

The Housing Bubble Of 2008 And Its 'Zombie Debt': Homeowners Now Face Foreclosure On Old Mortgages

(AP)—Rose Prophete thought the second mortgage loan on her Brooklyn home was resolved about a decade ago — until she received paperwork claiming she owed more than \$130,000.

"I was shocked," said Prophete, who refinanced her two-family home in 2006, six years after arriving from Haiti. "I don't even know these people because they never contacted me. They never called me."

Prophete is part of a wave of homeowners who say they were blindsided by the start of foreclosure actions on their homes over second loans that were taken out more than a decade ago. The trusts and mortgage loan servicers behind the actions say the loans were defaulted on years ago.

Some of these homeowners say they weren't even aware they had a second mortgage because of confusing loan structures. Others believed their second loans were rolled in with their first mortgage payments or forgiven. Typically, they say they had not received statements on their second loans for years as they paid down their first mortgages.

Now they're being told the loans weren't dead after all. Instead, they're what critics call "zombie debt" — old loans with new collection actions.

While no federal government agency tracks the number of foreclosure actions on second mortgages, attorneys aiding homeowners say they have surged in recent



years. The attorneys say many of the loans are owned by purchasers of troubled mortgages and are being pursued now because home values have increased and there's more equity in them.

"They've been holding them, having no communication with the borrowers," said Andrea Bopp Stark, an attorney with the Boston-based National Consumer Law Center. "And then all of a sudden they're

coming out of the woodwork and are threatening to foreclose because now there is value in the property. They can foreclose on the property and actually get something after the first mortgages are paid off."

Attorneys for owners of the loans and the companies that service them argue that they are pursuing legitimately owed debt, no matter what the borrower believed. And they say they are acting legally to

claim it.

How did this happen?

Court actions now can be traced to the tail end of the housing boom earlier this century. Some involve home equity lines of credit. Others stem from "80/20" loans, in which homebuyers could take out a first loan covering about 80% of the purchase price, and a second loan covering the remaining 20%.

Splitting loans allowed borrowers

to avoid large down payments. But the second loans could carry interest rates of 9% or more and balloon payments. Consumer advocates say the loans — many originating with since-discredited lenders — included predatory terms and were marketed in communities of color and lower-income neighborhoods.

The surge in people falling behind on mortgage payments after the Great Recession began included homeowners with second loans. They were among the people who took advantage of federal loan modification programs, refinanced or declared bankruptcy to help keep their homes.

In some cases, the first loans were modified but the second ones weren't.

Some second mortgages at that time were "charged off," meaning the creditor had stopped seeking payment. That doesn't mean the loan was forgiven. But that was the impression of many homeowners, some of whom apparently misunderstood the 80/20 loan structure.

Other borrowers say they had difficulty getting answers about their second loans.

In the Miami area, Pastor Carlos Mendez and his wife, Lisset Garcia, signed a modification on their first mortgage in 2012, after financial hardships resulted in missed payments and a bankruptcy filing. The couple had bought the home in Hialeah in 2006, two years after arriving from Cuba, and raised their two daughters there.

Mendez said they were unable to get answers about the status of their second mortgage from the bank and were eventually told that the debt was canceled, or would be canceled.

Then in 2020, they received foreclosure paperwork from a different debt owner.

Their attorney, Ricardo M. Corona, said they are being told they owe \$70,000 in past due payments plus \$47,000 in principal. But he said records show the loan was charged off in 2013 and that the loan holders are not entitled to interest payments stemming from the years when the couple did not receive periodic statements. The case is pending.

"Despite everything, we are fighting and trusting justice, keeping our faith in God, so we can solve this and keep the house," Mendez said in Spanish.

Second loans were packaged and sold, some multiple times. The parties behind the court actions that have been launched to collect the money now are often investors who buy so-called distressed mortgage loans at deep discounts, advocates say.

Many of the debt buyers are limited liability companies that are not regulated in the way that big banks are.

The plaintiff in the action on the Mendez and Garcia home is listed as Wilmington Savings Fund Society, FSB, "not in its individual capacity but solely as a Trustee for

(See ZOMBIE DEBT P. 2)

Messengers For Black Voter Engagement

WASHINGTON (AP) — Young Black lawyers and law students are taking on a new role ahead of the general election: Meeting with Black voters in battleground states to increase turnout and serve as watchdogs against voter disenfranchisement.

The Young Black Lawyers' Organizing Coalition has recruited

lawyers and law students and is sending them to Michigan, Georgia, North Carolina and Texas to meet with Black voters, aiming to better understand the barriers that the historically disadvantaged voting bloc faces when registering to vote and accessing the ballot.

The recruits are leading educa-

tional focus groups with an ambitious goal: restoring fatigued Black voters' faith in American democracy.

