

What's News

Business & Finance

- ◆ **Instagram regularly** recommends sexual videos to accounts for teenagers that appear interested in racy content, according to tests by The Wall Street Journal and an academic researcher. **A1**
- ◆ **Honeywell has struck** a roughly \$2 billion deal to buy aerospace and defense technology company CAES Systems from Advent International. **B1**
- ◆ **Thousands of car dealers** around the U.S. lost access for the second straight day to software that helps underpin their operations. **B1**
- ◆ **Kroger reported** a slight rise in quarterly sales, as more shoppers visited its stores, with food prices leveling out. **B2**
- ◆ **BP is taking** full control of its Brazilian biofuels joint venture with the acquisition of its partner's 50% shareholding valued at \$1.4 billion. **B3**
- ◆ **Eli Lilly is stepping up** its campaign against fake and counterfeit weight-loss drugs with more lawsuits. **B3**
- ◆ **Tate & Lyle agreed** to buy nature-based ingredient provider CP Kelco from J.M. Huber for \$1.8 billion. **B6**
- ◆ **Carlyle Group** is expanding its energy exploration and production assets by acquiring operations in Italy, Egypt and Croatia from Energean for up to \$945 million. **B10**
- ◆ **The S&P 500 declined** 0.3% after surpassing 5500 intraday for the first time. The Nasdaq dropped 0.8%, snapping a seven-session streak of record closes. The Dow climbed 0.8%. **B10**
- ◆ **The Bank of England** left its key interest rate at a 16-year high of 5.25%. **A5**

World-Wide

- ◆ **The Supreme Court** rejected a challenge from conservative activists to a one-time tax on certain foreign investments, but left unresolved questions about whether some leading Democratic revenue-raising ideas are constitutional. **A1**
- ◆ **More American children** than ever are qualifying for special education as a record 7.5 million got access to services in the 2022-23 school year, but schools are struggling to find enough teachers to meet their needs. **A1**
- ◆ **Tropical storm Alberto** lashed into Mexico's Gulf Coast, bringing heavy rain and flooding to parts of Mexico, where at least three died, and southern Texas. **A3**
- ◆ **The Biden administration** said it would ban sales in the U.S. of software built by Russian antivirus vendor Kaspersky Lab, citing national security threats. **A3**
- ◆ **The IRS is planning** to deny billions of dollars of what it says are improper claims for a popular pandemic-era tax credit. **A3**
- ◆ **The Biden administration** will rush the delivery of air-defense interceptors to Ukraine by halting delivery to allied nations. **A5**
- ◆ **A rift between** Netanyahu and Israel's military leadership is spilling increasingly into the open after the armed forces' top spokesman said the prime minister's aim of destroying Hamas in Gaza is unachievable. **A6**
- ◆ **Died: Donald Sutherland**, "M*A*S*H" and "Hunger Games" actor, 88. **A4**

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Storm of Protest Sweeps Kenya Over Finance Bill



CLASHES: A demonstrator holds an umbrella for protection as police fire water cannons and tear gas in Nairobi on Thursday. Thousands of mostly young people rallied across the country, demanding Parliament vote down proposed tax increases. **A7**

Justices Uphold Tax on Foreign Earnings

Ruling ends suit that some observers said would 'blow up' how U.S. raises revenue

BY JESS BRAVIN AND RICHARD RUBIN

WASHINGTON—The Supreme Court rejected a challenge from conservative activists to a one-time tax on certain foreign investments, but left unresolved questions about whether some leading Democratic revenue-raising ideas are constitutional.

The decision on Thursday keeps intact a tax on accumulated foreign profits that Congress created in 2017 as part of then-President Donald Trump's tax law, and it spares lawmakers the complications that could have arisen from a decision invalidating aspects of congressional taxing power.

The court, in an opinion by Justice Brett Kavanaugh, said the tax aligned with long-standing precedents and congressional practices by attributing income realized by an India-based corporation to its U.S. shareholders, the same "pass-through" approach used since 1962 for U.S.-controlled foreign companies.

"This Court has long upheld taxes of that kind, and we do the same today," Kavanaugh wrote, joined by Chief Justice John Roberts and Justices Sonia Sotomayor, Elena Kagan and Ketanji Brown Jackson. But he added that related questions about the scope of federal taxing power, including the legality of proposals to tax wealth and unrealized capital gains, were "potential issues for another day."

Tax lawyers and policymakers
Please turn to page A2

Instagram Points Young Teens To Sexual Videos, Tests Show

BY JEFF HORWITZ

Instagram regularly recommends sexual videos to accounts for teenagers that appear interested in racy content and does so within minutes of when they first log in, according to tests by The Wall Street Journal and an academic researcher.

The tests, run over seven months ended in June, show the social-media service continued pushing adult-oriented content to minors after parent Meta Platforms said in January that it was giving teens a more

age-appropriate experience by restricting what it calls sensitive content including sexually suggestive material.

Separate testing by the Journal and Laura Edelson, a computer-science professor at Northeastern University, used similar methodology, involving setting up new accounts with ages listed as 13. The accounts watched Instagram's curated video stream, known as Reels.

Instagram served a mix of videos that, from the start, included moderately racy content such as women dancing seductively or posing in posi-

tions that emphasized their breasts. When the accounts skipped past other clips but watched those racy videos to completion, Reels recommended edgier content.

Adult sex-content creators began appearing in the feeds in as little as three minutes. After less than 20 minutes watching Reels, the test accounts' feeds were dominated by promotions for such creators, some offering to send nude photos to users who engaged with their posts.

Similar tests on the short-video products of Snapchat

and TikTok didn't produce the same sexualized content for underage users.

"All three platforms also say that there are differences in what content will be recommended to teens," Edelson said. "But even the adult experience on TikTok appears to have much less explicit content than the teen experience on Reels."

Meta dismissed the test findings as unrepresentative of teens' overall experience.

"This was an artificial experiment that doesn't match the reality of how teens use
Please turn to page A4

Special Education Outgrows Resources

BY SARA RANDAZZO AND MATT BARNUM

More U.S. children than ever are qualifying for special education, but schools are struggling to find enough teachers to meet their needs.

As of 2022-23, a record 7.5 million students got access to special-education services in U.S. schools, including children with autism, speech impairments and attention-deficit hyperactivity disorder. That is 15.2% of the public-school student population, up from less than 13% a decade earlier, the most recent federal data show.

Several factors are driving the increase. Pandemic disruptions left kids with lingering learning and behavioral challenges. Parents have become more assertive about asking for services, as the stigma around

special education has lessened. Autism diagnoses have also risen in recent decades, and the state of Texas has seen a boom in special education since changing an approach that had limited access.

Students with disabilities benefit from services such as speech therapy, specialized reading lessons or personal classroom aides. Yet many schools report being understaffed in special education. And now, with federal Covid relief aid set to expire this fall, districts face growing pressure on their budgets.

"We are in a situation right now that is not sustainable," said Kevin Rubenstein, who oversees special education for an 8,000-student suburban Chicago district. "We continue to struggle to make sure
Please turn to page A4

INSIDE



MANSION

A couple tackles a 400-year-old fixer-upper on a sprawling English country estate. **M1**

BUSINESS & FINANCE

Companies that once championed diversity programs are now tiptoeing away. **B1**

Judge's Girlfriend Profited in His Federal Court

Law firms enlisted a local Texas attorney who lived with the judge

An unsigned, one-page bombshell of a letter made the rounds at Kirkland & Ellis, the world's largest law

By Alexander Gladstone, Andrew Scurria and Akiko Matsuda

firm by revenue. It threatened havoc for the firm and others that did business before the most powerful bankruptcy judge in the U.S. The letter alleged that U.S. Bankruptcy Judge David

R. Jones, chief of the bankruptcy court in Houston, was in a romantic relationship with Elizabeth Freeman, a Texas attorney who as Kirkland's co-counsel helped the firm shepherd multibillion-dollar cases in Jones's courtroom.

The intimate relationship was the reason Freeman and her law firm, Jackson Walker, were often brought in to represent large corporations, knowing they would likely have "the judge in
Please turn to page A9

Wine, Reiki, the Middle Seat: The Secrets of Jittery Fliers

Community of flight-anxious trade tips, from lifting feet to...pilot lessons?

BY SEBASTIAN HERRERA

Austin Heath is terrified of air travel. So he decided to fly around the world.

Last summer, Heath embarked on a nearly yearlong journey spanning Asia, Africa, Europe and South America. It included flights through mountainous terrains and violent rainstorms. For his first trip, he purposely flew into Madeira Airport in Portu-

gal, regarded by some pilots as one of the world's most difficult places to land due to its short runway found between hills and the ocean.

"I wanted to start the trip out with a bang," said Heath, 27, who has worked in banking and lives in the Baltimore area. "I felt like if I could land at this airport, I could land anywhere."

Recent months have seen
Please turn to page A6



Buckle down

Record Temperatures Heat Up Utility Bills

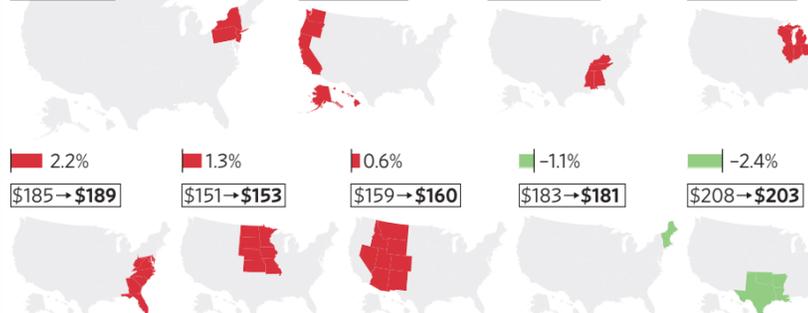
The average monthly home power bill is expected to rise 3% to \$173 this summer, with the biggest increases along the Pacific Ocean and in New York, New Jersey and Pennsylvania. **A3**

Projected monthly power bills for summer

CHANGE FROM SUMMER 2023



VALUE BY REGION 2023→2024



Note: Projected average costs Source: Energy Information Administration

Ashley Cai/THE WALL STREET JOURNAL



U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Why Far Right Won't Spark a Euro Crisis



Veterans of European crises got a sickening sense of déjà vu this past week.

After French President Emmanuel Macron called snap parliamentary elections, European stock markets sold off, the euro dipped and, most ominously, the yield on French government bonds jumped, with the spread over German yields hitting its highest since 2017.

The reason: fears that the far-right, euroskeptic National Rally, headed by Marine Le Pen, after trouncing Macron's centrists in European Parliament elections, could emerge to lead the French government. (Regardless of the outcome, Macron will remain president through 2027 and in charge of foreign and defense policy.)

Since a debt crisis beginning in Greece in 2009 almost destroyed the euro, investors have been alert to anything that threatens the survival of the European Union or the common currency shared by 20 of its 27 members.

But an RN victory wouldn't qualify. As Europe's far-right parties have crept closer to power, their stated goals have shifted from leaving the EU to reforming it from within. The underappreciated story of Europe's election season isn't the fragility of the EU and euro, but their resilience.

This runs counter to the overall retreat of globalization and supranational gover-

nance that began in 2016 with Brexit, Britain's vote to leave the EU, and Donald Trump's election as president on a nationalist, protectionist platform.

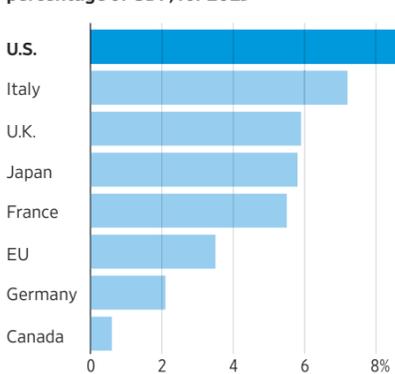
The National Rally was founded as the National Front in 1972 by Jean-Marie Le Pen, who bashed Muslims, denied the Holocaust and called the Maastricht Treaty, which paved the way for euro introduction in 1999, the "death of France...concocted secretly in the offices of internationalist technocrats and the dens of international financiers."

Le Pen's daughter Marine took over the party in 2011 and then expelled her father in 2015 in an effort to make the party more acceptable to mainstream voters. But she retained her father's hostility to immigration, the EU and the euro.

The debt crisis that began in Greece in 2009 exposed the common currency's underlying contradictions. By allowing countries with higher inflation such as Greece and Spain to borrow at the same low interest rates as Germany, it fueled the growth of unsustainable debts.

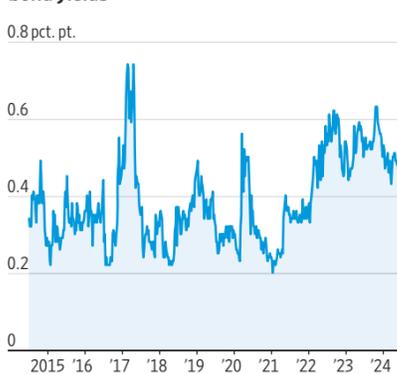
Yet the euro survived because its political popularity trumped its economic flaws: The public feared having their savings redenominated into a depreciating local currency. The political and economic chaos of Brexit discouraged other countries

Total government budget deficit as a percentage of GDP, for 2023



Sources: U.K. Office for National Statistics, International Monetary Fund (budget deficit); Tullett Prebon (bond yields)

French minus German 10-year government bond yields



from following suit. It was a key reason Marine Le Pen lost decisively to Macron in the 2017 presidential election.

Inflation in recent years has only heightened mistrust of monetary adventurism. Even leaders skeptical of free markets, such as the newly elected president of Mexico and the re-elected president of South Africa, have had to affirm the independence of their central banks. Trump, should he be elected this fall, might find tampering with the Federal Reserve's independence, as some allies propose, unpopular.

In recent years, right-wing movements have been busy recanting plans to ditch the EU and the euro, while remaining opposed to immigration. "Our Macronist opponents accuse us...of being in favor of a Brexit [French

Brexit], of wanting to take power so as to leave the EU," Jordan Bardella, the RN's candidate for prime minister, said in May. But "you don't leave the table when you're about to win the game."

After the populist Party for Freedom won the Netherlands' election in the fall, leader Geert Wilders dropped a long-standing demand for a referendum on EU membership.

After becoming prime minister of Italy, Giorgia Meloni did a U-turn from vocal EU critic to team player, backing support for Ukraine and co-operating on a fix for Italy's finances. Germany's AfD still wants out of the EU, which may be one reason it performed poorly in the European Parliament elections.

The RN still has many positions at odds with EU membership, from favoring French

companies for government contracts to opting out of the European electricity market.

The key flashpoint, though, is France's shaky finances. Last year its budget deficit was the eurozone's second largest, after Italy, as a share of gross domestic product, at 5.5%, and its debt, at 111%, was third highest. The RN's previously stated plans, which include slashing the value-added tax on energy and rolling back Macron's increase in the pension retirement age, could boost the deficit further.

On Wednesday the European Commission, the bloc's executive arm, notified Paris it was in breach of the bloc's 3% deficit limit.

Brussels has long given France a long leash on deficits because it is politically

and financially too important to fail. A showdown with an RN government could fray the bloc's credibility and cohesiveness.

Yet even if it defies Brussels, the RN's room for maneuver remains circumscribed by the euro. French bond yields have risen because, unlike the U.S. and Britain, which have larger deficits as a share of GDP, France doesn't control the currency in which it borrows and is thus at greater risk of default.

The European Central Bank can buy member nation bonds whose yields have risen excessively—provided the country is fiscally sound or headed that way. If RN obstinacy caused bond yields across the eurozone to shoot up, Krishna Guha of Evercore ISI thinks the ECB might support the bonds of cooperative countries such as Italy but not "the country that is causing the stress," i.e., France. The turmoil, he argued in a recent report, "would almost certainly end in a new RN government either falling or reaching some compromise" with Brussels.

Le Pen and Bardella no doubt understand these constraints, which may be why they have begun hedging their plans, making them conditional on the outcome of a public audit.

The far right might want a different path from the rest of Europe, but its freedom is limited if it wants to keep the euro. And voters clearly do.

U.S. WATCH



STILL GOT IT: Bill Greason, 99 years old, a teammate of the late Willie Mays on the Birmingham Black Barons in the Negro Leagues, threw out the ceremonial first pitch before a game between the Giants and Cardinals at Rickwood Field on Thursday in Birmingham, Ala. The game was meant to celebrate the Negro Leagues and came just days after Mays's death.

CAMPAIGN SPENDING

Wealthy Step Up Big Donations

With weeks to go until the conventions, Donald Trump and President Biden are getting significant financial support from just a handful of donors.

On Thursday, the pro-Trump super PAC Make America Great Again reported a \$50 million donation—the largest this cycle—from Tim Mellon, an heir to the Mellon fortune. He contributed the sum the day after Trump was convicted in Manhattan on 34 felony charges.

Mellon's gift comes on top of \$25 million he has given to Make America Great Again since 2023 and a similar amount he has donated to a super PAC supporting independent presidential candidate Robert F. Kennedy Jr.

Meanwhile, former New York Mayor Michael Bloomberg gave about \$19 million to a pro-Biden super PAC and roughly \$1 million to a separate Biden fundraising arm, according to a person familiar with the donations.

Trump's campaign earlier this month said its fundraising arms—apart from super PACs—raised a combined \$141 million in May, while Biden's said it pulled in \$85 million.

—Anthony DeBarros and Jack Gillum

CALIFORNIA

Court Cuts Ballot Measure on Taxes

The California Supreme Court on Thursday removed a measure from the November ballot that would have made it harder to raise taxes, siding with Gov. Gavin Newsom and his Democratic allies in the state Legislature.

The measure would have required voter approval for tax increases passed by the state Legislature. It also would have raised the threshold required for voter approval of certain local government tax increases to a two-thirds vote at the polls. Currently those tax increases can take effect if a simple majority of voters approve.

Newsom has opposed many tax increases during his time in office. But he sued to block this measure, saying it would harm local governments and take away the Legislature's ability to raise taxes.

Supporters of the ballot measure argued that California has become too expensive and voters need more control over taxes.

In a unanimous decision, the court ruled the measure couldn't be enacted by ballot initiative because it "would substantially alter our basic plan of government."

—Associated Press

Foreign Earnings Tax Upheld

Continued from Page One
ers had been watching the case closely because the challengers' arguments for why this piece of the tax code was unconstitutional could have applied to many longstanding features of the tax system, and Kavanaugh noted the potential "blast radius" of the legal theory behind the case.

A ruling for the plaintiffs could "require Congress to either drastically cut critical national programs or significantly increase taxes on the remaining sources available to it—including, of course, on ordinary Americans," Kavanaugh wrote. "The Constitution does not require that fiscal calamity."

A broad ruling for the government, meanwhile, could have firmly opened the door to other progressive tax ideas. But while the majority didn't foreclose such proposals, four justices argued that the Constitution permits taxation only of realized income.

Justice Amy Coney Barrett,

joined by Justice Samuel Alito, made that view clear in a concurring opinion. She voted to let the 2017 tax survive only because of what she saw as flaws in the plaintiffs' argument that undercut their claim for a tax refund.

Justice Clarence Thomas dissented, joined by Justice Neil Gorsuch. Thomas argued the constitutional provision permitting Congress "to lay and collect taxes on incomes, from whatever source derived" covered only investment gains the taxpayer has received because the words "'realize' and 'derive' have long referred to the same concept."

The 16th Amendment's ratification in 1913 gave Congress explicit authority to tax income without requiring that each state's residents pay in proportion to their population, as the original Constitution requires for certain "direct" taxes. But the 30-word amendment doesn't define what income is or whether it must be received or realized before it can be taxed.

Seizing on a one-time provision of the 2017 tax overhaul, conservative activists filed suit seeking to exclude from that definition unrealized gains—that is, the increase in an asset's value that hasn't yet been cashed in.

The case before the court,

Moore v. U.S., involved a \$14,729 refund sought by Charles and Kathleen Moore, a Redmond, Wash., couple that invested in an overseas company that had made profits but not distributed them to the company's owners. But behind the suit was a pre-emptive move against minimum taxes on wealthy people and other progressive revenue policies proposed by left-leaning politicians including President Biden and Sens. Bernie Sanders (I, Vt.) and Elizabeth Warren (D, Mass.).

Kavanaugh's opinion didn't answer the question the court asked itself: whether realization is required under the 16th Amendment. Instead, he wrote that that wasn't necessary to rule in this case, and he repeatedly described the court's holding as narrowly applying to situations where an entity's owners are taxed on income that hasn't been taxed at the entity level. Kavanaugh made clear that the court wasn't blessing any congressional attempts to tax an entity and its shareholders on the same income.

"This was a loss for the Moores, but it leaves the realization requirement alive and well and that's a victory for all taxpayers," said Sam Kazman, an attorney with the Competitive Enterprise Institute, an

advocacy group that represented the couple.

The Justice and Treasury departments declined to comment.

"Right-wing billionaires hoped an obscure legal case would blow up the tax code to avoid paying what they owe, but this effort failed at the Supreme Court," Warren said on X Thursday.

The Internal Revenue Code long has sought to capture some unrealized gains, sometimes to prevent tax evasion or gaps in the tax system. The provision called Subpart F, for instance, has since 1962 required many U.S. shareholders in foreign corporations to pay taxes on their pro rata portions of those companies' undistributed passive income.

But the dispute over what the Constitution allows emerged with force after a Republican-controlled Congress passed the 2017 tax law, which included a one-time charge on profits that U.S. companies held in their overseas subsidiaries as part of the transition to a new international tax system.

The one-off tax also applied to some individuals, such as the Moores, who owned more than 10% of a foreign company. In suing to invalidate the tax, they argued that appreciation of their assets

couldn't be considered income until they received a payout.

The Justice Department argued that rather than imposing a formal line between appreciation and realization, the 16th Amendment's broad language, covering incomes "from whatever source derived," left to congressional judgment when in the financial cycle taxes may be imposed.

Tax lawyers thought that a win for the Moores, unless narrowly drawn, could have put into question sections of the tax code involving partnerships, S corporations and other business arrangements that increase wealth but might not meet a strict definition of received income. The court's ruling, cognizant of challenges to large chunks of the tax system, prevented such an outcome.

"It leaves the government's taxing power in a pretty strong place," said John Brooks, a law professor at Fordham University, who co-wrote a brief asking the court to rule against the Moores.

The Moores argued the 2017 tax was unlike anything Congress had done before, trying to draw a line that would preserve other features of the tax code but defeat this levy and yield a ruling restricting other tax ideas. Kavanaugh rejected that idea.

CORRECTIONS & AMPLIFICATIONS

The name of Mount Ararat in Saudi Arabia was given incorrectly as Mount Ararat in a World Watch article on Monday about the Hajj.

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U.S. NEWS

Storm Hits Texas and Mexico's Gulf Coast

Tropical storm Alberto lashed into Mexico's Gulf Coast, bringing heavy rain and flooding to parts of southern Texas and Mexico.

Alberto, the first named storm of what is expected to be a busy Atlantic hurricane season, made landfall early Thursday near the Mexican port of Tampico. It weakened rapidly to a tropical depression as it moved inland.

Millions of people were under flood warnings as the large storm brought rain to northeastern Mexico and battered the Texas Gulf Coast.

At least three people were killed in the Mexican state of Nuevo León on Wednesday, local media reported.

Parts of coastal Texas around the city of Galveston saw severe flooding overnight. The city of Jamaica Beach, south of Galveston, was submerged in water.

In Surfside Beach, Texas, pictured, emergency services conducted rescues overnight Wednesday into Thursday, and the city closed the beach, asking visitors to avoid the area.

—Anthony Harrup



DAVID J. PHILLIPS/ASSOCIATED PRESS

Kaspersky Software Faces U.S. Sales Ban

By DUSTIN VOLZ

WASHINGTON—The Biden administration on Thursday said it would ban sales in the U.S. of software built by Russian antivirus vendor Kaspersky Lab, acting on longstanding concerns that the software firm poses a significant national-security threat.

U.S. officials described the ban as a “full prohibition” on selling to U.S. businesses or individuals. Additionally, the administration is adding Kaspersky Lab to a list that limits U.S. suppliers from doing business with the company.

The moves are the most significant action taken to date by the U.S. government against Kaspersky Lab, a company with hundreds of millions of customers worldwide. It has struggled for years to quell concerns among Western security officials that it could be a digital Trojan Horse unwittingly allowed entry into sensitive computer networks.

“Kaspersky believes that the Department of Commerce made its decision based on the present geopolitical climate and theoretical concerns,” the company said in a statement. “Kaspersky does not engage in activities which threaten U.S. national security.”

The firm, whose software was purged from U.S. federal government networks during the Trump administration, has denied that it works with Russia or any government to facilitate cyber espionage or other malicious cyber activity.

Commerce Secretary Gina Raimondo said the ban was the first of its kind by the Commerce Department imposed on a foreign company and resulted from an “extremely thorough investigation” into the firm. It was motivated in part by Kaspersky Lab’s alleged ties to the Russian government, which Raimondo said could compel the company to abuse its software embedded on customer computers, as well as Russia’s continued offensive cyber operations against the U.S.

The Biden administration had been considering taking actions against Kaspersky Lab since the start of Russia’s invasion in Ukraine in 2022, according to current and former officials.

Some officials were hesitant over uncertainty about how widely embedded Kaspersky products are in U.S. networks and the potential that an overly broad restriction could lead to unintended consequences, such as jeopardizing the functionality of other software.

The new actions bar Kaspersky Lab from entering into new agreements with U.S. customers beginning July 20.

In Comes the Heat and Higher Electric Bills

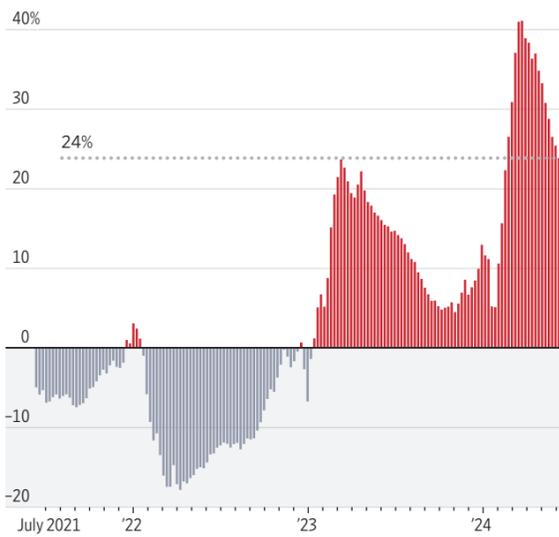
By RYAN DEZEMBER

Natural-gas futures price, weekly

\$10 per million British thermal units



Natural-gas inventories versus rolling five-year average, weekly



Sources: FactSet (futures price); Energy Information Administration (inventories)

Summer is off to a sizzling start, which means higher electricity bills are on their way.

The Energy Information Administration expects the U.S. average monthly residential power bill to rise to \$173 in June, July and August, up 3% from last summer.

The government’s estimates are subject to the weather, of course. But the biggest bumps in electricity expenses will likely occur along the Pacific Ocean and in New York, New Jersey and Pennsylvania.

New Englanders can expect to receive smaller bills than in 2023, according to the EIA. So should residents of Texas, Oklahoma, Arkansas and Louisiana, who nonetheless can anticipate another summer of America’s biggest power bills, the EIA said.

The Southwest has been baking and a high-pressure ridge smothering the East is expected to bring triple-digit temperatures to Washington, D.C., this weekend for the first time since 2016. It snowed in Montana this week, but the Northwest is heating up and is forecast to join the rest of the country with above-normal temperatures next week.

This month will likely wind up being the warmest June in records dating back to 1950, both in terms of actual temperature and cooling-degree days, said Steve Silver, senior meteorologist at Maxar. Cooling-degree days are a population-weighted measure of temperatures above 65 degrees Fahrenheit that energy traders use to gauge demand.

“I wouldn’t expect a big change to a much cooler pat-

tern for the rest of summer,” Silver said. “As far as whether we’ll be talking continued record heat, I think it’s a little too early to speculate on that.”

Air-conditioning season would be even more expensive had it not been so warm this past winter. With less need for heat, a lot of natural gas was left unburned. Prices plunged into spring, when demand for gas is low.

Though renewable energy production—particularly solar—is booming, burning natural gas remains the dominant means of producing electricity in the U.S. It accounted for 43% of utility-scale power generation last year, more than the next three biggest sources—nuclear, coal and wind—combined, according to EIA data.

Earlier this year, natural-gas futures hit their lowest inflation-adjusted prices since trading began on the New York Mercantile Exchange in 1990. Big producers, including **Chesapeake Energy** and **EOG Resources**, dialed back output to keep the glut from getting bigger and hold back gas until prices improved.

Chesapeake, for example, began curtailing its output in February when prices bottomed out, and has drilled but not completed wells and deferred connecting others to pipelines.

Chesapeake started April holding back about 500 million cubic feet a day, but has been slowly bringing that production back on line in recent weeks as prices improved, Chief Executive Nick Dell’Osso told investors Tuesday at a conference.

“When you think about the demand spike that we should see in the Northeast going into this weekend, as it’s going to be

very hot, we would be ready with additional volumes to bring to market,” Dell’Osso said.

EOG throttled back output from its big new gas field in South Texas. The Houston-based company will wait to complete wells until later this year when new export terminals for liquefied natural gas are expected to open and lift demand and prices, Chief Operating Officer Jeff Leitzell said at the same conference this week in New York.

“Obviously that’s worked out,” Leitzell said. “We’ll see kind of what type of summer we have from a weather standpoint.”

The curtailments have already eaten into the glut. In late March, when prices bottomed, there was 41% more gas in domestic storage caverns than the five-year average for that time of year. Last week, the EIA data showed that stockpiles were down to 24% above the normal level for early June.

Gas prices have risen as inventories have been burned down. Futures for July delivery ended Thursday at \$2.741 per million British thermal units, up 74% from the low in late March and 5.1% higher than a year ago.

Futures have recently traded even higher, rising last week above \$3 for the first time since November. They retreated after developers of the Mountain Valley Pipeline told regulators that the 303-mile conduit was ready to move gas to market from prolific drilling fields in Ohio, Pennsylvania and West Virginia.

On Thursday, Tropical Storm Alberto soaked the Texas coast, cooling off the region and pushing down futures an additional 5.8%.

IRS to Deny Billions of Dollars in Covid Tax-Credit Claims

By RICHARD RUBIN AND RUTH SIMON

The Internal Revenue Service is planning to deny billions of dollars of what it says are improper claims for a popular pandemic-era tax credit, while starting to gradually pay out some claims that have been sitting at the tax agency for more than nine months.

The IRS, following a long review of the employee retention tax credit, plans to maintain a moratorium on processing claims filed since mid-September 2023. The agency had said it hoped to resume significant processing of claims in late spring.

The effort represents the government’s latest move to deal with the twin problems of the credit known as the ERC that Congress created to encourage employers to keep workers on their payrolls during the pandemic.

On one hand, the IRS is trying to stop a wave of fraud. Pop-up firms and marketers created a mini-industry that encouraged a flood of claims

long after the pandemic’s emergency-phase ended—many of which the IRS has said are questionable. The program has cost the government roughly \$230 billion, about triple early projections. And although the credit expired in 2021, employers can still file amended tax returns to claim up to \$21,000 per employee for tax year 2021.

On the other hand, in the pile of more than one million pending claims, there are legitimate claims mixed in with fraudulent and improper ones, and some employers are counting on that money to survive. In addition, for every day that goes by, the IRS owes those taxpayers more interest along with their refunds.

The IRS has taken several steps already to curb abuse of the program. It has let taxpayers withdraw unpaid claims, increased audits, started criminal investigations and created a voluntary disclosure program so employers can give back money they don’t think they deserve.

Since last September, the

IRS has been analyzing its pile of claims and trying to find a way to decide which ones to pay and which to reject.

Meanwhile, the House voted in January to end the ERC for claims filed after Jan. 31, 2024, a move that is estimated to save the government almost \$80 billion. But that legislation, which would also revive expired business tax provisions and expand the child tax credit, has stalled in the Senate.

In coming weeks, the IRS plans to deny tens of thousands of claims that had shown the greatest risk of being improper, the agency said. It will continue to analyze an even larger batch of claims that showed an “unacceptable” level of risk. About 60% to 70% of the one million pending claims it reviewed carry unacceptable risk, while 10% to 20% fall into the highest

risk category, the agency said.

In some cases, said IRS Commissioner Danny Werfel, claims are obviously ineligible based on the claim itself; in other cases, the IRS may need additional documentation from the taxpayer.

“The IRS remains deeply concerned about how many taxpayers have been misled and deluded by promoters into thinking they’re eligible for a big payday,” Werfel said in a statement. “People may think they are on safe ground, but many are simply not eligible under the

law.” The backlog of unprocessed ERC claims had swelled to 1.4 million by mid-May, including 880,000 filed prior to the moratorium, the government said in a June court filing. Since the moratorium started, the IRS had processed 28,000 claims totaling \$2.2 billion

and disallowed more than 14,000 claims worth more than \$1 billion, the agency said.

But that would leave more than a million claims still waiting, some legitimate and some not. Some employers say they have waited a year or more for the agency to process what they think are valid claims for refunds. Lawmakers such as Sen. Tommy Tuberville (R., Ala.) have been pressing the IRS to accelerate payouts.

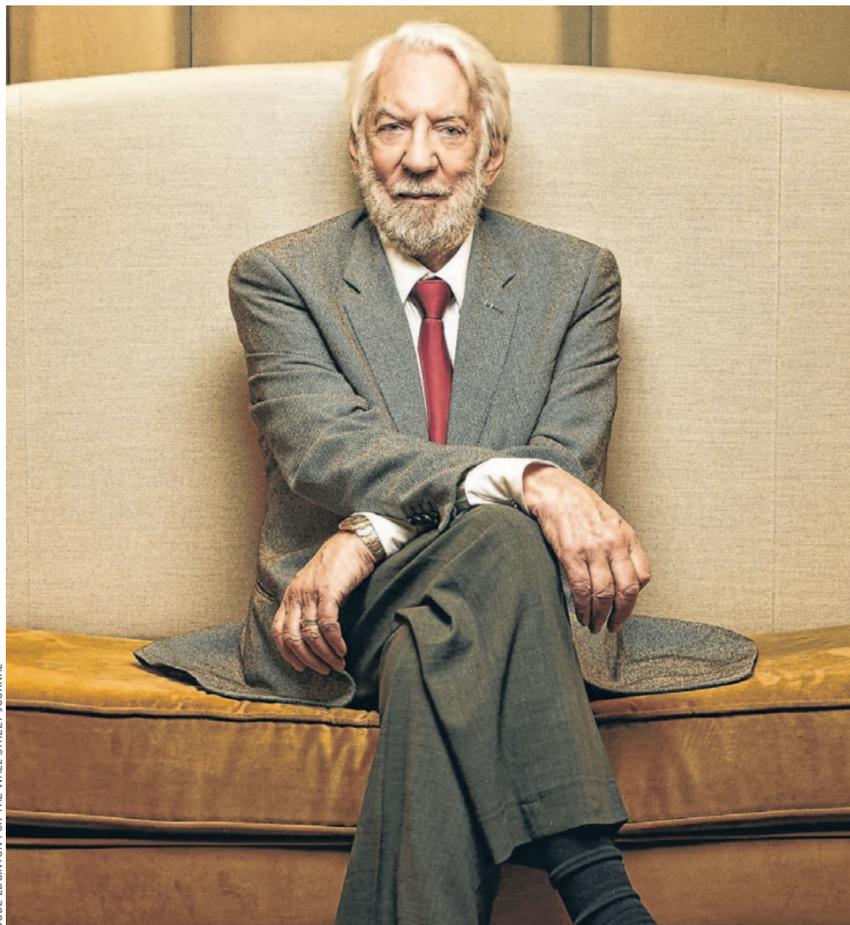
The IRS said it would generally process the oldest claims first and that those payments will start going out this summer, but at a slower pace than the IRS had paid ERC claims earlier in the pandemic. The agency will keep the moratorium in place for claims filed since the September announcement.

Werfel said the IRS can’t safely end the moratorium unless Congress passes the legislation to set the cutoff date for new claims. Otherwise, he said, a new flood of claims might emerge.

The backlog of unprocessed ERC claims was 1.4 million in mid-May.

U.S. NEWS

Star Spanned ‘M*A*S*H’ to ‘Hunger Games’



Donald Sutherland's role in the 'Hunger Games' franchise introduced him to a new generation.

‘I loved every role I’ve ever played, even the tyrannical villains’

By ALYSSA LUKPAT

Donald Sutherland, an actor with cross-generational appeal who starred in hits including “M*A*S*H” and the “Hunger Games” movie franchise, has died, his son said Thursday. He was 88.

Kiefer Sutherland, an actor and star of the TV show “24,” announced the death in a social-media post, saying, “He loved what he did and did what he loved, and one can never ask for more than that. A life well lived.”

OBITUARY DONALD SUTHERLAND 1935–2024

The Canadian actor had a career that spanned seven decades. His big break came in the 1967 film “The Dirty Dozen,” where he played one of a dozen convicted murderers sent to assassinate German officers during World War II.

He was nominated for a Golden Globe for his role in “M*A*S*H” as Hawkeye Pierce, a surgeon in the Korean War.

Other films included “Invasion of the Body Snatchers” and “Animal House,” both in 1978, and “Buffy the Vampire Slayer” in 1992.

To younger audiences, he was known for his turn as the antagonist President Snow in the “Hunger Games” franchise from 2012 to 2015.

