

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

- ◆ **The FTC and 17 states** sued Amazon, alleging the online retailer illegally wields monopoly power that keeps prices artificially high, locks sellers into its platform and harms its rivals. **A1**
- ◆ **OpenAI is talking** to investors about a possible share sale that would value the AI startup behind ChatGPT at between \$80 billion and \$90 billion. **A1**
- ◆ **Stocks fell sharply** Tuesday. The S&P 500, Nasdaq and Dow dropped 1.5%, 1.6% and 1.1%, respectively. **B1**
- ◆ **JPMorgan Chase paid** \$75 million to settle a lawsuit alleging that the bank aided Jeffrey Epstein's sex trafficking. **A1**
- ◆ **Hollywood writers**, in the deal ending their strike, secured staffing guarantees, increased pay and the potential for more upside when streaming shows hit it big. **B1**
- ◆ **A senior investment banker** at Nomura has been told by Chinese officials that he can move freely within the mainland but not leave. **B1**
- ◆ **The FCC chairwoman** said she would push to restore utility-like net neutrality regulations on America's internet-service providers. **A2**
- ◆ **Target is closing** nine stores in the New York City, Seattle, San Francisco and Portland, Ore., markets, citing elevated levels of theft. **B3**
- ◆ **3M is looking at** a government investigation in Belgium over water emissions from a company plant. **B3**
- ◆ **Alibaba received** a green light from Hong Kong's stock exchange to take its Cainiao logistics business public. **B11**

### World-Wide

- ◆ **A New York judge found** that Donald Trump and his family business committed fraud by making misleading valuations on much of his real-estate empire and ordered the cancellation of legal certificates that have allowed the Trumps to do business in New York. **A1**
- ◆ **The Senate moved ahead** with its own approach to averting a partial government shutdown, advancing legislation that would extend funding through Nov. 17 while also providing about \$6 billion apiece for Ukraine and for disaster relief. **A4**
- ◆ **The Supreme Court** rejected Alabama's bid to maintain white majorities in six of its seven congressional districts. **A3**
- ◆ **Gov. Newsom signed** a measure into law that will make California the first state in the nation to impose an excise tax on gun and ammunition sales. **A3**
- ◆ **Hunter Biden sued** Rudy Giuliani and his longtime lawyer in federal court, alleging that the two unlawfully accessed and disseminated his personal data. **A6**
- ◆ **Cory Booker and other** colleagues of Bob Menendez said the New Jersey Democrat should resign. **A6**
- ◆ **U.K. prosecutors say** Jan Marsalek, a former fintech executive wanted in Germany for fraud, conspired with five people arrested in the U.K. on suspicion of spying for Moscow. **A8**
- ◆ **Died: Brooks Robinson**, 86, Hall of Fame third baseman for the Baltimore Orioles. **A14**

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# Amazon Accused of Monopoly

### FTC suit says online retailer wielded its power illegally to harm competitors

By **DAVE MICHAELS** AND **DANA MATTIOLI**

WASHINGTON—The Federal Trade Commission and 17 states on Tuesday sued Amazon, alleging the online retailer

illegally wields monopoly power that keeps prices artificially high, locks sellers into its platform and harms its rivals. The FTC's lawsuit, filed in federal court in Seattle, marks a milestone in the Biden administration's aggressive approach to enforcing antitrust laws and has been anticipated for months. The agency's chair, Lina Khan, is a longtime critic of Amazon who wrote in the Yale Law Journal in 2017 that

earlier generations of competition cops and courts abandoned the law's concerns over conglomerates such as Amazon. Khan has had trouble convincing courts of her antitrust views, however. Having earlier lost cases against both Microsoft and Meta Platforms, she and her agency now face a crucial test in taking on Amazon. David Zapolsky, Amazon's general counsel and head of public policy, said the FTC is

"wrong on the facts and the law." "The practices the FTC is challenging have helped to spur competition and innovation across the retail industry, and have produced greater selection, lower prices, and faster delivery speeds for Amazon customers and greater opportunity for the many businesses that sell in Amazon's store," Zapolsky said. *Please turn to page A2*

# N.Y. Judge Rules

## Trump Engaged In Fraud

### Decision gives win to state authorities ahead of trial on real-estate values

By **JAMES FANELLI** AND **CORINNE RAMEY**

A New York judge found on Tuesday that Donald Trump and his family business committed fraud by making false and misleading valuations on much of his real-estate empire and ordered the cancellation of legal certificates that have allowed the Trumps to do business in the state.

The ruling handed a significant early victory to state Attorney General Letitia James, a Democrat, on part of her civil-fraud case against Trump, which is scheduled to go on trial next week. She sued the former president last year and has accused Trump in court filings of inflating his annual net worth by as much as \$3.6 billion between 2011 and 2021 by falsely valuing his properties.

Overvaluing his real estate, including his flagship Manhattan building Trump Tower, his Mar-a-Lago resort in Florida and his golf courses, allowed Trump to obtain bank loans on more favorable terms, James has alleged. She is seeking financial penalties of \$250 million. The cancellation of the business certificates also was a centerpiece request in the attorney general's case, a remedy that could cripple the Trump Organization's ability to operate in New York.

Trump, the Republican front-runner for the 2024 presidential nomination, has denied the allegations and attacked the case as politically motivated. Chris Kise, a lawyer for Trump, said the ruling was outrageous and disconnected. *Please turn to page A4*

# Biden Joins Striking Auto Workers' Picket Line



**UNITED:** President Biden rallied striking United Auto Workers members outside of a General Motors plant in Belleville, Mich., on Tuesday, becoming the first U.S. president to walk a picket line, according to the White House and historians. **A4**

# Epstein Suit Costs JPMorgan \$75 Million

By **DAVID BENOIT**

JPMorgan Chase closed a dark chapter involving one of Wall Street's most infamous clients by paying \$75 million to settle a lawsuit alleging that the bank aided Jeffrey Epstein's sex trafficking.

The payment is the latest in a string of legal settlements by big banks, billionaires and the late Epstein's estate that have exposed how deeply the convicted sex offender was embedded in the highest levels of finance and how he ensnared powerful businesspeople and world leaders. More than \$700 million, including proceeds from the sales of Epstein's private is-

land in the U.S. Virgin Islands and his New York City mansion, has now been earmarked for settlements and claims, including to the dozens of women who have accused the disgraced financier of abuse.

"This litigation proves that survivors have a voice, and corporate America is finally ready to listen," said Brittany Henderson, a lawyer representing Epstein accusers. Her firm brought class-action lawsuits against JPMorgan and Deutsche Bank that were settled earlier this year.

Articles in The Wall Street Journal this year, based on thousands of Epstein emails and daily schedules, have re-

*Please turn to page A6*

# OpenAI Aims for \$90 Billion Value With Stock Sale

By **DEEPA SEETHARAMAN** AND **BERBER JIN**

OpenAI is talking to investors about a share sale that would value the artificial-intelligence startup behind ChatGPT between \$80 billion to \$90 billion, roughly triple its level earlier this year.

## INSIDE



**PERSONAL JOURNAL**  
Cruise lines are buying private islands to create the 'ultimate beach day.' **A11**

The startup, which is 49% owned by Microsoft, has told investors that it expects to reach \$1 billion in revenue this year and generate many billions more in 2024, people familiar with the discussion said. OpenAI ignited the current artificial-intelligence fervor in Silicon Valley by releasing ChatGPT in November. While the basic version of the app is free, the company has been able to generate revenue mainly by charging individuals for access to a more powerful version of ChatGPT and licensing the large language models behind that AI bot to businesses. A valuation of \$80 billion or more would make OpenAI one of the most highly valued global startups, behind Elon Musk's SpaceX and TikTok owner ByteDance. The figure underscores the extent to which OpenAI has been able to reshape the landscape of Silicon Valley and force even richer, more established tech companies to overhaul their product road maps and follow its lead. *Please turn to page A2*

# A Tuition Crisis Is Brewing At U.K. Universities

### While U.S. college prices keep rising, Britain caps student charges, forcing schools to cut back on teaching and research

By **DAVID LUHNOW** AND **HUMZA JILANI**

CAMBRIDGE, England—The U.K.'s storied universities have a problem. They lose money on almost every British student they teach. The country's university system boasts 11 of the world's top 100 universities, with three in the top 10—in a country that has just 1% of the global population. The system's health has an

outsized impact on both the future of the

world's sixth-biggest economy and globally important research.

That system is increasingly at risk from politics. Unlike in the U.S., where private universities and many state schools set their own tuition, in England and Wales the government sets a price cap on tuition for all domestic undergraduate students—the same cap for every college from Cambridge to Coventry. Since *Please turn to page A10*

# America's Pet-Pampering Obsession Hits Tiniest Critters

### Rodent and reptile owners splurge on spa days, faux leather sofas for little friends

By **JOSEPH PISANI**

Zelda loves her couch by celebrity designers Nate Berkus and Jeremiah Brent. She crawls onto the faux leather sofa and basks under the warmth of her heat lamp, cracking her mouth open. "She smiles automatically," says Melanie Janes, who bought the 9-inch brown sofa for Zelda, who is a pet bearded dragon. "It's so soft. She's got a way better couch

than me." People have splurged on their cats and dogs for ages, but now the pet high life is trickling down to tinier creatures. Small animal lovers say it's about time. Cats and dogs

have rows of products to choose from in pet stores, while little critters get an aisle or two. "They don't have as much representation," says Amanda Norman, who lives with nine guinea pigs: Crumble, Elliot, Elwood, Goose, Penny, Reba, Russet, Yukon and Whoa. Last year, Norman and her husband opened Norm's Piggy Pen in Rockford, Ill., a store devoted to pint-size pets. "We knew that there was a world

of people out there who love their small mammal pets just as much as their cats and their dogs," she says. The store sells homemade treats, as well as slings so people can carry their guinea *Please turn to page A10*

## Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2022 Revenue Market Share Worldwide.

Year	Salesforce	Microsoft	Oracle	SAP	Adobe
2018	18.0%	5.0%	4.0%	3.0%	2.0%
2019	19.0%	5.0%	4.0%	3.0%	2.0%
2020	20.0%	5.0%	4.0%	3.0%	2.0%
2021	21.0%	5.0%	4.0%	3.0%	2.0%
2022	23.0%	5.7%	4.8%	4.6%	3.6%

Source: IDC, Worldwide Semiannual Software Tracker, April 2023.

salesforce.com/number1CRM

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2023 Salesforce, Inc. All rights reserved. Various trademarks held by their respective owners.



## U.S. NEWS

## High Court Rejects Alabama's Latest Map

By JESS BRAVIN

WASHINGTON—The Supreme Court Tuesday rejected Alabama's bid to maintain white majorities in six of its seven congressional districts, leaving intact lower-court findings that the Voting Rights Act required the state to provide Black Alabamians an opportunity to elect their preferred candidates for two U.S. House seats.

Tuesday's brief and unsigned order noted no dissents. The decision likely puts an end to Alabama's effort to relitigate a Supreme Court decision that was widely viewed as ending the matter just months ago.

"Alabama's open defiance of the Voting Rights Act stops today," said Abha Khanna, an attorney who represented Black voters in the case.

She said she hoped the high court's rebuke "will prompt Alabama to rethink their dogged resistance to providing equal political opportunities to Black Alabamians."

Alabama's attorney general, Republican Steve Marshall, said the state "will now be encumbered with a racially gerrymandered, court-drawn map for the 2024 election cycle."

On Monday, a court-appointed special master filed three proposed congressional maps that would create a second Black "opportunity district" for the state. A court hearing on the maps is expected next month.

The state's last-minute request flew in the face of a June Supreme Court opinion affirming the ruling of a special three-judge federal district court in Alabama that found the Republican-majority Legislature had splintered a cohesive Black community into neighboring white-majority districts where they lacked political power.

The state chose to read the high court's 5-4 opinion as allowing it to choose which communities of interest to maintain in congressional districts, with race being only one characteristic to be considered.

In July, the Alabama Legislature drew up a new map, which it said complied with the ruling despite failing to create a second Black district centered on the state's Black Belt, a region said to be named for its fertile soil.

The district court rejected that plan in September. Deeming it futile to give the Alabama Legislature another chance at the map, the court ordered a special master and cartographer to draw up new lines compliant with the Voting Rights Act.

The state then asked the Supreme Court to block the lower-court order while it pursued further appeals.

In June's decision, Chief Justice John Roberts and Justice Brett Kavanaugh joined liberal Justices Sonia Sotomayor, Elena Kagan and Ketanji Brown Jackson to affirm Voting Rights Act precedents that prevented discrimination against minority voters.

Electoral maps discriminate "when minority voters face—unlike their majority peers—bloc voting [by whites] along racial lines, arising against the backdrop of substantial racial discrimination within the State, that renders a minority vote unequal to a vote by a nonminority voter," Roberts wrote in June.

## Some Faces of the Untold Number of Lives Lost in Fentanyl Era



**AMERICAN TRAGEDY:** Photographs of people who died from drugs were displayed at the Second Annual Family Summit on Fentanyl at DEA headquarters in Washington Tuesday. More than 100,000 deaths a year have been linked to drug overdoses since 2020 in the U.S.; about two-thirds were related to fentanyl.

JOSE LUIS MORGAN/ASSOCIATED PRESS

## Fight Escalates Over Superconductor Claim

By NIDHI SUBBARAMAN

Co-authors of a paper that claimed the discovery of a room-temperature superconductor have asked the journal Nature to retract the study because, they said in a letter to the journal, the lead researcher misrepresented data.

"We respectfully request and recommend that Nature issue a retraction," eight of the 11 authors wrote to Tobias Rödel, a senior editor at the journal, according to the letter obtained by The Wall Street Journal.

The co-authors charge that University of Rochester physicist Ranga Dias, the lead researcher, "has not acted in good faith in regard to the preparation and submission of the manuscript," and they list what they say are multiple flaws in the paper.

Within days, Rödel replied in an email obtained by the Journal: "We are in absolute agreement with your request that the paper be retracted."

Nature confirmed that it is corresponding with the authors and said it expects to take action in the near future. Rödel didn't respond to an email requesting comment.

Ahead of this, Dias emailed a letter to at least six of his co-authors in early September asking them to "cease and desist" sharing their concerns with Nature's editors, or risk a defamation lawsuit.

Dias said he hasn't agreed to retract the study and stands by the findings. "I have never engaged in the fabrication, manipulation, or misrepresentation of data in any of my research endeavors," he said.

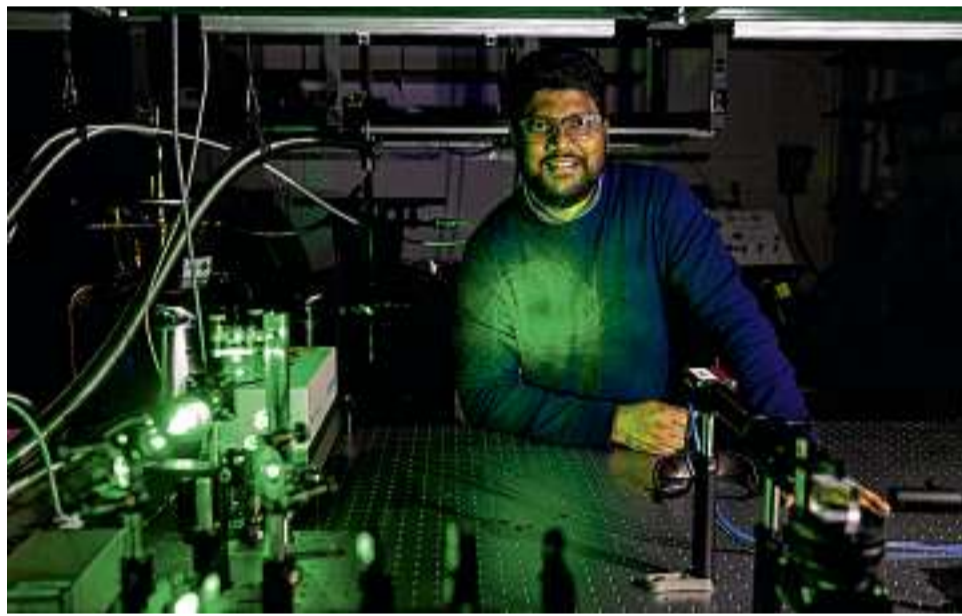
Dias and his team made headlines in March with the report that the rare-earth metal lutetium, compressed in the presence of hydrogen and nitrogen, exhibited superconducting behavior at about 70 degrees Fahrenheit.

The ability of superconductors to transmit electrical current without losing energy makes them potentially valuable in a range of applications.

The utility of known superconductors, such as the metals niobium and lead, is limited because the materials need to be ultracold or crushed under high pressure. This has inspired a search for materials that can show superconductivity under temperate conditions.

Dias's March room-temperature superconductor claim was bold and potentially far-reaching, but immediate skepticism mounted as outside researchers scrutinized the work and tried to replicate its results. Some scientists repeated the methods but said they didn't see superconducting behavior at room temperature in the lutetium-based samples they made and measured.

Others plotted the data published with Dias's study but said that a chart showing key superconducting behavior in the material couldn't have been produced with the data that was provided.



Scientist Ranga Dias led the work on superconductors at the University of Rochester.

LAUREN PETERACCA FOR THE WALL STREET JOURNAL

One lab reported signs of superconductivity in initial tests with a sample from Dias's lab—a result independent researchers said could have been caused by a loose electrical connection.

The retraction request written by Dias's co-authors points to additional problems with the work.

One major flaw, the letter states, is that the paper gives the impression that most of its measurements were conducted on samples made in the Dias lab following an exacting recipe. This would mean other researchers would have to follow the recipe to replicate the results. Yet the Dias lab purchased most of its samples used in experiments commercially.

The paper misrepresents measurements of resistance and heat capacity in the samples, the letter states. These are features that indicate superconducting behavior.

Several of Dias's co-authors had pointed out to Dias some of these issues before the paper was submitted, according to the letter to Nature.

Dias made some changes, but, the letter states, "our concerns largely were dismissed by Dr. Dias, and some of us were instructed by Dr. Dias not to probe further into the issues raised and/or not to worry about such concerns."

On one occasion, Dias said the co-authors could remove their names from the paper or allow it to proceed as-is for review and possible publication, the letter states.

"At the time, neither choice seemed tenable given that Dr. Dias was in control of our personal, academic, and financial circumstances, as our mentor and supervisor," the letter states.

Dias said that he had never attempted to block discussions about the paper.

This would be at least the third retraction in about a year of a paper with Dias as a senior researcher. Physical Review Letters retracted a study in August that described the properties of a manganese compound. Last September, Nature retracted a 2020 paper describing superconductivity in a material containing carbon, sulfur and hydrogen.

The University of Rochester said that it has commissioned outside experts to investigate papers by Dias.

Dias has also been accused by other physicists of plagiarizing parts of his doctoral thesis conducted at Washington State University. A university spokesperson said in July that WSU was aware of the accusations, but it didn't confirm or deny an investigation.

Dias previously said he is addressing questions raised about his thesis.

## California Enacts Tax on Guns, Ammunition

By CHRISTINE MAI-DUC

California will become the first state in the nation to impose an excise tax on gun and ammunition sales under a measure signed into law Tuesday by Gov. Gavin Newsom.

Starting next July, the state will collect an 11% tax on retail sales of guns, gun parts and ammunition. The money would be used for gun-violence prevention, enhanced school safety and programs geared toward victims of gun violence.

"It's a pretty sick thing that we can just casually say it, and we do casually say it, that the No. 1 killer of our kids is guns," Newsom, a Democrat, said at a press conference after signing

several gun-control measures. Democratic Assemblyman Jesse Gabriel, who wrote the tax bill, recalled how his children recently completed lockdown and active-shooter drills at school. "This bill is a result of a lot of parents saying enough is enough, it's time to prioritize the safety of our kids over the profits of the gun industry," Gabriel said.

The tax won't apply to sales made to law-enforcement agencies and their current or former officers. The state already charges a \$37.19 fee on each firearm sale to fund law enforcement.

There is already a federal excise tax of 10% on wholesale prices for handguns and 11%

for long guns and ammunition, which go toward conservation and hunter education. In addition, several local governments impose excise taxes on gun sales, including Seattle and Tacoma in Washington and Cook County in Illinois.

