

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **The federal government** began taking steps this week toward collecting as much as \$20 billion in delinquent loans it made to small businesses and nonprofits during the Covid-19 pandemic. **A1**
- ◆ **U.S. stocks rose**, with the S&P 500 gaining 1% to close at a record and the Nasdaq and Dow advancing 1.5% and 0.3%, respectively. **B11**
- ◆ **Boeing, under fire** for production snafus, will overhaul how it pays employee bonuses to emphasize quality and safety over meeting financial targets. **B3**
- ◆ **NYCB slashed its** quarterly dividend to 1 cent a share, part of an overhaul aimed at shoring up confidence in the troubled regional lender. **B2**
- ◆ **Chemours executives** shifted cash flows at year-end to hit targets that determined their annual stock and bonus awards, an internal investigation found. **B3**
- ◆ **Rivian unveiled two** new sport-utility vehicles that the EV maker hopes will be a springboard for its sales. **B4**
- ◆ **Merck KGaA expects** to return to organic growth this year after reporting a slump in earnings for 2023. **B4**
- ◆ **Hugo Boss said it** expects sales and earnings to grow this year, but warned it might not meet 2025 sales guidance. **B3**
- ◆ **Kroger reported** that fourth-quarter sales rose 6% as the supermarket operator's CEO expressed optimism about consumer sentiment. **B9**
- ◆ **The ECB held its** key interest rate at a record and signaled it won't begin cutting rates before June. **A8**

World-Wide

- ◆ **Biden sought** to convince Americans that his policies have bolstered the economy and protected their freedoms in a State of the Union address designed to draw a sharp contrast with Republicans and Trump. **A1, A4**
- ◆ **The president announced** that the U.S. military will install a pier off the Gaza coast for cargo ships to unload emergency supplies, boosting the direct U.S. role in addressing the strip's humanitarian crisis. **A7**
- ◆ **Power lines ignited** the Smokehouse Creek Fire that burned more than a million acres in the Texas Panhandle, state investigators said. **A3**
- ◆ **A congressional probe** of Chinese-built cranes at U.S. ports found communications gear that doesn't appear to support normal operations, fueling concerns the cranes may pose a national-security risk. **A2**
- ◆ **Russia attacked** Ukrainian forces at points along the 600-mile front line as it seeks to capitalize on its recent capture of the eastern city of Avdiivka. **A16**
- ◆ **Americans support** both tougher border security and a pathway to citizenship for longtime immigrants living in the country illegally, a new Wall Street Journal poll found. **A4**
- ◆ **More children visited** emergency rooms after ingesting melatonin in unsupervised settings, with the CDC calculating that at least half the admissions involved flavored products. **A3**
- ◆ **The centrist group** No Labels is expected to proceed with plans to pick an independent "unity" ticket for the presidential election. **A6**

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President Biden gave his State of the Union address in front of Vice President Kamala Harris and House Speaker Mike Johnson.

Biden Paints Stark Differences With GOP in State of the Union

By KEN THOMAS AND TARINI PARTI

WASHINGTON—Confronting congressional Republicans, President Biden on Thursday sought to convince Americans that his policies have bolstered the economy and warned their freedoms are at risk in a feisty election year State of the Union address that repeatedly drew contrasts with former President Donald Trump.

Biden's speech before a joint session of Congress focused heavily on his case for a second term. It came two days after Trump cemented his po-

sition as the presumptive Republican nominee with victories in nearly all of the Super Tuesday states, setting the stage for an unusual rematch between two candidates who have both sat behind the Resolute Desk.

Biden, a Democrat, said his lifetime "has taught me to embrace freedom and democracy. A future based on the core values that have defined America: honesty, decency, dignity, equality." He added, in a veiled reference to Trump: "Now some other people my age see a different story: an American story of resentment,

revenge, and retribution. That's not me."

Biden never uttered Trump's name but referred to his "predecessor" more than a dozen times, repeatedly comparing his record with Trump's. He appeared to relish a give-and-take with congressional Republicans who largely oppose his agenda. At one point, he referred to the bipartisan border agreement in the Senate that would have allowed the government to expel migrants if crossings surpassed a daily threshold of 4,000, prompting jeers from Republicans.

"Oh, you don't like that bill, huh?" he asked. Trump opposed the plan and urged congressional Republicans to reject it. "I'll be darned," he said, adding later he is ready to fix the border if Republicans pass the Senate agreement.

Biden also went off-script
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- ◆ **Americans back deal on border, poll finds.....** A4
- ◆ **Biden to boost aid to Gaza with offshore pier.....** A7

Apple Confronts Headwinds From EU's Tech Law

By SAM SCHECHNER AND KIM MACKRAEL

In the battle for smartphone dominance, Google stands soon to gain an advantage over Apple from an unlikely source: a new European law.

Starting this week, the world's largest technology companies have to comply with the European Union's Digital Markets Act, a sweeping new law aimed at boosting competition from smaller companies in the realms of digital advertising, online search and app ecosystems.

In the near term, one of its biggest impacts could be in the rivalry between Apple and Google.

The law is pushing Apple to open up certain parts of its app ecosystem in the EU, allowing third-party app stores for the first time and permitting alternative in-app payment services on iPhones across the bloc. Apple lobbied heavily against the moves, which reshape a part of its business that brings in billions of dollars in revenue.

Google lobbied in favor of mandating a more open approach to how apps are downloaded. The Alphabet unit already allows outside app stores on its Android mobile operating system and could seek to take advantage of other provisions.
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- ◆ **Heard on the Street: EU law worries investors...** B12

TOMORROW



WSJ. MAGAZINE

KEVIN HART

Step Aside, Pickleball, Cricket Is America's New Local Battlefront

Cities weigh stadiums for unfamiliar sport, sparking confusion: 'Like in England? Why?'

By SCOTT CALVERT

Tara McDade is a big sports fan, but like many Americans, she doesn't know much about the game of cricket. "You swing at a ball, I believe," says the Fairfax, Va., resident.

What she does know is she has real concerns about a proposed venue for the sport that could rise close to her Northern Virginia home.

She and her neighbors have organized to press nearby George Mason University and the Washing-

ton Freedom pro cricket team to halt plans for a new combined cricket-baseball stadium that could host thousands of spectators.

Local pickleball feuds have spawned name-calling and even lawsuits. But lately, cricket projects have roiled New York City, suburban Chicago, Sacramento and elsewhere. Worries include traffic, noise and balls flying about during the game—whatever it is.

When Oswego, Ill., posted a
Please turn to page A9

China Intensifies Push To Delete American Tech

A directive known as Document 79 ramps up Beijing's effort to replace U.S. technology with homegrown alternatives

By LIZA LIN

For American tech companies in China, the writing is on the wall. It's also on paper, in Document 79.

The 2022 Chinese government directive expands a drive that is muscling U.S. technology out of the country—an effort some refer to as "Delete A," for Delete America.

Document 79 was so sensitive that high-ranking officials and executives were only shown the order and weren't allowed to make copies, people familiar with the matter said. It requires state-owned companies in finance, energy and other sectors to replace foreign software in their IT systems by 2027.

American tech giants had long thrived in China as they hot-wired the country's meteoric industrial rise with computers, operating systems and software.

Chinese leaders want to sever that relationship, driven by a push for self-sufficiency and concerns over the country's long-term security.

The first targets were hardware makers. Dell, International Business Machines and Cisco Systems have gradually seen much of their equipment replaced by products from

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- ◆ **Probe feeds worries on Chinese cranes...** A2
- ◆ **Foreign minister throws barbs at U.S. ...** A16

Putting Best Paw Forward



SHOWTIME: A standard poodle awaits an appearance in the Toy and Utility class on the first day of the four-day Crufts dog show in Birmingham, England. The show dates to 1891.

U.S. NEWS

Probe Feeds Worries About Chinese Cranes

Investigators find communication gear at ports that raises security concerns

By DUSTIN VOLZ

WASHINGTON—A congressional probe of Chinese-built cargo cranes at U.S. ports has found communications equipment that doesn't appear to support normal operations, fueling concerns that the cranes pose a national-security risk.

The installed components in some cases include cellular modems, according to congressional aides and documents, that could be remotely accessed.

The discovery, not previously reported, has added to concerns in Washington about port security and China. The Pentagon and intelligence officials at other agencies have grown increasingly alarmed by the potential threat of disruption and espionage presented by the giant cranes built by China-based ZPMC, which accounts for nearly 80% of ship-

to-shore cranes at U.S. ports.

The Chinese government is "systematically burrowing into America's critical infrastructure," said Rep. Mark Green (R., Tenn.), chairman of the House Homeland Security Committee, which has been investigating Chinese maritime-security threats. The panel intends to finish its probe, done jointly with the Select Committee on the Chinese Communist Party, next month.

Over a dozen cellular modems were found on crane components at one U.S. port, and another modem was found inside another port's server room, according to a committee aide. Some of the modems had active connections to cranes' operational components, the aide said.

While it isn't unusual for modems to be installed on cranes to remotely monitor operations and track maintenance, it appears that at least some of the ports using the ZPMC-made equipment hadn't asked for that capability, according to congressional investigators and documents seen

by The Wall Street Journal. One port told lawmakers that it was aware of the modems' presence, but couldn't explain why they were installed.

State-owned ZPMC didn't respond to requests for comment. Liu Pengyu, a spokesman at the Chinese embassy in Washington, didn't address specific questions about the modems but said claims that China-made cranes pose a national-security risk to the U.S. is "entirely paranoia."

Concerns about ZPMC's cranes have been building in Washington for years. In 2021, the Federal Bureau of Investigation found intelligence-gathering equipment on a ship transporting cranes into the Baltimore port, the Journal reported.

Last month, the Biden administration said it would invest more than \$20 billion over five years to replace for-

eign-built cranes with U.S.-manufactured ones. The money will go to support the building of cranes by a U.S. subsidiary of Japan's **Mitsui**, creating what officials said would be the first domestic option for ports in 30 years.

The administration also rolled out maritime cybersecurity measures. Fears have risen that Chinese hackers have been positioning themselves to disrupt critical U.S. infrastructure in the event of open hostilities, such as a military conflict over Taiwan.

A Wall Street Journal investigation last year revealed U.S. fears that ZPMC cranes could present an espionage and disruption risk. More recently, there has been a surge of warnings from top U.S. officials about the potential threat posed by the infiltration of the nation's critical infrastructure by Chinese hackers.

The new focus on cranes and broader maritime security "has been a wake-up call for many Western countries," Wille Rydman, minister of economic affairs for Finland, said in an interview. Finland, which joined the North Atlantic Treaty Organization last year, has been seeking to expand the market share of its maritime industry globally as concerns about Chinese technology supply chains rise.

Finland's **Konecranes**, for example, supplied four large container cranes to the port in Savannah, Ga., last summer.

Administration officials say the Chinese cranes have security shortcomings that should worry ports. "We have found, I would say, openings, vulnerabilities, that are there by design," Rear Adm. John Vann, who leads the Coast Guard cyber command, told Green's committee last week. Vann added that officials had not found "malware or Trojan horse-type software."

The American Association of Port Authorities said Thursday that there had been

no known security breaches due to the Chinese cranes. The group said the U.S. should invest in producing cranes domestically but that removing the Chinese ones without immediate replacements would harm supply chains and increase prices for consumers.

In a partially redacted December letter to the committee seen by the Journal, an unidentified U.S. port operator said that the modems weren't part of an existing contract, but that the port had been aware of their installations on the cranes and that they were intended for a "mobile diagnostic and monitoring" service the port didn't enroll in.

"We are unsure who installed the modems as they were on the cranes when we first saw them in China," the letter said. The modems, according to the letter, were believed to have been installed around June 2017, around the time of the cranes' manufacture and assembly, and were removed last October. It couldn't be determined what had prompted the port to act.

China called U.S. concerns about its cranes 'entirely paranoia.'

U.S. WATCH



TIME FLIES: The clock tower at the Dallas County Courthouse was reset Thursday ahead of the switch to daylight-savings time.

ECONOMY

Fed 'Not Far' From Being Able to Cut

Federal Reserve Chair Jerome Powell told lawmakers the central bank was "not far" from being able to cut interest rates and that rates were far above levels that might be anticipated during periods of mild inflation and moderate growth.

Powell repeated his view Thursday that the central bank was looking for greater confidence that inflation was returning to its 2% target, but he went one step further during his second day of testimony on Capitol Hill by qualifying how soon the Fed might get there.

"When we do get that confidence, and we're not far from it, it will be appropriate to dial back" interest rates to avoid tipping the economy into a recession, he said.

Powell had signaled earlier that the Fed wasn't considering a rate cut at its next meeting, March 19-20, which has shifted attention to whether the central bank might be in a position to cut rates around the middle of the year.

—Nick Timiraos

JUSTICE DEPARTMENT

Pay for Tipsters On Corporate Crime

The Justice Department plans to pay whistleblowers who tell prosecutors about corporate crime, adding a new incentive for tipsters to aid the government.

The department will begin the effort as a pilot program aimed at cases where whistleblowers aren't already eligible for payments from other government programs, Deputy Attorney General Lisa Monaco said on Thursday.

Tipsters would be paid out of money that defendants forfeit when they settle civil claims or criminal charges or are sentenced after a guilty plea or conviction.

The department will develop rules for the program over the next 90 days and plans to launch it later this year, according to Monaco's remarks to the American Bar Association.

"Now's the time to expand our use of this tool in corporate misconduct cases and apply it to reward whistleblowing," she said.

—Dave Michaels

SBA Begins Collecting On Loans

Continued from Page One

fraud is lower.

Other borrowers were in weak financial condition at the time they sought financing, are still struggling to recover or have closed their doors. Some borrowers and advisers said poor communication, repeated changes in government policies and limited options for relief have created additional challenges.

"I'm talking to dozens of people every week who are dealing with the SBA's struggle to service these things," said Jason Milleisen, who advises distressed SBA borrowers. "People are superconfused." Borrowers often receive conflicting information from different SBA employees, he said.

Mitra Ryndak's restaurant, Cafe Aroma in Winnetka, Ill., was evicted by her landlord a few months after she took out a \$136,000 Covid loan in 2020. Ryndak said she used the money to pay back taxes and wages, repay loans from family and friends, and cover other expenses. The landlord began looking for another tenant after she fell behind on rent.

Ryndak said the agency allowed her to make reduced loan payments for two hardship periods, but rejected her request to settle the debt for less than the amount owed. She said she paid the SBA \$2,500 from the sale of her restaurant equipment.

In February, she received an email notifying her that the loan was more than 100 days past due and could be sent to the Treasury unless she pays nearly \$4,000 to bring the loan current and requests another hardship accommoda-

tion. "I walked out with nothing in my hands," Ryndak said.

The SBA declined to comment on individual borrowers. The agency said it recognizes the challenges many small-business owners continue to face and has worked hard to provide them with payment flexibility and innovative forms of assistance.

The SBA initially allowed borrowers to defer loan payments for up to 12 months, then extended the deferral period twice, to a maximum of 30 months, though interest on the loans continued to accumulate during that time. It has also rolled out a series of hardship accommodations for borrowers experiencing short-term financial challenges.

Borrowers who qualify can make monthly payments of at least 10% of the amount due, or a minimum of \$25, for up to two six-month periods. Borrowers seeking additional relief can temporarily make payments equal to 50% and then 75% of the amount due before resuming normal payments after another year.

Until recently, the SBA required borrowers to repay most past-due amounts to qualify for a reduced payment. In February it began allowing

borrowers whose loans were more than 60 days past due to make hardship payments.

Many borrowers welcomed the Covid loans, which carry a 30-year-term and a fixed interest rate of 3.75% for small businesses and 2.75% for non-profits. But unlike forgivable loans issued through the federal Paycheck Protection Program, the disaster loans were designed to be repaid.

"You can lower your payments through a hardship plan, but it doesn't change the fact that you owe the money," said Mike Abelow, a bankruptcy attorney and trustee in Nashville, Tenn. Nearly every small-business bankruptcy he is involved in includes a Covid disaster loan, Abelow said.

John Migliore, a Connecticut restaurant owner, plans to apply for the 50% hardship reduction, after taking advantage of two initial hardship reductions. He said even the reduced payments will be a struggle. Migliore said he borrowed more money than he should have because he expected that business would rebound to prepandemic levels and that he would receive a \$2.7 million grant from a federal program for restaurants that instead ran out of money.

"I want to call the government up and say, 'This is what the buildings are worth, this is what the restaurants are worth. Do you want them? I don't,'" said Migliore, who owes the SBA \$2.8 million.

At first, the SBA declined to refer delinquent Covid loans with balances of \$100,000 or less to the Treasury, saying the cost of collection outweighed any recoveries. Members of Congress and the agency's inspector general criticized that decision. The inspector general said the decision could motivate some borrowers to stop making loan payments, creating a larger chain of delinquency. SBA officials said they changed their plans after an additional analysis concluded that small-dollar loan collection efforts would pay off.

Some borrowers said they made the required catch-up payments, following the SBA's instructions, but have been unable to get their loans out of the Treasury collection process.

The SBA said generally it can recall troubled loans from the Treasury if payment arrangements are made in the first part of the process; borrowers in that stage can still apply for hardship assistance, the SBA said. Loans can some-

times be called back once they are assigned to a collection firm, a process known as cross-servicing, but simply catching up on the payments isn't sufficient, the SBA said. At this point, a loan can only be recalled under special circumstances, such as a death or bankruptcy.

The agency said it is constantly assessing its pandemic-relief programs and looking for ways to support small businesses while safeguarding taxpayer dollars.

The SBA is currently servicing about 3.7 million outstanding disaster loans, about 15 times the amount the agency was managing before the pandemic, according to an October 2023 report by the agency's inspector general.

Unlike private companies, the federal government doesn't need permission from a court to start collecting on unpaid debts. It can in some cases seize government benefits and tax refunds.

The agency has less flexibility than private lenders when it comes to settling unpaid debts. SBA officials said they would consider special arrangements on a case-by-case basis. A broader forgiveness program would require congressional action.

Travis Johnson, co-owner of Bedzzz Express in Nashville, Tenn., said the SBA didn't accept a request from him and his business partner to settle their Covid loan for less than the amount owed. Johnson said the pair sent the SBA the remaining funds from the mattress business but still owe \$287,000.

He said the co-owners took out a \$450,000 Covid disaster loan in 2020. They closed the business in 2022 after sales didn't rebound. They sold the inventory and franchise rights to another company that dissolved with \$150,000 of the purchase price left to pay.

"Right now, there is no money," Johnson said.

CORRECTIONS & AMPLIFICATIONS

Reps. Frank Pallone Jr. (D., N.J.) and Cathy McMorris Rodgers (R., Wash.) on Tuesday introduced a bill seeking enforcement action on data brokers that sell data to foreign adversaries. In some editions Thursday, a U.S. News article about short-video platform TikTok incorrectly said the data-brokers bill was introduced by Reps. Mike Gallagher (R., Wis.) and Raja Krishnamoorthi (D., Ill.).

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

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Mitra Ryndak and employees of Cafe Aroma before the Winnetka, Ill., restaurant closed.

U.S. NEWS

The Next Red-Blue State Split: EV Taxes

By ARIAN CAMPO-FLORES

A number of Republican-led states are charging higher fees and taxes on electric-vehicle owners to make up for lost gasoline-tax revenue that helps fund roads and highways, prompting pushback from EV industry groups and drivers who say they are being squeezed more than owners of gas-guzzling cars.

The debate goes to the heart of one of the thorniest transportation challenges the country faces: how to pay for highway construction and maintenance when the traditional funding mechanism for such work is slowly collapsing.

Proponents of EV fees and taxes say they are necessary because owners of those vehicles aren't contributing gas-tax money to federal and state transportation funds. Many say they are just trying to assess amounts comparable to what gas-vehicle owners pay.

"Everybody that uses the public highway should be paying the user fee," said Georgia state Sen. Steve Gooch, a Republican who sponsored a bill signed into law last year that added a tax of about 3 cents per kilowatt-hour for public EV chargers. He said he drives a truck with a traditional internal combustion engine, but he isn't anti-EV, noting that the industry has created thousands of jobs in Georgia.

EV industry groups and drivers generally agree that they need to help fund roads and highways, but they say that in many states the amounts set by lawmakers are excessive. Some see politics at play, accusing conservative lawmakers of seeking to penalize EV drivers.

"Democratic states want to encourage EVs," said Bruce Edelman, senior adviser at the Alliance for Transportation Electrification, an EV industry advocacy group. "Republican states, I think, want to punish them."

So far, 33 states spanning the political spectrum have applied annual registration fees for EVs and hybrid vehicles, with EV fees ranging from \$50 in Colorado to \$225 in Washington, according to the National Conference of State Legislatures. At least seven states, mostly Republican-led, have enacted legislation in recent years to tax electricity consumed at public EV charging stations, NCSL data shows.

The highest annual EV fees—of \$200 or more—are almost all in GOP-controlled states, according to data compiled by the Electric Drive Transportation Association, an EV trade group. In almost all of those cases, the group contends, the fees exceed what a comparable gas-powered vehicle driving 15,000 miles a year would pay in gas taxes—\$137 in West Virginia, for instance.

The federal gas tax, which supports the Highway Trust Fund, has remained unchanged at 18.4 cents a gallon since 1993. States, whose gas-tax rates vary widely, rely on that revenue for roughly half, on average, of their transportation funding, according to a report last year by MIT Mobility Initiative and JTL Transit Lab.

Those revenues increasingly are falling short of road and highway expenditures, for a variety of reasons, including greater fuel efficiency, rising construction costs, and the advent of EVs, which don't pay gas taxes at the pump.

In Missouri, Republican state Rep. Herman Morse filed a bill in December that would impose a one-time fee for new EVs of 4% of the list price—or \$2,000 for a \$50,000 car. He said in an interview that the rate he suggested was "purely arbitrary" and that he imagined it could change in the legislative process.

Ed Oaksford, a 74-year-old Tallahassee, Fla., resident who owns two EVs with his wife, said that while he understood the need for road construction and maintenance, fees should be based on vehicles' weight and the miles they are driven.

"Penalizing EVs through additional taxes discourages their adoption and undermines efforts to improve air quality and combat climate change," he said.

Power Lines Blamed in Texas Wildfire

By GINGER ADAMS OTIS
AND ADRIANO MARCHESE

The largest wildfire in Texas history was ignited by power lines, state investigators said.

Texas A&M Forest Service on Thursday said its investigators found that power lines started the Smokehouse Creek Fire, which destroyed dozens of homes and delivered a devastating blow to ranches in the region as it burned more than one million acres in the Texas Panhandle.

The fire, which erupted on Feb. 26, is currently 74% contained.

Power lines were also the source of a second fire, the Windy Deuce Fire, Texas A&M Forest Service said.

Xcel Energy, a Minneapolis, Minn.-based regulated electric utility and natural-gas delivery company, said on Thursday that its equipment appears to have been involved in sparking the Smokehouse Creek Fire.

Xcel said it has been cooperating with investigations into the fires and that its own investigation showed no evidence its facilities played a role in the Windy Deuce Fire.

The company disputes allegations that it acted negligently in maintaining and operating its infrastructure.

Utilities across the West have been hit with lawsuits related to wildfires in recent years. PG&E reached a \$13.5 billion settlement in 2020 with roughly 70,000 people who suffered losses and damages in California wildfires caused by its power lines. The company sought bankruptcy protection after the fires.



The Smokehouse Creek Fire has burned more than a million acres in the Texas Panhandle. Above, destruction in Plemons.

In Maui, the site of the deadliest U.S. fire in more than a century, Hawaiian Electric is facing a financial crisis and mounting litigation over indications that its power lines might have played a role in igniting the fire. The company has denied that the power lines were the cause of the inferno that leveled Lahaina.

Xcel, which serves parts of eight Western and Midwestern states, is already dealing with litigation related to its likely role in a 2021 fire in Colorado and its failure to implement a power shut-off as winds picked up.

Some utilities are pushing to get plans in place to shut off power pre-emptively as wild-

fire risk—exacerbated by heat, drought and climate change—increases alongside litigation risk.

Industry executives and observers expect companies to employ this strategy more frequently, making it likely that more utility customers will experience outages during fire season for years to come.

Xcel on Thursday encouraged people who have had property destroyed or livestock lost in the Smokehouse Creek Fire to submit a claim.

Based on preliminary information, the company said around 47 occupied houses in Hemphill County and as many as 17 in Roberts County were destroyed by the fire.

DNA Scandal Jolts Colorado Justice System

By DAN FROSCH
AND ZUSHA ELINSON

For nearly three decades, Yvonne "Missy" Woods was Colorado's star forensic scientist, relied on by police and prosecutors to test DNA evidence in the state's most baffling crimes.

Her work was considered the gold standard by colleagues and helped put away infamous murderers, including the "Colorado Hammer Killer."

Then, in November, Woods abruptly resigned. The same day, the Colorado Bureau of Investigation said it had discovered anomalies in her work during an internal review and was launching a criminal probe.

The unfolding scandal—potentially one of the largest in the history of forensic DNA testing, according to experts—is throwing Colorado's criminal justice system into chaos. The state said it would need to review and retest approximately 3,000 DNA samples that Woods handled. Public defenders estimate thousands of cases could be affected.

Prosecutors are bracing for numerous legal challenges from people charged or convicted based on Woods's findings. State lawmakers recently allocated nearly \$75 million for possible retrials and case reviews, along with the retesting.

'Huge mess'

At the center of the storm is a mystery: Was Woods just sloppy, or has she been purposefully cutting corners for decades to put people behind bars?

"This is a huge, unprecedented mess," said George Brauchler, a former district attorney in the Denver suburbs whose office oversaw numerous cases in which Woods tes-

tified. "I want to know, what in the world did she do?"

Ryan Brackley, an attorney for Woods, said she is cooperating with the investigation.

"She continues to stand by the reliability and integrity of her work on matters that were filed in court, and particularly in cases in which she testified in court under oath," he said.

Investigators have released few details and haven't said what prompted the review that uncovered anomalies in Woods's work. They also haven't said when their probe will be complete and whether criminal charges will be filed.

But in a Dec. 5 email to district attorneys across the state, the lab director of the Colorado Bureau of Investigation said Woods had in some cases altered data and in others analyzed samples several times but reported only one result. As of that date, investigators hadn't found that any DNA evidence provided by Woods was inaccurate, according to the email.

"CBI Forensic Services continues to review all cases worked by Ms. Woods during her 29-year career," lab director Shawn West wrote.

As Colorado prosecutors

pore over hundreds of cases that Woods worked on and await results of the investigation, they must consider two nightmare scenarios: Whether any of Woods's cases ended in a wrongful conviction and whether some people correctly put behind bars must now be retried because of shoddy DNA testing.

System shaken

"The impact to the confidence and integrity of the justice system—and the work that is going to be required on these cases—is really significant," said Michael Dougherty, Boulder County's district attorney. "We will undoubtedly see defendants who've been convicted rightfully and justly trying to use this issue to their advantage."

His office has identified 56 closed cases and 13 open cases in which Woods was a witness or potential witness.

One current case he must contend with is that of Garrett Coughlin, whose trial for allegedly killing three people is set for April. In November, the Colorado Bureau of Investigation alerted prosecutors that DNA testing conducted by Woods in

the case was missing data.

Coughlin's attorney Mary Claire Mulligan said she wants to know why the problems with Woods's DNA analysis weren't caught earlier, a question other defense lawyers have asked as well. Standard criminal-lab protocol requires a forensic scientist's work on each case to be reviewed by a colleague.

"The fact that this could go on for 20-some years, and not once did it get caught by peer review, this says there is something very wrong with forensic testing in Colorado," Mulligan said.

State law-enforcement officials have said the problems are limited to Woods and aren't laboratorywide.

But issues are popping up elsewhere in the state. On March 1, the Sheriff's Office in Weld County, Colo., said it fired a veteran DNA analyst and will pursue criminal charges against her after anomalies in her work were discovered during the Woods investigation.

It was through solving cold murder cases that Woods, 60 years old, earned a reputation as a skilled criminal scientist. She was adept at finding the

faintest DNA samples on old crime-scene evidence collected years before the advent of advanced forensics, including clothing and lip balm, according to court documents.

'Hammer Killer' case

One of her most notable cases dates back to 1984, when Bruce and Debra Bennett and their 7-year-old daughter Melissa were found beaten to death with a hammer inside their Aurora, Colo., home. Another woman, Patricia Smith, was raped and fatally beaten with a hammer in her Denver suburban home around the same time.

The identity of the Hammer Killer was unknown until 2018, when Woods helped identify a suspect based on evidence extracted from the crime scenes. The DNA profile matched a man named Alex Ewing, who was already serving a decades-long prison sentence in Nevada for attempted murder in a pair of bludgeoning attacks.

With the help of Woods's testimony, Ewing, who pleaded not guilty, was convicted of the four killings and given four life sentences. He is appealing one of the convictions, and his attorney said the investigation into Woods bolsters their case.

"It really raises significant questions as to the reliability of the DNA evidence, which was the primary evidence that convicted my client," said lawyer Suzan Trinh Almony. The district attorney's office in Jefferson County, which prosecuted Ewing in the murder case that he is appealing, said it couldn't comment because it has also been assigned to prosecute Woods if criminal charges are filed.

Brackley, Woods's attorney, declined to comment on any specific cases, but said Woods's work was "beyond reproach."



Yvonne 'Missy' Woods in 2009, left, and in 2003, right. She was Colorado's star forensic scientist for decades, but resigned in November as anomalies were found in her work.



