

What's News

Business & Finance

U.S. stocks slid, with the Dow losing 2.4% to close below 30000 for the first time since January 2021, as volatility continued to rock the market. The S&P 500 and Nasdaq fell 3.3% and 4.1%, respectively. **A1**

◆ **The U.S. economy** is beginning to slow under the combined weight of soaring inflation and climbing interest rates, including the highest mortgage rates in more than 13 years. **A1, A2**

◆ **The Bank of England** raised its key interest rate by a quarter percentage point for the fifth consecutive time, but said larger moves might be needed to tame inflation. **A9**

◆ **Musk told** Twitter employees that he wants to dramatically increase the platform's users and didn't rule out layoffs as he works to complete his \$44 billion takeover. **A1**

◆ **Revlon filed** for bankruptcy, potentially ending a decadeslong bet on the beauty-products company by Ronald Perelman. **B1**

◆ **Walmart is raising** wages for its pharmacy technicians, a sign that large retail pharmacies continue to compete fiercely for some workers. **B1**

◆ **Facebook owner** Meta Platforms, Twitter and other social-media platforms have agreed to abide by tougher EU standards for policing online postings. **B4**

◆ **An internal review** at Activision didn't unearth any evidence to suggest that senior executives ignored or played down reports of sexual harassment at the videogame firm, the company said. **B4**

World-Wide

◆ **Israel secretly** coordinates with the U.S. on many of the airstrikes it carries out in Syria as the allies face a battlefield crowded with militant groups, Iranian-backed militias and foreign militaries, current and former U.S. officials said. **A1**

◆ **The Jan. 6 panel** heard testimony Thursday about how Trump's efforts to persuade Pence to block Biden's win led to a heated exchange between the two men on the morning of the Capitol riot and prompted a pardon request from the architect of Trump's plan. **A4**

◆ **The Justice Department** accused the Jan. 6 committee of hampering its criminal investigation into the riot by not sharing transcripts of witness interviews. **A4**

◆ **Moscow's move** to slash natural-gas exports to Europe has pitched the continent's energy crisis into a dangerous new phase that threatens to drain vital fuel supplies and kneecap the continent's economy. **A7**

◆ **Senators drafting** gun-control legislation failed to overcome sticking points before breaking for the weekend, putting in jeopardy a bipartisan deal to reduce gun violence. **A4**

◆ **The member countries** of the WTO agreed on a narrow measure aimed at boosting supplies of Covid-19 vaccines in developing countries. **A9**

◆ **The Senate passed** legislation to expand healthcare and benefits for millions of veterans, especially those exposed to noxious chemicals. **A3**

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Blue Chips Slide Below 30000

Nasdaq sheds 4.1% as technology stocks lead losses a day after the Fed's big rate move

By KAREN LANGLEY AND WILL HORNER

Stocks fell Thursday, sending the Dow Jones Industrial Average below 30000 for the first time since January 2021 as volatility continued to rock the market.

Major indexes have notched big declines in 2022 as high in-

flation, rising interest rates and growing concerns about corporate profits and economic growth dent investors' appetite for risk. The blue chips are down 18% this year, while the S&P 500 is down 23% and the tech-heavy Nasdaq Composite has fallen 32%.

Stocks rallied Wednesday after Federal Reserve Chairman Jerome Powell signaled the central bank would keep boosting rates but suggested the scale of Wednesday's increase would likely not become common.

On Thursday, that optimism

Markets in Turmoil

- ◆ Mortgage rates highest since 2008..... A2
- ◆ Exports help drive up fuel prices..... A3
- ◆ Bank of England raises key interest rate..... A9

fizzled, and stocks declined across the market as investors reassessed the risks ahead.

"The outlook for growth and profits and inflation, at least over the next few months, is not all that favorable, unfortunately," said Michael Sheldon,

chief investment officer at investment advisory firm RDM Financial Group.

The S&P 500 fell 123.22 points, or 3.3%, to 3666.77. The Dow industrials dropped 741.46 points, or 2.4%, to 29927.07. Both indexes ended at their lowest closing levels since December 2020.

The technology-focused Nasdaq Composite slumped 453.06 points, or 4.1%, to 10646.10, its lowest close since September 2020.