"I think what makes us unique is that we're new messengers," said Abdul Dosunmu, a civil rights lawyer who founded YBLOC. "We have never thought about the Black lawyer as someone who is uniquely em-

powered to be messengers for civic empowerment."

Dosunmu, who shared the coalition's plans exclusively with The Associated Press, said recruits will combat apathy among Black voters by listening, rather than telling them why their participation is crucial. The focus groups will inform "a blueprint for how to make democracy work for our communities," he said.

According to a Pew Research Center report, in 2023, just 21% of Black adults said they trust the federal government to do the right thing at least most of the time. That's up from a low of 9% during the Trump administration. For white adults, the numbers were reversed: 26% of white adults expressed such trust in 2020, dropping to 13% during the Biden administration.

The first stop on the four-state focus group tour was Michigan in February. This month, YBLOC plans to stop in Texas and then North Carolina. Venues for the focus groups have included barbershops, churches and union halls.

Alyssa Whitaker, a third-year student at Howard University School of Law, said she got involved because she is dissatisfied with the relation-

(See MESSENGERS P. 2)



Former Prosecutor Applies For A Presidential Pardon

BALTIMORE (AP) — Baltimore's former top prosecutor Marilyn Mosby has applied for a presidential pardon ahead of sentencing on her recent perjury and mortgage fraud convictions, according to The Baltimore Sun.

In a letter to President Joe Biden on Thursday, the Congressional Black Caucus expressed support for her cause, repeating claims made by Mosby and her attorneys that the prosecution was politically motivated, The Sun reported.

Mosby is set to be sentenced next week. She has asked for probation while prosecutors are seeking 20 months in prison.

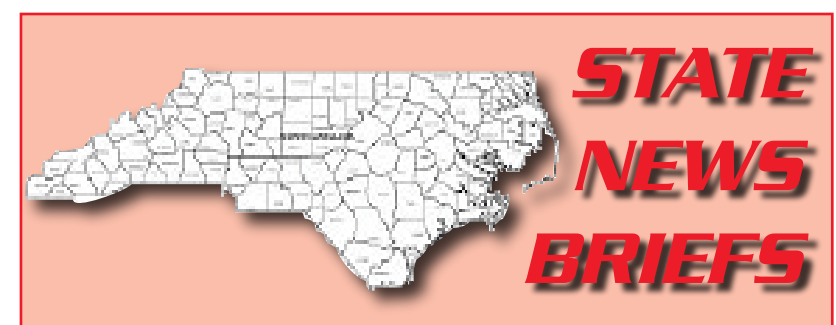
"As a nation that leads by example, our justice system must not be weaponized to prevent progress toward a more perfect union," wrote Rep. Steven Horsford, a Nevada Democrat who chairs the caucus.

The letter says Mosby submitted her pardon application on Wednesday. She recently appeared on MSNBC to argue her case.

Mosby served two terms as state's attorney for Baltimore, earning a national profile for her progressive policies and several high-profile decisions. She brought charges against the police officers involved in the 2015 death of Freddie Gray, which ignited widespread protests against police brutality. None were convicted.

The federal criminal charges stemmed from allegations that Mosby claimed a pandemic-related hardship to make early withdrawals from her retirement account, then used that money for down payments on Florida properties. Prosecutors alleged she repeatedly lied on the mortgage applications.

Mosby lost re-election in 2022 after being indicted by a federal grand jury. "While pardon applications generally express remorse and regret, what happens when justice was not served and in fact, denied?" Mosby wrote in her pardon application, according to The Sun. "No such remorse and regret is appropriate in this case."



LAST STUDENT WHO HELPED INTEGRATE THE UNIVERSITY OF NORTH CAROLINA'S UNDERGRADUATE BODY HAS DIED

RALEIGH, N.C. (AP) — Ralph Kennedy Frasier, the final surviving member of a trio of African American youths who were the first to desegregate the undergraduate student body at North Carolina's flagship public university in the 1950s, has died.

Frasier, who had been in declining health over the past several months, died May 8 at age 85 at the Mayo Clinic in Jacksonville, Florida, according

(See STATE BRIEFS P. 2)



Biden-Harris Administration Propels HBCUs with Record \$16B Investment

By Stacy M. Brown

NNPA

The Biden-Harris Administration has announced a historic milestone in federal funding and investments for historically Black colleges and universities (HBCUs), surpassing a monumental \$16 billion mark from fiscal year 2021 through current data available for FY 2024.

First reported by HBCU Buzz, the unprecedented financial commitment represents a substantial increase from the previously reported over \$7 billion, encompassing significant additional actions already undertaken. The total exceeds \$16 billion, inclusive of over \$11.4 billion allocated between FY2021 and FY2023 through Federal grants, contracting awards, and debt relief tailored specifically for HBCUs.