E.R. Visits Rise for Children Accidentally Eating Melatonin

By JULIE WERNAU

More parents with young children are taking melatonin to sleep. And some of them are going to the emergency room after their children take melatonin accidentally.

The number of children who visited emergency rooms for unsupervised melatonin consumption increased 420% from 2009-20, federal data showed. Melatonin was implicated in some 7% of recent E.R. visits for children 5 and

younger who had taken medication without supervision.

The good news: Very few of those children were hospitalized. Typically, mild drowsiness, headaches or dizziness are the worst side effects after children consume melatonin, according to America's Poison Centers.

Adults have long used melatonin, a hormone the brain produces in response to darkness, to regulate their sleep. It is sold widely as a dietary supplement.

Sleep disruptions during the pandemic led more people

to try sleep aids. The increase led researchers to question how some of these products are labeled and marketed and whether people can safely take them long-term.

The Centers for Disease Control and Prevention said Thursday that at least half of E.R. visits for melatonin ingestion involved flavored products such as gummies or chewable tablets that might appeal to young children. Melatonin products aren't required to have child-resistant packaging.

"It's something that tastes good and they think it's candy," said Dr. Jenna Wheeler, who specializes in pediatric critical care at the Orlando Health Arnold Palmer Hospital for Children. While most children Wheeler sees experience mild symptoms, she said that in a few cases children have suffered seizures, comas or death from melatonin ingestion. Parents should safeguard supplements as they would prescription medications, she said.

About three-quarters of in-

cidents involved melatonin in bottles, suggesting that infants and children opened them or that the bottles weren't properly closed.

About a quarter of some 2,040 adults surveyed by Ohio State University's Wexner Medical Center in 2022 used prescription or over-the-counter sleep aids. As a natural supplement, melatonin is regulated less strictly by the Food and Drug Administration than prescription or over-the-counter drugs.

U.S. NEWS

Biden Seeks Corporate-Tax Hikes

His proposal would raise rate to 28% and curb deductions for executive pay

WASHINGTON—President Biden proposed raising taxes on large companies in his State of the Union address Thursday, taking aim at execu-

By Andrew Restuccia, Andrew Duehren and Richard Rubin

tive compensation as he laid out a campaign-year message that contrasts with that of rival Donald Trump and his tax agenda.

Biden's plan reprises many corporate-tax ideas he has pitched since the 2020 campaign and failed to get through Congress even when Democrats were in charge, such as raising the corporate tax rate to 28% and boosting taxes on U.S. companies' foreign profits. He offered some new ideas on top of those as he runs for a

second term.

The additional proposals include raising a corporate minimum tax, which took effect this past year, to 21% from 15%. Biden also called for imposing stiffer limits on companies' ability to deduct the wages of their highest-paid workers, according to White House officials.

Biden's proposals highlight the biggest differences between the two parties on an issue—tax policy—that will be crucial during the campaign and in 2025. Many of the tax cuts signed into law by the former president in 2017 expire at the end of next year, and the winners of this year's election will shape what happens to them. High earners and corporations, in particular, have trillions of dollars at stake.

Biden wants to extend tax cuts for households making less than \$400,000 a year, while raising taxes on corporations and high-income Americans and beefing up Internal Revenue Service enforcement. He said the 2017

law was an unfair giveaway to Americans who didn't need it and can pay more.

Republicans, by contrast, say the 2017 tax law that cut corporate and individual rates was an economic success and warn of the impact of reversing any of it.

A recent academic study found that the 2017 law boosted domestic investment but fell far short of paying for itself.

Republicans largely want to extend the expiring tax cuts at all income levels and claw back IRS enforcement funding. Trump has yet to articulate a clear tax plan, though he has talked about imposing higher tariffs on imported goods.

Sen. Todd Young (R., Ind.) said Biden's corporate-tax proposals should be considered in a broader fiscal debate next year, though Congress shouldn't start out trying to raise business taxes.

"We're in a global competition for talent, for business, for investment and taxing your way to prosperity has

never made much sense to me," he said.

Under Biden's plan, companies that pay any employee more than \$1 million would be denied the otherwise normal tax deductions for that compensation, according to the White House.

Under current law, such deductions are prohibited for certain top executives who earn more than \$1 million. In many cases, companies have continued paying those employees and absorbing the higher corporate taxes. Biden's proposal, which would require congressional approval and is unlikely to gain traction on Capitol Hill unless Democrats have full control next year, would expand the prohibitions, raising \$270 billion over 10 years, White House officials said.

The new limits would apply to employees of "C corporations," which include the largest, most recognizable publicly traded U.S. companies but generally not hedge funds or other closely held businesses.

The president also plans to increase the fuel tax on corporate and private jet travel and change depreciation rules so that buyers of commercial jets deduct their purchases over the same number of years instead of corporate jets being written off faster.

Biden has tried and mostly failed to raise taxes on wealthy Americans and corporations for years. Democrats seriously debated raising the corporate tax rate, hiking individual tax rates and imposing taxes on the unrealized capital gains of the wealthiest people.

But those ideas all ultimately fell short in 2021 and 2022 as Sens. Joe Manchin (D., W.Va.) and Kyrsten Sinema (I., Ariz.) narrowed the party's tax-raising ambitions.

Neither is seeking re-election and a next Democratic majority—if it happens—could view Biden's ideas more favorably.

Republicans are opposed to tax increases, however, and this year's Senate election map tilts in their favor.

Americans Back Deal On Border, Poll Finds

By Michelle Hackman and Aaron Zitner

WASHINGTON—Americans support both tougher border security and a pathway to citizenship for longtime immigrants living in the country illegally, a new Wall Street Journal poll finds—suggesting that voters crave a blueprint for compromise that Congress has all but abandoned.

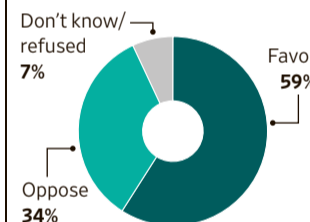
For decades, pairing the "carrot and stick" policies together served as the basis for bipartisan efforts to overhaul the nation's immigration system that repeatedly failed to reach the finish line.

Now, with illegal border crossings reaching record levels, Republicans and Democrats have jettisoned that framework in favor of first overhauling the process at the U.S.-Mexico border before making any other changes to the system.

A bipartisan group of senators negotiated a border-security package, unveiled in February, that would have made it tougher to claim asylum at the border and would have given the government the ability to "shut down" the border if illegal crossings surpassed 4,000 a day. Republicans walked away from the deal—after making it a condition for supporting financial aid to Ukraine—when Donald Trump, the expected GOP presidential nominee, came out against the bill, saying it didn't go nearly far enough.

A recently proposed bill would make it harder for migrants to get asylum in the U.S., increase the number of border agents and give the president the power to limit the number of migrants coming into the country if immigration goes above a certain limit.

Do you favor or oppose this immigration policy proposal?



Source: Wall Street Journal poll of 750 registered voters (half the sample) conducted Feb. 21-28, 2024, with a margin of error: +/- 3.6 pct. pts.

Britt Criticizes Biden on Border in GOP Response

By Siobhan Hughes

WASHINGTON—Freshman Sen. Katie Britt, tapped to give the Republican response to President Biden's State of the Union address, criticized the president over his border policies and took shots at his age, working to make the case for returning Republicans to the White House.

In Britt, party leaders chose a 42-year-old with a solidly conservative voting record whose name has been banded about as a possible vice-presidential pick for GOP presidential front-runner Donald Trump. The youngest woman Republican ever elected to the Senate spoke right after Biden, who is 81 and the oldest person to serve as president.

In remarks from her kitchen table, Britt highlighted the generational gap. She criticized both the president's policy decisions, particularly related to the border, as well as his competency.

Britt said Biden's speech "was the performance of a permanent politician who has actually been in office for longer than I've been alive."

She said later: "The free world deserves better than a dithering and diminished leader."

On border policy, she noted that Biden in his speech "finally said the name" of Laken Riley, as demanded by some Republicans. Riley, a Georgia nursing student, was killed late last month, allegedly by an immigrant who police say entered the country illegally. Still, Britt criticized Biden for what she said was insufficient action on illegal immigration. Republicans recently blocked a bipartisan border deal, saying it wasn't tough enough.

The White House rejected Britt's criticism. Britt "sided against President Biden, the Border Patrol Union, and the U.S. Chamber of Commerce by opposing the toughest bipartisan border deal in modern history," said White House spokesman Andrew Bates. He said the speech laid out Biden's "vision for the future" on personal freedoms, the economy and national security, "not an America that is dragged backwards by extremists."

While Biden has been under the microscope over his fitness, Republicans face new challenges related to reproductive rights.

A court ruling in Britt's home state of Alabama put in vitro fertilization treatments in peril, prompting GOP law-



Sen. Katie Britt is considered a possible vice-presidential pick.

makers to scramble to reassure voters that the procedures—in contrast to abortion—had the full support of the party.

Britt, the mother of two, tried to sell that message in her speech, saying Republicans "strongly support continued nationwide access to in vitro fertilization. We want to help loving moms and dads bring precious life into this world."

Britt is the only woman among the half-dozen Senate Republicans who are younger than 50.

In the chamber overall, Sen.

Jon Ossoff (D., Ga.) is the youngest member at 37.

Delivering the response to the State of the Union address offers a major stage to up-and-coming lawmakers, but it also comes with risks. Many of the speeches are forgettable, while others are remembered for the wrong reasons, such as when Sen. Marco Rubio (R., Fla.) awkwardly groped for a bottle of water during his remarks in 2013.

This year's speech came as Republicans are grappling with the fallout from a recent court ruling in Britt's home state that sparked worries

about access to IVF treatments, the procedure used by millions of American women to try to become pregnant.

Many Republicans say that their antiabortion stances don't extend to banning IVF, two years after the Supreme Court ruled there was no constitutional right to an abortion. Britt, who opposes abortion, previously issued a statement saying that IVF helps "create life and grow families, and it deserves the protection of the law." The Democratic National Committee called her an "anti-choice extremist."

Women are a weak point for Republicans, giving Britt an important role. In a Wall Street Journal poll taken from Feb. 21-28, Biden led Trump by 32 points among women under age 30, at 60% to 28%. Among women of all ages with college degrees, Biden is ahead by 22 points, 57% to 35%. Among all voters, Trump has a narrow lead.

Britt is no bomb thrower and has fans across the political aisle. She is particularly close with Sen. John Fetterman (D., Pa.), who met Britt and her husband, a former professional football player, during orientation for senators elected in 2022.

President Paints Stark Contrast

Continued from Page One

to address Republicans who shouted questions at him about the killing of Laken Riley, a 22-year-old nursing student in Athens, Ga., allegedly by a Venezuelan citizen who officials said entered the U.S. illegally. Holding a badge passed around by conservatives with Riley's name on it, Biden incorrectly said Riley's first name. He added: "But how many of the thousands of people are being killed by illegals?" a reference to the rarity of such killings.

Trump, responding on his Truth social media site, called it "an angry, polarizing, and hate-filled speech."

Biden, who at age 81 is the nation's oldest president, has been forced to contend with a recent special counsel report that said he seemed like an "elderly man with a poor memory."

The president opened his speech pointing to the threats to democracy at home and abroad. He urged members of Congress to back another round of military aid for Ukraine, warning that the country's ability to defend itself from Russia's attacks has reached a crossroads.

"History is literally watching," Biden said. "If the United States walks away, it will put Ukraine at risk."

The president has been urging House Speaker Mike Johnson (R., La.) to bring up for a vote a Senate-approved package providing nearly \$100



President Biden appeared to relish a give-and-take with congressional Republicans who largely oppose his agenda.

billion for U.S. allies Ukraine, Israel and Taiwan. Johnson has insisted on border restrictions that Democrats won't accept. Biden's allies and some Republicans are considering attempting to pass the aid without Johnson's support.

Biden also called out Trump for his refusal to accept his 2020 election loss, which led to the attack by Trump supporters on the Capitol on Jan. 6, 2021. "You can't love your country only when you win," Biden said.

The address came during a challenging stretch in Biden's presidency. A recent Wall Street Journal poll found Biden narrowly trailing his Republican rival even as the public expresses a more upbeat

mood about the economy. "I inherited an economy that was on the brink," he said. "Now our economy is the envy of the world."

Biden said the U.S. military would install a temporary pier off the Gaza coast for cargo ships to unload food, water and other emergency supplies to help address the humanitarian crisis amid the fighting between Israel and Hamas.

"This temporary pier would enable a massive increase in the amount of humanitarian

assistance getting into Gaza every day," he said. "But Israel must also do its part. Israel must allow more aid into Gaza and ensure that humanitarian workers aren't caught in the crossfire."

Biden urged lawmakers to raise the corporate minimum tax to at least 21% and boost taxes on U.S. companies' foreign profits.

He argued that the \$2 trillion tax cut approved during the Trump administration overwhelmingly helps the wealthiest Americans and large corporations

and "exploded the federal deficit."

"For folks at home, does anybody really think the tax code is fair?" Biden said, asking if the wealthy and large corporations need another \$2 trillion in tax breaks. Some members yelled, "No."

"I sure don't. I'm going to keep fighting like hell to make it fair," Biden said.

The televised address offered Biden what will likely be his largest audience of viewers until he addresses the Democratic National Convention in Chicago in August.

Abortion rights played a prominent role in the speech. Democrats view the Supreme Court's 2022 decision overturning Roe vs. Wade that

'You can't love your country only when you win,' he said in a jab at Trump.

eliminated the right to the procedure as a powerful persuasive force in November's elections. Members of the Democratic Women's Caucus dressed in white in support of reproductive rights.

Biden said his predecessor was "determined to see Roe v. Wade overturned," and added, "Look at the chaos that has resulted."

He said "many of you in this chamber and my predecessor" wanted to pass a national abortion ban. "My God, what freedoms will you take away next?"

House Republicans said the speech failed to convince voters that they are benefiting from Biden's policies.

"The American people are scraping by while President Biden proudly proclaims that 'Bidenomics' is working," said Sen. Katie Britt (R., Ala.) in delivering the Republican reply to Biden.

Biden announced additional efforts to reduce drug prices and expand health coverage. He also presented a new program to save homeowners thousands of dollars in closing costs on certain mortgages.

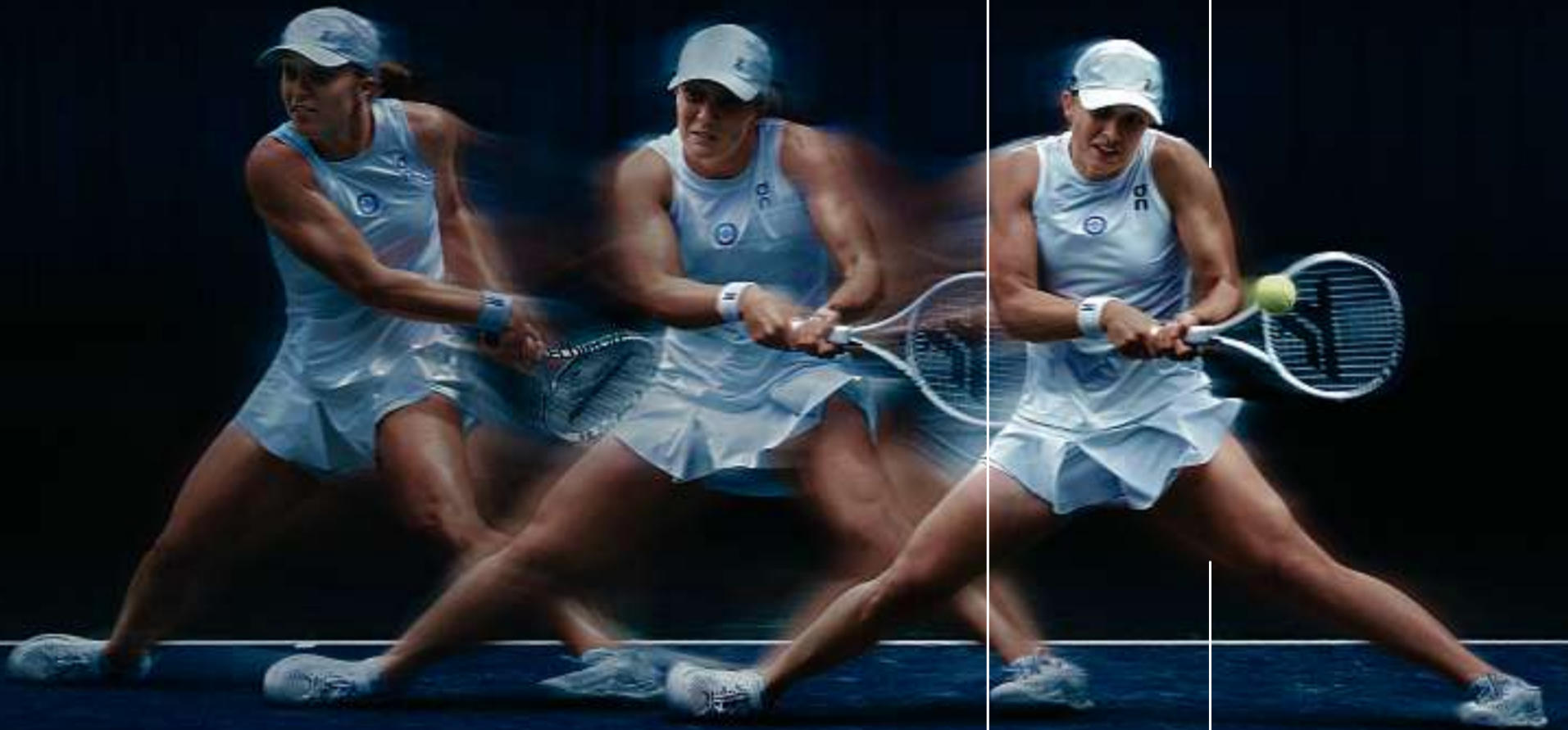
The parents of imprisoned Wall Street Journal reporter Evan Gershkovich, who is detained in Russia, attended the speech as guests of Johnson. The U.S. government has designated Gershkovich as wrongfully detained.

Other guests included Kate Cox, a Texas woman at the center of a dispute over the state's restrictive abortion law. Cox sought legal permission to get an abortion in Texas after she learned that her fetus had a fatal diagnosis and later traveled out of state to get the procedure.

—Natalie Andrews and Annie Linskey contributed to this article.

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U.S. NEWS

Senate Passes Bill To Boost Radiation Aid

Measure pushed by GOP Sen. Hawley faces an uncertain path in the House

By KATY STECH FERREK

WASHINGTON—Sen. Josh Hawley (R., Mo.) succeeded in winning over enough GOP colleagues to pass a major expansion of payments to Americans who were exposed to wind-blown radioactive particles from nuclear tests and uranium facilities, a cause he has championed for years.

The vote on the measure, which is expected to have a price tag in the tens of billions of dollars, passed 69-30, with 20 Republicans joining most Democrats in voting in favor. The measure faces an uncertain path in the House.

For decades, the U.S. has made payments through the Radiation Exposure Compensation Act to people, known as “downwinders,” who were exposed to cancer-causing radiation while living near a remote Nevada site where scientists tested nuclear weapons starting in the 1950s as the U.S. raced to build out its Cold War nuclear arsenal. Hawley said expanding the

program would account for new information on how extensively radioactive contamination from the once-secretive U.S. effort to build nuclear weapons has spread from test sites, mines and processing facilities to communities across the country.

People who were exposed to radiation because of that effort “have given their health and in some cases their lives for the safety and security of this nation,” he said this week.

Most of the 41,400 claims of more than \$2.6 billion paid out so far have gone to people who have severe illnesses with proof that they lived in one of roughly two dozen counties in Nevada, Utah and Arizona during a decade of testing.

The compensation program is set to expire in June. The proposal led by Hawley would extend it for five years and expand eligibility to four Western states—Colorado, Idaho, Montana and New Mexico—where people may have been exposed from other test sites. It would also double the amount of money that eligible people can get to \$100,000.

But the proposed expansion’s price tag has raised concerns, particularly among Republican spending hawks. Sen. John Cornyn (R., Texas)

on Thursday voted against the measure, which would expand compensation to some uranium mine workers in his state, because of its cost.

The Congressional Budget Office, Capitol Hill’s scorekeeper, hasn’t estimated the cost of the legislation, but it said an earlier version of the bill could cost \$147 billion over 10 years. Hawley said he has made changes, including by lowering compensation amounts, to cut at least \$100 billion from that price tag.

In leading the effort, Hawley has shown how some Republicans typically opposed to expanded government spending have embraced more populist policies meant to boost the working class. He was joined by senators including Tom Cotton of Arkansas, Ted Cruz of Texas, Marco Rubio of Florida and J.D. Vance of Ohio. Senate Minority Leader Mitch McConnell (R., Ky.), whose state has regions that would become eligible for compensation, also voted in favor.

Asked about the large number of Republicans who voted in favor, Hawley said: “There are a lot of people whose states are affected, and then I also think there are people...who understand that we’ve got to do right by working people.”



An April 1952 photo of a pillar of smoke above Yucca Flat, Nev., during nuclear testing.

If passed into law, it would mark the most substantial piece of legislation that Hawley has sponsored since his election to Congress in 2018.

Sen. Ben Ray Lujan (D., N.M.), who was also a sponsor of the measure, urged House Speaker Mike Johnson (R., La.) to put it up for a vote.

The White House on Wednesday said that it would work with Congress to find money to cover the costs and urged lawmakers to support the expansion. The compensation fund was created by Congress in 1990 in an effort led by Sen. Orrin Hatch (R., Utah) in response to lawsuits against the U.S. government—immune from

legal consequences under federal law—for damages related to nuclear weapons testing.

A portion of the compensation fund’s money has also gone to scientists who oversaw the tests and government employees who executed them, along with workers who mined, processed and transported uranium.

Hawley’s proposal would also expand compensation to people exposed to radiation in some regions where nuclear waste was dumped from processing sites, including in several St. Louis-area neighborhoods where environmental regulators have traced radioactive waste in Coldwater

Creek to a former uranium processing site in downtown.

People who live in those Missouri neighborhoods, along with regions in Alaska, Tennessee and Kentucky, would be eligible for compensation.

It’s unclear how many new people would be eligible under the proposed expansion because the U.S. government doesn’t track individuals diagnosed with qualifying diseases who lived in these areas.

The measure would also need to pass in the House, where two bipartisan proposals to expand compensation for uranium miners and residents near test and processing sites have made little progress.

No Labels Expected to Move Forward With Presidential Ticket

By KRISTINA PETERSON AND KEN THOMAS

WASHINGTON—The centrist group No Labels is expected to push forward Friday with plans to pick an independent “unity” ticket for the presidential election, according to people familiar with its plans.

“We expect our delegates

to encourage the process to continue,” said Ryan Clancy, the group’s chief strategist.

Democrats are worried that adding an independent ticket could siphon support from President Biden, who is moving toward a rematch with former President Donald Trump. GOP presidential rival Nikki Haley dropped out this week.

No Labels’ 800 delegates are scheduled to discuss their next steps Friday in a virtual meeting closed to the press. If the group opts to proceed, as expected, it then would work on trying to settle on a pair of candidates. No Labels has indicated it would like to tap a Democrat and a Republican—likely with a Republican atop

the ticket—to offer a choice to voters seeking an alternative to both Biden and Trump.

Among the hurdles facing No Labels is the challenge of convincing two candidates to run on their ticket.

Haley recently dismissed the idea, telling reporters that she couldn’t envision pairing up with a Democratic vice-presi-

dential nominee.

Sen. Joe Manchin (D., W.Va.) and former Maryland Gov. Larry Hogan, a Republican now running for the Senate, both have indicated they aren’t interested in a presidential bid. One candidate the group is interested in, according to a person familiar with its discussions, is Sen. Kyrsten Sinema

(I, Ariz.), a former Democrat who said this week that she wouldn’t run for re-election.

Some Democrats and anti-Trump Republicans have criticized No Labels’ possible ticket, saying the group has no chance of winning and could help re-elect Trump by pulling an alternative that pulls support away from Biden.

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Apple Faces EU Law Headwinds

Continued from Page One

sions in the law to win more users for its Chrome browser on Apple devices. The law “strikes closer to the heart of Apple’s philosophy, approach to security and its business model,” said Zach Meyers, an assistant director with the Center for European Reform, a think tank.

Apple declined to comment on how the changes—which for both companies apply only in Europe—would affect competition with Google. The company previously said its integrated app ecosystem ensures users’ security and privacy, and the legislation is forcing changes to those protections.

A Google spokesman said the company has “always believed in offering people and businesses choice and competing on the merits of our services.” In a blog post, Google called for “consistent interpretation and enforcement of these new rules across all the designated companies.”

It isn’t unusual for companies to make arguments to European regulators that would hurt rivals. EU legislators said that they weren’t trying to pick winners with the new law, and the rules are meant to be neutral. Under the law, companies could face fines of up to 10% of global annual revenue if they are found to be in violation of the rules, or 20% in case of repeated violations.

The rules, which took effect Thursday, come days after the bloc issued its first-ever antitrust fine against Apple. The European Commission, the EU’s executive arm, fined the company \$2 billion on Monday, saying it violated existing antitrust rules by restricting app developers from telling users about alternative ways to subscribe to music-streaming services. Apple said it would appeal the decision and the commission failed to uncover “any credible



Google is changing search results in the EU to give more prominence to competing listings for products and services.

evidence of consumer harm.” The new law addresses the same behavior Apple was fined for but applies more broadly to cover all apps, and requires Apple to allow alternative payment systems within apps. The commission has said the law is meant to complement its traditional antitrust-enforcement tools and the fine this week deals with Apple’s past and current behavior.

Google has been at odds with EU regulators over competition issues for years. The bloc fined the company a total of almost \$9 billion in three antitrust decisions and is considering whether to pursue a

breakup of its ad technology business. Still, Google leaned into some of the new law’s changes. Before the law’s passage last year, the company lobbied EU officials to include

the requirement to allow apps to be downloaded outside of a device’s main app store, according to people familiar with the matter. The inclusion of the provision in the law could theoretically allow Google to make its own app store for iOS devices in the EU. The company declined to comment on whether it would.

Google also advocated for all companies to implement so-called choice screens, which give users the option to easily select different default software on their devices. The choice screens could help Google’s Chrome browser gain market share on iPhones, which are dominated by Apple’s Safari browser, and drive

greater use of its services. And Google moved early to let developers use alternative payment systems in its apps in Europe and other regions.

The law does present potential challenges for Google. While the company has the opportunity to gain market share for its services on Apple devices, rivals have the same chance to gain more of a foothold on Android devices.

Google is changing search results in the EU to give more prominence to competing listings for products and services, such as flights, hotels and restaurants—changes that will be visible to users and could cut into revenue from ads from those businesses.

For Apple, the changes take aim at a core part of its business. The combination of its iOS mobile operating system and its App Store—the only way to install apps on its devices—has proven lucrative for the company. The App Store accounts for a big chunk of Apple’s \$85 billion in annual services revenue, analysts said.

The company has long said the tight integration of its app store and operating system with its devices makes iPhones more secure and usable. Loosening those ties in the EU could threaten what Apple considers a main differentiator when marketing its iPhones.

While the new law means Apple has to allow apps to be downloaded outside of the App Store in Europe, some developers criticized the new fees and restrictions the company plans to levy on developers who opt to use outside stores.

Apple has said the terms are needed to maintain security on its devices, and that 99% of developers would have to pay Apple the same or lower fees.

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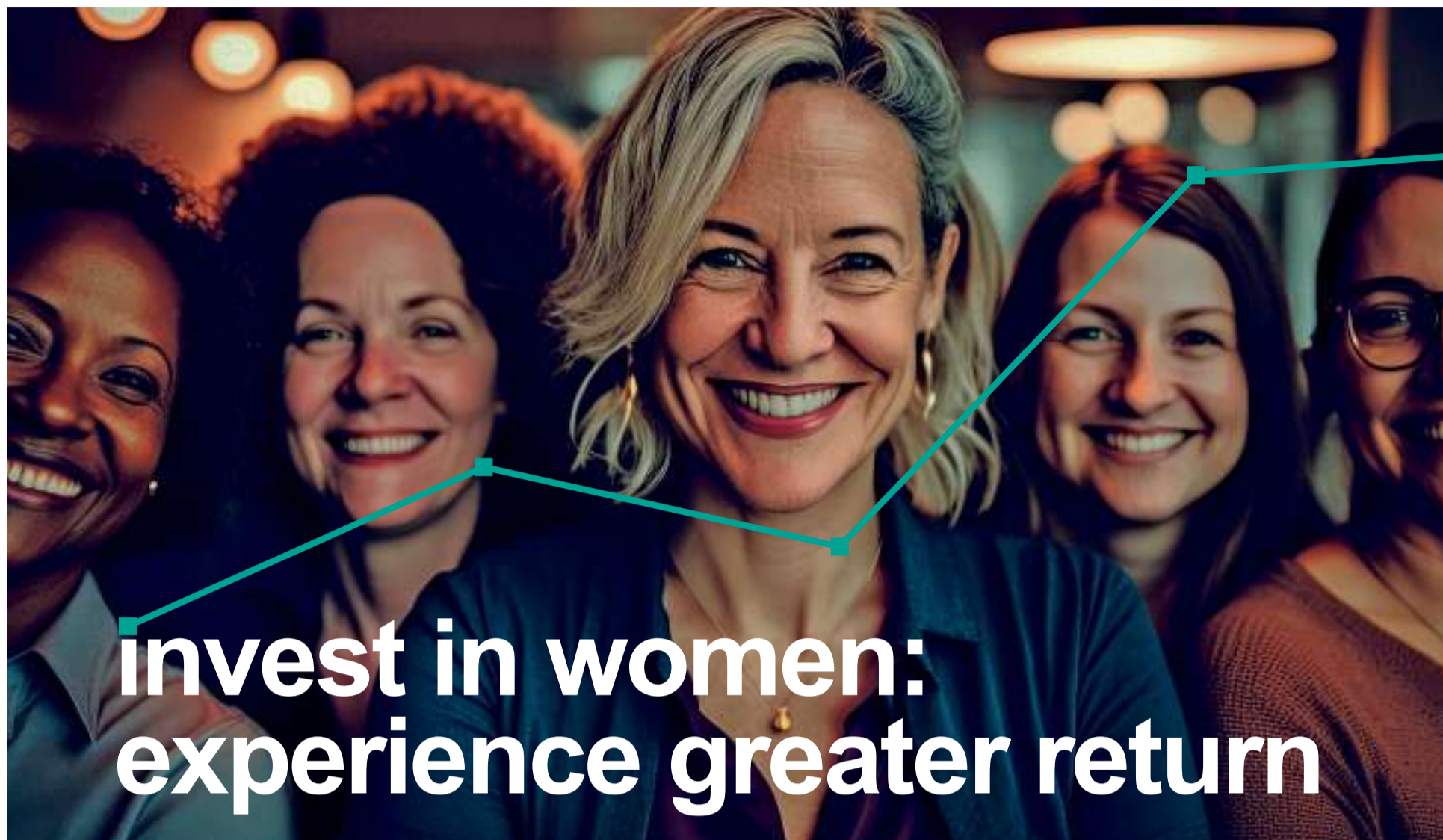
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WORLD NEWS

Hamas Leaves Negotiations on Cease-Fire

Militant chief believes group has leverage as strain grows between Israel and the U.S.