In a positive sign, S&P 500, Dow and Nasdaq futures

Index performance, past two days



Source: FactSet

European Leaders Visit Kyiv Amid Strains in Alliance



BACKING: From left, behind Ukrainian President Volodymyr Zelensky, Romania's Klaus Iohannis, Italy's Mario Draghi, Germany's Olaf Scholz and France's Emmanuel Macron traveled to Kyiv on Thursday to show support even as rifts emerged over negotiating with Russia. Meanwhile, economic worries rose as Moscow slashed the flow of natural gas to Europe. **A7 and A8**

Multiple Indicators Signal Slowing Economy

By JOSH MITCHELL AND BRYAN MENA

The U.S. economy is starting to slow under the combined weight of soaring inflation and climbing interest rates—including the highest mortgage rates since 2008.

Recent reports show sharp declines in key sectors, raising the prospects of a stalled economic recovery and possibly a recession. Home construction across the U.S. fell sharply in May, the Commerce Department said Thursday. Factories in the mid-Atlantic region reduced activity for the first time in two years this month, the Federal Reserve Bank of Philadelphia said. And Americans broadly cut spending at retailers for the first time this year in May, the Commerce Department said earlier this week.

Economists have slashed their projections for second-quarter output growth in recent days. One closely watched forecast—the Federal Reserve Bank of Atlanta's GDPNow tracker—estimates that gross domestic product is on track to remain unchanged at an annual rate over the three months through June 30. Output fell at a 1.5% annual rate in the first quarter.

Those figures suggested that persistent supply shortages, a 40-year high in inflation and the Federal Reserve's efforts to tame price pressures by raising interest rates are cooling the world's largest economy.

The Fed on Wednesday raised its benchmark interest rate by 0.75 percentage point, the biggest increase since 1994, and signaled further increases this year.

Those moves have helped push up borrowing costs for consumers and businesses, meaning that not only are prices for goods and services rising but so is the cost of loans that are used to buy houses, cars and other items. Freddie Mac said Thursday

Amazon CEO Dials Back Expansion

E-commerce operations ballooned during pandemic, but demand hasn't kept pace

By DANA MATTIOLI

Andy Jassy spent years running one of the fastest-growing divisions in a company famed for its rapid expansion. Nearly a year after taking over as chief executive of Amazon.com Inc., he's learning how to tap the brakes.

Amid one of the worst stretches for financial performance in Amazon's history, Mr. Jassy is working to cut back the excesses of an e-commerce operation the company expanded at breakneck pace

during much of the Covid-19 pandemic. At the same time, he's trying to resuscitate languishing sales in that business and drive growth in other divisions.

Much of his effort is aimed at reversing course on e-commerce initiatives put in place under his mentor, Executive Chairman Jeff Bezos, before he handed over the reins last July.

"Following all that growth that we had in the short term, we have some things [Mr. Jassy] felt we need to do to get right in the business," said Patty Stonesifer, an

Amazon board member since 1997. "And so he's working on the supply, the labor and delivery speeds. He's right in the middle of it."

Mr. Bezos and other executives had greenlighted a strategy, guided by a reversed internal forecasting tool, that overshoot the long-term projections for demand from Amazon. Instead, despite early ideas among industry observers

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◆ Heard on the Street: Amazon optimism. **B12**

U.S. Reviews Israel's Plans for Syria Strikes

By MICHAEL R. GORDON

WASHINGTON—Israel secretly coordinates with the U.S. on many of the airstrikes it carries out in Syria as the allies face a battlefield crowded with militant groups, Iranian-backed militias and foreign militaries, current and former U.S. officials said.

U.S. officials have said little about Israel's bombing mis-

sions, which have been aimed at interrupting Tehran's flow of advanced weapons to Lebanese Hezbollah and diminishing Iran's military forces and proxies in Syria.

Behind the scenes, however, senior officials at U.S. Central Command and at the Pentagon for several years have reviewed in advance many of Israel's missions for approval, current and former officials said.

The U.S. aim is to ensure that Israel's bombing raids don't interfere with the U.S.-led military campaign against Islamic State militants whose self-declared caliphate has been destroyed but who have been attempting to mount a comeback.