"President Biden and I have delivered an unprecedented \$16 billion to our Nation's HBCUs. We know that when we invest in the success of our HBCUs, we are investing in the strength of our nation—today and for generations to come," Vice

President Kamala Harris told HBCU Buzz.

President Biden echoed this sentiment, emphasizing the administration's unwavering commitment to sustaining robust investment efforts in HBCUs throughout the remainder of FY 2024.

Officials said the administration's dedication to HBCUs underscores their vital role in fostering their economic mobility in the United States. "For generations, these anchors of our communities have played a pivotal role in building and contributing to America's leadership at home and abroad," Vice President Harris remarked, noting her personal experience as a graduate of historically Black Howard University in Northwest, D.C.

President Biden and Vice President Harris said they've long recognized the profound impact of HBCUs, and the administration has prioritized furnishing these institutions with the resources necessary to deliver high-quality postsecondary education. With a legacy spanning over 180 years, HBCUs have been

instrumental in advancing inter-generational economic mobility for Black families and communities. According to HBCU Buzz, despite comprising only 3% of colleges and universities nationwide, HBCUs play an outsized role in supporting the economic advancement of African Americans.

In addition to over \$11 billion provided to HBCUs, the Biden-Harris Administration has provided over \$4 billion to support the success of HBCU-enrolled students through:

\$2.8 billion in need-based grants and other Federal programs, including Pell Grants, Federal Work-Study, and Supplemental Educational Opportunity Grants, to assist HBCU students in affording a postsecondary education; and

Nearly \$1.3 billion to support Veterans attending HBCUs through the GI bill and other college, graduate school, and training programs delivered through the Department of Veterans Affairs.

Further, the Department of Defense U.S. Air Force established the first-ever HBCU-led University Af-

iliated Research Center (UARC). The focus of efforts will be on advancing the deployment of autonomous technologies for Air Force missions, with Howard University serving as the project leader and seven other HBCUs providing \$90 million in funding over five years. Participating schools include Jackson State University, Tuskegee University, Hampton University, Bowie State University, Norfolk State University, Delaware State University, Florida Memorial University, and Tougaloo College.

Also, the Department of Commerce established the first-ever Connecting-Minority-Communities program delivering funding for 43 HBCUs to purchase broadband internet, purchase equipment, and hire IT personnel to tackle the digital divide impacting HBCUs. Several HBCUs also recently launched an HBCU CHIPS Network in collaboration with the Georgia Institute of Technology to increase the coordination of the resources at the colleges and universities and jointly contribute to the workforce development needs of the semiconductor industry.

STATE BRIEFS

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to son Ralph Frasier Jr. A memorial service was scheduled for Saturday in Columbus, Ohio, where Frasier spent much of his working career.

Frasier, his older brother LeRoy, and John Lewis Brandon — all Durham high school classmates — fought successfully against Jim Crow laws when they were able to attend the University of North Carolina at Chapel Hill in the fall of 1955. LeRoy Frasier died in late 2017, with Brandon following weeks later.

Initially, the Hillside High School students' enrollment applications were denied, even though the UNC law school had been integrated a few years earlier. And the landmark Brown vs. Board of Education decision that outlawed segregation happened in 1954.



Astronaut Candidate Finally Goes To Space 60 Years Later

VAN HORN, Texas (AP) — Ed Dwight, America's first Black astronaut candidate, finally rocketed into space 60 years later, flying with Jeff Bezos' rocket company on Sunday.

Dwight was an Air Force pilot when President John F. Kennedy championed him as a candidate for NASA's early astronaut corps. But he wasn't picked for the 1963 class.

Dwight, now 90, went through a few minutes of weightlessness with five other passengers aboard the Blue Origin capsule as it skimmed space on a roughly 10-minute flight. He called it "a life changing experience."

"I thought I really didn't need this in my life," Dwight said shortly after exiting the capsule. "But, now, I need it in my life I am ecstatic."

The brief flight from West Texas made Dwight the new record-holder for oldest person in space — nearly two months older than "Star Trek" actor William Shatner was when he went up in 2021.



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'Zombie Debt' —CONTINUED FROM PAGE 1

BCMB1 Trust."

A spokeswoman for Wilmington said it acts as a trustee on behalf of many trusts and has "no authority with respect to the management of the real estate in the portfolio." Efforts to find someone associated with BCMB1 Trust to respond to questions were not successful.

Some people facing foreclosure have filed their own lawsuits citing federal requirements related to periodic statements or other consumer protection laws. In Georgia,

a woman facing foreclosure claimed in federal court that she never received periodic notices about her second mortgage or notices when it was transferred to new owners, as required by federal law. The case was settled in June under confidential terms, according to court filings.

In New York, Prophete is one of 13 plaintiffs in a federal lawsuit claiming that mortgage debt is being sought beyond New York's six-year statute of limitations, resulting in violations of federal and state law.