He said in 2012, “I’ve made over 130 films and I loved every role I’ve ever played, even the tyrannical villains.”

Sutherland was an ardent antiwar activist. He told The Wall Street Journal in 2015, “War exists for profit, for oil, for money, for territory. Excuse me, but how can the good guys be doing that?” He added, “It is always the kids, and it’s the poor kids who are always sent.”

He embraced the “Hunger Games” franchise partly because of his activism. After he read the script for the first movie, he sent his agent a long analysis of why the movie—with its antiwar sentiments—was a must-see for young people. He played the president of a fictional country that forces some teenagers to compete in a fight to the death. The franchise was a hit among younger audiences and introduced him to a new generation of fans.

Born in New Brunswick,

Canada, Sutherland was always interested in acting, but his father encouraged him to have a fallback plan. He initially studied engineering at the University of Toronto.

“The professors of engineering, they suggested I leave after my third year,” he said in 2015.

He graduated with a degree in English literature and then went to London for drama school, where he and the teachers didn’t always get along. One suggested he become a truck driver.

He didn’t listen to her, and eventually he landed his first feature film role in a 1964 Italian horror movie. He met his second wife, actress Shirley Douglas, during filming and they had two children, Kiefer and Rachel. He later had three children with his third wife, Francine Racette.

Sutherland went on to act in a string of films and TV shows over the next several decades. He said in 2015 that Hollywood hadn’t changed much since he started acting in the 1960s.

“Obviously the mechanics of it have and the corporate structure of it have,” he said, but noted the kinds of films have stayed the same. Still, he said, “The advent of television has obviously taken B movies’ place.”

Special Ed Outgrows Resources

Continued from Page One that we have enough teachers in place.”

Smaller classes

Georgia parent Joshua Caines appreciated the special-education services his local public elementary school provided for his now 12-year-old son, whose autism and ADHD affect his attention and ability to hand-write, among other things.

Caines worried, though, about middle school, and whether a larger campus and class sizes would overwhelm his son, who learns better around people he’s familiar with. So for sixth grade he moved him to a Christian private school, where he is in classes with fewer than 10 students.

“It wasn’t a decision that we took lightly,” said Caines, who works as a pastor. “If I felt my child could get the resources he needed in public school, we would have kept him there.”

Under federal law, children in public schools qualify for special education if they are

identified as having certain disabilities that hinder educational performance. School staff work with families to create an individualized education program, or IEP, which details goals and supports. Parents who disagree with what is offered can legally challenge school districts.

Pandemic factor

Virtual learning during the pandemic initially made it more difficult for students with disabilities to receive services and to be identified for special education. Some parents helping their children at home, however, became more aware of challenges they faced, which expanded while school buildings were closed.

Since students returned to school, special-education teachers said they are seeing more mental-health issues and extreme behaviors, including students hitting staff, making lewd remarks and throwing furniture. Having the right support, like an aide to help a student calm down when stressed, can alleviate the behaviors.

“Traditionally there have been a lot of kids who were able to skate by and maintain at a level where they didn’t get flagged,” said Katy Chaffin, a special-education teacher in San Diego. “When you take years of school closure, for those kids, they’ve fallen so much farther behind.”

Decades ago, special-education students were often isolated from the rest of the school community. Now, students with disabilities are increasingly integrated into general-education classrooms. This has led parents to be more open to special education.

“That is where kids belong—together and seeing that everybody is different,” said Lisa Honas, an elementary-school principal in Idaho whose 6-year-old daughter has Down syndrome and is nonverbal.

As more students qualify for services, persistent recruiting challenges for spe-

cial-education teachers and aides and federal funding shortfalls have challenged school districts.

In the fall of 2023, one in five public schools reported not being fully staffed in special education, a higher rate than any other teaching position, according to a federal survey.

School budgets have been flush of late and have risen over time. But money is expected to be tighter as temporary Covid aid winds down.

The 1970s-era federal law that created the special education system authorizes federal funding for up to 40% of the

costs to provide the services, but the federal contribution has always fallen far short of that. Adjusted for inflation, regular federal funding for the law has fallen since 2010, according to figures compiled by the U.S. Department of Education.

A separate legal avenue for children with disabilities is a 504 plan, which guarantees school accommodations such as extra time on tests. The share of students receiving a 504 rose to 3.3% in the 2020-21 school year from 1% in 2009-10, according to an analysis of federal data by Perry Zirkel, an education-law researcher.

Implementing these plans is “all at the cost of the local district’s budget,” said Zirkel, because unlike for students on IEPs, there is no additional funding provided by states or the federal government for students receiving a 504.

Budget strain

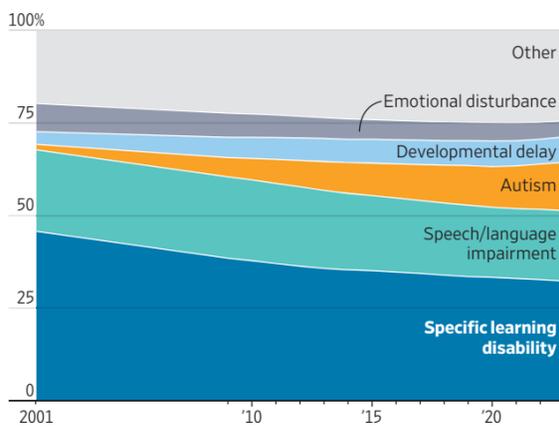
Special-education numbers have grown at an especially fast clip in Texas—to more than 700,000 students in 2022-23 from fewer than half a million in 2015-16. In 2018, following a Houston Chronicle investigation, the U.S. Department of Education found the state pressured school districts to keep disability figures low.

“Kids were being underidentified for years and years and years,” said Alyssa Potasznik, a special-education teacher in Texas until 2022. Potasznik left the state because she said the challenges of getting back on track after the Education Department investigation—with limited staffing and funding—were too great.

Now teaching special education at a high school in Portland, Ore., she feels a different kind of pressure.

“You have such a short time to be able to help these kids,” she said. “It can be demoralizing when you don’t feel you can give them the support needed for them to live the lives they want to lead.”

Children served under Individuals with Disabilities Education Act, by type of disability



Note: By school years ending in the year shown Source: National Center for Education Statistics



‘That is where kids belong—together and seeing that everybody is different,’ said Lisa Honas, an elementary school principal in Idaho whose 6-year-old daughter has Down syndrome and is nonverbal.

Instagram Points Teens To Sex Posts

Continued from Page One Instagram,” spokesman Andy Stone said.

Stone said the company’s efforts to prevent its systems from recommending inappropriate content to minors are continuing. “As part of our long-running work on youth issues, we established an effort to further reduce the volume of sensitive content teens might see on Instagram, and have meaningfully reduced these numbers in the past few months,” he said.

The new testing adds to evidence that social media can be hazardous for young people. This week, the U.S. Surgeon General called for warning labels to be put on social-media platforms because of their potential harm to adolescents’ mental health.

The bulk of the testing by Edelson and the Journal occurred from January through April. A test by the Journal in June found continuing problems. Within a half-hour of its creation, a new 13-year-old test account that watched only Instagram-recommended videos featuring women began being served video after video about anal sex.

Internal tests and analysis by Meta employees identified similar problems, according to

current and former staffers and documents viewed by the Journal that are part of previously undisclosed company research into young teens’ harmful experiences on Instagram. In 2021, company safety staff ran tests similar to those of Edelson and the Journal, and came up with comparable results, former employees said.

A 2022 internal analysis reviewed by the Journal found Meta has long known that Instagram shows more pornography, gore and hate speech to young users than to adults. Teens on Instagram reported exposure to bullying, violence and unwanted nudity at rates exceeding older users in company-run surveys, and the company’s statistics confirmed the platform was disproportionately likely to serve children content that violated its rules.

Teens saw three times as many prohibited posts containing nudity, 1.7 times as much violence and 4.1 times as much bullying content as users above the age of 30, according to the 2022 internal analysis. Meta’s automated efforts to prevent such content from being served to teens was often too weak to be effective, the document said. The most effective way to prevent inappropriate content from being served to underage users would be to build a separate recommendation system for teens, the document suggested. Meta hasn’t pursued that proposal.

Some senior executives, including Instagram head Adam Mosseri, expressed concern about the disproportionate dis-

play of adult content and other violative material to children, according to staffers.

The Reels algorithms work, in part, by detecting users’ interests based on what videos they linger on longer than others and recommending similar content. Meta has policies governing such recommendation systems. Under its guidelines, sexually suggestive content isn’t supposed to be recommended to users of any age unless it is from accounts they specifically choose to follow.

According to Meta’s January announcement, teens under 16



Adam Mosseri, head of Instagram, appearing before a Senate panel in 2021.

aren’t supposed to be shown sexually explicit content at all.

In more than a dozen manual tests run by the Journal and Northeastern’s Edelson, the minor accounts didn’t follow anyone or search for anything, to avoid activity that might influence Instagram’s content recommendations.

As soon as they were established, the accounts started watching Reels. Initial clips featured traditional comedy,

cars or stunts, as well as footage of people sustaining injuries. The test accounts scrolled past such videos. They watched Instagram-recommended videos that featured imagery such as a woman dancing or posing in a manner that could be construed as sexually suggestive. They didn’t like, save or click on any videos.

After a few short sessions, Instagram largely stopped recommending the comedy and stunt videos and fed the test accounts a steady stream of videos in which women pantomimed sex acts, graphically described their anatomy or caressed themselves to music with provocative lyrics.

In one clip that Instagram recommended to a test account identified as 13 years old, an adult performer promised to send a picture of her “chest bags” via direct message to anyone who commented on her video. Another flashed her genitalia at the camera. Additional sessions on subsequent days produced the same mix of sexual content, alongside ads from major brands.

The algorithms behind TikTok and Snapchat’s “Spotlight” video feature operate on principles similar to that of Reels. They all are supposed to work by filtering through billions of video posts and culling those that flunk certain quality tests, are predicted to contain content deemed “non-recommendable,” or don’t make sense given a user’s language, age or geography. The systems then make recommendations from among the remaining videos

based on predicted likelihood that a user will watch.

Despite their systems’ similar mechanics, neither TikTok nor Snapchat recommended the sex-heavy video feeds to freshly created teen accounts that Meta did, tests by the Journal and Edelson found.

On TikTok, new test accounts with adult ages that watched racy videos to completion began receiving more of that content. But new teen test accounts that behaved identically virtually never saw such material—even when a test minor account actively searched for, followed and liked videos of adult sex-content creators. A TikTok engineer credited the differentiation both to stricter content standards for underage users and a higher tolerance for false positives when restricting recommendations.

“We err on the side of caution,” a TikTok spokesman said, adding teens have access to a more limited pool of content.

In Edelson’s tests on Instagram, the adult and teen test accounts continued to see videos from adult content creators at similar rates, suggesting far less differentiation. In some instances, Instagram recommended that teen accounts watch videos that the platform had already labeled as “disturbing.”

Meta said that, by definition, content labeled “disturbing” and hidden behind a warning screen shouldn’t be shown to children.

Stone attributed the result to an error and said Meta developed more than 50 tools and

resources to help support teens and parents on its platforms.

Meta officials debated how to address the level of display of age-inappropriate content for children. In a meeting late last year, top safety staffers discussed whether it would be sufficient to reduce the frequency of minors’ seeing prohibited content to the level that adults see.

Mosseri, the Instagram head, said at the meeting that reaching parity wouldn’t be adequate given Meta’s public statements regarding teen safety on its platforms, according to people familiar with his comments. That meeting set the stage for Meta’s January announcement that it would automatically default teens into its most restrictive content settings to refrain from recommending sexually suggestive or otherwise problematic content.

The success of that effort remains to be seen.

Senior Meta attorneys, including general counsel Jennifer Newstead, also began in the second half of last year making the case to the company’s top leadership that child-safety issues on Facebook and Instagram posed underappreciated legal and regulatory risks, according to current and former Meta child-safety staffers.

The staffers said Meta recently expanded its investments in child-safety work following years of tight budgets, intensifying scrutiny of its efforts by government officials and recommendations from its legal department.

WORLD NEWS

U.S. to Redirect Missiles to Ukraine

Other American allies and partners with contracts will face delivery delays

By Nancy A. Youssef and Gordon Lubold

The Biden administration will rush the delivery of air-defense interceptors to Ukraine by halting delivery to allied nations, the White House said.

President Biden hinted at the move last week during the Group of Seven meeting in Italy, saying, "We let it be known to those countries that are expecting from us air-defense systems in the future that they're going to have to wait."

John Kirby, a spokesman for the National Security Council, said on Thursday that Ukraine would get the additional interceptors by the end of summer.

"The broader message here to Russia is clear, if you think you're going to be able to outlast Ukraine, and if you think you're going to be able to outlast those of us who are supporting Ukraine, you're just flat out wrong," Kirby said.

The decision to redirect U.S. production of air-defense interceptors reflects the limits of the Western defense industrial base, which has struggled to supply enough armaments to meet global demand. It also is an acknowledgment of Ukraine's urgent need amid intensified attacks by Russia.

While the administration wouldn't say how many interceptors it would send, a senior U.S. official said Ukraine would be given priority over the next 16 months, and the missiles would be delivered to Kyiv as they come off the assembly line. Ukraine will receive interceptors for both Patriots and the National Advanced Surface-to-Air Missile System, or Nasams.

Ukrainian officials declined to comment.



German and Ukrainian soldiers stood in front of Patriot anti-aircraft missile systems in Mecklenburg, Germany, this month.

Among the nations that had contracts to buy interceptors and likely will be affected are South Korea and the United Arab Emirates, a congressional official said. Neither embassy responded to a request for comment.

Kirby declined to say how many countries were affected by reprioritizing the deliveries except to say it wouldn't affect Israel or Taiwan.

Ukrainian President Volodymyr Zelensky has said his country urgently needs at least seven more Patriot batteries, which are used to launch the interceptors. The U.S. last week said it would send Ukraine an additional Patriot battery to protect against Russian attacks and that it was seeking other systems from allies. There are at least three Patriots batteries currently in Ukraine.

On Thursday, Romania said

it would also send a Patriot system.

Patriot batteries, which have helped protect Ukrainian troops and civilian assets over recent months, including around Kyiv, include radar, launchers and interceptor systems. Each can fire dozens of interceptors in a single engagement to attack planes, missiles or rockets. Nasams, a short- to midrange air-defense system, can launch 72 interceptors at once.

RTX, which produces the Patriot system, referred comment to the White House. "We're working closely with our U.S. Army customer to support the U.S. government's response to the conflict in Ukraine," a Lockheed Martin spokeswoman wrote.

Over the past several months, air defense has been one of the top requests from Ukraine as it has sought to de-

fend its front lines and protect its cities and civilian infrastructure. Russia's targeted strikes against Ukraine's power infrastructure have cut electricity production by half, leading to blackouts and hasty repairs.

Zelensky intensified calls for more air-defense systems this spring after Russia's military ramped up bombing of Kharkiv, Ukraine's second-largest city, which sits near Russian territory.

Ukraine's minister of defense, Rustem Umerov, said this month that his country needs twice the number of Patriot systems and interceptors as it has now for air-defense purposes.

"We need more because the fighting line is quite long," he said.

Russia has long used ballistic and cruise missiles, as well as lethal drones, against

Ukrainian cities. In recent months, Moscow's forces have increased their use of massive glide bombs, launched from aircraft behind the front lines.

The White House began considering changing its delivery of interceptors in April, as Russia launched its assault on Kharkiv.

At the time, the flow of U.S. military aid had slowed to a trickle while Congress struggled to pass a foreign-aid package that included nearly \$61 billion in aid for Ukraine.

Shortly after that bill passed that month, the Pentagon said it was rushing aid to Ukraine, including interceptors for the Patriot, and began steps to halt delivery to allied partners, the administration official said.

—Daniel Michaels and James Marson contributed to this article.

BOE Holds Key Rate Steady At 5.25%

By Paul Hannon and Will Horner

LONDON—The Bank of England left its key interest rate at a 16-year high Thursday, but signaled it may follow several of its European peers by lowering borrowing costs in the coming months.

The U.K.'s central bank held its key rate at 5.25% for the seventh straight meeting, in line with what investors and economists had expected. Two of the nine members of its Monetary Policy Committee voted to lower the key rate to 5%, repeating the voting pattern of their May gathering.

Earlier Thursday, Switzerland's central bank cut its key rate for the second straight meeting, after the European Central Bank lowered its key rate on June 6. The BOE has been wary of joining that group, even though the U.K.'s annual rate of inflation fell to its 2% target in May. Norway's central bank has also stayed on the sidelines, leaving its key rate unchanged Thursday.

Much of the decline in U.K. inflation in recent months has been the result of falling energy and food prices. The BOE worries that since those falls are unlikely to continue, rapidly rising prices for services will push the rate of inflation back above its target in the second half of this year, and that revival may be long-lasting if wages continue to increase rapidly.

The central bank expects inflation to again fall to its target toward the end of next year and stay there as wage rises cool, but policymakers want to see more evidence that is happening before they cut their key rate.

◆ Heard on the Street: Stage is set for hawkish cut... B11



ISR Defence, a Ukrainian drone maker, outfitted an R-18 drone with three orange practice bombs.

Drones Get Smarter to Dodge Jamming Signals From Russia

By Alistair MacDonald and Heather Somerville

KYIV, Ukraine—The drones now leaving ISR Defence's factory in Ukraine look exactly like those made there before Russia's invasion, but the components inside have completely changed. It is an exercise the company has gone through repeatedly to keep its drones aloft.

As drones play an increasingly prominent role in the war, the two sides fight a constantly evolving battle to down enemy craft and keep their own in the sky. The ability of Russia and Ukraine to wage electronic warfare—disrupting the signals guiding drones, rendering them mostly useless—has rapidly advanced. And so too have their efforts to stay ahead of that threat.

ISR has updated its exploding drone's navigation equipment, antenna and video feed in a bid to avoid frequencies that Russia is targeting. Other drone manufacturers are focusing on making their equipment more autonomous, limiting the information they receive from satellites or operators that can be disrupted.

"Russian jamming is a cru-

cial factor when making drones," said Vadym Yuyk, ISR's co-founder. A manufacturer now has to be able to make changes to drones without the usual level of research and development, he added.

Western companies are eager to learn from Ukraine's experience, with some setting up R&D centers in the country and others looking to invest in or join with local businesses.

Unmanned aerial vehicles have come into their own in the Ukraine war. Surveillance and strikes by drones at the front line mean that almost any movement can be seen and targeted within minutes.

With drones now crossing the front line thousands of times a day, maintaining—and disrupting—that capability is a priority for both sides, and could provide an edge.

Electronic warfare targets a drone by essentially drowning out the signals being sent to it along radio frequencies, blocking commands from its operator and the data required to navigate.

By the spring of 2023, Ukraine was losing some 10,000 drones a month because of Russian electronic warfare, according to a report

by the Royal United Services Institute, a U.K. think tank.

Electronic warfare is decades old and was used extensively in World War II to jam radar signals. During the Ukraine war, both sides have increased their use of jamming systems and worked to improve their effectiveness.

One way to escape jamming is to move a drone's communications onto a different frequency. But the enemy soon finds that frequency, ensuring a constant race across the spectrum.

Ukraine fits jamming devices to almost all vehicles operating at the front. Electronic-warfare devices take various forms, from simple vehicle-mounted antennas to hand-held guns that resemble futuristic rifles.

"But you go on one frequency, and tomorrow they adjust their frequency," said Oleksiy Semenov, operating a Bradley infantry-fighting vehicle near Avdiivka, in east Ukraine.

Drone makers are increasingly looking to equipment and software that filter out the useful signals their UAV needs from the noise being sent to disrupt it.



RUSTIC REVERENCE DIEGO RIVERA

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This evocative original watercolor, created by one of the most significant artists of the 20th century, Diego Rivera, exemplifies his profound connection to Mexican culture. Titled *Vendedora*, the work beautifully captures the essence of agrarian life, depicting a woman holding a woven bag, embodying the spirit and resilience of rural Mexico. Rivera's work is in major museums across the globe. Dated 1937. Signed "Diego Rivera" (lower right). Paper: 15" h x 11" w. Frame: 26 7/8" h x 22 1/2" w. #31-9079



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WORLD NEWS

Hamas Can't Be Destroyed, Military Says

Israeli spokesman questions 'total victory' goal in public Netanyahu rebuke

By JARED MALVIN AND ANAT PELED

A rift between Israeli Prime Minister Benjamin Netanyahu and the nation's military leadership increasingly is spilling into the open after the armed forces' top spokesman said Netanyahu's aim of destroying Hamas in Gaza is unachievable.

"The idea that we can destroy Hamas or make Hamas disappear is misleading to the public," military spokesman Daniel Hagari told Israeli television on Wednesday.

The comment was a rare direct rebuke from the military of how Netanyahu has delineated the main aim of the war, which he says is "total victory" over Hamas and returning Israeli hostages. The prime minister repeatedly has said he won't accept an end to the war without the group's eradication as a military and governing power.

The Prime Minister's Office pushed back on Hagari's comments. "The security cabinet headed by Prime Minister Netanyahu defined the destruction of Hamas' military and governmental capabilities as one of the goals of the war. The IDF is of course committed to this," it said, referring to the Israel Defense Forces.

The exchange was an illustration of months of tensions between Netanyahu and the country's military leadership, who argue that Hamas only could be defeated if Israel replaces it with another governing authority in Gaza. During more than eight months of

war, the Israeli military has invaded swaths of the Gaza Strip, only to see Hamas reconstitute itself in areas when Israeli forces withdraw.

"What we can do is grow something different, something to replace it," Hagari said on Wednesday. "The politicians will decide" who should replace Hamas.

Netanyahu has rejected proposals for possible alternatives to Hamas, including a U.S. plan to bring in the Palestinian Authority, and Arab calls for a Palestinian unity government that would include Hamas.

Some military analysts and former Israeli officials have questioned whether installing a new government in Gaza was ever possible, given that Hamas has managed to survive the Israeli military assault.

The rift with the military leadership comes as Netanyahu also is under pressure from the Biden administration to accept a cease-fire proposal that President Biden said would lead to an end to the war. This week, Netanyahu opened a new dispute with the administration, accusing the U.S. of withholding weapons and ammunition. The White House dismissed the claims, saying it paused only one shipment of bombs over concerns about the potential killing of civilians in Israel's operation in Rafah in southern Gaza.

More than 37,000 people have been killed in Gaza since the war started, most of them civilians, Palestinian officials say. The figure doesn't specify how many were combatants. Israeli bombing has reduced much of the strip to rubble and uprooted more than a million people from their homes.

The Hamas-led assault on southern Israel on Oct. 7 left about 1,200 people dead—



A soldier holds an Israeli flag near the Israel-Gaza border amid the continuing conflict between Israel and Hamas.

most of them civilians—according to Israeli authorities. Hamas also took about 250 hostages, dozens of whom remain in captivity in Gaza.

The war has pushed the Middle East to the brink of wider conflict, with increasing concerns that Israel could enter a full-scale war with Lebanon's Hezbollah, an Islamist group aligned with both Iran and Hamas, after months of cross-border fire that has displaced tens of thousands of civilians in Lebanon and Israel. Hezbollah has refused to stop fighting without a truce in Gaza.

The Israeli military relies on reservist soldiers, some of whom have described growing exhaustion as Israel manages conflicts for months on end on several fronts, including the border with Lebanon and in the West Bank. An end to fighting in Gaza would give Israeli forces a respite some analysts say is needed, especially if fighting with Hezbollah escalates.

In Gaza, after months of fleeing bombing, living without regular electricity and with limited supplies of food

and water, ordinary Palestinians also are losing hope the war will end soon.

"Everyone here lives waiting for the day they'll be killed," said Hazar Ghanem, a 22-year-old who is sheltering in Al-Bureij refugee camp in Gaza. "People here are frustrated."

The tensions between Netanyahu and the military are coming to a boil after the military launched an operation in May in Rafah, where more than a million Palestinian civilians were sheltering.

Netanyahu argued for months that the Rafah invasion was central to his vision of achieving total victory. The military has been signaling that the Rafah operation will soon end, saying this week that it had dismantled two of Hamas's four battalions in the region and seized most of the Rafah area. Israel Ziv, a retired Israeli

general and veteran of several wars, said tensions between the Israeli military and security establishment and Netanyahu are at a high. "The IDF feels and the security echelon feels that we exhausted the purpose of the war. We reached the maximum tactical peak that we can achieve," he said. "As long as Rafah was there, they could say finish the job. OK it's finished now."

The friction between Netanyahu and the military establishment burst into public view earlier in the war. In May, Defense Minister Yoav Gallant delivered a speech calling on the government to decide who should succeed Hamas in Gaza. The lack of a decision, he said, left Israel with only two choices: Hamas rule or a complete Israeli military takeover of the strip.

"We need to make a decision," Ziv said. "Even a bad decision, that's OK. Let's say

[we] occupy Gaza in the next few years because we need to clear up the last few terrorists. OK, it's a bad decision, but it's a decision. The military needs to know."

The dispute between Netanyahu and the military centers in part on how officials define a defeat of Hamas. An Israeli military official said the army considers a battalion "dismantled" not when all its fighters are killed, but when its command structure and ability to carry out organized attacks are eliminated.

"We are getting close to finishing the job defined by the government and we'll reach a point when we're just fighting guerrilla warfare, and that could take years," the military official said.

Military analysts say Hamas's forces are likely to survive the operation even in Rafah, in part because the Israeli army's approach leaves many lower-ranking Hamas fighters in place. Hamas's top leaders in the enclave, including its leader, Yahya Sinwar, also have eluded Israeli forces.

'The idea that we can destroy Hamas...is misleading to the public.'

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Jittery Fliers Share Tips

Continued from Page One
more public attention on commercial-airline travel after incidents such as a door plug blowing out midair on an Alaska Airlines flight, severe turbulence on a Singapore Airlines trip, and a plane losing a wheel as it took off. Such issues have left some people afraid of getting on planes.

Yet a large number of airline passengers have long dealt with fear of flying—and have grown accustomed to the peculiar art of coping while in the air. Up to 40% of people have reported flight-related anxiety, according to a report by academic journal *Frontiers in Psychology*. Many get on planes using a variety of mechanisms to get through their journeys, including rituals, spiritual healers and studying aviation minutiae.

Like many airplane-distrustful people, Heath has struggled with flight-related anxiety for much of his life. In 2020, he had a major setback on a trip from Memphis to Baltimore that included a turbulent landing. He avoided planes for two years but eventually thought that to surmount his terror, he needed to undergo major exposure therapy. "This fear was massively cutting into my quality of life, so I decided to do a world trip," he said.

Many fearful fliers still regularly hop on planes for work or leisure travel and endure their journeys. Some take prescribed medicine, while others drink alcohol before or during flights. Many will do whatever it takes to get through it.

Online support groups can help. A Reddit group named "fearofflying" has about 19,000 members, who use it as sounding board for shared fears, to celebrate getting through a flight and to ask others to track their travel while they are in the air, which can help the passengers to not feel alone. One user in the group wrote that a friend likes to sit in the often-



Jenny Xiao and Austin Heath. He traveled the world for exposure therapy.

avoided middle seat of airplanes because the person feels more secure between two passengers. Another avoids sleep on nights before flying to feel as drowsy as possible before the trip.

Alexandra Williamson, an actress in New York City, swears by a ritual she does each time she flies. When walking on the bridge between the terminal and airplane, she must kiss her hand and touch one of the bridge's walls before getting on the plane. "A couple of years back I forgot to do it and panicked," she said.

On a recent flight to São Paulo, Brazil, she used a tactic she'd heard works during turbulence: lifting your feet off the ground while seated on the plane. She could tell the strategy was disturbing a man next to her, but she pressed on. He looked at his watch and sighed.

"I felt bad, but you just have to embrace the sucky parts," she said of her fear.

Judie Skelton, a probation officer near New York, began to see a Reiki healer last year. Reiki experts specialize in what they call body energy flows and helping people to restore balance in life. Skelton's healer places obsidian and black tourmaline crystals on her and guides her through visualizations and other meditations. The Reiki treatments aided her before a trip last year to the Caribbean nation Saint Vincent and the Grenadines that involved getting on small jets. "The fact that I was able to get through that because [of Reiki] gave it credit to me," she said.

Those who dislike flying are aware that planes are among the safest forms of transportation. Many understand the chances of a plane crash in America or other emergencies have never been slimmer. But they say it's the lack of control that unsettles them.

Some flight-fearing passengers have tried to become aviation experts to cope.

Heath, who traveled around the world, watches videos of people on flight simulators. Williamson, the actress, loves to watch the "cockpit view" on airlines that offer in-flight information, including how high the plane is and how fast it's going, on screens on the back of each seat.

Alexis Bedeian created the ultimate challenge for herself. Bedeian, who lives in New York and has struggled with flight anxiety for more than 20 years, is training to become a pilot.

Bedeian, 42, had flying-related panic attacks for much of her life, so she began to study how planes worked. She became increasingly fascinated the more she researched. About six years ago, a project-manager job in the maintenance department opened at JetBlue, and she took it. "I grew to love aviation and airplanes, so I thought, 'why not become a pilot?'" Bedeian said.

She began flight training last year and plans to soon complete her private license, before beginning further training, with a goal to eventually apply to commercial airlines. "I'm conquering something I never thought I would," she said.

WORLD NEWS

Waiting Gets Tougher for Hostage Families

Desperation grows as some estimate as few as 50 remain alive in the enclave

TEL AVIV—When Gili Roman got a phone call from the Israeli military in late November, it was with the happy news that his sister, Yarden Roman Gat, was going to be

By Anat Peled, Summer Said and Nancy A. Youssef

released from captivity in a hostage deal with Hamas. Now, the prospect of calls from the Israeli military fills the families of many hostages with dread.

An Israeli military operation freed four hostages in early June. But many more have come home dead in recent months, deepening concerns that time is running out and that the safe return of the hostages may be at odds with Israel's goal of destroying Hamas.

"What is happening now is that the families have the opposite feeling," says Roman, who has another relative, Carmel Gat, among the remaining hostages. "It's about who will get a phone call saying the body of your family member has been found or he has been declared dead."

Of the roughly 250 hostages taken in the Hamas-led Oct. 7 attack, 116 continue to be held captive, including many believed to be dead. Mediators in the hostage talks and a U.S. official familiar with the latest U.S. intelligence said the number of those hostages still alive could be as low as 50.

That assessment, based in part on Israeli intelligence, would mean 66 of those still held hostage could be dead, 25 more than Israel has publicly acknowledged.

The U.S. Office of the Director of National Intelligence declined to comment. The Israeli Prime Minister's Office and military declined to comment.



Aviva Siegel, with daughter Elan Tiv, couldn't bear to watch a video of her husband, Keith Siegel.

Hamas didn't respond to a request for comment but has told mediators in the cease-fire talks that it doesn't know how many hostages are alive.

The bodies of 19 hostages have been returned to Israel, including eight in the past three months. Israel has determined that another 41 hostages are dead.

Eight Americans remain hostage in Gaza, including three who have been declared dead by Israel. The American families of the hostages meet regularly with White House officials.

The Wall Street Journal reported in February that as many as 50 of the remaining hostages could be dead based on an Israeli assessment shared with U.S. and Egyptian officials.

The number of hostages alive or dead has been an issue in cease-fire talks brokered by the U.S., Egypt and Qatar. As part of a deal, hostages likely would be exchanged for Palestinian prisoners held by Israel. Israel was initially unwilling to accept dead bodies to meet the number of hostages required to be released in the first

phase of any deal, but its latest proposal presented to Hamas says it would accept dead bodies.

The talks have been hung up on the need to square Hamas's demand for a path to end the war with Israel's insistence on continuing the fight until the group is destroyed. Hamas hardened its stance by adding new demands after a June 8 hostage-rescue operation, in which four hostages were freed but scores of Palestinians died.

Estimates of the number of dead hostages continue to rise because of the conditions of their detention, wounds they suffered during the Oct. 7 attack, and other causes. Israeli officials say most of the hostages pronounced dead were killed on Oct. 7, but they have also confirmed that some hostages have been killed by Israel's own military action.

The June commando rescue of the four hostages held in Gaza apartments was a rare moment of joy in Israel, where families of those taken have grown frustrated with months of fruitless talks for a hostage

deal amid a war that appears to be grinding on without end.

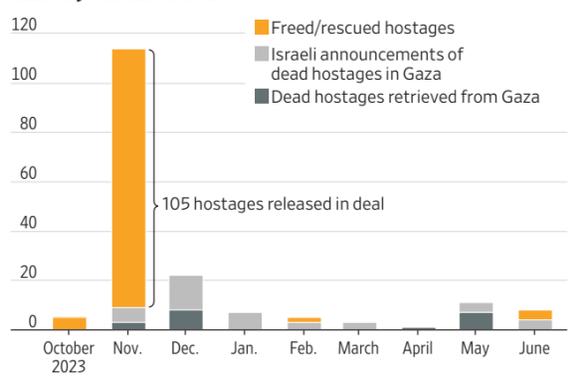
But the military and the rescued hostages say Israeli missions can't bring back everyone. A deal with Hamas would return at least some of the remaining hostages, but concern is deepening within Israel that an increasing number of the captives are dead.

As the weeks without a hostage deal drag on, families and health professionals are growing more worried about some hostages' chances of survival.

"I think we should be extremely worried," said Hagai Levine, the head of the medical team for the Hostages and Missing Families Forum, an advocacy group. "It seems like every week more hostages are dying or getting in danger or very sick."

The condition of hostages held in Gaza varies depending on the behavior of their captors, as well as whether they are held above ground or in tunnels. Former hostages interviewed by the Journal described limited food and hygiene, lack of medical care, and fear of Israeli airstrikes.

Known fates of some of the approximately 250 hostages taken by Hamas on Oct. 7



Note: As of June 19
Sources: Israeli announcements; staff reports



Gili Roman's sister was freed, but another relative remains held.

Israel's successful raid could paradoxically make the remaining hostages' conditions worse as Hamas moves them to more secure locations.

"They probably tightened up security. They're looking for collaborators and any leakage of information. They may have moved hostages from above ground to underground," said Gershon Baskin, a hostage negotiator who facilitated the 2011 deal with Hamas that freed Israeli soldier Gilad Shalit from captivity in Gaza. "I would think that the lives of the hostages were not better off after last Saturday," he said last week, referring to the June 8 raid.

Throughout the war, Hamas has trickled out videos of hos-

tages in Gaza, sometimes showing them alive to pressure Israel to reach a deal. The videos are a sign of life for the families, but are also gut-wrenching for relatives to watch.

Elan Tiv was in the car with her sister and mother, a released hostage, in late April when Hamas released a video of her 65-year-old father, Keith Siegel, who remains captive. Tiv pressed play but didn't turn on the volume, fearing she would break down. She watched until her father began to cry. "We stopped the car on the side of the road and cried a lot," she said.

Her mother, Aviva Siegel, who was held with Siegel in Gaza before being released, couldn't bear to watch.

WORLD WATCH



A relative of a man who died after drinking illegally brewed, methanol-tainted liquor cried over a casket containing his body in the southern Indian state of Tamil Nadu on Thursday.

KENYA Tax Proposals Spur Youthful Protests

Thousands of mostly young people demonstrated across the country on Thursday against tax proposals by President William Ruto.

The protests brought Nairobi's central business district to a standstill as horse-drawn riot police used tear gas and water cannons on demonstrators who advanced toward Parliament buildings. They are calling on lawmakers to vote against the finance bill, which is expected to be burdensome for salaried Kenyans, entrepreneurs and consumers. They say Ruto has gone back on his pledge to reduce taxes and lower the cost of living.

The new taxes would include a 2.75% levy on income for the national medical-insurance plan, as well as increased taxes on vegetable oil and fuel, which would increase the cost of production and trickle down to the consumer. Proposals to introduce a 16% value-added tax on bread and a new annual tax on motor vehicles were removed from the legislation Tuesday after a meeting between Ruto and ruling-party members.

—Associated Press

NATO Secretary-General Race All But Done

Romanian President Klaus Iohannis has withdrawn from the race to become the next secretary-general of the North Atlantic Treaty Organization, leaving departing Dutch Prime Minister Mark Rutte all but certain to head NATO as of October. Romania's security council has backed Rutte's bid, Iohannis's office said.

The withdrawal should allow NATO to show unity and demonstrate solidarity with Ukraine when member nations' leaders meet in Washington in July to mark NATO's 75th birthday. Rutte's appointment could be sealed by a meeting of NATO ambassadors in coming days, or by the leaders when they meet. He would start work on Oct. 1.

NATO secretaries-general guide the sometimes-delicate consultations among the 32 member countries to ensure that an organization operating on consensus can continue to function. On Tuesday, Hungary lifted its veto on Rutte's candidacy after he gave written guarantees that he wouldn't force Budapest to take part in the alliance's new plans to provide support to Ukraine.

—Associated Press

INDIA Tainted Liquor Kills At Least 34 People

At least 34 people have died and dozens more have been hospitalized after drinking illegally brewed liquor in the southern Indian state of Tamil Nadu, local media reported on Thursday.

The state's chief minister, M.K. Stalin, said the liquor was tainted with methanol, according to the Press Trust of India news agency. The poisoning occurred in the state's Kallakurichi district, where more than 100 people are hospitalized, top district official M.S. Prasanth said. He added that the number in critical condition keeps changing, suggesting the death toll could rise.

