct six more crewed flights to the space station if it secures agency certification for the vehicle.

SpaceX has flown cargo to the space station for years.

Mike Leinbach, a former launch director for the space shuttle at NASA's Kennedy Space Center, said mission managers won't let Starliner return to Earth with the astronauts if the vehicle could pose any risks to them.

"This one has a few more issues than I would have expected," Leinbach, who isn't involved in the Starliner mission, said. "We hoped for a clean flight, but we didn't get one, and we're dealing with it. They'll figure this out."

The Starliner crewed flight has pulled off 77 of 87 test objectives so far, Mark Nappi, a Boeing vice president overseeing the Starliner program, said during the briefing.

NASA and Boeing are investigating five helium leaks identified in the vehicle's service module—a propulsion system that includes thrusters. One was noted before the flight began.

Starliner needs about seven hours of helium on board to finish the flight, and has about 70 hours remaining.



Boeing's Starliner shown preparing to dock with the International Space Station for the first time on June 6.

U.S. NEWS

Activists Work To Undo Limits On Abortion

Movement's lawyers cite voter-approved amendment in Ohio to challenge laws

By LAURA KUSISTO

Abortion-rights advocates have a plan to undo dozens of longstanding restrictions in some of the country's more conservative states. It starts with Ohio.

Clinics are challenging a host of limits the state adopted over the past decade or so, including waiting periods for the procedure, requirements that doctors check for fetal cardiac activity before an abortion and rules that prevent patients from obtaining abortion pills legally through the mail.

For years, those restrictions were often on solid legal footing. That is because the Supreme Court, while protecting abortion rights, allowed states to regulate the procedure so long as they didn't place an undue burden on a woman's access to it. Oddly enough, when the high court overruled *Roe v. Wade* in 2022, a series of events made abortion restrictions more vulnerable in some parts of the country.

More than a dozen states moved to ban most abortions, prompting voters in Ohio and several other states to respond by passing ballot measures that added abortion protections to their state constitutions. Those constitutional amendments

arguably provide broader legal rights than what the Supreme Court previously endorsed, giving abortion-rights plaintiffs new weapons in litigation.

The dynamic could come into play in more states after November because abortion-rights amendments will again be a hot issue this election season, with ballot measures expected in Florida, Arizona and Missouri, all states with restrictions similar to Ohio's.

"A lot of states after 2024 will be looking at this," said Jessie Hill, a law professor at Case Western Reserve University, in Cleveland, who is representing abortion providers in the Ohio cases.

The Ohio challenges are in their early days, and judges have yet to rule in any of them. If the plaintiffs win these and future lawsuits, legal access in Ohio—where Republicans control both chambers of the Legislature—could look much like it does in Democratic-led states such as California and Illinois.

The Ohio amendment, which passed last November with about 57% of the vote, said every individual "has a right to make and carry out one's own reproductive decisions," including on abortion.

And the state "shall not, directly or indirectly, burden, penalize, prohibit, interfere with, or discriminate against" the exercise of those rights.

The amendment effectively negated a so-called heartbeat law that would have banned abortion after about six weeks of pregnancy.

Since 2011, Ohio lawmakers passed some 30 new abortion restrictions, according to a list compiled by abortion-rights groups. Long term, the groups say they hope to challenge every one of them in court.

"We're not on the defense anymore," said Kellie Copeland, executive director of Abortion Forward, a state organization that recently rebranded from Pro-Choice Ohio. The state lost half of its clinics during the years of mounting restrictions, she said.

Antiabortion groups say their opponents are trying to undermine important protections for women's health and haven't been upfront about their intentions when campaigning for abortion-rights amendments.

"The amendments were intentionally vague and deceptive," said Kristen Waggoner, chief executive of Alliance Defending Freedom, a conservative legal group. "It's really gaslighting the American public."

Janet Porter, a longtime Ohio antiabortion activist who helped pioneer heartbeat laws nationwide, said her side is building plans to fight in the legislature and the courts. The other side is trying "to unravel and undo every pro-life and protective law that we've passed over the last 50 years," she said.

Ohio Attorney General David Yost, a Republican, acknowledged in a memo before last November's vote that the state amendment would create abortion protections beyond what *Roe* had guaranteed. A spokeswoman for his office said the amendment didn't mean that every law that touches on "reproductive health or medical care must be stricken."

One area where abortion-rights advocates are being cautious is the issue of parental consent, which in Ohio is required for minors to get an abortion in most circumstances. During the ballot campaign, antiabortion activists raised the specter of parents' losing control over their teenagers.

"There are a lot of really good reasons to challenge parental consent," said Lauren Blauvelt, executive director of Planned Parenthood Advocates of Ohio, citing hardships on minors whose parents are abusive. But, she added, "it's not our intention to be necessarily too ahead of public opinion."



People cooled off this week at Old Orchard Beach in Maine and the Water Steps at the Riverfront Park in Pittsburgh. A dog also found some relief at Owasco Lake in New York.



Heat Dome Trapping the Northeast Is Strongest in Decades, Experts Say

By ERIC NILER

The atmospheric heat dome that is causing record temperatures in parts of the Northeast arrived earlier than usual, is situated farther north and is the strongest in several decades, according to weather experts.

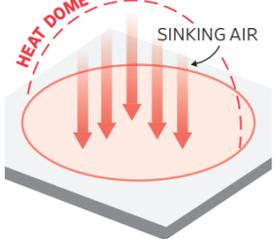
Heat domes usually form in the South and Southwest during the summer and are rarely seen in the Northeast in mid-June.

"It is out of the ordinary and is unusual to see this type of intense high," said Paul Pastelok, senior meteorologist at AccuWeather.

A heat dome is an area of high pressure that traps hot air below it. Such a system also diverts jet-stream winds that might bring down the temperature. Heat domes can remain stationary for days

Inside a Heat Dome

An area of high pressure traps warm air like a lid on a pot. As air sinks toward the surface, it becomes compressed. The sun heats the trapped air, making it warmer each day. A heat dome can last for days or even weeks until broken up by a cold front.



Source: National Weather Service, AccuWeather

until conditions change and the high-pressure system moves on.

"The atmosphere is fluid, and, like a river, it's always moving," said Bob Oravec, lead forecaster for the National Weather Service in College Park, Md. "But sometimes it will get cut off into different types of vortices, and they may spin in place for a while. And that's what's kind of happening now across the United States."

This week's heat dome formed over the Carolinas in recent days and expanded over the region from Chicago to New England.

A heat dome's high temperatures are uncomfortable and sometimes dangerous to human health. A dome over the Pacific Northwest in 2021 caused an estimated 650 heat-related deaths in the U.S. and Canada.

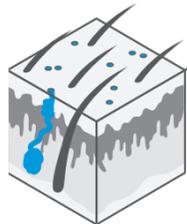
"There is a lot of heat stress on people, on animals, and a lot of potentially dangerous situations," Oravec said.

Chicago broke its daily record temperature on Monday, hitting 97 degrees, while forecasters said Pittsburgh was expected to hit three straight days of temperatures of 95 degrees beginning Wednesday. Hartford, Conn., was set to tie record temperatures of 95 Wednesday and 97 on Thursday, while Albany, N.Y., was expected to hit a record 97 degrees on Wednesday.

Although New York City wasn't expected to break any records this week, tempera-

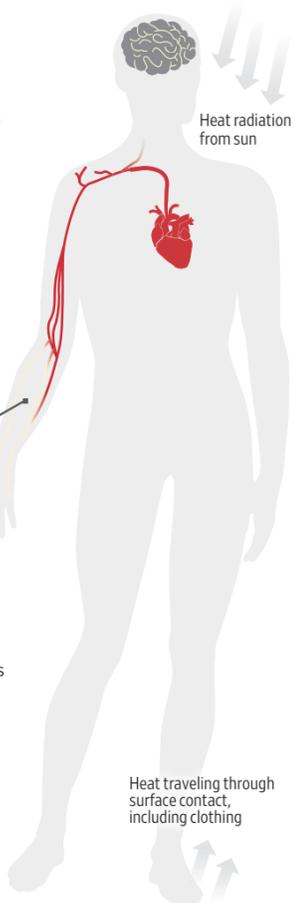
How Extreme Heat Affects the Body

- 1 When body temperatures rise, the brain sends signals to different parts of the body for cooling.
- 2 The heart increases the rate of pumping blood.
- 3 Blood vessels push blood near the skin's surface, where heat can dissipate into the air.
- 4 Sweat releases heat from the body when it evaporates. When humidity is high, sweat doesn't evaporate as quickly.



- 5 Extreme heat causes the heart to beat faster and the blood vessels to dilate, increasing the risk of strokes and heart attacks. Excessive sweating without enough rehydration could lead to dehydration and electrolyte imbalance.

Sources: Dr. Christopher Uejio, Florida State University; National Institutes of Health; Adrienne Tong and Peter Champelli/ THE WALL STREET JOURNAL



L.A. School Board Votes to Ban Cellphones

By SARA RANDAZZO AND ALYSSA LUKPAT

The Los Angeles Unified School District voted Tuesday to ban cellphones during the entire school day, becoming the largest school system to take such a step in an era of concern about youth cellphone use and social-media addiction.

Actually keeping students off their phones, however, could be a challenge.

Los Angeles, like many districts, currently has a policy prohibiting phone use during class time while allowing devices during lunchtime and breaks. Implementation has varied from classroom to classroom, and teachers find it difficult to police without consistent consequences.

The move by the Los Angeles school board, which voted 5 to 2 in favor of the ban, clears the way for school leaders to



Students' cellphones charged while they sat in numbered wall pockets during class at a California high school.

create a policy on how to ban devices that would take effect by January. The extent of the ban could vary by grade level, the board said.

The district, the nation's second largest, will consider physically locking phones away in lockers or pouches, an ap-

proach being taken by an increasing number of schools and districts across the U.S. Other schools that banned smartphones have given students Light Phones, which have only calling and texting features.

Implementing a new policy will be a massive undertaking

across 800 campuses and 414,000 students.

"The research is clear: the harmful effects on kids, mental health, the physical health, their academics," said board member Nick Melvoin. "I'm fine to be the bad cop here."

Some teachers and parents say a cellphone ban is the only way to regain control of the classroom. A ban would keep students focused and off platforms that can be harmful to young people. The U.S. Surgeon General this week called for warning labels on social-media platforms to remind parents that social media hasn't been proven safe.

Other parents say they need to be able to reach their kids in case of an emergency. A national poll this year found that only a third of public-school parents supported a ban on cellphones during the school day.

Louisiana Law Requires Commandments Display

By ALYSSA LUKPAT

Louisiana will now require public schools to display the Ten Commandments, reigniting the debate over where such displays are permissible.

The state's Republican governor, Jeff Landry, signed a bill into law Wednesday mandating that every public-school class post the display no later than January. The Ten Commandments are a set of moral instructions in the Bible telling people to not kill, steal or lie, among other directives.

The new law has rekindled decades-old questions over the separation of church and state in the U.S. The Constitution prohibits laws "respecting an establishment of religion, or prohibiting the free exercise thereof." Louisiana is the only state that requires the Ten

Commandments be displayed at schools, according to the American Civil Liberties Union and other civil-liberties groups. The groups said they planned to challenge the law in court.

"Politicians have no business imposing their preferred religious doctrine on students and families in public schools," the groups said.

Landry at the bill signing Wednesday referenced the prophet Moses, who was depicted in the Bible as receiving the Ten Commandments. "If you want to respect the rule of law you've got to start from the original lawgiver, which was Moses," Landry said.

Oklahoma and Utah have considered Ten Commandments-display bills. Texas last year weighed a similar requirement, but the bill died in the state House.

CLOCKWISE FROM TOP: ROBERT F. BUKATY/ASSOCIATED PRESS; JEFF SPENBERG/GETTY IMAGES; KEVIN RYOLU/THE CITIZEN/ASSOCIATED PRESS

U.S. NEWS

Virginia Primary Goes Down to the Wire

With 98% of votes in, McGuire, backed by Trump, has thin lead over incumbent Good

By Kristina Peterson

WASHINGTON—A challenger backed by former President Donald Trump was narrowly leading Rep. Bob Good (R., Va.) in one of the year's most expensive and divisive GOP primaries, but the race remained too close to call Wednesday.

State Sen. John McGuire declared victory Tuesday night but was only 327 votes ahead of Good, with 98% of votes counted, according to the Associated Press. The AP hadn't yet announced a winner in the hard-fought race in Virginia's Fifth Congressional District, near Richmond.

The race's razor-thin margin marked a rare moment of defiance from a group of conservative Republicans who broke with Trump in the solid-red district to vote for Good. Trump had not only endorsed McGuire but repeatedly bashed Good after the lawmaker initially endorsed Florida Gov. Ron DeSantis for president before switching his support to Trump when DeSantis withdrew.

"After I won the primary he became a big fan—that's not good enough," Trump said of Good on Monday evening in a tele-rally for McGuire. Trump has endorsed candidates who didn't win GOP contests in the past. In 2021, for example, Rep. Jake Ellzey won a special election runoff in Texas, unexpectedly defeating the Trump-backed widow of the GOP lawmaker whose death created the vacancy.

Good, the chairman of the



Rep. Bob Good (R., Va.), in a tough fight against state Sen. John McGuire, mingled Friday at a campaign event in Louisa, Va.

conservative House Freedom Caucus, had cast the wave of opposition to him as an effort from the Washington political establishment to stamp out his brand of unyielding conservatism and said his campaign was monitoring the counting of final ballots.

"We are doing what we can to ensure we have teams of observers and legal counsel to ensure all the votes are properly counted in the coming days," Good said late Tuesday. "No matter the outcome, you've shown the DC Swamp that you won't back down from standing for what's right."

A McGuire win would make Good the first House incumbent to lose outside of redis-

tricting in this election cycle.

"There are still a few votes left to count, but it's clear that all paths end with a victory," McGuire, a former Navy SEAL, said late Tuesday night.

Under Virginia law, the loser of an election may request a recount if the difference between the two candidates is no more than 1% of all votes cast.

Earlier this month, a group of GOP leaders in Good's district had written to Trump, urging him to reconsider his endorsement of McGuire. Even before the former president endorsed him, McGuire centered his campaign around Trump, traveling to Iowa to campaign for him and criticizing Good as his "Never

Trump opponent."

Good also drew opposition from allies of former House Speaker Kevin McCarthy, the California Republican who helped pump money into the race. Good was one of eight House Republicans who voted with Democrats last fall to oust McCarthy as speaker.

The former House speaker invited McGuire to join conference calls with his donors to introduce himself and called Trump the night before the former president endorsed McGuire to encourage him to do so, according to someone familiar with the discussions.

The race drew more than \$14.5 million in ad spending, with around \$9 million back-

ing McGuire compared with just under \$5.6 million boosting Good, according to the ad-tracking firm AdImpact.

If Good ultimately loses, he would become the first of the eight Republicans who helped topple McCarthy last fall to be turned out by voters.

Of that group, Reps. Matt Rosendale of Montana and Ken Buck of Colorado didn't run for re-election, while Rep. Nancy Mace of South Carolina won her primary last week against a challenger backed by groups lined up with McCarthy.

Rep. Matt Gaetz of Florida, who drove the effort against McCarthy, is running against a GOP candidate backed by the former

speaker's allies. Gaetz had backed Good.

Good and the House Freedom Caucus have divided Republicans in Washington and at home in Virginia. Good and his allies have blocked procedural votes and made demands of House GOP leaders that other Republicans view as unrealistic given Democrats' control of the Senate and White House—drawing applause from hard-line conservatives but frustrating others.

In a public snub to Good, several House Republicans had come to Virginia to campaign with McGuire, including Reps. Marjorie Taylor Greene of Georgia, Ryan Zinke of Montana, Mike Collins of Georgia and William Timmons of South Carolina, in addition to others who have contributed to his campaign or endorsed him. Greene has called Good a "disloyal MAGA traitor."

But Good's hard-line conservative stances remain popular with many of his constituents.

If McGuire wins, "there will be a lot of frustration," said Jim Herring, vice chair of the Fifth District Republican Congressional Committee and a supporter of both Good and Trump. "I believe Donald Trump will have hurt his chances in Virginia through that endorsement."

Herring said he believed Good supporters would still vote for Trump but not pour as much energy into his campaign.

Good was backed by many members of the Freedom Caucus, as well as the Club for Growth, an influential conservative group.

Earlier this month, former Trump adviser Steve Bannon campaigned with Good in his district.

Nvidia's Valuation Hits No. 1

Continued from Page One

the dot-com boom, said there are some parallels, but the dynamics of the AI revolution are different from previous ones such as the internet and cloud computing.

Chambers, now a venture investor, has made big bets on AI in cybersecurity and other arenas.

"The implications in terms of the size of the market opportunity is that of the internet and cloud computing combined," Chambers said. "The speed of change is different, the size of the market is different, the stage when the most valuable company was reached is different."

Nvidia, a 31-year-old com-

pany, became the most valuable listed firm in the world on Tuesday. The stock closed at \$135.58, giving the chip maker a valuation of \$3.335 trillion, just above Microsoft's \$3.317 trillion.

It marks the first time a company other than Microsoft or Apple has held the title of largest company since February 2019, when Amazon.com briefly topped the list. Nvidia was ranked fifth largest by market valuation a year ago and was ranked 10th largest two years ago. Five years ago, it wasn't in the top 20 largest companies.

The scramble among tech giants such as Microsoft, Meta Platforms and Amazon to lead the way in AI's development and capture its hoped-for benefits has led to a chip-buying spree that lifted Nvidia's revenue to unprecedented heights. In its latest quarter, the company brought in \$26 billion, more than triple from the same period a year before.

Nvidia's stock was the best

Market capitalization



Source: FactSet

performer in the S&P 500 in 2023 and has more than tripled in value over the past 12 months. The company's value hit \$3 trillion this month, less than four months after it reached the \$2 trillion mark.

Nvidia split its shares 10-for-1 this month, a move aimed at lowering the price of

each share and making it more accessible to investors.

The stunning rise has won plaudits from analysts who agree with CEO Jensen Huang's assertion that AI is the foundation of a new industrial revolution to which Nvidia is the key supplier. Huang has said Nvidia is building "AI fac-

tories" that take in data and churn out intelligence.

Nvidia "will be the most important company to our civilization over the next decade as the world becomes more AI-driven," CFRA Research analyst Angelo Zino said recently. The chips Nvidia pioneered will be the most important invention of this century, he said.

The flow of money into AI has raised eyebrows among investors uncertain the boom can continue without pause. Some \$50 billion has been invested in Nvidia's chips since the boom began, according to a Sequoia Capital estimate in March, but generative-AI startups have brought in only \$3 billion in sales.

That imbalance, Sequoia partner Sonya Huang said at the time, meant "we've got some real problems to fix."

Capital Economics chief economist Neil Shearing on Monday said "enthusiasm around AI has all the hallmarks of an inflating bubble"

and would likely help keep U.S. stocks rising for the next year and a half. But it would eventually burst, he said, with the U.S. market "destined for a period of significant underperformance" to follow.

Nvidia and its chief, Huang, are showing few signs of concern, despite an array of challenges, from feisty competitors to regulators increasingly scrutinizing the company's dominance in the AI-chip market, where analysts suggest it has a share of above 80%.

Chambers said Huang was working from a different playbook than Cisco but was facing some similar challenges. Nvidia has a dominant market share, much like Cisco did with its products as the internet grew, and is fending off rising competition.

Also like Nvidia, Cisco benefited from investments before the industry became profitable. "We were absolutely in the right spot at the right time, and we knew it, and we went for it," Chambers said.

Banks Offload Some Risk

Continued from Page One

again on such things as share buybacks and acquisitions, analysts said.

"You could call it aggressive defense," said Ken Usdin, a banking analyst at Jefferies. "They are optimizing for regulatory capital, but they are paying up for it."

Regulations loom

U.S. banks are preparing for new regulations announced last year after the regional-bank failures. They are expected to force midsize banks to meet capital requirements previously only applied to large financial institutions.

"We expect we will be in capital-preservation mode as we kind of see how all of that unfolds," Ally Chief Financial Officer Russ Hutchinson said at a recent investor conference. Risk transfer "becomes a very attractive way for us to reduce risk-weighted assets and effectively preserve capital," he said.

Historically, U.S. banks created a financial cushion by increasing capital through stock sales or by selling

loans. Many of the loans they own were made when rates were low, meaning they would take a loss if they sold them now. Selling new shares could push already-battered stock prices lower.

Late last year, the Fed gave U.S. banks another option, by letting them increase regulatory capital through risk transfers, a tool long employed by European banks.

About 20 U.S. synthetic transactions have been done, totaling \$17 billion, compared with about \$190 billion in Europe, said Kathy Jones, a structured-products trader at Raymond James. The U.S. could quickly outstrip Europe's once smaller, regional banks start adopting the product, she said.

Merchants Bancorp, a relatively small Indiana-based lender, got the green light from the Fed this month for a synthetic risk transfer, according to a letter from the Fed. Banks can transfer risk in two ways: One is selling credit-linked notes to investors, boosting the banks' balance sheets.

Another is purchasing credit insurance from the investors, who post cash as a backstop. The banks pay interest or premiums to the investors. The investors are on the hook for losses from any defaults on the insured loans. Both options cover losses from defaults on as much as 12.5% of a loan pool.

That cost drags down profitability, which is already falling. Regional-bank stocks fell last week after Huntington lowered guidance for net interest income, the difference between what it makes from loans and what it pays on deposits.

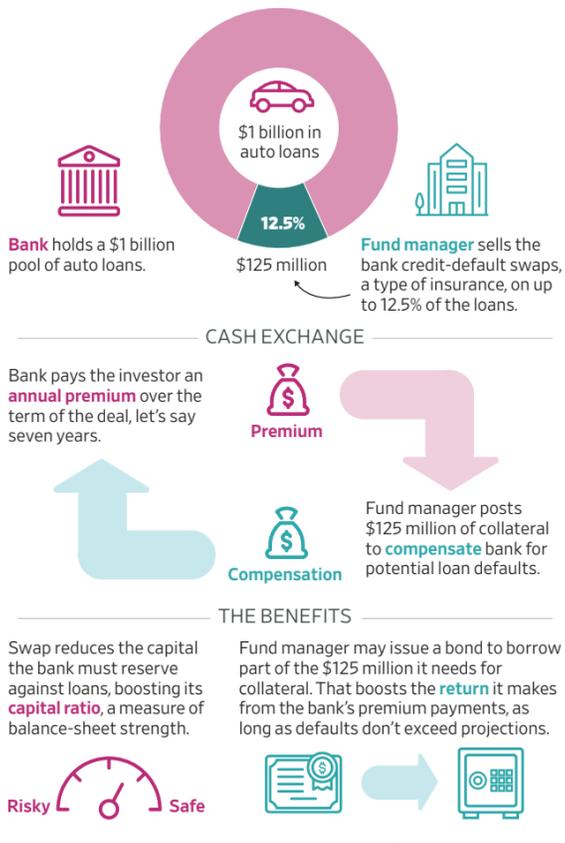
A hot product

Banks such as JPMorgan Chase and Morgan Stanley issued a flurry of synthetic risk transfers for themselves last fall. Now, they are arranging deals for regional lenders—for a fee—and hope to start trading the instruments if the market gets big enough.

Morgan Stanley helped raise financing for Huntington's transaction with Bayview. JPMorgan is currently marketing a risk transfer for Ally to investors and a second risk deal for Huntington that doesn't involve Bayview.

Others are laying the groundwork for when smaller banks could issue risk transfers. The private-credit fund Crayhill Capital Management has retained as an adviser Tom Killian, an investment banker who helped pioneer the market for bonds backed by community banks' preferred securities in the 2000s. Killian has held informal talks with banks and regulators about risk transfers, aiming to eventually help small banks access the market, according to a person close to the fund manager.

In synthetic risk transfers, an investor agrees to effectively insure a bank on potential losses tied to a pool of loans the bank holds. Here's an example:



For money managers, bank risk transfers offer high returns and a new product to pitch to investors eager to buy

into the red-hot market for private credit. BlackRock, the private-fund specialist KKR and the French insurer AXA

have all published reports hawking them.

Florida-based Bayview has come up with a twist on the complicated deals: borrowing money in bond markets to enhance its returns.

Default Swaps

Bayview manages about \$20 billion and specializes in buying mortgage and consumer loans, often from such banks as Huntington. The firm has been pitching banks risk-transfer deals for at least five years, people familiar with the fund manager said.

Bayview offered to sell Huntington credit-default swaps, a type of insurance, to reduce capital charges on a pool of about \$3 billion in car loans. The bank agreed to pay a 7.5% annual premium, and Bayview committed to compensating the bank for seven years for any defaulted car loans up to \$375 million, or 12.5% of the loan pool.

To back up that commitment, Bayview issued about \$315 million of bonds at a blended interest rate of about 6.75%. Cash from the bonds went into an interest-bearing account. Over time, the bonds will be paid off with money from Huntington's premiums, the money in the account and accrued interest. Bayview will pocket the difference. If defaults on the auto loans exceed Bayview's projections, the fund could take a loss.

U.S. NEWS

Menendez Fights Uphill For His Seat

The New Jersey Democratic senator, under indictment, runs as independent

By JIMMY VIELKIND

WEST NEW YORK, N.J.—Bob Menendez, in a long-shot campaign to hang on to his Senate seat while under federal indictment, recently breezed through the bar of a cherry-paneled Spanish restaurant here.

The New Jersey Democrat, who has been in office since 2006, and his wife personally asked patrons at Meson Español for signatures to help him get a spot on the November ballot as an independent candidate, according to people familiar with the matter.

The scramble illustrated just how far the once powerful committee chairman has fallen since he was hit with corruption charges last September, and just how isolated he is in his effort to cling to power. Some political operatives have speculated Menendez's candidacy might offer a bargaining chip as he raises money for his legal defense and faces calls for expulsion from the Senate. They also worry that his effort could hurt the party's chances to hold an otherwise safe seat.

Democrats have a 51-49 majority in the Senate, and the 2024 battleground map favors Republicans, making Menendez's saga a distraction for President Biden's party.

"I think he would be well-advised to focus on his defense and not some half-baked political pursuit of something that perhaps will not be a re-

ality," New Jersey Democratic Chairman LeRoy Jones said.

Menendez mounted his independent campaign after declining to run in the state's Democratic primary this month. Rep. Andy Kim (D., N.J.) cruised to victory in that contest, and this fall will face Republican Curtis Bashaw, a hotel developer from southern New Jersey.

Prosecutors allege Menendez accepted cash, gold and other benefits in exchange for using his office to enrich three businessmen and aid the Egyptian government.

Menendez has pleaded not guilty and has spent weeks sitting at a defense table in a wood-paneled federal courtroom in lower Manhattan. In the courthouse hallway Tuesday, Menendez declined to answer questions. He said in a March video that he expects to be exonerated this summer.

"My candidacy is not, and never was, about leveraging my fellow Democrats," Menendez said in a statement provided by his lawyer. "I think people will be surprised when the campaign begins in earnest."

It is Menendez's second federal corruption trial: A jury in 2017 deadlocked on charges that he engaged in a yearslong bribery scheme involving nearly \$1 million in contributions from a Florida eye doctor. Prosecutors dropped the case in 2018.

Menendez went on to win another term that year, and it is easy to understand why if you walk down Bergenline Avenue, a bustling thoroughfare connecting West New York to his hometown of Union City. On a recent afternoon, some voters there remembered the



Sen. Bob Menendez, shown leaving a Manhattan court in May, declined to run in New Jersey's Democratic primary.

last case and said Menendez was a hardworking senator who has delivered for the predominantly Hispanic community.

Alberto Gayol came to the U.S. from Cuba in 1965 and opened a jewelry store in Union City in 1983. He remembers the day when there was a fire at the building next to his shop. As Gayol watched the flames, he recalled, Bob Menendez, then the mayor, tapped him on the shoulder. "If you need anything, just ask," Gayol recalled Menendez saying.

"We went to the office, and they attended to us like we were millionaires," he said of another interaction. "I would vote for him. I think he's a very nice person. What they say about him, I don't know."

Menendez, 70, won a seat on the local school board in 1974 when he was just 20. He was elected mayor of Union

City and served in the state legislature before he was elected to the U.S. House in 1992 and appointed to the Senate in 2006. He won his first full term later that year.

In Washington, he built a reputation as a foreign-policy hawk and was chairman of the Senate Foreign Relations Committee until he stepped down after his most recent indictment. The son of Cuban immigrants, Menendez has taken a hard line against the island nation's communist government.

"He has the right to run, and he has the presumption of innocence," said Roland Alum, a retired university professor who has known Menendez for 40 years and considers him a friend.