Newsom on Tuesday also signed a measure revising the state's concealed-carry laws following last year's Supreme Court ruling that restricts such measures. The state law details dozens of places where concealed firearms wouldn't be allowed, including schools and medical facilities.

He signed a third bill that would require semiautomatic weapons sold in the state starting in 2028 be equipped with

microstamping technology on ammunition cartridges.

"These laws will not make us safer," said Chuck Michel, president of the California Rifle & Pistol Association, a firearms advocacy group. "They are an unconstitutional retaliatory and vindictive response to the Supreme Court's affirmation that the Second Amendment protects an individual's right to choose to own a firearm for sport or to defend your family."

Because it is a tax increase, the bill required a two-thirds majority in both chambers to pass. It received just barely that, with no Republicans voting in favor and a few Democrats from rural districts opposing it or not voting.

Unity

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U.S. NEWS

# Biden Joins Auto Union Picket Line

Move is a first for a U.S. president, as he and Trump court a crucial voter group

By CATHERINE LUCEY AND KEN THOMAS

BELLEVILLE, Mich.—President Biden walked a Michigan picket line with striking auto workers on Tuesday, offering an unprecedented display of union support as he and former President Donald Trump prepared for a fight for working-class voters.

Biden joined members of the United Auto Workers union at a General Motors customer-care center, a politically risky step that makes him the first U.S. president to walk a picket line, according to the White House and historians.

“Stick with it. You deserve the significant raise you need and other benefits,” Biden said, addressing members of UAW Local 174 through a bullhorn. Biden, wearing a black UAW baseball cap, then put his arm around a worker wearing a red UAW T-shirt and listened as union President Shawn Fain called Biden’s visit “a historic moment.”

“Our president has chosen to stand up with workers in our fight for economic and social justice,” Fain said, thank-

ing Biden for his attendance. Union members waved signs with messages including “Saving The American Dream,” cheered for the president and lined up to fist bump him after the remarks.

Asked by a reporter whether workers deserved a 40% pay raise, Biden said, “Yes,” adding: “I think they should be able to bargain for that.”

More than a year before the general election, Biden and Trump are making plays for the battleground state, which Trump captured in 2016 and Biden won in 2020. Trump is dominating the Republican primary field and, after Biden’s pitch to auto workers in the Detroit area, the former president was expected in the state on Wednesday as hypothetical general election polls show them running neck and neck.

For Biden, who has declared himself the most pro-union president in history, the trip comes as he is struggling in the polls, with voters expressing doubts about his age and handling of the economy. His decision to walk the picket line carried risks if the strike drags on.

Trump, who holds a commanding lead in the Republican primaries despite efforts by some in the party to rally around an alternative, is to address current and former auto



United Auto Workers union members walked a picket line outside a GM facility in Belleville, Mich. At one point, Biden joined them.

workers Wednesday in Clinton Township, a community in Macomb County northeast of Detroit. The event will serve as counterprogramming to the second Republican primary debate in California, and comes as he pushes to siphon off union support from Biden.

In a written statement on Tuesday, Trump blamed workers’ problems on the push by Biden and Democrats to promote electric vehicles. “Crooked Joe should be ashamed to show his face before these hardworking Americans he is stabbing in the back,” he said.

Biden and Trump have begun focusing more intensely on each other as the election shapes up as a 2020 redux. Biden has begun targeting Trump by name over issues such as abortion and going af-

ter his White House record, as he signals a more aggressive approach toward his expected opponent. Trump’s team is welcoming the direct conflict, which they say elevates him in the race, though they are still competing in early states such as Iowa as they seek to lock up the Republican nomination.

Trump announced his Michigan visit first, and his campaign claimed Biden was following his lead; Biden’s team said choosing to visit the picket line was something the president wanted to do and wasn’t driven by Trump’s plans to visit the state.

“President Biden was invited by the head of the UAW to come. He is listening to workers, he is leaning in with workers,” said Rep. Haley Stevens (D., Mich.).

While the candidates are focused on Michigan this week, the effort to win union workers is also a factor in other crucial states, such as Wisconsin and Pennsylvania, where labor often plays a pivotal role in contests.

The auto strike highlights the difficult line Biden is trying to walk as he seeks to bolster his pro-union bona fides while also presenting himself as a careful steward of the economy.

“What Biden is doing is going to Detroit, holding up a sign and answering the slogan...‘Which side are you on?’ And he’s saying, ‘UAW,’” said Douglas Brinkley, a presidential historian. “It’s a windfall for him if this strike gets settled in the next month. If the strike drags on, and ends up cracking our economy, the

photo of Biden on a picket line will be used by the Republicans to say that it’s the ‘Biden recession.’”

The Big Three auto companies have sought to distance themselves from the Biden-Trump visits.

A General Motors spokesman said the company’s focus is “not on politics” but on “bargaining in good faith with the UAW leadership to reach an agreement as quickly as possible.”

Chrysler parent Stellantis pointed to its proposals to UAW workers and cited the need for “a balanced agreement.” Ford said that in response to “political and media attention,” it would “stay focused on reaching a deal that is fair to our employees and enables us to invest and grow.”

# Senate Leaders Put Forward Plan to Avoid Shutdown

By SIOBHAN HUGHES AND LINDSAY WISE

WASHINGTON—The Senate moved ahead Tuesday with its own approach to averting a partial government shutdown, advancing legislation that would extend funding through Nov. 17 while providing about \$6 billion apiece for Ukraine and for disaster relief.

The Senate proposal—the only bipartisan approach currently being pursued by congressional leaders—sets up a showdown with House Speaker Kevin McCarthy. The California Republican wants to extend government funding but on the condition that Congress also enact strict border-security measures and exclude any new support for Kyiv to keep his conference united.

Senate Majority Leader Chuck Schumer (D., N.Y.) characterized the bill, which passed an initial step in a 77-19 vote late Tuesday, as a “bridge towards cooperation,” and it has the support of Senate Minority Leader Mitch McConnell (R., Ky.). But House Majority Leader Steve Scalise (R., La.) rejected the measure, saying it was a nonstarter in the House due to its lack of border provisions. “So we’re at very different crossroads,” he said.

After the Senate vote, House GOP leaders late Tuesday overcame a procedural hurdle clearing the way for debate on four full-year funding bills covering defense, the Department of Homeland Security, agriculture and the State Department. The vote marks a key win for McCarthy in showing he can



House Speaker Kevin McCarthy, seen Tuesday, faced pressure from his own GOP members.

lead the Republican conference. Still, it remained uncertain if he could persuade enough fellow Republicans later this week to sign off on any short-term spending patch to buy more time to pass full-year bills.

McCarthy said he would bring up a short-term measure later this week, probably on Friday, that would keep the government open while lowering spending and tightening

border security. The Senate proposal is “picking Ukraine over Americans,” he said. “Why can’t we deal with the border and our emergencies too?”

Democrats said the Republicans were wasting time and risking a shutdown with dead-end bills designed to appease the right wing of the party.

“Their bumbling, incompetent leadership can’t do the ba-

sic job of standing up to their extreme members so we can keep the lights on,” said Rep. Jim McGovern of Massachusetts, the top Democrat on the House Rules Committee.

While there is broad GOP agreement on border funding, some conservative lawmakers have also insisted on sharp cuts to nonmilitary government spending, even as such deep budget reductions are set to go

## Impasse Is Another Variable for Fed

Federal Reserve officials are walking a tightrope to tame inflation without creating a needlessly severe economic slowdown. If that isn’t tricky enough, they might have to do it blindfolded if there is an extended government shutdown.

If Congress doesn’t pass a stopgap funding measure before Sunday, a shutdown of certain agencies could delay the routine release of fresh economic data on wages, employment, inflation and output.

Fed officials are carefully studying those indicators to see how the economy is responding to their past interest-rate increases and to determine whether they have done enough to subdue inflation. They held rates steady at a 22-year high at their meeting last week, but most indicated they expected another increase this year if the economy per-

forms in line with their forecasts.

A shutdown that lasts more than two weeks could deprive officials of information they would use to decide whether to raise rates at their next meeting, Oct. 31-Nov. 1. “We would just have to deal with that, and it’s hard for me to say in advance how that would affect that meeting,” Fed Chair Jerome Powell said last week.

A shutdown would be one of several developments that could fuzz up the economic outlook in the final months of the year and potentially argue for officials to postpone any decision on lifting rates until December. Other sources of uncertainty include a run-up in oil prices, the steady increase in long-term U.S. interest rates, the autoworkers’ strike, and the resumption of student-debt repayments. —Nick Timiraos

## Judge Rules Trump Used Fraud

Continued from Page One from the facts and governing law. “The court disregarded the viewpoint of those actually involved in the loan transactions who testified there was nothing misleading, there was no fraud, and the transactions were all highly profitable,” he said.

Kise said the full impact of the decision was unclear but pledged that Trump and his family “will seek all available appellate remedies to rectify this miscarriage of justice.”

A spokeswoman for James said, “Today, a judge ruled in our favor and found that Don-

ald Trump and the Trump Organization engaged in years of financial fraud. We look forward to presenting the rest of our case at trial.”

New York State Supreme Court Justice Arthur Engoron in a 35-page opinion wrote that the Trumps have repeatedly relied “on bogus arguments” that ignore basic rules about how assets are valued. To the Trumps, rent-regulated apartments are worth the same as unregulated ones, and restricted land is worth the same as unrestricted property, the judge wrote.

“This is a fantasy world, not the real world,” Engoron wrote.

The judge wrote that it was necessary to go ahead and cancel the Trump business certificates now because the defendants “have continued to disseminate false and misleading information while conducting business,” even as an

independent monitor has been overseeing their actions.

In addition to Trump, the judge found that two of his adult children—Eric Trump and Donald Trump Jr.—and two longtime Trump Organization employees were liable for fraud.

Eric Trump, in a post on X, the site formerly known as Twitter, wrote, “We have run an exceptional company—never missing a loan payment, making banks hundreds of millions of dollars, developing some of the most iconic assets in the world. Yet today, the persecution of our family continues.”

Donald Trump Jr. called the ruling “nonsensical and asinine.” Engoron also sanctioned several of Trump’s lawyers \$7,500 each for engaging in what he said were frivolous legal tactics.

Even with Tuesday’s ruling,

several other claims remain, including allegations related to insurance fraud and conspiracy, for trial, which is set to begin Oct. 2. That date, however, is in limbo because of a pending Trump lawsuit against the judge. An appeals panel is expected to rule this week on whether the trial will proceed on schedule.

Trump’s lawyers in arguments last week had asked the judge to throw out the entire case, thereby averting a trial altogether. They said that valuations were highly subjective, and disagreements about valuations didn’t constitute fraud. Trump and his business didn’t mislead banks or insurers, Trump’s lawyers said, adding that such firms typically do their own due diligence before approving transactions. They have accused James of overreaching into private commercial dealings

nowhere in the Senate. But holdouts have also made a series of demands related to cutting aid for Ukraine and moving each spending bill individually. With a thin 221-212 majority, any small band of Republicans could derail a bill.

Congress has approved more than \$100 billion for Ukraine since its invasion by Russia with bipartisan support, but

some Republicans oppose further aid. While the proposed funding amount in the Senate bill falls well below the \$24 billion President Biden had asked for, its inclusion sparked opposition from some Republicans.

—Kristina Peterson and Katy Stech Ferek contributed to this article.

◆ Heard on the Street: Effect on investors may be mild..... B12

## PAID ADVERTISEMENT

# Poland's Response to Global Challenges

The Krynica Forum 2023 was an opportunity to debate matters important to Poland, Central and Eastern Europe, and worldwide. They included, among others, security, nuclear energy, and foreign investment.

The three-day Forum guest list included President of Poland Andrzej Duda, President of Lithuania Gitanas Nausėda, Prime Minister of the Republic of Korea Han Duck-soo, President of Slovenia from the years 2012–2022 Borut Pahor, members of the Polish government and Polish Army command, and representatives of Polish and foreign companies. The CEO of Korea Hydro & Nuclear Power (KHNP) Joo-ho Whang was part of the Korean delegation.

Poland is the focus of many key trends and global processes, all debated with an emphasis on the future, in Krynica-Zdrój, a town located approximately 150 km from the Polish-Ukrainian border. In terms of programme content, the Krynica Forum references the Polish House, a hugely successful initiative organised as part of the World Economic Forum in Davos.

Poland is undergoing an energy transition. Polish companies are investing in the construction of photovoltaic farms and onshore and offshore wind farms, as well as biogas, biofuel and energy storage projects.

Other topics discussed in Krynica included construction plans for large

nuclear power plants, and SMR (small modular reactors) investment projects. The first small reactor may be activated before the decade is over. Polish state-owned enterprises, private companies, and foreign corporations have joined the Polish energy sector-related investment activity schedule.

As emphasised during the Krynica Forum, foreign direct investment is another busy area. Foreign capital keeps flowing into Poland; an Intel project worth PLN 20 billion (ca. USD 4.3 billion) was announced in June. Studies have shown that investors appreciate opportunities generated in Poland through technology- and innovation-associated projects. Digital transformation abounds. Moreover, Poland has both the qualities and potential to take advantage

of so-called nearshoring and friendshoring. Locally developed projects warrant supply chain stability and are of importance to Europe's competitive standing.

In full comprehension of Russian policies, Poland is actively taking the floor on NATO and international security. Unless the war ends and the aggressor is pushed back, rebuilding Ukraine, or developing a durable security system in Europe and worldwide, is not an option.

Poland is a natural candidate as a Ukrainian recovery effort hub venue. Arguments in favour include unprecedented assistance offered locally to refugees from Ukraine, military backing, geographical proximity and the experience of Polish institutions and corporations. Collaboration to help rebuild Ukraine was one of the topics raised by the large Korean delegation who had arrived in Krynica to attend the Forum.

Do take a look at the Krynica Forum 2023 reports. Polish dynamic reality reflects key global trends and processes.



Feel free to download a complimentary supplement to the Polish economic daily, "Dziennik Gazeta Prawna", which discusses the most significant topics from the Krynica Forum 2023.



## Selected Topics

- p. 2 **Poland and Korea Intensify Cooperation**
- p. 5 **Foreign Investments in Poland**
- p. 8 **Leader of The Technological Revolution**
- p. 11 **Nuclear Energy at Poland's Door**
- p. 14 **Investments in Energy Sector Will Boost Poland's Competitive Advantage**



**JACEK SASIN,**  
MINISTER  
OF STATE ASSETS

Protecting the climate is a great challenge that we must rise to. That is why, as a country, we are adopting a zero-emissions policy to effectively initiate and carry out the energy transition. (...) Nuclear power in Poland is an already accelerated locomotive that will change the Polish energy mix in a few to a dozen years.



**PAWEŁ KURTASZ,**  
CEO OF THE POLISH  
INVESTMENT  
AND TRADE AGENCY

The value of foreign investment in Poland reached EUR 5 billion in the first half of this year. It's a record breaking performance, ample proof of the enormous leap forward we have taken. Furthermore, ongoing growth has been recorded over the past several years. Companies have found how important it is to approach their manufacturing asset locations wisely. This does not necessarily mean that transferring manufacturing plants to Europe will result in closing the ones in Asia. This is simply a trend giving rise to new enterprises being increasingly often located in other parts of the world, closer to the end user, the US and Europe unquestionably the largest.



**DANIEL OBAITEK,**  
CEO AND  
PRESIDENT OF THE  
MANAGEMENT  
BOARD, ORLEN

Nuclear power is an essential component of Poland's future energy mix. It stands as a guarantee of stable supplies of zero-carbon, price-predictable energy, allowing the Polish economy to stay competitive. It is also a crucial factor for the country's energy security, as nuclear power will facilitate the diversification of energy sources. Moreover, small modular reactors can be put into operation more swiftly. Thanks to the projects implemented by Orlen and Synthos, stable energy from the first SMR will be available for the Polish industrial sector and households by 2030.



**LESZEK SKIBA,**  
CEO OF BANK  
PEKAO S.A.

The Polish economy still has plenty of resources for growth. In the eyes of Western companies, Polish firms appear as those who can do everything faster and with a better customer focus. They are more flexible than their Western competitors. They are better able to adapt to the situation. With this, they also win when foreign companies are looking for cooperation partners. Therefore, deglobalisation, perceived as a threat to the global economy, for the Polish economy is an opportunity. Polish companies, with their strength, can take benefit from it, as they adapt to new conditions and realities easily.

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The Wall Street Journal news organization was not involved in the creation of this content



## U.S. NEWS

# DeSantis Leans In on Military Background

Move by the lagging candidate comes as many GOP voters prefer a focus on U.S.

By ALEX LEARY  
AND JAMES V. GRIMALDI

The images of gun blasts, razor wire, drugs and crime that appear in a new TV ad for GOP presidential candidate Ron DeSantis look like other border-security spots flooding the airwaves—until the screen flashes to a rifle-wielding man in fatigues standing in front of a Humvee.

“The only candidate fighting to secure our border now is the only candidate who served in a war zone,” a narrator says in describing the picture of DeSantis.

As he struggles in the race, DeSantis is increasingly high-

lighting a credential that sets him apart from Donald Trump and the rest of the Republican field. The 45-year-old Florida governor served as a Navy lawyer in Iraq and the Guantanamo Bay detention facility.

It has been three decades since the U.S. had a veteran as president. DeSantis tells audiences that the Sept. 11, 2001, terrorist attacks motivated him to join the Navy while at Harvard Law School and to pass up a lucrative career at a big firm. “Service to country is Ron DeSantis’s story,” another ad states. “That’s the American story.” In Coronado, Calif., on Sunday, the candidate poured beers for veterans at a VFW hall.

DeSantis’s advisers and friends are pushing him to be more vocal about his biography as he faces criticism for not doing enough to distinguish himself from Trump. The former



Ron DeSantis in front of a Humvee in an undated photo provided by the governor’s campaign.

president’s lead over his top rival, DeSantis, has nearly doubled since April to 46 percentage points, according to the latest Wall Street Journal poll.

A military career isn’t always a political winner. Trump won in 2016 while facing scrutiny over his Vietnam defer-

ments and after attacking war hero John McCain. The last veteran in the White House was George H.W. Bush.

Next month, DeSantis will launch a veterans coalition in South Carolina, according to a person familiar with the plans, and he will host veterans-

themed events throughout the fall. Paid DeSantis canvassers have swarmed homes in early primary voting states, in part pitching his military career.

“Voters appreciate and respect DeSantis’s sacrifice to our country, and consistently say it makes him more qualified to serve as our commander in chief and better suited to protect and defend our nation,” said Jess Szymanski, a spokeswoman for the group behind the ads. Another new ad contrasts with Trump’s lack of service, though doesn’t name him.

The strategy comes at a time when the GOP has grown more isolationist, in good part due to Trump, as evidenced by waning support for Ukraine in its war with Russia. Polling shows Republicans in particular want the U.S. to focus on domestic problems instead of those overseas.

In an interview with the

Journal, DeSantis noted that one of the justifications for the Iraq invasion was the belief in the presence of weapons of mass destruction and “there was not the WMD that was feared.”

DeSantis, who served in the Navy’s Judge Advocate General’s Corps, said soldiers met a noble calling despite deploying in a war that started in part due to an erroneous assumption.

“The people served honorably, and honestly, they served successfully, [doing] everything we were asked to do militarily,” DeSantis said. “At the same time, knowing what we know now, you would not make the decision to have invaded Iraq.”

Years later, presidential candidate DeSantis is questioning U.S. aid to Ukraine and says the country should focus on problems at home.

—Jess Bravin  
contributed to this article.

## U.S. WATCH



DAMAGE: A resident in Lahaina, Hawaii, walked through remains of a wildfire-destroyed home.

### ECONOMY

#### Home Prices Rise Amid Low Supply

Home prices rose in July as low supply continued to frustrate buyers.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures home prices across the nation, gained 1% from a year earlier in July, after holding steady the prior month.

On a month-over-month basis, the index increased a seasonally adjusted 0.6% in July.