The formal coordination hasn't been previously reported, and the secrecy surrounding it shows how Washington has sought to support its Israeli ally

without being drawn into Israel's shadow war against Iran.

Israeli missions in eastern Syria that pass near the al-Tanf garrison, a U.S. outpost near the Syria-Jordan border that sits below one of the Israeli attack routes, are the main focus of the U.S. review.

The vast majority of those Israeli airstrikes have been approved by the U.S. The U.S.

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The Summer Of So Many Weddings

Glut of nuptials is tying all the guests in knots

By JACOB PASSY

For Mackenzie Crocker, chats with friends and colleagues often turn to weddings. But Ms. Crocker has an unusually full bouquet of tidbits to add to the conversation. She expects to attend 18 wedding celebrations this year.

"Everyone and their mom in my life is getting married," says Ms. Crocker, a 25-year-old from Conway, Ark. "It's become a part of my personality at this point."

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INSIDE



SPORTS

The Warriors beat the Celtics 103-90 to win their fourth NBA title in eight years. **A14**

U.S. NEWS

Lawyer John Eastman sought a pardon after he backed a theory that the vice president could reject electors to block Joe Biden's win, the House Jan. 6 committee said. **A4**

Musk's Twitter Chat: Staff, Growth, Aliens

By DEEPA SEETHARAMAN AND SARAH E. NEEDLEMAN

Elon Musk, speaking via a smartphone that he appeared to be holding in front of him, told Twitter Inc. employees that he wants to dramatically increase the platform's users and didn't rule out layoffs as he works to complete his \$44 billion takeover.

According to employees who participated in the wide-ranging roughly 45-minute virtual meeting, Mr. Musk also outlined his thoughts on free speech and discussed the possibility of alien life.

The billionaire serial entrepreneur's appearance was another twist in what has been an unusual takeover bid.

Mr. Musk's first direct interaction with Twitter's rank-and-file employees comes af-

ter weeks in which he publicly criticized the company, belittled its top executives and threatened to walk away from the deal.

Since inkling the acquisition in April, he has said Twitter is too reliant on advertising, questioned its estimate of how many of its users are bots and tweeted a poop emoji at Twitter Chief Executive Parag Agrawal.

Mr. Agrawal introduced Mr. Musk at the meeting Thursday, according to the people who attended. Mr. Musk was then asked questions by Leslie Berland, Twitter's chief marketing officer, that employees had submitted.

Regarding layoffs, Mr. Musk

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◆ Some SpaceX employees criticize Musk's behavior.... **A6**



Frankie Valli
The crooner lists his L.A. condo for \$3.195 million. **M14**

MANSION

\$22.5 Million
A NYC penthouse partially encased in a glass cube lists. **M3**



HOMES | MARKETS | PEOPLE | REDOS | SALES

THE WALL STREET JOURNAL.

Friday, June 17, 2022 | **M1**

The New HOTTER Malibu

Decades after Larry Ellison started buying up Malibu real estate, a new group of billionaires is sending prices in the famed beach city even higher. Not everyone is happy about it.



\$225 MILLION
Asking price of Michael Eisner's home

Located about 30 miles from downtown Los Angeles, Malibu is known for its uncrowded beaches, sunny weather and relaxed, surftown vibe. Above, former Disney chief executive officer Michael Eisner listed his Malibu property, a compound on roughly 5 acres near Broad Beach, for \$225 million. If the property fetches its asking price, it will set a record for California.



\$127.5 MILLION
Asking price of Tammy Gustavson's home

By KATHERINE CLARKE

About three decades ago, Beverly Hills native Andy Stern moved to the nearby beach city of Malibu to raise his young family. He quickly came to know all his neighbors, he said, recalling block parties with children playing in the streets.

Now Mr. Stern—a two-time Malibu mayor and Coldwell Banker Realty real-estate agent—said he barely sees his neighbors in the Broad Beach area, because they are rarely there. The families that once lived in the neighborhood have largely been replaced by celebrities and billionaires, such as the Chicago-born real-estate billionaire Sam Zell and Miami Heat President Pat Riley, property records show. Mr. Stern said many of his neighbors own two, three or even four other homes, visiting Malibu only periodically.