CAIRO—Hamas said it was pausing its participation in talks aimed at securing a cease-fire in Gaza, after its leader in the enclave emerged from days of silence to deliver a hardened negotiating position amid signs of increased tension between Israel and the U.S.

By Summer Said, Margherita Stancati and Anat Peled

Yahya Sinwar, who had been largely disengaged from the talks until recently, is demanding that Israel commit to discuss a permanent stop in the fighting, putting him at odds with other Hamas leaders, officials familiar with the discussions said.

Egyptian officials say Sinwar believes Hamas has the upper hand in negotiations, citing internal political divisions within Israel, including cracks in Prime Minister Benjamin Netanyahu's wartime government and mounting U.S. pressure on Israel to do more to ease the suffering of Gazans.

Those tensions have been on display in recent days, including in a speech from Vice President Kamala Harris on Sunday calling for an immediate six-week cease-fire.

Egyptian officials said Sinwar hopes friction between Washington and Israel could allow him to cut a deal more favorable to Hamas, and is pushing to include a permanent cease-fire and a complete withdrawal of troops from Gaza.



The bodies of 47 Palestinians were prepared for a mass burial Thursday in Rafah in the southern Gaza Strip.

was leaving "to consult with its leadership." It added that it would continue to negotiate for the movement's key goals: an end to the fighting, securing more humanitarian aid and allowing displaced Gazans to return to their homes.

Israel has said a collapse in talks would prompt it to move ahead with a military operation against the city of Rafah, which Israel sees as the last major Hamas stronghold in Gaza, and where more than a million Palestinians are sheltering.

The Israeli military "will continue to operate against all the Hamas battalions across the entire strip....Those telling us not to operate in Rafah are telling us to lose the war and that won't happen," Netanyahu said on Thursday.

The U.S. has warned against such a move without a plan to limit civilian harm as the death toll from the war soars. Some analysts say Israel isn't prepared to move on Rafah because it lacks troops and needs to evacuate civilians.

Israel has said its priority in the talks is to secure the release of dozens of hostages captured during the Oct. 7 Hamas-led attacks. More than 100 hostages were released during a November truce. About 130 remain captive in Gaza, including more than 30 that Israel says are dead.

Sinwar's demands have put him at odds with Ismail Haniyeh, the head of the group's Qatar-based political bureau, which has been leading talks with Qatari and Egyptian officials. Haniyeh has been willing to accept a six-week pause in the fighting to offer some relief to Gaza's 2.3 million people, while using that time to explore the possibility of a permanent cease-fire and full Israeli military withdrawal.

Hamas hasn't said how many hostages are alive. Israel won't accept Hamas's demand to allow all Palestinians displaced in the south to freely return to the north.

Militants Tell Palestinians to Rise Up During Holy Month

Hamas on Thursday appealed to Palestinians and their supporters to rise up during the Islamic holy month of Ramadan, which begins roughly on Sunday. "We call on our nation to make its days and nights a field of support and victory for our people in the Gaza Strip, Jerusalem and the blessed Al Aqsa Mosque," the militant group said.

Islam's holiest sites, has been a flashpoint for tensions in the past. It is housed in a compound in Jerusalem that is known to Jews as the Temple Mount and is Judaism's holiest place.

U.S. and Arab officials have been pushing Israel and Hamas to agree to a six-week truce ahead of the start of Ramadan. Arab and Israeli officials say they fear Yahya Sinwar, who heads the group in

Gaza, is undermining the talks in the hope that Ramadan will galvanize popular Arab support for Hamas.

More than 30,000 Palestinians have been killed in Gaza since the war began in October. Palestinian health authority numbers don't distinguish between militants and civilians. Israeli authorities say more than 1,200 people, mainly civilians, were killed during the Oct. 7 Hamas-led attacks on Israel.

Al Aqsa Mosque, one of organizations to deliver badly needed aid across the strip, amid widespread hunger. More than a dozen children have died recently because of

malnutrition and dehydration in northern Gaza, which largely has been cut off from aid for more than a month.

Hamas officials who were in

Cairo for the negotiations left on Thursday. The group might return on Sunday for more talks, Egyptian officials said.

Hamas said its delegation

Watch a Video



Scan this code for a video on illegal settler construction in the West Bank.



U.S. aircraft dropped humanitarian aid into the northern Gaza Strip on Thursday.

Biden Seeks to Boost Aid To Gaza With Offshore Pier

By Nancy A. Youssef and Vivian Salama

WASHINGTON—President Biden said in his State of the Union speech that the U.S. military will install a temporary pier off the Gaza coast for cargo ships to unload food, water and other emergency supplies, boosting the direct American role in addressing the strip's humanitarian crisis.

Biden directed the military to carry out the emergency project, aiming to ease food shortages and lack of shelter and medical services for Gaza's 2.2 million residents, U.S. officials who briefed reporters ahead of Biden's speech Thursday evening said.

"This temporary pier would enable a massive increase in the amount of humanitarian assistance getting into Gaza every day," Biden said in his address. "But Israel must also do its part. Israel must allow more aid into Gaza and ensure that humanitarian workers aren't caught in the crossfire."

Once the pier is in place, aid shipments enabled by the U.S. and a coalition of partners and allies will flow to Gaza, initially from Cyprus,

the officials said.

The forces that will be required to complete this mission are either already in the region or will begin to move there soon, they said. The mission, which is expected to last only temporarily, won't require U.S. boots on the ground in Gaza, officials said.

The plan developed by the U.S., the European Union and other countries calls for the new aid shipments to Gaza sent by sea to begin as soon as the next few days and for a private company to handle the logistics, said a senior European Union official, who added that no military vessels would be involved.

The announcement comes as the Biden administration faces increasing pressure to address the growing humanitarian crisis in Gaza. In addition to establishing a way to bring aid into Gaza by sea, the U.S. plans to step up its air-drops and has pressed the Israelis to open a new land crossing.

The Biden administration is looking to at least one American company, Fogbow, to coordinate deliveries to Gaza through the new maritime corridor using commercial ships, Gulf officials and people

familiar with the plan said.

Fogbow, which is made up of former U.S. government, military and United Nations officials, will lead efforts to secure the ships, coordinate with the Israeli government, the U.N. and Gazans on the ground, those people said.

Israel will screen the shipments in Cyprus to ensure no weapons or other potentially products that could be helpful to Hamas fighters in Gaza were included in the shipments, the senior EU official said. In addition, Israel will monitor the sea routes taken by cargo ships after they leave Cyprus to ensure no contraband is smuggled on board during the voyage, the official said.

The Qatari government has approved funding to support the use of commercial ships to Gaza, Qatari officials said. Administration officials said they are exploring options for shipping aid by sea, but that they haven't reached a formal agreement with any company.

The idea of assembling a floating pier has long been touted by the U.S. military as a way to move supplies ashore in regions where ports are inadequate or have been damaged in a conflict.

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WORLD NEWS

Nigeria Abductions Fuel Grim Memories

Kidnappings come before anniversary of Chibok, with some girls still missing

By GABRIELE STEINHAUSER
AND GBENGA AKINGBULE

ABUJA, Nigeria—Local officials were going tent to tent in makeshift refugee camps, asking who was missing relatives or neighbors. Parents rushed into the forest in search of their children. And the small number of girls and boys who escaped recounted how gunmen took away their friends, forcing them to walk deeper into the bush.

For many Nigerians, the scenes playing out this week in the town of Ngala, on their country's northeastern border with Cameroon, were a painful reminder of the 2014 abduction of more than 200 schoolgirls who were snatched by Islamist militants from their dormitories in the town of Chibok. That kidnapping—which sparked the global #BringBackOurGirls movement—will hit its 10th anniversary next month, with 98 of the Chibok girls, as they came to be known, still in captivity or dead.

Nigerian and international

officials on Thursday gave widely varying estimates of how many boys, girls and young women the jihadists had taken this time. All of them were residents of a collection of refugee camps that have cropped up over the past decade around Ngala, sheltering thousands of families displaced by the insurgents that are terrorizing the region.

Abdulkareem Abdulrahman, a former local councilman, said gunmen had abducted 117 people, most of them children between the ages of 12 and 15. Mohamed Malick Fall, the United Nations humanitarian coordinator for Nigeria, said more than 200 were missing after they had gone out last week to collect firewood. And Zainab Gimba, who represents the area in the Nigerian House of Representatives, put the number of those unaccounted for at 319.

Gimba told lawmakers on Thursday that three girls who had escaped their abductors said they had been taken across the border into Cameroon or Chad. "Lack of enough food in the camps has forced the women to go in search of firewood to sell so as to complement the food being given to them in the camps," Gimba said.



Members of the #BringBackOurGirls campaign in 2016 rallied in Abuja, Nigeria, for students kidnapped by Boko Haram. As the 10th anniversary nears, 98 remain in captivity or are dead.

None of the officials named the group responsible for the kidnapping. But experts following the insurgency said the abductors were likely members of the Islamic State West Africa Province, also known as Iswap, or other factions of Boko Haram, the group behind the Chibok attack.

The abduction of scores of

children so close to the Chibok anniversary is a blow for Nigerian President Bola Tinubu as his government is grappling with discontent over a surge in food and fuel prices and frequent for-ransom kidnappings. On Thursday evening, local media reported that bandits, who have turned abductions into a multimillion-dollar industry, took

dozens of children from a school in another part of Nigeria.

The number of attacks and kidnappings by Islamist militants, by contrast, had dropped in recent years, as Iswap took territory from its Boko Haram rivals and turned toward building relationships, based on a strict interpretation of sharia law, with the lo-

cal Muslim population.

"Iswap doesn't typically attack those communities indiscriminately, because they're trying to build an Islamic state," said James Barnett, research fellow at the Washington-based Hudson Institute.

The Ngala abduction, Barnett said, could be a sign that support within Iswap for its current leadership was splintering and regional commanders were returning to the more-brutal tactics of the past. "Unfortunately, sometimes when these groups get disorganized, or when they get weakened, they can actually become more violent and more predatory," he said.

The experience of the Chibok girls and other children taken by Nigerian jihadists suggests that the boys and girls kidnapped from Ngala have a difficult road ahead of them. Abducted girls were often forced to marry their captors, while boys were conscripted to fight for the group. Others were strapped into suicide vests to attack civilians or soldiers.

"They are likely to be enslaved, possibly for years, and they will be sexually exploited," said Bulama Bukarti, a senior fellow at the Tony Blair Institute for Global Change.

OECD Government Borrowing Seen Hitting a High

By PAUL HANNON

Total borrowing by governments in rich countries is set to hit a record \$15.8 trillion this year, with the cost of making interest payments rising over coming years as bonds issued before the inflation surge mature, the Organization for Economic Cooperation and Development said.

In a report on global debt, the Paris-based research body said Thursday that gross bor-

rowing—which includes refinancing maturing bonds as well as new issuance—rose to \$14.1 trillion in 2023 from \$12.1 trillion in 2022. That total is set to rise further in 2024, and will surpass the previous peak of \$15.4 trillion in 2020, when governments borrowed heavily to support households and businesses during the Covid-19 pandemic.

The refinancing of bonds will hit a record \$12.6 trillion this year as many of the bonds

issued during the pandemic mature. However, the surge in inflation that followed the pandemic has pushed interest rates higher, and the OECD estimates that the average cost of new borrowing for governments increased to 4% in 2023 from 1% in 2021.

As a consequence, the cost to governments of making interest payments rose to 2.9% of annual economic output in 2023 from 2.3% in 2021, and further rises are in store. The OECD

said replacing maturing bonds with new securities paying a higher rate will raise the cost of making interest payments by another half a percentage point of economic output by 2026.

Governments will also face the challenge of finding buyers for their debt as one major source of demand is withdrawn, with many central banks now selling government bonds they purchased in the years following the global financial crisis in an effort to

boost growth and inflation.

The OECD said central banks in its member countries own government bonds with a value equivalent to 30% of annual economic output, roughly matching the rise in total government debt since the financial crisis.

"As central banks begin to shrink their balance sheets through quantitative tightening, the net supply of bonds to be absorbed by the broader market will increase to record

levels," the OECD said. "This will result in a growing share of bonds being held by more price sensitive investors, such as the non-bank financial sector and households."

The OECD expects outstanding government debt in member countries will rise to \$56 trillion this year from \$54 trillion in 2023. It said the U.S. share of total debt stock has risen in recent years, accounting for almost half of the total in 2023, or double its 2008 share.



International Women's Day 2024 A Call to Action A Peaceful Future for the Planet

As a child of India who is the first woman to chair the Board of a Swiss bank, I stand with the millions who support equal opportunity for women and who help open doors for them in business, finance and banking. I am committed to protecting the rights and elevating the status of women globally.

All our children need a brighter future than the one we offer them on this day, International Women's Day. Are we planning better lives for them? Or more massacres? Let an end to every kind of war be our plan from this day forward.

As a crucial part of this, women must take a leading role in the cause of nuclear disarmament. Women have always been the voices of peace. Now, as new threats to use nuclear weapons are being made, they must lift those voices. They must demand to know which nuclear power will take the first step toward disarming. Who will lead the way in protecting our planet from disaster?

Mother Earth cries out for greener pastures for her future generations. The women of the world must respond. The power to create a peaceful world is within each of us. Let us begin today.

Professor Dr. Shanu S. P. Hinduja
Chair of S. P. Hinduja Banque Privée
Co-Chair of the United Nations Global Accelerator
#shanunowar# #peacefulsettlementforbenefits-shanu#



ECB President Christine Lagarde signaled officials expect to gather fresh data through June.

ECB Holds Key Rate at Record As Bankers Weigh When to Cut

By TOM FAIRLESS

FRANKFURT—The European Central Bank held its key interest rate at a record and signaled it won't begin cutting rates before June, as policymakers take time to assess whether a historic run of increases has tamed inflation.

Markets have been on tenterhooks for signs about when central banks across developed economies will start lowering rates. Federal Reserve officials have suggested that the U.S. central bank is on track to cut rates this year but wants more evidence that inflation is slowing.

ECB President Christine Lagarde surprised investors on Thursday by signaling that officials expect to gather fresh data through June before deciding on any rate cuts, pushing back against some market expectations of an April move.

While inflation in the eurozone is heading in the right direction, "we clearly need more evidence, more data," Lagarde said. "We will know a little more in April but we will know a lot more in June."

With inflation in the region nearing the bank's 2% target, the ECB is balancing the risk of cutting rates too soon,

which could leave inflation stuck at an uncomfortably high level, against the danger of cutting too late, which could unnecessarily hurt an economy that has been struggling in recent months.

Annual inflation declined to 2.6% in the eurozone last month, and to 3.1% in the U.S. in January.

Lagarde's comments "provide some welcome visibility and reduce volatility for the next few months... It buys the central bank time to assess the data," said Frederik Ducrozet, an economist with Pictet Wealth Management in Geneva.

The ECB said it would hold its deposit rate at 4% for the fourth meeting in a row, and that future rate decisions would be based on incoming data.

The bank also published fresh economic forecasts that signaled the possibility of earlier rate cuts. Its staff now expects inflation to average 2.3% this year and 2% next year, compared with December forecasts of 2.7% and 2.1% respectively. It also expects economic growth of 0.6% for the eurozone this year compared with a December forecast of 0.8%.

Despite recent falls in headline and core inflation—which excludes highly volatile food

and energy prices—some economists have pointed to substantial wage increases in the eurozone and to stubborn services-sector inflation as potential signs that price pressures could be harder to defeat than hitherto anticipated.

Investors' bets on rate cuts have yo-yoed in recent months, rippling through financial markets. Late last year, as inflation softened and central banks signaled that policy rates had likely peaked, investors started to price in aggressive interest-rate cuts starting as early as this month. But a slowdown in the downward path of inflation this year and cautious comments from central bankers have caused investors to pare back those bets.

Meanwhile, the outlook for economic growth has diverged on both sides of the Atlantic. The eurozone economy has broadly stalled since late 2022 and recent data suggest it is still struggling for momentum. In contrast, the U.S. economy has been expanding at an annual rate of between 3% and 5% in recent months. Labor markets remain robust on both sides of the Atlantic. Despite this, investors expect the ECB and Fed to start cutting rates at about the same time.

FROM PAGE ONE

U.S. Towns Chirp Over Cricket

Continued from Page One

FAQ page for a planned 25,000-seat cricket stadium there, it began with: "What is cricket?" Others are trying to reassure residents who might imagine rowdy cricket crowds. "It's a true gentleman's sport," says Freedom owner Sanjay Govil, a backer of the George Mason proposal. "Mass hooliganism, beating up, all those things are nonexistent." The coast-to-coast chirping comes as cricket backers in the U.S. seek to widen the sport's reach. Six-team Major League Cricket started play

last year, the U.S. is co-hosting this year's T20 Cricket World Cup, and the sport will rejoin the Olympics at the 2028 Los Angeles Games.

Yet many Americans still have only a passing familiarity, if that, with a sport that has legions of fans in South Asia, the Caribbean, the U.K. and beyond.

The International Olympic Committee defines it as "a bat-and-ball team sport where the batting side tries to score as many runs as possible while the bowling side attempts to get batters out, also known as taking wickets, and restrict the flow (of) runs."

Got that? Some in Oswego, west of Chicago, cheered the stadium. Others vented on Facebook: "Cricket? like in England? why?"

The village board gave the go-ahead last fall for the first phase of the privately funded

project, slated for an industrial site. Complaints have quieted, says Village Administrator Daniel Di Santo. "The person most intensely against it put their house up for sale and moved."

New York City tried to pitch Van Cortlandt Park in the Bronx for a temporary 34,000-seat World Cup stadium. "No. N-O. In caps, underlined, boldfaced, italicized. No," Democratic state Assemblyman Jeffrey Dinowitz said at a news conference.

Long Island's Eisenhower Park got the pop-up stadium. In Sacramento, Jennifer Chawla launched a petition in September, gathering 335 signatures, as the city eyed her neighborhood park for a cricket field.

She was OK with a field, but at a regional park. Along with parking woes and endless matches, she envisioned

cricket balls smashing cars and wounding people. "This is a flying ball that's hit by a bat," she says.

The city recently installed the field, despite her objections. A parks spokeswoman says it is a safe location.

The local resistance in Northern Virginia sprang up after McDade tuned into a Jan. 29 town hall where George Mason officials and Govil discussed plans for the temporary stadium. The ballpark, to be paid for by Govil, would be built on the public institution's campus adjacent to McDade's neighborhood.

McDade recalls feeling alarmed at a presentation that focused far more on cricket than baseball. She heard Govil say up to 10,000 spectators would attend matches. She saw a university slide referencing a soft launch for cricket by this summer.

"I was freaking out a little bit," she says. "It's being shoved down our throats."

Soon McDade and neighbors including Geoff Keller started a petition, which has 708 signatures.

Keller says they have concerns about parking and traffic, but aren't NIMBYs.

They're rallying support with a giant yellow sign on Braddock Road: "Coming this month! MEGA STADIUM. SAY NO to a BUSIER BRADDOCK!"

A key issue, Keller says, has been lack of transparency, along with questions about a private team leasing public land. Their goal: to call a timeout, or maybe a tea break.

"It has nothing to do with cricket," Keller says.

Last week, George Mason President Gregory Washington assured neighbors no construction would begin until the university and Freedom

meet with them. He says the current plan is for cricket play to start in July 2025.

The university's chief brand officer, Paul Allvin, says school officials are looking at a stadium that could accommodate about 5,000 spectators, and the temporary structure is a way to see if a permanent one makes sense.

Govil, an entrepreneur who lives in Maryland, says he respects neighbors' views. He says the stadium would give George Mason a new badly needed baseball stadium at no cost and his team a home field. He sees cricket as a good fit because of the school's many South Asian students.

He thinks the sport is more popular in the U.S. than many realize. "It's a pretty civil audience. They cheer when you're winning and then when you're losing, then they're very quiet."

'Delete America' Intensifies

Continued from Page One

China competitors. Document 79, named for the numbering on the paper, targets companies that provide the software—enabling daily business operations from basic office tools to supply-chain management. The likes of Microsoft and Oracle are losing ground in the field, one of the last bastions of foreign tech profitability in the country.

The effort is just one salvo in a yearslong push by Chinese leader Xi Jinping for self-sufficiency in everything from critical technology such as semiconductors and fighter jets to the production of grain and oilseeds. The broader strategy is to make China less dependent on the West for food, raw materials and energy, and instead focus on domestic supply chains.

Officials in Beijing issued Document 79 in September 2022, as the U.S. was ratcheting up chip export restrictions and sanctions on Chinese tech companies. It requires state-owned firms to provide quarterly updates on their progress in replacing foreign software used for email, human-resources and business management with Chinese alternatives.

The directive came down from the agency overseeing the country's massive state-owned enterprise sector—a group that includes more than 60 of China's 100 largest listed companies.

That agency, the State-Owned Assets Supervision and Administration Commission, and the country's national cabinet, the State Council, didn't respond to requests for comment.

Spending by China's state sector topped 48 trillion yuan, or about \$6.6 trillion in 2022. The directive leverages that purchasing power to support Chinese tech companies, which in turn can improve their products and narrow the technology gap with U.S. rivals.

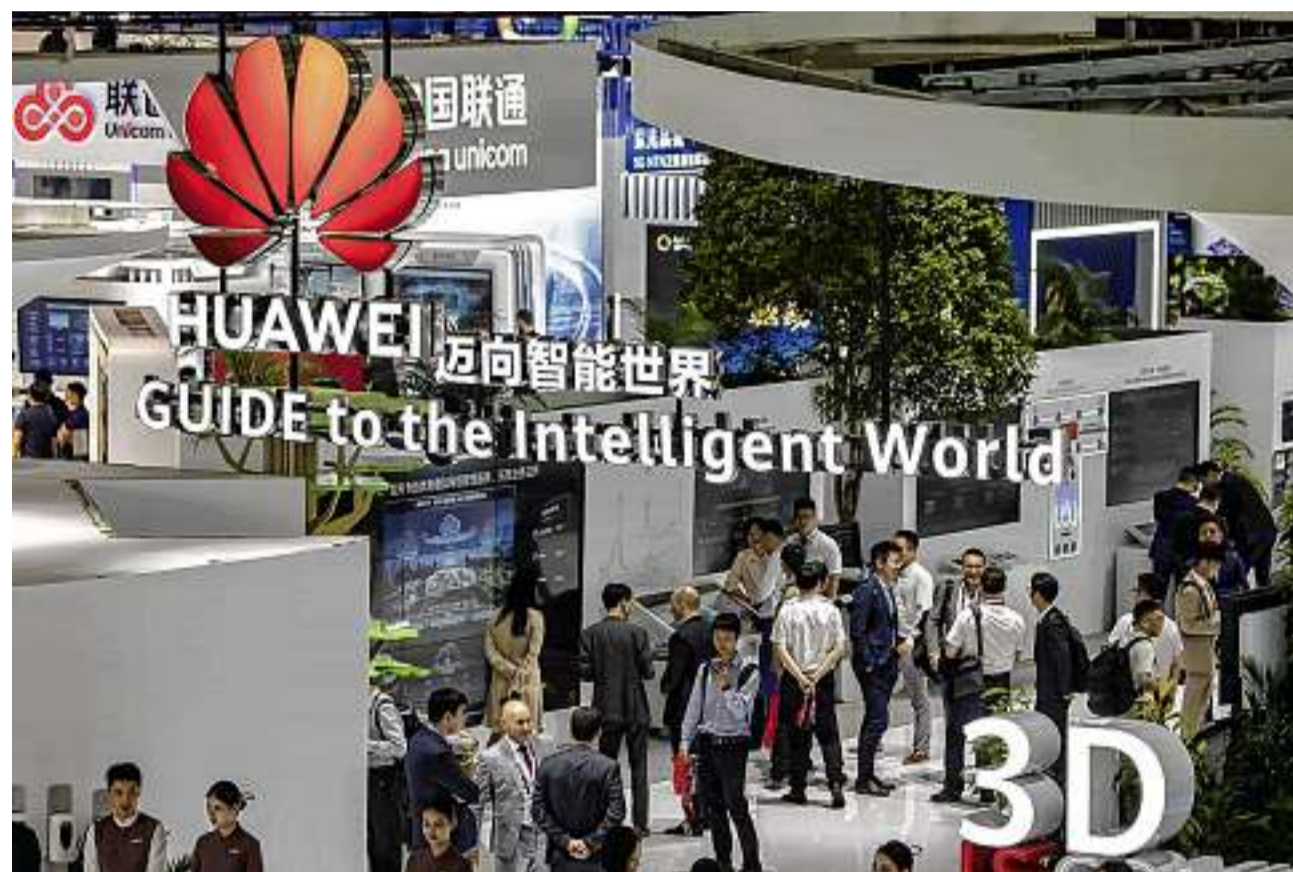
State firms have dutifully ramped up their buying of domestic brands, even if the Chinese substitutes sometimes aren't as good, according to a Wall Street Journal review of data and procurement documents, and people familiar with the matter. The buyers include banks, financial brokerages and public services such as the postal system.

Back in 2006, "China was the land of milk and honey, and intellectual property was the main challenge," a former U.S. Trade Representative official involved in previous technology discussions with the Chinese said. "Now, there is a feeling that the sense of opportunity is off. Companies are merely hanging on."

Tech war

The push to localize tech is known as "Xinchuang," loosely translated as "IT innovation" with a reference to technology that is secure and trustworthy. The policy has gained urgency amid an escalating tech and trade war with Washington, which has cut many Chinese entities off American technologies.

Premier Li Qiang reiterated the push during China's annual legislative sessions this week. China's central government plans to increase its spending on science and technology by



Above, the Huawei booth at the MWC Shanghai event last year.

10% to about \$51 billion this year, according to a budget report released on Tuesday—up from a 2% increase last year.

At some trade fairs across the country, vendors tout homegrown tech as an alternative to foreign brands. One semiconductor equipment maker stall in Nanjing put it bluntly, offering to help buyers "Delete A" from their supply chain.

Domestically developed alternatives are growing more user-friendly. A local official recalled how in 2016, it took a whole day to open and close a spreadsheet on a computer with an operating system known as KylinOS, developed by a Chinese military-linked company. He compares the usability of the latest KylinOS version to Microsoft's Windows 7, introduced in 2009—workable if not great.

As recently as six years ago, most government tenders sought hardware, chips and software from Western brands. By 2023, many were seeking Chinese tech products instead.

When the customs department in the eastern Chinese city of Ningbo sought to purchase rack servers in 2018, it stated a preference for brands such as Dell and Hewlett Packard Enterprise, and for hardware powered by Intel's Xeon central processing units. Five years later, the same agency asked for rack servers made by Chinese companies and equipped with Huawei chips.

These servers are typically assembled by state-owned tech manufacturers that barely sell equipment overseas, such as Beijing-based Tsinghua Tongfang. Tongfang's controlling shareholder is a state-owned company in charge of China's civilian and military nuclear programs.

Some government officials in China's capital had their foreign-branded PCs replaced with those made by Tongfang and officials last year were told to use Chinese phones instead of Apple's iPhones for work.

Losing orders

Over the past decade, Xi has repeatedly emphasized technological innovation and the use of trusted homegrown technology in government departments and industry. Revelations by former National Security Agency contractor Edward Snowden in 2013 that U.S. authorities had hacked into Chinese mobile phone

communications, universities and private companies strengthened Xi's resolve. More recently, Xi has told senior officials that China should leverage its strengths and market to break bottlenecks in the development of essential software such as operating systems.

As China focused on replacing hardware, IBM's China revenues have steadily declined. It downsized its China research operations in Beijing in 2021, more than two decades after it opened.