Menendez embodied the brash nature of New Jersey politics. One labor leader said dealing with him involved "a lot of bullying and threats." In

interviews, some Democratic operatives said he was "nasty" and "vindictive."

So when it came time to decide whether to stand by Menendez after his second indictment or seek distance, the state's most powerful Democrats called for him to resign, and some since have rallied around Kim's candidacy.

An April poll by Fairleigh Dickinson University tested a three-way race, with Menendez winning 6% of the vote, Kim 44% and Bashaw 38%—suggesting most Democrats have moved on from him.

"In the eyes of voters, he's sort of a sinking ship versus someone who's worth saving," said Lindsey Cormack, a professor of political science at Stevens Institute of Technology in Hoboken.

Bashaw said Menendez's bid could help his effort. He pointed to a closer-than-expected gubernatorial election in 2021 as proof that residents in Democrat-heavy New Jersey could get behind Republicans. "Our story as an outside business person has resonated. So the race is winnable,

but the Menendez entry jumpstarts that," Bashaw said.

Kim said that "everyone knows Bob Menendez isn't running for the people of New Jersey, he's doing it for himself."

Some signs suggest that the Menendez name still has strength. Earlier this month, Rep. Rob Menendez, the senator's son, fended off a Democratic primary challenge from Hoboken Mayor Ravi Bhalla.

A spokesman for Rob Menendez's campaign didn't return messages seeking comment.

"The Democratic machine went out of its way to win a primary for his son. That tells you a lot," said Jeff Tittel, an environmental activist who has been involved in the state's politics for decades. "He's done a lot of favors for people, so they owe him. He also knows where all the bodies are buried."

In his statement, Bob Menendez said Tittel's comment was "the only thing that is correct in this hit piece story."

—Corinne Ramey contributed to this article.

Menendez embodied the brash nature of New Jersey politics.

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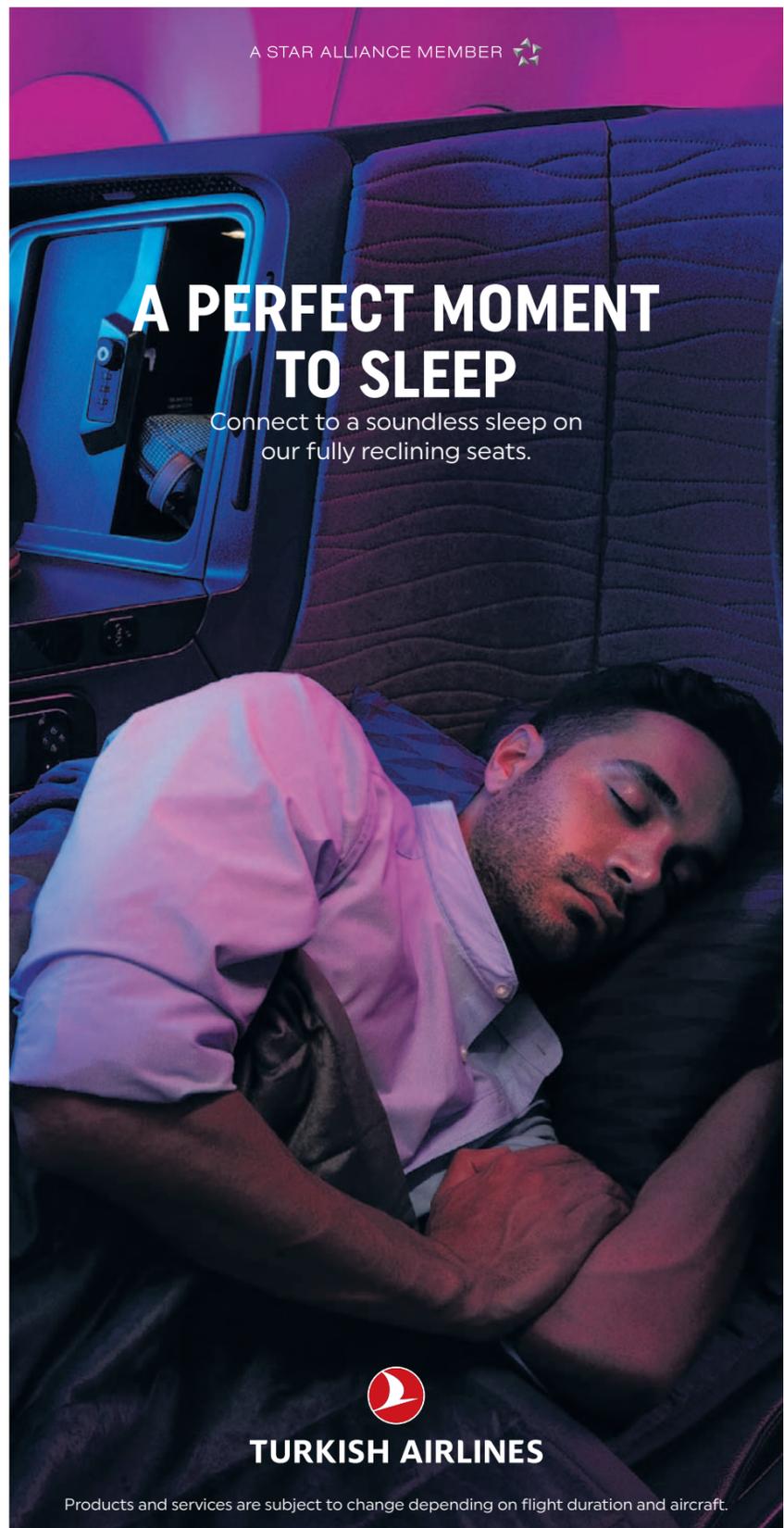
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WORLD NEWS

Russia, North Korea Deepen Security Ties

New mutual-aid partnership hardens military alignment against the West

By DASL YOON
AND ANN M. SIMMONS

Russian President Vladimir Putin said he and North Korea's Kim Jong Un had struck a deal to provide mutual aid if either country was attacked, as the two leaders sought to strengthen their military ties in a show of defiance against the U.S.-led West.

Putin hailed the deal—reached by the nuclear-armed states at a summit in Pyongyang—as a breakthrough that would elevate cooperation between the two authoritarian nations. He said Russia wouldn't rule out military technical cooperation with the North Korean regime.

Both leaders described the upgraded relationship as an alliance geared toward peace on the Korean Peninsula. Kim, the 40-year-old dictator, said the pact was defensive in nature. "Relations between our two nations rose to a new height of an alliance," Kim said.

Putin and Kim didn't make



Kim Jong Un, right, drove Vladimir Putin during their Wednesday meeting in Pyongyang.

it clear whether the new accord amounts to a pledge to fight for one another in a war or was simply a promise to extend other forms of support. The two countries aid each other with everything from oil and food to munitions.

While Moscow and Pyongyang are declaring a "de facto alliance," it doesn't appear to guarantee an automatic military commitment to deploy troops to protect each other, said Pat-

rick M. Cronin, the Asia-Pacific security chair at Hudson Institute, a research organization based in Washington, D.C. "There is nothing fundamentally new about this relationship today that was not true before Putin's visit."

But in many ways, the summit represented a swift advancement in formalized ties between the two countries since September, when Kim traveled by armored train to

Russia's main space port to meet Putin. That get-together ended without any signed agreements. Since then, North Korea has increased shipments of munitions, and even ballistic missiles, to Russia, while Moscow has helped Pyongyang with its spy-satellite endeavors, U.S., Western and South Korean officials said.

North Korea and Russia have struck security pacts over the decades. But Wednes-

day's is the first to include a specific defense-related clause since the Cold War, illustrating Moscow's intent to play a bigger role in Northeast Asia, said Artyom Lukin, a professor of international relations at the Far Eastern Federal University in Vladivostok, Russia. "While Russia demonstrates to the U.S. that it is a force to be reckoned with, North Korea gets to show it's on par with great powers like Moscow," Lukin said.

Allied commitments to deploy troops in a conflict are often referred to as mutual defense treaties. The U.S. has one with certain allies in the region, such as South Korea and Japan. North Korea's only such security pledge comes from China. But over the decades, Beijing officials have been vague about whether the pact requires China to dispatch troops should the Kim regime fall into armed conflict.

Even without a commitment to fight, the new agreement allows Moscow and Pyongyang to justify weapons transactions and form a united front against what they call the U.S.-led global order, security experts say. Both countries deny engaging in weapons transactions with

each other. Putin also used the rare summit to take aim at Western efforts to isolate the two countries.

"Both Russia and Korea pursue a sovereign and independent foreign policy and do not accept the language of blackmail and diktat," Putin said on Wednesday. "We oppose the practice of applying politically motivated sanctions and restrictions. Such illegitimate actions only undermine the global economic and political system."

Kremlin spokesman Dmitry Peskov told the government-aligned newspaper Izvestia on Tuesday that cooperation between Russia and North Korea wasn't directed against any third countries, but that instead Moscow was building relations with its neighbors for the benefits of the people of these states.

On Wednesday, Putin indicated Moscow was no longer willing to support additional United Nations penalties against Pyongyang and called for a revision of the sanctions regime that targets North Korea's nuclear- and ballistic-missile program. Since the Ukraine war, Russia has blocked numerous attempts by the U.S. and its allies to impose new sanctions against the rogue state.

U.S. Foes Help Putin Wage War

Continued from Page One
as Moscow scours the globe for materiel to sustain its Ukraine war, now in its 28th month.

"Russia's war in Ukraine is...propped up by China, North Korea, and Iran," NATO Secretary-General Jens Stoltenberg said on Tuesday in a joint news conference with U.S. Secretary of State Antony Blinken. "They want to see the U.S. fail. They want to see NATO fail. If they succeed in Ukraine, it will make us more vulnerable and the world more dangerous."

Iran helped build a factory for lethal armed drones in Russia's Tatarstan region that U.S. officials believe is now operational and capable of churning out thousands of Iranian-designed Shahed-136 drones annually. U.S. officials predict it will expand to other types of drones.

"This is something that Russia is now going to have after the war," a U.S. defense official said. What began as a transactional relationship is now a "knowledge transfer," he said.

For its part, Iran can observe how its drones, which Russia is launching by the dozens at Ukraine, perform in wartime conditions, the official said. The danger is "that all of those lessons come back to the Middle East," he said.

China and Russia are also working together to jointly produce nonlethal drones inside Russia, a senior Biden administration official said.

"They think it is deniable be-



Russian President Vladimir Putin met with Iran's then-president, Ebrahim Raisi, in Moscow last December.

cause it just looks like sharing technology and production on what are commercially available UAVs globally," a second defense official said, referring to unmanned aerial vehicles.

In announcing the closer military ties, Putin and Kim didn't make it clear whether the new accord amounts to a pledge to fight for one another in a war or was simply a promise to extend other forms of support. U.S. and South Korean officials have said Russia could provide Pyongyang with space technology and other advanced systems in return for artillery ammunition and ballistic missiles they said North Korea has provided for Russia's war in Ukraine. North Korea is also sending workers to Russia to help staff weapons-production lines, some U.S. officials said.

Russia, in return, has been providing North Korea with

substantial amounts of fuel oil, U.S. officials said. The concern is that Moscow's support might expand into the military realm.

Current and former U.S. officials said the expanded security ties among Russia and North Korea, Iran and China don't amount to a formal military alliance, such as the West's North Atlantic Treaty Organization. Instead, they involve bilateral exchanges between Russia and each of the other three countries, they said.

For "Russia, North Korea, even China, this is all a marriage of convenience, based on convergence or alignment of interests and goals right now, rather than some passionate love affair," Sue Mi Terry, a former CIA and White House official, said recently on a podcast sponsored by the Center for Strategic and International Studies think tank.

Yet the initial outlines of a

new axis have emerged, with signs of broader strategic and diplomatic cooperation.

China has been at the heart of an effort to bolster trade ties with countries under U.S. sanctions, including Russia, Iran, Venezuela and Iran, as a shield against Washington's financial moves, according to Western officials and customs data.

U.S. Director of National Intelligence Avril Haines told lawmakers in May that China and Russia are for the first time conducting military exercises that appear to focus on Taiwan, the self-governing island Beijing claims as its territory.

Moscow used its United Nations Security Council veto in March to block the U.N. from continuing to monitor international sanctions on North Korea, a move U.S. officials said was aimed at preventing scrutiny of the weapons pipeline between Pyongyang and Moscow.

It is the pipeline from Tehran that is proving most helpful to Moscow, establishing Iran as Russia's primary weapons supplier, the U.S. defense official said. Along with helping construct the drone factory in Tatarstan, it has shipped hundreds of drones to Russia along with other arms. The countries are in advanced talks for Iran to sell Russia short-range ballistic missiles, officials said. Iran has denied sending Russia weapons.

China has done everything short of providing weapons to Russia, which Washington has warned would trigger U.S. economic sanctions, current and former U.S. officials said.

"They are very careful, but they are darn close to the line," a defense official said. "They have been doing everything they can to support the Russians without having to pay any costs themselves."

Moscow Says It Awaits Prisoner-Swap Answer

By ANN M. SIMMONS

Russia said it is awaiting a response from Washington to its proposals for a possible exchange of prisoners, an apparent reference to U.S. citizens detained in Russia such as Wall Street Journal reporter Evan Gershkovich.

Russia's deputy foreign minister, Sergei Ryabkov, on Wednesday told the state news agency TASS that "the ball is in the U.S.'s court, we are waiting for their response to the ideas that were presented to them."

"I understand that the Americans are probably not happy with something in these ideas—that's their problem," he added, without elaborating.

The State Department declined to comment on Ryabkov's remarks. On Monday, State Department spokesman Matthew Miller said the U.S.'s "overriding goal" remains to bring home Gershkovich, who has been held in Russia for over a year, and Paul Whelan, another U.S. citizen and a former Marine, who has been held in Russia since 2018.

Gershkovich, a 32-year-old U.S. citizen, was detained by Russia's Federal Security Service while on a reporting trip for the Journal in March 2023.

Last week, Russian prosecutors approved an indictment in which they falsely accused him of espionage, an allegation he, the Journal and the U.S. government vehemently deny. At the time of his detention, Gershkovich was accredited to work in Russia. The U.S. has deemed

him wrongfully detained.

On Monday, a Russian court said proceedings in Gershkovich's case would be held in secret, with the first hearing set for June 26 in the Sverdlovsk Regional Court in Yekaterinburg, the city where Gershkovich was first detained.

Russian President Vladimir Putin indicated in February that he would be open to a prisoner swap with the U.S. for Gershkovich. He didn't specify whom Moscow was demanding in return, but he made clear reference to Vadim Krasikov, a Russian serving a life sentence in Germany for killing a Chechen émigré in Berlin in 2019.

In April, Ryabkov said Russia and the U.S. are using "a specialized closed channel" to discuss a prisoner swap that could include Gershkovich. On Monday, Kremlin spokesman Dmitry Peskov said Russia was in contact with the U.S. regarding Gershkovich but said the Kremlin wouldn't elaborate. The U.S. Office of the Special Presidential Envoy for Hostage Affairs declined to comment on Ryabkov's remarks at the time.

While not addressing those comments directly, a U.S. State Department spokesperson at the time said an intensive effort was under way to secure the release of Gershkovich and Whelan.

After a trial that was held in secret, Whelan was sentenced to 16 years in prison in 2020 on an espionage conviction that he, his family and Washington say is based on false charges.

Xi Signals More Military Purges in Graft Crackdown

By CHUN HAN WONG

Chinese leader Xi Jinping ordered a redoubled campaign to eradicate graft and enforce loyalty in the military, suggesting no end to a purge in the country's defense establishment.

This week, addressing top military officials at one of the Communist Party's most hallowed revolutionary bases—which were used in its struggle to take power—Xi used the first military political-work conference in a decade to warn against the dangers of corruption and ideological slippage in the People's Liberation Army, cautioning that decaying discipline could torpedo efforts to field a fighting force capable of taking on powerful Western militaries.

"The gun barrel must always be grasped by people who are loyal and reliable to the party," and combat effectiveness can only be forged through strict discipline, Xi said at the conference on polit-

ical indoctrination in the PLA, according to the official Xinhua News Agency. "There must be no place in the military for corrupt elements to hide."

Xi identified what he called deep-seated problems in the military that have manifested in areas like ideology, discipline, ethics and moral character.

The PLA must strengthen ideological indoctrination and expand its tools for tackling corruption, he said in opening the three-day conference that ended Wednesday.

During the past year, authorities have removed more than a dozen senior generals in the PLA and defense-industry executives—many of them over alleged wrongdoing widely seen as graft-related.

"The PLA has been beset by corruption scandals and purges at the very highest levels in the last few years," said M. Taylor Fravel, a professor and director of the Security Studies Program at the Massachusetts Institute of Technol-

ogy. "This situation calls for reaffirming the party's 'control of the gun' and the PLA's absolute loyalty to the party."

Fravel said Xi might have been motivated by Russian President Vladimir Putin's lackluster gains in Ukraine, which military experts have blamed in part on widespread corruption. "As we know from Russia's invasion, a corrupt force is likely to severely underperform on the battlefield," he said.

The conference was held in the northern city of Yan'an, a revolutionary base from the 1930s to 1940s that the Communist Party celebrates as sacred ground. Revolutionary leader Mao Zedong spent more than a decade there rebuilding the Red Army and preparing for the campaign to seize power over mainland China—culminating in the founding of the People's Republic in 1949.

The Communist Party last convened a military political-work conference in 2014, when Xi visited the town of Gutian



Members of the People's Liberation Army patrolled Tiananmen Square in Beijing in March.

to honor a military conclave that Mao and other party leaders held 85 years earlier to discuss ways to strengthen an inexperienced Red Army. Party lore commemorates the 1929 Gutian Meeting as a key moment when the core principle that "the party commands the army" was established.

Xi directed an anticorruption crackdown on the PLA,

which helped him assert control over China's politically influential military establishment and push through a broad program that aimed to transform a Soviet-style military into a 21st-century fighting force. He purged several senior generals, clearing the way for him to promote officers considered to be more professional and politically reliable.

Beijing has claimed initial success in upgrading the PLA, conducting increasingly complex drills to demonstrate improved capabilities, while acknowledging some shortcomings that need attention. The PLA has ramped up its operational tempo, conducting more aerial sorties and naval drills along China's periphery and beyond.

WORLD NEWS



Israelis lie on the ground as a siren for incoming rockets from Lebanon goes off in Kiryat Shmona in northern Israel.

Risk of Wider War Increases

U.S. special envoy was in the Mideast trying to head off a regional conflict

By RORY JONES

Tensions heated up along Israel's border with Lebanon, as the Israeli military approved a plan for a possible invasion of its northern neighbor and Hezbollah showed off what it said was drone surveillance of northern Israeli cities.

The Israeli military's plans outline an assault into Lebanon should a larger-scale conflict between Israel and Hezbollah break out. The operation would need approval from the Israeli government. Hezbollah's video showed what it claimed were sensitive sites located miles inside Israeli territory, and was perceived as a warning that the militant group has intelligence about where to strike Israel.

Israel and Hezbollah have exchanged tit-for-tat fire since

Oct. 7, when the Iran-aligned militia backed attacks by Palestinian movement Hamas that sparked a war in Gaza. While both Hezbollah and Israel have been reluctant to turn hostilities into a bigger conflict, the two sides increasingly are signaling an intent to expand their fight.

The rivals have exchanged fire deeper and more forcefully into their respective territories in recent weeks. On Tuesday, Israeli warplanes launched strikes against squads from Hezbollah's air-force unit that were sending drones destined for Israel, the Israeli military said.

Hezbollah on Wednesday said three of its fighters were killed, and that it fired dozens of rockets and shells at Israeli forces in response. Sirens sounded in Israel and the Israeli military said about 15 projectiles entered its territory.

The Israeli military's approval of operational plans for an offensive in Lebanon is "part of the efforts to send a message to Hezbollah to scale down their activities and show

readiness to move forward to some sort of settlement," said Yossi Kuperwasser, a former head of research for Israeli military intelligence.

Meanwhile, U.S. special envoy Amos Hochstein was in the Middle East this week seeking to head off a broader conflict that would complicate President Biden's re-election bid. He visited Israel on Monday to meet with Israeli Prime Minister Benjamin Netanyahu, before traveling to Lebanon on Tuesday to meet senior officials.

"We have seen an escalation over the last few weeks, and what President Biden wants to do is to avoid a further escalation to a greater war," Hochstein said on Tuesday.

The U.S. diplomatic push comes after an Israeli strike last week in southern Lebanon killed Taleb Sami Abdullah, one of the most senior members of Hezbollah. The militant group responded by firing hundreds of rockets and drones at Israel over three days.

Hezbollah says its attacks

are in support of the Palestinians and that it won't stop until Israel ceases its war in Gaza. Both Hamas and Hezbollah are U.S.-designated terrorist organizations closely aligned with Iran. A fight against Hezbollah would be a far tougher task for Israel, which estimates the Lebanese group has amassed an arsenal of more than 150,000 rockets and missiles that military analysts say could overwhelm Israel's antimissile defenses.

In a televised address in Beirut, Hezbollah leader Hassan Nasrallah warned Israel that "no place in the country is safe from our rockets." Nasrallah was speaking at a memorial ceremony for Abdullah.

Part of Hezbollah's goal in increasing attacks on Israel in recent weeks was to force it to agree to a cease-fire that would leave Hamas intact in Gaza, Kuperwasser said.

In that sense, the hostilities on Israel's northern border were still a "controlled escalation," he added.

WORLD WATCH

TIBET

Dalai Lama Visit Spurs Warning

A group of U.S. lawmakers met with the Dalai Lama, the exiled Tibetan spiritual leader, to call for more freedoms for Tibetans, despite warnings from Beijing to avoid a figure it calls a dangerous anti-China separatist. The bipartisan group, which included former House Speaker Nancy Pelosi, met Wednesday with the 88-year-old in Dharamshala, India, where the Tibetan government is in exile.

The meeting comes a week after Congress passed a bipartisan bill aimed at pressuring China to hold talks with the Dalai Lama and other Tibetan leaders over the status and rights of the Tibetan people. U.S. lawmakers backing the bill have portrayed the legislation, which President Biden is expected to sign, as a refresh of U.S. policy over Tibet.

—Shan Li

ECUADOR

Most of Nation Hit by Blackout

A failure in an energy transmission line on Wednesday produced a blackout throughout Ecuador, the government said, days after announcing that there would be power outages in the country due to production problems.

Ecuador's minister of energy, Roberto Luque, said in a message posted on X that the failure was reported by the country's National Electricity Operator and caused "a cascade disconnection," leaving the nation without energy service.

The energy minister added that efforts are being made to solve the problem and repair faulty power lines. In some sectors of the country the outage lasted 20 minutes, but media outlets and social-media users reported that the problem continued in most cities.

—Associated Press

UNITED KINGDOM

Climate Protesters Deface Stonehenge

Two climate protesters who sprayed orange paint on the ancient Stonehenge monument were arrested Wednesday after two bystanders appeared to intervene.

The latest act by Just Stop Oil was condemned by Prime Minister Rishi Sunak as a "disgraceful act of vandalism." Labour leader Keir Starmer, his main opponent in the July election, called the group "pathetic" and said the damage was "outrageous."

The incident came a day before thousands are expected to gather at the roughly 4,500-year-old stone circle to celebrate the summer solstice—the longest day of the year in the Northern Hemisphere. English Heritage, which manages the site, said curators are investigating the damage. Just Stop Oil said the paint was made of cornstarch and would dissolve in the rain.

—Associated Press

RUSSIA

U.S. Soldier Gets Prison Sentence

A court in the far eastern city of Vladivostok on Wednesday convicted a visiting U.S. soldier of stealing and making threats of murder, and it sentenced him to three years and nine months in prison.

Staff Sgt. Gordon Black, 34 years old, flew to the Pacific port city to see his girlfriend and was arrested in May after she accused him of stealing from her, according to U.S. officials and Russian authorities.

Russia's state news agencies Tass and RIA Novosti reported that the judge also ordered Black to pay 10,000 rubles, or \$115, in damages.

Russia has jailed several Americans, including corporate-security executive Paul Whelan and Wall Street Journal reporter Evan Gershkovich. The U.S. government has designated both men as wrongfully detained and has been trying to negotiate their release.

—Associated Press

In Gaza, \$25 Cigarettes Make Aid Trucks Targets

A group of Palestinian men approached a United Nations warehouse in central Gaza last week and demanded access to aid stored inside. The gang wasn't interested in food, fuel or

By Stephen Kalin,
Dov Lieber and
Fatima AbdulKarim

medicine. It wanted something it considered far more valuable: Contraband cigarettes hidden in the humanitarian cargo.

The incident, described by a U.N. official, is emblematic of a significant new impediment to aid deliveries in the enclave. Rampant cigarette smuggling—fueled by high prices for tobacco—has become the latest manifestation of a breakdown in law and order that is slowing the delivery of lifesaving assistance.

Aid trucks and storage depots have become targets for Palestinian smugglers seeking to retrieve illicit smokes stashed inside shipments, say U.N. and Israeli officials. Other criminals also are attacking vehicles they suspect have cigarettes hidden on board, they say.

Cigarettes sell for as much as \$25 each in isolated Gaza, so getting hold of even a pack can be enormously profitable.

Prices have soared for smokes since Israel limited imports into Gaza to essential goods—which doesn't include cigarettes—after the Oct. 7 attacks in which Hamas militants and others poured into southern Israel and killed about 1,200 people, according to authorities. More than 37,000 Palestinians have been killed in the ensuing war, according to Palestinian health authorities.

Trade in cigarettes managed to continue for months, with smokes surreptitiously making it through the Rafah border crossing between Egypt and Gaza, which Hamas-backed authorities controlled. But when Israeli forces seized control of that crossing on May 6, the door was slammed shut on cigarette deliveries. Cigarette smugglers found another route through



A vendor sells cigarettes at a street market in Rafah.

the Kerem Shalom crossing between Israel and Gaza but were unable to pull trucks aside to unload their contraband, as they had at Rafah.

Criminal attacks on aid convoys have become so severe that more than 1,000 truckloads of aid have been left sitting on the Gaza side of the Kerem Shalom border crossing with Israel. Even a daily Israeli pause in fighting along a critical supply route hasn't been enough to get aid groups to move shipments.

"This is threatening to undermine everything we're trying to do," a U.N. official said. Aid groups say there are other challenges in addition to cigarette smuggling that are hampering efforts to distribute aid. Israel places limits on the flow of aid, they charge, and fighting, lawlessness and the widespread destruction of roads and infrastructure have made it too difficult for them to safely deliver and distribute it throughout the Gaza Strip.

Israel says it puts no limits on the amount of aid that can enter Gaza, has fixed roads used by aid convoys, and that the U.N. and other aid groups haven't increased their capacity enough.

Some aid groups have been especially hesitant to put workers at risk after an Israeli military strike in April killed seven World Central Kitchen workers in Gaza. The Israeli military said it had misidenti-

fied the group as militants.

A second U.N. official said that on Tuesday, three armed men arrived at another U.N. warehouse in central Gaza, demanding to search through the aid. They found the cigarettes they were looking for in a box of aid. The Wall Street Journal viewed a picture of the box with a U.N. logo ripped open, exposing cartons of Karelia cigarettes inside. "Cigarettes have become like the new gold in Gaza," the official said.

Israeli officials said they have found cigarettes smuggled among aid or carried by drivers. Sometimes smugglers tuck one or two packs into hollowed out watermelons or stuff them into a bag or carton of legitimate goods, said a Palestinian familiar with the operations.

People no longer smoke in public in Gaza. For those who are wealthy enough to smoke, it is a private affair.

"Surely, anyone who smokes a cigarette costing more than \$10 feels ashamed to show their face to their children while smoking, knowing that their addiction is an illness," said Abu Suleiman, a 66-year-old from Deir al Balah.

Watch a Video



Scan this code for a video on how an illicit trade is impeding aid to Gaza.

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FROM PAGE ONE

SF Markets Its Chilly Weather

Continued from Page One with Mother Nature serving up a much needed softball for the City by the Bay. As heat domes bake much of America, San Francisco can suddenly bill itself as a refuge: a place to shiver in temperatures that on some foggy days struggle to get out of the 50s.

Generated by the brew of frigid ocean waters and warm air temperatures above, fog is so integral to San Francisco's DNA, it has its own social-media persona, "Karl the Fog." Get your "winter jackets, scarves, mittens, thermal underwear and umbrellas out because it's officially Memorial Day weekend in SF," Karl, whose human handler is anonymous, warned last month.

The cold slaps unsuspecting visitors in the face. "Everyone thinks it's going to be warm so they come in T-shirts



Tourists rode a cable car in downtown San Francisco last summer.

and shorts," said Chris Vardijan, hawking bay cruises from a Pier 39 ticket booth one day this week.