Rising mortgage rates have pushed home-buying affordability near its lowest level in decades, reducing demand. But higher rates have also spooked potential home sellers who would need to give up their low mortgage rate and buy another home at a higher rate. The supply of homes for sale has remained unusually low.

The median existing-home sale price rose 3.9% in August from a year earlier to \$407,100, according to the National Association of Realtors.

—Nicole Friedman

### CONNECTICUT

#### Former Prosecutor To Join State Court

A former federal prosecutor who helped investigate the origins of the Trump-Russia probe in 2020 before leaving the Justice Department was confirmed on Tuesday as the newest member of Connecticut’s State Supreme Court.

Nora Dannehy, who also served from 2008 to 2010 as the first woman U.S. Attorney for the District of Connecticut, cleared the state Senate by a 31-2 vote. Her nomination cleared the House of Representatives on a 31-2 vote.

Both Democrats and Republicans on Tuesday lauded Dannehy for her range of experience. She has had stints as a Connecticut deputy attorney general, associate general counsel for global ethics and compliance with United Technologies, and chief legal counsel for Democratic Gov. Ned Lamont, who nominated Dannehy to the state’s highest court.

—Associated Press

### WASHINGTON

#### Capitol Rioter Gets Four Years in Prison

A California man who prosecutors say was fixated on arresting Democratic leaders and trained for combat with paintball fights was sentenced on Tuesday to more than four years in prison for his role in the U.S. Capitol riot.

Edward Badalian planned for weeks before he and a friend traveled from Los Angeles to Washington and joined a mob in storming the Capitol on Jan. 6, 2021, prosecutors said.

They said Badalian organized group paintball sessions to train for a “firefight” and fantasized about meting out vigilante justice against politicians he believed to be traitors.

“He trained, collected weapons, and traveled across the country for the riot, with the goal of arresting and ‘violently removing’ politicians he disagreed with,” prosecutors wrote in a court filing.

—Associated Press

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ATSG CEO Rich Corrado has said he **“does not expect a contract in 2023”**

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## WORLD NEWS

## Exodus To Armenia Intensifies

Thousands of ethnic Armenians rushed to flee Azerbaijan's Nagorno-Karabakh region into neighboring Armenia, the separatist territory's authorities said on Tuesday.

Some 19,000 people—about 16% of the region's population—have fled across the border since Azerbaijan defeated separatists who have governed the breakaway region for about 30 years in a swift military operation last week, Armenian Deputy Prime Minister Tigran Khachatryan said.

Residents of Nagorno-Karabakh scrambled to flee as soon as Azerbaijan lifted a 10-month blockade on the region's only road to Armenia.

At right, a refugee held a child after their arrival in the border village of Kornidzor, Armenia, on Tuesday.

—Associated Press



BRANKI LEGENDI/REUTERS

## Companies In U.S. Get Pessimistic On China

By YUKA HAYASHI

WASHINGTON—China has become a much tougher place to make money for American companies, a new survey found.

Escalating bilateral tensions are affecting various aspects of U.S. companies' operations in China, including losses in sales, declines in profits and canceled or delayed investments, according to a survey of the U.S.-China Business Council's member companies.

The portion of companies expressing a pessimistic outlook on their China operations in five years hit a high of 28% in the latest annual survey by the business group, up from 21% last year. Those holding optimistic views fell to a record low of 49%.

Signaling further declines in American business presence in the coming years, more than one-third of respondents said they have reduced or paused planned investment in China over the past year, a record and well above the 22% in last year's survey. Such decisions were attributed to increased costs and uncertainties of doing business in China, as well as more restrictions on selling products in the Chinese market.

The annual survey, conducted in June and July, was based on questionnaires sent to the business group's 117 member companies, 39% of which reported at least \$1 billion in revenue generated in China.

"Most companies remain profitable in China and recognize the Chinese market's importance to their global competitiveness," the group said. "The pace with which U.S. business sentiment and future investments rebound will depend on the decisions of policy makers in China and the United States."

## Seoul Holds First Military Parade in a Decade

By DASI YOON

SEOUL—Military parades featuring new ballistic missiles, tanks and soldiers marching in formation are a common sight on the Korean Peninsula, but in recent years they have been limited to North Korea.

On Tuesday, for the first time in a decade, South Korea held its own military parade, as tensions rise in the region and the government in Seoul takes a more confrontational approach to its relations with Pyongyang.

On a rainy afternoon, South Korea's homegrown ballistic missiles, autonomous underwater vehicles and reconnaissance drones rolled through the streets of downtown Seoul. The parade also included weapons that have become some of the country's top arms exports during the Ukraine war, such as K9 self-propelled howitzers, K2 tanks and Chunmoo multiple-

rocket launchers.

The weather prevented a scheduled flyover of American F-35 and South Korean KF-21 jet fighters, but crowds lined the streets. For the first time, more than 300 combat troops from U.S. Forces Korea marched alongside the South Korean military.

"Our military will immediately retaliate against any North Korean provocation," President Yoon Suk Yeol said in a speech at Seoul Air Base, where he warned leader Kim Jong Un against using nuclear weapons and lauded South Korea's military as one of the mightiest in the world.

South Korea's latest military parade had taken place in 2013. Since 1998, the country had celebrated Armed Forces Day with a military parade every five years, but under former President Moon Jae-in, displays of military force were scaled down



South Korean military forces marched in Tuesday's parade.

SEOUL/JOON CHOI/REUTERS

in an effort to revive peace talks with North Korea.

The revival of military parades in South Korea represents a return to an explicit show of force aimed at demonstrating to North Korea that Seoul's military is prepared to respond to any threats. "Today South Korea was showcasing not only its military might but also its

strengthened alliance with the U.S.," said Lee Yong-joon, a former South Korean nuclear envoy. "What's abnormal is that we skipped it five years ago, not that it's taking place now."

Military parades are common in North Korea, where soldiers and civilians train for months to march down Kim Il Sung Square on major national

holidays. The parades attract international attention because Pyongyang often uses them as an opportunity to show off its newest weapons systems.

This month, Kim traveled to Russia to meet with President Vladimir Putin. U.S. officials warned the meeting could advance an arms sale between the two countries.

Yoon, during a speech at the United Nations General Assembly last week, said such military cooperation would be considered a direct provocation against South Korea. North Korea later characterized Yoon's remarks as a "hysterical fit," according to a state media report.

### Watch a Video



Scan this code to watch a video of the South Korean military parade.

## WORLD WATCH



ROSE-COLORED GRASSES: A tourist in a town north of Hangzhou, in eastern China's Zhejiang province, on Tuesday was enveloped in a field of pink muhly grass in full bloom.

### IRAQ

#### Fire at Wedding Kills at Least 100

A fire that raced through a hall hosting a Christian wedding in northern Iraq killed at least 100 people and injured 150 others, authorities said Wednesday, warning the death toll could rise higher.

The fire happened in Iraq's Nineveh province in its Hamdaniya area, authorities said. That is a predominantly Christian area just outside of the city of Mosul, some 205 miles northwest of the capital, Baghdad.

Television footage showed flames rushing over the wedding hall as the fire took hold.

There was no immediate official word on the cause of the blaze.

Initial reports by the Kurdish television news channel Rudaw suggested fireworks at the venue may have sparked the fire.

Civil defense officials quoted by the Iraqi News Agency described the wedding hall's exterior as being decorated with highly flammable cladding that were illegal in the country.

—Associated Press

### ISRAEL

#### Airstrikes Hit Targets in Gaza

Israeli airstrikes hit several targets in the Gaza Strip on Tuesday, the country's military said, after Palestinian protesters flocked for the 12th straight day to the enclave's frontier with Israel—demonstrations that have devolved into violent clashes with Israeli security forces.

There were no reports of casualties from the airstrikes.

The Israeli army said it used a drone, helicopter and tank to strike multiple posts in northern and southern Gaza belonging to the strip's militant Hamas rulers in response to what it described as "violent riots" at the separation fence between Gaza and Israel.

Palestinian health officials reported that Israeli forces shot and wounded 11 protesters during Tuesday's rally.

Hamas has said young Palestinians have organized the protests in response to surging violence in the West Bank and alleged provocations in Jerusalem.

—Associated Press

### RUSSIA

#### Court Upholds Navalny's Sentence

A court in Moscow upheld a 19-year prison sentence for imprisoned Russian opposition leader Alexei Navalny, who was convicted of extremism charges in August.

Navalny was found guilty on charges related to the activities of his anticorruption foundation and statements by his top associates. It was his fifth criminal conviction and his third and longest prison term—all of which his supporters see as a Kremlin strategy to silence its most ardent opponent.

Navalny's 19-year sentence will be backdated to Jan. 17, 2021, the day he was arrested. He was serving a nine-year term on a variety of charges he says were politically motivated before Tuesday's ruling.

One of Navalny's associates, Daniel Kholodny, who stood trial alongside him, also had his eight-year sentence upheld Tuesday, Russian state news agency Tass reported.

Navalny's team said after the ruling Tuesday that the sentence was "disgraceful."

—Associated Press



## TIME TO UNWIND GUSTAVE LÉONARD DE JONGHE

*Tranquil subject. Vibrant palette. Flemish masterpiece.*



This picturesque original oil on canvas entitled *Afternoon Repose* was painted by Flemish artist Gustave Léonard de Jonghe. The immersive scale invites the viewer into an intimate interior with a drowsy mother and child, placing the artist's mastery of realism on full display. De Jonghe's artworks are highly prized by collectors and are found in museum collections worldwide. 19th century. Signed "Gustave De Jonghe" (lower right). Canvas: 35" h x 30½" w. Frame: 48½" h x 41½" w. #31-7331

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Royal Caribbean will open an expansion of Perfect Day at CocoCay in the Bahamas, at left, next year. Below, Half Moon Cay in the Bahamas.

## Cruise Lines Are Buying Private Islands. Their Goal? The ‘Ultimate Beach Day’

Norwegian, Carnival, Disney and others snap up secluded spots in the Bahamas and Caribbean

By JACOB PASSY

Little San Salvador Island, Bahamas

Stepping off the tender boat at Half Moon Cay feels like entering a straight-from-the-movies desert isle.

The beaches are carpeted in the softest white sand imaginable. The water is an almost unnatural shade of blue. Mangroves and forest cover most of the island, sheltering native wildlife.

The best part? Cruise-ship visitors have the entire island to themselves.

Cruise companies are doubling down on private destinations like Little San Salvador, operated as Half Moon Cay by Carnival and Holland America, for their customers. Industry analysts say major cruise lines have spent tens of millions of dollars to snap up and beach-ify island properties in the Caribbean and beyond. Travel

agents and industry analysts say private islands entice customers to book sailings, especially at a time when ships are competing for space and amenities at busy ports of call like Nassau in the Bahamas or Cozumel, Mexico.

“Having these company-owned destinations gives us a little more control,” says Chris Chiames, chief communications officer for Carnival Cruise Line.

### Coming attractions

Norwegian Cruise Line arguably pioneered the private-island idea when it purchased a Bahamian isle in the late 1970s, which it developed into Great Stirrup Cay. Since then, other cruise companies have bought or leased land across the Bahamas and Caribbean.

Carnival Cruise Line currently calls on several destinations owned by its sister lines, including Holland America Line’s Half Moon Cay and Princess Cruises-owned Princess Cays. Carnival will soon have



its own private destination, dubbed Celebration Key, a section of Grand Bahama. Celebration Key is expected to open to visitors in July 2025.

Disney Cruise Line will begin visiting a new private destination, Lookout Cay at Lighthouse Point, in June 2024. Disney describes the stopping point, on the Bahamian island of Eleuthera, as a tropical retreat with amenities for children and adults. Disney already operates Castaway Cay, a private island also located in the Bahamas.

The success of Royal Caribbean’s \$250 million Perfect Day at CocoCay in the Bahamas caught competitors’ attention. Perfect Day, which opened in 2019 and boasts a water park, a zip-line course and an enormous freshwater pool, has generated a strong return on investment since then, says UBS analyst Robin Farley.

Royal Caribbean will open an expansion on CocoCay next year. Called Hideaway Beach, the new section was the result of guest re-

search that indicated the island was missing adults-only experiences, says Jay Schneider, Royal’s chief product innovation officer.

The company is also developing the Royal Beach Club Collection, smaller locations at ports of call aimed at providing what Schneider describes as the “ultimate beach day.”

The first is being developed on the western end of Paradise Island in Nassau, featuring 17 acres of pools, restaurants and manicured beaches. It is expected to open in 2025.

### Far from the crowds

The cruise industry’s growth has meant that the destinations ships visit easily can become overrun with tourists—especially when several vessels are in port.

Maru Hyndman of luxury travel agency Travel Edge has experienced this firsthand when visiting the island of St. Thomas on a cruise.

“If you didn’t have an experi-

ence confirmed, you were going to have to spend a lot of time just waiting to get a taxi to go to a beach, and that beach was going to be really crowded, too,” she says.

That feeds into the allure of private islands and other cruise-exclusive destinations. Because the cruise lines control how many people are on an island at a given time, they can ensure travelers get what they expect. And it lets cruises offer an experience on par with an all-inclusive resort at, potentially, a fraction of the price, says Rebecca Thompson, vice president of sales for Travel Edge.

So popular are these getaways that cruise lines can charge more for itineraries featuring private beaches, says Truist Securities analyst C. Patrick Scholes.

The retreats reflect their brands. Royal Caribbean’s Perfect Day at CocoCay features a water park with 13 slides and a wave pool, in line with the company’s activity-packed ships.

On the more outdoorsy side, MSC Cruises’ Bahamian private island, Ocean Cay, features thousands of indigenous plants and an extensive marine reserve—and no swimming pools.

“We wanted to do something much truer to nature,” says Rubén Rodríguez, president of MSC Cruises USA. (The cruise line also operates private destinations off the coasts of Mozambique and the United Arab Emirates.)

Deena Haiber, a teacher and travel blogger from Wesley Chapel, Fla., tries to go on several cruises annually and has visited numerous cruise-owned islands.

Her favorite: Ocean Cay, for the island’s simplicity and natural beauty.

She also enjoys that MSC, unlike other cruise lines, offers itineraries that include overnight stays at its private island.

“You wake up and it’s just like magic,” she says. “You look outside of your balcony and you just see the whole island stretch before you.”

### Know the ropes

Depending on the destination, the private-island experience might not be so different from being on the ship. You might have to pay more for a better time; sitting on the beach might cost nothing, but snorkeling at a coral reef or reserving a cabana usually costs extra.

On some islands, the ship’s food and beverage packages extend on shore, but that is not the case on others.

For the cruise lines themselves, private islands and beaches can be expensive to maintain and operate. MSC spent more than \$200 million to develop Ocean Cay, previously an industrial site.

The island houses 160 people full time, with the cruise line providing their room and board, Rodríguez says. The remoteness of some destinations, specks in the Caribbean, adds to the complexity and costs.

“The reason for these islands mainly is that the guests love them, and we need to sell cruises that the guests love so they come back,” he says.

### Where Cruise Lines Build Private Slices of Paradise

○ Island ◇ Beach  
 ■ Carnival Corp. ■ Norwegian Cruise Line  
 ■ Royal Caribbean Intl. ■ MSC Cruises ■ Disney Cruise Line



Note: List of islands and beaches is not exhaustive. Royal Beach Club, Lookout Cay and Celebration Key are in development.

Source: Corporate information and websites

Rouge Ruiz/THE WALL STREET JOURNAL

## How Much Cash Do You Need to Stash At Home?

By ANNE TERGESEN AND JEREMY OLSHAN

So, just how much cash should people keep at home in case of an emergency?

When the question was put to more than a dozen advisers and disaster-preparation experts, the answers ranged from \$200 to more than two weeks’ worth of expenses. Though it is personal-finance gospel to save an emergency fund of three to six months of expenses, advisers say money should be collecting interest, not dust at the back of your sock drawer.

There was some consensus: Few, if any, Americans need to stash anything near the \$480,000 in cash investigators found in the home of Sen. Bob Menendez (D, N.J.), which he said was for emergencies.

Those who live in areas prone to hurricanes, wildfires, snowstorms and power outages might need to hold on to more cash than others, said Paul Auslander, a financial adviser based in Clearwater, Fla.

“Here in Florida, you tend to keep enough cash on hand to get through two to four weeks of no ATMs and electrical power failure sufficient to keep your credit card from working at a grocery store,” Auslander said.

### How much cash will you need

To prepare for a natural disaster or other emergency, the Department of Homeland Security tells Americans to stash water, food, flashlights and batteries at home. Cash is optional.

William Bernstein of Efficient Frontier Advisors, who wrote books on investing, disagrees.

“After a disaster damages your house or appliances, the repair person is likely to give priority to customers who can pay in cash,” he said.

John Ramey, founder of The Prepared site, which offers courses on emergency preparation, recommends people keep enough money on hand to survive for at least two



People in disaster-prone areas might need more cash if ATMs are down.

weeks without cards and access to bank accounts, and to build up a stockpile from there.

“That means two weeks of hotel and food, or two weeks of rent,” he said.

People shouldn’t hoard cash at the expense of paying down debt and getting their finances in order, Ramey added.

### How to protect your cash

Though a few hundred dollars might be kept in a wallet or desk drawer, those storing thousands of dollars in cash should protect their money from theft, fire and flooding.

This typically means putting the money in plastic bags in a safe rated for fire resistance.

Ramey suggests applying a port-

folio approach to securing one’s cash.

“I wouldn’t want all my cash in one safe,” he said. “Have a safe, sure, but also something hidden in plain sight—a Barbasol can with a fake bottom or a decoy wallet.”

Keeping too much cash at home could raise the interest of thieves and authorities, said Joshua Escalante Troesh, a financial adviser in Rancho Cucamonga, Calif.

“As the senator is finding out, when you have that large amount of money, there is a huge question about why you have that amount of money,” he said.

Aside from the risk of theft, stashing cash in a variety of places around the home can create the need for a treasure map of sorts, and some way to communicate the locations to friends or relatives.

“If you have cash lying around in different locations of your home, how do you keep track of all those amounts?” said Avani Ramnani, financial planner in New York City.

And depending on the nature of the disaster, cash might diminish in importance, said Ramey.

“In ‘The Walking Dead’ scenario, you are going to be trafficking beans, not gold bullion,” he said.

—Veronica Dagher contributed to this article.

## PERSONAL JOURNAL.

# Another Midlife Crisis to Worry About: Sleep

Aging messes with rest sooner than we might expect, but better bedtime rituals, exercise and stress relief can help



About 55% of Americans ages 40 to 49 and about 58% of those ages 50 to 64 have 'low general sleep health,' according to a survey.

By ANDREA PETERSEN

A good night's sleep gets harder as we age, but that doesn't mean we're doomed to being sleep-deprived zombies after 40.

Typically starting in midlife, we wake up more often, have trouble falling back to sleep, and rise for the day too early. About 55% of Americans ages 40 to 49 and about 58% of those ages 50 to 64 have "low general sleep health," which includes not sleeping the recommended seven to nine hours a night, not feeling well-rested and having trouble falling or staying asleep, according to 2023 survey data from the National Sleep Foundation, a nonprofit group.

There are many reasons why many sleep troubles hit in middle age, including stress, medical conditions and normal biological changes. Here's what happens to sleep as we age—and how we can improve our shut-eye.

## 'Sleep architecture' changes

Starting in our 20s, the amount of deep sleep we get during the

night starts to decline, says Philip Gehrman, professor of psychology at the University of Pennsylvania's Perelman School of Medicine. By our 40s and 50s, we can really start to notice it, he says.

This deep sleep, which is especially restorative rest, is particularly important for repairing muscle and bone and strengthening our immune systems, says Dr. Joanna Fong-Isariyawongse, associate professor in the department of neurology at the University of Pittsburgh School of Medicine, who treats sleep disorders.

What may be driving the reduction in deep sleep, at least in part, is that the number of neurons in the brain that promote sleep and wakefulness declines as we age, Fong-Isariyawongse says.

**What to do:** We can't reverse these natural age-related sleep changes, but we can double down on good sleep practices, says Fong-Isariyawongse. Maintain a regular sleep-wake schedule, be physically active during the day, avoid caffeine at least eight hours before bedtime and keep the bedroom cool, dark and quiet, she says.