"I think what makes it so pernicious is these are homeowners who worked very hard to become current on their loans," said Rachel Geballe, a deputy director at Brooklyn Legal Services, which is litigating the case with The Legal Aid Society. "They thought they were taking care of their debt."

The defendants in that case are the loan servicer SN Servicing and the law firm Richland and Falkowski, which represented mortgage trusts involved in the court actions, in-

cluding BCMB1 Trust, according to the complaint. In court filings, the defendants dispute the plaintiff's interpretation of the statute of limitations, say they acted properly and are seeking to dismiss the lawsuit.

"The allegations in the various mortgage foreclosure actions are truthful and not misleading or deceptive," Attorney Daniel Richland wrote in a letter to the judge. "Plaintiff's allegations, by contrast, are implausible and thus warrant dismissal."

Messengers For Voters —CONTINUED FROM PAGE 1

ship Black communities have with their democracy.

"Attorneys, we know the law," Whitaker said. "We've been studying this stuff and we're deep in the weeds. So, having that type of knowledge and expertise, I do believe there is some level of a responsibility to get involved."

In Detroit, Grand Rapids and Pontiac, Michigan, the recruits heard about a wide variety of challenges and grievances. Black voters said they don't feel heard or validated and are exasperated over the lack of options on the ballot.

Despite their fatigue, the voters

said they remain invested in the political process.

"It was great to see that, even if people were a bit more pessimistic in their views, people were very engaged and very knowledgeable about what they were voting for," said another recruit, Awa Nyambi, a third-year student at Howard University School of Law.

It's a shame that ever since Black people were guaranteed the right to vote, they've had to pick "the lesser of two evils" on their ballots, said Tameka Ramsey, interim executive director of the Michigan Coalition on Black Civic Participation.

"But that's so old," said Ramsey, whose group was inspired by the February event and has begun holding its own listening sessions.

These young lawyers are proving the importance of actually listening to varying opinions in the Black community, said Felicia Davis, founder of the HBCU Green Fund, a non-profit organization aimed at driving social justice and supporting sustainable infrastructure for historically Black colleges and universities.

YBLOC is "teaching and reawakening the elements of organizing 101," she said.

The experience also is informing

how the lawyers navigate their careers, said Tyra Beck, a second-year student at The New York University School of Law.

"It's personal to me because I'm currently in a constitutional law class," Beck said.

Kahaari Kenyatta, a first-year student also at The New York University School of Law, said the experience has reminded him why he got into law.

"You care about this democracy and civil engagement," Kenyatta said. "I'm excited to work with YBLOC again, whatever that looks like."

How Black Teachers Lost When Civil Rights Won In Brown v. Board Case

THE CONVERSATION—Brown v. Board of Education, the Supreme Court decision that desegregated public schools, stands in the collective national memory as a turning point in America's fight for racial justice. But as the U.S. observes its 70th anniversary, Brown also represents something more somber: It ultimately led to thousands of Black teachers losing their jobs.

Before Brown, Black teachers constituted 35% to 50% of the teacher workforce in segregated states. Today, Black people account for just 6.7% of America's public K-12 teachers, even as Black children make up more than 15% of public school students.

As researchers focused on education policy, teacher diversity, critical research methods and teacher quality, we believe this is an important piece of unfinished business for a country still reckoning with systemic racism. In our view, the best way to fulfill Brown's promise and confront the national teacher shortage is to hire more teachers of color.

How Black teachers' ranks rose and fell

Before Brown, Black children often were excluded from public schools or forced into underfunded and unsafe schools. Rather than accept these conditions, many Black communities pooled limited resources to build private schools of their own, buy curricular materials and hire Black teachers.

Conditions were vastly unequal to those for white children at the time, but the presence of Black teachers provided Black children with deep value and care.

Prior to 1954, there were about 82,000 Black teachers in the United States. A decade later, with hundreds of segregated schools closing, more than 38,000 Black teachers had been fired by white school leaders. As the community-run schools for Black children disappeared following the end of legalized segregation, so too



did the Black educators who staffed them.

Brown had mandated integration for students but said nothing of their educators.

The importance of Black teachers

In the decades since, parents, social justice advocates and researchers have documented the importance of teachers of color and pleaded for teacher workforce diversity. They argue that Black teachers support student learning and social and emotional development of children of color in ways that lead to better outcomes.

One study found the presence of Black math teachers increased the likelihood that Black students enroll in rigorous math classes. Another found that Black students taught by at least one Black teacher from kindergarten through third grade were 13% more likely to graduate from high school and 19% more likely to attend college than same-race peers who did not have a Black teacher.