Jamie and Kelli Burmeister, of Nebraska, learned the hard way during a recent visit, when they took an Alcatraz tour on a day when temperatures never climbed above 58 degrees, bone chilling even for San Francisco's June standards. "The wind was the warmest," said Jamie Bur-

meister, 55. "We just layered what we have. Back in Omaha, I am in shorts from May to September."

San Francisco can sorely use some good news. Postpandemic office vacancies soared, as did crime. Positive steps are apparent of late, with renewed leasing and drops in crime. A notable bright spot is tourism, which cratered to 10 million visits in 2020 from 26 million the year before, but is

expected to approach 24 million this year, according to the San Francisco Travel Association.

Four days after becoming president of the Hotel Council of San Francisco in July 2022, Alex Bastian posted on Facebook a U.S. map of the coast-to-coast blistering heat. "If you're looking to get out of the scorching hot heat, come visit us in San Francisco!" he declared. "We have some of the best hotels in the world and free air conditioning."

Hotel Zelos launched a "Beat the Heat in San Francisco" campaign, with up to 25% discounts, in 2023. This year, the Hotel Castro plans a "Chill in the The Castro" promotion, after seeing "a notable increase" in guests specifically fleeing intense heat elsewhere, said spokeswoman Jess Valtierra.

Perched atop the city's tony Pacific Heights, the Hotel Drisco's turnaround card quips:

"The coldest winter I ever spent was a summer in San Francisco," noting the famous phrase was attributed to, but never actually uttered by, Mark Twain. The card reminds guests to dress in layers, but general manager John Spear said they usually are well versed. "You see them in sweaters and coats and the whole nine yards even in July and August," he noted.

July 22 will mark Fog Appreciation Day, where visitors and locals alike will enjoy foam-topped treats and dry-ice cocktails around fire pits and heat lamps. Henry Eason is one of many locals who have grown so acclimated to the cold they melt almost anywhere else. "I just can't take the heat I grew up with in Florida anymore," said Eason, 77, a San Francisco writer. "Last time I was there in the summer it felt like I was trying to breathe through a hot wet towel."

The San Francisco Travel Association began hyping the chill last year, and plans similar updates this summer. "To be able to come here and walk comfortably, that is a real draw for the city," said Lori

Lincoln, spokeswoman for the association.

At Pier 39 one day this week, visitors strolling by the barking sea lions were relishing the 65-degree weather. "I walk maybe two-and-a-half miles a day here this time of year," said Jonathan McConkey, 54, a commercial pilot on an extended work assignment in San Francisco from Missouri. Back home, the mercury hit 95. "If I was in St. Louis, it would be maybe zero."

At Artly Coffee, where three robot baristas serve up java, hot-coffee sales jump 70% on extra-chilly summer days, said manager Michael Pham. He likes to rib customers ordering cold drinks: "Enjoy your ice-cold lemonade on this ice-cold day!"

Cold-weather gear is now hot. "The wind is what gets 'em," said Dalia Garcia, clerk at the Cable Car Store. Shopper Gail Yuhnke, visiting from suburban Buffalo, said she was just happy to be in a climate where she can walk outside. "When it's really cold, we stay indoors," she said, of life back home, "and in the heat of the summer, we stay in air conditioning."

Influencers Are Barely Getting By

Continued from Page One

Earning a decent, reliable income as a social-media creator is a slog—and it's getting harder. Platforms are doling out less money for popular posts and brands are being pickier about what they want out of sponsorship deals. The real possibility of TikTok potentially shutting down in 2025 is adding to creators' anxiety over whether they can afford to stick with the job for the long haul.

Hundreds of millions of people around the globe regularly post videos and photos to entertain or educate social-media users. About 50 million earn money from it, according to a 2023 report from Goldman Sachs. The investment bank expects the number of creator-earners to grow at an annual rate of 10% to 20% through 2028, crowding the field even further. The Labor Department doesn't track wages for these creators, also known as influencers.

It can take months or years to earn money as a creator, often through a combination of direct revenue from social-media platforms, sponsorship deals, merchandise sales and affiliate links. But those who stick with it eventually see some returns, surveys show. Creators say that's because you can learn what kind of posts most resonate with an audience, which can lead to more followers and, in turn, more moneymaking opportunities.

But money doesn't mean big bucks. Last year, 48% of creator-earners made \$15,000 or less, according to NeoReach, an influencer marketing agency. Only 13% made more than \$100,000.

The gap reflects multiple factors, including whether creators work full- or part-time, the kind of content they put out and when they started. People who jumped into the space during the height of Covid-19 lockdowns—and who focused on a niche such as fashion, investing or lifestyle hacks—say they benefited from the surge in social-media use during that time.

A small number of creators shot to fame, propelling the occupation to the top of career wish lists for many teens (and adults). But behind the scenes, creators say the job is grueling. They need to constantly produce compelling posts or risk losing momentum. They spend their days planning, filming and editing posts while also working to make inroads with advertisers and interacting with fans.

"It is a lot more work than most people realize," says Emarketer analyst Jasmine Enberg. "Creators who make a living doing it have been at it for many years. Most are not overnight sensations."

Like other self-employed professionals, creators don't get paid time off, healthcare benefits, retirement contributions and other perks that companies typically provide for their workers. That reality,



Tyler Haven, left, says he's easily grown his following through videos documenting his 'van-life.' Danisha Carter, right, uses her phone and a ring light to create content for her TikTok channel, where she has 1.8 million followers.

coupled with stubbornly high inflation and mortgage rates, is making it more difficult to get by as a creator.

"Everything is more expensive, especially groceries," says Jason Cooper of Mobile, Ala.

A few years ago, Cooper dreamed up a sassy sock puppet named Sock Cop, who cracks dad jokes in live and recorded videos for TikTok and Twitch. He currently makes \$500 to \$600 a month, almost entirely from tips.

He thinks he could probably haul in a lot more if he went full-time. But with no guarantee, the 37-year-old father doesn't want to quit his marketing job and risk losing health coverage. He now spends a few hours in the evening and on weekends on Sock Cop. If he had more time, he would feel the need to constantly make videos.

"You've got to feed the beast," says Cooper.

Shrinking payouts

TikTok's \$1 billion creator fund, which ran from 2020 to 2023, doled out money to eligible creators for posting to the platform. Others joined in. YouTube's TikTok competitor, Shorts, allowed creators to earn anywhere from \$100 to \$10,000 a month with its temporary fund. Instagram's Reels Play bonus program rewarded creators with fluctuating payouts. Snapchat's Spotlight rewards program gave \$1 million a day to the platform's top creators.

Today, the platforms have revamped or completely changed how they pay creators—doing away with their funds.

Qualifications for TikTok's current rewards program include having an account with at least 10,000 followers with a minimum of 100,000 views in the past month. Instagram is currently testing a seasonal, invitation-only program that rewards creators for sharing Reels and photos.

YouTube debuted an ad-revenue share

model last year, in which qualifying creators with more than 1,000 subscribers and 10 million public Shorts views in the past 90 days receive 45% of revenue from ads that occur between posts. Snapchat has a program that gives creators who meet certain criteria, such as having at least 50,000 followers and 25 million monthly views, a portion of the ad revenue that appears between Stories.

Creators who opt into these programs or bonuses aren't guaranteed a significant payday. Yuval Ben-Hayun originally became popular on TikTok in 2022 because of his posts about the word-puzzle game Wordle. The 29-year-old New Yorker eventually expanded into linguistic and other education content, and by early 2023, was able to support himself and his bills of over \$4,000 a month.

TikTok had closed its fund by then but was testing its creator rewards program. Ben-Hayun said in March he received about \$200 to \$400 per million views, and it's steadily declined since then—even as his follower count reached 2.9 million. The followers are still there, but the money isn't. He recently hit a new low, receiving only \$120 for a video with

10 million views.

Danisha Carter is frustrated that TikTok and other platforms sold the idea of content creation as a job, but later withdrew the financial incentives. Thanks to creators' efforts, she says, consumers are now hooked on social feeds, bringing the platforms billions of dollars in annual revenue.

The 26-year-old has 1.8 million TikTok followers, and her posts about beauty and exercise, along with opinions on topics ranging from dating to online bullying, regularly receive hundreds of thousands of views. TikTok has paid her

a total of \$12,000, Carter says. She sells merchandise for additional income, bringing in about \$5,000 last year.

"Creators should be paid a fair percentage based on what the apps are making off creators," says Carter. "There should be more transparency into how we're paid, and it should be consistent."

A TikTok spokeswoman declined to comment.

YouTube said it paid more than \$70 billion to creators, artists and media companies in the past three years, and more than 25% of channels in the ad-revenue share model are now making money through it. "We remain com-

mitted to putting our full energy into what matters most for our creators, viewers and advertisers," a spokeswoman said.

TikTok's future

Many creators and advertisers credit TikTok, which pioneered the short-form video genre, with driving stronger engagement than its industry peers. TikTok has gained more than 170 million users in the U.S. since its launch in 2016—including, Pew Research Center says, a third of American adults. They spend an average of 78 minutes a day on the app, according to market-intelligence firm Sensor Tower.

TikTok may not be available in the U.S. for much longer, at least not in its current form. In April, President Biden signed a bill into law that will force a sale or ban of the app by Jan. 19, 2025. U.S. lawmakers have expressed worries that TikTok poses a national security risk. TikTok's parent company, Beijing-based ByteDance, has said it can't and won't sell its U.S. operations by the deadline.

ByteDance sued the U.S. government, alleging the new law violates its First Amendment rights. Several U.S. creators also sued. The U.S. Court of Appeals for the District of Columbia Circuit will hear arguments in September for both cases.

"To lose TikTok would be kind of devastating," says Brandon Granberg, a 31-year-old creator from Bayville, N.J., known for interacting with strangers in public places in silly ways.

Granberg struggled for years to attract viewers on the app before one viral post two years ago took his follower count from 5,000 to more than one million. Recently he made \$1,000 from a TikTok program that launched last year called TikTok Creative Challenge, which allows creators to earn money by making video ads for brands that don't appear on

their personal profiles. He also earned \$2,800 for producing four TikTok videos promoting a website for people with foot fetishes. Granberg says he found it creepy, but did it because he needed the money.

While he hasn't landed many other sponsored posts, he's grown his income significantly by making marketing videos for small businesses over the past year. Most clients find Granberg on TikTok. "If it gets banned, it will definitely hurt me," he says.

This year, U.S. social-media creators as a whole are expected to make \$13.7 billion, according to Emarketer. The research firm projects the majority of that—\$8.14 billion, or 59%—will come from brand sponsorships.

Advertisers have always led in compensating creators, paying out far more money than the social-media platforms and fans who buy merchandise or dole out tips. But these days, advertisers expect more from creators than just large followings, according to agency and talent representatives. They want to see evidence of strong engagement in the form of saved and shared posts, plus the demographics of creators' audiences.

"Brands are looking at metrics that are far less predictable for creators and also very difficult to price yourself on," says Sarah Peretz, a business-strategy consultant in Los Angeles who helps creators negotiate partnerships and deals with advertisers.

Some brands are more controlling than in the past, says Sarah Steele, a 34-year-old creator in Tulsa, Okla., who started making TikTok videos about being a working mom in 2020. "Now it's, 'We're paying you and this is what we want you to say.'"

Another change is that advertisers now prefer to work with just a handful of creators on long-lasting deals rather than experiment with several on one-off projects, says Jess Hunichen, of Shine Talent Group.

Hunichen co-founded the talent-management agency in 2015, when TikTok didn't exist and influencer marketing was still relatively new. Back then, an average deal size between an influencer and brand was usually below \$1,000. Now, the average deal per campaign is around \$10,000, she says.

Tyler Haven, a 27-year-old traveling around the Pacific Northwest, charges \$250 to \$300 to make promotional videos that brands can post to their own social channels, and around \$1,200 for posts that appear on either his Instagram account with more than 41,000 followers or his TikTok account with more than 10,000 followers.

Since January, he's been posting videos documenting his "van-life" with his wife, Oak Haven: Their primary residence is a fully paid, fully decked-out 2004 Mercedes Sprinter T1N.

Haven said it's been easy to grow his following organically. He believes it's because his posts don't depict some unattractive, picture-perfect life.

He quit his job in June to pursue full-time content creation. "Even if I were to make \$2,000 a month, which is absolutely nothing—that's less than most people's rent—I could live on that," he says.



FROM LEFT: TONY WEBER FOR THE WALL STREET JOURNAL; JESSICA PONS FOR THE WALL STREET JOURNAL



Clint Brantley draws an average of 100,000 views for 'Fortnite'-related videos.

ROAHY BOSE FOR THE WALL STREET JOURNAL



◀ Southwest has built up a loyal customer base with policies like no fees for the first two checked bags.

on the phone, at the airport and on the plane. “It’s not flashy,” he says of the airline. “It’s just stinkin’ dependable.”

Head is reserving judgment on any changes, but says a dramatic jump in Business Select ticket prices might test his loyalty.

More frills = more \$\$\$

J.T. Sink is an Arizona-based corporate pilot who flies Southwest to and from charter assignments. He worries that pressure from activist investor Elliott Investment Management will force his favorite airline to “fix something that ain’t broke.”

The firm last week called for the ouster of Southwest Chief Executive Bob Jordan and an overhaul of the board of directors. It called the airline stuck in the past as other airlines cash in on travelers’ willingness to pay for extras.

There’s a lot of money on the table: Raymond James analysts last week estimated that seat assignments, basic economy and premium-seating options could add as much as \$3.4 billion to 2025 earnings. Southwest executives have said bag fees are out of the question because nearly half of its travelers book the airline due to its policy of letting fliers check their first two bags at no cost.

The airline had announced plans to study things like assigned seating in late April, before Elliott disclosed its \$1.9 billion investment. Jordan has said he has no plans to resign.

The airline is in the midst of what it calls its most serious study of how customers want to board and sit on its planes. The efforts include simulations and surveys. Southwest has provided few details, but executives have said there will be nothing like a first-class curtain.

Sink says a big part of Southwest’s current charm is that everyone gets treated equally. He jokes that there’s no “double secret diamond platinum boarding” group like you see at other airlines.

“If you’re not a person who can deal with one class, then maybe you shouldn’t be flying Southwest,” he says.

His wish for the airline as it weighs changing its business model: Don’t assume everyone wants frills. “Recognize what makes its fans so loyal and try to improve on those things.”

—Alison Sider contributed to this article.

Southwest’s Diehard Fans Don’t Want Airline to Change

Carrier considers seat assignments and extra-legroom seats as activist investor calls for overhaul



CARRY ON
DAWN GILBERTSON

Steve Sommer never shops around for flights. The St. Louis resident and pharmacy owner only searches Southwest.com. He likes the airline’s free-checked-bag policy because he travels with golf clubs, and is a fan of its quirky open seating, warts and all. He says assigned seats and other dramatic changes would kill what’s unique about the 53-year-old airline and force him to comparison shop after decades of loyalty. “I think it’s a shame,” he says. Southwest’s new bid to woo travelers seeking frills—a previously unthinkable effort that’s taken on more urgency with last week’s arrival of an activist investor—promises much-needed revenue. But the airline runs the risk of alienating its superfans. These frequent fliers love the airline just the way it is, no extra legroom or pampering required,

thank you very much. They love Southwest’s simple, egalitarian approach, reliability and employee demeanor. Many are unofficial brand evangelists, talking up Southwest boarding tricks and tips, its credit card and the coveted companion pass. They even stayed true to the airline after its epic holiday travel meltdown in late 2022.

‘It’s like a nice bus’

Don MacQuattie, a retirement-planning executive who lives in St. Petersburg, Fla., flies Southwest at least a few times a month and holds the airline’s highest status, A-List Preferred. He’s used points to take his family on free vacations to Disney and other spots over the years and shares them with family members.

MacQuattie became enamored with the airline’s approach during a case study in business school in the early 1990s. It covered the airline’s early days with co-founder Herb Kelleher, the decision to focus on one plane type, the Boeing 737, and more.

He started flying the airline regularly in 2004 and never looked back, even as peers prized

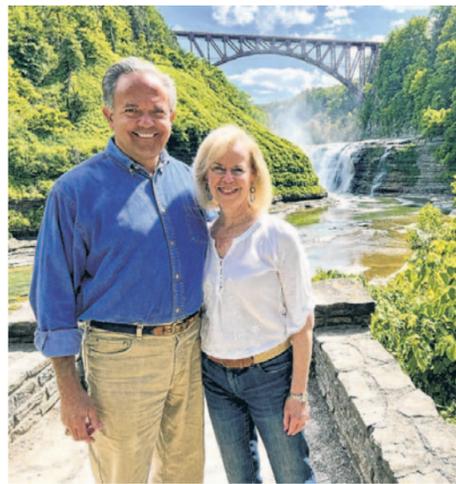
upgrades and status on other carriers. “Southwest, you sort of fall in love with,” he says.

Paying extra for fancy seats doesn’t interest him, especially on work trips. He’s happy in an exit row, dubbing it the poor man’s first class. He doesn’t buy the airline’s most expensive offering, Business Select—tickets that put travelers in the prized spots at the front of the boarding line, among other perks. He’s satisfied with the boarding priority his status provides.

“It’s like a nice bus,” he says. “You get on, the people are nice, you sit down and you’re there.”

Gene Head, an executive-search consultant who lives in Birmingham, Ala., flies Southwest about 25 to 30 times a year and has A-List Preferred status and a companion pass, which allows his wife to travel free when he flies. That compares with five or six times a year on Delta, a big player in the Southeast.

“I love the assigned seats. I love Comfort Plus. First class is wonderful,” he says of Delta. The downside is connecting through its massive Atlanta hub, which he says he hates.



▲ Gene Head, left, flies on Southwest up to 30 times a year.

With his status and Business Select ticket on Southwest, he gets priority boarding, his pick of seats and flexibility. He travels across the country and says Southwest serves most of his destinations. He raves about the customer service

Hybrid Offices Keep Workers Guessing

By RAY A. SMITH AND ANNE MARIE CHAKER

Does getting hold of your co-workers ever feel like a scavenger hunt?

Do you commute in and drop by their desks, only to find they are working remotely?

Are some teammates only on email or Slack—or can you actually call them on the phone?

There is a name for all of the time we spend on the job puzzling out who’s on Zoom, who’s coming from down the hall and who’s messaging from three time zones away: the “coordination tax.”

The term used to refer to the logistical challenges of a growing enterprise. Now it is gaining traction among executives and workplace consultants to describe the increasing amounts of time workers spend getting in sync since millions began toggling between work-from-home arrangements and the office.

“You show up, and nobody else from your team is there; then you’re on back-to-back Zoom meetings, which you could have done at home,” says Brian Elliott, a leadership adviser and former Slack executive. He referenced the coordination tax of workers’ mismatched hybrid schedules in a LinkedIn post last month.

A few years into experimenting with hybrid work, more companies are acknowledging it is here to stay and needs to be managed better. Some are adding more structure to remote- and hybrid-work policies. Others are deploying tools to help co-workers coordinate in-office time.

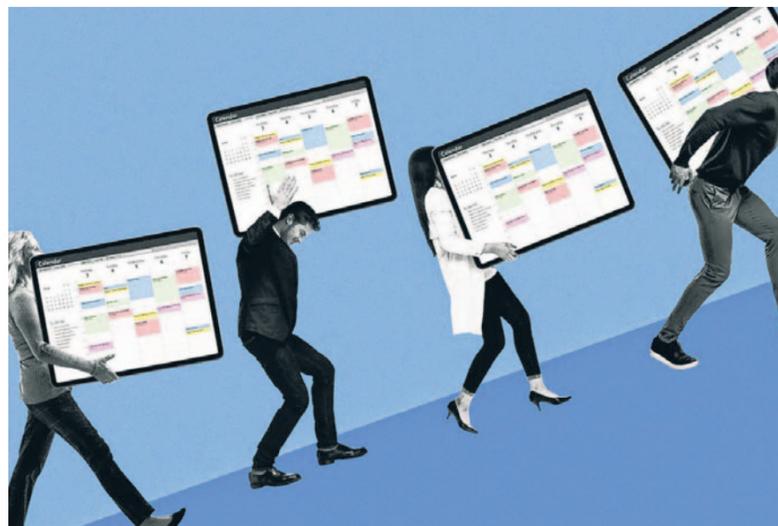
Not getting easier

As much as they relish the flexibility of hybrid work, many workers say the hassles of coordinating with co-workers aren’t easing with time. One reason is that while close to

40% of companies have hybrid-work models, only a fraction—8%—designate specific days for in-office work, according to data from Scoop Technologies, a software firm that tracks return-to-office policies. That’s down from 10% in early 2023.

Corporate teams are also now scattered across more locations in the wake of companies’ pandemic hiring sprees. Nearly one-third of workers at large firms didn’t work in the same metro area as their managers in 2023, up from about 23% in February 2020, according to data from payroll provider ADP.

At one of Nick Fratto’s previous jobs as a business-development representative, employees were encouraged to come into the office in



Boston some of the time. But it was up to employees to decide which and how many days.

Keeping track of conversations with co-workers was a constant guessing game since everyone had their preferred way to communicate, Fratto recalls: “Did I send a text? Did I call them? Did I send an email? Did I send it on Slack?”

Assessing the costs

Lauren Miller Guerrero’s company moved to a voluntary hybrid-work setup in 2022. Yet for months, Miller Guerrero, an advertising associate creative director in New York, didn’t make the 40-minute train commute into the office since she and co-workers rarely found days that worked for everyone to come in simultaneously.

Even after her firm asked teams to settle on a specific in-office day

each week, finding face time with each other remains a struggle. Much of the day they are in video meetings.

“I don’t find that more productive,” says Miller Guerrero, who started a monthly office book club last fall to get more time with colleagues.

Bosses are trying to assess the productivity costs of their teams coordinating over multiple sites and communication channels. Among 37,000 workers surveyed by software firm Qualtrics last year, the share who said they collaborated effectively with other teams fell to 69% from 73% a year earlier.

In a recent Microsoft survey of 31,000 working adults, half said they often commuted to the office only to discover their manager or teammates hadn’t. Hybrid employees who said they struggled to connect with their teams in person

were more likely to report challenges in advancing their careers, and were twice as likely to consider changing employers.

Making it work

Since the pandemic, adhesives maker H.B. Fuller has let team managers decide how many days their reports work in the office. At first, some colleagues went weeks without seeing each other. Others complained the office felt dead. So the St. Paul, Minn., company asked employees assigned to its headquarters to come in Tuesday, Wednesday and Thursday one or two designated weeks a month for collaborative work. The company says office attendance during those periods is 50% higher than other times.

Other companies are deploying technology to make coordinating easier. In May, Microsoft launched an AI-powered app for employers that lets workers share location schedules.

Neiman Marcus set up a similar software tool after opening office hubs in several cities. To entice employees to use the scheduling tool, the company held raffles for designer handbags and other products. When that didn’t motivate people enough, the company asked managers to share their own office times in advance, says Eric Severson, chief people officer.

“If I say, ‘In three weeks I’m going to be there on Wednesday,’ now you can arrange your life,” he says.

PERSONAL JOURNAL.

Teen Speaks Out After Fake Nudes Appear

Victims of AI-generated images push for legislation; 'I felt shameful and fearful'



FAMILY & TECH
JULIE JARGON

Elliston Berry woke up on a Monday morning last October to some alarming text messages. Friends were asking if she had seen nude photos of herself that were circulating among students at her Texas high school.

One sent a screenshot. She was shocked. The image showed her face...but it wasn't her body.

A male classmate, she would later learn, had taken at least two photos from her private Instagram account and rendered her naked using artificial-intelligence-powered clothes-removal software. Two of her friends were also victims of the photo manipulation.

Using anonymous **Snapchat** accounts, the boy shared the photos with other students at Aledo High School, in a small town outside of Fort Worth. As the day went on, he allegedly created and shared fake nudes of six other girls in Berry's friend group.

"I had never even thought about someone doing something like this," says Berry, now 15 years old. "To wake up to that was surreal."

Teen girls across the country are dealing with the aftermath of this disturbing new trend. Berry and her family are trying to prevent others from experiencing the embarrassment and worry such images—sometimes referred to as deepfakes—can create. They shared their story with Sen. Ted Cruz (R., Texas).

On Tuesday, Cruz, along with Sen. Amy Klobuchar (D., Minn.) and a bipartisan group of senators, introduced a bill that would criminalize the publication of non-consensual nude images—real or fake. It would also require social-media companies and other websites to remove the pictures within 48 hours of receiving notice from the victim.

The bill adds to a growing list of proposed state and federal legislation intended to stop this new form of harassment.

'I couldn't focus'

Berry says the photos looked convincing. One image of Berry was rendered from a real photo taken of her standing on a cruise ship. Some original photos of her friends had been taken at a beach. The only giveaway that the nude

versions were doctored was that the subjects wouldn't ever have been without clothes in such public settings.

New AI image-generating software makes it easy to produce believable-looking photos. Google and Apple have been removing nude-generating AI apps from their app stores.

Berry and other victims of fake nudes say they worry about the long-term ramifications of such images surfacing when they apply for college or for jobs. There are immediate concerns, too. Berry says she was worried about telling her mom and stepdad.

"It's so hard to admit to your parents even though the pictures aren't real," she says.

Her parents were supportive and vowed to do everything they could to put an end to her nightmare. Berry stayed home from school for a few days, but had to go back that Friday to attend volleyball practice.

"I was so in my head about these images, I couldn't focus," she says.

When she walked down the school hallways, she wondered who had seen the images and whether they would believe the pictures were fake. "I felt shameful and fearful," she says.

Anna McAdams, Berry's mother, reported the incident to school administrators, who she says conducted an investigation that revealed the perpetrator to be a fellow freshman. The teen boy, McAdams says, completed the semester in a separate building on campus where students do detention, and left the school after winter break.

Jeff Swain, district attorney for Parker County, Texas, says the boy was sanctioned within the juvenile justice system.

Even though Berry didn't have to see the boy anymore, she found it hard to fully engage at school.

"It threw me off guard and created so much anxiety," she says. "I'm a social person, but I took a step back and became more closed off."

A spokeswoman for the Aledo Independent School District says the district assisted the county sheriff's department with its investigation and disciplined the boy in accordance with the student



▲ Elliston Berry, a Texas high-school student, was the victim of AI fake nudes created by a fellow student.



▲ Elliston Berry, third from left, joined lawmakers including Sen. Ted Cruz in Washington on Tuesday to introduce legislation to criminalize nonconsensual nude images.

code of conduct and state law.

"The district is reviewing its student code of conduct with the possible use of AI by students in mind," the spokeswoman says. Harsher consequences for student misconduct are established by state law and apply to all Texas public schools, she adds, so it's up to the state to revise those laws.

"I do think there is a lot of confusion in the law-enforcement community about cases involving deepfakes," says Swain, the district attorney. Two state laws potentially cover them, including one that was updated to criminalize child-abuse images manipulated with conventional or AI-powered software. Since the laws are new, enforcement is a work in progress, he adds.

McAdams reached out to Dorota Mani, the mother of another teen victim of fake nudes, after I wrote about a similar situation that occurred around the same time in Westfield, N.J.

New laws

Mani had spoken with local and federal lawmakers and was instrumental in getting Rep. Joseph Morelle (D., N.Y.) to reintroduce the "Preventing Deepfakes of Intimate Images Act" in January. A spokeswoman for Morelle says the bill now has more than 50 co-sponsors and is awaiting consideration by the House Judiciary Committee.

McAdams began calling state and federal officials, including Cruz. He recently called her back. She and her daughter were with him in Washington on Tuesday when he introduced his bill: "Tools to Address Known Exploitation by Immobilizing Technological Deepfakes on Websites and Networks," aka TAKE IT DOWN.

After the fake nudes of Berry were shared, she removed all her Instagram posts for a few months and called her followers. The perpetrator had been an acquaintance who requested to follow her private account on Instagram the year before. She says she now only accepts people she knows well.

Berry says the experience left her less trusting and more cynical.

"I have learned to be ready for anything," she says.

Consumers Play New Card In Disputes

Continued from Page One
firm. The company predicts that figure will rise nearly 40% by 2026.

Consumer advocates said the trend is a sign people are getting savvy about their rights as cardholders. Under federal law, debit- and credit-card holders can dispute billing errors, unrecognized or unauthorized charges, and transactions that are misrepresented, defective or not delivered. In cases where merchants rack up too many disputes, it is often a sign of subpar goods or services, said Paul Fabara, Visa's chief risk officer.

