

# THE WALL STREET JOURNAL.

## What's News

### Business & Finance

- ◆ **Tesla CEO Musk** sought to assuage Wall Street's concerns about the company's strategic direction by underscoring the automaker's commitment to making less-expensive electric cars. **A1**
- ◆ **The FTC banned** employers from using noncompete contracts to prevent most workers from joining rival firms, achieving a policy goal that is popular with labor but faces an imminent court challenge from business groups. **A1**
- ◆ **Major U.S. stock indexes** increased ahead of a spate of big earnings reports, with the S&P 500, Nasdaq and Dow gaining 1.2%, 1.6% and 0.7%, respectively. **B1**
- ◆ **GM lifted its profit** outlook for the year as the automaker reported a 24% rise in first-quarter earnings driven by solid U.S. sales of pickup trucks. **B1**
- ◆ **Shares of Spotify** surged more than 11% after the audiostreaming company swung to a first-quarter profit. **B4**
- ◆ **Starbucks asked** the Supreme Court to limit the NLRB, a government labor board that has been eager to support union drives. **A2**
- ◆ **IBM is nearing an** acquisition of cloud-software provider HashiCorp, people familiar with the matter said. **B4**
- ◆ **AI companies** including OpenAI, Meta and Google agreed to incorporate new measures to protect children from exploitation and plug holes in their existing defenses. **B1**
- ◆ **Country singer-songwriter** Miranda Lambert announced a partnership with Universal Music Group's Republic Records. **B1**

### World-Wide

- ◆ **The Senate passed** a long-delayed \$95.3 billion foreign-aid package sending ammunition and military equipment to Ukraine and fortifying Israel's missile defense systems, while also forcing the sale of Chinese-controlled TikTok in the U.S. **A4**
- ◆ **The U.S. is drafting** sanctions that threaten to cut some Chinese banks off from the global financial system for their role in commercially supporting Russia's military production, people familiar with the matter said. **A1**
- ◆ **Tabloid publisher** David Pecker told a Manhattan jury that nearly a decade ago he reached a deal with then-candidate Donald Trump and his lawyer Michael Cohen to bury stories that could be politically harmful to the contender. **A4**
- ◆ **The Supreme Court** was scheduled to consider under what circumstances women with serious pregnancy complications can obtain abortions in states where the procedure is banned. **A5**
- ◆ **Fighting between Israel** and Hamas intensified in northern Gaza, where 200 days into the conflict territory is still heavily contested and Israel says thousands of militants remain. **A8**
- ◆ **Columbia's president** faced mounting discontent as the university grapples with protests over the Israel-Hamas war, prompting administrators to switch to hybrid classes for the rest of the semester. **A3**
- ◆ **Police in Germany** arrested a prominent far-right politician's parliamentary assistant on suspicion of spying for China. **A10**

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## Gershkovich Keeps Spirits High Despite Rebuff



**APPEAL DENIED:** Wall Street Journal reporter Evan Gershkovich shapes a heart with his hands after a hearing in Moscow Tuesday. The court rejected the appeal against his detention. The State Department has declared him wrongfully detained. **A9**

## FTC Bans Noncompete Clauses, Setting Up Clash With Business

By **DAVE MICHAELS** AND **LINDSAY ELLIS**

WASHINGTON—The Federal Trade Commission on Tuesday banned employers from using noncompete contracts to prevent most workers from joining rival firms, achieving a policy goal that is popular with labor but faces an imminent court challenge from business groups.

The measure, approved by the agency's Democratic majority on a 3-to-2 vote, marks the first time in more than 50 years that FTC officials have

issued a regulation to mandate an economywide change in how companies compete. The commission has historically operated like a law-enforcement agency, investigating and suing individual companies over practices or deals deemed to violate the law.

The rule prohibits companies from enforcing existing noncompete agreements on anyone other than senior executives. It also bans employers from imposing new noncompete contracts on senior executives in the future. FTC Chair Lina Khan said

the rule restores rights to Americans that corporations have taken by imposing noncompete clauses in the workplace. "Robbing people of their economic liberty also robs them of all sorts of other freedoms," she said.

The Biden administration pushed for a regulatory assault on noncompetes in 2021, when the White House issued a blueprint for stricter enforcement of the antitrust laws. The rule is the capstone of a larger set of moves at the FTC that have elevated the interests of workers in antitrust

enforcement.

Noncompete clauses violate a 110-year-old law that prohibits unfair methods of competition, the FTC says. The restrictions hamper competition for labor, the agency says, and result in lower pay and benefits for workers.

The practice has grown more prevalent and now affects nearly 1 in 5 American workers. Even lower-wage workers such as restaurant employees and hair stylists, who lack access to intellectual property or trade secrets, *Please turn to page A2*

## Tesla to Speed Up Rollout Of Latest Models

EV maker's profit drops sharply, but shares rise after news of launch plans

By **REBECCA ELLIOTT**

Tesla Chief Executive Elon Musk sought to assuage Wall Street's concerns about the company's strategic direction by underscoring the automaker's commitment to making less-expensive electric cars.

On the company's earnings call Tuesday, Musk said Tesla was accelerating the launch of new models, including vehicles that would sell at more-affordable prices.

His comments cap a dismal start to the year for the world's most valuable automaker, which saw its first-quarter profit plunge to its lowest level since 2021. Tesla's operating margin also narrowed significantly, dropping to 5.5% in the first three months from 11.4% a year earlier.