Cisco, once a technology powerhouse in China, said in 2019 that it was losing orders in the country to local vendors because of nationalist buying. American PC maker Dell's market share in China almost halved in the past five years, to 8%, researcher Canalys said.

Hewlett Packard Enterprise, or HPE, which makes servers, storage and networks, got 14.1% of its revenue from China in 2018, according to estimates from database pro-

vider FactSet. By 2023, that had fallen to 4%.

In May, HPE said it would sell its 49% stake in its Chinese joint venture. The company continues to sell direct to certain multinational customers in China and sells selected products to the broader mainland market through its Chinese partner, a spokesman said.

In software, Adobe, Citrix parent Cloud Software Group and Salesforce have pulled out or downsized direct operations in the country over the past two years.

Microsoft, the world's biggest software provider, historically dominated computer operating systems in China. A Morgan Stanley poll of 135 chief information officers in China found that many expected the share of computers powered by Microsoft's Windows operating system installed in their companies to fall over the next three years. They expected Linux-based UOS, or Unity Operating System, an effort co-led

by a state-owned company, to gain in the shift.

Even as Microsoft's top executives and its co-founder Bill Gates have frequently traveled to Beijing for high-profile meetings with senior Chinese leaders on subjects like cooperation on AI and U.S.-China trade relations in recent years, the company has decreased its offerings in China. Microsoft President Brad Smith said in a subcommittee hearing last September that China made up just 1.5% of the company's overall sales. The company posted sales of \$212 billion in the last fiscal year.

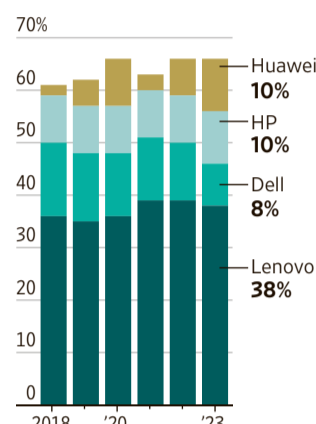
Microsoft declined to comment.

Homegrown shift

Some state-owned companies are dragging their feet on orders to replace foreign IT products that are essential to their core businesses, people familiar with company procurements said, over concerns about the stability and performance of domestic alternatives.

But in addition to growing more advanced, China's own technology is also well plugged into the local ecosystem. Providers of domestic business

Market share of China's four largest PC makers



Source: Canalys

software allow interoperability with WeChat, a ubiquitous chat messaging app widely used in place of email among Chinese businesses.

The buy local policy is trickling down to privately run companies, which are showing greater inclination to buy domestic software, according to Morgan Stanley's CIO survey.

A shift toward hosting and managing data on cloud servers instead of servers on the premises has also allowed Chinese companies to narrow the gap. Oracle, IBM and Microsoft dominated the database software market in China in 2010. Since then, Chinese companies including Alibaba and Huawei have come up with their own database management products to replace American technology.

China-based vendors took more than half of that market in China—worth \$6.3 billion overall—for the first time in 2022, and continue to grow, according to researcher Gartner. Tenders examined by the Journal also show more state-linked entities and companies have opted for Huawei's databases in recent years.

China's banks, brokerage firms and insurers have sped up procurement of homegrown databases, Yang Bing, chief executive of Chinese database company OceanBase, said at a Beijing conference in November. OceanBase, developed by Alibaba and its fintech affiliate Ant Group, replaced Oracle databases at Alibaba and Ant in 2016.

Western companies are being replaced not just by Chinese national champions such as Huawei but also more specialized companies. Yonyou Network Technology, a Shanghai-listed firm with a market value of \$6 billion, provides systems to manage businesses' human resources, inventory and finances.

Yonyou has been gaining users at the expense of Oracle and SAP, which together used to dominate more than half the market, according to data from Chinese researcher Huao Research Institute. By 2021, Yonyou had become the largest player in the market, holding 40%.

There continue to be pockets of opportunity in China for Western companies, especially in more advanced tech where China still lags behind and in sales to multinational companies operating there.

Looking forward, analysts say the preferential demand from China's state sector could mean Western ones keep slipping further behind in the Chinese market.

"The growth of software requires continuous feedback from users," said Han Lin, China head of the Asia Group, a business advisory firm, "and that will be the advantage of domestic providers."

—Raffaele Huang and Yoko Kubota contributed to this article.



A news broadcast showed Microsoft co-founder Bill Gates meeting with Xi Jinping last year.

ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

‘Cabrini’: Telling a Saint’s Story

A movie follows Francesca Cabrini, who left Italy for New York in the late 1800s and became the first canonized American

‘I INTEND TO BUILD an empire, your holiness. An empire of hope,’ a meek but steely woman named Sister Francesca Cabrini tells Pope Leo XIII in “Cabrini.” Few visionaries ever succeeded more brilliantly with their plans: Beginning in the 1880s, she and her successors founded orphanages, hospitals and schools on every inhabited continent. The name Cabrini became synonymous with Catholic charity in an era when most aid to the poor came from private institutions rather than government programs.

Mother Cabrini, sturdily played by Cristiana Dell’Anna, was canonized in 1946 and, though born in Italy, became the first American saint. “Cabrini” pays due tribute to this extraordinarily dedicated woman in a patient, reverent, painterly film suffused with chiaroscuro and at times an amber glow suggesting the vanished period of the late 19th and early 20th century. Its visual splendor is matched by the strong moral convictions and absence of cynicism that characterized many movies of the 1940s, when Catholic heroes were all over the screen, frequently played by leading actors of the day like Bing Crosby and Spencer Tracy. Today, it’s rare to find big names in pro-Catholic features, although Mark Wahlberg proved a notable exception in 2022’s wonderful biopic “Father Stu.”

“Cabrini” could have used a more charismatic performer than Ms. Dell’Anna, whose respect for the character is evident but who doesn’t show a great deal of range. Given that the character is a literal saint, and the script never stops reminding us how brave, honorable, loving and committed Mother Cabrini is, the movie suffers from a certain steadfast tone. It’s warm with fondness but never boiling



Cristiana Dell’Anna, top; a scene from the film, directed by Alejandro Monteverde, above; and John Lithgow, right.

with passion, and a major star might have succeeded in making Cabrini larger than life. As it is, she comes across as so pure that it’s a little difficult to relate to her.

Directed by Alejandro Monteverde, the Mexican who had a surprise hit with last year’s “Sound of Freedom,” “Cabrini” was evidently made on a modest budget, and yet it does an excellent job of re-creating its period, sharing much in common visually with Francis Ford Coppola’s “The Godfather, Part II,” Sergio Leone’s “Once Upon a Time in America,” and Martin Scorsese’s “Gangs of New York.” Like the last film, it is centered on a lower Manhattan slum, Five Points, so awful



that hansom-cab drivers won’t go there at night. Mother Cabrini, who at the outset is seen demanding that the pope send her on a mission to China, winds up in New York instead after the pontiff explains to her that Catholics are in dire need of succor there, having

emigrated en masse in search of opportunity only to frequently find themselves marginalized and despised. (The script, by Rod Barr, thickly lays on dialogue indicating undisguised anti-Italian bias in the last years before the city’s population became

defined by its immigrants.) Cabrini, the first woman ever to lead an overseas Catholic mission, runs into a surprising roadblock: the Archbishop of New York. David Morse plays the Irish-American Michael Corrigan as condescending, princely and dis-

missive. He forbids her to raise money from anyone who isn’t Italian, and worries that any gestures toward aiding Italians might endanger his alliance with a fellow Irish-American, the Mayor (John Lithgow as a composite figure), who thinks of City Hall primarily as a means of enhancing the prospects of his own people. Cabrini initially sets up an orphanage in crime-ridden Five Points. But as she uses donor funds to expand her territory to a second property on the borders of the more genteel Upper West Side, Corrigan obstructs her at every turn. Still, as a means of getting her out of town he assigns her a large property on the Hudson River north of the city. The site is filthy and crumbling, with no source of water except buckets hauled up from the river. Cabrini sees not what it is, but what it will be. “I will be buried here,” Cabrini says, accurately, of what became St. Cabrini Home in West Park, N.Y. (It closed in 2011.) Earlier, around 1889, a doctor who examines her lungs determines she has no more than three years to live; she pressed on until 1917, insisting that tough manual labor kept her going.

Such moments of calm fortitude give the film its strength, although so many scenes make essentially the same point in much the same way that its two hours and 20 minutes pass slowly. Cabrini was once so famous that more than 100,000 people attended her canonization Mass at Chicago’s Soldier Field three decades after her death, but she risks being forgotten today, and so Mr. Monteverde has done a public service in reminding us of her huge impact. Anyone who doubts that a single determined individual can make a difference need look no further to replace that doubt with faith.

TELEVISION REVIEW
JOHN ANDERSON

Portrait Of a Racer And His Widow

A widowed mother seems an unlikely hero of a sports documentary, though “hero” may not be quite the right descriptor for Susie Wheldon and “The Lionheart” is much more than a competition story. The title refers, ostensibly, to Dan Wheldon, the two-time Indianapolis 500 winner who died in a nightmarish, 15-car crash at the Las Vegas Motor Speedway in October 2011. Ms. Wheldon’s dilemma is how—and maybe why—she should direct her two young sons as they chase their own dreams of a career with IndyCar.

Dan Wheldon himself proves an almost ethereal presence in this grief-struck film by producer-director Laura Brownson (“The Rachel Divide”). We see the British driver in his early days of karting (the junior version of big-time, open-wheeled racing), on the scene of his later successes and in various off-track interviews. He is remembered,



not always warmly, but with admiration, by the fellow racers on the Andretti Green Racing team—Dario Franchitti, Tony Kanaan and Bryan Herta—with whom he won his first Indy 500 in 2005. It was a Bryan Herta Autosport car that Wheldon was driving in the fatal 2011 race, which is remembered by many in the film as an accident waiting to happen, a “pack racing” situation involving a 34-car field. Wheldon was pursuing a \$5 million bonus offered by IndyCar CEO Randy Bernard if Wheldon could win the race after starting in

last place. Mr. Bernard, we are told in an end title, declined to be interviewed for the film.

But it is Susie Wheldon who is the soul of “The Lionheart” and whose courage, mixed with confusion, marks it as a story that certainly transcends the track. What does a mother do when her sons—Sebastian and Oliver, age 12 and 10 at the time of filming—want to continue their missing father’s legacy, show some talent, and join the Andretti organization as junior drivers? Does she follow them to Las Vegas—the

site of her husband’s death—for one of their own sport’s biggest events? She is never less than supportive of her sons and their ambitions. They are not experienced enough to recognize the situation they have put her in; getting behind the wheel is clearly a way of coping with being fatherless, and with the shadow of their famous dad. Though it is only vaguely acknowledged, they are far too young to have anything but the faintest memories of the man himself. But they certainly know who he was.

Rather than wallow in the family’s bereavement, Ms. Brownson operates in two lanes—one the Dan Wheldon story, the other that of his survivors. The interviews with the Andretti drivers, with owner Michael

Susie, Sebastian and Oliver Wheldon, left; Indianapolis 500 champion Dan Wheldon, who died in a 2011 crash, below.



Andretti, with racing great Scott Dixon and with Dan’s father, Clive, are all terrific; the footage of Ms. Wheldon is nothing short of intrusive at times. But, as is made very clear, she’ll do anything for her boys.

The Lionheart
Tuesday, 9 p.m., HBO

Mr. Anderson is the Journal’s TV critic.

ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

Questions of Belief on Broadway

John Patrick Shanley's 'Doubt' returns in a resonant revival starring Amy Ryan and Liev Schreiber



New York In the two decades since John Patrick Shanley's "Doubt" premiered—winning a best play Tony and a Pulitzer Prize—the mystery at its core, whether a priest has molested a child, has hardly grown less grave. But cultural changes now cast their own shadows over Mr. Shanley's taut, gripping drama. The excellent Broadway revival, directed by Scott Ellis for the Roundabout Theatre Company, starring Amy Ryan and Liev Schreiber, presents the play without any intentional new slant on its ideas, but it gives audiences a chance to consider them in an altered context. Twenty years ago, the term "alternative facts" had not entered the lexicon. Twenty years ago, people

did not feel entitled to their own particular truth, even if it is unsupported by objective reality. And cancel culture, which blights or destroys careers, had not become a galloping phenomenon, sweeping up, surely, the innocent along with the guilty. These changes do not alter the quality or fundamental meanings of the play, but they do lend it an intriguing, fresh potency. We live in an era, one could argue, in which people are less inclined to question what they believe—to doubt—and the play subtly argues for more of that diminishing resource. Ms. Ryan, who plays Sister Aloysius, a nun and the principal of a Catholic school in the Bronx in the 1960s, deserves accolades for stepping into the role almost at the last minute,

when Tyne Daly had to withdraw after a health emergency. More impressive is the sharpness and near-ferocity of her performance. Peering through spectacles that seem designed to suggest that her interlocutors are being put under a magnifying glass, Ms. Ryan's Sister Aloysius keeps her lips set in a grim line, her face often puckering into a disapproving frown. One might imagine that she spends all her spare time—of which, given her almost obsessive micromanaging style, there admittedly may not be much—sucking on lemons. Sister Aloysius receives with instant suspicion the news that one of the school's students—Donald Muller, the first and only black one—has been behaving oddly. After she admonishes one of Donald's teachers, Sister James (Zoe Kazan), to be less warm to her classes and more vigilant ("I cannot be everywhere," she scolds, although one senses that, God-like, she believes she is), Sister James timidly reports that she thinks Donald had liquor on his breath and was distraught after a visit with the priest in charge of the students' spiritual guidance, Mr. Schreiber's Father Flynn. Sister James innocently refers to Father Flynn as Donald's "protector," little knowing how it will inflame her superior. Sister Aloysius, whose theological views indicate a firm belief in humankind's fallen nature (particularly that of men: "Boys are made of gravel, soot and tar paper"), immediately begins investigating, her certainty that Father Flynn has "interfered" with the child as impenetrable as granite. Mr. Schreiber brings a casual thoughtfulness to the sermons that are integrated into the play, including the

▲ Amy Ryan and Quincy Tyler Bernstine in the drama, directed by Scott Ellis.

opening one, on the subject of the play's title; this is not a man who acts without thinking. Mr. Schreiber also lends the character an easy-going amiability and a sense of empathy that are in stark contrast to the rigid piety of Ms. Ryan's Sister Aloysius. Father Flynn admits the particular care he has taken

to make sure that Donald feels comfortable in intimidating surroundings. But when Sister Aloysius brings forth her accusation, and accompanying threats, he denies any misbehavior. The production affords, among other things, the pleasure of watching these two supremely good stage actors going toe to toe. The most haunting scene is the encounter between Sister Aloysius and Donald's mother, played by Quincy

Tyler Bernstine, who is called in to be informed of Sister Aloysius's dark suspicions. Mrs. Muller, played with a sense of worn patience and steadfastness by the always-terrific Ms. Bernstine, displays a cool resistance to the unsupported allegations—even sadly suggesting that any affection or interest an adult might express to her child would be welcome, since his father displays none. Her bleak realism, expressed in Ms. Bernstine's performance, is both understandable and shattering.

In the least meaty role, Ms. Kazan is nevertheless superb. Sister James's vague feeling that she is being manipulated, in fact being morally warped, by her superior, and her instinctive sense that Father Flynn is not a predator, are telegraphed movingly in Ms. Kazan's performance. Shellshock, shame and, most profoundly, a dispiriting sense of doubt continually register in her horizon-scanning, help-me eyes.

My only quibble would be that the set designs by David Rockwell are perhaps too impeccably naturalistic given that the play has dimensions better served by a more stylized approach. (Its subtitle is, after all, "A Parable.") But this is a small complaint about a production that feels as resonant as the original one did two decades ago.

"The children should think you see right through them," Sister Aloysius tells Sister James, accusing her of being too affectionate. But Sister Aloysius will discover that her own tragedy, which descends upon her like a breaking wave in the play's devastating final moments, is that she has never trained her accusing eyes upon herself.

Doubt
Todd Haimes Theatre, 227 W. 42nd St., New York, \$68-\$169, 212-719-1300, closes April 21

Mr. Isherwood is the Journal's theater critic.



Liev Schreiber and Ms. Ryan, above; Ms. Ryan and Zoe Kazan, below, in the Roundabout Theatre Company production.



JOAN MARCUS (2)

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	13	
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- 27 Metered tribute
- 28 "Excusez-__!"
- 32 Surname of "Uncut Gems" directors Benny and Josh
- 33 Baseball commissioner from 1998 to 2015
- 34 2016 Dem candidate
- 36 "Très __!"
- 37 Chorus heard when milking
- 38 Little shots
- 39 Suffering
- 40 "All are welcome to apply"
- 43 Roused
- 44 XC
- 45 Back, on a boat
- 49 Sweetie
- 50 Squander
- 51 Cultural spirit
- 52 Soap maker's component
- 53 Biggest of the Florida Keys
- 56 Morsels
- 57 Forced bet
- 58 "Tony" is 25% of it
- 60 Rock's __ Fighters
- 61 Cozy lodgings
- 62 Jennings on "Jeopardy!"

THE JOYCE IS YOURS | By Matt Gaffney

The answer to this week's contest crossword is a well-known company.

Across

- 1 Use a lever on
- 6 Visa alternative, briefly
- 10 Tacks on
- 14 Check writer, sometimes
- 15 Surrender
- 16 Short-lived particle
- 17 Longtime "The McLaughlin Group" panelist
- 19 In the past
- 20 Part of iOS
- 21 Sacred bird of the Nile
- 22 Thin as __
- 23 2018 movie set in Wakanda
- 26 Protective cover
- 29 "Naturally," in texting shorthand
- 30 They may apply to a U.
- 31 Winners of a certain show
- 33 1985 Holocaust documentary
- 35 Governor of Hawaii from 2010 to 2014
- 41 Embezzle
- 42 Spanish for "oak tree"
- 43 California's Santa __ winds
- 46 Agnus or Opus follower
- 47 It's a seven-hour drive from Stockholm
- 48 Coin toss locales
- 54 Ballet position
- 55 "Right back __!"
- 56 Sweetie
- 59 Discerning
- 60 With "The," 1991 film for which Robin Williams got a Best Actor nomination
- 63 French 101 verb
- 64 Not fooled by
- 65 Irritate successfully
- 66 City northeast of Phila., PA
- 67 Change bills, often
- 68 Beginning
- 9 Two-stroke votes
- 10 Left, on a boat
- 11 Singers Shore and Washington
- 12 Longshoreman
- 13 Scowling looks
- 18 Lawyer's org.
- 22 Popeye tattoo
- 23 Ringing thing
- 24 Puppy dog
- 25 Over yonder
- 26 Ruckus

Down

- 1 Crosswords to print out, often
- 2 Golfer McIlroy
- 3 Sastre or de Ramon
- 4 Lawn makeup
- 5 Fifth-largest city of Iraq
- 6 Cabinet dept. since 1862
- 7 Capital of Belarus
- 8 Night of great excitement

Previous Puzzle's Solution

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

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, March 10. A solver selected at random will win a WSJ mug. Last week's winner: Kate Massa, Freehold, N.Y. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

SPORTS



Indiana State sophomore center Robbie Avila has emerged as the unlikely breakout star of the college basketball season.

Indiana State Star Wears Rec Specs And Goes by ‘Cream Abdul-Jabbar’

Robbie Avila has an old-school look and an older-school game. He also has droves of new fans.

BY ROBERT O'CONNELL
AND JARED DIAMOND

To look at him, Indiana State sophomore center Robbie Avila seems better suited for your local gym's over-50 league than an NCAA tournament court.

His vertical leap better resembles a scot. He plays with prescription sports goggles strapped to his face, a fashion choice that has transformed him into an overnight sensation. Nobody would describe him as svelte.

Nonetheless, Avila has elevated Indiana State into a trendy pick to bust brackets later this month for the first time since a young forward named Larry Bird was on campus. And his throwback approach—and signature eyewear—have made him a hero to weekend

warriors everywhere.

“My brother came up to me and goes, ‘You’re not *you* without your goggles, you’re not Robbie Avila,’” Avila said, recalling a brief stint in high school when he tried ditching his “goofy goggles” for contact lenses. “I was like, ‘You know what? You’re right.’”

With the rec specs wrapped back around his head, Avila has emerged as the unlikely breakout star of the college basketball season. As Indiana State has climbed to the top of the Missouri Valley Conference, the 6-foot-10 Avila has schooled his more athletic opponents—that is to say, nearly all of them—with a decidedly retro combination of pump fakes, spin moves and hook shots. Those, plus his now-famous goggles, have won him a set of memorable nicknames, like “Larry Nerd” and “Ste-

phen Blurry.” One other recently coined sobriquet has stuck: “Cream Abdul-Jabbar.”

“I love the guy—he looks kind of nerdy and wears rec specs, which you don’t see people do anymore,” said Matt Jones, a Kentucky radio host who popularized the nickname after putting out a call to listeners to come up with the best *nom de hoops* for Avila. “And he’s slightly out of shape. All those things combined make him relatable and accessible to people.”

That accessibility skyrocketed last Thursday after Jones wrote a post on X with the new moniker and a highlight reel from Avila’s 35-point performance against Evansville. The video showed Avila giving the Purple Aces the full YMCA repertoire of bank shots and backdoor passes. There wasn’t

a single dunk to be found, but the post immediately went viral, garnering nearly 18 million views.

Opportunities have quickly followed. Joseph Nery, an attorney representing Avila, said he received more than two dozen inquiries about name, image and likeness deals with Avila in the days after Jones’s tweet. They include apparel brands, car dealerships and, of course, multiple eyewear companies looking to market official Robbie Avila goggles to the public.

On the court, Avila’s statistics are sparkling. He’s averaging 18 points, seven rebounds and four assists a game for an Indiana State team eyeing just its fourth NCAA tournament berth since Larry Legend took the school to the 1979 national championship game.

The Sycamores have already won 26 games this season, the most for the program since that ’79 campaign.

In February, they were ranked above in-state rival Indiana for the first time since Bird was in Terre Haute. They will play their first game in the Missouri Valley tournament Friday in a quest to lock up an automatic bid to March Madness.

As for Avila, he built his old-man game...well, with help from his old man. His basketball career began when he was in second grade, tagging along to the practices where his father, Juan, coached his fourth-grade brother.

“I’m a firm believer that fundamentals beat everything,” Juan Avila said. “If you can be fundamentally sound, you’re going to overtake the guy who’s a little bit more athletic.”

His wisdom proved prescient. As Avila rose through levels of competition—coming up against players bigger, stronger and quicker than he was—he kept adding to his bag of tricks.

His coach at Illinois’ Oak Forest High School, Matt Manzke, remembers a moment when a defender closed in on Avila’s dominant right hand as he prepared to shoot. Not to worry: Avila had a plan B.

“He just shot it with his left hand, from 15 feet away, like it was nothing,” Manzke said. “I couldn’t believe it.”

At Indiana State, Avila plays a style suited to his ground-bound talents. The Sycamores let him handle the ball at the interior, where he can scoop in close-range shots straight out of the George Mikan handbook, or at the 3-point arc, where he picks apart defenses with deft passes.

“He played chess with his grandfather all the time growing up,” Juan Avila said of his son. “He’s always thinking two or three steps ahead.”

Style, as much as substance, has won Avila notoriety. He’s comfortable in the goggles, he says, and with good reason: He’s had plenty of time to get used to them. Juan Avila credits (or blames) Robbie’s nearsighted mother, Katie, for the look. “You’re blind just like your mom, kid,” Juan remembers telling him. “You’re gonna have to wear these all the time.”

That held true on the court and off. When Avila kept breaking expensive pairs of non-sports glasses in his teen years, his parents eventually stopped buying new ones. So what did he wear to school? The same sports goggles that would later make him famous.

A Doomsday Scenario For College Sports

BY LOUISE RADNOFSKY
AND LAINE HIGGINS

Hanover, N.H.

IT WAS CLEAR HOW A VOTE by Dartmouth’s basketball team on unionizing would go from the moment players arrived to cast their ballots. Most of the 15-member roster walked over together, then stopped to pose with their arms wrapped around each other and a placard bearing the name of the Service Employees International Union.

Their decision to join SEIU Local 560 was immediately challenged by the school, which has begun to appeal the interpretation from the National Labor Relations Board that the basketball team are workers who should be able to collectively bargain their conditions of employment.

But the greatest obstacle to the Big Green claiming they ended amateurism as we know it isn’t that their decision is rejected by the courts. It’s that someone else beats them to it. The game is already over on the question of whether college athletes can be paid to play sports—and the most obvious sign is that even the NCAA’s leaders have stopped trying to turn back the tide.

In the most significant concession in its existence, the NCAA is no longer fighting the notion that at least some athletes can and should get money from their schools, specifically for competing in sports. Instead, they’re calling for it, while trying to stave off full-blown employee status.

Coming less than five years since the NCAA threatened to kick out every school in California over a bill permitting endorsement deals for their athletes, it marks a stunning turn of events.

There’s one simple explanation for how we got here: Anyone who brings a case against the NCAA and finds its decision appealed to the Supreme Court can now expect an explicitly friendly audience there, after the court in 2021 decided unanimously that strict NCAA lim-

its on compensation in the form of education-related benefits violated antitrust law, with a dozen separate references to college athlete “labor” across two concurring opinions.

The cases

On the opposite coast from New Hampshire, an administrative law judge is reviewing a different decision by the NLRB: that the University of Southern California, Pac-12 Conference and NCAA violated the National Labor Relations Act by failing to recognize scholarship and walk-on basketball and football players as employees. That trial has been going on for several months.

Meanwhile, a decision is pending from a judge in the Philadelphia-headquartered U.S. Court of Appeals for the Third Circuit over whether a different federal labor law applies to college athletes—the Fair Labor Standards Act, which would entitle them to the minimum wage. And athletes could be able to earn far, far more as a result of half a dozen antitrust cases—from West Virginia and Tennessee to Northern California and Colorado—all challenging the NCAA’s ability to impose restrictions on athletes pursuing money linked to their performance.

The death knell isn’t coming from any one development in a specific case, legal experts say, but rather from the combined weight of all of the cases.

“It’s one thing to have the conference realignment and the television contracts and the lawsuits, it’s another to have courts and states and governmental agencies signaling for the first time that they may be less willing to give legal protection or deference to the NCAA,” said Gabe Feldman, professor of sports law at Tulane University.

The NCAA response

The NCAA’s leaders don’t say they’re expecting to win in court. They also don’t try to defend the idea of not paying players in the top Division I schools.

Instead, they’re aiming to usher in the era themselves, unveiling a



Dartmouth guard Romeo Myrthil goes up for a shot during a men's basketball game against Columbia.

plan in December for the richest schools to form a new tier in which they could cut name, image and likeness deals directly with athletes, and pay them unrestricted benefits nominally linked to education.

That, they hope, will be enough to persuade Congress to pass legislation that stops their doomsday scenario: college athletes being declared employees of their universities, which the NCAA says will wreak havoc on every school, forcing athletic departments to cut programs or potentially shutter entirely lower down in Division I, and in Divisions II and III.

But the NCAA’s president of one year, Charlie Baker, acknowledges that he can’t bank on that happening fast. “I completely accept the fact that in the grand scheme of all the things that Congress is working on, this one is probably not at the top of the pile,” Baker recently told reporters in Washington.

What Baker is relying on is the employment cases lingering in the courts for years.

“Don’t forget how long it takes for most NLRB processes to play out,” he said. He also pointed out that the case in Pennsylvania, brought by former Villanova defensive back Trey Johnson, was argued

a year ago and no decision has appeared yet.

That “basically says to me it’s a complicated issue,” he said. And what does he do if courts get there before Congress? “Adjust.”

What’s next?

While Baker was speaking to the reporters, a federal judge for the Eastern District of Tennessee granted a preliminary injunction in a case brought against the NCAA by the attorneys general of Tennessee and Virginia.

They are suing over restrictions on boosters offering name, image and likeness-based deals to prospective college athletes as an explicit recruiting inducement. Now, the NCAA is blocked from enforcing any restrictions on athletes negotiating NIL compensation deals—and the judge has said the challengers seem set for success under antitrust law when the full case is heard.

“While maintaining competitive balance in college sports is ‘a legitimate and important endeavor’, spreading competition evenly across the member institutions by restraining trade is precisely the type of anticompetitive conduct the Sherman Act seeks to prevent,”

wrote U.S. District Judge Clifton Corker.

The NCAA went on to tell schools that while it would pause investigations into potential violations of rules against third-party booster collectives contacting prospective players, it will still require athletes to do something in exchange for payments and bar schools from striking endorsement deals directly with athletes.

“Pay for play,” the NCAA said, is still forbidden. For now, at least.

Opponents of amateurism are so confident that their day will come, and come soon, that they say the NCAA should directly negotiate an end to the antitrust cases in which the former warring parties would reshape college sports together.

“If you don’t want to settle we’ll just go and win,” said Jeffrey Kessler, the lawyer who argued on behalf of former West Virginia running back Shawne Alston and other college athletes in the case that went to the Supreme Court in 2021. Kessler is part of a team bringing three different cases against the NCAA in the Northern District of California now.

“If I were [the NCAA], I’d want to seize some role in my own destiny.”

OPINION

REVIEW & OUTLOOK

The SEC's Political Climate Control

Securities and Exchange Commission Chair Gary Gensler on Wednesday released his regulatory magnum opus—an 886-page climate disclosure rule. Call it an election-year gift to class-action attorneys and a financial stimulus for auditors.