When cardholders misuse the process to dispute legitimate charges, credit-card companies call it "friendly fraud." This covers everything from flagging unrecognized transactions and unwanted subscriptions to just trying to get stuff free.

"We, unfortunately, see a growing number of consumers intentionally reporting a legitimate transaction as fraud or disputing the purchase," said Sarah Grano, a spokeswoman for the American Bankers Association, a trade group.

Visa and **Mastercard** have updated their policies to help merchants address disputes. Major card issuers, including JPMorgan Chase and American Express, declined to comment on the rise in disputes.

Customers are supposed to make a good-faith effort to resolve disagreements with businesses before turning to their bank, but many find it is easier to skip that step, said Eran Agrios, senior vice president of financial services at **Salesforce**, which is working with Mastercard to help merchants address these disputes. "The first call that these consumers are making is to the bank."

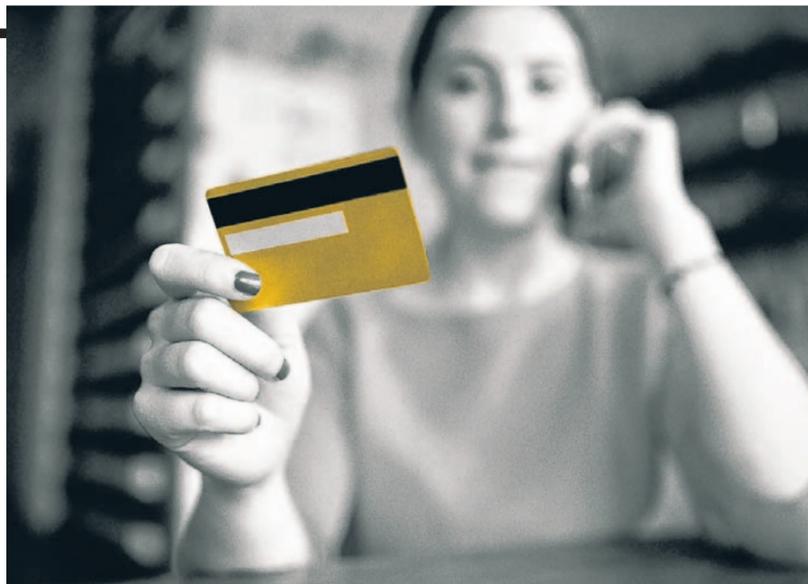
When cardholders file a dispute, card companies often give them a temporary credit for the amount in question and pull the money from the merchant's account while they investigate the claim. If the dispute is resolved in the customer's favor—and according to Equifax data, it usually is—the credit becomes permanent.

Depending on what kind of card customers have—gold, platinum or a starter card—banks may return their money without initiating a chargeback, Visa's Fabara said. "They take on whatever the loss is because they assume it is in the best interest of the relationship."

While cardholders are given the benefit of the doubt, merchants must submit evidence and be proven innocent to get the money back. Fights over a dispute can drag on for months, and merchants have to pay a fee for each one, win or lose.

Card companies streamlined the dispute process early in the pandemic, when customers sought to get their money back for flights, hotels and other canceled plans.

Social-media influencers also popularized chargebacks. Vivian Tu, who runs the financial-literacy blog **Your Rich BFF**, offered tips on TikTok for how to get money back for purchases that aren't delivered on time.



Consumers often misuse or abuse the process, according to data from several payments companies. A majority of people said they view disputes as a valid alternative to requesting a refund from a merchant.

People often dispute legitimate charges they don't recognize on statements, credit-card companies said. Johnathan Feldman, a tutor in Virginia, recently tried to dispute a \$100 charge from a gas station where he remembered spending only \$20. The bank told him it was a legitimate, temporary hold, so it never became a chargeback.

Chargebacks are different from credit-card purchase protection, a perk that lets customers file claims for damaged or stolen items. Purchase protection is more like insurance, while chargebacks penalize

merchants directly.

Merchants across North America reported a 69% increase in chargeback misuse last year, and merchants globally estimated that "friendly fraud" accounted for 20% of all disputes, according to CyberSource, a payment-management company owned by Visa. That has been costly for card issuers, since the disputes cost an average of \$37 to resolve, Salesforce's Agrios said.

Consumers face few consequences. Even when merchants prove they aren't at fault in a dispute, half of the 12 largest card issuers said they don't try to recoup the funds from cardholders, according to a recent client survey by fraud-protection company **Socure**. Many of those issuers told Socure they have become more aggressive in recover-

ing money from illegitimate disputes over the past year.

The surge in chargebacks costs retailers money and time. Having too many chargebacks also puts them at risk of paying higher processing fees.

For some retailers, the rise in friendly fraud has become a bigger concern than fraud committed by criminals with stolen payment credentials. **EBay** has invested in AI-detection tools and enhanced documentation to protect sellers from fraud, but weeding out invalid disputes remains tricky, said Ryan Jones, the company's chief risk and compliance officer.

Lauren Nygard, a children's bookseller in San Antonio, got her first chargeback in 15 years of business this year. She said the customer never reached out.

The customer claimed Nygard had mistakenly billed the customer twice, when in fact two items with the same price were purchased, a children's book and a puzzle. She contested the chargeback in January, but didn't get her money back until May.

She complained that she was only given 300 characters in an online form to plead her case.

"That's barely more than a tweet," she said.

ARTS IN REVIEW

By MICHAEL J. LEWIS

ARCHITECTURE REVIEW

A New Museum's Passing Grade

The Palmer Museum of Art at Pennsylvania State University reopens in a handsome building

Art museums are casting off their Postmodern buildings as swiftly as an earlier generation once cast off its platform shoes and elephant bellbottoms; if thrift stores could take architecture, there would be a back aisle lined with Charles Moore and Robert Venturi facades. This quiet purge is one of the major architectural stories of our day. The latest casualty is Penn State's art museum—which was Moore at his most whimsical—now abandoned for an assertively contemporary building.

That new museum was made necessary by the massive growth in the collection, which in recent years increased to some 11,000 objects, only a fraction of which could be displayed. None of its African art, for example, was on view. Rather than enlarging its building, the university opted for a new site to the northwest of the historic campus, flanking its 370-acre arboretum. A program was drawn up for a flexible teaching museum; there would be 20 separate galleries, as well as two study rooms where students can work with actual art objects, even at times when the rest of the museum is closed. The commission was given to Brad Cloepfil and his firm Allied Works, designers of the well-regarded Clyfford Still Museum in Denver.

The new Palmer Museum of Art, which opened June 1, differs from its predecessor in every possible way. There is no festive classical arcade, sporting comically oversized sculpture, but a loose assembly of severe, seemingly windowless boxes, which jut forward and slide back in a way that calls attention to their separateness. In the process, they create small courtyards and break up the mass of the building into human-scaled pavilions. In fact, the museum is quite large, 73,000 square feet in all, spread across two stories.

Mitigating this rigorous rectilinearity are the richly textured surfaces. The building is clad in slabs of tawny local sandstone, offset by several large steel panels with an intricately woven pattern that suggests chain mail. You are surprised to learn that they are

The Palmer Museum of Art, which opened June 1, above; Charles Moore's original building, below.

window screens, which diffuse the daylight and reduce energy use. What seems at first glance to be a decorative flourish turns out to be an imaginative response to that dread of sunlight that, if unchecked, would turn every contemporary museum into a bunker.

Any hint of severity vanishes once you enter. Unlike its predecessor, whose arcaded portal was

a cartoon of a Roman palace, the new Palmer is deliberately nonhierarchical; you can stride from either side into the central lobby, which is not so much a room as a passage. The sandstone walls of the exterior continue through the space, which makes it feel like a captured bit of outdoors. At a right angle to this passage is the only traditional element in the entire composition, an enfilade of precisely aligned rooms that leads you to the art.

After passing a handsome wooden stair, you enter a trio of

galleries that are anything but white boxes. For one thing, they are painted in strong colors—blue, green, or red—which gives each space a memorable and distinctive character. At the same time, their walls do not quite touch the ceiling, a pleasant bit of spatial ambiguity that suggests enclosure but not confinement. Some of the galleries are double height, like that in the northeast corner, where the museum's superior collection of 19th-century American art is hung salon-style—painting above painting—to great effect. (The museum also has extensive holdings in ceramics, both Asian and modern; art of the ancient Americas; and a growing collection of contemporary art.)

Natural light is used bountifully, especially in the double-height galleries, where the second-story windows dispense with their metal sunscreens to function as clerestories, letting us admire the surrounding mountains. A full eight of the 20 galleries have skylights, hi-tech affairs with fabric diffusers that adapt to changing outdoor light. They are welcome but cumbersome, placing visible machinery in what should be a space of visual quiet. (One wonders yet again why Louis Kahn's elegant vaulted skylights at the Kimbell Art Museum have never been copied.)

If this museum is a triumph of intelligent planning, it is also something of a construction miracle. Because Penn State has such a large building operation, which it runs like an army base, it can offer certain economies of scale in construction projects. It was also wise enough to lock in contract prices early in 2021. As a result, the new Palmer did not exceed its \$85 million budget, a remarkable feat in these years of skyrocketing prices.

But in one respect it disappoints. A teaching museum ought to be near the center of a campus, not sequestered on the periphery. It should be where a student who would never think to enter an art museum might take a quick shortcut through it and catch a glimpse of something intriguing. With its welcoming porosity, the Palmer Museum of Art does the right thing in the wrong place. Postmodernism may have been glib and flimsy, but it valued the sense of place. Charles Moore wanted his museum "to fit in with the part of the campus it's in"; Allied Works wanted a "stand-alone" building. A splendid building, indeed, but one that stands too alone.

Mr. Lewis teaches architectural history at Williams and reviews architecture for the Journal.

ART REVIEW

Chaim Soutine: An Expressionist in Full

By A.J. GOLDMANN

Humblebaek, Denmark
In 1910, Chaim Soutine (1893-1943), in the shtetl of Smilavičy, in present-day Belarus, asked a fellow villager to pose for a portrait. Such graven images were considered a heresy in the shtetl,

and Soutine, the 10th of 11 children born to a poor Jewish tailor, was badly beaten by the irate sons of the elderly man whose likeness the artist had made. The money that Soutine's family received in damages allowed the aspiring painter to study art in nearby Minsk. From there, he moved to Vilnius and, three years later, to Paris.

Soutine remained in France for the rest of his life, creating a boldly expressive body of work that reads as an argument against regarding visual art as false images. How this Belarusian-Jewish artist severed the link between the act of painting and mere mimetic representation emerges as one of the main themes of "Chaim Soutine. Against the Current," an illuminating exhibition at the Louisiana Museum of Modern Art in Humlebaek, outside of Copenhagen. It is the artist's first retrospective in Northern Europe, as well as the first anywhere in over a decade.

Curated by Kirsten Degel, the exhibition is a collaboration of Louisiana; the Kunstsammlung Nordrhein-Westfalen in Düsseldorf, Germany, where it was seen last year; and the Kunstmuseum Bern, Switzerland, where it

will transfer in August. It seems safe to say that Louisiana, set on a sprawling estate overlooking the strait between Denmark and Sweden, is the retrospective's most imposing setting.

Ms. Degel, a curator at Louisiana, arranges the 64 well-chosen canvases in a loosely chronological order while also allowing for thematic groupings. The works hail from over 30 museums and private collections, including the Museum of Modern Art, the Centre Pompidou and the National Gallery of Art in Washington. (The handsome catalog, published by Hatje Cantz, is available in English.)

The retrospective's title emphasizes the radical individualism of its subject. In the artistic hive of early 20th-century Paris, Soutine never belonged to an avant-garde movement or group of artists. Instead, he

cultivated a distinctive style, characterized by an anxious, rhythmically pulsating line, bold colors and distorted figuration that sometimes borders on abstraction. It often seems that Soutine treated his subjects as excuses for forays into pure painting that celebrates the primacy of pigment and brushstroke and emphasizes the materiality of his surfaces.

The earliest painting in the show is "Still Life With Herrings" (1915/16), whose three silver fishes, with terrified eyes and mouths agape, seem to writhe on their oval clay plate. Two bent forks hover close by, waiting to attack the dish, while an empty bowl on the table emphasizes that this is a poor man's meal. Soutine's still lifes, which hark back to Dutch painting, are remarkably dynamic. His paintings of dead animals, including fowl, hares, cows and massive stingrays, are often charged with exquisite tenderness and existential horror. "Carcass of Beef" (1925) shows the clear influence of Rembrandt's "Slaughtered Ox" (1655), which Soutine studied at the Louvre. At the same time, there is something almost sensual about Soutine's depiction of the pulpy meat.

The exhibition also reveals how Soutine's art matured, not through a linear evolution of style or technique but in tandem with his changing subject matter and new vistas. His swirling landscapes from the 1920s include gloomy works with thickly applied oils that he produced in Céret, in the Pyrenees, as well as sun-soaked village scenes from Cagnes-sur-Mer, on the French Riviera.



Soutine's 'Still Life With Herrings' (1915/16), above, and 'The Little Pastrycook' (1922/23), left.

Soutine is sometimes considered an Expressionist, but this classification seems limiting. His painting looks back to the Post-Impressionists, particularly Cézanne, while anticipating the uncompromising and often brutal works of Francis Bacon and Lucian Freud. He was revered by the Abstract Expressionists, many of whom discovered him at MoMA's Soutine retrospective in 1950 that was curated by Monroe Wheeler. Soutine's influence on Willem de Kooning is discernible in the free, energetic brushstrokes and thickly applied oils in the Dutch painter's work from the late 1940s and early 1950s.

Soutine's portraits of cooks, va-

lets and choir boys, often with distorted features, are among his best-known works, and the Louisiana exhibition features a generous selection. In some, such as "The Little Pastrycook" (1922/23) and "Head Waiter" (c. 1927), the subjects seem almost indistinguishable from their uniforms. In others, including "Bellboy" (1925), they appear almost like marionettes stuffed into ill-fitting costumes.

When the Nazis marched into Paris in June 1940, Soutine, in poor health, fled to the countryside with false papers. Despite the deprivations that he endured during the Nazi Occupation, he was extremely productive in those final years of his life. (In August 1943, he returned to Paris to undergo surgery for a perforated ulcer. He died days later and was buried at Montparnasse Cemetery.)

The final work in the exhibition is "Woman Reading" (1940), whose subject, clad in a cream-colored dress, casually bends over a sofa. Her attention is on the book that lies open on the couch, but the look in her eyes is strangely more of terror than enjoyment. According to Soutine's friend Madeleine Castaing, who is quoted in the show, the painter was frustrated with his model for "Woman Reading" and tormented her during a long, punishing session until she gave him the ambiguous, psychologically complex look he was after.

As Castaing recalled decades after the painter's death, "Soutine demanded miracles on every single canvas."

Chaim Soutine. Against the Current

Louisiana Museum of Modern Art, through July 14

Mr. Goldmann writes about European arts and culture.



SPORTS



How best to describe Willie Mays? Start here: It's never been hard to find someone who will tell you he was the best

JASON GAY

Willie Mays Will Be Forever

The baseball legend, who died at age 93, redefined a game of rules with his creative abandon

ballplayer they ever saw. That's a good beginning, but not the full story.

Mays, who died Tuesday at age 93, was baseball's unprecedented entertainment package: constant offense, stellar defense, stolen bases, tin wall-denting home runs, the howitzer arm (even better than Roberto Clemente's, claimed teammate Orlando Cepeda) and, of course, those over-the-shoulder basket catches he perfected in the Army and made singularly his own.

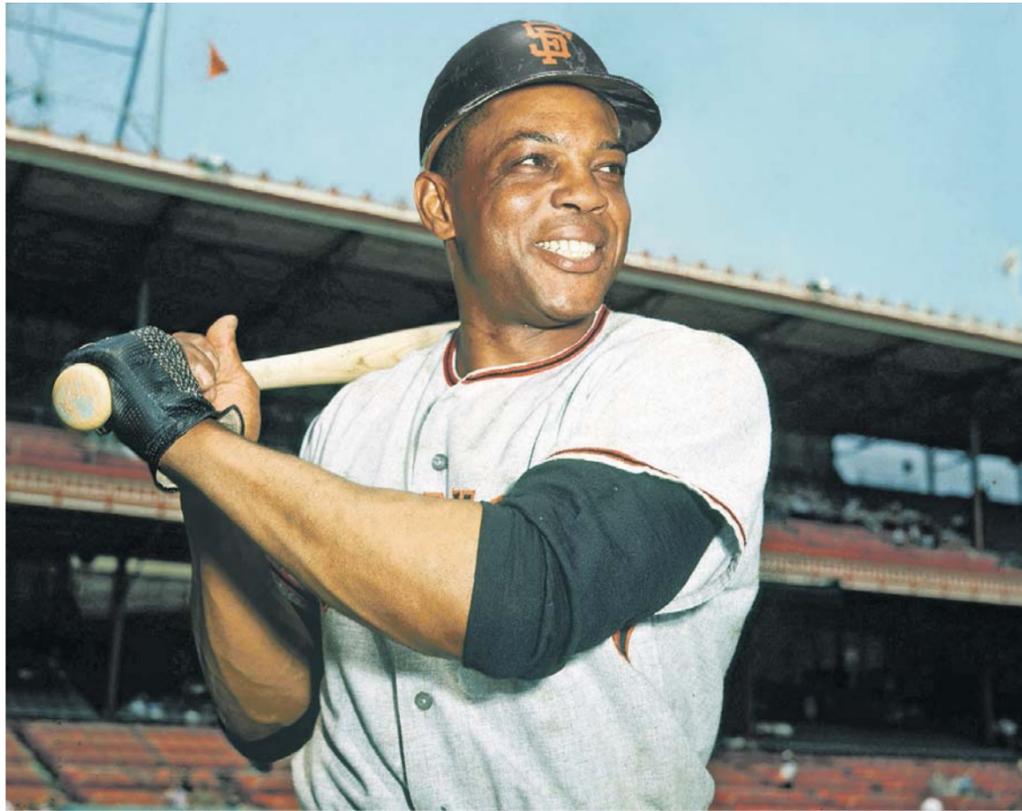
Mays was showtime before Showtime; a World Series winner in 1954; rival to Mickey in the Bronx and Duke in Brooklyn; a superstar east, west and all parts in between. He bridged baseball generations and accelerated an integrating game. He was a favorite of celebrities and presidents, and likely the best stick-ball player who ever lived.

Icon is the most overused term in sports, but Mays was surely one.

His accumulated numbers (24 All-Star Games, 660 home runs, 12 Gold Gloves and on and on) are astonishing, but when people who saw Mays talk about Mays, they talk about the way he made them feel. All the exuberant energy Mays brought to the field, it reflected into the stands and beyond the sport. He redefined a game of rules with his creative abandon. Mays was a joy delivery device.

When I got the chance to interview Mays in late 2009, around the release of an authorized biography, I was nervous. I was clearly unworthy. I knew Mays could be tetchy with reporters, and I was a stranger, a nobody, visiting from out of town. But who says no to a few minutes with Willie Mays?

The legend I met was in a welcoming mood, playful even. We gathered at his home in Atherton, Calif., along with his biographer, James Hirsch. Mays sat in a custom orange chair with "Say Hey" embroidered on the back, and when he started rolling, an American century roared to life: Mays's childhood in Alabama; his teenaged pro debut in Chattanooga, Tenn., and soon after, the Birmingham Black Barons; his precocious major-league move to the New York Giants. He talked about his early advocate and man-



San Francisco Giants outfielder Willie Mays in 1967. Mays had 660 home runs and 3,293 hits in his career.

ager, Leo Durocher, honing his game while serving in the Army ("I played every day...I was stronger when I got out"), his struggling, injured denouement with the New York Mets, and of course highlights like The Catch in the '54 Series, which he claimed wasn't close to his best.

A far better one, Mays said, happened in 1951, in Ebbets Field, off the pinch hitter Bobby Morgan.

"He hits a ball, line drive over shortstop," Mays recalled. "The only way I can catch this ball is to catch it and hit the fence all in one motion. I catch the ball and knock myself out. When I came to, I saw two guys, Leo [Durocher] and Jackie [Robinson, of the opposing Brooklyn

Dodgers]. I asked Jackie: 'What the hell are you doing out here?' Jackie says: 'Well I want to see if you caught the ball.'"

The Mays I met proved to be a world-class storyteller, like when he described the first time he faced an aging Satchel Paige in the Negro Leagues. A teenaged Mays was amid his brief stint with the Black Barons. First time up, Mays hit a double. The second time, Paige walked halfway to home plate and told Mays: "I'm going to throw you three fastballs and you're going to go sit down."

"I'm saying in my mind, 'I don't think so,'" Mays recalled. "If he threw me three of the same pitch,

I'm going to hit it somewhere. He threw me two fastballs and I just swung...I swung right through it. The third ball he threw, he threw the ball and then he started walking. And he says, "Go sit down." This is while the ball was in the air. He was just a magnificent pitcher."

The Giants signed Mays not long afterward, and he did brief minor league stints at Trenton and Minneapolis before the big club called. Mays was in a movie theater in Sioux City, Iowa, when a typewritten message appeared on the screen: WILLIE MAYS PLEASE REPORT TO THE LOBBY.

Durocher was on the phone. Mays tried to talk the skipper out of

the move, insisting he wasn't ready. Durocher wouldn't have any of it. "He said, 'No, we need you now. The ticket is on its way. You'll be on a plane tomorrow.'"

Mays arrived in the majors at a time he couldn't stay in some hotels with his white teammates. He settled in Harlem, not far from the Polo Grounds, where his neighbors included Duke Ellington, Dizzy Gillespie, and later, Wilt Chamberlain. That's where he played daily stickball, which he insisted helped him at the ballpark, too.

The Giants would later move to the Bay Area, where Mays first patrolled the cold, damp Seals Stadium and then Candlestick Park, which possessed its own turbulent weather system. I read Mays a quote from the Hall of Fame shortstop Ozzie Smith: *I never really knew how great Willie Mays was until I played in Candlestick Park. My God...what would have happened if he played in a real ballpark?*

Mays brushed the observation off. "Eh, it wasn't that big of a deal. People could never play there. I could play. I could play center field there because I knew how the wind would swirl around. But it was cold every night. Very cold."

Mays made a show of not caring about his legacy, but of course he cared, like anyone would. He said he hated watching himself on TV but he maintained a sharp inventory of every data point. At one point I was ticking off some of Mays's statistics and I mentioned his 3,290 hits.

"3,293," he gently corrected me. When I told Mays that many people thought of him as the greatest ever, he said: "You don't see that on TV. You don't hear somebody saying 'He's the best.' You hear it every now and then. They'll go to basketball and say Michael is the best in basketball. And they've got Ali in boxing. Tiger is the best in golf. But what happened to baseball? You understand what I'm saying?"

"If I'm the best, go and tell them," Willie Mays said. Consider it done.

The WSJ Daily Crossword | Edited by Mike Shenk

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- 30 Language in the "Land of a Million Elephants"
- 31 Day—(ultra-bright)
- 32 Declaring true
- 33 Poetic praise
- 35 Word of support
- 36 Word after dead or living
- 37 BART stop
- 39 Since
- 40 Cry of pain
- 41 Warrant
- 46 Forest female
- 47 Fiats
- 48 Spot for spices
- 49 Bristlecone and lodgepole, e.g.
- 50 Ring-shaped reef
- 51 Childish retort
- 52 Overdo a scene
- 53 Looking down on one's pursuers, perhaps
- 54 Got off the fence
- 58 Place for pews
- 59 Scott in an 1857 decision
- 61 Rejuvenating place
- 62 Prom rental
- 63 One who helps dollars make sense: ABBR.

A LITTLE SOMETHING EXTRA | By Dennis Nullet

Across	28 Org. that protects boxers	64 X man, familiarly	10 Some Amex offerings
1 Refuse	29 Aquarium nuisance	65 Finishing stroke	11 Parting word
6 Generational tale	33 Fiesta cheer	66 Irk	12 Move boundaries, perhaps
10 Dress	34 Some saloon offerings	67 Tough journey	13 Pentagon powers
14 Daniel K. Inouye International Airport greeting	38 Zombie?	68 X, Y and Z, usually	18 Orinoco flow?
15 Dick Vitale's longtime employer	42 A farrier may file one	69 Extra, and a hint to this puzzle's theme	22 Part of many co. names
16 River to the Baltic	43 Get it	Down	24 Was attractive
17 Hep politician?	44 Grilled, in Guadalajara	1 Drift with the breeze	25 Key, e.g.
19 Capital founded as Ciudad de los Reyes	45 Figure of divinity	2 Some saloon offerings	26 Grp. that once included Indonesia and Ecuador
20 Winter Palace occupant	47 Screw up	3 Pops	29 Sinking-into-a-hot-bath sound
21 Lead-in to political or thermal	49 Debating professors?	4 When repeated, comforting words	
22 Suggestion box submissions	55 Answer from a knocker	5 Stud's spot	
23 Wineglasses?	56 Rap battle prop	6 Choice	
27 Squealer	57 Zest, essentially	7 Racecourse near Windsor Castle	
	60 Formal denial	8 Sch. metric	
	61 Standard fencing?	9 One of an estimated 20 quadrillion on Earth	

Previous Puzzle's Solution

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Michael Johnson Has a Plan To Make Track More Like Tennis

By Rachel Bachman

FOR YEARS, MICHAEL JOHNSON has criticized the chaotic structure of track and field. Now, the four-time Olympic champion sprinter is offering a potential fix. It's called Grand Slam Track, a showcase annual four-meet series set to launch next spring. The new league will feature a cast of elite athletes who are under contract, so they are guaranteed to show up—as well as sharply elevated prize money so they are rewarded for doing so.

The aim is to challenge the status quo, where top athletes rarely compete against each other outside of the Olympics or world championships. "The objective here with Grand Slam Track is to provide that sort of head-to-head competition, that drama, the stakes, and tell those stories around all of that compelling drama as well—four times a year," Johnson said in his first interview about the event's details.

Olympic champion Sydney McLaughlin-Levrone, the women's world record-holder in the 400-meter hurdles, is the league's first high-profile signing. The American has competed sparingly in her signature event but is set to race in all four Grand Slam Track meets next year.

McLaughlin-Levrone and 47 others will be paid a base salary for their commitment to the series, an amount Johnson declined to disclose. Another 48 athletes will be invited on a per-meet basis. Each athlete will race in two events—the 100 and 200 meter pairing is called "short sprints," for instance—and there are five such event groups per gender. The winner of each event type will get \$100,000, the eighth-place finisher \$10,000. Track and field's top professional series, the Diamond League, awards \$10,000 for an event winner.

UCLA's track stadium will host one of the four Grand



Michael Johnson is set to launch Grand Slam Track.

Slam Track events next year. Another U.S. city will host a second meet, and the other two will be international, Johnson said. Each meet will span three days.

The event's nod to tennis goes beyond the name. The majority of its \$30 million initial investment is coming from the Winners Alliance, which was founded in 2022 to be a commercial partner for athletes. Winners Alliance started its work with the Novak Djokovic-backed advocacy group Professional Tennis Players Association and has expanded to cricket, European basketball and track.

It has raised \$75 million from investors including Bill Ackman's Pershing Square Foundation. Like tennis's four majors, Grand Slam Track aims to rise above the dozens of smaller meets littering the sport's landscape to become appointment viewing.

The series doesn't have a TV deal but Johnson said the group is speaking with potential partners. Of course, it's always risky starting a new sports property—just look at the graveyard of spring football leagues. And Johnson and his partners are far from the only ones rolling out a new track event. The international governing body World Athletics, for instance, recently announced a biennial Ultimate Championship starting in 2026 and featuring a \$150,000 prize for event winners.

Yet Ahmad Nassar, CEO of Winners Alliance, said he sees the other new events as a good thing.

"If we were the only ones doing this, I'd actually be more nervous, because I'd say, 'What are we missing? Why is everybody not touching this?'" Nassar said.

Grand Slam Track won't take on a shoe sponsor, Johnson said, to avoid the appearance of bias. Its athletes will compete in their own sponsors' kits, adding value to each of those deals through greater exposure, he said.

It also won't require safety pins. Uniforms at Grand Slam Track meets won't be obscured by traditional race bibs because athletes won't wear bibs. That eliminates the need for safety pins, which elite athletes have decried as low-tech relics in an age when every other part of their uniform is optimized for performance.

Field events are also absent from the series. That's by design. Grand Slam Track will focus on racing—from the 100 to the 5,000 meters—and stage just one event at a time, eliminating the overlapping-events setup of a traditional track meet.

"I've been in television for track working for the BBC for 24 years," Johnson said, "and I see how we struggle because there's so many events and so much that we have to try to pack into a short time frame."