Have a relaxing wind-down rou-

tine—and avoid screens—before bed. If you wake in the middle of the night, don't look at the clock or your phone. If you have trouble going back to sleep, get out of bed and do something soothing like listening to music or reading until you're sleepy again.

## Sleep disorders become more common

Sleep apnea, a disorder where people repeatedly stop breathing during sleep, becomes more common in your 40s and 50s, particularly in men, says Dr. Douglas Kirsch, medical director of sleep medicine for Atrium Health in Charlotte, N.C. The rates among women tend to rise after menopause, he notes.

Part of the reason sleep apnea rates increase is that we tend to gain weight in middle age and extra flesh in the neck can compress the airway.

In addition, age-related sagging doesn't just affect our faces and arms. "All of our tissues get a little floppier," Kirsch says. That includes the tissue in our throats—which makes our airway more prone to collapsing, causing sleep apnea.

Midlife is also a prime time for insomnia, when people have trouble falling asleep or staying asleep. Insomnia is often fueled by stress. While stress can affect us at any age, midlife can be particularly difficult with many people juggling kids, aging parents and peak work responsibilities, says Dr. Greg Mahr, staff psychiatrist at Henry Ford Health in Detroit.

**What to do:** Sleep apnea can be treated with oral appliances and CPAP machines that use air pressure to keep the airway open. Milder cases of sleep apnea can sometimes be resolved with weight loss or changing sleeping positions, says Dr. Fariha Abbasi-Feinberg, medical director of sleep medicine at Millennium Physician Group in Fort Myers, Fla.

For insomnia, exercise can help with stress relief, notes Kirsch. Expressing some of your worries by writing in a journal, praying or talking to a friend can also help promote sleep, says Abbasi-Feinberg.

## Perimenopause and menopause issues

Perimenopause, the years of hormonal fluctuations before the cessation of a woman's periods, can start as young as the late 30s, says Dr. Stephanie S. Faubion, director of the Mayo Clinic's Center for Women's Health and medical director of the Menopause Society.

The symptoms of perimenopause and menopause include hot flashes and night sweats, which can disrupt sleep.

Hormonal fluctuations can also cause insomnia and fuel anxiety and depressed mood, which can derail a good night's rest, too.

Loss of estrogen and progesterone is also thought to contribute to women's increased risk of sleep apnea after menopause, since these reproductive hormones contribute to muscle tone, says Abbasi-Feinberg.

**What to do:** For hot flashes and sleep problems, hormone therapy, either estrogen alone or combined with a progestogen, can provide relief, says Faubion.

Antidepressant medications are also used for hot flashes, anxiety and mood problems. Treating those issues can improve sleep.

## Other ills, medications can interfere

Midlife health issues such as back pain and arthritis can hurt your sleep too, says Gehrman.

As men move into their 40s and 50s, their prostates tend to enlarge, which can cause more middle-of-the-night trips to the bathroom, says Mahr.

As we get older, we tend to take more medications for health issues. Many common drugs, including treatments for blood pressure and

pain, can interfere with sleep, says Fong-Isariyawongse.

**What to do:** Address underlying health conditions and treat pain with approaches like heat, massage and physical therapy, says Mahr.

He also suggests trying to drink all your fluids at least two hours before bedtime and avoiding alcohol.

Have your doctor review your medications to see if any might be contributing to sleep problems, says Abbasi-Feinberg.

You may be able to change the timing or type of medications to make them less likely to disrupt your sleep.

## Stress, illness and biological changes cause sleep trouble.

WHAT'S YOUR WORKOUT | JEN MURPHY

# How a Meta Executive Strong-Arms Workouts Into Her Schedule

By JEN MURPHY

NAOMI GLEIT wants to still be surfing when she's 70.

Gleit never imagined she'd identify as a surfer. "My mom is afraid of the ocean and isn't a great swimmer," says Gleit, whose mother is from Taiwan. "She put me in swim lessons early on to make sure that I didn't have this fear." But growing up in Brooklyn, she says, the ocean always seemed inaccessible. The head of product for Meta, and the longest tenured employee at Meta after CEO Mark Zuckerberg, Gleit discovered her passion for wave riding during the pandemic, and now it fuels her fitness obsession.

She caught her first waves in Santa Cruz, Calif., in 2020. "Surfing taught me it's important to show ourselves we can do hard things," she says.

After a bout of long Covid, she was looking to regain her strength. She relocated to New York in October 2021 and joined SoHo Strength Lab. Gleit, who always paid attention to her fitness, hired a personal trainer with the goal of being able to do a pull-up, an exercise that helps with paddle strength while surfing.

"I read an article that said most women couldn't do a pull-up and I needed a new challenge," she says.

It took her three months to do one pull-up, another month after that to do two. She now has a pull-up bar in her apartment and effortlessly pumps out five reps of an exercise that once seemed impossible.

At 40, she says she's in the best shape of her life. She posts her gym successes on social media. Not only is she stronger, but she says her posture has improved and she gets injured less often.

"The gym used to be intimidating but I walk in with confidence now," she says.

Gleit returns to Meta's California office once every six weeks for meetings. She usually tacks on a surf trip in Santa Cruz. Her goal this year is to master walking up and down her longboard.

She has a "babe cave" of gym equipment at her Palo Alto apartment and will Zoom with her trainer while away. She'll go as far as rearranging a flight to make her workout.

## The Workout

"Working out is a must," Gleit says. Keeping West Coast hours in New York City allows her to hit the gym in the morning. She trains with Albert Matheny, owner of SoHo Strength Lab, three days a week. An hour-long session might include kettlebell deadlifts, hollow body rocks, Bulgarian split squats with kettlebells, pull-ups and push-ups.

She does cardio on a SkiErg or the Assault Air Bike, a stationary bike that works the arms as well as the legs. Ring exercises, like skin the cat—where you rotate your body 360 degrees while your arms remain straight—build shoulder mobility and stability, which is important for surfing.

Three days a week she attends Katonah Yoga, a gentle style rooted in the Hatha yoga style. "I spend all day at a computer so yoga helps with my alignment and posture," Gleit says.



Naomi Gleit catches a wave in Mexico. At 40, she says she's in the best shape of her life.



**Go-to snacks:** Protein shakes, canned seafood, yogurt, muesli.

**Dinner:** "I have to keep West Coast hours so I'm often working until 8 p.m.," she says. "A long day is a good excuse to try new restaurants in New York City."

## The Gear

**Apparel:** Vuori Sneakers: Nike and Adidas

**Trackers:** Being a tech nerd, Gleit goes through gadget phases. For a time, she wore a Levels continuous glucose monitor for insight into what made her blood sugar spike. She wore a Whoop fitness tracker for a year and used a Polar heart-rate monitor for a bit. Now, she relies on her Apple watch and Oura ring for data.

## The Playlist

House and hip-hop music set the tone at SoHo Strength Lab. When she's working out solo she listens to podcasts including the "Techmeme Ride Home," a daily update on the latest tech and gadget news; "Sharp Tech With Ben Thompson"; "Today Explained," a daily news explainer; and "The Retrievals," a series about the Yale fertility-clinic case.

## The Diet

**Philosophy:** Gleit embraces moderation and follows what she calls the rules of three: three meals a day, plus three snacks.

**Caffeine fix:** "I need coffee before I train," she says. Before the gym, she grabs a drip coffee with half and half from Gasoline Alley Coffee in SoHo, then returns for a cappuccino and oatmeal.

**Office lunch:** "I've eaten at my desk for 20 years," she says. "I try to prep my lunch but when I can't I order a Greek salad with chicken through DoorDash."

**Spurge:** She's a sucker for baked goods, especially the cardamom buns and babka from Librae Bakery in New York City.

She used to suffer lower back pain but says she rarely experiences pain now that she's exercising regularly.

She also occasionally runs or does Pilates. When traveling, she recreates strength circuits from her training sessions. "I'm not pushing myself as hard without Albert," she admits. She also has go-to yoga videos for the road and tries to Zoom with her trainer if time zones allow.



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## ARTS IN REVIEW



## ARCHITECTURE REVIEW

## More Than Meets the Eye

The Perelman Performing Arts Center gracefully navigates the many constraints of its site

By MICHAEL J. LEWIS

**O**f all creative artists, who is more constrained than the architect? Painters and poets face the blank surface, but the architect begins with constraints: the vexing site, the stingy budget, and that disagreeable necessity, the client. But the mystery of constraints is that when imaginatively overcome they can elevate a perfunctory design into the sublime.

New York's Perelman Performing Arts Center, which stands alongside the Freedom Tower and opened earlier this month, hardly looks constrained. Costing approximately \$500 million and containing 129,000 square feet, it is a laconic marble cube, perched atop a podium of black granite in that state of serene repose that is the aspiration of all classical architecture.

Buildings are normally designed from the ground up, but not this one. In effect, it is one building suspended in the air above another. What appears to be its marble base is actually Port Authority infrastructure, a 21-foot-high platform containing loading docks and ventilation shafts. The Performing Arts Center had to probe into its underground workings to find a foothold for its columns. It found space for only seven, and even these had to be canted, limbs akimbo like someone in a game of Twister.

None of this is apparent above. Joshua Ramus of the firm REX, who won the commission in 2015, told me that his design rested on three essentials: maximum flexibility for the interior, maximum simplicity on the exterior, and a cladding of veined marble that would "soften its Platonic form." That Platonic clarity will surprise those who first came to know Mr. Ramus through his riotously angular Seattle Central Library, designed while he headed OMA New York. But the site here required something different—yet another constraint—for it is a place of tragic significance.

The Performing Arts Center stands immediately to the north of the 9/11 Memorial, a context that demands a respectful, sober gesture. The proposal of Frank Gehry, the architect first chosen, ostentatiously failed to provide that, and was dismissed in 2014. To be fair, he may have assumed that a building dedicated to the lively arts needed to look lively. Mr. Ramus did not make that mistake; he was to give his performing spaces the highest measure of flexibility but concealed within a windowless cube. The trick was to make



Exterior of Manhattan's Perelman Performing Arts Center, top; view of the David Rockwell-designed restaurant within the building, above

it not look like a bunker.

More constraints. Logistical: The substructure for Mr. Gehry's design had already been built by Port Authority, forcing the location of the scene elevator on his successor. Legal: New York building code requires an unobstructed eight-foot passage to fire stairs in public buildings of this sort, a vexing re-

quirement for a building with movable partitions. Acoustic: Beneath the building run the tracks of the PATH trains (departing for Newark every five minutes), generating those low-frequency vibrations that are maddeningly difficult to screen out, and which are fatal to a musical performance.

Mr. Ramus's solution was in-

spired in part by Yale's Beinecke Library, which he knew as an undergraduate. It gave him the idea of a cubic volume clad in panels of translucent marble. He found his in Portugal, an attractively veined stone that he sliced into sheets only 3/16th of an inch thick, and laminated on both sides with glass. The result is not so much a windowless building as one that is all window. The panels filter the sun by day, washing the interior in a soft, even light. And when the panels are backlit at night, the building glows like a block of luminous honey.

Behind this marble shell, Mr. Ramus ran a continuous eight-foot passage, girding the three performance spaces at the Perelman's core—respectively seating 450, 250 and 99—roughly arranged in L-form around the scene elevator that is the legacy of the original design (Gehry's revenge?). But since the intention is to offer short runs of experimental productions, these

### The building stands just north of the 9/11 Memorial, a context that demands respect.

halls are negotiable, and with their movable partitions they can be arranged into almost any conceivable permutation, even thrown together to make one grand space.

Because it was ordained that no sign of commercial activity, no box office or advertising, should be visible from the 9/11 Memorial, the entrance is kept low-key. You glide upward into the building from below, ascending into the lobby and restaurant that are open to the public. This is the work of David Rockwell, the architect and Tony Award-winning set designer, and it is appropriately theatrical. Recognizing that you would be looking up as you arrive, and that the curtain would open, so to speak, on the

ceiling above, he made it a richly expressive interlacing of wavy sculptural ribbons that subliminally directs you forward into the restaurant and to the outdoor terrace to the north.

I did not expect to like the building. I anticipated a fashionable but conventional minimalism, not a display of thoughtful humanism, a principled concern for the human experience of the building, visual and aural. Knowing that the unconscious mind finds patterns, pleasurable or alarming, in random shapes, Mr. Ramus worked obsessively to achieve the happiest distribution of the veined marble panels. Equally remarkable was his concern for acoustics. He collaborated with Carl Giegold of Threshold Acoustics, who

speculated that the human ear is most responsive to the quality of sound in a clearing surrounded by trees—an evolutionary legacy—and paneled the performance spaces accordingly.

Constraints are the shackles that all architects must wear, but here Mr. Ramus and his team have made them sparkle like jewelry.

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

IMWA BANK (2)

## TELEVISION REVIEW | JOHN ANDERSON

## 'Heist 88': A Bank Robbery Phoned In

**COURTNEY B. VANCE** doesn't exactly steal hearts in "Heist 88," but he does steal the pocket: His character, Jeremy Horne, is an utter scoundrel. But you have to admire a man with such a sincere commitment to fraud, deception and skulduggery.

Based very loosely on the 1988 theft of \$70 million from the First National Bank of Chicago, "Heist 88" takes place in a pre-computerized era in which massive transfers of cash are executed with simple codes phoned to one bank employee and further confirmed by another. (It may have been slightly more involved, but such is the presentation here.) Interrupting that process—or redirecting it—is what our likable malefactor has in mind.

As directed by Menhaj Huda ("The Flash" TV series), "Heist 88" is tidy, economical, forward-moving and not out to expand anyone's visual vocabulary. It also makes Jeremy a model of precision. With his impeccable tailoring, millinery and

regard for personal order—he arranges his watches and cuff links, for instance, in a manner befitting the window dresser at Tiffany's—he is not the kind of person who makes mistakes, or to whom opportunity presents itself by accident.

With that in mind—we can only see it in retrospect—his reunion with his nephew, Marshall (Bentley Green), seems an unlikely coincidence. Jeremy is in Chicago to attend a memorial service for his brother—the brother who warned his son to stay far away from Uncle Jeremy. When Jeremy hears this from Marshall, he walks away, but his nephew chases him down to ask a favor: He is in debt to loan sharks, trying to get his house music label off the ground. (This is the '80s, after all, and the birthplace of house.) "You deal with banks and finance, right?" Marshall asks. Well, yes, he certainly robs them. And when Marshall mentions his three friends who work for First National, Jeremy is visibly—but not too visibly—intrigued.



Was an inside job his plan all along? That question is certainly the most subtle aspect of Dwayne Johnson-Cochran's screenplay, which has its share of ungraceful dialogue and shoehorns a racial motivation into Jeremy's profile, a

stick-it-to-the-man angle that seems uncharacteristic of someone as out for himself as Jeremy. He's on a mission? No. The reason he's charismatic, besides Mr. Vance's natural charms, is his single-minded crusade on behalf of Jeremy.

**Courtney B. Vance in 'Heist 88'** But as is right and proper with crime procedurals or caper films, nothing is

what it initially seems. Jeremy collects confederates: Marshall's friends, Danny, LaDonna and Rick (Xavier Clyde, Precious Way and Nican Robinson, all good), happen to work in the wire-transfer department of their bank, all make minimum wage and are poised for new opportunities. Such as larceny. A couple of colleagues out of Jeremy's past—Bree (Keesha Sharp) and Buddha Ray (the great Keith David)—are bearing ill will toward him for some earlier job that blew up in their faces, maybe the one for which Jeremy is about to serve time: He gets repeated calls asking when he's going to surrender to authorities on an entirely different crime and conviction. But his pals will come around. As we see, Jeremy's principal talent, aside from his strategic gifts and criminal instincts, is an ability to talk people into doing what he wants. He probably wouldn't care very much, but he can even talk an audience into rooting for him.

**Heist 88** Friday, Paramount+ with Showtime; Sunday, 9 p.m., Showtime

Mr. Anderson is the Journal's TV critic.

PARISH LEWIS/PARAMOUNT+

# SPORTS

By LOUISE RADNOFSKY

The most important and uncertain Olympic event this year is happening this week. It might just result in a gold medal for Americans and humiliation for Russians.

And nobody can watch it. A closed-door hearing into a doping case that upended the last Winter Olympics began Tuesday in Switzerland, with the teenage figure skater at the heart of the matter videoconferencing in from Russia.

The case will inch international sports organizations closer to finally deciding who actually won the Olympic team figure skating event in Beijing in February 2022—though the athlete's fate is only a tiny part of the ultimate set of considerations that have left medals in limbo for 18 months already.

The Court of Arbitration for Sport is considering whether to void all results obtained by Kamila Valieva on or after Dec. 25, 2021, the date she tested positive for a banned heart drug while winning the Russian national championships. The International Skating Union and World Anti-Doping Agency want her results wiped out—including from the Olympic Games.

The problem is that the one result that matters isn't a result obtained solely by Valieva at all, but that of the team representing the Russian Olympic Committee. She clinched victory for the ROC in the team event hours before the news came of her positive test.

The revelation prompted the International Olympic Committee and International Skating Union to postpone the team medal ceremony, since there was no way to tell who would ultimately be deemed the rightful recipients. They don't know even now.

Valieva is arguing that CAS doesn't have jurisdiction over her case, according to a brief summary of her arguments in a CAS press release that didn't include further details. Her team says that no doping violation can be proven—and that any violation that can be proven wouldn't be her fault.

If she prevails, and there are reasons to believe she could, things could get awkward for the international sports organizations lined up against Valieva.

The sports bodies would face



Kamila Valieva of the Russian Olympic Committee during the team competition at the 2022 Beijing Olympics.

the prospect of a spectacle in which they have to hand out gold medals to the Russian Olympic Committee team, despite the fact that Russian Olympic Committee athletes haven't been allowed to attend international sports events since the outbreak of war in Ukraine. (The very name Russian Olympic Committee is a reminder of Russia's doping history: The pseudonym was created after sanctions against Russia for a state-sponsored doping scheme.)

And even if Valieva loses her case, the organizations might still have to acknowledge the Russians as winners.

There's a world in which the ROC gets the team gold medals anyway. There are also scenarios in which they win bronze, finish in fourth place or nowhere at all.

The other complicating factor in Valieva's complex case is who stands to benefit from a ruling against the Russians: the Ameri-

cans. Team USA would win the gold medal if the ROC doesn't.

The individual stakes for Valieva matter less by comparison. At stake is her Russian national title, a potential ban from international events for which she is already ineligible because of the Ukraine-ban on skaters, and possible exclusion from Russian domestic events. Now 17 years old, she has already been overtaken by other Russian skaters, meaning this is more about deciding her past than determining her future.

Back when Valieva was 15, she was the overwhelming favorite to win individual Olympic gold in Beijing. An emergency CAS ruling cleared her to skate in the women's competition despite the news of the drug test. Under the harshest of international glares, Valieva melted down in the free skate and tumbled off the podium altogether. It was one of the most disturbing nights in the sport's history. Her fourth-

place finish saved the organizers another furor over another postponed medal ceremony.

But they already had the team headache on their hands.

U.S. Figure Skating and the skaters of the 2022 U.S. Olympic team won't participate in the proceedings this week in Lausanne, Switzerland. They've been vocal in their desire to have had their medals wrapped around their necks already. But the organization's chief executive, Tracy Marek, says they aren't dwelling on what color those medals should be.

"We ultimately can't control the final results, so what we're focusing on right now is having a hearing," said Marek, sounding exactly like any athlete in a judged sport. "We really think it's important to take it one step at a time."

The U.S. Olympic & Paralympic Committee was slightly bolder, saying: "we certainly hope for the Team USA athletes to be awarded

gold medals in the event" but that "our utmost priority lies in ensuring that both these athletes and all other affected clean athletes and programs receive the long-awaited justice they deserve."

A spokeswoman for the Russian figure skating federation declined to comment.

WADA and the ISU, the bodies seeking to invalidate Valieva's results at the Olympics, say respectively that they don't know and can't comment on what it would mean for the team medals if they get what they want.

The knottiness of the problem comes from the weirdness and relative newness of the Olympic team event, which only started in 2014. Countries with deep skating rosters put up competitors to perform a short program and a free skate in each of the four disciplines, ice dance, men's singles, pairs—and women's skating. They earn points based on their finish in each segment relative to the other countries. And there's never been a problem before.