Progressives have lobbied the SEC to require public companies to make detailed disclosures of their climate-related risks and CO2 emissions. Mr. Gensler obliged. The rule exceeds the agency's authority under the law and imposes new costs on public companies even if it doesn't go as far as some of Mr. Gensler's friends on the left want.

* * *

The rule forces public companies to report how they assess and manage climate-related risks, including the risks from the government-imposed green transition. "Transition risks" are broadly defined to include "climate-related changes in law or policy, reduced market demand for carbon-intensive products . . . the devaluation or abandonment of assets, risk of legal liability and litigation defense costs, competitive pressures associated with the adoption of new technologies, reputational impacts," and more.

In short, companies will have to project hypothetical changes in government climate policies and market demand—no matter how improbable—and explain how they are managing such risks. What about the risk that consumers don't warm to electric vehicles that governments are forcing auto makers to produce, or that climate policies are scaled back as they have been in Europe? Companies won't have to explain how they're managing these more tangible risks.

Companies will also have to document spending on climate-related effects and "mitigation," including carbon offsets to comply with voluntary goals and government regulation. Businesses currently don't have to report line-item expenses.

The rule's biggest burden requires that companies disclose so-called Scope 1 and 2 greenhouse-gas emissions from their operations and the energy they consume if these emissions are material, meaning financially relevant. Emissions may be material, the rule says, if companies face a "transition risk" from greenhouse-emissions reporting rules imposed by government. So government imposes the reporting requirements that then become risks requiring more reporting.

For example, California requires some 1,400

public companies with more than \$1 billion in annual revenue to disclose CO2 emissions. The SEC mandate would appear to apply to them by extension. What's the big deal if these businesses must already quantify and report their emissions? Namely, the SEC rule will create additional liability risks.

Emissions may also be material, the rule adds, if their "calculation and disclosure are necessary to enable investors to understand" whether companies have "made progress toward achieving a target." Most companies these days set climate goals to please progressive investors, so they now will also have to report their emissions. No virtue-signaling gesture goes unpunished.

Mr. Gensler says his climate disclosures are necessary to standardize information and will benefit investors. But companies are already required under securities laws to report climate risks if they consider them to be material.

His rule will hurt investors in other ways. As the SEC concedes, "the final rules may result in additional litigation risk." Companies could be sued by investors or dunned by the SEC if their disclosures are deemed inadequate or misleading. Companies will have to hire independent auditors to sign off on climate disclosures as they do financials. The SEC estimates the rule will increase a typical company's reporting costs by 21%. Higher costs will be another deterrent for start-ups to go public.

* * *

Progressives gripe that the final rule jettisoned the SEC's original proposal to report so-called Scope 3 emissions from suppliers and customers. While Mr. Gensler scaled back the agency's proposal in hopes of protecting the rule against legal challenges, the final regulation still overreaches.

Federal securities law authorizes the SEC to require disclosures that are "in the public interest or for the protection of investors." This delegation doesn't empower the agency to order companies to disclose anything it wants. Under the Supreme Court's major-questions doctrine, significant policy changes require clear Congressional authorization.

Even the Obama SEC in 2016 conceded that it lacked authority to mandate disclosures on "sustainability matters" and other "public policy concerns." The SEC has a long record of acting in a bipartisan manner under Presidents of both parties. That ended when President Biden appointed Mr. Gensler to use regulation to impose the left's climate agenda that it can't pass through Congress.

with audio of him in an unflattering conversation that she had secretly taped.

Mr. Gallego supported "filibuster reform" in 2021, urging Democrats not to "let a Jim-Crow era Senate procedure stop us from passing legislation to protect our democracy." He has company: California Rep. Adam Schiff, who won his Senate primary this week, is campaigning on ending the filibuster to pass "a national right to abortion," a 35% corporate tax, union favoritism, and more. With Ms. Sinema gone, and West Virginia Sen. Joe Manchin also retiring, there isn't another certain Democratic vote against killing the 60-vote filibuster rule.

Ending the need for Senate compromise, so that one party acting by itself could pass everything it wants, would raise the political stakes dangerously high. If Democrats could guarantee abortion and mail voting nationwide, Republicans could abolish them the next time they control Congress and the White House.

Preventing such extreme swings could be accomplished only by never losing an election. Is that what Americans want? The filibuster is on the ballot in Arizona, as well as Montana, Ohio and beyond.

Steve Allison by 53.5% to 39.4%.

Also revealing was a nonbinding ballot proposition put to GOP primary voters: "Texas parents and guardians should have the right to select schools, whether public or private, for their children, and the funding should follow the student." Nearly 80% of Republicans said yes. That should put to rest any claims by anti-ESA candidates that rural voters in Texas don't want school choice.

"Texans are one step closer to empowering every Texas family," Mr. Abbott said. "Republican primary voters have once again sent an unmistakable message that parents deserve the freedom to choose the best education pathway for their child." Last year's ESA bill would have been worth about \$10,500 per student, and it would have been the state's first private school choice program. Some five million students would be eligible.

Republican Governors elsewhere can learn from what happened this week in Texas, as well as Iowa's success, after Gov. Kim Reynolds executed a similar strategy in the 2022 elections. But it takes time, money and political capital. Give Mr. Abbott credit for showing up consistently on the campaign trail and pouring millions into the cause. If his efforts get ESAs over the finish line in Texas, parents and students will be the biggest winners.

LETTERS TO THE EDITOR

Democracy Now Has a Chance in El Salvador

Regarding Mary O'Grady's "A CPAC Hero Threatens a Latin Democracy" (Americas, March 4): When Nayib Bukele was first elected president of El Salvador in 2019, the country was lawless, ruled by gangs. The murder rate was more than 38 per 100,000 people, and a few years earlier it had reached 106. By 2022, however, the murder rate was down to 8 per 100,000, and now it is reported at 2.4. People can walk the streets safely, and business owners no longer pay extortion to local hoodlums.

Mr. Bukele has achieved a miracle—he brought back a country that was well beyond the tipping point—that could only be achieved by employing extrajudicial means. It hasn't been pretty. It never could be. But it was necessary.

Now at least, it is possible to build a just and prosperous society in El Salvador. Whether he will do so remains to be seen.

IVARS LACIS
Peachtree City, Ga.

Ms. O'Grady writes about the weakening of El Salvador's democratic institutions, but Salvadorans were not enjoying the fruits of de-

mocracy prior to Mr. Bukele. El Salvador was virtually a failed state where vicious criminal gangs abused and extorted the populace. Life was punctuated by intimidation, fear and often death. Mr. Bukele has given people their lives back, and most Salvadorans adore him for that.

Ms. O'Grady writes that "Police and soldiers have used extraordinary powers to round up more than 75,000 mostly poor young men who, because of their economic status, fit the stereotype of gang members." But it was tens of thousands of gang members—violent criminals easily identifiable by their extensive MS-13 and Barrio 18 tattoos and piercings—who were rounded up and incarcerated (without due process under a state of emergency).

El Salvador is relatively safe today. Tourism is coming back and growing. Salvadorans living in the U.S. are going home again to visit their families. The people are leading normal lives. Without law and order, democracy cannot survive. Conditions are being created where democracy can make a comeback at some point in the future.

EDWARD PLACIDI
Valley Glen, Calif.

A Conservative Moral Voice From Canada

Former Canadian Prime Minister Brian Mulroney wasn't only an indefatigable champion of the cause of free markets, free trade and free people ("Brian Mulroney, 1939-2024," Review & Outlook, March 2). He also leaves behind a deep-seated legacy of environmental stewardship.

Mulroney successfully appealed to President Ronald Reagan to crack down on industrial emissions that would migrate across the U.S.-Canada border and create acid rain or snow. This, in turn, was decimating boreal forests and rendering lakes lifeless. A series of bilateral talks between the two leaders would eventually culminate in the 1991 Canada-U.S. Air Quality Agreement, solving the acid-rain problem.

In 1987, Mulroney hosted world leaders to a historic climate summit in Montreal. In what became known as the Montreal Protocol, more than 40 nations signed on to phase out the use of chlorofluorocarbons, or CFCs, that were contributing to the "hole" in the ozone layer. Today, the ozone layer is no longer receding, and it will make a recovery to 1980 levels by 2040. Mr. Mulroney, who led Canada's conservative party, also backed limits on greenhouse-gas emissions.

Mulroney proved that there is no contradiction between private enterprise, economic growth and conservation.

NATHAN PUNWANI
Scottsdale, Ariz.

Your otherwise comprehensive editorial obituary neglects to mention one time when Mulroney broke with other conservative leaders: He was a staunch and vocal opponent of the apartheid regime in South Africa.

After meeting Bishop Desmond Tutu in Ottawa shortly after becoming prime minister in 1984, Mulroney spoke forcefully at the United Nations and was repeatedly quoted and seen to be supporting the movement to end apartheid, long before it was supported by many other leaders. His support was recognized by Mr. Nelson Mandela, who traveled to Ottawa to thank him in 1990 in a stirring speech to Canada's Parliament.

Mulroney's legacy for Canadians is complicated, and there were times when he made wrong choices, but his unwavering support for the movement to end apartheid should be seen as a true mark of greatness.

JOHN SHEPHERD
Vancouver, British Columbia

The Kind of Haircut You Don't Soon Forget

Jason Riley's column about Bill Walton ("Bill Walton's Lesson for Darryl George," Upward Mobility, Feb. 28) reminds me of a lesson I learned in high school. I went to a prep school outside Detroit and graduated in 1975. There was a rule about long hair, defined as hair that reached over your collar. This was beyond the requirement to wear a coat and tie every day.

When I was a senior, I had longish hair. One day the dean came up to me and said I needed to cut it. As 17-year-olds are prone to do, I ignored his request. The next day, he found me in the morning and told me to leave the school and don't return until I got a haircut.

I had to sheepishly call my mom to pick me up and take me to get a haircut. I missed an exam and wasn't allowed to make it up. While I was angry, I also realized that I should be angry at myself for flouting rules and thinking I was above them.

Some 50 years later, I sit comfortably in retirement after a career in

banking—not surprisingly, an occupation that requires a substantial amount of conformity. That haircut was one of many lessons that taught me that it isn't all about me and what I want, and encouraged me to look further at what really matters. It helped me learn to see and appreciate the bigger picture.

MICHAEL SLOCUM
West Palm Beach, Fla.

Why I Want the IRS in Office

I agree with Kansas Rep. Ron Estes that employees should be required to work mostly from the office ("IRS Agents Shouldn't Work From Home," op-ed, March 4), but for a different reason. During my 38 years as an Internal Revenue Service agent, my greatest sources of professional development were the days spent in the office with my fellow agents.

In the days before working at home, time in the office was an opportunity to learn what issues were percolating in our coverage area, strategize on how the complexity of the law affected them, and produce a result that, to the best of our ability, resulted in the correct tax being applied. The IRS should strike a balance between employees working from home and spending time in the office, lest this important source of continuing education be lost.

WILLIAM P. RODERICK
Gilford, N.H.

Your Foreign Partners Will Appreciate an Early Meeting

I smiled at "Is It Ever OK to Have An 8 a.m. Meeting?" (Personal Journal, Feb. 27). I recall many 8 a.m. EST phone conferences with German team members for what was, for them, afternoon meeting times. And, as team leader for a multidisciplinary development team, I ran 4 a.m. EST conference calls to accommodate the work schedules of Chinese and European marketing team members.

Asked once by a Chinese team member why I scheduled meetings at 4 a.m. my time, I asked him how many times he had to call in at midnight, his time, for a U.S.-led phone conference. This was payback. I did, though, have to bribe my R&D team member with breakfast to join me at 4 a.m. for the call.

Respect for others is key, especially in a global business.

DAVE WALLICK
Midland, Mich.

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

Greg Abbott's Super-Duper Tuesday

Texas Gov. Greg Abbott could hardly have done better Tuesday in proving that Republicans who block school choice risk ending their political careers. Last year a rump of 21 GOP legislators in the state House killed Mr. Abbott's proposal for education savings accounts, or ESAs. Sixteen of those lawmakers stood for re-election, and the Governor endorsed challengers to 10.

Five of the Governor's candidates won outright on Tuesday. Two more outpolled the incumbents but are heading to runoffs on May 28, because they didn't surpass 50% of the vote. Another challenger lagged the incumbent by a few points but will get a second chance in a runoff. Only two of Mr. Abbott's picks lost.

That isn't all. Three school-choice candidates won open seats previously held by ESA opponents, and two others are headed to runoffs. Mr. Abbott's proposal failed last year 84-63, so he needs to pick up roughly a dozen votes to flip the outcome. It looks like he didn't get quite there on Tuesday. But the runoffs could put him over the top, and the public also has made clear that it wants school choice.

Some of Mr. Abbott's candidates won blow-out victories. In District 11, Joanne Shofner beat Rep. Travis Clardy by nearly 26 points, 63% to 37%. In District 55, Hillary Hickland defeated Rep. Hugh Shine by 13 points, 53.1% to 39.5%. In District 121, Marc LaHood ousted Rep.

The Texas Governor ousts GOP lawmakers who killed school choice.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Take this back down and we'll buzz you when we're ready."

WORLD NEWS

Russia Steps Up Attacks Along Front Lines

Under pressure after recent losses, Ukraine is bracing for a spring offensive

By MATTHEW LUXMOORE AND DANIEL MICHAELS

POKROVSK, Ukraine—Russia is attacking Ukrainian forces at several points along the 600-mile front line as it seeks to capitalize on its recent capture of the eastern city of Avdiivka, its first major battlefield victory in months.

Moscow knows Ukrainian units are short on fresh soldiers and ammunition. The U.S. and Europe are failing to rearm Kyiv quickly. Ukrainian officials and military commanders say Russia's current tactic of probing attacks is meant to take advantage of Moscow's battlefield initiative before what they see as a likely major Russian offensive as early as this spring.

"What's happening right now is what Russia has spent a long time preparing for. It has gathered enough forces and resources to pressure various axes all at once," said Maksym Zhorin, deputy commander of Ukraine's 3rd Assault Brigade, which withdrew from Avdiivka in February.

Ukraine's military, struggling to respond, is husbanding its ammunition and seeking opportunities to hit Russian forces on the move, an approach known as active defense. To halt a better-manned and better-equipped foe, Ukrainian troops are also digging in.

West of Avdiivka, excavators more common to a construction site than a battlefield are carving up the earth to create antitank ditches and trenches. The Ukrainians are attempting to replicate the physical obstacles that Russia created on its side of the front more than a year ago, with deadly effectiveness in stymieing Ukraine's offensive last summer.

Ukraine in November announced a campaign to build an extensive network of fortifications along the front lines, especially in the areas near Avdiivka. President Volodymyr Zelensky called for accelerated construction and urged private companies and donors to get involved. "On all the main fronts, we need to dig in, speed up the pace of construction," he said at the time. "The priority is obvious." Ukrainian Prime Minister



Ukrainian soldiers, above, jumped into a trench on the front line in January, while Ukrainians dug trenches near Avdiivka.

Ukrainian front line



Source: Institute for the Study of War and AEI's Critical Threats Project
Andrew Barnett/THE WALL STREET JOURNAL

Denys Shmyhal said on Monday that almost 31 billion hryvnia, or around \$800 million, had been allocated for the construction of fortifications. But Western officials and

Ukrainian soldiers say the campaign hasn't yielded significant results, and the absence of progress is proving a liability for Ukraine as Russia steps up its assaults. In recent



days, it has pushed Ukrainian forces out of a string of villages west of Avdiivka, although hills and bodies of water a little further west can serve as natural obstacles for Kyiv that are easier to defend. "The lack of layered defenses along the front line should be of some concern for Ukraine," said Franz-Stefan Gady, a Vienna-based defense analyst who recently toured front-line areas in the eastern Donbas region. "The situation will get quite critical for the

Ukrainian forces." Soldiers in the area say troops assigned to combat missions are being forced to dig trenches, often under fire. The complexity of the task means manpower alone won't suffice. "In the circumstances we're in, we have to dig, entrench and build by ourselves," Zhorin said. He said he hopes a line of defense toward the city of Pokrovsk to the west is sufficiently developed to withstand an expected Russian assault in the coming weeks.

When Ukrainian forces launched their major offensive last summer, they quickly became bogged down in an elaborate network of obstacles Russia had spent months preparing. Its main defensive belt had multilayered trench lines, antitank ditches, concrete blocks and extensive minefields that proved almost impossible to traverse.

Building physical defenses is now vital for Ukraine, not least because it is also struggling to mobilize troops. The country has pursued an unusual policy of conscripting only men 27 and over and exempting anyone below that age. Fathers of three or more children, carers for disabled people, and workers in critical sectors are exempt. In most countries, military service is more common for men or women starting around age 18.

A revision of Ukraine's mobilization law that aims to expand the pool of recruits, and lower the recruitment age to 25, is stuck in Parliament.

Mykhailo Podolyak, a senior Zelensky aide, said in February that of Ukraine's one million-strong standing army, fewer than 300,000 troops had taken part in active combat.

Ukraine's military command is scouring brigades that were created for last year's counteroffensive, seeking to bring into combat the thousands of troops currently fulfilling support roles, said Mykola Bielieskov, a research fellow at Ukraine's government-linked National Institute for Strategic Studies.

Supporting troops are vital to a large army, though their number relative to combat troops—a proportion known as the tooth-to-tail ratio—can vary. Ukraine deploys almost three support troops for every combat troop, a high number that is a legacy of its Soviet military structure. Reallocating these soldiers could risk weakening the force.

Offsetting Ukraine's problems are Russia's own battlefield shortcomings. Still, Russia is making progress. It is pushing along four axes in Ukraine's east, throwing thousands of men into the fight in a bid to push back Ukrainian troops who have had little time to establish robust defensive lines. Unusually dry weather has facilitated the Russian advance, contrary to expectations that muds common to late February would impede it.

WORLD WATCH



CATCH RADIUS: Fishermen pull in their net from the Bhogai River near Sherpur in northern Bangladesh on Thursday.

HAITI
Emergency Steps Are Extended

Haiti's government is extending a state of emergency and nighttime curfew to try to curb gang attacks that have paralyzed the capital of Port-au-Prince in a fierce battle for political power. An initial three-day curfew was announced over the weekend, but gangs have continued to attack police stations and other state institutions at night as Haiti's National Police struggles to contain the violence. "The people with the guns are essentially the current arbiter of Haitian politics," said Robert Fatton, a Haitian politics expert at the University of Virginia. —Associated Press

SWEDEN
NATO Welcomes Newest Member

Sweden formally joined NATO as the 32nd member of the trans-Atlantic military alliance, ending decades of post-World War II neutrality and centuries of broader non-alignment with major powers as security concerns have spiked following Russia's 2022 invasion of Ukraine. President Biden congratulated Sweden and said it was a sign that Russian President Vladimir Putin's intervention in Ukraine had united, rather than divided, the alliance. Putin "thought he could weaken Europe and divide NATO," Biden said, but "NATO stands more united" than ever. —Associated Press

PORTUGAL
Corruption Is Focus Of General Election

Corruption is a high-profile issue in Portugal's early general election Sunday. Portugal's center-left Socialist Party and center-right Social Democratic Party, which have alternated in power for decades, are expected to collect most of the 10.8 million potential votes. But both are tainted by charges of graft and cronyism. The election is taking place because Socialist leader António Costa resigned as prime minister amid a corruption scandal. And recent graft investigation in the Madeira Islands triggered the resignation of two Social Democrat officials. —Associated Press

MOZAMBIQUE
U.N. Urges Help for Displaced People

The United Nations' refugee chief raised a new alert over 780,000 displaced people in Mozambique, the majority of them because of a seven-year insurgency by a jihadist group that has thrown the country's north into turmoil. Filippo Grandi, the U.N.'s high commissioner for refugees, was visiting Mozambique's northern Cabo Delgado province amid an upsurge in new attacks by the Islamic State Mozambique group since January, following a period of relative calm in 2023. He made a call for "sustained involvement by the international community." —Associated Press

China's Foreign Minister Throws Barbs at U.S.

By BRIAN SPEGELE AND AUSTIN RAMZY

BEIJING—China's foreign minister painted the U.S. as a paranoid superpower and criticized Europe's policy toward Beijing as increasingly muddled, comments that laid bare how deep distrust persists between China and the West despite a surge of diplomacy to stabilize ties.

In a 90-minute press conference on Thursday, Foreign Minister Wang Yi also warned of the possible escalation in the war between Russia and Ukraine, celebrated the close ties between Beijing and Moscow and echoed recent comments by Russian President Vladimir Putin about the risk of a protracted conflict.

Wang, a strident diplomat known for his at-times hawkish views toward the West, saved his sharpest barbs for the U.S. After acknowledging "some progress" in improving U.S.-China ties since the November summit between President Biden and Chinese leader Xi Jinping in California, Wang said the U.S. was still failing to keep its promises.

"Where is the confidence of a great power if the U.S. grows anxious when it hears the word 'China?'" he said. "The challenge facing the U.S. lies within itself and not with China. If you're focused on suppressing China, you'll inevitably hurt yourself."

The foreign minister also nodded to the anxiety in Beijing over U.S. restrictions on high-tech exports to China, including advanced semiconductors needed for artificial intelligence. "If the United States insists on monopolizing the high end of the value chain, and only

allowing China to remain at the low end, then where is the fair competition?" Wang said.

Despite the criticism of Washington, Wang was more tempered than in previous appearances by top Chinese diplomats. This time last year, China's then-foreign minister, Qin Gang, was warning of potential conflict between the U.S. and China if Washington didn't change its ways.

For one thing, U.S. and Chinese working-level officials are now finally talking again across a range of thorny issues, renewed contacts only made possible by the Xi-Biden summit.

Additionally, as China's economy has slowed, the focus of the Chinese leadership has turned more inward as it gives priority to jump-starting economic growth.

Still, the remarks by the foreign minister on the sidelines of an annual gathering of China's largely ceremonial parliament served as a reminder of how the world has in many ways been severed in two, as the U.S., Europe and other democratic allies consolidate their partnerships while many authoritarian countries in the developing world hew closer to China.

Europe has grown leery of China over trade and human rights, despite years of attempts by Beijing to woo it as a counterbalance to U.S. pressure. The European Union has called China a partner, an economic competitor and a systematic rival.

Wang likened Europe's approach to a traffic light where the red, yellow and green lights were simultaneously illuminated. "How can the car drive through?" Wang said.

BUSINESS & FINANCE

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S&P 5157.36 ▲ 1.03% S&P FIN ▼ 0.15% S&P IT ▲ 1.89% DJTRANS ▲ 1.11% WSJ \$IDX ▼ 0.53% 2-YR. TREAS. yield 4.512% NIKKEI (Midday) 39935.24 ▲ 0.85% See more at WSJ.com/Markets

Economic Data Pose Risk to Rally

Readings to show if hot January reports were anomaly or the start of a trend

By SAM GOLDFARB

The surprising 2024 stock rally will be tested by the release of key data that could reveal whether inflation pressures are building again.

Jobs and consumer-price index data are always important for markets. But they are especially fraught this time after the previous round startled investors by showing unexpectedly robust demand for workers, coupled with firming inflation.

Those reports interrupted months of encouraging data that showed the labor market cooling gradually while the pace of price increases fell more rapidly than forecast. That had led to widespread hopes that the Federal Reserve could conquer inflation without a recession, helping lift stocks to new records.

February's economic releases caused some market turbulence. Still, investors were

broadly willing to dismiss the reports as anomalies, especially since they covered the month of January, which some economists argue can be uniquely susceptible to seasonal distortions.

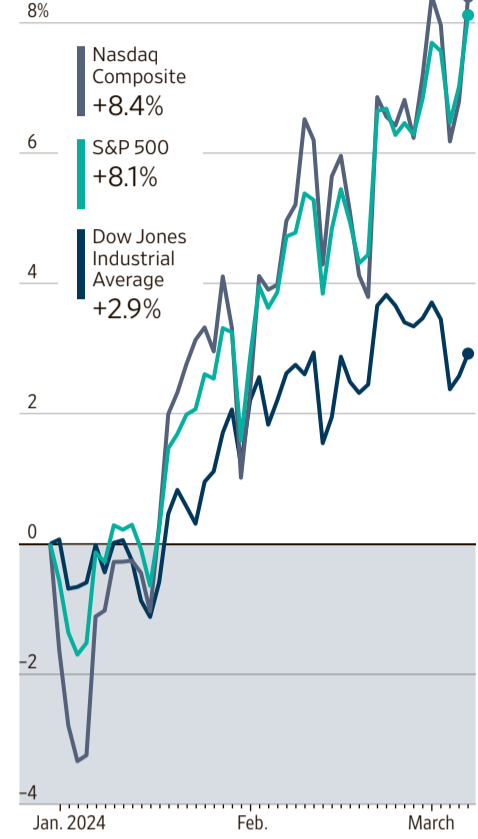
Many now warn, however, that a repeat of the data would deliver a bigger hit to stocks, making it harder for investors to keep counting on multiple interest-rate cuts this year and a smooth return to the Fed's 2% inflation target.

"I would say that usually you get a pass for one month...particularly for January," said Larry Adam, chief investment officer at Raymond James. "When you start to get a second month, I think that that has more of an impact because two is more of a pattern."

At the same time, soft data also is a risk for stocks. Some analysts say the Fed's path is so narrow that a big drop in payroll growth could spook markets, leading to worries that

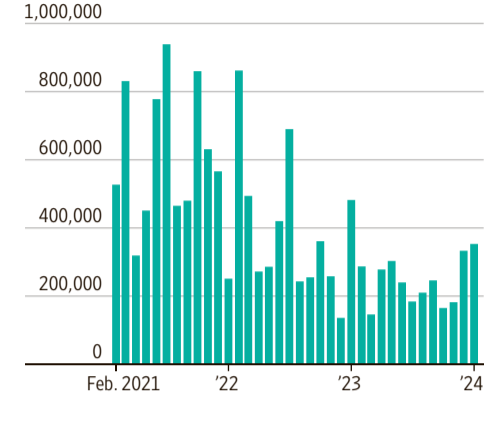
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Index performance, year to date

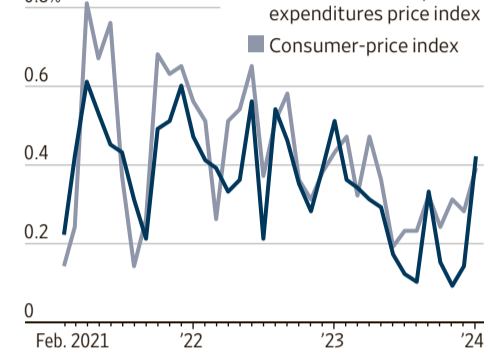


*Seasonally adjusted Sources: FactSet (performance); Labor Department via St. Louis Fed (nonfarm payrolls); Commerce Department (PCE), Labor Department via St. Louis Fed (CPI)

Nonfarm payrolls, monthly change*



Core prices, change from the previous month



Temu's U.S. Push Pays Off For Meta, Google

Meta Platforms' top advertiser by revenue in 2023 was the e-commerce company Temu, an upstart discounter founded in China that is increasingly potent force in American business.

By Dana Mattioli, Suzanne Vranica and Miles Kruppa

PDD Holdings, the parent company of Temu, spent nearly \$2 billion on advertisements last year at Meta, according to people familiar with the matter, surprising executives at the parent company of Facebook and Instagram. Temu also became one of Google's top five advertisers by spending last year, according to people familiar with the business.

A Temu spokesman disputed the \$2 billion figure but declined to disclose the company's spending levels at Meta. The volume of advertising from Temu, which launched in 2022, has caught executives off guard at both tech companies, long the dominant players in digital advertising.

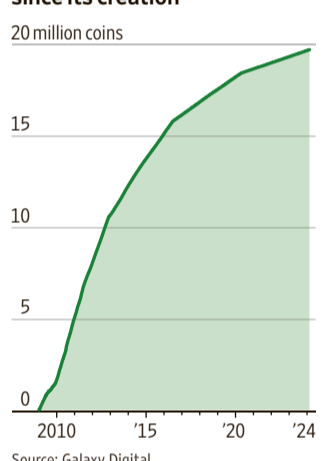
Temu, fast-fashion giant Shein and other online shopping platforms with Chinese roots are spending aggressively to reach American consumers, pushing up digital advertising prices, poaching logistics employees and delivering so many products they have become a boon to the shipping industry.

The ensuing ad battle in e-commerce is welcome news for Meta and Google, helping the tech giants' ad businesses rebound after they were hampered by an advertising slowdown and new Apple policies that hurt the platforms' ability

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Bitcoin Bulls Say Runup Is All About Scarcity

Supply of bitcoin since its creation



Source: Galaxy Digital

By ALEXANDER OSIPOVICH

Why did bitcoin soar to a record this week? Fans of the world's largest cryptocurrency say it is due to old-fashioned laws of supply and demand.

Like the price of any commodity—whether gold, oil or soybeans—bitcoin's price is sensitive to fluctuations in demand. And demand for bitcoin surged after the January launch of U.S. exchange-traded funds, known as "spot" bitcoin ETFs, that directly hold units of the digital currency. Since then, investors have poured billions of dollars into these ETFs. Those inflows

prompted the funds to buy bitcoin to meet the demand, bidding up the price.