Still, the teacher workforce remains stubbornly white-dominated. Why? Research shows problematic certification measures, adverse working conditions and discrimina-

tory hiring practices contribute to keeping Black people from becoming teachers or keeping their teaching positions.

Certification exams are barriers to entry

Obtaining a professional license is a critical milestone in a teacher's career. Yet licensure policies and exams long have kept Black teachers out, similar to race-based policies such as literacy tests that once prevented Black people from voting in the segregated South.

By several measures, standardized tests have been found to be biased against people of color. Research shows they contain culturally biased questions that privilege white test-takers.

What's more, certification and licensing exams prevent the entry of Black people into teaching and determine which teachers are retained. As a result, from 1984 to 1989, about 21,500 Black teachers lost their jobs, according to one study of the impact of reliance on licensure exams and policies.

This gatekeeping function is especially troublesome because other studies show exam results are poor predictors of teacher effectiveness.

Third Parties Will Affect The 2024 Campaigns, But They Can Not Win

By Barry C. Burden

Univ of Wisconsin-Madison

Once again, the U.S. is entering a presidential campaign with some voters expressing curiosity about independent and minor-party candidates. None of those candidates has a real shot at victory in November, but they might influence the race and politics beyond the election.

There was a time about a century ago when minor-party and independent candidates were a prominent feature of the U.S. political system. While mostly limited to victories in state and local elections, they offered perspectives screened out by the Democrats and Republicans, on issues ranging from immigration to trade.

Occasionally, a promising presidential candidate will bring issues from outside the two-party system. Wealthy businessman H. Ross Perot won 19% of the popular vote in 1992 on a message opposing free trade and federal budget deficits. George Wallace's segregationist platform allowed him to win electoral votes in five southern states in 1968. Progressive Robert La Follette picked up 16% of the vote in 1924 while railing against corporate power and corruption.

As a scholar of political parties, I find these cases remarkable because the U.S. political system generally reinforces two-party dominance. Scaring away minor parties

A theory outlined by French scholar and jurist Maurice Duverger says that a system where a single person who gets the most votes wins office — as is the case with most prominent elections in the U.S. — will tend to foster two big parties.

The effect of what's known as "Duverger's law" often scares away minor-party supporters when the major-party race becomes competitive. Those minor-party supporters want to avoid spoiling the election by tilting it to the party they like least.

In addition, growth of the federal government has discouraged local alternatives to the two major parties that pop up in more decentralized systems. It seems that the more political discourse is focused on national political issues rather than state and local concerns, the more that state parties come to resemble their national counterparts.

Making it hard to run

The Democrats and Republicans are not passive observers of Duverger's law. The two major parties have largely run minor-party competitors out of business in intentional ways.

First, Democratic and Republican officeholders adopt laws making it more difficult for others to run. Creation of the secret ballot around the turn of the 19th century provided one such opportunity. In nearly every state, lawmakers adopted state-created ballots and then banned ballot "fusion," a once-widespread practice that allows

multiple parties to nominate the same candidate.

Fusion would allow small parties to hitch a ride on big-name candidates without their supporters being concerned about "spoiling" the election. For example, if the Libertarian Party also endorsed a Republican presidential candidate, voters inclined toward the Libertarians could vote for the candidate that both parties endorsed. This allowed voters to support their preferred parties without jeopardizing the GOP's chances of defeating the Democratic nominee.

Legislators also implemented "sore loser" laws over the course of the 20th century. These laws prevent candidates who fail to win primaries from running in the general election, stopping a candidate initially inside a party from then running outside the two-party structure.

While major parties guaranteed themselves lines on the ballot by making sure state laws put their parties on ballots, minor-party and independent candidates must gather signatures on petitions to compete. Requiring more signatures tends to reduce the number of candidates who appear on the ballot. Although lawsuits brought by candidates have led to some rules around petitioning to be struck down, it remains a significant hurdle in many states.

The major parties often marginalize minor parties by co-opting minor-party concerns into their platforms. Espe-

cially when a new party or independent candidate attracts support around a neglected issue, at least one of the major parties will try to weave it into their appeals.

In the New Deal era, Democrats tacked in a liberal direction after being challenged by the Populist Party, which had championed policies for labor unions and farmers. After seeing Perot draw so much support for his reform proposals in 1992, Republicans corralled many of his supporters in the 1994 midterm elections by advocating for ideas Perot had advanced, such as a balanced budget amendment to the Constitution and congressional term limits.

Current times might seem ripe for an independent or minor-party candidate for president. The public generally wants more than two choices. There is widespread dissatisfaction with the two major parties and the people they will likely nominate to run for president.

There is little doubt that the Democrats and Republicans have become highly polarized on policy issues and their political styles. It is tempting to believe that polarization of the major parties opens more opportunities for less ideological parties to compete. This would mimic the late 19th century in the U.S., when major-party polarization was high and minor parties were frequent competitors.