Musk also emphasized the importance of Tesla achieving its longstanding—and thus far elusive—goal of developing an autonomous car.

He shared new details about the company's plans for a dedicated robotaxi model and ride-hailing network, saying Tesla would operate its own fleet and allow customers to deploy their vehicles for the service, which he compared to Airbnb. Musk also floated a possible name for the robotaxi, which is set to be unveiled in August. In an offhand remark, he referred to the model as the "Cybercab."

"If somebody doesn't believe Tesla is going to solve *Please turn to page A6*

◆ **GM raises its 2024 profit outlook**..... **B1**

## Wood's Popular ARK Funds Sink, Investors Withdraw \$2.2 Billion

By **JACK PITCHER**

Cathie Wood's investors are jumping ship.

They rushed into her funds and won big during the pandemic, when the star fund manager became a social-media sensation by making bold bets on disruptive technology stocks such as Tesla, Zoom Video Communications and Roku. They largely stuck with her when the funds' fortunes reversed after the Federal Reserve raised interest rates. Now, after years of bruising losses, many of them have had enough.

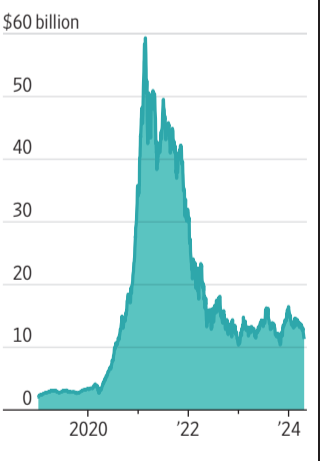
Investors have pulled a net \$2.2 billion from the six ac-

tively managed exchange-traded funds at her ARK Investment Management this year, a withdrawal that dwarfs the outflows in all of 2023. Total assets in those funds have dropped 30% in less than four months to \$11.1 billion—after peaking at \$59 billion in early 2021, when ARK was the world's largest active ETF manager.

"The loyal shareholders have become frustrated," said Todd Rosenbluth, head of research at data provider VettaFi. "This should be a better *Please turn to page A6*

◆ **Tech shares lead stock indexes higher**..... **B1**

**Assets under management, actively managed ARK ETFs**



Source: FactSet

## U.S. Weighs Penalties On Chinese Banks Over Russia War Aid

By **IAN TALLEY** AND **ALAN CULLISON**

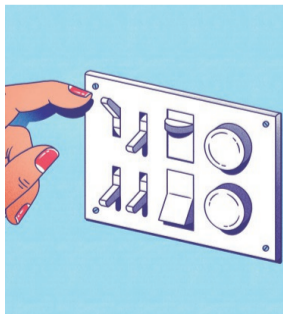
The U.S. is drafting sanctions that threaten to cut some Chinese banks off from the global financial system, arming Washington's top envoy with diplomatic leverage officials hope will stop Beijing's commercial support of Russia's military production, people familiar with the matter said.

But as Secretary of State Antony Blinken headed to Beijing on Tuesday, the question is whether even the threat of

the U.S. using one of its most potent tools of financial coercion can put a dent in complex and burgeoning trade between Beijing and Moscow that has allowed the Kremlin to replenish a military badly mauled by more than two years of fighting in Ukraine.

China has heeded Western warnings not to send arms to Russia since the beginning of the war, but since Blinken's trip to Beijing last year, China's exports of commercial goods that also have military *Please turn to page A9*

## INSIDE



**PERSONAL JOURNAL**  
Too bright, too dark, too complicated—the latest traveler kvetch is hotel lighting. **A11**

**BUSINESS & FINANCE**  
Country superstar Miranda Lambert teams up with Universal. **B1**

## Those 'I Am Not a Robot' Tests Are Getting Harder

Captchas that aim to distinguish humans from bots are demanding more brain power

By **KATIE DEIGHTON**

Scott Nover was trying to log in to a website on his laptop when he found himself staring at a bizarre portrait of a woodland creature wearing a jacket and vest with flowers and watermelon slices floating about.

"Please click on the raccoon's bow tie," came the instruction.

Nover, a freelance journalist, wasn't dreaming. He had entered the strange new world of Captchas—those annoying computer quizzes cooked up by web security experts to distinguish humans from nefarious bots.

For years, people trying to shop online or log into social-media accounts might be pressed to complete bothersome but largely simple tasks—deciphering words in distorted type, clicking on pictures of buses, adding up numbers. Now those tasks are getting odder and require a few notches more brain power.

"Select two objects that are the same shape." "Match the number of rocks with the number on the left." "Click on the *Please turn to page A12*

## How Citigroup Kept Running in Ukraine

The only U.S. bank around navigates a sometimes treacherous landscape

By **DAVID BENOIT**

A piece of shrapnel from a Russian missile hangs on the wall of Citigroup banker Alexander McWhorter's office in Kyiv. He got it from a client whose factory was struck early in the war, a token of their long relationship and their plans to rebuild.

Two years into the Ukrainian war, Citigroup is the only U.S. bank around, navigating a sometimes treacherous landscape. McWhorter, the bank's top executive in the country, juggles keeping Citi's staff alive with the role of helping giant companies

such as McDonald's and Unilever stay open.

Citigroup's identity is based on being a global bank. The world's biggest companies turn to it to store money and pay employees across their empires. Few rivals can match *Please turn to page A10*

## Aid Package Is Approved

Senate passes long-delayed measure to boost Kyiv in war with Russia..... **A4**