But what makes bitcoin different from just about any other commodity is its tightly constrained supply. The computer code underpinning bitcoin imposes a hard limit of 21 million coins. More than 90% of them have already been created. To expand supply, number-crunching computers run algorithms to "mine" new coins. But they can crank out only about 900 new bitcoins a day, a rate expected to drop next month after a periodic event called the halving. The bitcoin supply is set to stop

growing when the final coin is mined, around the year 2140.

"Bitcoin is one of the scarcest assets in the world and it is becoming scarcer every day," said Alex Thorn, head of research at Galaxy Digital.

But high prices could encourage holders to sell their coins and lock in profits. Bitcoin's previous bull markets have been followed by devastating crashes: After its last peak in November 2021, bitcoin dropped more than 70% over the next year.

And skeptics—including government officials and Wall Street executives who have stayed on the sidelines of the

rally—still dismiss bitcoin as an asset with no intrinsic value.

Bitcoin traded at \$67,754.57 at 4 p.m. ET Thursday, down from the record high of \$69,208.79 that it touched the previous day, but still up 59% since the start of the year.

In economics jargon, the supply of bitcoin is highly inelastic, meaning it doesn't respond to price moves. Commodities with this property are prone to volatility. Producers of natural gas, for instance, can't pump substantially more gas in the short term to take advantage of high prices.

In the long term, though, Please turn to page B11

Wine Marketplace's Bankruptcy Sparked Fight to Save Bottles

By AKIKO MATSUDA

Wine enthusiasts shopped at the Underground Cellar online marketplace not only to build their collections but because it would store their purchases in a climate-controlled warehouse in California's Napa Valley.

When the San Francisco-based merchant abruptly shut down and filed for bankruptcy last year, half a million bottles of wine valued at roughly \$11 million were trapped in the warehouse known as CloudCellar, touching off a monthslong battle to free the red, white and bubbly that about 25,000 customers had already paid for.

Launched in 2014, Underground Cellar cultivated followers across the U.S. through its gamelike online platform that provided shoppers with frequent upgrades to higher-priced wine, "blowout" deals and coupons. To boost sales, the startup stored the purchased wine free of charge. Clients could receive shipments from their collections at no cost if they put together a 12-bottle package.

After a battle with one of

the company's top lenders, which laid claim to the inventory, customers are finally getting their hands on some of the bottles, but it has been a winding journey and, for some, there were thousands of dollars in unexpected fees and shipping costs.

"I did not think I was going to get any wine back. I pretty much assumed it's all gone," said Bradley Coppella, 35, who lives in Philadelphia and had about 180 bottles of wine in storage.

Underground Cellar shut down in April 2023 and filed for chapter 7 liquidation on May 1. The company had taken out an \$8 million loan in 2022 from TriplePoint Capital, a lender to venture-capital-backed companies. TriplePoint said in a filing with the Wilmington, Del., bankruptcy court that Underground had defaulted on the loan.

After the shutdown, customers lost access to their online portal. With no information from the merchant, customers connected on social media and vented their frustrations.

In June, customers' fears in-

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INSIDE



ANZYU/AMA PRESS

BUSINESS Chemours executives shifted cash flows that affected their bonuses, probe finds. B3



MEDIA Netflix puts big bet on boxing with livestream of Mike Tyson facing Jake Paul. B4

Climate Analytics Startup, Once Rising Star, Is in Crisis

By JULIET CHUNG

Sara Menker, who was born amid the famine in Ethiopia, captivated investors with her vision for a climate-data startup that would use artificial intelligence to help fix the world's broken food system.

The former Morgan Stanley commodities trader attracted prominent investors such as TPG and Intel Capital, helping push the valuation of Gro Intelligence in 2022 to \$850 million.

The company is now in disarray. Menker was fired as chief executive in February after Gro's board discovered the company had been late contributing to employee retirement plans and missed paying some payroll taxes during a cash crunch, according to people familiar with the matter. Gro's co-founder and chief operating officer, Sewit Aherom, also was fired. The board hired an outside law firm to investigate what happened.

The startup's valuation has dropped to between \$20 million and \$25 million after it was bailed out by investors over the past week in a deal that could wipe out its earlier investors. On Friday, the company told employees it would



Sara Menker, formerly of Morgan Stanley, had attracted investors who helped build Gro's valuation up to \$850 million.

lay off 60% of its roughly 150-person staff and would be able to pay employees again after missing payroll earlier.

Gro's new chief executive and former chief technology officer, James Cariello, said in a statement: "We have a high level of confidence in what we

will achieve. We have a unique product solving real-world problems."

Neither Menker nor Aherom responded to requests for comment.

The recent events mark a stark reversal for a startup Please turn to page B2

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BUSINESS NEWS

Chemours Brass Gamed System, Probe Finds

Top leaders shifted cash flows affecting their bonuses, according to inquiry

By JONATHAN WEIL AND THEO FRANCIS

An investigation by Chemours has found that the Teflon maker's top executives shifted cash flows at year-end to hit targets that determined their annual stock and bonus awards, shedding new light on accounting problems that have

spooked investors. The chemical company last week put three leaders—Chief Executive Mark Newman, Chief Financial Officer Jonathan Lock and Chief Accounting Officer Camela Wisel—on administrative leave and revealed that its board was conducting an accounting review. The revelations sent Chemours's share price tumbling. Now the company says the investigation found that the executives took steps to delay payments to some vendors during the fourth quarter of 2023 into the first quarter of

2024. In addition, Chemours said the executives sped up the collection of receivables, so the cash would come into Chemours during the fourth quarter instead of the first quarter. Chemours said its audit committee found that the executives "engaged in these efforts in part to meet free cash flow targets that the company had communicated publicly, and which also would be part of a key metric for determining incentive compensation." Newman, Lock and Wisel didn't immediately respond to

requests for comment. The probe was sparked by an anonymous complaint to the company's ethics hotline. The complaint wasn't promptly elevated to the general counsel or the board, and there was "a lack of transparency" from senior managers about the activities when the board investigated, Chemours said. Chemours shares gained more than 15% Thursday after the updated disclosure. The company said it would file its delayed annual report as soon as possible. The company said that the

findings don't affect the preliminary financial results for its fourth quarter, but that the moves had the effect of significantly increasing cash-flow measures for the fourth quarter of 2023. Chemours said it found similar actions were taken, though to a lesser extent, during the fourth quarter of 2022. Chemours in last year's proxy statement reported annual free cash flow of \$441 million for 2022, below the targeted range of \$539 million but above the \$372 million threshold to trigger that part of the

executive compensation plan. In 2022, the company's free cash flow results drove about 40% of the \$1 million bonus that Newman received, securities filings show. Executives' long-term incentives, paid in a mix of restricted stock and options, were based equally on a measure of free cash flow and an adjusted measure of profit in 2022, Chemours said in its proxy. Newman received \$3.5 million in restricted stock and \$2 million in stock options in 2022, both valued at the time of grant.

Hugo Boss Offers 2024 Forecast Below Analyst Views



The premium-fashion company also warned that it might not meet its 2025 sales guidance amid weak customer sentiment.

By ANDREA FIGUERAS

Hugo Boss said that it expected sales and earnings to grow this year, but warned that it might not meet its 2025 sales guidance amid weak consumer sentiment.

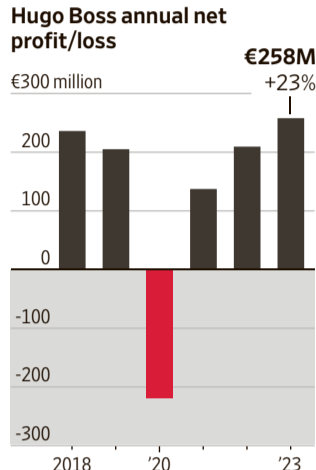
The German premium-fashion firm said Thursday that it expected sales to grow between 3% and 6% to around €4.30 billion to €4.45 billion, or \$4.69 billion to \$4.85 billion, in 2024.

Earnings before interest and taxes should increase by 5% to 15% to around €430 million to €475 million, while the EBIT margin is expected to improve to between 10% and 10.7%.

The company's 2024 expectations are below Wall Street's forecasts of €4.56 billion in sales and EBIT of €491 million, according to a FactSet-compiled poll of analyst estimates.

In 2021, the company set targets for 2025 as part of its so-called Claim 5 strategy, which aims to revamp Hugo Boss's brands and accelerate growth.

The company confirmed its EBIT margin guidance of at least 12% by 2025, but said there could be a slight delay



in achieving its sales outlook of €5 billion because of macroeconomic and geopolitical uncertainties.

For 2023, Hugo Boss posted net profit of €258 million, up 23% from the prior year and beating analysts' expectations of €250 million, according to FactSet.

The group confirmed preliminary results, released in January, with sales of €4.2 billion, up 18% year over year year on a currency-adjusted basis, and EBIT of €410 million, a 22% increase.

Boeing Ties More of Bonus To Safety and Quality Issues

By SHARON TERLEP

Under fire for production snafus, Boeing is overhauling how it pays employee bonuses to emphasize quality and safety over meeting financial targets.

The move, one of many to address quality issues following the door-plug blowout on an Alaska Air flight, applies to Boeing's nonunion workforce of more than 100,000 employees, managers and executives, according to a memo sent to employees and reviewed by The Wall Street Journal.

The biggest shift will be in the company's commercial unit, its largest, where safety and quality metrics will now account for 60% of annual bonuses. Previously, financial incentives comprised 75% of the

annual award, while the remaining 25% was tied to operational objectives including quality and safety.

Metrics that will determine the rewards include employee safety, work done out of sequence on the assembly line and rework required to fix problems.

Regulators have criticized the company's quality controls and production process and imposed limits on Boeing's 737 production after the incident. In Boeing's other two units, defense and services, financial metrics will still determine 75% of bonuses.

Executives and managers

who oversee all units, including Chief Executive Dave Calhoun, will be based on the average of all three.

The company on Friday kicks off high-stakes negotiations with the International Association of Machinists union, which represents more than 32,000 Boeing machinists in Washington State, including the 737 factory in Renton.

The union is seeking wage increases of 40% over three to four years, the return of a defined-benefit pension and a commitment from Boeing that the next new jet will be produced by its workers.

The move is one of many following a door-plug blowout.

United to Slow Hiring of Pilots



United isn't alone in pulling back after a recent hiring spree.

By ALISON SIDER

In line to get fewer Boeing planes than expected this year, United Airlines will slow pilot hiring to match, pausing new-hire classes in May and June.

The slowdown is the latest sign of Boeing's troubles' rippling through the aviation industry. Boeing didn't respond to a request for comment.

United has said it no longer expects to receive the 80 MAX

10 planes it had anticipated this year, and has pulled those planes from its plans because of mounting uncertainty about when they will be certified by federal regulators. The carrier also expects to receive fewer of the smaller MAX 8 and 9 variants this year than it had planned for.

United said in a memo to pilots, previously reported by CNBC, that it is on track to have hired over 800 pilots by

the end of April and will have enough trained pilots to be ready for spring and summer.

United isn't the only airline to pull back after more than two years of a pilot-hiring spree. Airlines were growing at a breakneck pace coming out of the Covid-19 pandemic, and some say they have started to catch up. Delta said late last year it would hire about half as many pilots in 2024 as in 2023. American Airlines executives said this week that the carrier will hire about 1,300 pilots this year, about a thousand fewer than last year.

Southwest Airlines last week said it would pause new-pilot training classes through the year starting in April. A spokesman said it is slowing hiring across the company.

Other aircraft constraints have contributed to reduced hiring at Spirit Airlines. The budget carrier suspended pilot hiring, citing slower growth, partly because of a Pratt & Whitney engine problem that is grounding some of its planes.

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TECHNOLOGY

Rivian Banks on Affordable SUVs

Startup unveils two new versions of its electric vehicles even as demand slackens

By SEAN MCLAIN

Electric-vehicle startup **Rivian Automotive** unveiled two new SUVs Thursday that the company hopes will be a springboard for its sales.

The first model, a midsize SUV called the R2, will have a starting price of around \$45,000 and is due to go on sale in the first half of 2026, the company said. The new vehicle resembles a smaller version of Rivian's \$75,000 R1S SUV, and with it, the automaker aims to broaden its appeal by adding a more affordable EV to its lineup.

Some of the standout features include a rear window that opens like a Jeep, and front and rear seats that fold flat to allow for in-car camping. In response to some customer complaints that there wasn't a glove compartment in Rivian's older models, the R2 has two glove compartments. It can also travel more than 300 miles on a single charge.

Rivian also surprised the audience by revealing the R3, an even smaller and lower-priced SUV, as well as a sporty variant of the vehicle, called the R3X. Chief Executive RJ Scaringe didn't say when the R3 would go on sale.

The two models are a gamble on a future surge in demand for the startup's vehicles that comes amid a broader slowdown in sales for battery-powered vehicles last year.

Startups such as Rivian have been burning through their cash reserves as they continue to lose money on each car they sell. The company reported a \$5.4 billion net loss for last year and said last month that it would lay off 10% of its salaried workforce in response to "challenging macroeconomic conditions."

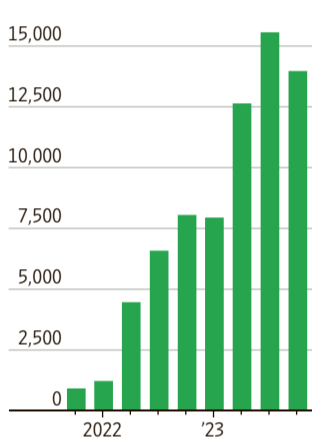
On Thursday, Rivian also said it was pausing construction on a \$5 billion factory in Georgia for the R2 and other models to reduce the amount of cash it would take to bring new vehicles to market.

Instead, the R2 will be built at Rivian's existing factory in Normal, Ill., so that the company can begin selling it more quickly, Scaringe said



CEO RJ Scaringe on Thursday demonstrates the midsize R2, which will have a starting price of about \$45,000.

Rivian quarterly vehicle deliveries



Note: Q4 2023 are year-end deliveries
Source: the company

Thursday

Ultimately, Rivian plans to build the Georgia factory, which will allow the company to produce an additional 400,000 vehicles—a key move in its efforts to transform into a profitable company.

Rivian said customers who wanted to reserve the R2 could put down a \$100 deposit to secure a vehicle.

Car companies are already warning of slackening demand

for electric cars and trucks in the U.S. that last year caused a pileup of unsold vehicles on dealer lots.

Traditional car companies such as Ford Motor, General Motors and others have slowed down their investments or cut production in EVs, a retrenchment that startups can't afford to do.

Established automakers can also lean on their profitable gas-engine businesses to offset weaker demand for battery-powered cars and trucks.

Startups such as Rivian need to grow their sales, because their losses are partly fueled by the fact that their factories aren't running at full capacity. The daily costs of paying factory workers and running equipment don't vary much in terms of how many cars are produced in a day.

As a result, the profits of car companies are heavily dependent on whether they can spread those costs across a high number of vehicles.

Rivian is betting the problem facing the industry isn't customers' hunger for electric cars and trucks, but rather a dearth of electric vehicles

that the majority of buyers can afford.

Electric vehicles priced between \$40,000 to \$60,000 accounted for over a third of the industry's battery-powered car sales thus far this year, according to J.D. Power. Electric models priced between \$70,000 to \$90,000, which covers most Rivian vehicles, accounted for around 10% of sales.

Scaringe said last month that Rivian is facing softening demand for its current lineup. He said last month that the backlog of orders for the company's vehicles had "notably decreased." In response, Rivian lowered the starting price of its models by \$3,100 per vehicle.

Rivian isn't the only car company planning on rolling out more affordable EVs in the coming years. Tesla CEO Elon Musk said the company is developing a new, low-cost vehicle that it expects to start producing next year. Later this

year, General Motors plans to sell the Chevrolet Equinox EV, which will start at just under \$35,000.

Rivian is racing to increase production and sales as its cash pile has dwindled from \$11.5 billion at the start of 2023 to \$7.9 billion at the end of December.

The carmaker is pausing construction of a \$5 billion Georgia factory.

The company has said it aims to report its first gross profit by the end of 2024.

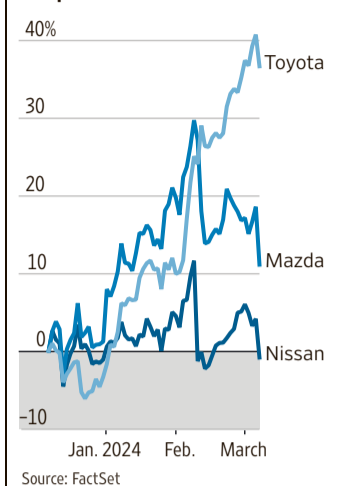
But analysts say that might be difficult and question whether its goals are realistic given that it projects production to be flat this year.

Ultimately, the R2 represents a necessary step if Rivian is to go from a niche automaker to a higher-volume car manufacturer, analysts say.

The pool of potential customers who can buy Rivian's current crop of vehicles is relatively small, said Ben Kallo, an analyst with Robert W. Baird. "It is probably four times as big with the R2," Kallo said.

Japan Auto Stocks Fall As the Yen Recovers

Share-price performance over the past three months



By KOSAKU NARIOKA

Japanese auto stocks fell sharply as the yen rebounded to a one-month high due to growing expectations that the Bank of Japan could shift away from its ultralow interest rate policy.

Nissan Motor shares were recently 4.8% lower, **Mazda Motor** shares were down 6.3% and **Toyota Motor** shares were 2.9% lower on Thursday.

The Japanese yen strengthened to 148.41 against the dollar earlier, its strongest level since Feb. 8, from 149.41 as of Wednesday 5 p.m. Eastern Time, after BOJ policy board member Junko Nakagawa said Thursday that the Japanese economy is making steady progress toward achieving its price goal.

There is a growing chance companies will provide higher pay increases at annual wage negotiations, she said. Her comments added to expectations the central bank will end its negative interest rates in coming months.

For years, the yen's weakness helped lift earnings for Japanese carmakers as it makes exports more competitive abroad and boosts the value of profits earned overseas in yen terms.

Expectations for an imminent policy change by the BOJ grew last week when policy board member Hajime Takata said it should start discussing a possible exit from its ultra-loose monetary policy.

Germany's Merck Expects Rebound After 2023 Slippage

By DOMINIC CHOPPING

Merck KGaA expects to gradually return to organic growth this year after reporting a slump in earnings during 2023, which it called a "transitional" year.

The German life-sciences and electronics company said profit after tax last year fell to 2.83 billion euros, the equivalent of \$3.09 billion, from €3.34 billion in 2022 as sales slipped 5.6% to €20.99 billion.

Earnings before interest, taxes, depreciation and amortization before one-time items—the company's preferred profitability metric—fell 14% to €5.88 billion.

Analysts expected 2023 pre-items Ebitda at €5.86 billion on net sales of €20.97 bil-

lion, according to consensus estimates provided by the company.

Merck said the 2023 sales and earnings performance of the life-science business sector was hurt by sharply lower Covid-19-related sales while the process solutions business

slowed due to inventory destocking.

In electronics, earnings were weighed by the continuing cyclical slowdown in the semiconductor industry, but healthcare earnings

rose. "We delivered solid results in a transitional year, 2023," said Chief Executive Belen Garijo. "Now, we are fully focusing on gradually returning to growth during fiscal 2024."

Merck stock closed down about 1% on Thursday.

The life-sciences company's CEO cited 'solid results in a transitional year.'

Netflix Puts Big Bet on Live Boxing, With Mike Tyson Facing Jake Paul

By NICHOLAS HATCHER

Netflix is putting on the gloves and stepping into the ring.

In its latest foray into live sports, Netflix will livestream a boxing match between former heavyweight champ Mike Tyson and YouTube star-turned-boxer Jake Paul.

The fight is one of the company's most significant moves into live sports streaming. On Sunday, it streamed a tennis exhibition featuring Rafael Nadal and Carlos Alcaraz called "The Netflix Slam."

In November, the platform aired "The Netflix Cup," a live golf tournament featuring athletes from its Formula One documentary series, "Drive to Survive," and its show following the world of professional golf, "Full Swing."

In January, Netflix said it was ramping up its investments in live sports, announcing a \$5 billion multiyear deal with **WWE** wrestling. Netflix co-Chief Executive Ted Sarandos said the deal was in line with the company's focus on sports-entertainment content, and that it didn't signal a change in its strategy of largely avoiding high-profile, costly sports-rights packages.

The fight is set for July 20 at AT&T Stadium in Arlington, Texas. Netflix didn't disclose how much Tyson and Paul would be paid. Representatives for Tyson and Paul didn't return requests for comment.

Streaming companies have been chasing the often-lucrative world of sports broadcasting for some time, adding more live events to their platforms. As one of the rare



Former champ Mike Tyson, left, is three decades older than YouTuber-turned-boxer Jake Paul.

types of programming people watch live, sports is especially valuable to advertisers.

Amazon's Prime Video and **Alphabet's** YouTube have paid hefty sums to stream live National Football League games, while **Comcast's** Peacock streams Premier League soccer and carries Big Ten football.

Adding to the spectacle is a significant age gap: Paul is 27 years old, while Tyson will be 58 at the time of the match.

Many people took to social media to comment on the age difference. Some admonished Paul for boxing someone so past their prime, while others said they would never think of stepping in the ring with the former heavyweight champ

despite his age. Since becoming a professional boxer in 2020, Paul has amassed a 9-1 record with six knockouts. Most recently, he defeated Ryan Bourland in a first-round technical knockout Saturday. He is known for his social-media presence, having amassed nearly 26 million Instagram followers and 20.5 million YouTube subscribers.

One of the most feared boxers of all time, Tyson was 50-6 with 44 knockouts during his professional career. However, his last professional fight was a 2005 loss to Kevin McBride.

Tyson is a notorious figure in boxing and popular culture. In his 2013 memoir, "Undisputed Truth," he recounted

his boxing career as well as his struggles with addiction, bankruptcy and prison time for a rape conviction. He has since appeared on TV and in several Hollywood films.

Tyson fought in a 2020 exhibition match against Roy Jones Jr., which ended in a split draw. The undercard featured Paul, in his second fight ever, knocking out former NBA player Nate Robinson.

Paul took to social media to begin the pre-fight trash talk. "I idolized Mike Tyson until the first time I met him 4 years ago...he called me Logan," Paul said on X, referring to his brother, Logan Paul. "Going to make sure he knows who I am real close and personal."

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GREEN HYDROGEN PRODUCTION AT COMMERCIAL SCALE IS HAPPENING NOW, AND THE PACE OF INNOVATION IS PICKING UP. BUT LASTING CLIMATE CHANGE MITIGATION WILL REQUIRE DEVELOPING A GLOBAL HYDROGEN ECONOMY, WITH NEW LEVELS OF GOVERNMENT INCENTIVE AND COOPERATION.



In a former coal mining town in central Spain, Iberdrola is producing up to 3,000 tonnes of green hydrogen per year for fertilizer maker Fertiberia Group, the first phase in what is already the largest plant of its kind in Europe. As just one of 60 green hydrogen projects in eight countries planned by Iberdrola and its subsidiaries, the plant in Puertollano proves that the fuel is commercially viable for the right customer.

Green hydrogen is uniquely suited for decarbonizing industries that are difficult to electrify such as steel, shipping and aviation. The International Renewable Energy Agency (IRENA) says that green hydrogen would need to meet 14 percent of global energy demand by 2050 to keep global temperature rise below 1.5 Celsius.

Major investment firms are investing billions in innovative and cost-effective approaches to green hydrogen production. The fuel is also getting a boost from government production credits and tax incentives in the U.S. and EU. Yet production is just the first step in delivering the green hydrogen economy, notes Diane Holdorf, executive vice president of at the World Business Council for Sustainable Development. That will require building out a global storage and delivery infrastructure and developing a global market for the commodity.

"More than 40 countries have low-carbon hydrogen strategies in place," Holdorf says. "That's important ... but we also need to invest in cross-border supply chains and infrastructure. There needs to be a consistent investment environment as well as harmonized certification schemes." A recent report by IRENA and the World Trade Organization urges the reduction of trade barriers along the green hydrogen supply chain and development of global standards for green hydrogen infrastructure quality.

Green hydrogen is made using renewable energy such as solar and wind, so the fuel's future is tied up with the success of other renewables and the expansion of a robust electrical grid, says Adolfo Rivera, senior director for hydrogen at Iberdrola subsidiary Avangrid. "We're going to need to build a lot more renewables, which means faster permitting processes and interconnection periods."



Iberdrola has established itself as one of the boldest investors in green hydrogen, with projects including one of the world's largest electrolytic hydrogen systems, green methanol for shipping, and a green hydrogen-powered train. Rivera believes there is plenty of opportunity in green hydrogen now for energy producers and companies willing to nurture forward-thinking customers. And the green hydrogen market is likely to grow; one consultancy says it could reach \$1.4 trillion by 2050¹.

But reducing the cost of green hydrogen to where it competes with "grey" hydrogen produced with fossil fuels will require a consistent and concerted global effort. "When it comes to cost parity, I would say we can be very close," Rivera says. "And the best argument I can give you is our existing projects for some applications. Getting there fully depends on us as a society, if we decide to incentivize the use of green hydrogen."

"When it comes to cost parity, I would say we can be very close."

Adolfo Rivera, Sr Director Green Hydrogen, Avangrid, part of the Iberdrola Group



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1. https://www.deloitte.com/global/en/issues/climate/green-hydrogen.html?id=gx:2or:3pr:4green_hydrogen:5GC1000229:6abt:20230530:GCP100058:gh2_press_release

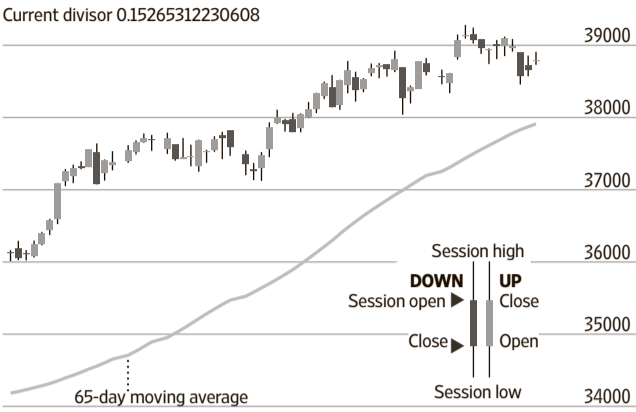
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

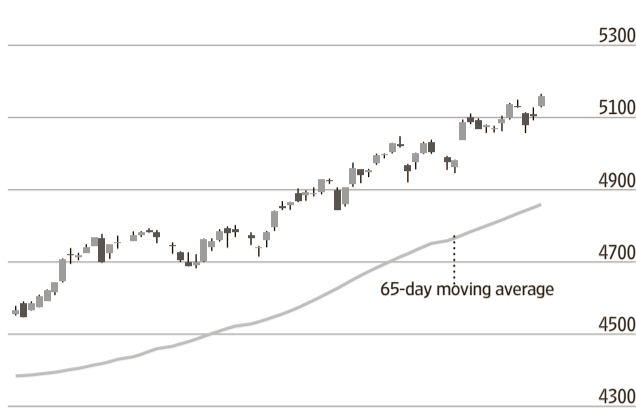
38791.35 ▲ 130.30, or 0.34%
High, low, open and close for each trading day of the past three months.



Current divisor 0.15265312230608
Bars measure the point change from session's open
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. Based on Nasdaq-100 Index

S&P 500 Index

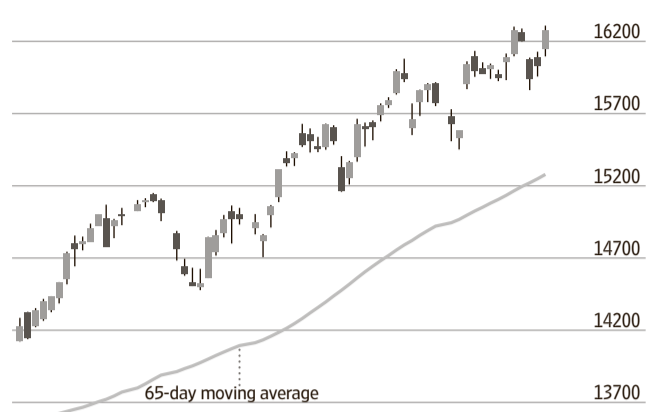
5157.36 ▲ 52.60, or 1.03%
High, low, open and close for each trading day of the past three months.



Current divisor 0.15265312230608
Bars measure the point change from session's open
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. Based on Nasdaq-100 Index

Nasdaq Composite Index

16273.38 ▲ 241.83, or 1.51%
High, low, open and close for each trading day of the past three months.



Current divisor 0.15265312230608
Bars measure the point change from session's open
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Table with columns: Index, High, Low, Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, % chg 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, S&P, and Other Indexes.

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services...

Most-active issues in late trading

Table of most-active issues in late trading with columns: Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, Low.

Percentage gainers...

Table of percentage gainers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Trading Diary

Volume, Advancers, Decliners

Table of trading diary statistics including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, Unchanged, New highs, New lows, Closing Arms, and Block trades.

International Stock Indexes

Table of international stock indexes with columns: Region/Country, Index, Close, Net chg, Latest % chg, YTD % chg.

Percentage Gainers...

Table of percentage gainers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Percentage Losers

Table of percentage losers with columns: Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Most Active Stocks

Table of most active stocks with columns: Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

Volume Movers

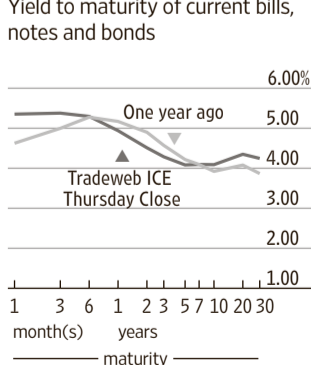
Table of volume movers with columns: Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates and selected rates section including a line chart for prime and new car loan rates, and a table of bank rates for various services.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields with columns: Bond total return index, Close, Yield (%), 52-Week High, Low, Total Return (%).