(See *THIRD PARTIES* P. 3)

Business & Finance

Dow Finishes Above 40,000 To Cap Latest Winning Week

NEW YORK (AP) — The Dow Jones Industrial Average finished a day above the 40,000 level for the first time on Friday as U.S. stock indexes drifted around their records while closing out their latest winning week.

The Dow rose 134.21 points, or 0.3%, to 40,003.59, a day after briefly topping the 40,000 level for the first time. It and other indexes on Wall Street have been climbing since the autumn of 2022 as the U.S. economy and corporate profits have managed to hold up despite high inflation, the punishing effects of high interest rates and worries about a recession that seemed inevitable but hasn't arrived.

The S&P 500, which is the much more important index for Wall Street and most retirement savers, added 6.17 points, or 0.1%, to 5,303.27. It finished just 0.1% shy of its record set on Wednesday and closed out a fourth straight week of gains. The Nasdaq composite slipped 12.35 points, or 0.1%, to 16,685.97.

Despite the placid movements for indexes, some feverish action was roiling underneath. Reddit jumped

10% after announcing a partnership where OpenAI will bring the social-media company's content to ChatGPT and become an advertising partner, among other things. Wall Street's frenzy around artificial-intelligence technology has continued to build despite some warnings of a potential bubble.

On the losing end were GameStop and AMC Entertainment, which gave back more of their massive gains from the beginning of the week.

GameStop dropped 19.7% to trim its gain for the week to 27.2% after it said it expects to report a loss of up to \$37 million for the three months through May 4. It also said it could sell up to 45 million shares of stock in order to raise cash.

Such moves can dilute the holdings of current shareholders, and it followed a similar move by AMC Entertainment. After the movie-theater chain's stock price also got caught up in a rocket ride upward, AMC said earlier this week it would issue nearly 23.3 million shares of stock to wipe out some debt.

Much of the whipsaw action for it and GameStop was due to enthusi-



asm among investors, not because of fundamental changes to their profit prospects. Not all of those were necessarily smaller-pocketed investors buying on their phones. Renaissance Technologies, the hedge fund founded by pioneering investor Jim Simons, revealed that it bought shares of both GameStop and AMC Entertainment before the end of March, though it may no longer still own them.

Elsewhere in financial markets, Treasury yields ticked higher, and stock indexes around the world were mixed.

This week was a good one for markets broadly after a report rekindled hopes that inflation is finally heading back in the right direction after a discouraging start to the year. That in turn revived hopes for the Federal Reserve to cut its main interest rate at least once this year.

The federal funds rate is sitting at its highest level in more than two decades, and a cut would goose investment prices and remove some of the downward pressure on the economy.

The hope is that the Fed can pull off the balancing act of slowing the economy enough through high interest rates to stamp out high inflation but not so much that it causes a bad recession.

Of course, now that a growing percentage of traders are betting on the Fed cutting rates two times this year, if not more, some economists are cautioning the optimism may be going too far. It's something that happens often on Wall Street.

While data reports recently have been better than forecast, "better than expected doesn't mean good," economists at Bank of America wrote in a BofA Global Research report.

Inflation is still higher than the Fed would like, and Bank of America's Michael Gapen still expects the Fed to hold its main interest rate steady until cutting in December.

In the bond market, the yield on the 10-year Treasury rose to 4.41% from 4.38% late Thursday. The two-year yield, which more closely tracks expectations for the Fed, edged up to 4.82% from 4.80%.

In stock markets abroad, indexes jumped 1% in Shanghai and 0.9% in Hong Kong after China's central bank announced moves to bolster its struggling property market. It reduced required down payments for housing loans and cut interest rates for first and second home purchases, among other moves.

Indexes fell in Seoul, Tokyo and across much of Europe.

NC Sports Wagers Well Over \$1 Billion

People in North Carolina have bet over \$1 billion on sports through several gambling operators authorized under a state law to begin taking online wagers two months ago, according to a report released Friday. The customers' early losses are resulting in tens of millions of dollars in state revenue.

The North Carolina State Lottery Commission, which regulates the betting, said that gamblers wagered \$1.026 billion on sports activities from smart phones and desktops from March 11 through April 30. That rises to \$1.308 billion when "promotional wagers" — incentives offered by companies for new customers to gamble — are included.

Customers have generated win-



nings of \$1.129 billion, although the paid winnings for all of April were \$53.3 million less compared to winnings from the three weeks in March when gambling was

permitted, the commission report said.

The companies authorized to take bets have received \$171.7 million in gross wagering revenue,

from which the state receives an 18% cut in taxes. That would work out to \$30.9 million.

State law approved in 2023 to legalize the betting directs the government's proceeds go in part to athletic departments at 13 University of North Carolina system schools, amateur sports initiatives and gambling addiction education and treatment.