MALCOLM EMMONS/USA TODAY SPORTS/REUTERS

JOSE MANUEL VIDAL/SHUTTERSTOCK

OPINION

Joe Biden's Celebrity Party



WONDERLAND
By Daniel Henninger

while he flew from the Group of Seven in Europe to a Hollywood fundraiser with George Clooney and Julia Roberts. You do what you gotta do.

The L.A. event pulled in more than \$30 million for Mr. Biden's re-election campaign, though it's unclear from news

He'll take Hollywood, but Trump is peeling away layers of the Democratic coalition.

reports whether the name "Biden" or "Trump" was said more during the evening. A Washington Post article this week identified "a sort of 'PTSD,'" which is a mental-health disorder related to the growing possibility of a Trump win.

The Clooney-Roberts fundraiser also produced the inevitable video of Mr. Biden at less than 100%, with former President Barack Obama leading the president offstage. We'll give Mr. Biden a pass on this one. Who wouldn't be zonked after flying across nine time zones, even for \$30 million? By now, the cognition issue is baked into the electorate's decision tree, unless Mr. Biden freezes up or speaks in gobble-dyook during the debate next week.

Less easy to duck was the impression of a Democratic Party drowning in Hollywood glitz. The party's public image is almost wholly defined by celebrities, and that's not good for winning general elections.

The party's most famous person beyond Messrs. Biden and Obama is Rep. Alexandria Ocasio-Cortez, known by her social-media "brand," AOC. The House's progressive women got their own marketing logo as the Squad. When party conversations turn to a possible Biden successor for November, the first name that comes up is celebrityish California Gov. Gavin Newsom. Vice President Harris is sort of a Chauncey Gardiner celebrity, famous for just being there.

The Democrats' rejoinder is: Give us a break! Donald Trump is the most unalloyed celebrity ever associated with the presidency, or politics. True, but that isn't the Democrats' problem.

The list of celebrities joined to the Democratic hip runs forever. But the Republicans? Once past Mr. Trump, *no one* associates the GOP with shiny people. In the popular telling among sophisticates, the Republicans—whether their elected politicians or followers—could hardly be more out of it.

George W. Bush, elected twice, was derided as a Republican doofus from Texas. Ronald Reagan? A "minor" actor. The traditional Republican set of beliefs is dismissed as beyond the pale on pretty much everything—the culture, race, social values, fashion, even culinary preferences. Can a foodie be a Republican?

The assaults on Justices Samuel Alito and Clarence Thomas may be about legal



Roberts and Clooney

outcomes, but make no mistake, these attacks originate in the belief that they aren't our kind of people. Amy Coney Barrett's confirmation hearing made that clear.

The Democratic Party's celebrity dependency has been background noise for decades and not a problem . . . until now. This presidential election remains closely contested. With the cost of living the No. 1 issue, each swing-state vote deserves attention. In this high-stakes context, the spectacle of the incumbent president jetting from Europe to Hollywood is the kind of look Mr. Biden and his party don't need. He's Hollywood Joe.

Days after his \$30 million fundraiser, Mr. Biden announced a whopping \$50 million ad spend on a commercial depicting Mr. Trump as a "convicted criminal." Those two words will define Mr. Biden's re-election campaign. It might work. Polls have suggested some voters would step away from Mr. Trump following a conviction. If so, the much-maligned Manhattan District Attorney Alvin Bragg, who delivered the felony conviction for the Democrats, will

get the last laugh.

But notice that on the day Mr. Biden tapped the Hollywood ATM, Mr. Trump campaigned at a black church in Detroit. It is becoming hard to suppress the reality reported in polls that Mr. Trump, former host of "The Apprentice," is peeling off layers of the traditional Democratic coalition—blacks, Hispanics, younger Americans and possibly even Jewish voters. The Democratic base once had something resembling a common identity, but not so much anymore. And it's getting late to fix that.

The Federal Reserve's projection last week that it will cut interest rates only once this year suggests Mr. Biden is unlikely to get much respite from the elevated price level.

Mr. Trump himself could help by running off the rails, but he's been almost disconcertingly pragmatic recently, shaking hands with Senate Minority Leader Mitch McConnell and endorsing former Maryland Gov. Larry Hogan, a Trump critic, for the U.S. Senate. However improbable, a Trump turn to self-discipline could dilute the Biden campaign's decision to run overwhelmingly against Mr. Trump rather than on the Biden record.

With the Democrats' convention arriving in Chicago in August, the anti-Israel protests have already taken a nastier, antifa-like turn, praising *intifada* and routinely calling the police "pigs." Hunter Biden's felony conviction this month was one more burden for an already shaky presidency to shoulder.

Joe Biden's candidacy needs a positive jolt. Where he gets it has become difficult to see.

Write henninger@wsj.com.

BOOKSHELF | By John Bolton

Going Rogue At the Embassy

Diplomats at War

By Charles Trueheart
Virginia, 368 pages, \$34.95

Few events of the Vietnam War are more contentious than the Kennedy administration's role in the fatal coup d'état against South Vietnam's President Ngo Dinh Diem and his brother Ngo Dinh Nhu. In "Diplomats at War," Charles Trueheart provides the most detailed account yet of Embassy Saigon's angle in America's 1963 decision to oust the Ngo regime.

Mr. Trueheart's father, Bill, was the post's Deputy Chief of Mission, or DCM, the second-ranking official under Ambassador Fritz Nolting, his longtime friend until the tumultuous run-up to Diem's demise. Charles was with his father in Saigon and, after a journalistic career, now explores the events enveloping him six decades ago.

The story of Nolting and Trueheart's falling out is wrenching. Policy disagreements about the Ngo brothers and U.S. interests destroyed their friendship, close relations between their families and the diplomatic careers of both men.

Embassy Saigon's perspective on the coup was critical but has often been overlooked, which alone warrants Charles Trueheart's effort to fill in history's gaps and inconsistencies. The short version is that Nolting, seen as too friendly to Diem, was purged. Trueheart, the DCM, was Washington's instrument for targeting Diem for the coup, although it would be Nolting's successor as ambassador, Henry Cabot Lodge, who bore ultimate responsibility on the ground.

The split between the two diplomats reflected the mega-questions of what America's aims in Vietnam were and whether overthrowing the Ngo brothers was necessary to achieve them. Pro-coup Americans believed that the Ngos were unsuited to transforming (read nation-building) the South to thwart the communist North. Reporters like David Halberstam and Neil Sheehan, legends in their own minds, promoted this narrative in the media, decisively shaping home-front perspectives on the regime and the war.

Other Americans thought the war was less about social-welfare programs than blocking communism's advances in Vietnam and bolstering pro-American forces in Southeast Asia. The debate rages today, but the serial coups following the assassinations of Diem and Nhu show how little serious thought was given to whether their replacements would be better. After meeting President Diem in Saigon in 1961, Lyndon Johnson said in his inimitable way, "S—, he's the only boy we got out there." He may have been right.

If the wisdom of a coup was doubtful, Washington's decision-making was appalling, as Mr. Trueheart shows. President Kennedy had discarded his predecessor's military-style National Security Council process, thinking it too rigid. His disdain served him poorly at the Bay of Pigs in 1961, and more-structured efforts during the 1962 Cuban Missile Crisis did not endure. Decisions on the Diem regime reflected ad hoc, unsupervised invention in which the dominant figures were Under Secretary of State Averell Harriman and his operatives, Assistant Secretary Roger Hilsman and NSC staffer Michael Forrestal. Gov. Harriman—the former governor of New York preferred that title—yearned to be secretary of state, notwithstanding his having brokered a deeply flawed deal with Moscow concerning Laos that led to what many called the "Averell Harriman Highway," aka the Ho Chi Minh Trail. The governor thought little of either President Diem or Fritz Nolting.

Secretary of State Dean Rusk and National Security Adviser Mac Bundy float in and out of the story. The author writes that Rusk, "a seasoned government operator, . . . had quickly outsourced the problem to Robert McNamara," but McNamara's Defense Department hardly figures in the Diem drama either. In Saigon, Ambassador Lodge had sufficient ice water in his veins as a hitman but was resolutely insensitively to the consequences.

JFK often had tenuous control of his own diplomats. Consider the 1963 assassination of South Vietnam's President Ngo Dinh Diem.

President Kennedy initially seemed untroubled by the chaos. He had a lot on his mind. As Bobby Kennedy said, "We've got twenty Vietnams." Whatever the reasons, an Aug. 24 cable to Embassy Saigon, written during President Diem's crackdown on Buddhist dissidents, exemplified the administration's muddled thinking. Hilsman and Forrestal drafted a cable instructing Lodge to "urgently examine all possible alternative leadership and make detailed plans as to how we might bring about Diem's replacement." Saying Washington could not specify "how this operation should proceed," the drafters stated: "We will back you to the hilt on actions you take to achieve our objectives." I would know what to do if cabled such instructions.

"Clearing" this cable, the bureaucratic process ensuring that all stakeholders concur, was "a hall of mirrors," in Mr. Trueheart's words. When JFK realized what had happened, he exclaimed: "My God! My government's coming apart." Brother Bobby agreed that "the government was broken in a very disturbing way."

But even with neither Johnson nor McNamara favoring a coup, and top State and NSC leadership passing the buck, the president didn't act decisively to fix things. He later acknowledged the Aug. 24 cable's key role, conceding that "while we did redress that balance in later wires, that first wire encouraged Lodge along a course to which he was in any case inclined." Kennedy might have done things differently afterward, but three weeks after the coup, he was assassinated.

The administration's disarray was amplified in Embassy Saigon. What happened between Nolting and Trueheart? The ambassador left Saigon on May 23, 1963, for a six-week vacation, during which the DCM, without informing his boss, pursued his own, distinctly contrary, policies. In normal times, no DCM would risk such insubordination. It's likely that unknown Washington officials told Bill Trueheart to obey their orders only, and he never expected Fritz Nolting to obey their orders. But the ambassador did return on July 11, even though his successor, Lodge, had been announced two weeks before. After Ambassador Nolting departed Vietnam in mid-August, the two friends never spoke again.

If anyone believes history emerges through great impersonal forces, "Diplomats at War" is a necessary curative.

Mr. Bolton, a former U.S. ambassador to the United Nations, served as national security adviser from April 2018 to September 2019.

Experts Handicap the Trump-Biden Debate

By Karl Rove

Joe Biden and Donald Trump will enter CNN's Atlanta studio next Thursday for the most important 90 minutes of this election season. What they say, the impressions they leave, their confrontations, mistakes and humanizing moments could determine who wins in November.

If one candidate has a particularly bad night, undecided and otherwise up-for-grabs voters could lock in for his opponent. Since the next debate comes nearly 11 weeks later, it'll be difficult to rehabilitate a damaged campaign.

To understand what each camp faces, I talked with five Republicans and three Democrats who have helped presidential candidates with debates, from role-playing opponents and critiquing prep sessions to spinning the press after the studio lights were cut.

Everyone agreed that both candidates face tests of self-awareness and impulse control. Mr. Biden must demonstrate sustained mental acuity. He can't freeze, stare blankly or sound befuddled. Mr. Trump can't come off as untinged or enraged. The words "rigged election" shouldn't pass his lips. He has to keep his cool and can't make it all about himself.

The target voters who could be swayed aren't either side's true believers. Each party's base will stick with its man, no

matter what. Swing voters, however, can be moved by the debate and the subsequent conversation. Postdebate commentary, influenced by postdebate spin, will matter.

Many voters will decide who won based more on body language, confidence and who seemed on his game than on any specific policy point.

The experts I interviewed agreed that Mr. Trump should make the election a referendum on Mr. Biden's four years while Mr. Biden should make it a choice between the stability he'll provide and Mr. Trump's chaos.

Mr. Trump has the easier task of validating the public's feelings of discontent. He can hammer the cost of living, the border crisis and the decline of public safety in many American cities. Voters already think Mr. Trump is better at handling these issues. The former president should spend as much time on what he'll do in his second term as on Mr. Biden's failings.

Experts cautioned that Mr. Trump shouldn't overhype issues, such as by blaming Mr. Biden for Americans getting killed by illegal migrants, an argument that can easily be turned back against him. All it takes is one such victim on Mr. Trump's watch for Mr. Biden to flip the issue on him and muddy the waters.

Mr. Biden must offer convincing evidence that he has succeeded where Mr. Trump failed. Take jobs: Fewer Amer-

icans were working when Mr. Trump left office than when he began. By contrast, some 25 million more Americans were working last month than when Mr. Biden took office. The president can also flesh out his "I'm fighting for you" narrative with examples of his

A make-or-break moment arrives unusually early in the presidential race.

support for tax hikes on big corporations and cheaper drug prices during his administration. Wasted Covid-19 spending provides another possible opening for Mr. Biden to criticize Mr. Trump's ineptitude.

Mr. Biden must also attack future Trump policies that swing voters reject, such as Mr. Trump's promise to pardon Jan. 6 felons. Mr. Biden can make hay by describing their violent acts. Attacking Mr. Trump on abortion will also force him to defend a position much of the country opposes or to appear equivocal and evasive, thereby unsettling some of his base.

Each candidate should pick three key messages he wants viewers to remember and use stories about real people to humanize himself and drive home these messages.

Several experts emphasized

the importance of staying on the offensive. Whenever a candidate is put on his back foot, he should explain himself briefly and quickly pivot back to the offensive. Both men will goad each other, hoping to get an overreaction. That's likely to be more productive for Mr. Biden.

Both men should remember that sometimes the counterpunch is more powerful than the first blow. Both camps are likely gaming out where the opposition will attack and figuring how to flip it.

The experts said that whoever talks more about trials—Mr. Trump's guilty verdict and pending charges, or Hunter Biden's gun conviction and tax-evasion case—would mostly be wasting time. Some felt that Mr. Biden's tossing around "convicted felon" wouldn't have much influence, but polls show that 21% of independents say the conviction made them less likely to support Mr. Trump. My guess is that Mr. Biden will go there. He's got the most to lose if he doesn't come out on top that night.

This election may remain close until the end, but if something can put one candidate solidly ahead, it's next week's debate. Get your popcorn. It'll be a heck of a night.

Mr. Rove helped organize the political-action committee *American Crossroads* and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

Putin's Peace Proposal Is a Sham

By Alexander Baunov

Vladimir Putin last week announced what looks like a peace proposal. Speaking to Russian diplomats before the Ukraine-organized Peace Summit in Switzerland, Mr. Putin said Ukraine could have peace in exchange for handing over four regions and other familiar military and political concessions. Mr. Putin's intention is obvious: He wants to seem like the party that's ready to negotiate.

It's a sham. Mr. Putin's so-called peace proposal resembles the ultimatum he gave before invading Ukraine in February 2022: Ukraine must never join the North Atlantic Treaty Organization. It must demilitarize, banish foreign troops and cede regions that Russia claims. These conditions are unacceptable to Kyiv, as they were then.

In 2022 Mr. Putin demanded two Ukrainian regions as his price for peace. Now it's up to four and includes the regional capitals of Kherson, which Ukraine's military reclaimed in 2022, and Zaporizhzhia, which Russia never conquered. A cease-fire would

He presents it as a compromise, but it's really an ultimatum.

start only after Ukrainian troops leave their positions. As in 2022, Mr. Putin demands that Ukraine surrender territory without a fight and threatens further territorial concessions should Ukraine refuse. Mr. Putin is acting like a victor.

The current proposal shares other similarities with Mr. Pu-

tin's 2022 ultimatum. Then, Russian officials accused Ukraine and its allies of breaking the Minsk agreements of 2014 and 2015 that ended the war over the Donbas region. Now they are doing the same with 2022 peace negotiations that took place between the two parties in Istanbul.

Another similarity is the obsession with declaring Ukrainian leadership illegitimate. Since 2014, Mr. Putin has repeatedly claimed that the current regime in Kyiv is the result of a coup. He ignores the 2013 protests against then-President Viktor Yanukovich's turn away from Europe and toward Moscow, and all subsequent Ukrainian elections. Russian spokesmen also obsessively point out that Mr. Zelensky's term in office expired in May—never mind that democracies often suspend elections during wartime and

that Russia's own elections are far from free and fair.

In 2014 and 2022, Russia exploited the fear of war. Now it is capitalizing on Ukraine's war fatigue and attempting to blame Mr. Zelensky for continued conflict—declaring the weak culpable, since demanding concessions from the strong is less promising. Summer is also more suited for active military operations, making Kremlin threats more credible.

One may think Mr. Putin is merely staking out a tough position as a negotiating tactic. But it is more likely that his "peace proposal" is a prelude to a new chapter of his war on Ukraine.

Mr. Baunov is a senior fellow at the Carnegie Russia-Eurasia Center and a visiting fellow at the European University Institute.

OPINION

REVIEW & OUTLOOK

Soaring U.S. Debt Is a Spending Problem

You may have heard that the 2017 GOP tax cuts blew a giant hole in the federal budget—or so Democrats tell voters. The Congressional Budget Office’s revised 10-year budget forecast out Tuesday offers a reality check. Spending is the real problem, and it’s getting worse.

CBO projects that this year’s budget deficit will clock in at roughly \$2 trillion, some \$400 billion more than it forecast in February and \$300 billion larger than last year’s deficit. This is unprecedented when the economy is growing and defense spending is nearly flat. The deficit this fiscal year will be 7% of GDP, which is more than during some recessions.

CBO says deficits will stay nearly this high for years, and the total over the next decade is now expected to total \$21.9 trillion compared to \$19.8 trillion in its February forecast. Debt held by the public will grow to 122.4% of GDP in 2034 from 97.3% last year.

Notably, CBO’s revenue projections are little changed. Revenue is expected to total 17.2% of GDP this year—roughly the 50-year average before the pandemic, as the nearby chart shows. But CBO significantly revised up projections for federal spending. Outlays are now expected to hit 24.2% of GDP this year and average 24% over the next decade. Wow.

For perspective, consider that spending before the pandemic exceeded 24% only once since World War II—in 2009 amid the financial panic and the Obama-Pelosi “stimulus” binge. CBO notes that one culprit for the larger deficit this year is Congress’s recent military aid bill. But overall defense spending is still falling as a share of the economy and is expected to hit a postwar low of 2.8% of GDP in 2034.

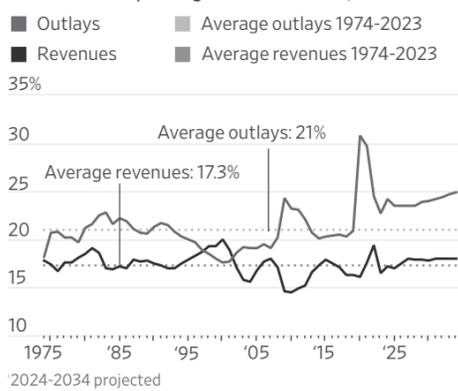
Not so President Biden’s latest plans for student-loan debt transfer to taxpayers, which CBO estimates could cost \$211 billion this year above what it estimated in February. This is on top of the hundreds of billions of dollars in student debt that Mr. Biden has already written down in part with his SAVE plan, which turns loans into de facto grants.

Spending on Affordable Care Act subsidies and Medicaid is also exceeding earlier projections owing to higher enrollment. CBO increased its ACA spending estimate by \$22 billion for this year and \$244 billion over the next decade. It also raised its ACA enrollment projection by four million for this year and an average of three million over the next 10 years.

Revenue is stable, but outlays are reaching new heights as a share of GDP.

The Ominous U.S. Fiscal Trend

Revenues and spending as a share of GDP, 1974-2034



Source: Congressional Budget Office

That’s because the Inflation Reduction Act’s sweetened subsidies and a Biden Administration regulatory change increased eligibility for subsidies. CBO also notes that the recent surge in immigration—migrants qualify for premium tax credits—has boosted enrollment. The result: ACA subsidies this year will cost more than double pre-pandemic projections.

The end of the pandemic emergency was expected to cause Medicaid enrollment to plunge. That hasn’t happened, in part because Democratic-run states have been slow to remove able-bodied adults who are no longer eligible. CBO has thus increased its forecast for Medicaid spending by \$50 billion in 2024 and \$314 billion over the next decade.

Entitlement spending—which now includes student loans—is growing at a pace that is fiscally unsustainable. Financing these programs has also become more expensive owing to higher interest rates, which CBO also projects will need to stay higher for longer in order to subdue inflation. Spending on interest is now expected to be \$1.02 trillion next year, exceeding \$964 billion for defense.

CBO’s budget forecasts are getting progressively uglier, but it’s not because Americans aren’t paying their fair share in taxes. If spending as a share of GDP remained at the pre-pandemic average, the deficit would be roughly \$890 billion this year and \$13.4 trillion smaller than CBO’s 10-year projection. This would keep debt as a share of GDP at roughly 90%.

Neither Mr. Biden nor Donald Trump talks about the national debt, perhaps because they might

then have to do something about it. But a moment of tax truth at least will arrive at the end of 2025 when most of the 2017 Trump individual tax cuts expire.

Mr. Biden’s plan is to raise taxes by \$5 trillion or more, which would put the overall federal tax burden above 20% of GDP, which is close to the highest in peacetime. That still won’t finance Mr. Biden’s spending ambitions, which will continue to cost trillions in future years even if he loses the election.

Mr. Trump says he wants to renew and maybe expand the Trump tax cuts, and the best way to finance that is by repealing the Biden spending blowouts in the Inflation Reduction Act, student-loan write-offs and pandemic-era welfare expansions. Failing to take on that challenge means either a monumental tax increase or a debt panic down the road.

What the Putin-Pyongyang Axis Means

For the benefit of the liberal internationalists in the White House who still live in the 1990s, take a look at Vladimir Putin’s visit to North Korea this week. This is another illustration of the axis of authoritarians working together around the world against America and its allies.

Not very long ago North Korea was isolated, subject to United Nations sanctions and a global effort to enforce them. Donald Trump thought he could cajole the North into giving up his nuclear weapons in return for investment and commercial ties. Our sources say he has mused about trying again in a second term.

But today that’s even more of a fantasy. The U.N. sanctions are still in place but are evaded with ease with the help of Russia and China. Mr. Putin’s visit symbolizes this shift that has been going on for some time and has accelerated with the Ukraine war.

Mr. Putin and North Korean dictator Kim Jong Un signed a new agreement this week to come to each other’s aid if one faces “aggression.” Both define aggression to include a war they start, like Russia’s in Ukraine.

The details of their cooperation aren’t public. But the U.S. has accused North Korea of “unlawfully” sending ballistic missiles and 11,000 containers of munitions for Russia to use against Ukraine. In return, Russia is propping up the North with money and other aid, as well as technology for advanced weaponry. Especially dangerous is Russian help for the North’s long-range-missile and satellite-launch programs. These could put U.S. space assets and the homeland at risk.

The “international community,” to use a favorite Barack Obama phrase, is as effective at stopping this as the League of Nations. The U.S. response is to issue statements of denunciation that include words like “unlawfully,” as if either the North or Russia care. Russia used its veto at the Security Council in March to disband a U.N. panel that monitored North Korea’s compliance with sanctions. The realistic conclusion is that Russia and China want North Korea as a nuclear-armed state to threaten South Korea, Japan and the U.S.

The dictators don’t agree on everything, and a skillful U.S. diplomacy would look for opportunities to exploit differences. But the first ne-

cessity is to shed illusions that this axis is going away. Beijing, Moscow, Tehran, Pyongyang, Havana, Caracas and others share a common interest in creating mayhem that stretches U.S. and Western defenses.

Another illusion to drop is that these nations will give up their malign ambitions if the U.S. accommodates them and retreats to the Americas. This is the fantasy of some in the

Trump wing of the GOP. The emergence of this hostile axis is a direct response to the perception of U.S. weakness and retreat. More weakness will court more aggression.

The U.S. and its allies will have to rearm, and far more urgently than President Biden and Mr. Trump seem willing to do. The West will also have to stop thinking that global institutions like the U.N. are serving U.S. interests. The U.N. is now useful mainly to Russia and China as veto blockades against the U.S., and to Iran and Hamas as a forum for hostility to Israel.

The International Criminal Court and the International Court of Justice are now as intent on prosecuting leaders of free countries as they are marauding dictators. The G-20 forum, meanwhile, is increasingly being used by left-wing governments to weaken U.S. economic interests.

The “collective security” of the West will have to come from alliances like NATO, the AUKUS accord and the Quad in the Indo-Pacific. The U.S. will have to use its economic clout, open trade, and soft power to court the global South against the money and debt traps offered by China in particular.

Perhaps most important, the U.S. will have to stop solely playing defense and start looking to exploit vulnerabilities within the new axis. This means supporting sources of opposition within these countries, and pushing against their weakest links. This is what the Reagan Doctrine did against the Soviet Union in Afghanistan and Eastern Europe.

The Biden Administration has behaved as if the world still wants to play by post-Cold War rules. The result is growing disorder and the menacing ambitions of anti-American states. If Mr. Trump has a better response than saying there were no wars when he was President, the American people would love to hear it.

LETTERS TO THE EDITOR

Whitehouse Replies to McConnell on the Court

Pretty much everything Senate Minority Leader Mitch McConnell writes in “Liberal Bureaucrats Threaten Democracy” (op-ed, June 12) is wrong.

He suggests that an ethics code for Supreme Court justices “would throw the Constitution out the window,” and that the court can’t be made answerable to an “administrative body or committee.” An ethics code investigated and enforced in the judicial branch by the judicial branch is entirely consistent with the Constitution and its separation of powers, and the court could set it up on its own, as the bill that Sen. McConnell objects to proposes.

Supreme Court justices are already subject to investigation and enforcement through the Judicial Conference, an administrative body established by Congress but run by judges and chaired by the chief justice. Justice Clarence Thomas’s recent disclosure failures are under investigation there right now, and his earlier disclosure issues were reviewed there a decade ago, without controversy.

Mr. McConnell’s notion of an unaccountable “administrative state” is belied by the obvious fact that administration agencies are accountable to the executive branch through the cabinet and presidential appointees who run the agencies. They are accountable to the legislative branch through the appropriations process, congressional oversight via multiple committees and expedited review of regulations via the Congressional Review Act. They are also accountable

to the judicial branch through the Administrative Procedure Act.

Mr. McConnell is also wrong in trying to stir up a quarrel with the Supreme Court over senators’ concerns about the court’s recurring recusal problems. While a party seeking recusal of a judge in its own case may be considered a judicial matter, for chairs of the relevant oversight committees of Congress to question the efficacy and integrity of the implementation of our recusal laws is very much an administrative matter.

Chief Justice John Roberts and Justice Samuel Alito acknowledged as much in their responses: Had our communications been improper ex parte communications, it would have been equally improper for the justices to respond to them. Instead, we are doing oversight of how laws passed by Congress, like the recusal law, are implemented.

Americans have enjoyed an exceptional period of innovation, safety and prosperity protected by administrative agency regulations. Food, medicines, automobiles, workplaces, air travel, toys and even financial products are all safer and more reliable, and Americans live longer and less-worried lives as a result. A small coterie of polluters objects to this, and it has put a lot of money behind fallacious notions to avoid regulation of dangerous pollutants—even if it means degrading the agencies whose expertise is devoted to protecting us.

SEN. SHELDON WHITEHOUSE (D, R.I.)
Newport, R.I.

The Greatest Generation Understood Sacrifice

Kudos to Gerald Seib for writing that “Congress Got More Done When The Greatest Generation Ran It” (Review, June 1). As a state-level lobbyist for more than four decades, I long for the days when World War II veterans filled our legislative body. They had shared experiences and the courage to take a stand, and they understood the notion of shared sacrifice for the greater good. They knew that progress takes many small steps and a willingness to make concessions.

Today’s shortsighted ideologues simply say: If I don’t get my way, I’ll blow it up. Our Congress mocks everything the Greatest Generation stood for.

WAYNE YOUNG
Georgetown, Ky.

Many other close Republican-Democratic friendships and alliances existed outside of Congress. President Gerald Ford asked President Jimmy Carter to eulogize him; Sen. John McCain asked his former rival, President Barack Obama, to eulogize him. Both requests were granted. Also admirable was the mutually supportive work between Presidents Bill Clinton and George H.W. Bush after they were officeholders.

The decline in respect across party lines seems to have more to do with the motives, caliber and tactics of individual officeholders today compared with the counterparts in years past.

CAROL DECHANT
Sarasota, Fla.

You Can Sing When Your Evil Pursuers Drown

“In Jewish tradition,” write Gary Saul Morson and Morton Schapiro, “one shouldn’t celebrate the drowning of Pharaoh’s armies in the Red Sea because they, too, were God’s children” (“Tolstoy and Dostoevsky Debate Hamas,” op-ed, June 11). Messrs. Morson and Schapiro are only the latest writers to misrepresent “Jewish tradition” around this

particular Talmudic narrative, and I’m getting tired of seeing it misused.