“There’s less of a sense of local community, because the people aren’t here,” said Mr. Stern, 69. Messrs. Zell and Riley didn’t respond to requests for comment.

Malibu, a beach city about 30 miles from downtown Los Angeles, has changed drastically over the last few

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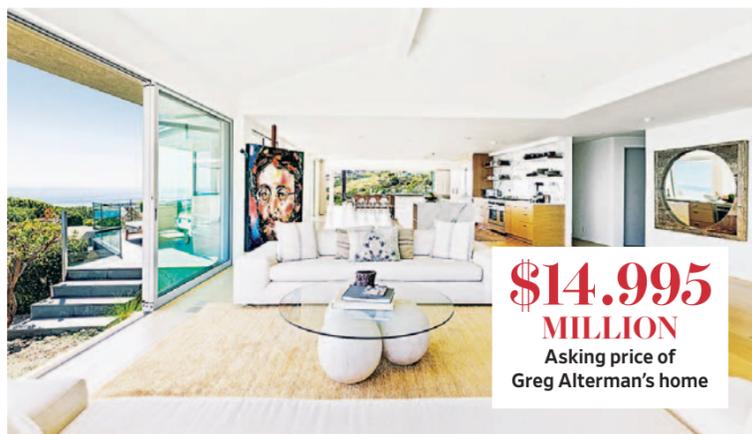


\$100 MILLION
Sale price of Ron Meyer's home

\$6.99 MILLION
Median price for a single-family home in Malibu in the first quarter

81

Malibu sales of \$5 million or more last year



\$14.995 MILLION
Asking price of Greg Alterman's home

Building a Different Kind of House

The unique construction material used for this Oregon home caused headaches, but resulted in just the house this couple wanted

By NANCY KEATES

KAT BURN, A BIOTECH executive, and Michael Burn, who has a background in computer programming and startup firms, consider themselves tech savvy.

So when the couple decided to build a new house in Bend, Ore., they opted to use a building method that is almost unheard of in American single-family home construction: prefabricated, solid-engineered wood panels called cross-laminated timber (CLT). They thought using CLT would expedite the building process.

panels, common in Europe, are superior acoustic, fire, seismic and thermal performance. The disadvantage: it is hard to find local contractors who know how to assemble them.

As a result, the house in Bend took twice as long as expected (three years instead of a year and a half) and cost twice as much as they budgeted (\$2 million instead of \$1 million). But the couple, both 46, who finally moved in last year, says they are still glad they decided to use such an unusual approach.

“We took on a massive risk. But



Cost of construction **\$2 MILLION**

Construction of the home of Kat and Michael Burn took twice as long and cost twice as much as planned.

the other side of risk is reward. It’s so beautifully designed and so aesthetically pleasing. We could have never imagined living in a

house like this,” says Ms. Burn.

The Burns bought the nearly 1-acre lot in Bend in 2016 for \$435,000. The couple, who have

an 8-year-old son, decided they wanted out of San Francisco, where, they say, their house in

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FROM TOP: CLOCKWISE: ANTHONY BARCELLO; MIKE HELEBRICH; SIMON BERLYN; ADRIAN ANIZ; JORDAN STRAUSS/INVISION/AP (VALLE)

MIKE WEST FOR THE WALL STREET JOURNAL

MANSION



A New Type Of House

Continued from page M1

Potrero Hill had been burglarized twice, their cars broken into six times and the sound of gunshots had become more frequent.

They created a spreadsheet with the criteria they were looking for in a location, such as good schools, near an airport, not in the suburbs of a big city and with mountains nearby. Bend was at the top of their list, which also included Park City, Utah, Durango, Colo., and Santa Fe, N.M. Once they visited Bend, they threw out the list. "It's like looking for your car keys," says Mr. Burn. "Once you've found them, you don't keep looking."

The next step was to find the right property. That involved another spreadsheet, this one with criteria including a view, walkable to stores, a good school and not on a golf course. On a side trip from work, Ms. Burn found what they were looking for: a lot with views of Mount Bachelor, the Sisters and Broken Top, with no power lines in sight. Even though it is in a development called Tetherow, the couple felt they would be able to orient the house in a way that protected their privacy.