Government officials earlier said several people who were vomiting and had stomach pain were admitted to hospitals on Wednesday, triggering a police investigation.

Stalin said on X that those involved in the crime have been arrested, and action has also been taken against officials who failed to prevent it. Deaths from illegally brewed alcohol—often spiked with chemicals such as pesticides to increase potency—are common in India.

—Associated Press

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WORLD NEWS

China Brings Knives, Axes to a Sea Fight

Tensions rise with the Philippines in the South China Sea over control of shoal

By Niharika Mandhana

The Chinese coast guard came in small boats with axes, long knives and spears.

They used the crude weapons to slash and puncture the Philippine military's rubber craft. One Chinese boat rammed a Philippine boat at high speed, severing the thumb of a Filipino seaman.

During Monday's confrontation in the South China Sea, the Chinese coast guard crew also boarded a Philippine boat, smashed its outboard motor and communications equipment, and seized seven disassembled rifles that were packed in cases for delivery to a Philippine outpost, the Philippine military said. "Only pirates do this," said Gen. Romeo Brawner Jr., the Philip-

pine military's chief of staff.

The incident, described by the Philippine armed forces, marked a sharp escalation in China's use of forceful tactics and intimidation against a U.S. ally in the South China Sea.

While the Taiwan Strait is seen as the main flashpoint in the great-power rivalry between the U.S. and China, the turmoil in the South China Sea is raising a potentially nearer-term risk of conflict between the two countries.

The U.S. and the Philippines have a mutual-defense treaty that extends to armed attacks on Filipino forces in the South China Sea. The Pentagon called China's behavior provocative and reckless. The U.S. stands with its ally, it said.

The confrontation occurred at Second Thomas Shoal, which has become the region's most volatile hot spot. The Philippines maintains an unusual military outpost there—a dilapidated warship, the Sierra Madre, which it ran aground 25



Chinese coast-guard members wield weapons during a South China Sea confrontation, a Philippine military video shows.

years ago to stake its claim. A small detachment of Filipino marines is stationed on the ship. China claims the site, as it does much of the South China Sea.

For more than a year, tensions have spiraled around the submerged reef and the rust-covered ship. While past encounters mostly have involved Chinese coast guard

ships hitting Philippine vessels with water cannons and ramming them, there remained some physical separation between the two sides' crews. The latest incident, however, has brought them in closer contact. The Philippines said its crew defended themselves with their bare hands. The Chinese coast guard

said that in Monday's incident a Philippine supply ship dangerously approached and collided with Chinese vessels.

China's Foreign Ministry said the Philippines has been trying to send construction materials, weapons and ammunition to the grounded warship for the "long-term occupation" of Second Thomas Shoal. The Philippines should seek the Beijing's permission before sending ships that way, it said.

Ties between the U.S. and the Philippines are at their strongest in years, increasing the pressure on Washington to come to its ally's aid if called. Philippine President Ferdinand Marcos Jr. has doubled down on the alliance and pushed back against China.

Speaking recently at a Singapore security conference, Marcos drew a red line. "If a Filipino citizen is killed by a willful act, that is, I think, very very close to what we define as an act of war," he said. This week, the Philippines

sent military personnel to approach the Second Thomas Shoal in what are called rigid-hull inflatable boats. The Chinese coast guard was ready. They blared sirens—a disorienting high-pitched sound—to sow confusion and disrupt communication, and used tear gas, the Philippine military said.

Images and videos shared by the Philippines show a member of the Chinese coast guard threatening a Filipino with an ax. The Chinese can be seen lashing a Philippine boat to their own to try to tow it away from the site. The Chinese coast guard said it "took control measures such as warning and interception...against Philippine ships in accordance with the law."

Watch a Video

Scan this code for video from the skirmish in the South China Sea.

Vietnam Visit Show Limits to Putin's Friends List

By Jon Emont

There is only one country that the leaders of the U.S., China and Russia have all visited in the past year: Vietnam.

Russia's President Vladimir Putin became the latest to come calling on Thursday, as he sought to use an Asia trip to show he still had friends despite Western efforts to isolate Moscow over its war in Ukraine.

While that effort was successful on his first stop in North Korea—where he struck a new deal with Kim Jong Un to aid each other if attacked—the support for his war was far less apparent in Hanoi.

There, Russia isn't the only game in town. Vietnam has used its "bamboo diplomacy"—flexible but firmly rooted—to expand its trade and diplomatic relations with

the U.S. and its allies.

Meanwhile, Communist Vietnam, which has deep historical ties with Moscow, has been reducing its dependence on Russia's military supplies in recent years. The Southeast Asian nation has taken a relatively neutral stance toward Russia's invasion of Ukraine, and has sought to avoid alienating its trading partners in the West.

Vietnamese President To Lam and Putin committed to deepening the bilateral relationship. The pacts signed, however, were limited, involving matters such as university partnerships and cooperation between national-tax authorities. They were unrelated to defense, military ties or the Ukraine war.

Putin's visit to Vietnam highlights the relatively small pool of countries interested in challenging the West head-on.

While the U.S. and allies have been frustrated that a swath of nations in the developing world—such as Brazil, Vietnam and India—have declined to take strong positions against Russia's invasion, they are uninterested in joining Putin's coalition.

The lack of significant new deals during Putin's visit underscored that the Hanoi-Moscow relationship is of diminishing importance to Vietnam, whose leadership is focused on achieving rapid economic growth by expanding manufacturing exports to the West.

During President Biden's visit to Hanoi in September, they agreed to elevate the relationship to Vietnam's highest designation for foreign partners—a comprehensive strategic partnership—which is the same level that Moscow has enjoyed for years.



Vladimir Putin and Vietnamese President To Lam toast at a gala after their talks in Hanoi.

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FROM PAGE ONE

Judge's Girlfriend Profited

Continued from Page One their favor," according to the letter, which surfaced in March 2021.

Such a conflict of interest would sink Jones and upend his work elevating Houston's bankruptcy court to the nation's top tier. It also would taint judgments affecting hundreds of thousands of employees, investors, vendors and others.

Certain lawyers at Kirkland had already heard talk that Jones and Freeman were lovers, and some spoke about it with other lawyers, according to people familiar with the conversations. If the anonymous letter was true—and became public—Kirkland risked losing its favorite bankruptcy judge. Jones was known for ruling in favor of Kirkland and other firms representing corporate debtors, according to dozens of bankruptcy lawyers who worked on cases Jones oversaw.

Jones became the nation's busiest bankruptcy judge after Kirkland, the top U.S. firm for advising financially-troubled companies, steered most of its largest chapter 11 cases to his court.

The anonymous letter first went to Michael Van Deelen, a former high-school math teacher with a history of filing lawsuits against people he believed had wronged him. He was angry over a bankruptcy plan from Kirkland—approved by Jones—that wiped out Van Deelen's \$146,541 investment in an oil-and-gas drilling company that had gone bust.

Van Deelen sent a copy of the letter to Jackson Walker, where Freeman was a partner, and the law firm questioned her. Freeman acknowledged a romantic relationship with Jones that she said had ended about a year earlier. Jackson Walker forwarded the letter to Jones and shared its allegations with Kirkland, said court papers filed by both firms.

Van Deelen tried to submit the letter to court in his effort to disqualify Jones from the bankruptcy case involving his lost investment. In a court hearing, a Kirkland partner argued that the letter was unsubstantiated and moved to exclude it as evidence. U.S. Bankruptcy Judge Marvin Isgur, Jones's former law partner and a court colleague, sided with Kirkland. He denied Van Deelen's request. Jones later signed an order to permanently seal the letter from public view.

Jackson Walker didn't publicly disclose what it learned about the Jones-Freeman relationship at the time. Kirkland also kept quiet about the allegation. Jones remained Houston's chief bankruptcy judge, and Freeman continued to work on Kirkland cases involving Jones.

It might have stayed that way. But Van Deelen, a pugnacious 74-year-old graduate of Stanford University and Massachusetts Institute of Technology, refused to let it rest.

This account is based on interviews with lawyers and bankers who worked in the Houston bankruptcy court, people who knew Jones and Freeman, people familiar with Kirkland and Jackson Walker, court records, and data from Debtwire, a financial and legal information provider. Jones declined to comment. Freeman, Kirkland and Jackson Walker denied any wrongdoing in court filings.

Growth spurt

Before Jones took the bench in 2011, most large corporate bankruptcies were filed either in New York or Delaware.

Jones set out to change that. After he became chief judge in 2015, Jones enacted rules that assigned the biggest chapter 11 cases to either himself or Isgur, who had been his mentor in private practice.

Jones contacted Kirkland's top bankruptcy partners at the time, Jamie Sprayregen and Paul Basta. In December 2015, Sprayregen and Basta



David R. Jones, pictured in 2020, worked to elevate Houston's bankruptcy court to the nation's top tier.

stopped by Jones's chambers in Houston to meet with the judge, people familiar with the meeting said. A Kirkland representative described it as a brief meet-and-greet.

The following year, low oil prices pushed many Texas oil drillers to insolvency, and Kirkland began filing large energy-related bankruptcies in Houston. Later, when Covid-19 lockdowns triggered a rash of corporate defaults, Kirkland filed cases there for department-store chains JCPenney and Neiman Marcus.

Kirkland brought in Jackson Walker as co-counsel for most of its Houston cases, including clients from out of state.

Other large law firms, including Latham & Watkins and Weil Gotshal, also brought their big cases to Houston. Jones and Isgur became the first- and second-most active bankruptcy judges in the U.S., respectively, for cases involving more than \$1 billion in debt. Kirkland accounted for more than half of such cases that passed through their court after Jones became chief judge.

Jones excoriated people in court for potential conflicts of interest. In the bankruptcy of coal producer Westmoreland, he criticized the company's adviser, McKinsey, for failing to disclose its connections to clients with a financial interest in the case.

"The only thing I want to tell you all is the bankruptcy process itself is extremely, extremely fragile," Jones said in court. "If I can't trust the professionals that appear before me, then the process won't work."

Jones and Freeman were partners at Texas law firm Porter Hedges, where their romantic relationship blossomed. After Jones became a judge in 2011, Freeman joined him as his court clerk, taking a significant pay cut.

Freeman left the clerk job in 2018 to work as a bankruptcy partner at Jackson Walker.

As Jones's caseload swelled with Kirkland bankruptcy cases, the judge's signature routinely appeared on court orders granting Jackson Walker fees, including for Freeman's work.

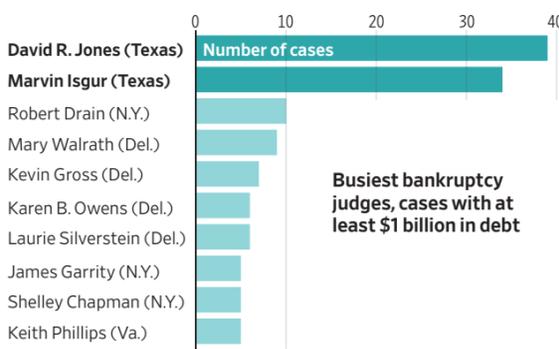
Over the years, Kirkland lawyers talked with each other and people outside the firm about romantic ties between Jones and Freeman, people familiar with the conversations said.

Outbursts

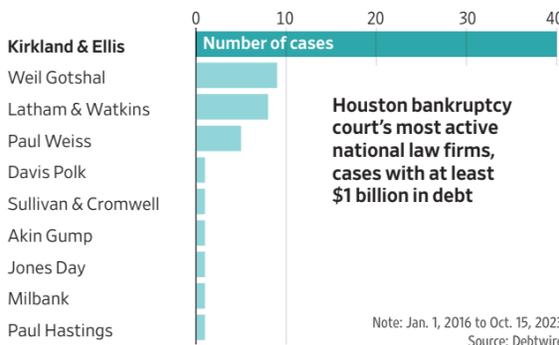
Jones first crossed paths with Van Deelen during the 2020 bankruptcy hearings for McDermott International, an offshore oil-and-gas engineering company. McDermott was represented by Kirkland, and Jackson Walker was co-counsel.

Van Deelen, an in-

Between Jan. 2016 and Oct. 2023, David R. Jones and Marvin Isgur were the first and second-busiest bankruptcy judges in the U.S. for cases with at least \$1 billion in debt.



A majority of such cases that both judges oversaw were filed by Kirkland & Ellis.



Note: Jan. 1, 2016 to Oct. 15, 2023
Source: Debtwire

vestor in the company, accused McDermott's management of fraud. His frequent outbursts in court irritated Jones, who later dismissed Van Deelen's claims.

Van Deelen filed a motion in July 2020 seeking to remove Jones from the case, alleging the judge made a false accusation and was biased against him.

In March 2021, an envelope with no return address arrived in Van Deelen's mailbox. The unsigned letter inside had a title: Corruption Involving Judge David R. Jones.

Freeman told bosses at Jackson Walker in interviews that her relationship with Jones had ended by around March 2020. In August 2021, the firm prepared a memo saying so.

Jones never recused himself from overseeing cases that Freeman worked on, as required by federal law, court records show.

In February 2022, Jackson Walker was told by the friend of a firm partner that the Freeman-Jones relationship wasn't over. Freeman acknowledged to the firm that

she and Jones had rekindled their romance but denied they lived together. Freeman hired her own attorney, who suggested Jackson Walker disclose "a close personal relationship" between Freeman and Jones, according to court papers.

Jackson Walker declined to make any disclosure. The firm said in court papers that it told Freeman around June 2022 that her exit from the firm was the only path forward.

Around October 2022, Jones asked Matthew Cavanaugh, a colleague of Freeman's at Jackson Walker, to come to his court chambers. Jones told Cavanaugh that his relationship with Freeman was casual "and no different from encounters with many other lawyers at many other firms," according to court papers filed by Jackson Walker.

Jones gave Cavanaugh a proposed disclosure for Jackson Walker to use in bankruptcy filings. It said Jones and Freeman had "a close personal relationship," according to court papers. Jones told Cavanaugh that Jackson

Walker "needs to make this happen," the court papers said.

Freeman continued to work on mediations conducted by Jones on behalf of Kirkland clients. In December 2022, she left Jackson Walker to start her own law office.

A Kirkland representative later said Jackson Walker never revealed why Freeman left Jackson Walker or told Kirkland that Freeman and Jones had a romantic relationship.

Confession

Even though Freeman had failed to tell Jackson Walker the truth about her relationship with Jones, she remained in good standing with the firm.

In March 2023, Jackson Walker told a prospective client, pharmaceutical developer Sorrento Therapeutics, that the firm "strongly recommends the engagement of the Law Office of Liz Freeman" to help identify and address potential conflicts of interest in the company's bankruptcy case. She later appeared in billing records for work in the case, which was heard in Jones's court.

Months later, Van Deelen found the evidence he wanted on a website that searches public records for personal information. He learned from property records on the Harris County website that Jones and Freeman had bought a home together in Houston in 2017 and still owned it.

Armed with that information, Van Deelen filed a lawsuit against Jones in October. In an interview with The Wall Street Journal shortly after, Jones confirmed the relationship.

The Fifth Circuit Court of Appeals was alerted and initiated an investigation against Jones. After a little more than a week, the court's chief judge said she found probable cause that Jones had committed misconduct regarding his intimate relationship with Freeman. Jones resigned days later.

A Kirkland representative said the firm and its lawyers didn't know Jones had a relationship with Freeman until it became public last October.

Following Jones's departure, a civil division of the Justice Department filed a se-



Lawyer Elizabeth Freeman acknowledged a romantic relationship with Jones.



U.S. Bankruptcy Judge Marvin Isgur was Jones's colleague on the bench.



Former high-school math teacher Michael Van Deelen filed a lawsuit against Jones.

ries of motions challenging roughly \$13 million in fees that Jackson Walker had billed and which were approved by Jones. That included more than \$1 million billed by Freeman in 17 cases, court filings show. During the time Jones was approving Freeman's fees, she paid property taxes on the house they owned together.

The Justice Department said the bankruptcy system was "significantly compromised" by the Jones-Freeman relationship in at least 26 chapter 11 cases involving Jackson Walker. Kirkland was co-counsel in most of those cases.

A Jackson Walker representative said the firm acted appropriately once it learned of the relationship between Jones and Freeman.

Kirkland said in court papers that its actions were appropriate. The firm maintained that it wasn't legally obligated to disclose allegations about an unverified romantic relationship.

Jones, 62 years old, said in court filings that he was legally immune from civil claims over his past actions on the bench. Freeman, 51, said in court filings she had no legal duty to disclose her relationship with Jones.

'A bystander here'

On June 6, Van Deelen got his day in court.

Lawyers for Jones, Freeman, Kirkland, and Jackson Walker appeared at a hearing at the federal courthouse in Del Rio, Texas. They were called to address Van Deelen's allegations that Kirkland and Jackson Walker knew about the Jones-Freeman relationship and conspired with Jones to get favorable rulings.

U.S. District Judge Alia Moses wanted to know why the law firms didn't seek to verify or debunk the anonymous letter that exposed the conflict of interest.

"Why did no one look into it?" Moses asked. "Everyone is coming into court with not-so-clean hands."

Moses asked a lawyer representing Kirkland why the firm, out of due diligence, didn't investigate whether its co-counsel had a conflict in cases before Jones. The lawyer responded that the letter was unsubstantiated at the time. "Kirkland was, at worst, a bystander here," he said.

Moses will decide whether Van Deelen's case can move forward.



The federal courthouse in Houston.

CALLAGHAN/OTHERE FOR THE WALL STREET JOURNAL

ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

'The Bikeriders': A Boys' Club on Wheels

Director Jeff Nichols crafts a nostalgic, poignant portrayal of brotherhood

The first couple of minutes of "The Bikeriders" deliver acts of grotesque brutality; a freeze-frame, voiceover narration from a blithely unshockable observer; and a burst of '60s jukebox glory: It's all in the grand "Goodfellas" tradition, and like the mobster masterpiece this close-up look at a strange but proud bad-boy subculture absorbs every convincing detail.

The best film yet from indie writer-director Jeff Nichols ("Take Shelter," "Mud") is essentially "Bikefellas." Based on an art book by Danny Lyon that combined portraits with interviews, it doesn't have a conventional plot: There's no goal to be met or secret to be uncovered. Instead, it's a collection of odd, wonderfully realized vignettes that plunge us into an alternative way of life that it neither glamorizes nor satirizes but simply strives to understand. None of the dialogue ever strays into speechifying—these are blue-collar folks,

and they don't do self-examination—but the situations have a lot to say about the price of loyalty and the importance of rituals, customs and tribal signifiers. These men hunger to be part of a group, even if riding around and stopping for beer is their only shared action.

Starting in the mid-'60s, some bored middle-aged men with families and tough jobs decide there's something missing in their lives; kids are fluttering around like moths when a truck driver named Johnny (Tom Hardy) is trying to

watch Marlon Brando in "The Wild One" on TV. Asked what he was rebelling against, his character famously answered, "Whaddya got?" Johnny mouths the words. He needs something else in his life besides work and home.

Soon Johnny stands at the head of a loyal troop of Chicago-area motorcyclists in matching leather jackets calling themselves the Vandals. What they say they love most is the open road and the speed of their choppers; what they don't say is that what they savor

even more is the camaraderie, the feeling of belonging. The bikes are merely a device to satisfy the yearning for brotherhood.

It's a topic rarely addressed in the culture anymore, and when it is, it's usually in sneering tones. All-male spaces are routinely presented as scary and toxic. Yet Johnny and his pals, such as the insouciant, almost silent yet surprisingly redoubtable Benny (Austin Butler), exemplify the pride of this boys' club. They're not members of a sports team or a military unit, so there's no overarching mission; the tribal affiliation is what matters. And these men will do anything out of loyalty. That fierceness, however, threatens to destroy the club.

Club, not gang: The Vandals, despite their name, don't exist to commit crimes. Those come incidentally, and "The Bikeriders" neatly illustrates how the logic of close kinship often begets violence. When someone takes a beating, fraternal devotion compels an overwhelming response. An attack on one is an attack on all.

Mr. Hardy demonstrates yet again that he can burrow into an amazing variety of personas, this

▲ Austin Butler in the movie, which follows a group of 1960s motorcyclists.

time doing a blunt Midwestern accent and combining humility with the implicit threat of his physical presence. But he is outshone by two phenomenal lead performances. Jodie Comer—done up in '60s-'70s housewife finery as a none-too-bright girl named Kathy who dryly explains the club's workings to the audience—ranges far from her best-known role, as an assassin in "Killing Eve," to transform herself into this matter-of-fact Midwesterner.

Even better—marvelous, in fact—is Mr. Butler as her husband, Benny. Playing the title role in "Elvis" won him an Oscar nomination, but that was mere imitation. Here he really shows what he can do and he rules every scene he's in. Looking like a cross between '80s Val Kilmer and Johnny Depp, he wins over Kathy when, after taking her for a bike ride (saying almost nothing), he drops her at her house and parks outside. Then he just waits in silence, like a dog. It's a touching, funny show of devotion.

Virtually the entire movie is framed as flashbacks to a better past, and since Kathy recalls her life from the vantage point of the 1960s and '70s it's nostalgia within nostalgia. That tactic may strike some as masculine sentimentality, but the ending conveys a sense that something valuable about manly customs has indeed been lost, making the point as brilliantly as the ending of "Goodfellas" captured a bored citizen's misplaced but understandable longing for his more exciting criminal life. As dangerous as the lives of "The Bikeriders" are, their appeal is equally obvious.



◀ Jodie Comer plays the wife of one of the riders.

TELEVISION REVIEW | JOHN ANDERSON

A Weimar Drama Returns Triumphant

By JOHN ANDERSON

Over the past few weeks, this reviewer has been on a binge, tele-drunk on "Babylon Berlin," the noirish Weimar-era dramatic series abruptly abandoned by Netflix after three seasons, despite its being one of the best things ever in long-form television. So be it. There are few similarities between the shows other than gangsters, but "Babylon Berlin" might be thought of as the Teutonic "Sopranos," albeit with greater historical sweep, broader characterizations, more ambitious production values and music. And dancing. And, not incidentally, joy.

The joy part is critical. It will certainly be felt by existing fans in the U.S., who have thus far been deprived of "Babylon Berlin" season 4, which premiered in Europe in late 2022; they will be exhilarated to know as well that production is scheduled to begin on season 5 later this year.

But a breathless sense of life on the edge has been an essential aspect of the storytelling. Opening in 1929, the show immersed us in a Berlin peopled by Germans trauma-

tized by World War I, by the ramifications of the Versailles Treaty, by inflation, monetary upheaval and poverty. But there was always freedom in the nightclubs, a lust for living among our characters and, despite the shadow being slowly cast by the history to come, a sense of liberation, giddy decadence and gleeful hedonism.

No one seemed to know where they were going, but they were heading there happily. Even detective Gereon Rath (Volker Bruch), who was long in love with his brother's wife—and left said brother in a Belgian trench during the war—was something other than a brooding wreck.

Season 4, which has moved only incrementally in term of real time, continues Gereon's story and that of Charlotte Ritter (the electric Liv Lisa Fries), who began as a part-time sex worker—and sole support of her derelict family—and became, purely through her considerable wits and a native gift for investigation, an essential part of the Berlin homicide squad. That she would assume a progressively larger part in Gereon's life always seemed inevitable, even if



their, shall we say, intersection would take several seasons. The spoilers will stop here: MHz Choice, which is introducing season 4 in installments, is also streaming the three previous seasons. The as-yet-uninitiated should watch them, joyously.

There aren't many "events" on television; this is one. Directed and written by Tom Tykwer, Achim von Borries and Henk Handloegten, and written by Khyana el Bitar and Bettine von Borries, "Babylon Berlin" begins its fourth season in an increasingly darker time, the awareness growing, if ever so slowly, that fascism is metastasizing in the state and in the public mind and that the casual dismissal of fringe ideologies has been a mistake. Viciousness, cruelty and nationalism are becoming increasingly acceptable at every offi-

▲ Volker Bruch in the series; its fourth season has its American premiere next week.

cial level; the only honest people seem to be the bona fide criminals of various denominations who are at least open about what they do, unlike the opposing political parties who hide in mobs. I can't swear to it, but it doesn't seem that the word "Nazi" is ever uttered in "Babylon Berlin." The lethal conflict among fascists in season 4 remains between Hitler's Munich-based NSDAP, or National Socialist German Workers' Party, and the SA, or *Sturm-Abteilung* (Brownshirts), who would prefer Hitler dead. At least in "Babylon Berlin."

There is a certain amount of tweaking afoot in the political or cul-

tural phenomena recounted. Season 3 involved neo-realist German filmmaking (it may be sacrilegious, but Ms. Fries had me thinking of Louise Brooks), as well as the making of Fritz Lang's "Metropolis." The weirdo industrialist Alfred Nyssen (Lars Eidinger), who usurps Gereon's position vis-à-vis his brother's widow, Helga (Hannah Herzprung), invents not only the V2 rocket but short-selling on the German stock market, in anticipation of the Wall Street collapse. Many of the performers—not excluding Ms. Fries and Mr. Bruch, who are the show's

heart and soul—are simply extraordinary, regardless of their place in the historical framework. They include Udo Samel as Gennat, known as Buddha, the head of the homicide department; Benno Fürmann as Gottfried Wendt, a Nazi-sympathizing police official (and Vladimir Putin lookalike); and Meret Becker, who plays the wife of the mobster called the Armenian (Mišel Matičević) and gives a performance that personifies the vaguely hysterical margins of a city that we enter and will not want to exit. Not, at the very least, until season 5.

Babylon Berlin, season 4
Tuesday, MHz Choice

Mr. Anderson is the Journal's TV critic.

ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

A Classic Novel, Adapted Again

Rachel Chavkin directs a new musical version of 'The Great Gatsby' featuring music by Florence Welch

Forget the ever-beckoning green light that entrances Jay Gatsby from across the water. I call for a red light on further attempts to channel the ever-resonant brilliance of F. Scott Fitzgerald's "The Great Gatsby" into other art forms.

When it was published in 1925 it received mixed reviews and sold so marginally that its editor wrote a note of consolation to the disappointed author. A century later, of course, it is recognized as a touchstone of modern literature, perhaps the most insightful work of art to explore the dangers and delusions that underpin the ideal of the American dream. Adaptations are numerous, including four Hollywood movies, an opera and several theatrical versions.

To wit: Just about two months after a musical based on the novel opened on Broadway comes another, "Gatsby," at American Repertory Theater, with a book by the Pulitzer Prize winner Martyna Majok; score by Florence Welch, of the pop-rock group Florence and the Machine (Thomas

Sandy Powell's flesh-baring costumes, with men and women both attired in flapper gowns as they twirl in Sonya Tayeh's sinuous, sexually charged choreography; they could easily do double duty as gymnastic decadents in "Cabaret."

Nick Carraway, played with nerd-adjacent quirkiness by Ben Levi Ross, no longer has a fitful romantic relationship with Jordan Baker (Eleri Ward) but is gay, or at least up for a tryst with a man when partying in the city with Tom Buchanan (Cory Jeacoma). When we meet Gatsby's father, he is Native American—a choice that, one could argue, explains the distance Gatsby has put between them. (Still, given Gatsby's dubious morality, perhaps not the best decision.)

Mimi Lien's stylish if portentous set is a pileup of mangled cars resembling John Chamberlain sculptures

► Isaac Powell and Charlotte MacInnes in 'Gatsby.'

with such an unprepossessing figure.

Ms. Majok's work has been notable for its fine-grained realism, but her writing here feels surprisingly tame, as if hampered by the stature of Fitzgerald's well-known characters; instead of the sharpening one might expect from a writer of her gifts, the characters are more bland and almost interchangeably warm, likable figures.

Yes, Gatsby is imbued with a yearning mysteriousness by a pink-suited Isaac Powell (Tony in Broadway's latest "West Side Story"), in terrific voice, but the quickening of the love between Gatsby and Daisy, for whom he has stoically pined for years, seems mechanical. As Daisy, Charlotte MacInnes sings with rich beauty but, as with the other characters, seems only vaguely defined, her dissatisfaction at her deadened marriage sketched in. In a diversion from the original, Daisy confesses to Tom that she was driving the car that killed

Though it boasts a beautiful score, the show loses the book's melancholy, fable-like allure.

Myrtle, which tempers her remote, ambiguous edge.

All the principal performers have dazzling voices—a testament to the deep bench of talent in American musical theater. And Ms. Welch and Mr. Bartlett have provided ample opportunities to display their gifts, in ballads and duets that begin with rippling piano arpeggios and expand as the orchestrations grow more plush. There are also up-tempo numbers, including a rumbling jazz-inflected song led by Gatsby's business partner Meyer Wolfsheim, played by Adam Grupper with buoyant vitality. (The elimination of the hints of antisemitism that mar his depiction in the original text marks an improvement.)

A signal reason why musical adaptations of the book have failed to channel its magic may reside in the abundant lyricism of Fitzgerald's writing. Adding music is a matter of lily-gilding, which could be why the most acclaimed stage iteration is "Gatz," a lightly dramatized reading of the novel, in its entirety, from Elevator Repair Service, which returns to the Public Theater next season. Its simplicity allows the natural music in Fitzgerald's writing to enrapture us on its own terms.

Gatsby
American Repertory Theater, 64 Brattle St., Cambridge, Mass., \$35-\$275, 617-547-8300, closes Aug. 3

Mr. Isherwood is the Journal's theater critic.

▲ Ben Levi Ross (front) as Nick Carraway.

stripped of paint. Most of the production unfolds underneath this structure and on a swirling staircase, although the humble gas-station dwelling of George Wilson (Matthew Amira) and his wife, Myrtle (Solea Pfeiffer), who is carrying on an affair with Tom, slides on.

This version gives more depth to the Wilsons. Myrtle, embodied with poise and bewitching chic by Ms. Pfeiffer, isn't the crass woman of the book, but a more sympathetic figure (she lost a child), not without her dignity. Mr. Amira's George is not a whining simp but a handsome, virile presence who, given the right breaks, might have cut as compelling a figure as Tom or Gatsby. But in stripping away Myrtle's vulgarity, the authors soften the contempt for his wife implicit in Tom's taking up

Bartlett, also known as the singer and producer Dove-man, co-wrote the music); and direction by Rachel Chavkin, a Tony winner for "Hadestown."

I hoped that, given the talents involved, "Gatsby" would erase the saccharine flavor of the Broadway production. But while this musical is gorgeously sung and boasts an often-beautiful score, the elemental melancholy and fable-like allure of the book have again failed to make the transition to the stage.

The show strikes different notes than the Broadway version, which is a riot of glitzy nostalgia. While retaining the period setting, Ms. Chavkin and her collaborators have ushered the material into our more inclusive—to use a quickly retiring term—21st century.

▼ Cory Jeacoma, Solea Pfeiffer and company.



The WSJ Daily Crossword | Edited by Mike Shenk

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- 32 Any of 100 in Dante's "Divine Comedy"
- 33 Actuarial figure
- 34 Vaccine-approving agcy.
- 35 Piston connector
- 37 Get mushy
- 38 City about 275 miles south of Kyiv
- 39 Wee one
- 40 Like much comfort food
- 45 1964 event for the Beatles
- 46 Bounty stop of 1788
- 47 Before now
- 49 Prepared to propose
- 50 "No kidding!"
- 51 Lake on Tanzania's border
- 53 Craze
- 54 London Breed, for one
- 55 Stockpile
- 57 Jazz players' venue
- 58 Scene stealer
- 59 Copying
- 60 He chose the red pill

TAKEOUT ORDER | By Mike Shenk

- The answer to this week's contest crossword is a five-letter word.
- 33 Thick do
- 36 Start of some ode titles
- 37 Rustic reply to an implausible explanation
- 41 Nomadic ravager
- 6 Overly glib
- 9 Remove, as a floorboard
- 14 Conversation starter
- 15 Wd. ending -ly, often
- 16 Angel of the Chicago Sky
- 17 Like fans after a touchdown
- 18 Gun
- 19 Start
- 20 Traditional alternative to "No problem"
- 23 Choice in a debate
- 24 Worthless sort
- 28 Took in
- 30 Bacon bits?
- 31 Swipe at the store
- 64 ___ Alamos
- 65 Tijuana "ta-ta"
- 66 People who call their island Aotearoa
- 67 "Up up and away" airline
- 68 Considers, as testimony
- 10 Brings freshness to
- 11 Agreeable answer
- 12 Manipulate
- 13 Collar sporter
- 21 Tucson-to-L.A. heading
- 22 Classic movie house
- 25 Relish
- 26 Movie critic Jeffrey
- 27 Exam for a future D.A.
- 29 "Your point being?"
- 31 "Can it!"
- 1 Horse-drawn carriages
- 2 Object of Versailles cheers
- 3 One way to think
- 4 Regards with fury
- 5 In need of a massage
- 6 Eartha Kitt's "Mambo de ___"
- 7 "Skyfall" singer
- 8 Pre-DVD combo
- 9 Teasers
- 52 1815 novel set in Surrey
- 56 Bump or hollow across a road
- 58 Asian capital
- 61 "Bambi" aunt
- 62 Country music's Tucker
- 63 Sealskin kayaker

Previous Puzzle's Solution

WASTE	SAGA	GARB
ALOHA	ESPN	ODER
FEDERAL	CAT	LIMA
TSAR	GEO	IDEAS
SEDUCTION	CUPS	
	RAT	SPCA
ALGAE	OLE	RYES
HALFWAY	DECEDENT	
HOOF	SEE	ASADA
	IDOL	ERR
PAIROFF	PEDANTS	
ITSME	MICK	RIND
NOTI	STOCK	CEDAR
ELON	PUTT	PEEVE
SLOG	AXES	ADDED

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, June 23. A solver selected at random will win a WSJ mug. Last week's winner: Robert V Fiore, Newton, N.J. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

SPORTS

BY ANDREW BEATON
AND JOSHUA ROBINSONThe Mets' Grimace Streak Is Over.
(It Was Never About Grimace.)

When the lowly Mets ripped off seven consecutive wins, fans credited the McDonald's mascot for inspiring the streak. It turns out the real reason for the turnaround was a different folk hero.

As the sad-sack New York Mets suddenly transformed into the hottest team in baseball over the past week, a strange new hero appeared in Queens. He's much beloved, built for power, and can't find a baseball cap that quite fits his enormous head.

He's also a purple amorphous blob named Grimace who is better known for hawking hamburgers.

The McDonald's mascot threw out the ceremonial first pitch at a Mets-Marlins game on June 12 and from that moment, the Mets became briefly unstoppable. They won seven consecutive games, bringing a team that had been one of the worst clubs in baseball to the thick of the playoff race.

The streak ended on Wednesday against the Texas Rangers, but by then it had already become clear that the Mets sudden turnaround was never really about Grimace. There was a different folk hero in their midst.

Like Grimace, he has a stout frame that belies enormous strength. Unlike Grimace, this one actually plays for the Mets.

Catcher Francisco Alvarez, who's listed at 5 foot 10 and 233 pounds, suffered a thumb sprain a few weeks into the season, and his injury happened to coincide with the team's season taking a nose-dive. His return last week breathed new life into it. Dating back to before his injury, the Mets are an absurd 18-2 in Alvarez's last 20 games.

Beyond the thump he brings to the lineup and the infectious energy he adds to the dugout, the Mets pitching staff has pitched dramatically better with the 22-year-old catcher behind the dish.

"There's conviction when he's calling pitches," manager Carlos Mendoza said recently. "He makes the pitchers feel good about what he's calling."

For everything Alvarez brings to the table, it's easy to see why Mets fans latched onto Grimace instead. This is a fan base so accustomed to disappointment that on the rare occasion something good happens, they turn to ludicrous explanations.

That happened during a hot stretch earlier this year, when a flamboyantly dressed fan in a fur coat became the team's talisman. And when the Mets' hitters caught fire a few seasons ago, they credited an instructor named "Diesel" Donnie Stevenson, who helped them focus, first baseman Pete Alonso said, on "ripping heaters in the cage." It turns out Stevenson was completely made up.

This isn't exactly a new phenomenon in the Mets' slightly delusional corner of Queens.

It dates all the way to the first time the club won the World Series



The New York Mets are 18-2 in catcher Francisco Alvarez's last 20 games.



Grimace threw out the first pitch at a Mets game on June 12.

in 1969. That year, as they made an improbable run to chase down the Chicago Cubs for the pennant, the credit went to a black cat that stopped in front of the Cubs' dugout during a game between the two teams and supposedly extended Chicago's curse.

But on the list of actual, non-purple-mascot reasons for the Mets' most recent shift in fortunes, few can top Alvarez, whose most obvious effect this season has been on the pitching staff. When he's behind the dish, the Mets have a 2.49 earned-run average—versus the team's overall line of 4.13. And while catching ERA, especially in a small sample size, can

be a fluke, Alvarez makes his contributions obvious.

Take a situation earlier this month, when struggling Mets closer Edwin Diaz returned from injury and found himself in yet another jam—trying to close out a one-run game with a runner on third. Alvarez trotted out to the mound.

"I trust you," he told Diaz. "You are the guy here. Let's get this guy out."

Six pitches later, Diaz had a game-ending strikeout and his first save in over a month.

Alvarez has been just as influential with the bat in his hands. Last season, he hit 25 home runs as a rookie, the second most among MLB catchers.

Despite a slower start this year, he broke out of a slump in this series with back-to-back three-hit games.

Up and down the lineup, Alvarez's teammates are doing the same.

Shortstop Francisco Lindor has remembered how to swing the bat, posting a .295 average in 30 games since he became the team's leadoff hitter.