The sports gambling legislation also authorizes in-person sports wagering, statewide betting on horse races and rules to permit live horse racing. None of the three currently are in place. Before the law was carried out, sports gambling was legal in North Carolina only at three casinos operated by two American Indian tribes.

History Says Tariffs Rarely Work, But Pres. Biden's 100% Tariffs On Chinese EVs Might

By Tinglong Dai

Johns Hopkins Univ

In June 2019, then-presidential candidate Joe Biden tweeted: "Trump doesn't get the basics. He thinks his tariffs are being paid by China. Any freshman econ student could tell you that the American people are paying his tariffs."

Fast-forward five years to May 2024, and President Biden has announced a hike in tariffs on a variety of Chinese imports, including a 100% tariff that would significantly increase the price of Chinese-made electric vehicles.

For a nation committed to reducing greenhouse gas emissions, efforts by the U.S. to block low-cost EVs might seem counterproductive. At a price of around US\$12,000, Chinese automaker BYD's Seagull electric car could quickly expand EV sales if it landed at that price in the U.S., where the cheapest new electric cars cost nearly three times more.

As an expert in global supply chains, however, I believe the Biden tariffs can succeed in giving the U.S. EV industry room to grow. Without the tariffs, U.S. auto sales risk being undercut by Chinese companies, which have much lower production costs due to their manufacturing methods, looser environmental and safety standards, cheaper labor and more generous government EV subsidies.

Tariffs have a troubled history. The U.S. has a long history of tariffs that have failed to achieve their economic goals.

The Smoot-Hawley Tariff Act of 1930 was meant to protect American jobs by raising tariffs on imported goods. But it backfired by prompting other countries to raise their tariffs, which led to a drop in international trade and deepened the Great Depression.

President George W. Bush's 2002 steel tariffs also led to higher steel



Visitors check out a BYD ATTO 3 at the Munich auto show in 2023. AP Photo/Matthias Schrader

prices, which hurt industries that use steel and cost American manufacturing an estimated 200,000 jobs. The tariffs were lifted after the World Trade Organization ruled against them.

The Obama administration's tariffs on Chinese-made solar panels in 2012 blocked direct imports but failed to foster a domestic solar panel industry. Today, the U.S. relies heavily on imports from companies operating in Southeast Asia — primarily Cambodia, Malaysia, Thailand and Vietnam. Many of those companies are linked to China.

Why EV tariffs are different this time Biden's EV tariffs, however, might defy historical precedent and succeed where the solar tariff failed, for a few key reasons:

1. Timing matters.

When Obama imposed tariffs on solar panels in 2012, nearly half of U.S. installations were already using Chinese-manufactured panels. In contrast, Chinese-made EVs, including models sold in the U.S. by Volvo and Polestar, have negligible U.S. market shares.

Because the U.S. market is not dependent on Chinese-made EVs, the tariffs can be implemented without significant disruption or price increases, giving the domestic industry time to grow and compete more effectively.

By imposing tariffs early, the Biden administration hopes to prevent the U.S. market from becoming saturated with low-price Chinese EVs, which could undercut domestic manufacturers and stifle innovation.

2. Global supply chains are not the same today.

The COVID-19 pandemic exposed vulnerabilities in global supply chains, such as the risk of disruptions in the availability of critical components and delays in production and shipping. These issues prompted many countries, including the U.S., to reevaluate their dependence on foreign manufacturers for critical goods and to shift toward reshoring — bringing manufacturing back to the U.S. — and strengthening domestic supply chains.

The war in Ukraine has further intensified the separation between U.S.-led and China-led economic orders, a phenomenon I call the "Supply Chain Iron Curtain."

In a recent McKinsey survey, 67% of executives cited geopolitical risk as the greatest threat to global growth. In this context, EVs and their components, particularly batteries, are key products identified in Biden's supply chain reviews as critical to the nation's supply chain resilience.

Ensuring a stable and secure supply of these components through domestic manufacturing can mitigate the risks associated with global supply chain disruptions and geopolitical tensions.

3. National security concerns are higher.

Unlike solar panels, EVs have direct national security implications. The Biden administration considers Chinese-made EVs a potential cybersecurity threat due to the possibility of embedded software that could be used for surveillance or cyberattacks.

U.S. Commerce Secretary Gina Raimondo has discussed espionage risks involving the potential for foreign-made EVs to collect sensitive data and transmit it outside the U.S. Officials have raised concerns about the resilience of an EV supply chain dependent on other countries in the event of a geopolitical conflict.

BYD targets EV sales in Mexico

While Biden's EV tariffs might succeed in keeping Chinese competition out for a while, Chinese EV manufacturers could try to circumvent the tariffs by moving production to countries such as Mexico.