Valieva skated the short and free programs for the ROC, finishing first in both and securing 10 points for each win. Sports lawyers see four broad options for medals distribution if her results are voided.

1. Give ROC gold anyway. Leave all the team competition points and final results untouched, awarding the ROC team members gold medals. The U.S. would get silver and Japan bronze in this situation.

2. Disqualify ROC. In this scenario, the entire ROC's team results and medals would be voided. The U.S. would win gold, Japan silver and Canada bronze.

3. Give ROC bronze. Deduct Valieva's points from the ROC total, while allowing the rest of the team's points to stand. That would mean a bronze medal for ROC—with the likely exception of Valieva. The U.S. would win the gold and Japan silver.

4. ROC finishes fourth. Void Valieva's results and redistribute the points from the women's skating portion of the team competition, essentially acting as if she had not participated in the first place.

The U.S. would still win gold and Japan silver in this scenario. But Canada would leapfrog ROC by one point and knock the Russians into fourth place—and out of any medal ceremony.

PETER KNEFFEL/ZUMA PRESS

## The WSJ Daily Crossword | Edited by Mike Shenk

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- 27 Maslow proposed a hierarchy of them
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29 Roaming figure in Travelocity ads
31 Shouts
32 Tie-dye step
33 Over and over
34 Home of Amati and Stradivari
35 Give off
38 Reaching for rewriting, in a way
40 Like diamond, on the Mohs scale
41 Company with Powerwall solar energy systems
43 Leaves
46 Home office, maybe
47 Showbiz elite
48 Spouse's parent, e.g.
49 Audition offering
50 Battery components
52 Oscar-winning 2012 film
53 Taj Mahal city
54 "How strange"
55 Queen in a colony
56 Sandy
57 Ship sealer

## PLAYING TRICKS | By Amanda Cook

Across
1 Love seat kin
5 Org.
9 Inbox fill
13 Language that gives us "tiki" and "kiwi"
15 City between Lake Tahoe and Pyramid Lake
16 Succulent with over 650 varieties
17 Pivotal pipes for Sunday worship?
20 What < means
21 Response to "You have something on your face"
22 Luxury cashmere brand
23 Hosp. areas
24 Start one's workday
28 "Starpeace" singer
29 Member of a Best Buy "Squad"
30 Big club?
31 Cantankerous clarinets and flutes?
35 Source of the Niagara River
36 Biathlon requirement
37 Stubbled digit
38 Copy-edit
39 A fan of
40 Highly emotive section of the orchestra?
42 Chicago-to-Columbus dir.
43 It's near the high end of the Beaufort scale
44 Take in
45 Picking up signals
47 Stubborn sort
48 Adherent's ending
51 Talk type
52 Federation
54 Thick percussion instruments?
58 Not in play
59 Slumps
60 The Justice Department was created during his presidency
61 Reject
62 Dressage movement
63 Really impresses
Down
1 Put through a blast furnace
2 Areas of refuge
3 Winner of eight Best Choreography Tonys
4 Brother of Athena
5 Prima donna's offerings
6 Broncos coach Payton
7 Long-running NBC show, for short

### Previous Puzzle's Solution

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

## Hall of Fame Player Was Known For Wizardry at the Hot Corner

By LINDSEY ADLER

Brooks Robinson, the third baseman known as "the Human Vacuum Cleaner" during a 23-year career with the Baltimore Orioles, died Monday at 86, according to his family and the team.

### OBITUARY BROOKS ROBINSON 1937-2023

Family since 1955, he will continue to leave a lasting impact on our club, our community, and the sport of baseball," the Orioles and Robinson's family said in a statement. No cause of death was disclosed.

Robinson's Hall of Fame career included two World Series victories (1966 and 1970), 18 All-Star teams and the American League Most Valuable Player award in 1964.

It was with his glove, however, that Robinson made his reputation as perhaps the greatest third baseman of all time. With diving catches in which his body sometimes appeared to go horizontal, he won 16 Gold Glove awards, the most for a third baseman.

"Established modern standard of excellence for third baseman," reads the first line of Robinson's plaque in the National Baseball Hall of Fame. His death was announced just days before the 2023 Orioles are set to begin a surprise postseason run, their first since a wild-card appearance in 2016.

Robinson "was a model of excellence, durability, loyalty and winning baseball for the Orioles," said MLB Commissioner Rob Manfred.

"His impact transcended the field—as a prominent voice in the early days of

the MLBPA and a relentless advocate for his fellow players through his work with the Major League Baseball Players Alumni Association," said Tony Clark, executive director of the player union. "His humanity, kindness, integrity and commitment will long endure."

The apex of Robinson's career was the 1970 World Series, when he single-handedly tormented the Cincinnati Reds during their Big Red Machine era. He went 9-for-21 in the World Series and stymied the Reds with his rally-killing defensive gems at third. He was named

recently relocated to Baltimore from St. Louis—ascended in unison.

As Robinson became an established everyday ballplayer for the Orioles, the team added additional manpower in the form of Frank Robinson and Boog Powell. The trio made it to the World Series three times together, winning in 1966 and 1970 and losing to Roberto Clemente's Pittsburgh Pirates in 1971.

Twenty years into his career, Robinson's playing ability began to diminish and the Orioles headed for a downturn as well. He retired



Robinson won 16 Gold Gloves, the most for a third baseman.

World Series MVP for a performance, offensively and defensively, that is remembered as one of the greatest postseason showings ever.

In his memoir, titled "Third Base Is My Home," Robinson recalled the Orioles scout who visited him during high school, in Little Rock, Ark., swaying him to the organization by telling him, "with us, you have the chance to move up faster than with probably any other club."

Robinson did reach the majors quickly, as an 18-year-old in 1955, but struggled to stick until 1960, when the Orioles as a whole began what became a lengthy run of winning seasons. He and the Orioles—who had re-

in 1977 at age 40, with 2,896 major-league games under his belt, 2,870 of which were spent at third base. He made fewer than 300 errors in over 25,000 innings in the field at third, the most playing time at the hot corner in MLB history.

In the nearly 70 years since the Orioles moved to Baltimore, only one player has proved to be as valuable to the franchise: a fellow infielder named Cal Ripken Jr.

"Brooks was Mr. Oriole," Ripken Jr. wrote in a statement on social media. "He was beloved and rightfully so. His historic career on the field pales to the impact he's made on so many of us."

FOCUS ON SPORTS/GETTY IMAGES

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









Our friend and colleague, **Evan Gershkovich**, was detained by Russia on March 29 during a reporting trip and accused of espionage. Evan, The Wall Street Journal and the U.S. government vehemently deny the allegation and have called for his immediate release.

Evan's colleagues, friends and family will be sharing stories about him each week.

To show support for Evan, please follow the latest updates at [WSJ.com/Evan](https://www.wsj.com/Evan) and add the hashtag **#IStandWithEvan** across social media.



Everyone should know what Evan is like as a friend.

We connected immediately when we met in college in 2010. We ran in different but overlapping circles, though our sense of humor, our sensibility, was always the same.

After graduation, we shared a third-floor walk-up in Brooklyn as we started our careers as journalists. We swapped stories, we joked about the state of the media, we partied, we ate too-cheap and too-expensive meals, we watched sports, we rode bikes all over the city, and we shared a vibrant social life.

Evan is an absolute goofball. He'll talk your ear off about whatever until 4 in the morning if you let him.

He'll strike up a conversation with anybody, about anything. Evan loves his friends. He remembers the big things, like birthdays, and the little things. He's the first to congratulate you if you've just published a big story or been promoted. He'll never pass up an opportunity to celebrate.

Evan loves the Mets, and he loves Arsenal, and he especially loves sharing those teams with people who aren't already under the spell.

I learned this the hard way as his roommate when he'd get out of bed at 7 a.m. on the weekends to watch Arsenal play, banging pots and pans together in the kitchen until we'd emerge to hang out with him.

Before all this happened, we'd been planning a visit to Moscow. I asked him to teach me how to say, "I'm allergic to peanuts" in Russian so I could practice.

That trip will probably never happen.



**Jeremy Berke**  
Evan's Friend and Former Roommate

# #IStandWithEvan

THE WALL STREET JOURNAL.

# BUSINESS & FINANCE

## Rising Yields, Dollar Press Stocks

Three major equity indexes all fall but remain higher for the year to date

By SAM GOLDFARB

Stocks fell sharply Tuesday, dragged down again by investor concerns about rising bond yields and a strengthening dollar.

The S&P 500 dropped 1.5%, extending its poor run since last week's Federal Reserve meeting when officials raised their interest-rate forecasts for 2024. The tech-heavy Nasdaq Composite shed 1.6%, while the Dow Jones Industrial Average slid around 388 points, or 1.1%.

Online retail giant Amazon was among the worst performers, falling 4%, after the Federal Trade Commission filed a lawsuit alleging that the company wields illegal monopoly power. The lawsuit, though, was

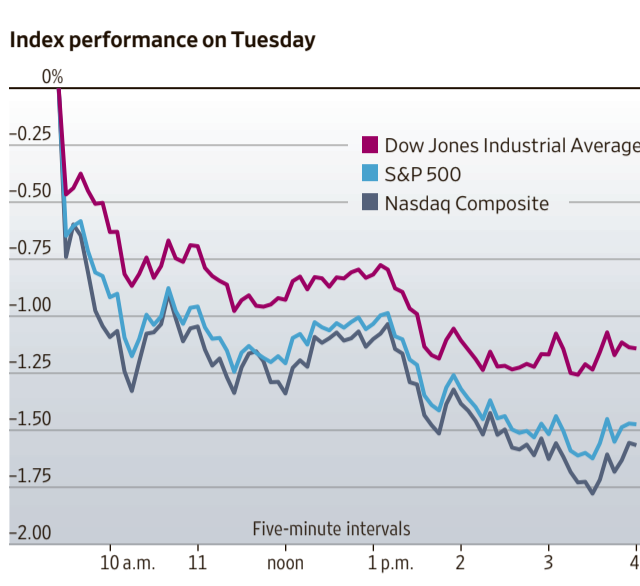
widely anticipated, and the declines were broadly based, reflecting larger anxieties about the outlook for interest rates and the economy, analysts said.

"Dollar up, rates up—that's really all that matters right now," said Michael Antonelli, market strategist at Baird.

While major indexes remain higher for the year, they have taken a meaningful hit since the end of July when the yield on the 10-year Treasury note climbed back above 4%.

Yields, which rise when bond prices fall, have surged in large part because the economy has remained strong, causing investors to question how soon the Fed can start cutting interest rates.

Still, higher yields translate into higher borrowing costs for businesses and consumers, which is making investors nervous about how long the economy can keep expanding. Higher yields have also boosted the dollar, threaten-



ing companies that generate substantial revenue outside the country.

Few stocks were spared from Tuesday's downdraft. Cintas, the Cincinnati-based provider of uniform-

forming sector in the broad market index, falling 0.5%. That reflected another uptick in oil prices, which has also concerned investors.

Rising bond yields can hurt stocks in a variety of ways.

Some investors view technology stocks as particularly vulnerable because they tend to be valued for earnings that are expected to arrive further in the future, and those profits are worth less when investors can get an improved risk-free return by holding government bonds to maturity. At the same time, higher bond yields and borrowing costs could cause a recession, which could do greater damage to many companies outside the tech sector.

Highlighting the unusual state of the economy, new data on Tuesday showed that home prices rose in July, putting home-buying affordability near its lowest level in decades. Though higher mortgage rates have depressed demand for Energy was the best per-

## Crypto Exchange Binance Teeters On Brink

After FTX crashed, the world of crypto seemed to belong to the largest exchange, Binance. Less than a year later, Binance is the one in distress.

By Patricia Kowsmann, Caitlin Ostroff and Angus Berwick

Under threat of enforcement actions by U.S. agencies, Binance's empire is quaking. Over the past three months, more than a dozen senior executives have left, and the exchange has laid off at least 1,500 employees this year to cut costs and prepare for a decline in business. And while Binance still looms large in crypto, its dominance is dwindling.

Binance now handles about half of all trades in which cryptocurrencies are directly bought and sold, down from about 70% at the start of the year, according to data provider Kaiko.

What happens to Binance will have immense implications for the crypto industry because the exchange is so big. Industry players and watchers said other exchanges would fill the void if

## How Batteries Helped Save the Power Grid

By JENNIFER HILLER

The U.S. power grid relied on a new Band-Aid to help it through this summer's punishing heat: giant batteries.

Battery storage has emerged as a tiny but important slice of the electrical-power mix during summer heat waves, helping bridge the gap at sundown when solar generation fades but everyone continues to crank air conditioners.

Electric-grid operators from Pennsylvania to California have skated through a season of high temperatures with a combination of existing and new energy supplies, including batteries, that have added up to enough to avoid rolling blackouts. Large-scale batteries have filled in when large power plants tripped offline and helped stabilize the grid.

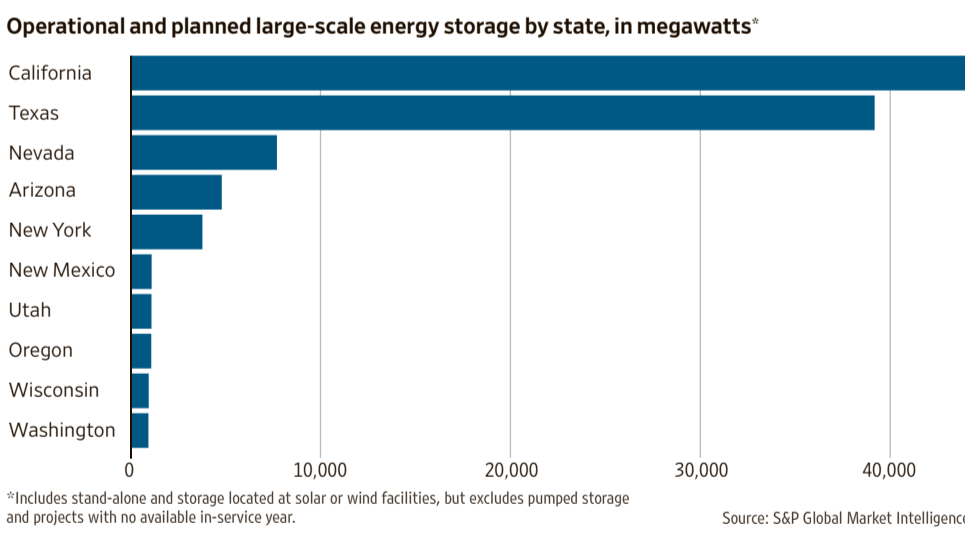
In Texas, which logged 10 demand records this summer, batteries helped narrowly avoid rolling blackouts one evening at sunset. The state's batteries discharge almost entirely in the evenings, especially around 7 p.m. when solar generation nosedives and there is little wind generation, which usually picks up overnight.

"Batteries weren't the only reason why there haven't been blackouts this year, but it was a critical piece of keeping the lights on," said Jeff Bishop, chief executive of battery developer Key Capture Energy, which has about 380 megawatts of storage in operation in Texas.

Before 2020, large-scale batteries barely existed. Now U.S. developers are planning record



Battery storage at an Enel solar facility in Texas this month. In the state, which logged 10 demand records this summer, batteries helped avoid rolling blackouts one recent evening.



amounts of large installations across 29 states, according to the American Clean Power Association and energy consultant Wood Mackenzie. The sector has seen a sharp increase in additions even as the pace of delivering other clean-energy projects has slowed.

Companies connected nearly 1,500 megawatts of battery storage to the grid in the second quarter, enough to power about 300,000 homes during peak demand, up 60% from the same

## Nomura Banker Hit With China Exit Ban

A senior investment banker at Nomura has been told by Chinese officials that he can move freely within the mainland but not leave, according to people familiar with the matter.

By Rebecca Fong, Matthew Thomas and Yoko Kubota

Charles Wang Zhonghe, the Hong Kong-based head of the Japanese bank's China investment banking team, recently informed his employer that he can't return to the Asian financial hub or go overseas, the people said. He is cooperating with an investigation by Chinese authorities, they added.

The investigation has to do with Wang's previous job, according to the people. He isn't detained and remains contactable, The Wall Street Journal established on Tuesday. Wang's exit ban was previously reported by the Financial Times. Wang is also chairman of

Nomura Orient International Securities, the Japanese bank's joint venture in mainland China. A veteran investment banker, he started his career in New York and has also worked at the former Merrill Lynch and Deutsche Bank in Hong Kong.

Before he joined Nomura in 2018, Wang was deputy chief executive officer at Industrial and Commercial Bank of China International, a subsidiary of the world's biggest bank by assets, according to his LinkedIn profile. He was also based in Hong Kong for that role, and was responsible for business development and the firm's investment banking and capital markets activities between 2011 and 2016.

ICBC International's former chairman and CEO, Cong Lin, is currently under detention in mainland China as part of a corruption probe. That investigation has also ensnared Bao Fan, a star Chinese deal maker who founded and ran China Renaissance Holdings, a bou-

## INSIDE



RETAIL Target cites theft and security concerns as it plans to close several locations. B3



HEARD ON THE STREET Western oil companies won't lift output amid OPEC's squeeze. B12

## Surging Insurance Costs Squeeze Office Landlords

By KONRAD PUTZIER

Commercial property owners, already struggling with high interest rates and rising vacancies, face exploding insurance costs that keep hitting new highs.

Natural disasters, inflation and a shrinking reinsurance market have pushed insurance premiums to record levels, echoing the surge in home insurance rates for much of the U.S. That leaves many landlords in a bind. Their building values and rental income are down, yet expenses keep rising.

Commercial real-estate insurance costs have risen 7.6% annually on average since 2017, according to Moody's Analytics. Those increases can result in hundreds of thousands of dollars or more in additional annual costs, depending on location and size of the property. They can be steep enough to wipe away a year's worth of profits.

While insurance premiums are rising virtually everywhere



Intensifying natural disasters are a big reason for the increase.

and for all building types, some cities have been particularly hard hit, especially for multi-family buildings. Costs to insure rental-apartment buildings rose 14.4% annually on average in Dallas, 13% in Los Angeles and 12.6% in Houston. Some owners struggle to find anyone willing to insure their buildings, Moody's said.

"I have never seen such a significant and rapid change in insurance capacity as well as spikes in pricing," said Alexandra Glickman, leader of the real estate and hospitality practice at insurance consulting firm Gallagher.

For some property owners, the impact of rising insurance costs has been more punishing than rising interest rates. Many

# INDEX TO BUSINESSES

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

Index to Businesses table with columns A, B, C, D-E, F, G, H, I, J, K, L, M, N and rows listing companies like Abbvie, AgriFRESH Solutions, Alphabet, Amazon.com, Apple, Arm, AT&T, Baker Hughes, Bank of New York Mellon, Binance, Birkenstock, Blackstone, BP, Bristol Myers Squibb, Byju's, Chevron, Cintas, Costa, DuckDuckGo, Eli Lilly, Enel, Exxon Mobil, Ford Motor, General Motors, Instacart, Jesta, JPMorgan Chase, Key Capture Energy, Klaviyo, Lazard Freres, Marlin Equity Partners, Microsoft, Mitsui, Moderna, Netflix, New Mountain Capital, Nomura, Novo Nordisk, OpenAI, Paine Schwartz Partners, Pfizer, Related, Samsung Electronics, Shell, Stellantis, Target, Verizon Communications, Walt Disney, Warner Bros. Discovery, Yahoo.

# INDEX TO PEOPLE

Index to People table with columns A, B, C, D, E, G, H, L, M, P and rows listing individuals like Altman, Antonelli, Bishop, Black, Braddi, Brin, Cornell, Cue, Denton, Dimon, Erdoes, Georgiades, Giventer, He, Holz, Laughlin, Lerner, Lin, Michalak, Milo Jr., Musk, Peron, Pierce, Raveendran, Savenkova, Schmidt, Schwartz, Sechin, Shroder, Son, Struyen, Weinberg, Zhao, Zhonghe, Wang.