Outfielder Brandon Nimmo has eight runs batted in over his past four games. And JD Martinez has posted 13 of his 27 RBIs this season in the past three weeks alone. All of which has resuscitated playoff hopes that once seemed more lifeless than the plastic eyes on a giant purple burger-chain mascot. Despite Wednesday's defeat, the Mets were only one game out of a wild card spot heading into Thursday's off-day.

"Some would credit Grimace," Mets announcer Gary Cohen said on the broadcast Wednesday night. "I credit the lineup."

The U.S. Soccer Freakout Has Already Started

BY JOSHUA ROBINSON
AND ANDREW BEATON

AS THE COPA AMERICA KICKS OFF this week in the U.S. for just the second time ever, the American men's national team will have the rare opportunity to compete with the likes of Lionel Messi's Argentina for the right to be called the best soccer team on this side of the planet.

But a tournament that should be a measuring stick for how far the U.S. has come has instead turned into a dangerous tripwire for the team and its coach, Gregg Berhalter, on the road to an even bigger event heading to American shores: the 2026 World Cup.

"Every time we step into this environment, I think the expectations rise," defender Mark McKenzie said. "We demand more of ourselves."

This may just be the most significant period in the history of the U.S. men's program. From the nadir of missing the 2018 World Cup to hosting in 2026 with a generation of young talent on elite European clubs, this should be its coming of age. And yet, fans can't stop fretting over Berhalter, a 50-year-old former defender from New Jersey, obsessed with hip sneakers and the Netherlands.

The U.S. is currently ranked No. 11 in FIFA's world rankings, up from No. 25 when Berhalter took over in December 2018. But progress hasn't been linear.

Though the Americans won the 2021 Gold Cup, the championship for North and Central America and the Caribbean, they slumped to a round-of-16 exit against the Netherlands at the 2022 World Cup in Qatar.

Berhalter has argued that he's building gradually for 2026. But his critics argue that the squad lacks a recognizable style, that it's too stilted and defensive. This month only gave them more fod-



U.S. coach Gregg Berhalter celebrates with Christian Pulisic during the U.S. team's 1-1 draw against Brazil.

der as the U.S. suffered its worst loss in recent memory, a 5-1 thumping by Colombia in a pre-Copa exhibition.

"We're not framing it as a lesson learned," Berhalter said. "We're actually framing it as a wake-up call."

His frustration stems from the fact that the Berhalter era has coincided with the rise of a new breed of American player. This is the generation that grew up dreaming of making the leap to Europe as soon as possible—the now 25-year-old Christian Pulisic, who moved to Borussia Dortmund at the age of 15, had shown them the way. And these days, they're crossing the Atlantic in droves, earlier in their careers, to polish their skills in the toughest leagues in the world.

So American soccer players overseas are no longer a novelty:

When they took on Colombia, it marked the first time in the history of the U.S. men's national team that all 11 starters belonged to clubs in the top-five European leagues.

In the grand scheme of things, it was a sure sign of Americans' improved standing. On the night itself, not so much.

"There's some glaring things that you have to address if you're going to compete at this level," Berhalter said. "So we just go back to work."

When U.S. Soccer handed Berhalter a new contract last year, it seemed like he had a clear path to coaching the Americans at a second consecutive World Cup. Unlike past U.S. bosses, he wasn't at risk of failing to qualify for the tournament, simply because the team had an automatic berth as one of the co-hosts, along with Canada

and Mexico.

Quietly, and surprisingly, Berhalter has become one of the longest-tenured managers in international soccer. But the blowout against Colombia showed why, two years out from hosting the biggest World Cup ever, Berhalter's job may be at risk.

With a poor showing on home soil, the federation would have plenty of time to install a new coach, who would be afforded a couple of years to shape the team ahead of 2026.

The U.S. has already considered going in a different direction. Berhalter's showing in Qatar in 2022 wasn't a flop, but it wasn't a resounding success, either. And as it turned out, that was hardly the biggest threat to his career.

That December, Berhalter was in talks with U.S. Soccer for an extension when news emerged of a

decades-old altercation involving Berhalter and his now-wife outside a bar. What made the situation particularly bizarre was that the revelation came from American star Gio Reyna's parents, former U.S. men's captain Claudio Reyna and former women's national team player Danielle Egan, who were upset over their son's playing time.

That led to a monthslong gap in the coaching search while an independent investigation played out. It ultimately concluded that the Reynas' behavior had plagued the U.S. Soccer Federation for years, and they were hoping the incident would cost Berhalter the job. But in the end, U.S. Soccer reappointed him to the post last June.

Now, Gio Reyna is expected to start for the Americans throughout the Copa—making him one of the key players who could decide whether Berhalter gets to keep the gig. In the Concacaf Nations League final earlier this year against Mexico, Reyna was named man of the match after scoring in a 2-0 victory.

For this Copa, it would be a shock if the Americans failed to escape the group stage. Their group also includes Uruguay (ranked No. 14), Panama (No. 43) and Bolivia (No. 84), who will line up against the U.S. in its opening match on Sunday.

After that is where it could get tricky. Should the Americans reach the first knockout round, they would face one of the top two from a group led by perennial favorite Brazil. (The U.S. pulled off an unprecedented 1-1 against Brazil in its final tuneup last week.)

But even if they dodge the Seleção, the U.S. knows how difficult it would be to go up against the second-favored team in Group D—the Americans have some recent history against that opponent. It happens to be Colombia.

OPINION

Elections in SopranoLand



POTOMAC WATCH
By Kimberley A. Strassel

Alongside a prayer that nobody looks too closely at New Jersey.

On the day Team Biden released a TV ad reinforcing voters that Mr. Trump has been “convicted of 34 felonies,” the Garden State’s infamously entrenched and deeply shady political machine exploded. State Attorney General Matt Platkin obtained an indictment of longtime Jersey political boss George Norcross on 13 counts of racketeering, conspiracy, and corporate misconduct.

Also charged were Dana Redd, a former mayor of Camden, and William Tambussi, counsel to the Camden County Democratic Committee—in addition to an executive of a property-development firm, and the CEO of a trucking company. In a scene worthy of “The Sopranos,” Mr. Norcross, the back-room godfather of New Jersey Democratic politics, showed up uninvited to sit in the front row and stared Mr. Platkin down as he announced the charges. Paulie Walnuts couldn’t have put in a better showing. Mr. Norcross, Mr. Tambussi and Ms. Redd have denied the charges.

The press conference took

place the day before jurors reconvened in the federal corruption trial against Sen. Bob Menendez, charged with bribery and extortion as part of an alleged scheme to benefit businessmen and a foreign government. The prosecution has called more than a dozen witnesses, including an FBI agent who testified to gold ingots found in the Menendez residence (which were shown to the jury), as well as a businessman (also in the trucking industry) who said he worked with others to bribe Mr. Menendez by giving the senator’s wife a Mercedes-Benz.

Corruption is an old story in New Jersey, and it has historically been bipartisan. Yet the meltdown of the state’s Democratic machine comes at a moment when that party is working to make Mr. Trump’s conviction a central feature of the presidential election, and as voters grow more bitter over dysfunction-as-usual and shift party lines.

That confluence, combined with Democratic infighting in the wake of the indictments, leads to the not-impossible prospect that New Jersey will be in play this fall. Mr. Menendez has yet to mount his defense, and he beat the rap in an earlier corruption trial, in 2017, which ended in a hung jury and charges weren’t refiled. Democrats abandoned him after the new charges, and the senator initially bowed to calls to step aside as chairman of the Foreign Relations Committee and not run in the Democratic primary. But in June he filed to

run as an independent, putting him on the ballot alongside Democratic nominee Rep. Andy Kim, and opening the possibility of a split liberal vote.

Republicans got a boost last month when primary voters chose businessman Curtis Bashaw over a more Trump-aligned—and Trump-endorsed—candidate in a blue state. Mr. Bashaw, a self-made hotel entrepreneur who is pro-choice and openly gay, is running an optimistic campaign focused on economic revival and opportunity, nimbly balancing the

Democrats campaign against the ‘criminal’ GOP nominee. Then there’s New Jersey.

Trump question by explaining that while he and the former president have “different missions,” “we’re on the same team.” He’s also seizing on the corruption question by running against the “entrenched” Democratic “machine.”

New Jersey hasn’t elected a Republican to the Senate since 1972, and Mr. Kim would be a heavy favorite in a head-to-head race with Mr. Bashaw. At the same time, New Jerseyites are showing signs of discontent with a one-party monopoly. Republican Jack Ciattarelli nearly unseated Gov. Phil Murphy in 2021 and recently filed for a

second run next year. Republicans flipped a House seat in 2022. And New Jersey Democrats have steadily lost ground in voter registration over the past four years; unaffiliated and Republican voters make up 60% of the state electorate. Add this: We live in wild times.

Democrats understand the corruption vulnerability, which explains the initial near-deafening silence from the New Jersey delegation in response to the Norcross news. Sen. Cory Booker, who once compared himself to Spartacus while moralizing against Judge Brett Kavanaugh, barely managed to muster an observation that the indictment was “sad.” Mr. Kim is attempting to confront the liability by running on a promise to “restore integrity to the Senate”—a line he hopes will inoculate him, but risks reminding voters of the stink.

New Jersey Republicans hope the Menendez-Norcross swamp, at the very least, helps neutralize the Democratic claim that it is the GOP that has a “criminal” problem. Some are even banking that voters will compare the flimsy lawfare case against Mr. Trump over bookkeeping entries to federal and state indictments of Jersey bribery, extortion, and racketeering—and judge the latter to be more disqualifying when choosing between parties. Crime is certainly on New Jerseyites’ minds, but maybe not the way Democrats hope. Write to kim@wsj.com.

BOOKSHELF | By Brenda Cronin

From the Dinner Party to the Page

The Friday Afternoon Club

By Griffin Dunne

Penguin Press, 400 pages, \$30

In the mid-1950s, the “Today” show ran a segment on the daily life of a young family: Dominick Dunne, who worked on the TV series “Playhouse 90”; his wife, Lenny; and their baby son, Griffin. The piece ended with the interviewer wishing the photogenic Dunnes “all the luck in the world as they begin their bright future.”

In fact, after a burst of professional success, the Dunnes faced operatic misfortune. Divorce, disease and death happened and have now become grist for Griffin Dunne’s rueful and diverting “The Friday Afternoon Club: A Family Memoir.”

His parents moved to California, where they raised Griffin and two younger siblings, Alexander and Dominique. After little more than a decade, the marriage was over, undone in part because Dominick was gay and an alcoholic.

“At some point everyone in my family had become, each in our own way, totally insane,” Mr. Dunne writes. With deadpan amusement, he unspools the Dunnes’ greatest hits. After torpedoing his producing career, Dominick became sober and reinvented himself writing bestselling novels, including “The Two Mrs. Grenvilles” (1985), and covering the trials of high-profile defendants such as O.J. Simpson.

Dominick’s brother, John Gregory Dunne, was also a writer, along with his wife, Joan Didion, the most celebrated literary star of them all. The Dunnes valued storytelling almost as much as maintaining appearances and keeping secrets.

Though subtitled “A Family Memoir,” this book is really about Mr. Dunne and his father. Irish touchstones, such as wit, guilt and silence, are all here, spangled with late-20th-century Hollywood stardust. Dominick’s maternal grandfather emigrated from Ireland and settled in Connecticut. In one generation, the family vaulted from impoverished immigrants to prosperous professionals. Dominick was drafted into the Army while still in high school and received a Bronze Star for his service in World War II. After the war he channeled his fascination with celebrities into work as a TV and film producer. He married the blue-blooded and beautiful Lenny, and with her as hostess—and their son Griffin an enthusiastic supporting player—Dominick orchestrated their social rise.

Dominick and Lenny’s Beverly Hills heyday is glorious, with cameos by Natalie Wood, Dennis Hopper and Truman Capote. “My parents received several invitations a week—then sent by telegram—from the wives of studio heads, directors, and movie stars to dinner parties and premieres,” Mr. Dunne writes. “My parents hit them all except for the nights they threw their own parties, which were always a hot ticket and lasted well into the night.” A young Griffin found himself swept up too, often making up tall tales about famous names. “I had been brought up on stories,” he writes, “told by people who loved to tell stories.”

The family façade that took years to construct collapsed quickly. After the Dunnes divorced, an impecunious Dominick was reduced to hawking his high-end household tchotchkes in a yard sale. “People he once entertained, who’d long since dropped him, heard of his misfortune and showed up to haggle and pick through his treasures.”

Dominick exchanged his Mercedes for a used Ford Granada and retreated to Oregon to write. Griffin was shipped off to boarding school. As a teenager, he discovered a talent for acting—but was expelled for smoking hash before he could play Iago in the school production of “Othello.”

In Griffin Dunne’s memoir of growing up in a family of ambitious writers, he got an early education in the power of a good story.

He returned home to California, extricated himself from an impulsive marriage, and headed to New York to become an actor. Between acting classes and casting calls, he waited tables at Beefsteak Charlie’s and sold popcorn at Radio City Music Hall. He shared a home with Carrie Fisher, a friend from California. Mr. Dunne never approached the level of renown she hit in “Star Wars” (1977) but established his own film career, producing his first movie at age 23 and then landing major parts in “An American Werewolf in London” (1981) and “After Hours” (1985).

“The Friday Afternoon Club” takes its title from the gatherings of friends and classmates hosted by Mr. Dunne’s sister, Dominique, at their mother’s Los Angeles home. The tradition was brought to a horrible end when Dominique was strangled by her former boyfriend in October 1982. Her death and the trial of her attacker initially exerted a centrifugal force on the Dunnes but ultimately brought Lenny, Dominick and their two sons closer together. Research shows that the death of a child divides many couples, Mr. Dunne writes. By contrast, his parents “almost seemed to fall back in love after the loss of their daughter.”

Mr. Dunne himself never seems entirely at ease with how his father mined the family tragedy in the pages of Vanity Fair. Although the article he wrote—“Justice: A Father’s Account of the Trial of His Daughter’s Killer”—helped establish Dominick as a writer, Mr. Dunne had misgivings about his father using the proceedings “as a springboard for his own midlife metamorphosis.” The trial also kindled a feud between Dominick and his brother, John, that lasted until they were old men: “It would take two heart attacks to break the spell of antipathy that held Dad and John in sway for decades.” The two reconciled after crossing paths in a cardiologist’s waiting room. They ended up talking “on the phone every single morning” until John’s death—from a heart attack—in 2003. Dominick himself died in 2009.

While Griffin Dunne wrote this heartbreaking and wry memoir, it is unmistakably a Dominick Dunne production.

Ms. Cronin is an associate editorial features editor at the Journal.

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Why the Southern Baptists Said No to IVF

HOUSES OF WORSHIP
By R. Albert Mohler Jr. and Andrew T. Walker

The Southern Baptist Convention—whose nearly 13 million members make it the largest Protestant denomination in the U.S.—is often described as a “barometer” for evangelical sentiments nationwide. Yet last week the convention did something few Christian bodies have done: It adopted a resolution opposing the use of in vitro fertilization.

Public debates about IVF and advanced reproductive technology aren’t new. Yet when the practice emerged in the 1970s, religious institutions often viewed it as a medical marvel that would rarely be needed. Some, like the Catholic Church, developed teachings on the matter within years (in that case, that IVF is unacceptable). Others, like the Southern Baptists, needed to be prodded.

That catalyst finally came in February, when the Alabama Supreme Court ruled in *LePage v. Center for Reproductive Medicine* that embryos—frozen in repositories or in utero—are legal persons under the state’s Wrongful Death of a Minor Act. The logic struck many as obvious and unobjectionable: Christians acknowledge that life, which begins at conception, is sacred and must be protected. Frozen embryos are no exception.

Many Southern Baptists were thus surprised when oth-

erwise “pro-life” politicians dissented from the court’s decision. Perhaps most prominent among them was Donald Trump, who urged the Alabama Legislature “to act quickly to find an immediate solution to preserve the availability of IVF.” Within days it did so by significant margins, providing blanket immunity to clinics from any civil or criminal liability related to the death or damage of a human embryo. The tension revealed the need for Christians to re-think the issue.

All Christians affirm the moral goodness of procreation. Protestants of a conservative or evangelical persuasion profess that every human being is made in God’s image and ought to be welcomed without reservation. The SBC resolution states that “all children are a gift from the Lord regardless of the circumstances of their conception.” But the statement denies that all sexual relationships, acts and medical technologies that seek to bring about new life are morally equal.

It has taken many evangelical Christians too long to figure this out. The same was true of abortion when the Supreme Court ruled in *Roe v. Wade* (1973). Evangelical denominations typically haven’t empowered formal bodies to monitor novel practices and technologies for the purpose of formulating official responses to them. Consequently, they’ve sometimes failed initially to grasp the im-

port of developments such as IVF. Though the resolution expresses the convention’s judgment, it isn’t binding on individual churches.

Essential to understanding the issue is acknowledging how the technology and its uses have changed in recent decades. Standard practices within the industry lead to the production of multiple embryos, even when the goal is a single pregnancy. There are

A resolution affirms the moral goodness of new life, but not of all means to achieve it.

now, according to some estimates, at least 600,000 and perhaps more than a million embryos frozen in storage. Many will be destroyed in the procedure, discarded or used in medical research. Current practices also select embryos on the basis of genetic testing, reminiscent of early-20th-century eugenics.

Add to these concerns that IVF, abstracted from the moral context of marriage between a man and a woman, allows for a human-reproduction market advertised to same-sex couples and single women. A vast international market for IVF and surrogacy treats babies as commodities, not gifts.

The SBC resolution drew predictable criticism, with some describing it as insensi-

tive and excessively political. That’s backward. There is zero political gain to be had by opposing IVF: According to Gallup, 82% of Americans think the procedure is “morally acceptable.” The convention’s resolution is instead a matter of institutional integrity. Southern Baptists claim to cherish the dignity and sanctity of every human life, from fertilization until natural death. That commitment can’t apply only when abortion is at stake.

The SBC resolution also acknowledges the pain of infertility and assures that those who experience it are heard by God, “who offers compassion and grace.” Such families may be called to parenthood through adoption, or to other life-giving ministries. The statement nevertheless encourages Southern Baptists “to reaffirm the unconditional value and right to life of every human being, including those in an embryonic stage, and to only utilize reproductive technologies consistent with that affirmation.”

The Southern Baptists’ position on in vitro fertilization will be derided as strange and retrograde. But the destruction and commodification of human life is sufficiently important to risk derision.

Mr. Mohler is president of the Southern Baptist Theological Seminary. Mr. Walker is an associate professor at the seminary and a fellow at the Ethics and Public Policy Center.

CNN Blackballs Robert F. Kennedy Jr.

By John Fund

CNN announced Thursday that Robert F. Kennedy Jr. failed to qualify for next week’s presidential debate. To do so, he would have had to reach 15% support in four national polls (he managed only three) and secure ballot access in states with at least 270 electoral votes, enough to win the presidency.

There’s reason to think these requirements were designed to accommodate the wishes of the major parties, which wanted RFK Jr. excluded. In May a Trump official told the Washington Post a CNN producer had promised that “RFK will not be on the stage.” A Biden adviser told Axios: “Our criteria for a one-to-one debate was made clear publicly, it was made clear to CNN and they understood our position when we accepted their offer.” CNN has declined to answer media inquiries on details of its negotiations. The timing of the debate—

nearly three months earlier than any previous general-election debate—made it impossible for Mr. Kennedy to meet the ballot-access criteria. CNN’s requirement would have excluded Ross Perot, who participated in the 1992 debates, because he was on the ballot in states with only 119 electoral votes as of mid-June that year.

It ignores Federal Election Commission rules in excluding him from the debate.

Perot had completed the process in many more states, but state election offices didn’t verify all the signatures until mid-September, according to Richard Winger, editor of Ballot Access News.

Mr. Winger says CNN’s ballot-access requirement is “irrational” because Mr. Kennedy has filed signatures in states

with 310 electoral votes and is almost certain to make all 50 state ballots. Mr. Winger adds: “Actually, Trump and Biden aren’t currently on any state ballots because they haven’t even been nominated yet.”

Mr. Kennedy has filed a complaint with the Federal Election Commission arguing that the debate violates a regulation requiring organizations that host debates among candidates for federal office to use “pre-established” and “objective” criteria to determine candidate participation. Failure to use objective criteria renders the debate a campaign contribution, subject to strict donation limits. Mr. Kennedy has quipped that “CNN is at risk of prosecution, as happened to Michael Cohen, for knowingly and willfully violating campaign finance laws.”

CNN contends that Messrs. Biden and Trump are their parties’ “presumptive nominees.” The now-sidelined Commission on Presidential Debates, which ran every

general-election presidential debate between 1988 and 2020, disagrees: “Until the conventions take place, we don’t know who the official nominees will be.”

Bradley Smith, a former FEC chairman, says that while “technically, Kennedy’s complaint looks like an issue,” the FEC “would likely say that as a matter of prosecutorial discretion, they wouldn’t pursue this.” The FEC’s rule has never been tested in court, where it would face a strong argument that it is unconstitutional, at least as applied to news organizations.

In the spirit of transparency and fairness, CNN should answer questions about how far it stretched to accommodate the wishes of the major parties. As Mr. Smith concludes: “There is an Iron Rule of Third Parties: Third parties always get screwed.”

Mr. Fund is a columnist for National Review and a senior fellow at the Committee to Unleash Prosperity.

OPINION

REVIEW & OUTLOOK

LETTERS TO THE EDITOR

A Supreme Mistake on Wealth Taxes

If the current Supreme Court is so conservative, why does it keep turning out rulings against conservatives? The latest came Thursday in *Moore v. U.S.*, as a splintered 7-2 majority upheld Congress's mandatory repatriation tax (MRT), and five Justices cracked open the door to a wealth tax.

At issue was a provision of the 2017 tax reform that required shareholders of primarily American-controlled foreign corporations to pay a one-time tax on their retained earnings in proportion to their ownership stake. The tax targeted U.S. multinationals with foreign subsidiaries that had accumulated earnings offshore.

The MRT ensnared Charles and Kathleen Moore, who had invested in a small foreign venture. Although the Moores derived no income from their shares, they were smacked with a \$14,729 tax bill. They argued that the tax violated the Constitution's requirement that direct taxes levied on property be apportioned among the states based on population.

The Ninth Circuit Court of Appeals rejected their challenge, holding that the MRT was a tax on income allowed by the Sixteenth Amendment. But the judges also blew open the door to a tax on appreciation in assets by declaring that the "realization of income is not a constitutional requirement."

Enter the Supreme Court, which granted the Moores' appeal to address whether the Sixteenth Amendment authorizes Congress to tax unrealized sums. On Thursday the majority ducked the question they had said they wanted to answer when they took the case.

The Justices instead ruled narrowly that under the Court's precedents the MRT is constitutional. "It has gone without serious question in both Congress and the federal courts that Congress can attribute the undistributed income of an entity to the entity's shareholders or partners, and tax the shareholders or partners on their pro rata share of the entity's undistributed income," Justice Brett Kavanaugh writes. He was joined by Chief Justice John Roberts and the three liberals.

The Chief and Justice Kavanaugh seem to have heeded arguments that ruling for the Moores might put other tax provisions in legal jeopardy. But the opinion leaves open the door to taxing asset appreciation, including unrealized capital gains—and that's what makes this ruling so dangerous for liberty.

The majority could have followed the logic of Justice Amy Coney Barrett's concurrence (joined by Justice Samuel Alito) that agreed on

upholding the MRT but didn't shrink from the issue of whether Congress can tax the appreciation of property. "The answer is straightforward: No," she writes.

"The Sixteenth Amendment's reference to income 'derived' from any source encompasses a requirement that income, to be taxed without apportionment, must be *realized*," she explains. "The 'commonly understood meaning of the term' income when the Sixteenth Amendment was ratified requires that a gain be 'realized' or 'derived'" to be taxed without apportionment.

Justice Barrett disagreed with the sweep the majority gave to the Court's tax precedents, which she says would "give Congress carte blanche to attribute corporate income to a shareholder." She says "our precedent suggests that Congress's power" to do so "for tax purposes is limited." She and Justice Alito concurred with the Court's judgment because the issue of whether and when Congress can attribute the income of closely held corporations to their shareholders wasn't fully briefed.

But "just because Congress can attribute income of a closely held foreign corporation" to its shareholders "does not mean it has equal power to attribute the income of a publicly traded domestic corporation to anyone holding a few shares in her retirement account," she writes, a view echoed by Justice Clarence Thomas in a dissent joined by Justice Neil Gorsuch. So at least there are four votes against a wealth tax that many Democrats are eager to pass.

* * *

Justice Kavanaugh says the majority didn't address this issue because it didn't need to. But Justice Barrett's opinion would have let the Court uphold the MRT while clarifying the law on taxing unrealized income. It could still have ruled narrowly while providing guidance to Congress and the courts on what the Sixteenth Amendment allows, or doesn't.

Justice Kavanaugh does issue a warning that "the Due Process Clause proscribes arbitrary attribution" of undistributed income to shareholders. And he writes that his opinion should not "be read to authorize any hypothetical congressional effort to tax both an entity and its shareholders or partners on the same undistributed income realized by the entity."

That's nice to know, but progressives will still read his opinion as saying five Justices haven't closed the door on a wealth tax. The *Moore* majority has invited tax mischief it will have to clean up in the future—if this not-so-conservative Court can muster the votes.

China Menaces Another U.S. Ally

In case you missed it, China this week stepped up its naval harassment of an important American friend in Asia—and we don't mean Taiwan. A serious skirmish involving the Philippine navy is a reminder that Beijing's ambitions in the region are bigger than one island.

Chinese boats on Monday seized two Philippine vessels attempting to resupply an outpost on the Second Thomas Shoal. This is an area within the Philippines' exclusive economic zone in the South China Sea on which Manila maintains a World War II-era ship as a military post.

Filipino officials say Chinese coast guard vessels scuffled with the rubber resupply boats, and that the Chinese engaged in fighting with knives and spears, costing one Filipino sailor a thumb. The Philippine military chief of staff, Gen. Romeo Brawner Jr., described the incident as "piracy." It's one of the most significant skirmishes between the two countries in a long-running territorial dispute.

Beijing claims a preposterously large portion of the South China Sea as its own, claims that have been challenged by the Philippines, Viet-

nam, Malaysia and others. An international tribunal in The Hague has ruled against China's claim. This hasn't deterred Beijing from harassing fishing vessels and other craft in areas over which China has no legitimate claim.

Manila is a treaty ally of the U.S., meaning America has committed to come to Manila's aid in case of an attack. Manila and Washington made clear they don't believe Monday's actions rise to that level, but it's hard to escape the suspicion that Beijing is probing to see how much it can get away with.

The episode is a reminder that while much strategic discussion about China these days focuses on Taiwan—with good reason—that island isn't America's only strategic interest in the region. The U.S. has obligations to other allies, and military and commercial interests in securing freedom of navigation through the South China Sea.

Beijing disagrees, to put it mildly. The danger is growing that if the U.S. can't muster the resources to deter China's growing assertiveness in the region, Beijing will try to make a land grab and dare the U.S. to respond.

Beijing steps up its naval harassment of the Philippines.

Direct Democracy Dies in California

Can Gov. Gavin Newsom please spare us the lectures about the MAGA threat to democracy? On Thursday California's Supreme Court ruled in favor of the Governor and chucked a Nov. 5 ballot initiative that would have limited Sacramento's ability to raise taxes.

Mr. Newsom and former state Democratic Party chairman John Burton last year asked the state Supreme Court to bar from the November ballot an initiative that would make it harder to raise taxes. Democrats control roughly 80% of legislative seats, so Prop. 13's requirement that tax increases be approved by a two-thirds legislative majority is no longer a check on avaricious politicians and unions. That's especially so since Mr. Newsom's regulators increasingly raise revenue by other means such as cap and trade.

The citizen initiative backed by the California Business Roundtable required that most regulatory fees and charges be approved by the Legislature and voters. It also required voters to approve tax increases passed by the Legislature, and it raised the threshold to two-thirds for localities to pass special taxes. The initiative was the biggest threat to public-union governance since voters passed Prop. 13 in 1978. It was also voters' best hope to stop the progressive tax-and-spend ratchet.

Hence, Mr. Newsom's lawsuit, which contended that such changes to the state Constitution could only be placed on the ballot by the

Legislature. California's Supreme Court unanimously agreed. Six of the seven Justices were appointed by Democratic Governors.

"The changes proposed by the [initiative] are within the electorate's prerogative to enact, but because those changes would substantially alter our basic plan of government, the proposal cannot be enacted by initiative," Justice Goodwin Liu wrote. The Court will "typically review constitutional challenges to an initiative after an election in order to avoid disrupting the electoral process and the exercise of the franchise," he notes. But the Court made an exception in this case. Hmmm.

The Court tried to parse a distinction that's foggier than San Francisco between constitutional amendments and revisions. An amendment to the Constitution can be placed on the ballot by voters or the Legislature. But the court ruled that a revision may only be proposed to voters by the Legislature or a constitutional convention convened by the Legislature.

In other words, the Legislature must agree before voters can limit its taxing power. How was this initiative different from Prop. 13, which the state's high court upheld against a similar challenge? Judge Liu writes that Prop. 13's tax limitations operated "functionally within a relatively narrow range." Sorry, the only real difference is that the state's high-court judges are now uniformly progressive.

The Fate of New York's New Congestion Tax

Even as New York City struggles with increasing motor-vehicle congestion, Gov. Kathy Hochul has pulled the plug on a plan to alleviate that congestion, probably with the realization that, one way or another, it was bound to fail ("New York's Congestion-Tax Revolt," Wonder Land by Daniel Henninger, June 13).

Taxation can serve two purposes. First, it is used to raise revenue, either for the general fund or to finance specific projects. For instance, charging a \$15 road-use tax (OK, call it a "toll") to enter lower Manhattan can raise lots of money that the Metropolitan Transportation Authority can use to upgrade its facilities. Second, taxes can be implemented that will discourage undesirable behavior: By adding a \$15 road-use tax to enter lower Manhattan, many drivers will seek alternatives that will reduce congestion.

The problem is that the proponents of the plan sold it on both points, that congestion would be reduced and substantial funds would flow to the MTA. That isn't possible. If congestion is reduced, the city won't be collecting that many \$15 tolls to send to the MTA. But if drivers proved oblivious to the toll increase, then congestion would remain, to the dismay of the plan's proponents, while the MTA would find itself awash in cash. Either way, the plan would disappoint someone.

MICHAEL A. SMITH
Wells, Maine

Those of us who fled south from New York and surrounding suburbs tried to do our part in reducing congestion there. The new tax on cars entering Manhattan below 60th St. that was nixed by Ms. Hochul would do no more to ease congestion than has the exodus of taxpayers to low-tax states.

Democrats talk a great game on sustainability, even as they push forward policies that aren't sustainable. New York City's income and property

tax rates are topped out and cost of living is crushing. More help from Washington requires higher taxes on income of the rich or the holy grail of a new wealth tax. Absent that, blue states and cities are trying lawfare—desperately filing suits against fossil-fuel businesses.

A carbon tax would be a game changer. But if and when a carbon tax gains traction, it would likely be additive rather than a replacement for other taxes and regulatory costs. In the meantime, the Big Apple's tax base is moving out, and migrants in need of assistance are moving in. The woke city that never sleeps should at least let taxpayers get some rest every once in a while.

DANA DAVIS
St. Augustine, Fla.

Fear not Joe Colangelo, bus magnate ("Congestion Pricing and Kathy Hochul's Whims," op-ed, June 11), circle Nov. 6 on your calendar. The day after Election Day should provide you with the real answer as to whether congestion pricing is a go. If, God forbid, President Biden is re-elected, Ms. Hochul will fear no voter blowback against Democrats and poof—the toll readers will magically be activated and public money collected.

If former President Donald Trump is put back in office, congestion pricing could still happen because the Republicans in charge will stymie and punish Ms. Hochul's acolytes by turning off the profligate Washington spending into New York. She will have no choice but to effect new tolling taxation to fund her liberal largess.

Either way, circle the date on your calendar as to when Ms. Hochul has a reawakening. Notice the toll bridges remain in place; they are ominous swords of Damocles hanging over every motorist's head in our central business district.

STEVEN P. SCALICI, P.E.
Staten Island, N.Y.

A Plan to Help Ukraine With Putin's Billions

Your editorial "The West and Putin's Billions" (June 15) is spot on when it describes the G-7 plan as needlessly "complex." Using the interest income from the frozen Russian assets to fashion a \$50 billion loan will be ineffective and won't maximize the benefits to Ukraine quickly enough.

A strong bipartisan majority in the House and Senate included the Rebuilding Economic Prosperity and Opportunity (REPO) for Ukrainians Act in the recently enacted foreign-aid package. This law authorizes the president to seize the immobilized Russian sovereign assets and place them in an international trust fund for the benefit of Ukraine. This offers

the legal protection of possessing title to those assets, as placing the assets in trust provides sound legal assurance and oversight. Only in this structure are G-7 taxpayers assured that they don't remain on the hook as contingent guarantors of a complex international loan. This approach is supported by many leaders across Europe, but President Biden failed to step up and close the deal.

The REPO Act offers certainty, accountability, and maximum flexibility in crafting financial alternatives to benefit Ukraine. It is fully superior to the Rube Goldberg scheme cooked up by the G-7 chefs in Italy.

REP. J. FRENCH HILL (R., ARK.)
Washington

Trump's Decline Worries Me More Than Biden's

Karl Rove thinks that the election could turn on how Americans judge "how each candidate comports himself in critical moments" or "inflection points" between now and Nov. 5 ("No Summer Vacation From Election 2024," op-ed, June 13). Mr. Rove projects that the risk for President Biden is an accumulation of stumbles that reveal declining mental acuity. President Trump, for Mr. Rove, is merely being Trump when he displays an unhinged mind obsessed with self-justification. One has an organic issue, aging, while the other problem, as Mr. Rove sees it, is one of temperament.

Can I observe that Mr. Biden, when at moments such as at the State of the Union, or in his speeches surrounding commemorations of D-Day, is plenty coherent, plenty focused, more so than Mr. Trump ever is? At his rallies and in his off-the-cuff remarks, Mr. Trump reveals not so much a lack of self-control as a troubling incoherence, suggesting

not temperament but mental decline. Maybe it's time for pundits to ask whether Mr. Trump's persona shows an organic decline far more severe than Mr. Biden's age-related flaws?

STEVE HORWITZ
Moraga, Calif.

Government Won't Save Us

Every time I reach the point of despair in this country's survival, you rekindle my faith in the goodness of people. The people who operate Valiant Cross Academy ("An Alabama School Runs on Faith, Family and Fatherhood," Cross Country by Nicole Ault, June 8), and those like them, are the ones who will save this country. Money won't do it. Only the dedication and courage of people who love their neighbor will work. As St. Ignatius said, "Love consists in sharing what one has and what one is with those one loves. Love ought to show itself in deeds more than in words."

CRISTINE F. GOODMAN
Los Altos, Calif.

Pepper ... And Salt

THE WALL STREET JOURNAL



"What you call tricks I call humiliations."

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OPINION

AMLO's Radical Legacy in Mexico

By Mike Pompeo

Expected constitutional and political changes in Mexico will upend the bilateral relationship with the U.S., causing chaos at the border and likely kicking off a trade war. The result will be economic stagnation in Mexico. Only the cartels pushing poison into both nations will benefit.

Mexico's lame-duck president, Andrés Manuel López Obrador, known as AMLO, seems intent on passing a series of "reforms" to eliminate independent regulators or merge their offices with executive-branch agencies. A clear violation of the U.S.-Mexico-Canada Agreement, this would cripple investor confidence in the Mexican system. The flow of foreign direct investment from the U.S. would dry up.

His lame-duck reforms will hurt Mexicans, drive investment away and wreck relations with the U.S.

AMLO's reform package also goes after U.S. exports of genetically modified corn based on unscientific criteria that clearly violate USMCA rules. Most troubling for foreign investors: A proposal that all federal and local judges in Mexico, including the Supreme Court, be elected by popular vote. That's game over for judicial recourse in Mexico if a foreign investor has a dispute with a powerful political actor or interest. Given that the USMCA is up for a mandatory review in all three na-



Mexican President Andrés Manuel López Obrador

tions in 2026, these ill-conceived proposals by the Mexican government could spell disaster for the future of the agreement. The USMCA is critical to American jobs. Were it to be obliterated, the single biggest beneficiary would be communist China.

The U.S. has historically had to deal with waves of Mexican migrants crossing the border. Mexico was one of the largest sources of migrants to the U.S. in the 20th century. In recent years, the numbers have slowed as a result of actions taken by the Mexican government to develop independent institutions and regulators that combat corruption. An independent electoral authority was empowered to oversee elections. The Mexican people have benefited tremendously from the greater economic growth, foreign investment and opportunities that resulted from these changes. AMLO's increasingly

radical policies now threaten to reverse this trend. Mexican arrivals at the U.S. border are already ticking up after hitting a many-decades low in 2019.

The judicial reform proposal would also undercut key U.S. efforts in Mexico. Since 2008, when funds began to flow to the Merida Initiative, a first-of-its-kind bilateral security program to combat drug trafficking and organized crime, the U.S. has invested billions to build an independent and competent judicial branch in Mexico. The hope was to increase prosecution rates, strengthen the rule of law and hold organized crime to account. AMLO's plan to have judges elected would toss away almost two decades of progress with the stroke of a pen. It also wouldn't work: Organized crime controls roughly a third of Mexico's territory, and a record number of candidates were murdered in the

course of the most recent elections. The notion that Mexico can maintain an independent judicial branch by having its judges elected at all levels is absurd and deeply dangerous.