When the fleeing children of Israel saw their genocidal Egyptian pursuers dead on the seashore, they sang a song of praise. This was correct and proper, and their song is sung every day in Jewish morning services. It was only when the angels also wanted to sing that God rebuked them, saying, “My handiwork is drowning in the sea, and you want to sing praise?”

The context in the Talmud (Tractate Megillah 10b and Sanhedrin 39b) is that God doesn’t rejoice in the downfall of the wicked—he prefers repentance—but he causes others to rejoice, namely, the intended victims of the wicked. Those who were saved sang. The angels weren’t in danger and had no right to sing. Life and death is not a spectator sport.

JUDITH FRIEDMAN
Brooklyn, N.Y.

His First Job at the Exchange

My dad, Kenneth Birks, hired Leo Melamed (“The Man Who Made the Futures Markets,” Review & Outlook, June 4) as a runner when Mr. Melamed first showed up at the Chicago Mercantile Exchange as a student. No one could have known then the influence Mr. Melamed would have on the futures markets. His had a profound effect on our family, for which we will be forever grateful.

BARBARA BIRKS
Greendale, Ind.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Are my hands suddenly growing larger, or are cans and boxes just getting smaller?”

CORRECTION

A spokesperson for the Brooklyn Museum has clarified that only one of the four museum leaders whose homes were attacked by anti-Israel protesters is Jewish. The June 13 editorial “Celebrating the Nova Massacre” wasn’t clear about how many are Jewish.

ROBERT LEWIS HATFIELD
Coral Gables, Fla.

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OPINION

Why Republicans Don't Abandon 'Felon' Trump

By Michael W. McConnell

Most Democrats I know have persuaded themselves of the righteousness of criminally prosecuting Donald Trump to keep him from becoming president again. How, they ask, can any respectable person defend Mr. Trump now that he is a felon?

Many Republicans who have never been Trump supporters—who are disgusted by his personal immorality, appalled by his inflammatory and often uninformed rhetoric, and unconvinced by his claims that the 2020 election was stolen—believe that Democratic prosecutors are waging lawfare against Mr. Trump. Many Republicans who condemned

They see the Democrats' political use of the justice system as a more serious threat to democracy.

his part in the Jan. 6, 2021, assault on the Capitol and thought he should have been impeached and convicted for it now consider the legal crusade against Mr. Trump to be as threatening to democracy as what happened that day. Democrats need to understand why.

The charges against Mr. Trump in New York were bogus. The hush-money payments to Stormy Daniels weren't illegal. It was the labeling of those payments as legal fees that constituted the crime—but that is a misdemeanor in New York, for which the statute of limitations ran out in 2019. The falsification of business records becomes a felony, with a five-year statute of limitations, only when done with the intent to conceal the commission of another crime.

What was this other crime? The

indictment didn't say, and each juror was allowed to choose from any of three theories—which means that Mr. Trump could well have been convicted by a jury that hobbled together three different legal theories, even if a majority of jurors rejected each one.

Toward the end of the trial, the prosecutors focused on a New York statute that forbids attempts to "influence" an election through "unlawful means." Their theory—that all these shenanigans were designed to hide Mr. Trump's immorality from the voters ahead of the 2016 election—might be true. There is, however, an insuperable problem with this theory. The payments to Trump lawyer Michael Cohen that were unlawfully categorized as legal fees were made after the 2016 election. The business-records crimes couldn't possibly have been committed with the intent to influence the outcome of a contest that was already over. It follows that Mr. Trump was wrongly convicted.

Republicans, independents and fair-minded Democrats are therefore justified in regarding the New York case as an abuse of the system, brought with the intention of affecting the 2024 election. District Attorney Alvin Bragg's prosecution was a far clearer and more dangerous attempt to influence voters than were mislabeled payments to Mr. Cohen. No wonder so many people tell pollsters they were unmoved by the verdict, or that they will vote for Mr. Trump because of it.

The broader context makes it worse. Mr. Bragg openly campaigned on a vow to hold Mr. Trump and his family "accountable." It is one thing for a prosecutor to promise to pursue crimes of concern to the public. But Mr. Bragg didn't pursue particular crimes; he pursued a particular de-



Protesters outside Trump Tower cheer the guilty verdict, May 31.

fendant, who happened to be the other party's candidate for president.

Judge Juan Merchan made a small contribution to a political group favoring Joe Biden and opposing Mr. Trump in the 2020 election. This earned the judge a rebuke from the New York State Commission on Judicial Conduct. Rules prohibit sitting judges from making campaign contributions, even small ones. Judge Merchan therefore should have recused himself from the Trump trial. A judge who is caught improperly opposing a political candidate can't be considered unbiased in a trial of that candidate.

Hillary Clinton did the same thing that Mr. Trump did. Her campaign reimbursed a Democratic law firm more than \$1 million for payments to a third party to produce opposition research—the Steele dossier—and falsely described these payments as "legal services" and "legal and compliance consulting." The Federal Election Commission fined the Clinton campaign \$8,000 for the violation,

while Mrs. Clinton herself skated. Republicans wonder why a similar penalty for Mr. Trump wouldn't have been sufficient for the much smaller payments to Mr. Cohen.

North Carolina Sen. John Edwards, the 2004 Democratic candidate for vice president, also did what Mr. Trump did. During his 2008 presidential run, he used campaign contributions to pay nearly \$1 million in hush money to a former paramour, falsely claiming the payments were personal gifts from donors to the woman. He was charged with six campaign-finance crimes, and a North Carolina federal jury acquitted him of one and was unable to reach agreement on the others. The Justice Department didn't pursue a retrial.

These facts are seldom mentioned in news articles about the verdict against Mr. Trump. Republicans suspect that if the shoe were on the other foot, journalists would scream from the rooftops about the double standard.

Mr. Trump faces three other crimi-

nal cases. With one exception, each of these cases rests on vague and untested legal theories. The exception is the prosecution for unauthorized retention of classified documents after he left office. Those charges look to have a solid factual foundation. But here too, the odor of selective prosecution is hard to escape. Not only did Mrs. Clinton mishandle classified documents, so did Mr. Biden. In fact, he shared them with a ghostwriter after leaving the vice presidency. Special counsel Robert Hur determined that Mr. Biden's actions were "willful" but declined to prosecute, largely because of doubts as to how a jury would perceive the president's memory and mental capacity. Apparently, Mr. Biden is sharp enough to lead the country for the next 4½ years but not sharp enough to stand trial.

Bottom line: Both candidates for president appear to have violated the same law; the one in power is excused and his opponent faces trial.

Using the criminal-justice system to handicap the opposing political party is a deep-dyed violation of democratic norms—something we expect from authoritarian regimes, not in a mature, well-functioning democracy. This isn't to say that members of the opposing party ought to be exempt from prosecution, but any such prosecution should be for real crimes that would be brought against defendants of either party. If Democrats want to be taken seriously when they claim to be defending democracy, they should take a long, hard look in the mirror and see the damage they are doing.

Mr. McConnell is a professor at Stanford Law School and a senior fellow at the Hoover Institution. He served as a judge on the 10th U.S. Court of Appeals, 2002-09.

India Could Help the U.S. to Tech Victory Over China



EAST IS EAST
By Sadanand Dhume

Can India help the U.S. win its race against China for technological dominance? The Biden administration seems to think so. Following national security adviser Jake Sullivan's visit to New Delhi, the White House on Monday released an ambitious fact sheet listing current and proposed areas of U.S.-India cooperation on "critical and emerging" technologies, including semiconductors, fighter jet engines, space flight, telecommunications, biotechnology and artificial intelligence.

The statement doesn't mention China. But shared concerns about Beijing's ambitions underpin the effort, the initiative on Critical and Emerging Technology, which was launched last January. "To put it bluntly and boldly, it's first and foremost about derisking and diversification from China," Rudra Chaudhuri, the director of Carnegie India, says in a phone interview.

Those concerns are well-founded. Over the past four decades, China has transformed itself into a science and technology powerhouse. According to the Australian Strategic Policy Institute, China leads the U.S.

in research in 53 out of 64 critical and emerging technologies, including advanced aircraft engines, electric batteries, machine learning and synthetic biology.

In the Leiden global university science rankings, Chinese universities occupy 10 of the top 20 spots, while only five U.S. universities make the top 20. China in 2020 graduated 1.4 million engineers, seven times as many as graduated from U.S. institutions the same year.

Chinese tech companies, including CATL (electric batteries), BYD (electric vehicles) and Huawei (telecommunications), have global reach and global ambitions. "The old science world order, dominated by America, Europe and Japan, is coming to an end," the Economist magazine declared recently.

Much of the U.S. response to China's challenge depends on coordination with technologically advanced allies in Western Europe and East Asia. The U.S., for instance, is working with the Netherlands, home to the semiconductor chip manufacturing machine maker ASML, to ensure that the West retains its technological edge.

At first glance, India seems an unlikely technology partner. It counts only one university in Leiden's top 200. It spends a fraction of what China and the U.S. spend on

research and development. In the 2020-21 fiscal year, India's government and private sector combined spent less on research and development than Huawei or Microsoft alone spent on R&D in 2021. Among the top 100 tech companies by market capitalization, not one is Indian; 58 are American, and nine Chinese. The Netherlands, with 1/80th of India's population, has five companies in the top 100.

A promising partnership with a country that has a massive market and an impressive pool of talent.

Yet Washington sees value in strengthening bilateral cooperation. In a phone interview, Sameer Lalwani, a scholar at the U.S. Institute of Peace, outlined three broad reasons. First, if the U.S. aligns its tech standards with India, it will become harder for Chinese companies to break into the Indian market and the so-called global south more broadly.

Second, the U.S. seeks to harness Indian tech talent. For decades, many of India's best scientists have made a beeline for the U.S. But sev-

eral factors make India's domestic ecosystem worth engaging with as well, including the country's vast pool of engineers, homegrown success in space exploration and digital infrastructure for electronic payments, and a burgeoning tech startup scene.

Third, the U.S. believes that technology collaboration will boost Indian military capabilities and deepen trust necessary for military cooperation in the Indo-Pacific. GE Aerospace and India's Hindustan Aeronautics are negotiating to co-produce fighter jet engines that will enable India to deter Chinese border incursions. American MQ-9 drones in India's arsenal could easily mesh with U.S. tracking of Chinese naval vessels in the Indian Ocean. Carnegie's Mr. Chaudhuri says that using India as a manufacturing base for military equipment could enable the U.S. to export arms more cheaply to parts of Asia and Africa.

Optimism isn't entirely unwarranted. In recent years, India has signaled that it wants to belong to a U.S.-aligned technology bloc. It has barred Chinese firms Huawei and ZTE from its 5G networks and participated in the U.S.-led "rip and replace" program, which removes suspect Chinese equipment from U.S. communications infrastructure. Apple subcontractors Foxconn and Pe-

gatron have invested in India, and the Modi government is encouraging Tesla to follow suit.

India's military maintains historically close ties with Russia, but the importance of that relationship has declined sharply. The Stockholm International Peace Research Institute estimates that only 36% of Indian arms imports between 2019 and 2023 were from Russia, down from 76% a decade earlier. Russia's growing dependence on China will likely accelerate India's quest to seek more reliable partners in the West.

Still, there's no guarantee that the U.S.-India tech initiative will succeed. India expects the U.S. to treat it like an ally by waiving export controls on sensitive technologies, but critics in Washington point out that New Delhi doesn't always behave like an ally. They point to India's refusal to condemn the Russian invasion of Ukraine, an alleged Indian assassination plot against a New York-based Sikh separatist, and the Modi government's clampdown on domestic critics. Mr. Lalwani of the U.S. Institute of Peace says Washington's bet on New Delhi is based on the belief that "India is a positive international actor." For the new tech collaboration to achieve its potential, India will need to reassure skeptics that its future lies with the democratic world.

Working at Home Helped Whip Inflation

By Steven J. Davis

The U.S. inflation rate tumbled from June 2022 to June 2023. It was no slide down the Phillips curve of the sort that textbooks attribute to tighter monetary policy. Instead, inflation fell 6 percentage points as unemployment stayed low. It is thus a mistake to credit this episode to the Federal Reserve's departure from low interest rates.

The timing is also wrong for a story that credits the central bank. From March 2022 to July 2023, the Fed raised its policy rate by 5 points. That's a lot of tightening,

but Milton Friedman taught us that monetary policy operates with "long and variable lags." For inflation, the lags usually range from nine months to two years.

Three developments explain the disinflation. The first is the lasting shift to remote work triggered by the pandemic. According to my research, full workdays at home were 28% of all paid workdays in June 2023, four times the estimated share for 2019. This shift has had surprisingly benign, even positive, effects on productivity.

Most people enjoy remote work because it's convenient. The arrangement allows them to save

time and money on commutes, and it affords more flexibility during the workday. On average, Americans value the option to work from home two or three days a week at 8% of pay.

Employees initially reaped the benefits of remote work, because their wages reflected pre-pandemic conditions and expectations. Over time, pay adjusted and employers adapted, eventually allowing them to benefit from slower wage growth.

My research quantifies this source of wage-growth moderation. Along with the Atlanta Fed, our team asked hundreds of business executives whether remote work affected their firms' wages. Thirty-eight percent told us their companies had relied on the work-from-home boom to moderate wage-growth pressures in the previous 12 months. Forty-one percent said their firms planned to use remote work to restrain wage growth in the next 12 months. We found that the boom reduced overall wage growth by 2 percentage points from spring 2021 to spring 2023. In all likelihood, the effects extended beyond this interval, because pay adjusts slowly.

Remote work cuts costs in other ways, too. When employees work on site only two days a week, their companies need less space. Fully remote employees need no office space. Remote work also fa-

cilitates recruitment from locations with lower living costs and wages.

These observations explain another, otherwise puzzling development: U.S. real wage growth has been tepid since 2021 in the face of low unemployment and historically high job openings. This unusual wage-growth pattern arose partially because more workers accepted "compensation" in the form of more-desirable working arrangements.

It boosted productivity and restrained wage growth. But now the Fed has to finish the job.

The pandemic had other important effects on labor supply. Covid-19 caused more than an estimated 800,000 deaths and millions of hospitalizations in the U.S. in 2020 and 2021. Fear of the virus, along with social-distancing mandates and public-health warnings, reduced in-person work. This combination also led some working-age Americans to leave the labor force entirely.

In research with Jose Maria Barrero and Nick Bloom, I found that this drag on labor-force participation was concentrated among less-

educated and older Americans, who had the most to fear from infection. We also reported that participation began to rebound in the spring of 2022, and perhaps earlier, as public-health worries began to wane. This rebound increased the labor supply, which helped restrain wage growth in 2022 and 2023.

The New York Fed's index of global supply-chain pressures captures the third development. Transport costs and supply bottlenecks eased significantly throughout 2022 and the first half of 2023, reversing disruptions driven by the pandemic and its aftermath. Shipping costs for commodities fell, as did delivery times and backlogs for manufacturing components.

This came at a fortuitous time for the Fed, as it realized the gravity of its inflation problem. It shouldn't bet on more good luck. Social distancing is over. The wage-growth restraint associated with remote work is largely played out, and real wages will return to their usual relationship with productivity and labor-market tightness. Supply-chain conditions are also back to normal.

The lesson? Good policy must finish the job of controlling inflation.

Mr. Davis is a senior fellow at the Hoover Institution and at the Stanford Institute for Economic Policy Research. He hosts "Economics, Applied," a biweekly podcast.

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China Frustrates Apple's AI Push

Tech giant needs a local partner because Western chatbots aren't available there

By RAFFAELE HUANG AND JIYOUNG SOHN

Apple's presentation on artificial intelligence this month offered examples of how American iPhone users could soon enjoy AI tools such as a custom emoji generator. No one mentioned China, the second-largest market for iPhones.

There is good reason for the omission.

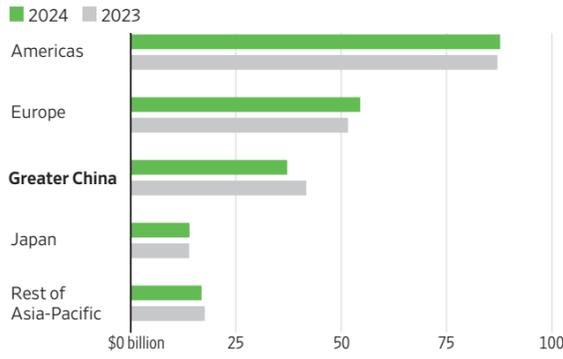
OpenAI's ChatGPT and other Western AI models aren't available in China, and that is prompting Apple to

look for a Chinese partner to help offer its Apple Intelligence services, said people in the industry. So far, no deal has been announced, with the next iPhone model releases just months away.

In China, Apple is falling behind local rivals that have already incorporated AI functions into their phones. The iPhone dropped to third place by handset market share among smartphone brands in China in the first quarter of this year behind two local brands, according to Counterpoint Research.

Apple has held talks with several Chinese companies that make AI models including search-engine company Baidu, e-commerce leader Alibaba Group and a Beijing-based startup called Baichuan AI,

Apple's first-half revenue by region



Note: Fiscal year ends in September. Source: the company

people familiar with the matter said.

In the U.S., Apple is pursuing a two-pronged strategy to deliver AI services. It is build-

ing its own AI capabilities while also teaming up with OpenAI. Anticipation over Apple's future AI-related offerings has helped push the com-

pany's market capitalization back above \$3 trillion.

In China, companies must seek Beijing's approval before introducing AI chatbots built on large language models trained with huge databases of text, images and video vacuumed up from the internet and other sources. Regulators vet the models to ensure they don't influence public opinion in a way the government doesn't approve.

As of March, Beijing's internet watchdog, the Cyberspace Administration of China, had approved 117 generative AI products, none of which is foreign-developed.

Early this year, Apple explored the possibility of obtaining approval for a foreign large language model to be

Please turn to page B4

Citi Touts Its Quiet Windfall Overseeing 'The Pipes'

By JUSTIN BAER

One of Citigroup's oldest businesses is ready for its close-up.

For decades, Citi Services moved money around the world for companies and safeguarded big investor assets. The division, one of five lines of business, makes up half of Citi's total profit and is crucial to Chief Executive Jane Fraser's turnaround plan. Touting these businesses might seem like a no-brainer, but they have long stood in the shadows of pretty much everything else in Citi's vast portfolio, from credit cards to bond trading.

And what they do isn't easy to explain. At investor meetings, executives tended to go with "we oversee the financial pipes," a tagline Citi is eager to retire.

"Ah, the eternal question," said Okan Pekin, the head of one of the units, securities-services. "What do we do?"

For Citi and Fraser, the problem amounts to more than just giving their stalwart plumbers their due. Investors have never figured out how to value the operations she has now put together into Citi Services. The more Services is valued, the easier it will be for Fraser to make the case that the bank's stock should be higher.

Citi is trying to fix that this week. Citi Services on Tuesday hosted investors for a full day of presentations. The day, conceived by Citi investor-relations head Jenn Landis, reintroduced to Wall Street a collection of functions most big companies couldn't do without. The day at the bank's New York offices began with Fraser. "When we call Citi the most global bank, this is the reason why," she said.

At Citi's last investor day, in 2022, Citi Services got 20 minutes. "The strength of Services hasn't always received the strength of mind share that it has long deserved," said Citi Services head Shahmir Khaliq ahead of Tuesday's presentations. "We are excited to finally take center stage and pull back the curtain on our business."

The investors and analysts in attendance saw a more confident side of Citi, whose executives in recent decades had to spend part of their face time with Wall Street explaining how they would fix things.

Throughout the day, Citi played video testimonials from big clients such as Walmart and Microsoft. The bank's executives often turned to superlatives to describe their businesses: "dominant," "No. 1" and

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Star Brokers Face Rape Allegations

By KATHERINE CLARKE AND EMILY GLAZER

The Alexander brothers traveled the world in private jets, hosted lavish parties and enjoyed a lifestyle befitting some of the ultrawealthy clients who enlisted them to buy and sell their Manhattan penthouses and Miami mansions. New allegations that they engaged in sexual assaults now threaten to bring down one of the biggest names in the gilded world of luxury real estate.

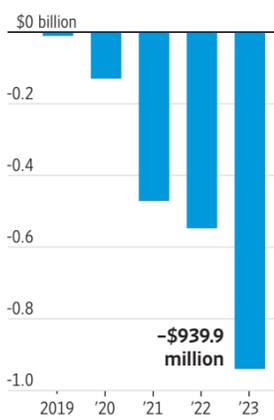
Five women told The Wall Street Journal they were sexually assaulted or raped by Oren Alexander, co-founder of boutique brokerage Official. The women—two of whom are real-estate agents—described a similar pattern of behavior that they alleged occurred as recently as 2020 and as far back as 20 years ago when he was a high-school student.

They spoke out in recent days following a pair of lawsuits by two other women alleging sexual assaults by Oren Alexander and his twin brother, Alon Alexander. The suits, filed in March, claim incidents dating back to 2010 and 2012.

Isabelle A. Kirshner, a lawyer for Oren and Alon Alexander, declined to comment on the allegations by the five women but denied the claims in the two lawsuits. "Our preliminary investigation of the claims has uncovered clear and irrefutable evidence that vindicates the Alexanders, which we look forward to presenting in court," she said in a statement

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Fisker's annual net losses

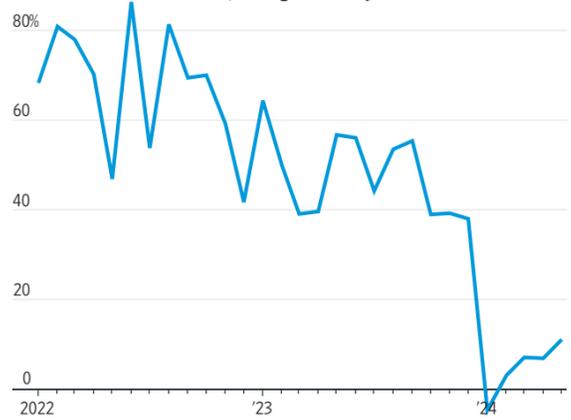


Sources: S&P Capital IQ (net losses); FactSet (share price); Motor Intelligence (sales)

Share price, past two years



U.S. electric vehicle sales, change from a year earlier



Electric-Vehicle Startup Fisker Seeks Bankruptcy Amid Struggles

By SEAN MCLAIN

Fisker, a much-hyped startup that sought to mimic Tesla's success, has filed for bankruptcy, roughly a year after releasing its first electric-vehicle model.

The filing marks the second time an automotive venture by car designer Henrik Fisker has gone bust and follows weeks of quietly winding down its operations. The seven-year-old California-based company sought a cheaper and faster entry into the auto industry by outsourcing manufacturing but struggled with the complexities of running a publicly held company.

Fisker is the latest among a crop of once-highflying EV startups that looked to upend the traditional auto industry but have run out of charge. Pickup maker Lordstown Motors and bus manufacturer Arival both filed for bankruptcy protection. Others are cutting costs or delaying investments, in an effort to conserve their



Fisker last summer started delivering its first electric model, the Ocean SUV.

remaining cash.

Fisker last summer started delivering its first electric model, the Ocean SUV, just as the previously hot market for

battery-powered vehicles was starting to cool and signs were emerging that consumer demand for EVs was shallower than expected.

The company's current challenges underline the hurdles facing young carmakers that have sought to emulate Tesla's

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Musk woos advertisers for X a few months after he insulted them. **B4**

Rent Increases Loom, Posing Threat to Inflation Fight

By WILL PARKER

Apartment dwellers got a break recently when rent growth fell in most parts of the country following years of steep increases. That relief appears to be ending.

Rents in several Northeast and Midwest cities, such as Kansas City, Mo., and Washington are rising this year.

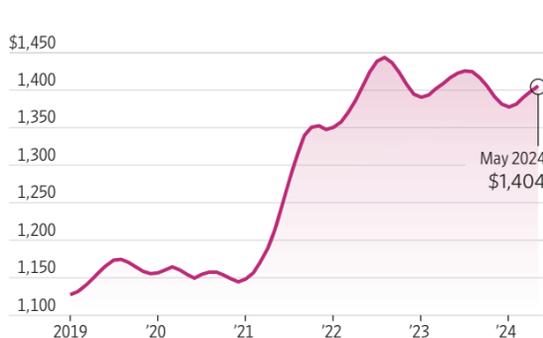
While asking rents for new leases nationally are running nearly flat over the past 12 months, those figures are heavily influenced by the Sunbelt, where record supply has sent rents lower in some cities, according to most property data and brokerage companies that track them.

The least-affordable home-sales market in decades is compelling more renters to stay put. Large apartment owners say fewer renters are moving out to buy homes than ever before, put off by record home prices, limited inventory and higher mortgage rates.

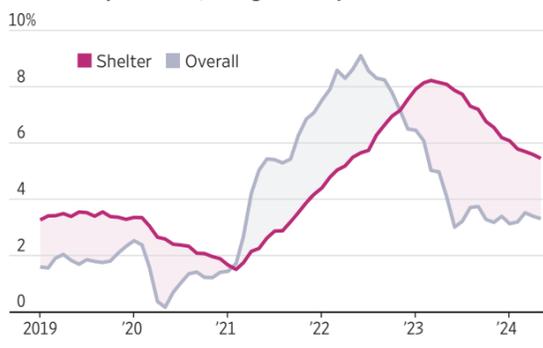
"Rental demand is definitely rebounding," said Igor Popov, chief economist at the

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Median rent for new U.S. leases, monthly*

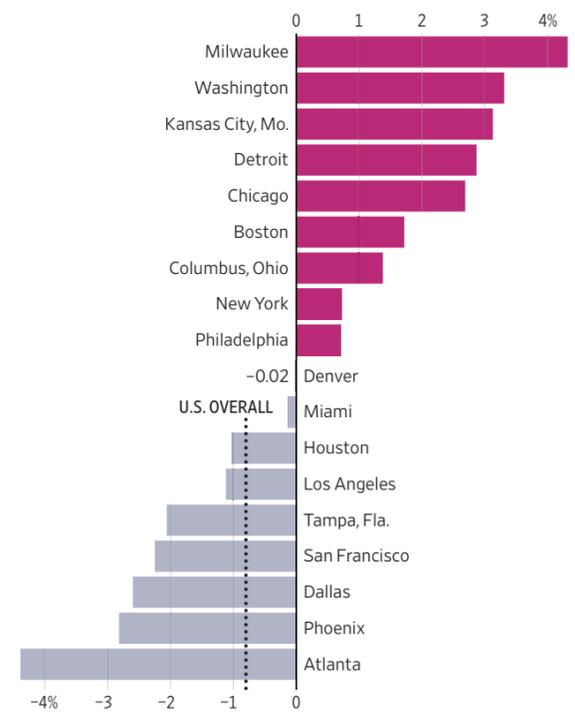


Consumer-price index, change from a year earlier



*Figures are estimates. †As of May. Figures are estimates.

Median monthly rent for new leases by metro area, change from a year earlier†



Sources: Apartment List (median rent); Labor Department via St. Louis Fed (CPI)

BUSINESS & FINANCE

Brokers Face Rape Claims

Continued from page B1 about the lawsuits.

One woman, an aspiring model, told the Journal she went on several dates with Oren before going to his home in the fall of 2017. She said he offered to show her virtual-reality goggles that helped buyers virtually tour his luxury listings.

After the woman had the goggles on, she said he ripped her dress off and threw her on the bed, pinning her down. She alleges he raped her despite her crying and begging him to stop. The woman's husband confirmed her account, which the woman shared with him years ago.

Last week, Oren Alexander posted in a statement on Instagram that he was taking a pause from his work at Official and shifting his focus to fighting what he deemed "baseless civil allegations."

"I am confident that through review of the extensive evidence, including text messages and other communications, that the truth will be brought to light," he wrote.

In an internal email Friday, Official co-founder Nicole Oge wrote that Oren would be removed as an owner of the firm in the wake of the allegations.

A third brother, Tal Alexander, who is also a luxury broker and a co-founder of Official, wasn't named in either of the lawsuits. In an email sent to co-workers Sunday, he said he anticipated being unfairly implicated. He called the allegations against his brothers reprehensible and said he would never behave in such a way.

"I have little doubt that given my close relationship with my brothers, at some juncture, a lawyer or many lawyers will soon try to lump me in with the allegations against Alon and Oren," he wrote.

Tal was named in a new

lawsuit filed Tuesday in which another woman accuses him of participating in a coordinated sexual assault along with Alon around the fall of 2012. In the suit, filed in New York state, Angelica Parker alleges she was raped by both men together while Oren watched.