# BUSINESS & FINANCE

## Health-Tech Firms Set to Merge

By CHRIS CUMMING AND LAURA COOPER

Private-equity firms **Mountain Capital** and **Marlin Equity Partners** plan to merge two companies they own in a bid to create an all-in-one technology platform for employers and patients to manage their healthcare plans. New Mountain-backed HealthComp, a health-plan administrator, and Marlin-backed Virgin Pulse, which operates a digital-wellness platform, plan to combine through a \$3 billion transaction, according to people close to the deal. The companies, which will retain their individual names for now, plan to announce the merger Wednesday.

a minority position, the people said.

Morgan Health, **JPMorgan Chase's** healthcare investment arm, and **Blackstone**, the world's largest alternative-asset manager, with more than \$1 trillion in assets, will also take minority stakes, while Blackstone's credit arm will provide debt financing for the transaction, the people said.

**Fundraising by healthcare-specialist firms has remained strong.**

The combination aims to create an integrated service provider for employer-sponsored health plans, which the firms expect will help lower healthcare costs and improve service, according to a planned deal announcement.

The combined company will be led by Virgin Pulse Chief Executive Chris Michalak and

will serve 20 million users and more than 1,000 self-insured employers, according to the firms.

Private-equity activity has been in a deep slump for more than a year, as higher interest rates have hindered asset managers' deal making, fundraising and asset sales. But the healthcare sector has remained a relative bright spot, as consistently high U.S. spending has continued to support a steady pace of deals despite macroeconomic uncertainty stemming from higher inflation and interest rates.

In the second quarter of this year, for instance, there were 164 private-equity deals in healthcare services, less than half as many as during

the same period of last year, but still higher than the average quarterly deal count in 2018 and 2019, according to research provider PitchBook Data.

Meanwhile, fundraising by healthcare-specialist firms has remained strong, creating a healthy supply of capital for firms to invest in the sector, PitchBook said.

Fresno, Calif.-based HealthComp, which New Mountain backed about three years ago, operates systems that let employers and health-plan participants track services, manage claims and make payments.

Providence, R.I.-based Virgin Pulse, a health-technology business originally formed by Richard Branson's Virgin Group, provides ways for health-plan sponsors to reduce costs while improving the health of participants.

Marlin acquired the company in 2018 and has expanded it through several acquisitions.

## Banker Hit With China Exit Ban

Continued from page B1  
tinue investment bank. Bao disappeared in February this year and remains uncontactable.

China has taken a tough line against some foreign businesses this year, as the government grows increasingly sensitive over the sharing of data and other information across borders. Earlier this year, Chinese authorities raided the offices of Capvision, an expert-network consulting firm; detained local staff of Mintz Group, a due diligence company; and questioned the employees of Bain & Co., a global consulting firm.

The request for Wang not to leave the country wasn't linked to his job at Nomura, said a person familiar with the matter. But Rahm Emanuel, the U.S. ambassador to Japan, named the firm in a message sent on X, formerly Twitter.

"China says they're open for business, but it doesn't feel like it for the employees of Astellas, Bain & Company, Mintz, Capvision, and now Nomura," Emanuel posted.

"The list of companies targeted by police raids, arrests, and detention is growing by the day, and foreign investment continues to slide by the week. When it comes to [the] topic of 'containing' China, the PRC is in a class of its own," the post said.

China has been known to place exit bans on people who are being investigated or assisting with government probes. Such travel restrictions have been imposed on Chinese and foreign nationals, and aren't typically known to the individuals they apply to until they attempt to leave mainland China.

The persons in question could be involved in investigations that could drag out for months or years. They could also be foreign nationals who face no allegations of wrongdoing but are held to put pressure on family members to return to the country.

These exit bans can vary in duration. Some have been lifted in the past.



Hong Kong-based Charles Wang Zhonghe is free to move within mainland China but not leave.

## Writers Head Back To Work

Continued from page B1

used at \$429 million annually while the Alliance of Motion Picture and Television Producers initial offer was a deal valued at \$86 million a year.

Members are scheduled to vote on the package between Oct. 2-9, and a deal could open the door to a resolution of the Screen Actors Guild strike. The writers strike was scheduled to end early Wednesday.

For now, the agreement is likely to revive late-night TV shows and put Hollywood scribes back in writers rooms. Some major provisions in the writers' agreement include:

◆ Writers will receive greater insight into how shows perform on streaming services. Streamers including Netflix have agreed to tell the union on a confidential basis how many hours customers spent watching content that platform produced, the union said.

◆ Union members will be able to share in the success of content that performs well on streaming services. Movies and films that are viewed by more than 20% of a streaming service's domestic subscribers in the first three months of release will receive a bonus of 50% of the fixed domestic and foreign royalties.

◆ Studios and streamers will hire a minimum number of writers per project, based on episodes in a series. A six-episode series must have at least three writer-producers; that figure increases for shows with more episodes.

◆ Foreign royalties will increase by 76% in the new deal, the WGA said, and will be based on a streaming service's

international subscriber base. The three-year foreign residual for a one-hour episode of a Netflix show, for example, will increase to \$32,830 from the current \$18,684.

◆ Studios will be transparent about how they use AI. The writers received some protections in the use of artificial intelligence by the studios, but not as much as they had sought. The WGA wanted broad oversight over artificial intelligence including the use of scripts to train AI, but didn't secure it in the agreement. Still, AI-generated material cannot be used to "undermine a writer's credit," the WGA said, and studios must tell writers if any materials it gives them have been made by AI.

The agreement sets the new rules of the streaming era and was forged as the full cost of an industrywide pivot from legacy TV to streaming comes into clear relief. Even before the Writers Guild of America put down their pencils in May, entertainment companies were paring back investments in new TV shows and films.

Netflix, Disney, Warner Bros. Discovery and Paramount Global have all been in cost-cutting mode. Investors last year began demanding streaming profitability over subscriber growth, ushering in a more austere period of spending on content. Meanwhile, consumers continued to cut the cable cord in earnest, sapping entertainment companies of a stream of revenue executives hoped would ease the transition to streaming.

The bottom line: Writers will walk away with better financial protections and the ability to earn a steadier living. But streamers and studios will have to come up with that money one way or another. That could mean that getting shows picked up or renewed could get harder, and rich upfront paydays for writer-producers could go to a select, elite few.

## Batteries Helped Save Grid

Continued from page B1

period last year, according to S&P Global.

At the same time, solar installations dropped 24% and new wind projects declined 45% during the quarter.

Inflation and supply-chain disruptions that bogged down battery-storage projects starting in 2021 have started to stabilize and ease, and this year the industry is seeing an accelerated recovery, according to analysts at investment bank Evercore ISI.

New tax incentives are speeding investment, too. Last year's climate and tax bill, the Inflation Reduction Act, introduced a credit for battery storage for the first time. Batteries

previously had to be paired with a solar or wind project to receive incentives but now can be built as stand-alone projects and qualify.

The U.S. battery market is dominated by states including California, Nevada, Arizona and Texas. Batteries earn money through providing services that stabilize the grid or by arbitrage, often charging up on cheap or excess renewable generation, then discharging later when energy prices and demand soar. Battery installations in the West might provide power for three to eight hours, while those in the Midwest and Texas often discharge for an hour or two.

Battery storage makes up nearly 60% of the Texas projects asking to connect to the grid, far more than any other source, according to the grid operator, the Electric Reliability Council of Texas.

Enel has 520 megawatts of battery storage capacity in Texas, most of it new this summer.

Even though temperatures have started to drop slightly in Texas, September has brought a new stress: an even faster evening decline of solar generation. "It's still 96 degrees at 8 p.m. and the sun is starting to set a little bit earlier," said Madeline Gould Laughlin, senior manager of regulatory affairs for Texas for Enel North America.

On Sept. 6, a problem with a transmission line sent the state's grid operator into emergency operations. That evening it brought online all available generation, called on some large customers to slash electricity use and imported power into the state.

Natural gas provided the bulk of the state's power that night but a record amount of battery storage came online, too, providing 2,172 megawatts, a little under 3% of the generation mix as operating reserves were dangerously low.

—Katherine Blunt contributed to this article.



JOURNALISTS DON'T 'JUST WRITE STORIES.'

THEY RECORD HISTORY.

Dow Jones News Fund logo and text: Learn more about the impact your journalism career can have on the world. Wall Street Journal reporter Erin Ailworth and others share career advice at [dowjonesnewsfund.org/careers](https://dowjonesnewsfund.org/careers).

## BUSINESS &amp; FINANCE

## Obesity Drugmakers Avoid Pharma's Stock Slump

BY CHARLEY GRANT

The pharmaceuticals sector is enduring a tough year in the stock market. Companies selling weight-loss drugs are a big exception.

Surging demand for medications that treat Type 2 diabetes and help patients lose weight has driven a major rally on Wall Street as investors expect years of blockbuster revenue ahead. Shares of **Novo Nordisk**, which markets bestselling drugs Ozempic and Wegovy, are up 36% this year. **Eli Lilly**, which sells Mounjaro, has gained 50%.

The rest of the industry hasn't been so fortunate. The Dow Jones Pharmaceutical Index has slipped 3.2% so far this year. The S&P 500 has gained 11% in 2023. Drugmakers that sell Covid-19 vaccines and treatments have fared especially poorly. **Pfizer** is down 37% this year, while **Moderna**

has shed 45%.

The logic of the weight-loss trade is simple: More than 40% of U.S. adults have obesity, according to Centers for Disease Control and Prevention data.

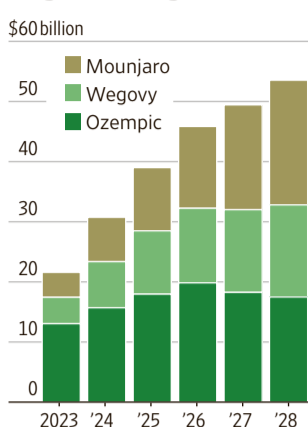
The simplicity broadens the trade's appeal to investors who can wrap their heads around the condition, according to Jared Holz, healthcare-sector specialist at Mizuho Americas.

"It's obesity. It's not hematology, it's not oncology, it's not gene therapy," said Holz.

Wall Street sees blockbuster sales and profits in weight loss for years to come. Analyst forecasts call for the three drugs to reach \$53.5 billion in combined annual revenue by 2028, up from \$21.6 billion for this year, according to FactSet data.

Complications from obesity trigger complications that cost hundreds of billions of dollars

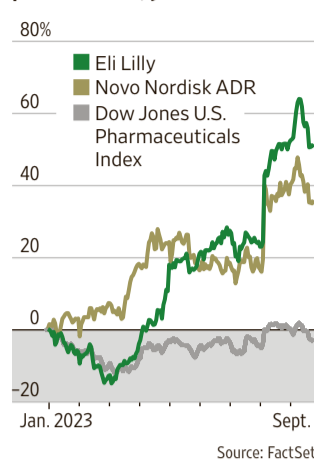
## Projected annual weight-loss-drug sales\*



\*Analyst consensus forecasts

to treat annually. A recent study found Wegovy cut the risk of heart attacks, strokes and cardiovascular deaths by 20% in addition to helping people lose weight, raising hopes that insurers will pay for the drugs in more situa-

## Share-price and index performance, year to date



Source: FactSet

tions. For Lilly and Novo Nordisk, enthusiasm for their products has trumped a string of setbacks for the industry that have investors avoiding the sector. The pandemic sales boom

in Covid-19 vaccines and treatments is fading. Pfizer expects a Covid vaccination rate of about 24% this year in the U.S., finance chief David Denton said at a conference last week. That is about half the typical vaccine rate for flu, he said.

Meanwhile, 10 drugs have been targeted by Medicare for pricing negotiations, raising concerns that the industry's bargaining power faces long-term erosion. Key patents have expired for some bestselling products, such as **Bristol Myers Squibb's** cancer drug Revlimid and **Abbvie's** anti-inflammatory treatment Humira, opening the door for low-cost competition.

Moreover, returns from slower-growing industries that pay relatively high dividends, such as healthcare and utilities, have lagged behind the market. Investors have flocked to higher-growth sec-

tors like technology, while higher interest rates mean that the benefit of owning stocks over bonds is waning.

That has left a big valuation gap between this year's winners and losers. Pfizer trades at 9.7 times forward earnings estimates, according to FactSet, while Lilly trades at 47 times. The S&P 500 trades at 18.2 times.

Some investors are betting that the beaten-down pharma stocks will offer better value.

Craig Giventer, managing director of portfolio strategies at GYL Financial Synergies, said he owns Pfizer for client accounts because investors are overlooking the potential of technology used to develop Covid-19 vaccines to churn out the next hit medicine.

Valuations for weight-loss stocks don't leave room for possible bad news in the future, such as fresh competition emerging, he said.

## Target to Close Locations That Face Theft Concerns

BY BEN GLICKMAN

**Target**, like many big retailers, has complained about retail crime hitting its stores. Now, the company plans to close nine locations across four states, citing elevated levels of theft and safety concerns for its shoppers and employees.

The retailer said Tuesday that stores in the New York City, Seattle, San Francisco and Portland, Ore., markets would close effective Oct. 21. The stores account for a small portion of the more than 1,900 locations the company operated nationwide as of late January, but the decision is the latest sign of actions executives say they are taking to protect their businesses.

Target is also dealing with a broad slowdown in sales compared with its performance through the pandemic. The company said last month that shoppers in the most recent period spent less on apparel, home goods and other discretionary items in the midst of higher prices.

Retailers have said they have faced growing theft in recent years that has led to responses such as locking up more merchandise on shelves, hiring off-duty police officers and closing some hard-hit stores.

Walmart earlier this year closed a number of stores in urban areas, including Chicago, Washington, D.C., and Portland, Ore., citing years of underperformance. At the time, a spokesman said theft wasn't a driving factor for the closings. Nike temporarily closed one of its Portland stores last year amid issues with theft; it recently said the site would close permanently.



The retail chain has said losses from theft or damaged goods will cut into profitability this year. Many stores are using theft-deterrent tools and adding security guards.

Three of the stores that Target said it would close are in the San Francisco metro area, a place that has had a number of high-profile retail defections of late. Department-store chain Nordstrom closed two stores near downtown this year, including one in a shopping mall. Target said it has 32 stores that remain open in the metro area. The New York City store is in the Harlem area.

For the closing stores, Minneapolis-based Target said theft was "threatening the safety of our team and guests, and contributing to unsustainable business performance." It also said investments made to prevent theft, such as adding security guards, using third-party guard services and using theft-deterrent tools, have been ineffective in curbing retail crime.

"Organized retail crime,

habitual theft, and violence are significant challenges for retailers of all sizes," the Retail Industry Leaders Association said in a statement. The trade group added that Target's announcement reflects "the substantial problems that exist in communities across the U.S."

Target has said that the rise in crime in its stores will eat into profits this year.

After first-quarter results in May, the company forecast that shrink—the industry term that includes theft as well as losses from lost or damaged goods—would cut into profitability by more than \$500 million. Target's annual profit in the year ended Jan. 28 was \$2.78 billion.

Losses from shrink rose last year from the year prior, but it accounts for a small percentage of a company's overall financial performance, according

to data released Tuesday by the National Retail Federation, a trade group. The average shrink rate reported by retail-

ers increased to 1.6% of sales—levels similar to 2019 and 2020—from 1.4% previously, the group.

Chief Executive Brian Cornell said in August that theft had continued at a high level, and was trending "in the wrong direction."

Target's announcement follows a string of violent incidents at retailers. A CVS store manager in Mesa, Ariz., was fatally shot earlier this month after suspecting a man was stealing from the store.

Cornell said in August that the company has seen a 120% increase in theft incidents which involve violence or threats in the first five months of this year. The company hasn't provided the number of incidents.

Target shares on Tuesday closed down 2.5% to \$109.48, as a number of other retail stocks fell. The company's shares are down about 27% for the year, compared with an 11% gain in the S&P 500.

—Sarah Nassauer contributed to this article.

## 3M Probed in Belgium Over Forever Chemicals Emissions

BY JOHN KEILMAN

**3M** is facing a government investigation in Belgium over water emissions from a company plant that allegedly contained a higher-than-allowed level of so-called forever chemicals.

The Minnesota-based materials company said in a regulatory filing that it has idled all manufacturing related to PFAS, known as forever chemicals, at the 3M Belgium facility in Zwijndrecht, near Antwerp, though other operations have continued there.

The investigation and partial plant shutdown are the latest PFAS-related difficulties for 3M, which has manufactured the chemicals since the 1950s before saying last year it will stop making and using them by the end of 2025.

A spokesman for Flemish minister of the environment, Zuhair Demir, said the PFAS chemical at issue, PFBA, was found in a concentration 10 times higher than the legal limit. 3M reported the finding to the government last week, he said, and voluntarily agreed to shut down its PFAS manufacturing.

Demir said she had ordered an investigation into how long 3M knew about the emis-



Work at the Belgium plant related to PFAS has been idled.

sions before informing the government.

3M said in its filing that the company continues to engage with the authorities.

The company also said the partial shutdown could affect other 3M businesses that rely on materials from the factory, and which might not be available elsewhere in similar quantities. It is evaluating whether it can restart the plant's idled PFAS manufacturing or phase out the production more quickly.

In June, 3M agreed to a settlement of up to \$12.5 billion to end litigation with U.S. cities that alleged their drinking water was contami-

nated with the chemicals. It still is dealing with thousands of personal injury lawsuits related to the chemicals, as well as lawsuits brought by state attorneys general.

3M in 2021 agreed to shut down PFAS-emitting manufacturing in Belgium after it was found to have caused widespread contamination with one form of the chemical, the government said. Production was allowed to resume after experts concluded PFAS emissions were negligible.

Demir said her office would inform the U.S. Environmental Protection Agency about its finding.

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# THE PROPERTY REPORT

## Miami Beach Tower Tests Florida Law

### Mayor is against the project, but rule on affordable housing may let it proceed

By DEBORAH ACOSTA

When Montreal-based developer **Jesta Group** recently unveiled plans to build up to a 30-story residential building that would tower over the rest of Miami Beach's Ocean Drive, local officials immediately vowed to fight it.

"It is among one of the worst ideas ever," said Miami Beach Mayor Dan Gelber, who pledged the city would halt the project through city, state and federal courts as well as the state legislature. The project would create a precedent for the development of other tall towers, Gelber said, which would "end Ocean Drive as we know it."

In previous years, it is doubtful a developer would even attempt any project that would cast such a long shadow over Miami Beach's art decloined boulevard, where most buildings are no taller than five stories. But a new state law intended to promote affordable housing is empowering them to try.

"If the city does not work collaboratively with us," said Alexander Tachmes, the lawyer representing the developer,

"at some point, our client will proceed under the act."

He is referring to the Live Local Act, which went into effect in July and was passed to alleviate the affordable housing crisis being felt across Florida. Miami, for example, has the highest share of cost-burdened renters of any major metro area in the country, according to a Harvard study.

The Jesta Group is planning a residential project with 137 units, 40% of them affordable rental units, and the rest condos, where the Cleveland South Beach hotel has stood for more than 80 years. The developer's ability to overcome—or fall victim to—local political pushback and other obstacles will be one of the first major tests of the new law.

As is the case with housing laws in California, Oregon, Washington and other states, Florida's law allows developers to expand height, density and other zoning restrictions for affordable and workforce housing projects.

Florida's law goes further than others, offering substantial tax breaks, interest-free loans and other benefits for developers that price at least 40% of their residential units as affordable or workforce housing for the next 30 years.

As long as the units are priced at less than 30% of 120% of the median household

income, which in Miami-Dade starts at \$86,760 for a family of one and \$133,800 for a family of five, the projects qualify.

Under the law, developers can pursue administrative approvals from local municipalities for zoning changes instead of contending with multiyear public hearings. That can cut the approval process timing in half, lawyers say.

The Live Local Act received broad bipartisan support in the state legislature when it passed in March and Republican Gov. Ron DeSantis signed it into law. But its implementation is drawing criticism from members of local municipalities in both parties who say their power has been preempted.

"Too many times these projects get caught up in Nimbysim," says Albert Milo Jr., an executive at Related Urban Development Group, the affordable housing arm of Miami-based developer **Related Group**. "They never overtly say 'we're against affordable or workforce housing,' they just make the process so arduous. That's the reason why this law was necessary."