AMLO's reforms also seek to empower the Mexican military by assigning the National Guard to the secretary of national defense, which would add layers of complexity for U.S. agencies working with Mexican civilian agencies on immigration, narcotics and counterterrorism operations. The Mexican National Guard is a federal agency under civilian control, and it plays a key role in immigration enforcement. Following the Cuban model, AMLO has already given the Mexican military airlines, hotels, ports and airports to run. It even operates a tourist train. Now he wants to give it domestic law-enforcement authority as well. AMLO hopes to ensure that no Mexican agencies cooperate with U.S. agencies outside a single chain of command.

Mexican voters recently gave President-elect Claudia Sheinbaum a broad mandate. It's hard to believe that her predecessor's party wishes to put the country on a path toward economic stagnation before she even takes the oath of office. The U.S. is Mexico's top trade partner and the largest recipient of Mexican exports. American companies are the largest foreign investors in Mexico. AMLO's reforms would hurt the Mexican and American people alike. The Mexican people, led by Ms. Sheinbaum, must step in now to change this course for their country, and the Biden administration must defend U.S. interests by helping them do so.

Mr. Pompeo served as secretary of state, 2018-21.

Elon Musk Foils the Proxy Firms

By Michael Toth

Votes by Tesla shareholders to reinstate Elon Musk's pay package and approve the company's reincorporation in Texas aren't only a victory for Mr. Musk over the Delaware judge who invalidated the CEO's compensation deal in January. They are also a stinging rebuke to the proxy advisory firm Glass Lewis and the left-wing agenda it pushes on public companies.

Proxy advisory firms have considerable influence over public companies. They advise institutional investors—which formally own most shares in public companies—on casting proxy votes concerning CEO pay, director elections and other important proposals. Two firms—Glass Lewis and Institutional Shareholder Services—dominate the business.

After Delaware Court of Chancery Chancellor Kathaleen McCormick threw out Mr. Musk's pay package, Glass Lewis and ISS opposed the company's plan to reinstate it. Glass Lewis also weighed in against Tesla's proposal to reincorporate in Texas.

Glass Lewis, which has approved other companies' reincorporations, should have seen that Tesla had legitimate reasons for leaving Delaware. The trial lawyers who challenged Mr. Musk's 2018 compensation deal asked for \$5 billion in fees—an egregious example of the legal shenanigans that have become all too common in Delaware. Such developments have driven other public companies, including TripAdvisor, to reincorporate elsewhere.

Instead, the proxy advisory's hidebound opposition elicited a classic Musk response. In building Tesla, Mr. Musk skipped the traditional middlemen for selling cars—franchised dealers—and sold directly to consumers. To rebut Glass Lewis, Tesla similarly went straight to the audience that matters: its investors.

Like Exxon Mobil, Tesla went directly to investors and over the heads of the left-leaning advisers.

In a scathing point-by-point take-down, Tesla blasted the proxy adviser's recommendations as "absurd" and based on "faulty logic," "speculation," and "scaremongering." Tesla's letter to shareholders noted that "conspicuously absent from the Glass Lewis report is the over \$735 billion in value" that Mr. Musk created for shareholders. In a vote last week, Tesla investors sided with Mr. Musk over the proxy advisers by a wide margin.

Tesla isn't the only company pushing back against Glass Lewis. Last month, Exxon Mobil called out the proxy advisory's "undisclosed actual or potential conflicts of interest" in opposing the re-election of the company's lead independent director, former State Street CEO Joseph Hooley. The proxy firm came out against Mr. Hooley not because of Exxon Mobil's performance during his time on the board but "to strongly signal dissatisfaction with the Company's recent approach to omitting shareholder proposals"—a reference to the energy company's decision to file a lawsuit to exclude a climate proposal shareholders already had rejected.

As Exxon pointed out, however, Glass Lewis neglected to mention that it is a member of the Interfaith Center on Corporate Responsibility, a group that "has led the media opposition" to Exxon's lawsuit. ICCR members include one of the defendants in the case. In light of the undisclosed connections among the proxy firm and activist environmental, social and governance investors, Exxon asked whether Glass Lewis was giving advice or "superimposing its personal policy preferences over the voice of nearly 90% of shareholders and accompanying SEC regulations." Shareholders agreed and overwhelmingly reappointed Mr. Hooley.

Campaign-finance records and social-media posts indicate that Glass Lewis's leadership is solidly progressive. The firm's annual guidelines for proxy voting advance conventional liberal views. Despite the Supreme Court's admonishment against "stereotyping" in last year's *Students for Fair Admissions v. Harvard* ruling, the guidelines continue to propose demographic targets for boardrooms but say nothing about the value of recruiting directors with expertise in artificial intelligence or other emerging technologies.

Companies should keep this in mind the next time Glass Lewis opposes a proposal that's in shareholders' best interests. As Tesla and Exxon showed, proxy advisers may be living in glass houses.

Mr. Toth is a founding partner of PNT Law, based in Austin, Texas.

Inside China's Troubled Real Estate Market

POLITICAL ECONOMICS
By Joseph C. Sternberg

It's time to confront the possibility that China's economy has changed permanently in recent years. Is anyone ready for the new reality?

Data released this week by China's National Bureau of Statistics suggest that the country's real-estate deflation—soon to enter its fifth year—accelerated in May. New-home prices in 70 large and medium-size cities fell 4.3% year-over-year in May, compared with a 3.5% year-over-year drop in April. Existing-home prices fell 7.5%, compared with April's 6.8% drop.

This shouldn't be a surprise, since Xi Jinping's government started engineering a correction in the overheated property market in August 2020. Except that more recently Beijing has gotten cold feet. This spring it tried to correct the correction.

The central bank last month started offering credit subsidies of 300 billion yuan (\$41 billion) to encourage state-owned enterprises to buy residential units worth 500 billion yuan to rent out as affordable housing. This kitty, plus removing the minimum on mortgage interest rates (previously 3.5%) and reducing down-payment requirements for house purchases, was supposed to put a floor under the market.

Mr. Xi was heading increasingly desperate calls from within and outside China to do something to arrest the decline of real-estate prices. Many economists and probably Mr. Xi himself assumed he'd be able to do so. The historical precedent was the enormous credit stimulus plan Beijing rolled out to shield its economy from the worst effects of the 2008 global financial crisis. This led to a mountain of debt but also staved off a recession—and may have indirectly helped pull the West out of the ditch.

When Beijing launched the latest real-estate support plan last month, the main debate among economists was whether it was large enough. But as it becomes clear that the plan may not be working, another worry is coming into view: Chinese households might not care.

The way individual Chinese think about the economy and their prospects appears to be changing. This is

most obvious in the housing market, where malaise appears to be setting in. At 22%, the proportion of urban households that expect house prices to fall further in the coming quarter is higher than it's been in at least a decade. By contrast, the proportion of those who expect prices to increase is currently at a 10-year low of 11%.

Xi Jinping's government tried to bring housing prices down. Now it wants to force them up again.

As households have reconciled themselves to falling property prices, other attitudes have changed. The proportion of Chinese telling surveys that they want to save more—meaning stashing cash in an unproductive low-interest bank account—has soared to around 62% from 50% when the property deflation started in 2020. The proportion of people saying they want to spend more has dropped to around 23% from around 28% before the pandemic. Consumer confidence has

fallen off a cliff since 2022.

This bell can't be unrun. Even if Mr. Xi eventually succeeds in putting a floor under the property market, the middle class now is on notice that house prices can go down. The consequences of this shift could be profound, because an expectation that property prices will always increase is the bedrock on which China's modern political economy was built.

This belief drove households to overinvest in housing, fueling an enormous construction industry. The wealth effect created by ever-rising property prices became a crucial ingredient in the consumer confidence China needs to cultivate to rebalance toward consumption and away from exports and wasteful public works as drivers of economic growth. A similar wealth effect became embedded in the government's finances, as local governments across the country created overleveraged investment funds to pour money into real estate.

It's common to blame dips in consumer sentiment on Mr. Xi's draconian pandemic lockdowns. Yet as time passes and the economy still doesn't recover from the pandemic

The Baby Boomers Arrive in Montana

By Richard Dooling

Whitefish, Mont.

In the 1950s and '60s, when televisions had three channels, the "Davy Crockett" series about the fearless frontiersman was so popular that Disney sold 5,000 imitation coonskin caps a day. I wore one of those caps for several summers. My wife, Kristy, didn't wear a Polly Crockett cap—same coonskin design made of faux white fur—but we were both fans of Laura Ingalls Wilder's books and the "Little House on the Prairie" series based on them. Later we read Norman Maclean's "A River Runs Through It," John McPhee's "Coming Into the Country" and Cheryl Strayed's "Wild." As retirement loomed, our inner John Muir and the mountains were calling and we had to go.

We wound up in a real-estate office in northwestern Montana, where we introduced ourselves to Nichole, the agent on duty. We were from Omaha

and curious about moving to the mountains to "get away from it all." Nichole helped us focus. Get away from what all? If we were escaping humanity, how far from humanity did we want to live? Just us and Leonardo DiCaprio's character in "The Revenant"?

My wife and I decided to get away from it all. Lots of others got here first, ready to die with boots on.

Also, we were a two-headed client called a couple. I daydreamed about a log cabin on 40 acres of wilderness with internet courtesy of Elon Musk's Starlink. Kristy wanted a place near a charming mountain town offering more amenities than a gas station. An airport within an hour or so might be nice. Groceries. Medical and dental care. Somewhere our adult sons and daughter might like to vacation, even though their parents live there.

Nichole tried to pin us down on real-estate issues that transgressed on marital matters. Like when Kristy said that if this offer went through for 40 acres up in the North Fork and down a dirt road, she was going to pour antifreeze in my morning tea. What if we thought we were trying to get away from it all, but "it all" was ourselves and not something we left back in the Midwest? Didn't I want to live closer to family and friends? Did I have an unhappy childhood? Was I a cold and unfeeling misanthrope?

We compromised and bought a log cabin just outside town, with all the critters and varmints that come with the wild. Honey, I said, it's not

like we'll be hermits. See that wisp of smoke on the horizon? That's our neighbor's chimney. They call her "Moonstruck Molly." She keeps to herself somewhat, so they said we should send a letter ahead if we intend to visit. Town is only 20 minutes away and includes an ice-cream shop.

Hiking the trails, we soon met other graybeards and their sturdy partners, all of whom must scroll the same feeds: "Ten Affordable Mountain Towns for Retirement!" I thought we were rediscovering Thoreau's wilderness, but I soon realized we were part of a gray invasion that began long before the pandemic. We were simply the latest wave of silver seniors in pursuit of Rousseau's nature and outdoor sports. Forest bathing! We met legions of other elderly long-haul hikers and bikers and climbers and white-water rafters, including the odd octogenarian daredevils who still ski down black diamonds. They don't want to die on the golf course or the pickleball court, or, worse, in a hospital bed. They want to go in a backcountry avalanche.

The idea is to die outside with your hiking boots on. Stay on the trail, on the road, on the mountain, on the bike, in the canoe, on the white-water raft. Go outside every day, even if your knee or your ankle or your shoulder hurts, and once outside push your declining limits. At 80, let's say, you push a little too hard at the wrong time. You come around a bend in the trail through the cedars and on the right you see two cute bear cubs and on the left an 800-pound mama grizzly, and just like that you've managed to die outside with your boots on.

Mr. Dooling is a novelist.

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Honeywell displays a flight simulator. The deal marks Honeywell's second on recent months to bolster its aerospace unit.

Recruiting For Diversity Is Cut Back

Minority students worry about effect on searches for jobs in tight market

By KAILYN RHONE

White-collar companies that once championed programs to recruit diverse employees are now tiptoeing away from them.

PricewaterhouseCoopers and **JPMorgan Chase** are among those that recently removed or altered descriptions of their programs for underrepresented students.

The shift came after an "anti-woke" movement took aim at U.S. companies and a Supreme Court decision overturned affirmative action in college admissions.

Employers' embrace of diversity, equity and inclusion initiatives peaked in 2021, sparked by the death of George Floyd and the height of the Black Lives Matter movement a year earlier.

In the years since, access to diversity programs has been slowly declining, a Glassdoor study in April found.

Companies have made the changes quietly, often by playing down terminology such as "DEI" and opening up programs once reserved for di-

verse applicants to everyone. Many stopped referencing their DEI programs in annual reports altogether, The Wall Street Journal has reported.

Minority students are concerned about what the cutback means for their future in an already tight job market.

As an undergrad, Chad Fuselier, 24 years old, remembers searching on job sites such as Glassdoor and LinkedIn for postings that referenced "diversity programs" or "Black students." That helped him land an internship through a program at PwC.

Please turn to page B2

Share of Glassdoor reviews indicating company-provided diversity program



Note: Data was aggregated based on Glassdoor benefit reviews from U.S. full- and part-time employees between Jan. 1, 2017, and April 30, 2024. Source: the company

Honeywell Strikes \$2 Billion Deal For Aerospace, Defense Business

By LAUREN THOMAS

Honeywell International has struck a roughly \$2 billion deal to buy aerospace and defense technology company **CAES Systems** from private-equity firm **Advent International**.

CAES, formerly known as Cobham Advanced Electronic Solutions, designs, develops and tests electronics ranging from antenna systems to com-

munication networks for aerospace and defense companies.

The transaction would expand Honeywell's defense-technology offerings. It is a small bite for the industrial giant, with a market capitalization of nearly \$140 billion.

A range of geopolitical threats around the world including Russia's invasion of Ukraine have put an emphasis on military spending in the U.S.

This marks Honeywell's second acquisition in recent months to bolster its Aerospace Technologies unit, which posted 18% year-over-year organic revenue growth in the first quarter.

In March, Honeywell said it would acquire Italy's Civitavecchia Systems, an aircraft-components manufacturer and developer.

Vimal Kapur, a longtime Honeywell executive, has been

acquisitive since taking over as chief executive in June 2023. In December, the company struck a roughly \$5 billion deal to buy Carrier Global's security business.

Honeywell has committed to deploy at least \$25 billion in the coming years toward mergers and acquisitions, among other things.

Arlington, Va.-based CAES has 13 facilities in North America.

An Agent's Long Fight Exposes Insurer Side Deal

By JEAN EAGLESHAM

For 32 years, Richard Reda lived off commissions from selling modest life-insurance policies to middle-class clients. Then a billionaire property mogul showed up offering something far more lucrative.

Joseph Moinian and his wife would buy \$279 million of life insurance from **Massachusetts Mutual Life Insurance**, generating a potential \$5 million in commissions. The payout for the agents involved would be the biggest ever paid by the insurer for policies written for a couple, one adviser on the deal said in a court filing.

"Guys like me, regular life-insurance agents, this is a once-in-a-lifetime opportunity," the 60-year-old Reda said. "It's not even a unicorn—it's Sasquatch riding a unicorn."

The commission proved to be mythical for Reda. Having gotten a fraction of what he believed he was owed, Reda went on an eight-year quest for the big payout. He helped uncover evidence of a potentially illegal side deal involving Moinian's policies, and prompted three internal inquiries by MassMutual. The company eventually reported the matter to regulators.

The fight shows how big companies can bend backward to serve rich clients. Moinian's special treatment ranged from the unusual side deal that he got to the insurer's alleged willingness to turn a blind eye when Reda first complained of the arrangement.

But the battle hurt Reda financially, wiping out his savings, leaving him with unpaid taxes and overdue credit-card bills. The company forced him to pay back some other commissions, which he says is retaliation for his actions in exposing the Moinian side deal.

"I knew I was owed mil-

Car Dealers Lose Software Access in Cyberattack

By RYAN FELTON

Thousands of car dealers around the U.S. lost access for the second straight day to software that helps underpin their day-to-day operations, disrupting their ability to sell or repair cars.

CDK Global, which provides the technology to auto dealers, said it experienced cyber incidents that first affected service to dealers on Wednes-

day. The company shut down most of its systems while it assesses the situation, a spokeswoman said.

CDK said it didn't have an estimated time frame for a resolution. The affected systems weren't expected to be available on Thursday, according to a message to dealers.

"We remain vigilant in our efforts to reinstate our services and get our dealers back to business as usual as quickly

as possible," a spokeswoman for CDK said. The company provides nearly 15,000 dealers software to manage their sales, payroll and general office operations, according to the company's website.

Meanwhile, dealers were left to address the fallout, in some cases using pen and paper to record sales.

Dealers "are actively seeking information from CDK to determine the nature and

scope of the cyber incident so they can respond appropriately," said Mike Stanton, chief executive of the National Automobile Dealers Association, in a written statement.

Geoffrey Pohanka, chairman of Pohanka Automotive Group, said his company relies heavily on CDK for its day-to-day business operations.

"They're a very integrated company," Pohanka said. "It's better for us to deal with one

vendor than two dozen small vendors."

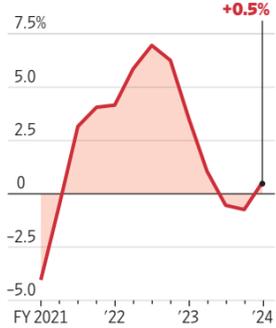
Pohanka said his staff is manually completing the paperwork on sales and repair orders. Dealerships have workarounds and contingency plans for such potential scenarios, including if there is a power outage, he added.

"The problem is, if this goes on for an extended period of time, it would be a

Please turn to page B4

Grocery Shoppers Head to Kroger, Boosting Quarterly Results

Kroger's quarterly identical store sales, change from a year earlier*



Share-price and index performance, year to date



*Excludes fuel; latest fiscal quarter ended May 25

Sources: the company (Sales); FactSet (performance)

Kroger reported a slight rise in quarterly sales, as more shoppers visited its stores, with food prices leveling out. Shares of Kroger fell 3.3% after its adjusted earnings topped estimates. B2



INSIDE



BUSINESS NEWS
Danone plans to double down on health and nutrition. **B3**



HEARD ON THE STREET
Wall Street chases Ozempic wannabes. **B11**

Washington Post CEO Plans Digital Makeover With a 'Third Newsroom'

By ALEXANDRA BRUELL

William Lewis set out in 2020 to build a modern newsroom. His plan: Don't resist the power of social media. Embrace it.

While most publications try to draw readers to their own websites and apps, Lewis's startup, the News Movement, creates content for TikTok, Instagram and YouTube—short, vertical videos on topics from politics to fashion to culture, aimed at a Gen Z audience.

Lewis is now promising to carry out a digital transformation at the Washington Post,

where he took over as chief executive this year, with goals of reversing its contraction in online readership and stemming financial losses.

He has said little about his plans, other than that he wants to create a new, specialized newsroom to do social-media and service journalism. The News Movement offers some clues about how he views the modern media landscape, and in what direction he might take the Post.

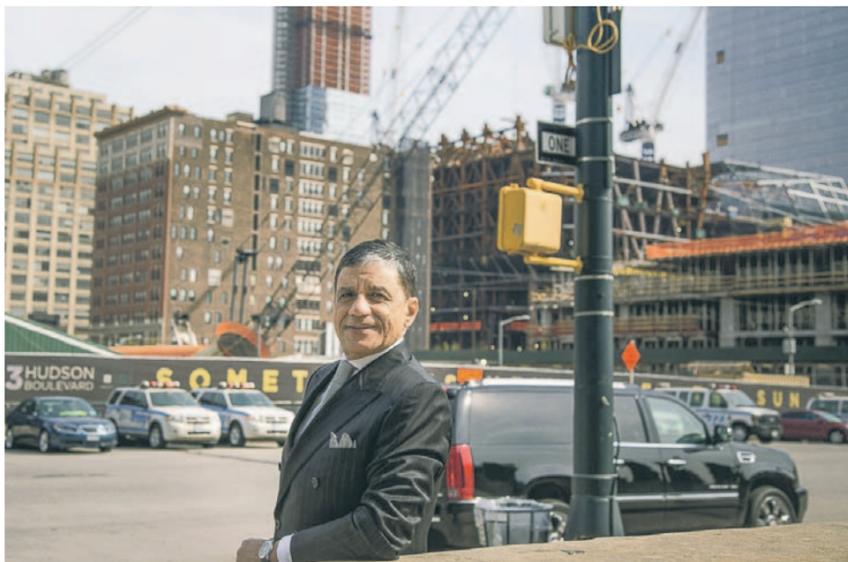
One goal of the Post's "third newsroom"—the first is the core news operation and the second is the opinion sec-

tion—would be to reach and generate revenue from audiences who are unlikely to pay for subscriptions but will engage with the news outlet's content on social-media platforms, people familiar with the Post's plans said.

As Lewis tried to implement his plans, he faces deepening controversies that are creating a distraction. He is dealing with questions about his role in a U.K. hacking scandal that played out more than a decade ago, his reported attempts to quash stories about that case, and the tactics he has em-

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BUSINESS & FINANCE



New York real-estate billionaire Joseph Moinian sought to buy \$279 million in life insurance.

An Agent's Long Fight For Payout

Continued from page B1
 lions, and I couldn't wrap my head around my company not helping me get it," Reda said.

A MassMutual spokeswoman said the insurer has faced no regulatory action as a result of Reda's complaints and "will continue to defend itself against any unfounded claims."

Moinian is a New York dealmaker who built a fortune in real estate. Born in Iran, Moinian emigrated alone at 17 and eventually started a women's apparel company. His property empire, currently more than 20 million square feet, started with the 1982 purchase of a Persian carpet building on Park Avenue.

"The client is a very powerful man that dictates what he wants, when he wants, and will get what he wants ultimately," Brendan Naughton, a managing partner of a MassMutual agency, said on a 2017 phone call recorded by Reda, which has been heard by The Wall Street Journal.

Moinian and Naughton didn't respond to requests for comment.

Like many wealthy people, Moinian and his wife planned to use insurance as part of their estate planning, according to Reda. Life-insurance policies, combined with trusts, can be a tax-efficient way to pass on wealth to younger generations.

Moinian also wanted to benefit from the commission that his policy generated, said Joshua Coleman, a financial adviser brought in by Reda to help negotiate the deal. "Joe [Moinian's]...request was to scale down everyone's commission so that a portion of it could go to charity," Coleman said on the 2017 recorded phone call.

Agreeing to the request carried significant risks for the advisers. Most states have rules banning agents from rebating commissions, in part to stop such arrangements driving up overall fee levels. But rejecting the request risked

losing the lucrative deal.

"We can basically say 'no, you know, go pound sand and do it with somebody else' or 'yes,'" adviser Coleman said on the call. He said yes. After the sale went through, Coleman wrote a personal check for \$2.1 million to the Persian Congregation of Flatbush, a New York synagogue for which Moinian was seeking to build a temple, court records show.

This payment "may have violated" state laws, MassMutual later told regulators. The insurer "expressly prohibits its agents from participating in a rebate," the company said, adding that it had terminated its relationship with Coleman.

Coleman, who is awaiting sentencing after pleading guilty to an unrelated private-loans fraud, didn't respond to requests for comment.

A member of Reda's team met Moinian in 2015. When talks over the big policies progressed, Reda brought in Coleman to help arrange specialized loans that are often used by the wealthy to pay the policy premiums, leaving the individual's money invested elsewhere.

The men agreed that the

commission would be split between Reda's team and Coleman's firm, according to an arbitration claim filed by Reda with the American Arbitration Association. As a sales manager, Reda was entitled to a share of as much as 25% of first-year commissions earned by agents on his team, the claim said.

When the first-year commissions came through, Reda's team got \$590,000 rather than the \$2.5 million he expected.

Reda asked where the money went. In 2017, he recorded the phone call in which Coleman discussed Moinian's request to pay some of the money to the synagogue. Reda alerted MassMutual to the potential breach of its rules.

A MassMutual lawyer in 2019 said two internal reviews of the allegations found there had been no "contributions to any charity at the direction of the Moinians." The insurer had a signed statement to that effect from Coleman, the lawyer's email added.

Reda filed a lawsuit in New York against Coleman, who admitted that Moinian had "directed [Coleman's firm] to pay charitable donations from

compensation derived from his policies."

MassMutual launched a third internal probe, asking Coleman for his income-tax and other documents, it later told Nevada insurance regulators. Coleman produced a copy of his \$2.1 million check to the synagogue, the company added.

Coleman's admissions in the court case left MassMutual "caught with their proverbial pants down," he said last year in an affidavit. The insurer "had to perform a full investigation...even though they knew about the charitable donations for many years," the sworn statement said.

The MassMutual spokeswoman said that "upon receiving sufficient evidence of potential rebating, the company immediately self-reported its concerns" to regulators. She said no action was taken.

Reda's lawsuit against Coleman largely fizzled after the adviser was arrested in the private-loans fraud case. A separate arbitration claim against MassMutual in 2023 was tossed out, for being filed too late.

In 2018, Reda was required by MassMutual to repay \$400,000 in commissions for alleged "intent to rebate" in advising a different client. Reda called that an act of retaliation.

"I pretty much exhausted all my liquid savings," Reda said in an interview.

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Watch a Video: Why Dollar Tree Is Looking To Cut Its Losses With Family Dollar



Dollar Tree said in June that it is looking to sell or spin off Family Dollar, a brand it acquired in 2015. Scan this code for a video breaking down why Family Dollar has struggled to increase sales.

Diversity Recruiting Curtailed

Continued from page B1

Similar searches today yield fewer results, said Fuselier, now a second-year law student at the University of Florida. He has an internship at KPMG this summer that wasn't part of a diversity program.

Accounting firm PwC's well-known Start internship program, which accepted only "traditionally underrepresented" minority applicants for

years, removed that requirement last fall.

The program's description now says it encourages students of diverse backgrounds to apply. PwC declined to comment.

Consulting firm McKinsey & Co. in May removed "self-identify as a member of a historically underrepresented group" from a list of attributes ideal candidates should possess for its sophomore summer business-analyst program.

McKinsey said the program is designed to expose historically underrepresented groups to management consulting and is one of many diversity recruiting programs it maintains.

Law firm Kirkland & Ellis now clarifies that its diversity

and inclusion fellowship is open to all second-year law students, regardless of their backgrounds.

JPMorgan Chase has done the same for its Black and Hispanic & Latino fellowship programs, adding that all sophomore students regardless of their background are welcome to apply.

JPMorgan said it remains committed to a workforce with diverse backgrounds and perspectives. Kirkland & Ellis declined to comment.

Law firm King & Spalding no longer notes "the best talent is diverse in many ways" on the description of its diversity fellowships as it once did. The firm didn't respond to a request for comment.



Kroger maintained its full-year target for adjusted earnings per share at \$4.30 to \$4.50.

Sales at Kroger Get a Boost From a Rise in Shopper Visits

By VICTOR STEFANESCU

Kroger reported a slight rise in quarterly sales, as more shoppers visited its stores, with food prices leveling out.

Identical sales, which don't include the effects of store openings and closings, rose 0.5% in the three months ended May 25, excluding fuel sales. The grocer's digital sales grew more than 8%.

Kroger shares closed Thursday down 3.3%, at \$50.28. The stock is up about 10% over the past 12 months.

Food prices are no longer marching upward, with infla-

tion in food for home consumption holding steady in May, from April. But consumers are still grappling with grocery prices that are significantly higher than in past years, and shopping lists that are gobbling up a greater chunk of their income.

Kroger's quarterly sales climbed 0.2% to \$45.27 billion, beating estimates of analysts surveyed by FactSet. Net income increased to \$947 million, up 2.1% from the same period last year. Stripping out one-time items such as merger expenses, adjusted earnings were \$1.43 a share, also topping fore-

casts. Kroger maintained its full-year target for adjusted earnings per share of \$4.30 to \$4.50.

In late February, federal regulators sued to block Kroger's \$20 billion takeover of Albertsons, which would combine the country's two largest pure-play supermarket operators.

Executives at the Cincinnati-based company have said the deal is necessary to compete with Walmart and Amazon.com. Lawmakers and union officials argue the deal would increase prices while reducing competition and union employees' bargaining power.



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BUSINESS NEWS

Danone Adjusts to the Ozempic Era

With the prospect of a change in eating habits, focus is on health and nutrition

By Pierre Bertrand

Danone plans to double down on health and nutrition in the coming years as food companies seek to tackle the effects on eating habits of Ozempic and other blockbuster weight-loss drugs.

Two years into its turnaround plan, the company behind Activia yogurt and Evian water is pivoting toward acquisitions from an initial phase in which it offloaded assets it saw as underperforming.

Its efforts come at a time consumers in many places around the world are ditching big brands in favor of private-label products after years of inflation.

The rise in popularity of weight-loss drugs such as Mounjaro, Wegovy and Ozempic left investors assessing potential long-term implications on sectors ranging from food to clothing. The drugs, known as GLP-1, mimic a natural hormone that helps people shed weight by suppressing appetite.

The French food producer said it sees changes in the way people eat, age and live as structural tailwinds for its business. It is confident a focus on health and nutrition will help it deliver profitable growth.

"The food industry is at a



Danone said it sees changes in the way people eat, age and live as tailwinds for its business.

tipping point: Health, and the role food plays in health, will become more critical than ever," Danone Chief Executive Antoine de Saint-Affrique said.

Some analysts say Danone looks well positioned among food makers to benefit from weight-loss drugs. The company's exposure to yogurt, plant-based dairy and water makes it stand out as a possible GLP-1 winner, analysts at UBS wrote in a recent research note.

Danone said it is targeting like-for-like sales growth of between 3% and 5% for the 2025-to-2028 period, with re-

curing operating income rising at a faster pace than sales.

The company's sales growth target for 2025-28 is in line with the sales growth it projects for this year. In 2024, Danone also expects a moderate improvement to its recurring operating margin from the 12.6% it reported for last year.

At Thursday's capital-markets day, Danone said it is opening a new phase in the

3%-5%

Danone's like-for-like sales-growth target for the 2025-28 period

strategic overhaul it put in place more than two years ago. After its efforts to prune its portfolio, the company is now moving toward a more acquisitive strategy and trying to expand its footprint.

In March 2022, months after de Saint-Affrique took the helm, the company outlined a program to foster growth and address what it said was a lack of focus on its core port-

folio, sluggish innovation, inconsistent execution and low investments.

At the time, the company said a quarter of its portfolio was underperforming and would need to be unloaded or fixed. It shed biscuit and snack brand Michel & Augustin in February and dairy brands Horizon Organic and Wallaby in the U.S. in April. In May, Danone completed the sale of its Essential Dairy and Plant-based business in Russia.

The company is moving ahead in its overhaul push at a time consumer-goods companies are increasingly competing against more affordable non-branded products, after a rise in living costs placed prices at the top of consumers' minds. In the U.S., the proportion of consumers' income spent on food is at a three-decade high, according to U.S. Agriculture Department data.

More than half of retailers expect private labels to drive growth this year, according to NielsenIQ, a market research firm.

After years of inflation following the Covid-19 pandemic, consumer-goods companies are becoming more careful on where to push through price increases.

Danone doesn't plan broad-based price adjustments and is instead pursuing selective price increases for product ranges where it has an edge over competitors, Deputy Chief Executive Juergen Esser said during an earnings call in April.

BP to Take Full Control Of Venture In Brazil

By Ian Walker

BP is taking full control of its Brazilian biofuels joint venture, BP Bunge Bioenergia, with the acquisition of its partner's 50% shareholding valued at \$1.4 billion, as part of its plan to focus on new biofuels projects.

The oil major said Thursday that alongside the acquisition it is scaling back on the development of new biofuels projects and pausing planning for two potential ones. It is also looking to progress three other projects.

"Taken together, these changes can enable us to deliver the growth and returns we expect from biofuels, but in a simpler, more focused way," BP Executive Vice President, Customers and Products Emma Delaney said.

Upon completion of the acquisition BP will have 50,000 barrels a day of ethanol equivalent from sugar cane through BP Bunge Bioenergia's 11 agro-industrial units across five Brazilian states.

The joint venture has net debt of \$500 million and lease obligations of \$700 million.

BP said that acquisition and a focus on key biofuels production projects support the continuing growth of its strategic bioenergy business which includes both biofuels and biogas.

They are expected to deliver around \$2 billion earnings before interest, taxes, depreciation and amortization from bioenergy by 2025 and \$3 billion to \$4 billion across all its transition growth engines.

Separately, U.S. grain trader and oilseed processor Bunge Global said that the joint venture has been operating well but isn't core to its long-term strategy.

Lilly Sues Sellers of Fake Weight-Loss Drugs

By Dean Seal

Eli Lilly is stepping up its campaign against fake and counterfeit weight-loss drugs with more lawsuits against sellers of unapproved products

that market themselves as Mounjaro and Zepbound.

The pharmaceutical company said Thursday that it has filed legal actions against medspas, wellness centers and other entities that sell products

purportedly containing tirzepatide, the antidiabetic medication Eli Lilly sells under the brand names Mounjaro and Zepbound.

Eli Lilly claims the defendants are falsely labeling these

products as Mounjaro and Zepbound, or as being the same as those drugs, or as being part of Eli Lilly's clinical trials, or as being approved by the Food and Drug Administration.

The suits follow a similar

spate of actions the company filed last fall. Eli Lilly reached a settlement deal last month with Totality Medispa for allegedly telling customers that it was selling FDA-approved Mounjaro and Zepbound.

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TECHNOLOGY

WSJ.com/Tech

UnitedHealth Unit Reports on Data Breach

Medical diagnoses, insurance, payment details and passport numbers exposed

BY JAMES RUNDLE
AND CATHERINE STUPP

Change Healthcare said Thursday it has begun notifying healthcare providers affected by its February cyberattack, adding that its review of the information stolen by hack-

ers is nearly complete.

The company said it can't confirm precisely what data may have been compromised for each healthcare provider, but it did say the information could include health insurance policies and identification numbers, diagnoses and test results, as well as financial information such as payment cards and account numbers.

Other sensitive information such as Social Security numbers, passport numbers and state identification or driver's

license numbers might also have been stolen in the hack, Change said.

The company said it has uncovered no evidence that doctors' charts or full medical histories were taken by the attackers.

Hackers broke into **United-Health Group**-owned Change's systems Feb. 12 and roamed its networks for over a week before launching a ransomware strike Feb. 21.

Informing its customers—such as hospitals, pharmacies

and healthcare providers—is the first step toward Change notifying individual patients whose data might have been jeopardized. However, providers can opt out of having Change handle patient alerts.

The company said it expects to begin sending notifications to affected persons by late July.

On May 31, the U.S. Department of Health and Human Services made an exception to its own rules and said that Change would be allowed to make notifications to individ-

ual patients as required under the Health Insurance Portability and Accountability Act on behalf of affected customers.

The cyberattack on Change, which operates the largest U.S. clearinghouse for medical claims, compromised the personal and health data of possibly one-third of the U.S. population, **UnitedHealth** Chief Executive Andrew Witty said at a congressional hearing May 1.

Change began restoring its systems in March after taking them offline during the hack, a

precaution that put the U.S. healthcare system under significant pressure. Many hospitals, private practices, therapists and other healthcare providers were unable to bill patients or their insurance companies for months, often relying on emergency loans from **UnitedHealth** or accelerated payments under government-sponsored insurance plans in order to stay open. On Monday, the Centers for Medicare and Medicaid Services it would stop those payments after July 12.

Charlesbank Shuts Second Tech Fund

BY MARIA ARMENTAL

Charlesbank Capital Partners has closed the sophomore fund in its technology investment strategy with more than \$1 billion to capitalize on lower tech-company valuations and is exploring sales of some earlier tech investments.

Charlesbank Technology Opportunities Fund II, which has about \$1.28 billion in investor commitments, might "skew slightly larger than" the firm's inaugural tech fund, said Hiren Mankodi, a managing director. The new fund will target companies valued at \$50 million to \$400 million, including debt. The inaugural fund targeted companies with \$50 million to \$300 million in enterprise value.

Roughly 20% of the money committed to the latest fund has been used to back four investments, including last year's acquisition of Maltego, a data-investigation and -analysis software provider used by the Federal Bureau of Investigation, Interpol and others.

Mankodi said the fund would likely back a total of 15 or 16 platform investments, companies that firms expand through additional acquisitions.

While some technology deals are still falling through, usually over pricing disagree-



Hiren Mankodi said the fund would back platform investments.

ments, "people have been more willing to test the market," said Mankodi, who leads the tech opportunities team with fellow managing directors, Darren Battistoni and Mayur Desai.

Although private-equity and venture-capital owners remain more tentative about selling companies at lower valuations, founder-owned businesses are much more willing to move forward on deals.

Part of that is driven by the fact that many founders will retain a significant stake in

the company, "so they do have a little bit of a hedge on the valuation," he said. The founders would share in future business proceeds and, potentially, sell their stake down the road at a higher price.

Mankodi added that companies are more willing to entertain offers from private equity, recognizing that public stock-market listings remain challenging and that the venture-capital spigot has tightened.

Charlesbank launched its tech opportunities strategy in

2019, after hiring Mankodi and Battistoni from rival firm Pamplona Capital Management. The team focuses on investments in areas such as application software, cloud computing, cybersecurity, healthcare information technology, financial technology, and infrastructure software.

The inaugural tech fund closed in 2020 with about \$700 million in commitments that backed 12 main portfolio companies.

Since the first fund's close, the tech-opportunities team has more than doubled to 20 investment professionals and seven industry advisers. Mankodi said Charlesbank intends to add more industry advisers, who have proven critical in sourcing deals as well as identifying potential risks or promising areas during the due-diligence work. The advisers are consultants, not employees of the firm.