On Tuesday a spokesman for Tal said he denied the latest allegations. "It is unfortunate but fully expected that shakedown artists are going to line up given the allegations against Tal's brothers," said the spokesman, Stefan Friedman. "However, Tal has done absolutely nothing wrong, and anyone hoping to peddle outrageous lies in hopes of a quick payday are going to find themselves disappointed."

In 2012 Parker, who then went by Angelica Cecora, filed a sexual-harassment suit against former boxer Oscar De La Hoya that was thrown out. Her current lawyer, Michael J. Willemis, said Tuesday there were legal mistakes made in the case but the allegations stand.

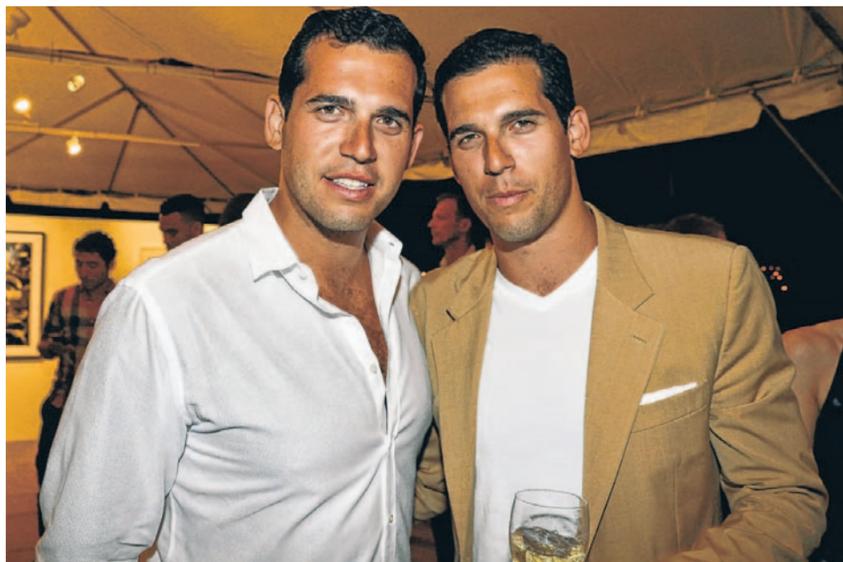
The A-Team

Oren Alexander is a household name in the luxury real-estate world. He and his older brother, Tal, brokered some of the country's priciest transactions, including the roughly \$240 million sale in 2019 of an apartment at New York's 220 Central Park South to billionaire hedge-fund magnate Ken Griffin. That deal holds the record for the most expensive residential transaction ever closed in the U.S. They also racked up major sales in Aspen and Miami.

A spokesperson for Griffin said he wasn't a longtime client of the Alexanders and the transaction was the only deal they brokered for him.

In December 2022, Oren told the Journal their team had sold close to \$3 billion in real estate across the country in the prior two years. In Miami, they sold the penthouses at high-end condo buildings such as Faena House and Arte. That same year, the brothers left their longtime firm, Douglas Elliman, to start Official.

Going by the moniker the A-Team, Oren and Tal were part



Alon Alexander, left, and Oren Alexander. Right, Oren and Tal Alexander brokered the \$240 million sale of an apartment on Billionaires' Row in New York City.

of a new wave of luxury real-estate agents who helped redefine the business starting in the 2010s, speaking the language of personal branding and social media. They aimed to live like their clients, flying around the world in private jets, spearfishing in Panama, snowboarding in Aspen and riding dune buggies in Saudi Arabia. At one point, Oren got around Miami in a black Mercedes with a Florida plate reading A TEAM-O.

For Tal's 30th birthday, the brothers tapped a professional production company to film their celebrations in the Hamptons, set to Travis Scott's hit "A-Team." In the video, they wore white suits and partied on a speedboat.

Alon is an executive at the family's private security firm, Kent Security.

Invitation to a party

The attorney for the two women in the March lawsuits, Evan Torgan of Torgan Cooper + Aaron, said in an interview that since the suits became public, he has heard from several dozen women with similar stories.

treme depression, anxiety and fear.

In conversations with the Journal, one woman who isn't a party in either lawsuit said she was a real-estate agent in Miami in early 2017—and socialized in the same circles as the Alexander twins—when Oren raped her.

She alleged they were hanging out with mutual friends in a trendy Miami Beach nightclub when she accepted his invitation to accompany him back to his home. When they got there, he poured her a drink and they began to become intimate, but, as they made their way into the bedroom, she started to feel sick.

She said she felt the room spinning and her vision blurring. She said she told Oren that she wouldn't have sex with him because she wasn't feeling well and, suspecting that she had too much to drink, she wanted to sleep it off. She alleged that he nevertheless persisted, pushing himself on her and raping her.

She said she didn't report the alleged incident to the police, out of fear she wouldn't be believed because she had gone home with Oren willingly and likely had had too much to drink. A friend of the woman's confirmed that she had told her about the alleged incident shortly after it happened.

School allegation

Another woman said she was raped by Oren Alexander about 20 years ago when they were both high-school students. The girl and others were invited to the Alexander home for a party but when they showed up the three Alexander brothers and two of their friends were the only ones they saw there.

She said they were given alcohol and then she was separated from the others and raped. The woman asked to remain anonymous.

A friend of the woman confirmed her account, which she shared at the time. The woman said she didn't report the incident at the time because she thought it might have been her fault for willingly going to the Alexander home in the first place.



FRONT TOP: PATRICK MCCULLAN; AMIR HAMAN/BLOOMBERG NEWS

The two lawsuits were filed in March and earlier reported by the Real Deal, a real-estate trade magazine. In one, a woman named Rebecca Mandel alleges she encountered Oren and Alon Alexander at a nightclub in New York in September 2010. They had been introduced about a year earlier and were active in the same social circles, according to the suit.

She accepted a drink from Alon at the club and an invitation to accompany the twins to a party thrown by a friend. She alleges that, once they arrived at the purported party, she found there was no such event. Instead, the hallway was quiet; there were no voices and no music. Mandel alleged that, once inside the apartment, Oren and Alon assaulted her. She alleges Alon held her down

while Oren penetrated her. Then, according to her, they switched places.

In the other suit, a woman named Kate Whiteman, now based in Australia, claims she was raped by the twins at Sir Ivan's Castle, a mansion in the Hamptons designed to look like a medieval castle.

Whiteman alleges she rebuffed Oren's requests for dates for years before running into the twins at a Hamptons nightclub over Memorial Day weekend in 2012.

She claims they forced her into a black SUV and drove her to the castle, where she was forced to strip inside the garage and put on a sarong. She alleges they took her upstairs to a bedroom and raped her. In the suit, she said the alleged incident left her experiencing ex-

EV Maker Fisker Seeks Bankruptcy

Continued from page B1

success. Many of them raised billions of dollars from investors in splashy public debuts but ran down their cash reserves as they spent heavily to develop new models and build out factories and sales centers, all while incurring losses on every vehicle sale.

Fisker previously said it had been in discussions with a large automaker over a potential investment and joint manufacturing deal, but the talks concluded without an agreement in March.

The company, which raised over \$1 billion from investors to launch its operations, burned through almost all its cash reserves and defaulted on a debt agreement with a key investor.

A pivot at the beginning of the year from a direct-to-consumer sales model to using dealerships also failed to ignite sales, and Fisker was left with thousands of unsold vehicles.

Fisker had pitched itself as the automotive equivalent to Apple, which pays outside companies to build its products. Fisker sought to distinguish itself from more-traditional carmakers by attempting to buy more of its hardware off-the-shelf and use software features as a way to set the Ocean apart from other EVs.

Fisker's inaugural vehicle boasted a 360-mile range on a single battery charge, award-winning design and a starting price under \$40,000. But the Ocean SUV was panned by many reviewers for software-related issues.

The National Highway Traffic Safety Administration has been investigating customer reports of the Ocean rolling away or a loss of braking performance. Fisker has said the braking issue was resolved with a software update and that it was fully cooperating with NHTSA on its investigations.

CEO Henrik Fisker's first run at operating an automotive company also ended in bankruptcy, shortly after launching

its first model, the \$100,000 plug-in hybrid Fisker Karma. The previous company, Fisker Automotive, filed for Chapter 11 protection in 2013, following problems with a battery supplier and losing 300 of the company's Karmas in a hurricane.

Fisker's bankruptcy followed a troubled rollout of its inaugural vehicle, which was criticized by many customers and reviewers for quality issues. The company also missed several deadlines to file its financial results with regulators, which it attributed to a lack of qualified accounting professionals.

The electric-vehicle maker also lost several top executives, including two chief accounting officers in less than a month.

Fisker ended 2023 having produced over 10,000 Oceans but only managed to deliver around 4,900 to customers. In an effort to get EVs to customers faster, Fisker decided to switch to a traditional dealer model.

By late February, Fisker issued a "going concern" warning that it risked running out of money this year. Executives tried but ultimately failed to raise more cash from investors.

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BUSINESS NEWS

Golden Goose Delays IPO as Market Falters

By ADRIÀ CALATAYUD

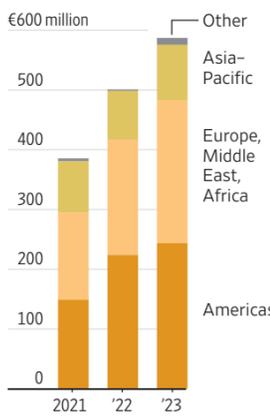
Italian fashion company Golden Goose, the maker of Super-Star sneakers worn by celebrities including Taylor Swift, postponed its initial public offering, citing European market volatility.

The decision by the company, which was slated to start trading in Milan later this week with a valuation of up to \$2 billion, marks a setback for a re-nascent European IPO market that had seen activity pick up in recent months.

Golden Goose said late Tuesday that the current market environment isn't the right backdrop to go public. The significant deterioration in market conditions after European Union elections and the calling of a legislative election in France hurt European markets and the luxury sector in particular, it said.

"An IPO for Golden Goose

Golden Goose annual revenue



Note: €1 = \$1.08 Source: the company

will be reassessed in due course," it added.

Last week was the Stoxx Europe 600 index's worst since October, after results of European Parliament elections this month and French President

Emmanuel Macron called a snap election, raising fears of political instability. Italy's FTSE MIB is down 3.9% since the European elections.

Golden Goose targeted a valuation ranging from 1.69 billion to 1.86 billion euros, or roughly between \$1.82 billion and \$2 billion, based on its IPO price range. It had planned to raise €100 million from an offering of new shares, with shareholder Astrum—an entity controlled by private-equity group Permira—offloading additional shares for up to €458 million.

The company said it received strong support from investors as part of the process and that books for the IPO were covered shortly after the offer opened.

News of the IPO postponement came after Bloomberg reported Tuesday that Golden Goose had set the price of its IPO at €9.75 a share, at the lower end of its target range of €9.50 to €10.50 share.



The maker of sneakers worn by celebrities such as Taylor Swift said that the market environment isn't the right backdrop.

Camera Issue Prompts Recall by Stellantis

By DEAN SEAL

Stellantis has issued a safety recall for more than one million vehicles in the U.S. with rearview-camera issues that could increase the risk of a crash.

Federal regulators said in a letter that the recall affects vehicles fitted with a radio software which may stop the rearview camera's image from displaying, thus decreasing a driver's overall rear visibility.

A representative for Stellantis said on Tuesday that the company has already provided over-the-air updates for software on more than 735,000 of the affected vehicles.

The recall covers 2021-2023 Chrysler Pacificas and Jeep Grand Cherokees, 2021-2022 Dodge Durangos, 2022-2023 Ram Promasters and Jeep Compasses, Wagoneers and Grand Wagoneers, and 2022 Ram 1500s, 2500s and 3500s.

Shareholder Support for Toyota's Chairman Dwindles

By CHIEKO TSUNEOKA

TOKYO—More than a quarter of Toyota Motor's shareholders opposed the reappointment of Chairman Akio Toyoda to the board, suggesting rising dissatisfaction with corporate governance at the automaker a year after Toyoda gave up the chief executive's role.

Toyoda was re-elected to the board with just under 72% support, according to results released Wednesday, down from nearly 85% last year and more than 95% in 2022.

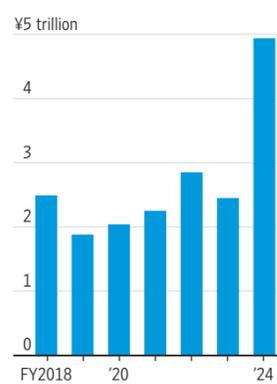
Proxy advisers Institutional Shareholder Services and Glass Lewis had called on investors to reject Toyoda. They cited recent cases in which Toyota and group companies acknowledged they didn't follow cor-

rect procedures in obtaining Japanese government certification for some vehicle models.

Glass Lewis said Toyoda was responsible "for failing to ensure that the group maintained appropriate internal controls." It also faulted the chairman for not putting enough independent directors on Toyota's board. ISS said the company should "establish appropriate compliance mechanisms under the board's leadership."

Although the certification issue has weighed on Toyota shares, the stock price remains up more than 50% since early last year on the back of strong sales of Toyota's gas-electric hybrid vehicles and record profit. Toyoda, the grandson of

Toyota's annual net profit



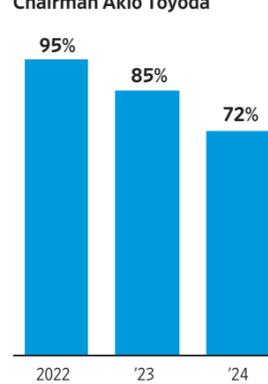
Note: Fiscal years end March 31; ¥1 trillion = \$6.3 billion

Share price



Sources: S&P Capital IQ (profit); FactSet (share price); the company

Shareholder support of Chairman Akio Toyoda



the automaker's founder, correctly anticipated that hybrids would capture market share

among consumers who felt they weren't ready to buy a fully electric vehicle.

Some shareholders have expressed concern that Toyoda, 68 years old, retains too tight

a grip over the company even after handing the CEO job last year to Koji Sato, 54. Sato won 95% support from shareholders.

Asked about corporate governance at the automaker's annual shareholder meeting Tuesday, Toyoda rebuffed suggestions that he was still in charge of day-to-day decision-making, but both he and Sato affirmed that the buck ultimately stops with Toyoda.

"I believe that the person responsible for Toyota and the Toyota group is still myself," Toyoda said. Sato said, "The chairman is taking the lead to reform the deep-rooted culture" of the company and fix the regulatory problems.

—Peter Landers contributed to this article.

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Samsung's AI Laptop Faces Problems

Some software applications are incompatible with the new computer

BY YANG JIE AND JIYOUNG SOHN

Samsung Electronics said its latest laptop, which uses a Microsoft operating system and includes artificial-intelligence features, has encountered problems running some software programs including popular games.

The issues offer an early hint of the challenges some tech companies may face as they introduce new AI-powered computers and smartphones while seeking to maintain compatibility with existing software.

Samsung's Galaxy Book 4 Edge, which went on sale Tuesday in the U.S., South Korea and some other markets, contains Qualcomm's Snapdragon processor. It runs a version of Microsoft's Windows 11 for PCs that uses technology from U.K.-based Arm.

On Wednesday, Samsung put a notice on its Korean-language product site listing applications that it currently determines are incompatible with the new laptop or can't be installed. The list included some Adobe software as well as popular games including "League of Legends" and "Fortnite."

Samsung didn't give a detailed cause but cited operational conditions on the laptops related to Windows 11 Arm and the Qualcomm processor.

"We've asked app developers for improvements, and will check on app improvement schedules to provide continual



Samsung said its Galaxy Book 4 Edge has encountered problems running some Adobe software as well as popular games including 'League of Legends' and 'Fortnite.'

updates," Samsung said.

Microsoft, Qualcomm and the software makers didn't immediately respond to requests for comment.

For decades, PCs running Microsoft's Windows typically used Intel processors. However, PC makers—including Microsoft itself in some of its devices—have recently touted their use of Qualcomm's Snapdragon chips. Qualcomm, which used to focus on smartphone chips, has optimized its products to integrate AI functions such as generating images and summarizing text without an internet connection.

Samsung said in its product description that the Galaxy

Book 4 Edge used "the fastest, most powerful Snapdragon for laptops."

In principle, a switch to a new processor could cause compatibility issues for software designed to work with an earlier processor, although it couldn't be determined whether that was a factor in this case.

Other PC brands are using the same setup of Snapdragon processors built on Arm's architecture to power new models with AI functions. It wasn't immediately known whether other brands were experiencing the same software-compatibility issues reported by Samsung.

The term AI PC generally



refers to personal computers capable of performing AI computations using their own internal hardware rather than directing tasks to specialized computers in distant data centers.

Intel Chief Executive Pat Gelsinger said this month in Taiwan that about 80% of all PCs are expected to be AI PCs by 2028.

State Fines Amazon For Failure To Disclose Worker Goals

BY SEBASTIAN HERRERA

A California agency has cited and fined Amazon.com for failing to comply with a state law requiring companies to disclose workplace productivity measures, an issue the e-commerce giant has been scrutinized for in recent years.

The California Labor Commissioner's Office on Tuesday said it has fined two Amazon warehouse facilities nearly \$6 million for not complying with a new labor law requiring them to disclose the quotas they apply to workers. This is the first time the 2022 law is being applied, the Commissioner's Office said. The law was largely created to address concerns about Amazon's workplace practices and treatment of its hourly employees.

"Undisclosed quotas expose workers to increased pressure to work faster and can lead to higher injury rates and other violations by forcing workers to skip breaks," Labor Commissioner Lilia Garcia-Brower said.

An Amazon spokeswoman said the company has appealed the decision and that employees "can—and are encouraged to—review their performance whenever they wish."

The California law targets a central facet of working at an Amazon warehouse, where the company has used performance quotas to gauge worker productivity as it has sped up shipping times. Employees and labor activists have said performance quotas can lead to injury.

Musk Pitches Advertisers on a Return to X After Tirade

BY MEGAN GRAHAM

Seven months after declaring that advertisers pulling their ads from his social-media platform X could "go f—yourself," Elon Musk took a more congenial tone onstage at the advertising industry's most important annual festival.

Musk joined Mark Read, chief executive of ad giant WPP, in a session on Wednesday at the Cannes Lions International Festival of Creativity in France, a five-day event that draws thousands of the industry's chief marketing officers, tech leaders, creative workers and others from around the world.

"Back in November, you had a message to us. You told us to go f—ourselves," Read said. "Why did you say that? And



Musk with Mark Read of WPP at the Cannes Lions International Festival of Creativity.

what did you mean by that?" Musk said he hadn't intended the message for advertisers as a whole.

"It was with respect to freedom of speech," he said. "Advertisers have a right to appear next to content that they find

compatible with their brands. That's totally fine...What is not cool is insisting that there can be no content that they dis-

agree with on the platform."

X in November was grappling with the departure of several large advertisers in the wake of a post by the billionaire describing a post that espoused an antisemitic conspiracy theory as "the actual truth."

Musk later that month called the advertisers' response "blackmail" and said the advertising boycott was "going to kill the company." He said he tried to clarify after his post that he hadn't meant anything antisemitic.

In Cannes on Wednesday, Musk said the company has worked to overhaul its abilities to match its users with ads using artificial intelligence.

For advertisers who haven't been on the platform but might be considering a return, Musk said he believed it was

"worth trying out."

"We are very focused on having ads be shown to people who would find the ad interesting," he said. "That is something we have done and are making a lot of progress on."

Musk added the platform still sees activity from the likes of world leaders.

"If you're trying to reach senior decision makers, if you want to reach the most influential people in the world...the X platform is by far the best," he said.

Musk and Read spoke about the future of AI as it pertains to creativity.

Musk said his company Neuralink aspires to enhance human intelligence so that people can keep up with AI. "It will certainly amplify creativity," he said.

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Apple Faces China AI Challenges

Continued from page B1 used in its devices in China, but it found that Chinese regulators were unlikely to approve it, people familiar with the matter said. That realization prompted Apple to step up talks with potential local partners, they said.

Apple said the region that includes mainland China, Taiwan, Hong Kong and Macau accounted for 18% of its global revenue in the quarter ended March 30.

Its position is threatened by local companies. This year, Huawei is expected to account for 17% of China's smartphone market, up from 13% last year, while Apple's share is projected to drop to 16% from 18%, according to Counterpoint.

Apple said it remains well-placed in China. "China is the most competitive market in the world, and we feel confident about our position," Chief Financial Officer Luca Maestri told The Wall Street Journal in an interview last month.

In China, as in the U.S., smartphone makers are using generative AI in their sales pitches to entice users to upgrade because technology is advancing more slowly in



Apple has held talks with several Chinese AI companies.

other features.

The closest precedent for Apple Intelligence in China comes from Samsung Electronics, the world's largest smartphone maker by shipments. In January, Samsung introduced its Galaxy S24 smartphone series, with generative AI features such as real-time translation of calls and text messages, AI-powered photo editing, and Google searches triggered by circling an image on the phone.

In the U.S. and most of the rest of the world, the services are powered by Samsung's own generative AI engine plus the AI capabilities of Google, a longtime Samsung partner. Because Google's AI model, Gemini, isn't available in China, Samsung instead

turned to two Chinese companies for the Galaxy S24 in China. Baidu is handling "circle to search," text summation and other AI functions, and software maker Meitu enables AI-based photo editing.

The capabilities of the Baidu-powered AI have drawn some unfavorable reviews from Chinese internet users. Some compared Google's AI on the Galaxy S24 with Baidu's and found Google was able to identify car models and buildings from photographs while Baidu couldn't. Others praised Baidu's technology, saying its Chinese-language translation was more authentic and its search results were more relevant to users in China.

A Samsung spokeswoman said the company chose to col-

laborate with Baidu because Samsung determined that Baidu offered the most competitive commercialized large language AI model in the Chinese market. Samsung declined to comment on comparisons between the AI versions, and Baidu didn't respond to a request for comment.

Samsung accounts for about 1% of China's smartphone market, and China isn't a major contributor to the South Korean company's profit.

Adapting products and services to Chinese rules is nothing new for tech companies. In China, Apple's iCloud service houses data on the servers of a government-owned company. Apple is rolling out its Vision Pro headset in China this month without its streaming service, Apple TV+, which isn't available in the country.

Apple has long enjoyed a relatively privileged place in the Chinese market because of its economic role in the country. Most iPhones are assembled in China by Taiwanese or Chinese contract manufacturers. Apple has said it has helped create some five million jobs in China, including in its supply chain and App Store ecosystem.

Still, the rise of Chinese patriotism could affect Apple's standing, said Tom Kang, a research director at Counterpoint. "China is increasingly targeting U.S. companies one by one. So it's whether Apple becomes a target or not—that will be the key issue," he said.

BONDS

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%)			Total return close	YTD total return (%)	Index	Yield (%)		
			Latest	Low	High				Latest	Low	High
Broad Market Bloomberg Fixed Income Indices											
2064.34	0.1	U.S. Aggregate	4.870	4.490	5.740	2036.69	-0.03	Mortgage-Backed	5.070	4.620	6.050
U.S. Corporate Indexes Bloomberg Fixed Income Indices											
3135.50	0.4	U.S. Corporate	5.350	5.020	6.430	2009.70	-0.1	Ginnie Mae (GNMA)	5.100	4.640	6.020
3033.69	1.3	Intermediate	5.260	4.950	6.350	1198.84	-0.02	Fannie mae (FNMA)	5.060	4.620	6.050
4163.38	-1.3	Long term	5.520	5.160	6.600	1850.92	0.3	Freddie Mac (FHLMC)	4.970	4.540	6.190
597.41	-0.5	Double-A-rated	4.960	4.540	5.760	586.79	-0.2	Muni Master	3.459	3.038	4.311
847.82	0.8	Triple-B-rated	5.540	5.250	6.700	413.79	-1.1	7-12 year	3.213	2.721	4.097
High Yield Bonds ICE BofA											
539.06	2.5	High Yield Constrained	7.838	7.620	9.560	476.35	0.1	12-22 year	3.690	3.388	4.742
523.85	3.3	Triple-C-rated	13.186	12.616	15.455	453.34	1.0	22-plus year	4.188	4.070	5.274
3620.85	2.2	High Yield 100	6.882	6.882	9.101	Global Government J.P. Morgan ¹					
471.10	3.2	Global High Yield Constrained	7.652	7.552	9.440	539.48	-0.8	Global Government	3.420	2.950	3.810
356.12	2.9	Europe High Yield Constrained	6.401	6.207	8.022	809.35	0.8	Canada	3.290	3.090	4.260
U.S. Agency Bloomberg Fixed Income Indices											
1799.88	1.0	U.S. Agency	4.870	4.380	5.390	352.07	-1.2	EMUS	3.184	2.669	3.790
1591.99	1.1	10-20 years	4.880	4.360	5.370	643.11	-2.6	France	3.230	2.540	3.630
3454.37	0.1	20-plus years	4.780	4.500	5.740	460.79	-1.5	Germany	2.490	2.020	3.030
2747.22	0.8	Yankee	5.180	4.860	6.110	271.79	-2.6	Japan	1.370	0.710	1.460
*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds ¹ In local currency ² Euro-zone bonds											
**EMBI Global Index Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan											

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Coupon (%)	Maturity, in years	Country/ Latest (▲/▼)	Yield (%)	Spread Under/Over U.S. Treasuries, in basis points	
			0 1 2 3 4 5 6	Latest Prev Year ago	
4.875	2	U.S.	4.701	4.822	4.720
4.375	10		4.216	4.419	3.768
4.250	2	Australia	4.000	3.955	3.920
3.750	10		4.191	4.166	4.223
2.500	2	France	3.097	3.084	3.299
3.500	10		3.140	3.105	2.996
2.900	2	Germany	2.825	2.812	3.000
2.200	10		2.408	2.395	2.519
3.600	2	Italy	3.583	3.550	3.524
3.850	10		3.943	3.886	3.809
0.400	2	Japan	0.283	0.288	0.337
0.800	10		0.936	0.947	0.952
2.800	2	Spain	3.151	3.145	3.194
3.250	10		3.307	3.273	3.258
0.125	2	U.K.	4.191	4.139	4.313
4.250	10		4.069	4.054	4.132

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Dividend Changes

Company	Symbol	Yld %	Amount New/Old	Frq	Payable/Record
Increased					
Permian Basin Royalty Tr	PBT	6.3	0727/02005	M	Jul15/Jun28
Reduced					
Cross Timbers Royalty Tr	CRT	12.5	0302/05825	M	Jul15/Jun28
PermRock Royalty Trust	PRT	11.2	04/0403	M	Jul15/Jun28
Stocks					
Atara Biotherapeutics	ATRA		1:25		/Jun20

Company	Symbol	Yld %	Amount New/Old	Frq	Payable/Record
Bluejay Diagnostics	BJDX		1:8		/Jun20
Foreign					
Banco Bradesco Pref ADR	BBD	7.0	00353	M	Aug08/Jul03
Chunghwa Telecom ADR	CHT	2.9	147359	A	Aug15/Jul03

Note: Dividend yields as of 3:30 p.m. ET
Sources: FactSet; Dow Jones Market Data
KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2: stock split and ratio; SO: spin-off.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Spread ¹ , in basis points		
					Current	One-day change	Last week
America Movil	...	4.375	5.61	July 16, '42	110	-15	98
Royal Bank of Canada	RY	4.240	4.90	Aug. 3, '27	45	-10	45
Brighthouse Financial Global Funding	...	5.550	5.51	April 9, '27	107	-8	n.a.
Banco Santander	...	6.921	6.09	Aug. 8, '33	187	-7	180
Commonwealth Bank of Australia ²	...	5.837	5.65	March 13, '34	144	-5	138
JPMorgan Chase	JPM	5.600	5.32	July 15, '41	83	-5	76
Mutual of Omaha Cos. Global Funding	...	5.350	5.27	April 9, '27	83	-5	81
Nationwide Building Society ³	...	1.500	5.31	Oct. 13, '26	59	-5	50

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Current	One-day change	Last week
Home Depot	HD	5.150	5.11	June 25, '26	40	26	n.a.
EDP Finance	...	1.710	5.20	Jan. 24, '28	96	10	n.a.
Deutsche Bank	DB	5.414	5.34	May 10, '29	109	5	99
ORIX	...	2.250	5.06	March 9, '31	82	5	77
JPMorgan Chase	JPM	6.400	5.18	May 15, '38	95	4	83
Morgan Stanley	MS	6.375	5.36	July 24, '42	89	4	81
Bank of Montreal	BMO	5.266	5.28	Dec. 11, '26	57	3	49
Bank of Nova Scotia ⁴	BNS	5.350	5.25	Dec. 7, '26	54	3	52

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Bond Price as % of face value		
					Current	One-day change	Last week
Occidental Petroleum	OXY	6.450	5.77	Sept. 15, '36	105.876	0.60	n.a.
Rakuten	...	11.250	8.33	Feb. 15, '27	106.800	0.49	106.050
Teva Pharmaceutical Finance Netherlands III	...	3.150	6.00	Oct. 1, '26	94.000	0.36	93.688
Venture Global Calcasieu Pass	...	4.125	5.92	Aug. 15, '31	89.655	0.33	88.845
ZF North America Capital	...	4.750	6.10	April 29, '25	98.880	0.24	98.750
Bath & Body Works	BBWI	6.875	6.74	Nov. 1, '35	101.086	0.21	101.000

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Current	One-day change	Last week
Sealed Air	SEE	6.875	6.31	July 15, '33	103.875	-0.63	103.906
Telecom Italia Capital	...	6.375	7.34	Nov. 15, '33	93.500	-0.50	93.000
Paramount Global	PARA	7.875	7.06	July 30, '30	104.000	-0.13	n.a.
Belo	...	7.250	7.02	Sept. 15, '27	100.635	-0.12	n.a.
Navient	NAVI	6.750	6.43	June 15, '26	100.595	-0.03	99.744

¹Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more Source: MarketAxess

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In the past two years, what's the biggest lesson you've learned through economic uncertainty?