Related Urban has at least seven housing projects in the pipeline that rely on some aspect of the Live Local Act, he said.

Anthony De Yurre, a lawyer at Bilzin Sumberg, said he is advising on 30 projects across



ALEXANDER WISNIEWSKI FOR THE WALL STREET JOURNAL

### The residential project of up to 30 stories would be built on the site of the Cleveland South Beach hotel on Ocean Drive, where most buildings are no taller than five stories.

Miami that are moving forward under the Live Local Act. "Clients are building specifically to comply with the tax exemption on projects where they wouldn't have done workforce housing," he said.

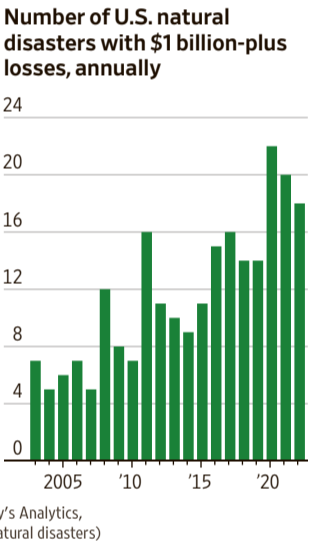
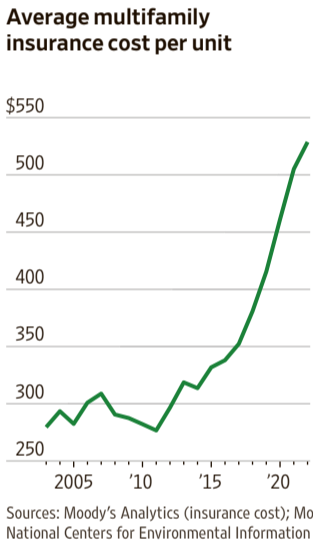
That hasn't stopped some Florida cities from taking steps that could derail, or at least delay, some of the new housing proposals. Doral, where the population has increased 77% over the last eight years, has implemented a six-month moratorium on new development.

Doral's Mayor, Christi Fraga said in a statement that the moratorium would give city officials "time to develop and codify the necessary procedures that will allow for responsible implementation and



enforcement of the statute." The Jesta Group is hoping hurdles won't disrupt its plans for the Miami Beach residential tower, which will include a high-end restaurant. The firm has yet to submit an application for the new development because it is meeting with local officials and other stakeholders to determine the exact

size of the development. Gelber in the past has suggested that Ocean Drive should have more residential mixed in to combat the crime the famous street has had to navigate these past few years. But he and other critics in the community say this tower's height would destroy the street's character.



## Insurance Costs Hit Landlords

Continued from page B1 landlords still have low debt costs because they signed long-term, fixed-rate mortgages before 2022 that don't expire for years to come. But insurance contracts typically renew every year. That means virtually every property owner has been forced to either sign a new policy at a higher cost, or skip in-

urance altogether. The number of property sales for \$25 million or more is down 79% since late 2021, according to CoStar Group. Rising insurance costs are contributing to that steep drop. "Deals that may have just fit what we are buying are now off the table because the insurance costs are just too high," said Ian Bel, managing member of apartment landlord Olive Tree Holdings. Intensifying natural disasters are a big reason for the increase. Meanwhile, inflation has pushed up the cost of repairing or rebuilding damaged properties. In some cases insurers choose to not even provide

quotes, leaving those who do free to charge higher premiums. Owners of rental apartment buildings are particularly vulnerable because they have to pay for insurance. Commercial landlords can typically pass the costs on to their tenants, said Robert Gilman, a partner at accounting and advisory firm Anchin. But that is only helpful if they have tenants. Rising office and retail vacancies mean many property owners are left to foot much of the bill themselves. Mortgage lenders typically demand that owners get insurance that covers the full cost of rebuilding the property, Glickman said. Some owners are

now trying to lower that amount, arguing that it is unlikely the entire building will be destroyed. Landlords and insurance brokers say banks are often open to the idea, especially in cases where rising costs threaten a default. Some banks are still insisting on full coverage. Until May 2023, real estate owner Three Pillars Capital Group paid \$630,474 annually to insure the 544-unit Del Mar Apartments complex in Houston. But when the insurance expired and Three Pillars requested quotes for a new one, the estimated cost tripled to around \$1.8 million, the company said in a court filing.

## Biggest 1,000 Stocks

Table with columns: Stock, Sym, Close, Net Chg. Lists top 100 stocks by market cap.

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## Borrowing Benchmarks

Table showing borrowing benchmarks for various financial instruments like Treasury bills, commercial paper, etc.

## Money Rates

Table showing money rates for various instruments like Fed funds, call money, etc.

## Other short-term rates

Table showing other short-term rates for various financial instruments.

## Cash Prices

Table showing cash prices for various commodities like Energy, Metals, Battery/EV metals, Fibers and Textiles, Grains and Feeds, Food, and Fats and Oils.

## Dividend Changes

Table showing dividend changes for various companies.

## U.S. consumer price index

Table showing U.S. consumer price index for various categories like All items, Core, etc.

## U.S. government rates

Table showing U.S. government rates for various maturities like 3-month, 6-month, etc.

## Fannie Mae

Table showing Fannie Mae mortgage yields for various terms like 30-day, 60-day, etc.

## DTCC GCF Repo Index

Table showing DTCC GCF Repo Index for various terms like 1-month, 3-month, etc.

## Notes on data

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective July 27, 2023. Other prime rates aren't directly comparable; lending practices vary widely by location. Discount rate is effective July 27, 2023. Secured Overnight Financing Rate is as of September 25, 2023. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value reported is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.

## Stocks

Table showing stock prices and changes for various companies.

## International rates

Table showing international rates for various countries like Canada, Japan, etc.

## U.S. prime rate

Table showing U.S. prime rate for various terms like 1-month, 3-month, etc.

## U.S. government rates

Table showing U.S. government rates for various maturities like 3-month, 6-month, etc.

## Policy Rates

Table showing policy rates for various countries like Euro zone, Switzerland, etc.

## U.S. consumer price index

Table showing U.S. consumer price index for various categories like All items, Core, etc.

## International rates

Table showing international rates for various countries like Canada, Japan, etc.

## U.S. prime rate

Table showing U.S. prime rate for various terms like 1-month, 3-month, etc.

BONDS

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table with columns: Total return close, YTD total return (%), Index, Yield (%), Total return close, YTD total return (%), Index, Yield (%). Sub-sections include Broad Market, U.S. Corporate Indexes, High Yield Bonds, U.S. Agency, Mortgage-Backed, and Global Government.

\*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds. †In local currency ‡Euro-zone bonds \*\*EMBI Global Index Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table with columns: Country, Maturity, Latest yield, Yield change, Spread over U.S. Treasuries. Countries include U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread. Issuers include Citigroup, John Deere Capital, American Honda Finance, etc.

...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread. Issuers include Starbucks, Bank of Montreal, Citigroup, etc.

High-yield issues with the biggest price increases...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond price as % of face value. Issuers include Toledo Hospital, Ford Motor, etc.

...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond price as % of face value. Issuers include Lumen Technologies, Bath & Body Works, etc.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt; change in spread shown is for 2-spread. Note: Data are for the most active issue of bonds with maturities of two years or more Source: MarketAxess

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COMMODITIES

Futures Contracts

Table of futures contracts including Metal & Petroleum, Coffee, Sugar, Ultra Treasury, Interest Rate, Currency, and Agriculture. Columns include Open, High, Low, Settle, Chg, and Open interest.

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ILLINOIS

NOTICE OF SHERIFF'S SALE AUCTION

72 Apartment Units - Champaign IL Property Address: 501-621 Crescent Drive, Champaign IL 61821 Parcel No.: 44-20-15-226-037

Contact person for information regarding the sale is: Rochelle A. Funderburg, Esq. 306 West Church Street, Champaign IL 61820, tel: (217) 352-1800. Inspection dates prior to the sale: 9 AM - 4 PM on Oct. 3, 4 & 5, 2023.

To schedule a site inspection or obtain access to receiver's drop box account with property information, contact K. Brooke Simon at LK Asset Advisors, LLC 225-573-0549, brooke@lkassetadvisors.com.

Auction: October 13, 2023 at 9 AM in the jury assembly room in the Champaign County Courthouse, 101 East Main Street, Urbana IL 61801.

Minimum opening bid amount: Five Million Four Hundred Thousand Dollars (\$5,400,000). A minimum non-refundable deposit of \$500,000 cash or certified funds is required on the day of the sale; and the balance shall be due within ten (10) days. The property shall be sold to the highest bidder for cash or certified funds.

No title insurance is being provided with respect to the sale and the real estate is sold "as is." Without limiting the foregoing, the real estate will be sold subject to outstanding real estate taxes and special assessments, if any, and easements and restrictions of record.

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BIGGEST 1,000 STOCKS

Continued From Page B6

Table with 10 columns: Stock, Sym, Close, Net Chg. Lists top 1,000 stocks including Alphabet, Microsoft, Amazon, Google, etc.

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— John M, Southern mechanical services

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— Peter W, Large Mechanical service company, West

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— Jordan P, Mid-size distributor South

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CAREERS

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NOTICE OF SALE

UCC PUBLIC SALE NOTICE

PLEASE TAKE NOTICE that Newmark ("Newmark") on behalf of 441 W 37th St LLC ("Secured Party") will offer for sale at public auction 100% of the limited liability company interests (the "Membership Interests") held by ES7 MEZZ LLC and WEST 37TH ST LLC.

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PLEASE TAKE NOTICE that Eastell Secured, LLC, on behalf of REUS HWY Holding, LP, a Delaware limited partnership ("Secured Party") offers for sale at public auction on November 15, 2023 at 10:00 a.m. (prevailing Eastern Time) at the offices of Gibson, Dunn & Crutcher LLP.

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PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Event(s) of Default under those certain Ownership Interests Pledge and Security Agreements dated as of October 20, 2022 but executed as of July 1, 2022 (the "Pledge Agreement")...

NOTICE OF SALE

NOTICE OF UCC PUBLIC AUCTION SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code of the States of Delaware and New York (as applicable), VP OSTAN HOLDINGS LLC, a Delaware limited liability company (the "Secured Party"), will sell at public auction all limited liability company interests held by 215 Chrystie Mezz LLC, a Delaware limited liability company (the "Pledgee"), in 215 Chrystie LLC, a Delaware limited liability company (the "Pledged Entity")...

PUBLIC NOTICES

PLEASE TAKE NOTICE that Centripetal Networks, LLC ("Secured Party") will be conducting a public auction on October 3, 2023 at 9:00 A.M. (Eastern Daylight Time) via webcast on the following website: www.auction.com.

NOTICE OF PUBLIC AUCTION

Please take notice that Centripetal Networks, LLC ("Secured Party") will be conducting a public auction on October 3, 2023 at 9:00 A.M. (Eastern Daylight Time) via webcast on the following website: www.auction.com.

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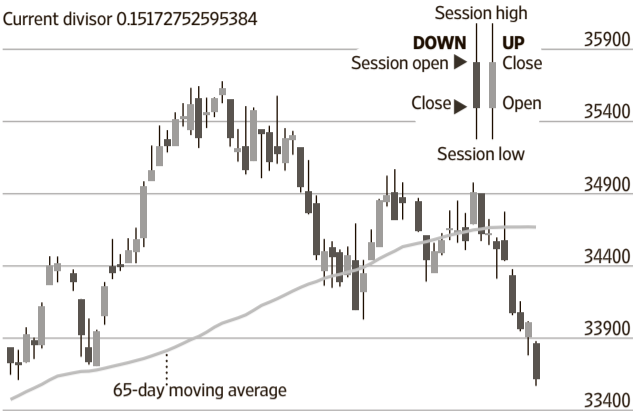
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

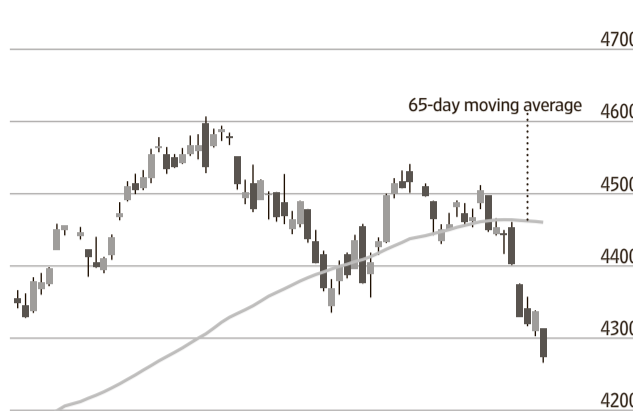
33618.88 ▼388.00, or 1.14%
High, low, open and close for each trading day of the past three months.



Current divisor 0.15172752595384
Bars measure the point change from session's open

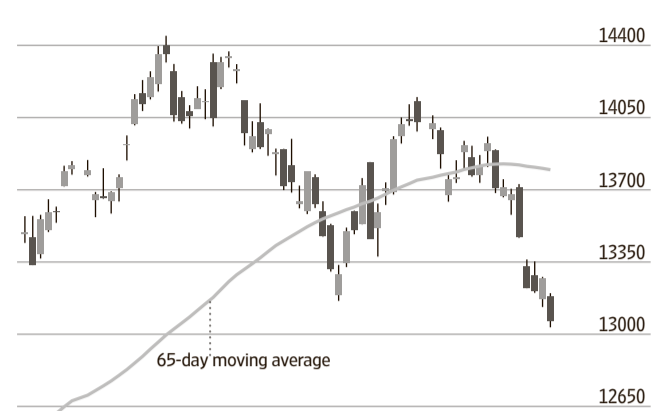
S&P 500 Index

4273.53 ▼63.91, or 1.47%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

13063.61 ▼207.71, or 1.57%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table with columns: Index Name, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD % chg, 3-yr. ann. % chg. 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...

Most-active issues in late trading

Table listing companies like SPDR S&P 500 ETF Trust, iShares Global Infra, Sirius XM Holdings, Amazon.com, etc., with their late trading volume and price changes.

Percentage gainers...

Table listing companies like MillerKnoll, Hayward Holdings, Chefs' Warehouse, etc., showing their percentage gains in late trading.

Trading Diary

Volume, Advancers, Decliners

Table showing trading volume, number of advancers, decliners, and issues traded for NYSE and NYSE Arca.

International Stock Indexes

Table listing international stock indexes by region/country, including MSCI ACWI, Euro STOXX, Nikkei 225, etc.

Percentage Gainers...

Table listing companies like Soleno Therapeutics, Immunovant, Intercept Pharm, etc., showing their percentage gains.

Most Active Stocks

Table listing companies like Avalo Therapeutics, Femasys, ProSh UltraPro Shrt QQQ, etc., showing their trading volume and price changes.

Percentage Losers

Table listing companies like TransCode Therapeutics, Conduit Pharmaceuticals, Davis Commodities, etc., showing their percentage losses.

Volume Movers

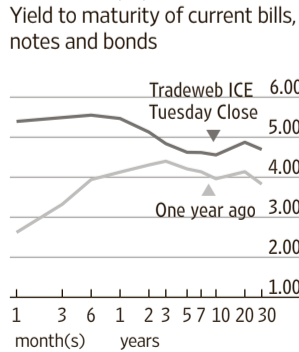
Table listing companies like CRH, Veridien Climate Action, Timothy Plan Hi Div Stk, etc., showing their trading volume.

CREDIT MARKETS

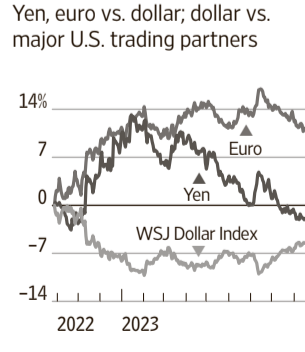
Consumer Rates and Returns to Investor

Table showing U.S. consumer rates (30-year mortgage, 10-year Treasury note yield) and selected rates from various banks.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

CURRENCIES & COMMODITIES

Currencies

Table showing U.S.-dollar foreign-exchange rates for various countries and currencies.

Commodities

Table showing prices and changes for commodities like DJ Commodity, Crude oil, Natural gas, Gold, etc.

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table with columns: Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg. Includes sub-sections for 'Highs' and 'Lows'.

BANKRATE.COM MMA, Savings and CDs

Table showing Average Yields of Major Banks for Tuesday, September 26, 2023. Columns include Type, MMA, 1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 25YR, 5YR.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be reliable, but not guaranteed.

High yield savings

Table with columns: Bank, Phone number, Minimum, Yield (%), Bank, Phone number, Minimum, Yield (%).

Money market account

Table listing Money market accounts from Vio Bank, UFB Direct, Valley Direct, and others, with columns for account name, balance, and rate.

Two-month CD

Table listing Two-month CD accounts from Vio Bank, UFB Direct, and others, with columns for account name, balance, and rate.

Three-month CD

Table listing Three-month CD accounts from Vio Bank, UFB Direct, and others, with columns for account name, balance, and rate.

Goldwater Bank

Table listing Goldwater Bank accounts, including Goldwater Bank, Popular Direct, and Merrick Bank.

High yield jumbos - Minimum is \$100,000

Table listing High yield jumbos from Vio Bank, UFB Direct, and others, with columns for account name, balance, and rate.

Money market account

Table listing Money market accounts from Vio Bank, UFB Direct, and others, with columns for account name, balance, and rate.

Two-month CD

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Three-month CD

Table listing Three-month CD accounts from Vio Bank, UFB Direct, and others, with columns for account name, balance, and rate.

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit in earned interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Source: Bankrate.com, a publication of Bankrate, Inc., Palm Beach Gardens, FL 33410. Internet: www.bankrate.com

Table with columns: Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg. Includes sub-sections for 'Highs' and 'Lows'.

Table with columns: Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg. Includes sub-sections for 'Highs' and 'Lows'.

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Largest 100 exchange-traded funds, latest session

Table listing Exchange-Traded Portfolios (ETFs) with columns: ETF, Symbol, Price, Closing Chg YTD, and others.

Table with columns: Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg, Stock, 52-Wk % High/Low, % Chg. Includes sub-sections for 'Highs' and 'Lows'.

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Biggest 1,000 Stocks | WSJ.com/stocks

Table listing the Biggest 1,000 Stocks with columns: Stock, Sym, Close, Net Chg.

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Mutual Funds

Data provided by

Table listing Mutual Funds with columns: Fund, NAV, YTD Chg % Ret, Fund, NAV, YTD Chg % Ret, Fund, NAV, YTD Chg % Ret.

Mutual Funds

Data provided by

Table listing Mutual Funds with columns: Fund, NAV, YTD Chg % Ret, Fund, NAV, YTD Chg % Ret, Fund, NAV, YTD Chg % Ret.

Mutual Funds

Data provided by

Table listing Mutual Funds with columns: Fund, NAV, YTD Chg % Ret, Fund, NAV, YTD Chg % Ret, Fund, NAV, YTD Chg % Ret.

## BUSINESS &amp; FINANCE

## Dreyfus Investors Can Donate Fees

By ERIC WALLERSTEIN

One of the biggest names in money-market funds is making an unusual play to get investors' attention.

Dreyfus, a unit of **Bank of New York Mellon**, will let big clients of its flagship \$115 billion Government Cash Management fund effectively redirect 10% of the annual fees they pay toward a nonprofit of their choice. "Clients want to get a good yield, and they want to make an impact," said Stephanie Pierce, chief executive officer of Dreyfus, Mellon and ex-

change-traded funds at BNY Mellon Investment Management.

Investors have parked a record \$5.6 trillion in money-market funds, taking advantage of the highest interest rates in decades for these low-risk investments.

Clients need to invest at least \$75 million in a new class of money-market securities known as Spark shares to take part in the program. The donations will be based on net revenue generated by BNY Mellon from Spark share management fees.

## Alibaba Clears Hurdle To List Logistics Arm

By DAVE SEBASTIAN  
AND RAFFAELE HUANG

**Alibaba Group** received a green light from Hong Kong's stock exchange to take its Cainiao logistics business public, in what could be the first of several large listings of the Chinese internet giant's units.