CURRENCIES & COMMODITIES

Currencies

Table of U.S.-dollar foreign-exchange rates in late New York trading for various countries and currencies.

Commodities

Table of commodity prices with columns: Commodity, Close, Thursday Net chg, % Chg, High, 52-Week Low, % Chg, YTD % chg.

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including exchanges, Fielex electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:

↑New 52-week high; ↓New 52-week low; dd-Indicates loss in the most recent four quarters.

Stock tables reflect preliminary closing values as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Thursday, March 7, 2024

Table of stock prices with columns for Stock, Sym, Close, Net Chg, and Net Chg %.

Table of stock prices with columns for Stock, Sym, Close, Net Chg, and Net Chg %.

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New Highs and Lows

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

Table of stock prices for new highs and lows with columns for Stock, Sym, 52-Wk Hi/Lo, and % Chg.

Continued on Page B9

BUSINESS & FINANCE

Kroger's Quarterly Sales Improve As CEO Cites Shopper Optimism

By PATRICK THOMAS

Kroger expects shoppers' attitudes to improve after a stretch of rising food prices and pessimism about the U.S. economy.

"Overall, we think it's positive and improving," Kroger Chief Executive Rodney McMullen said about consumer sentiment in an interview.

Kroger's stock rose nearly 10% Thursday.

Kroger reported Thursday that sales rose 6% in the fourth quarter as customer visits increased. Food inflation, high interest rates and reduced government benefits have

stretched shoppers, and the portion of Americans' income spent on food is now at a three-decade high.

McMullen said the company is drawing economically pressured consumers to its private-label brands, while higher-income shoppers are buying more wine and other items at Kroger's stores, rather than at more premium supermarkets. Grocery sellers such as

Kroger, the largest U.S. supermarket chain, have faced criticism for higher prices from the Biden administration in recent weeks. McMullen said sticker shock is a result of food makers raising their prices, which those companies have attributed to their own higher costs.

"Our suppliers have aggressively raised their prices to us," he said. Kroger executives pushed

back Thursday analyst claims that its bid for rival Albertsons would lead to higher food prices and harm workers' bargaining power. The Federal Trade Commission sued to block the \$25 billion deal in late February.

For its quarter ended Feb. 3, Kroger's adjusted quarterly earnings were \$1.34 a share, ahead of what Wall Street analysts had expected.

The company's sales increased to \$37.06 billion, while its net income rose to \$736 million.

For 2024, Kroger said it expects adjusted earnings in the range of \$4.30 to \$4.50 a share.

Rentokil Misses Profit Estimates but Issues Rosier Terminix View

By MICHAEL SUSIN

Rentokil Initial raised its projection of synergies from its Terminix acquisition after missing profit expectations and laid out new plans for North America.

The pest-control, hygiene and workwear services provider said on Thursday that it expects annual pretax synergies from the integration of the pest-control business to rise by a further \$50 million to around \$225 million net.

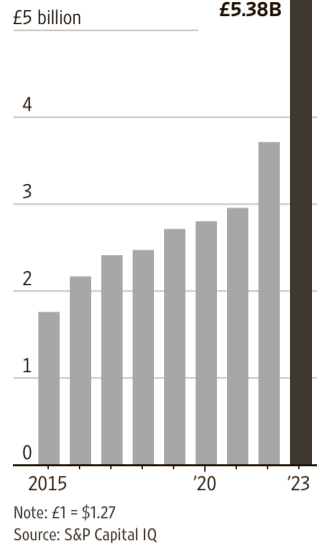
The integration is scheduled to be completed in 2026, with net synergies of around \$40 million in 2024, \$65 million in 2025 and \$38 million in 2026.

Rentokil reported a pretax profit for 2023 of £493 million, or about \$627.7 million, compared with £296 million in 2022 and with a consensus forecast of £501.4 million taken from FactSet.

Revenue rose to £5.38 billion from £3.71 billion a year earlier, beating market expectations by £5.36 billion.

The board declared a final

Rentokil Initial annual revenue



Note: £1 = \$1.27. Source: S&P Capital IQ

dividend of 5.93 pence a share, bringing the total dividend to 8.68 pence. In 2022, the group declared a total dividend of 7.55 pence a share.

The company launched a plan to boost organic revenue growth in North America, aiming to achieve full-year growth between 2% and 4%.

Aviva Upgrades Targets After 2023 Profit Beat

By ELENA VARDON

Aviva expects its operating profit to keep growing and has upgraded its targets for other metrics as it reported a better-than-expected result for 2023 and launched a £300 million, or \$382 million, share buyback.

The British insurer and asset manager on Thursday said

that it now targets an operating profit of around £2 billion by 2026.

It expects its Solvency II own funds generation to reach £1.8 billion by 2026, compared with a previous view of £1.5 billion by 2024, and targets over £5.8 billion in cash remittances cumulatively over the period from 2024 to 2026, up from

over £5.4 billion for 2022 to 2024.

For the 12 months ended Dec. 31, the group posted an operating profit of £1.47 billion compared with the previous year's £1.35 billion. This represents a 9% increase, above the top end of its guided growth range of 5% to 7% for the year. The FTSE 100-listed group's

general-insurance gross written premiums rose to £10.89 billion from £9.75 billion. Its undiscounted combined operating ratio—a measure of underwriting profitability—was 96.2%, against consensus for 96.3%. Aviva ended the year with a Solvency II cover ratio of 207% compared with consensus of 205%.

New Highs and Lows

Continued From Page B7

Table with columns for Stock, 52-Wk % Change, and 52-Wk High/Low. Lists various stocks and their performance metrics.

Biggest 1,000 Stocks | WSJ.com/stocks

Continued From Page B7

Table with columns for Stock, Sym, Close, Net Chg, and various financial metrics. Lists the top 1,000 stocks by market cap.

Mutual Funds

Data provided by LIPPER

Table with columns for Fund, NAV, YTD % Ret, and various performance metrics. Lists the top 250 mutual funds.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Markets Have False Sense of Security

Stocks' low volatility may be a misleading result of a boom in autocallables and other structured products

If you bought so-called structured products recently, you have plenty of company. But it is precisely their popularity that could make them—and perhaps the entire stock market—riskier than they seem.

Originally a European specialty, these investment products are growing everywhere. Sales volume in the U.S. was a record \$132 billion in 2023, figures by analytics firm Structured Products Intelligence show, up from \$78 billion in 2020.

The most widespread type is “autocallables,” which are particularly big in Asia. Sold by banks, the notes are linked to the price performance of an underlying asset, for example, the S&P 500. If the index is within a certain range on given dates, buyers receive generous coupons. If it goes above a threshold, the note gets repaid. Often, they offer some downside protection, too. Investors lose stock-market upside in exchange for income and a bit of extra safety.

The bargain often appeals to less-sophisticated savers who otherwise might not dabble in complex derivatives. During the era of near-zero rates, the products became an attractive alternative to time deposits and bonds, sometimes yielding as much as 10%.

For banks, they bring in fat fees. France's **BNP Paribas** and **Société Générale** are well-known issuers,

but **JPMorgan**, **Goldman Sachs** and **Citi** are even bigger players in terms of global market share.

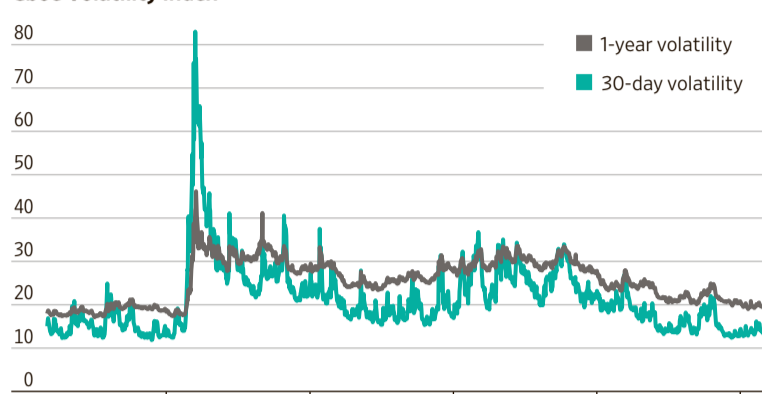
The more-recent surge in structured-product sales since central banks started tightening policy might seem surprising, given revived competition from deposit accounts and money-market funds. In part, this is because bonds also yield more now, and banks have been savvy in refocusing their derivatives desks to structure attractive notes around them.

But it is also because swings in the stock market have been subdued since late 2022. Equity-linked autocallables are essentially bets against volatility: Buyers want stocks to go up but not too much, and they certainly don't want them to go down. The products share certain similarities with the “covered call” strategies of funds such as the **Global X S&P 500 Covered Call ETF** and the **JPMorgan Equity Premium Income ETF**, which have also experienced huge inflows since 2021.

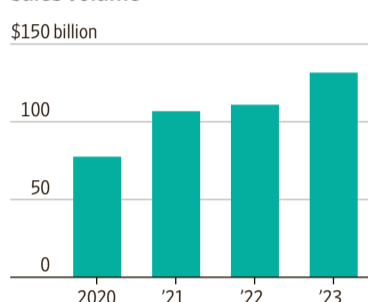
It might seem strange that volatility is so low when inflation, monetary policy and geopolitical conflicts make the global economy more uncertain than ever. The problem is structured products might be what is lowering it.

In its quarterly review published Monday, the Bank for International Settlements pointed out that the

Choe Volatility Index

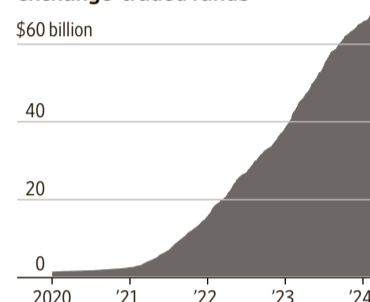


U.S. structured products, sales volume



Sources: Choe (volatility); Structured Products Intelligence, WSD (sales volume); Bank for International Settlements (cumulative flows)

Cumulative flows into covered-call exchange-traded funds



banks selling all these notes have been forced to take the other side of their clients' bets. To hedge the risk, trading desks have been lean-

ing against swings in stocks, selling them when they go up and buying large drops—a practice known as delta hedging. This has pulled down

long-term volatility, making it cheaper to insure against it. In turn, this has resulted in a lower level for the widely tracked Choe Volatility Index, or Vix.

So autocallables look attractive because the stock market is calm, but the market is calm because people are buying so many autocallables. This feedback loop is reminiscent of the one created by funds that directly wagered against volatility back in 2017 and 2018. When a bout of selling broke the cycle, banks stopped hedging, volatility exploded and the market tanked.

To be fair, that so-called volpocalypse was made worse because the funds tried to cover their losses by betting on even more volatility. Structured-product holders are unlikely to do that.

The implication remains that autocallable buyers might be overconfident. Right now, most notes are delivering the expected payoffs and getting reinvested, but buyers and issuers alike may be riding a bubble of artificially suppressed volatility. Korean autocallables have been losing investors money, which might be an early warning.

It also means that Wall Street shouldn't trust the Vix as a gauge of potential trouble. As Geoffrey Yu, a senior market strategist at BNY Mellon, puts it: “Low volatility begets low volatility. Until something goes wrong.” —Jon Sindreu



Novo Nordisk's Denmark-listed shares closed 8.3% higher at a record Thursday, based on data back to 1972.

Novo Nordisk Keeps Party Going With Obesity-Pill Trial Results

Obesity drugs are all about creating a feeling of satiety. Investors, however, keep coming back for more.

On Thursday, **Novo Nordisk** released promising results from an early-stage study of an obesity pill, adding to the enthusiasm that a more-convenient oral solution could be on the market a few years down the line.

In a Phase I study, participants on the experimental pill **Amycretin** experienced 13.1% weight loss after 12 weeks, beating a 6% weight loss on the **Novo Nordisk** injectable **Wegovy** at 12 weeks.

Novo Nordisk's Denmark-listed shares closed 8.3% higher at a record, based on data back to 1972.

Its American depositary receipts climbed nearly 9%.

For investors in the obesity market, the opportunity has always been about more than just the injections in the market. If the treatment of obesity is truly going to be as big as some analysts are predicting, pills, which are easier to manufacture and simpler for patients to take, will need to play a role as well.

The Danish company's latest release is likely to continue pushing up Wall Street estimates for the revenue potential of the obesity market, which some analysts see as greater than \$100 billion in annual sales.

Novo Nordisk is far from being

the only company working on obesity pills. **Eli Lilly** is developing a non-peptide **GLP-1** pill called **orforglipron**.

The once-daily pill, taken for 36 weeks, helped volunteers lose up to 14.7% of their body weight in a mid-stage clinical trial of more than 270 people with obesity.

Lilly has started a larger, late-stage clinical trial of the pill.

Structure Therapeutics also is working on an oral medication.

As demand for injectables skyrockets, a possible oral solution would be a promising development for patients—and companies too.

—David Wainer

Apple Investors Are Getting More Worried As EU Law Takes Hold

Much remains to be seen about how Europe's new Digital Markets Act will actually impact **Apple's** business. But the timing for the iPhone maker could hardly be worse.

The new law, which goes into effect on Thursday, requires Apple, Google and other operators of digital platforms to allow third-party app stores and alternative payment options on those platforms. It is a major change for Apple, which has practiced a closed-ecosystem approach since launching its first iPhone in 2007.

Apple announced a series of changes in late January to its App Store for the European market to comply with the new rules, though those changes are proving highly controversial in their own right—even sparking a new battle with longtime nemesis **Epic Games**.

Those changes come as Apple is facing worries about another weak iPhone cycle and the health of its business in China.

The changes in Europe would apply to Google as well. But even though the internet giant's Android operating system powers two-thirds of the mobile phones in Europe according to data from Statcounter, Apple's App Store is a far more lucrative business, now generating more than \$26 billion in annual revenue compared with about \$13 billion for Google's Play Store, according to estimates from Visible Alpha.

The App Store also figures more heavily into Apple's bottom line. It accounted for nearly one-third of Apple's service revenue for its most recent fiscal year, and the company's services business generates nearly twice the gross profit margins as its hardware business.

The new European law is unlikely to kill the App Store business there.

But for Apple's investors these days, it is one more thing on a growing list of worries.

—Dan Gallagher



Apple's App Store generates more than \$26 billion in annual revenue.

Chevron-Hess Deal Has a Chunky Payoff, but Traders Aren't Biting

Is the massive Chevron-Hess oil deal slip-sliding away?

Hedge funds that specialize in merger arbitrage are steering clear of a tie-up set to close by the end of June. That created a potential “heads I win, tails I don't lose very much” situation for people brave enough to invest in shares of the target. **Chevron** said in October that it would pay \$53 billion in stock for **Hess**. The deal valued Hess at \$171 a share at the time and had been approved beforehand by both companies' boards. Unfortunately, a rival could play spoiler.

Exxon Mobil had just set the largest oil-and-gas deal in decades weeks earlier by agreeing to buy

Pioneer Natural Resources. Chevron had its deal for **Anadarko** snatched away years earlier by **Occidental** and may have been willing to take a risk.

The gamble it took is that Exxon operates and owns 45% of the largest oil discovery in years, the **Stabroek** block in the waters off Guyana. Hess's 30% stake is its most-valuable asset. Now Exxon says the terms of the agreement it originally signed with Shell, which sold its stake to Hess, allow it a right of first refusal for the stake. Chevron disagrees that the deal trigers that right. Spokesman **Braden Reddall** wrote in an email Thursday that Chevron is “fully committed to

the transaction” and that the company is confident it will close.

The stock market isn't. At the deal's original value there is a 19% gap between Hess's share price, plus two more dividend payments Hess shareholders could receive by the end of June, and the offer. That is 74%, annualized, if it closes on time. At Chevron's current, lower, share price, that annualized gain would be 25%. The actual return might be somewhere in between, since Chevron's shares might have suffered a bit due to the uncertainty.

The odds of the deal closing, or the costs to merger arbitrage if it is delayed by a contract arbitra-

tion claim Exxon filed Wednesday, aren't the only things to consider for Hess shareholders. Chevron says that a failure of the deal would trigger a \$1.715 billion termination payment to it from Hess. Reddall said in a later email that the agreement with Hess “does not provide for any break fees relating to the ROFR.” A Hess spokeswoman didn't respond to a request for comment.

The deal's closing date could be extended to October 2025 to allow for arbitration, according to Chevron's filings.

Clearly there were doubts from the outset. Hess shares dropped the day the deal was announced and

are now 11% lower, which is twice the drop of a basket of oil-and-gas exploration companies. That fully accounts for the value of the termination fee. It might be worth owning Hess shares since the worst-case scenario appears priced in.

Or maybe it isn't: The nightmare scenario would be a Venezuelan takeover of parts of Guyana. Its neighbor, with a large, Russian- and Iranian-supplied military, moved troops to their common border last month and would easily overwhelm the former British colony's small defense force. Venezuela says it conducted a referendum last year that approved annexation. Try hedging that. —Spencer Jakob



Wood Vibes
Firewood storage is the hot new home decor. **M10**

MANSION

Property Report
Nvidia's Jensen Huang has spent \$55 million on real estate. **M2**



HOMES | MARKETS | PEOPLE | REDOS | SALES

THE WALL STREET JOURNAL.

Friday, March 8, 2024 | **M1**

SAN FRANCISCO
Air-quality features of the six-bedroom house:

- +**
1. Filtration systems measure various particulate matter and carbon dioxide levels.
- +**
2. Ionization-based filtration systems help eliminate airborne particles.
- +**
3. Tightly sealed floor-to-ceiling windows and sliding doors.
- +**
4. Exhaust systems extract polluted air from under sinks.



\$32 MILLION
Purchase price

\$5 MILLION
Cost of furniture and finishes

FROM TOP: JACOB ELLIOTT/TROON PACIFIC CO.; TIMOTHY BOONE (PRELACES); MIHOB (ASIAN/AGENCE FRANCE PRESSE/GETTY IMAGES) (HUANG)

The Newest Must-Have: Clean Air



The living room has a wall that can open to let in fresh air, or shut tight to keep out pollutants.

Pollution, allergens and Covid have homeowners focusing on filtration systems and flexible designs to improve indoor air quality

By ALINA DIZIK

Visitors to John Bautista and Pedro Salrach's San Francisco home can't get enough of the lap pool, sauna and movie theater. But they also get a whiff of something else they value: clean air.

"The house smells new—and after two years it still smells new," said Bautista, an attorney. "I know when I'm home because it smells clean and fresh."

The six-bedroom home with seven bathrooms and two half-baths includes an elaborate air-filtration system meant to deal with the region's varying air quality. The tightly sealed floor-to-ceiling windows and sliding doors offer hilltop views of the bay and access to the backyard without sacrificing air quality.

Bautista plans to further upgrade his system this year with the aim of filtering and recirculating indoor air rather than fresh outside air during periods of heavy pollution. Despite the home's superior air quality, the family can still feel a difference on days when the outdoor air is filled with smoke. "We've

Please turn to page M4

How Do Two Townhouses Become One Mansion?

Inside the complicated process to create a single 42-foot-wide house in Manhattan. 'It's like a puzzle.'



By E.B. SOLOMONT

ON A RECENT winter morning, workers were excavating 30 feet below the ground in

New York's Greenwich Village, where real-estate developer Robert Kaliner, of RoundSquare Builders, plans to build a new, 42-foot-wide

townhouse. RoundSquare paid just over \$18 million combined for neighboring walk-ups in 2021 and 2022

Please turn to page M8



Design of the Times



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MANSION

PORTFOLIO

A Chip on The Old Block

Jensen Huang, chip-maker Nvidia's CEO, has spent around \$55 million on real estate since the late 1980s

By E.B. SOLOMONT

Call it the American dream, tech edition. Nvidia's Jensen Huang spent some of his formative years living at a Kentucky boarding school. As a young tech worker, he bought a starter home in San Jose, Calif. And then, as his fortunes rose, he added larger homes in the Bay Area and beyond.

Today, the 61-year president and CEO is one of the world's richest people with a portfolio of homes in California and Hawaii.

Nvidia's stunning rise has made Huang—who co-founded the chip maker in 1993 and today owns approximately 3.51% of its shares—worth more than \$69 billion as of Feb. 26, according to the Bloomberg Billionaires Index. That is \$25.7 billion more than at

the start of the year, but then Nvidia stock skyrocketed and the company's market capitalization briefly topped \$2 trillion.

Huang lives primarily on the West Coast near Nvidia's Santa Clara headquarters. He and his wife, Lori Huang, own homes in Los Altos Hills and San Francisco, as well as Hawaii. He's spent around \$55 million on real estate since the late 1980s. Worth noting: Nvidia pays for Jensen's personal security, including security personnel at his house. Residential security cost the company \$565,305 in fiscal year 2023, according to Nvidia's most recent proxy filing. Nvidia declined to comment.

Jensen Huang was born in Taiwan and lived there and in Thailand until his parents sent him and his brother to live in the U.S. They enrolled him in Oneida Bap-

tist Institute in Kentucky, thinking it was a private school, when it was in fact a religious reform school. "The kids were really tough," Huang said in a 2012 episode of NPR's "All Tech Considered."

Because Oneida was only a high school at the time, Huang walked across a swinging bridge over a river every day to attend the local elementary school. At Oneida, his roommate got him into weight lifting. He cleaned bathrooms during the summer, and sometimes he ate apples from a tree outside his dorm room window, he recalled during a commencement speech for Oneida students in 2020. A few years ago, the Huangs donated \$2 million to help build "Jen-Hsun Huang Hall," a new dormitory with classrooms.

Huang's parents ultimately moved to Oregon where he at-



Jensen Huang, co-founder, CEO and president of Nvidia

tended high school. At 16, he enrolled at Oregon State University where he studied electrical engineering, graduating in 1984. "I was a shy kid," he said in the 2020 Oneida commencement speech.

At Oregon State, Huang met his future wife, an Oregon native, who was his lab partner. After graduation, both worked as mi-

crochip designers. Lori actually earned more before leaving the workforce to raise their children, Jensen told the New Yorker in 2022.

In 2022, the Huangs donated \$50 million to the school to help build a research and education center that will be named the Jen-Hsun and Lori Huang Collaborative Innovation Complex.

SAN JOSE STARTER HOMES

House 1: Paid unknown, sold \$185,000 in 1988

House 2: Paid \$338,000 in 1988, sold \$500,000 in 2002

After graduating from Oregon State, Jensen and Lori moved to San Jose, where Jensen bought a starter house measuring about 1,500 square feet with three bedrooms. He sold it for \$185,000 in 1988, upgrading to a larger home nearby the same year that cost



\$338,000, according to records. That house is 2,300 square feet with four bedrooms.

In 1993, he co-founded Nvidia in a booth at a local Denny's. In 1999, Nvidia went public and the Huangs sold their house for \$500,000 in 2002. (They have two children who both work for Nvidia, the company disclosed in its proxy statement.)

San Jose is still a hotbed for tech-industry housing. After a major slowdown during Covid, San Jose's real-estate market has picked up.



HAWAII HOME

Paid: \$7.5 million in 2004

The Huangs bought a sprawling home on the south side of Maui in 2004. Located within the Wailea Resort, the property is one of about 14 homes in a gated community spanning 10.5 acres on the ocean, according to the developer's website.

Completed around 2008, the contemporary house is nearly 8,000 square feet with seven bedrooms, records show.

Local real-estate agent Josh Jerman of Hawai'i Life said the home is one of the biggest in Wailea, a master-planned com-



munity with several golf courses, hotels and shopping. Jerman said Wailea is one of two luxury resort areas in South Maui, along with Makena, where properties tend to have more acreage and a rural feel.

Overall, Hawaii's luxury market experienced a surge during Covid that has since tapered. In August 2023, Maui experienced deadly wildfires, causing severe damage in Lahaina, on the western side of the island.

The Huangs "donated significantly to local relief efforts" a Nvidia spokesperson said at the time.

LOS ALTOS HILLS HOUSE

Paid: \$6.9 million in 2003

After San Jose, the Huangs moved to Los Altos Hills, an affluent town in Santa Clara County. In 2003, they paid \$6.9 million for a newly built home spanning more than 7,000 square feet with six bedrooms, records show.

Located about 15 miles west of Nvidia's headquarters, Los Altos Hills has become home to large Silicon Valley estates. In 2011, investor Yuri Milner purchased a chateau-style mansion in Los Altos Hills for \$100 million.



Local real-estate agent Ryan Gowdy of the Agency said that deal is something of an outlier and that, in general, luxury homes in Los Altos Hills are less expensive than in areas like Atherton.

Buyers are attracted to large lot sizes and the area's rural feeling, proximity to tech companies and excellent public schools.

"It's a nice escape from the hustle and bustle of Silicon Valley," he said.

GOLD COAST MANSION

Paid: \$38 million in 2017

The Huangs are tied to a mansion on San Francisco's Gold Coast that sold for \$38 million in 2017, public records show. The buyer was an entity, Riva LLC, managed by Michael A. Chojnacki, a tax lawyer who manages the finances for the Jen-Hsun & Lori Huang Foundation.

The modern house is in Pacific Heights and spans about 11,400 square feet with a curved roofline and views of the Golden Gate Bridge.

Construction of the limestone house



took almost four years, developer Bill Campbell of Marble Management previously told The Wall Street Journal. Completed in 2017, it was listed that year for \$40 million. It was configured with seven bedrooms, two wine rooms, an outdoor kitchen, elevator, theater and gym.

Homes on San Francisco's Gold Coast tend to command the highest prices in the city, said real-estate agent Max Armour of Compass, who is currently marketing a Gilded Age mansion for \$32 million.

"There's nothing better, finer, more expensive than the Gold Coast," he said.

FROM TOP: EDGAR SJUREITERS; ENGLEVIEW (5)



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PRIVATE PROPERTIES



A Swiss Chalet in Aspen Finds a Buyer

A Swiss chalet-style mansion in Aspen, Colo., has sold for \$36.975 million.

The seller is Bob Olson, the chief executive of California-based R.D. Olson Development, who said he built the home for his own family, but decided to put it on the market after receiving several unsolicited offers over the summer. "I wasn't thinking about selling," he said. "Then, with the pricing of the offers, I gave it a second thought."

He declined to name the buyers, but said they are a family from the East Coast who had previously rented the home.

Olson bought the site at the base of Shadow Mountain for \$4.5 million in 2015, property records

show, and completed the house in 2018. The six-bedroom, roughly 6,800-square-foot mansion was listed in October for \$48.2 million, but that list price included 20 acres of adjacent land. That land ultimately wasn't included in the sale. It is now under a conservation easement and was donated to the city of Aspen, Olson said.

The property has European details, including wood repurposed from old European chalets and installed by Swiss woodworkers, according to the listing. Motorized doors and hardware were imported from Switzerland.

Olson said the chalet-style architecture represents a departure from the contemporary look that

SOLD
\$36.975
MILLION
6,800 sq. ft.,
6 bedrooms,
shuffleboard



The asking price was \$48.2 million.



has become so ubiquitous in Aspen. "It was a risk, but I was confident it was the right thing to do," he said.

The home's lower level has a gym, a wine-display area and a game room with a pool table, shuffleboard and a beer tap. The primary suite has a floating glass fireplace and a black crystal chandelier, the listing says. A ski and bike room contains built-in boot heaters, and the house has a

glass-and-steel-encased elevator. The property also includes an outdoor hot tub and a two-car garage.

Lisa Hatem of the Agency Aspen represented Olson in the deal, while the buyer was represented by Michael Fox of Aspen Snow-mass Sotheby's International Realty.

Luxury sales in Aspen, a sought-after ski destination, have slowed from their peak in 2021, but prices remain high as a result

of low inventory, according to a report by Aspen real-estate agent Tim Estin. In January, the median Aspen home price was \$3 million, up 32.6% from the same period of last year, according to Redfin. Interior designer Holly Hunt recently sold a roughly 13,000-square-foot Aspen mansion for \$70 million in an off-market deal.

"Buyers suffer from a lack of choices," Estin wrote in the report. —Katherine Clarke

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MANSION

Clean-Air Amenities

Continued from page M1 suffered, as most people have in the Bay Area," he said. "What we want to have is isolation."

Developer Gregory Malin, who specializes in wellness-focused real estate, sold Bautista the home for \$32 million, he said, plus an additional \$5 million for fixtures and furnishings.

Luxury homeowners are known to splurge on sleek kitchens, custom decor and art, but they are increasingly turning their attention to something less visible. Forest-fire smoke, the pandemic and increased awareness of sensitivities to mold and other irritants are making their interior environment a priority.

Many are investing in complex systems and flexible designs that promise healthier indoor air but still include spaces, such as glass-enclosed rooms, that make being indoors feel natural.

Listings are increasingly touting pollution-fighting amenities to lure home buyers. In Santa Rosa, Calif., a 13-acre estate for sale at \$15 million has a whole-home air purifier. This spring, the Dovecot building, under construction in Manhattan's Harlem neighborhood, will offer six, three-bedroom condos built to strict green



Bautista said he has plans to continue with upgrades to his home's air-filter systems to handle the cleansing and recirculation of indoor air during the most serious cases of outdoor pollution. His home has views of the San Francisco Bay, Alcatraz Island and the Golden Gate Bridge.

and clean-air standards, starting at \$1.5 million.