The team is also starting to explore potential exits of some of its earlier investments, he said. "That's an area where the entire industry has been relatively dry in terms of distributions back to [fund investors]," Mankodi said. "But I think that certainly has signs of picking back up in the second half [of 2024] and, certainly, going into '25."



CDK didn't have an estimated time frame for a resolution.

Car Dealers Lose Access To Software

Continued from page B1
very difficult situation," he said.

CDK initially said Wednesday that it shut down most of its systems out of an abundance of caution and concern, after learning of a cyber incident. Some of those systems were restored later in the day, while the company said it was consulting with third-party experts and conducting additional tests to bring other products back online.

An additional cyber incident occurred late Wednesday,

a spokeswoman said. CDK is providing regular updates to customers as it assesses the situation, she added.

CDK was purchased in 2022 by investment firm **Brookfield Business Partners** in a deal valued at \$8.3 billion, including debt. The technology firm's systems automate and integrate processes, such as acquiring vehicles from manufacturers and selling, financing and maintaining them.

The company surveyed dealers on the threat of cyberattacks in a 2023 report, saying it was important for dealerships to protect themselves against such incidents.

"Cybercriminals continue to target dealerships with ever-evolving methods to steal user and client data, from simply stealing passwords to sophisticated phishing schemes," the report said.

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BUSINESS NEWS

Washington Post Plans Makeover

Continued from page B1
played as a journalist.

The Post's owner, Jeff Bezos, has reaffirmed his support for Lewis, according to people familiar with the matter. On Tuesday, Bezos sent a note to Post leaders committing to maintain the news organization's "journalistic standards and ethics," and emphasizing the importance of developing the Post's business. "The world is evolving rapidly, and we do need to change as a business," Bezos wrote.

When Lewis arrived at the Post, he had already been carrying out a news experiment. He launched the News Movement after leaving Dow Jones, parent of The Wall Street Journal, where he was CEO for six years. Lewis stepped down from the News Movement when he joined the Post but remains an investor.

Many news outlets are emphasizing their own websites and platforms after discovering that relying too much on Facebook, Google, Twitter and others failed to pay dividends. The startup, which employs journalists who report primarily for social platforms, is taking the other side of that bet, submitting to the will of social media and accepting that it is where new audiences are spending time.

The News Movement acquired the politics-focused news site the Recount last year and has close to 50 staffers in New York and London.

Coverage formats range from news-recap videos on TikTok to newsletters and Instagram posts about the latest fashion trends, under the startup's women's lifestyle brand, Capsule.

One post from the News Movement's TikTok profile explained a recent decision by Maryland's governor to pardon 175,000 marijuana convictions, while a recent post on Cap-



Above, Ramin Beheshti, CEO and co-founder of the News Movement. Right, William Lewis, the Washington Post's CEO, speaks to staff at its headquarters last year.



sule's Instagram page about what to wear at music festivals offered up a few outfit combinations.

"The notion of a 'third newsroom' that is more native to video and social media is intriguing," said Jim Friedlich, CEO of the Lenfest Institute for Journalism, which owns the Philadelphia Inquirer.

One risk of doubling down on social-media distribution is that it gives publishers less control over the exposure their work gets. "Any effort to build audience on TikTok or other platforms must be undertaken with eyes wide open since it represents a dependence on other companies' platforms rather than direct customer access," Friedlich said.

Monetization

The News Movement doesn't disclose its financial performance. Ramin Beheshti, CEO and co-founder, said it generated seven figures in revenue last year and expects to double its revenue this year, compared with 2023.

The startup makes money primarily through a separate unit that helps brands make promotional content on social media, said Beheshti. It also generates ad revenue and has begun testing donations.

The News Movement has raised around \$15 million from

strategic partners and family offices and said it is on a path to profitability.

Virtually every major newsroom is experimenting with new business models and exploring how to reach younger readers.

"One big thing that makes it hard to reach this audience is that their attention is across many platforms and most traditional newsrooms were set up with one distribution format," said S. Mitra Kalita, who runs both Epicenter, a newsletter and civic-engagement company, and URL Media, a network of 32 community media organizations.

"The Washington Post and all other news brands need to go where the young people are," said digital-media consultant Matthew Goldstein. "The young people are not, right now, on the open internet. They are on the apps that are already on the phone, on the first page of the phone."

The Post has tried various other efforts to jump-start its business. It has diversified its coverage with the Lily, focused on women; the videogame section Launcher, which the Post closed last year; and food hub

Voraciously. Former Executive Editor Sally Buzbee, who chose to leave in recent weeks as part of Lewis's newsroom restructuring, also expanded coverage in areas such as wellness and climate coverage.

Despite those efforts, the company has suffered from sliding traffic and subscriptions following a surge during the presidency of Donald Trump. The Post lost \$77 million in 2023.

Lewis appointed Matt Murray, a former Wall Street Journal editor in chief, to succeed Buzbee. Murray is set to take control of the third newsroom and hand the reins of the core newsroom to Robert Winnett, a veteran British journalist, following the presidential election.

Subscription growth

The Post is seeking to grow subscriptions through more flexible payment options, such as allowing subscribers to pay for a shorter period or charging a premium for professional products. The outlet also wants to reach people who are unlikely to be paying subscribers or visitors to the Post web-

site; the third newsroom is part of that effort, according to one of the people familiar with the plans.

In a note Friday, Lewis said the new newsroom was meant to help the Post build the skills "required to meet untapped audiences where they are."

Murray indicated in staff meetings that the goal of the third newsroom is to create a team squarely focused on developing new products and experiences, rather than making that an add-on task for core news personnel. In some sessions, Murray cited the New York Times as a model, saying the unit that includes video and audio, including the hit podcast "The Daily," operates like a newsroom within a newsroom.

As Lewis sets his strategy in motion, he remains in the headlines. Last Saturday, the New York Times reported that Winnett and Lewis had used fraudulently obtained phone and company records in news articles during their careers as U.K. journalists.

A Post story on Sunday detailed ties between Winnett and John Ford, an individual

who used deceptive means to obtain information and who had been hired by the Sunday Times to assist with stories. A week earlier, Lewis denied the characterization of a Times report saying he had pressured Buzbee to quash a Post story about the hacking scandal that cast him in a negative light.

The Post has asked former senior managing editor Cameron Barr to oversee the outlet's coverage of itself. "The publisher has no involvement in or influence on our reporting," a Post spokeswoman said.

Employees have banded together through the turmoil. Patty Stonesifer, whom Bezos tapped as interim CEO before Lewis's appointment, hosted a party Sunday for Buzbee that was attended by around 40 newsroom staffers, executives and editors.

Meanwhile, the Post canceled a dinner Lewis had planned to host near Cannes, France, this week during an annual event for the advertising and media industries, according to people familiar with the matter.

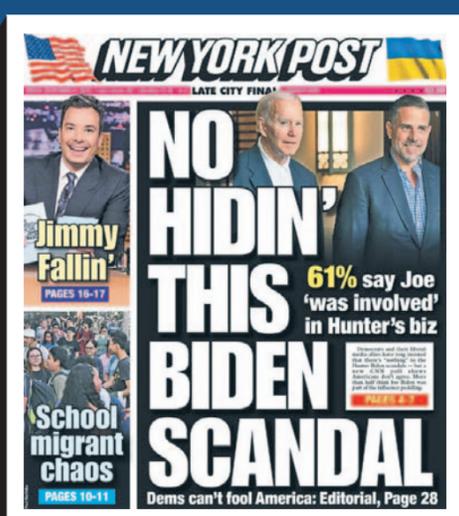
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BUSINESS & FINANCE

Antin Backs Hydrogen Equipment Supplier

The firm is investing about \$100 million in GTL Leasing, takes a majority interest

By Luis Garcia

Antin Infrastructure Partners agreed to invest about \$100 million and is taking a majority interest in hydrogen-equipment specialist GTL Leasing, betting the company will benefit as the market for the gas expands.

Livermore, Calif.-based GTL provides specially designed truck trailers, tanks and compressors to transport and store hydrogen and other industrial gases. Stephan Feilhauer, a partner with Antin's NextGen infrastructure group, said GTL leases equipment to clients that include hydrogen producer Linde Engineering, telecommunications giants AT&T and Verizon Communications and makers of hydrogen fuel-cell trucks.

Hydrogen is expected to play an important role in reducing carbon emissions by replacing fossil fuels in processes that generate greenhouse gases, such as making cement and steel. Other uses include fueling warehouse



STEPHAN FEILHAUER

Above, Stephan Feilhauer, a partner with Antin's NextGen, and Nathalie Kosciusko-Morizet, a senior partner who helps manage Antin's NextGen strategy. Right, GTL equipment.

forklift trucks and backup power generators at telecommunications tower sites.

Most hydrogen produced today is made from natural gas, but so-called green hydrogen is expected to account for nearly all new hydrogen production after 2025, according to consulting firm McKinsey. Producers create green hydrogen using renewable-power sources to drive an electrolytic process that splits water molecules into hydrogen and oxygen.

The shift to green hydrogen will benefit GTL, but the company isn't relying on the pace of that transition, said Nathalie Kosciusko-Morizet, a senior partner who helps manage Paris-based Antin's NextGen strategy.

"How quickly you move to electrolysis-based hydrogen obviously impacts the sector but doesn't directly impact the business," she said. "GTL has the opportunity to ride this long-term trend and serve the development of the



ANTIN INFRASTRUCTURE PARTNERS

GTL LEASING

sector without having to bet on a particular technology."

She added that the relationships that Michael Koonce, GTL's chief executive, has with hydrogen-equipment manufacturers helped attract Antin to the business. Koonce started the company in 2013.

The transaction represents Antin's sixth investment through its debut NextGen fund, which the firm wrapped up last year with €1.2 billion, equivalent to about \$1.29 billion. The firm also has invested through the fund in developers of electric-vehicle charging stations, providers of smart power grids and recyclers, mostly in Europe.

In its only other NextGen deal in the U.S., last year Antin committed more than \$100 million to PearlX Infrastructure, a developer of community-solar and battery projects in California and other states. Publicly traded Antin ended March with €31.4 billion in assets.

The fresh cash from Antin's investment will help GTL expand its offerings of so-called cryogenic tanks used to keep compressed hydrogen in liquid state at very low temperatures, easing transportation, particularly of large volumes, Feilhauer said.

"If you become a large enough user of the equipment, the cryogenic assets make a lot of sense," he said.

Kosciusko-Morizet added that GTL's specialization in maintaining equipment used to handle the explosive gas and complying with related regulatory certification requirements compel clients to lease the gear the company provides instead of buying it. Also, a limited network of hydrogen pipelines gives both producers and users fewer alternatives to transport the gas, which drives demand for GTL bulk-tank truck-trailers, she said.

The U.S. currently has

about 1,600 miles of hydrogen pipelines, compared with 305,000 miles of natural-gas lines and 2.2 million miles of additional utility pipes serving retail customers, according to Energy Department statistics.

Hydrogen molecules can be more difficult to transport through pipelines because their tiny size increases the potential for leaks, according to industry analysts. Mixing hydrogen with natural gas can facilitate transportation but reduces environmental benefits, the analysts said.

Feilhauer said a larger hydrogen-pipeline network wouldn't reduce demand for GTL's equipment offerings as clients would still need storage to hold the gas delivered through the infrastructure before moving it into their facilities.

"We don't actually see hydrogen pipelines as a real threat to GTL," he said.

Demand for Healthier Foods Fuels Tate & Lyle Acquisition

By Anthony O. Goriainoff and Mauro Orru

Tate & Lyle agreed to buy nature-based ingredient provider **CP Kelco** for \$1.8 billion as the U.K. group jockeys for position in a highly competitive market to meet growing demand for healthier and more sustainable food and drinks.

Consumers are asking more of food producers, fueling demand for healthier and sustainably sourced ingredients, transparent labeling and a commitment to fair labor practices. Companies are now seeking to diversify their offering to satisfy that demand.

London-listed Tate & Lyle, which provides food-and-beverage ingredients, said it

would acquire CP Kelco for \$1.15 billion in cash and issuing new ordinary shares to Huber, which will become a long-term shareholder in Tate & Lyle.

CP Kelco provides pectin, specialty gums and other nature-based ingredients. The acquisition includes CP Kelco U.S., CP Kelco China, and Denmark-based CP Kelco APs, together with their respective subsidiaries.

The deal will make it easier for Tate & Lyle to seize on trends toward more plant-based, clean-label and sustainable ingredients, said Tate & Lyle Chief Executive Nick Hampton.

"The growth potential of the proposed combined busi-

ness is significant," he said, adding that Tate & Lyle is fully aware of CP Kelco's products since the companies have been collaborating for many years.

Tate & Lyle counts more than 3,300 employees across 121 countries. The group makes products that reduce sugar, calories and fat and add fiber and protein in beverages, dairy, bakery, snacks, soups, sauces and dressings.

From a financial standpoint, the deal will drive revenue growth toward the higher end of Tate & Lyle's target of 4% to 6% by the end of March 2028.

The acquisition is subject to regulatory approvals and is expected to be completed in the fourth quarter this year.

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NOTICE OF SALE

NOTICE OF PUBLIC SALE OF COLLATERAL

NOTICE IS HEREBY GIVEN that, pursuant to (a) Section 9-610 of the Uniform Commercial Code ("UCC") as in effect in the State of New York and (b) the Pledge and Security Agreement, dated as of March 9, 2023 (as amended, restated, or otherwise modified, the "Security Agreement") made by Sphere Apartments Mezzanine, LP, a Delaware limited partnership and Sphere Mezzanine GP, LLC, a Delaware limited liability company (collectively, "Debtor") to an affiliate of Franklin BSP Realty Trust, Inc. (the "Secured Party"), the Secured Party will offer for sale at public sale (the "Auction") all right, title, and interest of the Debtor in and to the following collateral (the "Subject Collateral"): (i) one hundred percent (100%) of the limited partnership interests in Sphere Apartments, LP, a Delaware limited partnership, (ii) one hundred percent (100%) of the limited liability company interests in Sphere GP, LLC, a Delaware limited liability company and (iii) one hundred percent (100%) of the general partnership interests in Sphere Apartments Mezzanine, LP, a Delaware limited partnership, and (iv) all proceeds (as defined in the UCC) of the foregoing. The Subject Collateral is security for the Debtor's obligations under the Mezzanine Loan Agreement, dated as of March 9, 2023 (as amended, supplemented or otherwise modified, the "Loan Agreement"), among Debtor and the Secured Party.

TERMS AND CONDITIONS OF THE AUCTION
The Subject Collateral is being sold as described above on an "AS IS, WHERE IS, WITH ALL FAULTS" basis pursuant to the following terms and conditions.

- Parties interested in bidding at the Auction may, subject to executing confidentiality agreements and meeting the bidder qualifications set forth in the bidding procedures (the "Bidding Procedures"), which can be obtained by contacting Walker & Dunlop as provided below, obtain additional information concerning the Subject Collateral by contacting Walker & Dunlop. The Bidding Procedures provide additional information about the bidding process, including bidder qualifications, Auction participation and determination of the winning bid.
- The Auction will be held on June 27, 2024, at 9:00 A.M. (New York City time) via a web-based video conferencing and/or telephonic conferencing program selected by the Secured Party, access to which will be made available to qualified bidders.
- The Subject Collateral will be sold on an "AS-IS, WHERE IS, WITH ALL FAULTS" basis, without recourse, and without an express or implied representations or warranties whatsoever including, without limitation, as to the condition of title, value, or quality of the Subject Collateral, or without regard to assets, liabilities, financial condition, or earnings of Debtor or any of their affiliates. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL WARRANTIES, WHETHER OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, ARE EXPRESSLY DISCLAIMED. The sale of the Subject Collateral is specifically subject to all taxes, liens (other than those of the Secured Party), claims, assessments, liabilities and encumbrances, if any, that may exist against the Subject Collateral under the UCC or other applicable law. The Secured Party makes no representations or warranties and provides no assurances as to any Subject Collateral. Prospective bidders should perform their own diligence as to the Subject Collateral.
- The Secured Party reserves the right to determine which bidders qualify for participation in the Auction, reject any bid or all bids at the Auction, to announce such other terms at the Auction as may be commercially reasonable in the Secured Party's discretion or to accept non-conforming bids. Further, the Secured Party reserves the right to cancel, postpone, or adjourn the Auction by announcement made at the Auction, either before or after the commencement of bidding, without written notice or further publication. The Secured Party reserves the right to credit bid any portion of its secured indebtedness then outstanding under the Loan Agreement at the Auction. The Secured Party reserves the right to implement such other terms or conditions at the Auction or regarding the Auction procedures as the Secured Party, in its sole discretion, determines to be commercially reasonable under the circumstances.

All inquiries concerning this Notice of Public Sale and the terms and conditions of the sale (including requirements to be a "qualified bidder") should be made to: Jordan Casella, jcasella@walkeranddunlop.com, 212-202-1805, and Christopher de Raet, cdeRaet@walkeranddunlop.com, 332-240-1658. Any person making any inquiry or request must: (i) disclose the person or entity on whose behalf such information is being sought, (ii) execute the confidentiality agreement, which will be provided upon request, and (iii) maintain the confidentiality of the information provided in accordance with the confidentiality agreement.

NOTICE OF PUBLIC AUCTION

Reference is hereby made to the Indenture, dated as of July 31, 2003 (as amended, modified or supplemented from time to time, the "Indenture"), among Porter Square CDO I, Ltd., as issuer (the "Issuer"), Porter Square CDO I, Inc., as co-issuer (the "Co-Issuer"), and U.S. Bank Trust Company, National Association, successor to U.S. Bank National Association (successor to the Trustee of America, N.A. (successor by merger to LaSalle Bank National Association)) ("U.S. Bank"), as trustee (in such capacity, the "Trustee"). In accordance with the applicable provisions of the Indenture and the Uniform Commercial Code as in effect in the State of New York ("UCC"), the following assets will be sold (individually or on a portfolio basis) to the highest qualified bidder(s) at a Public Auction to be held at 10:00 a.m. (prevailing Eastern time) on Thursday, June 27, 2024 (the "Bid Deadline"):

Lot#	CUSIP	Issue	Asset Type	Original Face	Additional Information
1	929227M60	WAMU 2003-AR4 B3	Prime / Alt-A	2,000,000.00	All bids must be submitted by the above-noted Bid Deadline in accordance with the terms and conditions set forth in a bid package (the "Bid Package") relating to this Public Auction. In addition, please be advised that the sale of the above-noted assets (individually or on a portfolio basis) will be made only to the highest qualified bidder(s) and may be subject to a reserve level. For additional information regarding this Public Auction, and to obtain a Bid Package, please contact Dock Street Capital Management LLC, 575-B Riverside Avenue, Westport, CT 06880, ATTN: David Crowle, Managing Partner, Telephone No. (212) 457-8258, Facsimile No. (212) 457-8269, E-mail: liquidations@dockstreetcap.com; and Jeffrey Holtman, Managing Partner, Telephone No. (212) 457-8269, E-mail: liquidations@dockstreetcap.com. The Public Auction will be a public disposition (within the meaning of Section 9-610 of the UCC).
2	929227A12	WAMU 2003-AR6 B2	Prime / Alt-A	3,400,000.00	
3	929227A10	WAMU 2003-AR8 B2	Prime / Alt-A	3,999,000.00	
4	78443CAH7	SLMA 2003-A-C	Student Loan	2,000,000.00	
5	07384MUY8	BSARM 2003-3 B2	Zero Factor - RMBS	2,000,000.00	
6	07384MUY6	BSARM 2003-3 B3	Zero Factor - RMBS	2,000,000.00	
7	12669D3E6	CWHL 2003-HYB2 B2	Zero Factor - RMBS	2,893,000.00	
8	22541NP86	HEAT 2003-2 B2	Zero Factor - RMBS	3,375,000.00	
9	22541QTW2	HEAT 2003-6 B2	Zero Factor - RMBS	3,000,000.00	

David Crowle, Managing Partner, Telephone No. (212) 457-8258, Facsimile No. (212) 457-8269, E-mail: liquidations@dockstreetcap.com; and Jeffrey Holtman, Managing Partner, Telephone No. (212) 457-8269, E-mail: liquidations@dockstreetcap.com.

Disclaimer. The Trustee is authorized at this Public Auction, if it deems it necessary or advisable or is required by applicable law: (a) to restrict the prospective bidders on, or purchasers of any of the above-noted assets to be sold to those persons who (i) represent and warrant that they are a "qualified institutional buyer," as such term is defined in Rule 144A(a)(1) promulgated by the SEC under the Securities Act of 1933, as amended (the "Act"), and a "qualified purchaser" for purposes of Section 3(c)(7) of the United States Investment Company Act of 1940, as amended; and (ii) agree that they will not resell such assets without compliance with the registration requirements of the Act and applicable state securities laws or pursuant to valid exemptions therefrom and (b) to impose such other limitations or conditions in connection with this Public Auction as the Trustee deems necessary or advisable in order to comply with the Act or any other applicable law, or requirements of the Indenture.

* All information contained herein is made to the best of the knowledge of the Trustee as of the close of business on June 14, 2024.

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NOTICE OF SALE

NOTICE OF PUBLIC SALE - Property to be Sold

Public Sale No. 1: Wednesday, June 26, 2024 10:00 a.m. EDT. The Asset Type for Lots 1-2 is Agency; Lot 3 is Prime / Alt-A; Lot 4 is Student Loans; Lots 5-6 is Subprime; Lots 7-9 is Zero Factor - ABS CDO; Lots 10-12 is Zero Factor - CMB; and Lots 13-30 is Zero Factor - RMBS.

Lot#	CUSIP	Issue	Original Face
1	31396NLR5	FHR 3147TF	35,000,000
2	31395NDE2	FHR 2006-56DC	30,000,000
3	45660VLP1	INDX 2005-AR15 A4	28,150,000
4	66704JBS6	NEF 2006-AB	5,000,000
5	437097AD0	HEAT 2006-62A3	9,079,753
6	784208AD2	SGMS 2006-FR2 A2C	13,891,201
7	002560AB6	ABAC 2006-14A A2	20,000,000
8	002560AC4	ABAC 2006-14A B	20,000,000
9	00257MAA9	ABAC 2006-14A C	20,000,000
10	12513XAK8	CD 2006-CDD C	4,417,000
11	12513XAL6	CD 2006-CDD D	16,000,000
12	46625Y089	IPMCC 2006-LDPG E	4,000,000
13	225470B69	ARMT 2006-14A2	15,935,000
14	040104R26	ARSI 2006-W2 M3	7,000,000
15	040104S66	ARSI 2006-W2 M6	15,000,000
16	04012XAK1	ARSI 2006-W5 M5	14,381,000
17	04012XAL9	ARSI 2006-W5 M6	4,000,000
18	058933A06	BARF 2006-D2 A2	8,736,000
19	07384MUY9	BALTA 2006-12B1	10,000,000
20	07384MUY5	IPMCC 2006-CWT M6	5,500,000
21	07384MUY4	BSARS 2006-HEA M6	3,890,000
22	81375WHR0	CBSS 2006-CR1 M6	6,910,000
23	36234AY0	FFML 2006-FF M3	5,000,000
24	362348A69	ARMT 2006-14A2	5,309,000
25	36234PR9	GSAMP 2006-FM1 M6	5,000,000
26	362348A69	GSAMP 2006-53 M3	7,000,000
27	362348A69	GSAMP 2006-53 M4	3,000,000
28	362341M62	GSR 2005-HEL T M1	8,736,000
29	45071KX07	IXIS 2006-HE1 M5	12,309,000
30	46628MAY0	IPMCC 2006-CWT M6	8,715,000
31	46628MAY8	IPMCC 2006-CWT M6	5,500,000
32	542514R55	LBMT 2006-LMS	15,000,000
33	542514S28	LBMT 2006-W13 M3	15,000,000
34	542514T08	LBMT 2006-W13 M6	9,850,000
35	57641XN88	MSAR 2006-HE1 M4	10,000,000
36	59020U659	MLMI 2006-WM2 M5	10,000,000
37	59020U677	MLMI 2006-WM2 M6	7,000,000
38	6174510V8	MSAC 2006-HE1 M4	5,000,000
39	617488A13	MSAC 2006-HE1 M5	8,642,000
40	617488A18	MSAC 2006-NC1 M5	8,000,000
41	617488A16	MSAC 2006-31 M6	6,200,000
42	61749CA11	MSAR 2006-6AR A2	10,427,000
43	81375WJY9	SABR 2006-FR1 M2	10,000,000
44	81375WKF2	SABR 2006-WM1 M2	14,000,000
45	86506BAH1	SARM 2006-4A2	5,335,000
46	84751VAK2	SURF 2006-AR2 M5	1,700,000
47	84751VAL0	SURF 2006-AR2 M6	1,500,000
48	83611YAJ1	SVHT 2006-OPTA M4	5,000,000
49	88156W344	TMTS 2006-32 M1	7,300,000
50	88156PBB6	TMTS 2006-72 M2	6,750,000

Dock Street Capital Management LLC, on behalf of the Bank of New York Mellon Trust Company, National Association, in its capacity as trustee (the "Trustee"), will be conducting one or more sales of certain collateral pledged to the Trustee. The Collateral (as defined herein) will be offered and sold by the Trustee without recourse, representations or covenants, express or implied, being made by the Trustee with respect to the Collateral (except as to title to the Collateral) and with respect to any other information then in the Trustee's possession, including without limitation any offering circular or other financial information. Location of Sale. The sales will be held at 575-B Riverside Avenue, Westport, CT 06880. Additional Information. Please be advised that the sale of each of the securities listed above may be made only to the best bidder who is also a qualified bidder and may be subject to a reserve level. For additional information, including with respect to qualified bidder status, and to obtain copies of an Investor Representation and Confidentiality Agreement, contact David Crowle or Jeffrey Holtman by email at dcrowle@dockstreetcap.com or jholtman@dockstreetcap.com, respectively, by phone at (212) 457-8258, by facsimile at (212) 457-8269 or by mail addressed to 575-B Riverside Avenue, Westport, CT 06880. Disclaimer. The Trustee is authorized at such sale, if the Trustee deems it advisable or is required by applicable law to do so: (i) to restrict the prospective bidders on or purchasers of any of the above identified securities (the "Collateral") to be sold to those who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of any of such assets, (ii) to verify that each certificate for each security to be sold bears a legend substantially to the effect that such security has not been registered under the Securities Act of 1933, as amended, (the "Act") and may not be disposed of in violation of the provisions of said Act, (iii) to disclaim and to refuse to give any warranty (other than as to title), and (iv) to impose such other limitations or conditions in connection with any such sale as the Trustee deems necessary or advisable.

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CHRIS RATCLIFFE/BLONBERG NEWS

The budget airline is targeting profits above \$1.27 billion over the medium term.

EasyJet Focuses on Holiday Sales As It Looks to Boost Profitability

By Pierre Bertrand

EasyJet said it aims to achieve more than £1 billion, or \$1.27 billion, in pretax profit as the London-listed low-cost airline outlined new medium-term targets.

The company said its profit target came as it was working

to increase its capacity at a compound annual growth rate of around 5% between 2023 and 2028.

The budget airline made £432 million in pretax profit for fiscal 2023, ended Sept. 30, and added Thursday that it was targeting earnings before interest, taxes, deprecia-

tion and amortization after rent costs margins in the high teens.

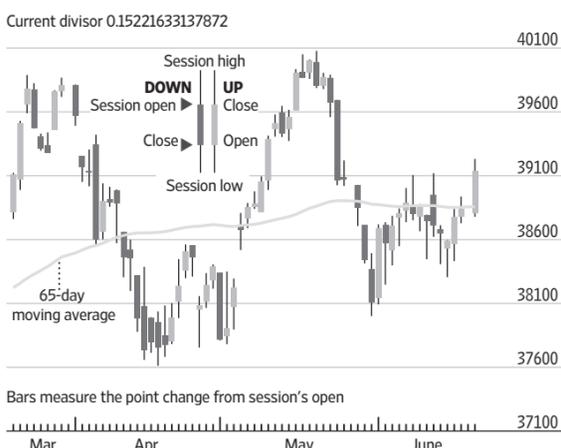
EasyJet has the ambition to achieve more than £250 million in holiday business pretax profit in the midterm while also targeting pretax profit per seat of between £7 and £10.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

39134.76 ▲299.90, or 0.77%
Trailing P/E ratio 27.16 22.61
P/E estimate * 18.67 18.28
Dividend yield 2.16 2.10
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

5473.17 ▼13.86, or 0.25%
Trailing P/E ratio * 23.62 19.75
P/E estimate * 22.10 20.12
Dividend yield * 1.34 1.57
All-time high 5487.03, 06/18/24



Nasdaq Composite Index

17721.59 ▼140.64, or 0.79%
Trailing P/E ratio ** 31.75 31.47
P/E estimate ** 28.64 29.76
Dividend yield ** 0.77 0.74
All-time high: 17862.23, 06/18/24



Major U.S. Stock-Market Indexes

Table with columns for Index Name, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, and 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges.

Most-active issues in late trading

Table listing most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After-Hours % chg, High, and Low.

Percentage gainers...

Table listing percentage gainers with columns for Company, Symbol, Volume, Last, Net chg, After-Hours % chg, High, and Low.

Trading Diary

Volume, Advancers, Decliners

Table showing trading diary statistics including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table of international stock indexes with columns for Region/Country, Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table listing percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Percentage Losers

Table listing percentage losers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Most Active Stocks

Table listing most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

Volume Movers

Table listing volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

QR code and text: Scan this code to get real-time U.S. stock quotes and track most-active stocks, new highs/lows, mutual funds and ETFs. All are available free at WSJMarkets.com

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year

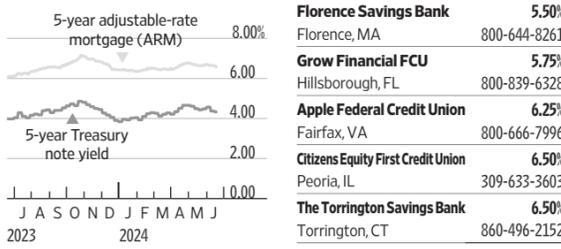
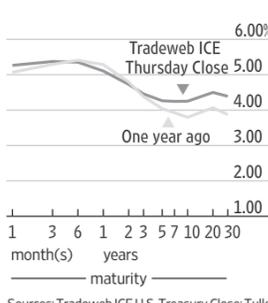


Table of interest rates with columns for Interest rate, Last (Week ago), 52-Week Range, and 3-yr chg.

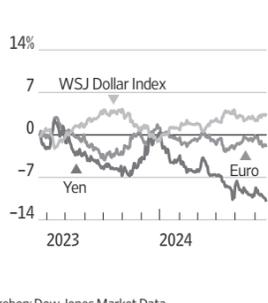
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar, dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields with columns for Bond total return index, Yield, 52-Week, and Total Return.

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of U.S.-dollar foreign-exchange rates with columns for Country/currency, Thurs, YTD, and % chg.

Commodities

Table of commodity prices with columns for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, and Gold.

COMMODITIES

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.	4,596	4,606	4,592	4,618	0.0560	1,010
June	4,596	4,606	4,592	4,618	0.0560	1,010
Sept	4,475	4,536	4,464	4,523	0.0725	132,113
Gold (CMX) -100 troy oz.; \$ per troy oz.	2,320	2,340	2,320	2,353	0.24	216
June	2,320	2,340	2,320	2,353	0.24	216
July	2,331	2,370	2,329	2,357	0.22	2,435
Aug	2,342	2,379	2,341	2,360	0.22	359,615
Oct	2,366	2,402	2,364	2,391	0.22	19,621
Dec	2,388	2,425	2,386	2,414	0.24	47,217
Feb'25	2,415	2,447	2,410	2,437	0.22	7,462
Palladium (NYM) -50 troy oz.; \$ per troy oz.	905	915	905	905	0.40	4
June	905	915	905	905	0.40	4
Sept	903	925	899	915	0.26	28,018
Platinum (NYM) -50 troy oz.; \$ per troy oz.	963	965	961	981	0.26	6
June	963	965	961	981	0.26	6
Oct	995	1,005	985	996	0.26	48,042
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	30.165	30.740	30.155	30.776	1.271	62
June	30.165	30.740	30.155	30.776	1.271	62
Sept	30.145	31.170	30.120	31.148	1.265	86,661
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	81.33	82.41	81.30	82.17	0.60	23,329
July	81.33	82.41	81.30	82.17	0.60	23,329
Aug	80.62	81.52	80.40	81.29	0.58	351,776
Sept	79.93	80.74	79.73	80.49	0.50	234,832
Oct	79.20	79.96	79.04	79.67	0.44	137,024
Dec	77.88	78.59	77.80	78.25	0.38	182,788
Dec'25	72.67	73.21	72.57	72.85	0.30	109,422
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.	2.5407	2.5431	2.5172	2.5245	0.037	43,872
July	2.5407	2.5431	2.5172	2.5245	0.037	43,872
Aug	2.5545	2.5579	2.5323	2.5387	0.029	79,943
Gasoline-NY RB00 (NYM) -42,000 gal.; \$ per gal.	2.5027	2.5175	2.4866	2.5008	0.176	56,198
July	2.5027	2.5175	2.4866	2.5008	0.176	56,198
Aug	2.4852	2.5000	2.4714	2.4851	0.199	119,179
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.	2.914	2.948	2.723	2.741	-0.168	60,141
July	2.914	2.948	2.723	2.741	-0.168	60,141
Aug	2.992	3.027	2.833	2.854	-0.136	158,437
Sept	2.961	3.000	2.818	2.838	-0.128	238,900
Oct	3.035	3.071	2.903	2.923	-0.117	152,138
Nov	3.394	3.420	3.279	3.298	-0.099	120,632
Jan'25	4.090	4.109	4.017	4.035	-0.058	100,934

Agriculture Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Corn (CBT) -5,000 bu.; cents per bu.	448.25	449.50	439.25	439.60	-10.25	302,203
July	448.25	449.50	439.25	439.60	-10.25	302,203
Dec	466.00	467.00	455.75	456.60	-11.00	534,768
Oats (CBT) -5,000 bu.; cents per bu.	327.50	328.50	318.50	319.25	-9.00	1,065
July	327.50	328.50	318.50	319.25	-9.00	1,065
Dec	327.25	332.75	325.50	326.60	-2.25	2,321
Soybeans (CBT) -5,000 bu.; cents per bu.	1173.00	1175.75	1155.00	1155.25	-18.75	150,873
July	1173.00	1175.75	1155.00	1155.25	-18.75	150,873
Nov	1132.50	1136.00	1115.00	1116.60	-15.25	362,384
Soybean Meal (CBT) -100 tons; \$ per ton.	357.20	367.10	357.20	357.60	-7.00	102,643
July	357.20	367.10	357.20	357.60	-7.00	102,643
Dec	345.20	345.80	338.80	340.20	-5.00	193,403
Soybean Oil (CBT) -60,000 lbs.; cents per lb.	44.30	44.91	43.88	43.97	-0.33	103,053
July	44.30	44.91	43.88	43.97	-0.33	103,053
Dec	44.40	44.96	44.20	44.37	-0.07	206,960
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.	18.10	18.16	17.97	18.00	-0.16	1,385
July	18.10	18.16	17.97	18.00	-0.16	1,385
Sept	15.73	15.77	15.62	15.66	-0.10	6,188
Wheat (CBT) -5,000 bu.; cents per bu.	582.00	582.75	565.50	572.60	-9.25	81,758
July	582.00	582.75	565.50	572.60	-9.25	81,758
Sept	600.00	600.25	583.25	586.00	-13.00	154,513
Wheat (KC) -5,000 bu.; cents per bu.	601.00	603.00	585.75	592.00	-8.75	37,425
July	601.00	603.00	585.75	592.00	-8.75	37,425
Sept	609.50	611.50	594.00	598.25	-11.50	104,178
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	260.750	261.975	258.100	259.825	-1.25	22,763
Aug	260.750	261.975	258.100	259.825	-1.25	22,763
Oct	262.850	263.875	260.325	261.875	-1.00	7,597
Cattle-Live (CME) -40,000 lbs.; cents per lb.	187.525	187.850	186.175	187.075	0.400	4,822
June	187.525	187.850	186.175	187.075	0.400	4,822
Aug	182.925	183.650	181.250	182.550	0.450	125,959
Hogs-Lean (CME) -40,000 lbs.; cents per lb.	93.150	93.400	90.800	91.150	-2.625	27,171
July	93.150	93.400	90.800	91.150	-2.625	27,171
Aug	90.800	91.150	88.750	89.125	-2.450	93,475
Lumber (CME) -27,500 bd ft. \$ per 1,000 bd ft.	491.00	491.00	472.50	475.00	-27.50	5,997
July	491.00	491.00	472.50	475.00	-27.50	5,997
Sept	507.00	507.00	494.00	495.50	-19.00	5,458
Milk (CME) -200,000 lbs.; cents per lb.	19.86	19.93	19.86	19.88	0.03	3,723
June	19.86	19.93	19.86	19.88	0.03	3,723
July	19.65	19.99	19.53	19.77	0.16	4,848
Cocoa (ICE-US) -10 metric tons; \$ per ton.	9,910	10,295	9,319	9,598	-340	5,002
July	9,910	10,295	9,319	9,598	-340	5,002

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended June 14. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels						Imports, 000s barrels per day						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Crude oil and petroleum prod	1,287,868	...	1,288	1,269	1,279	1,295	9,252	...	10,124	8,618	9,364	8,641
Crude oil	...	...	...	...	...	...	7,054	...	8,304	6,161	7,296	6,508
excluding SPR	457,105	-2,100	460	463	457	465	1,000	...	912	925	926	804
Gasoline	231,232	...	234	221	231	234	160	...	74	174	135	107
Finished gasoline	16,586	100	17	17	16	21	0	...	0	0	0	0
Reformulated	17	...	0	0	0	0	0	...	0	0	0	0
Conventional	16,569	...	17	17	16	20	160	...	74	174	135	107
Blend, components	214,646	...	216	204	215	214	840	...	838	751	792	696
Natural gas (bcf)	2,974	...	3	3	3	3	...	...	...	...	...	...
Kerosene-type	...	...	...	...	...	...	...	...	...	...	...	...
jet fuel	41,947	...	42	41	42	42	55	...	17	84	88	157
Distillates	121,640	-100	123	114	122	133	150	...	91	144	137	139
Heating oil	7,310	...	7	8	7	9	2	...	0	0	1	0
Diesel	114,331	...	117	107	115	62	148	...	91	144	137	138
Residual fuel oil	28,987	...	29	31	29	32	152	...	34	128	80	127
Other oils	311,896	...	308	298	306	300	763	...	670	1,079	758	819
Net crude, petroleum products, incl. SPR	1,658,780	...	1,659	1,619	1,649	1,849	-1,727	...	-566	-1,971	-1,392	-506

Weekly Demand, 000s barrels per day

	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Total petroleum product	21,081	...	19,219	20,925	20,048	19,863
Finished	...	...	...	...	...	...
motor gasoline	9,386	...	9,040	9,375	9,130	9,091
Kerosene-type	...	...	...	...	...	...
jet fuel	1,705	...	1,696	1,834	1,746	1,461
Distillates	3,977	...	3,649	3,978	3,697	3,732
Residual fuel oil	292	...	99	192	242	316
Propane/propylene	712	...	865	1,036	683	...
Other oils	5,009	...	3,872	4,510	4,552	...

Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Exchange-Traded Portfolios | wsj.com/market-data/mutualfunds-etfs

Largest 100 exchange-traded funds. Preliminary close data as of 4:30 p.m. ET								
	Symbol	Price	Chg	YTD (%)	ETF Symbol	Price	Chg	YTD (%)
Thursday, June 20, 2024	XLK	84.39	0.13	1.3	MUB	106.85	-0.25	-1.4
CommSvcsSPDR	XLY	181.08	0.13	1.3	IGSB	51.26	-0.08	-0.0
CnsmrUSCoreEq2	DFAC	32.27	-0.28	10.4	SHY	81.61	-0.04	-0.5
EnSelSectorSPDR	XLE	90.27	1.84	7.7	IWR	81.20	-0.11	4.5
FinSelSectorSPDR	XLG	41.49	0.53	10.3	IWB	297.69	-0.34	13.5
GrayscaleBitcoin	GBTC	57.73	0.96	66.8	IWF	364.83	-0.68	20.3
HealthCRetISect	XLV	146.40	0.33	7.3	IWD	174.88	0.29	5.8
InvSelSectorSPDR	XXL	123.23	0.06	8.1	IWM	199.90	-0.42	-0.4
InvsNasd100	QQQ	398.12	-0.78	17.6	IWN	92.62	-0.74	23.3
InvsCSP500EW	QQQ	481.47	-0.77	17.6	IVO	182.67	0.38	5.0
ISHBTech	RSP	165.38	0.06	4.8	IYV	120.69	0.56	3.0
ISHCoreDivGrowth	IBIT	37.04	1.09	...				

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes: F-New 52-week high; F-New 52-week low; dd-Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for Thursday, June 20, 2024 and AECOM, Aflac, AFAC, AGCO, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for AECOM, Aflac, AFAC, AGCO, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for Progressive, Prologis, Prudential, etc.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Inflation, May index, Chg From (%), Level, April 24, May '23. Includes sub-tables for U.S. consumer price index, International rates, Prime rates, etc.

Other short-term rates

Table with columns: Call money, 7.25, 7.25, 7.25, 7.00. Includes sub-tables for Commercial paper (AA Finance), Secured Overnight Financing Rate, DTCC GCF Repo Index, etc.

U.S. government rates

Table with columns: 30-year fixed, 6.87, 6.95, 6.67. Includes sub-tables for Discount, Federal funds, Treasury bill auction, etc.

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 with columns: Stock, 52-Wk % Hi/Low, Stock, 52-Wk % Hi/Low, Stock, 52-Wk % Hi/Low, Stock, 52-Wk % Hi/Low. Includes sub-tables for Highs, Lows.

J K L

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for J, K, L.

O P Q

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for O, P, Q.

G H I

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for G, H, I.

W X Y Z

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for W, X, Y, Z.

D E F

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for D, E, F.

M N

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for M, N.

T U V

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for T, U, V.

R S

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-tables for R, S.

Dividend Changes

Table with columns: Company, Symbol, Yield %, Amount, New/Old, Frq, Payable/Record. Includes sub-tables for Reduced, Stocks, Foreign.

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Dividend Changes

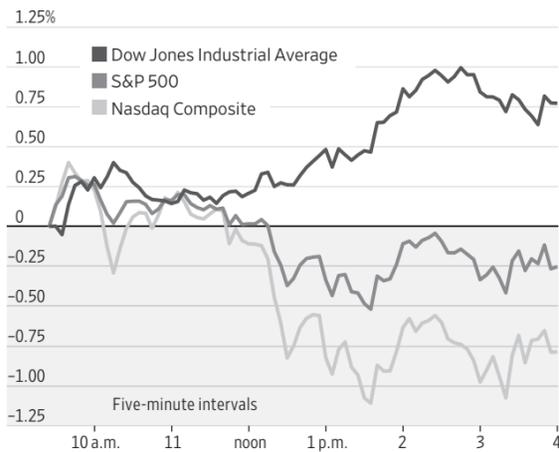
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Dividend Changes

Table with columns: Company, Symbol, Yield %, Amount, New/Old, Frq, Payable/Record. Includes sub-tables for Reduced, Stocks, Foreign.

MARKETS & FINANCE

Index performance on Thursday



Source: FactSet

S&P, Nasdaq Pull Back From Record Levels

Broad-based index briefly tops 5000 for the first time before closing lower

By HANNAH MIAO

Shares of Nvidia gave up early gains, pulling the S&P 500 and Nasdaq Composite down from records.

The S&P 500 finished 0.3% lower, after earlier surpassing

5000 intraday for the first time. The Nasdaq Composite

fell 0.8%, snapping a seven-session streak of record closes. The Dow Jones Industrial Average

bucked the trend, rising about 300 points, or 0.8%. Stocks have climbed in recent weeks, driven largely by excitement around artificial intelligence.

Both the S&P 500 and Nasdaq Composite closed at records ahead of Wednesday's Juneteenth holiday. Nvidia, whose chips power AI technology, also on Tuesday

dethroned Microsoft as the most valuable listed company in the world, with a market capitalization of more than \$3 trillion. Shares of Nvidia couldn't keep the rally going on Thursday, falling 3.5%. That pressured the S&P 500 and Nasdaq, which are weighted by market value, meaning big companies like Nvidia have an outsize influence over the direction of the indexes.

"Nothing can go up forever," said Sandi Bragar, chief client officer at Aspiriant who is encouraging her clients to balance positions in large-cap stocks with more staid investments like bonds.

The moves came after data on housing and the labor market released Thursday suggested the economy is slowing. Housing starts and building permits fell from a month ago, according to Commerce Department data. Weekly jobless claims came in at 238,000, higher than economists expected.

Investors have been highly attuned to economic data for signs that inflation is easing, which could keep the Federal Reserve on track this year to cut interest rates, usually a boon to the stock market.

"We're getting that slow cooling of inflation," said Leslie Thompson, chief investment officer of Spectrum Wealth Management.

The yield on the 10-year U.S.

Treasury note, a benchmark for borrowing costs, rose to 4.252% from 4.216% on Tuesday.

In individual stocks, Gilead Sciences gained 8.5% after the company said one of its investigational drugs had for the first time shown 100% effectiveness in preventing HIV.

Accenture climbed 7.3% after the company reported a fall in quarterly net income but a jump in new bookings, including more than \$900 million tied to generative AI.

Salesforce's 4.3% jump contributed about 65 points to the Dow industrials' gains.

Trump Media & Technology fell 15% after the Securities and Exchange Commission declared effective the registration of additional shares, leaving it vulnerable to dilution.

Overseas, the Swiss National Bank caught some traders off guard by cutting rates for the second time this year. The Bank of England held its key rate unchanged, as did Norway's Norges Bank. The Stoxx Europe 600 added 0.9%.

At midday Friday, Hong Kong's Hang Seng Index was down 1.6% and South Korea's Kospi was down 1%. S&P 500 financial futures were up slightly.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Table with 2 columns: Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, Cusip number.

EIGHT-WEEK BILLS

Table with 2 columns: Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, Cusip number.

17-WEEK BILLS

Table with 2 columns: Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Coupon equivalent, Bids at clearing yield accepted, Cusip number.

FOUR-YEAR, 10-MONTH TIPS

Table with 2 columns: Applications, Accepted bids, noncompetitively, foreign noncompetitively, Auction price (rate), Interest rate, Bids at clearing yield accepted, Cusip number.

The Treasury inflation-protected securities, dated June 28, 2024, mature on April 15, 2029.

J Sainsbury Plans to Sell Banking Unit to NatWest

By IAN WALKER

J Sainsbury is selling its core banking business to NatWest Group for an undisclosed sum, as part of its previously announced plan to withdraw from the segment and focus on its retail business.

The U.K.'s second-largest grocer by market share said Thursday that the final consideration will reflect the value of assets and liabilities to be transferred to NatWest at completion.

The company expects to write down a net 45 million

pounds, or \$57.2 million, on the business's assets and liabilities.

Sainsbury said the bank will return £250 million of excess capital back to the company, which it will then return to shareholders.

It didn't say how this will happen.

The grocer said the sale excludes the bank's commission-income businesses, including insurance, ATMs and travel money, which are capital-light profitable businesses with a strong connection to its core retail offer.

The sale also excludes Ar-

gos Financial Services, which Sainsbury said it will update its plans for at a later date.

"Today's news means we will focus all our time and resources going forward on growing our core retail business," Sainsbury Chief Executive Officer Simon Roberts said.

Separately, NatWest confirmed it was buying the business, which had £2.5 billion in gross customer assets as of March 31 and one million customer accounts.

The company said the acquisition will add 20 basis point to its core CET1 ratio, a

key measure of balance-sheet strength that calculates capital against risk-weighted assets, upon completion.

The transaction is expected to close in the first half of next year.

Sainsbury's bank generated £7 million of adjusted pretax profit for the year ended March 2.

Sainsbury shares rose 5.40 pence, or 2.1%, to 265.00 pence, but are down 12% year to date.

NatWest shares rose 8.00 pence, or 2.6%, at 320.50 pence, and are up 46% year to date.



J Sainsbury said the sale for an undisclosed sum is part of its previously announced plan to focus on its retail business.

Carlyle Looks to Expands Energy Assets In Deal for Some Energean Operations

By NAJAT KANTOUAR

Private-equity firm Carlyle Group is expanding its exploration and production assets with the acquisition of operations in Italy, Egypt and Croatia from Energean for up to \$945 million.

The company said Thursday that the assets will form part of a stand-alone company, to be chaired by former BP Chief Executive Tony Hayward, which will also hold recently acquired assets from Neptune Energy, Assala Energy and SierraCol.

Under the deal Carlyle is paying \$820 million, with the rest dependent upon some Italian production targets being met and commodity prices.

The assets being acquired produce 47,000 barrels of oil equivalent a day. Carlyle said the deal will be funded by Carlyle International Energy Partners, a private-equity fund that invests in energy opportunities in Europe, Africa, Latin America and Asia.

Expected to close by the end of the year, the deal has an enterprise value of \$945 million.

"We look forward to sup-



Energean said it will use some of the money raised to repay a \$450 million bond in full.

porting the transformation of these assets into a scalable E&P platform in the Mediterranean through the execution of near-term developments, unlocking organic growth opportunities, M&A, and accelerating the delivery of existing decarbonization plans," Co-Head of Carlyle International Energy Partners, Bob Maguire

said. In a separate announcement, Energean said it will use the money raised to repay a \$450 million bond in full and pay a special dividend of up to \$200 million.

"Looking ahead, this transaction unlocks management capacity and financial flexibility to drive future growth. Our

focus will now be to create enhanced value from our Israel assets, and evaluate new opportunities that fit Energean's key business drivers," Energean Chief Executive Mathios Rigas said.

Energean shares were up 41 pence, or 4%, at 1,073 pence. Shares have risen 2.8% in the year to date.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-Ex-distribution. F-Previous day's quotation. g-Footnotes x and s apply. J-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. L2b-1. r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table of mutual fund performance for Thursday, June 20, 2024. Columns include Fund, NAV, Net YTD Chg, and YTD %Ret.

Table of mutual fund performance for Thursday, June 20, 2024. Columns include Fund, NAV, Net YTD Chg, and YTD %Ret.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Dell's AI Margin Slip Is a Speed Bump

Strong position in artificial-intelligence servers will help pricing power, while possible S&P 500 inclusion gives stock momentum

Selling the picks and shovels for artificial intelligence is a solid place to be at the moment. As long as they aren't sold as loss leaders.

Dell Technologies has seen its market value surge over the past 12 months, as booming sales of **Nvidia's** AI processors have sparked strong demand for the types of specialized servers that run on those chips. Dell's most recent financial results bore that out, as server and networking revenue surged 42% year over year to \$5.5 billion in the fiscal first quarter ended in April.

That was the best growth that segment has recorded in at least eight years, according to financial statements going back to when Dell merged with EMC as a private company in 2016.

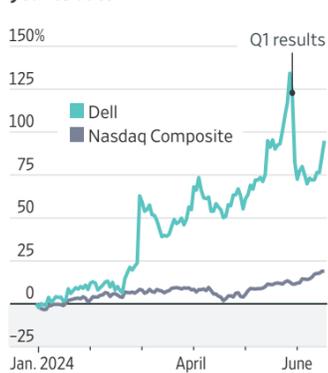
But the company's fiscal first-quarter report last month also contained some less flattering details of that booming AI-driven growth. Operating income for Dell's Infrastructure Solutions Group, or ISG,

segment that includes servers slipped 1% year over year to \$736 million, and came in 18% below Wall Street's targets. Operating margins for the segment came in at 8%—more than four points below the average of the previous four quarters.

Given the sharp growth of Dell's AI server backlog over that time, the trend suggested the company was selling its hottest product at near break-even levels. Dell's shares lost nearly one-quarter of their value in the two weeks following the May 30 results.

Dell, which is helmed by Chief Executive Michael Dell, doesn't break out profit margins for specific product lines. On its earnings call following the report, the company noted that a variety of factors played into the disappointing ISG margins, including weakness in data storage revenue and deferral of a large amount of service and support revenue that typically goes

with its server sales.



with its server sales.

The latter should result in improved margins going forward. Wall Street currently expects Dell's ISG margins to come in around 11.5% for the full fiscal year ending in

January, according to consensus estimates from Visible Alpha.

Still, booming demand for AI gear has made competition intense. Dell's longtime rival **Hewlett Packard Enterprise** announced several of its own AI initiatives at its Discover conference on Tuesday, which included an appearance by Nvidia CEO Jensen Huang.

And **Super Micro Computer**, a smaller company focused mainly on AI servers, is expected to see its revenue double in the fiscal year ending this month—and surge another 58% the following year, according to FactSet estimates. Dell leads the overall server industry in market share, but Super Micro's share of AI servers in the first quarter was 30% compared with Dell's 23%, according to market research firm Dell'Oro Group.

In a report earlier this week, however, Morgan Stanley analyst Erik Woodring noted that Dell has the advantage of being able to de-

liver highly customized servers along with a full suite of other products and services necessary to build up AI networks. "Designing, building and innovating in AI servers is far more complex than we believe investors understand," Woodring wrote, adding that concerns about near-term AI server margins are misguided.

And while Dell's shares have clawed back some gains this week, the stock remains notably cheaper at nearly 18 times forward earnings compared with Super Micro's multiple of 29 times.

The possibility of getting added to the S&P 500 is another wild card that could turn in Dell's favor; Bernstein Research analysts noted Monday that Dell has the second-highest market capitalization of eligible companies not part of the index. If Dell can serve up better AI profit in the coming quarters, this blue chip should provide investors plenty of green. —Dan Gallagher

Wall Street Chases Ozempic Wannabes

Gilead Sciences, a biotechnology company focused on treatments for cancer and HIV, isn't pitching itself as an obesity-drug developer. But that hasn't stopped some Wall Street analysts from trying to do that on its behalf.

Seasoned Jefferies analyst Michael Yee published a market-moving note to investors last week: He dug up recent patents and cross-referenced them with prior data to unearth what looked like the makings of an early-stage metabolic program that could one day become an obesity program. There was even data on monkeys to back that up, which the company will be presenting at the American Diabetes Association conference starting later this week, according to Yee. Yee's note sent Gilead shares up 3.6% last Friday, their biggest one-day gain in about a year. But over the next two days, the shares gave it all back, largely thanks to Gilead itself.

Gilead told analysts its program is focused on treatments for the liver, part of its investment in NASH (nonalcoholic steatohepatitis), a metabolic disease that is often caused by obesity. The company also has a midstage study evaluating potential combinations with a GLP-1 drug for the treatment of NASH, according to a representative.

Yee noted last week that this doesn't rule out a focus on "obesity in a NASH metabolic frame." Either way, Gilead's studies are at a very early stage and the obesity space is going to be very competitive as several pharma and biotech companies jump in. "I do not see Gilead being competitive in obesity with a small molecule," says Evan Seigerman, an analyst at BMO Capital Markets. "I don't even see Gilead saying they want to be in obesity."

Underscoring the fact that Gilead's strengths lie outside the obesity realm, the stock soared 9% Thursday on news that its twice-yearly HIV prevention drug was highly effective in a study.

Putting aside that a sell-side analyst's job is to look for investment ideas, the fact that Gilead got caught up in the obesity hype highlights a problem for the healthcare finance world: There



Biotechnology company Gilead Sciences got caught up in the obesity hype on Wall Street.

just isn't anything that comes close to the obesity-drug market to drum up investor interest.

GLP-1s such as Zepbound and Wegovy took the public and Wall Street by storm. Oprah and Elon Musk tried the drugs, as have many people's slimmed-down friends and neighbors. **Eli Lilly** and **Novo Nordisk** are each galloping toward a \$1 trillion market capitalization, an unthinkable feat for a pharmaceutical company a few years ago. Besides the artificial-intelligence trade that lifted tech stocks such as Nvidia, weight-loss drugs are probably the next best thing going on in the market.

As Jared Holz, a healthcare-equity strategist at Mizuho pointed out, the popular Health Care Select Sector exchange-traded fund would be flat instead of up this year, if not for the fact that Lilly makes up 13% of its holdings. "As a broader therapeutic category, there is nothing remotely close to

obesity in terms of market value creation or potential," wrote Holz.

The Ozempic-driven fortunes being minted stand in contrast to the rest of the industry's troubles. Companies such as Bristol-Myers Squibb, **Pfizer**, **Johnson & Johnson** and **Merck** are all facing intense pressure to their growth prospects as patents expire on blockbuster drugs and as the U.S. government seeks to reduce the price of some medications.

Unlike Gilead, plenty of large pharmaceutical companies are making it very clear they want a piece of the obesity action. Companies including Roche, **AstraZeneca**, Amgen, Pfizer, and **Regeneron Pharmaceuticals** are all developing drugs. Even Merck told attendees at a Goldman Sachs conference that the company is eyeing oral opportunities in the weight-loss field. But for now, the market is assigning most of the value from the obesity trade to Eli Lilly and Novo because

of their manufacturing moat and strong pipeline of follow-on drugs.

It stands to reason that the pharmaceutical industry will benefit from the demand for obesity drugs, much like the multibillion-dollar industry for cancer therapies generates revenue for most large companies in the industry. After all, there are more than 100 obesity programs in various stages of development, according to Jefferies analyst Roger Song. Surely some small biotech companies with obesity drugs under development will get snapped up by titans such as Merck or Pfizer and eventually make it to market.

But there is a danger in following the obesity hype before there is something substantial to latch on to. Pfizer's setback with danuglipron, its much-hyped obesity pill, is a good reminder of that. Besides, it is always a good idea to check what the company is saying about its strategy first. —David Wainer

BOE Sets Stage for Hawkish Rate Cut

Hawkish cuts are all the rage—a pattern among central banks of lowering interest rates while telling markets that financial conditions will remain tight.

The Bank of England hasn't taken the cutting plunge yet, but seems poised to do so.

Britain's central bank left borrowing costs unchanged at 5.25% on Thursday, even though U.K. inflation recently fell back to officials' 2% target for the first time in nearly three years.

Investors had been almost unanimous in expecting rate setters to stand pat. This is in part because services inflation remained very high in May. BOE officials also noted that last year's declines in energy prices will soon fall out of the annual comparison, which should see headline inflation tick back up. "Monetary policy needs to be restrictive for an extended period of time," the bank said.

But there are also indications that a rate cut could happen soon, perhaps as early as August.

For one, the bank said the decision to keep rates on hold was "finely balanced" for some committee members, who see much of the services inflation happening in regulated or volatile products that don't reflect a hot economy. Likewise, officials noted that tight monetary policy is hurting the economy and the labor market.

The surprise announcement of a national election, set for July 4, probably played a role too: Though policymakers denied being influenced by it, City of London analysts were skeptical that a rate cut would happen right before the vote. But if inflation and payroll data due in July turn out to be soft, the way ahead may be clear.

How to reconcile these two impulses? The U.K. may follow the path beaten by the European Central Bank this month: cut rates a bit, but don't commit to more. The Federal Reserve will likely end up doing something similar later this year. Right now, officials have a big incentive to respond to softer inflation, while keeping a shield against blame if it bounces back.

Central banking often has to do with following the right trend.

—Jon Sindreu

Breadsticks Highlight Financial Strain on Middle Class

Interviews with Americans eating at a diner about their financial worries has become something of a cliché, but the eateries traditionally have been one of the few places where people in different tax brackets rub elbows. They generally go there for sustenance—and for food they might know how to make at home, not a date or a special occasion.

With diners losing ground to national chains, Olive Garden, Applebee's and IHOP are the closest informal economic barometer, according to a study by professors at MIT's Sloan School. And unlike mom-and-pop restaurants, parent companies **Darden Restaurants** and **Dine Brands** helpfully break out detailed numbers for investors in their quarterly results. The

signs for the U.S. middle-class consumer aren't great.

Darden reported Thursday that same-store sales at Olive Garden fell by 1.5% last quarter from a year earlier. By contrast, same-store sales rose by 4.4% a year ago and by 6.1% and 4.1% in the first two quarters of this fiscal year before falling by 1.8% in the fiscal third quarter.

Likewise, Dine Brands reported last month that domestic same-restaurant sales at Applebee's and IHOP fell by 4.6% and 1.7%, respectively, during that company's fiscal first quarter.

Foot traffic to Darden's restaurants has been decent according to tracking firm Placer.ai, which uses phone location data, with visits up

in three out of five months from a year ago this year at Olive Garden. That points to smaller check sizes and perhaps less ability to pass through food and wage inflation to middle-class diners. For the chain as a whole, Darden forecast a rise of 1% to 2% in same-store sales during the current fiscal year—less than predicted inflation.

But Placer.ai also points out a far healthier trend at Ruth's Chris,

the high-end steakhouse Darden bought a year ago and for which it doesn't break out same-store trends. Traffic to that chain in May was up by 8.3% compared with a 3.9% rise for Olive Garden.

One explanation might be that people with greater wealth are more likely to have their incomes buoyed these days by high interest income and record stock and home prices, while those who are middle class or lower enjoy less of a wealth effect from stocks or real estate even as they pay more in rent or interest.

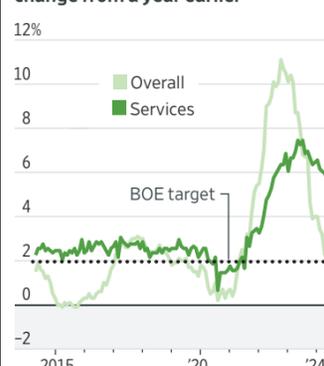
With unemployment still low, many economists downplay that bifurcation. Breadsticks just might serve as a better real-time indicator than their crystal balls.

—Spencer Jakob

1.5%

Olive Garden's fall in same-store sales in the latest quarter, as reported by Darden

U.K. consumer-price index, change from a year earlier





\$148 Million
An investor buys a big estate in Palm Beach in cash. **M3**

MANSION

\$12 Million
Catherine Zeta-Jones and Michael Douglas list in NY. **M2**



The Wason family in front of Harpsden Court, which was a dilapidated estate when they bought it in 2019 for \$7.29 million

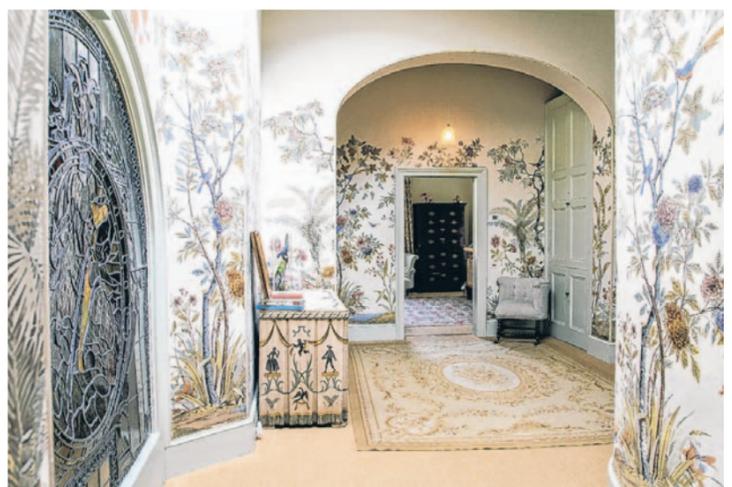
BY RUTH BLOOMFIELD

Growing up, Ian Wason often wondered what lay behind the tall stone walls surrounding Harpsden Court, a 400-year-old country estate close to his childhood home. It was many years before he discovered the answer: a beguiling but badly rundown, 17,000-square-foot landmark property in need of a multi-million-dollar restoration. Despite the overwhelming scale of the project, he and his wife, Gigi Wason, fell for the charms of Harpsden Court, took on the project, and have reinvented it as a classic country home for their young family. “It was basically semi-derelict when we first saw it,” said Ian. “Parts of it literally hadn’t been touched for almost

Tackling a 400-Year-Old Fixer-Upper

The Wason family spent more on renovations than they paid for their sprawling English country estate to bring it back to its former glory

100 years and it had been on the market for four years. It was this complete disaster zone, which is why nobody bought it. We were the first and only people to put in an offer.” Ian, 46, was raised 5 miles away from Harpsden Court, in the village of Medmenham, some 35 miles west of central London. After training as an accountant in London, he moved to Cape Town, South Africa, where he set up a debt counseling and financial-education company, and met Gigi, a 42-year-old interior designer. In 2015, on a visit home to Ian’s parents, who were still living in Medmenham, he noticed that Harpsden Court was up for sale, listed for \$16.43 million. He persuaded Gigi to go and have a look just to ease his curiosity. What they discovered terrified them. *Please turn to page M4*



The principal bedroom has wallpaper by de Gournay, left. Meticulously restored wallpaper fills one of the home’s hallways, right.

RV Maintenance Is More Complicated Than You Think

Plan ahead, set up a slush fund and be prepared to camp out for awhile while you wait



BY ROBYN A. FRIEDMAN

IF YOU’RE PLANNING to hit the road in a luxury RV and join the hundreds of thousands of Americans who live full time in their rigs, be sure you have a reliable vehicle and plenty of cash. Routine maintenance isn’t cheap, and repairs are needed more often than you think. “It’s common for first-time buyers to not know what to expect in terms of costs for repairs and maintenance,” said Jeri Saulsbury, 60, a software consultant who spends half the year in her RV. Even experienced owners are surprised by cost of routine maintenance—such as the tires Saulsbury and her husband, Kenny Saulsbury, 62, a retired software project manager, had to replace on a prior vehicle. The cost:

\$1,000 per tire. And there were eight of them. The Saulsburys have been avid campers for 40 years, moving from tents and a pop-up trailer to fifth wheels and motor coaches. The couple now own a 2024 Entegra Coach Cornerstone, a 45-foot-long RV with a king-size bedroom, washer/dryer, one and a half baths, heated floors, four televisions and a suggested retail price of \$930,000. The vehicle came with a two-year warranty by Entegra on the “house” portion of the rig and a three-year warranty on the chassis, by Spartan RV Chassis, the manufacturer of the vehicle’s “foundation,” which includes the engine, axles, suspension, tires and other structural and mechanical components. The Saulsburys *Please turn to page M6*

PRIVATE PROPERTIES

In Westchester, a Home For Hollywood Royalty



In New York's Westchester County, the riverfront home of Hollywood power couple Catherine Zeta-Jones and Michael Douglas is going on the market for \$12 million.

Spanning roughly 12 acres on the Hudson River, the gated property is located in the affluent village of Irvington, N.Y., about 20 miles from Manhattan, according to listing agent David Turner of Compass. Zeta-Jones bought the home in 2019 for \$4.5 million, according to public records. The couple, who have been married for more than 20 years and have two adult children together, recently held a campaign fundraiser at the house for President Biden.

"When I purchased our Irvington home I knew our family would share many happy times here, and we have!" Zeta-Jones, 54, said in a statement. "Now that both our son and daughter have left the nest it seems like the right time to sell."

The "Wednesday" actress, who was born in Wales, added that work commitments are taking her overseas. "Michael and I plan to spend more time in Bermuda and Europe," the statement said.

The property has about 130 feet of frontage on the river, according to Turner.

The land once belonged to Charles Lewis Tiffany, founder of the jewelry company Tiffany & Co., and to the Matthiessen family, successful sugar merchants, according to the book "Irvington (Then and Now)" by Anne Marie Leone and Judith Doolin Spikes. The Georgian-style home on



The house was built in the 1920s.

the property today was built in the 1920s and spans about 12,000 square feet, with columns and a brick-and-stone exterior. A 100-foot terrace overlooks the river. There are eight bedrooms.

Inside, the house has a two-story, oak-paneled library. The lower level, which opens to a grass-and-stone terrace, has an indoor pool and a kitchenette.

Zeta-Jones and Douglas, 79, extensively renovated the home while also maintaining its original character, Turner said.

"There's a blend of formal and informal rooms," he said. "There's a family room next to the kitchen, which many of these old mansions don't have."

The home is move-in ready, which is rare for prewar mansions in the area, according to Turner. The estate is located a few minutes from Irvington's main street, which has shops and restaurants, and the train to Manhattan. Zeta-Jones won an Academy

Award for Best Supporting Actress in 2002's "Chicago." Douglas, known for films like "Fatal Attraction" and "Wall Street," has two Oscars.

Before moving to Irvington, the famous couple shared a home in nearby Bedford, a town popular with celebrities. Zeta-Jones sold the Bedford home for \$20.5 million after buying it for \$11.25 million in 2014.

Zeta-Jones and Douglas have separate real-estate portfolios, a spokesperson for the couple said. Douglas listed their Manhattan home on Central Park West for \$21.5 million a few years ago, but it has since been taken off the market.

Irvington is known for its riverfront estates and has attracted many well-known residents, including fashion designer Eileen Fisher. The home will be the most expensive for sale in Irvington. Earlier this year, Turner said, a 214-acre estate in Bedford sold for \$30.675 million. In 2018, he sold the nearby estate of the late David Rockefeller for \$33 million. —Libertina Brandt



FOR SALE
\$12 MILLION
12,000 sq. ft.,
8 bedrooms



An Oceanfront House In Orange County Lists

A Southern California estate near President Richard Nixon's Western White House is hitting the market for \$55 million.

The oceanfront property is located in the gated Cyprus Shore community in Orange County's San Clemente. The seller is retired shipping executive Christopher R. Redlich Jr., who bought it in 2021 for roughly \$33.8 million.

Redlich's property is two doors down from Nixon's onetime home, which the former president owned from 1969 to 1980. Nixon retreated to the estate after his resignation in 1974 following the Watergate scandal and wrote his memoir there.

Perched on a bluff next to Marine Corps Base Camp Pendleton, Redlich's 3-acre gated estate has roughly 455 feet of ocean frontage, according to listing agent Sean Stanfield of Pacific Sotheby's International Realty.

Called Villa Cipressi, the Spanish Colonial-style house was built in 2007. Measuring about 13,000 square feet, it has stone walls and exposed wood beams. All but one of the seven bedrooms have ocean views, Redlich said. A breezeway connects the main part of the home to a building with a one-bedroom guest casita on the first

floor and an office on the second floor, which is where Redlich spent a lot of his time.

"That was maybe the most enjoyable part of the house for me," said Redlich, former chairman of Marine Terminals Corp., his family's California-based shipping company. "I'd crank up the music and start working on whatever I had that day."

Redlich said he also enjoyed having his morning coffee on the terrace off the primary suite.

He made over \$11 million worth of upgrades to the home after buying it, adding an elevator and a roughly \$2 million smart-home system. Outside, he replaced a

sports court with an orchard and added a cypress-tree mosaic to the bottom of the pool.

The property served as Redlich's primary residence, he said, although he also has a San Francisco penthouse, which is on the market for \$35 million. He has relocated to Tennessee, where he recently bought a \$32 million home outside of Nashville.

"I've always loved Nashville," said Redlich.

Nixon's former home has been on and off the market for years, according to Zillow. It was most recently listed in 2021 for \$65 million.

—Libertina Brandt

FOR SALE
\$55 MILLION
3 acres, 455 ft. of ocean frontage, elevator, pool



The house is Spanish Colonial style.

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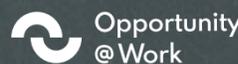
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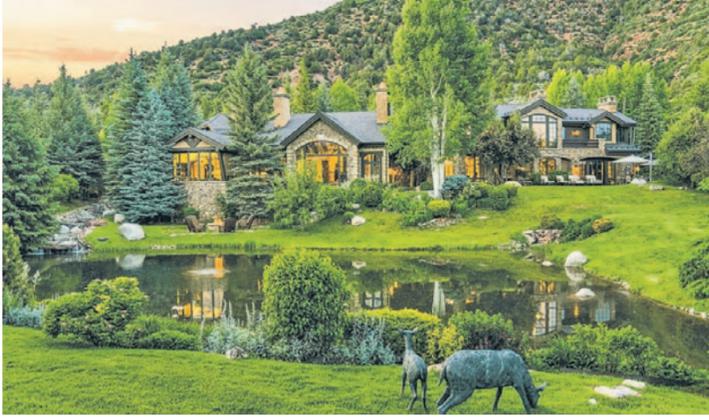
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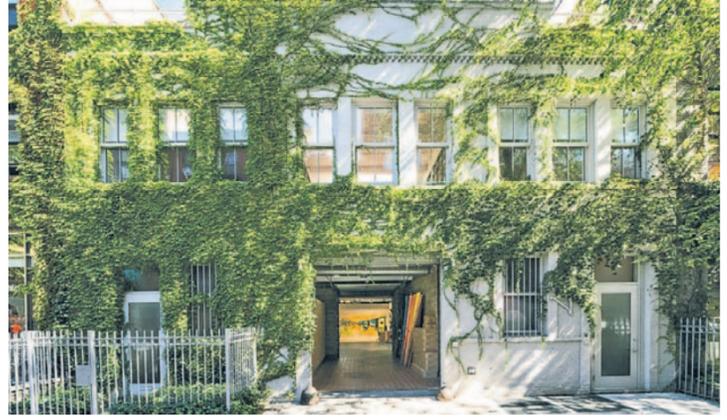


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PRIVATE PROPERTIES

The Owner of the Playboy Mansion Strikes Again, This Time in Palm Beach

The owner of the former Playboy Mansion in Los Angeles has paid \$148 million for a new play space: an oceanfront estate in Palm Beach, Fla.

Forty-year-old investor Daren Metropoulos paid all cash in an off-market deal for the home,

SOLD
\$148
MILLION
3.2 acres,
cabanas, tennis

which was designed around 1919 by noted architect Addison Mizner, a spokesperson for Metropoulos said. The seller of the

roughly 3.2-acre property was the family of the late Canadian businessman William Pencer, who died in 2021, records show.

In a statement, Metropoulos said the property is one of Palm Beach's "most storied architectural treasures."

"I am pleased to carry on the tradition of conserving this gem as a true sanctuary and ensuring its classic charm and sophistication continues to endure," he said.

The Pencer family didn't respond to requests for comment. William and his wife, Ida Pencer, purchased the home for \$12.1 million in 2003, property records show.

Known as Casa Amado, the roughly 23,000-square-foot, Mediterranean Revival-style house has 10 bedrooms, a gym and a movie room, according to Metropoulos's spokesperson. Outside, the property has about 225 feet of ocean frontage with a beach cabana, pool, pool cabana and tennis court.

The house was built for Charles



The main house is about 23,000 square feet.