The goal is for Cainiao to raise at least \$1 billion in an initial public offering in the Asian financial hub, according to people familiar with the matter. The stock sale needs approval from China's securities regulator before it can proceed.

Alibaba, whose own shares have languished since late 2020, earlier this year said it would reorganize itself into six

independently run businesses and said it would carve out some of them via IPOs. The e-commerce and cloud-computing behemoth's market capitalization has fallen to about \$218 billion from more than \$700 billion around three years ago.

Cainiao provides e-commerce logistics services in China and other parts of the world. Alibaba on Tuesday said it would continue to own more than half of the company after it is public.

Cainiao recorded a profit equivalent to \$39.4 million on revenue of \$3.17 billion for the three months ended June, a preliminary prospectus filed Tuesday showed. It booked losses for the years ending in March from 2021 to 2023.

## Possible Government Halt Threatens Birkenstock IPO

By CORRIE DRIEBUSCH  
AND PAUL KIERNAN

A possible government shutdown is threatening to slow down operations at the Securities and Exchange Commission. One possible casualty: the IPO of trendy German shoe company **Birkenstock**.

If the U.S. government does shut down this weekend—a looming possibility—it would effectively close the SEC. Chair Gary Gensler has said the SEC would operate with a fraction of its ordinary workforce staff if there is a shutdown.

Birkenstock plans to launch its roadshow to market the shares to investors next week, according to people familiar with the company's intentions, with the stock expected to begin trading a week later. But the SEC must declare the company's registration statement

"effective," giving the green light for the stock to trade. A shutdown could delay that process.

"You really skinny down to a skeletal staff," Gensler told reporters last week, adding that a shutdown would hamper the SEC's ability to oversee markets and review filings from companies and asset managers. "Registrants that want to go public may not be able to find their filings reviewed with us in a timely way, and in fact not reviewed potentially at all during any shutdown."

It is a cruel twist for an IPO market that was showing some signs of life after marquee listings from **Arm**, **Instacart** and **Klaviyo**. All three companies priced their IPOs at the high end of expectations or above, and their stocks rose the first day of trading before wobbling since.



Paine Schwartz's chief executive said the pandemic helped investors see the strength in the food and agriculture industry.

## Fund Raises \$1.7 Billion to Invest in Food, Agribusiness

By ROD JAMES

**Paine Schwartz Partners** has raised its largest fund to date to invest in businesses in the food and agribusiness sectors.

The New York investment manager has collected \$1.7 billion for its sixth fund, around 19% more than it brought in for a predecessor vehicle, which held almost \$1.43 billion by the time fundraising wrapped up in 2019, according to a statement.

The firm had set \$1.5 billion as the target for Paine Schwartz Food Chain Fund VI, according to the statement. About 40% of the fund's capital has already been deployed into businesses such as **AgroFresh Solutions**, a technology provider focused on reducing food waste, and **Costa Group**, one of Australia's largest fruit-and-vegetable growers, Paine Schwartz said.

Last week, publicly traded

Costa agreed to an offer from Paine Schwartz to acquire the 80% stake it didn't already own in a deal that valued the company at 2.46 billion Australian dollars, or around \$1.58 billion.

"The food and agriculture industry is fundamentally resilient because demand is resilient and growing," said Kevin Schwartz, Paine Schwartz chief executive and managing partner, adding that the Covid-19 pandemic helped investors see this strength in relation to other, more significantly harmed sectors.

The firm, he added, had already attracted a mix of new and repeat investors for its sixth main fund, including the District of Columbia Retirement Board and the Connecticut Retirement Plans and Trust Funds, which committed \$100 million and \$150 million, respectively, according to the WSJ Pro Private Equity LP Commitments database. The

firm also drew increased participation in the vehicle from impact investors that deploy capital with social or environmental goals in mind, compared with the predecessor fund, Schwartz said.

Fundraising and investor adviser Campbell Lutyens estimated in July that private funds held \$60 billion for investment into the sustainable agriculture and food sectors.

By late July, Paine Schwartz had raised \$1.63 billion for its sixth fund, after having held a first close for the vehicle about a year earlier, Securities and Exchange Commission filings indicate. Investment banks **Lazard Freres** and **Mitsui** helped the firm's fundraising efforts.

In 2010, Paine Schwartz decided to focus solely on food and agribusiness, having previously targeted healthcare, energy and telecommunications deals with earlier funds. The firm collected \$893 mil-

lion for what became its first food-chain fund in 2014.

Investing based on two key themes, productivity and sustainability, the firm breaks both down into seven smaller segments it calls "hunting grounds," Schwartz said.

The firm makes around two-thirds to three-quarters of its investments in segments such as farming and agricultural research and development. The remainder tends to be focused on the consumer, Schwartz said.

Paine Schwartz doesn't work under parameters that govern the size and development stage of companies that it backs. "The driver for us is the broader segment, looking to buy the theme and further hone it by hunting ground," Schwartz said.

The firm currently manages assets of \$5.7 billion and has more than 60 employees and advisers, according to the statement.

## Yields, Dollar Press Stocks

Continued from page B1

homes, they also have reduced supply as current homeowners hold on to their homes because they don't want to give up their low mortgage rates.

At the center of the recent market turbulence, the 10-year Treasury yield finished the day

at 4.558%, according to Tradeweb, up from 4.541% Monday and 4.366% before last week's Fed meeting.

The WSJ Dollar Index, which measures the U.S. currency against 16 others, rose 0.2%—extending recent gains that have brought it to its highest level since last November.

Some investors said the threat of a government shutdown also may be starting to weigh on the market.

House Speaker Kevin McCarthy (R. Calif.) was still trying Tuesday to win the support of Republican holdouts so the House can pass a spending bill to fund the gov-

ernment past Oct. 1. Absent action from Congress by the end of the month, some federal workers would be sent home and none of the roughly 4.5 million people on the federal payroll would get paid.

Shutdowns typically only have a temporary impact on the economy because federal employees get back pay once they are over, said Matt Peron, director of research at Janus Henderson Investors.

Still, there is a chance that this shutdown could last longer than normal. "I don't think the market is quite pricing that yet, but that's certainly something I think on people's mind," Peron said.

Overseas, Europe's Stoxx 600 lost 0.6%. At midday Wednesday, Japan's Nikkei 225 was down 0.5% and Hong Kong's Hang Seng Index was down 0.7%. S&P 500 futures rose 0.2%.

### AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. 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.

#### TWO-YEAR NOTES

Applications	\$130,923,315,800
Accepted bids	\$48,000,137,800
* noncompetitively	\$829,529,300
* foreign noncompetitively	\$0
Auction price (rate)	99.940020 (5.085%)
Interest rate	5.000%
Bids at clearing yield accepted	60.59%
Cusip number	91282CJ88

The notes, dated Oct. 2, 2023, mature on Sept. 30, 2025.

## Buy Side FROM WSJ EXCLUSIVES



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# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## How Much Cash Do Americans Have?

Savings households piled up during Covid shrunk, but what they do with it matters as much as the amount

Everybody knows U.S. households' savings soared after the pandemic struck, as the combined effects of checks from the government and fewer opportunities to spend swelled wallets. And everybody knows as the checks stopped coming, the economy reopened and inflation began to bite, those savings got whittled away.

Now the question is how much of that cash is left. The answer matters, first, because if Americans have money sitting around, consumer spending in the months ahead could be bolstered. Second, and perhaps more important, any remaining savings could make it easier for people to weather a rainy day. That would make a recession, if it comes, shallower, and lowers the chances of one occurring.

The easiest way to see what happened to savings in the wake of the pandemic is to look at the personal saving rate, which measures the share of after-tax income that doesn't get spent. In April of 2020 it surged to 33.8%, which compared with 8.8% over the course of 2019. It stayed elevated throughout 2020 and most of 2021, but last year it was 3.5%. This year it has only been a bit better, averaging 4.3%.

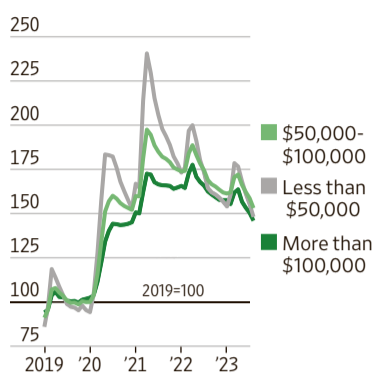
So one way economists have tried to figure out how much "excess savings" are on household balance sheets—that is, savings beyond what one might expect

people to have, going by prepandemic trends—is basically to add up all the after-tax income that didn't get spent since the pandemic hit. One of the more pessimistic takes out there, from researchers at the Federal Reserve Bank of San Francisco, takes this approach. They calculate that excess savings peaked at about \$2.1 trillion in August 2021, but by the second quarter of this year less than \$190 billion remained, putting them on pace to be depleted in the current quarter.

Other economists get different answers. Goldman Sachs calculates that as of July there were \$1.3 trillion in excess savings, an amount equal to about 5% of gross domestic product. That seems like a lot of dry powder for consumers, but the firm's economists caution that different assumptions about what the level of savings would be now absent the pandemic can lead to big differences in how much excess savings there appears to be. Moreover, both the income and spending data are subject to revisions that can significantly swing the personal saving rate. The Commerce Department initially reported the saving rate in 2012 was 3.9%, for example. Now the 2012 reading is 8.6%.

The Federal Reserve, meanwhile, has alternative measures of savings, based on changes in household assets and liabilities

Monthly median household savings and checking balances by income



Note: For a fixed group of households through August 2023  
Source: Bank of America Institute

from banks and other sources. In particular, these show that savings deposits and other cash equivalents on household balance sheets came to \$16.8 trillion in the second quarter, down from a first-quarter 2022 high of \$17.5 trillion, but still up from the fourth-quarter 2019 level of \$12.7 trillion. Even after adjusting for inflation, that appears somewhat elevated relative to the pace of savings gains before the pandemic.

It matters, though, where these savings gains are. If they are mostly in the accounts of the very rich, for example, that would provide less oomph for consumer spending than if they were held by

middle-class and poorer Americans. Distributional estimates from the Fed are problematic, as Fed economists have pointed out, because they rely on historical patterns of savings from before the pandemic. But data from Bank of America accounts suggests the increase in cash holdings has been relatively even, with median household savings and checking balances up by more than 40% relative to 2019 for low-, medium- and high-income households.

That is a reflection, says Bank of America Institute senior economist David Tinsley, of how a strong labor market has allowed people to keep spending without dipping too much into the savings they built up.

"It's not like spending has been crazy," he says.

By the same token, just because Americans generally seem to still have some of their pandemic savings left doesn't mean they are going to burn through them—especially since those excess savings are now, by all measures, lower than they were. Instead, investors might better think of those savings as a buffer that will make it easier for people to absorb any adverse shocks.

Spending might not get much more of a tailwind, but the chances of a recession are diminished.

—Justin Lahart

## Shutdown May Not Hit Investors So Hard

Past closings' impact on growth, stocks was mild

We all like to believe that our jobs are very important, but some just matter more than others.

Not only do almost 1 million federal government employees have the indignity of being labeled "nonessential," but it seems that their status as pawns in Washington's latest power game won't have very much impact on the economy or the stock market. Or will it?

As government shutdowns go, the one almost certain to start this weekend is likely to matter more than most in terms of the number of people affected.

For example, while the last shutdown—which ran from December 2018 through January 2019—was the longest ever at 34 days, Oxford Economics points out that since some appropriations bills had passed, it didn't affect everyone deemed nonessential. Though less than half as long, the October 2013 shutdown was a complete one, as this one looks set to be.

With serious economic concerns starting to emerge if the United Auto Workers strike hitting General Motors, Ford Motor and Stellantis drags on, the contrast between the impact of those fewer-than-20,000 striking employees and about 50 times as many government workers is stark.

The latter group won't be at their desks, but they always have been paid in arrears, unlike the auto workers. That means the temporary lack of compensation would hit annualized gross domestic product growth by a modest 0.1 percentage points per week, assuming they are later made whole.

Even that might be overstated because although some government employees might work additional hours to catch up, the Bureau of Economic Analysis only recognizes "regular hours" when tallying up their contribution to GDP.

The effect of shutdowns on the stock market is even milder, if history is any guide. Looking at 20 shutdowns since 1976, Keith Lerner, chief investment strategist at Truist Advisory Services, says stocks rose half of the time during shutdowns.

Even more galling to federal employees' self-esteem—though perhaps not their retirement balances—stocks rose 60% of the time the week before a shutdown, by which time it was well-telegraphed.

The worst period for stocks: the week after a shutdown has ended, with stocks rising just 45% of the time.

Naturally the impact is hardly a nonevent for a federal worker who might run short of cash while members of Congress—who, by the way, continue to get paid—bicker.

A longer shutdown could have a larger impact, even if a big check ultimately turns it into a paid vacation once the dispute is resolved.

And while the four most dangerous words in investing are "this time is different," it really might be this time around.

With two of the three major credit rating agencies already having stripped the U.S. of its sterling rating, Moody's, the last holdout, warned Monday that a shutdown would harm its assessment of America's creditworthiness.

Since Fitch's downgrade at the beginning of August, the yield on the benchmark 10-year Treasury note has spiked by half a percentage point to a 16-year high, alarming some investors.

The S&P 500 is down by more than 6% since.

A third rating cut would be quite the wakeup call. The possible silver lining is that politicians might be less cavalier about budget brinkmanship—and perhaps also that the financial fortunes of government employees outside places like the Federal Reserve and securities regulators would get paid a bit more attention on Wall Street.

—Spencer Jakab

## Quiet Western Drills Set Stage for \$100 Oil

Frugal U.S. and European oil-and-gas companies are making it easier for Saudi Arabia and Russia to fund their political maneuvers.

With recently extended voluntary production cuts, the Saudi-led Organization of the Petroleum Exporting Countries and its Russian-led allies are betting that Western producers won't respond to higher energy prices as much as they used to. So far, so good for OPEC+. Even with oil trading above \$90 a barrel, 11 fewer rigs were operating in the U.S. on Sept. 22 than one week earlier, and 134 fewer were operating than a year ago, according to oil-field services company Baker Hughes.

The likes of Exxon Mobil and Chevron are under pressure to hand cash to shareholders after years of poor returns. Listed U.S. oil producers are only reinvesting half of their operating cash flows today, compared with 90% or more in the years leading up to the pandemic, according to Goldman Sachs analyst Daan Struyven.

This may have reassured OPEC+ that it can curb supply, even at unusually high oil prices, without losing as much market share as it did at the peak of the shale boom.

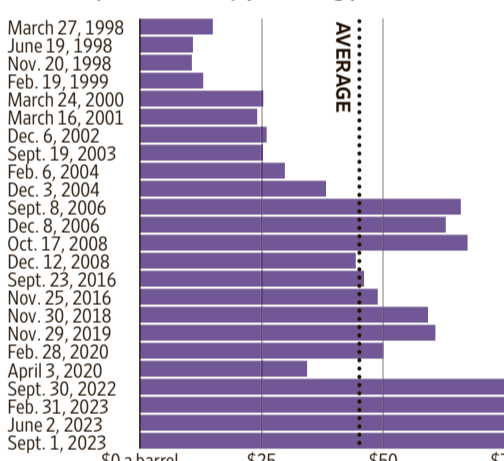
European giants Shell and BP are even less likely to respond quickly to today's high prices as their projects, especially offshore, can take years to begin production.

Record-high oil demand and lower-than-expected OPEC+ supply point to a shortfall of more than one million barrels a day in the last quarter of 2023. Many analysts expect the oil price to rise above \$100 in the near term.

Looking ahead to 2024, an additional one million barrels a day will be needed to meet demand, according to Bernstein estimates. Supply from non-OPEC sources may only meet roughly half of this, so the world will rely on the cartel to open the spigots.

Such a tight market is good news for Saudi Arabia and Russia.

Brent oil price on Friday preceding production cut\*



\*or extension of cut †2018=100



A rig within sight of a fast-food drive-through in Signal Hill, Calif.

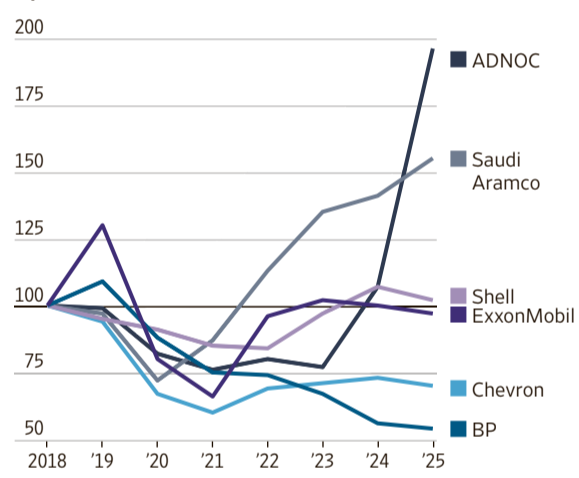
The Saudi government needs the oil price to stay above \$80 to balance its budget, especially as ritzy infrastructure projects, such as the futuristic desert city Neom, haven't attracted as much overseas investment as hoped.

Russia is under pressure too. Since the start of the war in Ukraine, the Kremlin's fiscal break-even oil price has risen to \$114 a barrel, from \$64 before the

invasion, according to S&P Global Commodity Insights. Russia would have a lot to lose from a low oil price, which may explain why it has become more compliant with OPEC+ quotas in recent months.

Provided there isn't a big drop in global demand for oil soon, lower spending on new production by Western energy companies should boost OPEC+'s leverage. Compared with prepandemic lev-

Upstream investments†



Sources: Goldman Sachs analysis (price preceding cut); Rystad Energy estimates (investments)

els, Middle Eastern oil companies such as Saudi Aramco and Abu Dhabi's ADNOC in particular have been reinvesting at a much faster clip than the U.S. and European supermajors. The trend is expected to continue at least through 2025, according to Rystad Energy analyst Olga Savenkova.

Russia and Saudi Arabia still need to be careful about how high they push prices to avoid denting demand and making investments in alternative sources of energy such as solar and wind more attractive. Warren Patterson, head of commodities strategy at ING, also points out OPEC could face geopolitical pressure to release more supply in 2024.

Both the U.S. and India—a large consumer of Russian oil—are holding elections next year and will be sensitive to how voters feel about gasoline prices.

Western oil companies hope that fat dividends and share buybacks can boost their stock valuations. But the downside of their lavishing investors is becoming clearer: Oil suppliers that put national interests first are increasingly running the show.

—Carol Ryan

## Higher Mortgage Rates Are Helping Economic Growth in a Way

The low number of existing homes for sale on the market, the high prices those homes are fetching, and—surprisingly—high mortgage rates have all made purchasing a newly built home more attractive for many would-be buyers. Not that new homes are cheap.

The Commerce Department on Tuesday reported that a seasonally adjusted 675,000 new homes were sold in August, at an annual rate. This was down from July's 739,000, and below the 695,000 economists expected. Even so, the pace of new-home sales so far this quarter has been higher than in

the second, and that in turn means housing construction will likely provide a boost to third-quarter growth in gross domestic product.

While down from the surge registered shortly after the pandemic struck, new-home sales are around where they were in 2019, which at that point was the best year for sales since 2007.

One thing that has perversely helped new-home sales, and home builders, is the high level of mortgage rates. Because just about anybody with a mortgage is paying a significantly lower rate than what has lately been prevailing,

moving would entail taking on a lot of additional interest cost. The lock-in effect this has created has led to a dearth of existing homes for sale, creating a supply/demand imbalance that has pushed up existing home prices despite the rise in rates.

Also on Tuesday, the S&P CoreLogic Case-Shiller National Home Price Index showed a 1% gain in July from a year earlier, bringing it to a new record high level.

The Commerce Department report, meanwhile, showed that the median new home sold last month fetched \$430,300 last month. That was down from the record

\$496,800 hit in October 2022, but much higher than the median of \$321,500 for new homes sold in 2019. What's more, the average rate on a 30-year fixed mortgage was 3.9% in 2019, according to Freddie Mac. Last week it was 7.2%.

It is somewhat surprising that new-home sales have been picking up despite still-high prices and the highest mortgage rates in over two decades. It is nice that these sales are helping push the economy along. But for home buyers, lower prices—and lower rates—would be better.

—Justin Lahart