BNY has been making money work for the world for 240 years now, so we've faced our share of economic cycles. My biggest lesson in times of uncertainty is to "be client obsessed" — listen, pick up the phone and check in, anticipate. We're here to enable our clients and to help them be successful. So when a market event takes place or new needs emerge, we look to create added value by proactively working to help them solve their problems.

What priorities rise to the top for you in your role heading marketing and communications?

Explaining what we do has been a key priority. Through research we learned our clients see us as a strategic partner and want to do more with us, but didn't fully understand all the ways we could help them. We recognized an opportunity to more simply communicate what we do and the full breadth of our capabilities. Clients, employees and stakeholders are now getting a better picture: They understand that we oversee nearly \$50 trillion in assets — we manage money, we move it and we keep it safe. And they are gaining an appreciation for the innovative technology, services and expertise

we provide across the financial lifecycle. It's exciting to see light bulbs going off as clients explore new possibilities.

What does authentic marketing look like for you? And what's one mistake you think brands make?

To me, authentic marketing means working "inside out." I like to start with employees and treat them as a primary audience. Do they understand the business strategy? Do they understand what's expected of them? Do they understand why what they do is important? This year's 240th anniversary program gave us a convenient opportunity to engage employees in our story, connect the dots between where we are, where we're going and the role they play in getting us there. We've seen this drive energy, commitment and pride. In my view, brands that don't bring employees along or do it superficially will be met with skepticism and won't get very far.

When faced with a new challenge, what's your decision-making process, and where do you turn for trusted information or advice?

It's something we talk a lot about at BNY. This is a fast-moving company

going through an evolution. We're tackling new problems every day, and our approach is to make quick and thoughtful decisions, so we have to know our stuff. When we make decisions, we're also bridging silos and making the best decision broadly, so I like to tap into my peers across our business for input. BNY has smart people, a collegial culture with strong goal alignment and focus on clients, which makes it easy to collaborate and get to the best outcome.

Tell us about a milestone that shaped your career path.

I took a big risk about 10 years ago and drastically changed my career path. I left my track record at American Express and Citi, as well as my network, to move to Palo Alto and work in tech. I had to learn a new industry and a new way of operating. Just a few months in, I took the company public, and it was one of the most challenging and rewarding experiences of my life. Over the course of building three companies, I've learned the value of maintaining a growth mindset and taking calculated risks. Discomfort creates a pathway to growth and resilience.

THE WALL STREET JOURNAL.

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

38834.86 ▲56.76, or 0.15%
 High, low, open and close for each trading day of the past three months.
 Last: 26.95, Year ago: 22.68
 Trailing P/E ratio: 18.67, P/E estimate: 18.28
 Dividend yield: 2.17, All-time high: 40003.59, 05/17/24



Current divisor 0.15221633137872
 *Weekly P/E data based on as-reported earnings from Birming Associates Inc.; †Based on Nasdaq-100 Index

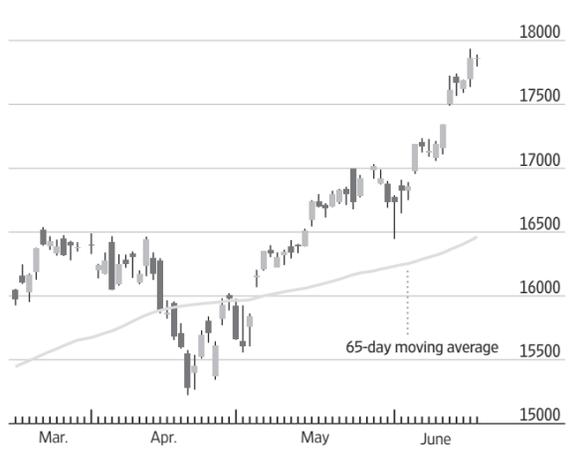
S&P 500 Index

5487.03 ▲13.80, or 0.25%
 High, low, open and close for each trading day of the past three months.
 Last: 23.62, Year ago: 19.75
 Trailing P/E ratio: 22.10, P/E estimate: 20.12
 Dividend yield: 1.34, All-time high: 5487.03, 06/18/24



Nasdaq Composite Index

17862.23 ▲ 5.21, or 0.03%
 High, low, open and close for each trading day of the past three months.
 Last: 31.75, Year ago: 31.47
 Trailing P/E ratio: 28.64, P/E estimate: 29.76
 Dividend yield: 0.77, All-time high: 17862.23, 06/18/24



Major U.S. Stock-Market Indexes on June 18

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	38936.93	38727.67	38834.86	56.76	0.15	40003.59	32417.59	14.0	5.3
Transportation Avg	15022.75	14893.53	14897.76	-35.14	-0.24	16695.32	13556.07	1.1	0.6
Utility Average	909.71	901.81	908.54	-0.27	-0.03	955.01	783.08	-0.8	0.9
Total Stock Market	54135.32	53951.47	54090.84	129.19	0.24	54090.84	40847.04	23.5	7.5
Barron's 400	1133.77	1128.04	1132.42	3.71	0.33	1166.53	907.97	18.1	5.0
Nasdaq Stock Market									
Nasdaq Composite	17890.52	17796.88	17862.23	5.21	0.03	17862.23	12595.61	30.7	19.0
Nasdaq-100	19940.50	19837.86	19908.86	6.11	0.03	19908.86	14109.57	32.1	18.3
S&P									
S&P Index	5490.38	5471.32	5487.03	13.80	0.25	5487.03	4117.37	25.0	15.0
MidCap 400	2935.95	2919.20	2929.75	8.56	0.29	3046.36	2326.82	14.4	5.3
SmallCap 600	1289.65	1282.29	1284.81	0.63	0.05	1345.71	1068.80	7.1	-2.5
Other Indexes									
Russell 2000	2033.55	2020.82	2025.23	3.22	0.16	2124.55	1636.94	8.5	-0.1
NYSE Composite	17998.71	17902.25	17967.85	65.60	0.37	18388.26	14675.78	14.8	6.6
Value Line	584.23	582.03	582.53	0.38	0.07	615.81	498.09	3.63	-1.9
NYSE Arca Biotech	5198.49	5144.96	5145.65	-25.17	-0.49	5511.46	4544.40	-5.5	-5.0
NYSE Arca Pharma	1059.86	1054.03	1056.74	2.42	0.23	1063.61	837.32	21.1	16.1
KBW Bank	102.52	101.15	102.40	0.97	0.96	107.64	71.71	26.7	6.6
PHLX ^S Gold/Silver	136.38	133.41	135.70	1.77	1.32	151.36	102.94	13.4	8.0
PHLX ^S Oil Service	82.60	81.27	81.41	0.34	0.41	98.76	74.52	7.3	-2.9
PHLX ^S Semiconductor	5792.86	5695.98	5765.12	77.02	1.35	5765.12	3185.18	58.1	38.1
Cboe Volatility	12.74	12.24	12.30	-0.45	-3.53	21.71	11.86	-11.4	-1.2

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
NVIDIA	NVDA	7,600.9	136.17	0.59	0.44	1124.00	98.81
Finl Select Sector SPDR	XLF	6,432.7	41.28	0.01	0.02	41.28	41.15
Altria Group	MO	5,598.3	44.80	...	unch.	44.90	44.69
SPDR S&P 500 ETF Trust	SPY	5,529.5	548.50	0.01	0.002	548.64	548.11
Global X Russell 2000 ETF	RSSL	4,691.8	79.18	...	unch.	79.18	79.18
Snap	SNAP	3,946.7	15.76	-0.04	-0.25	15.81	15.71
Citizens Financial Group	CFG	3,229.5	34.75	-0.02	-0.06	34.77	34.75
Apple	AAPL	3,199.4	214.12	-0.17	-0.08	214.59	213.90

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Alphatec Holdings	ATEC	110.9	11.23	0.85	8.19	11.23	10.38
Avidity Biosciences	RNA	113.8	41.00	2.67	6.97	41.00	38.20
Sonos	SONO	93.7	15.49	0.70	4.73	15.49	14.71
Sarepta Therapeutics	SRPT	138.5	122.60	5.08	4.32	122.60	116.99
Deutsche Bank	DB	170.5	16.38	0.59	3.74	16.38	15.79

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Trump Media & Tech	DJT	1,786.5	28.45	-2.86	-9.13	31.50	25.25
Comtech Telecomm	CMTL	952.9	3.71	-0.36	-8.85	4.14	3.67
Universal Tech Institute	UTI	102.0	13.18	-0.71	-5.11	14.01	13.18
Marscorp Corp	MCS	59.0	10.18	-0.52	-4.86	10.70	10.18
Leggett & Platt	LEG	77.4	11.00	-0.55	-4.76	11.76	11.00

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	932,514,039	13,419,272
Adv. volume*	529,485,239	5,331,568
Decl. volume*	371,388,382	7,907,644
Issues traded	2,887	309
Advances	1,600	117
Declines	1,180	174
Unchanged	107	18
New highs	94	5
New lows	67	19
Closing Arms*	1.01	0.98
Block trades*	3,782	146

*Primary market NYSE, NYSE American, NYSE Arca only.

†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World					
	MSCI ACWI	805.13	1.22	0.15	10.7
	MSCI ACWI ex-USA	330.40	1.42	0.43	4.4
	MSCI World	3523.66	0.98	0.03	11.2
	MSCI Emerging Markets	1095.27	13.46	1.24	7.0
Americas					
	MSCI AC Americas	2056.57	-0.24	-0.01	13.4
Canada	S&P/TSX Comp	21516.90	-94.40	-0.44	2.7
Latin Amer.	MSCI EM Latin America	2171.84	-3.95	-0.18	-18.4
Brazil	Ibovespa	120261.34	630.90	0.53	-10.4
Chile	S&P IPSA	3572.32	25.35	0.71	3.0
Mexico	S&P/BMV IPC	53323.37	86.91	0.16	-7.1
EMEA					
	STOXX Europe 600	514.13	-0.88	-0.17	7.3
Eurozone	Euro STOXX	502.67	-2.75	-0.55	6.0
Belgium	Bel-20	3861.38	-4.05	-0.10	4.1
Denmark	OMX Copenhagen 20	2859.31	3.99	0.14	25.2
France	CAC 40	7570.20	-58.60	-0.77	0.4
Germany	DAX	18067.91	-64.06	-0.35	7.9
Israel	Tel Aviv	2003.81	3.14	0.16	7.4
Italy	FTSE MIB	33220.31	-95.37	-0.29	9.5
Netherlands	AEX	924.78	-3.41	-0.37	17.5
Norway	Oslo Bors All-Share	1623.14	1.61	0.10	6.8
South Africa	FTSE/JSE All-Share	80713.72	964.89	1.21	5.0
Spain	IBEX 35	11056.40	-11.30	-0.10	9.4
Sweden	OMX Stockholm	967.46	-4.91	-0.50	7.2
Switzerland	Swiss Market	12060.24	13.63	0.11	8.3
Turkey	BIST 100	10471.32	...	Closed	40.2
U.K.	FTSE 100	8205.11	13.82	0.17	6.1
U.K.	FTSE 250	20381.05	-28.88	-0.14	3.5
Asia-Pacific					
	MSCI AC Asia Pacific	181.05	1.86	1.04	6.9
Australia	S&P/ASX 200	7769.70	-8.38	-0.11	2.4
China	Shanghai Composite	3018.05	-12.20	-0.40	1.4
Hong Kong	Hang Seng	18430.39	514.84	2.87	8.1
India	BSE Sensex	77337.59	36.45	0.05	7.1
Japan	NIKKEI 225	38570.76	88.65	0.23	15.3
Singapore	Straits Times	3304.00	2.22	0.07	2.0
South Korea	KOSPI	2797.33	33.41	1.21	5.3
Taiwan	TAIEX	23209.54	452.11	1.99	29.4
Thailand	SET	1303.82	6.41	0.49	-7.9

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low	% chg
Comtech Telecomm	CMTL	4.07	1.90	87.56	13.04	1.53	-51.9
Desktop Metal	DM	4.97	1.31	35.79	21.10	3.62	-76.2
Silk Road Medical	SILK	26.88	5.21	24.04	34.13	6.08	-18.0
Nano Nuclear Energy	NNE	11.60	2.19	23.27	11.75	3.25	...
Vacasa	VCSA	5.57	1.05	23.23	16.74	3.82	-55.1
Nurix Therapeutics	NRIX	18.44	3.15	20.60	18.90	4.22	76.3
La-Z-Boy	LZB	40.70	6.61	19.39	41.08	25.12	48.2
Continuum Therapeutics	CTNM	19.05	3.05	19.06	19.24	13.27	...
Logistic Prop Americas	LPA	19.00	3.00	18.75	525.00	5.59	86.8
Li-Cycle Holdings	LICY	5.47	0.83	17.89	49.25	2.77	-87.8
China Liberal Educ Hldgs	CLEU	2.80	0.42	17.65	40.80	0.79	-81.3
Airgain	AIRG	6.57	0.96	17.11	7.20	1.63	24.0
Silyncom	SYNX	3.77	0.55	16.93	4.10	2.10	...
VirnetX Holding	VHC	4.82	0.69	16.71	11.85	3.50	-56.0
Airship AI Holdings	AISP	4.67	0.66	16.46	14.32	1.34	-58.2

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Reliance Global Group	RELI	385,178	24629.3	0.39	76.17	5.07	0.21
NLS Pharmaceuticals	NLSP	303,060	16459.4	0.27	82.13	1.53	0.11
NVIDIA	NVDA	289,571	-36.2	135.58	3.51	136.33	39.23
Mustang Bio	MBO	289,209	1306.9	0.85	13.35	8.17	0.13
Comtech Telecomm	CMTL	90,829	12718.0	4.07	87.56	13.04	1.53
Crown Electrokinetics	CRKN	88,497	-42.7	0.06	-13.46	9.06	0.04
ProSh UltraPro Shrt QQQ	SQQQ	82,599	-36.5	8.12	-0.12	23.34	8.02
Apple	AAPL	79,667	21.0	214.29	-1.10	220.20	164.08
Sonoma Pharmaceuticals	SNOA	78,601	3140.9	0.19	13.95	1.25	0.12
Tesla	TSLA	68,755	-23.5	184.86	-1.38	299.29	138.80

BIGGEST 1,000 STOCKS

Table of the 1,000 largest U.S. stocks by market cap, organized in columns with stock symbols, names, and price changes.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG: Daily percentage change from the previous trading session.

Table listing new highs and lows for various stocks, including symbols, names, and percentage changes.

Cash Prices

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.

Table of commodity prices for various metals, grains, and other goods, including prices and changes.

Exchange-Traded Portfolios

Table listing various exchange-traded funds (ETFs) with their symbols, names, and performance metrics.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co.; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Postland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 6/17.

MARKETS & FINANCE

Global Stocks Mixed After Nvidia Spurs U.S. Records

By CHELSEY DULANEY

Global stocks were mixed on Wednesday and U.S. index futures wobbled after Nvidia dethroned Microsoft to become the most valuable listed company in the world.

U.S. equity and bond markets were closed for the June-teenth holiday, but futures continued to trade. Contracts tied to the S&P 500 gained less than 0.1% in late-afternoon trading. Nasdaq-100 futures rose 0.2%, while contracts on the Dow industrials ticked lower.

Enthusiasm over artificial intelligence continues to boost markets. The S&P 500 on Tuesday notched its 31st record close this year, while the Nasdaq Composite finished at its 20th all-time high.

The indexes were lifted by a rally in shares of Nvidia. The chip maker ended Tuesday with a market value of \$3.34 trillion, overtaking Microsoft as the most valuable publicly traded company in the world.

Stocks received a boost from data indicating the U.S. economy is cooling. Investors were rattled in recent months by its resilience, which raised ques-



Nvidia ended Tuesday with a market value of \$3.34 trillion.

tions about the likelihood of the Federal Reserve cutting interest rates this year. Investors largely expect the Fed, which left rates unchanged last week, to begin easing policy in September, according to federal-funds futures data from CME Group.

“What’s remarkable is, given the market’s reassessment of rate cuts this year—they’ve gone from expecting six cuts to now one—[equities] haven’t been upset by

this,” said Susannah Streeter, head of money and markets at Hargreaves Lansdown. “That’s because AI has been the biggest story in town.”

Investors are looking ahead to Friday’s release of U.S. purchasing managers’ surveys, which are expected to show that activity in services and manufacturing eased in June. Most European indexes slipped on Wednesday, but the U.K.’s FTSE 100 crept higher.

Data showed U.K. inflation fell back to the Bank of England’s 2% target for the first time in nearly three years in May, though price pressures in the services sector remained high.

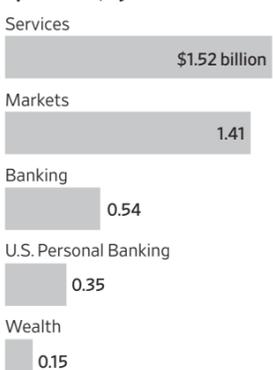
The data reinforced investors’ expectations that the BoE will hold rates unchanged on Thursday. The Swiss National Bank, which kick-started the continent’s rate-cutting cycle in March, meets Thursday. Investors are divided on whether it will cut rates again.

Some Asian indexes rallied Wednesday, shadowing Tuesday’s tech-powered gains in the U.S., but many Asian markets moved lower early Thursday. At midday, Japan’s Nikkei 225 was down 0.6% and Hong Kong’s Hang Seng Index was down 0.4%.

AUCTION RESULTS

Table showing auction results for Treasury securities, including 19-year, 11-month bonds. Columns include Applications, Accepted bids, Interest rate, and Auction price (rate).

Citigroup's first-quarter income from continuing operations, by business line



than all of Citi. And many didn’t know Citi Services increased deposits by 20% during the 2008-09 financial crisis even as Citi nearly failed.

Rent Hikes Worsen Inflation

Continued from page B1

listings website Apartment List. “We’re past the bottom.” Strong job growth also has opened the door for landlords to raise rents. “That gives them pricing power,” said Linda Tsai, a real-estate equities analyst at Jefferies.

Rising rents complicate the inflation picture and could make it challenging for the Federal Reserve to ease interest rates.

Labor Department data showed that inflation was cooler than expected last month, but the prospect of more apartment owners raising rents could offset the effect of lower prices in other areas.

Shelter inflation, mostly a measure of rents that lags behind real market conditions by many months, was still running hot in May, with an annual rate of 5.4%, according to the Bureau of Labor Statistics.

“The housing situation is a complicated one,” Fed Chairman Jerome Powell said at a Wednesday news conference. “The best thing we can do for the housing market is to bring inflation down so that we can bring rates down.”

While most analysts say the pace of shelter inflation should decline further this year, some apartment landlords are signaling that the worst of the rent slowdown is already behind them.

“We believe we have likely already seen the maximum impact to new lease pricing,” said Tim Argo, an executive at the publicly traded building owner Mid-America Apartment Communities, on a May earnings call.

The Sunbelt landlord has been cutting prices for new leases. But the company said apartment absorption in the first quarter was at its highest for that quarter in two decades.

For more than a year, rents

have been held back by a historic crush of new apartment supply. Vacancy rates rose last year. The drop in demand pushed building owners, especially those with newer buildings, to rein in rent increases following two years of record gains.

In recent months, apartment buildings aren’t losing as many residents as they once were, market reports show, and available units are leasing quickly.

Only 7% of residents at properties owned by Avalon-Bay Communities left to purchase a home in the first quarter, Chief Operating Officer Sean Breslin said on an earnings call. That compares with the long-term average of 16% to 17%, he said.

Big landlords are increasing rents on renewed leases by about 4% or more, according to their recent earnings statements. That is in line with recent historical averages and higher than general inflation.

Equity Residential, a landlord focused on wealthier renters in coastal markets, said at the end of April that it was asking current tenants to pay increases closer to 7%.

Investment firms are eager to cash in and are buying large apartment portfolios again. Blackstone recently agreed to pay \$10 billion for Apartment In-

come REIT, which has buildings in high-end coastal markets.

Other investors are more focused on middle-market housing, where they are under-terred by the glut of construction mostly concentrated in the higher end of the market.

“We are not directly competing with the new supply,” said Swarup Katari, managing partner in the real-estate group at investment giant Brookfield.

In May, Brookfield paid more than \$1.5 billion for 7,300 units in the Sunbelt, mostly in 30-year-old garden apartment complexes. The average rent for those units is about \$1,700.

Over the next five years, Brookfield plans to make renovations, raise rents and increase its cash profits at these properties by more than 34%, according to a bond offering detailing the business plan.

Citi Touts Its Quiet Windfall

Continued from page B1

“only Citi can do this.” The Citi Service units include:

Liquidity management and payments: These businesses help companies open bank accounts around the world; pay their employees and vendors; collect payments from customers; and execute their plans for where to keep that cash.

Trade-finance: This arm offers letters of credit that vouch for businesses looking to buy or sell across borders; assists in

establishing supply chains in new markets and lends money to smaller, local suppliers so that they can fulfill orders from big companies such as Apple.

Securities-services: Pekin’s group provides investment managers a place to park their assets and tracks the value of their funds and holdings. The unit also helps companies issue debt and equity securities.

The units serve some 5,000 of the world’s largest multinational companies and investment managers. The business focuses on companies with operations spread across the globe. It also serves the U.S. government and its embassies.

Underpinning most of those activities is a bank network with links into 190 countries.

Citi Services is Citi’s “bright shiny sun” around which its other businesses orbit, said analyst Mike Mayo.

He figures it is worth about \$90 billion to \$120 billion, while all of Citi is trading at a value of about \$114 billion.

The businesses have been relatively unfazed for two decades and continue to deepen their ties to the global economy.

Services has a steady stream of revenues from giant companies. Getting more of those clients to trade with Citi and turn to its bankers for advice is a key plank in Fraser’s overhaul.

Once one of Citi’s biggest Wall Street critics, Mayo recently turned more bullish about Citi thanks in part to Services. A few months ago, he started asking investors what they knew about Citi Services and its results. Not much, it turned out. Many couldn’t peg its annual revenue growth at 8%, or returns at more than 20%, far better

Futures Contracts

Table of Metal & Petroleum Futures contracts, including Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, and Natural Gas.

Table of Agriculture Futures contracts, including Corn, Soybeans, Soybean Meal, Soybean Oil, Rough Rice, Wheat, Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, and Milk.

Table of Interest Rate Futures contracts, including Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 2 Yr. Treasury Notes, 30 Day Federal Funds, and Three-Month SOFR.

Table of Index Futures contracts, including Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, and Mini S&P 500 VIX.

Mutual Funds

Table of Mutual Funds (Top 250) with columns for Fund, NAV, YTD Chg, and % Ret.

Table of Mutual Funds (continued) with columns for Fund, NAV, YTD Chg, and % Ret.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

When It Comes to Stocks, India Beats China

Not many stock markets can hold a candle to the red-hot Nasdaq. India is an exception. Strong profit growth, geopolitical tailwinds and favorable demographics present a compelling investment case for the country. From the end of 2019 through Tuesday, the MSCI India Index surged 110%, ahead of the U.S. tech-heavy index's 99% gain. Even more surprising, is how well India fared compared with what is—for now, at least—the world's largest emerging-stock market: MSCI China is down 30% over the same period.

The contrasting fortunes of the two Asian markets mirror their economic realities. China's housing market continues to be a drag on its economy while a crack-down sank the country's once-highflying tech companies. Chinese e-commerce giant **Alibaba** lost three-quarters of its value since its peak in 2020.

India's market is riding powerful economic tailwinds. Its economy grew 7.8% year over year in the first quarter—the fastest among major economies. That fed through to corporate earnings. Net profit for listed Indian com-



Developed countries' drive to diversify supply chains away from China led to an investment boom in manufacturing in India.

panies grew 17% year over year for the quarter ended in March, according to Morgan Stanley. Developed countries' drive to diversify supply chains away from China led to an investment boom in manufacturing. Its young population—India's median age is 28.6, compared with China's 39.5—makes it more appealing.

But differing growth rates explain only part of the discrepancy in stock performance. Higher multiples are driving the rally

and those are prone to overshoot or undershoot. The iShares MSCI India exchange-traded fund fetches 23 times forward earnings, rising from 19 times at the beginning of 2020, according to FactSet. A similar fund tracking Chinese stocks dropped from 12 times to below 10 times.

The other large global stock market with a similar price tag to India's is the U.S., led by artificial-intelligence darlings such as **Nvidia**. China is near the bottom

of the league table, sporting a multiple similar to that of slow-growing, heavily indebted Italy. Indian stocks trade at about a 60% premium to other markets in the Asia-Pacific region, excluding Japan, according to Goldman Sachs, compared with an average of 50% over the past five years.

Foreign investors have been net sellers of Indian stocks this year after \$21 billion of inflows in 2023, but much of that came after May when the Indian election

outcome was hanging in the balance. The MSCI India Index fell 6% on June 4 after early polls indicated Prime Minister Narendra Modi, an economic reformer and a favorite of Western investors, might not secure a parliamentary majority. The market rebounded as Modi's party managed to stay in power together with its allies. Foreign investors started tiptoeing back into the market in the past week.

India is a market global investors can't ignore. In the rebalancing effective at the end of last month, MSCI increased India's weighting while cutting that of China in its benchmark emerging markets index. India now makes up about 18%, up from 8% in 2020, while China's weighting declined to 27% from 40%, according to Northern Trust.

India has long been billed as the "next China," yet it has had many false starts. With a larger, younger population and a reformist wind at its back, India's stark valuation gap with the onetime emerging-market darling might not keep widening, but it certainly seems justified.

—Jacky Wong

Strong Industrial Production Offers Support

The U.S. economy is showing strength on the supply side. Retail sales data for May came in below expectations on Tuesday, but industrial production figures released the same day were surprisingly robust, painting a nuanced picture of the state of the economy.

Industrial production rose 0.9% in May from the prior month, Federal Reserve data showed, compared with a flat reading in April and a slightly negative one in March. That was much stronger than economists' expectations for a

0.4% rise, and the fastest increase since last July.

Industrial production data can be influenced by swings in electricity production on factors like the weather, but even excluding this, increases were broad-based. Compared with a year earlier, production of information processing equipment was up 4.8%, defense and space equipment was up 9.9% and chemical products was up 3.0%.

Even the 3.9% on-year increase in production by utilities is sending

a real economic signal, as it reflects rising energy demand from data centers and investment in artificial intelligence.

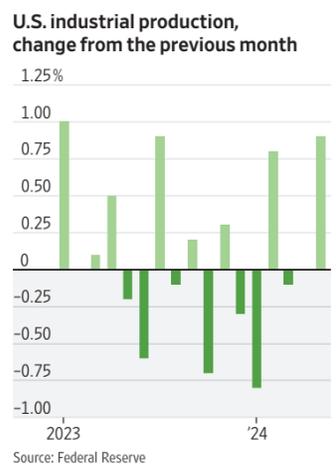
All in all, the news seemed enough to offset the economic impact of a 0.1% decline in retail sales, excluding autos, in May. Taking the two readings into account, economists at Goldman Sachs lowered their estimate of second-quarter gross-domestic-product growth by just 0.1 percentage point, to 2% annualized.

Especially encouraging was that

capacity utilization, though it moved up to 78.7% in May from 78.2% in April, remains almost a full percentage point below its long-run average, according to the Fed. This suggests there is room for industrial production to rise further with ease, perhaps with a catalyst such as lower interest rates.

If supply-side growth could at least partly take the baton from U.S. consumers who appear to be flagging, that would be an encouraging sign indeed.

—Aaron Back



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