By the end of 2017, they had started on the design of the Bend house, choosing Mork-Ulnes Architects because they liked the firm's Scandinavian aesthetic and the \$420,000 renovation it did on their San Francisco house, which Mr. Burn had bought for \$690,000



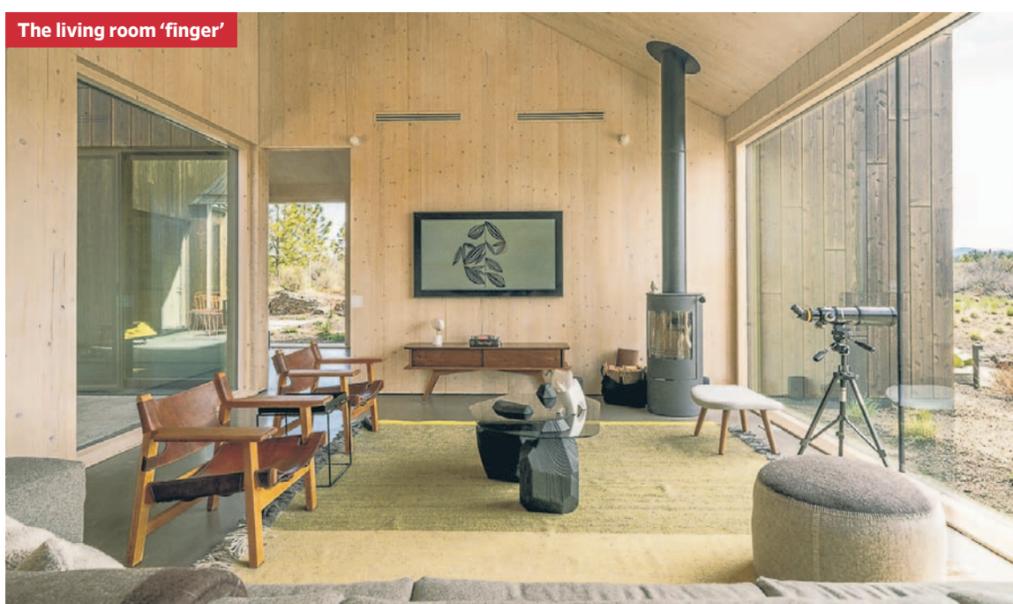
The use of cross-laminated timber construction dramatically increased both the duration of the build and its cost. But the Burns are happy with the result.

in 2009. In January 2018, they sold their San Francisco house in seven days for \$2.72 million, cash.

It was Mr. Burn's idea, he says, to use CLT, but it helped that the Mork-Ulnes had offices both in San Francisco and Oslo, Norway, where CLT is common. The material dictated the design of the house, says Casper Mork-Ulnes, the firm's founder. "We kept things relatively simple. I'd seen situations with CLT where people tried to do geometry that was far too complex."

The house is designed with no hallways, but instead fingers (the main bedroom, the garage, the play area, the entry, the guest area) that branch out from the main courtyard. Each finger can be closed off to create private spaces. There are eight courtyards in total, each with its own patio or deck, creating areas of refuge from the high winds of Bend, which is located in Central Oregon, on the eastern edge of the Cascade Range, part of the state's high desert region.

Luckily, Ms. Burn's parents decided to buy a vacation house in Bend. Please turn to page M8



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MANSION



The family room



One of the home's courtyards



The house is designed with no hallways. Instead, the home has fingers, each of which contains a different room. The fingers branch out from a main courtyard.



Continued from page M6
Bend when they learned their daughter was moving there. The couple ended up living in her parents' home for three years while their building project went through a series of disasters, the couple says.
The first contractor they hired floundered with the foundation, the couple says. There was also confusion regarding the frame. Made of butcher-block-like panels

of laminated timber, CLT construction is akin to assembling an IKEA cabinet, though much more complicated. That required a great deal of space, since it had to be laid out on the ground before being assembled with a crane. Unlike traditional architecture, the wiring and plumbing had to go on the outside of the walls and then get covered with another layer of panels.
The second contractor fared better, says Mr. Burn, but still ran

up against unexpected twists: Strong winds in Bend made it difficult to effectively spray the insulation between the layers, necessitating the use of a giant plastic tent.
After the walls were done, they needed to be coated in a waterproof barrier. Then the exterior wood siding of the house was at-