This scenario is similar to past tactics used by Chinese solar panel manufacturers, which relocated production to other Asian countries to avoid U.S. tariffs.

Chinese automaker BYD, the world leader in EV sales, is already exploring establishing a factory in Mexico to produce its new electric truck. Nearly 10% of cars sold in Mexico in 2023 were produced by Chinese automakers.

Given the changing geopolitical reality, Biden's 100% EV tariffs are likely the beginning of a broader strategy rather than an isolated measure. U.S. Trade Representative Katherine Tai hinted at this during a recent press conference, stating that addressing vehicles made in Mexico would require "a separate pathway" and to "stay tuned" for future actions.

Is Europe next?

For now, given the near absence of Chinese-made EVs in the U.S. auto market, Biden's EV tariffs are unlikely to have a noticeable short-term impact in the U.S. They could, however, affect decisions in Europe.

The European Union saw Chinese EV imports more than double over a seven-month period in 2023, undercutting European vehicles by offering lower prices. Manufacturers are concerned. When finance ministers from the Group of Seven advanced democracies meet in late May, tariffs will be on the agenda.

Biden's move might encourage similar protective actions elsewhere, reinforcing the global shift toward securing supply chains and promoting domestic manufacturing.

Classifieds

NOTICE TO TRADE SUBCONTRACTORS

ADVERTISEMENT FOR BID: Sealed proposals will be received by Balfour Beatty for the Elizabeth City State University Infrastructure Upgrades – Tower Relocation.

Bids for the following packages will be opened on June 6, 2024, at 2:00 PM

13A – Radio Tower

All bids will be received and opened publicly at:

Elizabeth City State University

2nd Floor, G.R. Little Library

1704 Weeksville Road, Elizabeth City, NC 27909

Bids will not be accepted from bidders that are not pre-qualified. Bids may be hand-delivered to Melanie Baker in the Trigg Hall Building from 8:00 AM-1:00 PM on June 6, 2024, for the 2:00 PM bid opening.

On Thursday, May 23, 2024, a Pre-Bid and HUB Outreach Meeting will be held at 2:00 PM followed by a site tour at 3:00 PM. The Pre-Bid and Outreach meeting will be held virtually and in person at Elizabeth City State University, 1704 Weeksville Road, Elizabeth City, NC 27909.

The virtual meeting can be accessed at the following link:

https://teams.microsoft.com/l/meetup-join/19%3ameeting_NDMYNTVmZmQtY2FhNy00OTdjLWE1OTYtYjhlMjMxY2NhNzQw%40thread.v2/0?context=%7b%22Tid%22%3a%2278ae1a91-5989-464f-81e4-b026e4a7f692%22%2c%22Oid%22%3a%22c95b0b50-a4dd-4a2d-bb88-6a07aae343e%22%7d

Bid Documents will be available online, at

<https://app.buildingconnected.com/projects/64d0f10d7dc8de00564756f2/bid-packages/64d0f640f5424900575865e1/files>

Bid documents will also be available for review at Balfour Beatty Construction office located at 406 S. McDowell St, Suite 200, Raleigh, NC 27601 during normal business hours. All interested parties are advised that the prequalified bidders list will be finalized and made available via the issuance of a project addendum no less than 7 days before the bid. All Bidders are strongly encouraged to include opportunities for Minority Business participation wherever possible in their respective bid submissions. Minority Business is a part of this contract and must comply with the State of North Carolina General Statutes. The CM and Owner reserve the right to reject any proposals. Should you require additional direction, contact Colby Willis (cwillis@balfourbeattyus.com) or Thomas May (tmay@bbcus.com)

THIRD PARTIES

Continued from page 2

But polarization actually discourages flirting with a minor party because the costs of losing are greater.

The current era differs from the late 19th century because in earlier periods of U.S. history voter concerns were more parochial, media outlets were more locally oriented and parties were mostly state-based entities. That left a lot of room for third-party progressives in the upper Midwest and conservative Dixiecrats in the South to find support.

Lately, party politics has become nationalized, and national issues dominate even local politics. The homogenization of party politics across the country over the past century has led to greater similarity in a party's platforms across the states. Nearly every political issue that arises coincides with the alignment between the major parties, rather than being taken up by a splinter group in a state or region.

There are substantial hurdles to minor-party success. On one hand, a campaign organized around a single individual such as Perot or Wallace can get hung up on the liabilities of that person, and the organization can evaporate when its leader leaves the scene.

On the other hand, a campaign organized around a larger movement or set of ideas can suffer from the lack of a compelling figure to lead it. The Green Party is reasonably well organized and often gets on the ballot, but it is missing an attention-grabbing leader. The group No Labels tried to gain ballot access for a bipartisan ticket in 2024 but failed because it could not identify compelling candidates.

Although a third party is not likely to have much electoral success anytime soon, they do enrich American politics.