Malin, founder of Troon Pacific, a San Francisco-based developer

of \$15 million to \$45 million properties that he calls healthy homes, said he focuses on the smallest details that can affect air qual-

ity. New tools allow for more-precise measurement of various particulate matter and carbon-dioxide levels, he added.

"Covid changed people's perspective on connecting air quality to health, and the [wildfires] only enhanced that."

His company's newer homes have exhaust fans, tied to ventilation systems, in laundry rooms and under sinks, where there are various pollutants and harmful cleaning products, said Malin. Their garages have separate exhaust fans that go on long enough for three air exchanges after the door opens. Ionization-based filtration systems also are included to eliminate airborne particles too tiny to see but hazardous when inhaled.

His homes also feature perforated piping with in-line fans to exhaust air from under slab foundations to keep contaminated soil vapors from entering the houses.

He said his company is consid-

ering building to the Living Building Challenge standard, in which homes have their own electricity, water and waste management.

Demand is high for such standards, he said, including passive-home construction, where airtight homes are built using specific materials and energy-efficient systems that circulate highly filtered air. He said passive-home certification is costly, especially for big homes, and has limitations that some homeowners don't want, like bulky windows. In the long run, however, he said eliminating most heating and cooling bills is probably worth it.

Clean air has become more of a talking point in homeownership, added Elliott Gall, an associate professor of mechanical and materials engineering who researches indoor-air quality at Portland State University.

While high-rises are often built to be airtight, there is a greater focus now on having windows that open while adding better filtration systems, he said. Units with outdoor access sometimes give homeowners another way to control the humidity and indoor air-pollution levels inside the home, he added.

To improve the air quality in her new Charleston, S.C., home, Caroline Smythe, 67, imported a hemp block covered in a mixture of lime and sand for the construction, rather than standard brick.

Living in a high-humidity area means moisture can cause mold, said Smythe, whose 2,400-square-foot Lowcountry home was completed in 2023 for about \$1 million, including \$250,000 for the

Please turn to page M5

Land and construction: \$1 million



Caroline Smythe boosts indoor-air filtration with individual units. She built her home using moisture-absorbing blocks and nontoxic paints.

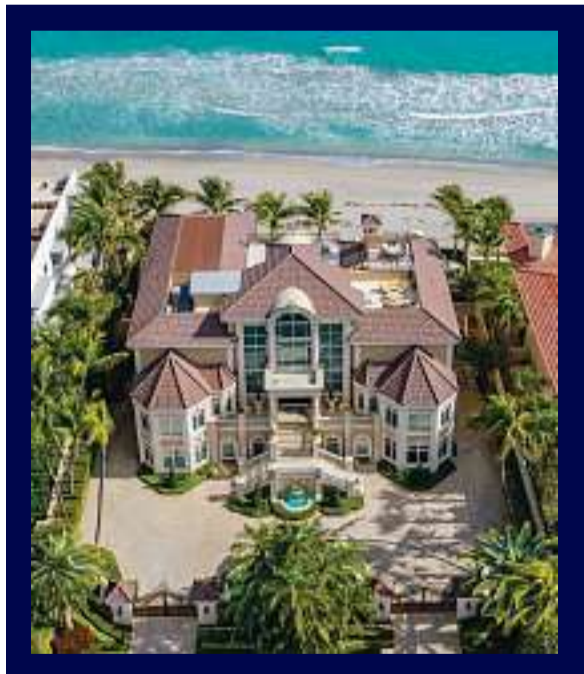


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MANSION

Construction costs: \$2.5 million



Eight thermostats regulate air quality and temperature in various parts of the 11,000-square-foot home.

countertop,” he said of homeowners in general.

Charlotte of the Upper West Side, a building in Manhattan that opened in 2023, has seven full-floor units, each with a private entrance.

The building has airtight construction with enhanced insulation. Each unit has an independent heating-and-cooling system with fresh-air filtration directly into the home that isn't shared with other spaces.

The system can achieve full air exchange 13 times a day in normal-use mode and more than 28 times a day in boost mode, said the building's developer John Roe of the New York-based Roe Corp.

Roe, who lives in one of the building's 3,570-square-foot, four-bedroom, five-bathroom homes, said the air-filtration system and strict passive-home construction added 15% to the building cost.

Three of the building's units are on sale, from \$8.35 million to \$17 million.

He said there is little dust in the home, and he swears it now takes longer for his cut white hydrangeas to wilt.

finer spaces, said Gall.

Homeowners now want better control over their wider living space, including modifiable systems that deal with both indoor and outdoor pollution, he added.

Jason Glatt, a window contractor, and his wife, Lauren Glatt, a stay-at-home mom, of North Bethesda, Md., built a \$2.5 million home that includes a children's slide into a basement playroom, an attic-level cigar room and plenty of entertaining space.

The 11,000-square-foot home's most striking feature, however, may be the five HVAC units tucked inside utility closets and other closed rooms, controlled by eight thermostats that regulate the air quality as well as temperature in each part of the home.

Their \$120,000 HVAC system also includes UV lights to prevent mold.

Seth Ballard, an architect who worked with the Glatt family, said individually controlled temperature zones and more return-air vents promote better air flow. Costs can be \$100,000 to \$200,000 for a 10,000- to 15,000-square-foot house.

“They are choosing this over a kitchen

The New York units have louvres that direct the sun's heating rays.



FROM TOP: MELISSA LITTLE FOR THE WALL STREET JOURNAL (4); CHRISTOPHER PAYNE/ISTO (2)

The Glatt family spent \$120,000 on their Maryland home's five HVAC units. The system also uses UV lights to prevent mold.



land. Incorporating the new material allows the moisture to get absorbed in the walls and keeps humidity steady in the home. “It has very much an earthy feel,” said Smythe of her thick, soundproof walls.

Inside, the home's two bedrooms and two offices have additional air-filtration elements, including stand-alone air filters for each bedroom.

Smythe, a psychiatrist, chose a

bamboo kitchen countertop and mineral-based wall paint to prevent any chemical off-gassing.

“It makes a huge difference,” she said.

Homeowners have long tried to improve air quality. In the early 1900s, homes that let in fresh air were critical to good health, but by the 1950s some owners were trying to tame outdoor air pollution by focusing on better insulation.

More recently, the pandemic

made access to outdoor air essential, and turned the focus again to indoor-outdoor living.

Today's picture is mixed. Climate change has made outdoor air quality less reliable, with the added problems of prolonged forest fires.

Many people are realizing their indoor air quality is often compromised by a combination of poor indoor airflow, activities like cooking and cleaning, and outdoor pollutants that settle into con-



Daniel Gale

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MANSION

INSIDE STORY

An Organized Oasis in Tribeca

Architect Eran Chen gut renovated a sprawling loft to create four distinct zones, including a leafy indoor garden

By Fred A. Bernstein

When the architect Eran Chen and his wife, Dafna Chen, a scientist and graduate student in Greek and Roman history, paid \$6 million for a loft in Tribeca in 2020, they could have moved right in. The 5,100-square-foot apartment, with four bedrooms and 2 1/2 baths, stretched a whole block south from busy Canal Street to quaint Lispenard Street, with rows of large windows at either end.

Instead, Eran, 53, spent two years and about \$3 million turning the loft into a home that felt right for him and Dafna, 47, and their three children, now 15, 16 and 17. That meant making it both more comfortable to live in and more compelling to look at. Photos provided by the real-estate agents in 2020 show a large, flexible space—but one in which modestly scaled tables and chairs form five separate furniture groupings in the living room alone. The effect is pleasant, but also somewhat chaotic, without any discernible spatial organization.

Now the loft is divided into four zones, with floor-to-ceiling, steel-framed doors and windows marking transitions from public to private spaces. “We love to have people over, so my highest priority was creating a layout that separated entertainment spaces from our bedrooms,” Dafna says. The most public zone,



Purchase price: \$6 million
Renovation costs: \$3 million

Eran Chen, founder of the Manhattan architecture firm ODA, chose a very large two-sided sofa to anchor the living room of his loft, which sprawls beneath 14-foot ceilings.

right off the elevator, consists of a south-facing living room, dining room and open kitchen, which together total almost 2,000 square feet. The kitchen island alone is as big as some apartment kitchens. The island, Dafna says, “is where we all gather to cook, eat,

talk, work and study every day. Our previous apartment was much smaller, so for years we did those things in a very compact space. Even in the new loft, the children choose to spend time gathered around the island rather than alone in their bedrooms.”

The front room’s other anchor is a 25-foot-long, back-to-back sofa, part of the Extra Soft series designed by Piero Lissoni for Living Divani. It is big enough to define two separate seating areas: In one direction, there is room for the children and a dozen of their friends to watch TV. In the other direction, guests can watch the show at the Lacanche

range as Dafna or Eran prepares dinner for the family. Most meals are served at a table made from a 20-foot-long slab of reclaimed wood that Eran says was found at the bottom of the Panama Canal. Surrounding the table are 10 chairs by the great Pennsylvania woodworker George Nakashima. Above it is a light fixture that the Spanish designer Nacho Carbonell made by spraying pigmented concrete onto steel mesh. That puts it in a category—industrial materials made to look organic—that fascinates Eran. Indeed, it has an analogue in the credenza by the Campana Brothers—Humberto and the late Fernando—made largely of found materials.

Throughout the space, exposed ceiling joists and columns, bare brick walls and steel accents recall the building’s industrial past.

From that section of the apartment, doors open onto a zone of slightly less public spaces: a gallery, home office, family room and guest suite. The central parts of the apartment don’t have windows, but Eran installed a system, made by Ketra, that syncs interior lights to the color and intensity of the sun as it moves across the sky, mimicking outdoor conditions indoors.

The next zone contains the couple’s bedroom, three children’s bedrooms and three bathrooms that use the gridded glass-and-metal par-

titions as shower enclosures. That is not the last time the grids appear. All four bedrooms have glass walls that open onto a 300-square-foot indoor garden overlooking Canal Street. The black-tiled space is filled with plants and acts as an urban green zone for the family.

It isn’t quite a terrace, but it’s the next best thing, given that the bustle of Canal Street would make a real terrace impractical. And it is redolent of meaning for Eran, who as a boy lived with his mother in a government housing project in the southern Israel city of Beer-sheva. The project consisted of three six-story buildings in a U-shape. Each apartment had a terrace facing into the U, which made the courtyard a kind of community playground and social hall, turning a place people lived into a place they loved.

Eran remembers that courtyard whenever he designs a residential building; his goal is to foster social interaction. Denizen, a one-million-square foot, 911-unit luxury rental building in Bushwick, Brooklyn, has every amenity you would expect (pool, gym, lounges) and many you wouldn’t: a baby grand piano in one section of the sprawling lobby, a bowling alley in another; maker spaces and outdoor ping-pong tables; and, on the roof, a functioning hydroponic farm next to a miniature golf course. One-bedrooms start at \$3,300 a month.

But as nearly every architect or planner will concede, it’s hard to provide communal spaces for the wealthy, who tend to live in gated communities or doorman buildings and aren’t likely to be seen chatting on stoops. Eran isn’t exactly living his life in public, but he says that buying a second floor

The apartment before Chen bought it.



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In Brooklyn, ODA restored 10 Jay Street, a commercial building, and designed Denizen, a massive apartment building.



CLOCKWISE: SETH CARAN FOR THE WALL STREET JOURNAL; DANNY DAVIS/THE CORCORAN GROUP; MIGUEL DE GUZMAN; PAVEL BENDOV

MANSION



Bedrooms have glass walls that open onto an indoor garden with a black-tiled floor and lots of plants. A bathroom has steel-framed walls and doors of transparent and translucent glass.

apartment was a deliberate choice. "For the price we paid we could have been high above the clouds," he says, adding, "Twenty years ago luxury meant isolation. Today more people want community." To achieve that, "We should wisely use things that are free and fun," he says. "Light and air are free; visual connections are free."

Eran knows the other residents of the six-unit Tribeca building, as well as their dogs. (His is a chocolate lab named Boo.) "We feel part of the neighborhood fabric," he says.

Becoming part of that neighborhood took a lot of work. The loft fills an entire floor of an L-shaped 1883 building and a smaller building that "fills in" the empty corner of the L. Connecting them at the second-floor level meant removing parts of what had been their exterior walls. Before the contractors could do that, Eran says, they had to insert steel beams to support the four floors above his.

That was expensive, as were the steel-framed interior doors and windows. The loft is so big, Eran

says, that he was able to bring in metalworkers to make the window frames on site. That allowed them to adjust to tiny imperfections in the 140-year-old building. "Everything was custom-made in the space for the space," says Eran, who often walked over from his firm's office at 99 Hudson Street to monitor con-

struction. Meanwhile, the Chens lived in an Upper West Side apartment and their weekend house in Waccabuc, N.Y.

Dafna was less directly involved in the project than her husband. "I would design every item and show her the choices," Eran says. "There were only a few disagreements and naturally

she prevailed." As an example, he says, "I was pressing for natural stone in our bathroom. She wanted tile. We ended up using tile, and she was right."

Eran has come a long way from the public housing of his childhood. He studied architecture at the Bezalel Academy of Art in Jerusalem. After graduating

in 1999, he came to New York, he says, with "just a suitcase." He took a job at Perkins Eastman, a global architecture firm. Coming from a small town in a small country, he says, he made a deliberate choice to learn about the workings of a large-scale practice. After seven years, he went out on his own, calling his firm ODA (for Office of Design and Architecture), perhaps in homage to Rem Koolhaas's Rotterdam-based OMA (Office for Metropolitan Architecture).

He landed his first client by offering to do the job for half the standard fee. Soon the firm was designing building after building in New York, including the renovated 10 Jay Street in Dumbo. There, ODA restored the masonry on three sides of an old brick warehouse building but turned the fourth side, facing the East River, into a crystalline glass surface. Other buildings in

New York include the 100 Norfolk condo on the Lower East Side and Galerie condo in Long Island City. ODA buildings often take novel forms, many resembling stacks of blocks with extreme setbacks and cantilevers.

The firm, with about 100 employees, has been expanding both nationally (with, for example, large mixed-use projects in Charlotte, N.C., and Washington, D.C.) and internationally, with projects in Europe, South America and Asia. In a book about the practice, "ODA: Office of Design and Architecture" (Rizzoli), out this month, the architecture critic Paul Goldberger writes: "ODA's work shows formal inventiveness, a willingness to solve problems, and most important of all, a recognition that no building is purely an object in itself, but a part of a larger urban whole."

Lately, Eran has been exploring the larger urban whole of Tel Aviv, where he is building apartment towers that put his ideas to the test. He says, "if people would feel better connected to their community you create a better culture and then a better world."



Dafna, Eran and about a dozen other people could fit on their Living Divani sofa. The kitchen island has work surfaces and a 'lower deck' for family meals.



SETH CURLAN FOR THE WALL STREET JOURNAL (6)



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Two Homes Becomes One



A spiral staircase in John Lennon's one-time apartment will be reused.

Continued from page M1 with plans to demolish the century-old buildings and create a singular luxury residence in their place.

But building in New York City isn't a simple feat. Before pouring the foundation, Kaliner's team—including sons Jared and Justin—had to make its way through a roughly yearlong design, approval and permitting process, followed by a carefully orchestrated demolition.

"At any given time, unless you know what you're doing, people can get seriously hurt," he said.

Now a swanky neighborhood filled with celebrities and business titans, Greenwich Village was a hub for artists and intellectuals as re-

The two buildings had been carved into apartments (photographed in 2022).



After several iterations, the city's Landmarks Preservation Commission approved the design.



in September 2022, coinciding with the start of what's known as a soft demolition—meaning the removal of interior walls, stone, tile and wood flooring without altering the structure of the building. (The LPC allowed RoundSquare to use a spiral staircase, original to Lennon and Ono's apartment, in the backyard.)

The next milestone came in March 2023, when LPC issued a permit that paved the way for heavier construction. Excavation began in August.

Kaliner said by excavating the site, the team intended to shore up the neighboring properties and expand the new townhouse beyond the footprint of its predecessors.

Plans call for a roughly 13,000-square-foot residence that is 42 feet wide and 100 feet deep with a roughly 3,500-square-foot basement that will house a gym, theater and wine cellar. To maximize the livable space below grade, workers installed underpins beneath the neighbors' foundation. The process involves digging under the adjacent building, removing soil below the foundation and filling in the gap with concrete. "To go underneath properties in Manhattan, it isn't for the faint of heart," Kaliner said. He said the neighbors didn't have to move out. He added that it's common for developers to pay a "small monthly fee" of \$1,000 to \$2,500 to access neighboring properties.

Justin Kaliner said workers methodically excavated 3 feet at a time and installed a total of 21 underpins. In the rear yard, they also drove 21 concrete-and-steel piles about 30 feet into the ground for additional support.

With the underpins and piles done, RoundSquare started the structural demolition in December 2023. "The big reveal," as Robert Kaliner called it, came late that month, when workers took down the wall between the two buildings and removed the exterior brick wall.

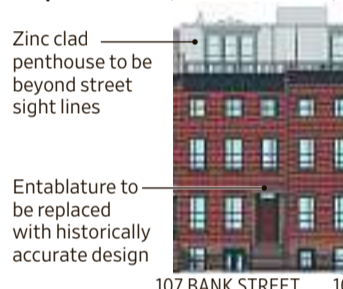
"The only thing that stays is the facade," Justin Kaliner said recently, when a wall of brick was the only thing separating the sidewalk on Bank Street from a leveled backyard. He anticipated pouring foundation in the coming weeks, followed by the installation of steel columns, metal floor joists and windows over the next few months. "Then we'll have an enclosed building and an interior project at that point," he said. "We'll go from the bottom and work our way up."

Existing front (street elevation)



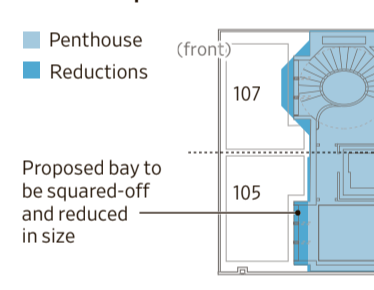
107 BANK STREET 105

Proposed front (street elevation)



107 BANK STREET 105

Penthouse plan

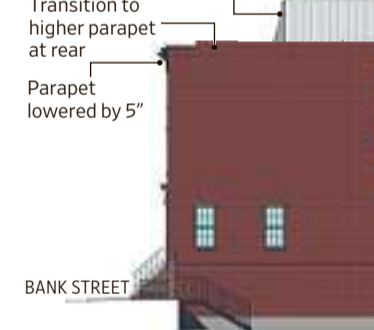


107

Proposed (rear elevation)

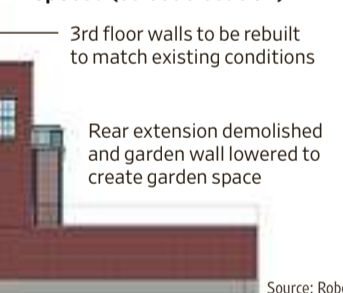


105 BANK STREET 107 109 111



BANK STREET

Proposed (street elevation)



105 BANK STREET 107 109 111

Source: Robert A.M. Stern Architects

cently as a half-century ago. In the 1970s, John Lennon lived at 105 Bank Street, according to Donna Florio's memoir, "Growing Up Bank Street." Built around 1905, the three-story building was carved into six units by the time the former Beatle lived there with Yoko Ono. Composer John Cage and his partner, Merce Cunningham, lived next door at 107 Bank, which dates back to 1899.

RoundSquare bought 105 and 107 Bank Street in separate off-market deals and then engaged Robert A.M. Stern Architects to bring its vision to life. In June 2022, RoundSquare and RAMSA made the first of three appearances before the city's Landmarks Preservation Commission, seeking permission to alter the historic buildings.

Formed in 1965, the agency is tasked with protecting historically significant buildings and sites in the city. It was created in response to the demolition of several important structures and today, the city has more than 37,900 landmark properties. In fiscal 2023, the agency received 12,211 work permit applications and it issued roughly 9,465 permits. The Bank Street



Both buildings were gutted in July 2023 after the LPC gave the green light. In December 2023, the wall between 105 and 107 Bank Street started to come down. Only the facade remained as of January 2024.

project was one of them.

"The color of your windows, muntin profiles on the windows, what the guardrail looks like, the lights you use, the cornice details—those are all scrutinized," said RAMSA's Braden Novotny. He said the final design is a composite of RAMSA's vision and LPC's requirements and input. "It's like a puzzle," he said.

On Bank Street, Novotny said LPC wanted a penthouse addition to be distinct and stylistically different from the rest of the house. The LPC also wanted it to be minimally visible from the street. In response, RAMSA swapped out proposed traditional detailing and a bay window for a simpler, loft-like design with slanted windows, similar to the artist lofts common in the West Village. LPC approved the revised plans



Developer Robert Kaliner bought the neighboring houses in 2021 and 2022.



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By SARAH PAYNTER

 Firewood storage isn't just practical, it's a vibe. Logs are displayed in luxury fireplaces—even gas fireplaces—to give cozy spaces an authentic, nostalgic aesthetic, designers said.

Built-in firewood storage, also called “wood boxes,” are recessed shelves built into fireplaces for wood storage and often display. Firewood displays have become more popular in luxury fireplaces over the past five years. Line wood boxes with metal and choose high-quality wood to keep the area clean.

Firewood-storage displays are more popular than ever, thanks to gas-fireplace owners who refuse to sacrifice rustic aesthetics for the convenience of an easy-start fire, said Chris Maxon, owner of Acucraft Fireplaces in Big Lake, Minn. Until about five years ago, the rising popularity of gas fireplaces meant firewood-storage designs were limited, but fireplace owners have since thrown out the rulebook, incorporating firewood even though it won't be used, he said.

Visibly storing firewood in the home was long considered dirty, unattractive housekeeping, said Sean Adams, author of “Home Fires: How Americans Kept Warm in the Nineteenth Century.” Fireplaces became more decorative when coal and furnace heat started replacing them around the turn of the 20th century, but it wasn't until recent years that firewood itself would become a decorative element, said Adams.

Blogs and home-renovation shows popularized built-in log displays during the Modern Farmhouse craze of the 2010s. Since then, firewood has naturally translated into a new trend—romanticizing organic materials in modern design, said Denise Davies of D2 Interiors in Fairfield County, Conn.

“A well-organized firewood display naturally fuses a beautiful raw organic element into the home, which is very popular and on trend,” said Andrew



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Today, designer firewood companies promise logs without bugs, fungus and dirt, charging up to \$600 for a roughly 1/10th cord of cherry wood, which is a stack measuring 4 by 2 by 1.3 feet, said

Leroy Hite of Cutting Edge Firewood in Peachtree Corners, Ga.

Davies recommends removing logs yearly to clean wood boxes with water, soap and a cloth, adding that wood boxes are easier to clean and more durable when they are lined with metal.

CLOCKWISE FROM LEFT: OPEN HOMES; TIMOTHY BOONE; NYPD FOR SOTHEBY'S INTERNATIONAL REALTY; SIMON BERLIN; ISTOCK (CCO)

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Long Island Estate Aims to Set a Record

It's one of the most sought-after pieces of land on Long Island's Great South Bay: A 3.37-acre parcel that juts out into the water and overlooks nearby Fire Island.

Known as the Point, the five-bedroom, roughly 5,000-square-foot estate in Bellport, N.Y., has been in the same family for more than three decades.

Now, it is coming on the market for a potentially record-breaking \$16.5 million.

Seller Carole Gagliano, 75, said she has lived at the Point since 1989, when she and her late husband, Joseph Gagliano, purchased it from Nancy D.W. Gardiner, an heir to the John Deere agricultural equipment fortune.

The village of Bellport, located about 65 miles from New York City, has long drawn affluent buyers with its charming 19th- and early 20th-century homes, developing a reputation as a more affordable—and low-key—alterna-

tive to the Hamptons. Over the years, its residents have included the late publishing magnate S.I. Newhouse and actress Isabella Rossellini.

The median sale price of a home in Bellport was \$542,000 in January, up 32.1% since January 2023, according to data from the brokerage Redfin. If the Gagliano home sells for anywhere near its asking price, it will be far-and-away the most expensive home sold in Bellport, according to listing agent Deborah Pirro of Daniel

FOR SALE
\$16.5 MILLION
5,000 sq. ft.,
5 bedrooms,
private beach, dock



The living room has vaulted ceilings.

updates to the home over the years, she said, upgrading the bathrooms and adding central air and radiant heat, as well as a tennis court. The home's main living room has a large fireplace, vaulted ceilings, original beams and custom wood-paneled archways.

The property also includes a pool and spa and manicured gardens.

The Gaglianos raised their two daughters at the house, where the

Gale Sotheby's International Realty, who said the record for the area is around \$7 million.

While the price is ambitious, Pirro said it is justified by the property's scale, location, amenities and seclusion.

Wealthy buyers pay just as much to build new homes in the neighborhood, Carole said. "They're buying properties for \$6 million or \$7 million and knocking them down," she said. "Then, they're putting in

another \$10 million."

Carole, a Long Island native, and her husband lived in Bellport before buying the Point. Joseph, a former Bellport deputy mayor, worked as a school administrator and later started a construction company.

Completely secluded at the end of a private road, the house has views of the bay, a private sandy beach and a deep-water dock.

The Gaglianos made significant

family enjoyed water skiing and tubing. On the weekends, they sometimes took their Jet Skis to Fire Island for breakfast, Carole said. She is selling the property because, since her husband's death in 2021, the house feels too big. She is moving to a nearby gated community, she said.

—Katherine Clarke

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MANSION

HOUSE CALL | JAKE LACY

A 'Goodfellas' Tape Turned Him Into an Actor

The 'White Lotus' star on Robert De Niro, and his out-of-control teen years



Jake Lacy in L.A. in 2021, above, and at age 3 on Cape Cod, Mass., right.

When I was 15, I learned that a favorite book I'd read had been made into a movie. The film, "Goodfellas," was based on "Wiseguy," Nicholas Pileggi's 1985 nonfiction book on the mafia. So I rented the tape.

Nine minutes into the film, I knew what I wanted to be: an actor. Watching Robert De Niro, Ray Liotta and Joe Pesci play mobsters, they brought the book to life. I already loved getting attention on stage in school, but "Goodfellas" made me realize there was a whole other level of craft to pursue.

Shortly after I was born, my family moved from Greenfield, Mass., to Pittsford, Vt. Our house was a Colonial Cape Cod built in the 1980s. Just the trim color was supposed to be rock rose, but the builder's son accidentally bumped the bucket, sending paint down the side of the house. We wound up with the entire house painted a muted pink.

My dad, David, worked for the National Forest Service as an archaeologist and had been transferred to Vermont's Green Mountain National Forest. Among his responsibilities was identifying the sacred burial grounds of Indigenous Peoples.

Before my younger brother, Mack, and I were born, my mom, Barbara, worked as a home-economics teacher. When Mack and I were in school, she was an elementary-school computer-lab assistant and an administrative assistant to the principal. Both of my parents were sup-



portive. Starting in my early teens, I was pretty out of control. By my midteens, I was drinking and smoking and experimenting with drugs. But I also was in the Boy Scouts and on the student council, acting in plays and playing hockey and baseball.

My parents said I could use the money my grandparents had given me for college to attend private school. We found a vocational school affiliated with a high school about 40 minutes north of us. The Patricia A. Hannaford Career Center in Middlebury offered a theater program that allowed me to earn high-school credits. I attended my local high school in the morning and then traveled to the arts school in the afternoon.

Acting came early for me. A teacher in elementary school, Jan Ryan, encouraged me to perform. Later, at the arts school, two teachers, Candace Burkle and Steve Small, helped me focus and work hard. They also helped me apply, audition and get accepted to the University of North Carolina School of the Arts. There, I

felt I had purpose and could feel myself grow creatively.

After graduation in 2008, I nearly moved to Los Angeles. The dean, Gerald Freedman, recommended I go to New York first and that I would find my way to L.A. So I moved to Brooklyn.

After a year, I'd had enough and planned to move to L.A. Before I left, I saw a documentary about playwright and screenwriter Horton Foote.

At one point, he was asked what he would tell a young New York actor thinking about moving to L.A. Foote said, "I'd tell him to go back to New York and stick it out." The next day, I decided to remain in New York.

I emailed the only manager I knew: Beth Rosner. She is still my manager today.

My role as Pete Miller in the final season of "The Office" in 2012 was career-changing, but "White Lotus" in 2021 brought more-varied opportunities. I was getting to play parts beyond the "nice boyfriend."

Today, my wife, Lauren, and I live with our two boys in Connecticut. They're 4 and 6. We moved here during Covid, when our lease was up in Brooklyn.

Our house is a rental while we figure out our next move.

I think my parents are happily surprised and proud how everything turned out. They are owed a lot of credit given what I put them through.

—As told to Marc Myers

Jake Lacy, 39, is an actor best known for his roles in TV's "The Office," "Girls" and "The White Lotus." He stars in Peacock's miniseries "Apples Never Fall."

JAKE'S PLACE

"Apples Never Fall"? ► It's a family drama. I play Troy, the most successful adult child of a father who bullies his kids and a mother who coddles them. Then the family undergoes a crisis.

Favorite home spot? A dimly lit room with a fireplace and a big leather chair. It's quiet.

Neighborhood? I feel like an outlier. Most of the people



here are in finance. I don't know anyone in my line of work, so it feels strange.

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