A. Munn, an entrepreneur and prominent member of Palm Beach society, in a similar style to his

brother's house next door, which was also designed by Mizner, according to the 2020 book "An Il-

lustrated History of Palm Beach." The Pencers spent years renovating the property, but in 2007

the house was damaged by fire after being struck by lightning, according to court documents related to a subsequent insurance claim. Around 2008, the Pencers restored the property again.

Jim McCann of Premier Estate Properties represented the seller. Christian Angle of Christian Angle Real Estate represented the buyer.

Metropoulos is a principal at private-equity firm Metropoulos & Co. Started by his father, C. Dean Metropoulos, the firm has invested in brands including Hostess, Pabst Brewing and Utz. The younger Metropoulos is a co-owner of BlueTriton Brands, a bottled-water company based in Stamford, Conn.

He is also an avid collector of luxury homes in New York City, Miami Beach, Hawaii and Martha's Vineyard. In 2016, he bought the Playboy Mansion for \$100 million, a then-record sum for L.A. In 2018, Metropoulos was a producer on Quentin Tarantino's "Once Upon a Time in Hollywood," for which several scenes were shot at the mansion. He has since renovated the property extensively.

With limited inventory, Palm Beach real-estate values have skyrocketed over the past few years. Australian businessman Michael Dorrell purchased Tarpon Island, a roughly 2.3-acre private island, for \$150 million in May.

The Palm Beach sales record was set last year, when car dealership owner Michael Cantanucci and his wife, Kimberly Cantanucci, paid \$170 million for a nearly 1.6-acre estate on North County Road.

—E.B. Solomont

A 42-Acre Parcel In California Comes With Plans for a House

The 42-acre California estate where Joe Maurer lives has been mostly vacant for decades. He and his children take advantage of the land's vastness, traversing the property on ATVs. Once, they built and fired a trebuchet as part of a science experiment.

"When you have 42 acres, you can teach your kids physics using medieval siege weapons," Joe said with a laugh, emphasizing that "no one was harmed" in the process.

The history of why the valuable

parcel in Orange County has stayed largely empty for so long is a tangled one, but it may be coming to an end. The San Juan Capistrano property, with permitted plans for a 38,000-square-foot mansion and two guesthouses, is coming on the market for \$150 million.

Known as Porcupine Hill, the land has been owned since the late 1970s by the Maurer family. Joe's parents, retired home builder Robert Maurer and his wife, Irma Maurer, bought the

FOR SALE
\$150
MILLION
3 apartments,
office space



property with plans to build a family compound overlooking a vast swath of tract homes Robert's company had built, according

to Joe and his brother, Mark Maurer. But the plans became the subject of a protracted legal battle with the city, and the mansion

was never built.

Currently, there is an avocado farm and citrus grove on the property as well as a roughly 21,000-square-foot structure with offices, storage, warehouse space and three apartments, one of which Joe lives in, the brothers said.

In the 1980s and 1990s, the property was the subject of a dispute between the city and the family over whether it was subject to an ordinance designed to prevent ridgeline development.

In 1993, the city council finally voted to allow the home's construction, but by then, Robert and Irma were older and had begun to lose steam on the home project, their sons said.

The family built the current structure in 2010.

The listing agents are John Stalaland, Bradley Feldman and David Stoll of Douglas Elliman.

—Katherine Clarke

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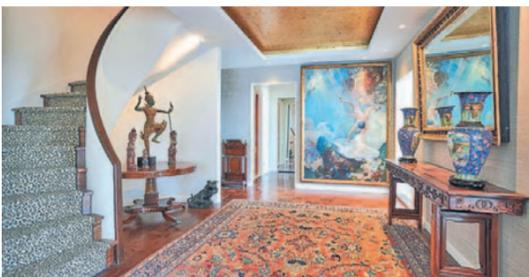
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Brian K Meier | M: 917.656.3230 | bmeier@bhhsnyp.com
Miosoty Veronica Aracena | M: 646.246.4632 | mvaracena@bhhsnyp.com



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MANSION



Initial listing price: \$16.43 million
Purchase price: \$7.29 million
Renovation cost so far: \$7.6 million

One of Harpsden Court's multiple living rooms

400-Year-Old Estate

Continued from page M1

"It was overwhelming," said Gigi. "It was obviously going to be such a mammoth project. You could see the sky through the roof, there was a whole zoo in the house—bats, crows, rats and mice—and it was dark and freezing cold."

In 2017, Ian, Gigi and their daughters, Clementine, now 11, and Josephine, 9, returned to the U.K. They bought a house in London's Notting Hill neighborhood, and welcomed another child, Madeline, now 5. But, over the next couple of years, Gigi started to hanker for more space than a London townhouse could offer. When Ian, who had always hoped to live in the country close to his family, mentioned the house was still for sale, and that its list price had been slashed to \$11.42 million, Gigi agreed to another visit. This time around she was ready to appreciate the

Bat report: \$14,000
Asbestos and roof: \$190,000



When they first saw the home, Gigi said 'there was a whole zoo in the house—bats, crows, rats and mice.'

Gothic-style house.

Harpsden Court dates from the 17th century, according to Historic England, Britain's official heritage organization. New sections were added to the house in

the 18th and 19th centuries. According to the Henley Archaeological and Historical Group, the house was originally home to Lords of the Manor of Harpsden and, according to an ancient map of the area, there has been a house on the site as far back as 1586.

It had been used as a location for a series of movies including "Quantum of Solace," starring Daniel Craig, "The Woman in Black" with Daniel Radcliffe, and "Jude" starring Christopher Eccleston and Kate Winslet.

Outside, its 30 acres of gardens, woodland and fields easily outshone the tiny Astroturfed backyard of the Wasons' London house. "It was like I saw the house with completely different eyes," she said. "It was magical, and I was obsessed."

In 2019, the couple paid \$7.29 million for Harpsden Court, which came with three cottages and stables. The main house was habitable but not comfortable. Most of it had no central heating, the roof leaked, and Gigi describes the kitchen, fitted in the 1960s, as "unspeakably awful." The property had 14 bedrooms, but only two bathrooms.

The Wasons hired the architect Ben Pentreath, who has worked for high-profile clients including King Charles and the Prince and Princess of Wales, and asked him for a light-touch modernization plan.

"We did not want to lose the character of the house," said Gigi. "I like designs

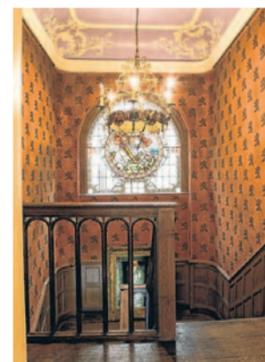


which are timeless and I think that if you create something modern at some point it will tire."

Pentreath suggested replacing the 1960s kitchen and adjacent open courtyard with a new, enlarged kitchen. The servants' wing of the house, built in the Victorian era, was cramped and gloomy. "It was just a long corridor with loads of rooms off it, like the hotel

in 'The Shining,'" said Ian.

Pentreath recommended removing part of the first floor ceiling to create a galieried, double-height hallway with walls of painted brick and the original stone floors. To make the house more balanced, the number of bedrooms has been reduced to 10, and the number of bathrooms upped to six. Outside, the gardens needed re-landscaping, and



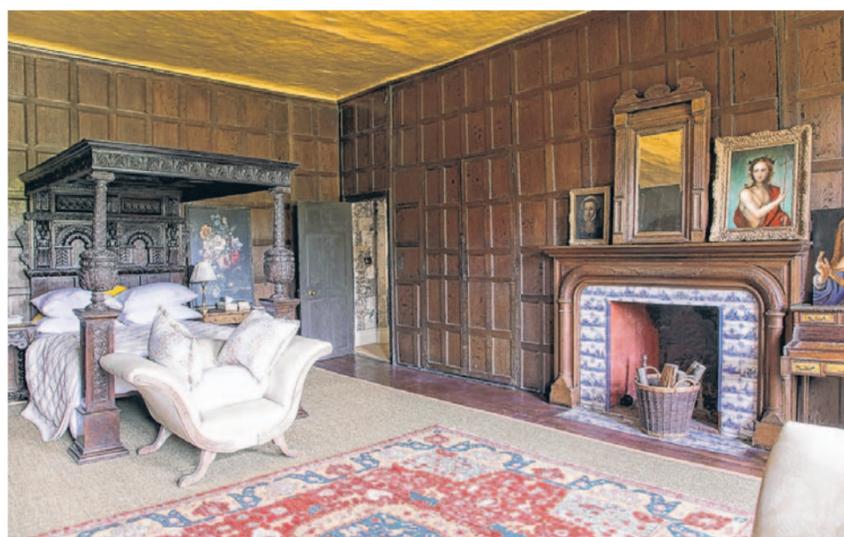
the Wasons wanted a sauna and a swimming pool.

Work on the house began later in 2019. Alterations to landmark buildings in Britain require special building permits, which can take several months to obtain from local government planning departments. While they were waiting, they were permitted to get on with basic repairs such as removing carcinogenic asbestos insulation, installing a new roof, and restoring the windows.

Removing asbestos from the roof was particularly difficult. "It was a very painful process," said Ian. Before removal work could even begin, he had to commission a \$14,000 report to determine whether there were any protected species of bats nesting in the roof space. These bats had to be carefully removed before a section of the roof was removed. "The asbestos removers then put on their hazmat suits and spent six weeks carefully removing the asbestos hanging from the heating pipes in the roof," said Ian. This part of the work ate up \$190,000, said Ian.

The backyard presented another challenge. It had been infested with highly invasive Japanese knot-

Please turn to page M5



This guestroom is named for Queen Mary, who is reputed to have stayed in the house.

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MANSION

weed. The previous owners had tried to tackle the problem, said Ian, and had purchased a roughly \$6,300, 10-year insurance policy to tackle any recurrence. Since the plant's root

new heating system was installed, were carefully re-laid. The decorative tiles around the range cooker in the kitchen were taken out of one of the original bathrooms, and as much of the



The Wason family enjoys their kitchen. Below, the dining room and a sitting room.

One bedroom is dubbed the "Queen Mary" room, named by a previous owner for Queen Mary, who is rumored to have been a guest at the house.

This room has a four-poster bed, a pretty tiled fireplace and an en-suite bathroom with a free-standing wooden bathtub and wallpaper featuring oriental-style blossom trees. The principal bedroom has a gilded French-style bed, soft green silk moiré drapes, and bespoke hand-painted wallpaper by de Gournay featuring swans and white peacocks.

The house contains many surprises. A bookshelf in Ian's office is a hidden door leading to the original gun room, and if you look closely at the restored wallpaper in an upstairs hallway, a confection of fruit, berries and birds, there is a tiny naked nymph added by a previous resident, plus three miniature fairies Gigi painted in honor of her daughters.

By Christmas 2021, two years after the reconstruction began, the family, plus dogs Tess and Charlie, were able to move into the Victorian wing, which was completed first. They have kept their London property.

Since then, Ian's parents have moved into one of the cottages. Gigi's cousin and her husband live in another.

Ian estimates that although \$7.6 million has been spent on the renovation so far, more than the house cost to buy, that sum will keep going up. A section of the decorative domed ceiling in the music room collapsed recently and awaits repair. Work to shore up the stone walls in the garden is ongoing. Gigi still needs to design several of the guest bedrooms to her satisfaction.

"This project is going to go on forever," she said.

network is notoriously hard to eradicate, contractors have to visit the property twice a year to spray and remove any new plants.

All the home's windows had to be removed, renovated, and reinstalled, adding another roughly \$127,000 to the final bill. "We saved most of them, and where we couldn't they were completely replaced with new oak windows," said Ian.

Ian, who managed the construction, also oversaw the dredging of the ornamental lake on the grounds, and the installation of a ground source heat pump and central heating.

Then the electricians were tackled. "From the plans we had, it had last been re-wired in 1936," said Ian.

Ian estimates that around a third of the total \$7.6 million renovation budget was spent on these structural upgrades, carried out while the family remained living in London. Building permits were issued in spring 2020 for the alterations Pentreath had designed, and another third of the money was spent here. The final third went to decoration and finishes, overseen by Gigi, who has created a country-house style home, with a soft and neutral color scheme.

Where possible the fabric of the house has been preserved. The flagstone floors, taken up when the

original wallpaper as possible has been salvaged and restored. This, said Gigi, involved an artist spending six weeks at the house carefully redrawing patterns on water-damaged sections of the walls, and repainting



The estate comes with a walled garden.

them so that they blend seamlessly with the surviving sections of paper. That cost around \$15,200.

The first floor has a series of living rooms, a formal dining room, and a well-preserved original kitchen complex. Gigi now uses the main room of this complex for flower arranging and children's arts and crafts, and there is also a hanging larder for preserving game birds, a pastry room, and a wine cellar.

There are three staircases leading to the second floor, the grandest of which is lit by a stained-glass window depicting St George, the patron saint of England, battling a dragon.

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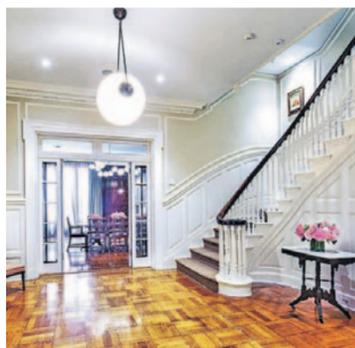
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MANSION

RV Maintenance

Continued from page M1
 opted not to spend \$15,000 on an extended warranty since Kenny is a former mechanic who can handle many repairs on his own. But they self-insure by depositing \$500 into a savings account each month to cover future maintenance and repairs.

Just like a car, RVs need routine maintenance. Jon Ferrando, founder of Blue Compass RV, which operates over 100 dealerships in 33 states, recommends an inspection and routine maintenance every six to 12 months, depending on mileage and how frequently the RV is used. During the visit, which takes from four hours to a full day for a motorized RV, depending on the size and complexity of the vehicle, the rig will be checked for water leaks and issues with key systems, such as electrical, heating and cooling, brakes and tires. Roof seams will also be resealed if necessary.

Brett Davis, president and chief executive officer of National Indoor RV Centers, an RV retailer that offers sales, service and storage, said his shop rate for a mechanic is \$219 per hour, and the lowest rate he's seen in the industry is \$180. Davis said that RV owners frequently find they can't get service when they need it due to what he says is a critical shortage of qualified RV mechanics. As



Jeri and Kenny Saulsbury spend half the year in their 2024 Entegra Coach Cornerstone, which has a suggested retail price of \$930,000.

a result, many owners plan for routine maintenance months in advance, and for repairs, they could find themselves stranded while they await service.

Dave Ferrie, 75, has been RVing for 18 years. He used to own a \$770,000 motor coach and once had to wait 60 days to get a routine oil change from the dealer, a service that typically runs between \$1,000 and \$2,500 for a diesel motor coach, he said. Ferrie had so many problems with that vehicle, including a complete failure of the navigation system and digital screens that operated the coach,

that he and his wife, Joyce Ferrie, 69, decided to sell it and purchase a \$2.2 million Marathon Coach, a 45-foot-long custom RV converted from a commercial bus shell. "It's basically the top of the food chain in motor coaches," he said. Now, when the vehicle needs service, the couple gets an appointment right away from a nationwide network of Marathon providers, or even from a mobile technician, an enhanced level of service provided by the company to its luxury buyers.

While many RV owners purchase extended warranties to cover the cost of repairs, Davis noted

that depending on the warranty company, owners may face delays in getting approval for those repairs. Sometimes an inspection by the warranty company is required before a repair will be authorized, and that contributes to the delay.

Here are some things to consider before you purchase that RV you've been eyeing.

Get handy. Jeri and Kenny Saulsbury took classes on RV maintenance and repairs, attending separate five-day courses by Entegra and Spartan. They keep a so-called "bible bag," a suitcase filled with manuals and other information about their coach, on hand at all times. They also have a \$600 kit that contains filters, belts and other parts they might need on the road. Those who are less handy may want to consider a roadside-assistance program.

Buy used. All new RVs go through a "shakedown" period during their first year, when electrical or other defects are often discovered. That is why Ferrie, who has owned four new motor coaches, suggests buying a late-model rig that is past the one-year shakedown period. Anyone purchasing a preowned RV

should obtain all the maintenance records from the prior owner, and get an inspection by a certified RV inspector, which Saulsbury said costs \$600 to \$800.

Schedule routine maintenance in advance. With a nationwide shortage of qualified RV technicians and frequent waits for parts, plan in advance for routine maintenance. Many manufacturers and dealers offer free space and hookups for owners to camp on-site while they wait for service to be completed, and it isn't uncommon for RVers to arrange to meet friends at the manufacturer when they go for service. Jacob Shearer, director of customer service for Jayco Motorized, an RV manufacturer, said that the company's service facility can accommodate about 20 rigs in its lot. Vehicles receiving factory service are returned to the owner at the end of every workday, and the service technician will connect all the hookups, pull out the sliders (expandable sections of the RV sides that increase the size of the interior) and set up camp so owners can return to their coaches and sleep in their own beds at night.



David and Joyce Ferrie own a \$2.2 million, 45-foot Marathon Coach.



CLOCKWISE FROM TOP LEFT: DAVID FERRIE (2), JERI SAULSBURY (RVADVENTURETIME (2))



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MANSION

HOUSE CALL | MIKE LOVE

Summer Was Forever For Beach Boys' Singer

Featured in the new band documentary, the lead singer on his childhood villa in Los Angeles, family singalongs and yearning for a harp

The first time I sang three-part harmony it was 1957 and I was walking with my cousin Brian Wilson and my sister, Maureen. Brian and I were already singing along to doo-wop and Everly Brothers records at my house. Maureen played the harp.

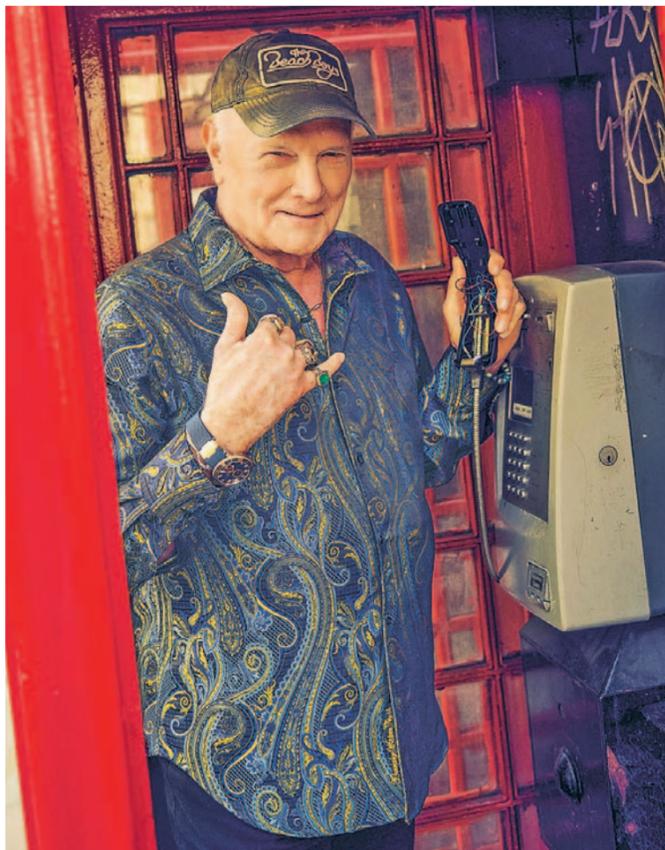
But on this day, Brian showed us how to turn two-part harmony into three parts. Brian had been studying albums by pop vocal groups like the Four Freshmen, the Hi-Lo's and the Four Preps. I liked those jazzy groups, too, but I was more into R&B.

Music was a passion for our extended family. In our living room, we had a grand piano, an organ and a harp. We lived in the Baldwin Hills section of Los Angeles, in an area called Pill Hill because so many doctors had homes there. We had a beautiful, three-story Mediterranean-style villa with a view of Los Angeles, the mountains and the Pacific.

Even though our house had 14 rooms and five bathrooms, it filled up fast. I was the oldest of six children.

My dad, Milt, worked at Love Sheet Metal, a business his father started in 1938. During the war, the company switched to defense manufacturing and fabricated galleys for Navy ships. After the war, the focus was suburban home development and the baby boom. As a result, we were comfortable.

My mom, Emily Glee, was a homemaker and loved to sing. She favored light opera and led sing-along parties at home. Her friends were part of what they called the Glee Club. She'd get us up for school by blasting opera records.



Mom's brother was Brian's father, Murry Wilson. The Wilsons lived in Hawthorne, about 10 miles south. Our families didn't always blend well. There was some envy on Murry's part as he struggled to be a songwriter. He could be brusque and was hard on his kids—Brian, Dennis and Carl.

In high school, I was very shy and socially awkward. I was into

art and nature and was a huge reader. My love of literature spilled into poetry and stuff that ordinary kids avoided. I ran long distance, cross-country and track.

I had everything I needed at home, but I wasn't spoiled. I appreciated that my mother had come to California from Kansas during the Depression. The dust storms in Kansas had destroyed

everything. There was no money, and food was scarce.

Despite my parents' passion for music and the arts, there was little emotion. It was cultural, in a way. My mother's father had been absent a lot, and her mother had birthed nine kids, so there was only so much attention to go around.

After high school in 1959, I enrolled at Los Angeles City College, but after two semesters, I left. I worked as a sheet metal apprentice at my father's company and as a filling station attendant.

In 1961, I married my high-school sweetheart, Frannie. Soon after, our oldest daughter, Melinda, was born. Brian was at El Camino College and left around the same time I left LACC. There, he'd met a neighbor, Al Jardine, and was putting together a group.

We formed the Pendletones that fall. One day, Dennis and I went fishing together at Redondo Beach and talked about surfing. Dennis went back to the house and told Brian. I came over and co-wrote "Surfin'" with Brian in his garage music room. I wanted it to have a doo-wop sound.

In November, we recorded the song. Russ Regan, a record dis-



The Beach Boys' Al Jardine, Mike Love, Dennis Wilson, Brian Wilson and Carl Wilson in the early 1960s. Below, Love with his mom, Emily

tributor, convinced us to change our name to the Beach Boys. By December, "Surfin'" was a local hit. We signed with Capitol Records the following July.

Today, my wife, Jacquelyne, and I live in a house in Nevada that overlooks Lake Tahoe. I've known the lake all my life. My dad and I used to fish there. I bought the property in 1981 and didn't develop it until 30 years ago. Jacquelyne designed it.

When I think back on the Beach Boys' early years, I miss Dennis and Carl, who passed. I still have a blue Pendleton shirt that we wore on the cover of our first album, "Surfin' Safari." I often take it with me on tour. It reminds me of our start.

—As told to Marc Myers

Mike Love, 83, is a singer-songwriter and co-founder of the Beach Boys. Songs with his lyrics include "I Get Around," "California Girls" and "Good Vibrations." He appears in the new Disney+ documentary "The Beach Boys."

MIKE'S 'EXCITATIONS'

Documentary? Watching it, I felt as if summer was forever back then. Even when I was a kid, our families often went to the beach to make a bonfire.

Favorite home spot? My meditation studio. It overlooks Lake Tahoe and resembles a chapel.

Home splurge? I bought a Lyon & Healy harp at an estate sale. We have a rosewood Steinway grand piano and a Hammond organ in the living room. The harp finishes it off.

Beach Boys songs? If I'm kicking back, I'll put on "Good Vibrations" or "The Warmth of the Sun." I love them both.

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CLOCKWISE FROM LEFT: BETTIE WATSON FOR THE WALL STREET JOURNAL; MICHAEL OCHS ARCHIVES/GETTY IMAGES/DISNEY; MIKE LOVE (FAMILY PHOTO)

MANSION

ANNOTATED ROOM

Funky and Fabulous

A couple's new Brooklyn townhouse needed a drastic change in atmosphere

By J.S. MARCUS

Colorful designer furniture and unusual terrazzo surfaces have revived a Brooklyn townhouse for two New York professionals.

In 2021, the couple, now both 37, decided to relocate from their Manhattan rental to Bedford-Stuyvesant, a gentrifying neighborhood on the other side of the East River. They paid \$2.7 million for the three-story, two-unit home, planning to use the main unit, a 2,800-square-foot triplex, for themselves, while reserving the 900-square-foot garden apartment for rental income or guests.

The building itself was in fairly good shape, due to a recent gut renovation undertaken by a previous owner, but the triplex needed a drastic change in atmosphere. Off-white painted paneling and scuffed-up parquet floors were anything but appealing for the couple, who on paper might seem conventional—he's a lawyer and she's a consultant—but use art and design to express more individual aesthetic interests.

She's a painter, with a fun-lov-

ing, Pop-inspired streak, and he's tattooed from the neck down, with a soft spot for black graphics—on the walls and on objects, as well as on his own body.

The couple turned to Giorgia Cedro, a young Italian architect based in Brooklyn's Carroll Gardens, to plan a \$180,000 renovation. Founder of Olbos Studio, Cedro, 34, largely stuck by the triplex's original layout but injected a whole new palette. The couple lived in the garden unit during the 18-month project, and moved into their revamped triplex in spring 2023.

The home's centerpiece is now the transformed open-plan parlor floor, which combines classics of 20th-century Italian design with more freewheeling pieces from our own century.

"The clients have bold, particular tastes," says Cedro, who says a penchant for playfulness on the consultant's part, and a need for some striking black elements for the lawyer, were her starting points.

Here are some of the design elements of funky parlor.



Total Renovation Cost: \$180,000

1. For the spot above the kitchen island, Cedro chose Lagranja Design's Uto, a pendant-lamp series created for Foscarini. She went with two of the Pop-looking outdoor versions, which are more playful as well as more durable. // **Price:** \$496 each

2. This blue-velvet Camaleonda sofa, an update of a classic 1970s piece, from Italian architect and design guru Mario Bellini,

anchors the home's main sitting area. Cedro likes the way the deep blue plays off the blue paneling and exposed-brick walls. // **Price:** \$19,580

3. A native of Verona, which was once ruled by Venice, Cedro grew up around traditional terrazzo flooring. After finding Agglotech, an innovative producer close to home, she lifted the material—here in shades of green—off

the proverbial floor and placed it all around the kitchen, from the island to the sink. // **Price:** About \$5,300

4. A black-metal dining table from CB2, already chosen by her clients, was an inspired point of departure for Cedro, who added six orange and blue Beetle chairs from Gubi by GamFratesi. // **Price:** Table, \$3,699; chairs, \$1,299 each

5. During the renovation, the existing parquet floors were sanded and finished off with a light patina, but the clients wanted to cover them up a bit, says Cedro. For the main sitting area, she suggested an artisan-made Moroccan rug by Benisouk in raw wool, with pink playing off a nearby orange-red tubular lamp. Cedro says the use of area rugs "helps define different spaces when the layout is so open." // **Price:** \$1,890

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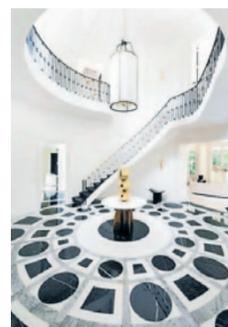
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PRIVATE PROPERTIES

Actress Rebel Wilson Uses This House as an Office

Actress Rebel Wilson is asking \$4.15 million for the West Hollywood, Calif., home she calls her Office House.

The “Bridesmaids” actress, who lives about 5 miles north in the Hollywood Hills, used the five-bedroom, roughly 4,400-square-foot Los Angeles home to hold meetings and film social-media content. “I love real estate, so I thought, ‘If I need an office, I’ll make it an investment,’” said Wilson, 44. She paid \$2.95 million for the house in 2016.

Now, she is downsizing to a smaller office space because she is spending more time at home with her 1-year-old daughter, Royce, and her fiancée, clothing-brand founder Ramona Agruma. She plans to buy a smaller “office house” or choose a conventional office space. “But it’s sad, because it’s such a good house,” she said.

Built in 2015, the traditional-style Office House has a saltwater swimming pool and hot tub. The gated, roughly 0.15-acre lot also



Purchase price in 2016: \$2.95 million

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has a covered deck and an outdoor fireplace, said listing agent Tracy Tutor of Douglas Elliman. Wilson converted the garage into a gym with a pink-neon sign that reads “Rebel Gym,” she said.

Inside the house, Wilson filled the foyer’s built-in wine storage with awards she has won; “I’m not a big drinker,” she said. Seat-

ing and dining areas decorated with movie posters served as meeting spaces where Wilson, who is also a writer and producer, said she brainstormed with development teams to create movies including the 2019 film “The Hustle” with Anne Hathaway and the 2022 movie “Senior Year.”

The Australian actress wrote

much of her autobiography “Rebel Rising” in her private office, she said. The room has a glass case that holds her navy blue skirt suit from “Pitch Perfect.” She also displays pop art and memorabilia from her movies, including a “Cats” clapperboard signed by co-stars Ian McKellen and Taylor Swift. The home also served as a

guesthouse for out-of-town family and friends, she said.

Wilson, who paid \$2.2 million for her Hollywood Hills house in 2014, is also putting her Sydney penthouse up for auction later this month. The apartment is an investment property, but Wilson stayed in it while renovating her home in Sydney, she said. Wilson, who is writing, directing and starring in the upcoming musical movie “The Deb,” also has homes in London and New York City.

—Sarah Paynter

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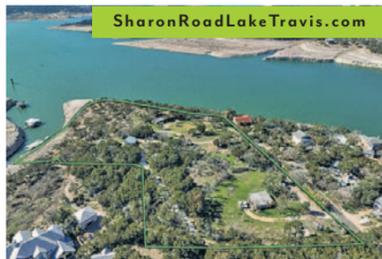
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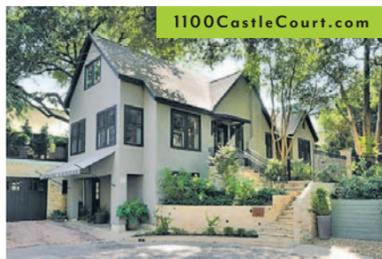
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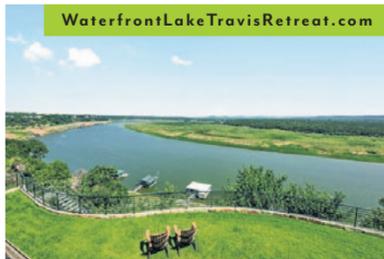
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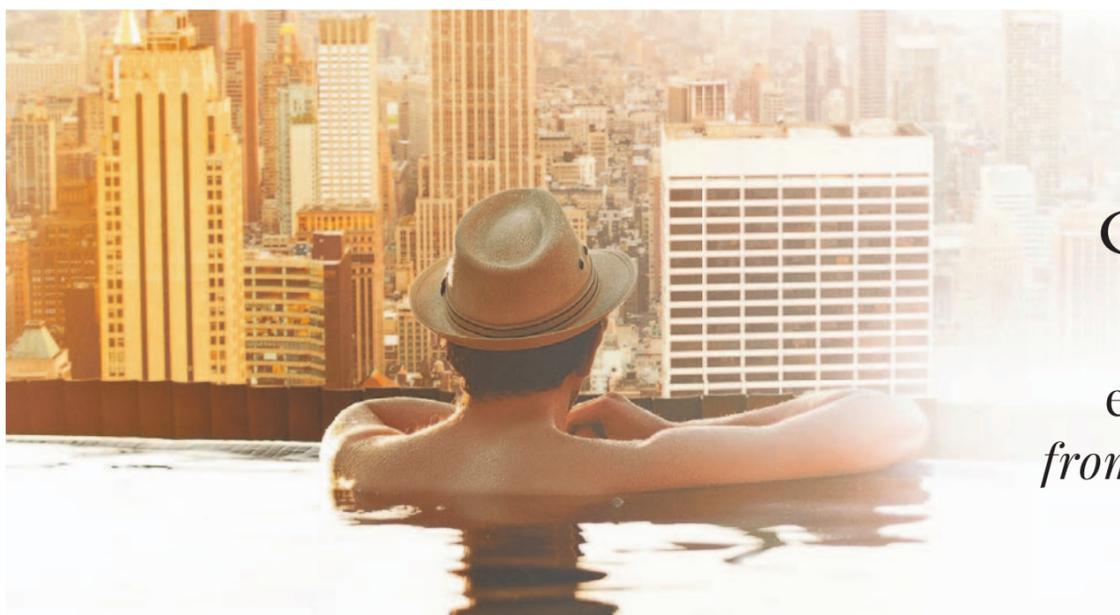
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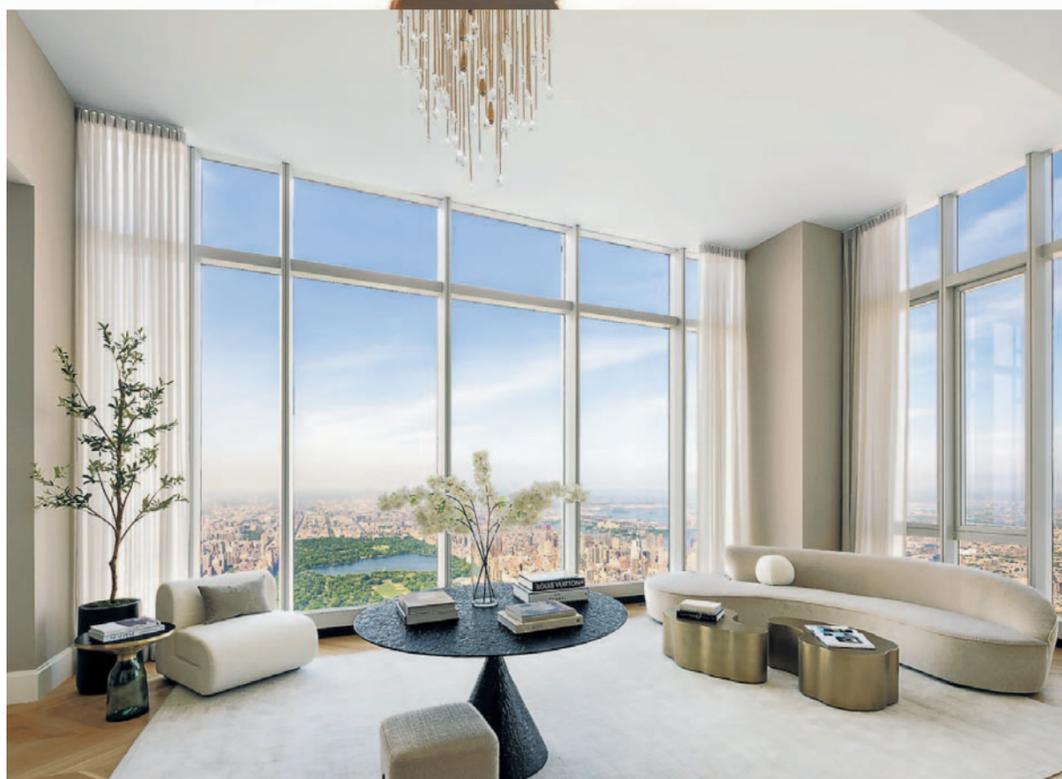
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Soaring high above the New York City skyline, occupying floors 127 and 128, you will find this magnificent duplex penthouse at Central Park Tower, the highest residential address in the World. Sky House boasts 11,535 sq. ft. of beautiful living space and 360-degree panoramic views spanning from Central Park to the Hudson and East Rivers, and the entirety of the New York skyline.

Shlomi Reuveni · +1 917 822 9914 · centralparktower@reuveni.com · CentralParkSkyHouse.com
Christie's International Real Estate Group and Reuveni Development Marketing

Exclusive Sales and Marketing: Reuveni LLC, d/b/a Reuveni Development Marketing, 654 Madison Avenue, Suite 1501, New York, NY 10065. (212) 362-0015 and Christie's International Real Estate Group LLC, 1 Rockefeller Plaza, Suite 2402, New York, NY 10020. (212) 590-2473. The complete offering terms are in an offering plan available from Sponsor. File No CD16-0240. Sponsor: SMITTELL LLC, 805 Third Avenue, Seventh Floor, New York, NY 10022. Sponsor reserves the right to make changes in accordance with the terms of the Offering Plan. Equal Housing Opportunity.



3675 Fort Charles Drive
Naples, Florida
5 Bed · 6/3 Bath · US\$45,000,000
Property ID: F1795125325

Jane E. Wood · +1 239 248 8825
Emma Jane Beckmann · +1 239 248 8825
John R. Wood Christie's International Real Estate



224 W. Key Palm Road
Boca Raton, Florida
6 Bed · 9 Bath · US\$24,900,000
Property ID: F988440623

Adam Elmer · +1 215 584 1287
Marie Mangouta · +1 561 639 2149
Fortune Christie's International Real Estate



139 Sheridan Road
Winnetka, Illinois
6 Bed · 6/2 Bath · US\$11,750,000
Property ID: F1930075236

Jena Radnay · +1 312 925 9899
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825 E. Saddle River Road
Ho Ho Kus, New Jersey
9 Bed · 6/2 Bath · US\$3,900,000
Property ID: F1361134639

Jill P. McAuliffe · +1 201 290 7271
Colleen A. Staff · +1 201 707 6923
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21 Whitehall Avenue
Georgetown, South Carolina
5 Bed · 4/1 Bath · US\$2,450,000
Property ID: F1150610689

Jay Nelson · +1 843 817 8508
The Litchfield Company Christie's International Real Estate



18 Hardie Street
Verplanck, New York
3 Bed · 2 Bath · US\$1,095,000
Property ID: F1029918428

Mary JoAnn Byrne · +1 914 837 0531
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