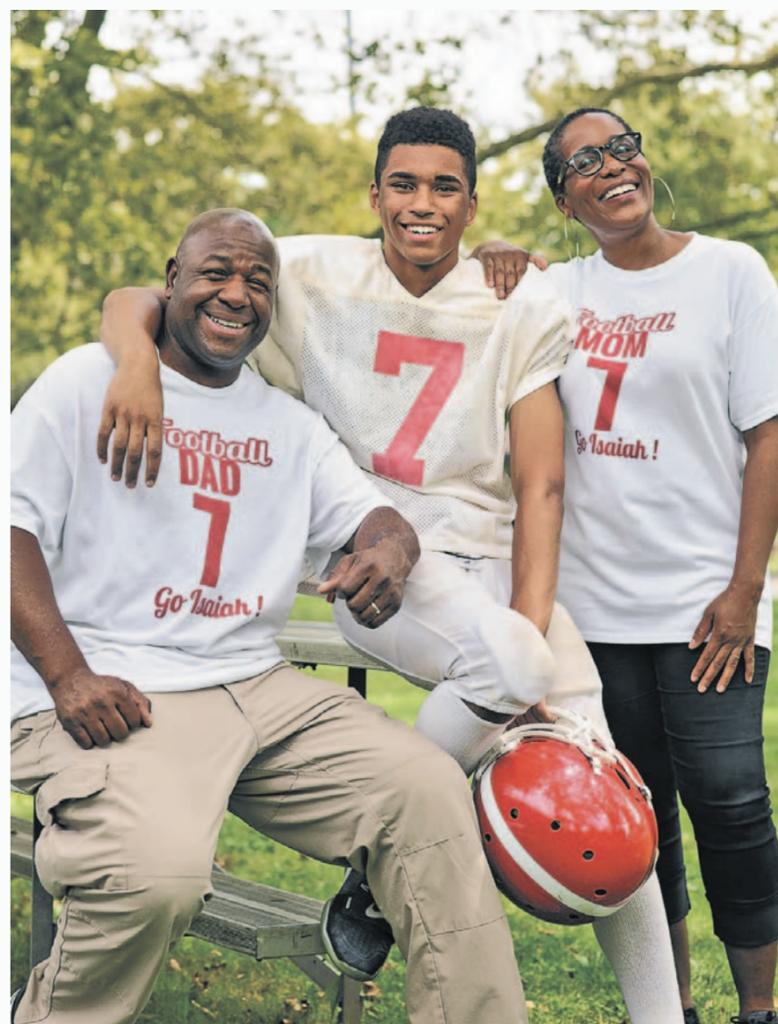
tached.
"Each step was non status quo. Each step was a problem," says Ms. Burn. Mr. Burn says it made the couple feel helpless about the continuously ballooning budget. "People didn't know the process well enough to know what they were quoting," he says.
Ms. Burn, who grew up in Texas, and Mr. Burn, who is from Newcastle, England, met initially when Ms. Burn was studying abroad at the University of St. Andrews in Scotland her junior year of college. They serendipitously ran into each other again in San Antonio in 2006, married in 2011 and moved into the 1920s-era house that Mork-Ulnes renovated in Potrero Hill.
Despite the torturous building process, Ms. Burn says it was

worth the pain to get what they call their fantasy house. "It's timeless. It's delightful to be in this house," says Ms. Burn. "This isn't a flip. This is our home. It's exactly what we want."
Though they recognize they took a big risk with such an untried building method, they both say they would do it all over again.
That is just what they do, they say: They make big decisions fast. They didn't hesitate to pick Bend even though they hadn't yet explored other options on their list. They bought the land a few hours after they saw it. And they were willing to try CLT despite its newness in the United States.
"We call ourselves compulsively committed to decisions. We rarely regret it," says Ms. Burn.



His first football season, Isaiah told us, 'Wear a jersey with my name on it. I want everyone to know you're here for me.'

Darnell and Denna, adopted 16-year-old Isaiah



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